



## COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY

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GRACE ROBINSON CHAN  
Chief Engineer and General Manager

October 15, 2012

File No. 31R-250.10

Ms. Margaret Clark  
Vice Chairperson  
Los Angeles County Solid Waste Management Committee  
Integrated Waste Management Task Force  
900 South Fremont Avenue  
Alhambra, CA 91803-1331

Dear Ms. Clark:

### **Waste-by-Rail System 2012 Update**

The Sanitation Districts of Los Angeles County (Districts) have been diligently pursuing the development of a waste-by-rail system to serve Los Angeles County for a number of years. A Waste-by-Rail System Progress Report (Report) was provided to you in October 2011 to inform you of the significant progress made towards having a system ready for operation. Based on the Districts' demonstrated best-faith efforts towards implementing a waste-by-rail system, the Los Angeles County Director of Public Works granted a waiver of the Puente Hills Landfill Conditional Use Permit (CUP) milestone that requires the reduction of the allowable daily tonnage into the Puente Hills Landfill if a waste-by-rail system was not operational by the end of 2009. A condition of that waiver requires the Districts submit an annual report updating the progress on the development of waste-by-rail.

Significant progress continues to be made to have the infrastructure complete when waste-by-rail is needed. The attached report, Draft Waste-by-Rail System Progress Report, October 2012, outlines the efforts the Districts have made in the development of a waste-by-rail system as summarized below.

- Executed agreements with Southern California Edison (SCE) that provided the necessary consents for the Districts to construct and maintain a tieback retaining wall within SCE's underground easement for a 66kV transmission line near Crossroads Parkway;
- Acquired property interests and license agreements from several private property owners for the construction, operation and maintenance of a railroad switch cabinet and for construction laydown areas to facilitate development of the PHIMF;
- Executed an Industrial Track Agreement (ITA) for the Puente Hills Intermodal Facility (PHIMF), amended the ITA for the Mesquite Intermodal Facility, and extended the Rail Transportation Contract with Union Pacific Railroad (UPRR); and
- Paid UPRR nearly \$9 million for construction costs to support the development of the PHIMF.

As an interested party in the operation of the Puente Hills Landfill and the development of the waste-by-rail system, the Districts are submitting this report to you for your comments. If you have any comments, please submit them to the Districts by November 1, 2012. Your comments, along with responses, will be forwarded to the Director of the Los Angeles County Department of Public Works. In accordance with the Puente Hills Landfill CUP condition, the Director will in turn make a decision whether or not to extend the waiver.

If you have any questions or would like further information on the waste-by-rail system, please contact me at (562) 908-4288, extension 2403.

Very truly yours,

Grace Robinson Chan



Charles E. Boehmke  
Department Head  
Solid Waste Management Department

CEB:CMC:dsh  
Enclosure

cc: Ms. Gail Farber, Los Angeles County Director of Public  
Works

Mr. Pat Proano, Los Angeles County Department of Public  
Works, Environmental Programs

## **1. INTRODUCTION & BACKGROUND**

Condition No. 58 (Attachment A) of the Puente Hills Landfill (PHLF) Conditional Use Permit (CUP) No. 02-027-(4) requires the Sanitation Districts of Los Angeles County (Districts) to use best faith efforts to pursue and expedite the development of a Districts' waste-by-rail (WBR) system; establishes milestones for completion of an operational WBR system; and specifies potential reductions in daily tonnage at the PHLF, if the milestones are not met.

Pursuant to the CUP, the Districts have prepared and submitted reports to the County Department of Public Works (County) on a quarterly basis, detailing the status of the WBR developments. As described in these reports, the Districts have achieved and met the first and second milestones of commencing development of a remote WBR landfill by December 31, 2007 and having an operational remote landfill by December 31, 2008. The County sent a letter to the Sanitation Districts on March 24, 2009, concurring with this determination (Attachment B).

