



**REVISED**

August 29, 2013

TO: All Members of the Geoduck Industry and Prospective Bidders

Attached are copies of an Invitation to Bid and an Invitation to Test Harvest for the upcoming geoduck auction. *Please pay close attention to some important changes and requirements.*

1. **Fourteen (14)** quotas will be auctioned on **September 5, 2013**. These quotas are located in the **South Sound** harvest region at the **Lisabuela** tract in King County, at the **Itsami** tract in Thurston County, and at the **Wyckoff Shoal** and **Anderson Island South** tracts in Pierce County.
2. The auction date is subject to change, in order to meet legal advertising and SEPA time requirements.
3. The quota system to be used for this Harvest Agreement allows for the removal of a designated number of pounds of geoduck clams, not to exceed the Harvest Ceiling, from each harvest area. The geoducks harvested by the Purchaser will be billed at the price per pound listed below:

<u>HARVEST AREA</u>	<u>QUOTA #</u>	<u>HARVEST CEILING</u>	<u>PRICE PER POUND</u>
Lisabuela	1	21,800	\$4.50
Wyckoff Shoal		10,500	\$4.50
Itsami	2	12,700	\$4.50
Anderson Island South		19,600	\$4.50
Lisabuela	3	21,800	\$4.50
Wyckoff Shoal		10,500	\$4.50
Itsami	4	12,700	\$4.50
Anderson Island South		19,600	\$4.50
Lisabuela	5	21,800	\$4.50
Wyckoff Shoal		10,500	\$4.50
Itsami	6	12,700	\$4.50
Anderson Island South		19,600	\$4.50
Lisabuela	7	21,800	\$4.50
Wyckoff Shoal		10,500	\$4.50
Itsami	8	12,700	\$4.50
Anderson Island South		19,600	\$4.50
Lisabuela	9	21,800	\$4.50
Wyckoff Shoal		10,500	\$4.50



Itsami	10	32,300	\$4.50
Lisabuela	11	21,800	\$4.50
Wyckoff Shoal		10,500	\$4.50
Itsami	12	32,300	\$4.50
Lisabuela	13	21,800	\$4.50
Wyckoff Shoal		10,500	\$4.50
Itsami	14	32,300	\$4.50

4. The award of a contract will be based upon the highest cash bonus bid received from a responsible bidder. A bid deposit of **\$100,000.00** will be required for each of the quotas. The remainder of the bonus bid, less the deposit, is due no later than **September 19, 2013**.

5. The term of these Harvest Agreements is **October 21, 2013, to December 30, 2013.**

➔ Operations will begin on the **Itsami** tract on **October 21, 2013**, and will continue until **December 30, 2013**. (for Quotas 10, 12, and 14)

➔ Operations will begin on the **Itsami** tract on **October 21, 2013**, and will continue until **November 14, 2013**. (for Quotas 2, 4, 6, and 8)

Operations will begin on the **Lisabuela** tract on **October 21, 2013**, and will continue until **December 5, 2013**.

➔ Operations will begin on the **Anderson Island South** tract on **November 18, 2013**, and will continue until **December 30, 2013**. (for Quotas 2, 4, 6, and 8)

Operations will begin on the **Wyckoff Shoal** tract on **December 9, 2013**, and will continue until **December 30, 2013**.

*DNR reserves the right to change the harvest dates or duration of harvest and the right to increase or decrease the Harvest Ceiling for a Harvest Area at any time.*

6. Weigh-out will be conducted on the water unless weather conditions make it impractical, in which case the weigh-out will be conducted at the designated off-load site.

7. A bond of at least **\$80,000.00** shall be in force for each quota.

8. Charges for the removal of geoducks will be billed every two (2) weeks, with payment due within ten (10) business days of the date the bill is sent.

9. The hours of operation shall be from 8:00 a.m. to 4:00 p.m.

10. Harvesting is not allowed on Saturdays, Sundays, or state holidays, as defined by the Washington State Office of Financial Management.

11. Portions of the harvest area may be closed at any time to protect wildlife and other public resources.

12. **Please note** that the shallow water boundary for each tract is as follows: The **Lisabuela tract** is **-26 feet** (MLLW), the **Wyckoff Shoal, Itsami, and Anderson Island South tracts** is **-18**

**feet (MLLW).**

Purchaser shall harvest no geoducks in areas shallower than the depths below mean lower low water as stated above for the respective Harvest Area(s). Regardless of any depth restrictions, vessels conducting operations must remain seaward of a line two hundred yards from and parallel to the ordinary high tide line.

**Maximum Depth Boundary:** Purchaser shall harvest no geoducks located deeper than 70 feet below mean lower low water (0.0 ft).

13. Test harvest or a portion of the test harvest area may be shut down by DNR for failure to cooperate by the harvester.

