

MARAD Ship Disposal Program – Informational Meeting  
 April 6, 2001  
 Questions & Answers

No.	Company	Questions	Answer
1	National Environmental Education & Training Center	What criteria will be used to compare and evaluate "foreign" bids, particularly safety, health and past performance?	All bids will be evaluated against the stated solicitation criteria, inclusive of safety, health & past performance. These standards provide a benchmark against which all offerors and contractors can be measured equally.
2		Will bids be required to break down costs for each ship in offered lots?	Yes
3	Bracewell-Patterson	What provision does MARAD intend to make for small Business Set-Asides.	At this time there is no intent to set this acquisition aside for small business. It appears that most of the companies who have contacted MARAD have, in fact, been small businesses. However, during the solicitation development phase, this issue will be readdressed with the Small Business Representative at the Department of Transportation.
4		Do you intend to (1) Establish a list of those falling in the competitive range; (2) Hold discussions with offerors following submission of proposals.	(1) Yes. (2) Yes, but MARAD reserves the right to award without discussions.
5	R.J. Hudson Associates	What is the potential plan of funding to sustain this program?	Details of the President's budget for FY02 have been released to fund this effort at \$10 million for FY02. Outyear program requirements are addressed in MARAD's Report to Congress on Scrapping of Obsolete NDRF Vessels. The report is currently undergoing review.
6		Is there any intended Small Business Set-Asides?	See Answer 3 above.

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7	VSE Corporation	Will foreign companies be required to comply with TSCA, RCRA and OSHA requirements?	All bidders will be required to comply with contractual requirements including those based on U.S. laws and regulations, safety & health standards, and environmental requirements. U.S. standards provide a benchmark against which all can be measured equally.
8		Are multiple awards anticipated for all lots? How many awards are anticipated for each lot (Lot 1, Lot 2, and Lot 3)?	Yes. Sufficient to meet the goals of scrapping 155 vessels by the end of FY06. However, actual awards depend on funding, competition, and facilities' capacity, among other factors.
9	International Shipbreaking	How do you balance no bias toward domestic or foreign yards with "compliance with all U.S. statutory and regulatory requirements"?	There is no bias. All responsive bidders must meet solicitation and contract requirements.
10		Will you require "Maritime Employee liability insurance" for employees that would not otherwise require Jones Act Insurance? This is currently required in the 12-ship RFP for OSI.	MARAD does require Employers' Liability in addition to Workers' Comp and Longshore and Harbor Workers. Employers' liability covers workers at the yard who may not be covered under the Workers Comp. Statute The standard amount required is \$5million.
11	Booz Allen & Hamilton	Where is the program/agent oversight going to come from? What does MARAD propose internally (e.g. for its program management, environmental and safety & health program assurance)?	MARAD is considering a mix of government and contractor personnel for program oversight.
12		How does this RFP dovetail with that of OSI on the James River?	OSI's RFP is acquired under OSI's approved commercial procedures. MARAD is subject to FAR rules in accordance with the National Defense Authorization Act of 2001.
13	Battelle	Please provide to all attendees a list of the attendees.	To be posted on MARAD's Website at <a href="http://www.marad.dot.gov">www.marad.dot.gov</a> .

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14		Does MARAD anticipate the onsite compliance monitoring will be another contract opportunity? Assistance to Government staff?	All monitoring alternatives will be examined. We anticipate a mix of Government & contractor personnel.
15	Bender	If contracts are awarded to foreign yards, will those yards be required to comply with OSHA, EPA etc regulations?	Yes. See answer to 7, above.
16		Will MARAD require proposers to hold an MSRA [MLSRA]	No.
17	S.R.R. Inc.	(a) Can award be made to a non-US company? (b) Will foreign concerns be required to comply with all FARs, OSHA and EPA regulations? (c) How will MARAD enforce compliance?	(a) Yes. (b) Foreign concerns, as all bidders, must comply with solicitation and contract requirements. (c) MARAD will enforce contract compliance through standard contract administration & oversight procedures.
18		How many awards per lot are anticipated.	See answer to 8 above.
19	SCA	What is MARAD's definition of "qualified scrapping facilities"?	Those facilities which meet the requirements in the RFP, i.e. technical, schedule, price and past performance.
20	BMI/SCA	Who will decide the condition of the ship for towing purposes? What conditions will determine the length of safe tow?	1. MARAD/Coast Guard 2. The condition of the vessel.
21		At what stage of the contract does title pass from MARAD to the contractor? Currently Navy position is at the completion of the scrapping process.	MARAD considers the time of transfer of title a negotiable item. Should MARAD retain title, MARAD intends to provide the facility a release to allow for the sale of Government Property (i.e. scrap) during actual vessel dismantling.
22	Atlantic Marine	Does MARAD have responsibility for the vessel until delivery to scrapping facility ("Responsibility" would mean all navigation, environmental & other liability schemes)	No. The solicitation will require the facility to contract for towing, inclusive of appropriate insurance.

