



THE CITY OF SAN DIEGO
REPORT TO THE CITY COUNCIL

DATE ISSUED: October 19, 2007 REPORT NO: 07-170
ATTENTION: Natural Resources and Culture Committee
Agenda of October 24, 2007
SUBJECT: Disposal Fee Schedule and Regulations for the Miramar Landfill
REFERENCE: Manager's Report No. 02-141, dated June 12, 2002

REQUESTED ACTION:

Move item to Council with recommendation to adopt resolution ratifying the Environmental Services Department (ESD) revised Fee Schedule and Regulations for the Miramar Landfill effective January 1, 2008 attached hereto as Attachment 1.

STAFF RECOMMENDATIONS:

Approve the requested actions.

SUMMARY:

San Diego Municipal Code section 66.0129(d) provides that the Mayor shall periodically establish a schedule of refuse disposal fees for the types of vehicles using City waste management facilities which will be ratified by resolution of the City Council. The last revision to the fee schedule was adopted in April 2003, and the base flat rate disposal fees for cars and pick up trucks was established in 1993.

The proposed changes to the Fee Schedule and Regulations for the Miramar Landfill include: (1) increased self haul flat rate fees, special handling fees, and administrative fees; (2) an automatic, annual rate adjustment for those fees based on the Consumer Price Index (CPI) rounded up to the next \$1.00; (3) delegation of authority to the Mayor to adjust and post prices for the sale of commodities; (4) reactivation of the Construction and Demolition (C&D) waste surcharge; and (5) clarification of language pertaining to assessment of waste disposal fees and regulations.

In addition, the proposed Fee Schedule and Regulations includes phased in revisions to the self haul flat rate fees, changes to special handling and administration fees, changes to definitions of waste categories to be consistent with State definitions, Greenery commodity pricing revisions, reactivation of the C&D waste surcharge, changes to closure time for hand-unload customers from 4:30 pm to 4:00 pm, and clarifying language pertaining to waste disposal. All landfill

BACKGROUND

The City of San Diego's Miramar Landfill manages approximately 1.5 million tons of waste per year, and contributes to San Diego's quality of life and environment by ensuring the environmentally sound disposal of waste generated in the City. ESD has implemented an Environmental Management System which allows for analysis, management and reduction of environmental impacts pertaining to activities, products and services at the Miramar Landfill. These efforts resulted in Miramar Landfill's achievement of becoming the first and only municipally operated landfill in the United States to receive I.S.O. 14001 Certification. Miramar Landfill operations are funded from disposal fees collected at the Miramar Landfill. In 2006, landfill operations were thoroughly examined through Business Process Reengineering, and significant improvements in operations and reductions in staffing were implemented to ensure that disposal operations were efficient and highly cost effective. Since the base flat rate disposal fees for passenger vehicles and pick up trucks has not been increased since 1993, it was determined that revenue from the fees for those types of vehicles is not covering the additional costs associated with self haul vehicles. Therefore, it is proposed to increase those fees over two years beginning January 1, 2008 to be consistent with fees charged at regional disposal facilities and to more fully recover costs.

DISCUSSION

Since the passage of the People's Ordinance in May 1919, the City has provided or managed the collection, transportation, transfer, recycling and/or disposal of solid waste generated in the City of San Diego to protect and enhance the health, safety, and quality of life of San Diego's residents. The cost of providing the environmentally sound disposal of solid waste is supported by the Refuse Disposal Fund, which receives revenues from user fees and charges imposed on landfill customers.

In establishing the fees and charges for the use of its solid waste management facilities and systems, the City has set a high priority on maintaining the stability and predictability of those fees and charges. These rates have not increased since 1993. However, the costs associated with providing and operating the landfill has increased and fees should be reviewed and updated when necessary to better reflect increased costs.

Revisions to Flat Rate Fees (Self-Haul)

Proposed revisions to the Flat Rate Fees will affect passenger vehicles, SUV/Mini vans, pickup trucks and trailers. A recent analysis of the average weight of Flat Rate fee vehicles has shown that the current charges for these vehicles does not accurately reflect their current average weight for loads of waste brought to the landfill, nor the additional costs associated with handling these types of vehicles, such as the requirement for a separate tipping face and additional landfill staff. The proposed fee adjustments will more accurately reflect the costs associated with the disposal of wastes delivered in self-haul vehicles. All flat rate fees within the fee schedule are based upon an average weight analysis conducted in 2007, see Table 1 for more information.

