City of Ketchikan- Request for Proposal-
Concession Style Agreement

For a Partner to Redevelopment of Port of Ketchikan Berths I, II, III & IV and
Other Infrastructure within the City

Contract No. 19-36

SUBMITTED BY:
SURVEY POINT HOLDINGS, INC
January 21, 2020
# Table of Contents

6.1  Cover Letter .............................................................................................................. 1  

6.2  Alignment with the City’s Objectives ........................................................................ 4  

   6.2.1  Operational Approach ...................................................................................... 4  

   6.2.2  Environmental Sustainability Approach .......................................................... 5  

   6.2.3  Community Participation Approach .................................................................... 7  

   6.2.4  Transportation Approach .................................................................................. 7  

   6.2.5  The Facility’s Role within the City Waterfront .................................................. 10  

   6.2.6  Future Growth .................................................................................................. 10  

6.3  Team Members and Qualifications ............................................................................ 12  

   6.3.1  Operations Team ............................................................................................... 12  

   6.3.2  Approach to Assembling Our Team .................................................................... 13  

   6.3.3  Allocation of Responsibilities ........................................................................... 13  

   6.3.4  Environmentally Sustainable Practices Commitment ....................................... 13  

6.4  Operating Experience ................................................................................................. 15  

   6.4.1  Contractual Relationship between Owner and Proponent ............................... 19  

   6.4.2  Operating Contract Term and Key Business Terms .......................................... 19  

   6.4.3  Period of Time, Operating Contracts and Services Provided ............................ 20  

   6.4.1  Contractual Relationship between Owner and Proponent ............................... 21  

   6.4.2  Operating Contract Term and Key Business Terms .......................................... 21  

   6.4.3  Period of Time, Operating Contracts and Services Provided ............................ 22  

   6.4.1  Contractual Relationship between Owner and Proponent ............................... 22  

   6.4.2  Operating Contract Term and Key Business Terms .......................................... 23  

   6.4.3  Period of Time, Operating Contracts and Services Provided ............................ 23  

6.5  Development Experience .......................................................................................... 27  

   6.5.1  Roles, Risks and Involvement ............................................................................ 27  

   6.5.2  Public/Private Partnership Experience ............................................................ 28  

   6.5.1  Roles, Risks and Involvement ............................................................................ 29
6.5.2 Public/Private Partnership Experience ........................................................................... 29
6.6 The Project ................................................................................................................................. 31
  6.6.1 Part 1 – Marine Works ........................................................................................................... 31
  6.6.2 Part 2 – Port Upland Improvements including the Cathodic Protection ...................... 31
  6.6.3 Part 3 – Improvements to the Current Infrastructure ....................................................... 31
6.7 Financial Proposal .................................................................................................................... 33
  6.7.1 Concession Approach ......................................................................................................... 33
    i. Cash Flow ............................................................................................................................... 33
    ii. Basis for Forecast ................................................................................................................. 33
    iii. Funding ............................................................................................................................... 33
    iv. Fee Structure ....................................................................................................................... 33
    v. Future Capital Investments ................................................................................................. 33
    vii. Upfront Fee ....................................................................................................................... 34
    viii. Lease Payment ................................................................................................................ 34
    ix. Project Impacts .................................................................................................................. 34
6.8 Schedule ................................................................................................................................... 35
6.9 Agreement Exceptions ............................................................................................................... 37
6.10 Proposal Form (Form of Offer): Concession Contract ......................................................... 41
6.12 Security .................................................................................................................................... 41
6.1
Cover Letter
6.1 Cover Letter

January 21, 2020

City of Ketchikan
334 Front Street
Ketchikan, Alaska 99901

RE: Contact No. 19-36, Redevelopment of Port of Ketchikan Berths I, II, III and IV and Other Infrastructure within the City

Dear City of Ketchikan Administration and Honorable Mayor & Councilmembers,

Survey Point Holdings, Inc (SPH) is excited for the opportunity to submit our proposal to the City of Ketchikan (“City”) Request for Proposal (including Addendum I-III) for the Redevelopment of Port of Ketchikan Berths I, II, III and IV and Other Infrastructure within the City. The City’s RFP cover page states, “... FOR A PARTNER TO REDEVELOP THE CITY OF KETCHIKAN....” We believe SPH is well suited for this purpose and look forward to working through the RFP process with you.

SPH is an Alaskan based company with its head offices at 55 Schoenbar Ct. Ketchikan, AK, 99901. SPH is the corporate parent to long-time local companies including Southeast Stevedoring (SES), Cruise Line Agencies of Alaska (CLAA), Amak Towing and TEMSCO Helicopters. The company was founded in Ketchikan in 1952 when businessman Cliff Taro moved his family to town to provide stevedoring services to the burgeoning timber industry. Since then the company has been providing marine, stevedoring, agency and terminal services and solutions for the industries and customers working throughout the State of Alaska. More recently the company has played a lead role to help grow the Cruise Industry in Alaska. SPH has been actively engaged in investing in infrastructure, dock projects in Skagway, Ketchikan and Juneau, and being a liaison between the industry and local communities to provide scheduling services that maximizes the use of port assets across the region based on the cruise lines’ requests for itineraries. The experience and expertise we have gained over the nearly 70 years doing this work clearly demonstrates our ability to help the City of Ketchikan achieve its overall goals as set forth in this RFP.

SPH has direct employees and employees of strategic affiliates that contribute to our overall team make up. Included in the initial development and strategy team are Ethan Berto (President SPH), Bob Berto (Chairman SPH), Rick Erickson (Vice President CLAA), Paul Axelson and Les Cronk (Vice Presidents SES), John Kimmel (Operations Manager CLAA), Jodi Anderson (Controller SPH), and Tory Korn (Business Development SPH). This combined group brings extensive experience in Alaska in areas of marine operations, stevedoring and tug services, dock construction, dock maintenance, dock management, berth scheduling, administration and business management, security services and long-term customer relationships with all major cruise lines that call in Alaska and those considering coming here in the near future.
The attached Concession Style Proposal outlines the value we will bring to the City with our innovative approach to partnering with the City to achieve the goals of the RFP, but also so in a way that will be acceptable to the Community of Ketchikan and the remaining customers that call into downtown Ketchikan berths. SPH’s has four unique points for the City to consider. First, we believe SPH is the only locally based proponent. This has time and again at Council meetings been a major point of contention for locals and users of the Port. SPH’s strong role in the Community and the fact we are based in Ketchikan provides the Community a direct avenue for communication. This along with our in-depth knowledge of Ketchikan’s port operations makes us the most qualified proponent. The value and certainty this fact brings to our proposal is invaluable. Second, SPH’s proposal will release the City from future Berth IV lease obligations. SPH’s unique ability to take over the City’s Berth IV obligations will free up obligated Port Enterprise Funds for the City annually for the remainder of the lease. No other proponent can offer the City this value proposition and “unobligate” current City Port Enterprise Funds. Third, SPH’s proposal will use the “Up Front” Payment to assume the City’s current 2006 Port Revenue Bond Obligations through to maturity saving the City $33,519,750 in principle and interest payments. The use of the “Up Front” Payment in this manner is clearly a legal use of funds that will ultimately be repaid through head fees charged to the vessel and will ensure the City does not inadvertently violate the Tonnage Clause. The savings from the Berth IV lease and the Port Revenue Bond payments will free up over $5,000,000 annually and increase the City’s bonding capacity to accomplish the upland projects it so chooses and the Community desires. Finally, SPH’s proposal will be the most impactful in keeping the Port of Ketchikan competitive with the Word Cove development and ensure that the remaining customers that call Ketchikan and future customers wanting to come to Ketchikan can do so in an environment based on long-term certainty, an equitable rate structure and the high levels of customers service that cruise lines have come to expect in the Port of Ketchikan.

