

**Lee County Board Of County Commissioners  
Agenda Item Summary**

Blue Sheet No. 20050650

**1. ACTION REQUESTED/PURPOSE:**

Approve and authorize the Chairman to sign a contract between Lee County and Riley Power, Inc., (a Babcock Power Inc. Company) for the supply and erection of a furnace/boiler including erection of the (County supplied) Martin stoker at the WTE, for an amount not to exceed \$26,947,902.00, all in accordance with RFP B&R 2661-SM101B.

**2. WHAT ACTION ACCOMPLISHES:**

Provides the necessary furnace/boiler for the Waste To Energy Expansion Project.

**3. MANAGEMENT RECOMMENDATION:** Staff recommends approval of Action Requested.

**4. Departmental Category:** 8

*C8A*

**5. Meeting Date:**

*05-24-2005*

**6. Agenda:**

- Consent
- Administrative
- Appeals
- Public
- Walk-On

**7. Requirement/Purpose: (specify)**

- Statute
- Ordinance
- Admin. Code 4-4
- Other

**8. Request Initiated:**

Commissioner \_\_\_\_\_  
 Department Public Works  
 Division Solid Waste  
 By: Lindsey J. Sampson

*Lindsey J. Sampson*

**9. Background:**

Sealed quotes were received by the County's design engineer, Burns & Roe, on behalf of the Solid Waste Division on Feb. 11, 2005. On that date two (2) responses were received from pre-qualified vendors; one from Riley Power, Inc., and one from Indeck-Keystone Energy (at \$26, 687,071.00). After review, recommendation was made to award to Riley Power, Inc. for a contract price not to exceed \$26,947,902.00, including the cost for a full payment and performance bond. There are several factors (shown on the attached Supplemental Boiler Bid Evaluation) related to the low priced proposer that have caused the Solid Waste Division to make this recommendation to award to the second low-priced proposer. Significantly, and very recently, Riley provided the boilers for the Pinellas and Tampa Bay WTE facilities. Using this additional analysis, Riley Power, Inc. has the lowest overall evaluated price by approximately \$200,000.00.

The proposals received for this procurement are complex and include several equipment options. The Solid Waste Division, with the assistance of Covanta and Burns & Roe have reviewed and evaluated the two companies and their proposals. On a cost-only comparison that includes the options recommended for this project, Indeck's quoted pricing is approximately 0.97% less than Riley's. However, there are additional factors that have been considered in order to make a recommendation to contract with the slightly higher priced company. These factors include, but are not limited to; Overall project execution plan, erection contractors' understanding of the scope of services, representations made by vendors at pre-bid meeting, in-house fabrication vs. outsourcing, Covanta's past experience with each company, safety record, most recent experience including inconnel overlay. In this evaluation, the over-riding factors are related to Riley's overall understanding of the requirements of the project, its ability to self-perform the boiler fabrication and erection and its recent experience at the Tampa and Pinellas WTE facilities.

**10. Review for Scheduling:**

Department Director	Purchasing or Contracts	Human Resources	Other	County Attorney	Budget Services				County Manager/P.W. Director
					Analyst	Risk	Grants	Mgr.	
<i>J. J. ... 5-11-05</i>	<i>CL 04 4/5</i>			<i>S. Down 5/11/05</i>	<i>5-11-05</i>	<i>5-11-05</i>	<i>5-11-05</i>	<i>5-11-05</i>	<i>J. J. ... 6-11-05</i>

**11. Commission Action:**

- Approved
- Deferred
- Denied
- Other

RECEIVED BY  
 COUNTY ADMIN: *[Signature]*  
 5-11-05 *MP*  
 10:45  
 COUNTY ADMIN  
 FORWARDED TO: *[Signature]*  
 5/13/05  
*[Signature]*

Rec. by CoAtty  
 Date: *5-11-05*  
 Time: *9:15*  
 Forwarded To:  
*[Signature]*  
 5-11-05 10:00 AM

**LEE COUNTY RESOURCE RECOVERY FACILITY EXPANSION PROJECT**  
**SUPPLEMENTAL BOILER BID EVALUATION**

April 22, 2005

<b>Evaluation Component –</b> <b>Rated as follows:</b> <b>0 = unacceptable</b> <b>1 = Some unknowns, risks or concerns</b> <b>(may result in extra cost)</b> <b>2 = Satisfactory</b> <b>3 = Excellent/Advantage/Desirable</b>	<b>Babcock</b> <b>Power /</b> <b>Riley</b>	<b>Indeck –</b> <b>Keystone</b> <b>Energy</b>	<b>Comments / Remarks</b>
1. Project Experience	3	2	<p>Riley has most recent waste-to-energy design &amp; furnish experience (McCay Bay and Pinellas in 1999 – 2004) and two Ogden projects (prior to 1990), <u>including Hillsborough.</u></p> <p>Indeck's last US WTE project (as Zurn) was in 1991 (one in 1996 for Korea). Ten Ogden projects prior to 1990. Indeck's erector has no MSW boiler or Martin stoker experience.</p>
2. Personnel/Experience	2	3	Indeck's presentation indicates more individuals with MSW experience.
3. Understanding of Project	2	1	Not clear that Indeck's erector has full understanding of scope and was not represented at pre-bid meeting.
4. Responsiveness in the bid process	3	2	Indeck's representation at Pre-bid meeting was poor and submitted its firm erection price after initial bids were received. However, Indeck later showed satisfactory responsiveness.
5. Performance Bond	2	2	Both bidders have capacity to provide payment & performance bonds.
6. Safety (erector's safety record)	2	3	Avg. OSHA RIR over last 3 years: Riley = 2.82 Indeck's erector = 1.55
7. QA/QC	3	1	Indeck's outsourcing of all components raises concern over consistent quality and added cost for owner's shop inspections/expediting. Success in controlling it's erector's field QA/QC is unknown. Covanta's experience with Riley's field QA/QC has been positive.
8. Design & Operating Reliability	2	1	Covanta has experienced fewer design problems with Riley boilers at Hillsborough Facility. Indeck/Zurn has been requested to fix past design features that have caused problems (Items 79 a,-d & g in B&R's list of responses/resolutions to exceptions & issues attached to B&R's Bid Evaluation). Although Indeck has indicated that any such

