



# **PORT MUSKOGEE**

**Request for Proposals**

**To Solicit:**

**Rail Switching Services and Maintain  
Port-Owned Rail Infrastructure  
At Port Muskogee, Muskogee Oklahoma**

**December 8, 2024**

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## **Request for Proposals**

### **To Solicit:**

### **Rail Switching Services and Maintain**

### **Port-Owned Rail Infrastructure at Port**

### **Muskogee, Muskogee, Oklahoma**

**December 8, 2024**

#### **I. Introduction and Overview of the Port**

**Port Muskogee**, located in Muskogee County, Oklahoma, 49 miles southeast of Tulsa, is a key maritime and transportation hub. Established in 1971, the Port is managed by the Muskogee City-County Port Authority ("Authority"), an entity formed through a collaboration between the city of Muskogee and Muskogee County, in accordance with Title 82, Chapter 15, Sections 1101-1137 of the Oklahoma Statutes. The Authority performs essential governmental functions and oversees one of only two public ports in Oklahoma, serving as the northernmost port along the Arkansas River in the state.

The Port is governed by a Board of Trustees, which includes thirteen members—seven appointed by the County Commissioners and six by the Muskogee City Council. The Board appoints a Director, who acts as the chief executive officer, ensuring the Port's operations support its goal of maximizing commerce and delivering regional economic benefits.

#### **Port Muskogee**

Port Muskogee features:

- A terminal with a main channel depth of 9 feet
- A marshaling yard directly connected to Union Pacific Railroad's mainline
- Recent upgrades improved Union Pacific's turnout into Port Muskogee Marshaling Yard to accommodate six-axle locomotives and 100-car unit trains.
- 44,000-45,000 feet of rail trackage within the Port

Port Muskogee owns all the rail tracks within its facility, except for 11,351 feet of Track 116, which is leased from Union Pacific Railroad (UPRR). As a switching contractor for industries at the Port, the Port handles two trains per week from UPRR, each carrying 20-60 cars. Rail traffic is primarily composed of steel-related commodities, which account for the majority of carloads and revenue, with additional volumes from other goods (see Exhibit C - Tonnage & Commodity Report).

The Port operates two GP9 locomotives, which are mechanically maintained by a contractor and inspected every 92 days. Track maintenance is also handled by a contractor, who conducts 30-day Class-1 inspections on the Port's tracks, including each individual industry track within the Port.

**Key rail customers of the Port include:**

- **Vallourec Star:** Specializes in steel pipes.
- **Paragon Industries:** Handles steel coils and related products.
- **Ergon Asphalt and Emulsions:** Manages asphalt and related materials.
- **Metals USA:** Deals with various general steel products.

**The Port's rail commodities include:**

1. **Steel Coils and Pipe:** These are the primary goods transported, making up the majority of rail traffic and revenue.
2. **Other Commodities:** This category includes general steel products, asphalt, molasses, soda ash, lime, sand, and more (see Attachment C – Rail Tonnage & Commodity Report for a complete list). Additionally, a small percentage of the cargo consists of hazardous materials, such as sulfuric acid and ammonia nitrate, which require rail workers to be properly trained and hold current Hazmat certification.

**Port Muskogee South**

Port Muskogee South represents the Muskogee City-County Port Authority's first major expansion in 50 years. This expansion provides a vital connection to a second Class I rail provider, Burlington Northern Santa Fe Railroad (BNSF), and will feature a new transload facility. This development is set to significantly enhance the Port's capacity and flexibility in handling a diverse range of commodities, further bolstering its role as a critical transportation hub.

**John T. Griffin and Southside Industrial Park(s)**

The Port owns 24,816 feet of rail trackage adjacent to John T. Griffin Industrial Park and Southside Industrial Park, just south of Muskogee. While this rail line is currently inactive, emerging industries are actively evaluating nearby sites. The strategic location near the I-40 coast-to-coast corridor makes this area poised for growth.

**II. Current Operations**

**Typical current operations of the actively served rail customers include:**

- One switch job operating Monday to Friday
- Crews on duty at Port Muskogee from 5:00 AM to 1:00 PM
- A 4-man crew, with two members dual certified and one DSLE certified
- Night and weekend extras are occasionally called upon customer request
- Union Pacific typically performs interchange at Port Muskogee Marshalling Yard on Sundays and Wednesdays between 12:00 PM and 4:00 PM, utilizing four-yard tracks that accommodate more than 300 railcars

This streamlined overview highlights the critical components and operations of Port Muskogee, emphasizing its role as a vital transportation and economic hub. With robust rail infrastructure and diverse commodity handling capabilities, Port Muskogee moves over 1.7 million tons of cargo annually via barge, rail, and truck, significantly contributing to regional economic growth.

