

LEE COUNTY BOARD OF COUNTY COMMISSIONERS  
AGENDA ITEM SUMMARY

BLUE SHEET NO: 20041164

1. REQUESTED MOTION:

**ACTION REQUESTED:** Waive formal procurement procedures for bid waiver BW-04-08 and approve a purchase order between Lee County and Covanta Energy, Inc, the current operator of the Waste to Energy facility and the sole source vendor/representative in North America for Martin GmbH, for one 'Martin' stoker/combustor unit to be utilized for the WTE expansion project. Total estimated cost is \$6,177,000.00 depending on the dollar/euro exchange rate during the progress payment period and the amount of onsite technical supervision.

**WHY ACTION IS NECESSARY:** Purchases /contracts greater than \$50,000 require Board approval.

**WHAT ACTION ACCOMPLISHES:** Allows Covanta, as the sole Martin representative in the U.S., to procure in a timely manner the stoker/combustor to be utilized for the Waste to Energy Expansion Project (third unit). Covanta has notified the County that this equipment must be ordered prior to September 30, 2004 in order to keep firm pricing that was established 1<sup>st</sup> quarter of 2004, or price escalation will be invoked by the manufacturer.

2. DEPARTMENTAL CATEGORY:  
COMMISSION DISTRICT #: CW

A 8 B

3. MEETING DATE:

09-21-2004

4. AGENDA:

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

5. REQUIREMENT/PURPOSE:

- (Specify)
- STATUTE
  - ORDINANCE
  - ADMIN. CODE AC44
  - 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: 9/7/04

*Lindsey Sampson*

7. BACKGROUND:

Covanta is the County's contractor for the maintenance and operations of the WTE. Covanta is the sole U.S. manufacturer's representative and distributor for the Martin GmbH mass burn stoker grate and combustion control equipment used at the WTE and proposed for the facility expansion.

In 2003 the Solid Waste Division Director and a combustion engineer with Malcolm Pirnie, Inc. met with representatives from the three largest manufacturers of municipal solid waste mass burn stoker-grate, combustion control equipment. Two of these firms have supplied over 90% of the systems installed during the last 20 years throughout the world. County representatives also visited five recently built facilities that use this equipment. Two facilities visited use Martin stokers, two facilities use Von Roll stokers and one facility uses Seghers stokers.

- continued on page 2 -

8. MANAGEMENT RECOMMENDATIONS:

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	GC	
<i>J. Hunter</i> 9-7-04	<i>[Signature]</i> 9/7/04	N/A	<i>[Signature]</i> 9/8/04	<i>[Signature]</i> 9/8/04	<i>[Signature]</i> 9/9/04	<i>[Signature]</i> 9/9/04	<i>[Signature]</i> 9/9/04	<i>[Signature]</i> 9/9/04	<i>[Signature]</i> 9-7-04

10. COMMISSION ACTION:

- APPROVED
- DENIED
- DEFERRED
- OTHER

Rec. by CoAtty  
Date: 9/8/04  
Time: 11:20  
Forwarded To:  
*Budget*  
*[Signature]* 11:30am

RECEIVED BY  
COUNTY ADMIN:  
9/8/04  
12:50pm  
COUNTY ADMIN  
FORWARDED TO:  
4 pm [Signature]  
9/9/04

**Background continued:**

A detailed technical report was issued explaining the differences, advantages of each system. Observations were made regarding the combustion control of each system as provided by the operators and engineers at each facility. It was clear that Martin and Von Roll had a clear advantage due to their overwhelming experience and success at design and improving combustion systems through many years. Further, Martin has provided the largest number of systems throughout the world owing to its more than 75 years in the stoker-grate design/manufacturing business. Martin's sole business is designing and fabricating these systems, whereas the Von Roll company is a conglomerate with other business operations and interests.

The Solid Waste Division recommends purchase of the Martin combustor system because of Martin's apparent leadership in this industry coupled with its superiority in technical support and ongoing research. The company demonstrated that its sole focus is directed at providing superior support services to this one industry and the Martin technology. It has the largest in-house technical staff devoted to furthering and advancing the technology of MSW mass burn clean combustion and efficient combustion control.

