Alabama State Port Authority
Mobile, Alabama

Maritime Strategic Development Study

Request for Proposals
June 28, 2006

Submittal Deadline: July 28, 2006
1. INTRODUCTION

The Alabama State Port Authority (ASPA) was created to promote, maintain and operate the harbors, seaports and inland waterways system within the State. The Authority is self-supporting and it functions generally in the manner of an enterprise operation. ASPA revenues are not paid into the State treasury, and the port receives no appropriations from the State to pay for maintenance or operating costs.

The Port of Mobile was ranked as the 12th largest port, by cargo volume, in the most recent US Army Corps of Engineers survey. ASPA’s principal facilities at the port are:

- Thirty general cargo berths with 3,800,000 square feet of warehouse space
- The largest coal import/export terminal in the U.S.
- An export grain elevator
- A dry bulk materials handling plant
- A container handling facility
- A terminal railroad system
- A liquid bulk terminal
- A cold storage facility

The Port Authority has approved a concession agreement to develop a new container terminal which will provide the Port with an opportunity to diversify its revenue base and at the same time expand its central mission as an economic catalyst for the state of Alabama. The new container terminal, which will have a capacity of 800,000 TEU at full build-out, is scheduled to commence operations in the last quarter of 2007.

ASPA employs 632 professional, clerical and union employees as follows:

- Professional and clerical – 135
- ILA (union) – 342
- Railroad (union) – 88
- Police officers – 47
- Contract security guards - 20

The purpose of this study is to determine what changes within the maritime facilities at the Alabama State Port Authority (Authority) are necessary in order to position the Authority to provide economic benefit to the Port of Mobile and the state of Alabama through marine facilities development within the next 20 years. This study has three objectives: 1) to determine what maritime facilities should be built in the Port of Mobile, and 2) to determine how the
Authority should finance the construction of such facilities, and 3) to determine how the Authority should market its existing and proposed maritime facilities. Two timelines will be used: short term (up to 5 years) and long term (up to 20 years).

This study will begin by reviewing recently completed cargo forecasting studies. A set of cargo or trade forecasts will then be developed in order to identify market and business expectations for the 5 to 20 years.

Once these existing and potential target markets have been identified, the demand will be translated into facility needs, covering the marine, landside and intermodal requirements to support the projected level of activity.

A series of alternatives will then be prepared in order to select the preferred development program. The selection criteria will be established during the project and will include financial, economic, business risk, environmental and land use compatibility parameters.

Financial and economic models will be used to assess the viability of the selected projects, covering both the Return on Investment and the impact of the program on the local and the regional and state economies.

2. SCOPE OF WORK

The Authority expects the work to be performed in four (4) phases as outlined below. As mentioned in the introduction, this RFP addresses both short and long term marine marketing and facility development both in the Authority’s existing facilities and proposed new-builds. The successful consultant will be able to outline the short-term (1-5 years) versus long-term (6-20 year) prospects of marine-related activities at the Port Mobile – within the competitive context of other ports located along the US Gulf Coast, and the US South Atlantic Coast. The Authority anticipates the short-term analysis will produce quantitative findings and identify strategic marketing options suitable for incorporation in a subsequent Authority-prepared marketing plan. The longer-term analysis will assess cargo opportunities and requirements from both quantitative and qualitative perspectives – with the objective of identifying facilities most critical to capture marine terminal cargo growth opportunities potentially available. The following is an outline of services to be provided:

2.1 Phase 1 - Review existing market data / conditions

2.1.1 Review global and domestic marine cargo forecasts and provide an analysis of short-term versus long-term cargo opportunities potentially available – with implications clearly delineated for the US Gulf Coast. The consultant will draw on existing studies, including:
b. Manalytics Marketing Study (1999)
c. Economic Impact Study (1999)
d. Moffatt & Nichol Marketing Study (2001)
e. ASPA Strategic Plan (2002)
f. Updates to ASPA Strategic Plan (2003 - 2006)

The consultant should:

a. Stipulate conditions required to achieve a particular forecast result (particularly the high growth projections).

b. Supplement forecast data with other readily available market data and consultant insights to substantiate opportunities for the US Gulf Coast.

c. Examine each cargo type to identify anticipated niche market opportunities available both short and long-term.