We believe our approach will strengthen the long-term relationship potential between the City and SPH and give certainty to the local operators and retailers that work in Ketchikan and rely upon the summer tourism industry to earn their living. As a cruise port operator with a focus on customer relationships SPH complements the City in a way no other applicant can, to provide added assurance Ketchikan will remain a World Class destination. We look forward to further discussing our qualifications and capabilities.

Sincerely,

Ethan Berto
6.2 Alignment with the City’s Objectives
6.2 Alignment with the City’s Objectives
As a Ketchikan based company our company has an intimate understanding of the importance of Ketchikan’s waterfront to its identity, economic development and the sense of ownership the entire Community feels towards the City’s dock assets. SPH has long played an integral role in the development of Ketchikan’s waterfront and already provides services to the City and its customers to maximize the benefit of the waterfront for the Community. Our proposal will address each of the City’s main goals and show how our relationship with the Community puts us in a superior position to offer the most value to the City and the Community. SPH’s proposal has six goals that in themselves align with the City’s objectives:

1. Ensure the competitiveness of the Port of Ketchikan in today’s market and secure our remaining customers and attract future customers.
2. Be a catalyst to free up City’s bonding capacity and revenue streams to focus on upland projects and long-term maintenance needs of the Community.
3. Develop and implement a Community led solution that improves upon the Port’s interconnectedness with the town, improves upland areas to ease congestion and open new economic opportunities throughout the town.
4. Keep the Ketchikan Visitors Bureau locations on Berths II & III secure for the life of the concession and utilize the KVB as a principle proponent and marketing experts on Ketchikan.
5. When demand warrants, execute a berth expansion that makes the most sense financially while serving the needs and desires of the Community, the cruise lines and the City.
6. Ensure City avoids litigation over possible violations of the Tonnage Clause and improper use of head fees.

6.2.1 Operational Approach
SPH expects the vessel mix to continue to range from smaller expedition vessels to large capacity ships carrying 3,500-5,000 guests. Our general approach is to utilize SPH, and our affiliates, local expertise to manage the port efficiently and use our local assets in SES, CLAA and Amak Towing to keep the cost structure competitive for customers wanting to berth at the Port. SPH believes the Port acts as a vehicle for economic development and we would intend to run the Port in a manner that allows us to make a financial return on our investment, but not at the expense of local operators/businesses. Because SPH is already providing these services to City and Industry at a very low cost this is by far the most effective way to ensure high quality services are kept, but at minimal financial impact to all stakeholders. SPH will:

- Assume all improvements and repairs needed to keep Berths I-IV in position to accommodate the demand for berthing space in downtown Ketchikan.
- Complete plan for cathodic protection, within required window from RFP, and submit to City for approval.
- Earn enough revenue through port fees to fund appropriate annual maintenance expenses, but also generate enough surplus cash to fund/finance future capital projects.
- Create a fee structure that protects the City from challenges from customers/industry from legal challenges.
• Leverage our relationship with Cruise Line Industry Association (CLIA) to expedite a discussion regarding a Memorandum of Understanding between CLIA and the City of Ketchikan that forms the basis for an agreement on the City’s use of future head fees/taxes.

• Assume financial responsibility for Berth III Bond payments and facilitate KDC’s release of City from Berth IV financial obligations during the term of the concession agreement and all extensions.

• Negotiate equitable fee structure with City to ensure our respective financial goals can be met while keeping the Port competitive.

• Continue to use CLAA as expert scheduling agent for all of Alaska. This will ensure we maximize the use of all downtown berths and continue to attract customers to the open berth days we have. It is crucial to have someone that not only understand the local Ketchikan scheduling issues but also how the whole itinerary planning process works for all Alaska ports with a comprehensive view.

• Utilize our current assets with SES, which include gangways, ramps, forklifts and the local stevedoring labor force.
  o These services are already paid for by the customer separate from their port fees.
  o Secures local employment for critical part of Ketchikan’s economy in high paying union labor jobs.

• Leverage our existing relationship and experience with the United States Coast Guard to develop, implement and manage the security plan for the Port.
  o We are committed to maintaining the public’s access to Berths I-IV in the same way the Community has enjoyed previously.
  o We will hire local as has been SPH practice and commitment since inception, and will consider sub-contracting the security to local organization.

• We will design and construct, with City approval, covered area for shuttle buses to drop off passengers from Ward Cove Cruise Facility.
  o We have good working relationship with the Ward Cove Group and will work to capture the opportunity from this new development for the benefit of downtown retailers and operators.

6.2.2 Environmental Sustainability Approach

As members of the Ketchikan community and residents of Alaska we are keenly aware of the importance of providing a sustainable approach to managing the Port and continually improving on practices to achieve sustainability goals. We are also keenly aware that our pristine environment is what drives much of the demand for cruise passenger visitation to our State and Ketchikan and why locals want to live here. By not being good stewards of our natural and Community environment now will harm us all in the long-term.

SPH and its affiliate for over 30 years have understood not only the importance of environmental sustainability but also prevention and preparedness to potential environmental issues. SPH has key personnel trained in the Incident Command System (ICS) as well as Hazardous Material First Responder
operations. SPH uses this training and shows its commitment to preserving our region’s environment by the active role taken with Alaska Steamship Response (ASR) http://www.alaskasteamship.com/about-asr/. The ASR Incident Management Team and Contingency Group is a blend of maritime transportation professionals, technical experts, oil spill management and clean-up professionals and especially trained maritime agents each experienced in marine casualty response.

Our approach will identify current improvements that could be made in the short term and develop a long-term vision in coordination with the City.

