

AGENDA REPORT

Resolution: Exclusive Negotiating Agreement with GAWFCO Enterprises Inc., for the Development and Lease of a Fuel Station and Drayage Truck Services Center (**Maritime**)

MEETING DATE: 7/27/2017

AMOUNT: \$10,000 Non-Refundable Fee

PARTIES INVOLVED: GAWFCO Enterprises Inc., Walnut Creek, CA
Mike Ahmadi, President

SUBMITTED BY: John C. Driscoll, Director of Maritime

APPROVED BY: J. Christopher Lytle, Executive Director

ACTION TYPE: Resolution

EXECUTIVE SUMMARY

On February 3, 2017, the Port of Oakland ("Port") issued a Request for Proposals (RFP) for the development and lease of a fuel station and drayage truck services center. Three proposals were received, of which two qualified for further evaluation. Based on the evaluation, Port staff ("Staff") is requesting authorization from the Port's Board of Commissioners ("Board") to enter into exclusive negotiations with GAWFCO Enterprises, Inc., to negotiate the terms of a lease agreement to build and operate a fuel station and drayage truck services center on approximately six acres of land off Maritime Street, in the Outer Harbor area of the Port's Maritime area ("Seaport"). If approved by the Board, Staff would negotiate exclusively with GAWFCO Enterprises, Inc., for an initial four-month period, with the possibility of a two-month extension. Negotiations would commence on August 1, 2017. If the negotiations are successful, Staff would then request the Board's authorization to enter into a lease and related agreements with GAWFCO Enterprises, Inc.

BACKGROUND

For some time, Staff has identified the need for a truck service facility within the Seaport ("the Project"). The Project could efficiently provide services that are not currently readily available, while helping to keep trucking activities out of adjacent neighborhoods and commercial areas. No fuel station or combined drayage truck service center is currently located within the Seaport.

Staff identified an area off Maritime Street (see Exhibit A, the “Site”) that is ideally located for this type of use, given its:

- Proximity to the new developments under way or planned on the former Oakland Army Base (OAB);
- Proximity to the Interstate 80/880/580 freeway corridors; and
- Location within the Seaport overweight truck corridor.

This Site is currently occupied by businesses that conduct container/chassis staging, chassis/truck repairs, office space, and agricultural transloading. A few of these companies also lease additional properties at the Seaport, within which they could consolidate these activities or expand these premises to accommodate what would be displaced by the Project. The Port would work to relocate all other displaced tenants to vacant properties within the Seaport, to minimize loss of revenue and service.

After receiving various inquiries, including an unsolicited proposal, for the development of the Project, Staff issued a RFP on February 3, 2017, for the “Development and Lease of a Fuel Station and Drayage Truck Services Center.” The RFP is accessible online at <http://www.portofoakland.com/wp-content/uploads/2017/02/2.03.17-Final-RFP-Fuel-Station-and-Drayage-Truck-Services.pdf>. Proposals were due on March 28, 2017. Staff disseminated the RFP in several ways:

- Port website;
- Advertisement in the Oakland Tribune;
- Directly e-mailed to seaport stakeholders and maritime industry contact; and
- Verbal communication with known interested parties or in response to inquiries about available property within the Seaport.

On March 28, 2017, three respondents submitted proposals in response to the RFP:

- Pilot Travel Center LLC, dba Pilot Flying J;
- GAWFCO Enterprises, Inc. (“GAWFCO”); and
- Sacramento 49er Travel Plaza.

ANALYSIS

While this Site currently is occupied by month-to-month tenancies, the condition and age of the buildings and utility infrastructure are in need of significant upgrades to maximize functionality and utility of this property. Securing a long-term tenancy will serve the daily needs of the drayage trucking community, promote Seaport-wide operational efficiencies and help concentrate Port-related truck traffic within the Seaport, rather than adjacent areas. The Port will work to relocate, if vacant land and/or office space are available, all current tenants at the Site within the Seaport.

The Port understands the City of Oakland (“City”) is planning a development similar to the proposed Project, on the City-owned portion of the former OAB along Maritime Street. Staff believes the Port’s proposed Project Site and surrounding area can support more than one truck service facility based on current and projected trucking activity, as well as evidenced demand for these services. Additionally, Staff believes that future customers would ultimately benefit from having multiple offerings in the market place (i.e., higher quality of service and facility standards).

To evaluate the proposals received, the Port established a five-person Evaluation Committee (the “Committee”) comprised of five Staff members. The Committee evaluated each proposal based on criteria set forth in the RFP, and as listed below:

1. **Minimum Qualification (Pass/Fail)** – History of developing and operating fueling facilities and ancillary truck services in a safe and effective manner;
2. **Adherence to Port Policy Requirements and Required Forms (Pass/Fail)** – Completion of forms attached to RFP;
3. **Proposer Information** – Company Information, Litigation Information, Past Performance, Resources, Key Personnel;
4. **Knowledge and Experience** – Three examples of developments/operations in similar size and scope of this RFP, Local Knowledge;
5. **Plan & Approach** – Term of Lease, Rent Structure, Detail of Operations, Proposed Facility Layout; Environmental Plans, Infrastructure Plans, Facility Development Process, Detailed Preliminary Schedule, Confirmation that the Maritime and Aviation Project Labor Agreement (“MAPLA”) will be followed; and
6. **Non-Discrimination and Small Business Utilization** – Number of jobs created during construction and operation, utilization of local business and local hire goals.

