Lee County Board Of County Commissioners
Agenda Item Summary **Blue Sheet No. 2005**

1. ACTION REQUESTED/PURPOSE:

Approve award of formal quotation (RFP B&R 2661-M-310) and issuance of a purchase order to Fuel Tech, Inc. the sole-source provider / proposer, meeting all specification requirements for a proprietary Nitrogen Oxide Select Non Catalytic Reduction system including engineering, modeling, and all equipment, in the not to exceed amount of $1,081,000.00 that includes an allowance of $11,000.00 for a performance bond and $67,700.00 for installation, start-up, and training service.

2. WHAT ACTION ACCOMPLISHES:

Provides the necessary SNCR De-NOx equipment/system for the Waste To Energy Expansion Project.

3. MANAGEMENT RECOMMENDATION: Staff recommends approval of this request.

4. Departmental Category: 8 C8D			5. Meeting Date: 09-20-2005
6. Agenda:	7. Requirement/Purpose: *(specify)*		8. Request Initiated:
X Consent	Statute		Commissioner
Administrative	Ordinance		Department: Public Works
Appeals	X Admin. Code: 4-1		Division: Solid Waste
Public	Other		By: Lindsey J. Sampson
Walk-On			

9. Background:

Sealed quotes were received by the County's design engineer, Burns & Roe, on behalf of the Solid Waste Division on June 15, 2005. On that date one response was received from the sole-source provider meeting all technical requirements for this system and equipment. After review and conformance for technical and commercial requirements recommendation was made to award to Fuel Tech, Inc. offering a patented, proprietary system. Additionally, Covanta Lee, Inc., the County's WTE Operator requires that the Fuel Tech equipment be utilized for the expansion project in order for Covanta to provide a guarantee related to NOx emissions from the combustion unit.

Funds are available in account string: 200923 40102.506540

Attachments: Burns & Roe bid evaluation dated 8/2/05
Covanta comments and recommendation dated 9/2/05

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.	
9.6.05	NA per JS	NA					RK 9/1	9/5	9-6-05

11. Commission Action:

_____Approved
_____Deferred
_____Denied
_____Other

RECEIVED BY COUNTY ADMIN: 9/6/05 4:16

COUNTY ADMIN FORWARDED TO: 9/6/05

CO. ATTY. FORWARDED TO: 9-6-05

August 2, 2005

LEE COUNTY
WTE EXPANSION PROJECT
FORT MYERS, FLORIDA
RFP 2661-M 310
SELECTIVE NON-CATALYTIC REDUCTION (SNCR)

BID EVALUATION

Burns and Roe Enterprises, acting on behalf of Lee County, issued Request for Proposal No. 2661-M 310 "SNCR" on May 30, 2005 to Fuel Tech, Inc. Fuel Tech is a sole source supplier of this equipment. It is a patented process for the reduction of Nitrogen Oxides (NOx). The system is based upon the injection of urea-reagents into the combustion path of the boiler that provides NOx reduction and control. Fuel Tech is a licensed agent for the urea-based technology.

Fuel Tech bid was received June 15, 2005.

RECOMMENDATION:

The recommended award of the contract is to Fuel Tech, Inc. Recommended award price is **$1,070,000,** which includes a complete system, freight costs FOB Jobsite. It does not include cost for Performance Bond or Sales/Use Tax. A breakdown of pricing is as follows:

Engineering	$ 208,300.
Modeling	50,000.
15,000g Reagent Tank	112,700.
Circulation Module w/enclosure	145,300.
ILC Metering Module	228,500.
(3) Distribution Modules	84,700.
(21) Wall Injectors	46,600.
Furnace Temperature Monitor	39,800.
Control Room Interface	61,300.
Freight	23,100.
Installation Support (5 mandays)	9,700.
Training/Start-up (30 mandays)	58,000.
TOTAL	**$1,070,000.**

Breakdown prices were provided for information purposes. Performance Bond cost (not included above) is $11,000.

