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Maritime Administration Long-Term Ship Disposal Program



April 6, 2001

<http://www.marad.dot.gov>

Administrative Information

- Restrooms
- Non-smoking Building - smoking is permitted on the plaza only

Meeting Format

- Briefing - Approximately 45 Minutes
- Substantive Questions & Answers
 - Completed forms will be collected after the briefing
 - During the break following the briefing, MARAD will determine which questions can be answered immediately
 - All questions & answers will be posted on MARAD's Internet site at <http://www.marad.dot.gov> within approximately 2 weeks after this meeting
- Clarification Questions - May be asked during the briefing

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IMPORTANT MESSAGE



MARAD WILL BUY DIRECT

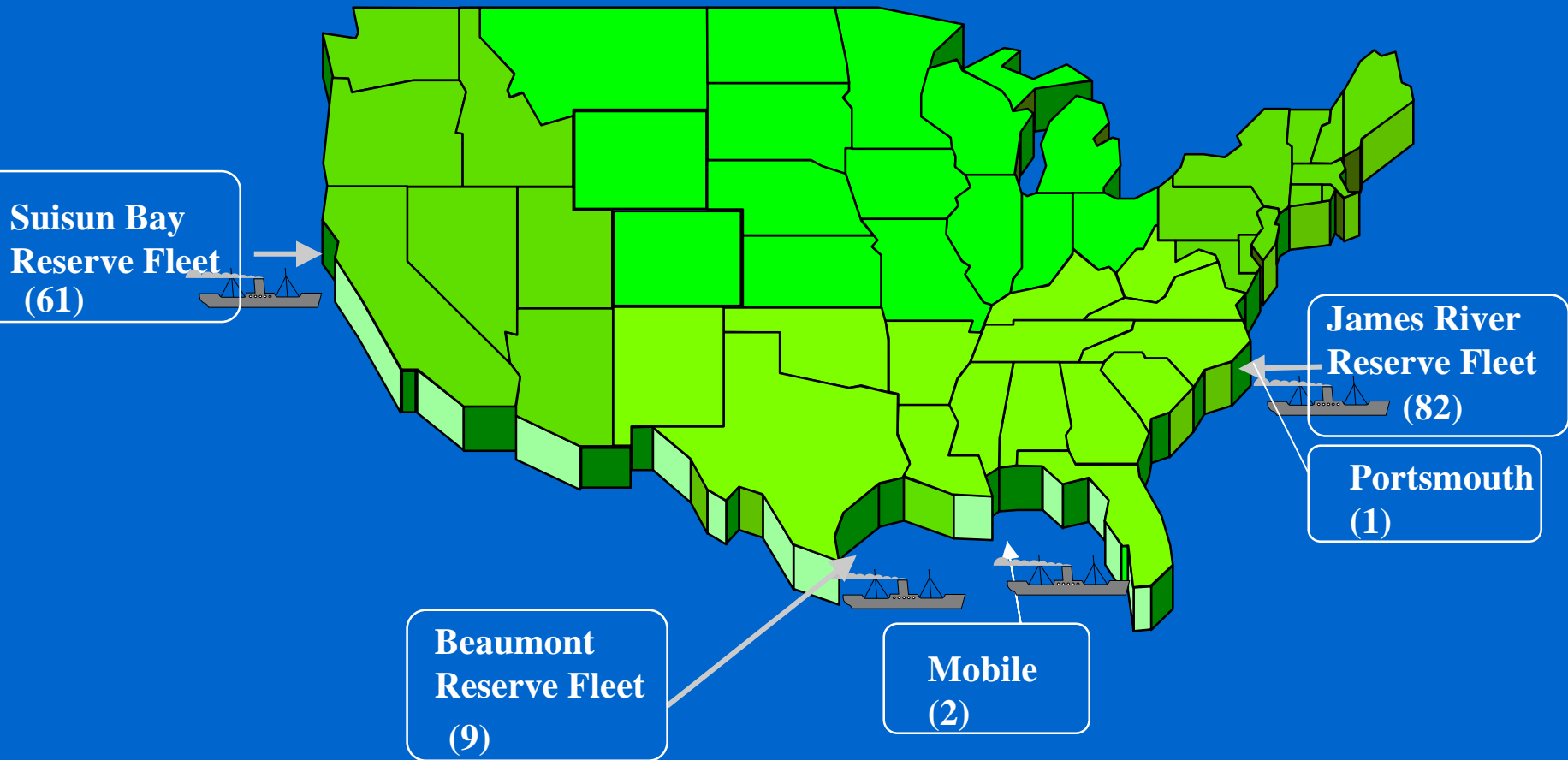
For FY02 and Beyond

Ship Disposal

Top Management Challenge

According to DOT IG, Ship Disposal is considered one of the top management challenges to the Department and has been identified as Secretarial Level Issue during Transition.

MARAD is the Federal Government's disposal agent for merchant type vessel's of 1,500 gross tons or more. Current inventory of obsolete vessels is 115, additional ships will be added as more vessels become obsolete and Navy transfers continue. Estimated to be 155 by the end of FY 2006.



Long-Term Program

- MARAD announced its intent to establish a long-term program in the Commerce Business Daily in Dec 2000
 - Industry comments were permitted until 15 Feb 2001 (to be posted on MARAD's Website along with Questions/Answers)
 - Industry Meeting
 - MARAD will issue a Draft Solicitation for the long-term program to solicit additional industry comments

Long-Term Acquisition Strategy

- MARAD has a need to acquire ship disposal services for obsolete NDRF vessels.
- Obsolete Vessel Locations:
 - James River Reserve Fleet, Ft. Eustis, VA (82)
 - Portsmouth, VA (1)
 - Beaumont Reserve Fleet, Beaumont, TX (9)
 - Mobile, AL (2)
 - Suisun Bay Reserve Fleet, Benicia, CA (61)

Long-Term Acquisition Strategy

- Program Requirements:
 - Use of qualified scrapping facilities
 - Most expeditious methodology & location practicable