In 2009, the Districts prepared and distributed a WBR Progress Report, detailing the delays, which were beyond Districts' control, that were encountered in its development. Key factors that contributed to the delays included, difficulty in siting and permitting a local intermodal facility, securing a contract with Union Pacific Railroad (UPRR), and designing and constructing a 3-mile long railroad track and an intermodal facility in an urbanized area. The report estimated the construction of the Puente Hills Intermodal Facility (PHIMF) would not be complete prior to the third milestone of having a WBR system operational by December 31, 2009. The Districts requested the County make a finding that the Districts made best faith efforts to comply with the specified deadlines, as described in the report, and a reduction in tonnage at the PHLF was not warranted. Based on the County's review of the report and in consultation with Hacienda Heights Improvement Association, the County determined that the Districts demonstrated best-faith efforts toward developing the WBR system and the delay was through no fault of the Districts.

Similar Progress Reports were prepared and distributed to the County and stakeholders for review in 2010 and 2011. On both occasions, the County determined that a tonnage reduction at PHLF was not warranted.

This report will include a brief summary of the major achievements through 2011, focus on progress made on the WBR system in 2012, describe the effects of a declining market for disposal on the WBR system, and provide an update on the Districts' involvement with developing conversion technology and identifying solutions for the beneficial reuse of materials. Additional information on project history, obstacles and delays encountered and completed projects through 2011 can be found in previous reports.

## **2. SUMMARY OF PROGRESS THROUGH 2011**

A summary of the major development efforts undertaken by the Districts through 2011 is provided in Table 1.



**Table 1: WBR System Development Progress through 2011**

| Year | Milestones                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2000 | <ul style="list-style-type: none"> <li>Entered into purchase agreements to acquire the Mesquite Regional Landfill (MRL) and the Eagle Mountain Landfill.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| 2002 | <ul style="list-style-type: none"> <li>Acquired the MRL following successful resolution of the federal litigation.</li> <li>Began regular meetings with UPRR to discuss the WBR project.</li> <li>Received final permits to construct the Puente Hills Materials Recovery Facility (MRF).</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| 2003 | <ul style="list-style-type: none"> <li>Awarded \$47 million construction contract to build the Puente Hills MRF.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| 2004 | <ul style="list-style-type: none"> <li>Hired consultants to conduct extensive biological and groundwater monitoring and mitigation at the MRL.</li> <li>Entered into a purchase agreement and a memorandum of understanding (MOU) to develop the PHIMF.</li> <li>Applied for a CUP from the City of Industry and awarded a \$2.3 million contract for conceptual design of the PHIMF.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| 2005 | <ul style="list-style-type: none"> <li>Commenced operations of the Puente Hills MRF.</li> <li>Awarded a \$1.5 million contract for preliminary design of the MRL Rail Spur and Intermodal Facility</li> <li>Completed the MRL Master Plan and issued \$2.6 million in design contracts for water and electrical supply system, and roads and drainage facilities.</li> <li>Installed 9 miles of fencing around the MRL.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| 2006 | <ul style="list-style-type: none"> <li>Received Notice of Intent to serve the WBR project from UPRR.</li> <li>Issued \$4.3 million contract for design of the MRL Rail Spur and Intermodal Facility.</li> <li>Issued \$33 million in construction contracts at MRL for a water storage tank, a water and electrical supply system; and roads and drainage facilities.</li> <li>Issued \$6 million in geotechnical contracts to continue with water quality monitoring and geological characterization of the MRL.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                         |
| 2007 | <ul style="list-style-type: none"> <li>Awarded a \$9.5 million design contract for continued preliminary and final design services for the PHIMF</li> <li>Released PHIMF Draft Environmental Impact Report (EIR) for public review and comment.</li> <li>Awarded \$17 million in construction related contracts at the MRL for a water distribution system, operations facilities, initial liner area and construction quality assurance oversight, and construction management services.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                 |
| 2008 | <ul style="list-style-type: none"> <li>Certified Final EIR, approved CUP and issued Development Plan for the PHIMF by the City of Industry.</li> <li>Completed construction of all essential facilities to operate the MRL.</li> <li>Awarded \$214k for air quality and traffic technical studies related to the MRL CUP Amendment to allow truck haul.</li> <li>Executed two MOUs with UPRR outlining the rail transportation services and the facilities at the PHIMF and the MRL.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                      |
| 2009 | <ul style="list-style-type: none"> <li>Acquired the Puente Hills MRF and the PHIMF properties for \$44.4 million.</li> <li>Awarded \$400k for clearing and grubbing activities for the MRL Rail Spur and Intermodal Facility construction.</li> <li>Entered into a 15-year Rail Transportation Contract with UPRR.</li> <li>Awarded \$21 million construction contracts for the PHIMF for site demolition and construction of Workman Mill Road and access roads.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                         |
| 2010 | <ul style="list-style-type: none"> <li>Awarded \$36 million contract for the construction of the MRL Rail Spur and Intermodal Facility and \$1.4 contract for design support during construction</li> <li>Released Draft EIR for the MRL CUP Amendment for truck haul.</li> <li>Awarded \$79 million contract for the construction of the PHIMF and railroad improvements.</li> <li>Executed an Industrial Track Agreement with UPRR for the construction and operation of the MRL Rail Spur and Intermodal Facility.</li> <li>Executed a Letter Agreement with UPRR for the construction of the PHIMF project within UPRR right-of-way.</li> </ul>                                                                                                                                                                                                                                                  |
| 2011 | <ul style="list-style-type: none"> <li>Issued a \$2.5 million purchase order for the procurement and installation of two solid waste compactors at the Puente Hills MRF.</li> <li>Received the MRL CUP amendment from Imperial County for truck haul of up to 4,000 tons per day of MSW.</li> <li>Received a revised Solid Waste Facility Permit (SWFP) from CalRecycle/Local Enforcement Agency for truck haul to the MRL.</li> <li>Received encroachment and construction permits and design plans approval to modify the concrete embankments supporting the State Route 60 and Crossroads Parkway bridges from Caltrans and the City of Industry.</li> <li>Issued a \$6 million supplemental agreement to the contractor to construct the tieback retaining wall.</li> <li>Completed construction of the Workman Mill Road bridge and removed lane restrictions on Workman Mill Road.</li> </ul> |

