



City of Arts & Innovation

City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL **DATE: MAY 5, 2026**
FROM: PUBLIC WORKS DEPARTMENT **WARDS: ALL**
SUBJECT: APPROVE AN ASSIGNMENT OF CITY OF RIVERSIDE, REGIONAL WATER QUALITY CONTROL PLAN – SOCALGAS RULE 39 AGREEMENTS TO RIVERSIDE BIOENERGY FACILITY, LLC

ISSUE:

Approve an Assignment of City of Riverside, Regional Water Quality Control Plant – SoCalGas Rule 39 Agreements to Riverside Bioenergy Facility, LLC.

RECOMMENDATIONS:

That the City Council:

1. Approve an Assignment of City of Riverside, Regional Water Quality Control Plant – SoCalGas Rule 39 Agreements to Riverside Bioenergy Facility, LLC; and
2. Authorize the City Manager, or designee, to execute the Assignment of City of Riverside, Regional Water Quality Control Plant – SoCalGas Rule 39 Agreements to Riverside Bioenergy Facility, LLC, including making minor and non-substantive changes.

BACKGROUND:

The Public Works Department, Wastewater Division operates the City’s Regional Water Quality Control Plant (RWQCP) and manages the Sewer Enterprise Fund. To support the City’s Solid Waste Division compliance with CalRecycle food waste diversion regulations, the RWQCP will use the excess biogas and future biogas created from food waste to produce renewable energy such as electricity and Renewable Natural Gas (RNG).

In 2017, the City’s RWQCP Phase 1 Rehabilitation and Expansion Project was completed. The project modernized aged treatment facilities, installed new equipment and technology improvements, and modified processes to comply with regulatory requirements and increase liquid and solids treatment capacity. The completion of this \$192 million-dollar construction project ensures safe and reliable treatment of wastewater and laid the foundation for developing renewable resources to support the City’s sustainability efforts.

On September 15, 2020, the City Council approved a Consulting Services Agreement with Southern California Gas Company (SoCal Gas) for a Preliminary Engineering Study in the amount

of \$65,000 and Detailed Engineering Study in the amount of \$325,000 for a total amount of \$390,000 to develop a project study report for RNG production, estimated project cost, and construction and implementation timeline.

On June 18, 2024, the City Council approved a Change Order #1 in the amount of \$375,000 to account for inflation and significant cost increase in order for SoCal Gas to complete the Detailed Engineering Study, prepare engineering plans for the construction, and installation of equipment and piping to deliver RNG to SoCal Gas.

On February 26, 2025, a Change Order #2 in the amount of \$0 was signed by the City Manager requesting SoCal Gas to evaluate and design their system to accept RNG at a higher volume of 2,000,000 standard cubic feet per day (scf/d) compared to the previous volume of 960,000 scf/d.

On August 19, 2025, to minimize the potential construction delays, the City Council approved Change Order #3 in the amount of \$1,200,000 to procure materials and equipment that required long lead time to manufacture.

DISCUSSION:

The Public Works Renewable Resource Management Plan has four resource areas - 1) Recycled Water Production, 2) Organics Receiving and Treatment, 3) Energy Production and Independence, and 4) Waste Management and Reuse. The RWQCP has the capacity to produce biogas above the amount needed to support the current 1.4 MW fuel cell and the future RPU/PW 2.2 MW Biogas to Energy project – this excess gas can be sold back into the market.

Southern California Gas Company provides natural gas services for approximately 21.6 million customers and is the owner and operator of the distribution system. They are committed to helping the environment and supporting biogas development in California to meet the state's greenhouse gas goals. As part of their commitment, they offer expertise and assistance to customers who want to convert biogas into RNG, a carbon-neutral fuel. RNG produced from organic waste, as found at the RWQCP, will result in a carbon-neutral fuel.

Since the completion of preliminary engineering, this project was put on hold to solicit and secure a private entity to establish a Public Private Partnership (P3) to accept, process, and treat solid waste, particularly food waste, to leverage anaerobic digestion at the RWQCP and to generate RNG. On December 19, 2023, the City Council awarded RFP No. 2222 for Biogas Upgrade and Digestate Management Facilities and the Public Works Department entered into a P3 agreement with Anaergia Services, LLC a Delaware limited liability company (LLC) doing business as Riverside Bioenergy Facility, LLC, a Delaware LLC, for the construction of the necessary facilities and management of solid waste.

On December 19, 2023, the City Council approved a Lease and Energy Services Agreement (Original Agreement) with Anaergia Services, LLC, a Delaware LLC, doing business as Riverside Bioenergy Facility, LLC (RivBF), for the development and operation of the Riverside Bioenergy Facility (Project) at the Regional Water Quality Control Plant (RWQCP).

On December 9, 2025, the City Council approved an Amended and Restated Lease and Energy Services Agreement with Riverside Bioenergy Facility, LLC, a Delaware Limited Liability Company, for a term ending twenty (20) years from the Commercial Operation Date as defined in the Amended Lease, with the option for two additional five-year extensions. As a part of the Amended Lease, the cost of constructing the Biogas Upgrading Facility and related infrastructure,

such as the RNG interconnection with the SoCal Gas Company, is shifted to RivBF. In order to proceed with the project, the City needs to assign all of its rights and obligations under previous agreements between the City and SoCal Gas Company related to the RNG Interconnection Project to RivBF.

FISCAL IMPACT:

There is no impact associated with this action.

Prepared by:	Thuy Nguyen, Principal Engineer
Approved by:	Nathan Mustafa, Interim Public Works Director
Certified as to availability of funds:	Julie Nemes, Interim Finance Director
Approved by:	Kris Martinez, Assistant City Manager
Approved as to form:	Rebecca McKee-Reimbold, Interim City Attorney

Attachment:	Assignment Agreement
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