

STAFF REPORT

City of Lancaster

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MVB

DATE: February 14, 2012

TO: Mayor Parris and City Council Members

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

SUBJECT: Agreement with OEC - Lancaster, LLC (Ecolution) to develop a Materials Recovery and Conversion Facility (MRF) in Lancaster

Recommendation:

Approve an agreement with OEC - Lancaster, LLC to partner in the development of a Materials Recovery and Conversion Facility (MRF) and authorize the City Manager, or his designee, to execute all documents related thereto.

Fiscal Impact:

Once the facility is at full capacity, this partnership will generate approximately \$5 million to \$6 million dollars annually for the City.

Background:

OEC - Lancaster, LLC (Ecolution) representatives met with city staff and expressed their interest in developing and operating a Materials Recovery and Conversion Facility (MRF) in Lancaster. Ecolution is an advanced solid waste separation and renewable energy development company that utilizes 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. The system Ecolution utilizes also recovers up to 85% of recycled materials from waste streams, which would be approximately 49% more efficient than what currently exists in Lancaster.

Ecolution is seeking to enter into a partnership agreement with the City to develop its Materials Recovery Facility (MRF) in Lancaster. Through a separate Exclusive Negotiating Agreement (ENA), the City would work with Ecolution to locate a site that could accommodate its facility and would assist Ecolution through the development approval process. Through this partnership agreement, the City would commit to direct its local waste stream to Ecolution's proposed MRF facility for a twenty (20) year period subject to existing contractual obligations. In addition, the City would work jointly with Ecolution to contact regional waste haulers to encourage them to divert their waste to Ecolution's MRF facility. In return, Ecolution will locate its facility in Lancaster and pay the City a per ton host fee for waste processed through its facility. It is anticipated that once the facility is at full capacity, this partnership will generate approximately \$5 million to \$6 million dollars annually for the City.

This partnership also provides several direct benefits to the community. First, amidst the greatest recession in recent history, the Antelope Valley continues to experience double digit unemployment rates. The City Council has made it clear that economic development is one of its top priorities and is committed to creating new employment opportunities in the community. This new facility would create approximately 200 permanent green collar jobs and 100 construction related jobs for the community.

Second, the facility would help increase the recycling and landfill diversion rate in Lancaster while making it less burdensome and more cost effective to local residents and businesses. The use of more advanced recycling and conversion technologies at the MRF allows for the implementation of a single container waste collection system in Lancaster, subject to existing contractual obligations. Moving away from the current three bin collection process will result in fewer waste collection vehicles on city streets which helps reduce the waste collection costs for residents and businesses.

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, LLC (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 to partner with the City to develop this facility in Lancaster. This mutually beneficial partnership will not only create a long term revenue source for the city, but also help create new jobs, help enhance recycling efforts, reduce greenhouse gas emissions, and reduce dependence on landfilling.

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Attachment:

OEC - Lancaster, LLC Agreement