MEMORANDUM

To: Chairman, Central Tenders Committee (CTC)

From: Chairman, CSWDM & WTBF Technical Committee

Date: 17th December 2010

Subject: CSWDM & WTBF Report and Recommendations --
CTC/10-11/DR/010

BACKGROUND
The Ministry of District Administration, Works, Land and Gender Affairs (DAWL&A), through the Department of Environmental Health (DEH) placed a Request for Proposals (RFP) for qualified/competitive proposals from firms to Build (design, FINANCE and construct), Own and Operate a Comprehensive Solid Waste Disposal Management and Waste-to-Energy Facility (CSWDM & WTBF) to manage all existing landfilled solid waste and all newly generated solid waste on Grand Cayman, Cayman Islands. The RFP was advertised for nine weeks in both local papers, the government's website and on the Waste Age (USA) website. The initial RFP deadline was on November 19, 2010 but after several requests for an extension of the deadline by potential proposers, the deadline was extended by a further two weeks by Cabinet. Although, additional requests were made by proposers for a second time extension it was not extended and the final deadline remained unchanged.

The bidding process closed on December 3, 2010 at 12 noon and a meeting was held the same day by the Central Tenders Committee (CTC). Two representatives from the DEH were present at the CTC meeting when the bids were opened. CTC received and opened ten (10) proposals from the following companies: (#1) Celtic Waste Cayman Ltd., (#2) Cayjam Development Ltd., (#3) Quality Recycling, (#4) Cambridge Project Development, Inc., (#5) Plasco Energy Group, Inc., (#6) Malcolm Point Engineering, (#7) Wheelabrator Technologies, Inc., (#8) MSolar Energy (Cayman) Ltd., (#9) W.R.R. Holdings, Ltd., and (#10) Novo Energy, LLC.
TECHNICAL EVALUATION

The CSWDM & WTBP Technical Committee held five extensive meetings to assess the proposals over five days. Meeting days were on December 9th, 13th, 14th, 15th & 16th, 2010. Present were: The ex-officio Committee members were:

All proposals were evaluated based on the assigned point values indicated in the RFP evaluation criteria and weighting.

Eligibility of Tenderers

All proposals were initially assessed to determine if they met the minimum criteria as specified in the RFP in order to qualify for the comparative evaluation stage, which involved a more detailed assessment.

Technical Qualifications Criteria

1. The Proposer must demonstrate that the company has successfully completed a CSWDM & WTBP that is similar in scope and scale to the Cayman Islands Government's proposed facility and that the Proposer's proposed technology and project approach can be used to construct the CSWDM & WTBP to the Cayman Islands Government's satisfaction.

2. The waste-to-energy system technology proposed must have been successfully implemented by the Proposer at a minimum of one (1) W-T-E facility that is currently commercially operating, or will be in full commercial operation within six (6) months of the proposer selection.

3. The waste-to-energy system technology must have been implemented by the Proposer in at least one waste-to-energy plant with a modular unit size in the range of 50 tpd to 350 tpd.

4. The Proposer or the operator element of the Proposer must have demonstrated experience at operating one or more waste-to-energy facilities and municipal solid waste landfill for a minimum period of two (2) years.

5. The member of the Respondent's Core Project Team that will provide construction services requested by this RFP must have licenses and permits as required by the Cayman Islands regulatory agencies, to provide those services.

6. If landfill mining will be undertaken, the proposer must demonstrate experience and the ability to undertake the process successfully at the landfill site.

7. Provide future solid waste management options for Cayman Brac and Little Cayman.
Financial Requirements Criteria

1. The Proposer must have a net worth of at least US$20 million (US$20,000,000.00) or be able to provide a financial guarantee to meet the minimum requirement;
2. The Proposer must have a current ratio greater than 1:1
3. No material changes must have occurred since the date of certification of the Proposer's financial position that impairs the Proposer's ability to meet its obligations with respect to completion of the project.