The specific rights and obligations of an apparent high bidder that is confirmed as a responsible bidder/harvester are contained in the Harvest Agreement (Agreement). The information herein is a summary of information relating to this auction, and is provided as a matter of convenience. The obligations of the Department of Natural Resources, any bidders, and any person or entity that executes an Agreement are defined by the Agreement and the statutes, regulations, and laws of the State of Washington. Nothing in the Invitation to Bid, in any other written materials, or in any oral statements that might be made, shall supersede the Agreement. Sample copies of the Agreement will be available at the auction or may be requested in advance by contacting DNR's Aquatic Resources Division, PO Box 47027, Olympia, WA 98504-7027. In the case of any discrepancy, the Agreement will control, and each bidder should review its content in advance of any submission of bids.

#### **RCW 79.140.060**

Determination of highest responsible bidder

(1) To determine the "highest responsible bidder" under RCW 79.140.050, the department shall be entitled to consider, in addition to price, the following:

- (a) The financial and technical ability of the bidder to perform the contract;
- (b) Whether the bid contains material defects;
- (c) Whether the bidder has previously or is currently complying with terms and conditions of any other contracts with the state or relevant contracts with entities other than the state;
- (d) Whether the bidder was the "highest responsible bidder" for a sale within the previous five years but failed to complete the sale, such as by not entering into a resulting contract or by not paying the difference between the deposit and the total amount due. However, sales that were bid prior to January 1, 2003, may not be considered for the purposes of this subsection (1)(d);
- (e) Whether the bidder has been convicted of a crime relating to the public lands or natural resources of the state of Washington, the United States, or any other state, tribe, or country, where "conviction" includes a guilty plea, or unvacated forfeiture of bail;
- (f) Whether the bidder is owned, controlled, or managed by any person, partnership, or corporation that is not responsible under this statute; and
- (g) Whether the subcontractors of the bidder, if any, are responsible under this statute.

(2) Whenever the department has reason to believe that the apparent high bidder is not a responsible bidder, the department may award the sale to the next responsible bidder or the department may reject all bids pursuant to RCW 79.140.080.

Attachments

**STATE OF WASHINGTON  
DEPARTMENT OF NATURAL RESOURCES  
Peter Goldmark  
Commissioner of Public Lands  
Olympia, Washington**

**INVITATION TO BID**

Pursuant to RCW 79.135.210, the Department of Natural Resources (DNR) hereby announces that rights to harvest geoducks from the following beds will be put up for competitive bid on the stated date.

<u>NAME</u>	<u>QUOTA NO.</u>	<u>AUCTION TIME</u>	<u>AUCTION DATE</u>	<u>HARVEST CEILING</u>
Lisabuela Wyckoff Shoal	1	10:00 a.m.	September 5, 2013	21,800 10,500
Itsami Anderson Island South	2	10:20 a.m.	September 5, 2013	12,700 19,600
Lisabuela Wyckoff Shoal	3	10:40 a.m.	September 5, 2013	21,800 10,500
Itsami Anderson Island South	4	11:00 a.m.	September 5, 2013	12,700 19,600
Lisabuela Wyckoff Shoal	5	11:20 a.m.	September 5, 2013	21,800 10,500
Itsami Anderson Island South	6	11:40 a.m.	September 5, 2013	12,700 19,600
Lisabuela Wyckoff Shoal	7	12:00 p.m.	September 5, 2013	21,800 10,500
Itsami Anderson Island South	8	12:20 p.m.	September 5, 2013	12,700 19,600
Lisabuela Wyckoff Shoal	9	12:40 p.m.	September 5, 2013	21,800 10,500
Itsami	10	1:00 p.m.	September 5, 2013	32,300
Lisabuela Wyckoff Shoal	11	1:20 p.m.	September 5, 2013	21,800 10,500

<b>Itsami</b>	<b>12</b>	<b>1:40 p.m.</b>	<b>September 5, 2013</b>	<b>32,300</b>
<b>Lisabuela Wyckoff Shoal</b>	<b>13</b>	<b>2:00 p.m.</b>	<b>September 5, 2013</b>	<b>21,800 10,500</b>
<b>Itsami</b>	<b>14</b>	<b>2:20 p.m.</b>	<b>September 5, 2013</b>	<b>32,300</b>

The purpose of DNR's election to put these rights up for competitive bid is to serve the public's interest by obtaining the highest price from responsible bidders. DNR, therefore, solicits bid proposals from interested parties. Bidders will bid for the non-exclusive right to go onto the stated area and remove geoducks up to the listed Harvest Ceiling limit.

