



CITY OF BREA

NEWS RELEASE



Brea Civic & Cultural Center | 1 Civic Center Circle | Brea, California 92821 | www.cityofbrea.gov

October 2, 2025

FOR IMMEDIATE RELEASE

CITY OF BREA PRESS RELEASE

SUBJECT: City of Brea Conducts Audit of Republic Services Following Summer Labor Disruption

CONTACT: Liz Pharis, Communications & Marketing Manager/PIO
714-990-7673, Lizp@cityofbrea.gov

BREA, Calif. – The City of Brea recently finished auditing Republic Services' records related to their July 2025 labor disruption. After careful review of their records submitted for the audit, the City has calculated the liquidated damages, expense reimbursements, and customer credits owed from the 2025 labor disruption, along with the expense reimbursement and penalty assessment owed from the December 2021 labor disruption. In total, the City is seeking \$5.4 million owed from Republic Services.

Brea auditors calculated the impacts of the July 2025 labor disruption, which took place from July 9 – 17. For that occurrence, the amount owed by Republic Services to the City, as detailed in the most recent contract, is \$4.6 million. In addition, Republic Services still owes the City \$672,636 from the December 2021 labor disruption. The City mailed a letter to Republic Services requesting reimbursement for both labor disruption instances, along with details of the audit, last month and is awaiting response. A copy of the letter, with a breakdown of costs, is attached.

-more-

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Republic Services is the City of Brea's contracted waste hauler. On March 18, 2025, the City and Republic Services entered into a Second Amended and Restated Franchise Agreement.

For more information, contact the Public Works Department at 714-990-7691.

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VIA E-MAIL AND U.S. MAIL

September 23, 2025

Peter Besada
General Manager
Republic Services
1235 North Blue Gum Street
Anaheim, California 92806
PBesada@republicservices.com

copy to:

Republic Services, Inc.
Attn: Legal Department
18500 N. Allied Way
Phoenix, Arizona 85054

RE: Labor Disruption Liquidated Damages, Expense Reimbursements, Customer Credits, and Penalty Assessment

Dear Mr. Besada:

The City has finished auditing Republic's records related to the July 2025 labor disruption. The audit examined the material you e-mailed on August 15th, as well as the supplemental and updated information you e-mailed on September 9th in response to my September 2nd follow-up letter. After careful review of the records submitted for the audit, the City has calculated the liquidated damages, expense reimbursements, and customer credits owed by Republic under the March 18, 2025 Second Amended and Restated Franchise Agreement. An invoice for the liquidated damages assessment and expense reimbursement demand is attached.

As to liquidated damages, pursuant to Section 12.6.C.1.b of the contract, the City is assessing \$4,647,700 based on the updated work stoppage timeline and customer information submitted in the audit information request. This figure was determined through the container quantities listed in the residential and commercial customer information in conjunction with the corresponding service days at \$100 per occurrence. Pursuant to Section 12.6.C.1.c, the City also is assessing \$1,750 based on the reported missed pickup complaints and the time required to resolve, which is \$100 per occurrence and an additional \$50 per occurrence for each additional 24-hour period. Additionally, pursuant to Section 12.6.C.1.d, the City is assessing \$3,000 based on the submission of a work stoppage contingency plan three days after the deadline.

Blair Stewart
Mayor

Cecilia Hupp
Mayor Pro Tem

Christine Marick
Council Member

Marty Simonoff
Council Member

Steven Vargas
Council Member



As to expense reimbursements, pursuant to Sections 10.1.A and 12.7.B.2.b.ii of the contract, the City is entitled to compensation for staff costs and direct third-party costs (including attorney's fees) incurred as a result of this labor disruption. City staff spent 75 hours of labor between the official start of the work slowdown of July 9th through July 17th when services returned to normal, which amounts to \$3,529.75. The City Attorney's office spent 26.8 hours assisting City staff on various matters, which amounts to \$5,811.

As to customer credits, pursuant to Section 12.7.B.2.b.iii and Exhibit N of the contract, residential customers are entitled to compensation in accordance with the prescribed formula. Application of the formula results in a total credit of \$64,874.72, or \$5.78 to each residential customer. Please ensure this amount is noted separately in the check description so we can properly issue the credit to residential customer accounts.

