



AGENDA

SPECIAL MEETING SOLID WASTE AUTHORITY OF PALM BEACH COUNTY

Tuesday, November 17, 2015
9:30 AM

LOCATION:

PALM BEACH COUNTY
GOVERNMENTAL CENTER – CHAMBERS
301 NORTH OLIVE AVENUE, 6TH FLOOR
WEST PALM BEACH, FLORIDA 33412

I. Call to Order / Roll Call

Vice Mayor Mary Lou Berger, Chair
Commissioner Hal Valeche, Vice Chair
Commissioner Melissa McKinlay, Secretary
Commissioner Paulette Burdick, Member
Mayor Shelley Vana, Member
Commissioner Steven Abrams, Member
Commissioner Priscilla Taylor, Member

II. Proof of Publication for Meeting

III. Extension of 45th Street Cell Tower Lease

Recommendation: Authorize Executive Director to execute lease with Vertical Bridge Holding, LLC, subject to Legal Counsel review and approval.

IV. Consents to Assignment and Solid Waste Authority Facility Permit Transfers

Recommendation: Authorize Executive Director to execute Consents to Assignment of the following Contracts subject to Legal Counsel review and approval:

- Biomass Processing Agreement 12-210
- Sun Recycling LLC #2 Designated Facility Contract
- Sun Recycling LLC #3 Designated Facility Contract
- Sun Recycling LLC #7 Designated Facility Contract
- Solid Waste and Recycling Collection Franchise Agreement, Service Area 4, Agreement #14-205
- Solid Waste and Recycling Collection Services, Service Area 5, Agreement #14-206

Authorize transfer of the following SWA Operating Permits to Waste Management of Florida, Inc:

- No. MW 0056 CD 00 Palm City/Sun IX
- No. PB 0061 CD00 Sun Recycling, LLC
- No. SW 0065 CD02 Sun Recycling LLC, Sun V

V. Renewable Energy Facility No. 1 Electric Generator Replacement

Recommendation: Authorize the Executive Director to:

1. Establish a project account in Fund 406 to fund the repair/replacement of the electric generator for Renewable Energy Facility No. 1 and to transfer up to \$3.5M from the General Reserve to Fund 406 for this purpose.
2. Negotiate and execute a Purchase Order for a new electric generator for Renewable Energy Facility No. 1 with BRUSH Aftermarket as detailed herein subject to terms and conditions reviewed and approved by Legal Counsel.
3. Execute an amendment to the Operations and Maintenance Agreement between the Solid Waste Authority and Palm Beach Resource Recovery Corporation providing for the purchase and installation of a new BRUSH Aftermarket generator as detailed herein subject to Legal Counsel review and approval.

VI. Adjournment



October 20, 2015

MEMORANDUM

TO: Vice Mayor Mary Lou Berger, Chair
and Solid Waste Authority Board Members

SUBJECT: Extension of 45th Street Cell Tower Lease

RECOMMENDATION: **Authorize the Executive Director to execute the lease with Vertical Bridge Holding, LLC, subject to Legal Counsel review and approval.**

BACKGROUND:

The long term lease with Vertical Bridge, LLC (Tenant) which has been in place for the Authority's property at the corner of 45th Street and Jog Road will expire on January 16, 2016. The Authority has hired a specialty appraiser to conduct a market survey on the value of this property.

The results of this survey were received in early October. Using this information, Staff was able to negotiate a new long term lease with the Tenant at a significant increase in the monthly rent. Staff recommends approval of the new lease for an initial period of five (5) years with three (3) five (5) year extensions.

BUDGET IMPACT: None

ATTACHMENTS: New Lease for 45th Street Property

ITEM III
Page # 1/18

REVIEWS:

Director: , Date: 10/26/15

Chief Officer: , Date: 10/26/15

Finance:
(as required) _____, Date: _____

Managing Director: , Date: 10-30-2015

Legal Counsel:
(as required) _____, Date: _____

Executive Director: , Date: 11/2/15



November 4, 2015

MEMORANDUM

TO: Vice Mayor Mary Lou Berger, Chair
and Solid Waste Authority Board Members

SUBJECT: Consents to Assignment and Solid Waste Management
Facility Permit Transfers

RECOMMENDATION: **Authorize Executive Director to execute Consents to
Assignment of the following Contracts subject to Legal
Counsel review and approval:**

- Biomass Processing Agreement 12-210
- Sun Recycling LLC #2 Designated Facility Contract
- Sun Recycling LLC #3 Designated Facility Contract
- Sun Recycling LLC #7 Designated Facility Contract
- Solid Waste and Recycling Collection Franchise Agreement, Service Area 4, Agreement #14-205
- Solid Waste and Recycling Collection Services, Service Area 5, Agreement #14-206

**Authorize transfer of the following SWA Operating
Permits to Waste Management of Florida, Inc:**

- No. MW 0056 CD 00 Palm City/Sun IX
- No. PB 0061 CD00 Sun Recycling, LLC
- No. SW 0065 CD02 Sun Recycling LLC, Sun V

BACKGROUND:

The Authority has been notified by Southern Waste Systems and Waste Management of a pending acquisition by Waste Management of certain assets of Southern Waste Systems expected to take place later this year.

