

**Proposed City Council Response to Findings and
Recommendations in San Diego Grand Jury Report
“Time for Repeal of the People’s Ordinance.”**

GRAND JURY FINDINGS

Finding 01: The [People’s] Ordinance is inequitable because it forces some residents to pay for trash services, while it provides trash services to others without an additional fee.

Proposed Response: Agree. Under the People’s Ordinance, refuse from most single family residences is collected by the City with no fee, while refuse from most businesses and multi-family residents is collected by private refuse haulers, which charge service fees.

The People’s Ordinance does not make an explicit distinction between single family and multi-family residences. However, it requires the City to provide refuse collection services at no charge only to those residents who meet its eligibility criteria. Specifically, the People’s Ordinance:

- (1) requires the City to collect residential refuse once a week, at no charge to the customer, from single family and multi-family residences which place their refuse at the curb of a public street in a City approved container on the designated collection day;
- (2) prohibits the City from collecting non-residential refuse, with the exception of refuse from small business enterprises if authorized by City Council and limited to once a week service in an amount no greater than 150% of the refuse generated by an average residential dwelling unit; the City may not charge a fee for this service;
- (3) prohibits the City from going onto any private street, alley, driveway, parking lot or other private property to collect refuse, except in the case of a public emergency or pursuant to a pre-existing hold harmless agreement.

As a result of these provisions in the People’s Ordinance, most multi-family residences and single family residences on private streets are ineligible for refuse collection service by the City. This is due to several reasons. First, a single family or multi-family residence may be located in a private development without a hold harmless agreement, or otherwise cannot be accessed by public streets. Second, the weekly amount of refuse generated by a multi-family residence is too great to allow for the use of City approved containers, or be places at the curb line. Consequently, the practical implication of the People’s Ordinance is that some residents receive refuse collection by the City for no

charge, while others must pay a private hauler or collect and dispose of their waste at their own expense.

Finding 02: The total annual cost to the City for all trash and recycling services provided without a fee to San Diego residents is \$52.7 million per year.

Proposed Response: Partially Disagree. The FY 2009 budgeted cost to the City is approximately \$38 million for refuse collection, \$9 million for recyclable commodities, and \$7 million for yard waste collection, for a total of \$54 million.

Refuse collection services are funded by the General Fund, while recycling and yard waste collection is provided by the Recycling Fund. While there are no fees charged by the City for these services, the Recycling Fund is partially funded through AB 939 fees paid by private refuse haulers, which are passed on to commercial and multi-family customers. In FY 2009, AB 939 fees from private refuse haulers were budgeted at \$8 million.

Finding 3: A variable-rate pricing strategy would reduce the amount of waste going to the City's landfill and increase the amount of material being recycled.

Proposed Response: Partially Disagree. Variable-rate pricing strategies, also known as pay-as-you-throw (PAYT), can create a financial incentive to reduce the amount of waste that is produced. As of 2006, over 500 communities in California utilized some form of a PAYT program¹, including cities such as San Jose, San Francisco, Sacramento and Oakland. Studies by Skumatz Economic Research Associates, a solid waste and energy consulting firm, have estimated that on average PAYT programs result in a 16-17 percent reduction in landfilled municipal waste, with 8-11 percent being diverted to recycling and yard waste programs, and another 6% decreased due to source reduction².

However, there are other methods of waste diversion that should be evaluated as well, such as the use of two bins for recycling or a bonus-based system for haulers that rewards waste diversion. In addition, the City has already achieved over a 50% diversion rate, making it uncertain how much more effective a PAYT pricing structure would be. The pros and cons of all methods should be considered prior to implementation of any single strategy.

¹ Skumatz, Lisa A., PhD. And David J. Freeman, "Pay as you Throw (PAYT) in the US: 2006 Update and Analyses", prepared for US EPA and SERA, by Skumitz Economic Research Associates, Superior CO, December 2006.

² *Ibid.*

GRAND JURY RECOMMENDATIONS

For each recommendation in the Grand Jury Report, the City Council shall respond that the recommendation either has been implemented, has not yet been implemented but will be implemented in the future, requires further analysis, or will not be implemented.

Recommendation 09-02: Place a measure on the ballot to repeal the [People’s] Ordinance

Proposed Response: This recommendation requires further analysis. As part of the FY 2010 Budget, the City Council supported the creation of a socioeconomically diverse citizen’s committee with a focused charge of studying two specific revenue options to augment General Fund resources – a storm water fee and a refuse collection fee – for possible implementation in FY 2011, and make recommendations to Council no later than October 2009. The Council has also tasked this committee with studying ways to enhance City revenue streams through economic competitiveness.

In addition, on April 28, 2009 the City Council approved a package of fee increases designed to protect the financial health of the Recycling Fund in FY 2010. As a condition of the approval of these fee increases, the City Council directed the Environmental Services Department to initiate a “Phase II” discussion with various stakeholders in order to identify potential operating efficiencies and a more long-term, sustainable financing system for the City’s solid waste management programs. It is the intention that this efficiency and financing study be completed in time to develop revised models and efficiencies in order to enable substantive agreements between the City and the various stakeholders before the City’s FY 2011 budget deliberations.

In addition, it should be noted that a measure to repeal or amend the People’s Ordinance may also be placed on the ballot through voter initiative.

Recommendation 09-03: Consider adopting a variable-rate fee schedule for trash services provided by the City once the Ordinance is repealed.

Proposed Response: This recommendation requires further analysis. If voters approve a ballot measure to amend or repeal the People’s Ordinance, and the City moves to implement a refuse collection fee, a variable-rate fee schedule will likely be considered along with other methods and strategies designed to incentivize waste reduction. However, there are many issues that would have to be considered prior to establishing such a fee structure, such as the effectiveness of different types of variable-rate structures, the costs of implementation and administration, ease of implementation, reliability of revenue streams, and potential unintended consequences such as increased illegal dumping.