The terms under which successful bidders are to operate are set out in the Harvest Agreement and the laws and regulations of the state of Washington. DNR reserves the right to increase or decrease the Harvest Ceiling at any time during the Harvest Agreement to ensure that total pounds harvested from state-owned aquatic lands for the year meet the state's target sustained yield, and to ensure that the geoduck industry has an opportunity to harvest the state's share of the resource. Purchasers will be notified in writing of any such addition or subtraction of pounds to the Harvest Ceiling. The state reserves the right to auction additional harvest areas during this agreement period in order to utilize all of the resource available to the state. Harvest quotas not fully utilized during previous contracts that still have a substantial portion of resource remaining may be re-auctioned at any time. Additional pounds created through changes in the sustainable yield or pounds made available through tribal agreements may be auctioned later during the same harvest year. The Harvest Agreement outlines the rights and obligations of the parties regarding changes to the harvest ceiling. Tribal harvesting could occur before during or after purchasers have harvested their share of resource from the geoduck tracts.

**A. HARVEST AGREEMENTS WILL BE OFFERED BY SEALED BID AUCTION**

1. Harvest Agreements will be offered by sealed bid auction. Sealed bids must be accompanied by a bid deposit in the form of a money order, certified check, or cashier's check equal to **\$100,000.00** for each of the quotas.
2. In one envelope, place the following:
  - a. The bid form properly filled out and signed.
  - b. The bid deposit.
  - c. On the outside of this envelope, the words "Geoduck Auction", the number of the Quota, and the name of the Bidder must appear. Mail or deliver to DNR at the address below. If the bid is mailed, please indicate on the outside of the envelope "Geoduck Bid, Do Not Open."
3. Bid forms and bonus bid deposits may be delivered to the Aquatic Resources Division, 1111 Washington St SE, PO Box 47027, Olympia, Washington 98504-7027. The day of the auction, bids must be delivered to the location of the auction and submitted by the time of the auction.
4. Prior to the first bid opening, DNR will designate the official clock. This clock will be used as the official time for all bid openings.

## B. BID OPENING

1. Sealed bids will be opened on **September 5, 2013** at:
  - 10:00 a.m.** for the first quota
  - 10:20 a.m.** for the second quota
  - 10:40 a.m.** for the third quota
  - 11:00 a.m.** for the fourth quota
  - 11:20 a.m.** for the fifth quota
  - 11:40 a.m.** for the sixth quota
  - 12:00 p.m.** for the seventh quota
  - 12:20 p.m.** for the eighth quota
  - 12:40 p.m.** for the ninth quota
  - 1:00 p.m.** for the tenth quota
  - 1:20 p.m.** for the eleventh quota
  - 1:40 p.m.** for the twelfth quota
  - 2:00 p.m.** for the thirteenth quota
  - 2:20 p.m.** for the fourteenth quota

**The auctions will be conducted in Room 172 of the Natural Resources Building, at 1111 Washington St SE, Olympia, Washington. See attached map for directions.**

**Staff will be available from 9:30 a.m. to 10:00 a.m. to answer questions. However, the rights and obligations of any party to a Harvest Agreement are defined solely by the terms of the written Agreement.**

## C. GENERAL INFORMATION

1. The Harvest Agreements will be awarded on the basis of the highest bonus bid from a responsible bidder. In submitting a bonus bid, the bidder is making an offer to enter into a contract with the State for the right to harvest geoduck clams.
2. If the highest bonus bid is made by two or more bidders, the tie will be resolved by having the tie bidders submit additional sealed bonus bids, ("Tie Breaking Bids"). Each Tie Breaking Bid must be greater than or equal to the bid amount that resulted in the tie. The Tie Breaking Bids must be submitted no later than 10 minutes prior to the next auction of the day at which time the Tie Breaking Bids will be opened. In the event of tie bids on the last auction of the day, tie bidders will have 10 minutes following the auction to submit Tie Breaking Bids.
3. DNR reserves the right to waive nonmaterial bid irregularities. DNR's right to waive nonmaterial bid irregularities is purely discretionary, and need not be exercised in every case.
4. All awards are subject to confirmation by the Department of Natural Resources.
5. **THE DEPARTMENT OF NATURAL RESOURCES EXPRESSLY RESERVES THE RIGHT TO REJECT ANY OR ALL BIDS.**
6. All corporations and limited partnerships must be registered with the Office of the Secretary of State. Failure to comply will result in an unqualified bid.
7. By no later than **September 19, 2013**, the apparent high bidder must provide DNR with all responsible bidder information described in Part D(3) of this Invitation to Bid, the remaining bonus bid, acceptable security, and proof of required insurance. Failure to provide the

required information within this time period will constitute a material defect in the bid under the Responsible Bidder statute, RCW 79.140.060. **A \$25.00 document processing charge is also due at this time.**

