J. CHRISTOPHER LYTLE
Executive Director

DANNY WAN
Port Attorney

ARNEL ATIENZA
Port Auditor

JOHN T. BETTERTON
Secretary of the Board

PORT OF OAKLAND
BOARD OF PORT COMMISSIONERS
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Commissioner

BRYAN R. PARKER
Commissioner

VICTOR UNO
Commissioner

AGENDA

Meeting of the Board of Port Commissioners
February 27, 2014 – 1:00 p.m.
Board Room – 2nd Floor

ROLL CALL

Commissioner **Colbruno**, Commissioner **Head**, Commissioner **Parker**, Commissioner **Uno**, 2nd Vice-President **Hamlin**, 1st Vice President **Yee** and President **Butner**.

1. CLOSED SESSION

Closed Session discussions and materials may not be disclosed to a person not entitled to receive it, unless the Board authorizes disclosure of that confidential information.

1.1 CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION (Pursuant to Paragraph (1) of Subdivision (d) of California Code Section 54956.9):

CMC Food Services LLC and NNF Grewal, Inc., v. Port of Oakland, et al.; Alameda County Superior Court Case No.: RG13685134

1.2 CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION (Significant Exposure to Litigation Pursuant to Paragraph (2) of Subdivision (d) of California Government Code Section 54956.9 **2 matters**

1.3 CONFERENCE WITH REAL PROPERTY NEGOTIATORS – (Pursuant to California Government Code Section 54956.8):

Property:	Oakland Army Base
Negotiating Parties:	Port of Oakland and Various Parties
Agency Negotiator:	Director of Maritime, John Driscoll
Under Negotiation:	Price and Terms of Tenancy

Property: Howard Terminal/Berths 67-68
Negotiating Parties: Port of Oakland and Various Parties
Agency Negotiator: Director of Maritime, John Driscoll
Under Negotiation: Price and Terms of Tenancy

1.4 PUBLIC EMPLOYEE PERFORMANCE EVALUATION – (Pursuant to California Government Code Section 54957)

Title: Port Attorney

ROLL CALL/OPEN SESSION (Approximately 3:30 p.m.)

Commissioner **Colbruno**, Commissioner **Head**, Commissioner **Parker**, Commissioner **Uno**, 2nd Vice-President **Hamlin**, 1st Vice President **Yee** and President **Butner**.

CLOSED SESSION REPORT

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

2. 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.

2.1 Ordinance: Approval Of A Short Term Rental Agreement With The University Of California At Berkeley For A Greenhouse Gas Air Monitor On The Roof Of 530 Water Street **(Environmental)**

2.2 Resolution: Resolution Consenting To Short-Term Sublease By DTG Operations, Inc. To Enterprise Rent-A-Car Company Of San Francisco **(Aviation)**

2.3 Ordinance No. 4278, 2nd Read Of An Ordinance Approving Terms And Conditions Of And Authorizing Approval And Execution Of A License And Concession Agreement With Transfer Case Express, Inc. For The Premises Located At 1285 Embarcadero Road At A Monthly Rental Rate Of $3,500.00.

2.4 Ordinance No. 4279, 2nd Read Of An Ordinance Approving Terms And Conditions Of And Authorizing Approval And Execution Of A License And Concession Agreement With Hadal, Inc. For The Premises Located At 1363 Embarcadero Road At A Monthly Rental Rate Of $9,560.74.

2.5 Ordinance No. 4280, 2nd Read Of An Ordinance Amending Port Ordinance 2613 And Approving The Modification To The Air Service Parking Promotion Program.

