



AGENDA
CUYAHOGA COUNTY COMMITTEE OF THE WHOLE MEETING
TUESDAY, SEPTEMBER 27, 2016
CUYAHOGA COUNTY ADMINISTRATIVE HEADQUARTERS
C. ELLEN CONNALLY COUNCIL CHAMBERS – 4TH FLOOR
2:30 PM

1. CALL TO ORDER

2. ROLL CALL

3. PUBLIC COMMENT RELATED TO AGENDA

4. ITEM REFERRED TO COMMITTEE

- a) R2016-0137: A Resolution authorizing an Electric Service Agreement with City of Cleveland/Department of Public Utilities/ Division of Cleveland Public Power in the amount not-to-exceed \$68,000,000.00 for electric power services for various County-owned buildings for the period 9/1/2016 - 5/1/2028; authorizing the County Executive to execute the agreement and all other documents consistent with the agreement and this Resolution; and declaring the necessity that this Resolution become immediately effective.

5. DISCUSSION / EXECUTIVE SESSION:

- a) Collective bargaining matters, including:
 - 1) a Collective Bargaining Agreement between Cuyahoga County and Laborers' International Union of North America, Local 860, representing approximately 12 employees in 5 classifications at the Department of Health and Human Services/Division of Children and Family Services for the period 1/1/2016 - 12/31/2017.
 - 2) a Collective Bargaining Agreement between Cuyahoga County and American Federation of State, County and Municipal Employees, Ohio Council 8, AFL-CIO, Local 3631, representing approximately 70

employees in the classification of Assistant Public Defender for the period 1/1/2016 - 12/31/2018.

- 6. MISCELLANEOUS BUSINESS**
- 7. PUBLIC COMMENT UNRELATED TO AGENDA**
- 8. ADJOURNMENT**

**Complimentary parking for the public is available in the attached garage at 900 Prospect. A skywalk extends from the garage to provide additional entry to the Council Chambers from the 5th floor parking level of the garage. Please see the Clerk to obtain a complimentary parking pass.*

***Council Chambers is equipped with a hearing assistance system. If needed, please see the Clerk to obtain a receiver.*

County Council of Cuyahoga County, Ohio

Resolution No. R2016-0137

Sponsored by: County Executive Budish/Department of Sustainability	A Resolution authorizing an Electric Service Agreement with City of Cleveland/Department of Public Utilities/ Division of Cleveland Public Power in the amount not-to-exceed \$68,000,000.00 for electric power services for various County-owned buildings for the period 9/1/2016 - 5/1/2028; authorizing the County Executive to execute the agreement and all other documents consistent with the agreement and this Resolution; and declaring the necessity that this Resolution become immediately effective.
---	--

WHEREAS, the County, in cooperation with others, is developing a solar energy project on landfills comprising about 30 acres of land (the ‘Solar Project’); and

WHEREAS, Fred.Olsen Renewables USA, LLC (“FORUSA”) is developing an electrical generation project comprising of offshore wind-powered turbine-generators with an aggregate nominal generating capability of about twenty-one megawatts and related onshore electrical equipment (the “Project Icebreaker”); and

WHEREAS, Cleveland Public Power ("CPP") and FORUSA entered into a Power Purchase and Sale Agreement (“PPSA”) pursuant to which CPP will purchase a portion of the electrical output of the Project Icebreaker; and

WHEREAS, the County desires to support the Project Icebreaker by purchasing from CPP about 8.7% of the energy generated by such project; and

WHEREAS, the County desires to contract with CPP for the supply of energy for various County-owned buildings; and

WHEREAS, CPP desires to support the County’s participation in the Solar Project and Project Icebreaker by purchasing energy from both projects and including the County’s solar energy and wind energy allocation in the energy supplied by CPP to serve the County’s electricity accounts; and

WHEREAS, pursuant to County Council’s approval, the County Executive/ Department of Sustainability intends to enter into an Electric Service Agreement with Cleveland Public Power in the amount not-to-exceed \$68,000,000.00 for electric

power services for various County-owned buildings for the period of 9/1/2016 – 5/1/2028; and

WHEREAS, the Electric Service Agreement is funded by the General Fund; and

WHEREAS, it is necessary that this Resolution become immediately effective in order that critical services provided by Cuyahoga County can continue and to provide for the usual, daily operation of a County entity.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNTY COUNCIL OF CUYAHOGA COUNTY, OHIO:

SECTION 1. That the Cuyahoga County Council hereby authorizes an Electric Service Agreement with City of Cleveland/Department of Public Utilities/Division of Cleveland Public Power in the amount not-to-exceed \$68,000,000.00 for electric power services for various County-owned buildings for the period 9/1/2016 - 5/1/2028.

