

Belledune Port Authority and Argentia Port Corporation

***Cargo Vessel Service
Connecting
Belledune, NB and Argentia, NL***

Terms of Reference

October 2011

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1. Port Profiles

The Ports of Belledune and Argentina

The Port of Belledune

The Port of Belledune, managed by the Belledune Port Authority (BPA), is located in northern New Brunswick on the Bay of Chaleur. It is a deep water, year round port capable of docking and handling large ocean bound cargo vessels. It offers some of the shortest routes between strategic ports in Europe and a key inter-modal exchange point in North America.

The Port of Belledune has eight (8) major facilities which are actively utilized in the storage, loading and unloading of bulk and general cargoes on a year round basis:

- **Terminal 1** – Used primarily by Xstrata Zinc/BMS for the import & export of mineral concentrates (zinc, lead, copper, sulphuric acid).
- **Terminal 2** – Used for the importation of coal and petroleum coke for the NB Power Belledune Generating Station as well as for third party cargoes such as liquid bulk petroleum products destined to/from BPA's tank farm.
- **Terminal 3 (known as M. D. Young Terminal)** – 455 meter long terminal with 13.5 hectares of asphalted outdoor storage area, 27 acres of non-asphalted outdoor storage area, road and rail access and a warehouse(FS 100) licensed to Eastern Canada Stevedoring Inc. (a subsidiary of Quebec Stevedoring Ltd.) for the handling of break bulk, bulk and project cargoes. In addition there is a second warehouse on the terminal (FS 103) which is leased to Shaw Resources.

- **Freight Station 101 (formerly known as the Caribou Shed)** – Located west of Terminal 3 and presently leased to Xstrata Zinc/BMS for storage of metallurgical coke fines and briquettes for their nearby smelting operation and also temporary storage for spent auto batteries to be recycled. It also connects directly to a conveyor system to move bulk cargoes to Terminal 1 where a gantry crane loads directly to vessels.
- **Freight Station 102** – Located to the west of Terminal 3 and is presently leased to S & B Industrial Minerals North America Inc. for the storage of perlite.
- **Liquid Bulk Storage Compound (Tank Farm)** – Consists of 7 large storage tanks, with a capacity of over 285,000 barrels (approx. 45.5 million litres), a warehouse and a pipeline connecting the tank farm to Terminal 1 and Terminal 2; the facility is leased for the storage of bulk petroleum products.
- **Modular Fabrication Component Centre** - This complex is comprised of the former Bennett building, referred to as the Complementary Building and a new Modular Component Fabrication Facility all on port property with easy access to the Ro Ro/Barge Terminal. The Fabrication Facility is located within 1.6km of the Ro Ro/Barge Terminal and is approximately 3 720 m² (40,000 ft.²) and includes two (2) 20 - tonne cranes inside the building for heavy lift capability of steel components which are used to construct module units.
- **Ro Ro/Barge Terminal** – This facility was constructed in 2011 and provides for two wharves – a Ro Ro Wharf and a Barge Wharf. Specifications of the two wharves are shown below:

<u>Ro Ro Wharf:</u>	Length	19.20 m (63 ft.)
	Width	27.18 m (89 ft.)

Ramp designed for stern ramp, slewing ramp or quarter ramp vessels;
 10 X 100 mt + 2 X 300 mt (back set) + 1 Cruciform (back set mt tba) = 13 bollards total. Water Depth at Berth is 9.0 meters (29.5 feet) at chart datum

Barge Wharf: Capacity for 30.4X121.9 meter (100X400 feet) barge;
 Draft of 7.0 metres (23 feet) at chart datum;
 53kpa (1100 lbs/sq.ft) load capacity on new apron;
 5 X 100 mt + 1 Cruciform (east side barge ramp mt tba) = 6 bollards total.

The Ro Ro/Barge Terminal also has 3 hectares (7.41 acres) of back storage area with access to more than 600 hectares (1,600 acres) of port land located within minutes of the terminal and available for development.

As previously mentioned, the BPA has over 600 hectares (1,600 acres) of outdoor storage space and vacant land for business development, over 15,000 square meters (162,500 square feet) of indoor storage capacity and a liquid storage facility that can accommodate 45.5 million litres (285,000 barrels). The Port of Belledune has a definite competitive advantage for bulk, break bulk, Ro Ro, unitized and specialized cargoes. In 2010, the Port of Belledune handled a total of 2.149 million tonnes of cargo mainly comprised of coal and pet coke, ore concentrates, perlite, gypsum, petroleum products, sulphuric acid and forest products.