Lee County and Covanta Energy, Inc. are Parties to a long-term Service Agreement whereby Lee pays Covanta to operate and maintain the County's waste to energy facility (WTE). The term of the Agreement is twenty years and runs through November of 2014. Covanta was the original contractor of the present Waste to Energy facility as "Ogden Martin". Lee County has decided to expand the WTE by adding a third municipal waste combustion unit and a second turbine-generator. It is appropriate that the County continues with using the Martin stoker system.

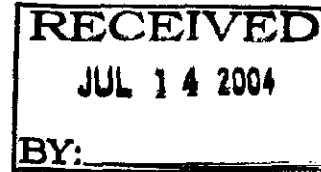
The equipment price is firm at 3,675,000 euros and the license/service fee is firm at \$950,000. Price above includes estimates for shipping, customs, marine insurance, erection supervision and start-up supervision and technical assistance.

Attachment, Covanta correspondence of July 13, 2004 by Mr. Joe Treshler, estimated pricing, and Covanta interface responsibilities.

Funds are available in: 2009 23401 02 506530



**Covanta Projects, Inc.**  
**A Covanta Energy Company**  
**14230 Hays Road**  
**Spring Hill, Florida 34610**  
**Telephone #: 727-856-2917**  
**Facsimile #: 727-856-0007**



July 13, 2004

Mr. Lindsey Sampson - Director  
Lee County Solid Waste Division  
10500 Buckingham Rd  
Suite 200  
Ft Myers, FL 33905

Re: Proposal for the Supply of Unit #3 Stoker  
Lee County Resource Recovery Facility Expansion Project (the "Expansion Project")

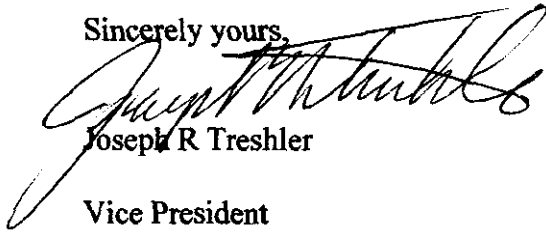
Dear Mr. Sampson,

In conjunction with the Memorandum of Understanding between Lee County and Covanta Energy, Inc. ("Covanta"), a draft of which is attached hereto (the "MOU"), and contingent upon the MOU being executed in a form substantially similar thereto, Covanta, as exclusive supplier for Martin GMBH ("Martin") parts and services within the United States, is pleased to provide Lee County, Florida with this proposal for the supply of the Martin combustion system technology, equipment and services required for the County's Expansion Project.

This proposal document is presented in two parts. Part I consists of the full, unabridged Combustion System Tender No. 9A 649 P30 from Martin. This tender fully describes the scope of equipment supply and technical support services that will be directly provided by Martin for the Expansion Project. In consideration of and contingent upon execution of both the MOU and final documentation consistent therewith, the price to be charged for the stoker equipment, Martin technical support and Martin Service Fees will be passed through to Lee County without markup or adjustment by Covanta. Part II of this proposal document is provided by Covanta in conjunction with its proposed role as the County's Construction Manager under the MOU, pursuant to which it is to identify and address specific responsibility for the various interface points that exist between the scope of supply as set forth in the Martin Tender and the balance of work that, together, reflect the totality of the Expansion Project. The costs for Covanta provided services attendant to the Expansion Project are covered within the MOU.

We look forward to the County's prompt review and approval of all parts of this comprehensive proposal so that we may together proceed to make the Expansion Project a reality. Thank you for your attention to this matter.

