

# Hennepin County Board Action Request

## 13-0443



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**Item Description:**

Amd 5 to Agmt A03625 with Covanta Hennepin Energy Resource Co., Limited Partnership, related to system replacement projects at HERC, no change in term or NTE

**Resolution:**

BE IT RESOLVED, that Amendment 5 to Service Agreement A03625 with Covanta Hennepin Energy Resource Company, Limited Partnership, for the period December 17, 2013 through March 2, 2018 with no change in the NTE amount, adding the turbine to the list of system replacement projects and providing for the county to undertake system replacement projects at HERC be approved; and

BE IT FURTHER RESOLVED, that the County Administrator be authorized to reduce the guaranteed throughput capacity and/or the guaranteed net electrical output when waste processing operations at the facility are at a reduced capacity or the facility must be temporarily shutdown in order for Covanta Hennepin Energy Resource Company, Limited Partnership, or the county to complete system replacement projects which are not part of regularly scheduled outages be approved.

**Hennepin County Board Action Request (continued)**



Requesting Department	Environmental Services
Recommendation from County Administrator	Recommend Approval
Committee Assignment	Public Works, Energy & Environment Committee

**Background**

**History:** Hennepin County purchased the Hennepin Energy Recovery Center (HERC) in 2003 from General Electric Corp. The county contracts with Covanta Hennepin Energy Resource Company, Limited Partnership (Agreement A03625) to operate and maintain the HERC facility. Amendment 1 constructed a steam line to downtown Minneapolis. Amendment 2 identified system replacement projects at HERC that would be funded by the county. System replacement projects are capital projects to replace systems that have reached the end of their useful lives at HERC. System replacement projects are important for the continued reliability and performance of HERC. Covanta remains responsible for the costs of operating the plant and maintaining and replacing equipment and parts necessary for the daily, routine operations of HERC. Amendment 3 provided for improvements to the exterior of HERC and relocated truck entrance and exit doors. Amendment 4 ensured compliance with US EPA rules requiring the measuring and reporting of greenhouse gas emissions.

**Current Request:**

Amendment 5 with Covanta Hennepin Energy Resource Co., Limited Partnership, for the period December 17, 2013 through March 2, 2018 with no change in the NTE amount, will add the turbine to the list of system replacement projects. This will permit the county to reimburse Covanta for the repairs made to the turbine this past spring due to the stress corrosion cracking on the turbine blades.

This amendment also allows the county to direct system replacement projects and other improvements at HERC. This includes the right to install signage, structures, appurtenances, improvements, additions, elements and other enhancements to the facility or facility site.

In addition, this amendment grants authority to the County Administrator to add system replacement projects which are included in the county's approved capital improvement plan. It also grants authority to the County Administrator to reduce the guaranteed throughput capacity and/or the guaranteed net electrical output when waste processing operations at HERC are reduced or the facility must be temporarily shutdown in order for the county or Covanta to perform system replacement projects which are not part of a regularly scheduled outage.

Finally, the amendment instructs Covanta to operate and maintain the odor control system.

**Impact/Outcomes:** Amendment 5 to Agreement A03625 will add the turbine to the list of system replacement projects and requires Covanta to operate and maintain the odor control system. The amendment ensures the continued reliability and performance of HERC by providing for system replacement projects in a timely manner. The amendment also provides flexibility to the county by providing it with the authority to make changes or improvements to HERC and the site.

APEX Contract Description: PW-ES Covanta Service Agmt for HERC

**Contract Amendments**

Amendment # Contract #	Expenditure		Revenue		Amended Net Not to Exceed
	Amended Amount	Amended Not to Exceed	Amended Amount	Amended Not to Exceed	
5 A03625		\$407,163,484.00			\$407,163,484.00

<b>Contractor</b>	Covanta Hennepin Energy Resource Co.
<b>Begin Date</b>	07/08/2003
<b>End Date</b>	03/02/2018
<b>Amended End Date</b>	03/02/2018

**TOTAL NET AMENDED NOT TO EXCEED**

**\$407,163,484.00**

### **Approvals**

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Department Head	Rachelle, Tait	Date	12/2/2013
Deputy/Assistant Administrator	Brisk, Debra	Date	12/2/2013
County Administrator	Booth, Melissa	Date	12/2/2013