

LEE COUNTY BOARD OF COUNTY COMMISSIONERS  
AGENDA ITEM SUMMARY

BLUE SHEET NO: 20021077

1. REQUESTED MOTION:

**ACTION REQUESTED:** 1) Authorize the Solid Waste Division to submit an application to the DEP at the appropriate time, to construct and operate an additional combustion unit at the Waste to Energy facility and approve expenditure of \$50,000.00 for the application fee. 2) Approve Supplemental Agreement No. 11 with Malcolm Pirnie, Inc. for professional and technical support and advice during the permitting process and contract negotiations for a not-to-exceed amount of \$988,458.00. 3) Authorize County Staff to commence negotiations with Covanta Energy, Inc. with the purpose of establishing amendment(s) to the existing construction and operations/maintenance agreements between Lee County and Covanta. 4) Authorize County Staff to perform all required administrative tasks related to the submittal and processing of the DEP permit application and the contract negotiations with Covanta in order to support these actions in a pragmatic and expeditious manner.

**WHY ACTION IS NECESSARY:** Expenditures greater than \$50,000.00 requires BOCC approval.

**WHAT ACTION ACCOMPLISHES:** Authorizes County Staff to move forward with the permitting process for the Waste to Energy expansion and to negotiate contract changes/amendments with Covanta relative to the proposed expansion.

2. DEPARTMENTAL CATEGORY: SOLID WASTE  
COMMISSION DISTRICT #: CW

ASA

3. MEETING DATE:

10-01-2002

4. AGENDA:

- CONSENT
- ADMINISTRATIVE
- APPEALS
- PUBLIC
- WALK ON
- TIME REQUIRED: \_\_\_\_\_

5. REQUIREMENT/PURPOSE:

- (Specify)
- STATUTE \_\_\_\_\_
  - ORDINANCE \_\_\_\_\_
  - ADMIN. CODE \_\_\_\_\_
  - OTHER \_\_\_\_\_

6. REQUESTOR OF INFORMATION:

- A. COMMISSIONER: \_\_\_\_\_
- B. DEPARTMENT: Lee County-Public Works
- C. DIVISION/SECTION: Solid Waste Division
- BY: Lindsey Sampson, Solid Waste Director

DATE:

4/19/02  
*Lindsey Sampson*

**7. BACKGROUND:** On June 5, 2001 the BOCC approved a Supplemental Agreement with the County's Waste to Energy consultant, Malcolm Pirnie, Inc., to prepare a Supplemental Application to be submitted to the Department of Environmental Protection for the purpose of constructing and operating an additional combustion unit at the County's Waste to Energy facility. Malcolm Pirnie, and its sub-consultants have virtually completed this task and the DEP Application is very close to completion. The application proposes a waste to energy combustion unit that is similar to the existing units that will meet or exceed all requirements of the New Source Performance Standards for air emissions and the Clean Air Act Regulations, as amended.

Continued on Page 2 of 2.

8. MANAGEMENT RECOMMENDATIONS: Approve the requested motions.

9. RECOMMENDED APPROVAL

A DEPARTMENT DIRECTOR	B PURCH. OR CONTRACTS	C HUMAN RESOURCES	D OTHER	E COUNTY ATTORNEY	F BUDGET SERVICES				G COUNTY MANAGER
					OA	OM	Risk	CC	
<i>J. J. ...</i> 9.19.02	<i>J. J. ...</i> 4/19/02	<i>N.H.</i>	<i>SAO</i> 9/19/02	<i>[Signature]</i> 9/19/02	<i>P.M.</i> 9/19/02	<i>[Signature]</i> 9/19/02	<i>[Signature]</i> 9/18	<i>[Signature]</i> 9/19/02	<i>[Signature]</i> 9.19.02

10. COMMISSION ACTION:

- APPROVED
- DENIED
- DEFERRED
- OTHER

RECEIVED BY  
COUNTY ADMIN.  
4-19-02  
11:00  
COUNTY ADMIN.  
FORWARDED TO:  
9/19 400

REC'D.  
by CO. ATTY.  
9/19/02  
10:35 AM  
CO. ATTY. 9/19/02  
FORWARDED TO:  
Budget  
10:40 AM

Pat

The permitting process will include certain public hearings as established by state and federal regulations. The actions requested by this agenda item are primarily to initiate the formal permitting process and follow through with all administrative tasks required for this process.

Supplemental Agreement No. 11 with Malcolm Pirnie, Inc. (MPI) will provide the County with professional and technical consulting services during the permitting process MPI and its sub-consultants will coordinate and provide responses to the regulatory agencies. The consulting team will also provide expert witness testimony as required during Administrative Hearing(s). MPI will provide technical review and advice and process variable financial analysis related to contract negotiations with Covanta. MPI will perform technical review of preliminary design proposals of the additional combustion equipment to confirm proper engineering design.

It is also appropriate at this time to begin negotiating with Covanta in order develop amendments to their construction and service agreements that will establish the conditions, responsibilities and costs associated with this expansion project. All such amendments will be presented to the Board for formal review and action at a later date.

Funds for the application fee and associated work have previously been budgeted in CIP project account 200923.

20092340102.506511

Solid Waste Processing Equip. - SW Mgmt. - Permits, Licenses and other fees

20092340102.506510

Solid Waste Processing Equip. - SW Mgmt. - Professional Services

20092340102.506540

Solid Waste Processing Equip. - SW Mgmt. - Improvement Construction

**Attachments:** Blue Sheet No. 20010549 dated June 5, 2001  
Malcolm Pirnie, Inc letter dated May 3, 2001  
Covanta Energy letter dated September, 2002  
Supplemental Agreement No. 11 with Malcolm Pirnie, Inc.

