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**Challenges to the Procurement of
a New Landfill Gas Beneficial Use
Contract as an Existing Contract Expires**

Presented by:

**Rick Sapir
Hawkins DeLafield & Wood LLP**

esapir@hawkins.com

973-642-1188

LANDFILL GAS BENEFICIAL USE PROJECTS

CLIENT	YEAR OF CONTRACT EXECUTION	TERM
City of San Diego (CA)	1995	20 years
Monmouth County (NJ)	1995	25 years
Warren County Pollution Control Financing Authority (NJ)	2005	15 years
Cumberland County Improvement Authority (NJ)	2007	15 years
Flathead County (MT)	2008	20 years
Wake County (NC) – South Wake Landfill	2010	15 years
Virgin Islands Waste Management Authority (USVI)	2011	10 years
City of Glasgow (KY)	2014	10 years
City of Greensboro (NC)	2015	15 years
Wake County (NC) – North Wake Landfill	2015	10 years

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TYPES OF BENEFICIAL USE PROJECTS

■ Gas-to-Electricity	(431)
■ Co-Generation	(46)
■ Direct Use	(127)
■ Upgrade to Pipeline	(41)
Total =	645

PROJECT DRIVERS

- Revenues
- Cost Avoidance
- Environmental Compliance
- Sustainability
- Technical Expertise

VARIOUS OWNERSHIP/OPERATIONS MODELS

- Developer Owned and Operated
- Publicly Owned and Privately Operated
- Publicly Owned and Operated

CHALLENGES TO OBTAINING BENEFITS OF GAS FOLLOWING EXPIRATION OF EXISTING CONTRACT

- Extend or Re-negotiate Contract with Existing Developer
Risk – leave something on the table
- Procure New Contract Through Open Competition
Risk – Perceived Advantages of Owner of Existing Project
Dampens Competition

WHY UNDERTAKE PROCUREMENT?

- Required Under Most State Law
- Avoid Perception of Sweetheart Deal
- Good Public Policy – Competition is Good
- Better Deal (Hopefully)
- Avoid Frustrating Negotiation

KEYS

- Minimize Potential Proposers' Perceived Advantages of Incumbent Developer
- Maximize Perceived Competition to Incumbent Developer

LEVELING THE PLAYING FIELD

- Structure Procurement and Contract that is Not Inherently Favorable to Incumbent
- Access to Data and Information
- Term Length Long Enough to Amortize Investment
- Access to Facilities
- Purchase of Existing Project if Financially Beneficial
- Requirement for all New Equipment (Especially if Existing Equipment is at End of Useful Life)

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NORTH WAKE LANDFILL PROJECT

- Contract Date - December 22, 1995
- Between Wake County and Wake County Gas Co. LLC (“Company”)
- Term – 20 years

SIGNIFICANT PROVISIONS

- Company had Exclusive Right to Collect and Utilize Landfill Gas
- Company Responsible for Designing, Financing, Building and Operating:
 - Gas Collection Station
 - Compressor Station
 - Beneficial Use Project – Pipeline
 - Flare
- Annual Payment to County of \$8,400

END OF TERM

- Company to Remove All Equipment and Seal Pipes
- Underground Gas Collection System Transferred to County
- Within 2 Weeks after Expiration, Company to Offer to Sell Above-Ground Gas Collection System at FMV

BENEFICIAL USE PROJECT

- Company Negotiated Gas Supply Contract with Industrial Facility on Adjacent Property
- Company Designed, Financed and Built Pipeline to Gas Purchaser
- Gas Flow During the Term Peaked at about 2250 cfm

PREPARATION FOR END OF TERM

- County Attempts to Re-negotiate More Favorable Terms were Unsuccessful
- County Made Decision to Re-Procure

MEASURES TO LEVEL PLAYING FIELD

- Attempted to Purchase Above-Ground Collection System
- Required All Proposers to Provide New Above-Ground Collection System
- Allowed Alternative Proposals
- A 10-Year Term (2 Possible 5-Year Renewal Terms)

MEASURES TO LEVEL PLAYING FIELD (CONT'D)

- Allowed for Any Type of Beneficial Use Project
- Provided LFG Curve, Extraction Well Data and LFG Sample Results
- Made Pre-Proposal Conference Non-Mandatory
- Provided Clear and Comprehensive Landfill Gas and Site License Agreement

RESULTS

- Only Proposal Received From Incumbent
 - Perhaps Due to Perceived Advantage
 - Perhaps Due to Market Conditions
- Proposal Was Far Superior to Previous Deal
 - Perhaps Company Perceived That There Would Be Competition

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TERMS OF NEW CONTRACT

- County Received Up-Front Payment of \$260,000
- County to Receive License Payment Equal to:
 - 22% of the Company's Monthly Gross Revenues From Project (% increases if Contract is Renewed)
 - 50% of the Value of Any Tax Credits
 - Minimum Annual License Payment (\$28,000 in 2016)

TERMS OF NEW CONTRACT (CONT'D)

- County Received All Existing Above-Ground Gas Collection System Including Blower and Flare Equipment for Free
- County Received a Parent Guaranty
- County Right to Purchase Beneficial Use Project Prior to Expiration

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WRAP UP AND QUESTIONS

Rick Sapir
Hawkins Delafield & Wood LLP
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esapir@hawkins.com