



County of Santa Cruz

DEPARTMENT OF PUBLIC WORKS

701 OCEAN STREET, ROOM 410, SANTA CRUZ, CA 950604070
(831) 454-2160 FAX (831) 454-2385 TDD (831) 454-2123

THOMAS L. BOLICH
DIRECTOR OF PUBLIC WORKS

AGENDA: MARCH 12, 2002

February 28, 2002

SANTA CRUZ COUNTY BOARD OF SUPERVISORS
701 Ocean Street
Santa Cruz, California 95060

SUBJECT: BUENA VISTA LANDFILL GAS POWER PROJECT

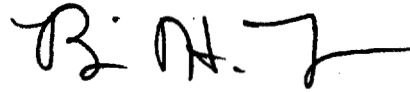
Members of the Board:

On January 15, 2002, your Board directed Public Works to return with a status report on the Buena Vista Landfill Gas Power Project. In our last correspondence to your Board, we informed you that there were several options for restructuring this project under consideration by our department. In our previous correspondence to your Board, we had also informed you that the outside private financing for this project was no longer available and that our project partner, Brown, Vence and Associates LFG Inc. (BVALFG), has been working on securing new private outside financing for the project. We also informed your Board that grant financing through the California Energy Commission (CEC) and power sales through the California Department of Water Resources (DWR) were going to expire and staff was seeking extensions from these agencies.

Public Works is continuing to work with BVALFG on alternative financing structures including partnering with private outside financial institutions specializing in energy projects and/or use of low interest state loan funds specific to new and renewable energy projects. We have also recently received notice from the CEC that an extension on our grant funding is available and we are working closely with CEC staff to complete the extension request process. DWR has not yet responded to our request for an extension, but we are hopeful that they will continue to support our efforts to increase alternative energy options in our state. It is Public Works' opinion that the project can move forward under an extended schedule once the funding extension is approved by the CEC and DWR. In order to take advantage of pending new energy tax credit legislation that would benefit our project, we are requesting 12 to 18 month extensions on both funding agreements. The extended time frame will allow for proposed new energy tax credit legislation and renewable resource grant programs to be implemented at the state and federal levels and for staff to evaluate other financial structures for this project.

It is therefore recommended that the Board of Supervisors accept and file this report on the Buena Vista Landfill Gas Power Project and direct Public Works to return with a project status report on or before September 24, 2002.

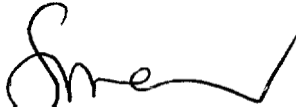
Yours truly,



For THOMAS L. BOLICH
Director of Public Works

RPM:bbs

RECOMMENDED FOR APPROVAL:



County Administrative Officer

copy to: Brown, Vence and Associates LFG, Inc.
Auditor-Controller
Public Works Department