

**Evaluation Committee Report:
Marion County's RFP for Waste-to-Energy Facilities**



Marion County RFP No. 09P-040

September 2, 2009

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I. Introduction and Executive Summary

On May 19, 2009, Marion County (County) issued a Request for Proposal (RFP) from Vendors that are willing to finance, develop, permit, construct, own, and operate a Waste-to-Energy (WTE) Facility for the processing and disposal of the municipal solid waste (MSW) that is delivered to the County's Baseline Landfill. On July 22, 2009, the County received proposals from three Vendors: (1) Emerald Waste Services (EWS); (2) Horizon Energy Group, LLC (Horizon); and (3) Red Energy Group, LLC (Red Energy). After reviewing the three proposals, the County's Evaluation Committee requested and received additional information from two Vendors. The Evaluation Committee then prepared this report (Report) for the Selection Committee (i.e., the Board of County Commissioners).

Based on the information received to date, the Evaluation Committee has concluded that:

1. The proposal by EWS is not responsive to the County's RFP. EWS submitted a proposal for a landfill mining operation. The EWS proposal is not based on the use of a WTE technology.
2. Horizon proposed the use of an innovative WTE technology to generate electricity and offered an attractive price for their services to the County. However, Horizon has not demonstrated that their proposed technology is reliable and has not demonstrated any commercial experience using the technology to process MSW or generate electricity. It is not clear whether Horizon will be able to obtain financing for its proposed project. Horizon needs to receive 660 tons per day (tpd) of MSW. Up to 360 tpd of this waste will have to be obtained from the City of Ocala and out-of-county sources.
3. Red Energy also proposed the use of an innovative WTE technology to produce diesel fuel and has offered an attractive price for their services to the County. However, Red Energy has not demonstrated that their proposed technology is reliable and they have not demonstrated any commercial experience using the proposed technology to process MSW. It is not clear whether Red Energy will be able to obtain financing for its proposed project. Red Energy will need a "put or pay" contract with the County — i.e., a guarantee that the County will provide a minimum amount of MSW or pay for any shortfall in the MSW deliveries.

The Selection Committee must decide how it wishes to proceed. Among other things, the Selection Committee may: (a) ask for additional information from the Vendors; (b) ask for presentations by the Vendors; (c) select a Vendor and commence negotiations; or (d) reject all of the Proposals and terminate the solicitation process.

For the reasons set forth below, the Evaluation Committee recommends that all of the proposals be rejected.

All of these issues are discussed in more detail in the following sections of this Report.

II. The County's RFP Process

The County's RFP

As noted above, the County issued its RFP on May 19, 2009. The County instructed the Vendors to submit their proposals on or before July 22, 2009. Thus, the Vendors had more than 60 days to respond to the County's RFP.

The County's RFP was designed to solicit proposals from a wide range of Vendors using virtually any type of conventional or innovative WTE technology. For this reason, the RFP (See RFP page 9 of 43) contains a very broad definition of "waste-to-energy" technology:

"For the purposes of this RFP, WTE means a thermal conversion technology that (a) produces steam, electricity, syngas, or other beneficial by-products and (b) reduces the volume of solid waste that requires disposal in a landfill. WTE technologies include but are not limited to incineration, gasification, thermal depolymerization, pyrolysis, plasma arc, or any hybrid or combination of these technologies."

The RFP allows Vendors to submit "alternate proposals" if the Vendors are unwilling or unable to comply with the requirements in the RFP (See RFP page 20 of 43). Any alternate proposal must identify the terms and conditions in the RFP that are unacceptable to the Vendor. However, "the County reserves its right to reject any Alternate Proposal as unresponsive or unacceptable." The RFP also expressly states that "a Vendor's proposal will be rejected as non-responsive if such proposal is primarily based on the use of technologies, systems, or approaches other than WTE." (See RFP page 9 of 43).

Copies of Marion County's RFP were requested by approximately 55 businesses. These business entities included several potential WTE vendors, but most of the copies were obtained by contractors, subcontractors, and consultants that were not likely to submit a proposal to the County. Attachment 1 to this Report identifies the businesses that obtained copies of the County's RFP.