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23	D&D Steel Company	Under the current sales program title passes to bidder. Does title transfer to contractor under this new program?	MARAD considers the time of title transfer a negotiable item.
24		Will you continue with the current sales program as it stands? Can you combine or incorporate the current sales program with the new?	MARAD continues to examine all alternatives. See Answer 45.
25	Parsons-Brickerstoll	Is this a U.S. only program? Or U.S. prime with foreign partners? Open to all? Certain % SB, set aside etc?	The National Defense Authorization Act 2001 requires MARAD to scrap vessels "without predisposition to foreign or domestic facilities". The solicitation is anticipated to be open to all. A set-aside is currently not being considered since many interested parties are actually small businesses. Will be confirmed during the actual RFP development process with DOT's SBA representative.
26		Is the Navy pilot program costing data available to contractors?	Recommend interested parties contact NAVSEA.
27	ECM Hudson Maritime Services, LLC	Will MARAD consider phasing the contract to cleaning vessel only with disposition alternatives to scrapping i.e. sale, reefing program, SINKEX program etc.	No.
28		Will there be an agency or authority that will certify the vessel to be "clean" prior to dismantling, sale or transfer? If so, who?	No. It will be the responsibility of the contractor to comply with all U.S. laws, regulations, and requirements in "cleaning" a vessel prior to any form of disposal.
29		How will title (ownership) of the vessel be handled? Does contractor take ownership during the cleaning and scrapping process or does MARAD retain ownership i.e. towing?	See Answers 21 and 22 above.

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30	Bering Sea Eccotech	Will MARAD consider a flexible contract vehicle such as 8(a) sole source with an Alaskan Native Corp. or other contract vehicles under the 8(a) Small Disadvantaged Business Program?	MARAD is currently contemplating a full and open competition. See Answer 3 above.
31		What are the requirements to certify a facility as a qualified scrapping facility?	See Answer 19. MARAD will not prequalify scrapping facilities. However, MARAD intends to conduct pre-award facility surveys for facilities considered for award.
32	Elaine Gromuff	How do you maintain competitive bids on all 3 lots when the east cost, i.e. Lot 1, is scheduled first which gives the awardee for Lot 1 an advantage?	MARAD intends to award each Lot competitively under 1 RFP. There is no competitive advantage for the awardee of Lot 1. Subsequent task Orders will be awarded competitively among successful offerors per Lot. Offerors can bid on any Lot.
33	MRO	Will MARAD list the hazmats known to be onboard the vessels?	MARAD will identify the estimated quantities of hazmats for each vessel for bidding purposes. The RFP/contract will allow for adjustment if the actual quantities exceed the estimated quantities.
34		Each EPA region has varying criteria for their approval to some of the common hazmats & ship scrappers in particular. Is EPA onboard nationwide with this program?	MARAD's planned program as outlined in the Report to Congress is being coordinated with the EPA. It is the scrapping facility's responsibility to meet federal, state and local EPA regulations.
35	Marine Hydraulics International	List of vessels to be scrapped includes those on an RFP issued by Ocean Shipholdings, Inc. Will others on list be handled by disposal agent?	MARAD intends to buy scrapping services directly, for those vessels not awarded by Ocean Shipholdings, Inc., for FY'02 and outyear scrapping/disposal.
36	Marine Response Consultants	Will the list of attendees be posted on the WebSite?	Yes. See Answer 13.

