



Blue Diamond Growers

ROGER J. BACCIGALUPPI
PRESIDENT
CHIEF EXECUTIVE OFFICER

September 19, 1988

The Honorable Anne Rudin
Mayor of Sacramento
City Hall
915 "I" Street
Sacramento, California 95814

Dear Anne:

About eighteen months ago we put together a deal with the City of Sacramento and Laidlaw Gas Recovery Systems to remove landfill gas from the city landfill behind our cogeneration plant and burn this gas in our cogeneration plant boiler. Each party benefited:

- Blue Diamond Growers was assured of a long term supply of fuel at a reasonable price.
- The City of Sacramento avoided the costs of installing an expensive landfill gas collection system and was assured of a royalty payment for each unit of gas removed.
- Laidlaw would make a profit on the collection system and receive a long term cash flow from us as the gas was delivered.

The deal came apart when we had discussions with the Sacramento County Air Pollution Control District, (APCD). The cost of the continuing tests required by APCD and the risk of sinking full development costs into the landfill and then having APCD revoke the operating permit made the business risk too great. Both Blue Diamond Growers and Laidlaw Gas Recovery Systems decided to call it quits.

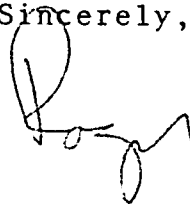
The latest development is that the City of Sacramento has decided to install a gas collection and flaring system to control landfill gas migration wherein all costs of the design and installation will be borne by the City. The flaring system costs are anticipated to be in excess of \$250,000 and may be significantly higher depending on the system design. The amount of gas which will be drawn off and burned in the open by this system is equivalent to the amount of landfill gas we originally proposed burning under controlled conditions in the cogeneration plant boiler.

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While we respect APCD's obligation to protect the public's health, the idea that burning landfill gas in a boiler generates a health risk and flaring it on City property does not is nonsense. If there is a health risk, neither course of action is acceptable. If there is not a health risk, burning landfill gas in the cogeneration plant boiler is the best way to solve the problem.

I would greatly appreciate any assistance you can provide in resolving this issue with the APCD.

Sincerely,

A handwritten signature in black ink, appearing to be "Rudin", written in a cursive style.

cc: Norm Covell, Director, Environmental Management Department
David A. Pelser, Solid Waste Division Manager,
City of Sacramento
George R. Jansen, Vice President
Laidlaw Gas Recovery Systems
✓ City Council
Walter Slipe, City Manager