



# REPORT TO COUNCIL

## City of Sacramento

915 I Street, Sacramento, CA 95814-2604  
[www. CityofSacramento.org](http://www.CityofSacramento.org)

Consent Report  
**April 15, 2008**

**Honorable Mayor and  
 Members of the City Council**

**Title: Waste to Energy (WTE) Project Site Visit Approval: Report designating staff to conduct a site visit to Utashinai, Japan.**

**Location/Council District: All**

**Recommendation:** Adopt a **Resolution** accepting U. S. Science and Technology's (USST) offer to reimburse the City for costs associated with up to eight City officials and staff conducting an information-gathering site visit to the Westinghouse Plasma Corporation's plasma arc gasification waste to energy plant in Utashinai, Japan and designating the eight City officials and staff to conduct the site visit.

**Contact:** James R. Rinehart, Economic Development Manager, 808-5054  
 Marty Hanneman, Assistant City Manager, 808-5704

**Presenter:** N/A

**Department:** Office of the City Manager

**Division:** n/a

**Organization No:** 3361

### **Description/Analysis**

**Issue:** On February 26, 2008, City Council approved an Exclusive Right to Negotiate (ERN) for up to three months a Principles of Agreement (POA) with U. S. Science & Technology (USST). USST was selected as a result of being the sole responder to the City's waste to energy RFQ that proposed the plasma arc technology. Plasma arc technology was selected because of its ability to best meet the City's goals for sustainability.

In an attempt to assist the City in completing its due diligence during the three month POA negotiating period, USST has offered (see letter in Exhibit A) to reimburse the City the cost of sending up to eight City of Sacramento representatives to conduct a site visit to the facility in Utashinai, Japan. At the time this report was written, the preliminary dates for the visit are May 9, 2008 to May 14, 2008 however this date may be subject to change to accommodate elected and staff schedules. The purpose of the site visit is to observe the Westinghouse Plasma Corporation's plasma arc gasification technology operate at a commercial scale using Municipal Solid Waste (MSW) as feedstock.



Due to the magnitude and scale of this project City staff working on this project range from elected officials, executive level and management staff and would therefore be most appropriate for them to attend the site visit to Utashinai, Japan. Specifically, the City of Sacramento would benefit most if the following representatives attended:

- Council Member Lauren Hammond – As the elected official for the City of Sacramento and Solid Waste Authority (SWA) board member it is imperative for her to understand the plasma arc gasification technology, its application, and fiscal impacts to provide counsel to SWA and the City Council on the project when the POA is presented for approval. In addition, Ms. Hammond will chair the mayor's policy working group for this project.
- Council Member Robbie Waters – As an elected official who will be an integral member of the mayor's policy working group for this project, it is important for him to understand the plasma arc gasification technology, its application, and fiscal impacts to provide counsel to the City Council on the project when the POA is presented for approval.
- City Attorney Eileen Teichert – The City Attorney has been charged with drafting the POA and advising staff on the environmental, regulatory, and other legal issues associated with siting, constructing, permitting, and operating a WTE facility. Observing the siting of this existing plant and surrounding environmental impacts, as well as gathering information from plant employees, and local officials, will facilitate identifying any potential legal issues associated with siting such a facility in California.
- Assistant City Manager – As the lead on the WTE project, it is pertinent for the Assistant City Manager observe a plasma arc gasification WTE facility using MSW at a commercial scale and how its footprint can be transferred to U.S. and California environmental conditions.
- Economic Development Manager - As the lead negotiator on the WTE project it is imperative that the Economic Development Manager understand, observe, and request information on all aspects of the plasma arc gasification technology and its impact to ensure adequate consideration is given to environmental requirements, fiscal requirements, equipment requirements, and resource requirements etc.
- Senior Development Project Manager - As the support to the lead negotiator on the WTE project it is imperative that the Senior Development Project Manager understand, observe, and request information on all aspects of the plasma arc gasification technology and its impact to ensure adequate consideration is given to environmental requirements, fiscal requirements, equipment requirements, and resource requirements etc.

- **Integrated Waste General Manager** – This person and his staff are responsible for day to day maintenance of all garbage disposals in the City. It is important that he observe a fully functioning WTE facility utilizing MSW as feedstock and evaluate his experiences in relation to the plasma arc gasification technology to ensure the facility will be an asset to the City.

Additionally, staff is seeking authorization to invoice USST an amount not to exceed \$50,000 for expenses related to professional consulting services required to evaluate the efficacy of the USST proposal (including travel costs for third party physicists to evaluate the technology and for third party financial analysts to evaluate the financing, risks and potential liabilities associated with the proposal; it can also be used to recover costs associated with City staff travel within the United States, required testing, translation services etc. on associated WTE and/or Arc Plasma Gasification work).

While this report requests authorization for City staff only, USST is expected to extend separate invitations to the County of Sacramento, BLT and SMUD to accompany staff on the site visit to Utashinai, Japan.