2.6 **Report:** Quarterly Report Of Construction Change Orders For 2nd Quarter FY 13/14 **(Engineering)**

3. MAJOR PROJECTS

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

4. BUDGET & FINANCE

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

4.1 **Report:** Unaudited Financials For 6 Months Ended December 31, 2013 Including Capital Expenditure Report

5. STRATEGY & POLICY

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

5.1 **Report:** Maritime Air Quality Improvement Plan (Maqip) Progress Report **(Environmental)**

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 **Ordinance:** Approval Of An Amendment To The Waterfront Hotel Lease To Include The Premises Located At 489 Water Street, Oakland **(CRE)**

6.2 **Resolution:** Budget Authorization To Rehabilitate The Ground Transportation Parking Lot, North Field, OAK, $300,000 **(Aviation)**

6.3 **Resolution:** Authorizations Relating To Demolition Of Unused North Field Airport Traffic Control Tower, Oakland International Airport **(Aviation)**

6.4 **Resolution:** Resolution Adopting A Labor Peace Agreement Policy For Airport Concession Tenancy Agreements **(Aviation)**

6.5 **Resolution:** Rejection Of All Proposals Received In Response To Request For Proposals (RFP) No. 13-14/06 For Lease Of The Charles P. Howard Terminal (Berths 67-68) **(Maritime)**

7. UPDATES/ANNOUNCEMENTS

The President, Members of the Board and the Executive Director will report on noteworthy events occurring since the last Board Meeting.

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 March 13, 2014.

PUBLIC PARTICIPATION

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.

To Receive Agendas & 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**

To receive Port Agendas and Agenda Related Materials by email, please email your request to: **jbetterton@portoakland.com**

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.

Commissioner's Statement of Intention

We are a governing Board whose authority lies with the entirety of the Board.

We govern in accordance with our fiduciary duty to the Port of Oakland.

We conduct ourselves with clarity and transparency, grounded in the principles of integrity, trust and respect.

We reach our decisions through candid, open and deliberative debate and hold both staff and ourselves accountable for implementing them.

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.

BOARD MTG. DATE: 2/27/2014

AGENDA REPORT

TITLE:	Approval of a Short Term Rental Agreement with the University of California at Berkeley for a Greenhouse Gas Monitor on the Roof of 530 Water Street
AMOUNT:	$0 (No cost to Port/No Revenue received)

PARTIES INVOLVED:

Corporate Name/Principal	Location
The Regents of the University of California Professor Ronald C. Cohen, Department of Chemistry	Berkeley, CA

TYPE OF ACTION:	Ordinance
SUBMITTED BY:	Richard Sinkoff, Director of Environmental Programs and Planning Pamela Kershaw, Director of Commercial Real Estate
SCHEDULED FOR THE BOARD:	February 27, 2014
APPROVED BY:	Christopher Lytle, Executive Director

SUMMARY

This report recommends that the Board adopt an ordinance approving the terms of the proposed *Short Term Rental Agreement ("Agreement")* with the Regents of the University of California (UC) to allow the placement of a Greenhouse Gas Monitor at the Port of Oakland ("Port") to continue air quality monitoring on the roof of 530 Water Street. This location is part of UC's Berkeley Atmospheric CO_2 Observation Network ($BEACO_2N$).

FACTUAL BACKGROUND

In 2013, the Port and UC entered into a one year Temporary Rental Agreement ("TRA") from March 1 to February 28 for one cubic foot of space on the roof of 530 Water Street, and one cubic foot of space on the roof of 2475 West 12th Street at the Customer Support Center/Transportation Worker Identification Credential Enrollment Center (TWIC Center) for installation of 10x12x6 inch 25 pound air quality monitoring instruments. These locations are part of a grid established by UC Berkeley's Department of Chemistry and Atmospheric Science Center throughout the East Bay. Due to a lack of a wireless connection at the TWIC Center, the air quality monitor was only installed on the roof of 530 Water Street; however, due to the proximity of a heating vent, the monitoring equipment is not functioning optimally and needs to be relocated to a new location on the roof of 530

Water Street. In addition, the term of the TRA is about to expire, and needs to be renewed by the Board, consistent with the Port Bylaws.