Short Term Ideas:

- Work with current and future Cruise Customer’s to ensure they are following all Local, State and Federal regulations and implementing industry Best Practices while visiting our Port.
- Ensure all lighting is high-efficient, LED lighting throughout the Port.
- Work with Ketchikan Area Arts and Humanities Council (KAAHC) to solicit proposals for locally made garbage and recycling receptacles with a Southeast Alaska theme and bear/raven proof locking mechanisms.
- Provide well marked smoking areas with ample places to dispose of refuse. This will be done in conjunction with a focused marketing push to arriving cruise ships on “Breathe Clean Air Initiative” in our port which educates visitors on local smoking policies and smoking areas.
- All new construction will be done with goal of locally sourced materials.
- Strictly enforce smoking/garbage policies with all dock vendors.
- Begin a community-based Port Sustainability Group comprised of representatives of SPH, City, and Community members.
- Reduced fee or free port passes to operators using electric vehicles.
- Designated parking for electric/hybrid vehicles.
- Have SPH designee assigned to assist Tourism Best Management Practices (TBMP) calls related to environmental/sustainability call/comments from the public.

Long Term Ideas:

- Develop a 2030 Sustainability Program in cooperation with City.
- Take Care of Our Town campaign that incorporates garbage/smoking areas into local walking maps distributed by Ketchikan Visitors Bureau (KVB).
- In cooperation with City/Ketchikan Public Utilities, provide area wide free WIFI that connects users to an electronic wayfinding site when customers connect.
- Commitment to eliminate single use plastics from operators/cruise lines using the port.
- Regular meetings for the Sustainability Group to propose and implement new ideas.
- Transition Port restroom facilities to toilet water supplied by catchment systems (rainwater).
- Install seasonal, solar power panels where possible on concession area infrastructure.
- In coordination with City and cruise line customers install air monitoring data collection points at each berth.
- Water bottle fill stations at each Berth in covered well marked area.
- This would be marketed to the cruise lines direct and has potential for on board promotion and education.

- Community wide recycling program with Port Facilities as collection point for certain materials.

- Continue to work with City to see if Shoreside power is a possibility given investment needed and potential for issues with hydro supply in the summer months.

6.2.3 Community Participation Approach

SPH and our affiliates are proud members of the Ketchikan community. With approximately 200 employees that call Ketchikan home we are actively involved in a wide myriad of organizations and groups within the Community. We feel SPH’s local connection will allow us to develop a grassroots approach to community involvement on port development and issues. In addition, we are totally committed to ensuring the Community continues to enjoy access and use of the port as it has for years. We believe our connection to local Community groups will allows us to engage the Community of port related issues in multiple ways. Some of the initial ideas and concepts we would work with the City on are:

- Engage with Historic Ketchikan and Southeast Independent Living (SAIL) to develop plan on how to better connect the Port with the Community.

- Commit to local hire preference of personnel for security related positions.

- Work with KAAHC to promote local artists throughout the port area and utilize local artists for any newly commissioned pieces.

- Work with Chamber of Commerce to help promote and assist in 4th of July, Christmas and New Year’s activities, i.e. allowing port use for viewing fireworks, hosting vendor booths if schedule allows, etc.

- Be active member is local chapter of TBMP.
  - SPH would assist KVB in responding to comments/complaints received from the Community that pertain to port operations.

- Participate in Annual Tourist for a Day event with the KVB to make ourselves available for Community input and promote local businesses.

6.2.4 Transportation Approach

SPH’s awareness of the challenges of the upland area of the concession area is critical for a successful partnership with the City. For more than 60 years SPH has been working on the waterfront and has seen the area change from a bustling timber/mill area to the cruise ship destination it is today. SPH feels that the Upland Study commissioned by the City and delivered by Moffatt & Nichol (M&N) on May 7, 2018, is a great document to lead discussion towards upland improvements and addressing transportation challenges. While most of M&N’s suggestions were based on the completion of floating components on Berths I & II the basic ideas of more clearly delineating passenger and vehicle traffic, increasing bus/vehicle loading areas, establishing off-site staging areas and increasing signage to better disperse guests whether on tour or just sightseeing in town can still be accomplished. Each Berth creates its own
challenges and opportunities with regards to improving the guest and resident experience when traversing through the downtown area.

In order to achieve the City’s stated goals for transportation SPH will propose a multi-faceted approach to addressing transportation and wayfinding improvements. With the likely addition of Ward Cove Group’s two berth facility by the 2021 season we believe any transportation plan must also be inclusive of shuttle and tour buses arriving from passengers docked in Ward Cove. Ward Cove shuttles and tour drop off options downtown should be encouraged and will have direct economic benefit to retailers and businesses in downtown Ketchikan. It will be SPH’s intent to work with City, Ketchikan Gateway Borough Transit and Ward Cove to effectively implement a shuttle system taking into consideration needs of all stakeholders.

As owners of the Berth IV property and adjacent undeveloped upland area, SPH brings a key asset to potentially use in the transportation plan as well. SPH’s ability to reconfigure the lot adjacent to the leased Berth IV area and combine uses can create a north end transportation terminus that could be used for shuttle drop-offs, transfer to downtown shuttles, vehicle staging and port vendor parking. SPH is also willing to look at purchasing additional adjacent property and get cooperation from all adjacent property owners for the Newtown area’s future development and repurposing.

SPH’s high level approach to Transportation to meet City’s goals would include:

- To extent allowed under code, schedule berths to maximize efficiency of the movement of people throughout town.
- Work with City to complete extension of Waterfront Promenade to Creek St. area.
- Work with local bus companies to establish new staging areas for coaches off site and reduce passenger/vehicle congestion on the port.
- Consider concession for water taxi service to help disburse guests through town and outlying areas.
- Work with City to get seasonal crossing guard or traffic light at Berth IV.
- Require vendors who purchase port passes to be active members of TBMP-Ketchikan and address local comments/complaints for their vehicles/boats.
  - This has been effective in Juneau at reducing issues with vehicle emissions, boat interactions with local traffic and wildlife, and vehicles using roads not designated for tour patterns.
- Work with City/KPU to establish area wide free WIFI and implement a digital wayfinding app or website.

Specific to each berth/upland area SPH’s approach would also include:

Berth I:

- At peak times allow back down parking at south extension of pier head.
- Angled parking to maximize vehicle/bus spaces.
• Covered shelter/waiting area.
• Consolidate the three vendor booths into one, more functional structure.
• Delineated passenger only walkway separate by tour/non-tour guests.

