

THE NORTHWEST SEAPORT ALLIANCE
MEMORANDUM

MANAGING MEMBERS
ACTION ITEM

Item No. 3A
Date of Meeting December 19, 2016

DATE: December 13, 2016

TO: Managing Members

FROM: **Sponsor:** Bari Bookout, Chief Commercial Officer – Non-Container

Manager: Scott Pattison, Senior Manager, Container Business Development

SUBJECT: **Agreement with Foss Maritime Company Related to General Dynamics Request For Proposals to Moor USNS BOB HOPE at Terminal 5**

A. ACTION REQUESTED

Request authorization for the CEO to negotiate and execute an agreement with Foss Maritime Company to perform services and provide facilities as described in a Request for Proposals by General Dynamics, including moorage of USNS BOB HOPE at Terminal 5.

B. SYNOPSIS

General Dynamics has issued a request for proposals (“RFP”) principally relating to moorage and support services of USNS BOB HOPE while in ready-reserve status at a west coast marine terminal. The Northwest Seaport Alliance (“NWSA”) is not equipped to perform such services competitively, although the NWSA does have space at Terminal 5 (“T-5”) suitable for such activity. Foss Maritime Company (“Foss”) is interested in competing for this business, and needs a marine terminal. This request would enable the CEO to negotiate and execute an agreement with Foss that would enable the NWSA and Foss to compete for this RFP and, if awarded, will accrue business, jobs and revenues to the NWSA and Foss.

C. BACKGROUND

General Dynamics’ RFP principally seeks berth space, facilities, services, equipment and support in order to maintain USNS BOB HOPE in ready-reserve status for a base term of one year, commencing 1 January 2017 and extending through 31 December 2017, with options to extend up to an additional four (4) one-year terms.

The USNS BOB HOPE is a 950-foot long roll-on roll-off (“Ro-Ro”) ship. As a ready-reserve vessel, it will have crew aboard at all times so that the ship can enter service on short notice. In addition to possible deployments for extended periods of time, the vessel may be called upon intermittently to perform exercises and drills, departing the terminal to do so on short notice and for short periods of time. The RFP provides for other vessels to moor during times when USNS BOB HOPE is away from berth.

While pierside, the USNS BOB HOPE is expected to take on ship’s stores, crew provisions, gear and equipment for maintenance, repair and upgrades, with technicians and workers boarding the ship to perform such duties from time to time.

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The NWSA received the RFP in October and determined it was not able to respond with a qualifying bid due to lack of NWSA staff, gear, equipment and labor on site at T-5. Foss is able to provide the requested services; however, its lease at T-5 expires prior to the end of the base term under the RFP. Accordingly, the only way the NWSA and Foss could submit a qualifying bid is by working together. The NWSA/Foss proposal calls for the NWSA to enter into an agreement with Foss, granting Foss an agreement to provide the services relating to the work on the USNS Bob Hope.

If Foss wins the contract, staff believes annual revenues would exceed \$300,000 per year; under current NWSA policy, Managing Member authorization is needed to enter into such an agreement. However, due to the tight timeframes of this RFP, staff is requesting authority for the CEO to negotiate and execute the final agreement, if awarded, in order to comply with the RFP deadlines.

Foss has a lease with the NWSA at T-5 that expires on 8 February 2017. If Foss wins the RFP, it would utilize the facilities within its current leasehold from 1 January 2017 through 8 February 2017, including berth area, buildings and yard space, to meet the facility requirements of General Dynamics' RFP. The agreement between Foss and the NWSA would allow Foss to continue providing the services to the vessel after 8 February 2017.

Given the competitive nature of this RFP, and the looming deadline for submitting the RFP (25 November 2016), the date of the contract award (not specified in the RFP) and the date when the contract would go into effect (1 January 2017), NWSA staff seeks authorization for the CEO to negotiate and execute an agreement with Foss that would become effective if Foss is awarded this business.

D. KEY DETAILS

10 November 2016 – NWSA issued a non-binding Letter of Intent (“LOI”) to Foss outlining terms and conditions of an agreement which enabled Foss to respond to the RFP. The proposed terms and conditions of the LOI would need to be finalized prior to Foss committing to this business, and would not take effect until 9 February 2017.