The County's Pre-Proposal Meeting

On June 25, 2009, the County conducted a Pre-Proposal Meeting with potential Vendors. The County used this opportunity to discuss the County's goals, the requirements in the RFP, and related issues. The County also provided informal answers to the Vendors' questions about the RFP.

The Vendors were informed that the County would not issue an official, binding response to any question unless the question was submitted to the County in writing. The County subsequently received several written questions from the Vendors. The County issued 4 addenda to the RFP, which contained written responses to all of the written questions from the Vendors.

During the Pre-Proposal Meeting, the County encouraged the potential Vendors to identify any provisions in the RFP that were unacceptable to them, so that the County could determine whether the RFP needed to be revised in a written addendum. The County also reconfirmed its willingness to

entertain alternate proposals that are based on the use of WTE technology. Nonetheless, the attendees did not request any specific changes to the RFP during the Pre-Proposal Meeting.

The Pre-Proposal Meeting was attended by at least seven entities that might be able to provide WTE technologies for Marion County, including:

1. Covanta Energy;
2. Emerald Waste Services;
3. Greenco;
4. Green Power Technology;
5. Horizon Energy Group;
6. Lake County; and
7. Red Energy.

A list of the attendees at the Pre-Proposal Meeting is provided in Attachment 2 to this Report.

The Proposals Received by the County

On July 22, 2009, the County received proposals from three Vendors: (1) Emerald Waste Services; (2) Horizon Energy Group, LLC; and (3) Red Energy Group, LLC. Each Vendor also submitted a questionnaire (i.e., Form A to the RFP) that summarized the basic features of the Vendor's proposal. Attachment 3 to this Report contains the questionnaires that were submitted by the Vendors.

The County's Initial Evaluation of the Proposals

On August 6, 2009, the County's Evaluation Committee met and conducted an initial evaluation of the three proposals. The Evaluation Committee then prepared Table 1, which summarizes some of the information submitted by the Vendors. The highlighted portions of Table 1 identify instances where the Vendors failed to comply with the criteria in the RFP, or failed to provide the information requested in the RFP. A more detailed discussion of the Vendors' qualifications, experience, and proposals is provided later in this Report.

The County's Request for Additional Information

The Evaluation Committee concluded that it needed additional information concerning the proposals submitted by Horizon and Red Energy. Accordingly, on August 13, 2009, the Evaluation Committee asked Horizon and Red Energy to answer various questions concerning their respective technologies and proposals. The County's questions are contained in Attachment 4 to this Report.

The County asked Horizon and Red Energy to submit their responses to the County's questions no later than August 20, 2009. Both Vendors provided timely responses. The Vendors' responses are provided in Attachment 5 to this Report.

III. Summary of the Vendors' Proposals

The following paragraphs summarize some of the major features of the three proposals received by the County, based on the information the County has received to date.

Emerald Waste Services

Emerald Waste Services submitted a proposal that is not based on the use of WTE technology. Instead of using WTE technology to process and dispose of the County's MSW, EWS wishes to engage in "landfill mining." EWS wants to: (a) excavate the unlined portions of the Baseline Landfill; (b) process the excavated material in a trommel, which will separate smaller materials, such as soil, from larger materials, such as MSW; (c) bury the excavated MSW in the lined areas of the landfill; and (d) use the recovered soil as initial cover in the active areas of the landfill. The County would install a liner in the excavated areas and then refill those areas with MSW. In this fashion, EWS would create new landfill capacity and extend the operating life of the Baseline Landfill, without increasing the proposed height or current footprint of the landfill.

EWS will charge a fee of \$9 to \$13 per cubic yard (estimated by the Evaluation Committee to be \$6.30 to \$9.10 per ton) for each yard of material that EWS excavates from the Baseline Landfill. This fee does not include the cost of removing and disposing of any hazardous or special waste that may be found in the landfill.