Special Handling Fees and Administrative Fees

Special Handling Fees are charged for materials that are difficult to manage because of size or other characteristics. Administrative Fees provide for administrative, technical, support staff, and other landfill operating costs. In order to maintain fiscal accountability, facilitate the recovery of costs to dispose of waste at the Miramar Landfill, and reflect changes in the law regarding unacceptable materials for disposal, ESD recommends adopting the amendments to the Special Handling Fees and Administrative Fees as shown in Table 2.

Automatic Annual Rate Adjustment

ESD recommends adopting an automatic, annual rate adjustment for Flat Rate Disposal Fees, Special Handling Fees, and Administrative Fees, based on the annual change in the Consumer Price Index (CPI) rounded up to the next \$1.00, to be applied automatically each July 1, commencing July 1, 2010, in accordance with the following formula:

Flat Rate Disposal Fee x Consumer Price Index Change = New Flat Rate Disposal Fee

Special Handling Fee x Consumer Price Index Change = New Special Handling Fee

Administrative Fee x Consumer Price Index Change = New Administrative Fee

Consumer Price Index refers to the Consumer Price Index for all Urban Consumers, Los Angeles/Riverside/Orange County, as published by the United States Department of Labor Statistics in the publication *Consumer Price Indices*. For purposes of the above formula, the Consumer Price Index Change will be based on the change in the Consumer Price Index from February of the prior year to February of the year the adjustment is being made. For purposes of the above formula, the Consumer Price Index Change will be expressed as a percentage. For example, a 2% increase in the Consumer Price Index from February of the prior year to February of the adjustment year will be stated as 102%. If the Consumer Price Index is no longer published, or is otherwise unavailable, then a new index or appropriate benchmark will be applied upon Council approval.

Greenery Commodities Pricing

The sale of commodities produced at the Miramar Greenery makes ESD a market participant in the landscaping products market in the San Diego region. The viability of the market is crucial to the ongoing success of the Miramar Greenery and the Curbside Greenery Collection Program. As a market participant, ESD has a responsibility to manufacture quality materials and understand the changes in market pricing due to supply and demand and other factors. If the City's prices are set too low, private sector market participants may be adversely impacted. However, if the City's prices are set too high, the commodities would not be effectively marketed and might have to be landfilled. ESD is mindful in setting commodity prices to ensure that total revenues do not exceed the total system costs. (See Table 3)

Commodity Pricing adjustments will be based on the following factors:

1. The estimated cost to produce the product based on the level of processing required.
2. The price charged for equivalent products in the San Diego regional market based on a price survey conducted annually or on an as needed basis.

3. The need to remove any product stockpiles caused by changing market demand or operational factors if such stockpiles could lead to permit violations from regulators.
4. The need to open new markets for new products
5. The need to create new markets for existing products.

ESD proposes that the Mayor be authorized to adjust and post prices for the sale of commodities.

Construction and Demolition (C&D) Disposal

ESD is proposing to reactivate a 50% surcharge for C&D material brought to the Miramar Landfill for disposal. From 1975 thru 1994, C&D material was historically assessed at 50% more than general refuse at the Miramar Landfill. The proposed surcharge would only be imposed on loads which include 20% or more of C&D material, and would serve to encourage diversion of such material from the landfill. ESD is proposing to impose this surcharge on all flat rate fee paying customers, as well as those who dispose of material in tare weighed vehicles (fee based on actual weight).

Transfer Station Waste Deliveries

Transfer stations receive waste from multiple jurisdictions and combine them into transfer trailer loads, each handling the same payload as three route collection vehicles. The use of transfer trailers has the advantage of reducing the number of vehicles delivering waste to a landfill for disposal and deliveries can be scheduled for off-peak times. However, under current disposal fee regulations, since a transfer trailer load typically contains some level of non-City waste, the entire load is subject to the higher non-City rate.

ESD believes it would be advantageous to encourage the use of transfer trailers, thus proposes to create a new policy for transfer trailer loads. Transfer stations that accept City waste and deliver loads in transfer trailers, containing both City and non-City waste, from the transfer Station directly to the Miramar Landfill, could apply to the Environmental Services Department Director to receive the Standard Disposal Fee for City waste for a portion of the waste tonnage. The maximum tonnage eligible for the City Waste rate would not exceed the quantity of City waste received at the transfer station less City waste tonnage diverted from landfill disposal by the transfer station. Eligibility will be based on provided documentation, satisfactory to the Director and City Auditor.