For more information on the Port of Belledune see the Port's web site at www.portofbelledune.ca

The Port of Argentia

The Port of Argentia is located on the east side of Placentia Bay on the south east coast of Newfoundland. The harbour is entered between Low Room Point and Broad Cove Point and extends 3 kilometres in length southwest to the head of Sandy Cove. Argentia is located in the centre of the world's major shipping lanes with an excellent ice-free port, extensive buildings and infrastructure, and a skilled, work force.

The Argentia Management Authority Inc. (AMA) is a non-profit corporation, which was incorporated in 1995, and provides overall management over assets transferred to the Corporation. The Argentia Port Corporation (APC) is a wholly owned subsidiary of the AMA and manages the Port of Argentia. The Port is a gateway to both sides of the Atlantic being strategically located between major markets and accessible to international shipping lanes. Argentia is approximately 137 kilometres from St. John's, on the Avalon Peninsula, which is the most important destination for cargo and consumer goods imported into the Province. Approximately 70% of all goods shipped to Newfoundland are destined for the Avalon Peninsula. The port is deep, ice free and open year round with 1,460 hectares of developed harbour front property.

Argentia has three wharf complexes that can be utilized by shippers:

Navy Dock

Marine Atlantic Terminal

Fleet Dock

Argentia also has 46,452 sq, metres (500,000 ft²) of building space in a fully services industrial park and offers turnkey facilities to potential investors. Opportunities for the Port of Argentia include oil and gas development, mining and manufacturing.

On March 23, 2011 the Federal Government announced support funding for a new Ro Ro Ramp at the Port of Argentia. The Port of Argentia is therefore in the final planning stages for the construction of a new Ro Ro Ramp with the following planned specifications:

Ro Ro Wharf: Length 20m (66 ft) Width 12m (39 ft), ramp designed for stern ramp, water depth at berth 9.0 meters (29.5 ft) at chart datum.

For more information on the Port of Argentia see the Port's web site at www.argentia.ca.

2. *Rationale for the Service*

The ports of Belledune and Argentia have been working together over the past couple of years on developing a new cargo vessel service to Newfoundland to provide for a more efficient, reliable and cost competitive service to Newfoundland. Using the base at the Ports of Belledune, in northern New Brunswick and a destination of Argentia, in Placentia Bay, Newfoundland for the new water service will provide an efficient alternative service to the existing services presently transporting cargo from mainland Canada to the island of Newfoundland, Canada.

The Ports of Belledune and Argentia have significant land resources available for port or port-related activity, as well as for manufacturing or fabrication construction. It is envisaged that a new freight service between the two ports will greatly increase cargo and related activity at both ends of the shipping route and thereby support the goals of both ports by increasing port activity and providing greater economic benefits to the region in and around the port areas.

Management at both ports is prepared to work with a vessel operator to secure new cargoes for the proposed vessel service. The Port of Belledune has already constructed its multi-million dollar Ro/Ro/Barge terminal facility; while Port of Argentia expects to start construction on its new facility in the spring of 2012. It is expected that a vessel operator would provide the vessel(s) to link the two ports with a reliable, efficient and cost effective service to carry goods and commodities to and from the mainland to Newfoundland and Labrador.

Currently there are two vessel operators that service the Province of Newfoundland and Labrador from mainland Canada - Marine Atlantic Inc. and Oceanex (1997) Inc.

Marine Atlantic Inc.

Marine Atlantic Inc.(MAI) has a year round operation from North Sydney, N.S. to Port aux Basques and a seasonal (June – September) service from North Sydney to Argentia. MAI uses the *MV Atlantic Vision* and the *MV Leif Ericson* for transporting passengers and cargo from North Sydney, NS to Port aux Basque and Argentia, NL.