From the initial assessment of ten companies, four companies failed to pass the minimal technical qualifications and financial viability criteria and no further evaluation were undertaken of those companies. The four companies that failed to proceed are as follows:

(#1) Celtic Waste Cayman Ltd. -- did not submit a completed proposal and the tender was not presented in the prescribed format; hence there was no criteria to evaluate
(#2) CayJam Development Ltd. -- did not demonstrate that the Operator had experience in operating one or more waste-to-energy facilities and municipal solid waste landfill for a minimum period of two (2) years. Also did not meet the minimum financial criteria.
(#3) Quality Recycling - did not meet most of the key technical requirements except that the Proposer previously implemented a WTE facility. This company also did not meet the financial criteria.
(#5) Plasco Energy Group, Inc - did not meet most of the key technical requirements except that the Proposer had arrangements with an entity to provide construction services. This company also did not meet the financial criteria.

Evaluation of Eligible Tenderers

The tender submission scoring was broken down into four categories: (A) Experience and Qualifications; (B) Technical Approach; (C) Business Arrangement; (D) Price and Revenue Sharing.

Members individually evaluated each company on the various parameters and then collectively averaged out the scores to determine the ratings of each company. The maximum possible points that could be awarded to a company were 100. Of the six remaining companies that went to the comparative evaluation stage (#7) Wheelabrator Technologies, Inc., received the highest average points of 81, (#9) W.R.R. Holdings Ltd., received 64 points, (#8) MSolar received 56 points, (#10) Novo Energy, LLC, received 53 points, (#4) Cambridge Project Development, Inc., received 46 points, and (#6) Malcolm Point Engineering received 36 points out of a 100 points.
Tender #7 - Wheelabrator Technologies, Inc.

Wheelabrator Technologies, Inc is one of the largest waste management companies operating in North America as Waste Management for over 35 years. WM is a Fortune 200 company that reported $11.8 billion in revenues and $21.1 billion in assets in 2009. WM has over 50,000 employees and currently operates 17 waste-to-energy plants. The company proposed a comprehensive solution that provided all the required elements to successfully complete the project including design, finance, build and operate in a single standalone entity. The Committee felt that the company's ability to provide the entire solution through a single entity gave them a competitive advantage when compared to the other entities that proposed joint ventures between various entities to complete the project. The company presented a management team to lead the project that have over 30 years and 20 years experience, respectively along with an additional staff compliment to the existing staff of 21 persons. The company proposes to use a mix of strategies that could involve waste management, landfill mining, recycling and new lined landfill. However, given the significant amount of variables Wheelabrator suggested a pragmatic way forward was to meet with CIG to map out the final best solution among a number of viable options before finalizing the proposal. The Committee felt that given the complexities of this project, Wheelabrator's suggested approach was in the best interest of the project and the CIG before finalizing an agreement. Wheelabrator's detailed and comprehensive breakdown of their approach and coupled with their experience presented the best solution to bring this project to successfully completion.

Tender #9 -- W.R.R. Holdings Ltd.

WRR is a Cayman based entity that has assembled a very strong team to offer a comprehensive waste management solution to the project. The team consists of the following best of breed entities:

Jones Edmunds and Associates -- Jones Edmunds has been providing solid waste services for over 30 years and has one of the largest waste practices in Florida. Jones Edmunds has constructed over 200 solid waste projects in the last ten years. Jones Edmunds will provide engineering services to develop the comprehensive solid waste management plan. Solid waste management has been a cornerstone of Jones Edmunds's engineering practice for more than 25 years. Today, Jones Edmunds consists of over 200 employees and is considered by Engineering News-Record to be a Top 500 Design firm and Top 200 Environmental firms.