Changes to Hours of Operation

Self-haul vehicles that require hand unloading take significantly longer to unload than self-dumping vehicles. As a result, when these types of vehicles arrive at the landfill late in the day, City crews must work overtime to compact and cover these loads in order to meet State regulatory requirements. As a means to reduce overtime, the hours of acceptance for hand unload customers will be changed from the current 7:00 am to 4:30 pm on weekdays and current 7:30 am to 4:30 pm on weekends, to 7:00 am to 4:00 pm on weekdays and 7:30 am to 4:00 pm on weekends. The hours for the acceptance of waste delivered in refuse collection vehicles and self-dumping vehicles will not change.

FISCAL CONSIDERATIONS:

The adjustment of the Self Haul and Special Handling/Administrative fees, Commodity prices, and the C&D Surcharge will impact Refuse Disposal Fund (RDF), Recycling Fund (RF), and General Fund (GF) revenues. Increased RDF revenue is associated with the Miramar Landfill Tipping Fee. Increased RF revenue is associated with the AB939 Fee. Increased GF revenue is associated with the Refuse Collector Business Tax.

The Self-Haul Fee adjustment will result in an estimated increase in FY 2008 revenues as follows: \$700,000 in the RDF, \$200,000 in the RF, \$20,000 in the GF. The estimated increase FY 2009 revenues are as follows: \$2.5M in the RDF, \$500,000 in the RF, and \$20,000 in the GF.

The Special Handling/Administrative Fees will result in an estimated increase in FY 2008 RDF revenue of \$5,000 and an estimated increase in FY 2009 RDF revenue of \$10,000.

Authorizing ESD to respond to market forces when determining Miramar Greenery commodity prices will result in an estimated increase of FY 2008 RDF revenue of \$65,000 and an estimate increase in FY 2009 RDF revenue of \$130,000.

The reactivation of the C&D surcharge will discourage/divert C&D material generated outside of City limits from disposal at the Miramar Landfill however the variables that would be used to provide an estimated projection of revenue/fiscal impacts resulting from this surcharge are too numerous to perform such analysis. Therefore this report is silent on projected revenue impacts that may result from reactivation of the C&D surcharge and we will have to return with a report in the future after analyzing the actual results.

PREVIOUS COUNCIL and/or COMMITTEE ACTION:

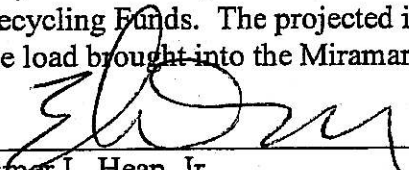
Last fee schedule ratification April 2003.

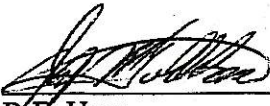
COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS:

Notices of the changes to fees will be posted in advance at the Miramar Landfill (Fee Booth Operations, Greenery Section) and on the Environmental Services Department's web page.

KEY STAKEHOLDERS & PROJECTED IMPACTS:

City and Non-City Residents and Businesses; Franchised Haulers; and Refuse Disposal and Recycling Funds. The projected impacts vary depending on the type of customer and the size of the load brought into the Miramar Landfill.


Elmer L. Heap, Jr.
Environmental Services Department
Director


R.F. Hass
Deputy Chief/Chief Operating Officer

ATTACHMENTS: 1. Revised City of San Diego Fee Schedule and Regulations for the Miramar Landfill

SELF-HAUL FLAT RATE FEES

TABLE 1

Fee Description	Current Fee	2008 Disposal Fee	2009 Disposal Fee	2008 C&D Fee	2009 C&D Fee	GRNS/ WOOD
CITY						
Pickup Truck	\$12/\$16	\$21	\$30	\$30	\$43	\$11
Trailer 8'L x5'Wx4'H	\$12/\$16	\$21	\$30	\$29	\$43	\$11
Trailer Double Axle	N/A	\$40	\$50	\$58	\$73	\$11
Pickup/Trailer Combo	\$24/\$32	\$42	\$60	\$59	\$86	\$16
Car or Station Wagon	\$5	\$11	\$17	\$16	\$25	\$3
SUV or Mini Van	NA	\$17	\$24	\$24	\$35	\$7
NON-CITY						
Pickup Truck	\$33	\$36	\$40	\$40	\$53	\$13
Trailer 8'L x5'Wx4'H	\$38	\$39	\$40	\$39	\$53	\$13
Trailer Double Axle	N/A	\$50	\$60	\$68	\$83	\$12
Pickup/Trailer Combo	\$71	\$75	\$80	\$79	\$106	\$18
Car or Station Wagon	\$19	\$23	\$27	\$26	\$35	\$3
SUV or Mini Van	NA	\$29	\$34	\$34	\$45	\$8