6-6: waiting for doc - court

LEE COUNTY BOARD OF COUNTY COMMISSIONERS

AGENDA ITEM SUMMARY

BLUE SHEET NO: 20010549-DSW

REQUESTED MOTION:

ACTION REQUESTED: Approve Supplemental Agreement No. 10 with Malcolm Pirnie, Inc. (Lee Contract No. 123) in the 'not-to-exceed amount of \$1,479,970.00 and authorize the Solid Waste Division and County Attorney's office to perform all administrative work necessary, to include engaging the services of the law firm of Landers & Parsons, P.A., in the person of David Dee, Esq. so as to submit a Supplemental Application to the Department of Environmental Protection in order to receive approval to construct and operate a third combustion unit at the waste to energy facility. Also approve budget transfer of 479,970.00 from SW Mgmt. Fund Reserves and amend FY 01/05 CIP for the Solid Waste Processing Equip. Project.

WHY ACTION IS NECESSARY: Board approval is required for all contracts or change orders exceeding \$50,000.00.

WHAT ACTION ACCOMPLISHES: Provides the Solid Waste Division the necessary professional assistance to prepare and submit an application to the DEP for expanding the waste to energy facility.

DEPARTMENTAL CATEGORY: 8 - SOLID WASTE  
COMMISSION DISTRICT #: CW

A8A

3. MEETING DATE:

06-05-2001

<b>AGENDA:</b> <input type="checkbox"/> CONSENT <input type="checkbox"/> ADMINISTRATIVE <input type="checkbox"/> APPEALS <input type="checkbox"/> PUBLIC <input type="checkbox"/> TIME REQUIRED: _____	<b>5. REQUIREMENT/PURPOSE:</b> (Specify) <input type="checkbox"/> STATUTE <input type="checkbox"/> ORDINANCE <input checked="" type="checkbox"/> ADMIN. CODE <input type="checkbox"/> OTHER	<b>6. REQUESTOR OF INFORMATION:</b> A. COMMISSIONER: _____ B. DEPARTMENT: Lee County-Public Works C. DIVISION/SECTION: Environmental Services/Solid Waste BY: Lindsey Sampson, Solid Waste Director DATE: 5/8/01
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BACKGROUND:

The Waste To Energy Facility has operated in excess of its guaranteed throughput capacity for the last two years. The remaining available air space at the Gulf Coast landfill is projected to last approximately 1.5 years. The County has previously agreed to limit the quantity of municipal solid waste that will be disposed at the Lee / Hendry landfill. The County's recycling program continues to improve and expand, but it is impracticable to assume that I could handle the projected increase of solid waste. Therefore, there are only two practical and demonstrated options available for future disposal; 1) expansion of the waste to energy plant, and 2) contracting for the transport and disposal of waste to an out-of-county landfill.

Contracting for transport and disposal to an out-of-county landfill offers a short-term solution that is viable. However, the expansion of the waste to energy facility offers a longer-term solution that is more viable. Expansion of the existing plant maintains a greater amount of involvement and control by the County for decisions in the disposal process.

The County's solid waste consultant has prepared a preliminary analysis that projects the economic impact (of a plant expansion) to the ratepayers of Lee County (see attached letter). In summation, the consultant has shown that based on the financing plan proposed, there will be no additional impact to the rate payer other than the previously projected 2% annual escalation of the disposal fees. This is due because of the ability of the County to refinance its existing debt at a favorable rate and because the incremental cost to build and operate the expansion is less than the initial incremental cost of the facility.

Funds will be made available after transfer in: 20 0923 40102.506540

MANAGEMENT RECOMMENDATIONS: Approve the requested motion

9. RECOMMENDED APPROVAL

DEPARTMENT DIRECTOR	PURCHASING	HUMAN RES.	County Administration				OTHER	COUNTY ATTORNEY	COUNTY MANAGER
			OA	ONI	Risk	GC			
W. Lavender DATE	N/A	N/A	5/10/01	5/10/01	5/10	5/10/01	[Signature]	[Signature]	

10. COMMISSION ACTION:

APPROVED - as amended (see Minutes)  
 DENIED  
 DEFERRED - TO M&P OF 6/4/01  
 OTHER

RECEIVED COUNTY ATTORNEY  
3/1  
3/1  
COUNTY ATTORNEY  
3-10  
5/1

Xc: S. Waste Subject Files  
Env Svcs B/S Files  
B. Westberry/B. Dearborn  
T. Cerchie  
L. Sampson  
C. Logan  
(CIP 20Funds B/S)  
Date: JUL 23 2001 /sdg

94

11334



MALCOLM PIRNIE, INC.  
INDEPENDENT ENVIRONMENTAL ENGINEERS, SCIENTISTS & CONSULTANTS

May 3, 2001

Lindsey J. Sampson, P.E.  
Director  
Lee County Department of Solid Waste  
1500 Monroe Street  
Fort Myers, Florida 33901

Re: Preliminary Financial Impact Evaluation for WTE Facility Expansion

Dear Mr. Sampson:

Malcolm Pirnie Inc. is pleased to submit this letter report presenting our preliminary evaluation of the financial impact of the proposed expansion of the Lee County Solid Waste Energy Recovery Facility (the "Facility"). The purpose of this report is to summarize our review of the potential cost associated with expanding the Facility, and to project the impact that cost may have on the rates Lee County (the "County") charges to the users of its Solid Waste System.