**LEE COUNTY RESOURCE RECOVERY FACILITY EXPANSION PROJECT**  
**SUPPLEMENTAL BOILER BID EVALUATION**

April 22, 2005

			concerns will be addressed, time does not allow for confirming new acceptable designs and confirmation of no cost extras prior to selection.										
9. Execution Plan - Shops / Fabrication	3	2	Riley self-performs most work in their own shops - this provides consistency and better overall control & scheduling compared to outsourcing. Indeck outsources all fabrication and has used procurement and QA/QC processes to their satisfaction.										
10. Execution Plan - Erection	3	1	Riley self-performs most work with their own construction subsidiary, TEI. This provides a more knowledgeable and seamless coordination between supplier and erector. Riley also presented a well thought-out construction plan. Indeck subcontracts all construction; coordination of a knowledgeable plan appears significantly less developed at this time.										
11. Construction schedule	2	1	Both originally bid a 22 month schedule. When asked to reduce to 20 months, Riley's evaluated price now includes an additional \$250K. Indeck absorbed the cost or risk of this shorter schedule. Hence, Riley has more resources accounted for to meet the shorter schedule.										
12. Drawing submittal schedule	2	2	Similar commitments for providing drawings to B&R.										
13. Terms & Conditions (As initially proposed – subject to change pending negotiations)	1	1	<table style="width: 100%; border: none;"> <tr> <td style="text-align: center;"><u>T &amp; C</u></td> <td style="text-align: center;"><u>Riley/IKE</u></td> </tr> <tr> <td>Cap on delay LD's:</td> <td>\$1.3M/\$100K</td> </tr> <tr> <td>Bond Coverage:</td> <td>Cntr. Price/Cntr. Price</td> </tr> <tr> <td>Insurance:</td> <td>compliance/compliance</td> </tr> <tr> <td>Warranty-12mnths from:</td> <td>MC/Acceptance</td> </tr> </table>	<u>T &amp; C</u>	<u>Riley/IKE</u>	Cap on delay LD's:	\$1.3M/\$100K	Bond Coverage:	Cntr. Price/Cntr. Price	Insurance:	compliance/compliance	Warranty-12mnths from:	MC/Acceptance
<u>T &amp; C</u>	<u>Riley/IKE</u>												
Cap on delay LD's:	\$1.3M/\$100K												
Bond Coverage:	Cntr. Price/Cntr. Price												
Insurance:	compliance/compliance												
Warranty-12mnths from:	MC/Acceptance												
14. Limitation of Liability (As initially proposed – subject to change pending negotiations)	1 (may also be unacceptable)	0	Riley requested cap at contract price Indeck requested cap at equip. price										
15. Payment Terms	2	2	Riley requesting 51.5% by mobilize. Indeck requesting 55% by mobilize.										
16. Downcomer arrangement	1	3	Riley's downcomers on the front wall will need to be coordinated with SNCR nozzle locations. Indeck's downcomers are out of the way on the side walls.										
17. Inconel cladding method	3	2	Riley self-performs work in their own shop, has provided similar work for MSW projects, and its method of cladding before										

**LEE COUNTY RESOURCE RECOVERY FACILITY EXPANSION PROJECT  
SUPPLEMENTAL BOILER BID EVALUATION**

April 22, 2005

			panel fabrication is more desirable. Indeck has not demonstrated experience with this type work but will outsource this work to an experienced shop.
18. Laydown	2	1	Riley requires 1 acre. Indeck requires 4 acres which may be problematic
19. Optional and unit rate pricing	1	2	Pricing for options not included in the evaluated pricing was incomplete and/or unsatisfactory and requires further review for both bidders. Markup for cost extras was the same for both bidders but Indeck's unit rates were less compared to Riley's.
20. Level of comfort bidder can effectively and cooperatively execute project with a minimum of disputes and claims based on overall assessment of proposal, nature of negotiations, and price development.	3	1	Riley's demonstrated understanding of the project and its overall execution plan have provided a higher level of comfort. Indeck absorbed a number of additional obligations during the bid evaluation without raising its pricing, Indeck design features of concern have not yet been finalized, Indeck's subcontracted erector and outsourcing are a potential source of problems, and the degree of Indeck's exceptions to the commercial terms& conditions is greater than Riley's.
<b>Total Score</b>	<b>43</b>	<b>33</b>	
<b>Average Rating</b>	<b>2.15</b>	<b>1.65</b>	
<b>Rating Evaluated Cost</b>	<b>\$0*</b>	<b>\$467,024**</b>	

\*An Average Rating of 2.0 or greater adds no additional "Rating Evaluated Cost".

