

BEFORE THE COUNCIL OF THE
METROPOLITAN SERVICE DISTRICT

FOR THE PURPOSE OF AUTHORIZING AN)	RESOLUTION NO. 84-510
EXEMPTION TO THE PUBLIC CONTRACT-)	
ING PROCEDURE SET OUT IN METRO)	Introduced by the
CODE SECTION 2.04.001 ET SEQ FOR)	Executive Officer
THE SALE OF METHANE GAS)	

WHEREAS, The Metropolitan Service District (Metro) has determined that the St. Johns Landfill is capable of producing methane gas which Metro wishes to sell to the public; and

WHEREAS, Metro Code Section 2.04.011 of the Metro Contract Procedures identifies contracts for the sale of personal property as public contracts and requires such contracts be entered into based on competitive bids; and

WHEREAS, As part of the competitive bid process Metro wishes to compare bids for medium Btu gas with bids for upgraded gas; and

WHEREAS, Northwest Natural Gas Company is the sole potential purchaser of upgraded landfill gas; and

WHEREAS, Selection of a contractor should be dependent not only on the price offered for the gas, but also as the cost and degree of difficulty in constructing the facilities necessary to upgrade the gas and to deliver the gas and on the Council's evaluation of the feasibility and desirability of providing gas under the various options; and

WHEREAS, The terms of the potential contracts will be influenced by the quality of gas sold and the location of the contractor; and

WHEREAS, Metro Code Section 2.04.011(c) allows an exemption to the process upon findings (1) that it is unlikely that such exemption will encourage favoritism or substantially diminish competition, and (2) that awarding the contract pursuant to the exemption will result in substantial cost savings to Metro considering appropriate factors; and

WHEREAS, The solicitation and selection process described in the staff report is unlikely to encourage favoritism or substantially diminish competition because the most likely bidders for medium Btu gas are those users in proximity to the field who do not require the extensive conduits required by those outside the area, because Northwest Natural Gas is the sole purchaser of upgraded gas, and because negotiating contracts will encourage bidders who might be reluctant to bid on contracts with fixed terms which do not meet their highly individual needs; and

WHEREAS, The solicitation and selection process set out in the staff report will result in substantial cost savings (1) by eliminating review of bidders not in proximity to the field whose proposals would require estimating the costs of installing conduits crossing more properties (which is expensive), and (2) by ensuring that the terms are appropriate to the individual circumstances; now, therefore,

BE IT RESOLVED,

That the contract for the sale of methane gas is exempted from the competitive bid process because the Council of the

Metropolitan Service District finds that the requirements of Metro Code Section 2.04.011(c) have been met.

ADOPTED by the Council of the Metropolitan Service District
this 25th day of October, 1984.



Presiding Officer

ESB/gl
2125C/392-3
10/12/84

STAFF REPORT

Agenda Item No. 8.4

Meeting Date October 25, 1984

CONSIDERATION OF RESOLUTION NO. 84-510 TO WAIVE
COMPETITIVE BID REQUIREMENTS FOR SALE OF METHANE
GAS RECOVERED FROM ST. JOHNS LANDFILL

Date: October 5, 1984

Presented by: Buff Winn

FACTUAL BACKGROUND AND ANALYSIS

The Metro Solid Waste staff has been conducting a financial/risk analysis of various options for developing the methane gas resource at the St. Johns Landfill.

The results of this analysis were presented to an Executive Session of the Council of the Metropolitan Service District (Metro) on August 9. At that time there was a consensus that Metro staff should pursue agreements for sale of the gas in one of two possible forms -- as a medium-Btu fuel to be sold to private firms in the Rivergate area or as pipeline quality gas to be sold to Northwest Natural Gas Company.

Since August 9, Metro consultants and staff have developed an RFP style proposal for use in soliciting potential gas customers. It is the intent of the Metro staff to ascertain by written offer the level of interest and conditions under which private firms would be willing to purchase the medium-Btu gas. A similar process is anticipated to determine the viability of sale of the upgraded gas to Northwest Natural Gas Company (NWNG). NWNG is the only likely customer of the more costly pipeline quality gas and, therefore, will be addressed on an individual basis.

Once these two options have been fully developed, tentative contracts and a risk assessment will be presented to the Council for their selection (see attached work flow plan). At the time of Council review, if neither option is deemed acceptable, a private developer approach can be chosen to develop the project at no financial risk to Metro.

