

# REQUEST FOR OFFERS FOR LOS ANGELES COUNTY CONVERSION TECHNOLOGY DEMONSTRATION FACILITY

Issued by:

The County of Los Angeles  
Department of Public Works  
and  
Los Angeles County Solid Waste Management Committee/  
Integrated Waste Management Task Force's  
Alternative Technology Advisory Subcommittee

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## Table of Contents

1.0	Introduction.....	1-1
1.1	Background.....	1-1
1.2	Intent of Request for Offers.....	1-2
1.3	RFO Schedule .....	1-3
1.4	RFO Process .....	1-3
1.4.1	Distribution of RFO .....	1-3
1.4.2	Pre-Offer Meeting .....	1-3
1.4.3	Offer Submission .....	1-4
1.4.4	Contact Person.....	1-4
1.4.5	Additional Information/Questions.....	1-4
1.4.6	Oral Presentation/Interview.....	1-5
1.4.7	RFO Postponement/Cancellation .....	1-5
1.4.8	Withdrawal from Procurement Process .....	1-5
1.4.9	Record of Offers .....	1-5
1.4.10	Period of Acceptance and Bid Bonds .....	1-6
1.4.11	County Rights and Options.....	1-6
1.5	Content of RFO.....	1-7
2.0	Roles and Responsibilities of Participants.....	2-1
2.1	Project Developer .....	2-1
2.2	County .....	2-1
2.3	Form of Agreement(s) with County .....	2-1
3.0	Project Standards.....	3-1
3.1	Project Structure .....	3-4
3.1.1	Ownership and Participants.....	3-4
3.1.2	Information Disclosure.....	3-4
3.2	Project Design and Performance Requirements.....	3-5
3.3	Marketability of Products.....	3-6
3.4	Environmental Permitting Requirements.....	3-7
3.5	Economics .....	3-8
3.6	Financing .....	3-8
3.7	Financial Security .....	3-9
3.8	Schedule.....	3-10

**Table of Contents (continued)**

4.0 County Support Activities ..... 4-1

5.0 Evaluation Process and Evaluation Criteria..... 5-1

    5.1 Evaluation Process and Participants ..... 5-1

    5.2 Evaluation Criteria ..... 5-1

    5.3 Acceptance for County Development Support ..... 5-4

6.0 Content of Offers and Submission Requirements..... 6-1

    6.1 Confidentiality Notice ..... 6-1

    6.2 Offer Organization and Content ..... 6-1

**Tables**

Table 1: Project Standards..... 3-2

Table 2: Evaluation Criteria ..... 5-5

**APPENDICES**

Appendix A: Forms

## **1.0 INTRODUCTION**

### **1.1 Background**

For nearly a decade, the County has been a consistent supporter of conversion technologies for their ability to manage post-recycled residual waste materials in an environmentally preferable manner and their potential to assist jurisdictions in meeting the State's waste diversion mandate. This support has included sponsoring legislation and working with State and local governments and other key stakeholders to advance research and development of conversion technologies.

As part of its continuing effort to evaluate and promote the development of conversion technologies, the County of Los Angeles Department of Public Works is working collaboratively with the Los Angeles County Integrated Waste Management Task Force and its Alternative Technology Advisory Subcommittee (Subcommittee) to facilitate and participate in development of a fully operational conversion technology demonstration facility. The goal is to demonstrate technical, environmental and economic benefits of conversion technologies through design, construction and operation of a facility in Southern California, in order to forge permitting and legislative pathways for conversion technologies and promote development of future projects.

In 2004, the County initiated an evaluation of conversion technologies and technology suppliers, along with efforts to identify material recovery facilities (MRFs) and transfer stations (TSs) in Southern California that could potentially host a conversion technology demonstration facility (Phase I). The Department of Public Works and the Subcommittee purposefully pursued the integration of a conversion technology facility at a MRF/TS site in order to further divert post-recycled residual waste from landfilling and to take advantage of a number of beneficial synergies from co-location. In addition, a regional area beyond Los Angeles County was considered for potential host locations, since the development of a conversion technology demonstration facility would have many regional benefits. The result of Phase I included the identification of a preliminary short list of technology suppliers and MRF/TS sites, along with the development of a long-term strategy for implementation of a conversion technology demonstration facility at one or more of these sites.

In 2006, the County initiated Phase II to further advance its efforts to facilitate the development of a conversion technology demonstration project. Key activities conducted in Phase II included a comprehensive evaluation of short-listed technologies, and an in-depth evaluation of candidate MRF/TS sites to determine suitability for integration, installation and operation of the short-listed technologies. The County also initiated efforts to develop and implement a public outreach program in 2007.

In October 2007, the County released the Phase II Conversion Technology Evaluation Report. The findings of the report included the determination that four of the technology suppliers evaluated have demonstrated the technical capabilities of their conversion technologies with municipal solid waste (including consideration of reliability, processing capability, energy efficiency, diversion potential, etc.) and are "ready" for application as part

of a conversion technology demonstration project in Southern California. These acceptable technology suppliers are listed alphabetically below:

- Arrow Ecology and Engineering (anaerobic digestion)
- International Environmental Solutions (pyrolysis)
- Interstate Waste Technologies (pyrolysis / high temperature gasification)
- NTech Environmental (low temperature gasification)

The Phase II Report also concluded that four of the sites evaluated are suitable for co-location with a conversion technology project. These acceptable sites are listed alphabetically below:

- Del Norte Regional Recycling and Transfer Station (Ventura County - Oxnard)
- Perris MRF/Transfer Station (Riverside County - Perris)
- Rainbow Disposal Company, Inc. MRF (Orange County - Huntington Beach)
- Robert A. Nelson Transfer Station and MRF (Riverside County - Unincorporated)

## **1.2 Intent of Request for Offers**

The next step of Phase II consists of a competition to solicit formal, site-specific offers (Offers) from the acceptable technology suppliers in partnership with the acceptable MRF/TS sites. The competition is being initiated with this Request for Offers (RFO), which is open only to the technology suppliers and sites recommended in the Phase II Report and identified above. Through this RFO, the County is seeking to encourage the development of one or more site-specific demonstration facilities, as a key element in its goal of advancing the development of conversion technologies and increasing the diversion of waste from landfill disposal.

The County encourages the development of partnerships between the recommended technology suppliers and the recommended MRF/TS owner/operators for mutual development of project offers. Specifically, the County is working to foster an integration of the conversion technology with the MRF, to achieve the benefits of co-location and substantiate the technical, economic and environmental viability of the technology. This integrated project should showcase innovative design and operation, taking into consideration what can be achieved as a first step as well as a forward-looking prospectus of what eventual design and operation may become.

The RFO requires that the participating technology suppliers and sites, in partnership, prepare a response that provides clear project definition and commitments on the part of the team making the offer, including a tipping fee and project guarantees. It also requires that the proposed project substantially meet the standards defined within this RFO. In return, the Department of Public Works in conjunction with the Subcommittee contemplates selecting one or more projects to be endorsed by the County and offered County support, subject to negotiation with the Department and approval by the Board of Supervisors. Potential options for County support are described in Section 4 of this RFO. In response to the RFO, Project Developers (as defined in Section 2.1) may request one or more of these options or propose other support options for consideration by the County.

