

1 the project for which such services are requested and shall establish the maximum
2 amount to be charged by Consultant on such project, the time limit within which
3 Consultant is to complete the work, and the charge point to be used by Consultant in
4 billing City. Consultant's charges on any project shall not exceed the maximum amount
5 so established without the express written approval of the Director.

6 5. Charges made by Consultant for such services shall be based on
7 Exhibit A and incorporated by this reference.

8 6. Consultant shall submit a separate statement not later than the tenth
9 day of each month for services which have been performed during the immediately
10 preceding month, referring in each of said statements to the charge point for such project
11 previously furnished by the Director and detailing the services performed and expenses,
12 if any, incurred. All payments to Consultant shall be made by City in due course, not to
13 exceed thirty (30) days, after approval of invoice by the Director.

14 7. Subject to the provisions of subparagraphs 7.1 and 7.2, the total
15 amount which shall be payable by City to Consultant for Consultant's services during the
16 term of this contract shall not exceed **\$286,778**.

17 7.1 Not included in the amount set forth in paragraph 7 above are
18 travel expenses for Consultant, which travel expenses shall not exceed \$16,500.
19 No other expenses are chargeable by Consultant to City.

20 7.2 If, during the course of the described services, additional work
21 beyond the scope of services described in Exhibit A is, in the opinion of the
22 Director, required or desired, the Director may authorize such additional work by
23 Consultant; provided that the Director first receives written confirmation from the
24 Harbor Department Risk Manager that no insurance is necessary for the additional
25 work other than the insurance required by paragraph 16 of this contract, and
26 provided further, total compensation to be paid hereunder, including compensation
27 for such additional services and expenses, shall not exceed \$320,000.

28 8. All designs, sketches, drawings, specifications, data and other

1 information, in whatever form or medium, compiled or prepared by Consultant in
2 performing its services or furnished to Consultant by City shall be the property of City and
3 City shall have the unrestricted right to use or disseminate same without payment of
4 further compensation to Consultant. Copies of Consultant's work product may be
5 retained by Consultant for its own records.

6 9. City shall have the right to terminate this contract at any time upon
7 ten (10) days' written notice to Consultant. If this contract is so terminated prior to the
8 expiration of the term, Consultant shall be paid for those charges which have accrued but
9 not been paid through the effective date of termination. Consultant agrees to accept
10 such amount, plus all amounts previously paid, as full payment and satisfaction of all
11 obligations of City to Consultant. Further, Consultant agrees to deliver to City all data
12 gathered and all reports prepared prior to termination of this contract.

13 10. Neither City nor any of its employees shall have any control over the
14 conduct of Consultant, or employees of Consultant, except as herein set forth, and
15 Consultant and employees of Consultant shall not, at any time or in any manner,
16 represent that Consultant or employees of Consultant, or any of them, are the officers,
17 agents, or employees of City. It is expressly understood and agreed that Consultant is,
18 and shall at all times remain, as to City a wholly independent contractor, and each party's
19 obligations to the other party are solely such as are set forth in this contract. Consultant
20 shall be free to contract for similar services to be performed for others during this
21 contract.

22 11. Consultant agrees, subject to applicable laws, rules, and regulations,
23 not to discriminate in the performance of this contract against any employee or applicant
24 for employment on the basis of race, color, national origin, religion, sex, sexual
25 orientation, gender identity, AIDS, HIV status, age, disability, handicap, or veteran status.
26 Consultant shall ensure that applicants are employed and that employees are treated
27 during employment without regard to any of these bases, including but not limited to
28 employment, upgrading, demotion, transfer, recruitment, recruitment advertising, layoff,

1 termination, rates of pay or other forms of compensation, and selection for training,
2 including apprenticeship. Consultant agrees to post in conspicuous places available to
3 employees and applicants for employment notices to be provided by City setting out the
4 provisions of this nondiscrimination clause. Consultant shall in all solicitations or
5 advertisements for employees state that all qualified applicants will receive consideration
6 for employment without regard to these bases. Compliance with the Americans with
7 Disabilities Act of 1990 shall be the sole responsibility of Consultant, and Consultant shall
8 defend and hold the City harmless from any expense or liability arising from Consultant's
9 non-compliance therewith.

10 12. Any notices to be given under this contract shall be given in writing.
11 Such notices may be served by personal delivery, facsimile transmission or by first class
12 regular mail, postage prepaid. Any such notice, when served by mail, shall be effective
13 two (2) calendar days after the date of mailing of the same, and when served by facsimile
14 transmission or personal delivery shall be effective upon receipt. For the purposes
15 hereof, the address of City, and the proper person to receive any such notices on its
16 behalf, is: Chief Executive, Long Beach Harbor Department, P.O. Box 570, Long Beach,
17 California 90801; and the address of Consultant as indicated above.

18 13. This contract contemplates the personal services of Consultant and
19 its employees, and it is recognized by the parties hereto that a substantial inducement to
20 City for entering into this contract was, and is, the professional reputation and
21 competence of Consultant and key employees and any change in personnel employed
22 on City projects shall be approved in advance by the Director. Neither this contract nor
23 any interest therein may be assigned or delegated by Consultant except upon the prior
24 written consent of the Chief Executive. Any attempted assignment or delegation without
25 such consent shall be void, and any assignee or delegate shall acquire no right or
26 interest by reason of such attempted assignment or delegation. Nothing herein shall
27 prevent Consultant from employing or hiring as many employees as Consultant may
28 deem necessary for the proper and efficient execution of this contract.