In addition to the above-described payments and credits for the recent labor disruption, this letter is another formal demand from the City for an expense reimbursement and penalty assessment for the December 2021 labor disruption. Specifically, the City reiterates the \$672,635.84 demand made in the January 11, 2022 letter (copy attached) from former City Manager Bill Gallardo to Republic's former General Manager, Dan Capener, pursuant to the September 3, 2002 Restated and Amended Agreement ("2002 Agreement") executed by the City and Republic's predecessor.

Please remit payment in the amount of **\$5,399,301.31** by Thursday, October 23, 2025 to cover the total liquidated damages, expense reimbursements, and penalty assessment for the July 2025 labor disruption and the December 2021 labor disruption. Payment can be mailed or made in-person at City Hall, Account Receivable, 1 Civic Center Circle, Brea 92821. The hours of operation for City Hall are Monday – Thursday, 7:30 AM to 5:30 PM, and every other Friday, 8:00 AM – 5:00 PM. The City reserves all of its rights and remedies under the contracts, at law, and in equity.

Sincerely,

Michael Ho
Public Works Director

Attachments: Invoice to Republic for July 2025 Labor Disruption
Letter and Invoice to Republic for December 2021 Labor Disruption

CC: Kristin Griffith, City Manager
Terence Boga, City Attorney

Blair Stewart
Mayor

Cecilia Hupp
Mayor Pro Tem

Christine Marick
Council Member

Marty Simonoff
Council Member

Steven Vargas
Council Member



CITY OF BREA
 ACCOUNTS RECEIVABLE
 1 CIVIC CENTER CIRCLE
 BREA, CA 92821

PHONE: 714-990-7678x
 FAX: 714-671-4484x
 acctsreceivable@cityofbrea.net

INVOICE: PW00001318 **Page** 1
Date: Sep 23, 2025 **of** 1

Service: PUBLIC WORK SERVICES
Customer PO:
Customer Ph:
Terms: NET 30

Due Date: Oct 23, 2025

Customer Number: 0000000097

REPUBLIC SERVICES
 ATTN: ACCOUNTS PAYABLE
 1131 N. BLUE GUM STREET
 ANAHEIM, CA 92806

Service Address:
 REPUBLIC SERVICES
 1131 N. BLUE GUM STREET
 ANAHEIM, CA 92806

Description	Qty	Unit Price	Total Price	Tax
TRASH DISRUPTION - JULY 2025				
LIQUIDATED DAMAGES				
SECTION 12.6.C.1.B	1.00	4,647,700.00	4,647,700.00	
SECTION 12.6.C.1.C	1.00	1,750.00	1,750.00	
SECTION 12.6.C.1.D	1.00	3,000.00	3,000.00	
STAFF & DIRECT 3RD-PARTY COSTS				
SECTIONS 10.1.A & 12.7.B.2.B.II	1.00	3,529.7500	3,529.75	
SECTIONS 10.1.A & 12.7.B.2.B.II	1.00	5,811.0000	5,811.00	
RESIDENTIAL CUSTOMER CREDITS				
SEC 12.7.B.2.B.III & EXHIBIT N	1.00	64,874.7200	64,874.72	

Please call (714) 990-7678 if you have any questions regarding this invoice.

Don't forget to include the Invoice No. on your remittance. Failure to do so will delay payment posting and delinquent charges may apply.

Total Charges:	4,726,665.47
Total Tax:	0.00

Total Invoice:	4,726,665.47
Payments:	0.00
Adjustments:	0.00
Total Due:	4,726,665.47

 Return This Portion With Payment

City of Brea
 Account Receivable
 1 Civic Center Circle
 Brea, CA 92821

Customer No: 0000000097
 Invoice: PW00001318
 Inv Date: Sep 23, 2025
 Due Date: Oct 23, 2025
 Total Due: 4,726,665.47

Make checks payable to City of Brea
 Please include invoice number on check



January 11, 2022

Brea Disposal / Republic Services, Inc.
Attn: Dan Capener, General Manager
1131 North Blue Gum Street
Anaheim, California 92806

RE: Labor Strike Reimbursement Requirement & Penalty Assessment

Dear Mr. Capener:

Per my December 22, 2021 letter, I am writing to notify Republic of the City's determinations of the required reimbursement amount and penalty assessment stemming from nonperformance of waste hauling services during last month's labor strike by Teamsters Local 396. As stated in that letter, the City has reimbursement and penalty assessment rights pursuant to Section 6(N), Section 24(A), and Exhibit E of the September 3, 2002, Amended and Restated Agreement Between the City of Brea and Taormina Industries Incorporated For the Collection, Transportation, Recycling, Composting and Disposal of Solid Waste, Recyclable and Compostable Materials ("Agreement"). The City is enforcing these rights due to Republic's nonperformance that significantly impacted Brea residents, businesses, and the City itself for nearly two weeks.