### 1.3 RFO Schedule

The schedule anticipated for this process is as follows:

Implementation Step	Duration	Date
Issue RFO		January 17, 2008
Mandatory Pre-Offer Meeting		February 13, 2008
Last Date for Questions, Requests for Clarification	(approx. 1 month prior to submittal date)	April 15, 2008
Submit Offers	(4 months)	May 15, 2008
Review, Evaluate Offers	(approx. 3 months)	July 31, 2008
Negotiate Support Activities, Other Agreements	(approx. 3 months)	October 31, 2008
Provide Recommendation to County Board of Supervisors and, Subject to the Board's Approval, Begin Project Development	(within 1 month of completing negotiations)	November 30, 2008

### 1.4 RFO Process

Through the issuance of this RFO, the County is inviting Project Developers to submit formal Offers consistent with the intent of and information requirements set forth in this RFO. All of the Offers received will be evaluated according to the process and criteria described in this RFO. The County expects that the outcome of this process will be the selection of one or more Project Developers for negotiations and, subsequently, the implementation of one or more demonstration facilities that will benefit by the application of County endorsement and certain County support activities and incentives, subject to approval by the Los Angeles County Board of Supervisors.

#### 1.4.1 Distribution of RFO

This RFO is being issued to the short list of technology suppliers and MRF/TS owner/operators recommended in the October 2007 Phase II Conversion Technology Evaluation Report for consideration of County support for a conversion technology demonstration facility.

#### 1.4.2 Pre-Offer Meeting

A mandatory, pre-offer meeting will be held at the County of Los Angeles Department of Public Works offices, 900 South Fremont Avenue, Alhambra, California, starting at 10:00 AM Pacific Standard Time on Wednesday, February 13, 2008. To facilitate participation, the County will make a call-in number available for those who are unable to attend. Participation by telephone is acceptable to establish attendance.

### **1.4.3 Offer Submission**

Offers are to be received by the County by 4:00 PM Pacific Standard Time on May 15, 2008. Offers are to be submitted in hard copy and electronic format. Electronic copies will be distributed to the County participants and its agents, and the Subcommittee. Four (4) printed copies and four (4) CD's should be submitted as follows:

Two (2) copies to:  
County of Los Angeles Department of Public Works  
Attention: Coby J. Skye, P.E.  
Environmental Programs Division  
900 South Fremont Avenue  
Annex 3rd Floor  
Alhambra, CA 91803-1331

Two (2) copies to:  
Alternative Resources, Inc.  
Attention: Susan Higgins  
1732 Main Street  
Concord, MA 01742

### **1.4.4 Contact Person**

The Contact Person for this RFO is Mr. Coby Skye, County of Los Angeles Department of Public Works:

Telephone number: 626-458-5163  
Email address: [cskye@dpw.lacounty.gov](mailto:cskye@dpw.lacounty.gov)

Subject to the requirements of Section 1.4.5, respondents are allowed to contact Mr. Skye throughout the RFO process, and similarly, the County reserves the right to conduct discussions with any one or more of the respondents at any time.

### **1.4.5 Additional Information/Questions**

Requests for additional information or clarifications to the RFO should be requested from Mr. Skye in writing, and are to be made no later than April 15, 2008. The County will provide a summary of all such requests along with a written response, to all who have attended the pre-offer meeting. Only written responses from the County shall be considered official responses concerning the meaning or interpretation of information in the RFO.

Requests for additional information or clarifications shall be addressed to:

County of Los Angeles Department of Public Works  
Attention: Coby J. Skye, P.E.  
Environmental Programs Division  
900 South Fremont Avenue  
Annex 3rd Floor  
Alhambra, CA 91803-1331  
Tel: (626) 458-5163  
Fax: (626) 458-3593  
Email: CSkye@dpw.lacounty.gov

Copies of such requests should also be sent to:

Alternative Resources, Inc.  
Attention: Susan Higgins  
1732 Main Street  
Concord, MA 01742  
Tel: (978) 371-2054  
Fax: (978) 371-7269  
Email: SHiggins@alt-res.com

#### **1.4.6 Oral Presentation/Interview**

The County may request that any or all Project Developers make oral presentations in support of their Offers, if such presentations are necessary or beneficial to demonstrate the information contained therein.

#### **1.4.7 RFO Postponement/Cancellation**

The County may, at its sole and absolute discretion, reject any and all, or parts of any and all, Offers; postpone or cancel at any time, this RFO process, or waive any minor irregularities in this RFO or in the responses received as a result of this RFO.

#### **1.4.8 Withdrawal from Procurement Process**

A Project Developer may withdraw an Offer prior to the Offer due date provided that a written request to withdraw the Offer is hand-delivered to the County, by or on behalf of an authorized representative of the Project Developer, or the request is delivered by certified mail.

#### **1.4.9 Record of Offers**

Once submitted, Offers will not be returned.

#### **1.4.10 Period of Acceptance and Bid Bonds**

All Offers are to remain valid for a period of one year after the Offer due date, during which time the Department of Public Works and the Subcommittee expects to complete its review and evaluation, including negotiations, and make a recommendation to the County Board of Supervisors. Offers may not be modified or withdrawn by the Project Developer during this period of time unless prior written permission is granted by the County.

A Bid Bond in the amount of \$100,000 (or a cashier's check or certified check in that amount payable to the County) shall accompany the Offer. Unapproved withdrawal of an Offer or from subsequent negotiations will result in forfeiture of the Bid Bond or alternative security.

#### **1.4.11 County Rights and Options**

The County reserves, holds and may exercise, at its sole discretion, the following rights and conditions with regard to this RFO. By responding to this RFO, respondents acknowledge and consent to the following conditions relative to the procurement process and the selection of a conversion technology demonstration facility(ies) to receive County endorsement and support, subject to approval of the Board of Supervisors:

- This RFO does not obligate the County to procure or contract for any services.
- This RFO does not commit the County to enter into a contract(s), nor does it obligate the County to provide any Project Developer with any of the potential County support activities identified in this RFO.
- The County reserves the right to change the schedule for any events associated with this RFO upon notice to the RFO recipients.
- All costs incurred by a respondent in connection with responding to this RFO, the evaluation and selection process undertaken in connection with this RFO, and any negotiations entered into in connection with developing a contract, will be borne by the Respondent.
- The County reserves the right to reject, for any reason, any and all offers and components thereof.
- The County may conduct clarification discussions or negotiations, at any time, with one or more respondents.
- The County reserves the right to discontinue negotiations with any respondent.

- The County reserves the right to receive questions concerning this RFO from respondents and to provide such questions, and the County's responses, if any, to all respondents.
- The County reserves the right to supplement, amend, or otherwise modify this RFO, or otherwise request additional information.
- All activities related to the project shall be subject to applicable law, including but not limited to all applicable permitting requirements.
- Neither the County, its staff, their representatives, the Subcommittee, or any of their consultants or agents will be liable for any claims or damages resulting from the solicitation, collection, review or evaluation of responses to this RFO.
- The County reserves the right to conduct due diligence upon all aspects of the respondents and their offers and to request additional evidence to support the information included in any such offer.
- The County reserves the right to contact references and parties knowledgeable of the respondent and its performance.
- The County reserves all rights with respect to the evaluation, clarification, selection, and negotiation process set forth in this RFO.