8. Within thirty (30) calendar days of the auction, DNR will determine whether to confirm the apparent high bidder as the highest responsible bidder. If DNR, in its sole discretion, determines that the bidder is responsible, and if the other statutory prerequisites to bid confirmation are met, DNR will confirm the bid. Bid confirmation is acceptance of the bidder's offer to enter into a contract.
9. Within five (5) business days of the date the bids are confirmed, the apparent high bidder must provide DNR with the signed and notarized Harvest Agreements. Failure to provide the signed and notarized Harvest Agreements within that time will constitute a breach of contract and bid default. DNR may consider the default in evaluating bidder responsibility for this auction and in future auctions under RCW 79.140.060.
10. DNR has up to five (5) business days to process and sign Harvest Agreements from the time it receives the executed Agreement from the confirmed bidder. No harvesting can take place until the Harvest Agreement has been signed by the Department of Natural Resources' Aquatic Resources Deputy Supervisor or designee.
11. In the event that a bidder is found not to be responsible or defaults on the bid, DNR, at its discretion, may re-auction the quota, or offer the Quota to the apparent second highest bidder. The second highest bidder will be required to supply all bidder information required in Part D(3) below, along with the required bonus bid, security, and proof of insurance within ten (10) days of notification by DNR.

**D. EVALUATING BIDS TO DETERMINE THE HIGHEST RESPONSIBLE BIDDER**

1. DNR will evaluate the bids to determine the highest responsible bidder. In evaluating bidder responsibility, DNR will evaluate several factors including, but not limited to:
  - a. Bidder's legal competency, including licensing
  - b. Bidder's actual competency, including financial resources, equipment, prior performance, and proposed Plan of Operation
2. In the course of evaluating bidder responsibility, DNR shall be entitled to consider any matters that relate to the factors listed in RCW 79.140.060.
3. To assist DNR in evaluating whether the apparent high bidder is the highest responsible bidder, the apparent high bidder will be required to provide the following information to DNR (bidder responsibility information), by no later than **September 19, 2013.**
  - a. The bidder's articles of incorporation, by-laws, the names of officers and directors, the names of shareholders, including percentage of stock owned by each shareholder, the names of 1) any entity in which the apparent high bidder has control, the power to control, or a substantial financial interest in, 2) any entity which has control over, the power to control, or a substantial financial interest in the apparent high bidder, and 3) the bidder's registered agent.
  - b. The bidder's most recent financial statement, current balance sheet, and banking reference.
  - c. A description of the bidder's past experience in underwater seafood harvesting, including past experience in supervising or managing underwater commercial dive operations.

- d. The names of the bidder's purchasers and subcontractors, along with these entities' UBI numbers and account numbers. Proof of insurance coverage for all harvest vessels is required prior to any harvesting by that vessel.
- e. A copy of the apparent high bidder's Department of Health Interstate Shippers Certification.
- f. A Proposed Plan of Operation (form provided by DNR) which shall include:
  - i. The source and identity of divers, tenders, harvest vessels, and other harvest equipment. *For each diver, provide a clear, readable, photo copy of his or her driver's license, and dive license.*
  - ii. A description of the legal relationship between the apparent high bidder, divers, and vessel operators (*i.e.*, employee/employer or subcontractor). All subcontractors must be fully identified.
  - iii. The working relationship between the apparent high bidder and any identified employees/subcontractors. The duties of each employee/subcontractor shall be described and incorporated into the Proposed Plan of Operation.
  - iv. All information relating to harvest plans, bonding, off-load points, and vessel moorage must be identified and supplied in the Proposed Plan of Operation.
  - v. A list of all steps the apparent high bidder will take to ensure compliance with this Harvest Agreement, by Purchaser, Purchaser's employees, and subcontractors.

A packet containing slots for the above information will be provided to the apparent successful high bidders at the end of the auction. All required information must be submitted to DNR in this packet and will not be accepted if incomplete. If the apparent high bidder does not provide the above listed items by stated due date, the apparent high bidder shall be deemed non-responsible.

**The bid shall be rejected and bid deposit forfeited.**

DNR's determination regarding the acceptance and confirmation of bids, or of bidder responsibility, shall be a final decision by DNR and the Commissioner of Public Lands, who has delegated such authority pursuant to a formal Designation and Order of Delegation. A bidder's sole remedy shall be to pursue any timely appeals that may be provided by RCW 79.02.030 or RCW 79.105.160. In no case shall DNR, or its agents, be liable for any claim for damages arising from such determinations.

**Any oral statement by any representative of the state, modifying or changing any conditions of this Invitation to Bid, is an expression of opinion only and confers no rights on to any bidder. In the event of any discrepancies between the Invitation to Bid and the Harvest Agreement, the Harvest Agreement will control. A sample Harvest Agreement will be available at the time of the auction or may be obtained in advance by contacting DNR's Aquatic Resources Division, PO Box 47027, Olympia, WA 98504-7027.**