SECTION 2. That the County Executive is authorized to execute the agreement and all other documents consistent with the agreement and this Resolution.

SECTION 3. It is necessary that this Resolution become immediately effective for the usual daily operation of the County; the preservation of public peace, health, or safety in the County; and any additional reasons set forth in the preamble. Provided that this Resolution receives the affirmative vote of at least eight members of Council, it shall take effect and be in force immediately upon the earliest occurrence of any of the following: (1) its approval by the County Executive through signature, (2) the expiration of the time during which it may be disapproved by the County Executive under Section 3.10(6) of the Cuyahoga County Charter, or (3) its passage by at least eight members of Council after disapproval pursuant to Section 3.10(7) of the Cuyahoga County Charter. Otherwise, it shall take effect and be in force from and after the earliest period allowed by law.

SECTION 4. It is found and determined that all formal actions of this Council relating to the adoption of this Resolution were adopted in an open meeting of the Council, and that all deliberations of this Council and of any of its committees that resulted in such formal action were in meetings open to the public, in compliance with all legal requirements, including Section 121.22 of the Ohio Revised Code.

On a motion by _____, seconded by _____, the foregoing Resolution was duly adopted.

Yeas:

Nays:

County Council President

Date

County Executive

Date

Clerk of Council

Date

First Reading/Referred to Committee: July 26, 2016

Committee(s) Assigned: Committee of the Whole

Journal _____
_____, 20__

I. MyPro Summary of Requested Action - Form

Directions: Use the following form when requesting completion of a contract, amendment, lease, grant or any other agreement involving the County.

Enter this information directly or paste (plain or unformatted text) into the sections below Complete all items within the (parenthesis) then attach the following information as a Word Document to the MyPro item.

Title: (Dept. of Sustainability) (2016) (Cleveland Public Power) (Energy Services Agreement) (Cleveland)

A. Scope of Work Summary

1. The Department of Sustainability is requesting approval of an Electric Service Agreement with the City of Cleveland, Division of Cleveland Public Power (“CPP”), for the anticipated cost not-to-exceed \$68,000,000.00. The anticipated start-completion dates are September 1, 2016 to May 2, 2028.

2. The primary goals of the project is to enter into a contract with CPP that would enable the County to purchase a 8.7% (1.8 MW) of the energy output of the offshore wind energy project that is developed by Fred.Olsen Renewables USA, LLC (the successor in interest of LEEDCo), receive up to 4 MW of solar energy from a solar energy project, and allow up to 15 County-owned buildings to become CPP customers.

B. Procurement

1. The procurement method for this project was (other). The total value of the (RFP, RFB, RFQ, etc.) is not to exceed (\$68,000,000.00).

2.The (above procurement method) was closed on (date). (*When applicable*) There is an SBE or DBE participation/goal (list the % of both).

3.[*Option 1*]There were (# bids/proposals/applications) pulled from OPD, (# bids/proposals/ applications) submitted for review, (# bids/proposals/applications) approved.

3.[*Option 2*]The proposed (contract, loan, agreement, etc.) is an OPD approved sole source item with materials attached.

3.[*Option 3*] The proposed (contract, loan, agreement, etc.) received an (RFB, RFP, RFQ, or other [specify]) exemption on (list date). The approval letter is attached for review.

C. Contractor and Project Information

1. The address(es) of all vendors and/or contractors is (provide the full address in the following format):

City of Cleveland
Division of Public Utilities
Cleveland Public Power
1300 Lakeside Avenue
Cleveland, Ohio 44114

2. The Commissioner for the contractor/vendor is Ivan Henderson.

D. Project Status and Planning

1. The project is an energy procurement contract which will have monthly payments for a minimum of 10 years.
2. Under the Electric Service Agreement, the County will pay CPP a blended rate for receiving energy for up to 15 County-owned buildings from the following sources:
 - a) Solar Project in Spring 2017: the construction of up to 4 Mw's of solar panels will be completed on selected landfills;
 - b) CPP pool energy on May 2, 2018: after the expiration of the current electric power services agreement with AEP, 15 County-owned buildings will be serviced by CPP;
 - c) Wind Project in Winter 2018: construction of 6 off-shore wind-powered windmills with an aggregate nominal generating capability of about 21 MW and related onshore electrical equipment.

Additionally it is anticipated that an additional 10 year contract will be entered after 6 years of this contract has expired which will supplement and replace this contract.

E. Funding

1. The project is funded 100% by the General Fund.
2. The schedule of payments is monthly.



LEEDCo / CURP / CPP Power Purchase Agreement (PPA)

What are the terms of the Power Purchase Agreement before the Council?