The Marine Atlantic service requires a shipper from Ontario, Quebec or New Brunswick to truck their freight to North Sydney, NS in order to supply goods to the Newfoundland market. If the truck misses the scheduled departure of the vessel from North Sydney, it has to wait to catch the next ferry to the Island. A Study released in March 2005 – “*A Strategy for the Future of Marine Atlantic Inc.*” – outlined many concerns from the stakeholders of the service, including poor on - time performance, escalating operating costs and unpredictable rate increases for users. The Advisory Committee made a number of recommendations to improve Marine Atlantic’s situation.

One of those recommendations was to eliminate so-called drop trailer service, to save labour costs, improve efficiency and speed up vessel turnaround time. A subsequent study, “*Social and Economic Impact of Marine Atlantic Drop Trailer Service, November 2005*” undertaken by MariNova Consulting and Geoplan Opus concluded there would be a significant amount of economic dislocation caused by this initiative and it was dropped. Not addressed by either study was the *best* way to serve drop trailer customers, as this could involve a different solution altogether.

Truckers have predicted that, with almost 90% of perishable goods being transported to Newfoundland and Labrador by MAI’s ferry service, consumers on the Island will be paying higher prices for these goods.

MAI’s vessels carried over 96,000 commercial vehicles in 2009/10. By using 2001 as a base year, MAI has increased its commercial vehicle traffic by 22.5 % (*average of 2.8 % per year*) for the eight year period, 2001 – 2009/10 as shown below:

2009/10	96,694 units
2008	92,612
2007	18,447 (changed year end to Mar. 31 st)
2006	88,066
2005	86,605
2004	85,769
2003	81,169
2002	79,092
2001	78,963

It is obvious from the actual statistics that commercial traffic destined for Newfoundland and Labrador from Atlantic and Central Canada is continuing to increase on an annual basis.

Oceanex (1997) Inc.

Oceanex has two regular, year round services calling Newfoundland:

- Montreal to St. John's
- Halifax to St. John's (the service continuing on to Corner Brook was recently dropped)

Oceanex carries primarily domestic containers, trailers, International cargo and autos. Both services carry trailers and containers, although the company's newest vessel, *Avalon*, which calls at St. John's only, carries 20', 40' and 53' containers.

Currently, Oceanex uses three vessels on its services: the *Oceanex Avalon* (Montreal – St. John's) with a capacity of 1,004 TEUs, the *Sanderling* (Halifax – St' John's) with a capacity of 1,125 TEUs, and the *Cabot* (Montreal – St. John's) with a capacity of 644 TEUs.

Based on confidential studies undertaken by the two Ports, it appears that traffic (in TEUs) has grown fairly steadily over the years.

Since Oceanex is a privately owned corporation, details of cargo volumes are not publicly available.

Duty on Imported Ships

The regulation requiring a 25% import duty on imported ships to be used in Canadian waters has been removed by the Federal Government. This duty was a significant cost factor which previously had to be absorbed by a ship owner bringing in foreign vessels for the Canadian trade, and it would have applied to vessels in service between the Ports of Belledune and Argentia.

The removal of the import duty has made investments in foreign ships to be used in the Canadian trade significantly more palatable for vessel operators. The elimination of this financial impediment to investments in shipping infrastructure will make the proposed Belledune – Argentia cargo service more competitive.

The two ports agree that now is the time to introduce a new service to Newfoundland to take advantage of the continuing growth in cargo activity to the island. In addition, Newfoundland-Labrador is currently undertaking very large infrastructure projects which will require greater transportation services to bring goods to those areas. The new multi billion \$ Vale plant being assembled in Long Harbour is one example of huge investments being made in that area. A new contract worth \$600 million was awarded. To date it is estimated that Vale has awarded contracts worth \$1.5 billion.

Also, the proponents for the Hebron project have now formally filed their development application and benefits plan for regulatory approval. Bidding is now open on eight parcels of land (totaling 1.6 million hectares) in three regions of the NL offshore for new petroleum developments. Plans are also underway for other multi billion infrastructure investments in Newfoundland-Labrador. Obviously the island will have to import millions of dollars of components and commodities to undertake and sustain these mega projects.

3. Information to be Provided by the Proponent

The ports are seeking to enter into an arrangement with an experienced vessel operator who will be expected to work with the ports and stevedoring contractors to develop new business for the ports.

A longer term commitment of a vessel operator is preferable since such an arrangement will provide a high level of confidence to shippers and other port users about the seriousness of the new venture. A longer term commitment also allows the ports to develop business development plans and strategies to attract new business to the ports.

