

**Lee County Board Of County Commissioners
Agenda Item Summary**

Blue Sheet No. 20051644

1. ACTION REQUESTED/PURPOSE: Waive formal procurement procedures and approve and authorize the Chairman to sign Amendment No. 6 to the Service Agreement between Lee County and Covanta Energy, Inc, the current operator of the County Waste to Energy facility, providing for the costs and responsibilities of the Parties for Engineering Oversight, Construction Management and Start-Up of the Waste to Energy Third Unit Expansion Project.

2. WHAT ACTION ACCOMPLISHES: Establishes a formal agreement providing the roles, costs, and responsibilities for the County and Covanta Energy, Inc. for the design, construction, and start-up of the Waste to Energy Expansion Project. This Amendment No. 6 was developed pursuant to the Memorandum of Understanding (MOU) previously approved by the BOCC.

3. MANAGEMENT RECOMMENDATION: Staff recommends approval.

4. Departmental Category: 8		ABA	5. Meeting Date: Nov. 22, 2005
6. Agenda:	7. Requirement/Purpose: (specify)		8. Request Initiated:
<input type="checkbox"/> Consent	<input type="checkbox"/> Statute		Commissioner _____
<input checked="" type="checkbox"/> Administrative	<input type="checkbox"/> Ordinance		Department <u>Public Works</u>
<input type="checkbox"/> Appeals	<input checked="" type="checkbox"/> Admin. Code <u>4-4</u>		Division <u>Solid Waste</u>
<input type="checkbox"/> Public	<input type="checkbox"/> Other		By: <u>Lindsey J. Sampson</u>
<input type="checkbox"/> Walk-On			

9. Background:

Lee County and Covanta Energy, Inc. are Parties to a long-term Service Agreement whereby Lee pays Covanta to operate and maintain the County's waste to energy facility (WTE). The term of the Agreement is twenty years and runs through November of 2014. Covanta was the original contractor of the present Waste to Energy facility as "Ogden Martin". Lee County has decided to expand the WTE by adding a third municipal waste combustion unit and a second turbine-generator. It is prudent and appropriate to have Covanta participate in the construction of the third unit and operate the entire expanded facility for an agreed upon extended number of years in the definitive agreement to follow. For the operation of the third combustion unit, the County will require certain operating and maintenance standards and guarantees similar to the conditions established for the original facility.

On January 18, 2005, pursuant to the Boards direction of 11-25-03, the BOCC approved a Memorandum of Understanding (MOU) outlining the basic roles and responsibilities of the Parties for the design, construction and start-up of the WTE Expansion Project. The MOU also provided that a Definitive Agreement would be established to provide detailed information relating to the respective Party's responsibilities and other contract conditions. The Definitive Agreement is in the form of this Amendment No. 6 for the construction project and will be in the form of an 'Amended and Restated Service Agreement' for the operations and maintenance of the expanded facility.

For additional information, please refer to the attached memo dated 6/15/04.

Funds are available in: 2009 23401 02 506510

10. Review for Scheduling:

Department Director	Purchasing or Contracts	Human Resources	Other	County Attorney	Budget Services	County Manager/P.W. Director
<i>[Signature]</i> 11-9-05	<i>[Signature]</i> 11/9	N.A.	<i>[Signature]</i>	<i>[Signature]</i> 11/10	Analyst <i>[Signature]</i> 10/10 Risk <i>[Signature]</i> 10-05 Grants <i>[Signature]</i> 11/10/05 Mgr. <i>[Signature]</i> 11/10/05	<i>[Signature]</i> 11-9-05

11. Commission Action:

Approved

Deferred

Denied

Other

RECEIVED BY COUNTY ADMIN: 11-10-05 10/10
COUNTY ADMIN FORWARDED TO: 11-10-05 10:30 T.D.

Rec. by CoAtty
Date: 11/9/05
Time: 4:55 pm
Forwarded To: Budget 11/10/05 10:05 am



Lee County
SOUTHWEST FLORIDA

**INTEROFFICE MEMORANDUM
FROM
SOLID WASTE DIVISION**
Phone: (239) 338-3302 Fax: (239) 338-3304

Date: June 15, 2004

TO: Board of County Commissioners

From: Lindsey J. Sampson, P.E.
Director

**SUBJECT: Waste to Energy Expansion Project,
Covanta's Responsibilities and Compensation for Project Development &
Permit Assistance, Engineering Oversight, Construction Management And
Facility Start-Up**

The Solid Waste Division has been working with Covanta to establish appropriate and reasonable fees for Covanta to perform the subject work. Covanta's role and responsibilities have been divided into four phases summarized as follows:

1) Project Development and Permit Assistance. Covanta was a key participant with the County during the two-year permitting process. Covanta's technical personnel supplied a large amount of emissions data from various sources that the County and its consultants used in the permit application. Covanta attended most of the meetings held in Tallahassee with the DEP and furnished the County/DEP with relevant cost data for various pollution control equipment scenarios. Covanta researched industry information in order to provide DEP with a "real world" perspective on waste to energy advancements, practicalities, and practices.