1 14. Consultant covenants that both itself, in its corporate capacity, and
2 its principals presently have no interest and shall not acquire any interest, direct or
3 indirect, which would conflict in any manner or degree with the performance of services
4 required to be performed under this contract.

5 15. (a) Consultant shall indemnify, protect and hold harmless the City
6 of Long Beach, the Board of Harbor Commissioners for the City of Long Beach,
7 the officials, employees and agents of the City of Long Beach, the City of Los
8 Angeles, the Board of Harbor Commissioners for the City of Los Angeles, and the
9 officials, employees and agents for the City of Los Angeles ("Indemnified Parties"),
10 from and against any and all liability, claims, demands, damage, loss, obligations,
11 causes of action, proceedings, awards, fines, judgments, penalties, costs and
12 expenses, including attorneys' fees, court costs, expert and witness fees, and
13 other costs and fees of litigation, arising or alleged to have arisen, in whole or in
14 part, out of or in connection with (1) Consultant's breach or failure to comply with
15 any of its obligations contained in this contract, or (2) negligent or willful acts,
16 errors, omissions or misrepresentations committed by Consultant, its officers,
17 employees, agents, subcontractors, or anyone under Consultant's control, in the
18 performance of work or services under this contract (collectively "Claims" or
19 individually "Claim").

20 (b) In addition to Consultant's duty to indemnify, Consultant shall
21 have a separate and wholly independent duty to defend Indemnified Parties at
22 Consultant's expense by legal counsel approved by City, from and against all
23 Claims, and shall continue this defense until the Claims are resolved, whether by
24 settlement, judgment or otherwise. No finding or judgment of negligence, fault,
25 breach, or the like on the part of Consultant shall be required for the duty to defend
26 to arise. City shall notify Consultant of any Claim, shall tender the defense of the
27 Claim to Consultant, and shall assist Consultant, as may be reasonably requested,
28 in the defense.

1 (c) If a court of competent jurisdiction determines that a Claim
2 was caused by the sole negligence or willful misconduct of Indemnified Parties,
3 Consultant's costs of defense and indemnity shall be (1) reimbursed in full if the
4 court determines sole negligence by the Indemnified Parties, or (2) reduced by the
5 percentage of willful misconduct attributed by the court to the Indemnified Parties.

6 (d) The provisions of this paragraph shall survive the expiration or
7 termination of this contract.

8 16. As a condition precedent to the effectiveness of this contract,
9 Consultant shall comply with the insurance requirements attached hereto as Exhibit B. In
10 addition to such requirements, anywhere in Exhibit B where there is a reference to the
11 City of Long Beach, such reference shall also include the City of Los Angeles. Further,
12 anywhere in Exhibit B where there is a reference to the Board of Harbor Commissioners
13 for the City of Long Beach or the agents or employees of the City of Long Beach, such
14 reference shall also include the Board of Harbor Commissioners for the City of Los
15 Angeles or the agents or employees of the City of Los Angeles. Further, any notice to be
16 served upon the Executive Director of City shall also be served upon the Executive
17 Director for the Port of Los Angeles.

18 17. Consultant shall obtain and maintain any necessary licenses and
19 permits required under Title 3 and Title 5 of the Long Beach Municipal Code. City may
20 withhold any payment to Consultant until Consultant comes into compliance with such
21 licensing and permitting requirements.

22 18. This contract shall be deemed made in the State of California and
23 shall be governed by the laws of said State (except those provisions of California law
24 dealing with conflicts of law), both as to interpretation and performance.

25 19. In the event of any conflict or ambiguity between this written
26 agreement and any exhibit hereto, the provisions of this agreement shall govern.

27 20. This contract shall not be amended, nor any provision or breach
28 hereof waived, except in writing signed by the parties which expressly refers to this

OFFICE OF THE CITY ATTORNEY
CHARLES PARKIN, City Attorney
333 West Ocean Boulevard, 11th Floor
Long Beach, CA 90802-4664

1 contract.

2 21. This contract, including all exhibits, constitutes the entire
3 understanding between the parties and supersedes all other agreements, oral or written,
4 with respect to the subject matter herein.

5

6

MERCATOR INTERNATIONAL LLC, a
Washington limited liability company

7

_____, 2014

By: _____
Name: _____
Title: _____

8

9

10 _____, 2014

By: _____
Name: _____
Title: _____

11

12

CONSULTANT

13

CITY OF LONG BEACH, a municipal
corporation, acting by and through its
Board of Harbor Commissioners

14

15

_____, 2014

By: _____
Jon W. Slangerup
Chief Executive
Long Beach Harbor Department

16

17

18

CITY

19

The foregoing document is hereby approved as to form.

20

CHARLES PARKIN, City Attorney

21

_____, 2014

By: _____
Charles M. Gale, Senior Deputy

22

23

24

25

26

27

28

CMG:arh 12/09/14 #A14-02220
L:\Apps\CtyLaw32\WPDocs\ID011\IP023\00502484.DOC

EXHIBIT A

Project Work Plan

The work plan is comprised of eight main tasks, as follows:

Task 1: Review recent forecasts and other studies of SPB Ports' competitive position

Mercator/Oxford will examine and summarize the key findings of the most recent forecasts of container traffic, as well as non-container traffic, through the SPB Ports. In addition, we will review and summarize the key findings of other recent studies that have addressed the competitive position of the SPB Ports and/or industry drivers impacting traffic flows and market shares for SPB. These findings will be commented upon, updated, and subsequently integrated into the new cargo forecast. Mercator/Oxford will also confer with Port staff to discuss selected issues – such as transloading and empty container flows – along with the lessons learned regarding those issues and their implications for a new forecast.