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37		There are numerous perceptions/rumors regarding opening disposal to foreign ship scrappers. Could this be elaborated if only briefly in this forum today?	The National Defense Authorization Act of 2001 requires MARAD to “scrap vessels without predisposition to foreign or domestic facilities”.
38	Universe Technologies, Inc.	(a) Has any due diligence been accomplished to identify the levels of environmental impact on the vessels? (b) If so, at what point will the perspective contractors liability for the environmental impact occur?	<b>Part (a) is unclear. Question may be resubmitted. Part (b) cannot be answered until Part (a) is clarified.</b>
39		Have any funds been appropriated for this project at this time?	The President’s Budget Request for FY02 proposes \$10 million for this effort.
40		Will the RFP be released as scheduled in the absence of formal funding?	The RFP may be released “subject to availability of funds”.
41	Cascade General	How will MARAD ensure that foreign contractors comply with U.S. laws if there is no local enforcement?	See answer to 17, above.
42		Will contractors be selected for all three lots under the same solicitation?	Yes
43	Gary Gromoff	In order to tow a vessel from one area to another if the vessel has been sitting more than a couple of weeks the hull must be scrabbed . Can this be done on location?	<b>Question is unclear and may be resubmitted.</b>
44		Must all the vessels be completely scrapped or is removing hazmats and reutilization a possibility.	All vessels identified by MARAD must be scrapped.
45	ADI Technology Corporation	How is this approach different from MARAD’s current and past practices for ship disposal. Why any change?	The National Defense Authorization Act of 2001 allows MARAD to acquire disposal services. Disposal under the sales program was not a viable option based on past experiences.

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46		Should offerors assume that no amount of ocean disposal/SINKEX will be acceptable for purpose of proposal competition?	Yes, for the purpose of proposal competition.
47	Jessie Schrum	What has/will MARAD do to ensure it provides the contractor with a complete and accurate list of onboard HAZMATS and their locations?	MARAD will not provide any assurance to a contractor regarding the type, quantity or location of hazardous material on board a vessel. MARAD will provide available information to the contractor along with information on the possible locations of hazardous material. MARAD expects that the offerors will use its expertise to review the information and the vessels to determine the type, quantity and location of hazardous materials. MARAD will also provide estimated quantities of hazardous materials for each vessel. Contracts will provide for adjustments for actual quantities that exceed those estimates.
48		How will the contractor be protected from liability in the event MARAD's cataloging of HAZMATS is either incomplete or inaccurate, or new materials are added to the HAZMAT list after award?	See answer to 47, above.
49		What alternatives to land scrapping has MARAD considered? Do any remain viable? What are MARAD's options if scrapping proves cost prohibitive?	MARAD continues to consider all alternatives, including SINKEX and artificial reefs. Based on historical data, we anticipate prices to be competitive. However, should they be unreasonably high, MARAD would have to evaluate available options and their viability at that time.
50		For purposes of HAZMAT disposal liability under TSCA/RCRA, CRCLA, who is the "HAZMAT generator"?	MARAD and the contractor will be co-generators of the waste.

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51		What has already been done to date to identify "qualified" scrapping facilities? What were the major technical criteria?	For purposes of this program, MARAD has not prequalified scrapping facilities.
52		What access should the contractor anticipate to perform work inside the Government storage facilities for non-towable vessels? For towable vessels?	No work, other than the preparation for towing, will be permitted in the fleet sites.
53	GNI Technical Services, Inc.	How will the estimated hazardous waste types & quantities be generated? Will the contractor be required to perform sampling, analysis & environmental/hazwaste characterization prior to bidding?	The estimated hazardous waste types & quantities are generated based on historical data. Contractors may perform nondestructive sampling prior to bidding.
54	Houston Ship Repair	Will MARAD transfer disposal liability to contractor? Meaning, will MARAD make the contractor the "generator" of the hazardous waste?	Yes, MARAD will transfer disposal liability. The facility will be the "co-generator" of hazardous waste.
55		Can ships be removed from the U.S. without the removal of hazardous wastes?	There is no legal requirement that <b>all</b> hazardous materials be removed prior to the vessel leaving the U.S. Removal and disposal of vessels must be done in accordance with all contractual requirements.
56	Ross & Parks, Inc.	How many ships are seaworthy for towing? Please break out according to sites. Will MARAD compensate above fixed price if towing problems arise such as with the first SDP ship from CA to TX?	Based on the known condition of the vessels, it is anticipated that all vessels are towable, although some may be geographically restricted. Facilities are required to contract for towing, inclusive of the appropriate insurance. MARAD will not compensate above the contract price for unforeseen towing problems – that is the purpose of the insurance.