TERMS OF THE AGREEMENT

Permittee:	The Regents of the University of California
Premises:	Relocate the existing monitor from one square foot of the roof of 530 Water Street to another location on the roof of 530 Water Street to avoid exhaust from the heating vent, subject to approval of the exact location by the Commercial Real Estate Division of the Port of Oakland.
Term:	March 1, 2014 through February 28, 2019, subject to a 30 day termination right by the Port of Oakland.
Consideration:	No Monetary Consideration ($0.00)
Insurance:	General liability and business automobile liability self-insurance program.
Maintenance:	All maintenance, repair and liability of the equipment to be performed by the permittee, subject to approval of building and roof access terms and conditions by the Port of Oakland's Risk Manager and the Commercial Real Estate Division.
Standard Terms	All terms and conditions contained in the standard form Short Term Rental Agreement as approved by the Port Attorney

ANALYSIS

The $BEACO_2N$ project is a network of approximately 25 small air quality monitoring instruments (nodes) spaced at approximately 2 kilometer (1.25 mile) intervals across the cities of Oakland, Berkeley, San Leandro, Piedmont and El Cerrito (Exhibit A). Each node takes periodic measurements of greenhouse gases (carbon dioxide), associated air pollutants (ozone, carbon monoxide and NOx), and meteorological variables (temperature, pressure and relative humidity) and relays the data wirelessly to UC Berkeley. The measurements provide a more spatially detailed picture of urban air emissions than anywhere in the world including monitoring taking place in Salt Lake City, Indianapolis, and Los Angeles, and monitoring networks planned in Sydney and Paris. $BEACO_2N$ hopes to play a significant role in documenting (and ultimately maximizing) the efficacy of various policy and market-based attempts to reduce greenhouse gas emissions. Data is available online at: http://beacon.berkeley.edu/.

It is desirable for UC Berkeley to have a node measuring conditions at the Port's headquarters to monitor before and after implementation of seaport operational changes prompted by regulations adopted by the California Air Resources Board (CARB) including :

- Drayage Truck Regulation - Phase I implemented in 2010 and Phase 2 in 2014;
- Ships At-Berth Regulation (Shore Power Rule) - implemented in 2014; and
- Ocean-Going Vessel Fuel Rule - Phase I implemented in 2011 and Phase 2 in 2014.

More information can be found in the Port's Maritime Air Quality Improvement Plan (MAQIP). In addition to supporting the Port's overall Strategic Plan, participation in this research opportunity benefits the Port by providing independent data to validate emissions reduction at the seaport.

STRATEGIC PLAN

Guiding Principle	Goals	Objective	How the requested action implements the goal/objective
Environmental stewardship is a lens for all Port activities.	Sustain healthy communities through leading edge environmental stewardship.	Ensure effective communication and education regarding environmental and safety standards with business partners and the community. Develop effective relationships with regulatory and resource agencies.	Providing a location for UC's air monitoring grid supports the academic community, and provides local emissions data to validate emissions reduction at the seaport.

BUDGET & FINANCIAL IMPACT

There is no impact to the Adopted FY 2013-14 Operating budget resulting from the approval of the TRA.

STAFFING IMPACT

There will be no change in Port staffing as the proposed Short Term Rental Agreement will be managed by existing Port Environmental Planning Division and Commercial Real Estate Division staff.

BOARD MTG. DATE: 2/27/2014

SUSTAINABILITY

Approval of the TRA provides UC with more locations for analysis of greenhouse gas emissions in the SF Bay Area in order to conduct research which may lead to refinements in CARB regulations for seaports.

ENVIRONMENTAL: CEQA

The placement of an air monitor on the roof of 530 Water Street is not an activity that will result in direct or indirect physical changes in the environment. Therefore, the proposed activity is not a project under CEQA and no environmental review is required (CEQA Guidelines Sections 15060(c)(3) and 15378).

