COUNTY OF LOS ANGELES
TREASURER AND TAX COLLECTOR

KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 437
LOS ANGELES, CA 90012
TELEPHONE: (213) 974-2101 FAX: (213) 626-1812

MARK J. SALADINO
TREASURER AND TAX COLLECTOR

November 24, 2009

ADOPTED
BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

7 November 24, 2009

SACHI A. HAMAI
EXECUTIVE OFFICER

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

ADOPTION OF A RATE ORDINANCE ESTABLISHING FEE AND CHARGE RATES FOR THE CALABASAS LANDFILL REFUSE DISPOSAL FACILITY (THIRD DISTRICT) (3 VOTES)

SUBJECT

Approval of the recommended amendments to Title 12 of the Los Angeles County Code will increase certain fee and charge rates at the Calabasas landfill refuse disposal facility, effective as of January 1, 2010. The revised fee structure is necessary to provide funding for operations and maintenance, capital expenditures and debt service obligations at the Calabasas landfill.

IT IS RECOMMENDED THAT YOUR BOARD, AFTER THE PUBLIC HEARING:

1. Adopt the ordinance amending Title 12 of the Lo's Angeles County Code and establishing fee and charge rates at the Calabasas landfill refuse disposal facility, effective as of January 1, 2010.

2. Find that these actions are statutorily exempt under the California Environmental Quality Act.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Approval of the above recommendations will authorize an increase to the existing fee and charge rates prescribed for waste disposal at the County-owned Calabasas landfill (the "Landfill"). Based on consultation with and advice (see attached letter) from the

Sanitation Districts of Los Angeles County (the "Districts"), it is proposed that the total rate charged for the disposal of municipal solid and inert waste (the "MSW") at the Landfill be raised from $38.88 per ton to $40.82 per ton effective January 1, 2010. This compares favorably with the $51.00 per ton posted rate at Sunshine Canyon and the $48.54 per ton posted rate at Simi Valley. This rate increase will generate approximately $500,000 in additional revenue at current tonnage levels. MSW represents approximately 90 percent of disposal tonnage at the Landfill. In addition to the MSW rate increase, the ordinance provides for a similar five percent increase in the rates for four other waste disposal categories set by the County (bulky items, tires, special handling and minimum charge). The Districts will continue to set the fees and charges for waste categories not included in the ordinance. These changes to the fee structure are necessary in order to meet the operating needs of the Landfill and to fund principal and interest payments on the Landfill's outstanding debt obligations.

Implementation of Strategic Plan Goals

This action supports the County of Los Angeles Strategic Plan Goal of Operational Effectiveness through collaborative actions between the County and other local jurisdictions, including the Sanitation Districts of Los Angeles County.

FISCAL IMPACT / FINANCING

The rate structure for the Landfill has historically been set each year such that the annual debt service on the Bonds (defined below) should not exceed the projected net revenues of the Landfill. The ability of the Landfill to generate sufficient net revenues to meet debt service has become increasingly uncertain as solid waste deliveries through September 2009 have declined 33 percent from the prior twelve months. This downward trend is largely attributable to changes in the general economy and that the economy in Southern California has yet to show meaningful signs of recovery. To the extent that net revenues from the Landfill prove insufficient to pay any future debt obligations, the County has covenanted to pay the difference from any source of legally available funds, including the County general fund.

A review of future landfill operations indicates that the $1.94 per ton increase to the MSW rate, effective January 1, 2010, is the maximum increase sustainable during the current economic conditions in the Landfill service area. Over the next year, this office will also reevaluate the structure of the bonds to determine whether there are any potential areas to reduce future debt service. Taken together, the rate increase, a possible bond restructuring, and significant reductions in operating expenses made by the Districts over the past twelve months, will best position the Landfill to meet the operating and debt service requirements of the Bonds for calendar year 2010 and beyond.

FACTS AND PROVISIONS / LEGAL REQUIREMENTS

The Calabasas Landfill Project

The County's authority to set rates at the Landfill was established in connection with the sale of $38,475,000 in bonds (the "Bonds") to fund essential capital projects at the Landfill. These bonds were authorized by your Board on November 22, 2005, and subsequently issued on January 5, 2006 by the Los Angeles County Public Works Financing Authority. The projects financed were necessary to maintain compliance with statutory regulations and to provide for the continued operation of the Landfill. The project prepared the remaining undeveloped areas of the Landfill for future refuse disposal operations. As authorized by your Board, the Bonds were structured as a lease revenue transaction whereby the County agreed to pay any debt service obligation that could not be funded by revenues from the Landfill. To mitigate the possibility that the County would have to fund some or all of any debt service payment, the County and the Districts agreed that future charge rates at the Landfill would require the approval of your Board.

Landfill Operations

As a condition to the issuance of the Bonds, the rate-setting authority at the Landfill was transferred from the Districts to the County by the fourth amendment to the joint powers agreement for Landfill operations approved by your Board on December 5, 2005. The Districts have retained their role as operator of the Landfill and continue to oversee the day-to-day management of the facility.

Public Notice

In accordance with California Government Code Sections 6062(a) and 66018, my office caused a notice to be published in a local newspaper at least ten (10) days prior to the date of your Board's public hearing on the proposed fee and charge rates at the Landfill.

Negative Declaration/Environmental Impact Report

Your Board's adoption of the proposed ordinance is statutorily exempt from the provisions of the California Environmental Quality Act ("CEQA") pursuant to Section 15273 of the State CEQA Guidelines for Implementation. CEQA provides for an exemption from environmental review for specific activities that are deemed not to have a significant impact on the environment. The attached ordinance meets this exemption given that the proposed modifications apply solely to solid waste disposal rates that generate monies for the purpose of: 1) meeting operating expenses; 2) equipment purchases and; 3) capital projects necessary to maintain services within an existing service area.

