



February 3, 2009

DIANN CASTLEBERRY
Director of Social Responsibility

Dear Community Friend,

We regret to inform you that effective immediately, there will be NO Port of Oakland Harbor Tours this year. For more than a decade, the Port has been pleased to offer the general public FREE Harbor Tours every summer (May through October) providing a birds-eye view of Port operations as well as sharing interesting factoids about its rich history with children and adults living in or visiting the Bay Area.

The decision to suspend the program was a very difficult one, but one that had to be made in light of the current state of the economy and need to balance the Port's financial health.

As you may know, the Port of Oakland was established in 1927 and is an independent department of the City of Oakland. The Port oversees the Oakland seaport, Oakland International Airport and 20 miles of waterfront, including commercial real estate portfolios and hundreds of acres of public parks and conservation areas. The Port does not receive tax dollars from the City or County. The Port does have bond debts, money it borrowed to construct improvements to its facilities. Bond debt requires the Port to maintain a certain ratio of net revenue to debt payments. The Port's debt payments have increased as of this fiscal year, which began July 1, 2008.

Last year, in anticipation of those bond payments and the slowdown of the marketplace, the Port pursued several strategic measures to address an anticipated \$18.6 million shortfall for this current fiscal year, including elimination of vacant positions, reduction of our capital development program by 2/3 as well as pursuing alternative delivery approaches for capital programs and the very difficult decision to layoff 12% of our workforce.

Then in the summer/fall of 2008, the Port along with the rest of the country and world saw the economy fall deeper into what is now called an economic recession and said to be one of the worst since the depression of the 1930s. There were a number of key Indicators demonstrating the need to respond and act quickly, they included airline bankruptcies; declining imports; a financial market in turmoil; nearly empty restaurants; and customers reducing, consolidating, or relocating operations or distribution centers from Oakland to locations outside of California and in some cases, outside the country.

All of these factors influenced the hard decision to suspend the Port's Harbor Tour program, effective immediately. We regret having to make this unpopular decision, but hope you will understand. Please know that the Port of Oakland continues to be committed to Oakland and the greater Bay Area community. We wish you and your families well as we all do our best to manage through these turbulent times.

Sincerely,

Diann Castleberry, Director of Social Responsibility
Social Responsibility Division

Cc: Omar R. Benjamin, Executive Director
Jo Ann Yoshioka, Program Administrator - Community Relations
Pamela Bell, Port Associate, Community Relations / Harbor Tours Program Coordinator

Following are two alternate Free Educational boat tour services:

The USS Potomac

Marti Burchell, Executive Director

540 Water Street

Oakland, CA 94607

(510) 627-1667 or mburchell@usspotomac.org

Light House Relief Free Tours

A Floating Lighthouse Open for Tours

Friday, Saturday and Sunday, 11:00 am to 4:00 pm Jack London Square, Oakland, California Phone

(510) 272-0544 or www.uslhs.org(<http://www.uslhs.org/>)