MARITIME AND AVIATION PROJECT LABOR AGREEMENT (MAPLA)

The matters contained in this Agenda Report do not fall within the scope of the Port of Oakland Maritime and Aviation Project Labor Agreement (MAPLA) and the provisions of the MAPLA do not apply.

OWNER CONTROLLED INSURANCE PROGRAM (OCIP)

OCIP does not apply since the TRA is not a Capital Improvement construction project.

GENERAL PLAN

Pursuant to Section 727 of the City of Oakland Charter, this action conforms to the policies of the Oakland General Plan, although the permittee will be required to obtain and comply with any and all applicable building and planning permits from the City of Oakland, as well as any other applicable regulatory agencies, prior to the installation of the equipment on the roof.

LIVING WAGE

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 as the Agreement will not generate greater than $50,000 in payments to the Port over the term of the agreement.

OPTIONS

1. Adopt an ordinance to approve the terms and conditions as stated within this Agenda Report and authorize execution of the proposed *Short Term Rental Agreement* with UC Berkeley to allow the placement of a Greenhouse Gas Monitor on the roof of the 530 Water Street building. This is the recommended option.

2. Do not adopt an ordinance to approve the terms and conditions as stated within this Agenda Report and authorize execution of the proposed *Short Term Rental Agreement* with UC Berkeley to allow the placement of a Greenhouse Gas Monitor on the roof of the 530 Water Street building.

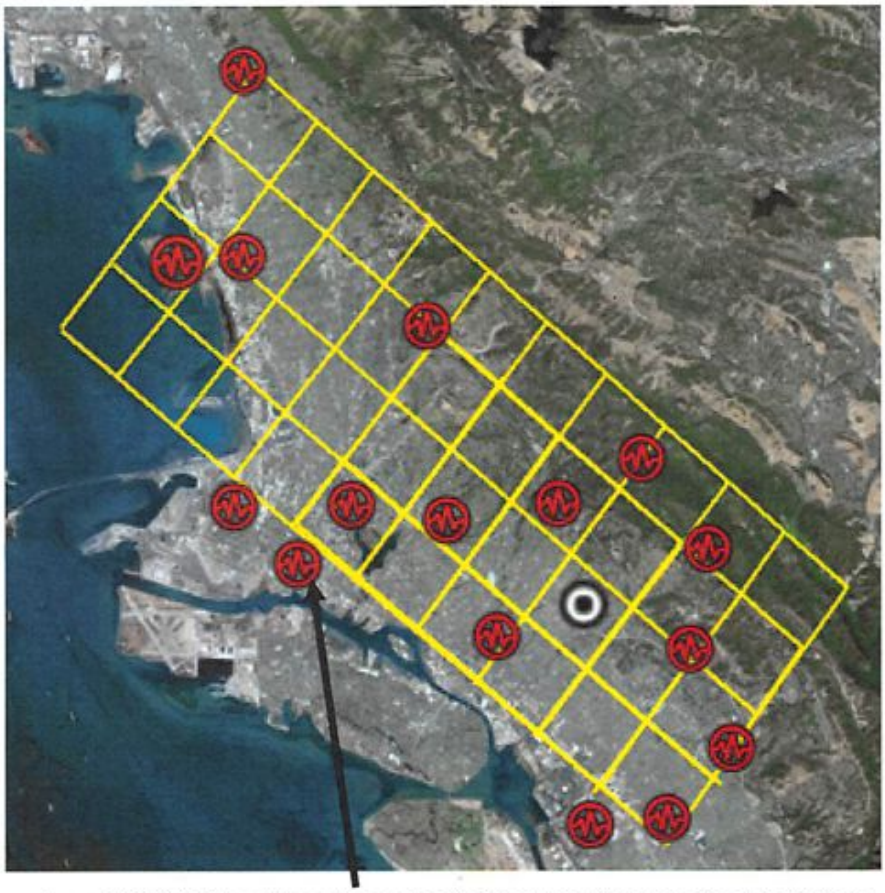
3. Adopt an ordinance to approve and authorize execution of the proposed Short Term Rental Agreement with UC Berkeley to allow the placement of a Greenhouse Gas Monitor on the roof of 530 Water Street, but subject to different terms and conditions than those stated within this Agenda Report, which depending on the nature of those terms and conditions, may require further negotiations.