Task 2: Forecast key macroeconomic drivers and long-term US/Canada trade levels

Mercator/Oxford will provide SPB Ports with the required US and global macroeconomic data using Oxford's own forecasting capacity, which covers some 200 countries, 180 trading routes, and 100 industry sectors, with a horizon out to 2040. Core to our forecast methodology is the Oxford Global Economic Model, which is a widely used international macroeconomic model. This Model covers 46 countries that are modelled in detail and are interconnected through trade, commodity price and financial linkages. The Model provides a rigorous, consistent structure for forecasting, and allows the implications of alternative global economic/trade scenarios to be readily analysed at both the macro and sectoral levels. Oxford's Model is supplied in its own user-friendly, windows-based operating platform that enables clients to take ownership of the Model and readily undertake their own scenario analyses or revise a forecast based on alternative assumptions.

The macroeconomic forecasts that will be produced with Oxford's Model will be used to generate bilateral trade forecasts to 2040 for total exports/imports of goods between the USA (and separately Canada) and its major trading partners, especially those in East Asia. These projections are also decomposed into different products (using the two-digit SITC Rev 2 classification). The trade forecasts take into account factors such as the rate of demand growth in the destination market and the exporter's competitiveness, and will be used in Tasks 4-5 to project trade volumes through US seaports and SPB Ports.

Mercator/Oxford will utilize the Model's outputs to highlight forecast drivers and trends, and list the alternative economic indicators that are most relevant to SPB Ports. We will also develop a narrative for two alternative long-term economic scenarios with SPB Ports. This narrative could cover different outlooks for global growth, alternative projections for energy prices, alternative perspectives on global supply chain and re-shoring, as well scenarios more directly related to trade such as different outcomes for TPP negotiations and the impact of the Panama Canal expansion on trade flows. Outputs of those scenarios using our suite of models will ensure consistency at each layer of the forecasting process, highlighting the key assumptions, dynamics and impact areas.

Task 2 Deliverable: A narrative for at least two alternative long-term economic scenarios accounting for a reasonable range of macroeconomic shocks, adjustments, and changes to key economic drivers (e.g., energy prices, exchange rate shocks, global production shifts) with SPB Ports will be provided.

The forecasts, forecasting process, key assumptions, and impact areas will be documented, and the results delivered electronically in a written report format. The draft and final forecasts will be presented to Port staff and management for comment, and revised accordingly.

EXHIBIT A

Task 3: Assess Current and Future Competitiveness of SPB Ports for Container Traffic

Task 3A: Vessel Size/Deployment Considerations

Mercator/Oxford will leverage and update the work that Mercator completed for SPB Ports on the anticipated changes in the deployment patterns and vessel sizes of the liner services in each of the trade lanes relevant to California, as part of assessing the competitiveness of the SPB Ports for discretionary container traffic. We will also consider the impacts of MARPOL Annex VI regulations on vessel emissions on liner deployment patterns, and then discuss the corollary impacts of these factors on SPB Ports' market shares, under a few alternative fleet deployment scenarios.

Task 3B: Harbor and Terminal Infrastructure/Cost Considerations

Mercator/Oxford will examine and compare the quality of the harbor/terminal infrastructure (channel depths, berth lengths, etc.) of the SPB Ports versus other ports that compete with POLA and POLB for discretionary traffic, as it pertains to the requirements for efficiently handling ultra-large vessels. This comparison will address not only existing infrastructure but incorporate anticipated changes in relevant port infrastructure. We will also estimate and compare average costs for transferring discretionary intermodal containers between vessels and trains through SPB terminals versus similar facilities in competing ports. The impacts of inter-port differentials in infrastructure quality and/or in ship/rail transfer costs on SPB Ports' market shares will then be weighed, under a few alternative infrastructure development scenarios.

Task 3C: Rail Connectivity/Cost Considerations

Mercator/Oxford will compare the current service levels and estimated costs for transporting containers to key inland IPI markets (such as Chicago and Dallas) versus the transits/costs for doing so from other competing West Coast, East Coast, and Gulf Coast gateway ports. Additionally, through our interviews with executives of selected ocean carriers, railroads, and rail intermediaries, we will assess how these differentials in service levels and costs could be expected to change as a result of the opening of the Panama Canal's new set of locks, and as a result of respective main-line capacity pressures and capital spending projects for the Class I railroads that are evolving from the surge in dry/liquid bulk cargoes for those rail carriers. The ramifications of such changes on SPB Ports' market shares will be evaluated, under a few alternative rail-focused scenarios.

Task 3D: Route Cost Differentials

Mercator/Oxford will utilize the outputs of Tasks 3A-3C, together with Mercator's route costing model, to project future differentials in the integrated costs of transporting loaded containers from load ports in Asia to key inland IPI markets, with carrier back-haul economics incorporated therein. The impacts of these differentials on SPB Ports' future market shares of discretionary traffic will be assessed for a base case scenario (for vessel/fleet deployments, harbor/terminal infrastructure, and rail connectivity), as well as for the alternative scenarios previously formulated.

