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S.G. accepts settlement, OKs trash contractor

Staff Report

SOUTH GATE — The City Council has accepted an \$8.5-million settlement from its rubbish hauler, Klistoff and Sons of Vernon, following the federal indictment on bribery, charges against one of the company's officials.

Vice President Michael Klistoff Jr. is accused of bribing former City Treasurer Albert Robles to get the contract in 2001. Both men face trial in U.S. District Court in

Los Angeles on July 12.

The City Council May 10 accepted the Klistoff settlement and approved plans for Waste Management Disposal, which previously served the city, to take over the Klistoff contract by purchasing the 50 year-old Vernon company.

City Manager Gary Milliman said part of the agreement calls for Waste Management to freeze the current residential pickup rate of \$12.28 a month, for one year, saving residents a total of \$1.5 million.

"South Gate continues to be among the lowest 10 percent in the county on rubbish disposal rates," Milliman said.

In addition, Waste Management officials vowed to make every effort to retain Klistoff union drivers on their South Gate routes.

Milliman said fliers concerning the pending council action were hand-delivered to residents prior to the May 10

meeting, but only six showed up to comment.

Two supported the new plan, two opposed it, citing negative experiences with Waste Management in the past and two questioned why the city did not sue for more money.

Delivery and production, costs of the fliers were paid by Waste Management

Milliman said city officials chose not to go for a lawsuit after learning that under state

law, a contract obtained by fraud is void.

In the proposed settlement, Waste Management will take over garbage collection services following the close of escrow for the remaining years on the Klistoff contract. The agreement will result in a one-time payment to the city of \$8.56 million from the proceeds, of the sale of Klistoff to Waste Management. Waste Management also will pay additional transfer station host fees to the city that will amount to more than \$1.5 million over the next 11 years, officials said.

"The settlement is among the top recoveries ever obtained by a city arising from alleged bidding irregularities," City Attorney Raul Salinas said. "In settling, Klistoff is not admitting liability, but rather wishes to cooperate with the city in lieu of further litigation.

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"While we obviously feel a lot of pain over the sale of our family business after more than 50 trouble-free and prosperous years, we take comfort in knowing that the great service that we've given to the deserving people of South Gate will continue to be provided by a large company like Waste Management," said Michael Klistoff Sr., president of the company, in a written statement sent to the media.

"We are also satisfied that our fine workers who have served South Gate so well since 2001 will remain employed by a hauler with Waste Management's stature."

D. Stephen Tucker, vice president and director of operations for Waste Management's Los Angeles market area said: "We enjoyed working with the people of South Gate and are happy to be back. We would like to thank City Manager Gary Milliman and City Attorney Raul Salinas for their efforts in working out this proposed agreement. We are delighted to be part of an agreement that is so positive for all involved."

Milliman said the \$8.56 million will not be used to plug the city's expected \$6 to \$8 million operating deficit next year.

The City Council May 10 opted to use the funds to pay existing debts and make up current deficits in various city funds. However, that could free up more money for operations, Milliman said.