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Memorandum

TO: Rules and Open Government
Committee

FROM: Gerald A. Silva
City Auditor

SUBJECT: *REFERRAL OF AUDIT OF
COMMERCIAL SOLID WASTE
FRANCHISED HAULERS*

DATE: March 6, 2007

On March 5, 2007, the Environmental Services Department recommended that the Rules and Open Government Committee add an audit of the financial information associated with Franchise Fee payments made to the City pursuant to San Jose Municipal Code 9.10.1710 (SJMC) and in accordance with Franchise Agreements to the City Auditor's 2006-07 workplan.

Specifically, the Environmental Services Department (ESD) requires the City Auditor's expertise in reviewing Franchise Agreements and Tolling Agreements (collectively referred to as "Agreements") between the City and top revenue generating Franchised Haulers to ensure that the reporting and fee payments are accurate and that fees are paid in accordance with Agreements and SJMC.

The ESD requires a timely review as the current Commercial Solid Waste Franchise Agreements with Stevens Creek Disposal & Recycling and Allied Waste will expire June 30, 2007. While we anticipate having available staff to conduct the audit, we may have to delay the start of existing workplan assignments in order to accommodate this request in a timely manner.

I will be available at the Rules and Open Government Committee's March 14, 2007 meeting to answer any questions Committee members may have.

Gerald A. Silva
City Auditor