

STATE WATER RESOURCES CONTROL BOARD
RESOLUTION NO. 96-5

APPROVAL OF A TERMINATION AGREEMENT
WITH THE U.S. ENVIRONMENTAL PROTECTION AGENCY AND THE
LOS ANGELES COUNTY SANITATION DISTRICTS AND
AUTHORIZES THE EXECUTIVE DIRECTOR TO SIGN THE TERMINATION AGREEMENT
CLEAN WATER GRANT NOS: C-06-1833-100, -110, -120, -130 AND -140

WHEREAS:

1. The State Water Resources Control Board (SWRCB) and the U.S. Environmental Protection Agency (U.S. EPA) issued the above grants to the Los Angeles County Sanitation Districts (LACSD) for the purpose of construction of the Carver-Greenfield Sludge Dehydration/Energy Recovery System (Project);
2. The LACSD did construct the Project, but has not put the Project on line;
3. The City of Los Angeles (City) has also constructed a similar Project and has experienced high startup cost, high operation cost, and only one-eighth of the expected output;
4. The City estimates that it will cost \$40 million to modify the Carver-Greenfield Sludge Dehydration system;
5. The LACSD Project was declared "innovative" and received an extra ten percent federal grant;
6. The U.S. EPA must consider funding at 100 percent any innovative project that fails to meet its projected capacity or experiences a higher than normal operating cost;
7. If the LACSD were to operate their Project it is expected that they would experience the same problems as did the City;
8. There are not enough U.S. EPA funds available to modify/replace the LACSD Project and the LACSD has alternative means for disposal of their biosolids and does not need additional U.S. EPA funds;
9. The LACSD would like to terminate their grants and dispose of the Project as provided for in the Termination Agreement; and
10. The SWRCB and U.S. EPA agree that this is the most cost-effective solution.

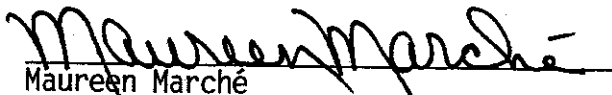
THEREFORE BE IT RESOLVED THAT:

The State Water Resources Control Board:

1. Approves the Termination Agreement with the U.S. EPA and LACSD; and
2. Authorizes the Executive Director to sign the Termination Agreement.

CERTIFICATION

The undersigned, Administrative Assistant to the Board, does hereby certify that the foregoing is a full, true, and correct copy of a resolution duly and regularly adopted at a meeting of the State Water Resources Control Board held on January 18, 1996.


Maureen Marché
Administrative Assistant to the Board

AGREEMENT FOR TERMINATION
OF THE CARVER-GREENFIELD PROJECT GRANTS
C-06-1833-100; C-06-1833-110; C-06-1833-120;
C-06-1833-130; and C-06-1833-140

This Termination Agreement is made among the U.S. Environmental Protection Agency ("EPA"), the California State Water Resources Control Board ("SWRCB"), and County Sanitation District No. 2 of Los Angeles County ("LACSD"), hereafter Parties, to terminate the Carver-Greenfield Project Grants described below (grant numbers C-06-1833-100, C-06-1833-110, C-06-1833-120, C-06-1833-130, and C-06-1833-140). This Agreement is made pursuant to 40 Code of Federal Regulations ("CFR") Sections 30.920-1 (1981), 30.710 (1983) and the Office of Management and Budget Circular A-102, Attachment L, "Grant Closeout Procedures" (1981)¹.

1. History of the Carver-Greenfield Project Grants

1.1 The Federal Water Pollution Control Act of 1972 (PL 92-500) mandated a minimum of secondary treatment for all municipal wastewater treatment plants and prohibited ocean disposal of wastewater solids. Compliance with these mandates resulted in a substantial increase in the quantity of wastewater solids that required treatment and disposal.

1.2 LACSD, together with the City of Los Angeles and Orange County Sanitation Districts, recognized that this increase in wastewater solids was a major technical problem and that there was merit in evaluating solids management alternatives on a regional basis. EPA and the SWRCB joined the three operating agencies in 1975 to establish the Los Angeles/Orange County Metropolitan Area Project ("LA/OMA Project"). A Project Policy Board and a Project Staff Review Committee, composed of senior management personnel from the five participating agencies, were established to set policy for the LA/OMA Project and to undertake a study of solids management alternatives.