Note: Automatic Annual CPI adjustment effective beginning July 1, 2010

SPECIAL HANDLING/ADMINISTRATION FEES

TABLE 2

Fee Description	Current Rate	New Rate
Special Handling Fees:		
Tree Stump > 8'	\$25	\$31
Large Item < 75 cubic ft.(CF)	\$50	\$62
Large Item > 75 CF \$62 each	\$1/CF	\$2/CF
Large Poles Pipes and Materials > 10' long or 12" in diameter	\$15/each	\$19/each
Dead Animals (250 – 500 lbs)	\$50	\$62
Dead Animals (> 500 lbs)	\$100	\$124
Dead Animal (> 500 lbs)	\$100/each	\$124/each
Hard to Handle Material (> 10 cubic yards)	\$50	\$54/ton+\$50 Handling Fee
Tires (standard 16.5" diameter)	\$2	\$10
Tires (> 16.5" diameter)	\$9	\$10
Tire Manifest Fee	\$50	\$50
Containerized Solid Industrial Waste (< 55 gallon container)	\$5	\$6
Containerized Solid Industrial Waste (>= 55 gallon container)	\$10	\$12
Non-Containerized Solid Industrial Waste (>= 10 cubic yards with minimum 50% solids)	\$120	\$149
Non-Friable Asbestos Waste	\$50	\$62
Fee Description		
Current Rate		
New Rate		
Administrative Fees		
Stand-By Fees	\$50	\$62
City Personnel to Oversee Disposal	\$50	\$62
Attempted Disposal of Unacceptable Waste at Landfill and Detained for Inspection by a Regulatory Agency	\$50/hr	Charges associated with identification, handling, storage, removal, transportation, and disposal of unacceptable waste <i>One (1) hour minimum</i>
Vehicles Unloading after 5:00 P.M.	\$50/half hr	\$135/half hr
Authorizing Customer Search for Lost Items	\$50/hr	\$62/hr
Manifest Handling	\$50	\$62
Metallic Discard	\$20	\$32
Processing Fee		
Return Check Charge	\$20	\$25
Clean-up Fee	\$50	\$62

GREENERY COMMODITY PRICE LIST

TABLE 3

Current & Proposed Product Pricing					
Product	Current Price	FY07 Revenue	Proposed Price	Projected Increase	Total Projected Revenue
Compost 1/2"	\$8/yd3 (\$4 bulk)	\$112,000	\$10/yd3 (\$5 bulk)	\$29,000	\$141,000
Woodchips - plain	\$8/yd3	\$48,000	\$10/yd3	\$5,000	\$53,000
Red Woodchips	\$15/yd3	\$54,000	\$18/yd3	\$2,600	\$56,600
Brown Woodchips	\$15/yd3	\$28,000	\$18/yd3	\$840	\$28,840
Red 50/50 mix	\$12/yd3	\$13,000	\$15/yd3	\$650	\$13,650
Brown 50/50 mix	\$12/yd3	\$100	\$15/yd3	\$650	\$750
Compost 3/8"	New	n/a	\$12/yd3 (\$6 bulk)	\$60,000	\$60,000
2" Mulch	\$3/yd3	\$53,000	\$4.00/yd3	\$12,000	\$65,000
3" Mulch	\$3/yd3	\$1,000	\$4.00/yd3	\$2,800	\$3,800
Mulch	Free	\$1,500	\$3/yd3	\$18,000	\$19,500
Chocolate Chips	\$8/yd3	\$100	\$8/yd3	\$0	New
Woodchip overs 1 st grind	\$4/yd3	\$20,000	\$4/yd3	\$0	New
Compost overs +1 grind w/air knife	\$4/yd3	New	\$4/yd3	\$0	New
Compost overs (unground) w/air knife	\$50/load	New	\$50/load	\$0	New
Compost overs (unground) No air knife	\$25/load	New	\$25/load	\$0	New
Total		\$330,700		\$131,540	\$442,140

Note: Automatic Annual CPI adjustment effective beginning July 1, 2010