Task 3E: Product Sourcing/Trans-loading Considerations

Mercator/Oxford will apply our experience in supply chain planning and cargo routing economics, together with outputs from interviews with executives of selected 3PLs, trans-load operators, and BCOs, to evaluate and identify future high-level changes in geographic sourcing strategies and corollary inbound supply chain patterns for leading import commodity groups. The impacts of these changes on cargo routings, utilization of West Coast trans-load facilities, and on trade-lane segment sizes will then be reviewed. As part of this review, we will evaluate, at a high level, the extent to which factors such as port proximity, rail pricing, and container equipment availability are likely to sustain trans-load operations and cargo flows in the LA Basin in the future.

EXHIBIT A

Task 3F: SWOT Summary, Competitive Scenario Formulation, and Market Share Outlook

Mercator/Oxford will synthesize the outputs of Tasks 3A-3E and construct a profile of the competitive strengths and weaknesses of the SPB Ports' versus each of their relevant competitors. We will review this SWOT summary with Port staff and jointly develop a base case competitive scenario for the SPB Ports, with respect to key industry drivers (along with a small set of alternative scenarios that feature different outcomes for those key drivers).

From this synthesis, SWOT summary, and competitive scenario formulation, we will construct a base case forecast of SPB Ports' future market shares over the forecast period, and then highlight how alternative scenarios of the various key industry drivers will likely result in different market share forecasts.

Task 3 Deliverables: A written report describing the long-term competitive position of the SPB Ports, characterizing their ability to maintain or expand their market position for container and non-container cargoes. This will include the SWOT analysis, competitive assessment, and a base case competitive scenario for the SPB Ports with respect to key industry drivers. Additionally, a reasonable range of alternate competitive scenarios will be established.

A port development timeline will also be created from San Pedro Bay port plans, plans of competing ports, and USACE documents to address and monitor changes to the competitive landscape due to improvements to port infrastructure, channels, rail connections, and industrial development. Finally, the results of the competitive analysis and market scenario development will be implemented in the forecast model for use in Tasks 4 and 5.

Task 4: Produce Long-Term Forecast of Container Cargo for SPB Ports

Mercator/Oxford will apply the global and North America trade forecasts produced in Task 2, and the market share projections developed in Task 3, to prepare a long-term projection of SPB Ports' container throughput, measured in TEUs. The first sub-task will be to construct models to project aggregate trade volume (both exports and imports) to/from the USA/Canada (in metric tons) in each of the significant containerized import and export commodities (such as apparel, electronics, foodstuffs, etc., as determined from US Census and Transport Canada data) for each of the international trade lanes relevant to the SPB Ports – *but with particular emphasis on the Northeast and Southeast Asian trade lanes*. These forecasts of bilateral trade by lane/commodity will be driven by key demand components (such as household consumption, government consumption, investment, etc. and supply chain activity), in the USA/Canada and in relevant trading partners as well as by measures of relative competitiveness of each exporting country, and will be linked to Oxford's global macro and industry models and forecasts.

Mercator/Oxford will then consolidate the commodity-specific volume forecasts of each trade lane to forecast laden imports (and separately exports) in TEUs by trade lane for the USA/Canada, with adjustments derived from Oxford's North American aggregate trade model for the volume of secondary commodities in each lane. The market share analyses of Task 3 will then be utilized to apply SPB Ports' projected market share of each trade (by direction) to derive a forecast of laden TEU flow volume by trade lane and direction. Mercator will then apply our models of carriers' container fleet repositioning practices to adjust these lane-specific projections for empty container movements. The individual trade lane forecasts will then be aggregated into the total container volume forecast for the SPB Ports, in five-year intervals to 2040. This effort will be undertaken for the base case scenario for key macroeconomic factors and critical industry drivers, as well as for the alternative scenarios developed in Task 2.

Task 4 Deliverables: Draft and final containerized cargo forecasts in five year increments, measured in TEU to 2040. Multiple combinations of economic scenarios and competitive scenarios (as formulated in Tasks 2 and 3) will be projected with the required breakdown of container volumes by direction and load status (i.e., inbound, outbound, empty), container flows by trade-lane (e.g., Transpacific, Latin America,

EXHIBIT A

etc.), by commodity flows, and with a quantitative projection of intermodal cargo demand with share projections for IPI and transload flows. All documentation will be incorporated in Task 7 reports and presentations.

Task 5: Produce Long-Term Forecast of Relevant Non-Container Trade for US/Canada

Mercator/Oxford Economics will project the macro- and micro-economic forces that support the aggregate USA/Canadian international and/or domestic waterborne shipments for each of the major *non-containerized* commodities moving through the SPB Ports, by trade lane (offshore trading region) and then forecast long-term volume trends for each of those commodity trades, using Oxford's Global and Industry Models. The approach will be similar to that employed in Task 4 but will focus on those commodities for which SPB Ports have specialized terminals (such as for vehicles and steel products). The impacts on USA/Canada imports/exports of these commodities under the alternative economic scenarios developed in Task 2 will also be assessed with Oxford's models.

Task 5 Deliverables: Forecast outputs from this Task will be included in the Task 6 outputs.

Task 6A: Assess Competitiveness of SPB Ports for Vehicle Imports/Exports

Mercator/Oxford will compare the current and anticipated competitive positions of the SPB Ports' terminal facilities for handling vehicle imports/exports versus those of relevant ports for this commodity (such as San Diego, Hueneme, Benicia) – considering differentials in terminal infrastructure, rail connectivity, and other logistics factors.