## **1.5 Content of RFO**

As described above, this RFO is being issued to a pre-determined list of technology suppliers and site owner/operators recommended in the Phase II Report, all of which have been actively involved in the County's process leading up to this RFO. Therefore, this RFO is streamlined in its content. Similarly, this RFO is streamlined in the extent of information requested in the response, in recognition of the level of information that has already been submitted and the review and evaluation that has already been completed.

Included in this RFO are the following:

- a description of project roles and responsibilities (Section 2.0);
- a description of project standards (Section 3.0);
- a listing of potential county support activities (Section 4.0);
- a description of the evaluation process (Section 5.0), and
- a summary of RFO submittal requirements (Section 6.0).

## **2.0 ROLES AND RESPONSIBILITIES OF PARTICIPANTS**

The project is to include one of the recommended conversion technologies co-located at one of the recommended MRF/TS sites. More than one project may be selected by the County. The key participants in the project(s) will be the Project Developer and the County.

### **2.1 Project Developer**

The Project Developer is expected to be the technology supplier, the MRF/TS owner/operator, or a legally binding partnership of these entities. Other key team members or project roles are expected to include: an environmental permitting consultant; an engineering, procurement and construction (EPC) contractor; a facility operator; a guarantor, and an investment banker. The role of the Project Developer will be to lead the development team, select the team members, and be the single point of responsibility for delivery of services. The Project Developer will be responsible for all actions necessary to design, permit, finance, own, construct, start-up, acceptance test, and operate and maintain the facility, all in accordance with the requirements of this RFO and any Agreement(s) to be negotiated with the County; Federal, State and local laws, regulations, codes, standards and policies; good engineering practice; good and accepted construction practice, and industry practice in Southern California. The Project Developer will be responsible for marketing all energy, fuels, and other materials recovered for beneficial reuse, and will be responsible for disposal of any residual waste from the process. The Project Developer will be expected to disclose non-proprietary project information to the County for public release, including technical, environmental and economic information, to promote the development of future projects.

### **2.2 County**

The County will act as a facilitator by endorsing the project and assisting in project development. Additionally, as discussed in the October 2007 Phase II Conversion Technology Evaluation Report and in this RFO, several potential County support activities and incentives have been identified and could be negotiated with the successful Project Developer(s).

The County's role will also include public dissemination of non-proprietary information provided by the Project Developer to promote the development of future conversion technology projects.

### **2.3 Form of Agreement(s) with County**

It is anticipated that any projects developed as a result of this RFO process will be financed, owned, developed and operated by the Project Developer. The form of any potential agreement(s) between the County and the successful Project Developer(s) will reflect the basic structure of this RFO, including the general roles and responsibilities of the participants, the project standards, and the negotiated support activities. Any agreement(s) with the County, as approved by the Board of Supervisors, will also encompass the specifics of the Offer as made by the Project Developer and negotiated with the County in response to the RFO.

### **3.0 PROJECT STANDARDS**

The County has established project standards that are conducive to development of a successful conversion technology demonstration project. The project standards are listed in Table 1, and encompass the following categories:

- Project Structure
- Project Design and Performance Requirements
- Marketability of Products
- Environmental Permitting Requirements
- Economics
- Financing
- Financial Security
- Schedule

Any Offer considered by the County under this RFO for County support must substantially comply with the project standards. Following Table 1, the project standards are addressed in more detail by category, including specification of the information, descriptions, commitments and certifications that are to be made with the Offer.

**Table 1. Project Standards**

**Project Structure**

1. The project is to have a complete and clearly defined structure for the participating parties with qualified participants committed to participating in the project and assuring its success.
2. The project is to be structured to provide for disclosure of non-proprietary project information to the County for public release, including technical, environmental and economic information, to promote the development of future projects. The project shall provide the County full access to the facility for pre-arranged public tours, for third-party monitoring and records inspection of non-proprietary information, and for other aspects of technology validation.

**Project Design and Performance Requirements**

3. The project is to be designed to process at least 100 tons per day (tpd), but initially no more than 1,000 tpd, of MRF residuals and/or post-recycled municipal solid waste.
4. The project is to be modular in design to facilitate possible expansion in future years to the extent site space allows. The project offer may include staged development, sequenced by modular units.
5. The project is to include integration with the host MRF/TS, to take advantage of the beneficial synergies of co-location.
6. The project is to provide for redundancy of key system components to assure at least 85% annual availability when fully operational on a commercial level.
7. The project should be capable of diverting at least 75% (by weight) of the MRF residuals and/or post-recycled municipal solid waste used as feedstock from landfill disposal.
8. The project is to have the capability to access, characterize, and, as necessary, clean or otherwise modify the intermediate gas that is produced, and to generate electricity or produce a fuel product (e.g., biogas, synthesis gas, oil) from the intermediate gas. The project must identify a defined use for the electricity and/or fuel product.
9. The Project Developer is to offer a commitment to develop a "flagship facility", by maximizing the use of sustainable construction and operation practices such as onsite recycling/reuse, energy conservation, LEED certification, and other similar practices. The project will also be designed to facilitate public tours and public education programs.

**Marketability of Products**

10. The project is to produce marketable products as demonstrated by a viable product marketing plan.

### **Environmental Permitting Requirements**

11. The project is to be capable of being permitted as demonstrated by a viable permitting plan.

### **Economics**

12. The project must be capable of sustained operation at a tip fee competitive with local market conditions, if not initially, over the term of operation.

### **Financing**

13. The project must be capable of being financed by the Project Developer.

### **Financial Security**

14. The Project Developer must be able to demonstrate financial security using customary financial security measures and be willing to provide a corporate guarantee and a performance bond (construction and operation), or equivalent financial security.

### **Schedule**

15. The project is to be operational within 36 months of the receipt of all required permits and approvals.

### **3.1 Project Structure**

The information, descriptions, commitments and certifications that are to be provided regarding standards for project structure are set forth below. Information that was previously submitted as part of the Phase II RFI, which remains unchanged, can be resubmitted. Updated and/or supplemental information is to be provided, as requested.

#### **3.1.1 Ownership and Participants**

- 3.1(A). Complete Form 1 (Appendix A) identifying the principal participants in the project.
- 3.1(B). Describe the legal structure for the Project Developer and the participating entities.
- 3.1(C). Describe the ownership structure/entity for the project, including all members and their equity participations (by percent).
- 3.1(D). Provide an organization chart and narrative description of the roles of each major participant and the management, control and operational relationships among all of the major participants.
- 3.1(E). Provide any updated financial or business information (e.g., material changes in financial condition, new projects contracted for, strategic alliances or partnerships established, recent adverse events, etc.) considered pertinent, that may have occurred since the submission provided during the Phase II RFI process.
- 3.1(F). If the project team includes major participants that were not included or identified in the submission provided during the Phase II RFI process, fully complete Form 2 (Appendix A) for such participants. Otherwise, update Form 2 for previously-identified participants by providing information for 2006 and, if available, 2007.
- 3.1(G). Provide letters of commitment or other indicators of commitment to the project from the key participants identified above documenting their agreement to participate in the financing, development and/or operation of the project according to the roles and relationships described above. Such letters of commitment may include conditions precedent to commitment and participation.