Fuel Tech's payment terms are:

10% with Order
10% Submittal of approval drawings
30% Release for Construction
40% Date of Shipment
10% Acceptance or (6) months after delivery

Fuel Tech took exceptions to the Services/Goods Purchase Conditions as included in the RFP. Discussions with Fuel Tech deleted certain exceptions. A mark-up of Fuel Tech's requested changes in attached. Also attached is Fuel Tech's Confidentiality Agreement, which they request execution.

Once terms are resolved and acceptable to the County, price and payment terms are negotiable with Fuel Tech.

Fuel Tech's price is valid through August 31, 2005 and June 15, 2006 delivery is confirmed.

COVANTA LEE COUNTY
LEE COUNTY RESOURCE RECOVERY FACILITY
WASTE TO ENERGY EXPANSION PROJECT

Date: June 22, 2005
By: T. Kutylowski

TECHNICAL BID EVALUATION
REQUEST FOR PROPOSAL No. 2661-M-310
SNCR SYSTEM

SUMMARY

Request for proposal was sent to Fuel Tech, Inc. Fuel Tech proposed their NOxOUT SNCR NOx Reduction System. The proposal was received and evaluated.

A preliminary evaluation was performed. This evaluation revealed that some of the data supplied by the Seller was incorrectly stated. The Seller was asked to correct this data, and promptly responded with the corrections.

TECHNICAL DISCUSSION

The proposal submitted by Fuel Tech Inc. is for a complete package. It is to contain one (1) each of the following:

- 15,000 Gallon Reagent Tank
- Circulation Module (SLP3-C)
- Circulation Enclosure
- Redundant Metering Module (SLP3-MS-ILC)
- Furnace Temperature Monitor
- Control Room Interface

Also included are three (3) Distribution Modules (SLP3-D-7) and twenty-one (21) Wall Injector Assemblies. Engineering and Engineering services, i.e. computer modeling, are also included in the proposal.

PERFORMANCE EVALUATION

Fuel Tech has offered the following:

Twenty-four averaging period reveals a 10 ppmdv NH_3 slip at the stack. Urea consumption during the twenty-four hour period is 50 gallons per hour. The NH_3 Slip guarantee is at a heat input of 265 mmBTU/hr.

At 195 mmBTU/hr heat input, NH_3 Slip measure at the stack is guaranteed to be 10 ppmdv over a twenty-four (24) hour averaging period. The urea consumption during that 24 hour period is 37 gallons per hour.

For a one-hour period, NH_3 slip measured at the stack is guaranteed at 20 ppmdv. This is double the amount specified in the specification (10 ppmdv). However, this is the least amount of slip possible at the conditions stated; 265-

However, this is the least amount of slip possible at the conditions stated; 265-mmBTU/hr heat input, an uncontrolled NOx of 350 ppmdv, and a stack NOx of 110 ppmdv. These conditions also use the most amount of urea, 71 gallons per hour.

During all of the above-mentioned periods, the NO_x concentration as measured at the stack is guaranteed to be 110 ppmdv @7% O_2. The one (1) hour sampling time did have an ammonia slip of 20 ppmdv, which is double that stated in the specification.

Technical exceptions and clarifications are listed in Attachment 1. Fuel Tech, Inc has requested that the ammonia slip's measurement location be clarified. Therefore the Ammonia Slip Guarantee will be "as measured at the stack". The acceptance of the proposed submittal of ladder and PLC program files instead of the requested logic control diagrams is acceptable.

PRICING EVALUATION

The base price of the proposal is $1,070,000.00 (one million seventy thousand) dollars. This price is FOB to the jobsite. This price includes:

- Engineering
- Modeling
- (1) 15,000 Reagent Tank
- (1) Circulation Module
- (1) Redundant Metering Module
- (3) Distribution Modules
- (21) Wall Injector Assemblies
- (1) Furnace Temperature Monitor
- (1) Control Room Interface
- Freight to Jobsite
- On Site Field Technical Assistance during Installation
- On Site Training and Start-up Assistance.