Berth II:
• Angled parking to maximize vehicle/bus spaces.
• Striping of parking spots inside IND tour passenger loading area adjacent to KVB.
• Delineated passenger only walkways.
• Depending on ship gangway layouts suggest specific tour only disembarkation line and separate non-tour exit.
• Expanded weather protection on north and south ends of KVB building.
• Designated area for on/off shuttle bus operation drop off adjacent to food vendors near Front St. extension.

Berth III: Many improvements from M&N study have already been implemented by City and should be noted this area is well utilized.
• Consolidate the three vendor booths into one, more functional structure.
• Separate gathering area for tours versus those seeking to disperse through town.
• Striping of parking spots on back in areas on west side of upland parking area.
• Consider water taxi service on arrival for tours that take place on south end of town leaving at peak arrival time, i.e. Lumberjack Show and Guided Wilderness and Dining.
• Develop designated spot for on/off downtown bus shuttle.

Berth IV:
• Combine leased area at Berth IV with undeveloped, adjacent, upland lot owned by SPH to greatly expand usable upland area for transportation needs.
• Consider water taxi service on arrival for tours that take place on south end of town leaving at peak arrival time, i.e. Lumberjack Show and Guided Wilderness and Dining.
• Work with City to staff full time seasonal crossing guard at Berth IV crosswalk or install traffic light.
• Work with City to include areas north of Berth IV on the downtown wayfinding maps.
• Work with DOT/City to upgrade sidewalks from completed area at tunnel to north of Berth IV.
• Designate drop off/pick up area for shuttle buses/tour drop offs that originate in Ward Cove.
  ○ The drop off area would be adjacent to a connecting “Express” On/Off shuttle service that goes to Berths I-III.
• Establish designated bus/vehicle staging area away from passenger loading areas to reduce congestion at Berths I & II specifically.
• Striping of parking spots to maximize vehicle loading areas.
6.2.5 The Facility’s Role within the City Waterfront
As a local company with deep Ketchikan roots SPH is keenly aware of the importance the Port plays on Ketchikan’s waterfront. We are committed to maintaining local access as it exists today and unless required by law would never seek to limit public access to the Port areas. SPH believes working with the City to get the Promenade extension south of town completed is huge first step in improving the connection of the port to the rest of downtown. Longer-term consideration should also be given to pedestrian access and priority on Mission St with increased access from Berth II and pedestrian access to Newtown area adjacent to Berth IV.

6.2.6 Future Growth
SPH already acts as the primary agent for cruise lines requesting to sail in Alaska. As such, we are well positioned to continue the work to responsibly grow the cruise industry and maximize the use of Berths I-IV. SPH believes the model of Historical Berthing priorities should be maintained with our valued and long-term customers with an effort being place on filling open berths on non-peak days to current and new customers. SPH enjoys close customer relationships with each of the major lines calling Alaska, and some of those still considering, and can work cooperatively with the cruise lines and the City to ensure adequate infrastructure is in place in a timely manner to meet future demand.
6.3 Team Members and Qualifications
6.3 Team Members and Qualifications

Our core team collectively has hundreds of years of experience operating and managing port facilities and operations throughout Alaska including some of the most remote sites in the State. With these vast and varying degrees of experience we will be able to be able to put the right plan in place and follow through with that plan into implementation.

6.3.1 Operations Team

Ethan Berto, President, Survey Point Holdings

Bob Berto, Chairman, Survey Point Holdings

Jodi Anderson, Controller, Survey Point Holdings

Tory Korn, Director of Business Development, Survey Point Holdings

Les Cronk, Vice President, Southeast Stevedoring
6.3.2 Approach to Assembling Our Team
SPH will utilize our senior management team introduced above to hire and train the day to day managers and employees of the Ketchikan Port Concession. SPH would utilize its existing employees to provide the services as laid out in section 6.4 and where necessary either contract with local organizations or hire new employees to satisfy the remaining requirements of the concession agreement.

6.3.3 Allocation of Responsibilities
i. SPH is the lead proponent with Ethan Berto as President. The Senior Management team listed in section 6.3.1 report directly to Ethan.
ii. SPH is the only equity sponsor.
iii. See Section 6.3.1
iv. See Section 6.3.1

6.3.4 Environmentally Sustainable Practices Commitment
Since the tragic events surrounding the Exxon Valdez oil spill in 1989 SPH has been committed to preventing future events through training, educating and developing plans of action with customer and vendors within maritime industries. Through the formation of ASR referenced in 6.2.2 SPH takes an active leadership role in protecting our environment. In addition, SPH’s tour operations are active members of organizations like Juneau’s TBMP to actively address and reduce impacts from tourism that range from noise pollution to traffic congestion, all with a focus to enhance the sustainability of the tourism industry.
6.4 Operating Experience
6.4 Operating Experience

Survey Point Holdings began as Southeast Stevedoring in 1952 with Stevedoring services to mainly cargo ships in Southeast Alaska. The growth of the cruise industry in the 1970’s and 1980’s provided an opportunity for Southeast Stevedoring to begin providing agency services to the various cruise lines calling Alaska. Cruise Line Agencies of Alaska grew with the industry and is the main cruise agent for most cruise lines calling Alaska today. Cruise Line Agencies of Alaska has been instrumental in the growing of itineraries and efficient scheduling of cruise ships for the entire State of Alaska.

Survey Point Holdings is directly involved in the 1.2 million passengers that call Alaska in 15 ports throughout Alaska. Ports offices include Ketchikan, Wrangell, Petersburg, Sitka, Icy Strait Point, Juneau, Haines, Skagway, Seward, Whittier, Anchorage, Dutch Harbor, and representation in Nome and Barrow.

As ship agents the responsibilities and related experiences we bring to this concession agreement are vast. Whether the services be provided to a log ship, ore ship or a passenger vessel our organization provides the following benefits to the communities we serve and the customers:

- Foster and promote an efficient relationship with US Customs and Border Protection
- Work with Alaska Department of Environmental Conservation and coordinate registration and seasonal requirements and ensure all ships are registered
- Foster and promote working relationships with US Coast Guard
- Work with masters and pilots to ensure vessel traffic and voyage plans conform to each unique port/region/zone requirements
- Monitoring of required state/local licenses
- Members of various boards and commissions that promote tourism industry and/or in the interests of cruise lines:
- Promotion of charity work in each port
- Work closely with Ports and Harbors management in various communities served by the cruise lines to continually update and improve port facilities
- Work closely with local governments and port authorities on the scheduling of all cruise lines statewide in the most efficient manner for all ports.
- Alaska Steamship Response: trained key-employees in Incident Management and HAZWPR across the entire state – with experienced emergency responders with 300 level Incident Management System Training in all major ports in Alaska.
- Continually work with local medical and dental facilities
- Dispatch and coordinate Sea pilots statewide
• Security plan development and implementation
• Coordination of medical evacuations Statewide
• Free travel agent services for passengers and crew who miss the sailing of vessel with complete coordination and logistics for repatriation or travel back to the vessel.
• Care and monitoring of passengers/crew that are hospitalized.

