

Commerce Refuse to Energy Authority

Review of Current Operation
and Impacts of Closure

November 21, 2017





Commerce Refuse-to-Energy Facility

- Converts municipal solid waste to electrical energy
- In operation since 1987
- 350 tons per day
- 10 MW of electricity





Facility Achievements

- Over 3 million tons of waste diverted from landfills
- Has provided energy for over 10,000 homes for the last 32 years
- Over 20,000 tons of metal recycled
- Has helped Commerce and other local cities meet diversion mandates



Authority History

- District and City formed Authority in 1984.
- Land and plant owned by Authority.
- Financing:
 - District and City contributed capital initially.
 - District continued to contribute.
 - City's capital has been paid back.
 - District's capital balance is \$55 million.
 - Bonds were paid off in 2015.
- Facility operated by District.



Financial Status - 2017

- Authority has reserves of \$10 million.
- Operating at or below break-even.
- \$150,000 per year returned to City and District.



Authority Revenue

- Revenue comes from:
 - Tipping fees
 - Energy sales
 - Scrap sales
 - Interest.
- Revenue dropped in 2017 with the end of 30-year energy sales agreement.
- No other sources of revenue (such as taxes or grants) available.



Revenue and Expenses

- Annual Revenue:
 - Tipping fees - \$8-10 million
 - Energy - \$3 million
- Annual Expenses:
 - \$12 million with no major overhauls
 - \$13-16 million long-term including all needed overhaul type work
 - Multiple mechanical and electrical issues in early 2017 cost \$2 million



Short-term Forecast for 2018

	Above Average Performance	Best Estimate	Below Average Performance
Revenue	\$ 13	\$ 12	\$ 11
Expenses	\$ 11	\$ 12	\$ 13
Net	\$ 2	\$ 0	(\$ 2)

In millions of dollars.

Near break-even expected, but
requires tonnage stays strong and
minimal plant problems



Closure Finances

- Target to have at least \$8 million in reserves at closure
- Closure and plant cleanup - \$2 million cost
- Demolition - \$4 million cost
- Sale of property - \$10 million value (not including uncertain CNG and site remediation impacts)
- Any remaining reserves returned to District



Areas that Closure of the Facility May Impact	Net Impact of Closure	Details
Landfilling	-	100,000 tons of trash per year will require landfilling. Ash has 10% the volume of the trash.
Truck Traffic	+/-	Truck trips to the Facility will be eliminated, but truck-miles will increase regionally.
Recycling	-	1000 tons of metal per year recycled by Facility. Cities lose important diversion option.
Energy	-	Electricity production will be replaced with electricity generated using fossil fuels.
Climate Change	-	Facility provides net reduction in climate change pollutants based on consensus of the state's and other research.
Air Quality	+	Emits a small percentage of region's smog-forming pollutants. Other emissions well below limits and risk thresholds. Increased truck miles and landfilling will create some new emissions.
Water Quality	0	No significant water quality benefits or impacts.
Noise	+	Facility has noise impacts.
Jobs	-	34 District employees plus 10+ supplier and contractor full-time equivalent positions will be eliminated. Layoffs not expected but there will be demotions, premature retirements, and fewer people hired by the Districts.
Economic Activity	-	\$5 million per year spent on supplies, materials and services.

There may be other indirect impacts if facility were to close. This summary also does not account for other future uses for the site. Information shown is qualitative and general.



Closure – Other Considerations

- Demolition
- City's CNG station
- Site Remediation
- Possible purchase by the City



Recommendation

- Plan on operating until December 2018.
- Closely monitor financial performance and update Board each month.
- If several months of poor financial performance are experienced, consider earlier closure.