Ultimately, the technical, environmental and financial feasibility of expanding the Facility will be determined based upon a detailed study that analyzes the engineering, environmental impacts and cost required to complete the project. The objective of this report is to determine whether there is sufficient evidence that expansion of the Facility is economically feasible.

**Project Cost**

The major cost associated with the Facility expansion is the capital cost of construction and the resulting increase in Facility operation and maintenance cost. The cost estimates used in this evaluation are based on information provided by Covanta Lee, Inc. ("Covanta", formerly Ogden Martin Systems of Lee), and on available cost information from facilities similar in design and capacity.

Capital Cost

The proposed expansion will increase the Facility's capacity from 1,200 tons per day (tpd) to 1,800-tpd through installation of a third 600-tpd boiler unit. The expansion will also require installation of a second turbine-generator unit and switchyard, extension of the existing turbine-generator building, and modifications to certain systems and equipment common to all boiler units to meet the additional capacity requirements of the third boiler unit. In its preliminary budgetary estimate submitted to the County on

February 26, 2001, Covanta estimated the construction cost, including design, start-up, and testing, to be approximately \$70 million. This is generally consistent with the preliminary analysis prepared by Malcolm Pirnie in January 2001, which estimated this cost to be approximately \$65 million.

A construction cost of \$70 million for the 600-tpd Facility expansion equates to \$117,000 per installed daily ton. Malcolm Pirnie's review of construction cost for similar facilities including the original construction cost of the Lee County Facility, indicate a range of about \$110,000 to \$150,000 per installed daily ton (escalated to current dollars). It is anticipated that the final negotiated construction cost for the Facility expansion will be slightly below this range because the Facility was originally designed and constructed with the intent to expand the capacity to 1,800 tpd (e.g., certain equipment that the third boiler unit will share with the Facility's existing units are already in place). It is anticipated that additional capital cost reductions will be realized during further discussions with Covanta.

#### Operation and Maintenance Cost

The proposed expansion will result in an increase in the operation and maintenance ("O&M") cost the County pays to the Facility operator. This represents the operator's cost to (i) operate, maintain, and repair the expanded Facility, (ii) comply with all applicable laws, permit requirements, and industry standards, and (iii) maintain the aesthetic quality of the expanded Facility, above its cost to perform these services at the Facility's current capacity. Covanta's estimate of its incremental O&M cost, as provided in its February 26 letter, is \$3.6 million per year, excluding pass-through cost for which the County is currently responsible. This equates to \$19 per additional ton of waste processed at the guaranteed throughput capacity of the third boiler unit (186,000 tons per year).

This estimate was compared to the O&M fee in the original service agreement for the Facility at 1,800-tpd capacity and to the O&M fee for excess tons at the current 1,200-tpd Facility. The original 1990 service agreement for the Facility specified an annual O&M fee of \$7.4 million for the 1,800-tpd capacity. Applying the escalation factor contained in the service agreement results in a current O&M fee of \$10.0 million. Subtracting the actual O&M fee of \$8.7 million for the Facility's current 1,200-tpd of capacity yields an incremental O&M fee of \$1.3 million, which equates to \$7 per additional ton at the full throughput capacity of the third boiler unit. The current O&M fee at the Facility for waste processed in excess of the guaranteed tonnage is \$13 per ton. This analysis method suggests that Covanta's estimate of the incremental O&M fee is significantly higher than expected based upon the original or current service agreements. A better understanding of Covanta's estimate will be required prior to moving forward with the project. However, for the purposes of evaluating the impact of the expansion on the County Solid

Waste System ratepayer, Covanta's estimated \$19 per ton was utilized as a conservative estimate of the incremental O&M.

### **Service Agreement Provisions**

It is likely that the final cost agreed upon for both construction and incremental O&M will be determined through a process of negotiation once the technical requirements of the expansion are more clearly defined. Therefore, the estimated capital and O&M cost presented in this analysis are subject to change, but should not increase.

### **Engineering, Permitting, Legal and Financial Cost**

In addition to the aforementioned cost associated with construction and operation and maintenance, other required Facility expansion-related activities will result in cost to the County. The activities that will be required include permitting, engineering, legal, and financial consulting.

Prior to commencing with Facility expansion, specific permits and/or approvals must be obtained from regulatory entities including the Florida Department of Environmental Protection (FDEP), United States Environmental Protection Agency (USEPA), South Florida Water Management District (SFWMD), and others. The Supplemental Power Plant Site Certification application and the PSD (air permit) application will be prepared and submitted to the FDEP, who will submit the applications to other interested agencies for review and approval. In addition, "Pre-permitting" activities, as required by the New Source Performance Standards (NSPS) must be completed prior to permit applications submittal. Cost associated with the overall permitting efforts will be in the range of \$850,000 to \$1,000,000.

### **Impact on Solid Waste System Rates**

Malcolm Pirnie conducted a preliminary evaluation of the potential cost impact to the County's solid waste system associated with the proposed expansion of the Facility. This evaluation was based on our review of the following information:

- The most recent Lee County Rate Model provided to Malcolm Pirnie on March 8, 2001.
- Covanta's letter to the County dated February 26, 2001, which provided its preliminary budget estimate of \$70 million for construction and \$19 per ton for operation and maintenance.
- Update of solid waste system tonnage projections based on a review of historical trends and projections, FY2000 tonnage data, and Census 2000 population figures released on April 2, 2001 for all counties in the State of Florida.