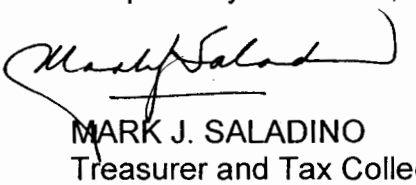
IMPACT ON CURRENT SERVICES (OR PROJECTS)

Adoption of the proposed ordinance will provide funding for the payment of debt service obligations associated with the Landfill and will allow for the continued operation and maintenance of this waste management facility.

CONCLUSION

Upon adoption of the ordinance, please return two stamped copies of this Board letter and two certified copies of the minute order to the Treasurer and Tax Collector (Office of Public Finance).

Respectfully submitted,



MARK J. SALADINO
Treasurer and Tax Collector

MJS:GB:DB:CH
ad:doc/Calabasas Landfill Refuse Disposal Facility_112409

Attachments

c: Chief Executive Officer
Acting County Counsel
Executive Officer, Board of Supervisors
Auditor-Controller
Director of Public Works
County Sanitation Districts

WATER RECLAMATION
SOLID WASTE MANAGEMENT

COUNTY SANITATION DISTRICTS
OF LOS ANGELES COUNTY

1955 Workman Mill Road, Whittier, CA 90601-1400
Mailing Address: P.O. Box 4998, Whittier, CA 90607-4998
Telephone: (562) 699-7411, FAX: (562) 699-5422
www.lacsd.org

STEPHEN R. MAGUIN
Chief Engineer and General Manager

November 4, 2009

RECEIVED
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LOS ANGELES COUNTY
TREASURER & TAX COLLECTOR

Mr. Mark J. Saladino
Treasurer and Tax Collector
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Mr. Saladino:

Calabasas Landfill – Solid Waste Management Facility Rates

This letter is to advise the County of Los Angeles of the Sanitation Districts recommendations for new rates for the Calabasas Landfill. The County, as owner of the Calabasas Landfill, has rate-setting authority for the landfill pursuant to the Fourth Amendment to Amended Joint Powers Agreement – Calabasas Landfill, December 6, 2005. The County's rate-setting authority was established when the County incurred bonded indebtedness, through the Los Angeles County Public Works Financing Authority, to pay for capital improvements at the landfill necessary to develop the site to its full permitted capacity. The Districts act as an advisor regarding the rates for the landfill.

The Calabasas Landfill has experienced significant decreases in the amount of waste received at the site. The tonnage decreases have caused major decreases in site revenue. The landfill staff has reacted to the decrease in revenue and has significantly reduced key operational expenses such as equipment and labor costs. However, there are other costs less related to tonnage levels, such as for operating and maintaining environmental control systems, which will continue. Thus, even given the efforts at the site to reduce costs in response to the lower tonnages, an increase in the rates is necessary to provide sufficient revenue to operate and maintain the landfill, provide for capital improvements, and support debt service.

Because of the impact of the reduced tonnage on landfill revenue, the County previously retained a consultant to conduct a study of potential market factors on refuse volumes and landfill revenues. The Districts and County's staff have conferred with respect to the rates and agree that the recommended rate increases are consistent with the recommendations of the study.

The Districts recommend that the Municipal Solid and Inert Waste rate at the Calabasas Landfill be increased from the current rate of $38.88 per ton to $40.82 per ton, effective January 1, 2010. The increase of $1.94 per ton would be comprised of $1.77 per ton for capital and operating expenses of the landfill, including debt service, and $0.17 per ton for the County's Business License Tax. Related increases in the rate categories of minimum, hard-to-handle, tires, and special handling are also recommended. The tipping fees for recycling segregated uncontaminated loads of green waste will be

Recycled Paper

increased by $4.65 per ton to reflect the increased costs of providing this service. The current and recommended new rates are shown on the attached table for the Calabasas Landfill.

If you have any questions concerning the recommended rates, please contact me or Mr. John Gulledge, Financial Planning Department Head.

Very truly yours,

Stephen R. Maguin

Stephen R. Maguin

SRM:ew
Attachment

CALABASAS LANDFILL
SOLID WASTE MANAGEMENT FACILITY RATES

CALABASAS LANDFILL	PRESENT RATE	RECOMMENDED RATE JANUARY 1, 2010
Municipal Solid and Inert Waste	$38.88 /ton	$40.82 /ton
Hard-to-Handle, Bulky Items	$46.85 /ton	$48.79 /ton
Tires	$82.88 /ton	$84.82 /ton
Special Handling	$55.38 /ton	$57.32 /ton
Minimum Charge	$37.25 per load	$39.25 per load
Pull-Offs	$33.00 each	$33.00 each
Segregated Uncontaminated Green Waste*	$17.60 /ton	$22.25 /ton
- Minimum Charge (Segregated Uncontaminated Green Waste)	$17.60 per load	$22.25 per load

*The County has authorized the Chief Engineer and General Manager to set a reduced rate for the acceptance of beneficial materials such as segregated uncontaminated green waste.

Uncovered Loads Capable of Producing Litter: $4.40/ton surcharge; $4.40 minimum

Non-manifested Tire Loads: $4.40/ton surcharge; $4.40 minimum

All rates include the following state, county and local fees and taxes (fees expressed on a per ton basis do not apply to green waste and pull-offs):

California Integrated Solid Waste Management Fee:	$1.40 per ton
Los Angeles County Solid Waste Management Fee:	$1.50 per ton
Los Angeles County Department of Health Services Regulatory Service Fee:	$0.21 per ton
Los Angeles County Business License Tax (unincorporated county area only)	10% of gross receipts excluding state and local fees and taxes