**Policy Considerations:** The actions recommended in this report are consistent with: 1) the Sustainability Plan adopted by City Council on December 18, 2007 which addresses: a) the negative effects of global warming due to the emission of carbon dioxide and methane caused by landfills; and b) renewable energy creation; and 2) the California Integrated Waste Management Act (IWMA) of 1989 (AB 969) - Waste Diversion Mandate requiring municipalities to meet a diversion rate of fifty (50) percent of all MSW from landfills.

**Environmental Considerations:** The specific actions recommended in this report are exempt from California Environmental Quality Act (CEQA) Guidelines Section 15262 as a planning activity for defining the project for possible future action. Environmental review will be performed as required in connection with specific projects that may result from the requested actions.

**Rationale for Recommendation:** Due to the magnitude, long-term nature, and potential environmental impacts of a WTE facility using plasma arc gasification technology complete and thorough due diligence on the part of the City is critical in ensuring the goals for this projects and the City's goals for sustainability. Furthermore, no commercial scale plasma arc facility utilizing MSW for feedstock is operational in the United States.

**Financial Considerations:** All travel and lodging expenses incurred by the City allowing staff members to attend this site visit will be reimbursed by USST upon completion of travel. Because those expenses are paid on behalf of the City, they are not compensation or gifts to the individual employees within the meaning of any applicable federal, state or local law, rule or regulation governing or relating to compensation or conflicts of interest.

**Emerging Small Business Development (ESBD):** The specific actions recommended in this report do not entail the purchase of goods or services therefore ESBD considerations do not apply.

Respectfully Submitted by:   
James R. Rinehart  
Economic Development Manager

Approved by:   
Marty Hanneman  
Assistant City Manager

Recommendation Approved:

*for*   
Ray Kerridge  
City Manager

**Table of Contents:**

	Pg 1	Report
<b>Attachments</b>		
1	Pg 6	Background
2	Pg 8	Resolution
3	Pg 10	Exhibit A – USST Letter of Invitation

## Background

On February 26, 2008, City Council approved an Exclusive Right to Negotiate (ERN) for up to three months a Principles of Agreement (POA) with U. S. Science & Technology (USST). USST was selected as a result of being the sole responder to the City's waste to energy RFQ that proposed the plasma arc technology. Plasma arc technology was selected because of its ability to best meet the City's goals for sustainability.

In an attempt to assist the City in completing its due diligence during the three month ERN negotiating period, USST has offered to reimburse the City for the cost of sending up to eight City of Sacramento representatives to conduct a site visit to the facility in Utashinai, Japan (See letter in Exhibit A). At the time this report was written, the preliminary dates for the visit are May 9, 2008 to May 14, 2008 however this date may be subject to change to accommodate elected and staff schedules. The purpose of the site visit is to observe the Westinghouse Plasma Corporation's plasma arc gasification technology operate at a commercial scale using Municipal Solid Waste (MSW) as feedstock.

Due to the magnitude and scale of this project City staff working on this project range from elected officials, executive level and management staff and would therefore be most appropriate for them to attend the site visit to Utashinai, Japan. Specifically, the City of Sacramento would benefit most if the following representatives attended:

- Council Member, Lauren Hammond – As the elected official for the City of Sacramento and Solid Waste Authority (SWA) board member it is imperative for her to understand the plasma arc gasification technology, its application, and fiscal impacts to provide counsel to SWA and the City Council on the project when the POA is presented for approval. In addition, Ms. Hammond will chair the mayor's policy working group for this project.
- Council Member, Robbie Waters – As an elected official who will be an integral member of the mayor's policy working group for this project, it is important for him to understand the plasma arc gasification technology, its application, and fiscal impacts to provide counsel to the City Council on the project when the POA is presented for approval.
- City Attorney Eileen Teichert – The City Attorney has been charged with drafting the POA and advising staff on the environmental, regulatory, and other legal issues associated with siting, constructing, permitting, and operating a WTE facility. Observing the siting of this existing plant and surrounding environmental impacts, as well as gathering information from plant employees, and local officials, will facilitate identifying any potential legal issues associated with siting such a facility in California.
- Assistant City Manager – As the lead on the WTE project, it is pertinent for the Assistant City Manager observe a plasma arc gasification WTE facility using MSW at a commercial scale and how its footprint can be transferred to U.S. and California environmental conditions.
- Economic Development Manager - As the lead negotiator on the WTE project it is imperative that the Economic Development Manager understand, observe, and request information on all aspects of the plasma arc gasification technology and its

impact to ensure adequate consideration is given to environmental requirements, fiscal requirements, equipment requirements, and resource requirements etc.