Task 6B: Assess Competitiveness of SPB Ports for Dry and Liquid Bulk Cargoes

Mercator/Oxford will compare the competitive positions of the SPB Ports' terminal facilities for handling primary dry or liquid bulk commodities (such as crude oil and pet-coke) versus those of relevant ports for each of those commodities – again considering terminal infrastructure and rail factors, but also the relative proximities of inland origins/destinations.

Task 6C: Assess Competitiveness for Break Bulk Cargoes

Mercator/Oxford will compare the competitive positions of the SPB Ports' terminal facilities for handling primary break-bulk cargoes (especially steel and forest products) versus those of relevant ports for this commodity group.

Task 6D: Estimate and Apply Market Shares for Non-Containerized Cargoes

Mercator/Oxford will estimate future market shares for the SPB Ports in each of the four major non-containerized cargo modes (RO-RO, break-bulk, dry-bulk, and liquid bulk), based on the outputs of Tasks 6A-6C. These market shares will then be applied to the corresponding trade lane/commodity forecasts of Task 5, to produce a long-term forecast of non-containerized cargo flows for the SPB Ports – by mode and lane, and then aggregated.

Task 6 Deliverables: Draft and final non-containerized cargo forecasts for SPB Ports by commodity and vessel type in five-year increments, measured in metric tons to 2040. Multiple combinations of economic scenarios and competitive scenarios (as formulated in Tasks 2 and 3) will be projected with the required breakdown of non-container cargoes/ commodities and their forecast drivers. An assessment of the current and expected inland transit mode (e.g., rail vs. truck) will be included. All documentation will be incorporated in Task 7 reports and presentations.

Task 7: Forecast Tracking Metrics

A system of tracking actual throughput and/or economic and competitive measures against the independent scenario projections will be developed. In the event that actual throughput and market dynamics diverge from the base (or most likely) forecast, key factors for each forecast scenario and a set

EXHIBIT A

of tracking measures that can indicate when real-world results dictate that an alternate forecast scenario is most appropriate will be provided.

Task 7 Deliverables: Proposed forecast tracking and metrics will be incorporated into the final report.

Task 8: Final Report

The Mercator/Oxford team will summarize its findings and analyses in a written report. This report will include documentation of the methodologies utilized, the various scenarios developed, the model input assumptions used, and proposed forecast tracking metrics, along with discussion of the Ports' competitive position. This report will also include any data and outputs developed for the report. Copies will be delivered to POLA/POLB in print and electronic formats. In addition, while key analyses will be documented in the final report and presentations, two interim review meetings will be held (after the completion of Task 3 and Task 5, respectively).

The final report should include:

- a. Documentation of the approach and methodology to the study tasks.
- b. A summary and documentation of the various economic and competitive scenarios developed.
- c. Detailed overview and discussion of the Ports' competitive position.
- d. Background on the models and input assumptions used in the study.
- e. A clear presentation of the final forecast projections for the various combinations of economic and competitive scenarios developed

Project Costs and Delivery Schedule

Mercator/Oxford's overall cost to execute the Proposed Work Plan, as described above, will consist of no more than \$286,778 of professional service fees (with a breakdown of those fees by Task number and by consultant-category presented in the next table below) and \$0 for data/third party research products. In addition, the overall travel cost for selected members of our team to attend three in-person meetings (two interim meetings with Ports' staffs, plus presentations of the final results of the study to the Ports' managements and their respective Boards) will be no more than \$16,500 (that will incurred in accordance with the travel policies for contractors stipulated in Attachment C of the RFP). Information on the cost estimates for these trips can be found in the following table.

Regular coordination with SPB Ports' staff will be achieved through a combination of these interim meetings, bi-weekly progress emails from Mercator/Oxford, and periodic conference calls. Should SPB Ports require additional in-person meetings with Mercator/Oxford project managers, we will be pleased to comply with such requests and will adhere to the travel policy for contractors, in doing so.

