

Stevedores feel pinch for space on riverfront

By: [Ryan Kelly, Reporter](#) July 25, 2014 [0](#)

The Port of New Orleans changed course on a decision to bid out a lease for the First Street Wharf after the current tenant protested the move. The situation reveals how stevedores who handle cargo along the riverfront are pinched for space.

The port suspended a request for proposals Thursday that would

allowed other stevedoring companies to bid on a lease for the space Empire Stevedoring has used for 16 years. The wharf, which has berths for two ships, covers 5.6 acres and has 140,655 square feet of covered storage space, according to the port's website.

Empire, unlike most of the port tenants that have long-term leases, has in recent years relied on a year-to-year agreement with the port in order to protect itself against an unexpected loss of business. It has also been allowed to lease less than the full property for its operations, a deal the port allowed in order to support its long-time tenant.

Port officials, seeking to use more of the property and potentially set up a long-term lease, decided to consider offers from other stevedores. No company would have wanted to share the building with Empire, said Don Zemo, general manager of Coastal Cargo, one of the companies that planned to pursue the property had it come up for bid.

Zemo said Coastal is out of space at the Louisiana Avenue Wharf and needs more room to expand its operations. Other stevedoring companies have echoed the statement that they need more room to grow. The port is currently at full capacity for stevedoring companies, which specialize in loading and offloading breakbulk cargo.

The decision to suspend the RFP and negotiate directly with Empire for the property came after a Monday port board of commissioners' committee meeting, during which Empire claimed to have been blindsided by the decision to bid out the property.

Port officials, including President and CEO Gary LaGrange, said Empire had notice from the port that it would consider other options for the property.

Empire currently pays about \$225,000 a year to use 60 percent of the property, Empire General Manager Bruce Wilson said. It is his understanding that fair market value for the entire property is a little over \$350,000 a year.

Citing ongoing negotiations, the port declined to confirm what it considers the fair market value of the property.

The port is asking for a long-term lease from Empire as well, he said, adding that the company plans to sign one.

Paul Zimmerman, director of operations at the port, told commissioners Monday that in a June 25 meeting with Empire, he and port Chief Operating Officer Pat Gallwey were left with the impression that Empire was not ready to use the full property and planned to ask for a limited lease that reflected past agreements.

Wilson confirmed the June 25 meeting with port staff but denied that it was made clear that the port planned to bid out the property.

“Apparently the port has taken a stance that the marine terminal leases are not being [automatically] renewed or offered to the current tenant,” Wilson said in a phone interview Wednesday, before the RFP was suspended. “Empire was unfortunately the first lease that came up or maybe the test case for the port.”

Wilson said that Empire customers, upon noticing the RFP, were frantically calling the company to find out if Empire would still have a spot at the port, and he didn’t have a clear answer for them.

“It’s playing hell with us,” he said on Wednesday.

Coastal Cargo’s Zemo said his company was also surprised by the RFP and showed up at the port committee meeting Monday to find out what was going on. He added that Coastal had no prior communication with the port regarding the First Street Wharf.

The port had decided unofficially at the Monday meeting to cancel the bidding process and made it official Thursday.

Commissioners on Monday heard from Adams & Reese attorney Johnny Domiano, who was representing Empire. He implied that the company would seek an open bidding process on any port property where a stevedoring company faced an expiring lease if the First Street Wharf RFP were allowed to continue.

Commissioners also heard that Empire planned to bar any property inspections by companies bidding on the property, so as not to allow competitors to view its operations.

Thursday’s decision to suspend the RFP gives Empire and the port 30 days to negotiate a new lease. If one isn’t negotiated, the RFP process could begin again.

Wilson said on Wednesday that he was ready to sign Empire to a lease with the port that would call for the company to use the full property.

The parties will likely return to the board meetings next month with an update, though Wilson said today he thought the process would be wrapped up within a week.

“We’re just waiting for the port to present the lease to us,” he said. “We’re good to go, I think.”

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