

Alaska Department of Transportation & Public Facilities  
Office of the Commissioner  
**Attention: Amy Deininger**  
Request for Proposal (RFP) Number 2519S079  
Project name: AMHS Economic Reshaping Consultant  
PO Box 112500  
Juneau, Alaska 99811-2500

April 19, 2019

Dear Ms. Deininger:

MAP Consulting, LLC (MAP) hereby protests the DOT's notice of intent to award RFP 2519S079 to Northern Economics.

We would like to be treated fairly. We have not been treated fairly. The process surrounding this RFP is not fair, objective, nor transparent. Rather, it is cover by an administrative agency to award a consulting contract to a pre-selected company under the guise of an RFP. A little history of the events is in order before the merits of the evaluation process are addressed.

Initially DOT issued an IRFP for economic reshaping of the Alaska Marine highway system. The not to exceed price was \$60,000. There was a short turn to submit proposals. MAP timely submitted a proposal to the IRFP. Another prospective bidder, (apparently Northern Economics) contacted the contracting officer and complained that the response time for the proposals was too short and that the contract amount was too low. The MAP response to the IRFP was deemed responsive, but DOT decided not to make the award to MAP.

Instead, DOT issued an RFP for economic reshaping of the marine highway system with a longer response time and more money in the budget. MAP retained additional marine experts, expanded the effort to respond in greater detail to the scope of its proposal, and submitted a bid. Northern Economics was the only other bidder.

We followed the rules laid out in the RFP. This is the second time we addressed an almost identical scope and set of RFP rules.

We are protesting because the goalposts for evaluating the proposal were changed. It seems to us that either the State decided that they didn't like what they were proposing and changed their mind as to what the rubric was going to be for evaluating the RFP, or the committee was arbitrary and capricious. In either case, it is not a fair process.

We assert that our proposal responded to the Scope of Work, the other company's proposal did not respond to the scope.

Here is the scope the DOT&PF wanted addressed:

## “SECTION 3. SCOPE OF WORK & CONTRACT INFORMATION

### SEC. 3.01 SCOPE OF WORK

DOT&PF requires an economic consultant working with a marine consultant and possibly a marine vessel broker. While the Governor's memo and the change records give the example of a public/private partnership, there are many other organizational changes as well as policy changes that could result in lower general fund AMHS costs. The Department has identified the following list of options to be considered during the performance of this contract. Prospective offerors should consider, at a minimum, the following options or some combination thereof:

1. Reshape the entire AMHS operation by selling or giving all vessels and terminals to a private entity to run whatever service they can justify economically.
2. Reshape parts of the AMHS by selling or giving some vessels and terminals for the specific purpose of providing service to certain communities, for example communities that are not on the National Highway System (NHS).
3. Transfer AMHS assets to a public corporation that would provide service based on a fixed or zero General Fund amount. The corporation board would set service levels, fares and employee pay.
4. Lease vessels and terminals to a private entity, public corporation or non-profit entity to run as a for-profit business with the state responsible only for vessel and terminal overhaul and refurbishment.
5. Sell or lease vessels to a private entity, public corporation or non-profit entity while retaining the terminals as a state asset. There are examples of this in other states whereby the terminals are still eligible for federal aid.
6. AMHS continues as a state entity but is directed by the Legislature to drop or reduce specific high cost, low volume runs on the assumption that these communities would be serviced by the private sector with its own equipment. AMHS would sell vessels not needed to provide the remaining reduced responsibility.
7. AMHS continues as a state entity but contracts out for service to lower volume expensive routes on the basis that a private entity would use smaller vessels and less expensive crews. Vehicle and passenger service could be provided by different vessels. Current marine union contracts already allow this for Pelican, Gustavus, Hoonah, Angoon, Tenakee, and Kake.
8. Privatize all or some onboard passenger services: stateroom housekeeping, meal service, bars, gift shops, etc., to include consideration of novel freight delivery concepts such as small freight modules shipped aboard vessels without being loaded onto trailers or vehicles.
9. Implement further fare increases, including across the board increases, increases on more expensive runs, demand pricing for high demand periods or events, demand pricing based on percent of remaining vessel capacity, etc.

10. Legislature-directed renegotiation of marine union contracts to reduce vessel operation costs.

The Department is seeking the best options or combination of options to reduce the financial obligation of the AMHS in an effort to minimize the costs. The ten bullets identified above encompass some options but are not intended to be the sole options the State will consider in order to achieve the goal of reducing the costs associated with administering the AMHS.

The analysis will incorporate pertinent information from previous state funded AMHS studies such as the 2012 Systems Analysis, the 2015 Tariff Analysis, the 2016 Economic Impacts analysis, 2017 AMHS Reform Phase 1 and 2 Reports, the 2017 Annual Traffic Volume Report, the 2018 Annual Financial Report, and various vessel condition reports.”<sup>1</sup>

Additionally,

“SEC. 3.03 DELIVERABLES

The contractor will be required to provide the following deliverables:

- Triage analysis of major routes or groups of routes that identifies the suitability of each for non- or low-subsidized operation, based on vessel(s) traffic density and freight demand.
- Two-tier examination of concepts, to first determine the most promising among those identified, and then a second tier more detailed analysis of the final concepts selected.
- Final report, defining the process used, results learned and recommendation(s) for reshaping the AMHS to fulfill the stated goal: ‘AMHS will move towards other service options to realize short and long-term cost savings for state government and to promote economic growth in affected regions of the state.’ “<sup>2</sup>

“The procurement officer, or an evaluation committee made up of at least three state employees or public officials, will evaluate proposals. The evaluation will be based solely on the evaluation factors set out in **SECTION 5. EVALUATION CRITERIA AND CONTRACTOR SELECTION**”<sup>3</sup>

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<sup>1</sup> Source: STATE OF ALASKA – REQUEST FOR PROPOSALS RFP **2519S079 AMHS ECONOMIC RESHAPING CONSULTANT** 11 Rev. 05/18

<sup>2</sup> Ibid.