**Table 1: WBR System Development Progress through 2011**

- |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>▪ Retained a consultant to evaluate the operating scenarios and recommend equipment procurement for the PHIMF and the Mesquite Intermodal Facility (MIMF).</li> <li>▪ Entered into additional agreements with Southern California Edison (SCE) that allow the Districts to construct, maintain, and operate a railroad track and a retaining wall within SCE easement areas near Peck Road.</li> <li>▪ Completed construction of the MIMF.</li> <li>▪ Executed an agreement with SCE to relocate their distribution facilities at the PHIMF.</li> </ul> |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|



Figure 1: Mesquite Intermodal Facility and Spur.

### 3. 2012 UPDATE

Since the last report was prepared in November 2011, the Districts continue to make considerable progress in implementing the WBR system. This section summarizes the significant milestones achieved in 2012.

April 2012: Completed negotiation to acquire property interests necessary for the construction, operation and maintenance of a railroad switch cabinet from a private property owner.

- June 2012: The Districts executed License Agreements with various property owners for construction laydown areas needed for the construction of the PHIMF.
- July 2012: The Districts executed an agreement with SCE allowing the construction and maintenance of the tieback retaining wall within the easement area near the Crossroads Parkway bridge.
- August 2012: The Districts executed the PHIMF Industrial Track Agreement (ITA) defining the division of responsibility between the Districts and UPRR for the construction, ownership, operation, and maintenance of the new track that will serve the PHIMF. The Districts also amended the MIMF ITA and extended the Rail Transportation Contract. The Districts paid UPRR nearly \$9 million for UPRR's construction costs to support the development of the PHIMF.

The Puente Hills Intermodal Facility and Railroad Improvements project represents 75% of the overall PHIMF construction activities. The project consists of the PHIMF and all track work within UPRR right-of-way, including the railroad bridges. Construction began in November 2010 and will continue through 2013. In 2012, the contractor:

- Completed most of the drilling and placement of soldier piles for several retaining walls, except for a small section east of the Crossroads Parkway bridge,
- Began installing precast concrete panels along the northern UPRR right-of-way for the retaining walls,
- Constructed the pavement at the northeast portion of the PHIMF,
- Erected all perimeter masonry walls at the PHIMF,
- Installed several underground utilities, including electrical, sewer, potable water, reclaimed water, fire water, and storm drain lines at the PHIMF,
- Installed the industrial waste water system,
- Commenced constructing the pier abutments for the railroad bridge at Peck Road,
- Completed the northern half and started work on the southern half of the access road bridge,
- Commenced construction of the tieback retaining wall at the SR60 and Crossroads Parkway bridges, and
- Completed all work related to the administration and maintenance buildings.