- Net debt service figures prepared by Public Financial Management (PFM) and transmitted to Malcolm Pirnie on March 16, 2001. These net debt service figures are based on a \$79 million bond issue and include several wrap around scenarios (new debt is wrapped around existing debt) based on refunding the 1991 Bonds, variable contributions from the County's reserves (i.e. \$27 million and \$30 million) and variable term periods (i.e. 15 to 20 years).

Malcolm Pirnie evaluated the potential impact to the current financial status of the solid waste system using a conservative "base" scenario as well as several other scenarios to obtain an understanding of how varying assumptions would affect the economic feasibility of the proposed project. The base scenario utilized the most conservative debt service figures provided by PFM, which included a \$79 million bond issue with a \$27 million County contribution and 15 year term. The bond issue provides funding for a \$70 million construction plus project development cost, including engineering/permitting, legal, and financial fees, and issuance cost for the bonds (see table below). The base scenario also uses an incremental O&M cost of \$19 per ton.

<b>Task Description</b>	<b>Range</b>
Construction Cost	\$70,000,000
Financial	\$3,500,000 to \$4,000,000
Legal	\$1,000,000 to \$1,500,000
Engineering/Permitting	\$3,000,000 to \$3,500,000
<b>Project Cost</b>	<b>\$77,500,000 to 79,000,000</b>

The base scenario maintains the current disposal fees to the Solid Waste System users (i.e. \$50.00 per ton tip fee in 2001 escalated at two percent per year thereafter and a flat \$26 per ton assessment throughout the planning period) and then calculates the impact to the County's reserves. A summary of the results for this conservative analysis is provided in Attachment A.

As illustrated in Attachment A, the County appears to have sufficient funds to pay for the cost associated with construction and operation of the expanded facility with no projected increase in the disposal fees charged to the Solid Waste System ratepayers. This is due to several factors, including:

- Availability of reserve funds. The financial condition of the County's system is strong as a result of careful long-term planning and cost control. The rate of growth in the County and increase in waste generation rates has resulted in maximum use of the Facility which serves to reduce the overall cost per ton of waste processed and build reserves. These reserves effectively reduce financing cost for the project.
- Utilization of Facility capacity. The need for additional capacity is evident from the

quantities of processible waste that are bypassed to the landfill even though the Facility was processing waste in excess of its capacity guarantee. Assuming the rate of growth in the Hendry and Lee County continues, the capacity utilization of the Facility would be in excess of 80 percent when the third boiler unit comes on line, and over 100 percent by 2011. Maximum utilization will result in minimum overall cost per ton of waste processed.

- Refunding of the 1991 Bonds. Refunding of the 1991 Bonds will result in a decrease in the annual debt service of over \$1 million per year. In addition, substituting a Surety for the debt service reserve fund requirements will free up existing funds from the 1991 Bonds and reduce cost associated with maintaining reserves for the expansion. Discussions with PFM confirmed that the cost of the Surety has been included in the debt service figures provided.

### **Conclusion**

Although the estimated cost utilized in this analysis are preliminary and subject to change as the requirements of the Facility expansion project become more clearly defined, our evaluation concludes the following:

- The capital cost of \$70 million to construct the Facility expansion, as estimated by Covanta, appears to be in the range of anticipated cost based upon a comparison to construction cost of facilities of similar design and capacity.
- The incremental operation and maintenance cost of \$19 per ton, as estimated by Covanta, appears high when compared to the incremental cost contained in the original and current Lee County service agreements.
- Based on the conservative "base case" financial analysis performed using these estimated capital and operating cost, it is evident that the proposed expansion of the Facility should not result in any increased cost to the users of the County's Solid Waste System other than those cost increases already anticipated and planned for.

Finally, since this evaluation uses a scenario that is conservative in nature, the ultimate cost to the County for the expansion may actually be lower than those anticipated in this analysis. In such case, the financial status of the County Solid Waste System may ultimately be more favorable than this evaluation projects.



**MALCOLM  
PIRNIE**

Lindsey J. Sampson, P.E.  
Lee County Department of Solid Waste

May 3, 2001  
Page 6

If you should have any questions regarding this evaluation, or require additional information, please do not hesitate to contact us.

Very truly yours,

**MALCOLM PIRNIE, INC.**

A handwritten signature in black ink, appearing to read "D. S. Cerrato" followed by a flourish and the word "for".

David S. Cerrato, REM  
Vice President

Enclosures

c: Jim Lavender  
David Owen

1971027510



**DRAFT**

LEE COUNTY PROFESSIONAL SERVICE AGREEMENT  
SUPPLEMENTAL AGREEMENT/CHANGE ORDER - TYPE B

NO.: 11

(A Type B Supplemental Agreement or Change Order Requires Approval by the Board of County Commissioners)

**CONTRACT/PROJECT NAME: General Engineering Services for the project known as Final Permitting/Approval Assistance, Construction Monitoring and Acceptance Testing and As-Built Review for the Solid Waste Energy Recovery Facility Project**

CONSULTANT: Malcolm Pirnie, Inc.

PROJECT NO.: 1971-028

CONTRACT NO.: C 920116

CN NO.: CN-92-05

REQUESTED BY: Lindsey Sampson, P.E.

DATE OF REQUEST: Sep. 16, 2002

Upon the completion and execution of this Supplemental Task Authorization by both parties the Consultant is authorized to and shall proceed with the following:

EXHIBIT "SA-A": SCOPE OF PROFESSIONAL SERVICE: DATED: Sep. 16, 2002

EXHIBIT "SA-B": COMPENSATION & METHOD OF PAYMENT: DATED: Sep. 16, 2002

EXHIBIT "SA-C": TIME AND SCHEDULE OF PERFORMANCE: DATED: Sep. 16, 2002

EXHIBIT "SA-D": CONSULTANT'S OR SERVICE PROVIDER'S ASSOCIATED SUB-CONSULTANT(S) AND SUB-CONTRACTOR(S): DATED: Sep. 16, 2002

EXHIBIT "SA-E": PROJECT GUIDELINES AND CRITERIA: DATED: Sep. 16, 2002

All of which are attached hereto and are made a part of this Supplemental Task Authorization.

