



Safety, Wellness, and Youth Committee Memorandum

City of Arts & Innovation

TO: THE SAFETY, WELLNESS, AND YOUTH COMMITTEE **DATE: JANUARY 15, 2025**

FROM: CITY ATTORNEY'S OFFICE **WARDS: ALL**

SUBJECT: ORDINANCE AMENDING RIVERSIDE MUNICIPAL CODE TO ADD CHAPTER 5.85, "JUNK DEALERS AND SCRAP METAL RECYCLERS"

ISSUE:

To ensure that (1) junk dealers and scrap metal recyclers are properly licensed to operate, (2) regulations are put in place to prevent unlawful operation of said business, and (3) mechanisms are created to impose penalties on unlawful businesses and prevent them from operating entirely, several municipalities have adopted ordinances pertaining to the operation of junk dealer and scrap metal recycler businesses.

By adopting a junk dealer and scrap metal recycler ordinance, the City of Riverside could better ensure that said businesses operate lawfully and receive penalties when they do not. Not only would this help build community trust in these types of businesses, but it would also create a set of standards that all junk dealers and scrap metal recyclers must abide by.

RECOMMENDATIONS:

That the Safety, Wellness, and Youth Committee:

1. Receive the following report and presentation proposing an amendment to the Riverside Municipal Code in order to add Chapter 5.85 "Junk Dealers and Scrap Metal Recyclers";
2. Make a motion to refer the following report and presentation to the City Council to adopt an ordinance amending the Riverside Municipal Code adding Chapter 5.85 "Junk Dealers and Scrap Metal Recyclers."

BACKGROUND:

Junk dealers and scrap metal recyclers are businesses that are typically engaged in the buying and selling of used machinery or other scrap metal. This can include secondhand machinery, oil well rings, nonferrous materials, stainless steel, nickel, and other materials commonly used in construction, agricultural operations, railroad operations, and/or electrical power generation.

Junk dealers and scrap metal recyclers are common within municipalities throughout California. However, without proper regulation and limitations on how they can operate and who they can

engage in transactions with, these businesses can pose a threat to the public welfare and the safe and seamless operation of society.

For example, in February 2024, the City of Los Angeles created a “copper wire task force” to address rampant theft of copper wiring from city streetlights. Over time, the task force evolved into a “heavy metal task force,” due to the discovery that materials other than copper wiring were being stolen from city streetlights; this includes telecommunications cable, which hinders communication services during emergency events and other day-to-day activities.

Rampant theft of copper wiring and other metallic materials has encouraged many municipalities to adopt ordinances to address such activity and regulate the type of transactions that junk dealers/scrap metal recyclers can enter into. For example, the City of Stockton, the City of Patterson, the City of Riverbank, and Yuba County have all enacted ordinances that regulate (1) how junk dealers and scrap metal recyclers can become authorized to do business, (2) under what grounds they can be denied to conduct business, (3) what hours they can operate during the day, (4) when and how they must report their daily transactions to the local law enforcement agency, etc.

Even cities outside California are taking action to regulate junk dealers and scrap metal recyclers, and to prevent unlawful transactions at such businesses. The City of Las Vegas recently issued Bill No. 2024-22, which limits how scrap metal transactions can be conducted, similarly to the ordinances listed above.

To ensure that junk dealers and scrap metal recyclers in the City of Riverside (“City”) operate lawfully, engage in only lawful transactions, and report the occurrence of unlawful transactions, it is paramount that the City adopt an ordinance in a similar light to those that the above-listed municipalities have already adopted.

DISCUSSION:

It is imperative that prospective junk dealers and scrap metal recyclers in the City obtain proper licenses and undergo a detailed application process in order to ensure that only appropriate businesses operate within the City. It is also important that operating junk dealers and scrap metal recyclers report the transactions they enter into, and when and who they conduct business with, in order to prevent improper business transactions and the exchange of stolen or improperly obtained machinery. Finally, it is necessary that the City of Riverside be given mechanisms to deny applications for a junk dealer/recycler permit and revoke existing junk dealer/recycler permits in case the associated business does not meet appropriate grounds.

The proposed addition of Chapter 5.85 to the Riverside Municipal Code addresses the above-listed concerns and mirrors existing language found in ordinances already approved and adopted by the Cities of Stockton, Patterson, Riverbank, and Yuba County.

The proposed regulations will require all junk dealers and scrap metal recyclers (existing and prospective) to have (1) a valid City business tax certificate, (2) a minor conditional use permit issued by the City, (3) a state business license from the Department of Justice, and (4) a junk dealer/recycler business establishment permit issued by the Chief of Police. Junk dealers and scrap metal recyclers will also be required to display the above-listed documents in an open and conspicuous location on the business grounds. Additionally, junk dealer/recycler business establishment permits will only be issued upon the proposed business’s application being approved.