The Cuyahoga County administration proposes to power 17 of its County buildings with renewable energy created by the CURP solar PV and LEEDCo wind projects. The County recommends entering into the Ohio county maximum 10-year power purchase agreement (PPA) with CPP for the energy purchase, with terms that provide the County the ability to extend the terms by an additional 10 years, thereby functioning as a 20-year PPA. Combined, the CURP and LEEDCo projects will supply approximately 23% of the electricity consumed by the 17 buildings. CPP will supply the remainder of the County's energy needs using existing CPP energy production.

Financial Impact

Q: What will the County's energy costs be with the PPA versus what they otherwise would have been?

A: Our analysis shows that the County will save \$2,330,869 over 25 years. Our analysis includes a conservative estimate of expected annual energy price increases of 3% under the "business as usual" scenario, when in fact over the past several years, rates have increased at approximately 3.5% annually. Northeast Ohio utility rate increases are similar to national trends. Similar or greater increases are very likely to continue, especially in light of the recent difficulties encountered by utilities in Northeast Ohio, requests for rate increases, and ratepayer bailouts.

Q: What is the cost per kWh of the status quo versus the proposed mixed source model?

A: We modeled what the costs would be for both the "business as usual" scenario and the proposed scenario with LEEDCo/CURP/ CPP over 25 years. Adding all costs

in for LEEDCo/CURP and CPP pool power, the annualized cost for 25 years is \$0.1389/kWh. The "business as usual" rate is \$0.1408/kWh. A difference of approximately \$0.0019 per kWh adds up to a significant savings of \$2.3 million for Cuyahoga County.

Q: How were energy use assumptions figured?

A: CPP and the Hub each separately analyzed the prior 12 months of the County's utility bills to determine both usage and cost. The results were analyzed and consensus reached regarding both current effective costs and actual usage.

Q: What if the renewable energy sources underperform and do not cover the 17 County buildings energy demands?

A: In the unlikely event that the wind or solar PV systems underperform, power from traditional sources will be used by CPP to make up the difference.

About the Cuyahoga Clean Energy Finance Hub

The Cuyahoga County Clean Energy Hub (Hub) is a partnership between Eutectics® and Cuyahoga County. The goal of the Hub is to effect a broad and deep integration of clean energy measures across the County through energy efficiency upgrades and solar photovoltaic (Solar PV) installations. The Hub provides streamlined clearinghouses for property owners to access the technical resources and financing needed to make clean energy projects a reality. The Hub also serves as a localized "green bank" for state and local governments, property owners and contractors.

What Parties are Involved?

CPP

Cleveland Public Power (CPP) is a publicly owned electricity generation and distribution company in Ohio that serves the City of Cleveland. CPP is embracing renewable power generation and is interested in diversifying its production base by capturing wind and solar PV energy production. Unlike other utilities in Ohio experiencing costly challenges due to their dependence on fossil fuels, CPP's approach is cost-effective and better prepares them for the future.

CURP

Cleveland Urban Renewable Power (CURP) is an innovative solar PV project that provides clean power by redevelopment of unusable brownfield sites throughout Cuyahoga County. Energy produced by the system will go onto CPP's grid at its existing retail rate and Cuyahoga County will receive a bill credit for the energy produced.

LEEDCo

The Lake Erie Energy Development Corporation (LEEDCo), headquartered in Cleveland, is the developer of Icebreaker, the nation's first-ever freshwater offshore wind energy project. Located 8 to 10 miles off the shore of Cleveland in Lake Erie, the 6 turbine demonstration project will have a capacity of nearly 21 megawatts. Construction is planned for the summer of 2018.

LEEDCo has partnered with Fred. Olsen Renewables (FOR), the UK's largest windpower developer, to implement the project. FOR has created FOR USA, headquartered in Cleveland, Ohio. FOR USA will own the wind energy system.

Land Bank

The mission of the Land Bank is to eliminate vacant, blighted properties and return them to productive use. "Brownfields," parcels of land previously used for construction waste, or other similar uses, often remain undeveloped. By developing solar PV projects on such sites, these otherwise useless sites become productive and provide a financially attractive energy resource for Cuyahoga County.

Ownership Impact & Assumptions

Q: What is the solar PV power production worth?

A: The first-year solar PV production will be worth approximately \$444,000, with approximately \$25,000 in net positive cash flow. Net savings will increase annually over the 25 year guaranteed system life, to a projected total savings of \$10.9M and net savings exceeding \$3.1M.

Q: Will the County's purchasing electricity from CPP at a discounted rate have any negative consequences for other CPP customers?

