CITY COUNCIL AGENDA REPORT

MEETING DATE: AUGUST 17, 2010 **ITEM NUMBER:** IX-2

SUBJECT: CONSTRUCTION AND DEMOLITION DEBRIS TRACKING SYSTEM

DATE: AUGUST 5, 2010

FROM: PUBLIC SERVICES/ADMINISTRATION

PRESENTATION BY: PETER NAGHAVI, DIRECTOR OF PUBLIC SERVICES

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RECOMMENDATION:

Authorize development and implementation of a construction and demolition debris tracking system.

BACKGROUND:

In 1993, the City of Costa Mesa established a permit system to assist in the management of solid waste hauling. Since its inception and evolution into a non-exclusive franchise, the City's hauling permit system has had difficulty incorporating all waste haulers into the fold. As it stands, illegal hauling accounts for approximately 10 percent of the City's total waste stream and represents nearly $200,000 in lost franchise fee revenue to the City. To put the issue in perspective, the total annual waste disposed by illegal haulers would place this group as the third largest hauling entity in the City.

Historically, the City has used its solid waste consultant to do periodic sweeps to find evidence of illegal hauling, such as dumpsters or roll-off containers from non-permitted haulers. While this effort identified a number of illegal haulers and brought several into the franchise system, it has never secured complete hauler compliance. Dozens of identified illegal hauling incidents have shown a disturbing trend: haulers ignore City warning notices and continue to operate. Similarly, a number of illegal haulers that were brought into the franchise quickly dropped out of the system, though they remain active hauling entities.

While the number of Costa Mesa's permitted haulers has fallen to ten—half of the historic high—the neighboring city of Newport Beach, which uses the same basic requirements in its non-exclusive franchise, maintains 27 haulers. Many of these are construction and demolition waste haulers that once held permits in Costa Mesa. The difference between the two systems is, once haulers are accepted into Newport Beach's franchise, the City of Newport Beach must dismiss them; there is no opt-out, such as Costa Mesa's annual permit renewal process. Franchised demolition and

construction haulers paid $175,000 in franchise fees to Newport Beach in 2008, whereas this group of haulers paid $44,500 in franchise fees to Costa Mesa.

Construction and demolition haulers are important to any solid waste management system because construction and demolition waste is highly recyclable; the statewide average is 70 percent recycled materials per project. While these recyclables do not contribute directly towards City diversion requirements 100 percent of the waste illegal haulers dispose counts against the City. The City's franchised haulers must divert at least 50 percent of the waste they haul, while illegal haulers operate under no diversion requirements. Since disposal is a less time-consuming and cheaper alternative to recycling, many of these highly recyclable construction and demolition materials are dumped in the landfill. In addition, the City has no way of quantifying any diversion credit received by these haulers and no way of addressing this sector of the City's waste stream in annual reports to the State.

ANALYSIS:

Both the City's illegal-hauling and waste-reporting concerns can be mitigated by creating a construction and demolition debris tracking system. This system will require contractors to use a City permitted hauler to haul waste from designated construction and demolition projects.

Via Senate Bill 1374 (passed in 2002), the State of California *requires municipalities to track construction and demolition waste as part of their AB 939 diversion compliance.* This legislation also strongly urges municipalities to adopt construction and demolition ordinances requiring at least 50-percent diversion for all designated projects. The City of Costa Mesa, by requiring use of a franchised waste hauler that meets the 50-percent diversion mandate, is using existing City ordinances to show compliance with Senate Bill 1374. The key is enforcing current ordinances by requiring proof that a franchised hauler was used and creating an effective deterrent by imposing an administrative fee if such a hauler was not used.

The tracking system will consist of a one-page construction/demolition project hauling agreement form, hauler receipts, and sign-off requirements for all designated construction projects to receive an occupancy permit. All contractors applying for a permit to perform construction or demolition projects valued at $10,000 or greater will be required to submit proof, in the form of invoices, that a City permitted hauler was used to haul all solid waste removed from the job site. Failure to provide the required proof will constitute a violation of the Costa Mesa municipal code and will be subject to a fine of $1,000 or 3 percent of the total project value, whichever is greater. This fine will be due and payable before an occupancy permit or final City approval of the project is granted. Through this system and its fee for non-compliance, the occupancy permit process is not delayed, but contractors are financially deterred from using a non-permitted hauler.

Many other Orange County cities have similar construction and demolition debris tracking systems designed to curtail illegal hauling, to fulfill Senate Bill 1374 requirements, and to help cities meet their mandated 50-percent solid waste diversion requirements. Sample cities include Mission Viejo, Rancho Santa Margarita, Tustin,

Brea, and in particular, the City of Huntington Beach, which adopted an ordinance making it illegal for an individual to hire a non-permitted waste hauler. Costa Mesa's tracking system will operate in much the same way, so there is ample precedent.

Additionally, implementing this system will not increase hauler service rates in Costa Mesa because the non-exclusive franchise fosters competitive pricing. Costa Mesa is one of only three cities in the County that provides contractors a franchise system where competitive bids can be received for ten haulers.

ALTERNATIVES CONSIDERED:

Make no provisions to track construction and demolition hauling. This will result in continued non-compliance with Senate Bill 1374 and continued inability to track the source of disposed and diversion tonnage from the City's jurisdiction, which may also threaten the City's compliance with California's Assembly Bill 939 solid waste diversion mandate. Not changing the system will also result in continued loss of revenue due to haulers operating without paying the required franchise fee.

FISCAL REVIEW:

The debris tracking system is expected to increase franchise fee revenue with minimal impact to staff time.

LEGAL REVIEW:

None.

CONCLUSION:

Implementing a construction and demolition debris tracking system will bring many benefits to the City, including a reduction in illegal waste-hauling; the ability to account for construction and demolition waste, per Senate Bill 1374 requirements, and the ability to account for this waste's ample recyclable materials; and an increase in franchise fee revenue.

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