



THOMAS L. BOLICH
DIRECTOR OF PUBLIC WORKS

County of Santa Cruz

DEPARTMENT OF PUBLIC WORKS

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AGENDA: OCTOBER 16,2001

October 3,2001

SANTA CRUZ COUNTY BOARD OF SUPERVISORS

701 Ocean Street
Santa Cruz, California 95060

SUBJECT: BUENA VISTA LANDFILL GAS POWER PROJECT

Members of the Board:

On June 19,2001, your Board approved development of the Buena Vista Landfill Gas Power Project and directed Public Works to return with a status report on our progress. We have completed negotiations and executed an agreement with the California Department of Water and Power for electricity sales from our project. Plans and specifications for the facility are being finalized by the County's development partner on this project, Brown, Vence and Associates LFG, Inc. (BVALFG).

Regarding project financing, we were recently informed by BVALFG that the private equity investment firm they proposed for the outside financing component of this project has been having internal problems unrelated to this project. Public Works and BVALFG continued working with the investment firm as we were assured that the internal issues would be resolved. However, it soon became apparent to both BVALFG and Public Works that this company's problems were not being resolved. We decided it would be prudent to terminate any further activities with this company and instead pursue more conventional financing for the project. BVALFG has been working in conjunction with Public Works, the Auditor-Controller and the County Administrative Office on alternative financing structures for the project. The review and consideration of alternative financing structures was ongoing at the time of this status report.

Public Works has also recently received a new Federal Title V permit for the Buena Vista Landfill from the Monterey Bay Unified Air Pollution Control District (MBUAPCD). This new federal permitting program, implemented by the local air district, requires the landfill to implement a more expansive landfill gas collection program to further reduce surface gas emissions from the landfill to meet new federal clean air standards. As a result of this federal

mandate, the Buena Vista Landfill will soon be producing larger volumes of gas than originally projected. Plans for expanding our landfill gas collection system to meet this mandate are nearly complete and we anticipate putting this project out to bid by the end of this calendar year. The increased gas volumes will allow for a corresponding increase in the power plant output from two megawatts to three megawatts.

Public Works is continuing with other aspects of project development as the financing alternatives are considered. Ongoing activities include MBUAPCD permitting for the additional megawatt of power production, review of proposals for plant maintenance, and finalization of power grid interconnection and equipment specifications.

It is therefore recommended that the Board of Supervisors accept and file this report on the status of the Buena Vista Landfill Gas Power Project and direct Public Works to return on or before December 4, 2001, with a status report on alternative project financing.

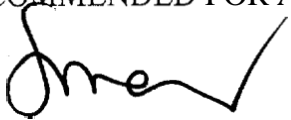
Yours truly,



THOMAS L. BOLICH
Director of Public Works

RPM:bbs

RECOMMENDED FOR APPROVAL:



County Administrative Officer

Copy to: Brown, Vence and Associates LFG, Inc.
Public Works Department

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