\*\*An Average Rating of less than 2.0 adds a "Rating Evaluated Cost" as follows:

Rating Evaluated Cost = (2.0 - Average Rating) x 5% of Contract Value

Rating Evaluated Cost = (2.0 - 1.65) x .05 x \$26,687,071

Rating Evaluated Cost = \$467,024

## Lindsey Sampson - RE: Boiler Bid Evaluation - Selection and Recommendation

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**From:** "Young,Peter" <pyoung@CovantaEnergy.com>  
**To:** "Young,Peter" <pyoung@CovantaEnergy.com>, <SAMP SOLJ@leegov.com>, "Dennis Iavarone" <diavarone@roe.com>  
**Date:** 4/22/2005 9:17 PM  
**Subject:** RE: Boiler Bid Evaluation - Selection and Recommendation  
**CC:** "Stuhrke,Steve" <sstuhrke@roe.com>, "D'Amico,Don" <ddamico@roe.com>, "Anacker,Dennis" <danacker@CovantaEnergy.com>, "Treshler,Joseph" <Joseph\_Treshler@CovantaEnergy.com>, "Howard,Jody" <Jody\_Howard@CovantaEnergy.com>, "Schneider,James" <James\_Schneider@CovantaEnergy.com>, "Holmes,Jack" <jholmes@CovantaEnergy.com>

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Resent with the Attachments.

-----Original Message-----

**From:** Young,Peter  
**Sent:** Friday, April 22, 2005 2:34 PM  
**To:** 'SAMP SOLJ@leegov.com'; Dennis Iavarone  
**Cc:** Stuhrke,Steve; D'Amico,Don; Anacker,Dennis; Treshler,Joseph; Howard,Jody; Schneider,James; Holmes,Jack  
**Subject:** Boiler Bid Evaluation - Selection and Recommendation

Lindsey and Dennis I.,

Covanta has reviewed B&R's Revised Boiler Bid Evaluation, dated April 21, 2005, and Covanta is in agreement with B&R's recommendation that a) there is minimal cost difference between Riley and Indeck/Keystone, b) both bidders' proposals are technically acceptable, and c) evaluation of other issues and terms are warranted.

With the inclusion of Inconel cladding, the option for a water cooled hopper, and the additional cost to maintain a January 2007 boiler completion, the comparable pricing is as follows:

Riley	Indeck	\$ Difference	% Difference	March 9, 2005 Estimate
\$26,947,902	\$26,687,071	\$260,831	0.97%	\$27,065,411 (all with bond costs)

Modifying the scope and options included in the evaluated cost, does not appreciably change the relative pricing between the two bidders. The attached "Boiler Pricing Comparison" dated 4/22/05, provides the comparable pricing details - consistent with B&R's bid evaluation. With such a minimal difference in pricing, other factors that would benefit or potentially impede the Project have enough relative weight to effect the evaluation and selection.

Hence, attached is Covanta's "Supplemental Boiler Bid Evaluation" dated 4/22/05, that rates 20 different factors that are considered important for a project. As the Supplemental Bid Evaluation reflects, Indeck's score translates to a rating evaluated additional cost of \$467,024, where Riley's higher score translates to no additional evaluated cost. The resulting overall evaluated cost of each bidder's proposal results in Riley being the lowest evaluated bidder:

	Overall Evaluated Cost
Riley	\$26,947,902
Indeck	\$27,154,095
Difference	\$ 206,193

On the above basis, and recognizing the boiler schedule is critical, Covanta recommends entering into final contract negotiations with Riley. If such negotiations are satisfactory, Covanta recommends moving

forward with an award to Riley. Should negotiations with Riley not progress satisfactorily, then Covanta would also recommend engaging Indeck in final contract negotiations in parallel.

To start such final negotiation, attached is a draft contract (terms & conditions) for the County's consideration. The redline changes in this draft reflect commercial exceptions from Riley's February 11, 2005 Proposal but for adjustments suggested by Covanta. County is requested to promptly modify these terms and conditions to their satisfaction and then submit to Riley for their review and acceptance.

It is critical to the Project's schedule that a boiler award be made as soon as possible. Covanta requests that the County and Burns & Roe work to the following schedule to support an expedited boiler award:

Monday, April 25th	County advise concurrence with Covanta's recommendations herein
Tuesday, April 26th (through B&R)	County complete its draft boiler contract (T&C's) and submit to Riley
April 25 <sup>th</sup> thru 29 <sup>th</sup> final contract documents	B&R develops a conformed Specification based on Riley and assemble
Thursday, April 28th	Meeting with Riley to negotiate a final contract
Monday, May 2nd County	B&R to submit a final boiler contract to Riley for execution with copy to
Tuesday, May 17 <sup>th</sup>	County BOCC approves boiler contract
May 19 <sup>th</sup> & 20 <sup>th</sup>	Boiler Kick-off meeting with Riley, B&R, Covanta, and Martin
Monday, May 23 <sup>rd</sup>	Riley provides its bond and County issues Riley a Notice to Proceed

Should the County or B&R have any comments or require further clarification, please advise me immediately.