EXHIBIT A

	Consultants Day/Hour	MI Partner \$275	MI Sr. Asso. \$220	MI Sr. Analyst \$200	OE Partner \$300	OE Sr. Partner \$275	OE Sr. Economist \$261	OE Sr. Analyst \$220	Total
Task 1 - Total Hours		8	16	0	0	12	12	0	48
Review recent forecasts and other studies of SPB Ports' competitive position		8	16			12	12		48
Total Costs		\$2,200	\$3,520	\$0	\$0	\$3,300	\$3,132	\$0	\$12,152
Task 2 - Total Hours		8	0	0	8	16	24	32	88
Forecast key macroeconomic drivers and long-term US/Canada trade levels		8	0		8	16	24	32	88
Total Costs		\$2,200	\$0	\$0	\$2,400	\$4,400	\$6,264	\$7,040	\$22,304
Task 3 - Total Hours		96	8	116	8	16	16	24	284
a) Vessel Size/Deployment Considerations		8	8	8					24
b) Harbor and Terminal Infrastructure/Cost Considerations		8		16					24
c) Rail Connectivity/Cost Considerations		16		16					32
d) Route Cost Differentials		16		16					32
e) Product Sourcing/Trans-loading Considerations		16		20					36
f) SWOT Summary and Market Share Outlook		32		40	8	16	16	24	126
Total Costs		\$26,400	\$1,760	\$23,200	\$2,400	\$4,400	\$4,176	\$5,280	\$67,616
Travel Costs for the Presentation of an Interim meeting #1 @ 3 people		\$2,340					\$1,670		\$4,010
Task 4 - Total Hours		32	24	24	16	32	40	40	208
Produce Long-Term Forecast of Container Cargo for SPB Ports		32	24	24	16	32	40	40	208
Total Costs		\$8,800	\$5,280	\$4,800	\$4,800	\$8,800	\$10,440	\$8,800	\$51,720
Task 5 - Total Hours		8	0	0	16	24	24	40	112
Produce Long-Term Forecast of Relevant Non-Container Trade for US/Canada		8			16	24	24	40	112
Total Costs		\$2,200	\$0	\$0	\$4,800	\$6,600	\$6,264	\$8,800	\$28,664
Travel Costs for the Presentation of an Interim Meeting #2 @ 3 people		\$2,340					\$1,670		\$4,010
Task 6 - Total Hours		72	80	0	8	16	16	8	200
a) Assess Competitiveness of SPB Ports for Vehicle Imports/Exports		16	16	0					32
b) Assess Competitiveness of SPB Ports for Dry and Liquid Bulk Cargoes		24	24	0					48
c) Assess Competitiveness for Break Bulk Cargoes		16	20	0					36
d) Estimate and Apply Market Shares for Non-Containerized Cargoes		16	20	0	8	16	16	8	72
Total Costs		\$19,800	\$17,600	\$0	\$2,400	\$4,400	\$4,176	\$1,760	\$50,136
Task 7 - Total Hours		0	12	0	0	0	10	10	32
Identification of Forecast tracking metrics			12				10	10	32
Total Costs		\$0	\$2,640	\$0	\$0	\$0	\$2,610	\$2,200	\$7,450
Task 8 - Total Hours		56	56	16	8	8	16	32	192
Project Management and Progress Report		24	32						56
Final Report		32	24	16	8	8	16	16	136
Total Costs		\$15,400	\$12,320	\$3,200	\$2,400	\$2,200	\$4,176	\$7,040	\$46,736
Travel Costs for the Presentation of the Final Report @ 4 people		\$3,740					\$4,740		\$8,480
Grand Total Hours		280	184	156	64	124	148	176	1132
Professional Fees		\$77,000	\$43,120	\$31,200	\$19,200	\$34,100	\$41,238	\$40,920	\$286,778
Travel Costs		\$8,420	\$0	\$0	\$0	\$0	\$8,080	\$0	\$16,500
Grand Total Cost		\$85,420	\$43,120	\$31,200	\$19,200	\$34,100	\$49,318	\$40,920	\$303,278

PORT OF LONG BEACH SUMMARY RATE SHEET

PROJECT/PROGRAM TITLE: **San Pedro Bay Ports Long Term Cargo Forecast**
 Corporation Name: **Mercator International LLC**
 Rates Effective: **Beginning: June 1, 2014** **Ending: March 31, 2015**

LABOR RATES			
Name	Labor Category/Position	Hourly Base Rate	Hourly Fully-Loaded Rate
S. Rothberg	MI Partner	125	275
N. Gimpel	MI Partner	125	275
T. Gray	MI Partner	125	275
J. Leonard	MI Partner	125	275
C.P. Lindeback	MI Senior Associate	100	220
J. Wang	MI Senior Analyst	90	200
A. Cooper	OE Senior Partner	136	300
S. Livermore	OE Partner	125	275
S. Hunter	OE Senior Economist	119	261
M. Kleiman	OE Senior Analyst	100	220

EXHIBIT A

MULTIPLIERS		
Multiplier	Percent	Applied to
Fringe Benefits	25%	Direct Labor Cost
Overhead	45%	Direct Labor Cost
General & Administrative	20%	Direct Labor Cost
Fee or Profit	30%	Direct Labor Cost
Subcontractor Oversight	N/A	Treated as Regular Project Hours
Total	1.20	Direct Labor Cost

OVERTIME FACTORS		
Occasion	Factor	Labor Categories Affected
Holiday	N/A	
Weekend	N/A	
Night	N/A	

OTHER DIRECT CHARGES			
Charge	Price/Unit	Charge	Price/Unit
CADD	N/A	Repro.—B & W regular	\$ 0.04 / page
Communications	Included	Repro.—B & W oversized	N/A
Computer Usage	Included	Repro.—Color regular	\$ 0.10 / page
Equipment and Supplies	Included	Repro.—Color oversized	N/A
Mileage	\$ 0.56 / mile	Other—	

NOTE: Other Direct Costs such as mileage, airfare, lodging, meals, vehicle rentals, communications, copying charges, office supplies, and other non-labor related costs, must be invoiced as expended. These types of expense should not be marked-up, unless otherwise stated in the contract. Complete and detailed back-up must be supplied with invoice. Per diem charges are not acceptable. This applies to Prime and Subconsultant invoices.

