

**OMAR BENJAMIN**  
Executive Director

**Michele Heffes**  
Acting Port Attorney

**ARNEL ATIENZA**  
Port Auditor

**JOHN T. BETTERTON**  
Secretary of the Board

**PORT OF OAKLAND**  
**BOARD OF PORT COMMISSIONERS**  
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**GILDA GONZALES**  
President

**JAMES W. HEAD**  
First Vice-President

**ALAN S. YEE**  
Second Vice-President

**CESTRA BUTNER**  
Commissioner

**EARL HAMLIN**  
Commissioner

**BRYAN R. PARKER**  
Commissioner

**VICTOR UNO**  
Commissioner

**AGENDA**

**Special Meeting of the Board of Port Commissioners**  
**Thursday August 16, 2012 – 1:00 p.m.**  
**Board Room – 2<sup>nd</sup> Floor**

**ROLL CALL**

1<sup>st</sup> Vice President **Head**, 2<sup>nd</sup> Vice-President **Yee**, Commissioner **Butner**, Commissioner **Hamlin**, Commissioner **Parker**, Commissioner **Uno** and President **Gonzales**

**1. CLOSED SESSION**

**1.1 CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION. Pursuant to Subdivision (a) of California Government Code Section 54956.9.**

*City of Oakland v. ABM Industries, AMPCO System Parking, Does 1 to 5 Alameda County Superior Court Case No.: RG10538457*

*SSA Terminals, LLC and SSA Terminals (Oakland), LLC v. the City of Oakland, Acting by and Through its Board of Port Commissioners Docket No. 09-08*

**1.2 CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION. Significant Exposure to Litigation Pursuant to Subdivision (b) of California Government Code Section 54956.9: 4 matter(s)**

**1.3 CONFERENCE WITH REAL PROPERTY NEGOTIATOR. As provided under California Government Code Section 54956.8:**

**Property:** Former Oakland Army Base and Adjacent Properties  
**Negotiating Parties:** Port of Oakland, City of Oakland, and California Capital & Investment Group, Inc  
**Agency Negotiator:** Director of Maritime, James Kwon  
**Under Negotiation:** Price and Terms of Payment

**1.4 CONFERENCE WITH LABOR NEGOTIATORS. Pursuant to Subdivision (a) of California Government Code Section 54957.6.**

**Employee Organizations:** International Brotherhood of Electrical Workers (IBEW Local 1245), International Federation of Professional and Technical Engineers (IFPTE Local 21), Service Employees International Union (SEIU Local 1021), and Western Council of Engineers (WCE)

**1.5 PUBLIC EMPLOYMENT**

**Title:** Port Attorney

**ROLL CALL/OPEN SESSION (approximately 4:00 p.m.)**

1<sup>st</sup> Vice President **Head**, 2<sup>nd</sup> Vice-President **Yee**, Commissioner **Butner**, Commissioner **Hamlin**, Commissioner **Parker**, Commissioner **Uno** and President **Gonzales**

**CLOSED SESSION REPORT**

*The Port Attorney or Board Secretary will report on any final actions taken in Closed Session.*

**2. MAJOR PROJECTS**

*This segment of the meeting is reserved for action and discussions regarding the status of Major Projects and issues of special importance.*

**3. BUDGET & FINANCE**

*This segment of the meeting is reserved for action or discussion regarding the status of Budget and Finance issues.*

**3.1 Report:** Unaudited Financials for the 11 months ending May 31, 2012

**4. STRATEGY & POLICY**

*This segment of the meeting is reserved for action or discussion on Strategy and Policy Issues.*

**4.1 Report:** SRD: Strategy, Function, Value Discussion

**5. CONSENT ITEMS**

*Action by the Board under “Consent Items” means that all matters listed below have been summarized and will be adopted by one motion and appropriate vote. Consent Items may be removed for further discussion by the Board at the request of any member of the Board.*

- 5.1 Regular Meetings of July 12, 2012 **(Board Secretary)**
- 5.2 **Ordinance 4202**, 2nd Reading Of Ordinance Authorizing And Approving An Easement Agreement With Pacific Gas & Electric Company For A Natural Gas Pipeline Replacement At Howard Terminal.

**6. REMAINING ACTION ITEMS**

*Remaining Action Items are items not previously addressed in this Agenda that may require staff presentation and/or discussion and information prior to action by the Board.*

- 6.1 Capital Budget Authorization for Upgrade of Airport Security Access Control and Alarm Monitoring System (ACAMS) to C-CURE 9000. **(Aviation)**

**7. UPDATES/ANNOUNCEMENTS**

*The President and / or Executive Director will report on noteworthy events occurring since the last Board Meeting.*

- 7.1 **Report:** Port Response to SEIU Financial Presentation made to the Board on July, 12, 2012

**8. SCHEDULING**

*This segment of the meeting is reserved for scheduling items for future Agendas and/or scheduling Special Meetings*

**OPEN FORUM**

*The Board will receive public comment on non-agenda items during this time. Please fill out a speaker card and present it to the Secretary of the Board.*

**ADJOURNMENT**

The next Regular Meeting of the Board will be held on September 6, 2012 at 1:00 p.m. in the Board Room.

**PUBLIC PARTICIPATION****Disability Related Modifications**

Any person who requires a disability-related modification or accommodation, including auxiliary aids or services, in order to participate in the meeting, may submit a written request, electronic request, or telephone request [via the California Relay Service (telephone) for the hearing impaired at (800) 735-2922], to the Secretary of the Board **no later than five working days** prior to the scheduled meeting date.

John Betterton, Secretary of the Board  
530 Water Street, Oakland, CA 94607  
jbetterton@portoakland.com  
(510) 627-1696

**Language & Interpretive Services**

As a grantee of federal aid grant funds from the US Department of Transportation, the Port is responsible for ensuring equal access to its programs, services, and benefits. To request bilingual interpreters or materials in alternate formats, please contact the Assistant Secretary of the Board **no later than five working days** prior to the scheduled meeting date.

Daria Edgerly, Assistant Secretary of the Board  
530 Water Street, Oakland, CA 94607  
dedgerly@portoakland.com  
(510) 627-1337

**Scented Products**

Please refrain from wearing scented products to this meeting so attendees who experience chemical sensitivities may attend.

**To Speak on an Agenda Item**

You may speak on any item appearing on the Agenda. Please fill out a Speaker's Card and give it to the Board Secretary before the start of the meeting or immediately after conclusion of Closed Session. Cards received after the start of the meeting will be treated as a single request to speak in Open Forum. All speakers will be allotted a minimum of one minute.

**Agenda & Related Materials**

Should you have questions or concerns regarding this Agenda, or wish to review any of the Agenda Related Materials, please contact the Board Secretary, John Betterton, at (510) 627-1696, or visit our web page at [www.portofoakland.com](http://www.portofoakland.com)

To receive Port Agendas and Agenda Related Materials by email, please email your request to [jbetterton@portoakland.com](mailto:jbetterton@portoakland.com)

## **MAJOR PROJECTS**

This segment of the meeting is reserved for action and discussions regarding the status of Major Projects and issues of special importance.

**BUDGET & FINANCE**

This segment of the meeting is reserved for action or discussion regarding the status of Budget and Finance issues.

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**PORT OF OAKLAND**

Unaudited  
Financial Results

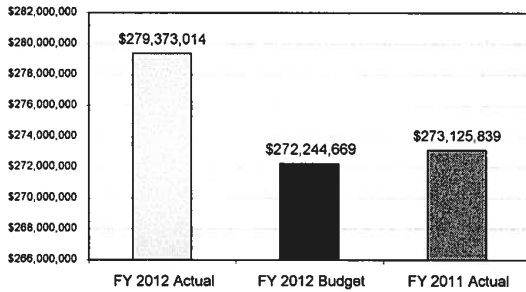
May 31, 2012

- Summary of Key Financials and Activity
- Cash Recap
- Balance Sheet
- YTD Revenue & Expenses (Actual vs. Budget)
- YTD Expenses by Category (Actual vs. Budget)
- Aviation Revenue (Actual vs. Budget)
- Maritime Revenue (Actual vs. Budget)
- CRE Revenue (Actual vs. Budget)
- Activity Summary Report
- YTD Revenue & Expenses Variance Explanations

**Summary of Key Financials and Activity  
For the Eleven Months Ended May 31, 2012**

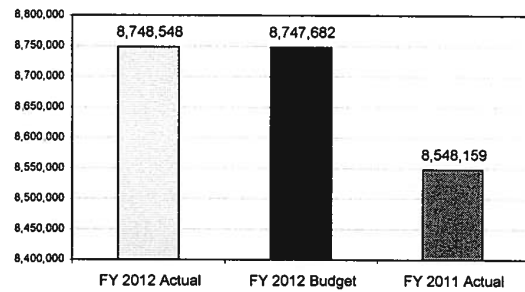
**UNAUDITED  
DRAFT**

**Fiscal Year to Date - May 2012  
Operating Revenue**



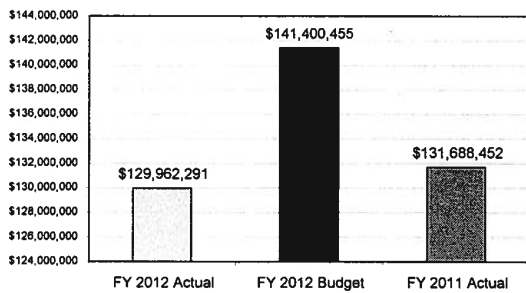
Variance to FY 2012 Budget 2.6%  
Variance to FY 2011 Actual 2.3%

**Fiscal Year to Date - May 2012  
Total Passengers**



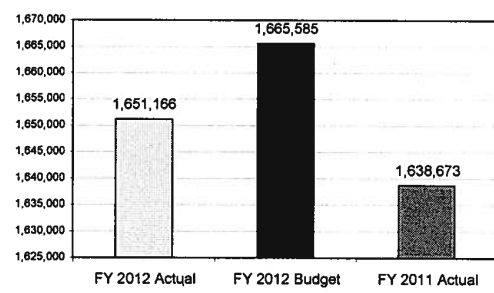
Variance to FY 2012 Budget 0.0%  
Variance to FY 2011 Actual 2.3%

**Fiscal Year to Date - May 2012  
Operating Expenses Before D&A**



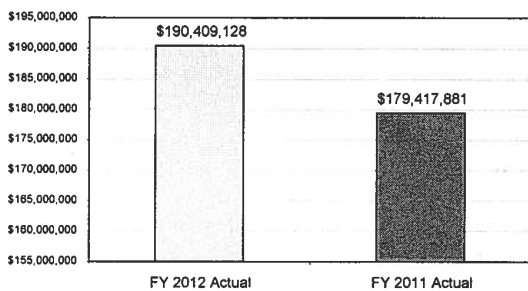
Variance to FY 2012 Budget 8.1%  
Variance to FY 2011 Actual 1.3%