<sup>3</sup> Ibid.

**It would be fair if the committee would apply the evaluation criteria to the scope of work in contractor selection.**

We challenge any neutral party to find substance in the barely three pages of response to the scope that Northern Economics provides. It does not even begin to address the scope.

Further Northern Economics has proposed to make a major effort of the response something completely unrelated to the scope you put forth: "We believe that by asking the customer base of the AMHS for their thoughts and opinions, ADOT&PF has a much higher probability of achieving buy-in with respect to its eventual decision." The use of a pollster as part of the Northern Economics proposal only emphasizes the disconnect between the DOT RFP and their proposal. The RFP only references economic and marine consultants. The 10 options listed in the RFP make no mention of seeking public polling input as a part of the project and furthermore, we just received tons of public input as part of the Governor's proposed budget for AMHS.

How does ADOT&PF not know what the outstanding issues are concerning the ferry system? Given that a stack of studies has just been completed, the Alaska State Legislature and the Alaska press has spent at least three months discussing the major issues concerning the AMHS, and the fact that ADOT&PF has been running a ferry system for over fifty years - shouldn't the ADOT&PF already know what the basic issues facing the individual communities?

The current system has already produced a significantly decreasing ridership, an almost \$100 million operating subsidy, and less than \$40 million in gross annual revenue. Without showing how the system can generate more revenue, or reduce costs – what will "valuing" the physical infrastructure of the system on its own produce for the state of real value? We think that is upside-down economics.

They also state: "We believe that in fact the high level of public awareness regarding the proposed changes to AMHS services has already led to a much higher level of entrepreneurial thinking than existed prior to the announcement of the Governor's budget. We intend to actively tap into these creative ideas in a series of interviews with potential service providers."

The following two sentences is the main conclusion for the Northern Economics' proposal:

"We propose to work with ADOT&PF staff to develop a set of analytical options that best captures the range meaningful alternatives to the existing AMHS service and ownership structure. The individual options analyzed will be determined through consultation with ADOT&PF staff throughout the project."

These sentences lack precision and meaning, but, more importantly, Northern Economics does not answer the scope within its proposal. There is nothing in the RFP that contemplates consultation with DOT as part of the reshaping process, yet each evaluator scored Northern Economics ahead of MAP on both Understanding and the Methodology in proposal scoring. The only conclusion that can be drawn is that there is no objectivity in the evaluation process, the evaluators did not follow the mandated RFP scoring process and DOT wants Northern Economics to have the contract.

Another major point, Northern Economics didn't address the "triage method" you required in your RFP. Nonetheless, Northern Economics received higher scores than MAP on Understanding and Methodology.

Then to add insult to injury, ADOT&PF, is quoted in the press as saying Northern Economics "simply scored higher in all other criteria than cost."

We now understand that ADOT&PF says one thing but wants to do something else. But this is totally disingenuous and makes a sham of the RFP process.

We read some of the comments related to our proposal. A few items stand out that we would like to address:

1. One criticism is that we focused too much on privatization. In the State's RFP, five out of ten points in the scope dealt with privatization. How can the response not address privatization? Note: Northern economics didn't even use the word privatization in their proposal!
2. Criticism that we were repetitive. If you look at the structure of our proposal it matches EXACTLY to the question rubric you provide. The reason we were repetitive is because your rubric is repetitive.
3. Criticism that we ask too many questions. Framing the questions facing the ferry system is critical to providing a solution.
4. One criticism was that we had spelling errors and incomplete sentences. While that was true in our first proposal, produced under an extremely tight schedule, this was not true of our second proposal. That judge obviously read our first proposal and didn't read it the second time. We requested the scoring from the IRFP, but DOT refused to produce them. The second time we had introduced several significant additions. If that judge did not read our proposal a second time, we did not receive fair consideration and the committee member did not do his/her job. FYI: Northern Economics proposal misuses the English language on several occasions.

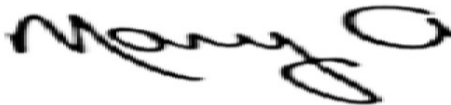
In summary, we are protesting because the goalposts for evaluating the proposal were changed. The State either decided that they didn't like what they were

proposing and changed their mind as to what the rubric was going to be for evaluating the RFP, or the committee was arbitrary and capricious. We also assert that our proposal responded to the Scope of Work, the other company's proposal did not respond to the scope.

MAP Consulting, LLC requests that the responses to RFP 2519S079 be rescored consistent with the RFP rubric and the specific enumerated options in the RFP and that corrected score sheets be used to issue a "new intent to award."

Sincerely,

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