

The Next Generation Of Service Agreements For Publicly Owned Waste-to-Energy Facilities - Pinellas County Case Study

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Introduction

This paper discusses one of the key lessons learned from administering the first generation of service agreements for public owners of waste-to-energy (WTE) facilities over the past 22 years and how those experiences were incorporated into a new service agreement for the operation and maintenance of Pinellas County's 24 year old, 3,000 tpd WTE Facility to better protect the county's interests.

Additionally, a major issue raised by the operating companies during the competitive procurement process for continue operation of the facility is discussed and how that concern was addressed in the new service agreement is also presented. Capitalized words or terms used in this paper are defined within the new service agreement.

Owner's Perspective

Control of Maintenance

It has become clear over the years that private operators of publicly owned WTE facilities place a high priority on maintaining both the processing and energy generating capability of a publicly owned facility, which relate directly to the profitability of that facility to the operating company. However, they have generally

placed a much lower priority on maintaining and preserving the portions of the facility that are not process related because it lowers the operating company's profit level, even though those items are equally important to the owner since they affect the value and remaining useful life of the facility at the end of the contract period. Pinellas County's new service agreement incorporates additional provisions to ensure that certain minimum maintenance standards are applied to the whole facility for the entire contract period.

One of the major short falls of the original WTE service agreements was that they provided the public owner with very little control over the operation and maintenance of the entire facility. The only recourse the owner typically had if it was unsatisfied with the performance of the operating company was default and termination, which essentially is the "nuclear bomb" scenario. There were no "small arms" capabilities in the original service agreements that the public owner could use to motivate the operating company to address deficiencies in the physical condition of the facility such as missing insulation and lagging and corroded siding and structural steel. Repeated failures to address facility repair needs in a timely