Peter

22-Apr-05

Lee County Expansion Project Boiler Pricing Comparison					
	Riley's Proposed Price	Riley's Evaluated Price	Indeck's Proposed Price	Indeck's Evaluated Price	Comments
Engineering	3,522,200	\$3,522,200	\$1,682,200	\$1,682,200	
Equipment/Material	5,821,382	\$5,821,382	\$11,832,200	\$11,832,200	
Equipment/Material - other	3,294,424	\$3,294,424		Included above	
Shop Fabrication	2,980,101	\$2,980,101	included	included	
Erection	7,261,400	\$7,261,400	\$8,999,950	\$8,999,950	
Contract Exhibit L	340,500	\$340,500	\$365,400	\$365,400	
Performance/Payment Bond	519,800	(see below)	\$327,100	(see below)	
Original Base Bid	23,739,807		\$23,206,850		
Option 3.1 Freight Elevator Furnish/Erect Steel only	410,000	optional	(\$83,000)	(\$83,000)	IKE incl'd steel in base
Freight Elevator- Elevator and Controls	459,125	optional	none	not bid	
Option 3.2 Deduct for Use of Freight Elevator during Construction	(50,000)	optional	none	not bid	
Option 3.3 Magna Drives	300,922	optional	\$107,000	optional	
Option 3.4 Stainless Steel Drains	222,394	optional	\$44,300	optional	
Option 3.5 Water Cooled Convection Hopper	159,715	(see below)	\$475,300	(see below)	
Option 3.6 (Deduct) Owner Supplied Water (hydro) - Choose only one		optional		optional	
Potable Water by Owner, treated by Bidder, or	(46,000)	(\$46,000)	na	na	
Demineralized Water by Owner & Disposal by Owner	(85,000)	(\$85,000)	no change in price	included	
Option 3.7 Shop Inconel Overlay	2,899,330	\$2,899,330	\$3,093,521	\$3,093,521	
Option 3.8 Soot Blowing Index	32,720	\$32,720	\$9,500	\$9,500	
Option 3.9 Superheater Baffle	20,450	\$20,450	\$24,900	\$24,900	
	4,303,206				
Item 9j - Add for supply of Diamond Power water gauge	8,075	\$8,075	\$19,000	\$19,000	
Item 10 - Add for supply of steam coil inlet filter	4,705	\$4,705	included	included	
Item 31 - Add for seal air fan sizing correction	1,750	\$1,750	n/a	included	
Item 37 - Add for contractor site security and fencing.(Bidders own requiemnt)	126,000	not required	n/a	not required	
Item 40 - Add for cleaning and flushing of piping	22,500	\$22,500	included	included	
Item 52 - Add for supply of temporary flushing oil	2,500	\$2,500	included	included	
Item 63 - Add for touch-up paint surface preparation	35,000	\$35,000	included	included	
Item 66 - Add for increased evaporator tube wall thickness to 0.260"	4,475	\$4,475	included	included	
Item 69a - Add for vacuum or acoustical testing	24,000	not required		not required	
Item 69b - Add for smoke testing	8,700	not required		not required	
Item 75 - Add for larger capacity OFA fan & ductwork	38,925	\$38,925	\$49,000	\$49,000	
Item 84f - Deduct for removal of FD fan & OFA fan silencers	(15,300)	optional	no price	not bid	
Item 84j - Deduct for elimination of tube shields if Inconel option accepted	(144,000)	(\$144,000)		included	
Item 86 - Deduct for 250' + 50' of cable as quoted and provide 20' high temp cable	(1,500)	(\$1,500)	no price	included	
Item 87 - Add 4" insulation and flat lagging of undergrate hoppers	60,000	\$60,000		included	
Item 88 - Deduct for CBI (Bergemann) sootblowers in lieu of Diamond Power	(41,700)	(\$41,700)		included	
Item 89 - Deduct for supply of expanded metal in lieu of insulating drain lines	(14,000)	optional		optional	
Item 90 - Deduct for reduced economizer tube wall thickness .200 to .180	(16,500)	(\$16,500)	(\$83,700)	(\$83,700)	
Furnace tube thickness to .220"		included	(\$119,300)	(\$119,300)	
Increase Economizer Heating Surface	included	included	\$79,000	\$79,000	
Dampers for Air Filter Cleaning		not required	\$38,000	not required	
Electromatic Relief Valve Type Change		included	\$16,000	\$16,000	
Change sootblower supplier from Bergemann to Diamond	-	(see #88 above)	\$113,000	Brgmnn selected	assumed
<b>SUMMARY</b>		<b>RILEY</b>	<b>DELTA</b>	<b>INDECK</b>	<b>Percent Difference</b>
	Subtotal	\$26,016,737	\$131,066	\$25,884,671	0.50%
	Adder for a January 2007 completion date in lieu of March 2007	\$250,000		(no change in price)	
	Subtotal	\$26,266,737	\$381,066	\$25,884,671	1.48%
	Adder for water cooled hoppers	\$159,715		\$475,300	
	Subtotal	\$26,426,452	\$65,481	\$26,360,071	0.25%
	Bonding	\$522,460		\$327,100	
	Subtotal	\$26,947,902	\$260,831	\$26,687,071	6.97%
	Rating Evaluated Cost (refer to "Supplemental Boiler Bid Evaluation" dated 4/22/05)	\$0		\$487,024	
	<b>Total Evaluated Cost</b>	<b>\$26,947,902</b>	<b>(\$206,193)</b>	<b>\$27,154,095</b>	<b>-0.77%</b>

March 15, 2005

Bid Evaluation for  
2661-SM 101B  
MSW Steam Generator

Attached is the Bid Evaluation for the Steam Generator. It provides summary of the bids received, a price (bid abstract) comparing prices.