Also included in the proposal is a list of recommended spare parts. It is separated into Electrical and Mechanical Spare Parts. Some items on the Mechanical Spare Parts list are flagged for possible 6-month replacement frequency.

Items flagged for 6-month replacement frequency total a cost of $16,519.00 dollars.

RECOMMENDATION

The proposal has been deemed technically acceptable.

ATTACHMENT 1

Technical Comments and Clairificaitons

Technical Comment, Clairificaiton, or Exception	BRE Response
Page 1, Para 1.2.1 Engineering: Ladder and PLC Program File will be provided instead of Logic Control Diagrams.	Acceptable
Pages 9, 10 & 11: Ammonia Slip Guarantee is: "as measured at the stack"	Acceptable

E-Mail Correspondence:

From: Alexander Dainoff <ADainoff@fueltechnv.com>
To: "Steve Stuhrke (sstuhrke@roe.com)" <sstuhrke@roe.com>
Date: 6/20/2005 1:10:33 PM
Subject: Covanta Lee County Proposal, Ref 2661-M-310

Steve,

As you requested, I have modified the following Technical data in Table 3:

Service air required: 60 to 80 psi

Instrument air required: 80 to 105 psi

Required Carrier Water: 1260 gph, max

840 gph expected

Sorry for the confusion. Let me know if you need additional information.

Thanks,

Alexander S. Dainoff

Regional Manager

Fuel Tech, Inc.

Financial Centre

695 East Main Street

Stamford, CT 06901

Phone: 203-323-8401, Ext 151

FAX: 203-967-2366

Mobile: 201-970-4044

E-Mail: ADainoff@fueltechnv.com

CC: Erik Parks <EParks@fueltechnv.com>, William Cummings <WCummings@fueltechnv.com>

Sampson, Lindsey J.

From: Peter Young [pyoung@CovantaEnergy.com]
Sent: Friday, September 02, 2005 10:24 AM
To: Sampson, Lindsey J.; Don D'Amico; Dennis Iavarone
Cc: Dennis Anacker; Glenn Fontana; Steve Stuhrke
Subject: SNCR - Selection & Recommendation

Attachments: T-M-096.TIF; TC's & Guarantees.doc; Nondisclosure Agreement.pdf


T-M-096.TIF (45 KB)


TC's & Guarantees.doc (115 KB)


Nondisclosure Agreement.pdf (5...

Based on B&R's SNCR Bid Evaluation, dated August 4, 2005, Covanta concurs with B&R's selection and recommendation to purchase the subject package from Fuel-Tech. The following comments are for your consideration and guidance:

1. Commercial Terms & Conditions - Vendor has several exception/changes to the RFP Services/Goods Purchase Conditions as reflected in the attached "TC's..." document. The attached document also reflects Covanta's suggested changes to the terms & conditions and included are our recommended Performance Guarantees for the County's consideration.

The most significant change Covanta made to the Performance Guarantees is the addition of a carrier water guarantee of 14 gpm or a maximum of two rows of nozzles in operation required to meet the guarantees. In the evaluation correspondence Fuel Tech quoted an expected carrier water requirement of 840 gph (14 gpm) and maximum requirement of 1260 gph (21 gpm). Should the SNCR system require more than 14 gpm (7,000 lb/hr) carrier water, more heat input will be required to make MCR steam flow negatively affecting the Project's energy output.

In parallel with this email, Covanta will forward the attached Word document for Fuel-Tech's acceptance (but with the understanding that the County may have additional comments and all subject to the County's final negotiations with Fuel-Tech.

Also attached is Appendix A which is Fuel-Tech's requested Nondisclosure Agreement. Covanta already has a similar agreement with Fuel-Tech, therefore the County will need to agree on its own with Fuel-Tech subject to the County's applicable conditions.