EWS also offered to operate the Baseline Landfill for the County. EWS did not specify the fee it would charge for this service. If EWS is allowed to operate the landfill, EWS will pay the County a host fee for any out-of-county waste accepted at the Baseline Landfill. The amount of the host fee was not specified by EWS.

Horizon Energy Group, LLC.

Horizon offered to finance, develop, permit, construct, own, and operate a 660 ton per day (tpd) waste-to-energy facility at the Baseline Landfill. Horizon will use a WTE technology that is based on an advanced gasification process, which breaks down materials in a high temperature fluidized or molten metal bed gasifier. The gas generated by the destruction of waste will be used to generate electricity.

The Horizon WTE facility will process 660 tpd of MSW. Since the Baseline Landfill currently receives approximately 300 – 350 tpd of MSW, Horizon will need to receive up to 360 tpd of MSW from the City of Ocala and/or out-of-county sources. Horizon is not requesting the County to sign a "put or pay" contract (i.e., requiring the County to deliver a minimum quantity of MSW or pay Horizon for any shortfall in MSW deliveries). However, Horizon wants to use some of the County's recyclable materials (e.g., plastic) as fuel for the WTE Facility.

Prior to the issuance of the County's RFP, Horizon told the County it would process the County's MSW for \$10 per ton. In its response to the RFP, Horizon states that the fee for Horizon's services will be \$19

per ton for Class I waste (i.e., MSW) and Class III waste. Horizon offered to pay the County a host fee of \$2 per ton for each ton of out-of-county waste that is delivered to the WTE facility. The Evaluation Committee estimates that, if Horizon imports approximately 360 tpd of out-of-county MSW, the host fee could generate up to \$220,000 per year for the County.

Horizon has not obtained financing to fund the construction and operation of the proposed WTE facility.

Horizon wants to dispose of its unprocessable waste and by-pass waste in the County's Baseline Landfill. Unprocessable waste is comprised of stones and other materials that are not suitable for processing by the gasification facility. By-pass waste is processible material that cannot be processed because (a) the quantity received exceeds the processing capacity of the WTE facility, or (b) the WTE facility is shut down for scheduled or unscheduled maintenance. The disposal of unprocessable and by-pass waste may be an issue in this case because Horizon will receive up to 360 tpd of MSW that is generated by sources other than the County.

If the County's proposed site for the WTE facility is found to be unsuitable because of the site geology (e.g., karst or sinkholes), pre-existing contamination, or other factors, the County would need to provide an alternate site or allow Horizon to terminate its contract with the County. There have been several small sinkholes in the area designated for the WTE facility. Horizon predicts that the WTE facility's airborne emissions will be relatively low and there will be no discharge of wastewater.

Red Energy Group, LLC

Red Energy offered to finance, develop, permit, construct, own, and operate a 300 tpd waste-to-energy facility at the Baseline Landfill. Red Energy will use a WTE technology that is based on a thermo-catalytic depolymerization process, which converts the organic portion of the MSW into diesel fuel and other reusable products.

The fees for Red Energy's services would be \$30 per ton for Class I waste (MSW), \$15 per ton for Class III waste, and \$75 per ton for waste tires. Red Energy also proposes to sell diesel fuel to the County for its vehicles. The diesel fuel will be priced at a rate that is 10% less than the market rate. The Evaluation Committee estimates the County's savings on diesel fuel could be worth up to \$100,000 per year. Red Energy would require the County to enter into a "put or pay" agreement and thus ensure that the WTE facility receives a sufficient supply of MSW or revenue from the County.

Red Energy has not obtained financing to fund the construction and operation of the proposed WTE facility.

Red Energy claims that only a relatively small amount of inorganic material will be placed in the Baseline Landfill, and the remaining residues from the WTE facility will be recycled. WTE contends that the WTE facility will have no airborne emissions. Red Energy expects to generate approximately 10,500 gallons per day of treated potable water.