Mercator/Oxford will provide SPB Ports with a document at the completion of each of the first six tasks of the Proposed Work Plan, synthesizing the key findings of the task, for review and discussion with SPB Ports. These deliverables will be completed and transmitted based on the following schedule for the execution of the Proposed Work Plan, following the receipt of a notice to proceed:

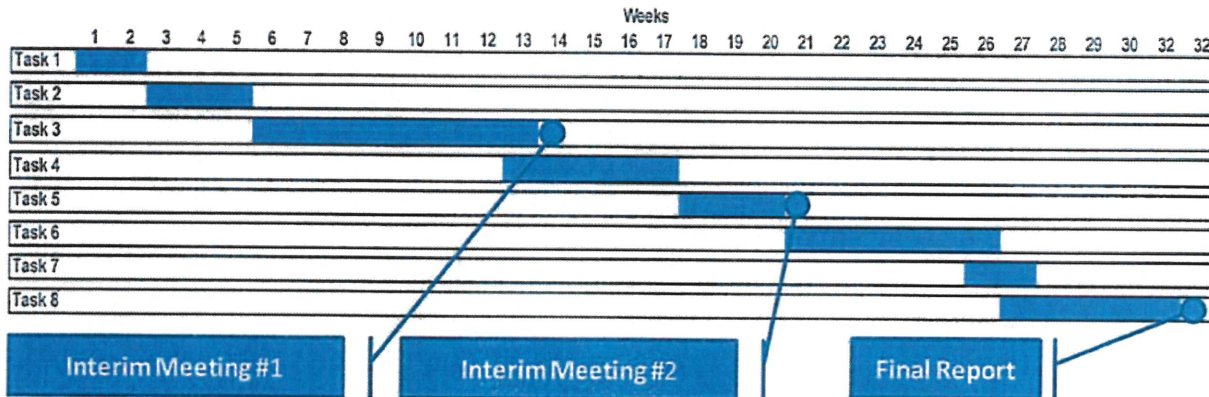


EXHIBIT B

RFP – Long-Term Cargo Forecast

As a condition precedent to the effectiveness of this contract, Consultant shall procure and maintain in full force and effect during the term of this contract the types and levels of insurance described below.

- The required insurance and the documents provided as evidence thereof shall be in the name of Consultant as indicated on this contract.
- If policies are written with aggregate limits, the aggregate limit shall be at least twice the occurrence limits or as specified below.
- Excess or umbrella policies, if used, shall be following form and shall provide coverage that is equal to or broader than the underlying coverage.

Commercial General Liability:

- Commercial General Liability insurance shall be provided on Insurance Services Office (ISO) CGL Form No. CG 00 01 or the equivalent, including provisions for defense of additional insureds and defense costs in addition to limits.
- Policy limits shall be no less than one million dollars (\$1,000,000) per occurrence for all coverage provided and two million dollars (\$2,000,000) general aggregate.
- The policy shall not limit coverage for the additional insured to "ongoing operations" or in any way exclude coverage for completed operations.
- Coverage shall be included on behalf of the insured for claims arising out of the actions of independent contractors.

EXHIBIT B

- The policy shall contain no provisions or endorsements limiting coverage for contractual liability or third party over action claims.
- Defense costs shall be excess of limits.
- The policy must include work performed "by or on behalf" of the Consultant.
- Coverage shall apply on a primary non-contributing basis in relation to any other insurance or self-insurance, primary or excess, available to City or any employee or agent of City.
- Coverage shall not be limited to the vicarious liability or supervisory role of any additional insured.
- Coverage shall not exclude contractual liability, restrict coverage to the sole liability of Consultant or contain any other exclusion contrary to this contract. If this coverage is written on a claims-made basis,
 - the retroactive date shall precede the effective date of this contract with the City.
 - Continuous coverage will be maintained or an extended reporting period will be exercised for a period of at least three (3) years from termination or expiration of this contract.

The policy of insurance shall be endorsed as follows:

- **Additional Insured:** The City of Long Beach, its Board of Harbor Commissioners, employees and agents shall be added as additional insured with regard to liability and defense of suits or claims arising from the operations and

EXHIBIT B

activities performed by or on behalf of the Named Insured using ISO Forms CG 20 10 (2004) and CG 20 37 (2004) or their equivalent.

– Additional Insured endorsements shall not: 1) be limited to "on-going operations", 2) exclude "Contractual Liability", 3) restrict coverage to the sole liability of the contractor, or 4) contain any other exclusion contrary to this contract.

– Cancellation: The policy shall not be cancelled or the coverage reduced by endorsement until a thirty (30) day written advance notice of cancellation has been served upon the Executive Director of the Harbor, except ten (10) days shall be allowed for non-payment of premium. Consultant agrees that it shall cause its insurer or its insurance broker or agent to provide such notice. In the event that the City receives written notification from the insurer, insurance broker or insurance agent that they will not provide notice of cancellation as required by this paragraph, Consultant agrees to provide written notice as required by this paragraph within 24 hours of initiating cancellation or receiving notice of cancellation from its insurer, insurance broker, or insurance agent.

Business Automobile Insurance:

– Automobile Liability Insurance shall be written on ISO Business Auto Coverage Form CA 00 01 or the equivalent, including symbol (1) (any Auto).

– Limit shall be no less than one million dollars (\$1,000,000) combined single limit per accident.

– Coverage shall apply on a primary non-contributing basis in relation to any other insurance or self-insurance, primary or excess, available to City or any

EXHIBIT B

employee or agent of City.

– If Consultant does not own any vehicles, this requirement may be satisfied by a non-owned vehicle endorsement to the general and umbrella liability policies provided that a separate policy limit is provided for this coverage as required by this contract.