First and foremost, I am addressing the objection raised in your December 30, 2021 correspondence. That letter invokes force majeure and asserts "Republic's performance was excused and the City cannot utilize the provisions of Section 6(N), 24(A) or Exhibit E of the Franchise Agreement to seek its expenses or imposes charges for any alleged missed services." This contention is refuted by the plain language of the Agreement.

The City has already acknowledged that Section 26(A) of the Agreement classifies a labor strike as a force majeure event that temporarily excuses Republic's nonperformance of the services. However, as dictated by the first words of Section 26(A), that temporary reprieve is narrow: "FRANCHISEE shall not be in default ..." The only effect of Section 26(A) in this situation is that the City could not immediately deem Republic to be in default when services were not performed due to the labor strike. As you know, the City did not declare a default based on Republic's nonperformance of services last month. Nothing in Section 26(A) precludes the City from exercising its other contractual rights; indeed, the last sentence of Section 26(A) specifically states that the City can exercise its rights under Section 13 if a labor strike interrupts Republic's services. Quite clearly, force majeure is not a free pass that exempts Republic from the reimbursement and penalty assessment provisions of Section 6(N), Section 24(A), and Exhibit E.

City Council

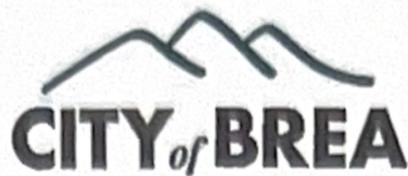
Cecilia Hupp
Mayor

Glenn Parker
Mayor Pro Tem

Christine Marick
Council Member

Marty Simonoff
Council Member

Steve Vargas
Council Member



Enclosed is an invoice for the City's expense reimbursement and penalty assessment. City staff spent 530 hours of labor manning and handling trash around Republic's roll-off bins between December 14th and 19th. The City's total labor and equipment cost for this effort is \$46,056.34. The City is also crediting \$5.82 to each of its 11,225 residential customers for missed service, totaling to \$65,329.50. Furthermore, per the Agreement, Republic is subject to a penalty of \$50 per missed service occurrence for each resident. For the residential accounts that missed service during the strike, this penalty amount totals to \$561,250.

Remit the invoice payment to the City of Brea in the amount of **\$672,635.84 by Monday, January 31, 2022**. The City reserves all of its rights and remedies under the Agreement, at law, and inequity, if full payment is not received by Monday, January 31, 2022.

Payment can be mailed or made in-person at the City of Brea, Account Receivable, 1 Civic Center Circle, Brea, CA 91821. The hours of operation for the City of Brea are Monday – Thursday, 7:30 AM to 5:30 PM, and open every other Friday, 8:00 AM – 5:00 PM. Please note the City of Brea is closed on Monday, January 17, 2022, in observance of the holiday.

Should you have any questions regarding this letter, please contact Acting Public Works Director Michael Ho at (562) 260-8968.

Sincerely,

Bill Gallardo
City Manager

CC: City Council, Michael Ho, Acting Brea Public Works Director

2609712.6

City Council

Cecilia Hupp
Mayor

Glenn Parker
Mayor Pro Tem

Christine Marick
Council Member

Marty Simonoff
Council Member

Steve Vargas
Council Member



CITY OF BREA
 ACCOUNTS RECEIVABLE
 1 CIVIC CENTER CIRCLE
 BREA, CA 92821

PHONE: 714-990-7678x
 FAX: 714-671-4484x
 acctsreceivable@cityofbrea.net

INVOICE: MS00000044
Date: Jan 10, 2022
Service: MANAGEMENT SERVICES
Customer PO:
Customer Ph:
Terms:

