

January 23, 2024

Honorable Mayor and City Council
City of Long Beach
California

RECOMMENDATION:

Recommendation to adopt Specifications No. RFP ER23-246 and execute an Exclusive Negotiating Agreement (ENA) with Bioenergy Devco, LLC (BDC), of Annapolis, MD to design, permit, finance, construct, own, operate, and transfer an organic waste receiving and processing facility on the Southeast Resource Recovery Facility (SERRF) site located at 120 Pier S Avenue, Long Beach, CA, for a period of one year, with the option to renew for two additional one-year periods, at the discretion of the City Manager; and, authorize the City Manager, or designee, to execute all documents necessary to enter into the Exclusive Negotiating Agreement, including any necessary subsequent amendments or agreements contingent on negotiated terms and conditions. (Citywide)

DISCUSSION

City Council approval is requested to enter into an Exclusive Negotiating Agreement (ENA) with Bioenergy Devco, LLC (BDC), for the development of an organic waste receiving and processing facility at the existing Southeast Resource Recovery Facility (SERRF). The City of Long Beach (City) and BDC shall negotiate in good faith towards a mutually acceptable long-term waste flow agreement and ground lease, with the option, at the end of the term, to transfer ownership of the facility to the City without compensation to BDC.

SERRF was placed into service in July 1988 as an environmentally responsible tool that incorporated Waste-To-Energy (WTE) technology for the management of the City's residential municipal solid waste (MSW) and has been successfully operating for over 35 years. SERRF is co-owned by the City and the Los Angeles County Sanitation District (LACSD) under a Joint Powers Authority (JPA) with an approximate two-third (2/3) to one-third (1/3) ownership split between the City and the LACSD, respectively. Due to economic factors related to the August 2022 passage of Assembly Bill (AB) 1857 and the age of SERRF, it will be decommissioned in the near future.

With the imminent decommissioning of SERRF, the City has pivoted and is now seeking to contract with a developer to design, permit, finance, construct, own, and operate an organic waste receiving and processing facility at the SERRF site to support the City and County efforts in complying with the California Short-Lived Climate Pollutant Reduction Strategy (SB 1383). It is the intent of the City to ensure that the proposed organic waste receiving and processing facility aligns with the City's organic waste collection program implemented by the Department of Public Works Environmental Services Bureau.

The Request for Proposals (RFP) was advertised in the Long Beach Press-Telegram on April 30, 2023, and 42 potential proposers specializing in solid waste management were notified of the RFP opportunity. Of those proposers, 20 downloaded the RFP via the City's electronic bid system. The RFP document was made available from the Purchasing Division, located on the sixth floor of City Hall, and the Division's website at www.longbeach.gov/purchasing. An RFP announcement was also included in the Purchasing Division's weekly update of Open Bid Opportunities, which is sent to 39 local, minority-owned, and women-owned business groups. There were three proposals received on August 31, 2023. Of those three proposers, none were Minority-owned Business Enterprises (MBEs), none were Women-owned Business Enterprises (WBEs), none were certified Small Business Enterprises (SBEs), and one was a Long Beach vendor (Local). After extensive review of BDC's proposal and a site visit to their 100,000 tons per year organics processing facility in operation in Jessup, MD, the selection committee determined that Bioenergy Devco, LLC, of Annapolis, MD (not a MBE, WBE, SBE, or Local), was the most qualified firm to execute an Exclusive Negotiating Agreement (ENA) with.

The ENA will provide for the pre-development negotiations and due diligence, analysis of the environmental impacts, applicable permitting, design, preparation of construction plans and specifications, and securing the needed financing to construct and operate an organic waste receiving and processing facility. The proposed authorization of execution of the ENA and related documents does not constitute a project for purposes of the California Environmental Quality Act (CEQA) and therefore no environmental review is required at this time. If negotiations are successful, then an Organic Waste Flow Agreement, Ground Lease, and/or any other related agreements will be brought forth in the future to the City Council for its consideration and all CEQA required environmental review will be completed prior to such consideration.

Local Business Outreach

To align with the City's outreach goal, Long Beach businesses are encouraged to submit proposals for City contracts. The Purchasing Division also assists businesses with registering on the Long Beach Buys database to download RFP specifications. Through outreach, one Long Beach vendor was notified to submit a proposal, one downloaded and one submitted a proposal. The Purchasing Division is committed to continuing to perform outreach to local vendors to expand the bidder pool.

This matter was reviewed by Principal Deputy City Attorney Richard F. Anthony on January 2, 2024, Purchasing Agent Michelle Wilson on December 29, 2023, and by Acting Revenue Management Officer Valerie Valentine on January 3, 2024.

SUSTAINABILITY

The City desires to continue utilizing the SERRF site and assets to reduce the amount of waste to be disposed in landfills and comply with SB 1383 and AB 1826 (commercial organics law). A new organic receiving and processing facility at the SERRF site will help in the following ways:

- Support the City's Climate Action Plan (2022) through the reduction in greenhouse gas emissions associated with organic waste disposal and the development of infrastructure for organics processing.

- Support the City's Sustainable City Action Plan (2010) by generating renewable energy (including biogas), reducing waste volume, recovering value and materials from waste.
- Maximize materials recovery with remaining waste managed through efficient conversion to compost, renewable energy, fuel, chemicals, or other usable products.
- Support the City and County's efforts to comply with the large number of regulatory requirements, including but not limited to:
 - AB 939 – The Integrated Waste Management Act of 1989
 - AB 32 – Global Warming Solutions Act of 2006
 - AB 341 – Mandatory Commercial Recycling Law of 2012
 - AB 1826 - Mandatory Commercial Organic Waste Recycling Law of 2016
 - AB 1594 – Prohibits green waste material from being used as daily cover at landfills
 - SB 1383 - California's Short-Lived Climate Pollutant Reduction Strategy of 2016

TIMING CONSIDERATIONS

City Council action to adopt Specifications No. RFP ER23-246 and award a contract concurrently is requested on January 23, 2024, to ensure the contract is in place expeditiously.

FISCAL IMPACT

There is no known fiscal impact associated with this recommendation. When expenses are determined, the department will return to the City Council with a request to increase appropriation. This recommendation has minimal staffing impact beyond the normal budgeted scope of duties and is consistent with existing City Council priorities. There is no local job impact associated with this recommendation.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



Robert M. Dowell
Director
Energy Resources

APPROVED:



Thomas B. Modica
City Manager