1.3 As this study was getting under way, Congress was examining various aspects of the Federal Water Pollution Control Act (33 U.S.C. 1151) and enacted the Clean Water Act of 1977 ("the Act") which requires applicants for federal funding for wastewater treatment works to satisfactorily demonstrate that innovative and alternative processes and techniques have been fully studied and evaluated. Sections 201(a)(2) and 201(g)(5) of the Act provide additional funding for municipalities that use these technologies or

¹ The grants that are the subject of this agreement were awarded during the period September 30, 1981 to September 29, 1986. The substantive regulatory provisions which apply to each grant are those in effect on the date of the award.

processes. Section 202(a)(3) of the Act authorizes funding for 100% of the costs of modification or replacement of innovative or alternative technologies or processes when EPA finds that they have not met design performance specifications; the failure is not attributable to negligence on the part of any person; and, the failure has significantly increased the capital or operating and maintenance costs. These statutory requirements provide an incentive for grantees to seriously consider choosing innovative or alternative technologies that are "cost effective" when compared with conventional technologies.

1.4 The LA/OMA Project thoroughly evaluated eighteen potential solids processing and disposal trains. These involved forty-five permutations of unit processes and ultimate disposal/reuse options, some of which were considered innovative or alternative technologies. The LA/OMA Project employed independent engineering firms, universities, and specialized consultants to evaluate these options. The viable options were identified and weighed against one another using key criteria (e.g., the ability to meet regulatory requirements, the ability to address public health and environmental concerns, the availability of a given technology and the estimated costs). Each option had strengths and weaknesses and no single option received the highest ranking in every category.

1.5 In April 1980 the LA/OMA Project issued a Draft Facilities Plan and Draft EIS/EIR presenting recommended projects for each operating agency. These documents were widely circulated and the comments received from local and regional agencies, state agencies, federal agencies and interested citizens were considered or incorporated into the final documents. After the five member LA/OMA Project Policy Board reached agreement on a final solids management program, EPA issued the Final EIS/EIR for the Proposed LA/OMA Sludge Management Program on October 31, 1980.

1.6 The LA/OMA Project recommendation for LACSD was to employ three separate systems in concert, one of which was the Carver-Greenfield Sludge Dehydration/Energy Recovery System ("Project") which was considered to be an innovative and alternative technology. The LA/OMA Project Policy Board concurred with the recommendation and concluded that the Carver-Greenfield Sludge Dehydration/Energy Recovery System, operating with the two other recommended systems, was the best sludge management program for LACSD.

1.7 In 1981 the first federal and state funding was awarded to LACSD for Project design. Thereafter, four additional grants were awarded for various aspects of facility construction. A summary table of the grants appears as

Exhibit A attached to this Agreement.

2. Reasons for Termination

2.1 By accepting a grant for the construction of a wastewater treatment works, the grantee agrees to complete the treatment works in accordance with the facilities plan, plans and specifications, and related grant documents approved by EPA and to maintain and operate the treatment works to meet the enforceable requirements of the Clean Water Act for the design life of the treatment works. 40 CFR 35.935-1.

2.2 LACSD completed construction of the Project. The Project has been inspected and approved for conformance with the plans and specifications by the Army Corps of Engineers, but it has not been placed in operation.

2.3 For the reasons set forth below, the Parties have determined that the Project should not be put into operation and that, instead, the grants should be terminated.

2.4 Pursuant to the LA/OMA Project recommendation, the City of Los Angeles (City) constructed a wastewater solids treatment system which included the Carver-Greenfield Sludge Dehydration/Energy Recovery System. The City's facility employs the same Carver-Greenfield dehydration process licensed under the same United States Patents that was included in the LACSD Project. The City completed construction of its Carver-Greenfield facility and initiated operation while construction of the LACSD Project was still underway. The City's Carver-Greenfield facility experienced (1) a 500 percent increase in start-up costs over initial estimates; (2) expenditures of millions of additional dollars for changes to keep the facility operating; and, (3) a level of staffing for continuous operation and maintenance that was seven times the Facility Plan estimate. All of these facts and costs are fully documented. Even with the infusion of such resources, funded by the City, the output was a very low percentage of design capacity (approximately one-eighth).

The City's facility was declared a failure under the applicable regulations (40 CFR 35.2032(c)) on April 3, 1993. The City has shut down its Carver-Greenfield Facility and has applied for a Replacement Grant to construct another type of dehydration process. Their decision to permanently discontinue operation of the facility is documented in a March 29, 1995 letter to the SWRCB.

2.5 The Parties have examined the City's experience,

including the declaration of the City's facility as a failure, and have determined that the LACSD Project uses the same dehydration process and treats the same type of wastewater solids as the City. It is the professional judgement of the Parties that the LACSD Project would encounter similar critical operational problems, incur substantially similar operational costs and difficulties, and ultimately be declared a failure if the Project were required to be started and operated.

2.6 In particular, the LACSD has estimated, in a detailed report dated July 14, 1993, that it would require at least \$5 million to make process-related changes to the Carver-Greenfield dehydration portion of the Project to correct deficiencies in the existing facility. Add to this the costs of hiring and training approximately 75 additional personnel as well as costs associated with start-up, and it is estimated that the cost of requiring initiation of operation would be at least \$10 million. The cost of operating the modified Project would be at least \$7 million per year higher than existing sludge management options. Once operation of the Project begins, the resulting performance would be expected to be substantially the same as that achieved by the City, i.e., only approximately one-eighth of design capacity.

2.7 It is estimated that replacement of LACSD's Carver-Greenfield facility would cost over \$40 million. Such modifications and/or replacement would be eligible for 100 percent federal reimbursement pursuant to 40 CFR 35.2032(c).

2.8 The LACSD has an alternative sludge management plan in operation, described in their August 4, 1994 letter (Exhibit B), which meets all federal and state permit requirements and which is a functional replacement for the Project. No additional EPA or SWRCB funds are or would be involved in this replacement.

2.9 The Parties have considered and reviewed the Project in detail, including but not limited to past construction and future potential costs of start-up and operation; the operational difficulties of the identical project owned by the City; the objectives of the Project; and the equivalent replacement project.

2.10 The Parties have determined that because of the high costs of start-up and operation; the virtually certain likelihood of Project failure; the estimated costs of modification and/or replacement to perform as expected; and the existence of a functional replacement for the Project; continuation through start-up and operation of the Project would not produce beneficial results commensurate with the

further expenditure of funds and the grants should be terminated.

3. Terms and Conditions of the Agreement to Terminate

The Parties agree as follows:

3.1 The decision to design and construct the Project was consistent with the intent of the Clean Water Act of 1977 to foster the use of innovative or alternative technologies in wastewater treatment plants.

3.2 LACSD has made good faith efforts to meet its obligations under its grants shown in Exhibit A. LACSD shall not be required to start up or operate the Project. The EPA and SWRCB hereby release LACSD from any and all claims and liabilities for specific performance or recovery of funds that might arise [under the grants terminated by this agreement] pursuant to 40 CFR 35.935-1 as a result of LACSD's failure to start up and operate the project. In addition, except as specifically set forth herein, EPA will not impose any enforcement sanctions pursuant to 40 CFR 35.965 that are based on LACSD's failure to start up and operate the project.

3.3 Allowable project costs are limited to the amounts already awarded to LACSD pursuant to the Project grants that are the subject of this Agreement.

3.4 Except as specifically provided in this Termination Agreement, all parties shall retain their respective rights and responsibilities under federal statutes and regulations including, but not limited to, the following:

(a) The allowability of specific project costs will be determined by the SWRCB and EPA in accordance with federal statutes, regulations and guidance.

(b) All project costs are subject to audit and nothing in this Agreement shall be interpreted to waive EPA's right to conduct such audits and to collect monies deemed payable under federal statutes, regulations and guidance.

(c) LACSD retains all rights to challenge determinations made by EPA regarding the allowability of costs pursuant to 40 CFR Part 30, Subpart L.