Sincerely yours,



Joseph R Treshler

Vice President

cc.	David Owen	Lee County
	Scott Whitney	Covanta
	Dave Martin	Covanta
	Jim Schneider	Covanta

## Martin GmbH and Covanta Pricing for One Martin Stoker and Combustion Control System

Martin GmbH Basic Service Fee		\$ 200,000 (firm)
Martin GmbH Service Fee for Expansion Project		\$ 750,000 (firm)
Martin Stoker and Combustion Control System, 636 TPD at 5,000 btu/lb	Euro	3,675,000 (firm)
Freight		\$ 63,000 est.
Customs		\$ 45,000 est.
Marine Insurance		\$ 15,000 est.
Erection Supervision		\$ 200,000 est.
Start-up Supervision/Assistance		<u>\$ 200,000 est.</u>
		\$6,177,000 est.

# MARTIN GMBH

für Umwelt- und  
Energietechnik



seit 1925

MARTIN GmbH · Postfach 40 12 29 · D-80712 München

Covanta Projects, Inc.  
Att. Mr. Joseph R. Treshler  
Vice President - Business Development  
14230 Hays Road  
Spring Hill, FL 34610  
U.S.A.

Covanta Energy Group  
Att. Mr. James V. Schneider  
Director of Engineering  
40 Lane Road  
Fairfield, NJ 07007-2615  
U.S.A.

Your ref.	Your message dtd.	Our ref.	Extension	Munich
		PA1-Wo/Zc	(089) 35617-304	July 13, 2004

## Lee County Expansion - Our No. 050 649 Final Tender

Gentlemen,

Attached please find our

- Tender, doc. no. 9A 649 P30  
about the MARTIN combustion system for the expansion of the Lee County facility with a 3<sup>rd</sup> unit.

In connection with this Tender please note the following:

- Erection

We slightly modified the figures for the anticipated working days for erection activity (from 145 to 175). For this period of time we will make available an erection supervisor (10 working hours per day assumed). In contrast, we slightly decreased the estimation for the additionally necessary working days of erection personnel (from 1500 to 1200, 10 working hours per day assumed).

This is both due to European experience.

- Commissioning

As requested by you, we included in addition to the cold start-up the warm start-up (with warm optimization). This induced also a slight modification of the estimated working times for the relevant activities. Furthermore we included participation at the trial run (optional, to be decided by Purchaser/COVANTA if requested) and participation at the acceptance test (obligatory).

WU147041.DOC



seit 1925

MARTIN GmbH für Umwelt- und Energietechnik · Leopoldstraße 248 · D-80807 München  
Tel.: 089-35617-0 · Fax: 089-35617-299 · Internet: www.martingmbh.de · e-mail: mail@martingmbh.de  
Geschäftsführer: Dipl.-Ing. Johannes J. E. Martin · Dipl.-Kfm. Ludwig A. van Mulder · Dipl.-Phys. Edmund W. Fleck (stv.)  
Sitz u. Registergericht München, HRB: 89889 · USt-ID DE 129409300 · Stauernr. 817/22210

Zertifiziert nach  
DIN EN ISO 9001  
Reg-Nr.: 206 470



**MARTIN GMBH** für Umwelt- und Energietechnik

-2-



- Payments to Martin

The Basic Service Fee for the Lee County expansion project, due to our Cooperation Agreement, para. 5.1 for use of the Martin Technology and Martin's services is fixed to 200,000 US dollars. This fee is due and payable to Martin upon execution of the contract between Covanta and Lee County for the expansion project.

We agree that the Service Fee for the Lee County expansion project, due to our Cooperation Agreement, para. 5.2 is fixed to 750,000 US dollars. This fee is due and payable to Martin under the following terms as set forth in our Agreement:

30 % thirty days after the effective date of the contract (Notice to Proceed) in this case placement of Stoker Order.

30 % upon Covanta's receipt from Martin of the statement that all essential engineering drawings & specifications have been dispatched, but not later than 6 months after the due date of the above mentioned 1st installment.

30 % upon completion of construction or upon commissioning of the project whichever is earlier, but not later than 12 months after the due date of the above mentioned 2nd installment.

10 % upon receipt of payment in full by Covanta from its customer but in no event later than one year after the due date of the above mentioned 3rd installment.

The price for the MARTIN Combustion System for the Lee County expansion project shall be: 3,675,000 Euro. The full details of the MARTIN scope of supply and terms of payment are provided within the attached Tender that accompanies this letter.

