



CITY of CYPRESS

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August 27, 2007

Orange County Grand Jury
700 Civic Center Drive West
Santa Ana, CA 92701

Attention: The Honorable Nancy Wieben Stock,
Presiding Judge of the Superior Court.

Subject: 2006-2007 Orange County Grand Jury "Assembly Bill 939
Waste Diversion: Are We Finally Making Progress?"

Dear Judge Wieben Stock:

We are in receipt of the 2006-2007 Orange County Grand Jury Report, "Assembly Bill 939 Waste Diversion: Are We Finally Making Progress?" The Orange County Grand Jury Report requires responses to two report items – Finding F-6 and Recommendation R-6. In compliance with the Grand Jury's request, I respectfully submit the following response on behalf of the City of Cypress.

F-6

Finding F-6 states, "The presence of non-franchise haulers and so-called 'Ghost Haulers' bins, in cities which bypass the recycling system, needs to be corrected in order to establish the waste haulers' confidence that their municipalities are looking out for their best interests."

The City of Cypress agrees with this finding and works with Consolidated Disposal (the franchise hauler) to eliminate any known unauthorized hauler.

If a city grants an exclusive franchise to one hauler, the hauler expects its city to help in protecting it from unfair competition from non-franchise haulers who will often undercut disposal rates of the franchise hauler. It is essential that a partnership exists between the contracting city and the franchise hauler. By working together, both parties will benefit. The city will improve its recycling rate by ensuring that more solid waste is processed through the recycling systems available and the hauler will benefit by not losing business to potentially cost under-cutting non-franchise haulers.

This affects the diversion rate of the city and the bottom line for the hauler. The diversion rate will increase as the non-franchise and "ghost haulers" tonnage is prevented from going directly to the landfill. The hauler will thusly see an increase in tonnage they process, which will improve their per ton income.

Phil Luebben, Mayor

Todd W. Seymore, Mayor Pro Tem

Prakash Narain, M.D., Council Member

Leroy Mills, Council Member

Doug Bailey, Council Member

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Since inception of the Orange County IWMD AB939 Surcharge, a marked reduction in direct to the landfill self-haul tonnage has occurred. This indicates that this source of potentially recyclable material is now being taken to a material recovery facility for processing and that the higher tipping fee is discouraging to illegal out of county self-haulers.

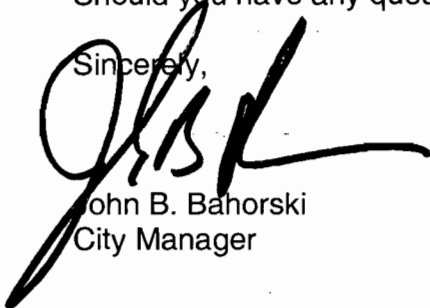
Recommendation R-6

Recommendation R-6 states, "Municipalities needs to solve their unauthorized waste bin problems by enacting city ordinances forbidding these practices, imposing fines, including stepped-up fines for additional violations, and impounding unauthorized bins."

The recommendation requires further analysis. Currently, and in the past, the City and its waste hauler, Consolidated Disposal, have pursued illegal haulers through phone calls and letters explaining that Cypress has an exclusive franchise solid waste agreement and requesting the illegal hauler to cease solid waste service in Cypress. The recommendation of an unauthorized waste bin ordinance will be discussed at a future City Council meeting, and progress will be reported on this issue prior to the Grand Jury's progress report scheduled date of March 31, 2008.

Should you have any questions, please contact me at (714) 229-6688.

Sincerely,



John B. Bahorski
City Manager