



GAIL FARBER, Director

COUNTY OF LOS ANGELES

DEPARTMENT OF PUBLIC WORKS

"To Enrich Lives Through Effective and Caring Service"

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IN REPLY PLEASE
REFER TO FILE: **EP-5**

December 21, 2010

Mr. Stephen R. Maguin
Chief Engineer and General Manager
County Sanitation Districts of Los Angeles County
P.O. Box 4998
Whittier, CA 90607-4998

Dear Mr. Maguin:

**PUENTE HILLS LANDFILL
CONDITIONAL USE PERMIT NO. 02-027-(4) - CONDITION NO. 58.C
PROGRESS REPORT ON THE DEVELOPMENT OF A WASTE-BY-RAIL SYSTEM**

We completed our review of your Progress Report on the Development of a Waste-By-Rail System (Report), dated November 16, 2010, as it relates to Condition 58.c of Conditional Use Permit (CUP) No. 02-027-(4) for Puente Hills Landfill. Based on our review of all submitted quarterly reports and the Report, and in consultation with the Hacienda Heights Improvement Association, it is our finding that the County Sanitation Districts of Los Angeles County (Districts) have demonstrated best-faith efforts to date toward implementing the waste-by-rail system and not meeting the specified deadlines is through no fault of the Districts. Therefore, pursuant to Condition 58, I am waiving the automatic daily disposal tonnage reduction as outlined in Condition 58.c through December 31, 2011.

Pursuant to Condition No. 58, the Districts must use best-faith efforts to have in place a fully operational waste-by-rail system by December 31, 2009, or a reduction in the daily disposal tonnage limit at Puente Hills Landfill shall be imposed commencing January 1, 2010. Previously, Public Works made a finding on December 29, 2009, that the Districts had demonstrated best-faith efforts toward developing the waste-by-rail system, and that the District's lack of compliance with Condition 58 was through no fault of the Districts, and Public Works waived the tonnage reduction through December 31, 2010.

Consistent with last year's Report, the current Report dated November 16, 2010, states that the Districts anticipate the system to be operational in 2012, prior to the closure of

Puente Hills Landfill in 2013. The Report and the quarterly reports discuss significant progress during the year 2010 toward implementing the final components of the system, including, but not limited to:

Puente Hills Intermodal Facility

- Completed demolition of existing buildings for the Puente Hills Intermodal Facility in January.
- Awarded a \$79 million construction contract in August for track work within the Union Pacific Railroad (UPRR) right-of-way, including railroad bridges and the intermodal facility. Construction is expected to be completed in 2012.
- Entered into a Letter Agreement with UPRR in October, which allows for construction and related work within UPRR right-of-way.

Mesquite Regional Landfill Rail Spur and Intermodal Facility

- Awarded a \$37 million construction and design contract in January for a 4.5-mile spur and rail yard. Construction is expected to be completed in 2011.
- Completed the UPRR mainline connection.
- Entered into an Industrial Track Agreement with UPRR in June, which defines the responsibility for construction, operation, and maintenance of various portions of the track serving the Mesquite Regional Landfill Rail Yard.

Public Works acknowledges that the Districts have spent approximately \$417 million toward development of a waste-by-rail system since 2000 and committed additional \$64 million for constructing infrastructure and acquiring equipment. Furthermore, Public Works commends the Districts for implementing a cost transitioning program and adopting tiered volume discounts to secure adequate funding and to offset the higher costs associated with the new system in its early years.

Based on the totality of the information provided to Public Works, including all quarterly reports and the Reports submitted, Public Works finds that the Districts have continued to make best-faith efforts to implement the waste-by-rail system as described in Condition 58, and that the inability to meet the operational schedule stipulated in Condition 58.c. is through no fault of the Districts. Therefore, pursuant to the provisions of Condition 58, Public Works is waiving the disposal tonnage reduction outlined in Condition 58.c through December 31, 2011. Public Works reserves its right, however, to modify and/or revoke this waiver at any time, if Public Works, in its sole discretion, determines that the provisions of Condition 58 are no longer being met.

In addition, Public Works must reevaluate the Districts' best-faith efforts prior to January 1, 2012. In order to assist Public Works in determining whether the tonnage reduction of Condition 58.c should be waived, the Districts shall continue, at a minimum:

1. Intensive efforts in expediting the development of the remaining components of the Mesquite Regional Landfill Rail Spur and Intermodal Facility and the Puente Hills Intermodal Facility, as further described in the December 29, 2009, letter.
2. Necessary efforts to obtain all approvals for transporting waste by truck to Mesquite Regional Landfill, as further described in the December 29, 2009, letter.
3. To provide any updated cost transition or levelization program elements in all quarterly reports including any future rate projections and increases to control the transition to higher costs for transporting waste by rail and by truck.
4. To submit to Public Works an annual report that summarizes the Districts' best-faith efforts by November 15, 2011. A draft report shall be disseminated to stakeholders for review and comment by October 1, 2011.

We appreciate the Districts' ongoing commitment in working with the County in pursuit of local conversion technology, including the support of Statewide conversion technology legislation AB 222 and the recent efforts of the Districts' staff in developing the October 2010 Preliminary Siting Assessment. This assessment identified over 16 sites throughout the County, including Calabasas and Scholl Canyon Landfills, that could potentially host a conversion technology facility. As the closure of Puente Hills Landfill approaches, we request the Districts' continued assistance in developing alternative long-term solid waste management solutions for County residents and businesses by:

- Partnering with the County in developing solid waste management alternatives to process beneficial use materials, such as green waste, construction and demolition debris, and soil that are currently taken to Puente Hills Landfill, and proactively coordinating with jurisdictions to provide public outreach programs to waste haulers and the public.
- Partnering with the County in actively pursuing the adoption of Statewide regulations to remove barriers and establish a clear permitting pathway for the development of conversion technologies, including working with appropriate State agencies such as the Department of Resources Recycling and Recovery and the California Energy Commission to streamline Statewide regulations and clarify key definitions relating to conversion technologies.
- Investigating the feasibility of siting a commercial-scale conversion technology facility at one or more of the Districts' sites identified in the County's October 2010 Preliminary Siting Assessment on an ongoing basis in consultation with the County and other stakeholders.

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- Investigating the feasibility of committing a portion of solid waste tonnage from the Districts' transfer/processing facilities to the County's conversion technology demonstration projects and/or commercial conversion technology facilities located within the County.

The Districts shall provide a summary of their efforts regarding each item above in the quarterly and annual reports submitted to Public Works.

We look forward to your continued progress toward implementing the waste-by-rail system and offer our support for operations that meet the solid waste management needs of the region. If you have any questions, please contact Mr. Pat Proano of our Environmental Programs Division at (626) 458-3500, Monday through Thursday, 7 a.m. to 5:30 p.m.

Very truly yours,



 GAIL FARBER
Director of Public Works

ET:td

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cc: Hacienda Heights Improvement Association (Michael Hughes)
Supervisor Don Knabe
Supervisor Gloria Molina
Chief Executive Office
County Counsel
Department of Regional Planning
Department of Public Health
Members of the Los Angeles County Solid Waste Management Committee/
Integrated Waste Management Task Force