Best regards,

MARTIN GMBH  
FÜR UMWELT- UND ENERGIETECHNIK

*ppa. Gartner i. V. W. W. W.*





**Part II**

**Covanta Responsibility and Interface Supplement dated July 13, 2004**

## Part II

Part II of this proposal document is provided by Covanta in our role as the County's Construction Manager to identify and address specific responsibility for the various interface points that exist between the scope of supply as set forth in the Martin Tender and the Balance of Plant installation that as a whole represents the Expansion Project.

Numerical section references made within this document refer directly to those used in Part I – the Martin Tender.

### Chapter 2.1 Martin Scope of Supply

*Installation of all equipment provided as part of the Martin Scope of Supply will be performed by the County's selected Boiler Erection Contractor.*

### Chapter 2.4 Exclusions - Items not included in the Martin scope of supply

Responsibility for the items identified as not being included in the Martin Scope of Supply are as follows:

- Reference Chapter 2.1.1 Refuse feed hopper and chute assembly. Due to the limited existing opening for the feed chute in the charging floor the feed chute cannot be assembled to one complete part and then hoisted from the top into the opening. Instead, the feed chute has to be hoisted into the opening in several single parts and then assembled in the opening.

*Erection of the feed chute will be provided by the County's selected Boiler Erection Contractor.*

- Reference Chapter 2.1.11 Overfire air nozzles for 4 row – stitching arrangement

*The 4 secondary air/gas headers (3 at the boiler front wall, 1 at the boiler rear wall, see: diagram "Verbrennungsluft" (SL warm)/Abgasrezirkulation, doc. no. 1V 400 V32), will be provided as part of the Boiler vendor's scope of supply. Installation will be by the County's selected Boiler Erection Contractor.*

- Reference Chapter 2.1.16 Access doors and observation ports

- Ignition doors

*The above identified ignition doors are not applicable for this Project.*

- Side wall observation ports for installation into the upper boiler side walls

*The above identified observation ports will be provided as part of the Boiler vendor's scope of supply. Installation will be provided by the County's selected Boiler Erection Contractor.*

- Side wall observation ports for installation into the lower boiler side walls, local to the grate

*The above identified observation ports are not applicable for this Project.*

- The sound absorbing insulation of the feed chute complete with external casing. The insulation to consist of slabs approx, 4" (100mm).

*The above identified sound absorbing insulation is not applicable for this Project.*

- Plastic refractory lining for access doors and observation ports.

*Material and Installation for the two categories listed above will be provided by the County's selected Boiler Erection Contractor.*

- Underfire air fan, recirculated gas fan and seal air fan with electric motors
- Air duct between underfire air fan and inlet opening below grate
- Air supply ducts to connection points of cooling and seal air to:
  - Grate traverse frame
  - Driving beam support rollers
  - Observation ports

*The materials and equipment identified in the three categories listed above will be provided as part of the Boiler vendor's scope of supply. Installation will be provided by the County's selected Boiler Erection Contractor.*

- Heat insulation of undergrate hoppers by means of mineral wool slabs, 4" (100mm) thick, lined with sheet plate 0.04" (1 mm) thick, galvanized at either face; approx. 1400 sqft (130m<sup>2</sup>).
- Heat Insulation of ash pit

*Material and Installation for the two categories listed above will be provided by the County's selected Boiler Erection Contractor.*

- Air preheater
- Overfire air/recirculated gas headers and nozzle tubes in the furnace chamber front and rear walls
- Overfire air/recirculated gas dampers and overfire air/recirculated gas ducts
- Stairs and platforms around and below the stoker, residue discharger and feed chute.

*The materials and equipment identified for the four categories listed above will be provided as part of the Boiler vendor's scope of supply. Installation will be provided by the County's selected Boiler Erection Contractor.*

- Instruments and controls required for the MARTIN combustion control system, if not specifically stated herein as being supplied, see also Chapter 2.1.7 under: MARTIN Combustion Control System, Controller variables/Additional signals.