2.1.2 Examine competitive characteristics of competing ports on the US Gulf Coast and selected East and West coast ports. These characteristics should address considerations such as facility design, terminal capacities (including deep draft and barge shipping), services and pricing available. In addition, this assessment will include 1) comparing land availability at Mobile versus other US Gulf/South Atlantic ports, 2) land revenues/values associated with various commodities (including, but not limited to bulks, autos, breakbulk, and containers) at competitive ports; c) expiration dates of existing major cargo/carrier contracts at competing ports, and d) identification of ports and cargoes under pressure (including, but not limited to bulk cargoes at the Authority) creating short or long-term competitive opportunity for the Authority.

Another key element of this analysis shall be to outline the potential to site large scale distribution centers on Authority property or on other property within Mobile and Baldwin counties. The analysis shall also address the impact of increased cargo movements through the Port of Mobile expected as a result of deepening the Mobile River from 40 to 45 feet. The consultant should then evaluate these characteristics to assess:

a. The Authority’s current and prospective competitive position relative to other major Gulf and East coast ports and other U.S. ports (as applicable).

b. The Authority’s current and prospective position relative to other Gulf Coast and South Atlantic ports (including opportunities for which the Authority currently offers no facilities).
2.2 Phase 2 - Develop Forecasts / Identify Facility Requirements

2.2.1 Provide a range of low and high forecasts by cargo type indicating pertinent market share anticipated for Gulf Coast ports and the Authority. Identify specific cargo types for which significant growth opportunities may be available – both short and long-term. Discuss conditions likely required for effective capture of the opportunities identified. Break forecasts into short term (5 years) and long term (up to 20 years). Generally these forecasts will include sets of traffic forecasts with differing levels of confidence, including:

- Committed traffic through agreements with carriers or potential port users
- Base traffic, developed from historical cargo projections for Authority facilities
- Potential Capture traffic from regional ports and/or neighboring countries,
- Potential for hub development at regional or international level
- Special project cargoes related to new developments within the Authority’s area of influence (e.g. highway, barge or rail transportation links)

In order to convert the traffic forecasts to facility needs, the Authority expects the product or commodity analyses to be presented in terms (both import and export) of the following cargo handling modes:

- Non-Containerized General cargo, by primary product
- Containerized General cargo by characteristics (full, empties, 40s, 20s reefers,)
- Neo bulk or special general cargo (vehicles, ro/ro, steel plates, special cargoes)
- Dry Bulks (High volume, low volume, characteristics, both mineral and agricultural)
- Liquid Bulks (Petroleum and other products)

2.2.2 Identify typical facility requirements associated with identified major marine cargo opportunities – both in-water and upland facilities including transportation linkages and other ancillary services. These requirements also should be characterized in terms of a range of facility size(s), specifications, usage and investment required.

2.3 Phase 3 - Inventory existing Port marine facilities

2.3.1 Using primarily Authority provided information, review and compile information on existing marine terminal facilities at the Port of Mobile. Assess the suitability of these facilities to serve existing and prospective cargo requirements. The analysis would examine physical characteristics such as water depth, intermodal connections, berth length potential,
uplands areas and configuration, environmental and/or other issues that might impact project implementation, operational efficiency, flexibility to meet future demand, and other factors.

2.4 Phase 4 - Recommend future marine facilities

2.4.1 Review current Port of Mobile business activities and make recommendations for enhancement of existing operations. Recommendations may cover such topics as facility improvements, targeted cargo/carrier marketing, increasing facility utilization and revenues, and additional development or redevelopment of existing facilities better positioning the Authority to capture the short-term and long-term opportunities identified.

2.4.2 Identify additional marine terminal facilities, infrastructure and services required to meet the Port’s forecasted market opportunities. In particular, Provide a rationale (or justification) describing why existing facilities are not adequate and how additional marine terminals are most suitable for the cargos, marine terminal and upland facility opportunities for which additional facility needs have been identified.

   a. Specify both in-water and upland facilities required (together with associated land requirements).

   b. Outline infrastructure required at existing and as yet undeveloped Authority and Mobile/Baldwin county properties to serve the marine terminal uses recommended for consideration.

   c. Provide preliminary cost estimates for facilities and associated infrastructure required to realize each marine market opportunity identified (in current 2006 dollars).

   d. At a minimum, functional requirements determination must address the following major elements: Vessel navigation (draft, turning basin, etc), Storage (yards, buildings, tanks, etc.), Gate Transfer (if applicable), Intermodal or hinterland transfer, and anticipated technology trends or productivity enhancements.