Completion of the overall PHIMF is anticipated to be prior to the closure of the Puente Hills Landfill in 2013, with a projected cost of about \$125 million for design and construction.





Figure 2: Overview of the PHIMF Construction in December 2011.



Figure 3: Overview of the PHIMF Construction in August 2012.

Table 2 shows a list of remaining approvals and permits required for the construction and/or operation of the PHIMF.

**Table 2: Remaining Approvals on the PHIMF Project**

| <b>Agency/ Utility/ Organization</b> | <b>Action</b>                                                                                                                                 |
|--------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------|
| Southern California Edison           | ▪ Construction consents for retaining walls adjacent to the railroad tracks                                                                   |
| Various Business and Property Owners | ▪ Grant of temporary easements for construction of Workman Mill Road rail road crossing improvements and other property rights for operations |

#### **4. FINANCIAL COMMITMENT TO THE WASTE-BY-RAIL SYSTEM**

##### ***4.1 Cost Transition Program***

The Districts established a Cost Transition Program in 2005 to provide a stable and controlled transition between the current disposal fee and the higher cost of waste-by-rail when it is implemented. The fund is composed of three components: 1) initial seed money of \$150 million set aside from gas-to-energy revenues; 2) contributions from future gas-to-energy revenues; and 3) a dedicated portion of future tipping fee increases at the PHLF. Except for a pass through government fee of \$0.15, the tipping fee at the PHLF in 2012 remained essentially the same as 2011, at \$38.41 per ton. However, due to the economic slowdown, the tonnage received at the PHLF has decreased by 52% since 2005. In response, the Districts introduced a Volume Discount Program and amended the ordinance regulating the extent of use to encourage tonnage to the PHLF, which would provide added revenue to the Cost Transition Program. Funding for the Cost Transition Program depends largely on the tonnage received at the PHLF. Therefore, the loss in tipping fees received at the PHLF has resulted in reduced funding to the Cost Transition Program. To further increase tonnage at the PHLF, the Districts entered into Waste Disposal and Processing Agreements with a number of haulers for guaranteed quantities of waste at negotiated rates in 2012. The additional tonnage will allow for more efficient operation and generate additional net revenue for the Cost Transition Program.

##### ***4.2 Financial Commitment***

The Districts have committed substantial resources and monies in the development of a WBR system. Since 2000, the Districts have expended approximately \$437.2 million toward its development. Table 3 provides a summary of financial commitments that the Districts have made toward the development of a WBR system. The Districts anticipates that an additional \$18.7 million is required for the WBR system to be operational. The Districts have set aside funding for these projects, which are listed in Table 4.



