

Capital Appropriation Proposal

Budget: 2025 SW RNG Processing Facility Acquis., Scenario: Executive Proposed, Agency: All, Fund: All, Project: 1150271 SW RNG ProcFac Acquisition, Cap Status:All, Is IT Proj?

SW RNG Processing Facility Acquisition

1150271

RMP Reporting

Department	NATURAL RESOURCES AND PARKS
Council District(s)	9
Fund	3901 SOLID WASTE CONSTRUCTION
Class Code	STANDALONE
Portfolio	Construction
Sub Portfolio	Cedar Hills Regional Landfill
Location	16650 228th Ave SE, Maple Valley, WA 98038: The RNG processing facility is located at the Cedar Hills Regional Landfill, on a site leased from King County.
Cap Status	Approved

BUDGET (Appropriation)

Capital Phase	ITD Budget thru 04/2025	FY25	FY26	FY27	FY28	FY29	FY30	Total Budget
1 Planning	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2 Preliminary Design	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3 Final Design	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4 Implementation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5 Closeout	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
6 Acquisition	\$0	\$70,000,000	\$0	\$0	\$0	\$0	\$0	\$70,000,000
Total Budget	\$0	\$70,000,000	\$0	\$0	\$0	\$0	\$0	\$70,000,000

ART	FY25	FY26	FY27	FY27	FY29	FY30	Total 6-Year Art Budget
Art							\$0

REVENUE

Account	FY25	FY26	FY27	FY28	FY29	FY30	Total 6-Year Revenue
45718 - CONTRIB LTGO 09 SERIES B	\$70,000,000	\$0	\$0	\$0	\$0	\$0	\$70,000,000
Total Revenue	\$70,000,000	\$0	\$0	\$0	\$0	\$0	\$70,000,000

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EXPENSE SW RNG ProcFac Acquisition									1150271
Capital Phase	ITD Actuals thru 12/2024	2024 Projected YE	FY 25	FY 26	FY 27	FY 28	FY 29	FY 30	Total Expense
1 Planning	\$0	N/A	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2 Prelim Design	\$0	N/A	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3 Final Design	\$0	N/A	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4 Implementation	\$0	N/A	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5 Closeout	\$0	N/A	\$0	\$0	\$0	\$0	\$0	\$0	\$0
6 Acquisition	\$0	N/A	\$70,000,000	\$0	\$0	\$0	\$0	\$0	\$70,000,000
Total Expense	\$0	N/A	\$70,000,000	\$0	\$0	\$0	\$0	\$0	\$70,000,000

BUDGET ANALYSIS

Capital Phase	Baseline	Estimate At Completion	ITD Actuals thru 04/2025	ITD Budget thru 04/2025	Not Applicable
1 Planning	\$0	\$0	\$0	\$0	N/A
2 Preliminary Design	\$0	\$0	\$0	\$0	N/A
3 Final Design	\$0	\$0	\$0	\$0	N/A
4 Implementation	\$0	\$0	\$0	\$0	N/A
5 Closeout	\$0	\$0	\$0	\$0	N/A
6 Acquisition	\$0	\$0	\$0	\$0	N/A
Total	\$0	\$0	\$0	\$0	N/A

Capital Phase	2025-2025 Current Balance	2025-2025 Budget Request	2025-2025 Expense	2025-2025 Ending Balance
1 Planning	\$0	\$0	\$0	\$0
2 Preliminary Design	\$0	\$0	\$0	\$0
3 Final Design	\$0	\$0	\$0	\$0
4 Implementation	\$0	\$0	\$0	\$0
5 Closeout	\$0	\$0	\$0	\$0
6 Acquisition	\$0	\$70,000,000	\$70,000,000	\$0
Total	\$0	\$70,000,000	\$70,000,000	\$0

NARRATIVES

SW RNG ProcFac Acquisition

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SCOPE

This project would acquire the existing renewable natural gas (RNG) processing facility located at the Cedar Hills Regional Landfill. The plant is currently owned and operated by Bio Energy Washington (BEW). The county has reached an agreement to acquire the plant as part of a larger settlement agreement, which resolves several areas of dispute between BEW and the Solid Waste Division. The plant will resume operations after acquisition under a new third-party operator. The county will retain ownership and monetize both the gas and environmental attributes generated by the plant.

BACKGROUND & BENEFITS

The acquisition of the plant is part of a settlement agreement between the county and BEW. The settlement will allow resumption of gas processing that will put the methane generated by the landfill to beneficial use. The sale of gas and environmental attributes will net the division revenues that will benefit rate payers, in addition to supporting the operational costs and covering the debt service from the acquisition. If the county does not move forward with the acquisition, the division will return to litigation, which will take a minimum of another year to reach trial.

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DESCRIPTION OF BUDGET REQUEST

The \$70M in requested appropriation will fund the acquisition of the renewable natural gas (RNG) processing facility located at Cedar Hills Regional Landfill. Under the settlement agreement reached with the current owner/operator of the facility, the county needs to execute the purchase on or before August 29, 2025.

ALTERNATIVES ANALYSIS

During settlement negotiations, the county weighed the risks/costs of continued litigation against the cost/benefits of the settlement.

STRATEGIC CLIMATE ACTION PLAN ALIGNMENT

The acquisition supports SCAP strategy 3.7.2, which encourages an increase in production of renewable energy at the landfill.

EQUITY AND SOCIAL JUSTICE IMPACT

Resumption of gas processing will reduce the need to flare gas at the landfill and provide renewable natural gas that displaces virgin fossil fuel extraction. Because climate change disproportionately impacts frontline communities, the beneficial use of methane generated at the landfill has a positive impact on those communities. As this is an acquisition of an existing facility sited on county-owned property that is arising from settlement of litigation, there has not been community engagement in the design/implementation.

OPERATING BUDGET AND OTHER IMPACTS

The facility is estimated to cost about \$12M to operate annually. The revenue from the sale of natural gas and environmental attributes is expected to fund the operating costs and debt service. There is an accompanying request for supplemental appropriation in the Solid Waste Operating fund (4040) to cover the cost of operations, acquisition costs, and initial debt service in 2025. It is expected that there will be a startup and transition period before revenue generation commences.

OTHER AGENCY INVOLVEMENT

This project is the subject of scrutiny from the Washington State Department of Ecology and the Puget Sound Clean Air Agency, which regulate both the Solid Waste Division and the RNG facility.

FUNDING AND REVENUE DISCUSSION

The division will initially use commercial paper to fund the cost of acquisition, before issuing LTGO bonds in the fall. The division is working with bond council to determine whether taxable or tax-exempt bonds would be more appropriate for the project. The debt service will be supported by the revenue generated from the sale of gas and environmental attributes.

ART ELIGIBILITY

This project excluded from 1% for Art because the project is located at the landfill, which is not accessible to the public, and it is an acquisition project.

OTHER CONSIDERATIONS (OPTIONAL)

IT PROJECT STATUS

STRATEGIC IT PLAN ALIGNMENT

IT PROJECT COMPLEXITY

CAPACITY TO IMPLEMENT THE IT PROJECT

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IT PROJECT RISKS