### III. Current Operating Agreement

#### **PORT MUSKOGEE RAILROAD OPERATING RULES AND SCHEDULE OF FEES**

**Last Revised April, 2023**

#### **PORT OF MUSKOGEE RAILROAD OPERATING RULES AND SCHEDULE OF FEES**

Port Muskogee Railroad (Port Railroad) provides private railcar switching services for Port Industries (Industry), receiving inbound railcars via interchange with UP in the Port Muskogee Marshaling Yard (McLemore Marshaling Yard), placing cars to Industry on an as-requested basis, returning outbound railcars to Marshaling Yard for interchange with UP and, from time to time, switching railcars from Industry to Industry and/or storing railcars when Industry is unable to receive railcars at designated sidings or when railcars are stored for other reasons as requested by Industry.

#### **Hours of Operation**

Port Railroad's regular working hours are 5:00 a.m., to 1:00 p.m., Monday through Friday. The switching of railcars at other times shall be by arrangement between Port Railroad and Industry.

#### **Switching Procedures**

Industry shall be responsible for making arrangements with the appropriate rail operator for the interchange of cars at the Port of Muskogee. Industry shall designate a Point of Contact for communication with Port Railroad.

Port Railroad must have proper instructions from UP and Industry before railcars will be moved from Industry to Marshaling Yard or other location; and railcars must be ready and accessible.

Proper instructions for hazmat railcars must include shipping papers as provided in 49 CFR 172.203(g).

Upon proper notice and instruction given by Industry, Port Railroad will switch railcars to and from Industry.

### **Switching Schedule (Regular Working Hours)**

Port Railroad shall provide switches to Industry during regular working hours for the purpose of moving inbound railcars from Marshaling Yard to Industry and/or outbound railcars from Industry to Marshaling Yard.

Port Railroad shall use its best efforts to deliver inbound cars from Marshaling Yard to Industry within five (4) regular working hours after Port Railroad have come on duty at 05:00 and Industry has provided placement instructions to Port Railroad. All release and spot requests by Industry will provide placement instructions by email on or before 5:00 a.m., the day the switch is requested anything after 5:00 a.m. will not be spotted or pulled for industry without an additional switch rate charge.

Notice by email should be given to, Chris Funburg Manager of Railroad Operations, [chrisf@muskogeeport.com](mailto:chrisf@muskogeeport.com).

Port Railroad shall use its best efforts to pick up railcars from Industry and deliver railcars to Marshaling Yard or other location, as requested by Industry, within eight (8) regular working hours after Industry has provided notice that cars have been released. If cars are to be set for outbound pick up, notice of release must also be given to UP, Industry should provide placement instructions to Port Railroad by email, as provided above, on or before 5:00 a.m., the day the switch is requested.

### **Switching Schedule (Saturdays, Sundays and Holidays)**

Port Railroad will use its best efforts to provide switching to Industry on Saturdays, Sundays and holidays, provided Industry has requested placement on or before 12:00 p.m. (noon), Friday for Saturday and Sunday switches; or, on or before 12:00 p.m. (noon), the day before the holiday. For current Saturday, Sunday and holiday rates, see Table 1, below.

### **Intraport Switching Movements**

The movement of railcars from Industry to Industry shall be arranged between Port Railroad and Industry at rates pursuant to private contracts with Industry.

### **Railcar Storage Policy**

In the event Industry is not ready to receive railcars placed by UP in Marshaling Yard for interchange

with Industry, railcars will be constructively placed in storage until placed to Industry. In the event Industry requests pick up of railcars placed at Industry but not ready or released for pick up by UPRR, railcars will be constructively placed in storage. Storage rates are pursuant to private contract.

[The remainder of this page left blank intentionally]

#### **IV. Future Operating Agreement**

At the conclusion of the RFP process, the Port and the selected proposer will enter into an agreement to operate rail switching services and maintain Port owned rail infrastructure (“**Operating Agreement**”).

