



CITY OF CARSON

Legislation Text

File #: 2022-548, Version: 1

Report to Mayor and City Council

Tuesday, June 21, 2022

Consent

SUBJECT:

**APPROVE AND AUTHORIZE THE CITY MANAGER TO WAIVE PENALTY FEE
RELATED TO LATE FRANCHISE PAYMENT (CITY COUNCIL)**

I. SUMMARY

The City of Carson has a franchise agreement with Waste Resources Technologies, Inc. ("WRT") for Integrated Solid Waste Management Service for commercial and resident accounts. During the beginning of the COVID-19 pandemic in 2020, Waste Resources Technologies failed to make required quarterly franchise payments in a timely manner; therefore, resulting in \$141,874.14 in assessed penalty fees. WRT's representatives are requesting the Mayor and the City Council's approval for a full waiver of the penalty fees due to a loss in revenue during year 2020 COVID-19 pandemic.

II. RECOMMENDATION

REQUEST direction from the City Council regarding waiving penalty fees.

III. ALTERNATIVES

TAKE another action deemed appropriate by the City Council.

IV. BACKGROUND

The City of Carson has a franchise agreement with Waste Resources Technologies, Inc. ("WRT") for Integrated Solid Waste Management Service for commercial and resident accounts. During the beginning of the COVID-19 pandemic in 2020, Waste Resources Technologies failed to make required quarterly franchise payments in a timely manner;

therefore, resulting in assessed penalty fees.

According to the franchise agreement, WRT is to make quarterly franchise payments to the City, which are due within 30-days from the end of each calendar quarter. Upon the expiration of any 30-day period, a delinquent assessment of five percent (5%) per month shall be levied against any unpaid balance. Because WRT did not make timely franchise payments, \$141,874.14 in penalty fees were assessed (Exhibit 1).

WRT's representatives are requesting the City Council to approve a full waiver of the penalty fees due to a loss in revenue during year 2020. WRT stated that because of the pandemic, accounts were not being paid in a timely manner; therefore, reducing WRT's cash flow. Staff requested WRT's 2020 financial documentation to show the loss of revenue for the City of Carson. After reviewing the statement, it does appear that presumed franchise fees paid to the City could have been met. Though WRT believed it was better to delay the franchise payment to City, a letter requesting an extension for payment along with no accrual of penalty fees should have been presented to the City and management could have handled the payment delay in 2020, rather than two years later. It should be noted that in December 2020, the City and WRT finalized a settlement agreement, which included increasing waste service rates. Increasing the rates was in exchange to clear pending litigation relating to USA Waste, but to also recover any monetary shortfalls WRT may have experienced due to the COVID-19 pandemic (Exhibit 2).

Staff is requesting direction from the City Council on waiving the penalty fees, as requested by WRT. All outstanding quarterly franchise payments are up to date.

V. FISCAL IMPACT

There is no fiscal impact to the General Fund if the penalty fee is waived. Required quarterly franchise payments have been remitted to the City.

VI. EXHIBITS

1. Exhibit 1: WRT Payment Worksheet - Carson (pgs.1-3)
2. Exhibit 2: Settlement Agreement between WRT and the City of Carson (pgs.4-15)

1.

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