The policy of insurance required above shall be endorsed as follows:

– Additional Insured: The City of Long Beach, its Board of Harbor Commissioners, employees and agents shall be added as additional insured with regard to liability and defense of suits or claims arising from the operations and activities performed by or on behalf of the Named Insured.

– Additional Insured endorsements shall not: 1) be limited to "on-going operations", 2) exclude "Contractual Liability", 3) restrict coverage to the sole liability of the contractor, or 4) contain any other exclusion contrary to this contract.

– Cancellation: The policy shall not be cancelled or the coverage reduced by endorsement until a thirty (30) day written advance notice of cancellation has been served upon the Executive Director of the Harbor, except ten (10) days advance notice shall be allowed for non-payment of premium. Consultant agrees that it shall cause its insurer or its insurance broker or agent to provide such notice. In the event that the City receives written notification from the insurer, insurance broker or insurance agent that they will not provide notice of cancellation as required by this paragraph, Consultant agrees to provide written notice as required by this paragraph within 24 hours of initiating cancellation or

EXHIBIT B

receiving notice of cancellation from its insurer, insurance broker, or insurance agent.

Workers' Compensation:

– Workers' Compensation Insurance, as required by the State of California, and Employer's Liability Insurance with a limit of not less than one million dollars (\$1,000,000) per accident for bodily injury and disease.

The policy of insurance required above shall be endorsed, as follows:

– Waiver of Subrogation: A waiver of subrogation stating that the insurer waives all rights of subrogation against the City, its Board of Harbor Commissioners, employees and agents.

– Cancellation: The policy shall not be cancelled or the coverage reduced until a thirty (30) day written advance notice of cancellation has been served upon the Executive Director of the Harbor, except ten (10) days advance notice shall be allowed for non-payment of premium. Consultant agrees that it shall cause its insurer or its insurance broker or agent to provide such notice. In the event that the City receives written notification from the insurer, insurance broker or insurance agent that they will not provide notice of cancellation as required by this paragraph, Consultant agrees to provide written notice as required by this paragraph within 24 hours of initiating cancellation or receiving notice of cancellation from its insurer, insurance broker, or insurance agent.

Professional Liability:

– Professional Liability Insurance with minimum limits of one million dollars (\$1,000,000).

EXHIBIT B

– Covered Professional Services shall specifically include all work to be performed under the Contract and delete any exclusions that may potentially affect the work to be performed (e.g., any exclusions relating to lead, asbestos, pollution, testing, underground storage tanks, laboratory analysis, soil work, etc.) under the Contract.

If this coverage is written on a claims-made basis,

- the retroactive date shall precede the effective date of the Contract with the Port and
- continuous coverage will be maintained or an extended reporting period will be exercised for a period of at least three (3) years from termination or expiration of this Contract.

The policy of insurance required above shall be endorsed, as follows:

- Cancellation: The policy shall not be cancelled or the coverage reduced until a thirty (30) day written advance notice of cancellation has been served upon the Executive Director of the Harbor, except ten (10) days advance notice shall be allowed for non-payment of premium. Consultant agrees that it shall cause its insurer or its insurance broker or agent to provide such notice. In the event that the City receives written notification from the insurer, insurance broker or insurance agent that they will not provide notice of cancellation as required by this paragraph, Consultant agrees to provide written notice as required by this

EXHIBIT B

paragraph within 24 hours of initiating cancellation or receiving notice of cancellation from its insurer, insurance broker, or insurance agent.

Deductible/Self-Insured Retention:

- Any deductible or self-insured retention must be approved in writing by the Executive Director and shall protect the City, its Board of Harbor Commissioners, agents and employees in the same manner and to the same extent as they would have been protected had the policy or policies not contained a deductible or self-insured retention. Any deductible or self-insured retention must be approved in writing in accordance with City insurance guidelines.

Evidence of Insurance:

The Consultant, concurrently with the execution of this contract, and as a condition precedent to the effectiveness of this contract, shall deliver either:

- endorsements on forms approved by the City of Long Beach acting by and through the Board of Harbor Commissioners ("Evidence of Insurance") or
- certified copies of the required policies containing the terms and conditions required by this contract to the Executive Director for approval as to sufficiency and to the City Attorney or approval as to form.

At least fifteen (15) days prior to the expiration of any such policy, evidence of insurance showing that such insurance has been renewed or extended shall be filed with the Executive Director. If such coverage is cancelled or reduced, Consultant shall, within ten (10) days after receipt of written notice of such cancellation or reduction of coverage, file with the Executive Director evidence of

EXHIBIT B

insurance showing that the required insurance has been reinstated or has been provided through another insurance company or companies.

Failure to Maintain Coverage:

Consultant agrees to suspend and cease all operations hereunder during such period of time as the required insurance coverage is not in effect and evidence of insurance has not been approved by the City. The City shall have the right to withhold any payment due Consultant until Consultant has fully complied with the insurance provisions of this contract.

Acceptability of Insurers:

Each such policy shall be from a company or companies with a current A.M. Best's rating of no less than A:VII, and authorized to do business in the State of California or otherwise allowed to place insurance through surplus line brokers under applicable provisions of the California Insurance Code or any federal law. Any other rating must be approved in writing in accordance with the City insurance guidelines.

Contractual Liability:

The coverage provided shall apply to the obligations assumed by the Consultant under the indemnity provisions of this contract but this insurance provision in no way limits the indemnity provisions and the indemnity provisions in no way limit this insurance provision.