 - Without predisposition toward foreign or domestic facilities
 - At least cost to the Government
 - Giving Consideration to Worker Safety & the Environment

Long-Term Acquisition Strategy

- Program Requirements (Cont):
 - To be Considered for Award, Facilities Must
 - Be able to scrap multiple vessels per year
 - Be able to accommodate the variety of vessel characteristics/sizes contained on MARAD's Obsolete Vessel Listing (to be posted on MARAD's Website at <http://www.marad.dot.gov>)

Long-Term Acquisition Strategy

- MARAD intends to release a Request for Proposal (RFP) to cover the following:
 - Lot 1 - East Coast vessels
 - Lot 2 - Gulf Coast vessels
 - Lot 3 - West Coast vessels
- Offerors wanting to compete for all three Lots must submit separate proposals for each Lot bid

Long-Term Acquisition Strategy

- Phased Approach
 - Lots may be awarded in Phases due to
 - Priority of Vessels to be Scrapped based on vessel condition
 - Phase I may cover Lot 1 (East Coast) vessels only
 - Price Reasonableness is always a consideration in contract awards
 - Availability of Funding

Long-Term Acquisition Strategy

- Contract Type
 - **Fixed Price (FP)**
 - Adjustments Above the Estimated Quantities for Disposal of Hazardous Materials
 - **Indefinite Delivery/Indefinite Quantity (IDIQ)**
 - **Multiple minimum awards for each Lot**
 - Lot 1 (East Coast)
 - Lot 2 (Gulf Coast)
 - Lot 3 (West Coast)
 - **Minimum award depends on the number of vessel per lot and the vessel condition**

Long-Term Acquisition Strategy

- Basic Award
 - Minimum awards are dependent on Lot Size (I.e. number of vessels in Lot) and Availability of Funding
 - Follow-on task orders to be awarded competitively among successful contractors by Lot (Coast)
 - Follow-on task orders to be awarded for multiple vessels to realize Economies of Scale and to take advantage of the ship scrapping facilities' full capabilities

Long-Term Acquisition Strategy

- RFP Minimum Requirements (Technical)
 - Detailed Operation Plan
 - Proposed Scrapping Schedule
 - Capability & Technical Approach to Ship Dismantling
 - Subcontractor/Teaming Relationships
 - Approaches to Cost Collection/Cost Control
 - **Maximizing Scrap Sale Proceeds + Minimizing Process Costs = Lowest Net Cost**

