




City of Cleveland Memorandum

Frank G. Jackson, Mayor

TO: Darnell Brown, Chief of Operations
Barry A. Withers, Director of Public Utilities

FROM: Ivan Henderson, Commissioner of Cleveland Public Power 

RE: Process Development Meetings for MSWE Project

Date: August 3, 2010

Cleveland undertook activities to develop the Municipal Solid Waste to Energy (MSWE) project dating back to 2007. Cleveland Public Power's first Green Team began investigating waste to energy technologies in March '07 and began focusing specifically on gasification in May of 2007. Since that time, Cleveland selected MSWE feasibility consultants to analyze Kinsei Sangyo Company of Takasaki Japan's gasification systems, formed an MSWE Steering Team comprised of interested parties in the community and from within the City, had the consultants complete the feasibility study, conducted gasifier manufacturing site visits in Japan, seen the technology at work at Kinsei customer locations, created a full time MSWE Development Staff and more. The City is currently in the process of an MSWE facility design which will be used to obtain an air permit; will provide a preliminary facility design and layout; and will also provide updated MSWE facility cost projections. Air permits may be in hand before the end of the year and the facility's cost projects will be completed shortly thereafter.

At this time, the work at hand for the City is threefold: (a) confirmation of Kinsei's ability to honor its economic development commitments; (b) determination and finalization of the City's MSWE financing plans; and (c) development of internal action plans that will lead to the creation of the City-owned MSWE facility. Item (a) is addressed in a separate memorandum. Items (b) and (c) are the focus of this memorandum and may be addressed by the convening of special Internal Process Development meetings for the MSWE project.

It is recommended that the City gather key resources to develop strategies affecting the implementation and advancement of the MSWE Project. *Enabling legislation and strategy development is needed in the following areas:* (1) creation of an Enterprise Fund for MSWE facilities with the ability to transact operations on a market based basis; (2) transference of the City's Department of Public Service Waste Collection assets and resources from the General Fund to the new MSWE Enterprise Fund (or development of an alternative model that supports the project); and (3) seeking and accepting grant or stimulus type funds and otherwise develop plans to secure project financing such as enabling CPP to complete prepay financing transactions for the prepayment of electricity

from the generation component of the project. *Strategy development is also needed in topic area (4) managing public education and public relations for the project.*

Key City resources are needed to further develop each of the above areas. External resources should also be included for subject matter expert input and insight on each topic. The initial work and concept development for each of these areas has been previously documented. The following PowerPoints provide background information and are good reference materials:

- A. Initial Project Overview: Municipal Solid Waste to Energy, Cleveland's Energy Future, # of slides 38, July 24, 2007.
- B. Project Summary: MSWE Cleveland's Energy Future Briefing for the OAQDA, # of slides 31, Sept. 17, 2007.
- C. Electric Prepay Explained: MSWE CPP Prepay Approach, # of slides 11, October 9, 2007.
- D. Environmental Impacts: MSWE Environmental Impacts, # of slides 30, December 21, 2007.
- E. New Enterprise Fund CMWR Explained: MSWE Cleveland Municipal Waste Recovery, # of slides 30, February 6, 2008.
- F. Financing Options and Strategies: MSWE Financing Alternatives and Strategies, # of slides 34, May 19, 2008.
- G. Feasibility Consultants Executive Summary: CPP Feasibility Assessment of MSWE Power Facility, # of slides 39, Sept. 3, 2008.
- H. Comprehensive Project Overview: MSWE Steering Committee and Internal Development Team Work Shop Part I& II, # of slides 130, April 21, 2009.

A process development meeting for the MWSE Project is recommended. The list of City employees that would participate include Commissioners of Purchasing, Waste Collection, CPP, Law Department representatives, Directors, of Public Service, Public Utilities, Finance and additional resources from each area as needed. Also participating would be Chiefs, Brown, McCall, Silliman, Warren and Watterson. External resources should also be invited based on their expertise and familiarity with City processes.

The meeting will include general project information and focused information on specific topics related to each participant's assignment(s). The meeting agenda would include: (a) the chronology of events leading up to the present state of the project; (b) a technology overview briefing; (c) discussion of change management principle applications; (d) breakout sessions on the assigned topics (items 1-4 above); (e) focus group recommendation development discussions; and (f) conclude with reporting back to the large group and wrap up. The breakout sessions and focus group meetings would be where participants are asked to use the above PowerPoint reference materials and the other information provided to contribute in the development of action plans and next steps for items 1-4 above. These meetings would occur over 1 ½ days to 2 days in either August or September. The MSWE Development Team will help develop action plans, document recommendations, and develop matrix to track implementation.