A: No, it's actually likely the opposite. Adding the 17 additional County buildings will increase the CPP customer base, but CPP's fixed charges will remain constant. As the fixed CPP costs will now be spread over a larger user base, everyone's share will decrease slightly as a result of the County's enrolling with CPP.

Q: Why will the County own the solar PV system?

A: The County will not own the solar PV system until after Year 6, at the earliest. The solar PPA contract and subsequent ownership will accomplish two things:

- Savings--solar PV ownership will achieve approximately \$25,000 in net first-year savings, increasingly annually for 25 years,
- Stability--historic energy price increases have been significant. Renewable energy pricing is independent from price fluctuation.

Q: What is the role of the third-party solar tax-equity investor?

A: Solar PV ownership allows for significant tax savings by capturing the investment tax credit (ITC) and depreciation. By utilizing a 3rd-party investor, the County's effective price for the system will decline by approximately 30%. The third-party tax equity investor will oversee the construction of the system, then own it for the first 6 years. After Year 6, the County will have the option to purchase the system at a very attractive de minimus price.

Q: What are the County's responsibilities for the solar PV system?

A: Contractually, the only relationship Cuyahoga County

Question & Answer

will have is with CPP for the energy consumed. Electricity produced by the solar PV system will result in a bill credit to Cuyahoga County from CPP, offsetting the net amount owed monthly to CPP by the County. After system ownership transfer after Year 6, insurance and maintenance costs will be borne by the County. Both costs are minimal and are accounted for in the financial projections.

Q: What are the positive environmental impacts from solar PV and wind power?

A: Climate Change is deeply and negatively affecting the Earth. The largest driver of climate change is fossil fuel based energy sources. Solar PV and wind power generation are clean energy sources and do not contribute greenhouse gases into the atmosphere. Additionally, the County plans to repurpose closed and capped landfills, that would otherwise be unusable, by installing solar PV systems on the property. There are over 35 landfill/brownfield sites located in Cuyahoga County. Let's turn brownfields into green fields.

Q: How do entities dispose of solar PV equipment?

A: After the 25 year guaranteed life of the solar PV energy systems, many solar PV systems continue producing electricity. At any point though, solar PV panels may be recycled. When recycled correctly, many materials such as glass, aluminum, copper and plastic can be separated out and used again in the manufacture of other products, including new PV panels. Costs associated with the disposal are generally minimal.

Q: What if we remove the solar PV system?

A: Upon expected ownership transfer to Cuyahoga County after Year 6, it will be the County's decision as to how to treat the solar PV asset. Removing the system will simply mean otherwise free power will now have to be paid for.

PPA & Solar PV Production

Q: Why was a pre-paid PPA selected?

A: Traditional PPAs have been cost-effective in regions with high energy prices and lucrative Solar Renewable Energy Credit (SREC) markets, such as in the Northeast and West Coast. However, electric pricing in Ohio is lower, and the use of a traditional PPA would likely double the host's electricity payment.

Therefore, the County is instead utilizing a pre-paid PPA structure, which provides a more attractive long term cash flow for the County.

Q: How does a pre-paid PPA work?

A: The County will make a single upfront payment equal to approximately 70% of the total system cost. The upfront payment is the only payment the County will make for the life of the system (save for an approximate 2% solar PV system buyout cost after Year 6 and minimal insurance and maintenance costs in Years 7-25). Throughout, the County will receive the solar electricity generated by the system over its 25-year guaranteed useful life.

The third-party tax equity partner will own and construct the system on the County's site(s). Solar energy savings will begin as soon as the solar PV equipment is installed and connected to the electric grid. Cuyahoga County's solar PV array will be designed to create savings that will exceed financing repayments from the outset.

Q: Why does the County have to own the solar PV after Year 6?

A: Tax benefits end after Year 6, at which time the County will have the option to purchase the system for a minimal price (relying largely upon the unused portion of the pre-paid deposit). System ownership will result in significant financial benefit, and the savings associated with the pre-paid PPA framework presume ownership transfer after Year 6. Not exercising the purchase option at that time will result in additional payment by the County to the 3rd-party owner soon thereafter. Multiple scenarios for project financing models were explored. Based upon the projected net positive cash flow, the proposed pre-paid PPA financing model was selected.

Q: What is Virtual Net Metering?

A: Virtual net metering, sometimes called "shared renewables," allows utility customers to share the electricity output from a single power project, typically in proportion to their ownership of the shared system.

100% of the CURP solar PV project energy output will be consumed by the County and will account for approximately 9% of the County's total load. The County will commit to purchasing approximately 8.6% of the energy produced by the LEEDCo Icebreaker project, accounting for approximately 13.7% of the County's total electric load.