#### **3.1.2 Information Disclosure**

- 3.1(H). Provide a certification in the Offer Transmittal Letter (Form 3, Appendix A) that the participant agrees that the County may publicly disclose or release non-proprietary project information (including technical, environmental, economic and business information) in order to promote and generate support for the development of the project or to promote the development of future projects. Provide a certification that County access to the facility will be

assured for pre-arranged public tours, third-party monitoring and records inspection for non-proprietary information, and other aspects of technology validation.

### **3.2 Project Design and Performance Requirements**

The information that is to be provided regarding standards for project design and performance requirements is set forth below. As part of each RFO response, the County is interested in the potential integration of the conversion technology with the MRF, including information showing the potential benefits from co-location. Please provide such information, as applicable, in conjunction with the information requested below.

3.2(A). Describe, in narrative form, the design and construction approach for the proposed project. The approach should describe the proposed technical concept for the project, including a description of how the facility will work from receipt of waste to processing of waste through the facility and production of products. The narrative description of the design and construction approach, together with more specific information requested below, should be sufficient to demonstrate that the project will substantially comply with the project standards.

3.2(B). Describe, in narrative form, the overall approach to performing operation and maintenance activities for the proposed project. The approach should include the following elements, along with other information necessary or beneficial to provide an understanding of proposed operations:

- approach to performing operations;
- preventative, corrective and predictive maintenance programs;
- monitoring of process operations and environmental data;
- reporting and recordkeeping activities;
- estimates for annual usage of electricity, fuel, water, chemicals and other consumables;
- proposed approach for residuals management, including handling, testing, transportation and disposal; and,
- proposed staffing plan identifying job title, function and number of personnel.

3.2(C). A description of the project is to be provided, including the following (as applicable):

- the facility design capacity (tons per year and tons per day);
- the number and capacity of units or modules;
- an equipment list of key project components;

- the guaranteed and (if different) planned annual availability of the facility;
  - if applicable, the plan for staged (i.e., sequenced) development;
  - if applicable, the approach by which the facility could be expanded in the future;
  - the quantity (% by weight of material received at the facility) that will be diverted from landfill disposal;
  - the method by which process residue will be managed, including expected quantity and disposal location; and,
  - a description of how the project is beneficially integrated with the host MRF/TS.
- 3.2(D). Provide a facility site layout, elevation drawings, artist's rendering, equipment general arrangement, and schematic process flow diagram(s) of the proposed facility to facilitate understanding of site suitability, equipment use, and system integration. Describe the benefits of site layout to mitigate impacts on neighbors, such as use of buffer areas and placement of buildings to reduce exposure to operations. Describe traffic flow on site, with provisions for adequate truck queuing on site.
- 3.2(E). Provide an updated mass and energy balance (or balances), as applicable to reflect changes, that supports the project concept, with sufficient detail to facilitate understanding of subsystem integration, resources consumption, products and residuals generation, landfill diversion capability, and on-site integration efficiencies.
- 3.2(F). Provide an updated water balance, as applicable, including evaporative losses and internal recycle streams.
- 3.2(G). The waste characterization used as the design basis for the project is to be disclosed in sufficient detail to facilitate understanding of the mass and energy balance(s), the greenhouse gas compliance demonstration requested under Section 3.3, and the definition of project discharges requested under Section 3.4.
- 3.2(H). Describe the commitment that will be made to develop a "flagship facility" (e.g. recycling/reuse, energy conservation, LEED certification, etc.) and to facilitate public tours and public education programs.

### **3.3 Marketability of Products**

Provide confirming, updated or supplemental information, as applicable, to demonstrate that the project will produce marketable products:

- 3.3(A). *Fuels and/or Energy*. Identify the type and quantity of fuels and/or energy to be produced and sold (e.g., electricity, steam, diesel), and the expected sale prices. If available, provide a copy of the energy purchase agreement(s) that will be executed or the term sheets indicating principal delivery and purchase terms and conditions, and price(s). To the extent that electricity production must meet California greenhouse gas emission standards (see CA Public Utilities Code, commencing with Section 8340), provide a quantitative demonstration that the facility will be able to meet those standards.
- 3.3(B). *Materials*. Identify the type and quantity of other materials to be produced and sold, including recovered recyclables as applicable, and the expected sale prices. Provide a brief plan regarding the marketing of non-energy products, including prospective customers, principal product delivery and purchase terms and conditions, and price(s). The plan should discuss marketing strategies and activities, as well as the factors that will influence the marketability and sales of materials over time. If practicable, include copies of product purchase agreements or letters of intent. Include a discussion of contingency measures that would be taken in the event that products could not be sold in the quantities or for the prices expected, including any potential cost impacts.

### **3.4 Environmental Permitting Requirements**

Provide confirming, updated or supplemental information, as applicable, to demonstrate that standards established regarding environmental permitting will be met:

- 3.4(A). To demonstrate permitability, quantitatively define all significant project discharges of regulatory interest (including, but not limited to, criteria and toxic air pollutants, wastewater quantity and characteristics, and residue quantity and characteristics) and provide a preliminary permitting plan. The preliminary permitting plan is to itemize all potentially applicable regulatory programs (at a minimum as defined in the October 2007 Phase II Conversion Technology Evaluation Report, including new source performance standards for municipal waste combustors), and the means by which the project will comply with the requirements of those programs or avoid applicability. If engineering or operational controls are required to alter discharges of regulatory interest, such as air pollution controls to meet regulatory applicability thresholds, describe such controls along with their associated control efficiencies.
- 3.4(B). Describe design and operational means for dust control, odor control, noise mitigation, traffic mitigation, stormwater management, minimization of water consumption, and reduction or elimination of process wastewater discharge.
- 3.4(C). Provide a description of the method by which the intermediate gas could be captured and pre-cleaned (if proven necessary to meet permit requirements for the proposed final usage).

### **3.5 Economics**

Provide the following information to demonstrate the project is capable of sustained operation at a market-competitive tip fee, if not initially, over the term of operation.

- 3.5(A). A firm, first year tipping fee(s) that will be charged by the project, including the key assumptions, bases and conditions related to or affecting those fees (including a capital cost breakdown for permitting, finance, project management, design, construction and operation).
- 3.5(B). The bases (e.g., inflationary escalation/index, change-in-law, uncontrollable circumstances) under which the first year tipping fee(s) will be subject to adjustment following the commencement of operations.
- 3.5(C). A discussion of any tipping fee stabilization, ramp-up or analogous concepts proposed to or requested of the County.
- 3.5(D). A discussion of any contingencies or conditions, whether prior to project implementation, during implementation or during operations, that may affect the tipping fee(s) offered to the extent that an adjustment in the tipping fee(s) would be requested.
- 3.5(E). A non-binding 20-year proforma analysis that reflects the basic financial and economic assumptions made under the Offer, along with a brief discussion of such assumptions and bases. The proforma should assume a 3.00% annual rate of inflation.

### **3.6 Financing**

Provide the following information to demonstrate the project is capable of being privately financed.

