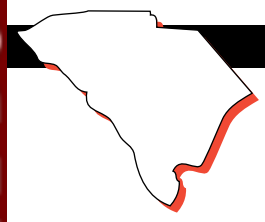

South Carolina

The Light at the End of the Invoices

PFP Bids Well in South Carolina

by Arthur Shrader

The South Carolina Bureau of UST Management implemented a pay-for-performance (PFP) remediation program for state-funded cleanups in 1997. Our program goals were to encourage cleanup contractors to be more efficient and effective, achieve cleanup goals at a reasonable price, and simplify the invoicing process. In an effort to streamline cumbersome time-and-materials procedures, we implemented PFP, using the competitive bidding process. As a result of this move, we're seeing a nice, bright light at the end of our invoices.

Here's how PFP works in South Carolina. Our department solicits bids for proposed projects in the state government biweekly publication, *South Carolina Business Opportunities*. Prior to the advertisement, department staff members prepare specification packages that contain an assortment of information necessary to assist interested contractors in preparing their bids—stated cleanup goals (based on site assessment activities and current levels of chemicals of concern in key monitoring wells), site maps, summarized technical data, and other relevant information. Contractors are also encouraged to review the entire project file located at the agency's Freedom of Information office. Inasmuch as South Carolina certifies UST rehabilitation contractors, a bid bond is not required. Any UST-certified contractor is welcome to submit a cleanup proposal.

Contractors that wish to respond to the solicitation submit a proposal that specifies a cleanup method or combination of methods, an estimated time for completion, and the total cost. UST program staff members evaluate the proposal to determine whether the proposed technology is feasible, the estimated time is protective of receptors, and the total cost is reasonable, based on the costs of similar cleanups. If more than one proposal meets all of these parameters, the contractor offering the lowest bid is selected.

When the contract is awarded, the selected contractor submits a detailed corrective action plan along with a performance bond or irrevocable letter of credit equal to the amount of the award to guarantee that the project will be completed successfully . The department approves the plan and notifies the public of the proposed corrective action before work begins.

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As the project progresses, the contractor is paid a percentage of the total cost as agreed cleanup milestones are achieved. Both program staff members and the cleanup contractor take duplicate water samples for analysis by separate laboratories to verify progress. When the contractor reports that cleanup goals have been reached, monitoring wells are installed at random locations selected by staff members to verify that the total affected area has been successfully rehabilitated.

Results Keep Getting Better

Since 1997, six cleanups using this process have been completed. All were completed within the schedule outlined in the proposal. Of the ongoing 180 PFP cleanups, 57 percent have reached 75 percent of the cleanup goals, 35 percent are in post-startup and are achieving goals, and 8 percent are in the corrective action plan development stage.

At their own costs, contractors routinely install additional treatment points or excavate additional soils in the main source area after implementation of the initial corrective activities to accelerate the cleanup. The use of more durable equipment (to eliminate downtime and to reuse the equipment at the next job) is also quite common.

Table 1. Examples of decreased prices over time at South Carolina PFP sites.

	1997	1998	1999	2000
Free Product & Dissolved	$275,000	$180,000	$133,216	$117,000
Free Product Only	$180,000	$100,000	$30,000	$29,500

As contractors become more familiar with the PFP process, bid amounts for cleaning up similar size groundwater plumes have been further reduced. (See Table 1.)

Based on available data, our cleanup costs are more directly attributable to plume size than to other factors, such as geology or levels of mass reduction. The cleanup of a larger plume requires more treatment points and a greater overall effort than a smaller plume does. MTBE plumes are more costly to clean up, because they are typically larger than BTEX plumes.

De-crazyfication

As we've eased into PFP, we've found that voluminous invoices depicting time-and-materials charges are a thing of the past. Invoices that are received from contractors that have achieved a cleanup milestone consist of a single page indicating the percentage of the bid price that is due. The quarterly monitoring report documents the amount of reduction, and the split-sample laboratory data verify progress for the selected monitoring points. The payment approval process is typically completed within two days (the invoice is approved for payment or returned until progress is documented).

PFP focuses the contractor, the regulator, and the fund administrator on environmental results. Although our PFP program is still in its infancy, we have already been witness to more timely and efficient cleanups, lower costs, and the opportunity for our staff members to spend their time more appropriately overseeing cleanup activities, not reviewing invoices that resemble novels. ■

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