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Agenda Date: 01/23/2018

Subject:
Biogas to Renewable Natural Gas (RNG) Financing Update

Presented By: John Kuosman - WWTP

PURPOSE:
The city councils of Englewood and Littleton have directed the staff at the Wastewater Treatment Plant to pursue a change in operations to reduce the vented and flared gases by investing in a project to convert biogas generated from the wastewater treatment process (i.e. methane) into Renewable Natural Gas (RNG). In the fall of 2017, both city councils directed staff to begin the preliminary engineering for creating the systems to inject the biogas into a nearby transmission line owned by Xcel Energy. Tonight's presentation is to seek council direction on the method for funding the improvements, which will ultimately influence the final engineering for the project.

BACKGROUND:
As part of the design services for the Biogas to Renewable Natural Gas (RNG) Project, the project team evaluated financing approaches that best align with the City of Englewood, City of Littleton and the Wastewater Treatment Plant's (WWTP's) project drivers. The council presentation will focus on financing options recommended by staff and approved by the WWTP Steering Committee. The team will recommend an approach that balances risk, maintains control and allows the wastewater facility to have maximum flexibility as market conditions or treatment processes change. The discussion will compare financing approaches considered; including cash financing, using a third party agreement or public-private partnership, and municipal lease. The attached presentation provides the financial justification, risk profile, and screening criteria for the financing options considered. The WWTP issued a request for information (ROI) in November 2017 and received five submittals which were used to allocate assumptions for the third-party agreement approach.