It is understood and agreed that the acceptance of this modification by the CONSULTANT constitutes an accord and satisfaction.

RECOMMENDED:

ACCEPTED:

COUNTY APPROVAL:

By: \_\_\_\_\_  
Department Director      Date

By: \_\_\_\_\_  
Consultant  
David S. Cerrato  
Vice President

By: \_\_\_\_\_  
Chairman  
Board of County Commissioners

By: \_\_\_\_\_  
Dept. of Public Works      Date

Date Accepted: \_\_\_\_\_  
Corporate Seal

Date Approved:

By: \_\_\_\_\_  
County Attorney's Office

Date Approved:

**DRAFT**

SUPPLEMENTAL AGREEMENT NO. 11 (Continued)

EXHIBIT "SA-A"

Date: September 16, 2002

SCOPE OF PROFESSIONAL SERVICES

For: **General Engineering Services for the project known as Final Permitting/Approval Assistance, Construction Monitoring and Acceptance Testing and As-Built Review for the Solid Waste Energy Recovery Facility Project**

SECTION 1.00 SUPPLEMENT(S) TO, OR CHANGE(S) TO  
PROFESSIONAL SERVICES

The "Scope of Professional Services" as set forth in Exhibit "A" of the Professional Services Agreement, or Service Provider Agreement, referred to hereinbefore is hereby changed, so that the CONSULTANT, or SERVICE PROVIDER, shall provide and perform the following professional services, tasks, as a change to, the scope of services previously agreed to and authorized:

**Please see Attachment 1 to Exhibit "SA-A".**

DRAFT

**Attachment No. 1**  
**Engineering and Consulting Services for Expansion of the Lee County**  
**Solid Waste Energy Recovery Facility**

**BACKGROUND**

Municipal solid waste from Lee County and Hendry County is disposed of at the Lee County Solid Waste Energy Recovery Facility (the "Facility"). Lee County (the "County") owns the Facility, which began commercial operation in December 1994. The Facility's current rated capacity is 1,200 tons per day (tpd), provided by two 600-tpd boiler units. The Facility has exceeded its capacity. The County has determined to expand the Facility by an additional 600-tpd (the "Expansion Project"). Covanta Lee, Inc. (the "Contractor") operates and maintains the Facility under the terms of a Service Agreement with the County that extends through 2014. The Contractor also designed and constructed the Facility.

In June 2001, the County authorized the Consultant to prepare and submit the Supplemental Site Certification Application and the PSD Permit Application (the "Applications") to the Florida Department of Environmental Protection (FDEP). The County Solid Waste Division and the Consultant have concluded meetings with the FDEP and other regulatory agencies, and have substantially completed preparation of the Applications for submittal to the FDEP for their review and approval.

**SCOPE OF SERVICES**

This scope of services contains a detailed task description for the services required to complete the permitting effort for the Expansion Project, perform a review and assessment of the Contractor's business and financial status, provide negotiations assistance, and perform a preliminary design review for the Expansion Project. Written authorization will be required from the County prior to proceeding with these tasks.

**Task 100: Project Management**

The Consultant will provide assistance to County project management staff, including project oversight, providing review and comment on subconsultant work scopes and deliverables, and preparation of Work Authorizations. The Consultant will also monitor subconsultant performance and review and approve billing statements for work performed and expenses incurred to assure compliance with contractual requirements for this work. As necessary, the Consultant will assist all subconsultants in completing tasks by providing technical assistance, overall directions, and coordination.

From time to time the County may request the Consultant to prepare for and give presentations related to the Project to audiences selected by the County. This could include, but would not be limited to the Board of County Commissioners and other local or community groups. For the purposes of this estimate, two such presentations are assumed.

### **Task 200: Contractor Assessment**

The Consultant will perform an assessment of the business and financial status of the Contractor. This will include a review and an evaluation of the financial security of the Contractor; a review of the cost and risk allocation with respect to the Contractor's financial condition; assessment of the proposed level of financial commitment; assessment of the level and quality of financial guarantees supplied by the Contractor and that may be required by the County for the Expansion Project; and a review and evaluation of the Contractor's organizational structure and personnel to be assigned to the Expansion Project. This assessment will include the following sub-tasks:

- The Consultant will assist the County in the evaluation of the business and financial implications of proceeding with or without the Contractor for the Expansion Project.
- The Consultant will review and evaluate the Facility operations and maintenance expenses and operating budget, and review and evaluate the organizational structure and personnel that the Contractor proposes to utilize for the Expansion Project.
- The Consultant will review the Service Agreement proprietary provisions and develop options for consideration by the County; and will review any relevant agreement between the Contractor and Martin GmbH to determine the County's options in the event the County is required to exercise certain provisions of the Service Agreement.
- The Consultant shall review the cost and risk allocation of the August 1990 Construction Agreement and of potential suitable terms and conditions of the future construction agreement; assess the proposed level of financial commitment of the Contractor for the Expansion Project; and assess the level and quality of financial guarantees to be supplied for security to the County.