Note:

1. There are several items which BRE awaits input from the respective bidders. These items are minor and should not impact your review of this bid evaluation. BREI will expedite bidders information.
2. The technical data sheets, correspondence from bidders, and comments to contract articles will be submitted under a separate cover within (2) days.
3. The term sheet and conformed specification will be submitted by BREI within (2) days after notification of successful bidder selection by Lee County.





March 15, 2005

**LEE COUNTY  
WTE EXPANSION PROJECT  
FORT MYERS, FLORIDA**

**RFP 2661-SM101B  
MSW Steam Generator**

**BID EVALUATION**

Burns and Roe Enterprises, acting on behalf of Lee County, issued Request for Proposal No. 2661-SM 101B "MSW Steam Generator" on December 23, 2004 to the following pre-approved bidders: Alstom Power, Inc., Indeck Keystone Energy, Foster Wheeler Energy International and Riley Babcock Power. Alstom Power and Foster Wheeler declined to bid.

Bid Documents include:

- Original Request for Proposal
- Addendum No. 1 issued on January 20, 2005
- Revised Code revision for Wind. Importance Factor from 1.15 to 1.00. January 31, 2005 email to bidders.

On January 11, 2005 a pre-bid meeting was conducted at the jobsite, attended by Indeck Keystone Energy, Riley Power. Also in attendance were Lee County, Covanta and Burns and Roe.

On January 20, 2005 Addendum #1 was issued including the pre-bid meeting notes. The original bid due date of February 4, 2005 was extended to February 11, 2005.

On February 11, 2005 bids were received from:

- Indeck Keystone Energy, proposal number MSW5-027
- Riley Power Inc., proposal number 501660

On February 14, 2005 the above two (2) bids were opened and base bid prices were recorded on the Proposal Opening Form, in Attachment 5. Additional pricing for options was requested from each bidder for various boiler enhancements, plus requests for clarifications were issued by BRE email(s).

**RECOMMENDATION:**

The low bidder is Indeck Keystone Energy. The bid pricing is shown on the Bid Abstract form. It shows base bid, plus technical adjustments conforming bids to the Technical Specifications, plus recommended options. The options selected will determine the final bid price. Commercial negotiations may also impact final pricing. Therefore, BRE recommends review of pricing, determine final selection of options, then negotiate with the preferred bidder.

BID ABSTRACT			MSW STEAM GENERATOR						
Burns and Roe Enterprises, Inc.  W/O: 2661 Lee County Expansion Project RFP No SM-101 Steam Generator			1		1/2	3		4	5
			Riley Power Inc.			Indeck Keystone Energy			
			ITEM	QTY	UNIT	DESCRIPTION			
1	1	ea	MSW Steam Generator						
			Engineering	\$ 3,522,200.00		\$1,682,200.00			
			Equipment/Material	\$ 8,323,400.00		\$12,147,200.00			
			Shop Fabrication	\$ 3,656,000.00		included			
			Erection	\$ 7,261,400.00	3/7	\$8,989,950.00	3/4		
			Contract Exhibit L Startup/Test	\$ 340,500.00	3/7	\$385,400.00			
			<b>Sub-Total</b>	<b>\$ 23,103,500.00</b>		<b>\$23,194,750.00</b>			
				<b>+\$91,250</b>		base			
			Performance/Payment Bonds	\$518,800.00		\$327,100.00			
			<b>Base Bid w/Bonds</b>	<b>\$ 23,623,300.00</b>		<b>\$23,521,850.00</b>			
				<b>+\$101,450</b>		base			
			Conform to Specifications Table #3	\$205,005.00		\$192,000.00			
			Bid Price per Specifications	\$23,828,305.00		\$23,713,850.00			
				<b>+\$114,455</b>		base			
			Recommended Options Table #2	\$3,802,622.00		\$3,131,270.00			
			<b>Bid with Options</b>	<b>\$27,630,927.00</b>		<b>\$26,845,120.00</b>			
				<b>+\$785807 (3%)</b>		base			
			subject to adjustment	Material only		Material only			
			Startup/Training	40days		46 days			
<b>AWARD RECOMMENDATION:</b>						<b>PREPARED BY:</b>		<b>DATE:</b>	
<b>REASON FOR RECOMMENDATION:</b>						<b>REVIEWED BY:</b>		<b>DATE:</b>	

## **COMMERCIAL EVALUATION:**

Attachment 5 includes the Proposal Opening Form and the bid abstract comparing bid prices and modification to conform bids to the RFP requirements and recommended options.

### **Riley Power Inc.**

Riley Power Inc. (RPI) submitted a comprehensive proposal which included breakdown of base price plus option prices for items listed in the RFP. The Proposition of Surety was completed indicating RPI ability to obtain the required 100% Performance and Payment Bonds.

RPI's material costs (\$8,323,400) are subject to adjustment for actual material costs and currency fluctuations. All other pricing is firm based on the Contract schedule included in the RFP.

The contract schedule is acceptable to RPI.

Note, the award date stated as March 2005 most likely will not be met and discussion with RPI is necessary on final contract schedule.

Attached are RPI's comments to the Contract Documents. These need to be negotiated with RPI and acceptance by Covanta and Lee County.