- 3.6(A). Provide a financing plan that addresses the following elements:
  - The identification of equity/owner participants and their percentage shares of the financing.
  - The identification of other participants, if any, such as MRFs, equipment suppliers, etc., which may provide financing but not participate in project ownership.
  - The project's approach to debt financing, including:
    - source of debt (e.g., via direct commercial lending, via bond issue, etc.);
    - use of tax-exempt private activity bonds (if any such use is contemplated);

- basic credit and security requirements, terms and conditions, whether set by specific identified lender(s) or determined in response to debt or bond market conditions;
  - indications of commitments to provide debt financing (with conditions, if necessary).
- Plans or intentions, if any, for accessing state and/or federal financing assistance such as grants or loan guarantees, with the identification of specific assistance program(s) to be accessed and associated program requirements.
  - A discussion of the specific support activities that are desired or required in order to implement the project, including the relative importance of each to the financial success of the project, considering the options identified in Section 4 or otherwise proposed by the Project Developer.

### **3.7 Financial Security**

Provide the following information to demonstrate financial security:

- 3.7(A). Provide a description of the security package for the project (i.e., bonds, insurance, letters of credit, corporate guarantees, etc.), including a discussion of which parties will provide which elements of the overall security package and, if applicable, the manner in which individual elements will relate to one another or in other ways will assure the County that adequate security measures will be put and will remain in place. Specifically:
1. identify providers of any corporate guarantees from the principal participants named above;
  2. identify guarantees and/or warranties from other participants if not covered in item 1;
  3. discuss measures that will be put in place to protect the County and/or municipal participants from the consequences of project upsets/failures.
- 3.7(B). Provide letters of commitment or other indicators of commitment from prospective providers of bonds, insurance, letters of credit, corporate and other guarantees and warranties, indicating:
1. the type of coverage to be provided;
  2. any material conditions placed upon the provision of such security instruments;
  3. summary financial information on prospective providers (see Form 2, Appendix A);

### **3.8 Schedule**

- 3.8(A). Provide a project development schedule, showing key dates for activities such as permitting, financing, design, construction, and startup. Include a discussion of the areas of uncertainty in the project schedule and the potential impact on the project startup date.

## **4.0 COUNTY SUPPORT ACTIVITIES**

This Section identifies potential options for County support. In preparing the financing plan required under Section 3.6, Project Developers are encouraged to review and consider this list of potential support activities. All support activities will be negotiated with the Department, and must be subsequently approved by the Board of Supervisors of the County of Los Angeles.

### **Facilitate Permitting**

- Assist the project in permitting efforts by making staff available to help in identifying permits needed, obtaining information needed for permit applications, helping the project get priority at agencies in scheduling for permit review and receiving reasonable consideration concerning applicability/interpretation of regulatory requirements.
- Assist with environmental assessments and data development as are determined necessary pursuant to the California Environmental Quality Act (CEQA).
- Fund all or some of services necessary for permitting efforts.

### **Facilitate Design/Construction**

- During facility design, assist the project by helping to obtain design related information available at the County and support the payment of architect/engineer services to encourage energy efficient building design.
- During facility construction, assist the project in obtaining information on local suppliers of materials and services. Extend the County's sales tax exemptions to the facility developers for purchase of materials and services.

### **Foster Project Support with Municipal Leaders and General Public – Public Outreach**

- Sponsor meetings and forums to encourage information exchange between technology suppliers, site owners/operators, municipal officials in which sites are located, State and Federal agencies, environmental and other advocacy groups and the general public to gain support for the project.
- Provide and reinforce public education efforts regarding the project, including publicizing the project, maintaining web and e-communications regarding the project, and seeking additional media coverage as appropriate.
- Provide County "endorsement" of the project(s) to add credibility for purposes of public acceptance, permitting, financing, and publicity.

### **Promote Beneficial Use of Products, Product Sales**

- Assist site owner/operators and technology suppliers in identifying markets for products and in negotiating power or fuel sales agreements.
- Promote the use of more difficult-to-market products, such as compost and aggregate, by educating County and State departments that may use such products and integrating incentives or requirements for purchasing and use of such products into procurement practices for County and State projects. Support payment for testing services to develop engineering specifications for products and establish quality of products.

### **Support Operations and Commercialization of Technology**

- Once the facility is operational, participate in and provide funding for facility testing and data exchange for engineering performance and environmental data.
- Extend the County's sales tax exemptions to the facility operator for purchase of goods and services.
- Continue County promotional support during facility operation to promote facility attributes and enhance public awareness. Serve as a "reference", if requested by the facility developer, to expand the demonstration facility or to enhance the developer's efforts to develop other facilities in or outside of the area.

### **Legislative Efforts**

- Continue State legislative efforts to foster change in the solid waste management hierarchy in order to place all conversion technologies within the context of beneficial uses rather than disposal.
- Continue State legislative efforts to ensure all conversion technologies that generate electricity are eligible to receive renewable energy credit.

### **Funding Opportunities**

- Continue identification of potential funding sources (e.g., funding, grants, low interest loans, etc.) on a County, State and Federal basis to assist in payment of project development costs, construction costs and operating costs. Seek County funding. Apply for and secure available State and Federal grants and low interest loans. Assist the facility developer in applying for and obtaining grants and low interest loans available from the State or Federal Government.

### **Financing Support**

- If private activity tax-exempt bond financing is sought, lend County support to qualify for "volume cap" for such financing.

### **Economic Incentive**

- Provide economic incentives in the form of a "bridge" that closes the gap, if any, between needed conversion technology tipping fees and market waste disposal fees, until such time as market waste disposal fees are sufficient to support a conversion technology project.

### **Waste Supply**

- Provide for or facilitate a public waste supply agreement, or provide a "back stop" to guarantee private waste supply agreements for the term of financing.

## **5.0 EVALUATION PROCESS AND EVALUATION CRITERIA**

### **5.1 Evaluation Process and Participants**

The purpose of the evaluation process is to determine which projects should be selected to receive active County endorsement, support and participation. The Offers received will be evaluated by the Los Angeles County Department of Public Works and the Subcommittee, with the assistance of its technical advisors. Offers will be evaluated to determine which meet the evaluation criteria listed below, and to determine which are deemed "advantageous" or "highly advantageous" as further defined in Table 2 (provided at the end of Section 5.0). Interviews may be held with those making Offers to help clarify offers and allow for direct questioning. Following the evaluation, the Department of Public Works and the Subcommittee will select one or more projects to be endorsed by the County and offered County support, subject to negotiation with the Department and approval by the Board of Supervisors.

### **5.2 Evaluation Criteria**

Evaluation criteria are provided below:

#### ***Criterion 1: Project Structure***

Completeness and clarity of the description of the project's ownership structure and of all principal participants.

Completeness and clarity of the description of the roles of each principal participant; the management, control and operational relationships among all of the major participants; and the effectiveness of such roles and relationships.

The relative strength of the project development team, in terms of project experience and financial and management capabilities, when compared to other teams.

#### ***Criterion 2: Project Commitments***

Level and strength of commitment of the major participants to their identified roles and relationships in the financing, development and/or operation of the project, and their willingness to bear project risks along with the Project Developer.