RECOMMENDATION

It is recommended that the Board adopt an ordinance (1) approving the terms and conditions set forth in this Agenda Report for a short term rental agreement with the Regents of the University of California to allow placement of a greenhouse gas monitor on the roof of 530 Water Street for a term of five years for no monetary consideration; and (2) authorizing the Executive Director, or his designee, to approve and execute such agreement, subject to the Port Attorney's review and approval as to form and legality.

BOARD MTG. DATE: 2/27/2014

Exhibit A – BEACO$_2$N Air Monitoring Network



Existing monitor at 530 Water Street amongst other monitors in the East Bay.

February 27, 2014 Board Meeting

Short Term Rental Agreement with the University of California at Berkeley for a Greenhouse Gas Monitor on the Roof of 530 Water Street

2/27/14
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BOARD OF PORT COMMISSIONERS
CITY OF OAKLAND

ORDINANCE APPROVING TERMS AND CONDITIONS OF AND AUTHORIZING APPROVAL AND EXECUTION OF A SHORT TERM AGREEMENT WITH THE UNIVERSITY OF CALIFORNIA AT BERKELEY FOR A GREENHOUS GAS MONITOR ON THE ROOF OF 530 WATER STREET FOR A FIVE YEAR TERM AT NO MONTHLY RENTAL RATE.

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WHEREAS the Board of Port Commissioners of the City of Oakland ("Board") has reviewed and evaluated the Agenda Report for Agenda Item 2.1, dated February 27, 2014 (the "Agenda Report") and related agenda materials, has received the expert testimony of Port of Oakland ("Port") staff, and has provided opportunities for and taken public comment; now, therefore

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

Section 1. In acting upon this matter, 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 agenda materials and in testimony received.

Section 2. The Board hereby approves the terms and conditions set forth in the Agenda Report for a short term rental agreement with the Regents of the University of California to allow placement of a greenhouse gas monitor on the roof of 530 Water Street for a five (5) year term, commencing March 1, 2014 through February 28, 2019, for no monetary consideration, subject to specified adjustments.

Section 3. The Board hereby authorizes the Executive Director, or his designee, to approve and execute for and on behalf of the Board the short term rental agreement and such other documents as may be necessary and appropriate to consummate this transaction, subject to approval by the Port Attorney as to form and legality.

Section 4. The Board hereby finds and determines that the placement of an air monitor on the roof of 530 Water Street is not an activity that will result in direct or indirect physical changes in

the environment. Therefore, the proposed activity is not a project under CEQA and no environmental review is required (CEQA Guidelines Sections 15060(c)(3) and 15378).

Section 5. This ordinance is not evidence of and does not create or constitute (a) a contract(s), 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. Unless and until a separate written contract is duly executed on behalf of the Board as authorized by this ordinance, is signed as approved as to form and legality by the Port Attorney, and is delivered to other contracting party, there shall be no valid or effective agreement.

Section 6. This ordinance shall be effective immediately upon adoption by the Board.

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_____
President.

Attest: _____
Secretary.

Approved as to form and legality:

_____
Port Attorney

BOARD MTG. DATE: 2/27/14

AGENDA REPORT

TITLE: Resolution Consenting to Short-Term Sublease by DTG Operations, Inc. to Enterprise Rent-A-Car Company of San Francisco (Aviation)

AMOUNT: No additional monetary consideration

PARTIES INVOLVED:

Corporate Name/Principal	Location
DTG Operations, Inc.	Tulsa, OK
Enterprise Rent A Car Company of San Francisco	Burlingame, CA

TYPE OF ACTION: Resolution

SUBMITTED BY: Deborah Ale Flint, Director of Aviation

APPROVED BY: J. Christopher Lytle, Executive Director

Staff seeks Board approval of a Resolution to consent to a five-month sublease by DTG Operations, Inc. (DTG) for a portion of its premises to be subleased to Enterprise Rent-A-Car Company of San Francisco (Enterprise). The subleased premises would be used by Enterprise for overflow parking and storage of rental automobiles.