ITEM IV
Page # 1/165

This acquisition will require the assignment of six (6) contracts between Southern Waste Systems or one of its subsidiaries and the Authority to Waste Management of Florida, Inc.

This acquisition will also require the transfer to Waste Management of Florida, Inc. of three (3) SWA Operating Permits related to facilities Sun Recycling, LLC operates in Palm Beach County that process and recycle Construction and Demolition (CD) debris, Yard Trash, and Source Separated Recovered Materials. Upon the consummation of the acquisition the ownership and responsibility for these facilities will be transferred to Waste Management of Florida, Inc.

The Authority has received requests for assignment for six (6) contracts.

Biomass Processing Agreement 12-210

This contract provides for the delivery by the Authority of yard waste from the Authority's transfer stations to Sun 4 and the processing of that material by Sun Recycling, LLC. Article 24 of the Biomass Agreement requires the Authority's consent to assignment.

Designated Facility Contracts for Sun 2, Sun 3 and Sun 7

These contracts authorize these facilities located in Broward County to accept and process Construction and Demolition Debris collected within Palm Beach County pursuant to Solid Waste Authority Governing Board Resolution 94-47. Section 3.5 of the Designated Facility Contracts provides that, "All terms contained herein shall be binding upon and shall inure to the benefit of the successors and assigns of [Sun Recycling]".

Solid Waste and Recycling Franchise Agreement, Service Area 4, Agreement 14-205

This contract is the franchise collection agreement for the unincorporated southeastern area of the county. Prior to the most recent bid process, Waste Management of Florida, Inc. was the franchise hauler for most of this area. Further, during the 2013 bid process Waste Management was pre-qualified for a maximum award; therefore, in staff's view Waste Management is qualified to assume responsibility for this Agreement. Southern Waste Systems has requested assignment of the Franchise Agreement in accordance with Section 36 of the Franchise Agreement.

Solid Waste and Recycling Collection Services, Service Area 5, Agreement 14-206

This contract is the collection agreement for the unincorporated areas of the Glades entered into in accordance with the terms of the agreement between Southern Waste Systems, LLC and the City of South Bay. During the 2013 bid process Waste Management was pre-qualified for a maximum award; therefore, in staff's view Waste Management is qualified to assume responsibility for this Agreement. Southern Waste Systems has requested assignment of the Solid Waste and Recycling Collection Services Agreement in accordance with Section 40 of the agreement.

The Authority has received a request for permit transfer from the permittee for each of the above-captioned permits, and the required permit transfer fee. The General Conditions, Specific Conditions and Expiration dates of the permits all remain the same.

No. MW 0056 CD 00 Palm City/Sun IX

Facility Location: 1025 26th Street, West Palm Beach, FL 33407
Permit Expiration: August 19, 2018.

No. PB 0061 CD00 Sun Recycling, LLC

Facility Location: 6911 Wallis Road, West Palm Beach, FL 33413
Permit Expiration: August 19, 2018

No. SW 0065 CD02 Sun Recycling LLC, Sun V

Facility Location: 790 Hillbrath Drive, Lantana, FL 33462
Permit Expiration: October 14, 2018

Staff requests Board authorization to execute the aforementioned Consents to Assignment and permit transfers subject to the consummation of the acquisition of the Southern Waste Systems assets by Waste Management later this year.

BUDGET IMPACT: None

ATTACHMENTS: Letters requesting assignment of contracts; Biomass Processing Agreement, Designated Facility Contracts for Sun #2, #3, and #7; Solid Waste and Recycling Franchise Agreement - Service Area 4, and Solid Waste and Recycling Collection Services Agreement - Service Area 5; Letters requesting permit transfer from Sun Recycling, LLC; Letters accepting transfer of Permits from Waste Management of Florida, Inc.; Facility Operating Permits.

REVIEWS:

Director: _____, Date: _____

Chief Officer: Max Bruner, Date: 11/2/15

Chief Financial Officer:
(as required) _____, Date: _____

Legal Counsel:
(as required) Milijko Mijarevic, Date: 10-28-15

Managing Director: _____, Date: 10-28-2015

Executive Director: Mark M. _____, Date: 10/28/15



October 30, 2015

MEMORANDUM

TO: Vice Mayor Mary Lou Berger, Chair
and Solid Waste Authority Board Members

SUBJECT: Renewable Energy Facility No. 1
Electric Generator Replacement

RECOMMENDATION: Authorize the Executive Director to:

1. Establish a project account in Fund 406 to fund the repair/replacement of the electric generator for Renewable Energy Facility No. 1 and to transfer up to \$3.5M from the General Reserve to Fund 406 for this purpose.
2. Negotiate and execute a Purchase Order for a new electric generator for Renewable Energy Facility No. 1 with BRUSH Aftermarket as detailed herein subject to terms and conditions reviewed and approved by Legal Counsel.
3. Execute an amendment to the Operations and Maintenance Agreement between the Solid Waste Authority and Palm Beach Resource Recovery Corporation providing for the purchase and installation of a new BRUSH Aftermarket generator as detailed herein subject to Legal Counsel review and approval.