It has been determined that the methane gas at St. Johns is legally considered to be "personal property." As such, its sale is subject to both State and Metro requirements which state a competitive bidding process must be utilized to determine the purchaser.

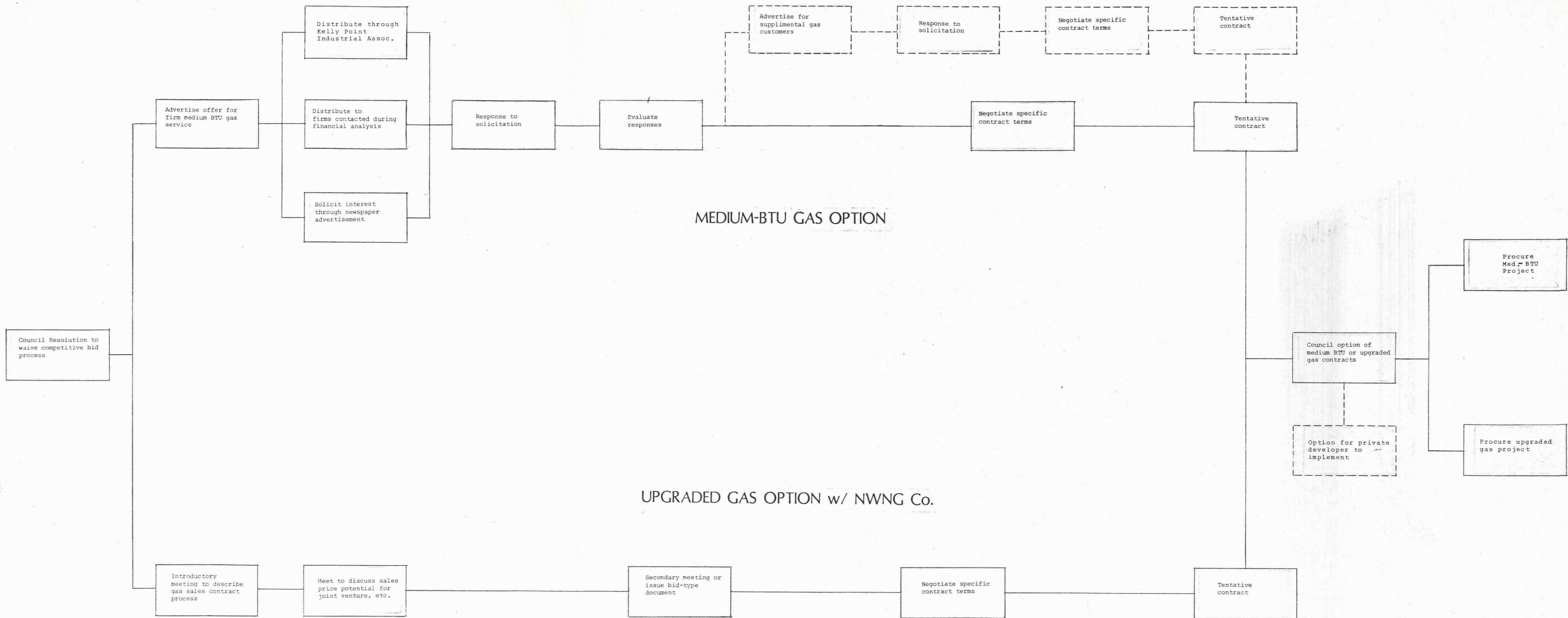
Due to the many parameters involved in the sale of methane (quantity sold, price, distance to customer, contract duration, etc.) its sale does not fit well with a strict competitive bid

process. Staff is requesting that a resolution be passed waiving the requirement for sale of the methane by competitive bid. It is suggested that a more practical approach for sale of the gas can be achieved by simultaneous negotiations with all interested private firms as well as Northwest Natural Gas Company.

It should be emphasized that all reasonable efforts will be made to allow interested parties to participate in the process and no firm commitments will be made prior to Council approval. Further, the proposed resolution waives competitive bidding of sale of the gas only; construction of a methane collection/process facility would be carried out under standard public bid practices.

EXECUTIVE OFFICER'S RECOMMENDATION

BW/gl
2130C/392-3
10/12/84



WORK-FLOW DIAGRAM / METHANE GAS SALES PROCESS