**Fiscal Year to Date - May 2012  
Loaded TEUs**



Variance to FY 2012 Budget -0.9%  
Variance to FY 2011 Actual 0.8%

**Fiscal Year to Date - May 2012  
Unrestricted Cash Balance**



Variance to FY 2011 Actual 6.1%



**UNAUDITED  
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**PORT OF OAKLAND  
CASH  
MAY 31, 2012, 2011 AND JUNE 30, 2011**

	<u>Unaudited 05/31/12</u>	<u>Audited 06/30/11</u>	<u>Unaudited 05/31/11</u>
<b>Unrestricted Cash:</b>			
Board Reserves	\$ 64,336,400	\$ 64,498,125	\$ 64,498,125
Unreserved Cash	97,062,824	110,092,548	114,919,756
Debt Service Fund	<u>29,009,904</u>	<u>-</u>	<u>-</u>
Sub-total	<u>190,409,128</u>	<u>174,590,673</u>	<u>179,417,881</u>
<b>Restricted Cash &amp; Investments:</b>			
Bond Reserves / Rebate Funds (a)	70,736,236	71,750,947	71,962,722
Bond Proceeds (b)	0	621,000	621,079
Passenger Facility Charges	12,284,305	12,415,916	13,370,660
Customer Facility Charges	3,302,349	2,438,913	2,481,328
Other (c)	<u>3,779,309</u>	<u>2,349,381</u>	<u>2,395,777</u>
Sub-total	<u>90,102,199</u>	<u>89,576,157</u>	<u>90,831,566</u>
<b>TOTAL</b>	<b><u>\$ 280,511,327</u></b>	<b><u>\$ 264,166,830</u></b>	<b><u>\$ 270,249,447</u></b>

(a) Funds on deposit with the Bond Trustee. Reserve Funds are only available for debt service as specified in the Trust Indenture. Rebate Funds are paid to the IRS.

(b) Unspent bond proceeds available to reimburse certain capital expenditures, capitalized interest and cost of issuance.

(c) Escrow accounts related to the Port's capital program.

PORT OF OAKLAND  
BALANCE SHEET  
MAY 31, 2012, 2011 AND JUNE 30, 2011

**UNAUDITED  
DRAFT**

	Unaudited 05/31/12	Audited 06/30/11	Unaudited 05/31/11
<b>ASSETS</b>			
<b>CURRENT ASSETS:</b>			
Cash and cash equivalents			
Designated	\$ 64,336,400	\$ 64,498,125	\$ 64,498,125
Undesignated	126,072,728	110,092,548	114,919,756
Accounts receivable (less allowance (05/12 \$3,488,141; 06/11 \$3,640,000; 05/11 \$3,219,633))	23,181,980	28,640,025	21,931,981
Restricted deposits with fiscal agent for current debt service	19	-	-
Accrued interest receivable	182,998	9,705	57,283
Prepaid expenses and other assets	4,105,672	3,116,487	3,268,617
<b>Total current assets</b>	<b>217,879,797</b>	<b>206,356,890</b>	<b>204,675,762</b>
<b>RESTRICTED CASH AND INVESTMENTS:</b>			
Bond funds	74,515,526	74,721,328	74,979,578
Passenger facility charges	12,284,305	12,415,916	13,370,660
Customer facility charges	3,302,349	2,438,913	2,481,328
<b>Total restricted cash and investments</b>	<b>90,102,180</b>	<b>89,576,157</b>	<b>90,831,566</b>
<b>PROPERTY, PLANT AND EQUIPMENT:</b>			
Buildings and improvements	850,020,501	851,383,796	849,706,089
Container cranes	153,774,871	153,774,871	153,774,871
Systems and structures	1,575,089,514	1,574,957,560	1,574,532,624
Intangibles - depreciable	11,051,762	11,068,873	-
Other equipment	75,658,831	74,741,820	74,741,820
	2,665,595,479	2,665,926,920	2,652,755,404
Less accumulated depreciation	(1,192,946,725)	(1,104,428,486)	(1,095,506,219)
	1,472,648,754	1,561,498,434	1,557,249,185
Land	520,655,981	520,130,328	520,130,327
Intangibles - nondepreciable	23,493,379	12,641,923	12,641,923
Construction in progress	163,417,918	122,528,373	123,835,135
<b>Total property, plant and equipment</b>	<b>2,180,216,032</b>	<b>2,216,799,058</b>	<b>2,213,856,570</b>
<b>DEFERRED CHARGES AND OTHER ASSETS</b>	<b>47,703,140</b>	<b>64,252,278</b>	<b>65,237,332</b>
<b>TOTAL ASSETS</b>	<b>\$ 2,535,901,149</b>	<b>\$ 2,576,984,383</b>	<b>\$ 2,574,601,230</b>
<b>LIABILITIES AND EQUITY</b>			
<b>CURRENT LIABILITIES:</b>			
Accounts payable and accrued expenses	\$ 47,674,250	\$ 50,542,692	\$ 54,731,418
Liability to City of Oakland	15,080,918	17,092,684	16,816,392
Deferred income-current portion	5,924,399	11,529,431	7,964,307
Payable from restricted assets:			
Accrued interest payable	5,478,222	11,650,605	5,935,494
Current maturities of long-term debt	46,305,482	49,290,458	46,519,286
Retentions on construction contracts	5,660,217	5,632,326	5,276,229
<b>Total current liabilities</b>	<b>126,123,488</b>	<b>145,738,196</b>	<b>137,243,126</b>
<b>LONG-TERM LIABILITIES:</b>			
Long-term debt	1,309,060,507	1,368,886,921	1,374,025,099
Deferred income	104,907,930	104,757,930	109,581,914
Environmental liabilities and other	32,196,395	31,602,242	32,385,180
<b>Total long-term liabilities</b>	<b>1,446,164,832</b>	<b>1,505,247,093</b>	<b>1,515,992,193</b>
<b>EQUITY:</b>			
Reserved retained earnings:			
Grants from government agencies	273,906,543	255,936,201	261,510,024
Passenger facility charges	263,948,614	246,019,209	260,015,285
Customer facility charges	13,171,593	12,401,004	13,122,552
Port equity:			
City of Oakland	(58,477,543)	(58,477,543)	(58,477,543)
Appraisal surplus	3,004,335	3,004,335	3,004,335
Land conveyed to Port	24,746,000	24,746,000	24,746,000
Retained earnings	443,313,287	442,369,888	417,445,258
<b>Total equity</b>	<b>963,612,829</b>	<b>925,999,094</b>	<b>921,365,911</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 2,535,901,149</b>	<b>\$ 2,576,984,383</b>	<b>\$ 2,574,601,230</b>

**UNAUDITED  
DRAFT**

**PORT OF OAKLAND  
ACTUAL VS. BUDGET REVENUE AND EXPENSES  
ELEVEN MONTHS ENDED MAY 31, 2012**

Division	Actual 05/31/12	Budget 05/31/12	\$ Variance	% Variance	Actual 05/31/11
<b>Operating Revenue</b>					
Aviation	\$ 124,120,052	\$ 124,277,693	\$ (157,641)	-0.1%	\$ 119,974,306
Maritime	136,126,959	130,367,637	5,759,322	4.4%	134,580,083
CRE	11,553,686	10,451,100	1,102,586	10.5%	10,560,170
Utilities	7,572,317	7,365,417	206,900	2.8%	8,011,280
Bad Debt Reserve	-	(217,178)	217,178	100.0%	-
<b>Total Operating Revenue</b>	<b>279,373,014</b>	<b>272,244,669</b>	<b>7,128,345</b>	<b>2.6%</b>	<b>273,125,839</b>
<b>Operating Expenses</b>					
Administration	(106,934)	(236,161)	129,227	54.7%	(7,432)
Aviation	(65,926,834)	(68,575,774)	2,648,940	3.9%	(63,404,704)
Maritime	(13,834,552)	(16,078,282)	2,243,730	14.0%	(14,474,936)
CRE	(5,034,494)	(5,714,235)	679,741	11.9%	(5,577,077)
Corporate Administrative Services	(2,554,641)	(2,785,677)	231,036	8.3%	(2,112,975)
Information Technology	(2,618,593)	(3,249,024)	630,431	19.4%	(2,849,978)
Engineering	(7,823,900)	(9,719,703)	1,895,803	19.5%	(7,793,552)
Environmental Programs & Planning	(2,167,717)	(2,418,374)	250,657	10.4%	(2,275,734)
Utilities Cost of Sales	(3,363,130)	(4,108,500)	745,370	18.1%	(3,790,942)
Social Responsibility	(1,085,950)	(1,635,255)	549,305	33.6%	(1,468,601)
External Affairs	(1,870,590)	(2,154,569)	283,979	13.2%	(1,336,217)
Executive Office	(570,874)	(670,805)	99,931	14.9%	(632,809)
Labor Relations	(522,799)	(400,311)	(122,488)	-30.6%	(92,120)
Board of Port Commissioners	(479,209)	(494,960)	15,751	3.2%	(429,011)
Audit Services	(1,031,275)	(1,163,303)	132,028	11.3%	(1,037,911)
Port Attorney	(3,053,925)	(3,945,920)	891,995	22.6%	(3,372,634)
Financial Services	(4,209,248)	(4,727,920)	518,672	11.0%	(3,919,730)
Non-Departmental Expenses	(25,613,047)	(23,941,073)	(1,671,974)	-7.0%	(25,723,318)
Absorption of Labor and Overhead to Capital Assets	11,905,421	10,619,391	1,286,030	12.1%	8,611,229
Depreciation & Amortization	(90,137,537)	(91,046,144)	908,607	1.0%	(89,893,549)
<b>Total Operating Expenses</b>	<b>(220,099,828)</b>	<b>(232,446,599)</b>	<b>12,346,771</b>	<b>5.3%</b>	<b>(221,582,001)</b>
<b>Operating Income (A)</b>	<b>59,273,186</b>	<b>39,798,070</b>	<b>19,475,116</b>	<b>48.9%</b>	<b>51,543,838</b>
<b>Non-Operating Items</b>					
Interest Income	1,873,970	2,256,435	(382,465)	-16.9%	2,918,543
Interest Expense	(60,301,998)	(64,586,131)	4,284,133	6.6%	(65,692,039)
Passenger Facility Charges (PFCs)	17,929,405	18,131,737	(202,332)	-1.1%	18,027,088
Customer Facility Charges (CFCs)	4,701,201	4,336,128	365,073	8.4%	4,401,530
Abandoned/Demolished Capital Assets	(2,126,142)	(975,000)	(1,151,142)	-118.1%	-
Other Income (Expenses)	(1,706,229)	9,612,904	(11,319,133)	-117.7%	(164,238)
<b>(B)</b>	<b>(39,629,793)</b>	<b>(31,223,927)</b>	<b>(8,405,866)</b>	<b>-26.9%</b>	<b>(40,509,116)</b>
<b>Change in Net Assets before Capital Contributions (A+B)</b>	<b>19,643,393</b>	<b>8,574,143</b>	<b>11,069,250</b>		<b>11,034,722</b>
<b>Capital Contributions</b>					
Grants from Government Agencies	17,970,342	23,587,913	(5,617,571)	-23.8%	19,345,123
<b>(C)</b>	<b>17,970,342</b>	<b>23,587,913</b>	<b>(5,617,571)</b>	<b>-23.8%</b>	<b>19,345,123</b>
<b>CHANGE IN NET ASSETS (A+B+C)</b>	<b>\$ 37,613,735</b>	<b>\$ 32,162,056</b>	<b>\$ 5,451,679</b>		<b>\$ 30,379,845</b>
<b>Change in Net Assets before Capital Contributions, PFCs and remaining CFCs</b>	<b>\$ 943,399</b>	<b>\$ (10,256,389)</b>	<b>\$ 11,199,788</b>		<b>\$ (7,978,763)</b>
<b>Operating Ratio</b>	<b>47%</b>	<b>52%</b>			<b>48%</b>