**Table 3: Summary of Expenditures on the Development of a WBR System**

| Description                                 | Expended/ Board<br>Approved (\$ millions) | Estimated Upcoming<br>Costs (\$ millions) | Total          |
|---------------------------------------------|-------------------------------------------|-------------------------------------------|----------------|
| <b>Local MRFs</b>                           |                                           |                                           |                |
| DART Acquisition                            | 24.0                                      |                                           | 24.0           |
| PHMRF Construction, Acquisition & Equipment | 72.8                                      |                                           | 72.8           |
| <b>MRL</b>                                  |                                           |                                           |                |
| Property Acquisition                        | 44.2                                      |                                           | 44.2           |
| Landfill Equipment                          | 1.0                                       | 1.5                                       | 2.5            |
| Access Roads & Drainage                     | 25.0                                      |                                           | 25.0           |
| Site Buildings & Communications             | 6.5                                       | 0.3                                       | 6.8            |
| Rail Facilities & Equipment                 | 43.9                                      | 4.0                                       | 47.9           |
| UPRR Signal and Connection                  | 8.0                                       |                                           | 8.0            |
| Fencing                                     | 1.2                                       |                                           | 1.2            |
| Water and Electric Power Supply             | 14.1                                      |                                           | 14.1           |
| Water Supply System                         | 1.7                                       |                                           | 1.7            |
| Environmental Monitoring & Compliance       | 15.4                                      | 0.9                                       | 16.3           |
| Telecommunications                          | 1.6                                       |                                           | 1.6            |
| Phase 1 Liner                               | 5.2                                       |                                           | 5.2            |
| General Construction Management             | 3.3                                       |                                           | 3.3            |
| <b>PHIMF</b>                                |                                           |                                           |                |
| PHIMF Acquisition                           | 28.4                                      |                                           | 28.4           |
| PHIMF Development                           | 14.1                                      |                                           | 14.1           |
| Utilities Relocation                        | 3.4                                       |                                           | 3.4            |
| Demolition                                  | 1.3                                       |                                           | 1.3            |
| Road and Access Improvements                | 20.0                                      |                                           | 20.0           |
| PHIMF and Railroad Improvements             | 90.0                                      |                                           | 90.0           |
| Environmental Compliance & Right-of-Way     | 1.1                                       | 1.0                                       | 2.1            |
| Equipment and Other Improvements            |                                           | 11.0                                      | 11.0           |
| UPRR Signal & Connection                    | 11.0                                      |                                           | 11.0           |
| <b>Grand Total</b>                          | <b>\$437.2</b>                            | <b>\$18.7</b>                             | <b>\$455.9</b> |

## **5. SCHEDULE FOR WASTE-BY-RAIL SYSTEM**

### **5.1 *Current Disposal and Market Conditions***

Landfills throughout Southern California have experienced a continued decline in tonnage since 2005 as a result of the economic down turn. Table 4 summarizes the refuse disposal tonnage in Los Angeles County from 2005 to first quarter 2012, which has decreased by approximately 42% in the time span.

**Table 4: Summary of Disposal by Los Angeles County Jurisdictions\***

| Year                                                                                                                                                                 | Total (tons) | Average (tpd-6**) | Trend (%)   |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|-------------------|-------------|
| 2005                                                                                                                                                                 | 14,386,920   | 46,409            |             |
| 2006                                                                                                                                                                 | 12,005,316   | 38,727            | -17%        |
| 2007                                                                                                                                                                 | 11,479,674   | 37,031            | -4%         |
| 2008                                                                                                                                                                 | 10,464,844   | 33,758            | -9%         |
| 2009                                                                                                                                                                 | 9,182,432    | 29,621            | -12%        |
| 2010                                                                                                                                                                 | 8,683,329    | 28,010            | -5%         |
| 2011                                                                                                                                                                 | 8,797,985    | 28,381            | 1%          |
| First quarter of 2012                                                                                                                                                | 2,072,087    | 26,910            | -5%         |
| <b>Overall Trend from 2005- 1<sup>st</sup> quarter 2012</b>                                                                                                          |              |                   | <b>-42%</b> |
| * tpd-6 = tons per day based on six days per week average (assuming 310 operating days in a year (2005-2011) and 77 operating days in 1 <sup>st</sup> quarter 2012). |              |                   |             |

## 5.2 Need for Waste-by-Rail System

The latest comparison of daily disposal demand and available capacity is presented in the County of Los Angeles, Countywide Integrated Waste Management Plan 2010 Annual Report, dated October 2011. Under Scenario I – Status Quo in Appendix E-4, the disposal capacity shortfall is expected to occur beginning in 2014 at 3,443 tpd. This scenario assumed that the PHLF would accept about 5,800 tpd between 2010 and 2013 when the landfill closes due to permit expiration. The PHLF received an average of 5,150 tpd in 2011 and is estimated to have approximately 18.8 million cubic yards of remaining capacity at closure, which is equivalent to 6 years of disposal capacity at the current rate. Regardless of the remaining capacity at PHLF, if landfill diversion continues to increase, alternative technologies are implemented, or any of the proposed landfill expansions are granted, the disposal capacity shortfall will likely occur well beyond 2014.

While there is adequate disposal capacity within the region; it is unlikely that customers will pay the higher cost of transporting waste over a 200-mile distance from Los Angeles County to the MRL via rail or truck. Therefore, the utilization of WBR is not anticipated until local capacity is diminished. As discussed in previous sections, the infrastructures for the WBR system will be complete in 2013, prior to the closure of the Puente Hills Landfill and well before the projected disposal shortfall under the worst-case scenario. Therefore although the Districts have committed significant resources and finances to the WBR system, it does not appear the system is required until at least 2014. Until needed, the WBR system will be standing by, along with the option of truck hauling, to transport waste to the MRL.