Moretrench Services -- will provide construction services for the site preparation of the WTB plant as well as mining of existing Georgetown Landfill, installation of the engineered cover and new ash landfill cell. Moretrench have been in operation since 1931. For more than 60 years Moretrench Services has performed general and specialty contracting work for a
variety of industrial clients in the process chemical, manufacturing, phosphate and electric power industries including variety of landfill construction and management related services. KBR -- has nearly a century of experience in the development, engineering, procurement, construction and maintenance of a wide variety of power generation technologies. KBR currently employs 39,000 people worldwide and is seen as the renowned experts in the construction, servicing and maintenance of alternative energy facilities including waste to energy facilities.

P3Development Company (P3D) – provides in-house expertise to manage and finance large scale infrastructure projects, P3D principals have been instrumental in the success of many of the most successful public-private development projects in the US including the Miami Intermodal Center (MIC), a massive transportation hub being developed across from the Miami International Airport and the Port of Miami Tunnel.

ENGIE – will perform as the Waste to Energy Operator for the project. The firm has experience at over 10 WTB plants in the US and Canada. ENGIE expressed commitment to hiring and training the maximum number of Caymanians for the eventual complete staffing of the facility.

With the strong team that was assembled WRR scored high on the technical approach and used the tried and tested mass burn technology but have made medications in their process to operate with minimal environmental impact.

Tender #8 -- M Solar Cayman Ltd.

M Solar is a Cayman based company setup to assemble a team of WTR providers using state of the art gasification technology as oppose to mass burn. The M Solar solution utilize all solid wastes, which are thermally treated to create heat and steam that in turn is used to generate base-load renewable electricity. M Solar’s team consists of Dynamis Energy, LLC which will be the operators and supplier of the WTR Conversion Technology. Dynamis has over 50 years of combined experience in the biomass and thermal combustion industry and is viewed as a leader in advanced thermal oxidation technology. Sanitas Partners LLC will serve the landfill closure, mining and gas recovery partner. The company has sited, designed, permitted, built and/or operated transfer stations with a total daily capacity of 25,000 tons. Cayman based McAlpine are committed to providing the construction element of the M Solar proposal.

M Solar scored well on their innovation in technology which would result in minimal environmental impact. M Solar was also the only company to propose an unlimited performance bond for the Project which gave the greatest amount of security for the CIG.
Tender #10 -- Novo Energy, LLC

Novo Development Company ("NDC") is a renewable energy project development company formed in 2008 in the US. NDC has assembled a team led by NDC for overall development of the project, Benham for the construction of the facility and Omega Energy as operator for the facility. Novo has also formed a local company by the name of Cayman Recycling and Renewable Energy Center ("CRRIC") that will own the facility. Novo has also indicated the involvement of local entities, Appleby, Burns Conolly Group, Arch & Godfrey, McAlpine, MEPCO Ltd., Cayman Mechanical Co., Brit-Hay among others. NDC scored low on the corporate structure and experience and qualification as they did not clearly demonstrate on these entities will work together to successfully completing the project. Also as a requirement of the RFP all significant principles of the entity must be disclosed and the principals of the Cayman entity that will own the facility, information on the principals was not provided. There was also concern by the Committee that the company stated that they would only process "acceptable waste" but did not provide a solution for how they would deal with the other waste.

Tender #4 -- Cambridge Project Development Inc.

Cambridge had a good overall proposal with recent work in the Caribbean region including two WTE facilities in Jamaica that were completed in 2009. There project team consisted of Keppel Seghers, a world leader in engineering, design and supply of WTE facilities with over 12 facilities in full commercial operations worldwide today. The Company also brought the expertise of Turna Enterprise LLC, a US based firm highly specialized in the area of design of new landfills, landfill remediation and technical closure. However, the company wanted a 200,000 ton per year guarantee from the CIG for the project but we also currently only operating at less than 100,000 tons per year. The Company also stated that they would only process "acceptable waste" without offering an alternative solution for this kind of waste. The company also scored low on the environmental impact category because they proposed to remove 20 feet off the existing landfill and place it on the existing site which the Committee felt would create a major environmental concern. As a requirement of the RFP all significant principles of the Company must be disclosed. Cambridge created a local company "CIRCI", but the principals of that Cayman entity which was proposed to operate the facility, was not provided.
Tenderer #6 - Malcolm Point Engineering