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57		Where do scrap sales go?	Offerors must maximize scrap sale proceeds while minimizing processing costs to arrive at lowest net cost.
58		Upon what or how is MARAD assessing what is a baseline reasonable cost?	MARAD has data available from bids received in response to the SS BUILDER RFP and the Navy program. In addition, data will be provided to MARAD in response to OSI's Solicitation for ship scrapping.
59		Who is going to determine & whose responsibility is it to drain tanks, etc.	It is the contractor's responsibility.

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60	ISL (thru Website)	<p>Performance Bond: Using the percentage completion form of contract better covers the risks that a performance bond is attempting to avoid. The risk to the government takes on is that the contractor gets too far ahead in billing compared to performance. If this occurs, the contractor would have more work to complete than they will get paid for. The government is better off keeping the contractor on a payment schedule that does not let them get too far ahead in receipts. In addition, the cost of a performance bond will save 1.75% to 2.5% of the contract cost. In this industry, vendor terms are typically very short, obviating the need for a payment bond. Payrolls are paid weekly or bi-weekly at the latest and suppliers only give 15 to 30 days terms, prohibiting large amounts of vendor credit. Based upon the above, we recommend MARAD revert to their prior practice of bond levels to \$150,000 or less.</p>	<p>Recommendation will be considered in the development of the Request for Proposal.</p>

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61	ISL (thru Website)	<p>Non-Hazardous Waste: Many of the ships remaining in the inactive fleet have substantial amounts of waste that is not a hazardous waste stream, yet requires labor and equipment to remove it from the vessel and dispose in a municipal or permitted facility. There should be a separate line item for this waste stream so that the contractor is made aware to separate hazardous from non-hazardous waste streams and dispose of non-hazardous waste at lower cost facilities. Progress payments should reflect work done to remove non-hazardous waste.</p>	<p>Recommendation will be considered in the development of the Request for Proposal.</p>
62	ISL (thru Website)	<p>Oil Removal: It will generally be less expensive to remove fuel oil remaining on board an obsolete vessel during the dismantling contract, than it would be to award a separate oil removal contract prior to the dismantling. This would apply to all vessels; however, certain vessels whose structural integrity is suspect, may need to be pumped clean prior to tow of all fuel based upon environmental prudence. Virgin diesel fuel may generally be used by the contractor to offset fuel purchases for heavy equipment needed in the dismantling process. Heavy fuel, such as #6 bunker fuel, can be more efficiently handled once the area above the fuel tanks has been cleared and equipment is placed directly on top of the tanks.</p>	<p>Recommendation will be considered in the development of the Request for Proposal.</p>

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63	ISL (thru Website)	Mud Ballast Removal and Disposal: Certain vessels, such as converted bulk cargo carriers, have been modified to contain mud ballast. This material was installed in liquid form in double bottom tanks and has subsequently dried leaving a hard clay or concrete like substance in the bottom of the ship. This material, due to additives and contamination, is quite often hazardous to the environment and the workers removing it. The cost to test, remove and dispose of this material should be a separate line item.	Recommendation will be considered in the development of the Request for Proposal.
64	ISL (thru Website)	Innovative Pricing Mechanisms: MARAD has a substantial number of obsolete vessels that must be dismantled. Even today's existing domestic dismantling capacity, if properly managed, could not address this excess capacity in a timely manner. MARAD should consider line items in multiple ship contract awards that efficiently expand contractor capacity to accelerate the dismantling of MARAD vessels.	Recommendation will be considered in the development of the Request for Proposal.
65	ISL (thru Website)	Vessel Storage: Contractors who have the ability to receive vessels and store them for period of time prior to dismantling should be incentivized to expand storage facilities in order to address MARAD's immediate problem with approximately three dozen ships that should be removed from the JRRF as soon as practicable. This would allow the environmental risks to be reduced well in advance of MARAD receiving funding for all ships.	Removing vessels from current fleet sites requires funding. Additionally, it is unclear how this would reduce the environmental risk; it would simply be transferred to a different location.

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