The term of the Operating Agreement shall be an initial period of five (5) years, with a possible renewal term of five additional years provided both parties are agreeable. Under the Operating Agreement, the selected proposer will have exclusive use of the Port rail facilities to conduct rail freight operations in exchange for payment of operating fees, which will be determined as part of the RFP process as illustrated in Exhibit B [to be included in Final

Agreement], and fulfillment of other requirements set forth in the Operating Agreement. Thus the Operating Agreement contains the duties and responsibilities expected to be observed and performed by the Port and the selected proposer in its day-to-day operations of the Port rail facilities. By way of example and not limitation, the Operating Agreement requires the operator to do the following:

- Make various reports to the Port, including reports relating to financial performance, inventory management, operations, marketing and maintenance of way;
- Maintain the Port rail facilities in accordance with the Port’s track maintenance standards and asset guidelines;
- Furnish all required management, supervision and other services required in the performance of rail operations;
- Meet certain marketing & sales and operator & maintenance standards to be outlined in final Operating Agreement;
- Cooperate with the Port to carry out the Port’s mission of preserving rail freight service and fostering economic development and job creation in the region through the improvement and expansion of rail infrastructure;
- Provide and maintain specified insurance policies; and



- Indemnify the Port against damages and losses arising from the rail operations.

## **V. Proposal Contents, Process and Requirements**

### **A. Proposal Submissions**

Each proposer must submit its proposal in an electronic format, as either a PDF or Microsoft Word format. Proposals submitted pursuant to this RFP must be received by the Port no later than January 6, 2025, at the following email address:

Jeff Underwood  
Deputy Port Director  
(918) 682-7886  
[jeff@portmuskogee.com](mailto:jeff@portmuskogee.com)

All questions regarding this RFP must be submitted to Jeff Underwood by the deadline in the Proposal Procurement Schedule below and will be shared with all proposers. The Port reserves the right to issue a revised RFP or addenda as a result of comments and questions received from prospective proposers. Otherwise, prospective proposers are not to attempt to approach or discuss this proposal with any Port staff or Board member and any such efforts will result in disqualifying that proposer's bid.

All proposals submitted in response to this request will be screened by Port staff and/or other Port designated representatives. The screening will determine which proposers will be recommended to the Board and/or invited to an interview. The Port reserves the right to make a final selection without an interview, or to choose not to negotiate or execute a contract with any proposer.

### **B. Proposal Requirements**

Submitted proposals must be clearly labeled as “**Proposal to Rail Switching Services and Maintain Port-Owned Rail Infrastructure**” and must include the following in the following order:

1. A Transmittal Letter, which must include the following information:

- The name and signature of the person authorized to obligate the bidder or bidders, and the location of the bidder's principal office. If activities are to be shared among companies and offices at different locations, indicate where each office is located and what activities are to be performed in each office;
- A summary description of the work to be performed by any subcontracting company proposed., if any; and
- The e-mail address, telephone and fax numbers of the representative to which correspondence should be sent.

2. Provide a detailed description of the proposer's demonstrated ability to operate and deliver rail services at the Port facilities and the UP interchange. This should include the proposer's safety compliance record at three facilities most comparable to the Port's operations. Metrics should encompass total annual injuries and accidents, derailments, and injury and accident frequency rates per 100,000 man-hours, train-hours, or train-miles. Additionally, outline the proposer's compliance with Federal Railroad Administration (FRA) regulations and other applicable regulatory requirements governing rail service operations at the Port.

3. List of current operations in Oklahoma and proximity to Port Muskogee.

4. Documentation of program certification approval by FRA in accordance with [49 CFR 240.101](#) and 49 CFR 242.101 for railroads listed in item 3. A mobilization plan and a schedule detailing the start-up of rail service upon issuance of a Notice To Proceed by the Port.

5. A Service Plan that includes the following:

- Detailed information concerning the rolling stock and other equipment proposed to be used at the Port. The use of Tier 4/Genset locomotives, or a plan to acquire them, is highly encouraged.
- Meets or exceeds existing Port policies and procedures;
- Provides names and resumes of key personnel to be directly involved in rail operations and maintenance, Current Port Muskogee Rail staff available for hire.

- Identifies where management, operating and maintenance employees will be based; Outlines expected operational improvements, synergies and methodologies employed;
- Describes capability, approach and track record of bringing new industry/business development;
- Discusses expected impacts on existing customers and UP; and
- Provides optimal service to freight customers and address the proposer's ability to ensure consistency of freight rail service and return to service of the Port rail facilities after unplanned outages such as derailments.

6. A maintenance plan addressing the Port's rail facilities, to not less than FRA Class 1 standards and the proposers rolling stock, both of which must include an environmental protection program. The maintenance plan shall include the location from which the proposer's maintenance activities will be staged, as well as storage facilities of the proposer's rolling stock.