The Malcolm Point proposal in many respects did not address the requirements of the RFP. While the Proposer engaged reputable firms for the project there was very little detail in how these firms would be deployed and used to bring the project to successful completion and only offered assurance on the basis that their guarantor, DART Enterprises has successfully completed other large scale projects on the island. Malcolm Point did offer a solution to cap and remediate the existing site but did not provide a definitive solution and address the concerns in the RFP as it related to the preferred site. Malcolm Point primarily instead focused on their desire to relocate the site to an alternate location in Boddin Town. The relocation of the site was of great concern for the Committee in relation to the environmental impact especially since the proposed new site is in an area that is environmentally sensitive.

ADDITIONAL COMMENTS

There was a general consensus by the CSWDM & WTTP Technical Committee that based on the information that was available none of the entities were able to provide a complete and final proposal at this time based on the complexities and numerous variables to consider for completion of this project. The Committee was cognizant of the tight deadlines and agreed that additional time could have rendered a better mix of solutions and enabled the proposers to finalize more project details. It is generally acceptable that RFP’s of this nature be extended for a period of at least 90 days, especially given its complexity. Of particular importance were the financial arrangements including price and revenue sharing options. However, many companies did not provide sufficient details in this area, while a few did offer some information. It should be noted that this category carried the least weight (20%) in the evaluation process but does form an important component of the proposal and will need to be negotiated with the lead entities and re-examined by the technical team prior to a final agreement.

RECOMMENDATIONS

The CSWDM & WTTP Technical Committee therefore, recommends the contract be awarded to (97) Wheelabrator Technologies, Inc. PROVIDED that the following information is presented before entering into a Final Agreement:

a) Final price, necessary guarantees and revenue sharing arrangements

b) Completed forms of the finalized contract principles
c) Master project schedule including contract date, detailed design, permit approvals, financial closure, mobilization, fabrication and delivery dates of major equipment, duration of construction, substantial completion date, acceptance testing, scheduled acceptance date.

d) A final proposed organization chart

e) If the arrangement is a Consortium or Joint Venture then copies of the executed agreement must be provided to specify the establishment and mandate of the consortium/joint venture, state how the consortium/joint venture will be structured, managed, and financed.

f) A description of the actual and proposed contractual relationship and the history of those relationships among the Company, members of the Company’s Core Project Team, and all other major participants in the project with respect to each phase of the project, i.e., design, construction and operations;

A) A summary of the proposed assignments of responsibilities for the services to be provided identifying the portions of the work to be performed by the Company, each member of the Core Project Team if the Company is comprised of more than one (1) firm, and major sub-Companies.

h) The qualifications and resumes of all key final staff assigned to the project whether staff of a member of the Core Project Team, its parent, participating firms, or major sub-Companies. This information should include the length of time practicing in the profession, familiarity with the technologies proposed and full-service or design, build, and operate projects.

i) The Company should indicate whether, during the past (5) five years the Company or any member of the Core Project Team has failed to complete any contract, or has had any contract terminated for poor performance or default by the company; the company, any affiliate, or any officer of the company filed for bankruptcy.

j) Proper and sufficient public liability and compensation insurance coverage complies with sections 1.7.3 and 1.7.4 of the tender document. It should be noted that the company provided a copy of valid insurance for one of their allied companies, but indicated in their tender that locally brokered insurance can be obtained, if the company was successful with their tender.

It is also the strong recommendation of the Committee that before an agreement can be reached there should be a visit to a current facility that is in current operation by the successful company.
In addition, it is recommended that as per the RFP, should the arrangements with (87) Wheelabrator Technologies, Inc., prove to be unsuccessful, within a reasonable time the next highest ranking Tenderers are considered for further negotiation (i.e. Tenderer #9, Tenderer #8, etc).

Chairman, CSWDM & WTRF Technical Committee

CSWDM & WTRF Voting Members:

Copy to ex-officio members: