

Mayor and Council Communication

DATE: 08/13/24

M&C FILE NUMBER: M&C 24-0695

LOG NAME: 22SELF RENEWABLE NATURAL GAS SERVICE AGREEMENT RFP24-0224

SUBJECT

(ALL) Authorize the Execution of a Service Agreement with Archaea Energy Services LLC to Develop a Landfill Gas to Renewable Natural Gas Conversion System to Beneficially Use Landfill Gas Generated by the City of Fort Worth Southeast Landfill Located at 6288 Salt Road, Fort Worth, Texas, 76140

RECOMMENDATION:

It is recommended that City Council authorize the execution of a Service Agreement with Archaea Energy Services LLC to develop a Landfill Gas to Renewable Natural Gas Conversion System to beneficially use landfill gas generated by the City of Fort Worth Southeast Landfill located at 6288 Salt Road, Fort Worth, Texas, 76140.

DISCUSSION:

Biogas produced at landfills is commonly called landfill gas. High-quality biogas, or landfill gas, can be recovered and treated to produce renewable natural gas (RNG) through a RNG facility. RNG is a renewable energy resource that can be used as natural gas to provide heat, generate electricity, and fuel transportation networks, among other uses. RNG facilities also help reduce greenhouse gas emissions and provide related environmental benefits.

On November 5, 2002, City Council authorized City Secretary Contract No. 28336 with Allied Waste Systems, Inc. d/b/a Republic Services, Inc. ("Lessee"), to lease and operate the City's ("Lessor") Southeast Landfill. This contract and resulting amendments allowed Republic Services to lease and operate the landfill until December 31, 2033, and obligated Republic Services to accept disposal of solid waste collected by the Lessor's residential curbside collections contractor with certain exceptions (such as recyclables and bulk waste).

Section 2.08 of the lease states that the Lessee has the right and obligation to control landfill gas in compliance with applicable law and government approvals. Beneficial use of landfill gas requires mutual agreement between the Lessor and Lessee.

Section 2.09 of the lease provides that the Lessor retains all rights to any pollution credits, greenhouse gas credits, or similar credits that may be available with respect to the Southeast Landfill.

On May 24, 2024, City Environmental Services Department issued a voluntary Request for Proposal (RFP) to procure an agreement for the financing, engineering, design, planning, permitting, development, operations, and maintenance of a Landfill Gas to Renewable Natural Gas (RNG) Conversion project located at the Southeast Landfill. The selected vendor will own, operate, and maintain the plant on the Lessor's property. As outlined in the scope of work, the selected vendor will market any RNG available for beneficial use to end users. In addition, the RNG facility will generate Renewable Identification Numbers (RINs) under the Environmental Protection Agency's (EPA) Renewable Fuel Standards Program from produced RNG. The selected vendor will, at its sole cost and expense, register or generate such RINs. RINs can be sold to entities in the marketplace to utilize as credits for their regulatory compliance. The selected vendor will retain all rights to any RINs generated at the RNG facility, and the proceeds from the sale of RINs will be divided between the City and Republic Services.

The City and Republic Services selected five (5) firms to participate in this voluntary Request for Proposals (RFP) process. No City funds will be used for the development of a RNG facility under this RFP process, and this project is exempt from local government procurement rules.

Environmental Services Department issued RFP No. 24-0224 by invitation only to the five (5) selected vendors with demonstrated expertise in renewable natural gas and landfill gas conversion projects. The RFP consisted of specifications describing the vendor's responsibilities, regulatory requirements, compensation methods, project implementation, and other requirements to perform the services.

The evaluation panel consisted of representatives from Environmental Services, Development Services, Financial Management, and Aviation Departments. The panel also included three (3) representatives from Republic Services. The City of Fort Worth scored the responses using best value criteria. All five (5) firms were interviewed on July 22, 2024, and July 23, 2024. The City requested Best and Final Offers (BAFOs) from the two leading firms. The individual scores were averaged for each of the criteria and the final scores are listed in the table below:

Best Value Criteria:

- a. Experience and Qualifications
- b. Proposed Approach
- c. Regulatory, Contractual, and Safety Compliance
- d. Landfill Operation Impacts

- e. Project Schedule
- f. Financial Capacity
- g. Financial Proposal

Proposer	Evaluation Factors							Total Score
	a	b	c	d	e	f	g	
Morrow Renewables, LLC	15	14	3.625	3.625	3.25	4.25	33	76.75
Redtail Renewables Holdings, LLC	1.5	9.5	3.375	2.25	2.75	2.875	0	22.25
Archaea Energy Services LLC	18	17.5	4	3.875	3	4.875	40	91.25
LNG Indy, LLC (Kinder Morgan RNG)	16	14	4	3.5	4.125	4.375	27	73
Morrow Energy	7	6.5	2.125	1.375	1.875	1	0	19.88

After evaluation and interviews, the panel concluded that Archaea Energy Services LLC meets the RFP's screening criteria and presents the best value to the City. Therefore, the panel recommends that the City Council authorize an agreement with Archaea Energy Services LLC.

FUNDING: No funding is required by the City.

BUSINESS EQUITY: A waiver of the goal for Business Equity subcontracting requirements was requested and approved by the Diversity and Inclusion Department (DVIN) in accordance with the applicable Ordinance, due to no City funding for the project.

EXEMPT PROCUREMENT: The City Attorney's Office has determined that solid waste services may be exempt from competitive bidding under provisions stated in Chapter 252 of the Texas Local Government Code as necessary to preserve or protect the public health or safety of the municipality's residents. Nevertheless, the City chose to voluntarily procure this agreement through a competitive process, as allowed, to ensure the City receives a fair and equitable contract.

FISCAL INFORMATION / CERTIFICATION:

The Director of Finance certifies that approval of this recommendation will have no material effect on City funds.

Annual revenues will vary based on markets.

Submitted for City Manager's Office by: Valerie Washington 6199

Originating Business Unit Head: Cody Whittenburg 5455

Additional Information Contact: Sarah Czechowicz 5164

Expedited