

STAFF REPORT

City of Lancaster

NB 5
02/14/12
MVB

DATE: February 14, 2012

TO: Mayor Parris and City Council Members

FROM: Mark V. Bozigian, City Manager
Jason Caudle, Deputy City Manager

SUBJECT: **Exclusive Negotiating Agreement with OEC – Lancaster, LLC (Ecolution) to Explore the Development of a Materials Recovery and Conversion Facility in Lancaster**

Recommendation:

Approve an Exclusive Negotiating Agreement with OEC – Lancaster, LLC to explore the development of a materials recovery and conversion facility in Lancaster and authorize the City Manager, or his designee, to execute all documents related thereto.

Fiscal Impact:

None. The Exclusive Negotiating Agreement does not require any financial commitment from the City of Lancaster

Background:

Staff has met with representatives of Ecolution to discuss their interest in developing and operating a materials recovery and conversion facility in Lancaster. These type of facilities use state of the art technologies capable of converting unrecyclable solid waste into useful products, such as green fuels and renewable energy, in an environmentally beneficial way. Utilizing conversion technologies to recover solid waste from disposal can help enhance recycling efforts, reduce greenhouse gas emissions, and reduce dependence on landfilling. Ecolution plans to incorporate some of these new proven technologies to develop a more efficient recycling recovery facility in the Antelope Valley. The system being proposed recovers up to 85% of recycled materials from waste streams, which would be approximately 49% more efficient from the current recycling and landfill diversion rate in Lancaster.

Ecolution is seeking to form a partnership with the City of Lancaster by executing an exclusive negotiating agreement. Through this agreement, the City would assist Ecolution in identifying viable sites that can accommodate its proposed facility. In addition, the City would provide staff assistance to help Ecolution identify potential waste streams to support its facility and provide additional assistance to help the company better understand the approval process. In return, Ecolution will work exclusively with city staff to find viable locations in Lancaster for their proposed facility. The exclusive negotiating agreement would be effective for a period of ninety (90) days. During that time, if both the City and Ecolution determine that the project is feasible,

then a separate disposition and development agreement would be created to outline specifics regarding the development of the facility in Lancaster.

If built, the proposed materials recovery and conversion facility would provide several direct benefits to the community. First, amidst the greatest recession in recent history, the Antelope Valley continues to experience double digit unemployment rates. This facility would create approximately 200 permanent green collar jobs and 100 construction related jobs for the community. Second, the facility would create a new direct revenue source through host fees paid to the City. At full capacity, host fees paid will be approximately \$5 to \$6 million dollars annually. Last, this project has the potential to solidify Lancaster's Net Zero City project by helping create jobs focused on clean energy generation. This includes natural gas, compressed natural gas (CNG), liquid natural gas (LNG) and synthetic ultra-pure diesel, just to name a few. The availability of this clean energy, coupled with the continued expansion of this new green industry cluster, will assist with the attraction of new manufacturing, industrial and commercial users to Lancaster.

Summary:

OEC – Lancaster (Ecolution) is interested in developing and operating a materials recovery and conversion facility that would incorporate a more efficient recycling recovery system. Ecolution is seeking assistance from the City of Lancaster during their due diligence period to explore viable sites in Lancaster that can accommodate their facility. If approved, an exclusive negotiating agreement with Ecolution would be executed and the viability of the project would be further explored.

MB:JC:lg

Attachment:

Exclusive Negotiating Agreement