



WASTE MANAGEMENT

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BY HAND DELIVERY

June 26, 2007

Ms. Karen Smith
Executive Director
Alameda County Waste Management Authority
777 Davis Street, Suite 100
San Leandro, California 94577

Re: Alameda County Waste Management Authority (ACWMA) Compost Facility
Development Project

Dear Ms. Smith:

Waste Management of Alameda County (WMAC) appreciates the opportunity to provide comments regarding your recent letter dated May 21, 2007 and the upcoming Authority Board workshop to be held on June 27th in Livermore. Waste Management continues to be interested in developing a project in association with the Authority and we look forward to discussing the project opportunities and challenges with you in the near future. However, due to various scheduling conflicts of our project managers, we are unable to attend the workshop on June 27th. However, we would like to impress upon you that we are interested in continuing in productive dialogue with the Alameda County Waste Authority.

In lieu of attending the workshop, we felt it would be appropriate to identify some of recent issues we have been evaluating related to our proposed project and some of the other thoughts we have related to a partnership with the Authority.

Below I have summarized some of the more significant variables, which we would like to address with you as your process to consider prospective sites unfolds:

Favorable Site Characteristics: The physical characteristics of the Altamont Landfill are notably very favorable for locating a compost facility. The site consists of:

- Large flat box canyon site location
- Not visible from off property
- Excellent infrastructure (scales, roads, maintenance facilities, storage tanks etc.)
- Existing GW feedstock stream
- Ability to use/dispose of contaminated material on site

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- Favorable wind direction/conditions
- Excellent traffic access
- Located in-county with close proximity to all participating municipalities

WM recognizes that these characteristics are very favorable. Operationally, it just makes good sense and presents a cost effective and convenient location to perform this activity without significant or unnecessary capital investment or environmental impacts that may be associated with other locations.

Registration/Notification Level Compost Facility Status: WMAC has had an Operating Permit for a notification level compost facility since 2002. We have not developed this facility to date due to the fact that the Bay Area Air Quality Management District (BAAQMD) permits have not been secured. Currently, the BAAQMD is holding action on our Authority To Construct (ATC) permit application awaiting CEQA information from WMAC. We believed, since 2001, that this level of compost operation is consistent with the landfill's **current** permitted use. In fact, we wrote a letter to the Alameda County Planning Department and the LEA on August 5, 2002, discussing our position on the issuance of the Solid Waste Facilities Permit and that additional review was unnecessary by the Planning Department. The Planning Department did not respond to this letter.

However, when WM attempted to procure an ATC permit from the BAAQMD, this agency did not agree with our assessment and requested specific documentation from the Planning Department related to CEQA be provided. They have held our permit application since waiting for additional information from the Planning Department. Our recent discussions with Bruce Jensen, at the Planning Department, indicate that a project description and additional analysis would be necessary before they could determine if, in their view, CEQA was adequately addressed. Therefore, we are currently stalled on this project, unable to get the BAAQMD to issue a permit until additional and rather lengthy analysis and information is presented to the Planning Department and the Planning Department takes some action on the matter.

In addition, there are other BAAQMD requirements, which may deem this project difficult to permit and/or construct. VOC emission factors used for composting operations are unclear at this time. The South Coast Air Quality Management District (SCAQMD) has conducted studies that allegedly show very high VOC emissions from composting operations. Therefore, substantial VOC Offsets for this project and any other compost projects will be likely. Further, Best Available Control Technology (BACT) may require buildings or other emission capture technologies that could be costly as well.

Full Permit Food/Green Compost Facility: WM's intent was to initially develop the smaller notification level compost facility, then at a later date, develop the larger full permit food-green co-compost operation. However, given the existing conditions we are facing with the smaller facility at the BAAQMD, it may make more sense to develop the larger full sized facility. Currently, BAAQMD regulations are uncertain and could require significant mitigation and costs associated with emissions offsets, VOC removal

and odor control. Unless these costs can be controlled or reduced these additional measures may make a registration level and larger composting facility financially unfeasible.

In an attempt to better understand the various impacts, WMAC has been evaluating various composting technologies from a cost, operational feasibility and permit standpoint. To date, we have analyzed: windrows, aerated piles, Gore Technology, in-vessel composting and even anaerobic digestion. However, no technology stands out above the others and represents a solution to all the issues.

This is an area where WMAC would be very interested in working closely with the ACWMA, the County, the BAAQMD and interested parties to determine the pros and cons of the various technologies, and how they satisfy the concerns of each viewpoint. We believe strongly that if this facility is going to be successful we need to use an approach that works not only with the local community, but the permitting agencies and the stakeholders of the Company.

