
**CITY OF TEMPE
REQUEST FOR COUNCIL ACTION****Council Meeting Date: 06/23/2016
Agenda Item: 5C8**

ACTION: Adopt a resolution for conditional approval of the contractual disposition of products contributed to the 91st Avenue Sewage Treatment Plant, in accordance with the terms and conditions of the Biogas Project Agreement and the Biogas Project Lease Agreement, between the City of Phoenix, as Management Agency of the 91st Avenue Sewage Treatment Plant, and Ninety-First Avenue Renewable Biogas, L.L.C., a Delaware limited liability company. (Resolution No. R2016.72)

FISCAL IMPACT: As provided in the Agreements, Ninety-First Avenue Renewable Biogas, L.L.C., will assume risk of financial loss from the project while paying the Multi-City Subregional Operating Group partner cities an estimated \$24 million over a 20-year period, of which Tempe's share would be approximately 9%, or \$2,160,000, (or \$108,000 per year) which monies can be used to offset the costs of operating, constructing, and maintaining the Plant.

RECOMMENDATION: Adopt Resolution No. R2016.72.

BACKGROUND INFORMATION: Ninety-First Avenue Renewable Biogas (91RB) will design, finance, construct, permit, own, operate, manage, and maintain the biogas project facilities, thus assuming all the risk of financial loss from the project. 91RB will pay the SROG partners for the biogas, assuming it meets the volumes and characteristics described in the Agreement, plus annual bonus revenue based on net revenues received by 91RB. Current estimated total revenue to SROG partners based on this formula is approximately \$1.2 million per year. Benefits will be distributed among the SROG partners in proportion to their wastewater loadings at the 91st Ave. WWTP. Approval by the City of Tempe is conditional upon approval by the City's bond counsel.

In 1979, the City entered into an Intergovernmental Agreement (IGA No. C-1294) with a multi-city group for the construction, operation, and maintenance of regional wastewater treatment and transportation facilities. The IGA partner cities include Tempe, Glendale, Mesa, Phoenix, and Scottsdale and are referred to as the Multi-City Subregional Operating Group, or SROG. In addition to wastewater collection and conveyance infrastructure, the IGA provides for joint ownership of the 91st Avenue Wastewater Treatment Plant (91st Ave. WWTP) by the SROG partners and assigns the City of Phoenix as the Management Agency for the SROG partners.

In the fall of 2012, Phoenix, acting as Agent to the SROG partners, issued an open solicitation to attract a qualified team to treat and use the renewable digester biogas generated at the 91st Ave. WWTP (biogas is a byproduct of wastewater sludge digestion and is currently burned through a flare and wasted to the atmosphere). Through this public procurement process Ameresco, Inc., was selected to convert the wasted digester biogas into a renewable energy source. Phoenix negotiated a Biogas Project Agreement and a Biogas Project Lease Agreement with Ninety-First Avenue Renewable Biogas (91RB), a subsidiary of Ameresco, Inc. The Agreements allow for sale of the biogas produced at the 91st Ave. WWTP and leasing of Plant property adjacent to the anaerobic digesters for 20 years for construction and operation of a biogas facility.

ATTACHMENTS: Resolution, Draft Biogas Project Agreement, Draft Biogas Project Lease Agreement.

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