Other services SPH provided range from Dock Improvements/Construction, Dock Development, managing the statewide cruise ship calendar, stevedoring, terminal management, port facility security, emergency response, environmental coordination, gangway and forklift operations, safety and day-to-day cruise operations and shore excursions.

Survey Point Holdings cruise line customers: American, Carnival, Celebrity, Crystal, Cunard, Disney, Hapag Lloyd, Holland-America, Hurtigruten, Lindblad Expeditions, Norwegian, Oceania, Ponant, Princess, Regent Seven Seas, Royal Caribbean, Seabourn, Silver Seas, Viking, and Windstar.

<table>
<thead>
<tr>
<th>PORT/OFFICE LOCATIONS</th>
<th>SERVICES</th>
</tr>
</thead>
<tbody>
<tr>
<td>KETCHIKAN</td>
<td>Stevedoring Services, Cruise Line Agency Services, Tug Service Coordination, Sea Pilot Coordination, Pilot Boat Services, Dock Development/Construction</td>
</tr>
<tr>
<td>SKAGWAY</td>
<td>Stevedoring Services, Cruise Line Agency Services, Port Facility Security, Railroad Dock Terminal Management, White Pass &amp; Yukon Route Railroad, Tug Service Coordination, Shore Excursions Dock Development/Construction</td>
</tr>
<tr>
<td>SITKA</td>
<td>Cruise Line Agency Services, Pilot Boat Services, Port Facility Security</td>
</tr>
<tr>
<td>ICY STRAIT</td>
<td>Cruise Line Agency Services</td>
</tr>
<tr>
<td>WRANGLELL</td>
<td>Stevedoring Services, Cruise Line Agency Services</td>
</tr>
<tr>
<td>PETERSBURG</td>
<td>Cruise Line Agency Services</td>
</tr>
<tr>
<td>HAINES</td>
<td>Stevedoring Services, Cruise Line Agency Services</td>
</tr>
<tr>
<td>Location</td>
<td>Services</td>
</tr>
<tr>
<td>---------------</td>
<td>-----------------------------------------------</td>
</tr>
<tr>
<td>ANCHORAGE</td>
<td>Stevedoring Services, Cruise Line Agency Services</td>
</tr>
<tr>
<td>SEWARD</td>
<td>Terminal Management, Baggage Services, Port Facility Security, Cruise Line Agency Services, Tug Services Coordination</td>
</tr>
<tr>
<td>WHITTIER</td>
<td>Terminal Management, Baggage Services, Port Facility Security, Cruise Line Agency Services,</td>
</tr>
<tr>
<td>KODIAK</td>
<td>Stevedoring Services, Cruise Line Agency Services, Tug and Pilot Boat services</td>
</tr>
<tr>
<td>DUTCH HARBOR</td>
<td>Stevedoring Services, Cruise Line Agency Services</td>
</tr>
<tr>
<td>NOME</td>
<td>Stevedoring Services, Cruise Line Agency Services</td>
</tr>
<tr>
<td>BARROW</td>
<td>Cruise Line Agency Services</td>
</tr>
</tbody>
</table>
KEY to Survey Point Holdings Services in Alaska

♦ = STEVEDORING SERVICES
★ = CRUISE AGENCY SERVICES
◆ = PORT SECURITY SERVICES
Θ = Terminal Management
The RFP requests three examples to evaluate our operations and maintenance activities and experience in the operation of cruise facilities generally. We assume that unlike other potential proponents we are able to provide real firsthand examples of Alaska cruise facility experience.

Please see below three examples:

**Example 1: Skagway, Alaska**

6.4.1 Contractual Relationship between Owner and Proponent

SPH has provided White Pass and Yukon Route with security and terminal operation services for the past 20+ years whereas SES/CLAA provide the security plan for the berths, staff the positions to provide security/maintenance of the piers, scheduling and stevedoring services. In August of 2018 SPH took over an ownership position in White Pass and continues to provide overall day to day management of the facilities for the new ownership group.

6.4.2 Operating Contract Term and Key Business Terms

SPH provides the following services:

- **Admin**
  - Scheduling for Cruise Ship Calls and dock assignments
  - Maintenance Management
• Dock Development Recommendations
• Tariff Recommendation Structure
• Management of Security Program
• Army Corps of Engineers Vessel Operations Reports
• Document and file water meter readings for all vessels.

• Maintenance
  • Dock Cosmetic Maintenance
    ▪ Surface cleaning and Daily refuse removal
    ▪ Signage
  • Daily visual inspections
  • Light system management
  • Dock Structural Maintenance Recommendations
  • Damage and need reporting
  • Maintain spill response kits
  • Maintain safety ring receptacles
  • Check and maintain water meters, excluding major maintenance

• Security
  • As contracted to Cruise Line Agencies:
    ▪ Manage WP&YR Port Security Plan
    ▪ Provide Staff and Training
    ▪ Provide all security-related equipment
    ▪ Maintain relationships with all security and port related entities
    ▪ Address Port security needs
    ▪ Address Cruise and other vessel’s security needs
    ▪ Liaise with port security related officials’
    ▪ Perform the role of Terminal Security Officer as mandated by U.S. Coast Guard regulations and requirements
    ▪ Provide White Pass with ships’ statistics (length, capacity, etc.)

• Other
  • Management of Longshoremen
  • Management of Security
  • Management of tugboats and line boat
  • Cruise ship scheduling
  • Provide all equipment to effectively administer Terminal agreement.
  • Pilot boat services

6.4.3 Period of Time, Operating Contracts and Services Provided
SPH has been providing these services to White Pass for the last 20+ years.
Example 2: AJ Dock in Juneau, Alaska

6.4.1 Contractual Relationship between Owner and Proponent
Survey Point Holdings is the managing member and owner of the A.J. Dock in Juneau, Alaska. As managing member SPH is responsible for all construction and operations of the AJ Dock. The AJ dock is a partnership between Survey Point Holdings and Holland America Line, Inc. that was built in 2005.