3.5 LACSD will not make any further demands of EPA or the SWRCB for funds for the Project or for funds to construct any other facilities for processing and/or disposal of dewatered wastewater solids for the 240 dry tons per day

provided for in the grants, including, but not limited to, funding for the modification or replacement of the Project pursuant to 40 CFR 35.908(c).

3.6 Project costs incurred after the date of termination are not allowable unless they are incurred in the implementation of this Termination Agreement or they are related to other commitments made prior to termination that cannot be cancelled.

3.7 LACSD has completed its obligations under Grant No. C-06-1833-100 for design of the Project. Except as specifically provided in Section 3.4. of this Termination Agreement, LACSD shall not be required to reimburse EPA and SWRCB for any funds received under Grant No. C-06-1833-100.

PROPERTY DISPOSITION

3.8 No grant funds were used to purchase any land associated with the Project. The land on which the project was constructed was and is owned by LACSD and has been so owned for many years. To the extent that the buildings and equipment constructed or purchased as a part of the Project constitute real property within the meaning of 40 CFR 30.810-5 (1981), 40 CFR 30.535 (1983) and OMB Circular A-102, Attachment N (1981), such property shall be disposed of as follows:

(a) It is the intent of the Parties to use the property to the fullest extent possible at LACSD's Joint Water Pollution Control Plant (JWPCP), a federally funded treatment plant. LACSD may retain title to the property, without reimbursing EPA or the SWRCB for these agency's proportionate share of the cost of the property, if the property can be used at the JWPCP and would have been eligible for funding under applicable EPA regulations, and

(1) the property will be placed into use at the JWPCP no later than September 30, 1997, or,

(2) if construction of additional facilities is needed in order to make the property functional and construction shall begin no later than September 30, 1997.

(b) Subject to the inclusion of additional properties as provided for in (d) below, the Parties agree the property identified in Exhibit C attached to this Agreement meets the requirements for disposition as set forth in (a) above and can be retained by LACSD without reimbursement to EPA or the SWRCB so long as it is used

at the JWPCP.

(c) LACSD will retain the Steam Turbine Building constructed under Grant No. C-06-1833-130, including lighting, electrical, heating, ventilation and air conditioning for its own use. All other equipment in the Steam Turbine Building installed under Grant Nos. C-06-1833-110 and C-06-1833-130 will not be retained by LACSD. The Parties have determined that the fair market value of the Steam Turbine Building for use as a warehouse is \$228,000. Within sixty (60) days after execution of this Termination Agreement, the LACSD will pay EPA and the SWRCB their proportionate share of this amount as described in 3.9 below.

(d) If LACSD decides that it wishes to retain any properties in addition to the Steam Turbine Building and the properties listed in Exhibit C, LACSD must notify EPA and the SWRCB in writing within ninety (90) days after execution of this Agreement identifying the properties it wishes to retain. If LACSD wishes to retain a property for use at the JWPCP without reimbursing EPA or SWRCB, it must provide documentation sufficient to demonstrate that the property meets the criteria set forth in (a) above. No later than 60 days after receipt of LACSD's request, the SWRCB will determine and notify LACSD as to whether the additional properties meet the criteria set forth in (a).

(e) If LACSD wishes to retain any other property not provided for in (d) that does not meet the criteria set forth in (a), LACSD must advertise for separate bids on such property pursuant to the schedule set forth in Exhibit D. The fair market value of the property will be determined based on the highest bid received. Within 60 days after the bids are opened, LACSD will pay EPA and the SWRCB their proportionate share of the fair market value of the property as set forth in 3.9 below.

(f) It is the intent of the parties that all property that is not retained by LACSD ("remaining property") will be sold by LACSD using sales procedures that provide for competition to the greatest extent practicable and result in the highest possible return. To this end, all remaining property will be sold by LACSD to the highest bidder in accordance with the disposition schedule set forth in Exhibit D attached to this Agreement. LACSD must obtain SWRCB approval prior to advertising for bids on the property.

(g) LACSD agrees to complete the bidding process in

accordance with the schedule shown in Exhibit D. Delays shall begin to accrue if LACSD fails to achieve the last milestone by the completion date indicated. LACSD agrees to reimburse EPA and the SWRCB as follows:

(1) For delays of 180 days or less, an amount equal to \$1000 per day, of which \$850 per day is to be paid to EPA and \$150 to be paid to the SWRCB.