Long-Term Acquisition Strategy

- RFP Minimum Requirements (Technical) Cont.
 - Detailed Environmental Management Plan
 - (Listing is NOT all inclusive)
 - Processes & Procedures used to Manage Hazardous Materials/Wastes
 - Knowledge of EPA promulgated protocols & test methods
 - Pertinent information on facilities & subcontractors
 - Valid site and other permits, certifications and properly trained & experienced personnel

Disclosure of Company and Subcontractor Regulatory Compliance Histories

Long-Term Acquisition Strategy

- RFP Minimum Requirements (Technical) Cont.
 - Detailed Safety & Health Management Plan
 - Processes & Procedures used to Ensure a Safe & Healthy Work Environment

Disclosure of Company and Subcontractor Regulatory Compliance Histories

Long-Term Acquisition Strategy

- Basis for Award - Best Value
 - Best Value Considerations:
 - Technical Plans
 - Schedule
 - Ability to Remove Vessels from the Fleet Site in an Expeditious Manner
 - Scrapping Schedule of Vessel(s)
 - Ability to Scrap more than one Vessel Concurrently
 - Price
 - Relevant Past Performance

Long-Term Acquisition Strategy

- Basis for Award - Best Value & Trade-offs
 - Under the Best Value Concept, Trade-offs are permitted
 - MARAD reserves the right to award to the higher technically ranked offeror who offers an advantageous/expeditious schedule at a somewhat higher price
 - MARAD further reserves the right to award to the lower technically ranked offeror at a lower price, when prices of higher technically ranked offerors are such that they diminish the value to the Agency

Long-Term Acquisition Strategy

- Consideration of Worker Safety & the Environment
 - Compliance with all U.S. statutory and regulatory requirements including, but not limited to, the Toxic Substance Control Act (TSCA), the Resource Conservation & Recovery Act (RCRA), Occupational Health and Safety Act (OSHA), as well as international laws, treaties, conventions and agreements, as appropriate, will be the responsibility of the scrapping facility.

Long-Term Acquisition Strategy

- Compliance (cont.) :
 - In Accordance with the Memorandum of Agreement (MOA) on Interagency Coordination and Cooperation for Ship Scrapping, MARAD will make the required notifications to the EPA and OSHA

Long-Term Acquisition Strategy

- Long-Term Strategy
 - In accordance with the National Defense Authorization Act of 2001, MARAD must dispose of all obsolete NDRF vessels by September 30, 2006
 - In order to meet this statutory deadline this requires the scrapping of an average of 30 vessels per year

Long-Term Acquisition Strategy

- Economic Considerations:
 - COMPETITION! COMPETITION!
COMPETITION!
 - Least Cost to the Government
 - Based on industry comments, anticipate that the contract price will go down with the award of multiple vessels due to economies of scale

Long-Term Acquisition Strategy

- Proposed Timeline

- Release Draft RFP June 2001
- Site Visits June/July 2001
- Industry Comments Due June 2001
- Release RFP July 2001
- Preproposal Conference July 2001
- Proposals Due Aug 2001
- Evaluation Process Completed Sep 2001
- Award Date Oct 2001

Award is subject to availability of funds!

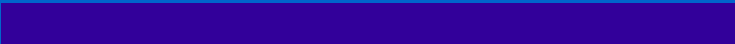
Long-Term Acquisition Strategy

- Question Forms
 - Please provide your completed forms to a designated MARAD Representative
 - 30-Minute Break
 - MARAD will address those questions that can be answered immediately after the break
 - All Questions/Answers and Industry Comments will be posted on MARAD's Website within approximately two weeks after this meeting

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BACKUP SLIDES



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General Agency Information

Ocean Shipholdings, Inc.

Website: <http://www.oceanshipholdings.com/>

Mr. Jan Postma, Contract Purchasing Manager at:

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MARAD Information

Public Affairs Office:

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Title XI Program:

<http://www.marad.dot.gov/TitleXI/index.html>