



Interoffice Memo

DATE: October 8, 2021

TO: Kirk DeJesus, Port Director

FROM: Juan G. Villanueva, Director of Development & Planning

RE: Consideration of possible asset disposition:
Barges M-580 A and M-580 B

REQUESTED ACTIONS

- A. Execute a Disposition of Grant-Acquired Property Agreement with the United States Department of Transportation Maritime Administration (MARAD) for Barges M-580 A and M-580 B.
- B. Execute a Brokerage Agreement with Pacific Rim Shipbrokers, Inc. for the sale of barges M-580 A and M-580 B at a brokerage rate of 5% of the gross sale for a 6-month term.

BACKGROUND

The M-580 Marine Highway grant was a three region, three-port project that provided for the necessary port infrastructure improvements with crane and barge acquisitions that created the California Green Trade Corridor, with the goal of creating a viable “Marine Highway” between the Port of Oakland, Port of Stockton and the Port of West Sacramento. The Port of Stockton was responsible for developing a public/private partnership to operate the barges and transport containers along inland waterways to and from ocean-going vessels at existing Port of Oakland berths.

TIMELINE

- | | |
|-------------------|--|
| 🕒 February, 2010 | TIGER 1 awarded to the three regional ports |
| 🕒 August, 2011 | Barges purchased |
| 🕒 April, 2013 | M-580 container service started |
| 🕒 September, 2014 | Weekly barge service suspended |
| 🕒 September, 2017 | Port requests guidance from MARAD on selling assets |
| 🕒 January, 2018 | MARAD requests meeting with Port to discuss next steps |
| 🕒 February, 2018 | Meeting takes place between MARAD and Port: |

- If no other federally supported projects to utilize equipment, apply 49 CFR § 18.32 for disposition
 - Port may reimburse Federal government for proportionate share, or
 - Port may sell equipment and reimburse the Federal government for its share of the proceeds.

OVERVIEW

MARAD has provided a Disposition of Grant-Acquired Property agreement for the Port's acceptance to initiate the sale of both barges. As the equipment is valued above \$5,000, it may be retained or sold by the Port with MARAD receiving its Federal share of the proceeds. Per the agreement, the Port will provide any purchase offers received to MARAD for review and written approval prior to the acceptance of an offer. Port and MARAD will agree to the Federal share for each piece of equipment before that share is remitted to MARAD.

Pacific Rim Shipbrokers, Inc., of Bainbridge Island, Washington, has provided a 6-month listing agreement for execution stating its brokerage fee of 5% of the gross sale. MARAD has agreed to deduct this brokerage fee from the total gross sale proceeds.

STAFF RECOMMENDATION

- I. Execute Disposition of Grant-Acquired Property Agreement with MARAD.
- II. Execute Brokerage Agreement with Pacific Rim Shipbrokers, Inc.