



Los Angeles
Department of
Water & Power

RESOLUTION NO. _____

BOARD LETTER APPROVAL

Handwritten signature of Martin L. Adams in blue ink.

MARTIN L. ADAMS
Senior Assistant General Manager
Water System

Handwritten signature of Marcie L. Edwards in blue ink.

MARCIE L. EDWARDS
General Manager

DATE: August 25, 2015

SUBJECT: Sale of Pumice Valley Landfill (Landfill) Property and Road Easement to Mono County

SUMMARY

The Agreement of Purchase and Sale of Real Property (Purchase Agreement) between LADWP and Mono County is for the sale of 50 acres of City of Los Angeles (City) property located at 200 Dross Road, Lee Vining, California (Property) to Mono County. In addition to the sale, the City will grant a road easement containing 3.12 acres to create legal access to Property.

LADWP's sale of Property will limit the City's liability as the landowner associated with Mono County's proposed expansion of Landfill, and resolve a permitting issue among the City, Mono County, and the State of California recycling and waste management regulator (Cal Recycle). Under Purchase Agreement, Mono County will indemnify the City and LADWP for past, current, and future liability associated with Landfill.

Council approval is required according to Charter Section 675(d)(2).

RECOMMENDATION

It is requested that the Board of Water and Power Commissioners adopt the attached Resolution recommending City Council's approval of an Ordinance authorizing the sale of Property, as required in Charter Section 675.

ALTERNATIVES CONSIDERED

1. Continue to lease to Mono County without expanding the Solid Waste Facility Permit (SWFP): Would not expose the City to any additional liability beyond what already exists, and does not resolve the compliance issues for the City or Mono County.
2. Continue to lease to Mono County and expand SWFP: Would increase risk for the City by its participation in allowing the expansion of Landfill.
3. Terminate the lease and require Mono County to close down Landfill: Will create negative social and economic impact to the local community. Closing Landfill may also result in increased illegal dumping on City property, obligating the City to clean up.
4. Sell Property to Mono County before expansion of Landfill: Transfers ownership of Property to Mono County and removes the City from continued operational involvement with Landfill. Mono County has agreed to indemnify the City for any environmental liability that arises from Mono County's use and operation of Landfill.

FINANCIAL INFORMATION

Property sale will generate revenue in the amount of \$51,500. Costs associated with the sale are estimated at \$25,000 for half the cost of obtaining an environmental assessment, survey, and appraisal report.

Appraisal by a third-party firm established the fair market value to be \$50,000 for the land and \$1,500 for the road easement, for a total of \$51,500. LADWP Real Estate staff reviewed the appraisal and supports the appraiser's value conclusion. LADWP and Mono County have agreed on the sale price of \$51,500.

BACKGROUND

Mono County is currently out of compliance with its SWFP permit for several reasons. The current operating permit was issued in 1978 for a class II sanitary landfill. Mono County is currently operating the site as a transfer station and class III landfill site, which is outside of the parameters of the 1978 permit. Under current operations, Landfill is used only minimally to prevent mandatory closure. As landowner, LADWP must sign and accept liability for SWFP issued by Cal Recycle. Mono County's request to expand operations at Landfill causes liability concerns as the City could be held liable for environmental problems associated with permitting expanded operations.

Upon sale of Property and with the City's opposition to expansion no longer an issue, Mono County can proceed with its plans to expand the Landfill's capacity, allowing it to bring the site into compliance as a class III landfill to better meet the needs of the communities it serves.

The following are the salient points behind LADWP's decision to sell Property to Mono County:

- Pumice Valley Landfill is an unlined landfill that was permitted before lining requirements were in place.
- Federal Subtitle D regulations mandate lining of the Landfill's footprint in excess of the existing pre-Subtitle D footprint.
- Due to the scheduled closing of the only other landfill in the area in 2023, Mono County is interested in expanding Landfill.
- LADWP is agreeable to sell under the condition that Mono County fully indemnify the City for all liability associated with Mono County's use and operation of Landfill.
- Mono County has agreed to indemnify the City as requested.
- Cal Recycle and the Local Enforcement Agency (LEA) imposed a compliance schedule on both Mono County (operator) and LADWP (landowner) mandating that Landfill be brought into operating compliance.
- Considering Mono County's continued need for Landfill, it is in the City's best interest to sell Property to Mono County before expansion of Landfill in order to limit the City's exposure to any further liability.
- Sale of Property to Mono County is the best way to reconcile the City's interests with their need for operating Landfill.
- Mono County and LADWP have negotiated the sale of Property with the support of Cal Recycle and LEA. Should the sale not occur, the City will need to proceed with one of the other options identified above to bring Landfill into compliance.

Property will sell without water rights. Property is located outside of the Town of Lee Vining and is currently not connected to the town water system. City has never provided water service to Property and Landfill has operated without a water source for the past 40 years.

No notable adverse environmental conditions were identified in the environmental assessment investigation performed by Kleinfelder West, Inc., a national engineering consultant hired to perform an environmental assessment of Landfill. The resulting report will be used to establish the baseline condition of Property before the sale or expansion of Landfill.

In addition, Mono County has provided an environmental disclosure from the current Solid Waste Superintendent which is attached as Exhibit C to the Purchase Agreement. The disclosure attests that a review of Mono County's records has revealed no known illegal use of hazardous substances, no evidence of contamination, and no uncorrected violations with the exception of the violations that can be resolved with the permit revision including the expansion of Landfill. It should be noted that since Landfill is unlined and has been used by the county as unsupervised public dump in the past the probable presence of household and other potentially hazardous wastes within Landfill is likely.

Upon sale of Property, Mono County will have the ability to bring Landfill into compliance without exposing the City to any further obligation for compliance with landfill operations, and the City will be indemnified for any current environmental condition(s), stemming from the period of the City's ownership, that may come to light in the future.

The Mono County Board of Supervisors approved the purchase by Mono County Resolution Nos. R15-01 and R15-59 and signed the Purchase Agreement on August 18, 2015.

In accordance with the Mayor's Executive Directive No. 4, The City Administrative Officer's (CAO) Report was approved on June 12, 2015.

ENVIRONMENTAL DETERMINATION

In accordance with the California Environmental Quality Act (CEQA) it has been determined that the sale of Property to Mono County is exempt pursuant to the General Exemption described in CEQA Guidelines Section 15061(b)(3). General Exemptions apply in situations where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment.

CITY ATTORNEY

The Office of the City Attorney reviewed and approved the Resolution and the Agreement of Purchase and Sale of Real Property as to form and legality.

ATTACHMENTS

- Resolution
- Agreement of Purchase and Sale of Real Property
- CAO Report