ACWMA-WM Partnership; Given many of the issues addressed above and based on our history related to this project, we would like to identify our paramount needs from the outset. We realize the importance of a public-private partnership and value the input not only from the Authority but the other various stakeholders. With this in mind, we would propose the following basic principles be present in a partnership;

- The Partnership would take the form of a subsidy agreement with ACWMA similar to C&D Materials Recovery Facility agreement developed for the Davis Street Transfer Station. WM believes strongly that a subsidy based on a rate per ton of compost produced is the simplest, best and most effective approach.
- WM appreciates the Authority's interest in pricing equity, but it must be understood that WM cannot ignore or modify its various franchise agreements that preclude the egalitarian pricing concept for all member agencies that the Authority was seeking. WM believes that subsidizing the back end compost production ensures equity for the various member jurisdictions and solves these issues.
- WMAC would be very interested working with the ACWMA staff and Board members in resolving the various potential BAAQMD permit issues and policy development as it relates to compost operations. Many of these issues are still being developed by the BAAQMD, and what they determine will have significant impact on all compost operations in the Bay Area.
- WMAC is interested in working with the Authority to help streamline the process of obtaining Planning department review of the project.
- WMAC would also request the support from the ACWMA in evaluating the various technologies and approaches to composting that are on the market today.

I hope this adequately describes the status of our project for you and helps identify areas of discussion. If you have any questions, please call me at 510-613-2142. We look forward to talking with you soon about this project and again apologize we were unable to attend the public workshop.

Sincerely,

A handwritten signature in black ink that reads "David Tucker". The signature is written in a cursive style with a large, looping initial "D".

David Tucker
Waste Management Of Alameda County

Attachment

cc: Brian Mathews

August 5, 2002

Ronald Gee
Senior Planner
Planning Department
Alameda County
399 Elmhurst St., Room 136
Hayward, CA 94544

Re: Registration Tier Composting Permit for Altamont Landfill and
Resource Recovery Facility, SWIS #01-AA-0289
File No. 18112.00410

Dear Mr. Gee:

The purpose of this letter is to confirm with your agency that the Alameda County Health Care Services Agency, the Lead Enforcement Agency (LEA) for the facility, properly issued the above-referenced registration level permit for composting and co-composting at the Altamont Landfill and Resource Recovery Facility on June 26, 2001. Accordingly, there is no additional permitting and/or environmental review required by the Alameda County Planning Department under either State or local law.

As you know, Waste Management of Alameda County, Inc. submitted its application for a registration level-composting permit to the California Integrated Waste Management Board on May 29, 2001. Pursuant to California Code of Regulations (CCR) Title 14, Section 18401.2(c), the Alameda County LEA, as the enforcement agency, was required to review the application by June 29, 2001 (within 30 days of Waste Management's submittal of its application) and determine whether the application met the requirements of Section 18104.1. One of these requirements is that the facility is consistent with the Alameda County Integrated Waste Management Plan (CIWMP) that, as you know, encourages and envisions the very type of waste reduction and diversion activities to be accomplished by Waste Management's Composting Project.

Further, on June 26, 2001, the LEA provided Waste Management with a letter indicating that the LEA found the application to meet the requirements of CCR Title 14 Section 18104.1 and to be correct and complete. In a letter dated August 14, 2001, the LEA confirmed that the California Integrated Waste Management Board was in agreement with the LEA and the Registration Permit was issued. Both letters are attached to this letter for your reference.

Pursuant to Section 18104.2(d), an enforcement agency is required to accept for filing an application that is deemed complete and correct in accordance with Section 18104.1. Further, once an application is accepted, the enforcement agency "shall issue a registration permit by mailing an executed form CIWMB 81 'Registration Permit'" to the applicant within five days of filing. (CCR 14 § 18104.2(e).) The LEA properly concluded that all statutory requirements were satisfied and issued the permit. This action was ministerial in nature and

therefore, no environmental review was authorized or required under the California Environmental Quality Act.

Moreover, no additional local environmental or permitting review is required or necessary. Indeed, as you know, the current Conditional Use Permit governing the Altamont (CUP 5512) contemplates both landfilling and resource recovery activities at the facility. Composting existing green waste streams to provide a recyclable product that would otherwise be landfilled is the very type of resource recovery activity contemplated by the CUP and expressly authorized by the regulatory level permit.

Moreover, the green waste transported to the Altamont is part of the ordinarily-accepted municipal solid waste stream already being transported to the Altamont. It merely gets diverted for composting and co-composting consistent with the expectations and mandates of the CIWMP, Measure D and AB 939. No additional truck trips or other impacts that would trigger a CUP review occur due to these diversion activities at the registration level.

These types of diversion activities as authorized by State law and contemplated by the uses permitted under the CUP do not constitute an expansion of use and therefore, no further environmental review of the project is required, authorized or necessary.

The facility is intending to begin construction of the registration level compost/co-compost facility in the next several weeks. It is likely that other agencies (i.e. the County Public Works Department) may request the status of the Planning Department's approval in this matter as applications for grading and/or other building permits are submitted. It is our belief that no additional review by the Planning Department is necessary in order to proceed with these permits and construction and we would appreciate your concurrence on the matter.

We thank you for your attention to this matter. If you have any questions, please feel free to call me.

Very truly yours,

Kenneth Lewis, P.E.
District Manager

Cc: Rick Acuna
Guy Petraborg
Thomas Peacock
Roel Meregillano
James Sorensen