**PORT OF OAKLAND  
Actual vs. Budget Expenses by Category  
Eleven Months Ended May 31, 2012**

**UNAUDITED  
DRAFT**

	<u>Actual</u> <u>05/31/12</u>	<u>Budget</u> <u>05/31/12</u>	<u>\$</u> <u>Variance</u>	<u>%</u> <u>Variance</u>
<b><u>Operating Expenses</u></b>				
Personnel Services	\$ (75,956,201)	\$ (77,539,349)	\$ 1,583,148	2.0%
Contractual Services	(44,800,944)	(51,185,496)	6,384,552	12.5%
Supplies	(3,393,487)	(2,944,745)	(448,742)	-15.2%
General and Administrative	(14,447,352)	(16,428,934)	1,981,582	12.1%
Utilities Cost of Sales	(3,363,130)	(4,108,500)	745,370	18.1%
Departmental Credits	11,998,823	10,806,569	1,192,254	11.0%
Subtotal	<u>(129,962,291)</u>	<u>(141,400,455)</u>	<u>11,438,164</u>	8.1%
Depreciation & Amortization	(90,137,537)	(91,046,144)	908,607	1.0%
<b>Total Operating Expenses</b>	<b>\$ (220,099,828)</b>	<b>\$ (232,446,599)</b>	<b>\$ 12,346,771</b>	<b>5.3%</b>

**Port of Oakland  
Actual vs. Budget Aviation Revenue  
For the Eleven Months Ended May 31, 2012**

**UNAUDITED  
DRAFT**

	<u>ACTUAL</u> <u>05/31/12</u>	<u>BUDGET</u> <u>05/31/12</u>	<u>\$</u> <u>VARIANCE</u>	<u>%</u> <u>VARIANCE</u>
TERMINAL RENT	\$ 21,287,909	\$ 21,056,068	\$ 231,841	1.1%
TERMINAL CONCESSIONS	17,408,846	17,463,425	(54,579)	-0.3%
OTHER TERMINAL REVENUE (a)	5,381,580	6,066,902	(685,322)	-11.3%
<b>TERMINAL RENTALS &amp; CONCESSIONS</b>	<b>44,078,335</b>	<b>44,586,395</b>	<b>(508,060)</b>	<b>-1.1%</b>
PARKING	23,347,137	23,018,177	328,960	1.4%
GROUND ACCESS	3,347,020	3,417,360	(70,340)	-2.1%
<b>PARKING AND GROUND ACCESS</b>	<b>26,694,157</b>	<b>26,435,537</b>	<b>258,620</b>	<b>1.0%</b>
OTHER AIRPORT RENTALS (b)	22,201,787	22,314,874	(113,087)	-0.5%
LANDING FEES	25,911,938	25,954,338	(42,400)	-0.2%
OTHER FIELD REVENUE (c)	1,562,808	1,400,058	162,750	11.6%
AVIATION FUELING	3,498,836	3,401,180	97,656	2.9%
MISCELLANEOUS REVENUE (d)	172,191	185,311	(13,120)	-7.1%
<b>TOTAL AVIATION OPERATING REVENUE</b>	<b>124,120,052</b>	<b>124,277,693</b>	<b>(157,641)</b>	<b>-0.1%</b>
BAD DEBT RESERVE	-	(92,178)	92,178	100.0%
<b>TOTAL AVIATION REVENUE</b>	<b>\$ 124,120,052</b>	<b>\$ 124,185,515</b>	<b>\$ (65,463)</b>	<b>-0.1%</b>

(Continued)

**Port of Oakland  
Actual vs. Budget Aviation Revenue  
For the Eleven Months Ended May 31, 2012**

**UNAUDITED  
DRAFT**

**(a) Other Terminal Revenue**

This category includes primarily terminal use fees for charter/itinerant airlines, baggage carousel/conveyor fees, customs room usage, identification badge sales & fingerprinting, and vending machine sales not associated with concession tenants.

**(b) Other Airport Rentals**

This category includes rental of land (e.g., vehicle/aircraft parking, rights-of-way); billboards; buildings; hangar and hangar areas; commercial filming; tank farm fuel fees; as well as cargo building, land, and apron rental.

**(c) Other Field Revenue**

This category includes plane storage, in-flight catering, ground handling, and cargo handling revenue.

**(d) Miscellaneous Revenue**

This category includes one-time and recurring revenues that are usually not directly related to Airport operations. The majority of miscellaneous revenue is associated with the Port's Materials Management Program and janitorial services provided by the Port at TSA's Airport offices. Other revenue may include, for example, payments for the rental of Airport conference rooms.

**Port of Oakland  
Actual vs. Budget Maritime Revenue  
For the Eleven Months Ended May 31, 2012**

**UNAUDITED  
DRAFT**

	<u>ACTUAL 05/31/12</u>	<u>BUDGET 05/31/12</u>	<u>\$ VARIANCE</u>	<u>% VARIANCE</u>
TERMINALS	\$ 124,835,731	\$ 121,270,209	\$ 3,565,522	2.9%
OAKLAND INTERNATIONAL GATEWAY	1,780,753	2,301,543	(520,790)	-22.6%
OTHER REVENUE (a)	9,510,475	8,510,169	1,000,306	11.8%
<b>TOTAL MARITIME OPERATING REVENUE</b>	<b>136,126,959</b>	<b>130,367,637</b>	<b>5,759,322</b>	<b>4.4%</b>
<b>BAD DEBT RESERVE</b>	<b>-</b>	<b>(125,000)</b>	<b>125,000</b>	<b>100.0%</b>
<b>TOTAL MARITIME REVENUE</b>	<b>\$ 136,126,959</b>	<b>\$ 130,242,637</b>	<b>\$ 5,884,322</b>	<b>4.5%</b>

**(a) Other Revenue**

This category primarily includes land and facility rental revenue from non-marine/rail terminal tenants. Examples include: truck parking and transloading tenants. This category also includes programs or initiatives that affect revenue, such as the Maritime Division's Interior-Point-Intermodal incentive program.

**Port of Oakland  
Actual vs. Budget CRE Revenue  
For the Eleven Months Ended May 31, 2012**

**UNAUDITED  
DRAFT**

	<b>ACTUAL 05/31/12</b>	<b>BUDGET 05/31/12</b>	<b>\$ VARIANCE</b>	<b>% VARIANCE</b>
<b>SPACE RENTAL</b>				
Land	\$ 903,902	\$ 731,403	\$ 172,499	23.6%
Warehouse Lease	964,283	1,030,673	(66,390)	-6.4%
Hotel	1,839,711	1,680,173	159,538	9.5%
Restaurant	1,189,623	1,165,107	24,516	2.1%
Retail	1,555,967	1,442,455	113,512	7.9%
Office Lease	1,581,144	1,600,609	(19,465)	-1.2%
Marinas Revenue	-	-	-	0.0%
<b>Subtotal</b>	<b>8,034,630</b>	<b>7,650,420</b>	<b>384,210</b>	<b>5.0%</b>
<b>PARKING REVENUE</b>				
Parking Revenue - Parking Lot Revenue	2,036,388	1,879,960	156,428	8.3%
<b>Subtotal</b>	<b>2,036,388</b>	<b>1,879,960</b>	<b>156,428</b>	<b>8.3%</b>
<b>MISCELLANEOUS REVENUE</b>				
Miscellaneous Revenue (a)	667,196	101,484	565,712	557.4%
Billboard Advertising Revenue	816,183	819,236	(3,053)	-0.4%
Delinquency Charge	-	-	-	0.0%
Delinquency Charge Reversal	(711)	-	(711)	-100.0%
<b>Subtotal</b>	<b>1,482,668</b>	<b>920,720</b>	<b>561,948</b>	<b>61.0%</b>
<b>TOTAL CRE OPERATING REVENUE</b>	<b>11,553,686</b>	<b>10,451,100</b>	<b>1,102,586</b>	<b>10.5%</b>
<b>BAD DEBT RESERVE</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.0%</b>
<b>TOTAL CRE REVENUE</b>	<b>\$ 11,553,686</b>	<b>\$ 10,451,100</b>	<b>\$ 1,102,586</b>	<b>10.5%</b>

**(a) Miscellaneous Revenue**

This category includes recurring and one-time revenues that are not part of the Space Rental revenue category. Examples include: easements, antennae and bank teller machines on/in Port-owned buildings, and ancillary development-related transactions.