### **Task 300: Alternative Construction Design Options**

Authorization for this task is dependent upon the outcome of the evaluation and assessment of the Contractor completed in Task 200. A detailed scope and budget will be provided that will describe the tasks for the Consultant to provide alternative design and construction options for consideration by the County. Once the County approves the work scope, the funding for this task will be allocated from Task 700 - Additional Services.

#### **Task 400: Permit Processing and Hearings**

This task represents RTP Environmental Associates, Inc. (RTP) and CPF Associates, Inc. (CPF) anticipated work efforts related to tracking and following up with permitting agencies and the preparation for and participation in public meetings.

##### ***Preparation of Materials for Public Meetings and Hearings and Participation in Meetings as Necessary***

RTP and CPF will coordinate with the County and prepare materials needed for the expected hearings and public meetings associated with this permitting effort. Hearings and public meetings anticipated for this subtask include public meetings associated with the Materials Separation Plan and the Siting Analysis, the Certification Hearing conducted by the Administrative Law Judge for the Power Plant Site Certification Supplemental Application and the Siting Board Hearing.

##### ***Response to Agency and Public Comments***

RTP and CPF will work closely with the Consultant and other required consultants in responding to agency comments and requests for additional information both before and following the Power Plant Site Certification Supplemental Application submittal and PSD Application submittal.

##### ***Miscellaneous Support Services***

This task is intended to cover the additional consultations that typically arise as new issues are brought forward and revisions are needed to the overall project permitting strategies.

#### **Task 500: Construction and Service Agreement Negotiations**

Under this task, the Consultant will assist the County with the negotiation of amendments to the Construction Agreement and Service Agreements between the County and the Contractor. This task will include determination of the technical requirements of the Project and capital cost of construction, as well as the performance requirements and operation and maintenance cost for the expanded Facility. The Consultant will take the lead in conducting the negotiations, with the County and its legal counsel providing support during the negotiations.

##### ***Develop Negotiation Strategies***

The Consultant will identify the technical issues that need to be addressed during the negotiations to protect the County. Prior to entering into negotiations, the Consultant will review the current Construction Agreement and Service Agreement and will suggest refinements to be incorporated into the respective amendments to these agreements. The Consultant will also have discussions with the County to identify the issues that the County requires to be addressed in the

negotiations and to advise the County of risks and impacts associated with these issues.

***Assistance with Construction and Service Agreement Amendments***

The Consultant will assist with the preparation of technical and financial performance specifications that will be incorporated into the amended Construction and Service Agreements. The Consultant will assist the County in reviewing the adequacy of the technical and financial requirements set forth in the amended agreements on the following major issues:

1. Representations and Warranties
2. Scope of Services
3. General Standards of Operation
4. Coordination with City and Other Contracts
5. Responsibilities for Permits and Regulatory Approvals
6. Environmental and Other Regulatory Compliance
7. Performance Guarantees
8. Damages for Failure to Perform
9. Basic Service Fee/Escalation
10. Adjustments to Service Fee
11. Force Majeure/Change in Law
12. Monitoring, Testing and Reporting Requirements
13. County Inspection
14. Operating Plan
15. System Reliability and Redundancy
16. Emergency Response Plan
17. Spare Parts
18. Capital Improvement Plan
19. Defaults and Remedies
20. Security for Performance
21. Environmental Indemnities
22. Other Indemnities
23. Insurance
24. Risk of Loss
25. Term of Contract
26. Early Termination for Convenience
27. Dispute Resolution
28. Utilization and Effects on Current Employees
29. Prevailing Wage Rates
30. Non-Discrimination and Affirmative Action



***Analyze Financial Aspects of Contractor's Proposal***

The Consultant will review the pricing and terms included in the Contractor's Proposal to the County, including the Contractor's proposed construction cost and incremental operation and maintenance cost for the expanded Facility. Based on this review The Consultant will prepare independent cost estimates as necessary to be used in the negotiation of the actual pricing and terms to be incorporated into the amended Construction and Service Agreements.

***Assistance with Contract Negotiations***

The results of the previous subtasks will be used as the vehicle for conducting negotiations. The Consultant will provide technical expertise and financial and technical review assistance to the County during the negotiation process.

The Consultant will assist the County with negotiating the technical, legal, and financial issues of the Construction and Service Agreement amendments. Such assistance will include attendance at negotiation sessions and the development and refinement of contract sections as a result of these negotiating sessions. As a result of each negotiating session, the Consultant will provide an analysis of the critical issues that were discussed during the negotiations. These analyses will provide the County the information necessary for making decisions during the negotiations. The analyses may include cost estimates, proformas, technical memoranda, and technical viability and reliability impact analyses.

**Task 600: Preliminary Design Review**

Under this task, the Consultant will review the Contractor's preliminary design to determine whether it meets the County's technical requirements and the terms of the amended Construction Agreement.

***Evaluation of Contractor's Preliminary Design***

The Consultant will evaluate the preliminary design, including plans and specifications provided in the Contractor's proposal to the County and documents developed prior to and during negotiations. This evaluation will include a review of the following:

1. Facility Site Plan
2. Process Flow Diagrams
3. Mechanical and General Arrangement Drawings
4. Process Mass Balance Diagrams
5. Process Energy Balance Diagrams
6. Piping and Instrumentation Diagrams
7. Electrical Single Line Diagrams
8. Architectural Drawings

9. Equipment Data Sheets
10. Technical Descriptions and Specifications

The Consultant will review these documents to determine whether the preliminary design meets the County's technical requirements, as well as the terms of the amended Construction Agreement.

