

EXECUTIVE SUMMARY

**CITY OF SAN DIEGO
ENVIRONMENTAL SERVICES DEPARTMENT
LONG-TERM RESOURCE MANAGEMENT OPTIONS STRATEGIC PLAN**

EXECUTIVE SUMMARY

While the information contained in this Phase I Report provides a snapshot of the City of San Diego's and the San Diego region's solid waste system conditions as of September 2008, it must be recognized that, subsequent to September 2008, the economic and market conditions in the solid waste field have been extremely fluid. For example, global market conditions for recycling materials experienced a sharp decline in the last months of 2008, which adversely impacted the City's Recycling Fund.

WHY DO WE NEED A LONG-TERM RESOURCE MANAGEMENT OPTIONS STRATEGIC PLAN?

In 2007, the City of San Diego's Environmental Services Department (ESD) initiated the development of a **L**ong-term **R**esource **M**anagement **O**ptions **S**trategic **P**lan (LRMOSP) or "Strategic Plan" to address the solid waste/resource management needs of the City through the year 2030. Most of the City's solid waste is currently diverted to various uses and the majority of the remaining solid waste is disposed at the City-operated West Miramar Landfill (WML). When Phase I analysis began, the WML was anticipated to reach its permitted capacity in 2012.

Operation of the WML not only provides a cost-effective disposal location for the City's residual materials from residents and businesses, but it also funds a multitude of ESD programs. These programs include waste reduction and recycling programs, greenery operations at the Miramar Landfill, hazardous materials monitoring, burn dump remediation, illegal dump abatement, and community cleanups.

The purpose of the Strategic Plan is to develop and evaluate short- and long-term options to manage the City's waste/resources in a cost-effective manner that protects public health and the environment.

GOALS OF THE STRATEGIC PLAN

The goals for the Strategic Plan, as originally envisioned when the planning process began, were as follows:

- Develop a plan for the residents and businesses of the City of San Diego for the long-term management of resources in addressing solid waste generation and disposal up to year 2030.
- Anticipate the projected closure in 2012 of the City's only landfill disposal site, West Miramar Landfill, and evaluate options for solid waste reduction, recycling, reuse, conversion, and disposal in and out of San Diego County.
- Evaluate opportunities for promoting and expanding zero waste philosophies and programs in the City of San Diego.
- Consider options that are technically and economically feasible and protective of public health and the environment.
- Sustain the economic viability of ESD programs including collection, disposal, energy conservation, waste reduction, environmental protection, sustainability, and resource management services.
- Seek stakeholder input in developing recommendations for the Strategic Plan.
- Provide recommendations at the end of Phase II that address the City's resource management issues.

PHASE I OF THE STRATEGIC PLAN

The Strategic Plan will be completed in two phases. Phase I has been completed. During Phase I, the BAS Consultant Team ((Bryan A. Stirrat & Associates (BAS), HF&H Consulting (HF&H) on, Katz & Associates, J. R. Miller & Associates (JRMA), and Clements Environmental (Clements)), in collaboration with ESD staff and a Resource Management Advisory Committee (RMAC), identified and evaluated various programs, policies, infrastructure facilities, conversion technologies, waste-to-energy, and in- and out-of County disposal options, including rail haul to address the City's resource management needs through the year 2030.

The Phase I effort included discussions and consensus building with representative stakeholders of the community who were part of the RMAC. The landfill capacity situation, the health of the ESD funds, and regulatory and policy issues were evaluated and 40

options are recommended for further analysis in Phase II. A brief summary of the Phase I report is presented next.

HOW MUCH WASTE DOES THE CITY AND REGION DISPOSE OF AND WHERE CAN IT GO?

In 2008, the City's residents and businesses, after recycling, were projected to dispose of approximately 1.9 million tons of residual waste, with an estimated 1.4 million tons going to the West Miramar Landfill (WML). At this rate, the WML would reach its current permitted capacity in 2012. After closure of the WML, waste that was going to the WML would likely be diverted to the Sycamore Landfill.

The San Diego region was projected for 2008 to require landfilling of 3.9 million tons of waste. At Sycamore's current permitted capacity it could handle the region's waste stream up to the year 2017.

In September 2008, ESD was in the final approval stages for a height increase at the WML. With the approval of the height increase the landfill gains capacity to year 2017 and with the implementation of the recycling and construction and demolition ordinances (C&D), the WML is projected to have capacity to 2019.

Allied Industries is proposing an increase in the capacity at the Sycamore Landfill; if approved, the Sycamore Landfill could provide regional capacity to 2029. In addition, if the Gregory Canyon Landfill (a new landfill site proposed in Northern San Diego County) were to complete its permitting requirements and begin operating by 2010, it could provide regional landfill disposal capacity beyond 2030.

A detailed discussion of the capacity projections can be found in Section 3.0 - How Much Waste Does the City and Region Dispose of and Where Does it Go?

HOW HEALTHY ARE THE ESD FUNDS?