Key Dates of RFP:

- RFP Deadline - 25 November 2016
- Award Date – Not specified, but after 25 November 2016 and prior to 1 January 2017
- Commencement Date - 1 January 2017
- Base Term – 1 January 2017 through 31 December 2017
- Current Foss T-5 Lease expires 8 February 2017
- Options to Extend – Up to four (4) one-year terms or eight (8) six-month terms by mutual agreement

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T-5 Facilities & Services Contemplated for Performance under the RFP furnished by NWSA:

- Berth space to accommodate USNS BOB HOPE, with 950-foot length overall
- 2400 amps of electrical service to cold-iron the ship while at berth
- Yard area – approximately 2.5 acres for materials, equipment, gear, parking
- Office area – approximately 500 sf of office space in adjacent Marine Tower building
- Security – Landside perimeter security, cameras, secure access via guarded gates, and a Facility Security Plan compliant with Marine Terminal Security Access (MTSA)
- Other services and facilities as may be required over the term of the agreement

T-5 Equipment, Goods & Services Contemplated for Performance under the RFP furnished by Foss:

- Gear – Electrical equipment for cold-ironing, gangways
- Machinery and Equipment – Forklifts, cranes, rigging, trucks, trailers
- Tugs – For security, ship assists
- Labor – Longshore, teamsters, crafts as may be required
- Management & Administration – For oversight of all operations
- Other equipment and services as may be required over the term of the agreement

Project Objectives

Key objectives of successfully competing for this business include:

- Utilize available space at T-5 for interim business until redevelopment commences
- Generate revenue, create jobs and bolster the region's tax base
- Support USNS BOB HOPE and its ready reserve crew and support crew

Scope of Work

Provide berth space, facilities and services suitable for USNS BOB HOPE, a 950' Roll-on Roll-off vessel, to remain in ready-reserve status when in port.

E. FINANCIAL IMPLICATIONS

Project Cost Details

The NWSA does not anticipate making expenditures to handle this business that are not fully reimbursable.

Source of Funds

Not applicable.

The 2015-2019 Capital Improvement Plan Budget allocates \$0 for this project.

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Financial Impact

Under the proposed agreement, the NWSA would receive approximately \$550,000 per year in revenue for use of existing marine terminal facilities, as-is, at T-5; any services performed or materials provided by NWSA would be on a reimbursable basis.

Capitalization and depreciation – Not applicable

Net book value – Not applicable.

NPV – Not applicable

IRR – Not applicable

F. ALTERNATIVES CONSIDERED AND THEIR IMPLICATIONS

NWSA responds independently to the RFP: The NWSA is not equipped to perform many of the services called for in the RFP. As such, it was determined that the NWSA is not able to independently submit a qualifying bid for this work.

Foss responds independently to the RFP: The existing T-5 Lease between the NWSA and Foss expires 8 February 2017; the RFP calls for a base term of one year (1 January 2017 through 31 December 2017). As a result, Foss is unable to independently submit a qualifying bid for this work.

NWSA and Foss enter into an agreement enabling Foss to submit a qualifying bid in response to this RFP: If Foss wins the bid, the NWSA and Foss will need to enter into an agreement prior to Foss committing to the RFP that enables Foss to utilize a portion of T-5 beyond expiration of its current lease with the NWSA. This is the recommended approach.

G. ENVIRONMENTAL IMPACTS / REVIEW

Permitting: The proposed use under this service agreement will not require use permits. Foss will be responsible for ensuring special permits for activities such as Hot Work are issued prior to commencement of such activities.

Remediation: Not applicable.

Stormwater: Foss will be responsible for ensuring all appropriate and applicable BMPs are in place at all times and maintaining compliance with NWSA's Industrial Stormwater General Permit WAR 00464. Foss and NWSA will agree on BMPs that must occur within the leasehold area to ensure outfall benchmarks are attained. As an example, this may include allowing the NWSA to place downspout treatment boxes on some or all of the building downspouts to manage metal pollutants. Foss would be responsible for ensuring the boxes and gutters do not get damaged and for repairing any damage resulting from Foss operations immediately.

Air Quality: No adverse air quality impacts are anticipated. The USNS Bob Hope will be connected to shore power while at berth. Traffic generation and materials loading activity will be minimal.

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H. ATTACHMENTS TO THIS REQUEST

- Diagram of Current Foss T-5 Lease Premises
- Diagram of T-5 with premises anticipated for USNS BOB HOPE
- DRAFT License Agreement between NWSA and Foss to Comply with RFP

I. PREVIOUS ACTIONS OR BRIEFINGS

Public Session Briefing December 12, 2016.