2.4.3 Develop financial and economic models to test the viability and economic impact of the selected projects over time. Typically the financial evaluation will be a cash flow type of model, using competitive tariffs or revenue expectations, compared with capital, operations and maintenance costs for the new installations.

The financial analysis will include preparation of pro forma financial statements including the balance sheet, income statement, and sources and application of funds statement. The life-cycle cost approach will be used for annualizing costs of major pieces of equipment. Financial performance indicators such as the operating ratio, debt servicing ratio, debt-equity ratio and current ratio will be prepared and evaluated to complete the profit/loss analysis.
Economic benefits evaluations will identify various levels of benefits, beginning with direct job creation, tax or state revenue generation, shipping cost savings (to port consumers), indirect employment, attraction of new port related business, etc.

The results of the simulations will be presented in an accepted format, such as the Return on Investment (financial), Internal Rate of Return (financial and economic), Cost Benefit ratio, or shipping cost savings, as appropriate.

A sensitivity and financial risk analysis will be conducted to test the robustness of the financial and economic viability results. The sensitivity tests will focus on such risks as debt-equity splits, changes in traffic levels, differing tariffs and increases in capital and borrowing costs.

### 2.5 Timeline

The marine market analysis is to be completed no later than 130 days from notice to proceed.

Reports will be prepared for each phase of the project according to the timeline below. Interim draft reports (at least 80 percent complete) are acceptable with final reports for each phase due as outlined below:

<table>
<thead>
<tr>
<th>Phase</th>
<th>80% draft</th>
<th>Final</th>
<th>Due</th>
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<tbody>
<tr>
<td>Phase 1 reports</td>
<td>no later than 45 days from notice to proceed</td>
<td>Includes presentation to Port project team</td>
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<tr>
<td>Phase 2 reports</td>
<td>no later than 70 days from notice to proceed</td>
<td>Includes presentation to Port project team</td>
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<td>Phase 3 reports</td>
<td>no later than 95 days from notice to proceed</td>
<td>Includes presentation to Port project team</td>
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<td>Phase 4 reports</td>
<td>no later than 115 days from notice to proceed</td>
<td>Includes presentation to Port project team</td>
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<tr>
<td>Executive Summary</td>
<td>no later than 130 days from notice to proceed</td>
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<tr>
<td>Progress reports</td>
<td>as required</td>
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Payments for services under this contract will be certified for payment after deliverables (80 percent draft and final report) are received for each phase.
3. **SUBMITTAL REQUIREMENTS / EVALUATION CRITERIA**

Proposals will be evaluated by Authority staff. The evaluation will be in accordance with the criteria outlined in this RFP, and may include requests by the Evaluation Team for additional information, oral discussions, site visits, or inquiries into the experience and responsibility of the Respondent. The Evaluation Team will report its findings to the Authority’s Director/CEO.

The submittal must include the following sections and be submitted with an original and 5 copies. It must include the following sections:

**3.1 Cover Letter (worth 5 points)**

At a minimum, the cover letter shall specifically stipulate that the consultant firm accepts all terms and conditions contained in the request for proposal and the Alabama State Port Authority model contract for professional services. Suggestions for non-substantive modifications may be made, but the acceptance may not be conditional upon such modifications.

The letter shall name the persons authorized to represent the consultant in any negotiations and the name of the person(s) authorized to sign any resultant contract. The letter shall be signed by an authorized representative of the consulting firm.

**3.2 Firm Background, Qualifications, and General Experience (worth 15 points)**

This criterion relates to the firm’s capabilities and resources in doing the work contained in this RFP. The response must include at least three verifiable references and should address the following:

- Similar projects, by type and location, which have been performed within the last five years, that best characterize work quality.
- Similar projects the firm has done with other government agencies, especially ports.
- Internal procedures and policies associated or related to work quality.
- Demonstrated capability on similar projects.
- Management and organizational structure.