6.4.2 Operating Contract Term and Key Business Terms
- Term of operating agreement is in perpetuity.
- SPH acted as construction manager for building of the AJ Dock
- SPH actively markets the dock and manages advanced docking contracts.
  - Current contract with NCLH, RCL and Disney Cruise Lines
- SPH provides the following services:
  - Cruise ship scheduling
  - Stevedoring services
  - Tugboat services
o Pilot boat services
o Equipment to provide the services
o Security
o Accounting and annual budget/reconciliations
o Maximize other revenue opportunities, i.e. parking, access fees, dock vendor programs
o Transportation shuttle management
o Passenger flow and comfort management
o Dock maintenance and long-term capital projects plan
o Wastewater Management-Contracts with City to receive ship’s gray water
o Shoreside power supplier for yachts and smaller vessels

6.4.3 Period of Time, Operating Contracts and Services Provided
SPH has been providing these services since agreement was signed May 17th, 2004.

Example 3: Sitka, Alaska, Halibut Point Cruise Terminal

6.4.1 Contractual Relationship between Owner and Proponent
In Sitka, Alaska, Survey Point Holdings has been providing consultation and management services to the Halibut Point Cruise Terminal (HPCT) which is a private facility owned by the McGraw Family.
6.4.2 Operating Contract Term and Key Business Terms

- SPH have been working and consulting with the ownership group since the project’s inception and we believe we will continue to provide these services in perpetuity given the value we bring to the Terminal and strong relationship we enjoy with the owner of HPCT.
- SPH acted as informal consultant on the construction of the pier area and upland components
- SPH provides the following services:
  - Maintain schedule and berthing assignments for all cruise lines calling at HPCT
  - Provide equipment for services including forklift, ADA gangway, stair gangway, and cargo van.
  - Wrote, implemented, staff and manage the USCG mandated and approved security plan
  - Pilot boat services

6.4.3 Period of Time, Operating Contracts and Services Provided

SPH has been offering the services since the HPCT opened in 2012.

Example 4: Seward/Whittier, Alaska
6.4.1 Contractual Relationship between Owner and Proponent
Through various SPH affiliates we have been providing both Seward and Whittier cruise and cargo port with terminal management services for the last 20 years. Both of these ports are considered ‘turn ports’ which require a changeover of all passengers and baggage in additional to provisioning and garbage services. All of this is required to take place in a short period of time to facilitate the tight schedule demands of our customers and requires extensive planning and cooperation of all stakeholders.

6.4.2 Operating Contract Term and Key Business Terms

- **Terminal Operator**
  - Liaise with dock owner to provide scheduling for cruise ship calls and dock assignments
  - Provide all labor and equipment to provide an efficient passenger turn of baggage, provision and garbage for the cruise line
  - Work with Alaska Railroad and other ground operators to timely move passengers and baggage both on and off the facility
  - Provide gangways and other equipment necessary for the safe disembarkation of passengers

- **Security**
  - As contracted to Neptune Services:
    - Manage Port Security Plan with dock owners
    - Provide Staff and Training
- Provide all security-related equipment for passengers and baggage
- Maintain relationships with all security and port related entities
- Address Port security needs
- Address Cruise and other vessel’s security needs
- Liaise with port security related officials’

6.4.3 Period of Time, Operating Contracts and Services Provided
SPH has been offering these services to both ports since the early 2000’s.
6.5 Development Experience
6.5 Development Experience

SPH has been a part of several cruise capital projects in Alaska over the last 20 years. The projects have varied from relatively small projects upgrading and installing new piling/mooring dolphins to taking the lead role in expansive projects in partnership with cruise companies to increase the amount of berthing capacity available in Southeast Alaskan ports. The RFP asks for a minimum of two examples of successful projects. Both projects listed below SPH had a primary role in the completion of the project and maintains an ownership interest.

**Example 1: AJ Dock construction in Juneau, Alaska. The project was a joint venture between SPH and Holland America Line, Inc. SPH had a primary role in this development.**

6.5.1 Roles, Risks and Involvement

- Took lead role in acquiring/leasing property needed for placement of dock
- Took lead role in design/engineering/permitting for project
- Name project manager by JV to ensure timeliness of construction
- Took financial risk in putting up own cash and securing long-term debt to pay for construction
- Key Members:
  - Ethan Berto
6.5.2 Public/Private Partnership Experience

- Project was a 50/50 joint venture with Holland America Line.
- SPH acts as managing member of operations of the facility.
- No public partner was directly involved, but the project took place within City and Borough of Juneau (CBJ).
- Worked with CBJ to set up downtown shuttle program that helps move people to downtown core to benefit of shops/retailers.
- Report to CBJ head count and remit applicable head fees/taxes

Example 2: Berth IV construction in Ketchikan, Alaska. The project is a joint venture whereas SPH is majority shareholder and managing member with Holland America Line, Princess Cruises and Royal Caribbean each as minority partners. The project included land acquisition, upland development and an in-water dock project that resulted in long term lease to City of Ketchikan.
6.5.1 Roles, Risks and Involvement

- Took lead role in acquiring necessary property and tideland permits
- Took lead role in design/engineering/permitting
- Project manager for construction phase of project.
- Took financial risk in acquiring property, developing uplands and securing long-term debt for construction
- Timeline for construction was critical to meet berthing needs for season
- Key Members:
  - Ethan Berto
  - Robert Berto
  - Rick Erickson

6.5.2 Public/Private Partnership Experience

- The City of Ketchikan entered into long term lease agreement to operate Berth IV
- The City of Ketchikan actively oversaw construction phases of project to ensure all aspects complied with the lease agreement
- Negotiated with city on mutually beneficial lease agreement
- Agreed to 75%/25% fair berthing allocation to appeal to store owners and retailers in Ketchikan and add to economic development of the larger area
- Differences were resolved with in person meetings as all key personnel live and work in Ketchikan.
6.6
The Project
6.6 The Project
With the uncertainty surrounding the Ward Cove project and their planned addition of a two-berth facility to be used by Norwegian Cruise Lines, and their affiliates, we agree with the City’s assessment that this has materially affected the supply of berths to meet the demand in the Ketchikan area. Ward Cove will forever be in competition with the Port of Ketchikan for cruise customers and, being a private entity, they will actively market to other lines doing what is necessary to fill dock space at whatever rate is required. SPH believes that because of this it is even more important than ever to be able to offer a competitive rate structure and certainty about scheduling that will keep the existing cruise business while attracting new or existing customers to fill those berths vacated by Norwegian Cruise Lines.

6.6.1 Part 1 – Marine Works
Because of the above we will not be proposing any initial Marine Project but rather agree to work with the Community, City and Customers to expand facilities when deemed necessary by traffic, demand, competitive facilities and the Community desire for growth. If and when it is deemed necessary to provide dock expansion we will be willing to work with all stakeholders to provide the right solution for all involved and prepared to look at all options including Berths I-IV understanding that the M&N Concept is the City’s preferred option at this time. SPH has a long history of providing innovative marine solution to provide the industry with a cost-effective approach and still provide for a high-class functioning facility. We would plan to bring this approach to any expansion to keep rates competitive and in line with the market.

