

**OFFICE OF INDEPENDENT BUDGET ANALYST
CITY OF SAN DIEGO
M E M O R A N D U M**

No. 07-14

DATE: November 14, 2007

TO: Honorable Council President and Members of the City Council

FROM: Tom Haynes, Office of the Independent Budget Analyst

SUBJECT: Construction and Demolition Debris Diversion Ordinance

On October 10, 2005 the City Council adopted a Construction and Demolition (C&D) Debris Diversion Ordinance in an effort to increase recycling and divert waste from the Miramar landfill. The Ordinance was designed to become effective 45 days after a certified mixed C&D recycling facility became operational within the City of San Diego. To date, so such facility has come online within City limits.

The proposed amendments to the C&D Ordinance would modify the trigger such that the Ordinance would become effective 45 days after certification of a mixed C&D recycling facility located within 25 miles of the City Administration Building. Currently, a mixed C&D recycling facility operated by EDCO (SANCO) is located in Lemon Grove, within the 25 mile radius. Should these proposed amendments be approved, the C&D Ordinance would become effective upon certification of the SANCO facility.

The IBA has reviewed the proposed amendments to the C&D Ordinance and we support adoption of these proposals. However, while the C&D Ordinance will increase the City's diversion rate and extend the life of the Miramar landfill, it will come with a financial impact. While various funds would be impacted, the Refuse Disposal Fund would bear the primary financial impact, as certain disposal fees will not be charged on diverted tons of recycled C&D material. IBA Report 07-101 (attached) provides an overview of intricate refuse disposal fee structure, and the financial impacts that can result from that structure when recycling efforts are increased.

To address these impacts, the Environmental Services Department has proposed two financial mitigations: an automated refuse container replacement fee and an increase in the self-haul disposal fees. The automated refuse container replacement fee would fully mitigate the financial impact to the General Fund, while the increase in self-haul fees would only partially mitigate the financial impact to the Refuse Disposal Fund. While we support these financial mitigations, we wish to note that more significant mitigations will be needed in the near future to ensure the financial health of both the Refuse Disposal Fund and the Recycling Fund.

Attachment