IV. Evaluation of Vendors' Proposals

The Evaluation Committee reviewed and analyzed the 3 proposals submitted by the Vendors. The Evaluation Committee's preliminary findings about the 3 proposals are set forth below. The following text also highlights the major findings in Table 2, which is attached to this Report. Table 2 identifies the basic requirements in Section 4 of the RFP, and then states whether the requirements were satisfied by the WTE proposals submitted by Horizon and Red Energy.

Emerald Waste Services

The proposal by EWS is not responsive to the RFP that was approved by the Board of County Commissioners. EWS is proposing to excavate the old, unlined areas of the Baseline Landfill and thus recover landfill capacity (airspace) and soil. Although EWS has submitted an interesting proposal, EWS did not propose the use of a WTE technology. The County's RFP clearly is limited to the use of WTE technologies.

In a letter dated June 6, 2009, EWS asked whether the County would consider alternative proposals that are not based on the use of a WTE technology. On July 8, 2009, the County Staff provided the following written response to EWS' question:

Section 1.1 of the RFP states in pertinent part that the County "wishes to evaluate the possibility of using waste-to-energy ("WTE") technology. . . . At this time, the County is not soliciting and will not consider proposals that are primarily based on the use of other technologies or solid waste management systems. Recycling and similar waste management methods may be included as part of a Vendor's proposal, but a Vendor's proposal will be rejected as non-responsive if such proposal is primarily based on the use of technologies, systems, or approaches other than WTE."

If a Vendor submits a formal proposal based on the use of a technology other than WTE, as defined in the RFP, Staff will recommend to the Board of County Commissioners ("Board") that the proposal be rejected pursuant to Section 1.1 and Section 5.1 of the RFP.

The Board ultimately will decide whether it wishes to consider a Vendor's alternative proposal and whether it wishes to use a technology other than WTE.

The same issues were discussed during the Pre-Proposal Meeting on June 25, 2009. At that time, Staff reiterated its position — i.e., Staff would recommend the rejection of proposals that were not based on WTE technology. Thereafter, the County received a written question from EWS, asking whether the County would consider all proposals. The County Staff then issued RFP Addendum No. 4, which quoted the language that has been quoted above, and again reconfirmed the Staff's position. Addendum No. 4 is contained in Attachment 3 to this Report.

Based upon the requirements of the RFP, the Evaluation Committee believes the EWS proposal should be deemed "non-responsive" and rejected by the Selection Committee pursuant to Section 1.1 and Section 5.1 of the RFP.

If the Board of County Commissioners (Board) wishes to evaluate the feasibility of using landfill mining to extend the useful life of the Baseline Landfill, the Board should direct Staff to examine this concept in more detail before the Board makes any final decisions. Landfill mining is an intriguing concept, but there are a host of issues that should be evaluated before this concept is implemented. Among other things, the County needs to consider (a) the potential for odor problems, (b) the practical and technical challenges of integrating the mining operation with the on-going use of the active landfill, (c) the total costs and benefits of conducting landfill mining operations, and (d) the potential impacts on human health and the environment. Further, if the Board ultimately decides that it wants to pursue the use of landfill mining, the County should issue a RFP and solicit competitive proposals from all of the companies that might be able to conduct landfill mining operations for the County.

Horizon Energy Group

Horizon plans to use a WTE facility to process the County's MSW and generate electricity. The technology is attractive if it can be demonstrated to work reliably (on a consistent basis). Horizon has not demonstrated that it has any commercial experience processing MSW or generating electricity with the proposed WTE technology. The proposed WTE gasification technology will be provided by Enerkem. Horizon has identified only one facility where the proposed Enerkem technology is being used on a commercial scale. This facility is located in Westbury, Quebec, and it only began commercial operations in the spring of 2009.

The Westbury facility is fundamentally different than the facility that Horizon has proposed for Marion County. The Westbury facility does not process MSW; it only processes wood waste, such as telephone poles and railroad ties. The Westbury facility does not produce electricity; it produces ethanol. The processing capacity of the Westbury facility is 60 tpd of wood waste, which is 11 times smaller than the 660 tpd facility that Horizon proposed for Marion County.

