ABSTRACT

On May 7, 2007, the operating agreement for the Pinellas County mass-burn resource recovery facility will expire. This contract, originally negotiated in the late 1970's is one of the first in the United States for the design, construction, operation and maintenance of a municipally owned refuse-to-energy facility, and thus is one of the first to expire. In late 2003, Pinellas County began the process to reprocure an operator for its resource recovery facility under the terms of a new long-term agreement.

This paper discusses planning processes and reprocurement activities to date, including hiring a reprocurement consulting engineer; formation of the project team (Project Working Group and Project Oversight Committee); development of the project schedule; and, identification of the reprocurement approach (informal meetings with vendors, Request for Qualifications and Request for Proposals). The paper also addresses certain technical and contractual issues associated with contracting a 24-year old refuse-to-energy facility. Technical items considered are a modified approach to ash processing and metals recovery; whether or not to continue the WESPhix® ash treatment process; and the need for various capital improvements. Contractual matters include such items as ownership of spare parts; availability of operating documents and record drawings; transfer of proprietary licenses; and consideration of a transition agreement.

Pinellas County’s reprocurement is being designed with the primary goal of developing a process that is fair, open and competitive; and one that provides a level playing field for all interested proposers. The paper draws comparisons between the reprocurement methods and processes considered, with conclusions about why the final reprocurement approach was selected.

INTRODUCTION

The Pinellas County, Florida (County) Resource Recovery facility (PCRRF) began commercial operations in 1983. This mass-burn refuse-to-energy plant serves as the primary solid waste disposal means for the County’s population of nearly one million. The plant has a daily capacity of 3,150 tons of municipal solid waste, processed through three water wall boilers each having a capacity of 1,050 tons per day. These units are the largest of their type in the United States. The electric energy produced is sold to Progress Energy Florida, Inc. under terms of a power purchase agreement that expires in 2024. The PCRRF is owned by Pinellas County with operation and maintenance contracted to Wheelabrator Pinellas, Inc. (WPI), a subsidiary of
Wheelabrator Technologies, Inc., under an agreement that expires on May 7, 2007. As one of the first publicly owned refuse-to-energy facilities in the United States, it is also one of the first to reach the end of its initial operating contract.

The County’s decision to reprocure the PCRRF contract was made in 1999. At that time the County and WPI jointly recognized the value of replacing various key components of the plant, including boilers, cranes, plant controls, cooling tower refurbishment and tipping building reconfiguration, by a contract amendment, known as the Capital Replacement Project (CRP). To complete this nearly $57 million project, the existing 20-year agreement with WPI was extended by four years, to May 7, 2007. The CRP was deemed important to the long-term viability of the PCRRF since plant components replaced were original installed equipment, nearing the end of its useful life. Through the CRP the County obtained a vastly improved facility, which it believed would provide a less risky and more competitive bid process.

With a modernized plant it was time to turn attention to also modernizing a 24-year-old agreement. This process began in late 2003.

REPROCUREMENT PLANNING

While beginning a contract reprocurement (bid) process over 3 1/2 years prior to contract expiration may at first thought seem excessive, experience has shown this is not the case. The process is greatly complicated by not only having to write a new O&M agreement, but by a need to efficiently complete the terms of an existing agreement, with the potential of a transfer to a different contracting entity.

County staff began the reprocurement process with the assistance of outside legal counsel. A tentative project timetable was developed identifying key milestones and in late March 2004, a reprocurement project consulting engineer, Camp, Dresser and McKee, Inc., was added to the project team. With this core team in place (County staff, legal counsel and consulting engineer), more detailed planning could be accomplished.

The value of a new 20-year PCRRF O&M contract is estimated at $400 - $500 million. It is expected that a contract of this size, arguably the largest single contract ever awarded by the County, would receive extensive scrutiny by both the elected officials and the public. To assure a smooth implementation of this process a project organization was developed consisting of a Working Group and an Oversight Committee.

The Working Group is composed of County staff and consultants with the primary responsibilities of developing the project approach, procurement strategies, preparation of procurement documents, performing technical evaluations and making recommendations. The Working Group meets on a frequent basis and is the focus organization for keeping the project on schedule.

The Oversight Committee is composed of Senior County staff who head major departments with necessary involvement in the success of the project. The Directors of County Utilities, Utilities Finance, Utilities Engineering, County Purchasing, County Risk Management and the Technical Management Committee make up this committee and meet only as necessary to critique recommendations of the Working Group and importantly, to assist in presenting the procurement process and recommendations to the County Administrator and the elected Board of County Commissioners (BCC).

With the reprocurement project team in place, in April 2004 the work of detailing the reprocurement project process, scope of work and time schedule began.
REPROCUREMENT APPROACH

An important initial task of the Working Group was development of a detailed project schedule. Key project milestones and dates from this project schedule are shown in Table 1.

Work began immediately to identify the reprocurement approach. While the Working Group had substantial experience with many and various bid and proposal processes, the process best suited to Pinellas County received substantial debate.

To focus this debate it was decided to schedule informal information meetings with interested vendors. In April 2004, known qualified providers were notified by mail and advertisements were placed in major newspapers and solid waste industry publications. On May 11, and May 13, 2004 the Working Group held individual meetings with four vendors - Babcock & Wilcox, Inc., Covanta Energy, Inc., Onyx Montenay Power Corporation; and, Wheelabrator Technologies, Inc. The information obtained from these sessions was valuable in formulating the County’s reprocurement approach.

