



RESOLUTION NO. 39897

1 A RESOLUTION relating to renewable energy; authorizing the execution of a
2 base agreement with IGI Resources, Inc., for the sale and purchase of
3 natural gas derived from processing excess bio-gas released as a
4 by-product of treating wastewater at the City's Central Wastewater
5 Treatment Plant.

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

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,
13 and

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
18 credit, and

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

WHEREAS the Project requires an agreement with a natural gas buyer/re-seller, in order to sell bio-gas processed at the Central Wastewater Treatment Plant for use as a vehicle fuel and to receive environmental credits, and

WHEREAS the proposed agreement with IGI Resources, Inc. (“IGI”) generally conforms to the North American Energy Standards Board Base Natural Gas Sale and Purchase Contract, and consists of (1) the Base Contract, (2) the General Terms and Conditions, (3) the Special Provisions, and (4) the Transaction Confirmation Form, which together define the terms and conditions governing the City’s sale of renewable natural gas (“RNG”) to IGI for re-sale to RNG purchasers, and

WHEREAS the Agreement provides for the following: (1) allows ESD to tap into the lucrative economic value of renewable transportation fuels through the Federal Renewable Fuel Standard, known as RINs, and any applicable state programs; (2) generates an estimated net revenue of \$5,000,000, after capital, operating, and interest costs, over the life of the Project by selling the Renewable Natural Gas (RNG) with the associated RINs; (3) enables ESD to reduce



greenhouse gas emissions by providing an alternative to fossil fuels; and

1 (4) encourages the use of renewable transportation fuels, and

2 WHEREAS the proposed Project will also require future City Council
3 approval of (1) a performance-based design-build contract with an energy service
4 contractor selected pursuant to the provisions of RCW Chapter 39.35A, which
5 contract will include a performance guarantee associated with the design,
6 construction, and operation of the bio-methane gas processing facility and a
7 maximum project allowable cost; (2) an ongoing services agreement with the
8 energy services contractor, (3) an engineering services and construction
9 agreement with Puget Sound Energy, Inc. ("PSE") for the design and
10 construction of a natural gas pipeline to interconnect PSE's pipeline to the
11 processing facility to provide for delivery by PSE of the City's processed bio-gas
12 to the market for sale and purchase; (4) a Receipt Service Agreement and Safety
13 contract with PSE to provide for PSE's receipt and conveyance of processed
14 bio-methane gas from the City; and (5) an easement with PSE for the installation,
15 maintenance, and operation of PSE's natural gas pipeline at the Central
16 Wastewater Treatment Plant, and

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20 WHEREAS the total cost of this Project is anticipated to be \$12,138,000,
21 to be financed through issuance of debt by the City wherein the debt service for
22 these facilities will be paid by revenues derived from the sale of processed
23 bio-gas and environmental credits, and
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WHEREAS it is expected that the revenue derived from the sale of processed bio-gas with RIN credits will exceed the debt service costs and the ongoing costs of maintenance and operations for the life of the bio-gas processing facility; Now, Therefore,

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF TACOMA:

That the proper officers of the City are hereby authorized to enter into an agreement with IGI Resources, Inc., for the purpose of buying and reselling renewable natural gas and its environmental attributes on the City's behalf for use as a vehicle fuel, said agreement to be substantially in the form of the documents on file in the office of the City Clerk.

Adopted _____

Mayor

Attest:

City Clerk

Approved as to form:

Chief Deputy City Attorney