***Preliminary Design Evaluation Report***

The Consultant will prepare and submit a report to the County indicating the findings of its evaluation of the Contractor's preliminary design. The report will address any technical issues encountered during the preliminary design review. The report will also indicate any aspects of the preliminary design that were identified not to be in accordance with the County's technical requirements and/or the amended Construction agreement. Where appropriate, the report will suggest changes to make the preliminary design conform to these requirements.

**Task 700: Additional Services**

The Facility Expansion process involves a series of complex tasks and interaction with governmental agencies, individual and citizen groups, specialty sub-consultants and issues that relate either directly or indirectly to the Facility expansion. There will be issues that arise which have not been anticipated in this scope of work but are consistent with the Consultant's role in this project. The Director of Solid Waste may authorize additional services related to the project based on a supplemental scope of work and budget for each additional service or task.

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SUPPLEMENTAL AGREEMENT NO. 11 (Continued)

EXHIBIT "SA-B"

Date: September 16, 2002

COMPENSATION AND METHOD OF PAYMENT

**for General Engineering Services for the project known as Final Permitting/Approval Assistance, Construction Monitoring and Acceptance Testing and As-Built Review for the Solid Waste Energy Recovery Facility Project**

SECTION 1.00 CHANGE(S) IN COMPENSATION

The compensation the CONSULTANT, shall be entitled to receive for providing and performing the supplemented, or changed services, tasks, or work as set forth and enumerated in the Scope of as follows:

NOTE: A Lump Sum (L.S.), Not-to-Exceed (N.T.E.), or Estimated (Est.) amount of compensation to be paid the CONSULTANT should be established and set forth below for each task or sub-task described and authorized in Exhibit "SA-A". In accordance with Professional Services Agreement Article 5.03(2) "Method of Payment", tasks to be paid on a Work-in-Progress payment basis should be identified (WIPP).

Task Number	Task Title	Amount of Compensation	Indicate Basis of Compensation Est., LS or NTE	If Applicable Indicate (W.I.P.P)
100	Project Management	\$53,160	Est.	W.I.P.P.
200	Contractor Assessment	\$48,248	Est.	W.I.P.P.
300	Alternative Construction Design Options	TBD	Est.	W.I.P.P.
400	Permit Processing and Hearings (RTP)	\$198,000	Est.	W.I.P.P.
500	Construction and Service Agreement Negotiations	\$264,262	Est.	W.I.P.P.
600	Preliminary Design Review	\$249,788	Est.	W.I.P.P.
700	Additional Services	\$175,000	Est.	W.I.P.P.
Total (Unless list is continued on next page)		\$988,458	N.T.E.	

Note: Est. = Estimate, funds may be moved between tasks upon approval of Solid Waste Director.

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CONSULTING ENGINEERING SERVICES - FACILITY EXPANSION ENGINEERING	\$200 Officer	\$170 Sr. Project Manager	\$140 Project Manager	\$128 Sr. Project Eng/Scientist	\$107 Project Eng/Scientist	\$95 Engineer/ Scientist	\$75 Technician	\$65 Admin	TOTAL LABOR COST
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**TASK 100 - Project Management**

Project Management	180	8	48	0	80	0	0	8	
	\$36,000	\$1,360	\$6,720	\$0	\$8,560	\$0	\$0	\$520	\$53,160
<b>TASK 100 SUBTOTAL</b>	<b>\$36,000</b>	<b>\$1,360</b>	<b>\$6,720</b>	<b>\$0</b>	<b>\$8,560</b>	<b>\$0</b>	<b>\$0</b>	<b>\$520</b>	<b>\$53,160</b>

**TASK 200 - Contractor Assessment**

Review of Contractor's Ability and Feasibility of Completing the Expansion Under Existing Agreements	60	18	86	64	48	56	16	20	
	\$12,000	\$3,060	\$12,040	\$8,192	\$5,136	\$5,320	\$1,200	\$1,300	\$48,248
<b>TASK 200 - SUBTOTAL</b>	<b>\$12,000</b>	<b>\$3,060</b>	<b>\$12,040</b>	<b>\$8,192</b>	<b>\$5,136</b>	<b>\$5,320</b>	<b>\$1,200</b>	<b>\$1,300</b>	<b>\$48,248</b>

**TASK 300 - Alternative Construction Design Options**

Provide Alternative Construction Design Options	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	
	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>TASK 300 - SUBTOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**TASK 400 - Permit Processing and Hearings (RTP and CPF)**

Preparation of Materials for Public Meetings and Hearings and Participation in Meetings as Necessary									\$80,000
Response to Agency and Public Comments									\$72,000
Miscellaneous Support Services									\$46,000
<b>TASK 400 - SUBTOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$198,000</b>

**TASK 500 - Construction and Service Agreement Negotiations**

Develop Negotiation Strategies	22	18	24	18	4	4	0	12	
	\$4,400	\$3,060	\$3,360	\$2,304	\$428	\$380	\$0	\$780	\$14,712
Assistance with Agreement Amendments	80	60	100	80	40	40	32	16	
	\$16,000	\$10,200	\$14,000	\$10,240	\$4,280	\$3,800	\$2,400	\$1,040	\$61,960
Financial Aspects of Contractor's Proposal	40	100	160	140	85	85	80	60	
	\$8,000	\$17,000	\$22,400	\$17,920	\$9,095	\$8,075	\$6,000	\$3,900	\$92,390
Assistance with Contract Negotiations	60	90	120	160	110	110	60	60	
	\$12,000	\$15,300	\$16,800	\$20,480	\$11,770	\$10,450	\$4,500	\$3,900	\$95,200
<b>TASK 500 - SUBTOTAL</b>	<b>\$40,400</b>	<b>\$45,560</b>	<b>\$56,560</b>	<b>\$50,944</b>	<b>\$25,573</b>	<b>\$22,705</b>	<b>\$12,900</b>	<b>\$9,620</b>	<b>\$264,262</b>

