



**THE PORT
OF LOS ANGELES**
Executive Director's
Report to the

Board of Harbor Commissioners

DATE: JANUARY 23, 2014

FROM: PLANNING & ECONOMIC DEVELOPMENT

SUBJECT: RESOLUTION NO. _____ - ISSUANCE OF A LEVEL II COASTAL DEVELOPMENT PERMIT (NO. 14-03) TO THE CITY OF LOS ANGELES BUREAU OF SANITATION FOR THE TERMINAL ISLAND RENEWABLE ENERGY PROJECT

SUMMARY:

The City of Los Angeles Bureau of Sanitation (BOS) is requesting a coastal development permit for the Terminal Island Renewable Energy Project (TIRE Project) at the Terminal Island Wastewater Treatment Plant (TIWTP). The TIRE Project is a demonstration project that produces methane gas, a renewable energy source, by injecting bio-solids deep underground. Staff is recommending that the Board of Harbor Commissioners (Board) approve Coastal Development Permit (CDP) No. 14-03, a Level II appealable permit for the proposed project.

RECOMMENDATION:

It is recommended that the Board of Harbor Commissioners:

1. Hold a public hearing for the proposed Level II appealable Coastal Development Permit No. 14-03;
2. Find that the proposed project is consistent with the Port Master Plan and the California Coastal Act of 1976, as amended, and find that this project will have no significant adverse environmental impacts as provided in the California Environmental Quality Act;
3. Upon closure of the public hearing, resolve to approve the issuance of a Level II appealable Coastal Development Permit No. 14-03, consistent with the project description listed on Application for Discretionary Project No. 131121-152 with the following Special Condition:

Special Condition No. 1: CDP No. 14-03 allows the TIRE Project to continue operation so long as Permit 853 is in effect and as long as the TIRE project is in compliance with all other applicable laws, regulations, and rules;

4. Adopt Resolution No. _____.

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DISCUSSION:

Background/Context – The BOS is applying for a new coastal development permit to construct a second injection well for the TIRE project, and to extend the length of time that the demonstration project is allowed to operate (Transmittal 1). The TIWTP has been in operation since the 1930s. The BOS operates the wastewater treatment plant under Permit No. 853, which expires on November 23, 2060.

The purpose of the TIRE project is to determine the operational feasibility of biosolid conversion into renewable energy via subsurface thermal biodegradation at the TIWTP. Under the project, biosolids are injected underground to a depth of approximately 5,500 feet to subject the organic material to high temperature and pressure in order to create methane gas that could be recovered and used as fuel.

Construction and operations for the TIRE project were initially approved by the Board in March 2007 under CDP No. 06-02, which limited the demonstration period of the TIRE Project to three years after initiating operations, which began in August 2008.

As of March 2011, the TIRE Project had not met their estimated goals for methane production. The coastal development permit from the Port was set to expire on August 2011. Additionally, the project's Environmental Protection Agency (EPA) underground injection control (UIC) permit was also set to expire in November 2012.

In April 2011, BOS applied for a new coastal development permit to continue operations of the TIRE program. The Board approved a one year operational extension in November 2011 under CDP No. 11-05. Operations were limited to one year to determine if BOS could secure a new UIC permit from the EPA. An additional operational year was added to CDP No. 11-05 in November 2012 by the Board since the EPA UIC permit was pending. On December 23, 2013, a new UIC permit (Transmittal 2) was granted to BOS. This UIC permit allows BOS to construct a second injection well and continue operations through December 23, 2018.

BOS applied in November 2013, prior to the expiration of CDP 11-05, for a coastal development permit to continue operations and construct a second injection well. Under the *Guidelines for Implementation of the Port of Los Angeles' Certified Port Master Plan*, the prior permit remains in effect while the Board considers this request.

The proposed construction cost of the injection well is \$3 million, which will be completely funded by BOS. BOS is also solely responsible for ongoing operation costs.

Staff recommends the Board approve CDP No. 14-03, a Level II appealable permit for the construction of the second injection well and the continuation of the TIRE Project. CDP No. 14.-03 contains Special Condition No. 1, which limits the operation of the TIRE Project to the provisions of BOS's existing lease, Permit No. 853, and as long as all

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other applicable laws, regulations, and rules, which include EPA UIC permit approvals, are met.

Coastal Permit Requirements – The proposed project, located in Master Planning Area 7, is a Level II appealable project in accordance with the definitions set forth in the *Guidelines for Implementation of the Port of Los Angeles' Certified Port Master Plan*. A Level II coastal development permit is required for developments that pose potential minor changes in the density and/or intensity of land and/or water use, or developments that may have minor environmental impacts which can be mitigated. The proposed project is a Level II coastal development permit as the development poses minor changes in the density and intensity of the land and there are no environmental impacts (Transmittal 3).

The proposed project has been found to be consistent with the Port Master Plan as the proposed development is an institutional use, which is an allowable use in Master Planning Area 7. The proposed project has been found to be consistent with Chapter 8 policies of the California Coastal Act of 1976, as amended. Specifically, the improvements are consistent with Section 30708 that provides beneficial uses consistent with the public trust.

Under Section 30715 of the California Coastal Act, coastal development permits issued by the Board of Harbor Commissioners are appealable if they involve a wastewater treatment facility. An appeal to the California Coastal Commission may be filed within ten working days of the Board's approval of CDP No. 14-03. Should an appeal be filed, the Coastal Commission shall hear the appeal and approve, modify or deny the proposed project unless the Commission determines that no substantial issue exists as to conformity with the port master plan, as outlined in Section 30600.5 (d).

The public notice for the proposed development was published on January 22, 2014 (Transmittal 4).

ENVIRONMENTAL ASSESSMENT:

The proposed action is issuance of a CDP to the BOS to extend the demonstration period and install a second injection well for the TIRE Project. The environmental impacts of the TIRE Project were analyzed in a Mitigated Negative Declaration which was certified in October 2006 and a Subsequent Negative Declaration which was certified in November 2011. Therefore, as an action for which the underlying project had previously been evaluated for environmental significance and processed according to the requirements of the California Environmental Quality Act (CEQA), the Director of Environmental Management has determined that the proposed action is exempt from the requirements of CEQA in accordance with Article II Section 2 (i) of the Los Angeles City CEQA Guidelines.

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ECONOMIC BENEFITS:

This Board action will have no employment impact.

FINANCIAL IMPACT:

Construction and ongoing operating and maintenance costs associated with the TIRE project will continue to be fully borne by the City of Los Angeles Bureau of Sanitation. The Bureau of Sanitation currently pays the Harbor Department \$1.17 million annually in rental compensation for use of Port property.

CITY ATTORNEY:

The office of the City Attorney has reviewed this matter and concluded that it raises no legal issues at this time.

TRANSMITTALS:

1. Site Location Map
2. Environmental Protection Agency underground injection control permit
3. CDP No. 14-03
4. Public Notice

FIS Approval: ldf (initials)
CA Approval: ldf (initials)



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APPROVED:



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ADP No. 131121-152