**Port of Oakland  
Activity Summary Report  
For the Eleven Months Ended May 31, 2012**

**UNAUDITED  
DRAFT**

	Actual	Budget	Variance to Budget	Variance to Budget (%)	Prior Year Actual	Variance to Prior Year Actual	Variance to Prior Year Actual (%)
<b>AVIATION ACTIVITY</b>							
<b>Total Passengers</b>							
July	835,282	857,842	(22,560)	-2.6%	884,639	(49,357)	-5.6%
August	855,290	875,790	(20,500)	-2.3%	896,099	(40,809)	-4.6%
September	764,110	832,528	(68,418)	-8.2%	782,489	(18,379)	-2.3%
October	795,824	855,248	(59,424)	-6.9%	827,632	(31,808)	-3.8%
November	797,859	798,120	(261)	0.0%	779,281	18,578	2.4%
December	814,168	843,274	(29,106)	-3.5%	793,400	20,768	2.6%
January	711,662	695,924	15,738	2.3%	693,666	17,996	2.6%
February	686,517	660,754	25,763	3.9%	644,857	41,660	6.5%
March	801,123	777,636	23,487	3.0%	750,768	50,355	6.7%
April	827,046	761,198	65,848	8.7%	719,894	107,152	14.9%
May	859,667	789,368	70,299	8.9%	775,434	84,233	10.9%
June							
Year to Date	8,748,548	8,747,682	866	0.0%	8,548,159	200,389	2.3%
<b>Air Cargo - Freight &amp; Mail (000 lbs)</b>							
July	85,902	88,567	(2,665)	-3.0%	94,948	(9,046)	-9.5%
August	91,110	85,469	5,642	6.6%	94,134	(3,023)	-3.2%
September	90,428	90,176	252	0.3%	96,935	(6,508)	-6.7%
October	92,668	96,386	(3,718)	-3.9%	98,762	(6,094)	-6.2%
November	94,822	86,343	8,479	9.8%	90,898	3,924	4.3%
December	113,631	110,810	2,821	2.5%	116,354	(2,723)	-2.3%
January	84,256	85,239	(984)	-1.2%	85,027	(771)	-0.9%
February	86,298	80,238	6,060	7.6%	81,294	5,004	6.2%
March	95,239	93,822	1,418	1.5%	98,990	(3,751)	-3.8%
April	84,826	96,590	(11,764)	-12.2%	88,985	(4,158)	-4.7%
May	93,883	94,682	(799)	-0.8%	85,722	8,161	9.5%
June							
Year to Date	1,013,063	1,008,321	4,742	0.5%	1,032,049	(18,986)	-1.8%
<b>Aircraft Landing Weights * (000 lbs)</b>							
July	720,497	720,891	(394)	-0.1%	755,685	(35,188)	-4.7%
August	749,703	737,452	12,251	1.7%	752,374	(2,671)	-0.4%
September	706,381	704,980	1,401	0.2%	704,287	2,094	0.3%
October	730,696	723,083	7,613	1.1%	719,215	11,481	1.6%
November	717,238	703,460	13,778	2.0%	698,621	18,617	2.7%
December	817,093	803,029	14,064	1.8%	801,048	16,045	2.0%
January	687,796	674,224	13,572	2.0%	680,163	7,633	1.1%
February	665,887	650,063	15,824	2.4%	637,964	27,923	4.4%
March	720,475	710,560	9,915	1.4%	711,242	9,233	1.3%
April	709,192	678,198	30,994	4.6%	674,843	34,348	5.1%
May	750,813	696,234	54,579	7.8%	705,216	45,597	6.5%
June							
Year to Date	7,975,770	7,802,174	173,596	2.2%	7,840,659	135,112	1.7%

\* Includes passenger and air cargo carriers. Excludes non-revenue passenger flights.

**Port of Oakland  
Activity Summary Report  
For the Eleven Months Ended May 31, 2012**

**UNAUDITED  
DRAFT**

	Actual	Budget	Variance to Budget	Variance to Budget (%)	Prior Year Actual	Variance to Prior Year Actual	Variance to Prior Year Actual (%)
<b>MARITIME ACTIVITY</b>							
<b>Loaded (Full) TEUs**</b>							
July	147,852	159,544	(11,692)	-7.3%	153,803	(5,951)	-3.9%
August	160,708	160,901	(193)	-0.1%	155,704	5,004	3.2%
September	150,506	155,496	(4,990)	-3.2%	152,815	(2,309)	-1.5%
October	151,231	158,824	(7,593)	-4.8%	153,460	(2,229)	-1.5%
November	157,010	151,613	5,397	3.6%	154,643	2,367	1.5%
December	147,831	148,801	(970)	-0.7%	148,017	(186)	-0.1%
January	152,618	141,768	10,850	7.7%	138,654	13,964	10.1%
February	128,531	134,222	(5,691)	-4.2%	134,126	(5,595)	-4.2%
March	154,489	148,606	5,883	4.0%	146,872	7,617	5.2%
April	143,669	152,057	(8,388)	-5.5%	149,669	(6,000)	-4.0%
May	156,721	153,753	2,968	1.9%	150,910		
June							
Year to Date	1,651,166	1,665,585	(14,419)	-0.9%	1,638,673	6,682	0.8%
<b>Vessel Calls</b>							
July	193	179	14	7.8%	173	20	11.6%
August	189	181	8	4.4%	177	12	6.8%
September	179	168	11	6.5%	166	13	7.8%
October	171	175	(4)	-2.3%	171	0	0.0%
November	159	170	(11)	-6.5%	174	(15)	-8.6%
December	147	176	(29)	-16.5%	182	(35)	-19.2%
January	154	170	(16)	-9.4%	176	(22)	-12.5%
February	135	160	(25)	-15.6%	173	(38)	-22.0%
March	149	176	(27)	-15.3%	177	(28)	-15.8%
April	143	171	(28)	-16.4%	176	(33)	-18.8%
May	142	179	(37)	-20.7%	188	(46)	-24.5%
June							
Year to Date	1,761	1,905	(144)	-7.6%	1,933	(172)	-8.9%

\*\* Loaded TEUs does not include restows/shifts

**Port of Oakland  
Revenue Actual vs. Budget Variance  
Eleven Months Ended May 31, 2012**

**UNAUDITED  
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**OPERATING REVENUE**

**Port Operating Revenue = \$279.4 million**  
**Variance to Budget (\$) = \$7.1 million (better)**  
**Variance to Budget (%) = 2.6% (better)**

**Aviation - \$124.1 million**

Worse than budget by \$0.2 million or 0.1%

- Lower cargo building and apron rental revenue (\$1.2 million)
- Lower baggage and customs use revenue (\$0.7 million)
- Lower ground access revenue (\$0.1 million)
- Higher space rental revenue (\$0.6 million)
- Higher hangar and hangar area rental revenue (\$0.4 million)
- Higher parking revenues (\$0.3 million)
- Higher terminal rent revenue (\$0.2 million)
- Higher ground handling revenue (\$0.2 million)
- Higher aviation fueling revenue (\$0.1 million)

**Maritime - \$136.1 million**

Better than budget by \$5.8 million or 4.4%

- Higher than budgeted activity resulting in over-the-MAG revenue at some marine terminals earlier than expected (\$3.1 million)
- IPI Incentive Program (offset against revenue) not yet in effect (\$1.7 million)
- Space assignment (rental of non-marine/rail terminal property) revenue higher than anticipated (\$1.0 million)

**Commercial Real Estate - \$11.6 million**

Better than budget by \$1.1 million or 10.5%

- A one-time fee related to waiver of the Port's repurchase option agreement on certain undeveloped JLS properties (\$0.5 million)
- Higher than expected hotel, land, retail and restaurant revenues (\$0.4 million)
- Higher than anticipated parking revenues (\$0.2 million)

**Utilities - \$7.6 million**

Better than budget by \$0.2 million or 2.8%

- Primarily higher electricity revenue at the Harbor Transportation Center and Oakland Army Base (\$0.2 million)

**Bad Debt Reserve - \$0.0 million**

Better than budget by \$0.2 million or 100%

**Port of Oakland  
Expense Actual vs. Budget Variance  
Eleven Months Ended May 31, 2012**

**UNAUDITED  
DRAFT**

**EXPENSES by CATEGORY**

**Port Operating Expenses\*** = \$130.0 million  
**Variance to Budget (\$)** = \$11.4 million (better)  
**Variance to Budget (%)** = 8.1% (better)

**Personnel Services** - \$76.0 million

Better than budget by \$1.6 million or 2.0%

- Open headcount savings (\$3.0 million) - *Various divisions*
- Lower worker's compensation and unemployment compensation (\$0.3 million) - *Non-departmental*
- Lower continuing education and intern program costs (net \$0.2 million) - *Various*
- Lower professional development due to timing (\$0.1 million) - *Corp Admin Svcs*
- Higher overtime costs (\$1.4 million) - *Aviation*
- Higher retirement costs related to changes in CalPERS pension plan limits (\$0.3 million) - *Non Departmental*
- Higher temporary help expense (\$0.3 million) - *Various*

**Contractual Services** - \$44.8 million

Better than budget by \$6.4 million or 12.5%

- Lower maintenance and repair costs (\$1.9 million) - *Revenue divisions*
- Lower professional, consulting and legal service costs (\$1.7 million) - *Various divisions*
- Lower maintenance dredging and related professional services (net \$1.3 million) - *Engineering*
- Lower parking and rental car shuttle buses, AirBART shuttle bus, and parking lot operation costs (\$1.0 million) - *Aviation*
- Lower security and life related services (\$0.6 million) - *Various divisions*
- Lower Middle Harbor Shoreline Park management fees (\$0.3 million) - *Maritime*
- Lower operating costs at the Port of Oakland (headquarters) office building (\$0.3 million) - *CRE*
- Lower computer services (\$0.2 million) - *Information Technology*
- Higher Alameda County Sheriff expenses in Aviation (\$0.9 million) - *Aviation*

**Supplies** - \$3.4 million

Worse than budget by \$0.4 million or 15.2%

- Higher maintenance, janitorial, mechanical, plumbing, and electrical supplies (\$0.5 million) - *Aviation and Maritime*
- Lower computer and reprographics supplies (\$0.1 million) - *Various*

**General and Administrative** - \$14.4 million

Better than budget by \$2.0 million or 12.1%

- Lower pollution remediation (\$1.2 million) - *Non-departmental*
- Lower legal contingency (\$0.7 million) - *Non-departmental*
- Lower exhibits & displays, marketing, special events, promotional costs (net \$0.6 million) - *Various*
- Lower dues and registration expense (\$0.1) - *Various*
- Unbudgeted additional security costs (\$0.4 million) - *Non-departmental*
- Higher travel expenses (\$0.1 million) - *Various*

**Utilities Cost of Sales** - \$3.4 million

Better than budget by \$0.7 million or 18.1%

- Lower electricity costs for Maritime area (\$0.5 million) and the Airport (\$0.2 million)

**Departmental Credits** - \$12.0 million

- Better than budget by \$1.2 million or 11.0%

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\* Excludes depreciation & amortization

## General Notes:

- "Revenue divisions" are collectively Aviation, Maritime, Commercial Real Estate (CRE)
- Where applicable, primary source of variance by division is noted after each item.
- In general, the Port's annual budget is seasonally adjusted. However, certain line items that cannot be seasonally adjusted with any level of predictability (e.g. legal contingency) and are simply allocated equally over 12 months.