(2) If the delay exceeds 180 days, LACSD will not be required to pay EPA and the SWRCB \$1000 per day as in (1), but instead will pay EPA and the SWRCB the full cost of any property that has not been put out for bid in accordance with the schedule set forth in Exhibit D. The full cost of the property shall be the sum of the following:

(i) the amount of the original low bid for the purchase of the property,

(ii) the cost of the work on the property added by approved contract change orders; and,

(iii) the proportion of administrative and engineering costs attributable to the property.

LACSD will pay the full cost of the property to EPA and the SWRCB in accordance with their proportionate share of project costs as set forth in 3.9 below.

(3) EPA may grant an extension of time to LACSD to complete any of the milestones set forth in Exhibit D if EPA determines that the failure to meet the milestone was a result of events beyond the control of LACSD which would render timely performance, in the judgement of EPA, unnecessary, unduly burdensome or expensive for LACSD. The SWRCB shall grant to LACSD appropriate extensions of the time to complete any of the milestones set forth in Exhibit D in the event of legal challenges, legislative acts, administrative orders, or other similar occurrences which prevent the LACSD from timely undertaking the actions necessary to implement this Agreement.

(h) Within sixty (60) days after LACSD's receipt of the proceeds from the sale of a property, LACSD must make payment to EPA and the SWRCB based on an amount equal to the proceeds from the sale, after deducting actual, reasonable selling expenses, including bid

document preparation and advertising expenses, from the sales proceeds. These payments will be made to EPA and the SWRCB in accordance with their proportionate share of Project costs as set forth in 3.9 below.

(3.9) Payments made to EPA and the SWRCB based on their proportionate share of Project costs will be calculated using the following percentages:

<u>Grant</u>	<u>EPA</u>	<u>SWRCB</u>
C-06-1833-110	84.97%	12.50%
C-06-1833-120	84.84%	12.50%
C-06-1833-130	83.19%	12.50%
C-06-1833-140	84.89%	12.50%

(3.10) The grant contracts described in Exhibit A are hereby terminated in accordance with the terms of this Agreement which becomes effective as of the date the Agreement has been signed by representatives of all of the Parties.

IN WITNESS WHEREOF the parties hereby execute this Termination Agreement on the dates set forth next to their signatures.



MICHAEL B. COOK
Director for Office of Wastewater Management
U.S. Environmental Protection Agency
401 "M" Street, SW
Washington, D.C. 20460

12/13/95
Dated



ALBERT STRAUSS
Acting Division Director
Water Management Division
U.S. Environmental Protection Agency
Region IX
75 Hawthorne Street
San Francisco, CA 94105

18 december 95

WALT PETTIT
Executive Director
State Water Resources Control Board
P.O. Box 100
Sacramento, CA 94812-0100

Dated

Leonis C. Malburg

LEONIS C. MALBURG
Chairperson, Board of Directors
County Sanitation District No. 2
Los Angeles County
Los Angeles, CA 90071

DEC 27 1995
Dated

ATTEST:

Patricia Spende

Secretary

APPROVED AS TO FORM

P. Richard Marsh

District Counsel

EXHIBIT A
Federal and State Grants Awarded to LACSD
For Carver-Greenfield Dehydration/Energy Recovery System

GRANT NO.	DESCRIPTION	DATE GRANT FIRST APPROVED	FINAL ELIGIBLE COST AFTER LAST AMENDMENT	FINAL ELIGIBILITY PERCENTAGE
C-06-1833-100	Design of Project	Sept. 30, 1981 (F) Nov. 13, 1981 (S)	\$10,877,790	75% (F) 12.5% (S)
C-06-1833-110	Purchase of Equipment: Steam Turbine/Generators and Fluidized Combustion/Air Pollution Control	June 22, 1984 (F) July 5, 1984 (S)	\$19,144,519	84.97% (F) 1/A 12.5% (S)
C-06-1833-120	Construction of Carver- Greenfield Sludge Dehydration Facility, Sludge Storage and Belt Conveyor Facilities	April 16, 1985 (F) April 12, 1985 (S)	\$66,179,200	84.84% (F) 1/A 12.5% (S)
C-06-1833-130	Construction of Energy Recovery and Support Facilities	March 28, 1986 (F) April 15, 1986 (S)	\$24,949,050	83.19% (F) 1/A 12.5% (S)
C-06-1833-140	Construction of Fluidized Combustion/Air Pollution Control Facility	Sept. 29, 1986 (F) Oct. 24, 1986 (S)	\$47,886,785	84.89% (F) 1/A 12.5% (S)