Ratings were assigned to each of the six criteria based on the sub-set of indicators noted above. The Sacramento 49er Travel Plaza proposal was found to be incomplete and was disqualified. Pilot Flying J and GAWFCO each submitted a complete proposal that qualified for a Committee review and a subsequent oral presentation. Each proposer ranked GAWFCO higher than Pilot Flying J, for the reasons summarized below.

- **Proposer Information** - The Committee rated the proposers equally across many sub-factors under this criterion, including each company’s past performance, key personnel and available resources.
- **Knowledge and Experience** - Both proposers were rated similarly in this area. Each proposal provided examples of prior projects and operational facilities demonstrating the company’s ability to fulfill the scope of the RFP. While Pilot Flying J had experience in the nationwide market, GAWFCO is headquartered in the East Bay of the San Francisco Bay Area, and has a portfolio that is focused primarily within the Northern California region.
- **Plan and Approach** - GAWFCO received a higher score under this criterion due to several factors, including its facility design and overall service offering (including

overnight truck parking equipped with Idle Air service to allow trucks to turn off all engines while parked), high land utilization, alternative fuel availability, and job creation.

In summary, both proposals were competitive. However, GAWFCO's proposal was the most responsive and aligned with the Port's objectives. While Pilot Flying J proposed a higher fixed rent, GAWFCO's proposal included a variable rent component that narrowed the fixed rent differential between the two proposals. Staff recommends entering into an Exclusive Negotiating Agreement ("ENA") with GAWFCO, effective August 1, 2017, to begin negotiating terms for an agreement to implement the Project. Staff recommends an initial four-month term, with two, one-month extensions if deemed necessary by the Executive Director.

BUDGET & STAFFING

The proposed action does not have any budget or staffing impact. Staff will participate in the negotiations. GAWFCO would be required to pay a \$10,000 non-refundable, up-front fee.

MARITIME AVIATION PROJECT LABOR AGREEMENT (MAPLA)

An ENA does not fall within the scope of the Port of Oakland Maritime and Aviation Project Labor Agreement ("MAPLA") and the provision of the MAPLA do not apply to this action. However, it is intended that MAPLA will apply to the future Site development construction work, if such work proceeds.

STRATEGIC PLAN

The action described herein would help the Port achieve the following goals and objectives in the Port's Strategic Plan (<http://www.portofoakland.com/pdf/about/strategicPlan2011-2015.pdf>)

- Goal A: Objective 1: Maximize the use of existing assets;
- Goal A: Objective 3: Increase revenue, job creation and small business growth; and
- Goal B: Objective 5: Enhance customer services.

LIVING WAGE

Living wage requirements, in accordance with the Port's Rules and Regulations for the Implementation and Enforcement of the Port of Oakland Living Wage Requirements (the "Living Wage Regulations"), do not apply because the requested action is not an agreement, contract, lease, or request to provide financial assistance within the meaning of the Living Wage Regulations.

ENVIRONMENTAL

CEQA Determination: Entering into an ENA with GAWFCO to negotiate the terms of an agreement for the Project was reviewed in accordance with the requirements of the California Environmental Quality Act (CEQA); this action is not a project under CEQA as it will not cause a physical change in the environment.

Truck Management: The action will support implementation of the Port of Oakland's 2009 Maritime Comprehensive Truck Management Plan to reduce emissions of air pollutants, increase safety and security domain awareness, improve operations, and reduce traffic and congestion. It is expected that the Project will reduce the potential for on-road trucks to drive and park in residential neighborhoods adjacent to the Seaport for services, thereby contributing to on-going improvements to local air quality, safety, public health and congestion. As required by the 2012 Standard Conditions of Approval/Mitigation Monitoring and Reporting Program ("SCA/MMRP") for redevelopment of the former OAB, Port staff are currently collaborating with the City of Oakland on a joint Truck Management Plan ("TMP"). The goal of the TMP is to reduce truck parking and circulation in the residential areas of West Oakland. Once constructed and operational, the Project has the potential to contribute to the TMP goal by providing truck-related services within the boundaries of Seaport.

GENERAL PLAN

The proposed action is limited to the negotiation of a property agreement and will not itself authorize any addition of new facilities. Any work required under the new agreement will be subject to further approval and will require a finding of conformity with the City of Oakland General Plan.

OWNER-CONTROLLED INSURANCE PROGRAM (OCIP)

This action is not subject to the Port's Owner Controlled Insurance Program ("OCIP") as it is not a capital improvement construction project.

OPTIONS

Staff has identified the following options for the Board's consideration:

1. Authorize the Executive Director to enter into an ENA with GAWFCO to negotiate the terms of a lease to develop a new fuel station and drayage truck services center at the Seaport, as described herein.
2. Authorize the Executive Director to enter into an ENA with the second-ranking respondent, Pilot Flying J, to negotiate the terms of a lease to develop a new fuel station and drayage truck services center at the Seaport, as described herein.

3. Do not authorize the Executive Director to enter into an ENA with either of the qualified respondents. Under this option, the Board could direct staff to maintain current activities at the Site or pursue an alternative development at this site.

RECOMMENDATION

Staff recommends that the Board authorize the Executive Director to enter into an Exclusive Negotiating Agreement with GAWFCO Enterprises Inc., to negotiate the terms of a potential lease agreement to develop a new fuel station and drayage truck services center in the Port's Seaport, as described herein, with the following key terms:

- An initial term of four months, effective August 1, 2017;
- Two, one-month extensions at the Executive Director's sole discretion; and
- A non-refundable, up-front fee of \$10,000.00.

Exhibit A

Site Location

SEAPORT FACILITIES