**3.3 Proposal Methodology (worth 20 points)**

In this section, the consultant will outline their methodology to accomplish the requirements outlined in section 2 of this RFP. Specifically, this section should address:
- Consultant’s understanding of project objectives and situation context
- Outline of work approach and task-specific methodology

3.4 Experience and Education of Assigned Staff (worth 25 points)
The minimum qualifications of the staff assigned work under this contract will be a minimum of three years experience performing the types of duties required by the specific project. The response shall include the following:
- Professional education of assigned staff.
- Experience of assigned staff in working as team members on similar projects.
- Assigned staff experience on similar or related work of the type required for this contract and knowledge of the broad market areas available to Mobile.

3.5 Communication, Work Relationship, and Availability (worth 15 points)
At a minimum, the response shall address the below items. Also identify team organization, project management and reporting responsibilities, and involvement of specific team members by work phase.
- Ability to meet the timeline in section 2.5 of this RFP
- Availability of staff to perform work during the duration of the contract.
- Extent of principal involvement.
- Extend of project manager involvement.
- Quality assurance review responsibility.

3.6 Compensation Structure (worth 20 points)
This criterion relates to reasonableness of the firms billing and compensation structure. The response shall address the hourly rates charged for the various staff required for these types of projects and reimbursable expenses. The Authority will negotiate for a fee amount subsequent to selection. If the Authority and the selected consultant are unable to reach agreement, the Authority reserves the right to negotiate with other bidders.

4. GENERAL INSTRUCTIONS AND CONDITIONS
4.1 Proposals – Respondents must submit one (1) original and five (5) copies. Proposals must be enclosed in a sealed envelope and delivered to the Alabama State Port Authority, 250
North Water Street, Mobile, AL 36602. The outside of the envelope shall plainly identify the subject of the proposal and the name and address of the consultant.

4.2 Late Proposals – Proposals received after the scheduled closing time for filing will be returned to the consultant unopened.

4.3 Clarification of Request for Proposals – Consultants who request a clarification of the RFP requirements must submit questions in writing to the Alabama State Port Authority, Attention: Hal Hudgins, Vice President Planning and Security. Written questions must be received by the Authority no later than five (5) working days prior to the scheduled deadline for proposals. A response will be issued in the form of an addendum to the RFP by the Authority, if a substantive clarification is in order.

Oral instructions or information concerning the request for proposal given out by Authority agents to prospective respondents shall not bind the Authority.

4.4 Cost of Proposal – This request for proposal does not commit the Authority to pay any costs incurred by any respondents in the submission of a proposal or in making studies or designs for the preparation thereof, or for procuring or contracting for the services to be furnished under the request for proposal.

4.5 Conflict of Interest – A respondent filing a proposal thereby certifies that no officer, agent or employee of the Authority who has pecuniary interest in this request for proposal has participated in the contract negotiations on the part of the Authority, that the proposal is made in good faith without fraud, collusion or connection of any kind with any other respondent of the same call for proposals, and that the respondent is competing solely in its own behalf without connection with or obligation to, any undisclosed person or firm.

4.6 Investigation – The consultant shall make all investigations necessary to inform itself regarding the service(s) to be performed under this request for proposals.

4.7 Rejection of Proposals – The Authority reserves the right to reject any or all responses to the Request for Proposals.

4.8 Notice of Assignment – The Authority will not recognize any assignment or transfer of any interest in the contract without written notice to and written acceptance by the Director/CEO of the Alabama State Port Authority.

4.9 Failure to Perform – In the event the successful respondent(s) fail to perform and is not covered by a performance bond, the Authority will procure the articles or services from other sources and the respondent shall be liable for any excess cost incurred.
4.10 Public Disclosure of Proposals - Any information provided to the Authority pursuant to this RFP is subject to public disclosure pursuant to public records law. Any information that is deemed by the Respondent to be exempt from disclosure should be plainly marked and separated from the remainder of the proposal.

4.11 Cancellation – The Authority reserves the right to cancel in whole or any part of the contract if the respondent willfully fails to perform any of the provisions in the contract, or fails to make delivery within the time stated, unless the time extended by the Authority.