(F) - Federal Grant
(S) - State Grant
I/A - Innovative/Alternative Technology



COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY

1755 Workman Mill Road, Whittier, CA 90601-1400
 Mailing Address: P.O. Box 4998, Whittier, CA 90607-4998
 Telephone: (310) 699-7411, FAX: (310) 695-6139

CHARLES W. CARRY
 Chief Engineer and General Manager

August 4, 1994

File: 75-05.05-22

Mr. Jim Putman, Chief
 Loans and Grants Branch
 State Water Resources Control Board
 Division of Clean Water Programs
 2014 T Street, Suite 130
 Sacramento, CA 94244-2120

Dear Mr. Putman:

Closout Process for Clean Water Grants Nos.
 C-06-1833-100; C-06-1833-110; C-06-1833-120;
 C-06-1833-130 and C-06-1833-140

This is in reply to your letter dated June 2, 1994, regarding the closout process for the subject Clean Water Grants associated with the Carver-Greenfield Sludge Ddehydration/Energy Recovery System at the Joint Water Pollution Control Plant.

The telephone conversation of May 24, 1994 which was noted in your letter was part of a meeting with EPA Headquarters, EPA Region IX, yourself, and the District's staff to discuss the District's request for a finding of failed technology for the subject grants. There was agreement between all parties that the Carver-Greenfield Project was not cost effective and no additional public funds should be spent on this project. All parties agreed to proceed with termination of the grants under 40 CFR30.710 since continuation of the original project would not produce beneficial results.

The District cannot cost effectively use large portions of the Carver-Greenfield Project for ultimate sludge disposal. The District understood that EPA Headquarters will allow a six-month period to decide what facilities and equipment can be incorporated into the District's wastewater treatment system. It is critical to get concurrence from the SWRCB and EPA on the total grant eligible cost for this project and the procedures that will be followed for disposal of unneeded equipment and facilities. At the May 24 meeting, it was agreed such details will be resolved in the Termination Agreement. The District agreed to return the grant-funded percentage of any net funds received for salvage of the surplus equipment and facilities.

The District will dispose of the sludge that would have been treated by the Carver-Greenfield Project using a combination of landfill, composting/reuse, and land application. Please see the attached management plan for additional information. As part of the Termination Agreement, the District will not seek any additional State or Federal Government funds to modify or replace the Carver-Greenfield Project for the useful life of the Project.

August 4, 1994

The District will submit final payment requests for the individual grants as requested by your previous letter dated May 24, 1994. Please contact Mr. Thomas LeBrun should you have any questions.

Yours very truly,

Charles W. Carry
Charles W. Carry

CWC:ksn

cc: Jim Gratteau
Tom LeBrun
R. Gervais, EPA IX
R. Lec. EPA Headquarters

Management Plan for Sludge Not Treated
by Carver-Greenfield Project

The design capacity for the Carver-Greenfield Project presented in the 1980 LA/OMA Facilities Plan and in the District's 1981 Supplemental Project Report was 240 dry tons per day (1260 wet tons per day of dewatered sludge). The Carver-Greenfield Project was expected to handle 50% of the total projected year 2000 JWPCP marine secondary sludge loading of 475 dry tons per day.

The sludge originally planned for the Carver-Greenfield Project will be managed as part of the existing offsite disposal system used by the District.

MECHANICAL DEWATERING - The District has employed recent improvements in dewatering technology to produce a drier sludge for disposal. These improvements have resulted in a 25% decrease in the wet tons of sludge that would have been treated by the Carver-Greenfield Project.

The District will continue to evaluate improved dewatering technology and will install new equipment that is determined to be cost effective.