The favorableness of the offered risk profile in terms of risks to the County and its citizens.

#### ***Criterion 3: Information Disclosure***

Conformance with the County's request for disclosure or release of non-propriety project information.

#### ***Criterion 4: Project Design and Performance Requirements***

Compliance with the County's design and performance requirements.

Completeness and clarity of design, construction and startup plan; operations and maintenance plan; waste characterization; mass and energy balance, and other technical information (internally consistent and sufficiently detailed to present a coherent representation of the project technical and environmental characteristics).

#### ***Criterion 5: Product Marketability and Sales***

Viability of product marketing plan and, as applicable, associated purchase commitments, considering principal terms and conditions, including price(s), for both the energy product(s) and materials products that will be recovered, recycled and/or generated by the project.

Compliance with California greenhouse gas emission requirements, as it relates to the ability to sell electricity (see CA Public Utilities Code, commencing with Section 8340).

Viability of contingency measures that will be taken in the event that products cannot be sold as expected, assuring the minimum potential cost or performance impacts to the County and/or participating municipalities.

#### ***Criterion 6: Environmental Impacts and Environmental Permitting***

Completeness and viability of permitting plan demonstrating that the project is capable of being permitted.

Completeness and viability of design and operational means for dust control, odor control, noise mitigation, traffic mitigation, stormwater management, minimization of consumptive water use, and reduction/elimination of process wastewater discharge.

Demonstration that the intermediate gas produced by the technology can be captured and pre-cleaned, if necessary. If permitting requires capture and pre-cleaning, further demonstration of the integration of such into the project design.

The potential environmental impact of the project, including net environmental benefit, or specifically: the potential to reduce greenhouse gas emissions, criteria and toxic air pollutant emissions, and the use of fossil fuels. All calculations must show all assumptions used.

#### ***Criterion 7: Economics***

Competitiveness of the first year tipping fee(s) and life cycle economics. Viability of cost and revenue assumptions. Reasonableness of price escalation and mechanism for price adjustment over time.

### ***Criterion 8: Financing***

Completeness and viability of the financing plan considering:

- The identification of equity/owner participants and their percentage shares of ownership and the project financing.
- The identification of other participants, if any, such as MRFs, equipment suppliers, etc., which may provide financing but not participate in project ownership.
- The project's approach to debt financing, including:
  - source of debt;
  - use of tax-exempt private activity bonds (if any such use is contemplated);
  - basic credit and security requirements, terms and conditions;
  - indications of commitments to provide debt financing.
- Specific strategies, if any, for accessing specific state and/or federal financing assistance.
- The magnitude and difficulty of the specific County support activities requested in order to implement the project, with an indication of which activities are necessary in order to achieve the economics projected and which, while desirable, are not necessary to achieve the projected economics.

### ***Criterion 9: Financial Security***

Comparative strength and enforceability of the financial security structure for the project, considering indications of commitments by the identified and involved parties, that will provide:

- adequate assurance to the County as to the implementability and long-term operability of the project, as offered, addressing risks listed below:
  - permitting for construction and operation;
  - project construction cost and schedule, including start-up;
  - long-term operations cost and performance, including capital repairs and replacements over time;
  - product marketing and sales (both energy and materials);
  - contingencies to protect the County's interests in the event of project upsets or temporary or permanent failure.

- assurance to the County that any limits imposed in terms of dollar values or terms and conditions of security instruments and measures are reasonable given the construction requirements, operational characteristics and economics of the project.

***Criterion 10: Schedule***

Reasonableness of project schedule for key milestones and ability to achieve operation no later than 36 months following the receipt of all required permits and approvals.

**5.3 Acceptance for County Development Support**

The Department of Public Works and the Subcommittee will recommend to the County Board of Supervisors, County endorsement and support of the project that, in the opinion of the Department and the Subcommittee, best meets the evaluation criteria and has the greatest potential for timely, successful development and performance. The Department and Subcommittee may recommend, and the County may select, more than one Offer.

**Table 2. Evaluation Criteria**

<b>Criteria</b>	<b>Acceptable</b>	<b>Advantageous</b>	<b>Highly Advantageous</b>
<b>Project Structure</b> – Project ownership structure	Ownership structure is clearly defined and is appropriate and viable for a privately owned and operated MSW facility	Not Applicable	Not Applicable
– Roles and relationships of principal participants	Roles and relationships are clearly defined and understandable, and appropriately reflect the purviews, capabilities and experience of principal participants	Not Applicable	Not Applicable
– Strength of project development team	Resources and capabilities of key team members are appropriate and adequate for the project offered, and each key team member has worked on at least one comparable project	Same as Acceptable, plus key team members have worked as a team on the development of at least one comparable project in North America	Same as Acceptable, plus key team members have worked as a team on the development of a least one comparable project in California
<b>Project Commitments</b> – Level and strength of commitment of key participants and willingness to bear risks	All key participants indicate commitment to project development and to bear risks contingent on the availability of direct County financial support that they identify	All key participants indicate commitment to project development and willingness to bear risks, with less need for direct County financial support than other Offers	All key participants indicate commitment to project development and willingness to bear risks, without the need for direct County financial support
– Favorableness of risk profile	Risk profile reflects customary US MSW industry practices for public/private partnerships (e.g., public sector risk on waste characteristics and supply, uncontrollable circumstances, regulatory requirements)	Risk profile limits County risk to uncontrollable circumstances	Risk profile precludes any economic or financial risk to the County

<b>Criteria</b>	<b>Acceptable</b>	<b>Advantageous</b>	<b>Highly Advantageous</b>
<b>Information Disclosure</b> – Willingness to disclose project information	Project developer and all major participants agree to disclose pertinent non-proprietary/confidential technical and financial information and provide the County access to the facility for pre-arranged public tours, third-party monitoring, and non-proprietary records inspection	Not Applicable	Not Applicable
<b>Project Design and Performance Requirements</b> – Compliance with project standards	Offer substantially complies with project standards	Offer exceeds project standards	Not Applicable
– Completeness and clarity of information	Information, as provided, is internally consistent and sufficiently detailed to present a reasonable and coherent representation of technical aspects of the project	Presentation of information in multiple formats; details presented visually or otherwise in a manner easily accessible to layperson	Not Applicable
– Annual availability	The project provides redundancy of key system components to assure 85% annual availability when fully operational on a commercial level	The project provides redundancy of key system components to assure 90% or greater annual availability when fully operational on a commercial level	Not Applicable
– Diversion potential	The project is capable of diverting at least 75% by weight of MRF residuals and/or post-recycled MSW from landfill disposal	The project is capable of diverting at least 85% by weight of MRF residuals and/or post-recycled MSW from landfill disposal	The project is capable of diverting more than 95% by weight of MRF residuals and/or post-recycled MSW from landfill disposal
– Eligibility for Diversion Credits	Technology may qualify for diversion credits in the future, but not currently	Technology currently qualifies for diversion credits	Not applicable