STRATEGY & POLICY

This segment of the meeting is reserved for action or discussion on Strategy and Policy Issues.



PORT OF OAKLAND

# Social Responsibility Division

## Strategy, Function, Value

Special Board Meeting

August 16, 2012

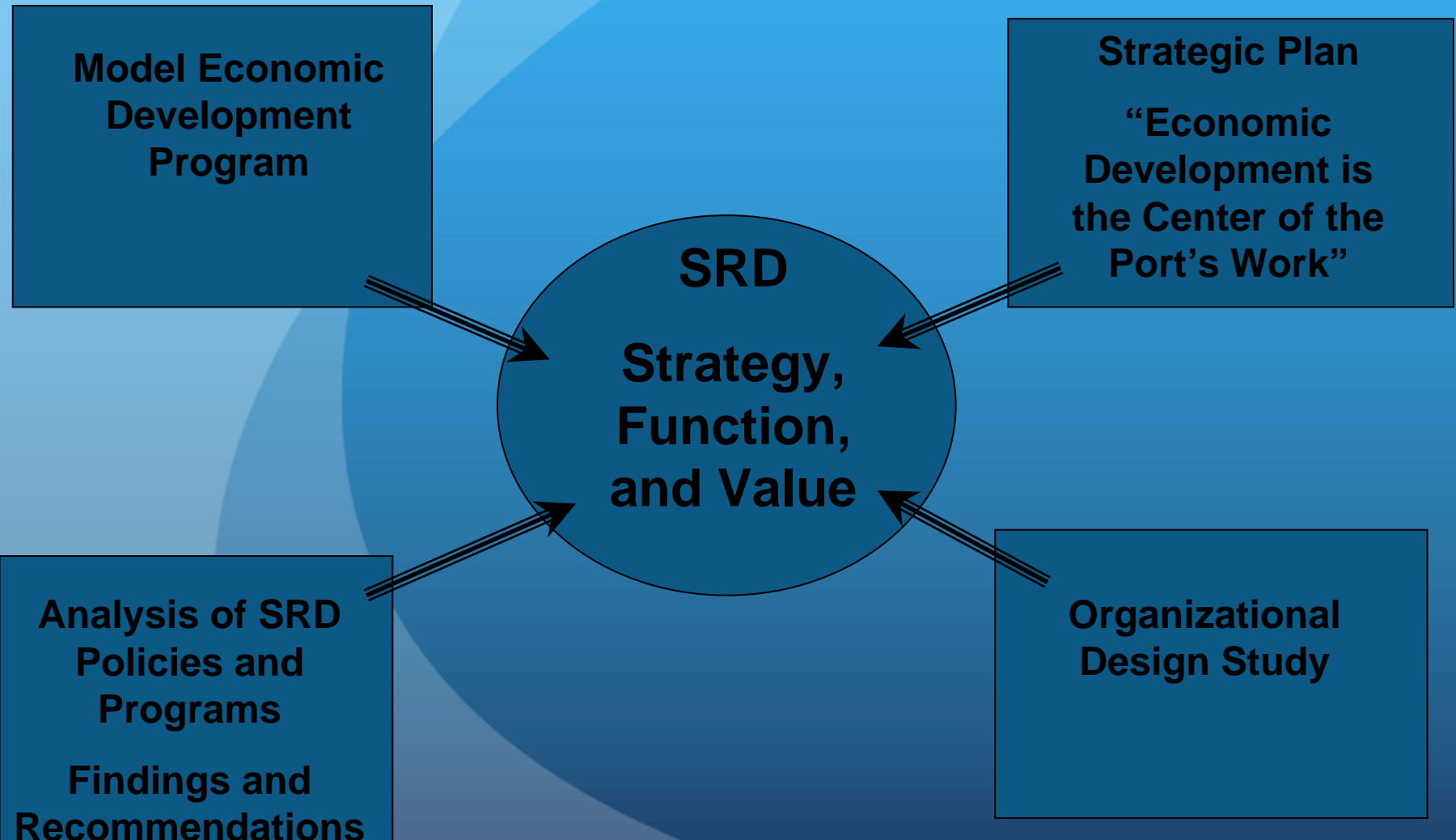


# Background

- Port of Oakland Strategic Plan: “Economic development is the center of the Port’s work.” (Adopted: Oct. 5, 2010)
- Vision: Integrate economic development into social responsibility function across all Port divisions and strategic partnerships.
- Year 2011-2012 Action Plan Accomplishments:
  - Analysis completed of SRD policies and programs
  - Organizational design review completed with recommendations on SRD structure and staffing
  - Implementation of Interdisciplinary Team Model on Terminal 1 Central Utility Plant, OAB Rail Yard Phase I, other projects.



# Inputs to Development of Proposed SRD







PORT OF OAKLAND

# SRD Today

- 6 budgeted full time positions including Director and Manager vacant positions
- Oversight, administration, implementation and compliance of 5 key programs:
  - Local Business:
    1. Non-Discrimination and Small Business Utilization Policy (NDSLBUPL)
    2. Disadvantaged Business Enterprise (DBE) policy and Airport Concession Disadvantaged Business Enterprise (ACDBE)
  - Local Workforce Utilization:
    3. Prevailing Wage
    4. Living Wage
    5. Maritime Aviation Project Labor Agreement (MAPLA)



**PORT OF OAKLAND**

# Collaborative Interdisciplinary Model





## Action Plan FY13 (July 2012-June 2013)

- Continue to operate in integrated/teamwork approach
- Recruit SRD Director (Fall 2012)
- Implement Port CIP contracts to maximize opportunities for businesses, residents (for example on OAB Rail Yard)
- Identify strategic partners
- Develop economic development master plan (FY14/15)
- Re-examine and update social responsibility policies and programs

## **CONSENT ITEMS**

Action by the Board under “Consent Items” means that all matters listed below have been summarized, and are considered to be perfunctory in nature, and will be adopted by one motion and appropriate vote. Consent Items may be removed for further discussion by the Board at the request of any member of the Board.

OMAR BENJAMIN  
Executive Director

Michele Heffes  
Acting Port Attorney

ARNEL ATIENZA  
Port Auditor

JOHN T. BETTERTON  
Secretary of the Board

**PORT OF OAKLAND**  
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PAMELA CALLOWAY  
President

GILDA GONZALES  
First Vice-President

JAMES W. HEAD  
Second Vice-President

MARGARET GORDON  
Commissioner

EARL HAMLIN  
Commissioner

VICTOR UNO  
Commissioner

ALAN S. YEE  
Commissioner

## **MINUTES**

### **Special Meeting of the Board of Port Commissioners**

**Thursday July 12, 2012 – 1:00 p.m.**

**Board Room – 2<sup>nd</sup> Floor**

#### **ROLL CALL**

President **Calloway** called the Regular Meeting of the Board to order at 1:06 p.m., and the following Commissioners were in attendance:

1<sup>st</sup> Vice President **Gonzales**, 2<sup>nd</sup> Vice-President **Head**, Commissioner **Gordon**, Commissioner **Hamlin**, Commissioner **Uno**, Commissioner **Yee** and President **Calloway**.

#### **1. CLOSED SESSION**

- 1.1 CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION. Pursuant to Subdivision (a) of California Government Code Section 54956.9.**

*City of Oakland v. ABM Industries, AMPCO System Parking, Does 1 to 5 Alameda County Superior Court Case No.: RG10538457*

- 1.2 CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION. Significant Exposure to Litigation Pursuant to Subdivision (b) of California Government Code Section 54956.9: 11 matter(s)**

- 1.3 CONFERENCE WITH REAL PROPERTY NEGOTIATOR. As provided under California Government Code Section 54956.8:**

**Property:** Former Oakland Army Base and Adjacent Properties  
**Negotiating Parties:** Port of Oakland, City of Oakland, and California Capital & Investment Group, Inc  
**Agency Negotiator:** Director of Maritime, James Kwon  
**Under Negotiation:** Price and Terms of Payment

**1.4 THREAT TO PUBLIC SERVICES OR FACILITIES - Consultation on Threats to Public Security or Access. Pursuant to Subdivision (a) of California Government Code Section 54957.**

**Consultation with:** Port Security Officer

**1.5 PUBLIC EMPLOYEE APPOINTMENT**

**Title:** Port Attorney

**1.6 CONFERENCE WITH LABOR NEGOTIATORS. Pursuant to Subdivision (a) of California Government Code Section 54957.6.**

**Employee Organizations:** International Brotherhood of Electrical Workers (IBEW Local 1245), International Federation of Professional and Technical Engineers (IFPTE Local 21), Service Employees International Union (SEIU Local 1021), and Western Council of Engineers (WCE)

*Commissioner **Uno** was excused from the meeting at 5:00 p.m.*

**ROLL CALL/OPEN SESSION**

*President **Calloway** called the Open Session to order at 5:00 p.m., and the following Commissioners were in attendance: 1<sup>st</sup> Vice President **Gonzales**, 2<sup>nd</sup> Vice-President **Head**, Commissioner **Gordon**, Commissioner **Hamlin**, Commissioner **Yee** and President **Calloway**.*

*Commissioner **Uno** was excused.*

**CLOSED SESSION REPORT**

*The Assistant Board Secretary reported that the Board had approved (7 Ayes) the following Resolution in Closed Session:*

**Resolution No. 12-84**, Resolution approving and authorizing payment of \$358,540.80 to the United States Environmental Protection Agency for reimbursement of cleanup cost and authorizing the Port Attorney to take legal action against the Oakland Aviation High School.

At the privilege of the Board President, Pamela **Calloway**, Item 9 was taken first.

**9. ELECTION OF OFFICERS**

*On a Motion by Vice-President **Gonzales** seconded by Vice-President **Head** the following Officer was elected to 2<sup>nd</sup> Vice-President:*

Alan **Yee**, 2<sup>nd</sup> Vice-President

*On a Motion by Commissioner **Yee** seconded by Commissioner **Hamlin** the following Officer was elected to 1st Vice-President:*

James **Head**, 1<sup>st</sup> Vice-President

*On a Motion by Vice-President **Head** seconded by Commissioner **Gordon** the following Officer was elected President:*

Gilda **Gonzales**, President

All three motions were approved by the following votes: (6) Ayes: 1<sup>st</sup> Vice President **Gonzales**, 2<sup>nd</sup> Vice-President **Head**, Commissioner **Gordon**, Commissioner **Hamlin**, Commissioner **Yee** and President **Calloway**; (1) Excused: Commissioner **Uno**

## **2. MAJOR PROJECTS**

BART Staff, Thomas Dunscombe, presented Item **2.1**.