Due Date: Jan 31, 2022

Customer Number: 0000000097

REPUBLIC SERVICES
 ATTN: DAN CAPENER, GENERAL MGR
 1131 N. BLUE GUM STREET
 ANAHEIM, CA 92806

Service Address:
 REPUBLIC SERVICES
 ATTN: DAN CAPENER, GENERAL MANAGER
 1131 N. BLUE GUM STREET
 ANAHEIM, CA 92806

Description	Qty	Unit Price	Total Price	Tax
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EXPENSE REIMBURSEMENT

LABOR

MAINTENANCE WORKER II	12/14/2021	100.00	51.9000	5,190.00
MAINTENANCE WORKER II	12/15/2021	100.00	51.9000	5,190.00
MAINTENANCE WORKER II	12/16/2021	100.00	51.9000	5,190.00
MAINTENANCE WORKER II	12/17/2021	60.00	51.9000	3,114.00
MAINTENANCE WORKER II	12/18/2021	100.00	51.9000	5,190.00
MAINTENANCE WORKER II	12/19/2021	70.00	51.9000	3,633.00

EQUIPMENT

PICKUP TRUCK	12/14/2021	100.00	32.5000	3,250.00
BACKHOE	12/14/2021	6.00	57.5800	345.48
PICKUP TRUCK	12/15/2021	100.00	32.5000	3,250.00
BACKHOE	12/15/2021	5.00	57.5800	287.90
PICKUP TRUCK	12/16/2021	100.00	32.5000	3,250.00
BACKHOE	12/16/2021	6.00	57.5800	345.48
PICKUP TRUCK	12/17/2021	60.00	32.5000	1,950.00
PICKUP TRUCK	12/18/2021	100.00	32.5000	3,250.00
PICKUP TRUCK	12/19/2021	70.00	32.5000	2,275.00

Please include your invoice number with remittance. Failure to include will delay payment posting and delinquent charges may apply.

Total Charges:	
Total Tax:	-----
Total Invoice:	
Payments:	
Adjustments:	
Total Due:	

Return This Portion With Payment

City of Brea
 Account Receivable
 1 Civic Center Circle
 Brea, CA 92821

Customer No: 0000000097
 Invoice: MS00000044
 Inv Date: Jan 10, 2022
 Due Date: Jan 31, 2022
 Total Due:

Make checks payable to City of Brea
 Please include invoice number on check



CITY OF BREA
 ACCOUNTS RECEIVABLE
 1 CIVIC CENTER CIRCLE
 BREA, CA 92821

PHONE: 714-990-7678x
 FAX: 714-671-4484x
 acctsreceivable@cityofbrea.net

INVOICE: MS00000044
 Date: Jan 10, 2022
 Service: MANAGEMENT SERVICES
 Customer PO:
 Customer Ph:
 Terms:
 Due Date: Jan 31, 2022

Page 2
 of 2

Customer Number: 0000000097

REPUBLIC SERVICES
 ATTN: DAN CAPENER, GENERAL MGR
 1131 N. BLUE GUM STREET
 ANAHEIM, CA 92806

Service Address:
 REPUBLIC SERVICES
 ATTN: DAN CAPENER, GENERAL MANAGER
 1131 N. BLUE GUM STREET
 ANAHEIM, CA 92806

Description	Qty	Unit Price	Total Price	Tax
BACKHOE 12/19/2021	6.00	57.5800	345.48	
RESIDENTIAL BILL CREDIT	11,225.00	5.8200	65,329.50	
PENALTY-RESIDENTIAL ACCTS	11,225.00	50.0000	561,250.00	

Please include your invoice number with remittance. Failure to include will delay payment posting and delinquent charges may apply.

Total Charges:	672,635.84
Total Tax:	0.00

Total Invoice:	672,635.84
Payments:	0.00
Adjustments:	0.00
Total Due:	672,635.84

Return This Portion With Payment

City of Brea
 Account Receivable
 1 Civic Center Circle
 Brea, CA 92821

Customer No: 0000000097
 Invoice: MS00000044
 Inv Date: Jan 10, 2022
 Due Date: Jan 31, 2022
 Total Due: 672,635.84

Make checks payable to City of Brea
 Please include invoice number on check