



THE CITY OF SAN DIEGO

OFFICE OF THE INDEPENDENT BUDGET ANALYST REPORT

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Potential Funding Sources for an Environmental Justice Study

OVERVIEW

On July 1, 2024, the City Council adopted the General Plan Environmental Justice (EJ) Element and approved a request made by Council President Elo-Rivera directing staff to work with the IBA's Office to identify non-General Fund resources to complete a study proposed in the EJ Element, and report back to either Committee or Council by September 30. The proposed study would evaluate the economic and environmental impacts associated with incompatible industrial uses at distances up to 1,000 feet from residential uses and sensitive receptors such as schools, child-care facilities, senior care facilities, parks, and hospitals.^{1, 2}

This study is related to a request made by Councilmember Vivian Moreno to study the environmental and economic effects of previously conforming and incompatible uses when the Housing Action Package 2.0 was heard and recommended for approval by the Land Use & Housing Committee in September 2023.³ A preliminary estimate provided by the City Planning Department indicates that this proposed EJ study could cost up to \$350,000.

This report summarizes potential funding sources reviewed by City Planning and our Office. We discuss certain constraints of various sources, such as geographic limitations, spending restrictions, or tradeoffs associated with funding sources. This report *also* discusses developing a multi-stakeholder partnership that could open up more grant opportunities to fund a study. Finally, we

¹ It is worth noting that the intent of the study is to evaluate both the environmental and economic impacts resulting from operation of affected businesses, and the economic impacts on those businesses if they were to relocate.

² In the context of EJ Element, incompatible industrial uses, or previously conforming uses, refer to industrial uses such as material scrap yards and vehicle wrecking and dismantling facilities located in areas that have been more recently rezoned to allow for residential and mixed-use development. Addressing the incompatibilities of industrial uses near residential areas is the key to advancing environmental justice.

³ The Land Use & Housing Committee directed City staff study the environmental and economic impact of 1) an alternative set of distance requirements that would potentially affect more previously conforming use businesses, and 2) an expanded list of previously conforming and incompatible uses near sensitive receptors. The Committee also directed staff study a comparison of the proposed sensitive receptors to an expanded list that includes schools, daycares, parks and medical facilities, as proposed by Environmental Health Coalition.

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discuss the potential to narrow the scope of the study to communities particularly impacted by incompatible industrial uses to mitigate costs and to inform future studies.

Non-General Fund Resources

Port District Maritime Industrial Impact Fund

The Maritime Industrial Impact Fund (MIIF) was established by the San Diego Unified Port District (Port) to fund projects that mitigate disproportionate adverse impacts on certain communities caused by the presence of the Port’s maritime industry and terminals. Funding allocated to MIIF is based on a percentage of the Port’s annual gross maritime industrial revenue. As of the latest rate (4%) approved in May 2024, approximately \$1.5 million will be allocated to the MIIF in Fiscal Year (FY) 2025.

To be eligible for MIIF funding, projects must be located off-tidelands in communities that border the Port’s maritime industrial properties, such as Downtown San Diego and Barrio Logan, and demonstrate a direct relationship between the Port’s maritime industrial operations on tidelands and the impacts off-tidelands. These impacts include, but are not limited to, diminished air quality, excessive noise, heavy movement of vehicles or equipment through adjacent residential or commercial areas, and disproportionate degradation or use of public infrastructure such as roads, streets or sidewalks.

We note that MIIF funding historically has largely supported implementation projects such as the National City segment of the Bayshore Bikeway and Air Filter for Perkins Elementary in Barrio Logan. Some studies, however, were funded by MIIF, including the Barrio Logan Nighttime Noise Study.

Given the geographic requirements of MIIF, the City could apply for MIIF funding to support the portion of the EJ study that applies to communities bordering the Port’s properties.⁴ Applications are reviewed by Port staff and presented to the Board of Port Commissioners on a semi-annual basis in the fall and spring. The City Planning Department has engaged the Port to discuss the funding requirements and application process. The Department is working on a proposed geographic scope of the study as related to Port maritime activities.

EDCO Community Fund

The EDCO Community Fund was established within the Solid Waste Enterprise Fund in accordance with the City’s Non-Exclusive Solid Waste Facility Franchise Agreement with EDCO Disposal Corporation for the operation of a Recovery & Transfer Station on Dalbergia Street. The Fund collects and distributes payments from the EDCO Disposal Corporation to support any “appropriate designated use,” defined as Parks & Recreation and Library activities in designated

⁴ The project application and selection processes are governed by [BPC Policy No. 773](#).

areas in the City, which is comprised of portions of Council Districts 4, 8, and 9.⁵ In FY 2023 and FY 2024, the EDCO Community Fund collected \$108,000 and \$118,000 in revenues respectively.⁶

This funding source was initially identified by the Environmental Health Coalition as a potential source for an EJ study, given that any future uses in replacement of the incompatible industrial uses that result from the EJ study could include parks and libraries, which are designated activities established by the Franchise Agreement. However, according to the City Attorney's Office, the intended "appropriate designated use" of these funds was only for parks and libraries, whereas the primary focus of the proposed EJ study is to study the impacts of industrial activities in the area. Parks and libraries would only potentially result from an EJ study as ancillary subsequent developments.⁷

General Plan Maintenance Fund

The General Plan Maintenance Fund (GPMF) is a non-General Fund resource to support long-range planning cost recovery. A General Plan Maintenance Fee, currently set at a flat fee of \$548, is charged for development projects that require review of plans and documents for compliance with the general plan or land development code provisions. Fees collected in the GPMF support land use planning policy updates such as general plan amendments, community plan updates, mobility and parks plans, and environmental policy updates. In FY 2025, the GPMF expenditures are budgeted at approximately \$5.3 million. It is important to note that approximately \$3.7 million out of the GPMF total budget is already committed for fixed expenses like City staff time.