Information to be Provided by Proponents

- A. Background on the company, current business activities at other terminal/port facilities, experience in vessel operations handling general, ro ro and other types of cargo;
- B. Description of your current ownership structure, names of principals of the company; contact person for the proposal;
- C. Description of the structure of the proposed new company(ies) and how you would manage vessel operations, land management operations and administrative requirements, marketing and related activities;
- D. How do you plan to start the service (one vessel, two vessels,,,), comments on when would you introduce additional vessels;

- E. Description of how you would finance the vessel(s), copy of latest annual report, statement of insurance coverage and corresponding limits that you would carry for the vessel operation;
- F. Brief description of your safety and security management systems in relation to the operation of a cargo vessel.
- G. Statement of the company's environmental record over the past 10 years;
- H. Your company's initial thoughts on how you would work with the two ports in developing new business over the next five (5) years;
- I. List of 3 business references along with the name(s) of the contact person, their position and telephone number;

It is suggested that proponents provide sufficient information in their proposals to permit the ports to fully evaluate the proponents' capabilities and its plan to move the service forward.

4. Evaluation of Proposals

BPA and APC will evaluate all proposals received using a number of factors including:

- overall experience and reputation of the proponent in operating cargo vessels,
- ability to operate the company(ies) on a cost effective, competitive basis,
- ability of the company to attract new business for the venture,
- company fit to current and planned future operations at the Ports,
- completeness of the information requested in *Section 3* above.

During its evaluation the ports may request additional information from any proponent to provide further clarification of anything contained in their proposal.

All proponents will be notified whether or not their proposal has been shortlisted. The ports reserve the right to adjust a proponent's evaluation or reject any proposal.

5. Confidentiality

The proponent acknowledges that any information concerning the business and affairs of BPA and APC or its agents, employees, or clients of whom the proponent, its agents or employees shall become aware in the course of submitting a proposal on this RFP or providing any services under this proposal shall be treated as confidential. The proponent agrees to take such measures to protect such information as it would reasonably be expected to take to protect its own confidential information.

Any sensitive or proprietary information provided by a proponent in response to this RFP, will be treated as privileged and not released by BPA or APC to external parties unless so authorized by the proponent or required to be released in accordance with the Canadian Federal *Access to Information Act*. Proposals submitted will only be circulated internally to those at BPA and APC who are required to have knowledge of such documents.

6. Proponents' Inquiries

Any questions relating to the specific requirements for the content of this RFP or to request a site visit to any of the two the ports should contact:

For the Port of Belledune to:

Ms. Jenna MacDonald
Director of Marketing
Tel: (506) 522-1204
Fax: (506) 522-0803
E-mail: macdonald@portofbelleudne.ca

For the Port of Argenticia to:

Mr. Chris Newhook
Manager- Business Development and
Marketing
Tel: 709-227-5529
Cell 709-227-4567
Fax: 709-227-5592
E-mail: c.newhook@argenticia.ca

7. Submission of Proposals

Proposals should be marked confidential and addressed as:

***“Proposal for the Cargo Vessel Service
Connecting
Belledune, NB and Argentia, NL”***

and delivered or mailed or emailed to:

Ms. Jenna MacDonald
Director of Marketing
Belledune Port Authority
112 Shannon Drive
Belledune, NB
E8G 2W2
Tel: (506) 522-1204
Fax: (506) 522-0803
E-mail: macdonald@portofbelledune.ca

ALL PROPOSALS MUST BE RECEIVED NO LATER THAN 3:30 PM ON TUESDAY, NOVEMBER 29, 2011.

8. Revisions by Proponent

A proponent may change a previously submitted proposal by withdrawal, amendment or by submitting a replacement proposal, but such change must be received in writing prior to the proposal closing time at the location indicated above.

9. Reserved Rights

BPA and APC wish to advise proponents that they reserve the right to reject any and all proposals at any time without further explanation or to accept any proposal considered advantageous to the two ports.

BPA nor APC is obliged to accept any proposal and a formal agreement may not result from this RFP. All costs associated with the preparation of the proposal and attending meetings with the two ports are the sole responsibility of the proponent.

BPA and APC reserve the right to modify the terms of the RFP at any time at their sole discretion.