7. A projected five-year financial plan for the Port operation, supported by the proposer's most recent financial statements that demonstrate the proposer's financial position as well as the availability of the financial resources that would be used to provide the requested services. The financial plan must include projected capital expenditures as well as estimated revenues and expenses, including the proposer's insurance plan, limits of liability and deductible consistent with minimum requirements set forth in Attachment B.

8. The proposed compensation between the proposer and the Port on revenues generated on the Port's rail facilities. Proposals should include an annual lease fee for use of the Port's Rail Facilities and revenue sharing plan that could take the form of: (i) fee per car after a certain threshold, (ii) a fee per car after a certain revenue threshold, or (iii) an alternative form of revenue sharing the Proposer feels would fairly and adequately compensate both parties. The proposer should include an escalation method for both fees.

References from clients for which the proposer has performed similar port or rail-served industrial park rail operations experience; the Port prefers at least three such references, however proposers

submitting fewer than three references but not less than one reference, will not be disqualified from consideration. Each reference should include the contact’s name, title, address and phone numbers, and include an explanation of the services provided, in addition to the years in which they were provided.

Proposals provided should not exceed 30 pages (excluding financial information, forms and appendices) and use a minimum font of 10 pt.

The Port reserves the right to reject any proposals that do not contain all of the information requested above, are not submitted in the form requested above, are submitted after the deadline provided above, or are submitted to the wrong email address.

**C. Proposal Procurement Schedule**

Question Period Deadline	December 23, 2024
Proposal Submission	January 6, 2025
Proposal Interviews, if applicable	January 13-24, 2025
Proposal Selection	January 28, 2025
Complete Negotiations with Selected Firm	March 14, 2025
Board approves Contract with Firm	March 25,2025
Selected Operator files with Surface Transportation Board (“STB”)	
STB Approval Secured	TBA
Commence Operations	TBA

The Port reserves the right to alter the foregoing schedule for any reason.

**D. Property Rights**

Any proposal received within the prescribed deadline becomes the property of the Port and all rights to the contents therein become those of the Port.

#### **E. Confidentiality**

After the deadline to submit proposals has passed, all proposals will be regarded as public records and will be subject to review by the public. Except as expressly provided below, any language purporting to render all of portions of the proposals confidential will be regarded as non-effective and will be disregarded. If any proposal is based on: i) information constituting a trade secret, as that term is defined in Evidence Code section 1060, or ii) information that is subject to a Confidentiality Agreement, the proposer may submit such information separately from the proposal, clearly marked as **Confidential**. The proposer shall state in writing whether any such confidential information is a trade secret or is subject to a Confidentiality Agreement. Such information will be designated and treated as confidential. In the event of a legal challenge to the confidentiality of any such information submitted by a proposer, the Port will give the proposer notice of such legal challenge and the opportunity to defend the confidentiality of such information but such defense will not be the responsibility of the Port.

#### **F. Amendments to Request for Proposals**

The Port reserves the right to amend this RFP by addenda before the final proposal submittal dates.

#### **G. Non-Commitment of the Port**

This RFP does not commit the Port to award a contract, to pay any costs incurred in the preparation of a proposal for this request, or to procure or contract any services. All products used or developed in the execution of any contract resulting from this Request For Proposals will remain in the public domain at the completion of the contract.

#### **H. Conflict of Interest**

The proposer shall disclose any financial interest, or any business or other relationship that may have an impact upon the proposal or any services rendered to the Port. The proposer also shall list current clients who may have a financial interest in the outcome of this contract. A proposer has a “financial interest” if it is reasonably foreseeable that the proposer may gain a material financial advantage as a result of proposer’s relationship with any person or entity connected with,

or directly affected by, the services provided or work performed. As used throughout this Section, the term “proposer” includes every owner and employee of the proposer, including their immediate families. If requested by the Port, the proposer, its owners and employees will be required to file a completed “Fair Political Practices Commission (“FPPC”) Form 700, Statement of Economic Interests”.

**I. Nondiscrimination**

The contract awarded as a result of this Request For Proposals will be awarded without discrimination based on race, color, national origin, religion, religious creed, age (over 40), sex and gender, sexual orientation, gender identity, gender expression, disability (mental and physical), medical condition, genetic information, marital status, or military and veteran status.

**J. Operator Selection and Contract Negotiations**

The selection of a proposer to provide rail services and rail infrastructure maintenance at the Port shall be made by the Port in accordance with the selection criteria contained in Attachment D and in accordance with the schedule detailed above.