2. Price: Covanta concurs with B&R's recommended award Price of $1,070,000, except Covanta suggests that the County include the cost of a bond as discussed in Item 4 below.

3. Project Estimate: $1,168,258.

4. Bond: Bond cost of $11,000 is excluded from the above price. County has not require a bond for an equipment delivery only order. Since it is critical that Fuel-Tech performs to achieve its environmental guarantees, before and after its final payments, it is suggested that the County exercise the offered performance bond.

5. Payment Terms: Progress payments up to 90% upon delivery to site. Last 10% upon successful initial acceptance testing. See attached Appendix B for details. Net 30 days.

6. Schedule: The proposed delivery date of June 15, 2006 is not consistent with our June 5, 2006 delivery we had scheduled. B&R should request a June 5, 2006 delivery. If Fuel-Tech objects, a June 15, 2006 date may be accepted.

B&R should proceed immediately with the following:

1) confirm the Price validity for an award by September 23, 2006.

2) confirm a delivery date of June 5, 2006 is acceptable to Fuel-Tech.

3) confirm clarification of the controls scope per Covanta's questions that we had previously forwarded to Burns and Roe. At present we do not expect any scope changes which will result in additional costs beyond those identified in the bid evaluation, but this requires confirmation.

4)issue the County a purchase order term sheet that reflects the final agreements and understandings to be incorporated into the purchase order, and

5) issue the conformed specification, with all data sheet data filled-in, for inclusion in the purchase order.

County should proceed immediately with finalizing commercial terms with the vendor.

B&R's original and current schedule for issuing this PO was May 9, 2005 and August 16, 2005, respectively. Covanta recommends that the County have this award approved by the BOCC by the September 20, 2005 BOCC Meeting. Note that this order release is very critical relative to provide nozzle locations to Riley to minimize impacts to Riley's progress.

Peter

-----Original Message-----
From: Serrette,Pat
Sent: Thursday, August 04, 2005 4:55 PM
To: ekhalikar@aaesengineering.com; Sagar,Amrit; Anacker,Dennis; Gounaris,Demetrios; Holmes,Jack; Howard,Jody; Duff,Michael; Fulco,Nilma; Young,Peter; Harbison,Russell; Libertell,Trish; don.castro@hdrinc.com; AvogliMS@leegov.com; sampsolj@leegov.com; Andrew Preisler; D'Amico,Don; Dennis Iavarone; Rubin,Ira; Joseph Craven; John Ferrari; Justin Mathew; Cole,Kevin; Patel,Manu; Stuhrke,Steve; jkelly1119@verizon.net
Subject: Transmittal T-M-096 Bid Evaluation - SNCR System

A notification for transmittal T-M-096 entitled SC-319 Water and Steam Sampling Panel was forwarded to the Lee County Distribution team on Friday, July 29, 2005. Please note that the transmittal was incorrectly categorized (i.e. discipline type) and the above subject transmittal number is being reused to represent the appropriate discipline grouping (T-M-096 Bid Evaluation - SNCR System). Please discard the previous T-M-096 transmittal and replace with the attached.

On a further note, I&C Document SC-319 Water and Steam Sampling Panel will now appear as Transmittal T-I&C-012 (to follow).

Additionally, please note the following:
Transmittal T-M-098 - SC-302 (forwarded 8-2-05) will now appear as Transmittal T-I&C-013 (to follow) Transmittal T-M-099 - SC-322 (forwarded 8-2-05) will now appear as Transmittal T-I&C-014 (to follow)

T-M-098 and T-M-099 will be reused accordingly.

Please accept my apologies for any inconvenience.

The document(s) list in the attached transmittal has/have been issued and posted to the project website. You will find them under webprojects\vaults\02661-001-Lee County WTE Expansion\BREI Released Documents\Bid Evaluations\and then the applicable sub-vault.

Patricia F. Serrette
Burns & Roe Enterprises
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Oradell, NJ 07649
(201) 986-4098