Current project considerations differ substantially for Pinellas County from those in the late 1970’s. For the original project, refuse-to-energy processing of municipal solid waste in the United States had little track record, with debate on alternate technologies (i.e., mass burn, refuse derived fuel, fluidized bed, rotary kiln, and others) dominating much of the decision process. By contrast now, however, the procurement process is dealing with a 24-year old mass-burn facility with a known track record. The comparative circumstances are much different and argue strongly for a modified reprocurement approach.

By June 2004 the Working Group had sufficiently debated the reprocurement approaches to decide on a two part process consisting of a Request for Qualifications (RFQ), followed by a Request for Proposals (RFP). The final RFP, however, would be determined through a series of simultaneous, independent negotiating sessions with the selected, qualified vendors from the RFQ. Through this negotiating process the final RFP will consist of a final O&M agreement, and a per ton operating fee. Selection will be determined by vendors agreeing to the draft O&M contract, the per ton price proposed and to a lesser extent on the proposers’ track records on issues such as environmental compliance and operating history.

On November 16, 2004 the project team presented the status of the Reprocurement Project to the BCC at a formal Workshop. Project time schedule, major policy issues and the form of the RFQ were discussed. The value of the Working Group/Oversight Committee process was proven, since the BCC authorized issuance of the RFQ with little comment.

The RFQ was issued in late November 2004 with vendor responses due February 3, 2005. During this time, work began on the RFP and draft O&M agreement.

TECHNICAL ISSUES

To formulate the RFP a number of key technical and operating policy issues needed to be addressed. These issues are itemized below, with final resolution pending since as of this writing (mid-January, 2005) the draft RFP has not been completed.

Issues under review include:

- **Existing Contract Transition Issues** - How to assure that the current O&M contractor will provide adequate maintenance of the PCRRF through the remaining 2½ years of the agreement. A Transition Agreement with WPI is being considered.
- **Required Capital Improvements** - Since the County owns the PCRRF certain capital improvements that do not fall under contractual O&M requirements may be needed.
Table 1
Pinellas County Resource Recovery Facility
Operation & Maintenance Agreement
Reprocurement Timetable

<table>
<thead>
<tr>
<th>Activity</th>
<th>Actual Dates</th>
<th>Projected Dates</th>
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<tr>
<td>Identify key issues and strategies; form Project Team.</td>
<td>October, 2003 – March, 2004</td>
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<tr>
<td>Informal meetings with potential vendors.</td>
<td>May 11 &amp; 13, 2004</td>
<td>April, 2005</td>
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<tr>
<td>Board of County Commissioners (BCC) Workshops.</td>
<td>August 17 &amp; November 16, 2004</td>
<td>May – August, 2005</td>
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<tr>
<td>Advertise Issuance of Request for Qualifications (RFQ).</td>
<td>December, 2004</td>
<td>September, 2005</td>
</tr>
<tr>
<td>Receive RFQ Responses.</td>
<td>February 3, 2005</td>
<td>April, 2006</td>
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<td>June, 2006</td>
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<td>September, 2006</td>
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<td>October, 2006</td>
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<td></td>
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<td>May 8, 2007</td>
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</tbody>
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water recirculation line replacement, and purchase of a spare gas circuit breaker are all issues that have been or are currently being addressed.

- **Transfer of Licenses** – It is desirable that licenses for all computer software, operating systems and technology be transferred to the County in the event that a new contractor is awarded the work.

- **Document Availability** - Documents (operating statistics, repair and maintenance records, construction drawings, etc.) must be made available to all prospective vendors. The County has not consistently received or maintained copies of all of these documents over the term of its initial O&M agreement. Needed PCRRF documents are being identified, located and assembled in a document room accessible to all proposers.

- **Ash Processing Approach** – Over time, ash processing at the PCRRF has evolved to include the processing of recovered ferrous metals from other waste-to-energy plants in Florida, in addition to County generated metals. While the County shares a percentage of the revenue derived therefrom, the County has determined that this business arrangement is not in its best interests, and will not go forward in this fashion in the new contract. A new ash processing/metals recovery approach will be used. Also, use of WPI's proprietary fly ash conditioning process, known as WESPhix® is under review.

- **Spare Parts Ownership** - The existing O&M agreement contains little language on spare parts and has been interpreted differently by the parties with respect to ownership. Discussions are ongoing toward a hoped for resolution so ownership of inventoried spare parts does not become an issue in the RFP.

The above key issues and others will be resolved during RFP development.

**CONCLUSIONS**

The reprocurement of the PCRRF O&M agreement is well under way. This project is complicated by the requirements to assure continued quality operation and maintenance of a nearly 24-year old waste-to-energy facility while at the same time preparing a competitive procurement process that provides a level playing field and is fair to all qualified proposers. Advantages are gained by dealing with a known solid waste treatment process (mass-burn) and by having many years of facility specific, as well as substantial industry experience upon which to design a new O&M agreement.

Other municipal owners of similar facilities should start their reprocurement process well in advance of contract expiration. A qualified, experienced reprocurement project team should be assembled. The project team needs to seriously consider the political process necessary for these very large multi-million dollar projects.

As with any large, complicated project, diligent planning and execution are required. The ultimate success of Pinellas County's reprocurement project will not be known until NAWTEC 15.