



Annapolis Renewable Energy Park

City Council Update – Feb 22, 2010
Work Session Update - Feb 18, 2010
Doug Smith – Karen Hardwick



Overview

- Intent & Direction set by the Mayor
 - “Interesting idea, would like to see it work if it is a good project for Annapolis and does not put City at risk”
- Smith/ Hardwick due diligence
 - Doug Smith - background
 - Large capital projects
 - Environmental liabilities/ solar / bio-mass to energy
 - Karen Hardwick - background
 - Public private partnerships/ Multi partner projects
- Our approach
 - Understand what has taken place – how decisions were made
 - Define potential benefits and risks
 - Identify additional information needed to make an informed decision



Potential Benefits

- Renewable energy source, at a predictable price
- Likely initial investment: solar
- Other sources – would be evaluated for additional – future investment
 - Bio-Mass conversion
 - Methane gas
 - Geothermal
- Ground lease for site – converts cash drain to positive revenue source
- Advance City's leadership on renewable energy
- Potential to attract State and Federal clean energy dollars
- Nature park site
- Energy tax credits will have value to the developer and may have indirect value to the City.



Areas to explore

- Financial Questions.
 - A good project has to be good for developer and for the City
 - Very difficult for developer to estimate capital cost
 - Gain knowledge of the developer economics
 - Is this a fair deal for the City?
- Environmental Questions
 - Potential impact to existing solid waste sites
 - Assurance that developers are fully aware of environmental obligations
- City funding
 - Legal and consulting expenses
 - Must evaluate future City investments in light of current budget climate – possible cost share with developer (s)?
- Selection process
 - Ensure open process and fairness when evaluating potential developer (s)



Next phase questions

- Additional questions may include
 - Define key assumptions and operating parameters of the energy park
 - Proforma financials for 20 year operation
 - Disposition and financial impact related to energy tax credits
 - Energy pricing structure to the City, and for energy sales to the grid
 - Demonstrated command of state/ federal requirements and remediation steps required for construction on two solid waste sites



Recommendations & Next Steps

- Agreement from Council to fund remaining outstanding consulting and legal invoices
- Notification of the two top-ranked proposal teams that City will provide next phase of additional pre-qualification questions
- City is open to considering individual or combined developer proposals
- City will evaluate the next set of responses before incurring additional expense (other than staff time)