### **Indeck Keystone Energy**

Indeck Keystone Energy (IKE) submitted a proposal with base price. Options were not included and upon request IKE submitted option pricing on March 4, 2005 with an updated erection price. IKE's total did not bid the freight elevator option. However, the base price included furnishing and installation of the elevator framing steel. IKE's material costs are subject to economic adjustment. This remains to be confirmed with IKE. IKE's proposal included in Tab 4, Section 7, page 2 five stated commercial clarifications and exceptions.

1)...Contract commercial terms will be negotiated...

IKE submitted comments/exceptions to the Contract Documents are attached. IKE's comments are redlined on the document and attached. Final terms to be negotiated with IKE, Covanta and Lee County. The bonding issue has been clarified and IKE will provide a 100% contract value Performance and Payment bond. IKE will provide cost added for increasing excess liability insurance to \$25mil. IKE will provide a cost adder to provide \$25 million excess liability coverage.

2) Price escalation: ...This proposal is subject to review and acceptance at time of order placement. Should there be any change due to increase material cost, we will notify you at the time for your acceptance. This will apply to either a material increase or decrease. The same will hold true for any change in material availability.

IKE requested to provide details for exact bid portion, which is material, related and submit indices to be used for adjustment.

3. Construction support provided by IKE.

This is design build contract and IKE to furnish whatever support necessary during construction.

IKE deleted this exception from their proposal (see email dated 3/15/05)

4. Provides details for field start-up and training. Includes 2 round trips, 4 travel days, and 46 days on site. And 6 standby days for start-up, training, and field testing duration of 8 weeks.

5. LD for punch list items shall be for the initial list of punch list items as mutually agreed upon by both buyer and seller.  
These to be negotiate with contract terms and other LD's.

IKE agreed with contract schedule, however, based upon award of contract March 2005. Again, this requires discussion based upon contract award date.

TECHNICAL BID EVALUATION  
SM-101B  
LEE COUNTY WTE PLANT UNIT 3 EXPANSION  
(MSW) MUNICIPAL SOLID WASTE STEAM GENERATOR

TECHNICAL DISCUSSION

Although the initial offerings from both Riley Power (Riley) and Indeck Keystone Energy (IKE) showed a substantial difference in base price, both offerings have been technically evaluated.

Riley's base price is \$23,623,300 and IKE's base price as initially submitted was \$26,326,600 providing a difference of \$2,703,300. This was due to Indeck's erection price being a budget price and not firm. In addition, Indeck's price for the Inconnel overlay option was an estimated price and not firm. Firm pricing was solicited and received late in the bid review cycle. With IKE's firm erection price of \$8,999,950, which is a reduction of \$2,804,750 from their budget erection estimate of \$11,804,700, their base price is now \$23,521,850. This puts IKE at \$104,450 below the Riley base price and represents less than 0.5% difference.

In response to exceptions taken by the bidders and based on findings from this bid evaluation, BREI developed requests for information, clarifications to the bids, or noted the need for possible bid price adjustments, as applicable. Copies of these requests for additional information, clarifications, and price adjustments are attached to this evaluation.

Upon receipt of the bidders responses the technical acceptance of the responses and any impacts on the relative ranking of the bids were assessed. In addition, these supplemental questions and their responses were tabulated along with the recommendation and disposition. This tabulation and summary is provided as part of this evaluation. All technical issues have been resolved. What remains as outstanding for IKE are some warrantee issues, which need to be addressed commercially and some interface information that needs to be provided. Riley's responses are not complete (as of 3/11), but show more price adjustments and adders to their base offering.

BID ANALYSIS

The following analysis is offered for review and comparison of the offerings, noting that the analysis shows that both bidders offered competitive offerings according to the costs quoted. Further, both Riley's and IKE's base bid proposals are now considered to be in compliance with the Specification.

The bids were reviewed to ascertain that this analysis represents a common basis comparison.

Table 1 shows adjusted costs and relative costs of each Bidder's lowest bid relative to the overall lowest bid, which is the IKE proposal.

Table 2 shows the adjusted costs and relative cost of each Bidder's option prices for those options recommended by BREI. Note IKE did not offer a freight elevator or identify any savings realized with utilization of the freight elevator during construction.

Table 3 shows the price adjustments for the various clarifications requested.

The following observations and actions result from that review:

- There first appeared to be many possible deviations from the Technical Specification. Questions have been sent to both IKE and Riley covering a number of these possible deviations for clarification. In addition a statement has been requested that indicates their bid is in compliance with the Specification noting that it is the bidder's responsibility to identify any deviation and/or exception to the Specification. Responses from both bidders confirmed their offerings were in compliance with the Specification. Where deviations were noted, these were evaluated and resolved. The resolution in some cases resulted in price adjustments.
- A compiled listing of technical questions, clarifications, and comments has been sent to both IKE and Riley for their review and comment. It includes both BREI and Covanta's comments from the submitted proposal. These as indicated were tabulated along with the responses. The responses in some cases required further clarification. Any costs adjustments are noted along with comments to the responses where appropriate were also tabulated. All issues were resolved or recommended for acceptance. A copy of the compiled listing for each bidder is attached to this evaluation.

However, as can be seen from the tabulation, the few price adjustments, exceptions, or clarifications did not have a significant impact on the relative ranking of the bids or cause a rejection of either bid.