### **2.1 Report:** BART Connector Update (**Aviation**)

Darrel Carey & Sheryl Walton addressed the Board on Item **2.1**.

## **3. BUDGET & FINANCE**

There were no Budget and Finance Items to discuss.

## **4. STRATEGY & POLICY**

There were no Strategy and Policy Items to discuss.

## **5. CONSENT ITEMS**

The Assistant Board Secretary, Daria Edgerly, introduced the Consent Items.

*A Motion to approve the Consent Items was made by Commissioner **Yee** and seconded by Commissioner **Gordon**.*

- 5.1** Approval Of The Minutes Of The Regular & Special Meetings Of May 11, 2012, May 17, 2012, June 7, 2012, June 14, 2012 and June 21, 2012. (**Board Secretary**)
- 5.2** Building Permit Application: Exxon Mobil - Installation of wells and equipment for cleanup project (**Engineering**)
- 5.3** **Ordinance 4196**, 2nd Reading Of Ordinance Approving The Terms And Conditions Of The Space/Use Permit With Revolution Foods, Inc. Granting Occupancy Of A Portion Of 50 Neil Armstrong Way.

- 5.4 **Ordinance 4197**, 2nd Reading Of Ordinance Approving And Authorizing 1) A Right Of Entry Agreement (“ROE”) With San Francisco Bay Area Rapid Transit (“BART”) For Access To Conduct Construction Of An Emergency Generator Around The Existing Vent Structure At TRAPAC Terminal, 2) An Easement Agreement With BART And 3) A Supplemental Agreement With TRAPAC.
- 5.5 **Ordinance 4198**, 2nd Reading Of Ordinance Approving And Authorizing Execution Of A License Agreement With SSA Terminals, LLC (“SSA Terminals”).
- 5.6 **Ordinance 4199**, 2nd Reading Of Ordinance Amending Section 1.303 Of Port Ordinance No. 867, Relating To Payment Of Public Employees’ Retirement System Contributions By Port Employees In Unit H (Senior Management) Hired Before October 1, 2009.

*The Motion to approve the Consent Items passed by the following votes: (6) Ayes: 1<sup>st</sup> Vice President **Gonzales**, 2<sup>nd</sup> Vice-President **Head**, Commissioner **Gordon**, Commissioner **Hamlin**, Commissioner **Yee** and President **Calloway**; (1) Excused: Commissioner **Uno***

**6. REMAINING ACTION ITEMS**

Item **6.1** was puled.

- 6.1 **PULLED** Approval of a Parking Operations Agreement for Various Port-Owned Parking Facilities in Jack London Square **(CRE)**

Chris Chan, Director of Engineering, presented Item **6.2**.

*A Motion to approve Item **6.2** was made by Vice-President **Gonzales** and seconded by Commissioner **Yee**.*

- 6.2 Budget Approval and Other Associated Authorizations for the Reconstruction of a Portion of Building M101 Roof, South Field, OAK **(Aviation/Engineering)**

*The Motion to approve Item **6.2** passed by the following votes: (6) Ayes: 1<sup>st</sup> Vice President **Gonzales**, 2<sup>nd</sup> Vice-President **Head**, Commissioner **Gordon**, Commissioner **Hamlin**, Commissioner **Yee** and President **Calloway**; (1) Excused: Commissioner **Uno***

Marily Mora, Assistant Director of Aviation, introduced Item **6.3**.

*A Motion to approve Item **6.3** was made by Vice-President **Head** and seconded by Commissioner **Gordon**.*

*Vice-President **Head** was excused from the meeting at 5:30 p.m.*

- 6.3 Approval of a Space/Use Permit with New Zoom, Inc. dba ZoomSystems to Operate a Non-Exclusive Automated Specialty Retail Concession at Oakland International Airport **(Aviation)**

Melisa Jones from Zoom Systems addressed the Board on Item **6.3**.



*The Motion to approve Item 6.3 passed by the following votes: (5) Ayes: 1<sup>st</sup> Vice-President **Gonzales**, Commissioner **Gordon**, Commissioner **Hamlin**, Commissioner **Yee** and President **Calloway**; (2) Excused: 2<sup>nd</sup> Vice President **Head** and Commissioner **Uno***

Marilyn Mora, Assistant Director of Aviation, introduced Item **6.4**.

*A Motion to approve Item 6.4 was made by Vice-President **Gonzales** and seconded by Commissioner **Gordon**.*

**6.4** Proposed Fiscal Year 2013 Airline Landing Fees and Terminal Space Rental Rates (Various Amounts) (**Aviation**)

*The Motion to approve Item 6.4 passed by the following votes: (5) Ayes: 1<sup>st</sup> Vice-President **Gonzales**, Commissioner **Gordon**, Commissioner **Hamlin**, Commissioner **Yee** and President **Calloway**; (2) Excused: 2<sup>nd</sup> Vice President **Head** and Commissioner **Uno***

Item **6.5** was pulled

**6.5** ~~PULLED Adoption of an Ordinance Approving Second Amendments To Space Use Permits For Non-Exclusive Rental Car Concession with Avis Budget Car Rental, LLC, DTG Operations, Inc., Enterprise Rent A Car Company of San Francisco, Fox Rent A Car, Inc., The Hertz Corporation, and Enterprise Holdings, Inc., 7900 Earhart Road, Oakland, CA 94621~~ (**Aviation**)

**7. UPDATES/ANNOUNCEMENTS**

President **Calloway** reported on the press conference announcing the \$15 million Federal TIGER Transportation Grant for the former Oakland Army Base.

President **Calloway** gave the Year end Report of all of the accomplishments the Port made over the past year.

**8. SCHEDULING**

There were no scheduling Items.

**OPEN FORUM**

Al Lorea, Nicholas Peranio, Larry Hope, Kim Moses, Nancy Watson, Ron Brown, Ulysses Nadison, Bill Klinke, Sheryl Walton, Fred Pecker, Yuis Elenos, Graciela Hernandez, Liam Adhikari, Mary Ann Espinoza, Maria Luna, Jessica Medina, Patricia Cruz, Susan Lopez, Re Bunly and Wei-Ling Huber addressed the Board in Open Forum.

The Board went back into Closed Session at the hour of 6:39 p.m.

**1. CLOSED SESSION**

**CLOSED SESSION REPORT**

There were no Items report out of Closed Session.

**ADJOURNMENT**

There being no additional business the meeting was adjourned at the hour of 6:41 p.m.

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Daria Edgerly, Assistant Secretary  
Board of Port Commissioners

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Date



**PORT ORDINANCE NO. 4202**

**ORDINANCE AUTHORIZING AND APPROVING AN EASEMENT AGREEMENT WITH PACIFIC GAS & ELECTRIC COMPANY FOR A NATURAL GAS PIPELINE REPLACEMENT AT HOWARD TERMINAL.**

**WHEREAS**, Pacific Gas & Electric Company ("PG&E") is in the process of relocating and replacing its natural gas pipelines in the areas of Embarcadero Street, Market Street, and Brush Street near Howard Terminal; and

**WHEREAS**, at Port of Oakland ("Port") staff's request, PG&E will place a portion of the relocated pipeline across a portion of a parking lot within the boundaries of Howard Terminal, all as described in that certain Agenda Report for Item 6.1 ("Agenda Report") of the July 26, 2012 Special Meeting of the Board of Port Commissioners ("Board"); and

**WHEREAS**, in order to complete the installation of such pipeline within Howard Terminal, the Port will need to grant a utility easement to PG&E; and

**WHEREAS**, Port staff proposes entering into a utility easement agreement in substantially the form attached to the Agenda Report; now, therefore,

**BE IT ORDAINED** by the Board of Port Commissioners of the City of Oakland as follows:

**Section 1.** Based upon all the facts and information before it, including, without limitation, the Agenda Report, oral reports made during such Special Meeting, and other evidence presented at or in connection with such Special Meeting, the Board hereby finds and declares as follows:

- a. Granting an easement to PG&E to stage equipment and construct a replacement pipeline under a parking lot located within the boundaries of Howard Terminal has been determined to be categorically exempt from the requirements of the California Environmental Quality Act ("CEQA"), pursuant to the Port CEQA Guidelines and the State CEQA Guidelines.
- b. Section 15301(p) of the Port CEQA Guidelines, which exempts the execution of leases or license agreements where the premises or licensed activity was previously leased or licensed to the same or another person, involving negligible or no expansion of use beyond that previously existing. Granting an easement to PG&E

meets the criteria for this exemption because the construction of the replacement natural gas pipeline does not expand the use of previously existing line.

- c. Section 15301(b) of the State CEQA Guidelines specifically exempts publicly owned utilities from the operation, repair, maintenance, permitting, leasing, licensing, or minor alteration of existing public or private structures, facilities, mechanical equipment, or topographical features, involving negligible or no expansion of use beyond that existing at the time of the lead agency's determination.
- d. Pursuant to General Order No. 112-E (State of California Rules Governing Design, Construction, Operation, and Maintenance of Gas Gathering, Transmission, and Distribution Piping Systems), no discretionary permit is needed for PG&E to repair and replace existing pipeline facilities under California Public Utilities Commission ("CPUC") jurisdiction. Since the CPUC has preempted the field of gas pipeline repair by public utilities, no local discretionary permit can be required. There is no other state discretionary permit required for this work, and therefore, there is no discretionary approval that would trigger CEQA review for this project.

**Section 2.** The Board hereby authorizes the Executive Director or his designee to enter into an easement with PG&E for the construction, installation, repair, maintenance, replacement, and operation of a natural gas pipeline beneath a portion of Howard Terminal; provided that, such easement shall be in substantially the form attached to the Agenda Report.

**Section 3.** The Board further authorizes the Executive Director to make such further modifications to such easement and to take such other actions as are necessary to complete and record such easement as the Executive Director deems appropriate, after consultation with the Port Attorney or her designee, and provided that such modifications and other actions are in the best interests of the Port and consistent with existing Port policies and practices.

**Section 4.** This ordinance is not evidence of and does not create or constitute (a) a contract, or the grant of any right, entitlement or property interest, or (b) any obligation or liability on the part of the Board or any officer or employee of the Board. This resolution approves and authorizes the execution of

an agreement in accordance with the terms of this resolution. Unless and until a separate written agreement is duly executed on behalf of the Board as authorized by this resolution, is signed and approved as to form and legality by the Port Attorney, and is delivered to the other contracting party, there shall be no valid or effective agreement.

