



Pinellas County

Staff Report

File #: 17-289A, **Version:** 1

Subject:

First Amendment to the agreement with Covanta Projects, LLC for Waste to Energy Facility operator technical recovery plan projects.

Recommended Action:

Approve the First Amendment to the agreement with Covanta Projects, LLC (Covanta) for Waste to Energy (WTE) Facility Operator technical recovery plan (TRP) projects. Chairman to sign and Clerk of Court to attest.

Contract No. 134-0171-P (LN); increase in the amount of \$93,357,899 for revised amount of \$566,327,899 through November 2, 2024.

Strategic Plan:

Practice Superior Environmental Stewardship

3.4 Reduce/reuse/recycle resources including energy, water, and solid waste

Foster Continual Economic Growth and Vitality

4.4 Invest in infrastructure to meet current and future needs

Deliver First Class Service to the Public and Our Customers

5.2 Be responsible stewards of the public's resources

5.3 Ensure effective and efficient delivery of county services and support

Summary:

This First Amendment increases the budgeted expenditure cap for TRP projects from \$150,000,000 to \$243,357,899. The additional \$93,357,899.00 is required to complete the major repair and replacement of systems, structures, and components (SSCs) at the WTE facility, extending its life by twenty (20) years.

The amendment also provides for continuance of an escalated capacity maintenance fee, paid as part of the processing fee, for an additional two years (\$2,970,000); defines the process for payment of project management costs during the extension period; and extends certain performance waivers provided during the "Initial Operating Period" (IOP) for an additional two (2) years, or until the majority of the repairs have been completed.

During this time extension, Covanta will be provided relief from certain guarantees including processing and availability guarantees, which are impacted when units have to be taken out of service for TRP project work, and utility guarantees where there is increased usage related to start up and shut down activities.

Background Information:

This contract for a total estimated value of \$470,000,000 was awarded by the Board of County Commissioners (Board) on November 3, 2014. The Service Agreement term is ten (10) years for

operation and maintenance services and included a \$150,000,000 capped budgeted expenditure to Covanta for projects to repair and replace major SSCs; referred to as the TRP.

During the procurement process, the original TRP project scope and budget was developed and reviewed by Solid Waste Department staff, County engineering consultants, and two (2) shortlisted contract service providers. The scope identified SSCs known to be in poor condition based on legacy knowledge, operating conditions, and visual condition assessments. Because of the unknown scope of the TRP Projects, the cost of this work was not included as part of the bid evaluation but was to be performed on a cost plus basis; therefore, this increase would have had no impact on the selection process.

The service agreement was drafted to anticipate the potential for an increase in scope resulting from inspection of interior systems that were not accessible during the procurement process. Covanta was provided the first six (6) months of the twenty-four (24) month IOP to inspect the WTE facility and submit proposals for additional major repair and replacement projects and through that process identified the need for an additional \$93,357,899 of work. The service agreement included a TRP expenditure cap and requires Board approval for an increase.

The increase to the original TRP project scope resulted in work not being completed within the IOP. As a result, Covanta will continue to incur increased maintenance costs and risks associated with non-performance until the TRP projects are completed.

Fiscal Impact:

Approved estimated ten (10) year expenditure not to exceed: \$470,000,000.

Estimated two (2) year increase not to exceed: \$96,327,899.

- TRP Projects \$93,357,899
- Capacity Maintenance Fee \$ 2,970,000
\$96,327,899

Revised Estimated expenditure through November 2, 2024: \$566,327,899

Funding is derived from the Solid Waste Enterprise Funds.

Staff Member Responsible:

Kelsi Oswald, Director, Solid Waste
Joe Lauro, Director, Purchasing

Partners:

N/A

Attachments:

Amendment Number One