*The required additional instrumentation and controls will be specified for purchase by the AE (Burns & Roe) and purchased by the County as part of the Balance of Plant instrumentation. Routing of all cabling, sample lines, support utilities for this equipment will be by AE. Installation and wiring of these instruments as well as all sample lines and support utilities will be provided by the County's selected General Contractor.*

- All measurements that do not directly belong to the MARTIN combustion system and are not required for the MARTIN combustion control system, such as total combustion air flow (measured in the suction duct), CO in the flue gas, furnace pressure measurements, furnace temperature measurements, etc.

*The required instrumentation will be specified for purchase by Burns & Roe (the County's selected "AE") and purchased by the County as part of the Balance of Plant instrumentation. Routing of all cabling, sample lines, support utilities for this equipment will be by AE. Installation and wiring of these instruments as well as all sample lines and support utilities will be provided by the County's selected General Contractor.*

- Brickwork and casing

*Material and Installation will be provided by the County's selected Boiler Erection Contractor.*

- Complete support steelwork for stoker and boiler

*The materials will be provided as part of the Boiler vendor's scope of supply. Installation will be provided by the County's selected Boiler Erection Contractor.*

- Conveyors for removal of combustion residue
- Clinker chutes at MARTIN, Residue Discharger outlets

*The main residue conveyor is existing. Any required modifications will be conducted by the County's selected General Contractor.*

- All external cabling of the Martin electrical scope of supply, including all connection work.

*The required cable will be specified for purchase by the AE and purchased by the County's selected General Contractor. Routing of all cabling will be by AE. Installation will be provided by the County's selected General Contractor.*

- Electrical controls in motor control center required for driving motors provided as part of the Martin scope of supply.

*The required motor controls will be specified for purchase by the AE and purchased by the County. Installation will be provided by the County's selected General Contractor.*

- Grease filling of the central lubrication equipment
- Oil filling of the hydraulic system

*The required grease and hydraulic oil will be specified for purchase by the AE and purchased by the County. Installation will be provided by the County's selected Boiler Erection Contractor.*

- Supply lines for compressed air up to the point of connection in the hydraulic cabinet
- Process water piping up to the float valve on ash discharger and float valve on feed chute water jackets
- Connecting flanges for cooling water on oil cooler of hydraulic pumping station
- Drain piping from collection pipe for drains of water jacket as above and from hydraulic oil cooler outlet

*The required piping/tubing identified for the four categories listed above will be specified for purchase by the AE and purchased by the County's selected General Contractor. Routing of all piping/tubing will be by AE. Installation will be provided by the County's selected General Contractor.*

- For compressor design: 4.7 SCFM (60 F) of compressed air at a min. pressure of 86 psig is required for (operation of) the pneumatic cylinders of the automatic siftings discharge system.

*This criteria will be provided to the AE for proper interfacing with the Project Basis of Design Document.*

- The final coat of paint after erection ready for operation.

*Final painting will be provided by the County's selected General Contractor.*

- Spare Parts

*Any change in the level of spare Martin parts to be maintained by the County or Covanta at the Lee Facility as a result of the Expansion Project will be addressed with Lee County during the Service Agreement Amendment process.*

- All parts necessary for completion of the whole plant except where stated as being supplied by MARTIN.

*The remaining required parts will be specified by the AE and provided as part of the Expansion Project by the appropriate equipment vendor or County selected Contractor.*

Chapter 4.1 Price – The price (3,675,000.00 Euros) quoted directly by Martin in this section for the scope of equipment supply as described in Chapter 2 of the Tender is FOB (free on board) German North Sea Port. This price is fixed for the scope identified provided that the order is placed with Martin by the end of September 2004. This price is a net price from Martin without tax and does not include any costs for erection, commissioning and financing. This price is being passed through directly to Lee County by Covanta without markup.

Please note this is the equipment price only and does not include the cost of transportation/freight and insurances that will be necessary to facilitate the delivery of this equipment to the Lee County Facility. Covanta will be pleased to assist Lee County in selecting a qualified freight forwarding company to represent this shipment as well as assist the County in arranging for proper marine/transport insurance once the equipment order has been placed.