Horizon was unable to provide Marion County with any data concerning the day-to-day operations of the Westbury facility. The lack of data raises questions about the operational status and track record of the Westbury facility. Horizon's inability to provide data also raises questions about Horizon's plan to team up with Enerkem for the Marion County project. Consequently, there is little indication that Horizon has the experience and capability to process Marion County's MSW and produce electricity on a reliable basis.

As noted previously, Table 2 contains a more detailed analysis of Horizon's proposal. The following numbered paragraphs follow the format in Table 2 and they highlight some of the more significant information presented in Table 2:

1. Horizon's proposal generally follows the format requirements specified in the County's RFP.
2. Three reference facilities are identified in the Proposal, as listed below:

- 2.1. Enerkem facility in Westbury, Quebec. The design capacity is 60 tons per day at Westbury. No information was provided by Horizon concerning the total quantity of material processed per year, or for the total for life of the Westbury facility. No MSW is processed; only wood waste, such as telephone poles and railroad ties. Westbury began initial operations in the spring of 2009.
- 2.2. Enerkem facility in Edmonton, Alberta. This facility is only in the planning stage.
- 2.3. Horizon facility in Pontoto, Mississippi. This facility is only in the planning stage.
3. No engineering, procurement, and construction contractor was identified by Horizon. Therefore, Horizon's team is incomplete and not ready to proceed with the development of a project.
4. No information was provided concerning the energy efficiency of the Westbury facility or the proposed Marion County facility.
5. The proposed facility in Marion County would utilize gas turbines in an integrated combined cycle system. The Enerkem facility in Westbury produces ethanol and does not utilize gas turbines. Horizon has not demonstrated that it has any experience burning syngas in a gas turbine.
6. Horizon has not demonstrated that it has any experience processing the quantity of waste specified in the RFP (130,000 tons per year).
7. Horizon has not provided any details concerning the contractual relationships and obligations among its team members, with regard to one another in general or with regard to the Marion County project. The identity of the prime vendor is not clear.
8. No commitments for financing have been finalized.
9. In general, Horizon has not completed the preliminary engineering work necessary to provide the information requested in this section of the RFP.
10. No energy balance information was provided by Horizon. Many existing gasification systems have not achieved a positive net energy balance (i.e., consumes more than it produces).
11. Horizon's proposal does not contain any discussion of or provisions for safety related to the management of hot syngas, the need to maintain a low or zero oxygen environment in the system, and syngas leaks.
12. Horizon estimates that the following quantities of material will need to be disposed of in the County's Baseline Landfill:

Residue: 17 tpd. If the facility operates 7 days per week, then the quantity will be 5,700 tpy.

Bypass Waste: 33 tpd. If the facility operates 7 days per week, then the quantity will be 11,000 tpy.

13. A general technology description was provided by Horizon. However, the description is not specific enough to enable the Evaluation Committee to conduct a thorough review.
14. A general energy product description was provided, but it is not specific enough to allow a thorough review.
15. Horizon signed a "Power Purchase Agreement" (PPA) with Progress Energy for the sale of 60 megawatts (MW) of electricity for 25 years. The PPA was approved by the Florida Public Service Commission in February 2009.
16. Horizon's proposal does not mention any arrangements to market metals or slag.
17. A list and description of equipment, as requested by the RFP, was not provided.
18. Two generic process flow diagrams were provided. The diagrams provide inconsistent information, but some clarification of the discrepancies was provided in Horizon's response to the Evaluation Committee's questions.
19. Horizon did not provide a site plan for its proposed WTE facility at the Baseline Landfill site.
20. Some emissions information was provided in Horizon's proposal. However, it was unclear whether any specific facility was the source of the information. Horizon's responses to the County's questions seem to indicate that the emissions information was not obtained by measuring the emissions from an operating facility. Instead, it appears that the emissions information was derived by calculating or estimating emissions, based on generic or theoretical factors. Consequently, the data provided may not be representative of the actual emissions from the proposed facility in Marion County.
21. The required environmental permits and other approvals, as well as the issuing agencies, are identified in the proposal. However, Horizon's proposed schedule does not appear to allocate sufficient time for the preparation of permit applications and the agency review process.
22. Horizon states that a 660 ton per day facility is required to satisfy the conditions of Horizon's business model. No details were provided on Horizon's debt service, return on equity, tax credits, depreciation, operations and maintenance costs, residuals disposal costs, and energy revenues. Horizon's financial information concerning construction and operations costs, projected revenues, and other budgetary items, is not sufficient to enable the Evaluation Committee to conduct a due diligence review of the financial viability of the proposed WTE project and the proposed tipping fees.
23. Horizon's proposal does not discuss the Proposer's experience in marketing energy or recovered material products.