### Options Review

- Option 3.1 and 3.2 Freight Elevator: Riley included an option price for the freight elevator in accordance with the Specification requirements for a cost of \$850,000. This price was subsequently revised to \$869,125 with bond. In addition, they offered a cost savings of \$50,000 during construction for the use of the elevator. IKE did not offer this option stating simply that they are a boiler manufacturer and not an elevator manufacturer. Although this is being unresponsive, as they should have obtained pricing from qualified subcontractors during the bidding period, it is understood. IKE included the elevator framing steel in their base bid in the event the elevator is to be provided by others. IKE offered a deduct price for removal of this steel for \$83,000. Riley's adder price for this framing steel is \$410,000, as they considered this a complete option and did not include this steel in their base bid. If a freight elevator is to be provided as part of the boiler contract or by others the Riley adder shall be applied. If no elevator is to be provided, the deduct from IKE would apply. BREI's recommendation is that the elevator be procured separately from the boiler contract. This is a "value added" option that the facility does not have at the present time.
- Option 3.3 "Magna Drives" for All Fans in Lieu of Variable Inlet Vanes dampers: This option is for the inclusion of "Magna Drives", a type of variable speed drives for the various fans supplied with the boiler. "Magna Drives" would be furnished in lieu of variable inlet vane damper controls. Riley's initial price was \$294,300 and was subsequently revised to \$300,922 with the bond. IKE price is only for adding "Magna Drives" for the FD Fan and the FGR Fan for a price of \$52,300. The IKE pricing is incomplete, but was not pursued at this time. "Magna Drives" and their application on boiler fans are relatively new and undemonstrated as a "better"

approach than variable inlet vane controls. Regardless, question #53 addresses the issue of the incomplete option and a price adjustment has been requested. BREI does not recommend this option at this time.

- **Option 3.4 Stainless Steel Drains:** This option is for the change in material to type 304 stainless steel for the boiler drain piping, soot blower drain piping, and blowdown lines as per Specification paragraph 2.6.2 and Attachment 1. This option was requested as the facility has seen significant surface rusting and corrosion of these lines under the insulation. Riley's initial price was \$217,500 and was subsequently revised to \$222,394 with the bond. IKE's price is for this option is \$12,770 but is not complete. IKE has limited the change to only specific drain lines and is not comparable. Question #52 addresses the issue of the incomplete option and a price adjustment has been requested. This option should be addressed by Lee County in conjunction with Covanta.
- **Option 3.5 Water Cooled Convection Hopper:** This option is per Specification paragraph 2.7.2. Riley's option price was initially \$156,000 and subsequently revised to \$159,715 to include the bond. IKE price is \$93,000 but may be incomplete or not comparable. They clarified this option as they offered a double wall hopper design with inner and outer walls of ¼" carbon steel. As this option is a specific Covanta request and the bidder's proposal options may not be equal, BREI does not have a recommendation at this time. Further discussions with Covanta and Covanta's facility operators may be required to determine viability of this option. This option should be addressed by Lee County in conjunction with Covanta.
- **Option 3.6 Deduct for Owner Supplied Potable Water (for boiler hydro testing):** Riley's price deduct initially was \$46,000 and was subsequently changed to \$47,035 to include bond cost savings. Riley also offered a savings of \$131,000 if demineralized water was provided for hydro testing of the boiler. IKE offered no deduct for this option. Requests for clarification of this "no" offer and also requests if comparable savings for Owner supplying demineralized water were made with IKE also not providing a deduct price. IKE indicated that they have included trucking of water for these activities at their cost as it was missed (by them) in the review of the Specification requirements. BREI recommends that this option be considered if potable water or demineralized water can be made available for these activities.
- **Option 3.7 Providing Shop Installed Inconel Overlay:** This option is per Specification paragraph 2.3.2.1. Riley's option price was initially \$3,341,200 and subsequently revised to \$3,414,378 to include the bond. IKE price is \$3,084,100 as submitted in their "e-mail" of 3/4/05 9:23 AM to Don D'Amico from Gary Blazek. This "e-mail" provided firm pricing of this option as it was originally provided as a budget estimate. This option was solicited as deterioration and erosion of tubes has been a problem at many of the Covanta facilities. The Inconel overlay of the tubes has mitigated these problems. This option should be addressed by Lee County in conjunction with Covanta.
- **Option 3.8 Soot Blower Indexing:** This option is for an enhancement of the provided soot blower system providing repeatability capabilities. Riley's option price was initially \$32,000 and subsequently revised to \$32,720 to include the bond. IKE price is \$9,500. These option pricing are not comparable as the Riley price is based on Diamond soot blowers and IKE

price is based on Bergerman soot blowers. IKE has provided a price adjustment for furnishing Diamond soot blowers. This is question #49. IKE needs to confirm that the indexing pricing provided also applies to Diamond. BREI recommends the soot blower indexing option.

- Option 3.9 Superheater Baffle for Hopper: Riley's option price was initially \$20,000 and subsequently revised to \$20,450 to include the bond. IKE price is \$24,900. As identified by Covanta, this is a boiler enhancement. It is also a relatively inexpensive resolution. BREI recommends this option based on Covanta's input.

### **Recommendations**

The apparent low evaluated bidder is IKE. However, the evaluated cost difference is minimal. Covanta has operating experience with both Riley and Indeck boilers and may have a preference of one over the other. In addition, since both bidders appear to be technically equal and their proposals are technically acceptable, and based on the closeness of the evaluated prices, BREI recommends that commercial issues and terms be evaluated for both bidders. Therefore the award selection should be based on satisfactory resolution of commercial exceptions in the event the difference in evaluated pricing changes due to commercial issues.