## 5.3 Impacts of Economic Downturn and Market Conditions

The County of Los Angeles experienced a 42% decrease in refuse disposal since 2005. However, as shown in Table 5, tonnage received at Districts' operated landfills dropped more than the countywide average. Although a significant amount of the tonnage decline can be attributed to the economy, a certain portion of tonnage that previously went to publicly operated landfills has been redirected to privately operated facilities. Private companies have the ability to "internalize" their collection and landfill operations. By utilizing their own available disposal capacity instead of taking their waste to landfills owned by others, they are able to take advantage of existing capacity to maximize revenue at their own landfills. Increased costs to transport waste to more distant landfills under their ownership can be offset by charging themselves reduced tipping fees. Meanwhile, the tipping fee at the PHLF has increased from \$22.65 per ton in 2005 to \$38.41 per ton in 2012 to pay for increases in state and local fees as well as to set aside monies for the cost transition program.

**Table 5: Summary of Disposal at Districts' Operated Landfills (tpd-6)\***

| <b>Year</b>                                | <b>Calabasas</b> | <b>Puente Hills</b> | <b>Scholl Canyon</b> |
|--------------------------------------------|------------------|---------------------|----------------------|
| 2005                                       | 1,783            | 12,624              | 1,461                |
| 2006                                       | 1,634            | 12,332              | 1,441                |
| 2007                                       | 1,497            | 12,117              | 1,291                |
| 2008                                       | 1,191            | 10,161              | 1,089                |
| 2009                                       | 883              | 8,510               | 830                  |
| 2010                                       | 817              | 5,939               | 791                  |
| 2011                                       | 784              | 5,149               | 751                  |
| First quarter of 2012                      | 621              | 6,086               | 705                  |
| <b>Overall Trend from 2005 – June 2011</b> | <b>-65%</b>      | <b>-52%</b>         | <b>-52%</b>          |

\* Tpd-6 = tons per day based on six days per week average, assuming 310 operating days per year. Through March 2012, assuming 77 operating days.

### **5.3.1 Impacts to Cost Transition Program**

The tonnage drop at the Puente Hills Landfill has resulted in a significant loss in tipping fees. With a potentially slow economic recovery, it is uncertain if tonnage levels at the PHLF will ever return to pre-recession levels and the loss may continue until the PHLF closes in October 31, 2013. With a set closure date, capacity not consumed at the PHLF will remain unrecoverable. As described in Section 4.1, funding for the Cost Transition Program depends largely on the tonnage received at the PHLF; therefore, the loss in tipping fees received at the PHLF resulted in reduced funding to the Cost Transition Program. Currently, the Districts have set aside adequate funding to construct the infrastructures needed to operate a WBR system. The Districts continue to monitor the funding and the waste disposal market to ensure the program has the ability to make tipping fees for the WBR system competitive once it starts up.

### **5.4 Contingency for Late Implementation of a WBR System – Truck Hauling to MRL**

As an alternative to rail transport, the Districts applied for and received an amendment to the MRL CUP and a revised SWFP for the ability to receive up to 4,000 tpd of waste by truck originating from outside Imperial County. This CUP amendment and revised SWFP would provide adequate contingency for managing any disposal shortfall under the status quo scenario until the WBR system is operational. The ability to receive waste by truck would also provide the Districts operational flexibility to transport tonnages to MRL that cannot be loaded onto a 4,000-ton unit train until there is enough tonnage to make up a unit train.

## **6. CONVERSION TECHNOLOGY**

### **6.1 Conversion Technology Evaluation**

In accordance with Condition No. 24 (c) of the PHLF CUP, the Districts provide up to \$100,000 a year in funding towards alternative technology related studies and actively participate on the Alternative Technology Advisory Subcommittee as well as the City of Los Angeles' alternative technology proposal evaluation team. To date, the Districts have provided \$899,936 to the Subcommittee to evaluate the viability of alternative technologies, with a final payment due on November 1, 2012.