24. Horizon does not want Marion County to operate a recycling program that will reduce the quantity or quality of the MSW available to Horizon. Horizon does not object to recycling programs for unprocessable waste, such as glass, metal, and slag. However, Horizon would like to use plastics and similar materials as fuel for its WTE facility. Parenthetically, Horizon also would be interested in receiving waste tires and sludge (residuals from wastewater treatment plants) for processing in the WTE facility.

Red Energy Group

Red Energy plans to use a WTE facility to process the County's MSW and generate diesel fuel. The technology is attractive if it can be demonstrated to work reliably (on a consistent basis). Red Energy has not demonstrated that it has any commercial experience processing MSW to generate diesel fuel. Red Energy has identified only one facility in Denmark where the proposed WTE technology is being used on a commercial scale.

The Denmark facility is fundamentally different than the facility that Red Energy has proposed for Marion County. The Denmark facility does not process MSW; it only processes straw pellets, rapeseed, and swine manure. The processing capacity of the Denmark facility apparently is 220 pounds of material per hour (5,280 pounds per day), which is more than 100 times smaller than the 300 tpd (600,000 pounds per day) facility that Red Energy plans to build for Marion County.

Red Energy did not provide Marion County with any data concerning the day-to-day operations of the Denmark facility. Consequently, there is little indication that Red Energy has the experience and capability to process Marion County's MSW and produce diesel fuel on a reliable basis.

Table 2 contains a more detailed analysis of Red Energy's proposal. The following numbered paragraphs highlight some of the information contained in Table 2:

1. Red Energy did not follow the format requirements specified in the County's RFP.
2. Reference facilities for Red Energy:
 - 2.1. Denmark – Pilot facility
 - i. 100 kg per hour (220 pounds per hour) design capacity of the Denmark facility.
 - ii. Actual quantities processed were not provided. The facility processes straw pellets, rapeseed, and swine manure.
 - iii. No MSW is processed in the Denmark facility.
 - 2.2. West Virginia – in planning
 - 2.3. Queens, NY – in planning

2.4. Spartanburg, SC – TekGar test facility

3. Project Team:

Red Energy/TekGar

Benham Engineering – design and construction management

Panasonic – microwave equipment

Adelmann – equipment manufacturer

MEG Corp – biodiesel testing and marketing consultant

Financing – not determined

Since there is no financing commitment, Red Energy's team is incomplete, and not ready to proceed with the development of a project.

4. References:

4.1. Contact information for Bionic Fuel Technologies, AG (German firm-technology supplier) was provided.

4.2. Contact information was not provided for other reference projects.

5. Red Energy has not demonstrated that it has experience processing the quantity of waste specified in the County's RFP (130,000 tons per year).

6. Red Energy did not provide any details regarding the contractual relationships or obligations among the team members, with regard to one another in general or with regard to the County's project. The identity of the prime vendor is not clear.

7. Bionic Fuel Technologies, AG (German company) is the technology supplier. A relatively detailed technology description is provided.

8. System Description:

8.1. No energy balance information was provided. Many existing gasification systems have not achieved a positive net energy balance.

8.2. Red Energy's process requires the pelletization of MSW. Pelletization may be difficult to achieve on a reliable, cost-effective basis when using mixed residential and commercial municipal solid waste.

