

PORT OF SEATTLE
MEMORANDUM

DATE: December 12, 2014

TO: Port Commission
Theodore J. Fick, Chief Executive Officer

FROM: Ralph Graves, Managing Director Capital Development Division
Kurt Beckett, Deputy Chief Executive Officer

SUBJECT: **Notification that the Port intends to increase the value of Service Agreement P000317908 with Mercator International by an additional \$125,000.**

NOTIFICATION

This Memo serves as notification that the Port approved a second competition waiver to amend an agreement with Mercator International by an additional \$125,000 for a new contract total of \$400,000.

The work Mercator has performed to date helped to facilitate the formation of an Alliance with the Port of Tacoma and the Port of Seattle. The work of this amendment will support the needs of the Alliance in strategic planning, due diligence and decision making and, support submittals to the Federal Maritime Commission.

Executing this amendment will increase the contract value above the \$300,000 authority limit. The need to have Mercator International perform work is critical and immediate. The approval of this action is justified under Resolution 3605 Section 4.2.3.7 Authorization for Critical Work which reads, in part, "...the Commission authorizes the CEO to spend up to Five hundred Thousand Dollars... The CEO shall have authority to spend the funds if... (ii) any delay in addressing the situation will likely result in significant cost increases or adverse schedule impacts to the Port, other public agencies or private property owners, and, (iii) where prior Commission authorization cannot, even on an expedited basis, be obtained..." Per the procedures of Resolution 3605, staff will present a memorandum to ratify this action at the January 6, 2015 Commission meeting.

The amendment is justified under Resolution 3605, Section 6.5 Competition Waivers. This section reads, in part, "The CEO is authorized to approve competition waivers consistent with applicable federal and state laws and internal Port policies..." The condition that applies here is Condition (iv) which states, in part, "has exclusive knowledge that was provided during a prior phase of the contract or project..."

Please see the attached Competition Waiver for additional details.

Per the requirements of RCW 53.19.060 Commission is also notified that this amendment will increase the contract in excess of 50% of its original value.



PORT OF SEATTLE
MEMORANDUM

DATE: December 12, 2014

TO: Ralph Graves, Managing Director, Capital Development Division
Craig Watson, General Counsel
Nora Huey, Director, Central Procurement Office

FROM: Kurt Beckett, Deputy Chief Executive Officer

SUBJECT: **Requesting a second competition waiver to amend Service Agreement P-00317908 with Mercator International by an additional \$125,000.**

JUSTIFICATION FOR INCREASING SERVICE AGREEMENT VALUE

This is a second competition waiver to amend an agreement with Mercator International by \$125,000 for a new contract amount of \$400,000. A competition waiver was previously requested on August 21, 2014 (attached) to amend the contract by \$76,000, which increased the value to \$275,000.

The Ports entered into a contract with Mercator International, LLC to analyze the current international container situation, the competitive landscape, and consider ways in which the Puget Sound Ports can position themselves to retain and grow their market share of the international container business.


The work Mercator has performed to date helped to facilitate the formation of an Alliance with the Port of Tacoma and the Port of Seattle. The work of this amendment will support the needs of the Alliance in strategic planning, due diligence and decision making and, support submittals to the Federal Maritime Commission. Mercator's tasks in support of the Alliance may include, as needed, presentations to the executive leadership of the both Ports, updates to financial modeling, final preparation of financial model documentation, and continued question and answer support on the model.

This project requires quick action by Mercator to complete activities supporting time-sensitive negotiations between the Port of Tacoma and Port of Seattle and support preparations for presentations to the Federal Maritime Commission. Mercator is uniquely qualified to perform this work because of prior knowledge and work done to date with the initial reporting and analysis, and their understanding of the proposed arrangement. Mercator is in the best position to complete the work expeditiously.

REQUESTED ACTION/RECOMMENDATION


We request a second competition waiver to amend the agreement with Mercator International by \$125,000 for a new contract total of \$400,000.

CONCURRENCE WITH RECOMMENDATION:



Craig Watson, General Counsel

12.16.14
Date



Nora Huey, Director, Central Procurement Office

12/15/14
Date

APPROVAL:



Ralph Graves, Managing Director Capital Development Division

12/15/14
Date

Attachments: August 21, 2014 Competition Waiver

PORT OF SEATTLE
MEMORANDUM

DATE: December 12, 2014

TO: Port of Seattle Commission
Theodore J. Fick, Chief Executive Officer

Port of Tacoma Commission
John Wolfe, Chief Executive Officer

FROM: Kurt Beckett, Port of Seattle Deputy Chief Executive Officer
Julie Collins, Port of Tacoma Chief External Affairs Officer
Nora Huey, Director, Central Procurement Office *NH*
Mark Little, Director, Contracts and Purchasing

SUBJECT: Notification Per RCW 53.19.060 of the Ports' Intent to Amend Service Agreement P-00317908 by \$125,000 for a new total of \$400,000.00

NOTIFICATION

Per the requirements of RCW 53.19.060, the purpose of this memorandum is to notify the Port of Seattle and Port of Tacoma Commissions of our intention to amend Service Agreement P-00317908 for an amount not to exceed \$125,000. With the new amendment, the total contract value would be \$400,000 and is in excess of 50% of its original contract value.