In addition to the cost of equipment provided in Chapter 4 of the Tender there is the “technology licensing fee” which applies to all projects that utilize Martin combustion technology. As set forth in the Martin transmittal letter that accompanied the Tender, the “technology licensing fee” consists of two parts; the Basic Service Fee, which is a set fee paid for each new Facility or expansion thereof, and, the Service Fee, which is a variable fee normally tied to the cost of the project. The Basic (or Base) Service Fee is (\$200,000.00 US Dollars) and the Service Fee for the Lee County Expansion Project is (\$750,000.00 US Dollars) This one time (\$950,000.00 US Dollar) “licensing fee” is also being passed through directly to Lee County by Covanta without markup.

CONDITIONS (USA) for the services of erection supervisors Effective as of: 01/01/2004

- Sections A, B,C and D

*Lee County as the Customer will be directly responsible for all charges as set forth in Sections A, B, C and D*

- **Section E, Customer's Obligations**

*Lee County's obligations as the Customer under Section E will be managed as follows:*

- a) - 1 (Lockable Storage) Will be provided by the County's selected Boiler Erection Contractor.*
- a) - 2 (Office Space and Changing Facilities) Will be provided by the County's selected General Contractor or Covanta.*
- a) - 3 (Helpers) Depending on the task will be provided by either the County's selected Boiler Erection Contractor or the County's selected General Contractor.*
- a) - 4 Cleaning and sealing materials will be provided by the County's selected Boiler Erection Contractor. Lubricants will be provided by Covanta. Fuels (MSW) will be provided by Lee County. Drinking and industrial water and paint will be provided by the County's selected General Contractor.*
- a) - 5 (Working Materials) Depending on the material including the necessary connection straight to the working place will be provided by either the County's selected Boiler Erection Contractor, the County's selected General Contractor.*
- a) - 6 (Welding Apparatus) Will be provided by the County's selected Boiler Erection Contractor.*
- a) - 7 (Scaffolding and Protective Covers) Will be provided by the County's selected Boiler Erection Contractor.*
- a) - 8 (Tools, devices, lifting Equipment & Machinery) Will be provided by the County's selected Boiler Erection Contractor.*
  
- b) (Martin Onsite Personnel Costs for periods of suspension of work for which Martin is not liable.) Lee County will be responsible for cost.*
  
- c) (Customer related frost damage – equipment & personnel) Lee County will be responsible for costs.*
  
- d) (Martin Onsite Personnel - actual hours worked verification) Covanta will certify time sheets are accurate. Lee County will be responsible for cost.*
  
- e) (Invoice Payment) Covanta will certify invoices are correct. Lee County will be responsible for payments.*
  
- f) (Martin Onsite Personnel – Expense Allowance Cash Advance Requests) County will be responsible for payment.*

CONDITIONS (USA) for the services of engineers Effective as of: 01/01/2004

- Sections A, B,C and D

*Lee County as the Customer will be directly responsible for all charges as set forth in Sections A, B, C and D*

- Section E, Customer's Obligations

*Lee County's obligations as the Customer under Section E will be managed as follows:*

- a) - 1 (Lockable Storage) Will be provided by Covanta.*
- a) - 2 (Office Space and Changing Facilities) Will be provided by the County's selected General Contractor or Covanta.*
- a) - 3 (Helpers) Depending on the task will be provided by either the County's selected Boiler Erection Contractor, the County's selected General Contractor or Covanta.*
  
- b) (Martin Onsite Personnel Costs for periods of suspension of work for which Martin is not liable.) Lee County will be responsible for cost.*
  
- c) (Martin Onsite Personnel - actual hours worked verification) Covanta will certify time sheets are accurate. Lee County will be responsible for cost.*
  
- d) (Invoice Payment) Covanta will certify invoices are correct. Lee County will be responsible for payments.*
  
- e) (Martin Onsite Personnel - Expense Allowance Cash Advance Requests) County will be responsible for payment.*

End of Section