



RESOLUTION NO. 39927

1 A RESOLUTION relating to renewable energy; authorizing execution of an
2 Energy Services Contract with McKinstry Essention, Inc., in the amount of
3 \$6,200,000, including sales tax, budgeted from the Wastewater Fund, to
4 design, install, and construct a facility to process excess bio-gas released
as a by-product of treating wastewater at the City's Central Wastewater
Treatment plant.

5 WHEREAS, in accordance with the 2008 Climate Action Plan and the
6 Environmental Action Plan, the City has committed to reducing its greenhouse gas
7 emissions, and

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9 WHEREAS the Environmental Services Department ("ESD") is challenged
10 with providing its ratepayers vital utility services at an economical price, and

11 WHEREAS, when bio-gas (methane) is processed, it can be used
12 interchangeably with natural gas and sold in the market place as a commodity, and

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14 WHEREAS, according to the Environmental Protection Agency, using
15 methane from this source will reduce greenhouse gasses by at least 60 percent
16 compared to diesel fuel or natural gas extracted from the earth; in addition, if
17 processed bio-gas is used for vehicle fuel, it is eligible for an environmental credit,
18 and

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20 WHEREAS the sale of bio-gas for use as a transportation fuel is a
21 necessary step in creating Renewable Identification Numbers ("RINs"); doing so
22 will create a public benefit by reducing greenhouse gas emissions by at least
23 60 percent, supporting the use of renewable fuels for transportation purposes, and
24 increasing the revenue received by the ESD, and

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WHEREAS the opportunity to reduce greenhouse gas emissions while generating revenue to the wastewater utility through the sale of a valuable commodity represents an extraordinary opportunity, and

WHEREAS, on October 11, 2017, ESD staff briefed the Infrastructure, Planning and Sustainability Committee regarding the details of the proposed Bio-Gas Utilization Project, and

WHEREAS RCW 39.35A allows local governments, after a competitive selection process, to negotiate one or more performance-based energy contracts with an energy service company ("ESCO") to reduce the energy use or energy cost of an existing building or facility, and

WHEREAS, in 2010, the City issued a request for proposals for an ESCO contractor to conduct investment grade energy conservation audits and provide energy equipment and services pursuant to performance-based contracts, and selected McKinstry Essention, Inc. ("McKinstry"), to provide such services to the City, and

WHEREAS, pursuant to a 2014 services agreement, McKinstry conducted an investment grade audit for the Central Wastewater Treatment Plant and recommended three energy savings project: (1) 09.02-CTP Upgrade Lighting with LEDS; (2) 22.04-CTP Upgrade Digester Mixing; and (3) 22.05-CTP Install Biogas Treatment Station and Improve Heat Recovery ("Biogas Project"), and

WHEREAS, on October 11, 2017, ESD staff briefed the Infrastructure, Planning and Sustainability Committee regarding the details of the proposed energy savings projects, and



1 WHEREAS, on December 19, 2017, the City Council approved Resolution
2 No. 39897, authorizing execution of an agreement with IGI Resources, Inc. for the
3 sale and purchase of renewable natural gas anticipated to be derived from
4 processing excess bio-gas released from the Central Wastewater Treatment Plant
5 using processing facilities designed, constructed, and installed by McKinstry, and

6 WHEREAS, concurrent with this resolution, is a resolution approving
7 agreements with Puget Sound Energy for the construction of a gas pipeline and
8 delivery of processed bio-gas to Puget Sound Energy to enable the purchase and
9 sale of renewable natural gas by IGI Resources, Inc., and
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11 WHEREAS, it is necessary to enter into a performance-based contract with
12 McKinstry to complete the design, construction and installation of the three
13 proposed energy savings projects, in the amount of \$6,200,000, including sales
14 tax, budgeted from the Wastewater Fund, and
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16 WHEREAS it is expected that the energy savings from the first two projects
17 and that the revenue derived from the sale of processed bio-gas with RIN credits
18 will exceed the debt service costs for the projects including the ongoing costs of
19 maintenance and operations for the life of the bio-gas processing facility; Now,
20 Therefore,
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22 BE IT RESOLVED BY THE COUNCIL OF THE CITY OF TACOMA:

23 That the proper officers of the City are hereby authorized to execute the
24 Energy Services Contract with McKinstry Essention, Inc., in the amount of
25 \$6,200,000, including sales tax, budgeted from the Wastewater Fund, to commence
26 and complete the three energy savings projects, including the construction of a



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facility to process excess bio-gas released as a by-product of treating wastewater at the City's Central Wastewater Treatment plant, said agreement to be substantially in the form of the document on file in the office of the City Clerk.

Adopted _____

Mayor

Attest:

City Clerk

Approved as to form:

Chief Deputy City Attorney