FACTUAL BACKGROUND

DTG proposes a short term sublease to Enterprise of a 10,000 square foot portion of DTG's leased premises under its *Space Use Permit (SUP),* approved by the Board in June 2007. DTG occupies 53,858 square feet of additional land area, adjacent to the Consolidated Customer Facility in the North Field.

Enterprise currently utilizes its Quick Turn-Around ("QTA") lot within the Rent-A-Car ("RAC" Customer Facility (illustrated on the aerial photograph) for its employee parking. Enterprise seeks to improve its QTA lot efficiency through the short term sublease of a portion of DTG's leased premises. During the proposed sublease Term, Enterprise will evaluate the option of relocating its on-airport employee parking spaces to a nearby off-airport location as a long term employee parking solution. The Enterprise employee parking at the DTG sublease premises, does not impact business operations at Enterprise's QTA at the RAC.

In accordance with DTG's *SUP*, any lease or sublease of any part of DTG's leased premises, requires written consent of the Port as evidenced by a Board resolution.

It is requested that the Board approve the sublease agreement, on the conditions of:

1. The sublease agreement is between DTG Operations, Inc. and Enterprise Rent-A-Car Company of San Francisco.

2. All obligations, including rental payment obligations, of DTG and Enterprise, payable to the Port, remain unchanged throughout the term of the sublease agreement.

ANALYSIS

Section 14 of the *SUP* requires consent from the Port in the form of a Board resolution for any transfer, assignment, lease or sublease of any interest in the *SUP*, to any other person or entity. The sublease between DTG and Enterprise consists of the following terms and conditions:

Sub-leased Premises: Approximately 10,000 square feet of unpaved area within the additional land area currently leased by DTG Operations, Inc. (see illustration).

Use: Overflow parking and storage by Enterprise Rent-A-Car Company of San Francisco.

Term: Five (5) months, commencing on February 1, 2014 and expiring on June 30, 2014. The sublease agreement automatically reverts to a month to month holdover as of July 1, 2014 if a Termination Notice is not provided.

Rental: Enterprise to pay $3,883 per month ($.3883/s.f./mo.) to DTG for the subleased area, at the same rate that DTG currently pays to the Port, for the 10,000 square foot sub-leased premises, subject to annual changes in the CPI, consistent with the *SUP*. None of the Enterprise sublease rental payments will be paid to the Port as additional revenue.

DTG will continue to pay its monthly rental of $20,915.68 to the Port in accordance to the terms and conditions of its *SUP*.

There is a one time, non-refundable processing fee of $2,500.00 for Port staff administrative costs associated with processing the request to sublease.

The Board is requested to consent to the sublease between DTG and Enterprise.

STRATEGIC PLAN

Approving the proposed actions, supports the goals of the Port's 2011-2015 Strategic Plan:

Strategic Priority Areas	Goal	Objective	Result
Sustainable Economic and Business Development	**Goal B:** Maintain and aggressively grow core businesses	Retain existing customers and tenants	DTG and Enterprise will remain as a local asset and amenity for customers at OAK.

BUDGET & FINANCIAL IMPACT

There is no revenue impact to the approved FY2013/2014 Operating Budget.

STAFFING IMPACT

There will be no staffing impact as the result of these actions.

SUSTAINABILITY

There are no obvious environmental opportunities involved with the requested actions.