**TASK 600 - Preliminary Design Review**

Evaluation of Contractor's Conceptual Design	64	80	320	480	360	340	180	120	
	\$12,800	\$13,600	\$44,800	\$61,440	\$38,520	\$32,300	\$13,500	\$7,800	\$224,760
Conceptual Design Evaluation Report	10	20	20	30	44	44	20	40	
	\$2,000	\$3,400	\$2,800	\$3,840	\$4,708	\$4,180	\$1,500	\$2,600	\$25,028
<b>TASK 600 - SUBTOTAL</b>	<b>\$14,800</b>	<b>\$17,000</b>	<b>\$47,600</b>	<b>\$65,280</b>	<b>\$43,228</b>	<b>\$36,480</b>	<b>\$15,000</b>	<b>\$10,400</b>	<b>\$249,788</b>

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CONSULTING ENGINEERING SERVICES - FACILITY EXPANSION ENGINEERING	\$200	Officer	\$170	Sr. Project Manager	\$140	Project Manager	\$128	Sr. Project Eng/Scientist	\$107	Project Eng/Scientist	\$95	Engineer/Scientist	\$75	Technician	\$65	Admin	TOTAL LABOR COST
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TASK 700 - Additional Services

Additional Services	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0	\$175,000
TASK 700 - SUBTOTAL		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$175,000

PROJECT LABOR TOTAL:	\$103,200	\$66,980	\$122,920	\$124,416	\$82,497	\$64,505	\$29,100	\$21,840	\$988,458
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SUPPLEMENTAL AGREEMENT NO. 11 (Continued)

EXHIBIT "SA-C"

Date: Sep. 16, 2002

TIME AND SCHEDULE OF PERFORMANCE

for General Engineering Services for the project known as Final Permitting/Approval Assistance, Construction Monitoring and Acceptance Testing and As-Built Review for the Solid Waste Energy Recovery Facility Project

SECTION 1.00 CHANGES FOR THIS SUPPLEMENTAL AGREEMENT OR CHANGE ORDER

The time and schedule of completion for the various phases or tasks required to provide and perform the services, tasks, or work set forth in this SUPPLEMENTAL AGREEMENT, Exhibit "SA-A", entitled "Scope of Professional Services" attached hereto is as follows:

Phase and/or Task Reference as Enumerated in EXHIBIT "SA-A"	Name or Title of Phase and/or Task	Number of Calendar Days For Completion of Each Phase and/or Task	Cumulative Number of Calendar Days For Completion From Date of Notice to Proceed For This S.A.
100	Project Management	Ongoing	N/A
200	Contractor Assessment	92 days Start 10/01/02	92 days Finish 12/31/02
300	Provide Alternative Construction Design Options	TBD	TBD
400	Permit Processing and Hearings (RTP & CPF)	255 days Start 10/01/02	255 days Finish 6/13/03
500	Construction and Service Agreement Negotiations	180 days Start 11/01/02	211 days Finish 05/30/03
600	Preliminary Design Review	270 days Start 11/01/02	301 days Finish 07/28/03
700	Additional Services	N/A	N/A

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SUPPLEMENTAL AGREEMENT NO. 11 (Continued)

EXHIBIT "SA-D"

Date: Sep. 16, 2002

CONSULTANT'S, ASSOCIATED SUB-CONSULTANT(S) AND SUB-CONTRACTOR(S)

for General Engineering Services for the project known as Final Permitting/Approval Assistance, Construction Monitoring and Acceptance Testing and As-Built Review for the Solid Waste Energy Recovery Facility Project

CONSULTANT, intends to engage the following sub-consultant(s) and/or sub-contractor(s) to assist the CONSULTANT in providing and performing the services, tasks, or work required under this SUPPLEMENTAL AGREEMENT.

(If none, enter the word "none" in the space below.)

Service and/or work to be Provided or Performed	Name and Address of Individual or Firm	Disadvantaged, Minority or Women Business Enterprise. (If Yes Indicated Type)			Sub-consultant Services are Exempted from Prime Consultant's Insurance Coverage	
		Yes	No	Type	Yes	No
Ecological risk assessment and associated services	CPF Mr. Paul Chrostowski 7708 Tacoma Ave. Tacoma Park, MD 20912		X		X	
PSD permit application and air-related services	RTP Environmental Associates, Inc. Mr. Donald F. Elias 239 U.S. Hwy 22 East Green Brook, NJ 08812		X		X	

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SUPPLEMENTAL AGREEMENT NO.   11   (Continued)

EXHIBIT "SA-E"

Date: Sep. 16, 2002

PROJECT GUIDELINES AND CRITERIA

For: **General Engineering Services for the project known as Final Permitting/Approval Assistance, Construction Monitoring and Acceptance Testing and As-Built Review for the Solid Waste Energy Recovery Facility Project**

As a supplement, or change, to the Project Guidelines and Criteria set forth in the Professional Services Agreement, Exhibit "E", the COUNTY has established the following Guidelines, Criteria, Goals, Objectives, Constraints, Schedule, Budget, and/or Requirements which shall serve as a guide to the CONSULTANT, in performing the professional tasks or work to be provided pursuant to the professional services set forth hereinbefore in SUPPLEMENTAL TASK AUTHORIZATION, Exhibit "SA-A", attached hereto:

(If none, enter the word "None" in the space below.)

None