



# Richmond City Council

The Voice of the People

Richmond, Virginia


## Office of the Council Chief of Staff


### MEMORANDUM

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**To:** E. Robertson, Chair  
Land Use, Housing and Transportation Committee  
K. Graziano, Vice-Chair  
J. Baliles, Member

**Through:** Lou Brown Ali  
Council Chief of Staff

**From:** Steven Taylor, Council Policy Analyst  
Bill Echelberger, Council Budget Analyst 

**Copy:** Pamela Nichols, Assistant City Clerk  
Matt Welch, Assistant City Attorney  
Lou Ali Council Chief of Staff  
Vincent Jones, Council Deputy Chief of Staff 

**Date:** September 10, 2015

**Re: Bid Submissions for Lease of the Port of Richmond in Response to Ordinance No. 2015-168**

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Ordinance No. 2015-168 was introduced on July 27, 2015 to lease the Port of Richmond to a tenant to be determined. Subsequently, A Request for Bids was advertised for a Lease of the Port of Richmond for a term of forty years. (Copy attached.) These bids were due to the Richmond City Clerk by 4:00 P. M on September 8, 2015. As a result, the City has received three bid responses to its requests to lease and operate the Port of Richmond. The respondents are The Port of Virginia, PCI of Virginia, LLC, and David Peck of Peck Marine Terminal. The City currently leases its port to The Port of Virginia.

The current lease is for a term of five years with three options to renew. The Port of Virginia gave notice to the City of its desire to continue to lease the property and facilities but wishes to amend the term of lease from a five year lease to forty years. Both renewing the lease and changing its terms requires approval by City Council.

### **Virginia Port Authority**

Proposes a 40 year lease with \$180,000 annual rent which can be adjusted downward to \$100,000. This downward adjustment would be calculated based on a calculation of new business brought to the port.

The Port of Virginia further proposes extensive capital investment including economic development of the area along Commerce and Terminal Roads, dredging and rail improvements; and finally to work with the City's Workforce Development program to increase job opportunities for Richmonders.

The Virginia Port Authority is the current lease holder and has extensive experience operating ports facilities in Virginia. It is the third largest port operator in the eastern United States and a division of the Commonwealth of Virginia.

### **PCI of Virginia, LLC**

PCI of Virginia, LLC's proposal does not specify a lease term. It proposes \$200,000 in fixed annual rent with variable rents per container and bulk metric ton of cargo that may pay the City up to \$450,000 in annual rents. The proposal does not specify capital investments, nor does it include economic development of the area around the port or workforce development. PCI Virginia LLC has experience operating this port for the current tenant, the Virginia Port Authority. Its parent entity, Port Contractors Inc., operates ports facilities in Wilmington; DE, Fairless Hills; PA, and at three separate locations in Florida.

### **The Peck Group**

The Peck Group proposes a ten year lease with an option to renew for an additional ten years. The Peck Group further proposes rent of \$100,000 per year with a 10% increase in rent every five years and proposes sharing 25% of all profits with the City. The proposal does not specify capital investments, nor does it include economic development of the area around the port or workforce development. The Peck Group operates the Peck Marine Terminal in Chesapeake, Virginia. Mr. B. David Peck has been on the Board of the City's Port in the past.

Council staff has reviewed the bid proposals and developed the attached chart to assist members in a succinct review of the differences between the proposals.

**Bid Submissions for Lease of the Port of Richmond in Response to Ordinance No. 2015-168**

Summary of Proposals		Virginia Port Authority	PCI of Virginia, LLC	The Peck Group
<b>Lease Term</b>	\$180,000 Fixed	40 Years	Unspecified	10 Years with 10 Year option
<b>Annual Rent</b>	(Can be adjusted downward for new business activity. The annual rent is not projected to be less than \$100,000)		\$200,000 Fixed Variable: \$7.50 per container over 20,000 \$0.20 per metric ton bulk cargo \$0.20 per metric ton breakbulk cargo	\$100,000 Years 1 to 5, with 10% increase every 5 years.
<b>Profit Sharing with City</b>		No	No	25%
<b>Proposed Economic Development</b>		Yes	No	No
<b>Proposed Workforce Development</b>		Yes	No	No
<b>Proposed Capital Investment</b>	\$6.4 million to date Unspecified Future		Unspecified	Unspecified
<b>Additional Information</b>				
<b>Port Experience</b>	Newport News Marine Terminal, Norfolk International Terminals, Portsmouth Marine Terminal, Virginia International Gateway (Portsmouth), Crane Island, Port of Richmond, Virginia Inland Port (Front Royal)		Port Contractors, Inc. - Wilmington, DE, Fairless Hills, PA, Richmond, VA, Port Canaveral, FL, Port of Palm Beach, FL, Port Everglades, FL, and Port Manatee, FL	Peck Marine Terminal (Chesapeake)
<b>POR Experience</b>	Yes, Current Lease Holder		Yes, Current Port Operator	No
<b>Eligible for Direct State or Federal Capital Support</b>	Yes		No	No
<b>Web Site</b>	<a href="http://www.portofvirginia.com">http://www.portofvirginia.com</a>		<a href="http://www.portcontractors.com">http://www.portcontractors.com</a>	<a href="http://peckmarinetterminal.com">http://peckmarinetterminal.com</a>

Ad Content Proof Actual Size

**REQUEST FOR BIDS**

**For Lease, Franchise, Right and Privilege  
To Use and Maintain  
5000 Deepwater Terminal Road  
In the City of Richmond**

The City of Richmond is seeking bids for the lease, franchise, right and privilege to use and maintain certain property located at 5000 Deepwater Terminal Road for the management, maintenance, and operation of the Port of Richmond in accordance with a certain Deed of Facilities Lease Agreement, for a term of 40 years, subject to certain responsibilities to be imposed by lease and subject further to all retained rights of the City of Richmond.

All bids for the lease hereby offered to be granted shall be submitted in writing to the City Clerk's office by 4:00 p.m. on Tuesday, September 8, 2015. Bids will be presented to the presiding officer of the Council of the City of Richmond on Tuesday, September 8, 2015, at 5:00 p.m. in open session and shall then be presented by the presiding officer to the Council and be dealt with and acted upon in the mode prescribed by law.

The City of Richmond expressly reserves the right to reject any and all bids. The successful bidder shall reimburse the City for all costs incurred in connection with the advertisement of this ordinance in accordance with section 15.2-2101 of the Code of Virginia and shall post the bond required by the ordinance.

A copy of the full text of the ordinance is on file in the City Clerk's office and the full text of the ordinance and lease to be executed is available at:

<http://eservices.ci.richmond.va.us/applications/clerkstracking/getPDF.asp?NO=2015-168>

Please address any questions or bids to:

Jean V. Capel, City Clerk  
City of Richmond  
900 East Broad Street, Suite 200  
Richmond, Virginia 23219  
(804) 646-7955