



To: Honorable City Council
From: John Moreno, City Manager
By: John Carver, Planning Director
Date: July 9, 2024

**SUBJECT: HOST FEE AGREEMENT BETWEEN THE CITY OF PARAMOUNT AND
ARAKELIAN ENTERPRISES, INC. DBA ATHENS SERVICES**

BACKGROUND

This item is a public hearing regarding the Host Fee Agreement between the City of Paramount and Arakelian Enterprises, Inc. dba Athens Services located at 7230 Petterson Lane. At its July 3, 2024 meeting, the Planning Commission considered Conditional Use Permit (CUP) No. 955, combining amended CUP No. 445 and CUP No. 721 into a single CUP for waste processing and a materials recovery facility (MRF) at the Petterson Lane site.

CUP No. 445, as amended in 2015, reduced the tons per day of construction debris, green waste, and self-haul waste that could be processed at the Paramount Resource Recycling Facility (PRR) at 7230 Petterson Lane. CUP No. 721, as approved in 2015, permitted the expansion and modernization of a MRF and allowed the processing of municipal solid waste (MSW), including recyclables, at 14001 Garfield Avenue. Both properties are located in the M-2 (Heavy Manufacturing) zone. PRR, formerly operated by CalMet Services, was purchased by Arakelian Enterprises, Inc. dba Athens Services several years ago. Under CUPs No. 445 and 721, the applicant was allowed to process a total of 3,020 tons of waste per day upon construction of the MRF. Construction of the MRF never began. Under the combined CUP No. 955, no increase in tonnage was proposed, and tonnage processed will remain at a maximum of 3,020 tons per day at the conclusion of a phased expansion.

DISCUSSION

Currently, PRR pays a business license fee that is established in the Municipal Code. The fee is calculated at five percent of the County landfill tipping fee per ton of material received at the facility. (A tipping fee is a fee charged to an amount of waste at a landfill or processing facility.) Based on the County landfill tipping fee, the City collects \$1.92 per ton of waste processed by PRR, which translates into approximately \$412,200 annually.

The Host Fee Agreement before the City Council this evening guarantees the City \$1.5 million dollars per year, collected in equal amounts over a 12-month period. Athens Services will continue to pay the City \$1.92 per ton of waste processed; however, if the tipping fee does not amount to \$1.5 million dollars, Athens Services will supplement the tipping fee to equal a total of \$1.5 million dollars. This Host Fee Agreement supersedes a previous agreement that was approved by the City Council in March of 2016 with Royal Recycling and Transfer, and an agreement with Paramount Resource Recycling, approved by the Council in November of 2016.

FISCAL IMPACT

The Host Fee Agreement will provide the City revenue of \$1.5 million per year.

VISION, MISSION, VALUES, AND STRATEGIC OUTCOMES

The City's Vision, Mission, and Values set the standard for the organization, establish priorities, uniformity, and guidelines; and provide the framework for policy decision making. The Strategic Outcomes were implemented to provide a pathway to achieving the City's Vision. This item aligns with Strategic Outcome No. 3: Economic Health - Support a healthy, sustainable economy reflecting community values; and No. 6: Efficient, Effective, and Fiscally Responsible - Deliver an efficient and effective City government in a fiscally responsible, transparent and collaborative manner.

RECOMMENDED ACTION

Approve the Host Fee Agreement with Arakelian Enterprises, Inc. dba Athens Services.