<b>Criteria</b>	<b>Acceptable</b>	<b>Advantageous</b>	<b>Highly Advantageous</b>
– Commitment to develop a “flagship facility”	Commitment to develop a facility that meets minimum levels for LEED certification, and includes project development aspects that would facilitate public tours and public education programs	Commitment to develop a facility that exceeds minimum levels for LEED certification, <u>or</u> , inclusion of unique aspects to facilitate public tours and public education programs	Commitment to develop a facility that exceeds minimum levels for LEED certification, <u>and</u> , inclusion of unique aspects to facilitate public tours and public education programs
<b>Product Marketability and Sales</b>			
– Viability of product marketing plan	Marketing plan demonstrates understanding of energy and materials markets and outlines general sales/marketing strategies	Marketing plan includes detailed sales/marketing, resources, strategies, targets, milestones and contingencies, along with letters of intent to purchase energy and/or products	Marketing plan includes established commitments for energy and product purchase
– Marketability of electricity	Marketing plan includes quantitative demonstration showing that the facility can meet California greenhouse gas emission standards as required for electricity marketability	Not Applicable	Not Applicable
– Eligibility for Renewable Energy Credits	Technology may qualify for renewable energy credits in the future, but not currently	Technology currently qualifies for renewable energy credits	Not Applicable
– Viability of contingency measures	Marketing plan identifies areas of risk and volatility and presents alternative response strategies for County consideration	Contingency plans are in-place regarding loss, volatility or change in markets over time	Contingency plans are in-place regarding loss, volatility or change in markets over time, and County is completely shielded from risks regarding loss, volatility or change in markets over time
<b>Environmental Impacts and Environmental Permitting</b>			
– Completeness and viability of permitting plan	Permitting plan reflects understanding of state and local permitting regimes, requirements and schedules	Same as Acceptable, plus responsible team member has relevant experience in state and local permitting	Not Applicable

<b>Criteria</b>	<b>Acceptable</b>	<b>Advantageous</b>	<b>Highly Advantageous</b>
– Completeness and viability of design and operational control measures	Applicable design and operational control measures are sufficiently incorporated and described	Design and operational control measures result in comparatively less consumptive water use and/or comparatively less process wastewater discharge	Design and operational control measures result in zero process wastewater discharge
– Demonstration of capability to capture and pre-clean intermediate gas	Offer demonstrates capability to access, characterize and, as necessary, clean or otherwise modify the intermediate gas	Offer incorporates capture and cleanup of the intermediate gas	Not Applicable
– Minimization of greenhouse gas emissions	Generates greenhouse gas emissions that are equal to or less than a modern natural gas combined cycled power plant (estimated here to be 1,100 pounds of CO <sub>2</sub> equivalents per MWh), as supported by quantitative estimate	Does not generate greenhouse gas emissions from fossil fuel inputs to the process	Does not generate greenhouse gas emissions from fossil fuel inputs to the process or from conversion of fossil-derived sources in MSW (e.g., plastics, synthetic rubber, synthetic carpeting)
– Minimization of criteria and toxic air pollutant emissions	Applicable regulations have been addressed and associated limits appear to be correctly and fully identified in the permit plan provided; air emissions are well defined and meet identified applicable limits	Same as Acceptable, and the offer demonstrates the project would likely pass the SCAQMD Rule 1401 Table 1A screening level thresholds for toxic air emissions	Not Applicable
<b>Economics</b> – Viability of cost/revenue assumptions	Reasonable cost/revenue assumptions are provided, but require confirmation	Project economics are based on firm cost and revenue values, with provisions for cost/revenue contingencies	Not Applicable
– Competitiveness of first year tipping fee	Project economics require some degree of County support (such as tipping fee “ramp-up” or “bridging”) for a period of 4 years or more	Project economics require some degree of County support (such as tipping fee “ramp-up” or “bridging”) over a period of less than 4 years	Project economics require no County support such as tipping fee “ramp-up” or “bridging” concepts in order for the Year 1 tipping fee(s) to be competitive

<b>Criteria</b>	<b>Acceptable</b>	<b>Advantageous</b>	<b>Highly Advantageous</b>
– Competitiveness of life-cycle costs	Project economics estimate life-cycle costs that are locally market-competitive	Project economics estimate life-cycle costs that are 10% less than locally available alternatives	Project economics estimate life-cycle costs that are 20% less than locally available alternatives
– Reasonableness of price adjustments over time	Price adjustments over time reflect customary industry practice (i.e., adjustments are based upon independent, objective indices such as CPI)	Not Applicable	Not Applicable
<b>Financing</b> – Completeness and viability of financing plan	Financing plan reflects prevailing industry practices and generally describes customary project financing aspects. Financing plan includes general letters of interest from prospective investors and bankers/lenders and identifies appropriate potential state/federal loan or grant sources	Letters of interest from prospective investors and bankers/lenders have principal terms and conditions enumerated, and, as applicable, the financing plan includes a reasonable strategy for pursuing potential state/federal loan or grant sources	Financing plan includes and describes firm financing commitments (equity and debt) from investors and lenders
<b>Financial Security</b> – Strength and enforceability of financial security structure	Security structure includes corporate guarantee from project developer and construction/performance bonds (or letters of credit)	In addition to meeting the Acceptable criterion, security structure includes corporate guarantee from project developer that aggregates individual guarantees from major participants	In addition to meeting the Acceptable criterion, security structure includes joint and several guarantees by all major participants
<b>Schedule</b> – Reasonableness of project schedule	Facility start-up and commercial operation within 36 months of the receipt of all required permits and approvals, based on practicable schedule milestones.	Facility start-up and commercial operation within 30 months of the receipt of all required permits and approvals, based on practicable schedule milestones.	Facility start-up and commercial operation within 24 months of the receipt of all required permits and approvals, based on practicable schedule milestones.

## **6.0 CONTENT OF OFFERS AND SUBMISSION REQUIREMENTS**

### **6.1 Confidentiality Notice**

In preparing Offers for submittal, Project Developers should assume that information contained in an offer is public information. Any information which is intended to be treated as proprietary or confidential must be submitted under separate cover and must be clearly designated as "CONFIDENTIAL." The distribution of such information will be limited to the County of Los Angeles and its agents, and the Subcommittee. To the extent allowed under law, County will not release or distribute such information to other parties unless such release or distribution is acceptable to the Project Developer.

### **6.2 Offer Organization and Content**

In preparing their Offers, Project Developers should adhere to the following:

1. Include a transmittal letter (Form 3, Appendix A) signed by a party who is fully authorized to bind and commit the Project Developer to submit the Offer, to negotiate with the County, and to develop the project as presented in the Offer (including any amendments resulting from negotiations with the County).
2. Include an Executive Summary that provides a clear and concise introduction and overview of the Offer. The Executive Summary should be written in a non-technical style and present general information sufficient to familiarize reviewers and other interested stakeholders with the highlights of the Project Developer's Offer.
3. The body of the Offer is to address each of the project standards, and provide the information requested, as set forth in Section 3. Project Developers should use the sequential organization of that Section as the outline for the Offer. Each project standard is to be addressed to the fullest extent practicable. Submissions may include references to appendices or exhibits that the Project Developer believes are either integral or supplementary to discussions provided in the body of the Offer regarding each project standard.
4. *The body of the Offer is to include a clear discussion of County support that is desired or required in order to implement the project, considering potential support options identified in Section 4 or other County support activities proposed by the Project Developer as part of the Offer.*
5. The forms referenced in Section 3, or otherwise provided for in Appendix A of this RFO, are to be completed in the form and with the information or content indicated, and included in a separate appendix to the Offer.
6. Letters of commitment and similar documentation (other than the forms provided in this RFO) should be included in a separate appendix to the Offer, not within the body of the Offer.