As stated above, junk dealers or scrap metal recyclers must complete an application to be submitted to the City, which shall set forth important information such as what services the business will provide, the names and addresses of all proposed employees, specific personal information of every owner of the proposed business, whether the applicant owns and operates any other junk dealer or scrap metal recycler, etc. If a proposed business's application is approved, the issued business establishment permit will be valid for two years. The proposed regulations also provide a mechanism for junk dealers and scrap metal recyclers to renew their business establishment permits.

Regarding day-to-day operation, the proposed regulations will prevent all junk dealers and scrap metal recyclers from operating between the hours of 7:00 p.m. of one day, and 7:00 a.m. of the next day, and they will also prevent said businesses from acquiring junk or scrap metal from any individual under the age of 18. The proposed regulations will also make it unlawful for junk dealers and scrap metal recyclers to pay any individual more than ten dollars for the purchase of junk or scrap metal, unless said payment is conducted via a check or paper draft.

Significantly, the proposed regulations will also require junk dealers and scrap metal recyclers to give a daily report to the Chief of Police of all sales and purchases they engaged in within the previous 24 hours. This daily record of transactions must include information such as the name of the individual selling or purchasing junk, their address, their driver's license number, the license plate number of any vehicle they used to transport the junk, a statement from the individual proving ownership, the individual's fingerprint, etc.

In the same manner, the proposed regulations will require junk dealers and scrap metal recyclers to immediately notify the Riverside Police Department of any sale, purchase, attempted sale, or attempted purchase of junk that appears to be used only by government agencies or utilities railroads, or junk that is used only for specific purposes (such as guardrails, manhole covers, high voltage transmission lines, historical markers, cemetery plaques, light poles, and bleachers).

All junk dealers and scrap metal recyclers will be required to allow periodic inspections of their premises during normal business hours to ensure compliance with the above-listed recordkeeping requirements.

The proposed regulations also give the City mechanisms to deny business establishment permit applications and revoke existing business establishment permits under certain grounds, such as the business not complying with the City's code regulations; the business's operation not comporting with the public's general welfare; the applicant or permit holder having committed a felony or moral turpitude crime; the applicant having had a previous junk dealer/recycler establishment permit denied, suspended, or revoked; the business having failed to cooperate with the Riverside Police Department; the business having made material misrepresentations in its initial application; etc.

In a similar fashion to other chapters in the Riverside Municipal Code, junk dealer and scrap metal recycler businesses will be given a mechanism to appeal an application denial or revoked permit pursuant to Section 1.17.121, which is another proposed amendment to the Riverside Municipal Code being presented to the Safety, Wellness, and Youth Committee on January 15, 2025.

Additionally, if a junk dealer or scrap metal recycler had a previous establishment permit revoked, or if they engaged in certain criminal activity on the property (such as receiving, selling, or storing stolen property), then the Chief of Police may deny subsequent establishment permits for that business for up to one year from the date of the most recent application denial.

Finally, the proposed regulations will subject violators to fines as set forth in Chapter 1.17 of the Riverside Municipal Code. In addition to the procedure set forth in Chapter 1.17, each subsequent qualifying violation under the proposed regulations will subject the violating business to an administrative penalty of no less than \$1,000, but not more than \$25,000. A “qualifying violation,” under the proposed regulations, means any citation for violation of the proposed chapter within a 24-hour period, occurring within ten years of any separate violation of this proposed chapter.

The regulations outlined in the proposed Riverside Municipal Code Chapter 5.85 are necessary in order to properly regulate the operation of junk dealers and scrap metal recyclers, and to protect the public welfare by ensuring junk dealers and scrap metal recyclers are only taking part in lawful transactions. The proposed regulations mirror those that have already been adopted in various other municipalities throughout California.

STRATEGIC PLAN ALIGNMENT:

The activity within the staff report aligns with **Strategic Priority 2 – Community Well-Being, Goal 2.4** to support programs and innovations that enhance community safety, encourage neighborhood engagement, and build public trust.

This item aligns with each of the five Cross-Cutting Threads as follows:

1. **Community Trust** – This ordinance is being proposed to the Safety, Wellness, and Youth Committee so that regulations can be adopted to ensure that junk dealers and scrap metal recyclers operate lawfully, thereby increasing community trust in these businesses and the transactions they engage in.
2. **Equity** – The proposed ordinance will help to ensure that each junk dealer and scrap metal recycler in the City operates fairly under the same set of standards, and that penalties will occur if they do not.
3. **Fiscal Responsibility** – No additional funding is required due to the proposed ordinance.
4. **Innovation** – The City continually analyzes timely and reliable information in order to develop informed policies and implement new programs in order to meet the community’s changing needs.
5. **Sustainability & Resiliency** – The proposed ordinance will enhance the City’s preparedness for the future.

FISCAL IMPACT:

There is no immediate fiscal impact associated with this report. However, there may be an unknown future increase in revenue associated with additional business tax certificates and conditional use permits, and unknown future increased expenditures to enforce the new ordinance.

Prepared by: Jacob Castrejon, Deputy City Attorney

Approved as to form: Jack Liu, Interim City Attorney

Attachments: 1. Proposed Ordinance and Municipal Code Chapter 5.85
2. Exhibit “A”
3. Presentation