ESD has three major operating funds (the General Fund, Refuse Disposal Fund, and the Recycling Fund). The General Fund is used for solid waste collection services, lead and asbestos programs, underground storage tank compliance, and hazardous materials compliance, and is not used to fund other ESD programs. The revenues from the WML go

into the Refuse Disposal Fund and fund the disposal operations at WML and also a variety of programs for the community, as discussed earlier. These programs will continue to need funding after the WML closes. The Recycling Fund provides for curbside recycling and greenery collection for City residents. Other services include diversion outreach and education, community-clean-ups and household hazardous waste programs.

ESD has implemented cost-cutting measures and increased efficiencies to maximize the fiscal health of the funds. However, given the overall trends of the funds, the success of recently implemented waste reduction and diversion efforts and the impacts of the economic crisis, the Recycling Fund is currently projected to be in a deficit in Fiscal Year 2010 and the Refuse Disposal Fund is currently projected to be in a deficit in future years.

In the long-term, though, the City may have to implement measures such as increased revenue or reductions in services. The impacts to the funds will be a significant consideration for Phase II.

WHAT REGULATORY AND OTHER CONSTRAINTS IMPACT THE CITY'S MANAGEMENT OF ITS WASTE/RESOURCES?

There are ordinances, regulations, and agreements that impact the City's waste management programs. These include, but are not limited to, the People's Ordinance, the City's recycling and C&D ordinances, the Miramar Ground Lease with the United States (U.S.) Department of the Navy, the landfill gas contract with Fortistar, and Proposition H.

The People's Ordinance of 1919 requires the City to provide refuse collection and disposal for most residential customers (single-family residence) at no direct charge.

The City's Recycling Ordinance and the Construction and Demolition Recycling Program has the potential for conserving landfill capacity over time; however, the cost of implementing these ordinances will be fully evaluated in Phase II of the Strategic Plan.

The Miramar Ground Lease Agreement provides for the Navy to lease land to the City for the purpose of landfilling for 50 years from execution of the Agreement (1995 to 2045). In exchange, the City agreed to: 1) provide a lump sum payment to the Navy at lease execution, 2) provide free refuse disposal for the Department of the Navy facilities, 3) compensate the Navy annually with production payments equal to two percent of the

annual gross revenues from the sale of energy generated for a total maximum cost, not to exceed \$1.5 million during the term of the Agreement.

The agreement with Fortistar Methane (previously Minnesota Methane) may limit a potential reclamation and/or conversion technology project at the Miramar Landfills; however, there may also be opportunities associated with the City's contract.

Proposition H has siting limits for a combustion facility processing more than 500 tons per day that "combusts" or "burns" solid waste. Therefore, the City is limited in the size of a potential waste-to-energy facility. However a conversion facility that uses a non-combustible technology may be allowable under Proposition H. The restrictions from Proposition H also may not apply on Federal lands.

WHAT OPTIONS DOES THE CITY HAVE FOR THE FUTURE?

Working with the RMAC, ESD staff and the BAS Consulting Team identified almost 100 options to meet the City's short- and long-term waste/resource management needs. These options included zero waste programs and policies, zero waste infrastructure, conversion technologies, waste-to-energy, landfill optimization, and in-County and out-of-County landfill disposal options, including rail haul.

The options were screened and ranked using criteria which considered financial, technical and regional viability; capacity optimization; and sustainability. At the end of Phase I, the RMAC, ESD, and the BAS Consulting Team selected 40 options with medium to high feasibility for further review in Phase II.

WHAT HAPPENS IN PHASE II?

In Phase II, which is anticipated to begin in early 2009 and have an estimated end date of December 2009, the BAS Consultant Team, ESD, and the RMAC will complete the following tasks:

1. From the medium- to high-feasibility options identified in Phase I, identify those that are ripe for implementation and which are compatible with the City's financial outlook.

2. Perform a detailed evaluation of capital and operational costs, commercial viability, regulatory and policy issues, and technical requirements of those selected options.
3. Prepare preliminary siting and facility plans, if applicable.
4. Evaluate the 2009 solid waste market conditions and the current financial status of the City and prepare a Financial Plan.
5. Develop a policy and implementation plan for the recommended options.
6. Prepare a final Long-Term Resource Management Options Strategic Implementation Plan.

WHAT HAS ESD ACCOMPLISHED DURING PHASE I OF THE STRATEGIC PLAN PROCESS?

ESD has continued to modify its programs and operations concurrently with the Strategic Plan process. During the past year, ESD has completed or is continuing work on the following measures to ensure long-term capacity for the City's solid waste and to ensure that ESD funds are healthy:

1. ESD proposed and the City Council adopted the recycling and C&D ordinances.
2. ESD expanded and implemented zero waste programs and policies.
3. ESD is completing a height increase for the West Miramar Landfill.
4. ESD is developing and implementing measures to address the financial impacts due to increased waste diversion.
5. ESD is studying the feasibility of a Material Recovery Facility/Transfer Station at the Miramar Landfill.