- Senior Development Project Manager - As the support to the lead negotiator on the WTE project it is imperative that the Senior Development Project Manager understand, observe, and request information on all aspects of the plasma arc gasification technology and its impact to ensure adequate consideration is given to environmental requirements, fiscal requirements, equipment requirements, and resource requirements etc.
- Integrated Waste General Manager – This person and his staff are responsible for day to day maintenance of all garbage disposals in the City. It is important that he observe a fully functioning WTE facility utilizing MSW as feedstock and evaluate his experiences in relation to the plasma arc gasification technology to ensure the facility will be an asset to the City.

Additionally, staff is seeking authorization to invoice USST an amount not to exceed \$50,000 for expenses related to professional consulting services required to evaluate the efficacy of the USST proposal (including travel costs for third party physicists to evaluate the technology and for third party financial analysts to evaluate the financing, risks and potential liabilities associated with the proposal; it can also be used to recover costs associated with City staff travel within the United States, required testing, translation services etc. on associated WTE and/or Arc Plasma Gasification work).

While this report requests authorization for City staff only, USST is expected to extend separate invitations to the County of Sacramento, BLT and SMUD to accompany staff on the site visit to Utashinai, Japan.

**RESOLUTION NO.**

Adopted by the Sacramento City Council

**RESOLUTION DESIGNATING STAFF TO ATTEND A SITE VISIT TO  
UTASHINAI, JAPAN.**

**BACKGROUND**

- A.** On February 26, 2008, City Council approved an Exclusive Right to Negotiate (ERN) for up to three months a Principles of Agreement (POA) with U. S. Science & Technology (USST). USST was selected as a result of being the sole responder to the City's RFQ that proposed the plasma arc gasification technology. Plasma arc gasification was selected as it best meets the five identified WTE project goals and the City's goals for sustainability.
- B.** In an attempt to assist the City in completing its due diligence during the three month ERN negotiating period, USST has invited (see letter in Attachment 2) the City of Sacramento to conduct a site visit to Utashinai, Japan using the Westinghouse plasma arc gasification technology. At the time this report was written, the preliminary date for the visit was May 9, 2008 to May 14, 2008 however this date may be subject to change to accommodate elected and staff schedules. The purpose of the site visit is to observe the Westinghouse Plasma Corporation's plasma arc gasification technology operate at a commercial scale using Municipal Solid Waste (MSW) as feedstock.
- C.** Due to the magnitude and scale of this project City staff working on this project range from elected officials, executive level and management staff and would therefore be most appropriate for them to attend the site visit to Utashinai, Japan.
- D.** Staff is seeking authorization to invoice USST an amount not to exceed \$50,000 for expenses related to professional consulting services required to evaluate the efficacy of the USST proposal (including travel costs for third party physicists to evaluate the technology and for third party financial analysts to evaluate the financing, risks and potential liabilities associated with the proposal; it can also be used to recover costs associated with City staff travel within the United States, required testing, etc. on associated WTE and/or Arc Plasma Gasification work).

**BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL  
RESOLVES AS FOLLOWS:**

- Section 1.** The City accepts U. S. Science and Technology's (USST) offer to reimburse the City for costs associated with up to eight City officials and staff conducting an information-gathering site visit to the Westinghouse Plasma Corporation's plasma arc gasification waste to energy plant in Utashinai, Japan.
- Section 2** The following City officials and staff are designated to represent the City of

Sacramento on the site visit to Utashinai, Japan preliminarily scheduled for May 9, 2008 to May 14, 2008.

- Council Member, Lauren Hammond
- Council Member, Robbie Waters
- City Attorney
- Assistant City Manager
- Economic Development Manager
- Senior Development Manager
- Integrated Waste General Manager

Section 3 The City Manager or his designee is authorized to seek and receive on behalf of the City up to \$50,000 from USST to the City for City costs incurred in evaluating the USST proposal. This remuneration is to be used for expenses over and above staff salaries, benefits and ordinary operations and maintenance and can be used to compensate third party consultants in the evaluation of the proposal.



U.S. SCIENCE & TECHNOLOGY

March 20, 2008

Mr. Ray Kerridge  
City Manager  
City of Sacramento  
City Hall, Fifth Floor  
915 I Street  
Sacramento, California 95814-2604

Dear Ray:

The Principles of Agreement, negotiations, between the City of Sacramento and U.S. Science & Technology, Inc. are proceeding as planned and we are planning to organize a trip to Japan to visit one of the Plasma Arc Gasification operating facilities. USST views this visit as an opportunity for key City officials to view the operation, witness the technology, and open a dialogue with long term users of the process, (six years).

The trip is currently being planned for May 9<sup>th</sup> thru May 14<sup>th</sup> (tentative). We have arranged for up to eight slots for the City officials.

We are pleased to offer this opportunity to the City and its staff with all associated expenses paid by U.S. Science & Technology, Inc.

Thank you for your favorable consideration of this invitation. We look forward to making the final arrangements.

Sincerely Yours,

William J. Ludwig  
Chief Executive Officer

4366 Auburn Blvd, Sacramento, CA 95841  
Bus (916) 978-9900 • Fax (916) 978-9904