Covanta has canvassed prospective equipment vendors and installation contractors in preparing a preliminary detailed cost estimate for the Lee Project. Covanta has solicited and continues to solicit vendor/contractor interest in this project in order to ensure that the County receives qualified competitive bids for construction.

Covanta has developed, for the County's approval, a preliminary and final basis of design for the project. This extensive engineering document will provide the Design Engineer with the technical requirements and basis to prepare the plans and specifications.

Covanta participated in the County's Competitive Negotiation Process for the selection of, and contract negotiation for the Design Engineer. Covanta has provided appropriate and valuable information resulting in the detailed scope of services for the Design Engineering work. Covanta has continued to support the County in order to finalize a contract for this important service.

2) Engineering Oversight. Covanta will assist the County by reviewing and commenting on all work performed by the Design Engineer. Covanta will make suggestions for the County/Engineer's consideration related to plant operating requirements and performance guarantees. Covanta will review the Engineer's plans and specifications to ensure economical

construction and operations and ensure the proper integration of new systems to existing plant operations and facilities. Covanta will participate during this phase such that Covanta will be able to provide the County with operating and environmental guarantees that are at least as stringent as the current production guarantees and more stringent environmentally. Covanta will oversee the Engineer's procurement documents for all plant equipment and assist in facilitating County direct purchases.

3) Construction Management. Covanta will perform construction management services for the County including the assembly of contract documents for competitive vendor and contractor procurement by the County. Covanta will schedule and manage all contractors and vendors during construction. Covanta will review and make recommendations regarding any change order requests. Covanta will oversee all construction activities and certify the progress, completeness, and correctness of the work. Covanta will review and certify construction requests for payments. Covanta will perform construction management services in order to complete the expansion project economically and expeditiously.

4) Facility Start-Up. Covanta will supply all start-up labor, management, materials and equipment specific to start-up activities, test, and place into service all equipment of the expansion project (excluding vendor/contractor start-up personnel). Covanta will conduct performance testing and coordinate and oversee environmental testing. The cost of environmental testing, utilities, and reagents for the new unit will be handled as County pass-through costs. Covanta will report on any problems or defects with the equipment and manage any corrections required of the Contractor. Covanta will demonstrate the performance of the expansion facility prior to the County's acceptance.

The services and responsibilities summarized herein are more fully described in detail in the Draft Memorandum of Understanding provided by the County Public Works Department and the County Attorney's Office. The Solid Waste Division recommends payment for these services and responsibilities (shown below) as a maximum amount. Some additional refinement / reduction of these costs may take place prior to the Board's meeting of 6/29/04 but the total amount will not exceed the amounts as follows:

1) Project Development and Permit Assistance:		
	Not to Exceed	\$ 903,695
2) Engineering Oversight:		
	Not to Exceed	\$ 1,858,482
3) Construction Management:		
	Not to Exceed	\$ 376,635
	Plus Lump Sum	\$ 3,218,000
4) Start-Up and Testing:		
	Not to Exceed	\$ 333,623
	Plus Lump Sum	\$ 579,198

5) Travel and Expenses for all performed services:		
	Not to Exceed	\$ 149,183
6) Authorized Outside Consultants:		
	Not to Exceed	\$ 350,000
	Total Not to Exceed	\$ 3,971,618
	Total Lump Sum	\$ 3,797,198
	Total Not to Exceed	<u>\$ 7,768,816</u>
		(Including Lump Sum Payments)

All of the pricing listed above as "Not to Exceed" (NET) are contracted professional services for project management, technical support, and project oversight. Services performed will be invoiced to Lee County on an hourly fee basis with supporting documents and substantiated. Scope items be changed and fees may be reallocated among the specific NTE work phases upon authorization/approval by the Division, but the total NTE amount will remain \$3,971,618. All of the pricing included shall be firm for the length of the project and will not escalate providing contractor mobilization commences on or before July 1, 2005.

Included in the services for the Project Development phase is a sum of \$671,569 that compensates Covanta for permitting assistance services project development, and work directed toward selection of the Design Engineer through February 29, 2004. This amount reflects unescalated 2002 and 2003 dollars and can be invoiced by Covanta upon approval of the Memorandum of Understanding.

The Lump Sum pricing for construction management shall be invoiced to the County over a period of 22 months (equally) beginning with constructor mobilization on the project. The Lump Sum pricing for start-up services will be invoiced to Lee County over a period of 3 months (equally) beginning with the initial "firing" of the furnace.

The Solid Waste Division believes that the financial arrangement summarized herein represents appropriate and equitable compensation for the management and oversight services and responsibilities for the expansion project. I will be glad to provide more details or respond to any questions.

Cc: Jim Lavender, Public Works Director
Don Stilwell, County Manager
David Owen, Chief Assistant County Attorney