ITEM IV
Page # 1/5

BACKGROUND:

The Authority completed the refurbishment of Renewable Energy Facility No. 1 (REF #1) in FY 2011. This refurbishment included the replacement of the boilers, air pollution control systems, and distributed control systems. While these components are all new, the turbine-generator and other major components of the facility are original. The Operator is responsible for the maintenance and repair of all of the refurbished components and most of the balance of the facility. The Authority accepted responsibility for the repair and replacement of several critical, and expensive, components that were not replaced, including the turbine-generator ("Schedule 13"). This was done to eliminate the need for the Operator to price the risk associated with what was believed, and is still believed, to be the eventual need to replace these components.

The turbine-generator set at REF #1 has been in service for over twenty-five (25) years. As you are aware, the Authority has procured, and will be installing, a new turbine rotor and diaphragms at REF #1 during the Spring 2016 outage. In March of 2015, representatives of Brush Electrical Machines Ltd., the original equipment manufacturer (OEM) of the generator, completed a detailed inspection of the existing electric generator. The results of this inspection indicated significant wear on several of the main components (rotor and stator). Given the inspection results and the need for the generator to function reliably for the next fifteen (15) years of the Operations and Maintenance Agreement (O&M Agreement), several options including rewinding (rebuilding) the existing rotor and stator, replacing the rotor and stator, and replacing the entire generator were considered to insure continued reliable operation of the facility.

The Authority has been approached by BRUSH Aftermarket (BRUSH) with an offer to sell to the Authority a new generator as an in-kind replacement for our existing twenty-five (25) year old generator at a discounted price of \$2.2M. The estimated installation cost is \$500,000. Associated consulting engineering costs are estimated at \$300,000. The fabrication and installation times are estimated at approximately 26 weeks and 3 weeks, respectively. The offer is contingent upon placing an order in November 2015. TG Advisors ("TGA"), a sub-consultant to our consulting engineer, Arcadis, estimates the cost of a typical stator and rotor rewind to range between \$2.1M and \$2.6M, assuming no core damage, with an additional \$350,000 for removal and installation costs. In addition, the generator would be out of service for 8 to 10 weeks resulting in significant electric energy revenue loss. Therefore, the repair cost of the generator appears to exceed the cost of a new generator under the terms presented by BRUSH.

This opportunity will allow the Authority to replace the generator on its own schedule (Spring 2017) and at a lower cost than would otherwise be possible. This opportunity will also minimize the potential for a future extended unscheduled outage due to a catastrophic failure of the generator and the subsequent energy revenue impact on the Authority and our ratepayers. Additionally, the new generator would provide higher efficiencies with the potential for increased electrical output and corresponding increased electric revenue.

Replacement of the generator will require a minor amendment to the O&M Agreement between the Authority and Palm Beach Resource Recovery Corporation (PBRRC) to include the following terms:

- The Authority would prepare and issue a Purchase Order to BRUSH for the generator to include the design, manufacture, testing, transportation, storage (if required), and OEM installation/startup/commissioning technical support.
- PBRRC would participate in the preparation of the purchase documents to insure compliance with the requirements of the O&M Agreement.
- PBRRC will procure the services of a qualified firm to complete the installation, commissioning, and startup of the generator on a cost reimbursable basis. This contract may also include transportation of the generator from local storage to the work site. The Authority would participate in the preparation of the procurement documents.
- PBRRC will be responsible for providing all in-house support required for the installation of the generator at no cost to the Authority.
- The generator would be removed from Schedule 13, relieving the Authority of any future liability relative to the maintenance and repair of the equipment.
- Upon installation and commissioning of the generator, PBRRC will be responsible for the maintenance, repair, and replacement of the generator in accordance with the terms and conditions of the O&M Agreement between the Solid Waste Authority and PBRRC.

Finally, as you are aware, the Authority has "set aside" \$18M of General Reserve funds for "REF #1 Contingencies" to cover the cost of replacing the aforementioned major components, including the generator, that were not replaced during the refurbishment (see attached Unappropriated General Reserve Balance schedule from the FY 2016 Budget; Potential Uses of Available Balance). Proceeds from this fund are available to fund the procurement and installation of the new generator.


Staff will keep the Board advised as to the status of this endeavor. In the event the nature of the transaction differs materially from what is presented herein, staff will seek further Board direction.

BUDGET IMPACT: Up to \$3.5M transferred from the General Reserve. There is no rate impact due to the use of General Reserve funds.

ATTACHMENTS: Unappropriated General Reserve Balance Schedule from the FY 2016 Budget; Potential Uses of Available Balance

REVIEWS:

Director: , Date: 10/30/15

Chief Officer: , Date: 10/30/15

Finance: _____, Date: _____
(as required)

Managing Director: , Date: 10/30/2015

Legal Counsel: _____, Date: _____
(as required)

Executive Director: , Date: 11/2/15