### **6.2 Districts' Support of Alternative Technology Legislation**

In addition to active participation in the Subcommittee, the Districts are prepared to assist Los Angeles County Department of Public Works in pursuit of legislation to remove legislative barriers to the



development of conversion technology projects. The Districts have reviewed legislation introduced in the 2012-13 legislative session but to date have not identified any bills designed to promote or remove barriers to the development of conversion technology projects. The Sanitation Districts will continue to assist the County in promoting such legislation.

### ***6.3 Districts' Involvement in Alternative Technologies***

The Districts visited several alternative technology facilities and have determined that there is currently no applicability to the Districts' needs. The Districts will continue to track these technologies.

Lastly, in a letter dated December 22, 2011 waiving the waste-by-rail milestone, the Department of Public Works requested that the Districts investigate the feasibility of committing a portion of solid waste tonnage from the Districts' transfer/processing facilities to the County's conversion technology demonstration projects. As described in Sections 5.1 through 5.4, the economic downturn has resulted in a significant decline in tonnage received at the Districts' operated landfills. With the commitment of resources to develop the waste-by-rail system, it is anticipated that the majority of the tonnages managed by Districts' transfer/processing facilities would utilize the waste-by-rail system, leaving no Districts' managed waste available to commit to conversion technology at this time. To the extent that the tonnages could not be handled by the waste-by-rail system, the Districts would work with the Department of Public Works to determine if there is waste available to be managed through conversion technology.

## **7. SOLUTIONS FOR BENEFICIALLY REUSE MATERIALS**

In preparation for the closure of the PHLF, the Districts are evaluating alternatives that would provide for the continued beneficial reuse of the materials that are managed by the Districts' landfill diversion programs, such as clean soil, asphalt, green waste, and treated incinerator ash. Many jurisdictions have come to rely on these diversion programs as critical elements of their recycling programs.

Clean soil is principally used for daily and interim cover and asphalt is reused as road base or as base for winter deck operating areas. After closure, the landfill will continue to have needs for clean soil and ground asphalt for maintenance of roads, benches and final cover. However, the soil and asphalt needs at the site during postclosure will be less than the current use and should decrease over time. The Districts will work with the haulers as closure nears and onsite soil demands decline to prepare them to redirect their loads to other locations.

Green waste is beneficially reused as alternative daily cover material. The Districts have evaluated the absorptive capacity of the existing solid waste system both within the county and in surrounding counties. The results of this evaluation are that:

- (1) there is sufficient transfer facility capacity within the county to direct the green waste generated to an appropriate end use; and
- (2) there is sufficient facility capacity within Los Angeles County and in surrounding counties to beneficially reuse all of the green waste that the PHLF currently receives.

Treated incinerator ash from Commerce and Southeast Resource Recovery refuse-to-energy facilities is used as road base for winter deck operating areas. The Districts are working with several vendors to determine the feasibility of various alternatives for reusing ash. Formulation and testing of potential products is on-going.

**Attachment A**  
**Condition No. 58 of Conditional Use Permit (CUP) Case No. 02-027-(4)**

The permittee shall use its best faith efforts to pursue and expedite the development of the permittee's proposed waste-by-rail system (consisting of materials recovery and rail-loading facilities, rail access, and rail-accessible out-of-County/remote disposal sites), which will serve the disposal needs of jurisdictions in the County of Los Angeles. These efforts shall include, but not be limited to:

- Seeking prompt resolution of the pending litigation against the Mesquite and Eagle Mountain landfill projects and any future litigation against any component of the permittee's waste-by-rail system.
- Expediting the purchase, development, and operation of the out-of-County/remote disposal sites, which will constitute the disposal facility component of the waste-by-rail system.
- Pursuing and expediting any necessary agreements with railroad companies and obtaining any other permits necessary to provide rail access to the disposal sites.
- Expediting the development of in-County materials recovery and rail loading facilities, including the Puente Hills MRF, which are consistent in size and scope with the anticipated disposal needs of jurisdictions in the County of Los Angeles that would have otherwise been provided by the PHLF.

