



## BOARD OF COMMISSIONERS

# AGENDA REQUEST & STAFF REPORT

**MEETING DATE:** April 26, 2023

**SUBJECT:** Agreement with Cascade Natural Gas for the sale of landfill gas generated at Knott Landfill

**RECOMMENDED MOTION:**

Move approval of County Administrator signature of Document No. 2023-115, an agreement with Cascade Natural Gas Corporation for landfill gas sales.

**BACKGROUND AND POLICY IMPLICATIONS:**

In November 2021, The Solid Waste Department issued a Request for Proposals soliciting for the beneficial use of methane gas generated at Knott Landfill. Proposals were received from 4 private developers and 2 public utilities. A proposal review and selection committee consisting of staff from the Solid Waste, Road and Finance departments, Commissioner Chang and a technical consultant reviewed the proposals and elected to move forward with negotiation of a landfill gas sales agreement with Cascade Natural Gas Corporation (CNGC).

The agreement will provide for the sale of landfill gas (LFG) generated at Knott Landfill to CNGC. As part of the agreement, CNGC will construct a Renewable Natural Gas Production Facility at Knott Landfill for the conditioning and extraction of methane from the LFG. CNGC will also construct a transmission pipeline from Knott Landfill to a connection point in their local natural gas distribution network for consumption by CNGC's local customers. The agreement also provides for cooperative operation and expansion of the LFG collection system at Knott Landfill, as well as regulatory permitting and reporting under the Solid Waste Department's Title V Air Quality Permit.

CNGC will be responsible for all costs associated with the design, permitting and construction of their RNG Production Facility and transmission pipeline, as well as expansion of the existing LFG collection system at Knott Landfill for RNG production. CNGC estimates that permitting and construction of the production facility will take approximately two years.

The Solid Waste Department will receive 30% of the revenue from the production of RNG based on a natural gas spot pricing index (New York Mercantile Exchange Henry Hub Index). The pro-forma provided by CNGC with their proposal estimates revenue received from the project will range from approximately \$350,000 to a peak of \$640,000 per year, based on a 20 year initial project lifespan and LFG generation rates modelled for Knott Landfill. The agreement allows for extension of the agreement in 5-year increments beyond the initial 20-year term.

**BUDGET IMPACTS:**

None. The project will provide a revenue stream to the Solid Waste Department.

**ATTENDANCE:**

Chad Centola, Director of Solid Waste

Tim Brownell, Incoming Director of Solid Waste