## **APPENDIX A**

### **FORMS**

- Form 1 - Identification of Principal Project Participants
- Form 2 - Financial Resources Data
- Form 3 - Offer Transmittal Letter

### Form 1 - Identification of Principal Project Participants

<b>Position</b>	<b>Party(ies)<sup>(1)</sup></b>
Lead Developer	
Project Manager (if not Lead Developer)	
Owner(s)	
MRF Participant	
Investment Banker or Funder(s)	
EPC	
Operator	
Environmental Permitting Consultant	
Other Key Participants (e.g., Broker to market products, if necessary)	

(1) Provide company name, key contact person, and contact information

## Form 2 - Financial Resources Data

(To be completed separately for Project Developer, Guarantor and Major Participating Firms<sup>1</sup>)

\_\_\_\_\_  
Name of company completing form

\_\_\_\_\_  
Name of individual completing form

\_\_\_\_\_  
Signature

### 1. Bond Information

Current credit ratings on two most recent senior debt issues.

	Issue Description	Moody's Rating	S&P's Rating
Issue 1			
Issue 2			

### 2. Financial Indicators<sup>2</sup>

Fiscal Year End (Month): \_\_\_\_\_

		1 2002	2 2003	3 2004	4 2005	5 2006
A.	Total Revenues	\$	\$	\$	\$	\$
B.	Net Income	\$	\$	\$	\$	\$
C.	Total Assets	\$	\$	\$	\$	\$
D.	Current Assets	\$	\$	\$	\$	\$
E.	Total Liabilities	\$	\$	\$	\$	\$
F.	Current Liabilities	\$	\$	\$	\$	\$
G.	Equity (C-E)	\$	\$	\$	\$	\$

1. Major Participating Firms include those whose participation amounts for 15% or more of either or both of the construction value of the project or of the annual value of operations and maintenance. Information previously submitted is to be updated for 2006. Information for all years (2002-2006) is to be provided for Major Participating Firms not previously identified.
2. If 2007 data is available by the submission data, adjust the table and the calculations that follow the table to show financial indicators for 2003 through 2007.

Using the information provided in the table, calculate:

A. Revenue Growth Percentages.

2003:  $(A2-A1)/A1$  \_\_\_\_\_ %  
2004:  $(A3-A2)/A2$  \_\_\_\_\_ %  
2005:  $(A4-A3)/A3$  \_\_\_\_\_ %  
2006:  $(A5-A4)/A4$  \_\_\_\_\_ %

B. Profitability Percentages

**RETURN ON REVENUE**

2002:  $B1/A1$  \_\_\_\_\_ %  
2003:  $B2/A2$  \_\_\_\_\_ %  
2004:  $B3/A3$  \_\_\_\_\_ %  
2005:  $B4/A4$  \_\_\_\_\_ %  
2006:  $B5/A5$  \_\_\_\_\_ %

**RETURN ON ASSETS**

2002:  $B1/A1$  \_\_\_\_\_ %  
2003:  $B2/C2$  \_\_\_\_\_ %  
2004:  $B3/C3$  \_\_\_\_\_ %  
2005:  $B4/C4$  \_\_\_\_\_ %  
2006:  $B5/C5$  \_\_\_\_\_ %

C. Leverage Ratio

2002:  $E1/G1$  \_\_\_\_\_  
2003:  $E2/G2$  \_\_\_\_\_  
2004:  $E3/G3$  \_\_\_\_\_  
2005:  $E4/G4$  \_\_\_\_\_  
2006:  $E5/G5$  \_\_\_\_\_

D. Net Worth

2002:  $C1-E1$  \$ \_\_\_\_\_  
2003:  $C2-E2$  \$ \_\_\_\_\_  
2004:  $C3-E3$  \$ \_\_\_\_\_  
2005:  $C4-E4$  \$ \_\_\_\_\_  
2006:  $C5-E5$  \$ \_\_\_\_\_

E. Liquidity Ratio

2002:  $D1/F1$  \_\_\_\_\_  
2003:  $D2/F2$  \_\_\_\_\_  
2004:  $D3/F3$  \_\_\_\_\_  
2005:  $D4/F4$  \_\_\_\_\_  
2006:  $D5/F5$  \_\_\_\_\_

### Form 3 - Offer Transmittal Letter

(To be typed on Project Developer's Letterhead)

Mr. Coby J. Skye, P.E.  
County of Los Angeles Department of Public Works  
Environmental Programs Division  
900 South Fremont Avenue  
Annex 3<sup>rd</sup> Floor  
Alhambra, CA 91803-1331

Dear Mr. Skye:

\_\_\_\_\_ (the "Project Developer") hereby submits its offer (the "Offer") in response to the Request for Offers to Design, Build, Own and Operate a Solid Waste Conversion Technology Project (the "RFO") issued by the County of Los Angeles, California (the "County") on January 17, 2008.

As a duly authorized representative of the Project Developer, I hereby certify, represent and warrant as follows in connection with the Offer:

1. The submittal of the Offer has been duly authorized by, and in all respects is binding upon, the Project Developer and members of the Project Developer's team, as identified and described in the Offer, and as the commitments made and obligations specified in the Offer are more fully set forth in appended letters of commitment and other certifications provided.
2. The Project Developer's obligations, as described in the Offer, will be secured by the financial and other security instruments referenced in the Offer, including, as described in the Offer, construction and performance bonds, insurance coverage, letters of credit, guarantees and warranties provided by individual team members, and/or guarantees provided by the Project Developer.
3. The Project Developer has carefully examined all documents comprising the RFO and any addenda thereto and, being familiar with the work and the conditions affecting the work contemplated by the RFO and such addenda, offers to furnish all plant, labor, materials, supplies, equipment, facilities and services which are necessary, proper or incidental to carry out such work as required by the RFO and the Offer, all for the price(s) set forth in the Offer.
4. All information and statements contained in the Offer are current, correct and complete, and are made with full knowledge that the County will rely on such information and statements in reviewing the Offer and in conducting any negotiations or executing any agreements with the Project Developer.

5. The contact person who will serve as the interface between the County and the Project Developer is:

NAME:  
TITLE:  
ADDRESS:  
TELEPHONE:  
FAX:  
E-MAIL:

6. The Project Developer agrees that it will not issue, conduct or sponsor any news releases, mailings, media events or other similar activities regarding the Offer without the prior consent of the County, and further agrees to cooperate with the County in any such materials produced or activities undertaken by the County.
7. Project Developer agrees to provide non-proprietary project information (including technical, environmental, economic and business information) to the County for public disclosure or release, in order to promote and generate support for the development of the project and to promote the development of future projects.
8. The Project Developer agrees to provide the County full access to the facility for pre-arranged public tours, third-party monitoring and non-proprietary records inspection, and other aspects of external technology validation.

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Name of Project Developer

---

Name of Designated Signatory

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Signature

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Title