According to City Planning, GPMF could be used to fund the EJ study, though this would be at the expense of other land use planning initiatives included in the City Planning Work Program. For instance, a significant portion of FY 2025 GPMF allocation is planned to support the [Preservation and Progress](#) initiative, which is a comprehensive update to the City's Heritage Preservation Program. GPMF resources are sometimes used to provide gap funding of up to \$50,000 for various planning initiatives that would otherwise experience significant delays; based on City Planning's preliminary estimates, the proposed EJ study could cost up to \$350,000. GPMF resources alone would be insufficient to carry out the EJ study without negatively affecting other planning initiatives, though funding a portion of the EJ funding through the GPMF could be worth considering.

Other Considerations

Grant Opportunities through Multi-Stakeholder Partnerships

Sustained partnerships with communities, nonprofit organizations, philanthropic groups, universities, and businesses can be important vehicles to build capacity and leverage resources to achieve the community's shared EJ goals. The U.S. Environmental Protection Agency (EPA) and

⁵ The Franchise Agreement provides the geographic area for the use of EDCO Community Fund, as follows: From the junction of I-5 and Hwy 94, south on I-5 to Crosby St., then west on Crosby St. to the San Diego Bay, then south along the San Diego Bay shoreline to the limits of National City. Then east along the northern boundary of National City to the intersect of I-805, then north on I-805 to the Hwy 94 junction, then west on Hwy 94 to the junction of Hwy 94 and I-5.

⁶ The EDCO Disposal Corporation also pays a facility fee, which is deposited into the General Fund and, therefore, not included in the revenue figures above.

⁷ Expanding the allowable uses of the EDCO Community Fund would require amending the existing franchise agreement with EDCO.

the California Environmental Protection Agency (CalEPA) administer various EJ grant programs for nonprofit organizations and/or federally recognized tribes (e.g. [CalEPA EJ Actions Grants Program](#), [CalEPA EJ Small Grants](#), [EJ Collaborative Problem-Solving Cooperative Agreement Program](#)) and local governments in partnership with community-based non-profit organizations (e.g., [EPA Environmental Justice Government-to-Government program](#)). A multi-stakeholder partnership approach could help the City access these grant opportunities to fund an EJ study and enhance the delivery of other planned EJ initiatives.

Apart from potentially securing funding opportunities, this partnership approach could further allow the City to access other resources such as technical and scientific expertise. For instance, the San Ysidro Community Air Study was borne out of a partnership among the San Ysidro community, local community organizations, the State government, academia, and businesses.⁸ The project was initially funded with a CalEPA grant and subsequently funded by the North American Development Bank. The University of Washington and San Diego State University provided equipment and technical guidance. Community partners, including the nonprofit organization Casa Familiar, played a key role in community outreach. The City could benefit from similar partnerships to deliver the proposed EJ study.

Scope of the Study

Depending on funding availability, the City could consider preparing an EJ study in only a few select communities as a starting point, as a Citywide study would be more costly compared to one with a limited geographic scope. Notably, the EJ Element identified areas of the City that have been most impacted by environmental burdens and associated health risks—collectively known as EJ Communities. An EJ Communities-focused study could help reduce the short-term funding needs, help address the most pressing EJ needs, and inform future studies in other areas of the City.

Conclusion

This report responds to City Council’s direction to identify funding resources for an EJ study on the economic and environmental impact associated with incompatible industrial uses. In summary, the Port District Maritime Industrial Impact Fund could be a viable resource for funding a portion of the proposed EJ study in certain communities. The study does not appear to be eligible for the EDCO Community Fund, due to limitations on allowable uses in the respective franchise agreement. The General Plan Maintenance Fund may be able to fund a portion of this study, though significant funding from the GPMF for an EJ study is likely to adversely impact other priorities included in the City Planning Work Program.

Notably, the City could explore opportunities to leverage grant funding and other resources by developing a multi-stakeholder partnership to support the EJ study and other EJ initiatives. Council may also wish to consider narrowing the scope of the study from being Citywide to being focused on EJ Communities, to advance the study with existing available funding, such as through a possible application for Port District Maritime Industrial Impact Funds, or other available grant funding opportunities. A narrower study could then inform future studies in the City.

Our Office thanks staff from City Planning and the City Attorney's Office, and representatives from the Environmental Health Coalition, for assisting us in developing this report, and we are available to assist the Council in any further steps.

⁸ More details about the study can be found on [Casa Familiar’s webpage](#) and the [University of Washington’s webpage](#).



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