The Board of Port Commissioners, Oakland, California, July 26, 2012. Passed to print for one day by the following vote: Ayes: Commissioners Hamlin, Head, Yee and President Gonzales - 4. Excused: Commissioners Calloway, Gordon, and Uno - 3. Noes: 0.

John T. Betterton  
Secretary of the Board

## **REMAINING ACTION ITEMS**

Remaining Action Items are items not previously addressed in this Agenda that may require staff presentation and/or discussion and information prior to action by the Board.

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## **AGENDA REPORT**

**TITLE:** Capital Budget Authorization for Upgrade of Airport Security Access Control and Alarm Monitoring System (ACAMS) to C-CURE 9000.

**AMOUNT:** \$220,000

**PARTIES INVOLVED:**

<b>Corporate Name/Principal</b>	<b>Location</b>
Stanley Convergent Security Solutions	Fremont, CA 94538
John F. Lundgren, President & CEO	

**TYPE OF ACTION:** Resolution

**SUBMITTED BY:** Deborah Ale Flint, Director of Aviation

**APPROVED BY:** Omar Benjamin, Executive Director

### **FACTUAL BACKGROUND**

The Software House C-CURE 800 software application is the backbone of the security infrastructure at Oakland International Airport (OAK). C-CURE 800 is an integrated security system that supports the ID badging process, access control, door alarm monitoring, and video surveillance components at OAK.

The Targeted Threat and Vulnerability Assessment (TVA) conducted by New Age Aviation Security Solutions (NASS) in June 2011 identified the C-CURE 800 system as an area for improvement. Although C-CURE 800 is adequate for supporting the Airport's existing security framework, the TVA encourages OAK to start forward planning. Recommendations include the implementation of enhanced video management and analytics technology to counter sophisticated and rising security threats. The TVA acknowledges that while the "800" series is not technically deficient, the ten year old technology does limit its ability to interface with existing and next generation of emerging security capabilities. To address these limitations, Software House has introduced C-CURE 9000. Along with an improved database structure and enhanced reporting features, C-CURE 9000 offers the ability to integrate new security functionality. The TVA recommends upgrading to C-CURE 9000 to allow OAK to achieve a comprehensive security system by incorporation of these new security technologies.

All activities associated with the software upgrade to C-CURE 9000 are covered under the scope of the existing Access Control and Alarm Monitoring System (ACAMS) contract with Stanley Convergent Security Solutions (formerly Niscayah, Inc.). This low bid contract with Stanley Convergent Security Solutions (CSS) was approved by the Board in February 2009 (Board Resolution No. 09006).



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## ANALYSIS

In reviewing the options for this software upgrade, staff recommends upgrading to C-CURE 9000 as opposed to installing an entirely new ACAMS. A new ACAMS would require significant infrastructure modifications including replacement of all field hardware components. The cost to deploy a new ACAMS is estimated at approximately \$800,000.

In addition to the TVA's recommendation, upgrading to C-CURE 9000 will provide OAK with the following security benefits described below:

- C-CURE 9000 will provide an enhanced user interface that will streamline work processes for the ID badging staff at OAK. For example, as other legacy security systems<sup>1</sup> are upgraded and integrated with C-CURE 9000, data will not have to be manually inputted to multiple systems multiple times, decreasing the chance of data entry errors with sensitive security information. Accuracy is essential when transmitting security information to the Transportation Security Administration (TSA) and the Federal Bureau of Investigation (FBI). Inaccurate data transmitted to the TSA or FBI could yield incorrect access clearances resulting in security vulnerabilities at OAK. Additionally, C-CURE 9000 will reduce the intensive amount of quality assurance (QA) and quality control (QC) work processes currently performed by staff. In turn, this will also allow ID Badging staff to focus on more strategic security projects and goals.
- Security information management becomes more efficient under C-CURE 9000. The improved monitoring station supports multiple layouts enabling effective and efficient information management without needing to toggle between several applications to aggregate security information. C-CURE 9000 will also offer improved business intelligence in areas such as key performance indicators, compliance, trending, and proactive maintenance management.
- Upgrading to C-CURE 9000 will provide increased database stability by moving from Progress, a proprietary database structure, to a distributed architecture built on a Microsoft Structured Query Language (SQL)<sup>2</sup> database. While Progress is an adequate database structure, finding qualified programmers experienced with this technology is becoming challenging. Programmers familiar with Microsoft SQL are more readily available. C-CURE 9000's Microsoft SQL database structure and Microsoft .NET Framework<sup>3</sup>, will also allow for seamless integration with the Port's other Airport IT applications, such as computer-based training system<sup>4</sup>, Closed-Circuit Television (CCTV), and fingerprinting systems.

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<sup>1</sup> Many existing legacy security systems, such as Closed-Circuit Television (CCTV) and fingerprinting machines, operate in a "stand alone" environment, requiring staff to enter data multiple times across multiple systems.

<sup>2</sup> SQL is a special-purpose programming language designed for managing data in relational database management systems (RDBMS).

<sup>3</sup> The .NET Framework is a software framework developed by Microsoft that provides programming language interoperability (each language can use code written in other languages). The .NET Framework is intended to be used by most new applications created for Windows.

<sup>4</sup> The computer-based training system is used to train all Airport staff on safety and security regulations and protocols, such appropriate use of identification badges and ramp / airfield driving procedures.

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- Compared to C-CURE 800, C-CURE 9000 provide for significantly improved redundancy and “fail-over” to back-up server computers. Although C-CURE 800 provides fail-over capabilities, it requires a manual effort to initiate. C-CURE 9000 offers a database structure that provides instantaneous back-up in the event of service interruption.
- Lastly, C-CURE 9000 will provide a scalable platform to allow for future expansion of emerging video management, badging transaction analytics, personnel management and biometrics technology at OAK. Although some of these technologies have not yet been implemented at OAK, they have been identified by industry best practices as tools that can be used to mitigate security vulnerabilities and enhance security posture. C-CURE 9000 provides the foundation for these advanced security technologies.

Stanley CSS, the second largest security technology company in the United States and one of the world’s largest systems integrators, will be performing the C-CURE 9000 upgrade. Not only does Stanley CSS have a vast amount of experience with this type of upgrade, but they are also currently in contract to maintain the Airport’s ACAMS system. Under the terms of the maintenance contract, Stanley CSS is ultimately accountable for ensuring the ACAMS system is functional at all times, even during and after system upgrade. Port staff in coordination with Stanley CSS has developed a statement of work detailing associated costs and key tasks for the software upgrade. This statement of work will be performed within the umbrella of the larger ACAMS contract. Should Stanley CSS incur additional unforeseen costs as part of the upgrade, those costs will not be passed onto the Port. Like all projects completed under the larger ACAMS contract, work must be completed to the satisfaction of Port staff. Contractually, payment in its entirety will not be rendered until all upgrade activities, including system testing, and training have been completed. Below is a summary of key components and tasks within the statement of work (activities listed may not be performed sequentially in order listed):

Key Tasks	% Cost Breakdown
1. Acquisition of C-CURE 9000 software and licenses	32%
2. Audit and backup of existing C-CURE 800 system	9%
3. Onsite database conversion and data migration	10%
4. Installation and configuration of redundant system	5%
5. Activation of C-CURE 9000 into Airport environment	11%
6. Installation of Business Intelligence Reporting suite	5%
7. Training for system administrators and end users	28%

The upgrade process and timing are critical given the Airport's 24/7 operational environment. The Airport cannot be without a functional ACAMS even momentarily. To minimize potential impacts to both day-to-day operations and end-user staff, upgrade activities will likely be conducted over a weekend (possibly including Friday as the ID Badging Office is closed to tenants on Fridays). The upgrade / transition team will include Aviation Security staff, Aviation IT staff, Stanley CCS, and Software House engineers. The key to a successful and smooth "cut over" is proper planning and preparation. The basic upgrade / transition steps are as follows:

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1. Install and configure C-CURE 9000 software on Port virtual servers<sup>5</sup>.
2. "Freeze" existing C-CURE 800 badging / access control database (i.e., make no intentional changes to the database, and if an urgent change is required - e.g., disabling a lost / stolen badge - manually log it); C-CURE 800 servers, client workstations, and field panels continue to provide 24/7 access control.
3. Software House engineers migrate C-CURE 800 database (Progress) to C-CURE 9000 (SQL).
4. Migrated database is uploaded to C-CURE 9000 virtual servers (note: C-CURE 800 is still performing day-to-day access control functions at the Airport); C-CURE 9000 database is tested for stability and accuracy.
5. Once Port staff, Stanley CSS, and Software House are satisfied with C-CURE 9000, field panels are "cut over" from C-CURE 800 servers to C-CURE 9000 virtual servers; during the time servers are being "cut over," all field panels will continue to provide access control functionality without connection to the servers (based on "last known database / instruction") until they are re-connected with the new C-CURE 9000 servers. One workstation in the Airport Operations Center (AOC) will be prepared with the new C-CURE 9000 client software to assume door alarm monitoring activities once C-CURE 9000 is "live."
6. Implement any required database changes from log (i.e., urgent changes made since "freeze").
7. Upgrade remaining client workstations (approximately 15).

Aviation Security staff, Aviation IT staff, Stanley CCS, and Software House engineers will convene a workshop (prior to Step #2) to identify potential risks and develop mitigation strategies to ensure access control is maintained / service disruptions are minimized during the upgrade process, including ability to revert to C-CURE 800 servers if necessary.

As with any software upgrade, training and the timing of such training is critical to transition success. Training sessions will be conducted onsite by Stanley CSS as a combination of onsite instructor led training as well as train-the-trainer formats. Training will be conducted prior to the deployment of C-CURE 9000, but not so far in advance that staff will not be able to apply what has been learned. The following three types of training have been identified in the implementation plan:

- Badging suite training (ID Badging staff)
- User training, encompassing door alarm monitoring and response training (Airport Operations staff)
- Administrator training (Aviation Security staff)

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<sup>5</sup> A virtual machine (VM) is a software implementation of a machine (computer) that executes programs like a physical machine / computer. Multiple VM servers run simultaneously on a single physical computer / server providing environment and processing efficiencies, as well as lower computer hardware and maintenance costs.  
CCURE Upgrade\_Agenda Report\_v2.doc 4

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Although C-CURE 9000 requires users to be trained on and learn a new interface, staff does not anticipate any significant changes to work flow processes or procedures due to this software upgrade at this time. As already described, C-CURE 9000 (unlike C-CURE 800) allows for future enhancements to work flow processes or procedures, allowing staff to be more efficient and productive as other legacy security system are also upgraded over the next 1-5 years in accordance with TVA recommendations and the Port’s Capital Needs Assessment (CNA).

