

ORDINANCE NUMBER O- **18235** (NEW SERIES)

ADOPTED ON DEC 04 1995

AN ORDINANCE AUTHORIZING PRIVATIZATION
AGREEMENTS FOR A MIRAMAR LANDFILL GAS
COLLECTION AND COGENERATION PROJECT.

WHEREAS, The City of San Diego operates the Miramar Solid Waste Landfills at NAS Miramar, where decomposition of refuse generates substantial quantities of methane gas that must be collected and disposed of in a manner consistent with air quality laws and regulations; and

WHEREAS, construction of landfill gas collection systems for the Miramar Landfills will require significant capital outlay; and

WHEREAS, the City is constructing a biosolids processing facility at NAS Miramar, known as the Northern Sludge Processing Facility, whose operation will produce digester gas and will have significant demands for electrical and thermal energy, while other present or future projects at or near NAS Miramar may also have demands for energy products; and

WHEREAS, the methane gases recovered from the Miramar Landfills and biosolids digesters have asset value, such that rather than being flared for purely regulatory purposes and thereby wasted, the gases may be beneficially used to produce low cost energy products if collected, processed, and conveyed for combustion in an energy cogeneration facility; and

WHEREAS, the cost of constructing and operating landfill gas collection systems, and the cost of energy products needed for operation of the biosolids plant and other facilities, can be defrayed and reduced by "privatizing" the finance, design, construction, and operation of certain landfill gas collection systems and cogeneration facilities; and

WHEREAS, following open solicitation of offers from the private sector for privatization of the gas collection and cogeneration systems, agreements have been negotiated with the NEO Corporation and with Minnesota Methane, LLC, which provide for private financing, design, construction, and operation of landfill gas collection systems and cogeneration facilities, and which will provide for the sale of reliable energy products to the City at favorable rates for years to come; NOW, THEREFORE,

BE IT ORDAINED, by the Council of The City of San Diego, that the City Manager is hereby authorized and empowered, for and on behalf of the City, to execute leases and agreements for the PRIVATIZATION OF LANDFILL GAS COLLECTION AND COGENERATION at the Miramar Landfill and Northern Sludge Processing Facility, as follows:

1. A lease to NEO Corporation of rights to methane gas from the Miramar Landfills and the Fiesta Island Replacement Project digesters, in consideration for said NEO Corporation financing, designing, constructing, and operating the North, West Phase I, and West Phase II landfill gas collection and conveyance systems, under the terms and conditions set forth in the LANDFILL GAS LEASE AND OPERATING AGREEMENT, on file in the office of the City Clerk as Document Number OO- 18235 -1.

2. An agreement with Minnesota Methane, LLC, providing for the finance, design, construction and operation of a cogeneration facility to be situated adjacent to the Northern Sludge Processing Facility, in consideration for City rights and obligations relating to the favorable purchase of electrical and thermal energy products from said Minnesota Methane, LLC, under the terms and conditions set forth in the PRIVATIZED COGENERATION FACILITY AND ENERGY SALES AGREEMENT, on file in the office of the City Clerk as Document Number OO-18235-2.

3. An agreement subleasing to MINNESOTA METHANE, LLC, certain real property at NAS Miramar which has been leased or licensed to the City by the United States Navy, for purposes of enabling said Minnesota Methane, LLC, to construct and operate a privatized cogeneration facility adjacent to the Northern Sludge Processing Facility, under the terms and conditions set forth in the COGENERATION FACILITY SITE LEASE, on file in the office of the City Clerk as Document Number OO-18235-3.

BE IT FURTHER ORDAINED, that this ordinance shall take effect and be in force on the thirtieth day from and after its passage.

APPROVED: JOHN W. WITT, City Attorney

By Frederick M. Ortlieb
Frederick M. Ortlieb
Deputy City Attorney

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