

Peer Review of

Comprehensive Truck Management Program Economic Impact Analysis  
prepared by Beacon Economics and dated April 17, 2009

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Presented to Port of Oakland  
April 28, 2009

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## Introduction

This report was prepared at the request of the Port of Oakland (the "Port") in order to gain an independent evaluation of the Economic Impact Analysis (the "Analysis") of the Port's Comprehensive Truck Management Program (the "CTMP") prepared by Beacon Economics. In the draft peer review prepared by us and submitted to the Port on March 23, 2009, we presented our findings with respect to the draft Analysis prepared by Beacon Economics dated March 6, 2009. This final peer review is an evaluation of the final Analysis prepared by Beacon Economics dated April 17, 2009. This final peer review is an update to the draft peer review; interested parties are encouraged to read the draft peer review as well as this report.

The scope of work of this peer review is detailed in the Port's contract with the University of California dated February 26, 2009. The key elements of the scope of work as stated in the contract are:

1. Identify deficiencies and inconsistencies in data collection and analysis and review survey instruments and methods;
2. Identify opportunities to provide greater clarity with respect to conclusions and recommendations;
3. Assess whether the Analysis appropriately considers the business, labor, community and environmental context of the Port;
4. Assess whether the Analysis appropriately examines similar programs at other ports in California and elsewhere in the US given the similarities and differences of the Port of Oakland relative to other ports;
5. Examine the analysis for "red herrings" in terms of logic and cause-and-effect reasoning, and assess the Analysis for the overall reliability of its conclusions;
6. Recommend appropriate strategies to improve methodology and quality of analysis.

In general, this peer review does not attempt to correct typographical or grammatical errors, and is limited to the above elements of content, alignment of methodology with intent, clarity, and soundness of the conclusions drawn from the data.

## General Observations

The Analysis is carefully prepared with generally clear explanation of the methodology used and the results obtained. The Analysis is generally thorough in terms of its surveys of direct stakeholders in the CTMP, although there continue to be challenges drawing clear conclusions due to limits with the information obtained through the survey instruments. Some of this uncertainty is unavoidable in research of this type, but there remains elements of clarity that could be improved.

A section titled “Specific Comments and Recommendations” was included in the draft peer review. A substantial portion of the issues raised in that section have been addressed in the final Analysis, and these items will not be readdressed here.

The principal remaining concerns raised by this peer review are with regard to the following elements of the Analysis.

- a. Complexity and length of the survey instruments. In general, the survey instruments are much too long, and in some cases ask questions that are not clearly relevant to the needs of the Analysis. As a result, we are concerned that the quality of the responses may be impacted by the length and complexity of the questioning, and therefore may compromise the soundness of the conclusions drawn from the data. In addition, many of the most important questions in the instruments require the respondent to recall specific numerical or financial information that most individuals would find hard to recall accurately.
- b. Use of the survey instruments in drawing conclusions. While a large number of surveys were conducted as part of the Analysis, it is not clear how some of them inform the decision-making that is needed in evaluating the CTMP. As a result, there may be an over-supply of information that could make formulating conclusions more complex than it would otherwise be.
- c. Presentation of results. There is abundant useful data and analysis in the Analysis. Some of the information is embedded in the text in a way that reduces the clarity of the Analysis and obscures the connection between the purpose in collecting the data, the analysis of those data, and the conclusions drawn, however this aspect is significantly improved from the draft Analysis.
- d. Drawing unique conclusions. Offering a single set of recommendations regarding the economic impact of the CTMP is inherently risky given the substantial uncertainty in the general economy at the present time. The on-going economic crisis implies that more of a “scenario planning” approach might make more sense in this case. Few experts are predicting a return to 2005-2006 business levels in the near future, and thus it makes sense to anticipate and prepare for a wider range of

business scenarios and economic outcomes of the CTMP than the Analysis seems to incorporate.

- e. Matching the timeframe of impacts with the timeframe of costs. For some elements of the CTMP, the timeframe associated with implementation differs from the timeframe associated with impact. For example, air quality improvements that may take a few years to achieve through changes to truck emissions are anticipated to have a long-lasting impact on the environmental health of the surrounding community. Therefore, it is reasonable that the costs associated with those requirements should be paid off over a long period. Similarly, an employee requirement for drayage service providers should be considered for its own sake, not as a mechanism to drive the adoption of cleaner vehicles, since the employee requirement will presumably persist long after the truck fleet has been converted over to cleaner and more efficient engines and fuels.
- f. Safety and security. In our view, the subject of worker safety and Port security deserves greater discussion in the Analysis given the importance of this issue.
- g. Local community priorities. In our view, the limited examination of the local community's central stake in the Port, including factors of public health, public safety issues related to drayage activity in neighborhoods adjacent to the Port, and related "nuisance" factors stemming from Port activities, is insufficient.
- h. External factors. There are several factors beyond the control of the Port that may play a significant role in the overall economic future of the Port that could be considered more thoroughly in the Analysis. Notable among these factors are planned upgrades at other West Coast ports and the substantial upgrade of the Panama Canal, now underway, specifically designed to siphon business from the US West Coast ports, and expected to open for traffic in 2015.
- i. Priorities. While there are clearly competing interests affected by the CTMP, it seems reasonable that, for example, safety and security at the port should always be the paramount concern above other considerations, and should be treated as such in the recommendations found in the Analysis. Although it may not be possible to create a strict hierarchy of needs among the various interests, clearly long-term, community-wide benefits such as health, safety, security, environmental quality and the viability of the Port as a business should be considered in a special light. A lasting consensus among the parties will be more readily achieved where there is a reference set of common goals.