In planning and developing the waste-by-rail system, the permittee shall consult and coordinate efforts with the Director of Public Works so that the system is developed in a manner that would be consistent with the daily disposal capacity of the PHLF, as provided by this grant, to ensure uninterrupted solid waste disposal services to residents and businesses in the County of Los Angeles. Upon the effective date of this grant, the permittee shall submit quarterly reports to the Director of Public Works for review and comment providing a detailed status of the planning and development of the waste-by-rail system, as well as any other new processes, including but not limited to conversion technologies, or solid waste management capacity as an alternative to urban landfills, that would cost-effectively serve the solid waste disposal need of jurisdictions in Los Angeles County.

The daily tonnages of waste disposed at the landfill shall be reduced in accordance with the following schedule if inadequate progress is made by the permittee in developing the permittee's proposed waste-by-rail system. No reduction in daily tonnage will be required if the Director of Public Works finds that, based upon documentation provided by the permittee in the quarterly reports as well as accompanying economic analyses, the permittee is making best faith efforts to comply with the specified deadlines, and any lack of compliance is through no fault of the permittee. The Director of Public Works shall have the discretion to find that a reduction in daily tonnage is not required because other new processes or solid waste management capacity as an alternative to urban landfills, that has been made available either by the permittee or others, could more cost effectively serve the jurisdictions of Los Angeles County than waste-by-rail. However, in no instance shall the alternate processes or capacity, referenced by the Director of Public Works in such a finding, be located at the Facility. The Director of Public Works shall only make such findings after consultation with the Hacienda Heights Improvement Association.

- a. Commencing January 1, 2008, the average daily tonnage of waste disposed at the landfill shall be reduced by 2,000 tons per day if development of at least one of the out-of-County/remote landfills that comprise the disposal component of the permittee's waste-by-rail system does not begin by December 31, 2007.
- b. Commencing January 1, 2009, the average daily tonnage of waste disposed at the landfill shall be further reduced by 1,000 tons per day if at least one such out-of-County/remote landfill of the permittee's waste-by-rail system is not fully operational by December 31, 2008.
- c. Commencing January 1, 2010, and effective January 1 of each year thereafter through the life of this grant, the average daily tonnage of waste disposed at the landfill shall be further reduced by 2,000 tons per day if the permittee's waste-by-rail system (including materials recovery and rail-loading facilities, rail access, and out-of-County remote landfill components) is not fully operational by December 31 of the preceding year.

The Board of Supervisors may increase the maximum daily tonnage allowed under this condition if the Board of Supervisors, upon the joint recommendation of the Director of Public Works, and the Chief Engineer and General Manager of the County -- Districts, determines that an increase is necessary to appropriately manage the overall County waste stream for the protection of public health and safety. However, in no case shall the average daily tonnage of waste disposed at the landfill exceed the limits imposed in Condition 14.



**Attachment B**  
**Letter of Concurrence on Milestone #2 from Department of Public Works**



GAIL FARBER, Director

**COUNTY OF LOS ANGELES**

**DEPARTMENT OF PUBLIC WORKS**

*"To Enrich Lives Through Effective and Caring Service"*

900 SOUTH PREMONT AVENUE  
ALHAMBRA, CALIFORNIA 91803-1331  
Telephone: (626) 458-5100  
<http://dpw.lacounty.gov>

ADDRESS ALL CORRESPONDENCE TO:  
P.O. BOX 1460  
ALHAMBRA, CALIFORNIA 91802-1460

IN REPLY PLEASE  
REFER TO FILE:

EP-2

March 24, 2009

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)  
COMPLIANCE WITH CONDITION NO. 58-SECOND MILESTONES**

This office is in receipt of your letter dated December 24, 2008, providing a status report on the development of a remote landfill component of the Waste-By-Rail System for the Puente Hills Landfill.

We concur with your finding that the second milestone in Condition No. 58 of the landfill's Conditional Use Permit has been met.

If you have any questions regarding this matter, please contact me at (626) 458-3500, Monday through Thursday, 7 a.m. to 5:30 p.m.

Very truly yours,

GAIL FARBER  
Director of Public Works

  
CARLOS RUIZ  
Acting Assistant Deputy Director

WT:ca  
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cc: Department of Regional Planning (Sorin Alexanian)  
Hacienda Heights Improvement Association (Ombudsman)

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