At the conclusion of the proposal ranking process, the Port may offer a contract to the highest-ranked proposer and negotiate final contract terms with that firm. If agreement cannot be reached with the highest-ranked proposer, the Port may terminate negotiations with that proposer and commence negotiations with the next highest-ranked proposer. If necessary, the Port may repeat this process until a final contract has been negotiated.

**K. Attachments to the Request For Proposals**

- A. Insurance Requirements
- B. Rail Tonnage and Commodity Report
- C. Selection Criteria

## **Attachment B – Insurance Requirements**

Tenant's Insurance. Tenant shall furnish public liability property damage insurance, and worker's compensation insurance with the following limits:

- Commercial General Liability in amounts not less than \$20,000,000 per occurrence and \$40,000,000 in aggregate for bodily injury (including death), personal injury and property damage.
- Federal Employer's Liability/workers' Compensation in amounts of \$5,000,000 per accident for bodily injury or disease.
- Automobile Liability in an amount not less than \$5,000,000 per occurrence for bodily injury (including death) and property damage.
- Pollution Legal Liability in an amount not less than \$5,000,000 per occurrence or claim and \$5,000,000 in aggregate.
- Public Liability Property Damage Insurance in an amount not less than \$5,000,000 per person, \$5,000,000 per occurrence of public liability and \$5,000,000 for property damage.



## Attachment C – Rail Tonnage & Commodity Report

Commodity	2020 Tonnage	2021 Tonnage	2022 Tonnage	2023 Tonnage
Acid, Phosphoric	684.82	581.06	693.87	690.17
Ammonium Lignin	1,021.64	633.22	168.55	
Argentine Coke	1,617.36	4,477.87	-	1,993.65
Asphalt	10,603.24	21,479.98	10,634.03	10,046.98
Barley	850.24	188.18	-	
Baton Rouge Coke	-	1,367.19	3,028.85	6,311.04
Beams & Channels	-	82.61	-	
Beet Molasses	1,104.11	829.25	1,880.16	2,096.34
Beet Solubles	436.57	346.80	602.54	605.01
Bulk Rebar	90.18	-	-	
Calcine Coke	3,447.44	1,519.20	-	
Canada Sand	619.60	930.74	618.48	1,261.70
Chemour Coke	1,345.00	12,346.92	1,554.00	
Coal				982.80
Coke	1,550.05	3,120.48	-	
Corn Syrup	517.81	528.04	392.50	300.11
Dolomite Lime				6,326.65
Exxon			98.88	195.53
Fat AGP, VOP	1,652.54	1,207.79	1,583.08	1,589.83
Fertilizer	-	-	7,952.88	
Frac Sand			115.36	459.29
Glycerin	952.23	461.15	-	879.22
Hemicellulose Extract	4,570.48	-	-	
Lightweight Aggregate	-	225.30	76.00	
Lignotech CA Lognin Sulfo	189.70	1,981.61	-	
Lumber	102.08	-	-	268.59
Molasses	-	12,287.29	17,574.21	
Molasses, Cane 79.5	-			2,634.10
Northway Lignin	1,427.23	288.78	1,059.52	1,129.17
Oats	1,694.67	477.92	-	
Petroleum Coke	385.94	681.39	677.50	877.09
Pig Iron	-	2,000.20	188.52	
Pipe	57,427.91	38,066.58	45,207.01	33,002.54
Plastic Pellets	75.70	-	-	
Protferm	95.00	182.25	199.40	182.27
Rebar	5,438.81	4,640.03	9,248.87	6,624.82
Scrap Metal				137.23
Soda Ash	1,746.83	2,833.03	8,699.39	8,700.67
Soy By Product			121.06	
Soy Hull Pellets	4,792.34	4,366.86	1,512.97	4,113.56
Steel	13,781.00	25,525.00	19,510.00	27,614.00
Steel Coils	63,087.34	25,363.08	51,972.18	70,108.70
Steeps	3,432.23	4,051.42	3,224.51	2,967.40
TALC			295.88	172.17
Wood Pulp			1,899.34	12,760.39
Whey	859.61	602.01	178.28	534.60
	<b>185,599.70</b>	<b>173,673.23</b>	<b>190,967.82</b>	<b>205,565.62</b>

### **Attachment D – Selection Criteria**

1. Transmittal Letter	0 pts.
2. Safety Compliance	15 pts.
3. Mobilization Plan	5 pts.
4. Service/Capital Plan	20 pts.
5. Maintenance Plan	18 pts.
6. Financial Plan	10 pts.
7. Compensation Plan	20 pts.
8. Prior Experience (References)	12 pts.