LANDFILL DISPOSAL - The Puente Hills landfill can accept an average of approximately 1600 wet tons per day of dewatered sludge. The District is in the final stage of acquiring a new permit for the landfill operations through November 2003. The previously adopted Waste Discharge Requirements state that there is an additional ten years capacity beyond 2003.

COMPOSTING/REUSE - There are three off-site composting facilities currently receiving sludge from JWPCP. The capacity of the three facilities is approximately 650 wet tons per day.

LAND APPLICATION - The capacity for land application is currently 300 wet tons per day.

FUTURE DISPOSAL SITES - The District anticipates requesting proposals in the near future for additional offsite disposal. The preparation of a program EIR is currently underway as part of the Joint Outfall System 2010 Master Plan. Based on interest expressed, there is potential significant capacity for off-site disposal in addition to that currently being utilized by the District.

STATE WATER RESOURCES CONTROL BOARD
DIVISION OF CLEAN WATER PROGRAMS
7014 T STREET, SUITE 130
O. BOX 944212
SACRAMENTO, CA 94244-2120

Carver Greenfield



227-4355
227-4349 FAX

JUN 02 1994

Mr. Charles W. Carry
Chief Engineer and General Manager
County Sanitation Districts of
Los Angeles County
P.O. Box 4998
Whittier, CA 90607-4998

Dear Mr. Carry:

CLOSEOUT PROCESS; LOS ANGELES COUNTY SANITATION DISTRICTS; CLEAN WATER GRANTS
NOS. C-06-1833-100; C-06-1833-110; C-06-1833-120;
C-06-1833-130; AND C-06-1833-140

Based on our phone conversation of May 24, 1994, it is my understanding that your agency does not intend to use the Carver-Greenfield Project for ultimate sludge disposal. In order to proceed with the closeout of the above grants, please inform us of your agency's plan for ultimate sludge disposal. The plan should cover the twenty (20) year planning period.

It is also my understanding that your agency will provide ultimate sludge disposal for the planning period at no further cost to the state and federal governments.

Please confirm the above understandings and provide a sludge disposal plan. We would appreciate your response by July 15, 1994. At that time, we will prepare draft instructions regarding the closeout procedures, and begin negotiations regarding the details.

Also, please note that we have previously requested that the final payment request be submitted. We will process the final payment requests, but we will delay requesting the audit until agreement on the closeout procedure is reached.

Please phone me at (916) 227-4355 if you have any questions.

Sincerely,

Jim Putman, Chief
Loans and Grants Branch

cc: Mr. Bob Gervais
U.S. EPA, Region 9

LACSD
Mr. James Gratteau
Mr. Tom LeBurn

C.W. CARRY

EXHIBIT C
Property to be Retained by LACSD

<u>Element</u>	<u>Grant</u>
1. Sludge Storage Silos #13-18	C-0601833-120
2. Belt Conveyors #45-50, 53 &54	C-06-1833-120
3. Truck Washing and Fueling Station	C-06-1833-120
4. Screenings Dewatering Station and Belt Conveyor 4B	C-06-1833-130
5. Instrumentation and Electrical Maintenance Building	C-06-1833-130
6. North Maintenance Building	C-06-1833-130
7. Water Supply Station	C-06-1833-130
8. Operator's Locker Room Expansion	C-06-1833-130
9. Railroad Spurs	C-06-1833-140
10. Diesel Tractors and Horizontal Pusher Trailers	C-06-1833-140
11. Physical Site Improvements including 12KV Electrical System and Switchboard No. 4S	C-06-1833-120, C-06-1833-130, & C-06-1833-140

EXHIBIT D

Schedule for Disposition
of Carver-Greenfield Project Facilities

<u>Milestone</u>	<u>Completion Date</u>
1. LACSD Submittal to SWRCB; Scope of Salvage Contracts	90 days after execution of Agreement
2. LACSD Completes CEQA Process	180 days after SWRCB approves LACSD's submittal, listed as item 1. above, if negative declaration required or 365 days after SWRCB approves LACSD's submittal if EIR required
3. LACSD Advertises First Salvage Contract	30 days after completion of CEQA Process
4. LACSD Opens Bids for Last Salvage Contract	150 days after SWRCB approves Plans and Specifications for first salvage contract