6.6.2 Part 2 – Port Upland Improvements
As part of our proposal we would be assuming many of the current liabilities of the Port. In the past a large portion of the passenger fees would have been utilized to cover many of these liabilities which will no longer be necessary and allow for excess funds for the City on an ongoing basis. Going forward, following discussion we will help facilitate with CLIA-Alaska the intention would be to allocate the fees collected on behalf of the City not only to General Fund items that services the industry but also capital projects that are determined in partnership with SPH and the City on an ongoing basis in response to changing needs and priorities to mitigate issues and to improve the passenger and resident experience near and adjacent to the cruise facilities. This will also allow time on a year to year basis for the City and Community to evaluate needs as they change and prioritize projects once they have been fully vetted.

6.6.3 Part 3 – Improvements to the Current Infrastructure
Having built and maintained many facilities in Alaska we know and understand the importance of preventative maintenance. We also understand that an investment back into a facility is one that allows you to continue to recover your investment into the future without a more costly repair or replacement. Being very familiar with the current Port facilities and their current condition as well as the studies completed to date regarding the condition of the berths, we would propose working directly with the City to provide a comprehensive multiyear plan to complete the deferred maintenance and Cathodic Protection.
6.7 Financial Proposal
6.7 **Financial Proposal**

6.7.1 **Concession Approach**

As previously stated SPH is proposing a concession approach with the goal of satisfying many of the City’s goals and objectives while doing so in a manner that will keep the Port competitive and in a way that will not be challenged legally and allow for an agreement between CLIA and the City in the future. We would propose a concession on all cruise operations of Berths I, II, III and IV for an initial term of 20 years with one 10-year extension.

i. **Cash Flow**

Please see attached spreadsheet

ii. **Basis for Forecast**

For the basis of our model we have assumed that the Ward Cove project will be completed and fully operational by the 2021 season and will have sufficient excess dock space to market. With an oversupply of dock space in the Ketchikan region we have scheduled a very conservative growth of 1% passenger increase on a year over year basis or roughly 10,000 passengers per year for the first few years of operations. While we assumed a steady 1% growth per year for the use in our financial model, we assume that this growth will be more stair-stepped similar to growth patterns in the past. This type of growth has been indicative of lines replacing older and smaller ships in the market with new and larger ships rather than additional ships as a common practice. We believe that in the short term many of the turn ports in the PNW are full during peak days and will not allow for an excess of new ships entering the market and further strengthen our case of slow and steady growth.

iii. **Funding**

As the framework for this project is still being established and will certainly be refined and changed during further negotiations there has been no commitments for long-term financing. We do have access to and have discussed with multiple markets both conventional and non-conventional about this opportunity.

iv. **Fee Structure**

In an overall attempt and a desire by both the City and SPH to keep fees and the rate structure competitive SPH is proposing the City will maintain their historic and current fee of $7 per revenue passenger. This fee structure is estimated to bring in $239,315,694 of revenue over the term of this agreement to the City of Ketchikan for uses they see fit and to benefit the Community. Another benefit of keeping the historic fee is that cruise lines will continue to be able to benefit from the State CPV tax credit. As operator and in consideration for assuming existing liabilities of bond and other lease obligations SPH will propose an initial fee of $10.

v. **Future Capital Investments**

While we haven’t proposed an initial Marine project as part of our proposal, we expect that at some point during the concession there may come a time that expansion is warranted. For the basis of our modeling we have estimated this project will be completed by the 2025 season and have established a
fee structure to help pay for a modest project, not knowing what alternative will be selected by the City at that time. Once all alternatives have been weighed we will need to work together with the City and customers to establish if a new fee structure is needed and viable so that it provides a method for recovery of additional capital contributions.

vii. Upfront Fee
SPH is proposing that rather than providing an upfront fee for “City’s Off-site Improvement Projects” we will work with the City and the Alaska Bond Bank to create an escrow account to take the Port Revenue Bond off the City’s books and allow the City to have further bonding capacity for projects they see fit for the Community. This escrow account will serve as the collateral for the bond until maturity at which time the bonds can be paid off in full. SPH will work with the City to find the most cost effective means taking into account penalties for early payoff or restrictions under the covenants of the existing Bond package. Based on the current principal and interest owed until maturity this payment will be very close to the City’s requested Upfront Fee. Based on the current Debt Service Schedule this will equate to a $33,519,750 savings to the City of Ketchikan. By utilizing this method rather than an upfront payment to be allocated towards improvements that have yet to be determined we believe satisfies many of the City’s goals including freeing up debt capacity and making certain that the methodology of the process will not be challenged legally as this will be an allowable use of fees under the Holland decision in CLIA-Alaska vs. City and Borough of Juneau.

viii. Lease Payment
SPH is proposing an annual lease payment of $500,000 with a CPI escalator be established. These fees will come directly from unrestricted funds collected on the Port such as loading permits, vendors and vehicle access permits. As these fees are not paid by passengers or vessel, they do not have a requirement for uses such as other fees collected. Over the life of the agreement the annual lease payments will contribute $18,769,341 to the City of Ketchikan.

ix. Project Impacts
No large marine projects have been proposed initially but given that it is likely at some point there will be a project established and the need for ongoing maintenance we will endeavor to complete this work during the off-season months when practicable. In addition, we understand the importance of having local access to the docks during the summer and winter and will always work to minimize areas that need to be restricted for construction and still provide for public safety.
6.8 Schedule (for Concession only)

SPH believes with our proposal we could assume operations of Berths I-IV as early as the 2021 season. While we aren’t initially proposing the development of a Marine expansion project SPH would initially propose meeting with City Staff on a quarterly basis to discuss the appropriateness of implementing a marine project and starting new upland improvements. We are also aware of the need and desire for a public process for any expansion and because of this would begin implementing plans and discussion of what this development would likely look like for the Community once developed. Another important consideration is the new agency review criteria that are required for any large scale marine development and the timeline needed to complete such review and permitting. SPH has recent experience with permitting of such projects and will begin work early to avoid any conflicts or delays once decisions have been made to implement a project.
6.9
Agreement Exceptions
6.9 Agreement Exceptions

The following are Survey Point Holdings comments, exceptions and issues regarding the draft Concession and Lease Agreement which may require further discussion and negotiation.

i. renumber sections after Section 36, page 26, which continues with Section 32, not Section 37, renumber as required.

ii. there are multiple provisions addressing environmental issues and obligations. To avoid duplication/confusing the environmental provisions should be consolidated into Sections 61 and 62, deleting other provisions, e.g., Sections 29, 30, and 71.