**STRATEGIC PLAN**

The Port of Oakland’s Strategic Plan was adopted by the Board of Port Commissioners on October 5, 2010. The Strategic Plan provides direction and overall alignment for Port initiatives. It provides the framework for focusing the work of staff and the Board of Port Commissioners with the overall strategic goals of the organizations in identified key areas of Sustainable Business and Economic Development, Stewardship and Accountability, Port Workforce and Operations, and Communications and Information.

This project would help the Port achieve the following goals and objectives:

<b>Strategic Priority Areas</b>	<b>Goal</b>	<b>Objective</b>	<b>How Implemented?</b>
<b>Sustainable Business and Economic Development</b>	<b>Goal A:</b> Create sustainable economic growth for the Port and beyond.	1. Maximize the use of existing assets.	In addition to being compatible with existing Airport security applications and equipment, C-CURE 9000 will establish the infrastructure to allow for the expansion of future emerging surveillance technologies at OAK.
	<b>Goal B:</b> Maintain and aggressively grow core business.	1. Retain existing customers and tenants.	C-CURE 9000’s improved single interface will allow badging staff to expedite data entry for OAK customers and tenants. The single interface also allows for more accurate input, thereby reducing the need to reprocess security badges due to error.
<b>Stewardship and Accountability</b>	<b>Goal E:</b> Improve the processes for evaluating and managing capital expenditures for long-term management of Port property and infrastructure.	5. Prepare plans for long-term use, development and management of Port property and infrastructure.	C-CURE 800 is approximately ten years old. Software House, the maker of C-CURE 800 has already ceased to deliver enhancements to this product. Upgrading to C-Cure 9000 will help OAK avoid the costly burden associated with maintaining a legacy system.
<b>Port Workforce and Operations</b>	<b>Goal H:</b> Develop and maintain a high performing workforce.	1. Identify, assess and implement key skills and knowledge required for an employee within a public enterprise.	Port ID badging and security staff will receive training on the new C-CURE 9000 system as part of the upgrade process.

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<p><b>Communications and Information</b></p>	<p><b>Goal L:</b> Provide timely and relevant information to support critical analysis and decision-making.</p>	<p>3. Modernize and update Port technology systems and tools to enhance organizational productivity, efficiency and data analysis capabilities.</p>	<p>C-CURE 9000's streamlined interface will allow staff to efficiently process badge applications by eliminating the need for repetitive data entry of sensitive security information across several interfaces.</p> <p>Also, C-CURE 9000's provides enhanced security monitoring by using a customizable monitoring layout to reduce time needed to toggle between several windows.</p> <p>C-CURE 9000 delivers improved reporting and query functionality.</p>
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**BUDGET & FINANCIAL IMPACT**

The proposed C-CURE 9000 upgrade has been evaluated and included in the FY 2012-2013 Capital Needs Assessment (CNA) as a “pipeline” (non-contractually obligated) project. Staff is requesting the Board’s authorization to spend \$220,000 for this software upgrade. If approved, it would be funded using the Passenger Facility Charge (PFC) at 100% eligibility as approved in PFC 14 application.

Port staff recommends this software upgrade be performed under an existing contract with Stanley Convergent Security Solutions (formerly Niscayah, Inc.) to provide maintenance and services of the Airport’s ACAMS, including all software upgrades. Software upgrades are specifically included in Stanley Convergent Security Solutions’ scope of services because the Port desires a single entity to assume responsibility for both the ongoing / day-to-day operation of ACAMS as well as all software upgrades to ensure reliability and stability of the Airport’s ACAMS system.

Per Board Resolution No. 09006, the contract with Stanley Convergent Security Solutions began on January 1, 2009 and runs through June 30, 2013, not to exceed \$1,575,000. Staff estimates that approximately \$1,020,000 has been spent through the end of FY 2011-2012 (June 30, 2012), leaving approximately \$555,000 for the last year of maintenance and services, including the software upgrade described in this Agenda Report.

**STAFFING IMPACT**

The proposed action will have no impact on the Port staffing needs.

**SUSTAINABILITY**

No existing or foreseeable sustainability issues are related to this proposed action.

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**ENVIRONMENTAL**

Upgrading to C-CURE 9000 has been determined to be categorically exempt from the California Environmental Quality Act (CEQA) Guidelines pursuant to Section 15301, Existing Facilities, which exempts the operation, repair, maintenance, permitting, leasing, licensing, or minor alteration of existing public or private structures, facilities, mechanical equipment or topographical features, involving negligible or no expansion of use beyond that existing at the time of the lead agency's determination.

**Environmental compliance**

This project will not disturb soil, groundwater, or hazardous materials.

**Mitigation**

This project will not have any significant impacts to the environment and no mitigation measures are required.

**Related Plans and Policies**

This project does not require mitigation measures; therefore, there are no related or adopted plans for this project.

**MARITIME AND AVIATION PROJECT LABOR AGREEMENT (MAPLA)**

The proposed work is not within the scope of the Port of Oakland Maritime and Aviation Project Labor Agreement (MAPLA) and the provisions of the MAPLA do not apply to this work.

**OWNER CONTROLLED INSURANCE PROGRAM (OCIP)**

As the project and scope is funded under the CIP, the Professional Liability Insurance Program (PLIP) coverages and provisions apply.

**GENERAL PLAN**

The project is limited to maintenance and service of existing equipment, and will not change the existing use(s) of any facility.

Pursuant to Section 727 of the City of Oakland Charter, this project has been determined to conform to the policies for the transportation designation of the City of Oakland General Plan.

**LIVING WAGE**

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Living wage requirements, in accordance with the Port's Rules and Regulations for the Implementation and Enforcement of the Port of Oakland Living Wage Requirements (the "Living Wage Regulations"), do not apply to the requested action as the service provider does not employ 21 or more employees working on Port-related work. However, the service provider will be required to certify that should living wage obligations become applicable, the service provider shall comply with the Living Wage Regulations.

### **OPTIONS**

1. Authorize capital budget in the amount of \$220,000 as included in the FY 2012-2013 CNA for the upgrade of ACAMS to C-CURE 9000, using Stanley Convergent Security Solutions (already under contract to perform ACAMS software upgrades).
2. Authorize staff to explore procurement and installation of an entirely new ACAMS platform. This option is not recommended due to the extensive costs associated with restructuring field hardware infrastructure and implementation of a new system (estimated to cost \$800,000 or more).
3. Do not authorize capital budget for the C-CURE 9000 upgrade. OAK will likely incur increased future maintenance expenses once existing C-CURE 800 system is no longer supported by Software House. Software House has already ceased providing any further enhancements to the 800 series.
4. Authorize staff to conduct a RFP process or establish a competitive bid process for this upgrade. This option is not recommended because this work is specifically included in the scope of services in the Port's contract with Stanley Convergent Security Solutions. Hiring a new firm to perform this software upgrade may cause significant conflict in terms of which entity (new firm vs. Stanley Convergent Security Solutions) is responsible for various aspects of the Airport's ACAMS, resulting in an unreliable and/or unstable access control system.

### **RECOMMENDATION**

Staff recommends the Board authorize the capital budget in the amount of \$220,000 as included in FY 2012-2013 CNA for the upgrade of the Airport security access control and alarm monitoring system (ACAMS) to C-CURE 9000.

8/16/12  
6.1  
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**BOARD OF PORT COMMISSIONERS  
CITY OF OAKLAND**

**RESOLUTION AUTHORIZING AND APPROVING A CAPITAL BUDGET FOR  
UPGRADE OF AIRPORT SECURITY ACCESS CONTROL AND ALARM  
MONITORING SYSTEM TO C-CURE 9000.**

**WHEREAS**, the Board of Port Commissioners ("Board") has reviewed and evaluated the Agenda Report Item 6.1, dated August 16, 2012 ("Agenda Report") and related materials, has received the expert testimony of Port of Oakland ("Port") staff, and has provided opportunities for and taken public comment; and

**WHEREAS**, the Board through Resolution No. 09006, dated February 3, 2009, authorized the execution of an agreement for Furnishing Maintenance and Service of Access Control and Alarm Monitoring System and Video Surveillance System for the Period Commencing January 1, 2009 and Ending June 30, 2009, 2010, 2011, 2012, or 2013, Oakland International Airport, Oakland, California ("ACAMS Agreement"), now, therefore, be it

**RESOLVED**, that the Board hereby authorizes and approves the Capital Budget in the total amount of \$220,000 as included in the FY2012-2013 Capital Needs Assessment for the upgrade of the Airport Security Access Control and Alarm Monitoring System ("ACAMS") to C-Cure 9000 ("C-Cure Services"), as more fully set forth in the Agenda Report; and be it

**FURTHER RESOLVED**, that the Board finds and determines that it is in the best interests of the Port to waive standard bidding procedures and contract for the C-Cure Services by adding to the scope of the ACAMS Agreement and that said standard bidding procedures are hereby waived; and be it

**FURTHER RESOLVED**, that in acting upon the matters contained herein, the Board has exercised its independent judgment based on substantial evidence in the record and adopts and relies upon the



facts, data, analysis, and findings set forth in the Agenda Report and in related materials and in testimony received.

DRAFT

**UPDATES & ANNOUNCEMENTS**

The President and / or Executive Director will report on noteworthy events occurring since the last Board Meeting.

**Port Response to SEIU Financial Presentation  
made to the Board on July 12, 2012**

At the July 12 board meeting, SEIU presented the board in open forum with an analysis of the Port's finances. The Port was not able to respond at the time but would like to take a few minutes to respond verbally at the meeting on August 16th 2012 regarding the following topics:

- ◆ The Port will discuss the follow-up actions and meetings that it has had with SEIU leadership;
- ◆ The Port will discuss specific responses to SEIU's claim that the Port is showing a surplus of \$50 million:
  - The \$50 million is the port's operating income, which is simply operating revenues less operating expenses.
  - Operating income does not take into account capital expenditures, debt service, and other liabilities that are outside the category of "operating expenses".
  - The SEIU analysis left out the costs the Port needs to pay for important maintenance and improvement of assets that are for life/safety and or regulatory requirements.
- ◆ The Port wants its financial information to be accessible and transparent to all of its stakeholders.

## **SCHEDULING**

This segment of the meeting is reserved for scheduling items for future Agendas and/or scheduling Special Meetings.