8.3. Hydrogen enrichment of the in-feed to the processing unit is part of system.

- 8.4. The proposal does not explain how workers will be shielded from microwaves. The proposal recognized this safety issue, but the proposal does not describe any applicable safety procedures.
 - 8.5. Pellets are pre-heated by means of combustion of some gas or liquid fuel produced by the system.
 - 8.6. Some liquid hydrocarbons are re-introduced to the feedstock.
 - 8.7. The system requires a constant supply of nitrogen in order to maintain an inert atmosphere.
 - 8.8. Oil vapors from the processing unit are condensed to create bio-diesel.
 - 8.9. Red Energy predicts that approximately 10,500 gallons per day of water will be driven off the pellets by the microwave process. Red Energy believes this water can be recovered and used. Red Energy's proposal states that no water is needed for the process; however, the process flow diagram shows water being utilized for condensing oil vapor to bio-diesel.
 - 8.10. The process outputs are likely to be sensitive to the composition of the waste input. Red Energy has not demonstrated that it has any operating experience with MSW. It is uncertain whether the MSW will significantly affect the composition of the oil vapor or the production of bio-diesel.
9. MEG Corporation will market the bio-diesel for Red Energy.
 10. Red Energy's proposal does not describe any marketing arrangements for the "bio-char" (residue) that will be produced by the WTE facility, but assumes a credit in excess of \$200/ton for sale of the material.
 11. Descriptions are provided for the functional equipment units and capacities of the WTE facility.
 12. A relatively detailed process flow diagram is provided.
 13. No site plan was provided by Red Energy for the facility that Red Energy will build on the County's Baseline Landfill site.
 14. A spreadsheet is provided showing the financial and operating economics of the Red Energy facility. However, the spreadsheet requires further clarification.

15. Red Energy's proposed schedule:

- Month: 0-3 – Design and Permitting
- Month: 4-7 – Construction
- Month: 8-11 – Equipment installation
- Month: 12 – Start-up

Total 1 year to start-up.

The proposed schedule seems extremely optimistic. It appears that the schedule does not allocate sufficient time for the preparation of permit applications, agency review processes, and other activities.

16. Bio-diesel Marketing:

16.1. Red Energy has not demonstrated that it has any experience producing or marketing bio-diesel.

16.2. Red Energy apparently will rely on MEG Corporation for marketing.

16.3. Red Energy predicts that it will generate approximately 10 million gallons per year of bio-diesel.

17. Red Energy expects to generate 200-300 pounds of bio-char from each ton of MSW that it processes in the WTE facility. If we assume hypothetically that the facility will process 300 tpd of MSW, and it operates 365 days per year with an on-line availability of 90%, then the facility will generate approximately 9,855 to 14,783 tons of bio-char per year.

V. Options and Recommendations for the Selection Committee

The Selection Committee is scheduled to meet on September 14, 2009 to discuss the proposals that were submitted in response to the County's RFP. The Selection Committee's actions must be guided by the requirements in the County's RFP. See, e.g., RFP pages 32 and 36 of 43. However, at its option, the Selection Committee may:

1. Request additional information from one or more of the Vendors;
2. Request one or more of the Vendors to make a presentation to the Selection Committee;
3. Create a short list of Vendors that will receive further consideration;
4. Select a Vendor for negotiations;
5. Take other action to facilitate the RFP process for WTE technologies; or
6. Reject all proposals and terminate the RFP process for WTE technologies.

The Evaluation Committee recommends that the proposal from Emerald Waste Services be deemed non-responsive and rejected because the EWS proposal is not based on the use of a WTE technology. The Evaluation Committee also recommends that the proposals submitted by Horizon and Red Energy be rejected. Horizon has not demonstrated that it has any commercial experience processing MSW or generating electricity with a facility that is similar to the one that Horizon plans to build in Marion County. Red Energy has not demonstrated that it has any commercial experience processing MSW and generating bio-diesel with a facility that is similar to the one that Red Energy plans to build in Marion County. Neither Vendor has demonstrated that it has the experience, capability, or funding to successfully process the County's MSW on a reliable basis.