iii. consolidate Sections 37 and 52, vesting improvements in City on termination and delete last sentence Section 2 which directly conflicts with Section 37 and 52.

iv. consolidate Sections 38, 8e) and 14, maintenance of improvements.

v. consolidate indemnity provisions, e.g., Sections 40, 41, 43, 61, 63.

vi. delete Section 67, 72, consolidate in Section 61.

vii. Agreement is unclear in that approval is required by the “City” in some instances, and the “City Council” in others. Approval of material matters should be given by the City Council, and the agreement allow for approval of administrative matters given by staff and the distinction made clear throughout Agreement.

viii. the Agreement requires a Table of Contents.

ix. defined terms must be used consistently throughout the Agreement, in many instances different terms are used indiscriminately for the same subject matter. A thorough review of the terms, condensing terms and eliminating duplicate terms for same subject matter is essential to eliminate confusion.

x. the Agreement requires a glossary of defined terms.

xi. simplify Recitals, modified as:

RECATALS

A. The City currently operates the cruise facilities within the municipal boundaries consisting of Berths I, II, III and IV and the adjacent uplands and structures. Berths I, II and III are owned by the City, and Berth IV is operated by the City under a lease agreement with Ketchikan Dock Company.

B. The City wishes to assign to one Operator the responsibility of management and the provision of port services, as defined herein, for Berths I, II, III and IV and associated uplands collectively referred to herein as “Concession Area.”
C. The City has selected an Operator to implement a comprehensive approach and plan of development to manage the Concession Area consistent with the terms and conditions of this Agreement as a cruise ship berthing facility.

D. The Operator acknowledges that Berths I, II, and III that will be leased as part of this Agreement (the “Leased Premises”). The Leased Premises will require maintenance, improvements and/or development to provide for the utilization of the Concession Area. All such maintenance, improvements and developments shall be fully funded and constructed by the Operator without financial assistance or guarantees of the City, except as pertain to Berth IV and the Berth IV Lease, or as otherwise noted herein.

E. Operator recognizes, accepts and will preserve continuous access for City residents to the Concession Area, subject to the expressed terms of this Agreement and any applicable US Coast Guard regulations.

F. The City expects the Port to be operated and managed consistent with all applicable federal and state Environmental Laws, as that term is defined herein below.

G. Operator will manage the ground transportation within the Concession Area in collaboration with the City to promote efficient ground transportation of passengers and minimize adverse impact on the City’s infrastructure, residents, and off Premises businesses.

The foregoing recitals are agreed and acknowledged by the parties to be true and correct and incorporated into this Agreement by reference.

xii. There is a level of risk the financial scheme contemplated under Section 7 to fund upland improvements is “debt” financing, requiring a public vote for approval. The SPH proposal is designed to avoid this issue, but if the final agreement carries this risk, some method will be necessary to provide protection to SPH’s investment if there is a successful challenge to the arrangement as debt, and responsibility for defending against such a claim should be allocated.

xiii. Risk and responsibility for defense from any claim of Section 17 Alaska Statute 45.45.900.

ix. We understand that Section 9 of the Agreement will require the operator to allocate vessels to Berth IV consistent with the current method under KMC 13.08.045 and Section 13.10.19 of the Berth IV Lease?

x. We understand that written consent of KDC will still be required to comply with Section 12.1 of the Berth IV Lease.

xi. What are the non-exclusive services the Operator could be responsible for under Section 8 i) of the concession agreement? SPH requests clarification on this item.
xii. Section 4, proposed deletion of referenced “examples” which are not included in Section 4. This will need to be clarified.

xiii. Section 6, and elsewhere in Agreement, default notice and right to cure SPH request change for consistency to 60-day notice, delete 30-day notice.

xiv. The required level of and criteria for the Operator’s performance given in Section 8 and 13 should be more objection, less subjective.

xv. Section 7.4.15 of the RFP requires the selection process to be neutral. Does the City have a procedure in place to ensure that selection committee members are free from bias for or against particular proposers and will base decisions on the content of the proposal only?

xvi. The “maintenance” standard to which the Operator will be held and judged must be defined in clear, unambiguous and concise language in the Agreement.

xvii. Regarding future City required improvements under Section 18 of the Agreement, parameters should be included to provide criteria and scope.

xviii. Substantial completion under Section 20 has significance but is undefined. This should be defined and procedure for official notice of substantial completion should be included in the agreement.

xix. Section 21 provides no mechanism to resolve City objections/dispute over construction. The agreement requires a means for resolving disputes over construction that is efficient, timely, and inexpensive and will not cause delay of ongoing construction.

xx. We understand that the City will be indemnifying and holding the Operator harmless from claims arising from City actions during City’s off-season use/possession of Concession Area under Section 25.

xxi. The requirement for GAAP accounting required in Section 27 is not usually applicable to private sector operators. We will want to resolve the accounting requirement in a way which does not require the Operator to change accounting procedures without good cause.

xxii. SPH is concerned that the language in over Section 36 should be revised to make clear that it does not preclude customary arrangements which allow the Operator to mortgage the leasehold interest, and assign that interest to an institutional lender to finance the project improvements that may be required under Sections 7 and 17. New language is required for Section 36 that would enable the Operator, without consent of the City to use the lease as collateral to finance the obligations required under the Agreement.

xxiii. Section 34, KGB taxing authority, not City.

xxiv. SPH takes issue with the 120-day payment of real property tax prior to the KGB due date under Section 35, 30 days prior to the 09/31 due date is sufficient.
xxv. With the extension of the indemnity to KPU regarding utilities provided to the Concession Area Section 40 needs discussion as it appears to be overbroad.

xxvi. That the insurance requirements under Section 45 appear to include multiple spill/pollution coverages. These should be consolidated into single coverage.

xxvii. SPH points out concern in Section 49 to 30-day notice, change throughout agreement to 60-day notice.

xxviii. The provisions regarding City disclosure of material defects and conditions of the existing improvements within the Concession Area of which the City has actual knowledge should be revised. The City should disclose all known environmental and structural conditions.

xxix. The indemnification is overbroad and the Operator should not indemnify City for its fault arising from the City’s intentional acts, reckless disregard and gross negligence.

xxx. SPH requests the agreement include provision for a baseline environmental assessment of the Concession Area as a condition to closing the agreement with the Operator.

xxxi. SPH takes exception to Section 10 regarding collecting fees set in current ordinance and reserves right to negotiate rates.

xxsii. SPH takes exception to Section 25 and reserves the right to negotiate the off-season uses and operations.
6.10 Proposal Form (Form of Offer): Concession Contract
Provided in separate envelope per terms of RFP.

6.12 Security
Provided separate as $1,000,000 (One million dollars) cashier’s check.