This memorandum will be placed on file for public inspection at the Port's Bid Desk.

BACKGROUND:

The Ports entered into a contract with Mercator International, LLC to analyze the current international container situation, the competitive landscape, and consider ways in which the Puget Sound Ports can position themselves to retain and grow their market share of the international container business.

The work Mercator has performed to date helped to facilitate the formation of an Alliance with the Port of Tacoma and Port of Seattle. The work of this amendment will support the needs of Alliance in strategic planning, due diligence and decision making. Mercator will make presentations to the executive leadership of both Ports, update a financial model, and provide documentation and ongoing support for the model. Mercator will also be called upon, as needed to assist with preparations for presentations to the Federal Maritime Commission.

For the Port of Seattle, please contact Kurt Beckett (206) 787- 3241, beckett.k@portseattle.org or Nora Huey, (206) 787-3408, huey.n@portseattle.org with questions regarding this amendment.

For the Port of Tacoma, please contact Julie Collins (253) 428 8609 jcollins@portoftacoma.com or Mark Little, (253) 383-9453, mlittle@portoftacoma.com with questions regarding this amendment.

CC: Port Commission, Larry Ehl
Port Bid Desk
Contract File

DATE: August 28, 2014

TO: Port of Seattle Commission
Tay Yoshitani, Chief Executive Officer

FROM: Ralph Graves, Managing Director Capital Development Division *RLG*
Kurt Beckett, Deputy Chief Executive Officer *SAB*

SUBJECT: Notification that the Port intends to increase the value of a CAT II Service Agreement with Mercator International. (P-00317908) above the Category limit of \$199,999 in accordance with CPO-1 9.3.2 through a Competition Waiver

NOTIFICATION

This Memo services as notification that the Port executed a Competition Waiver to amend a Category II (less than \$200,000) Service Agreement by \$76,000 for a total contract amount of \$275,000.

Increasing the value of this contract will allow Mercator International to complete work. Mercator is uniquely positioned to complete this work due to prior knowledge gained during the initial study and analyses.

This amendment is justified under Resolution 3605, Section 6.5 Competition Waivers. This section reads, in part, "The CEO is authorized to approve competition waivers consistent with applicable federal and state laws and internal Port policies...". The condition that applies here is Condition (iv) which states, in part, "has exclusive knowledge that was provided during a prior phase of the contract or project..."

Please see the attached Competition Waiver for additional details.

RECEIVED
AUG 26 2014

2014-011

BY: Craws

PORT OF SEATTLE
MEMORANDUM

DATE: August 25, 2014

TO: Ralph Graves, Managing Director, Capital Development Division
Craig Watson, General Counsel
Nora Huey, Director, Central Procurement Office

FROM: Kurt Beckett, Deputy Chief Executive Officer *ZAB*

SUBJECT: Request for competition waiver to increase the value of a CAT II Service Agreement Mercator International. (P-00317908) above the Category limit of \$199,999 in accordance with CPO-1 9.3.2

JUSTIFICATION FOR INCREASING SERVICE AGREEMENT VALUE

The Port intends to increase the value of a contract with Mercator International by \$76,000 for a total contract amount of \$275,000. The original contract was procured as a Category II contract, which is limited to a maximum price of \$199,999.

The Ports entered into a contract with Mercator International, LLC to analyze the current international container situation, the competitive landscape, analyzing strategic gateways in N. America, and consider ways in which the Puget Sound Ports can position themselves to retain and grow their market share of the international container business. The initial contract value was \$85,000 and amended on May 1, 2014 to add \$114,000 for continued work. The purpose of this amendment is to add scope and funding for Mercator to finalize the project and provide additional consultation and advice to the executive leadership of the Port of Seattle and Port of Tacoma.

This project requires quick action by Mercator to complete activities supporting time-sensitive negotiations between the Port of Tacoma and Port of Seattle. Mercator is uniquely qualified to perform this work because of prior knowledge and work done to date with the initial reporting and analysis, and their understanding of the proposed arrangement. Mercator is in the best position to complete the work expeditiously.

REQUESTED ACTION/RECOMMENDATION

We request a competition waiver to amend the Service Agreement with Mercator International for an additional \$76,000 for a new contract total of \$275,000.

2014-011

CONCURRENCE WITH RECOMMENDATION:



Kurt Beckett, Deputy Chief Executive Officer

8-25-14

Date



Craig Watson, General Counsel

8-29-14

Date



Nora Huey, Director, Central Procurement Office

8-26-14

Date

APPROVAL:



Ralph Graves, Managing Director Capital Development Division

8-29-14

Date