**TABLE 1**  
**BASE PRICING**

Description	Indeck Keystone Energy (IKE)	Riley Power (Riley) BASE	Differential From Base
1.0 Total Lump Sum Base Price, \$	23,521,850	23,623,300	101,450 (Riley)
2.0 Lump Sum Price Breakdown:			
A. Engineering, \$	1,682,200	3,522,200	1,839,800 (Riley)
B. Materials and Shop Fabrication, \$	12,147,200	11,979,400	167,800 (IKE)
C. Site Mobilization, \$	(Included in D)	(Included in D)	Not Determined
D. Site Erection, \$	8,999,950	7,261,400	1,924,450 (IKE)
E. Performance and Payment Bond, \$	327,100	519,800	192,700 Riley)
F. Sales Tax, \$	Excluded	Excluded	0
G. Exhibit L	365,400	340,500	161,000 (Riley)
3.0 Sum of Breakdown Prices, \$ (Less Bonding)	23,194,750	23,103,500	91,250 (IKE)

Notes to Table 1: None

**TABLE 2**  
**OPTION PRICING**

Description	Indeck Keystone Energy (IKE)	Riley Power (Riley) BASE	Differential From Base
3.1 Freight Elevator, \$ a. Base b. Removal of Elevator Framing Steel c. Adder for Elevator Framing Steel	a. Not Offered b. 83,000 c. N.A.	a. 869,125 b. In Option c. 410,000	Not Recommended a. N.A. b. Note 7 c. Note 7.
3.2 Use of Freight Elevator during Construction, \$	Not Offered	50,000	N.A.
3.3 Magna Drives \$	52,300 (Note 3)	300,922	Not Recommended 248,622 (Riley)**
3.4 Stainless Steel Drains, \$	12,770 (Note 4)	222,394	Note 11 209,624 (Riley)**
3.5 Water Cooled Convection Hopper, \$	93,000 (Note 5)	159,715	Notes 9 and 11 66,715**
3.6 Deduct for Owner Supplied Water, \$ a. Potable Water b. Demineralized Water	a. Not Offered b. Not Offered	a. 47,035 b. 131,000	Recommended a. 47,035 b. 131,000 (Riley Deduct)
3.7 Shop Installed Inconel Overlay, \$	3,084,100	3,414,378	Note 11 330,278 (Riley)
3.8 Soot Blowing Indexing, \$	9,500 (Note 6)	32,720	Recommended 23,220**
3.9 Superheater Baffle, \$	24,900	20,450	4,450 (IKE)
4.0 Sum of Options Offered, \$	3,276,570**	4,969,704 (Note 10)	1,693,134**
4.1 Sum of Options Recommended, \$	3,131,270**	3,802,622 Note 10	671,352**

Notes to Table 2:

1. The freight elevator option was not offer by IKE.
2. Riley's pricing includes the bond cost.
3. IKE pricing for Magna Drives is not complete.
4. IKE pricing for stainless steel drains is not complete.
5. IKE pricing may not be comparable.
6. IKE pricing not comparable as it is based on Bergerman and not Diamond soot blowers.
7. To be based on whether an elevator is to be added.
8. \*\*\*\* in table indicates comparison is not equal.
9. Recommendation not made, Covanta to advise and make recommendation.
10. Does not include possible deduct for Owner furnished water.
11. This option should be addressed by Lee County in conjunction with Covanta.

**TABLE 3**  
**EVALUATED PRICING**

<b>Description</b>	<b>Indeck Keystone Energy (IKE)</b>	<b>Riley Power (Riley) BASE</b>	<b>Comments</b>
Riley Question #9: Item j "Diamond Power Water Gauge/Support Tube Assemblies	OPEN (IKE Question #54)	8,075	
Riley Question #10: Steam Coil Air Heater – 100% Bypass and Damper	Included (IKE Question #48)	4,705	
Riley Question #31: Revised Seal Air Fan	N.A.	1,750	
Riley Question #37: Site Security	Included (IKE Question #50)	126,000	
Riley Question #40: Boiler Piping Cleaning and Flushing	Included (IKE Question #33 v)	22,500	
Riley Question #45: Construction Air Compressors	Included (IKE Question #51)	OPEN	
Riley Question #52: Temporary Oils/Flushing Oils	Included (IKE Question #33 v)	2,500	
Riley Questions #60 and #63: Touch up Painting Preparation	Included (IKE Question #55)	35,000	
Riley Question #66: 0.26 Convection Evaporator Tubes	Included (IKE Question #43)	4,475	
IKE Question #47: Boiler Economizer Surface	79,000	N.A.	
IKE Question #49: Diamond Soot Blowers	113,000	Base Bid	
IKE Question #52: Stainless Steel Drains	OPEN	Option Price 3.4	
IKE Question #53: Magna Drives	OPEN	Option Price 3.3	

Notes to Table 3:

1. Riley has offered option pricing for testing of air and flue gas leakage. \$24,000 for vacuum or acoustical testing or \$8,700 for smoke testing. (Exhibit L, paragraph 4.12.5).

**Riley Evaluated Adders: \$205,005 (Status 3/15/05 w/Open Issues)**

**IKE Evaluated Adders: \$192,000 (Status 3/15/05 w/Open Issues)**