ENVIRONMENTAL

The proposed adoption of a Resolution to consent to a five-month sublease with DTG Operations, Inc. for a portion of its premises to be subleased to Enterprise Rent-A-Car has been determined to be categorically exempt from the requirements of the California Environmental Quality Act (CEQA) Guidelines, Section 15300.4 and the Port CEQA Guidelines, Section 15301(p), which exempts renewals, extensions or amendments to lease or license and concession agreements where the premises or licensed activity was previously leased or licensed to the same or another person, and involving negligible or no expansion of use beyond that previously existing.

MARITIME AND AVIATION PROJECT LABOR AGREEMENT (MAPLA)

The proposed action 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.

BOARD MTG. DATE: 2/27/14

OWNER CONTROLLED INSURANCE PROGRAM (OCIP)

The consent to sublease is not within the scope of the Port of Oakland's Owner Controlled Insurance Program.

GENERAL PLAN

Pursuant to Section 727 of the City of Oakland Charter, the consent to sublease does not apply to the policies for the transportation designation of the Oakland General Plan.

LIVING WAGE

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"), apply to this agreement as the subtenant employs 21 or more employees working on Port-related work, and is a subtenant to a tenant that is subject to Living Wage Regulations.

OPTIONS

1. Consent to the sublease agreement between DTG Operations, Inc. and Enterprise Rent-A-Car Company of San Francisco.

2. Do not consent to the sublease agreement between DTG Operations, Inc. and Enterprise Rent-A-Car Company of San Francisco.

3. Consent to the sublease agreement between DTG Operations, Inc. and Enterprise Rent-A-Car Company of San Francisco, under different terms and conditions.

RECOMMENDATION

It is recommended that the Board approve a Resolution consenting to the DTG Operations, Inc. proposed sublease of approximately 10,000 square foot area of its leased premises to Enterprise Rent-A-Car Company of San Francisco, with no modification to the existing monthly rental payments to the Port, and subject to the approval by the Port Attorney as to form and legality.

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BOARD OF PORT COMMISSIONERS
CITY OF OAKLAND

RESOLUTION CONSENTING TO DTG OPERATIONS, INC.'S SUBLEASE OF APPROXIMATELY 10,000 SQUARE FOOT AREA OF ITS LEASED PREMISES TO ENTERPRISE RENT-A-CAR COMPANY OF SAN FRANCISCO, WITH NO MODIFICATION TO THE EXISTING MONTHLY RENTAL PAYMENTS FOR FIVE (5) MONTHS.

WHEREAS, the Board of Port Commissioners ("Board") has reviewed and evaluated the Agenda Report Item 2.2 dated February 27, 2014 ("Agenda Report") and related agenda materials, has received the expert testimony of Port of Oakland ("Port") staff, and has provided opportunities for and taken public comment; now, therefore be it

RESOLVED, that in acting upon this matter, 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 agenda materials and in testimony received; and be it

FURTHER RESOLVED, that the Board hereby consents to the proposed sublease by DTG Operations, Inc. of approximately 10,000 square feet of its leased premises for a five-month term to Enterprise Rent-A-Car Company of San Francisco, with no modification to the existing lease or monthly rental payments to the Port thereunder, subject to approval by the Port Attorney as to form and legality; and be it

FURTHER RESOLVED, that the Board determines and finds that this resolution to consent to a sublease has been determined to be categorically exempt from the requirements of the California Guidelines, Section 15301(p), which exempts renewals, extensions or amendments to lease or license and concession agreement where the premises or licensed activity was previously leased or licensed to the same or another person, and involving negligible or no expansion of use beyond that previously existing; and be it

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FURTHER RESOLVED, that this resolution is not evidence of and does not create or constitute (a) a contract(s), 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. Unless and until a separate written contract is duly executed on behalf of the Board as authorized by this resolution, is signed as approved as to form and legality by the Port Attorney, and is delivered to other contracting party, there shall be no valid or effective contract.

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PORT ORDINANCE NO. 4278

ORDINANCE APPROVING TERMS AND CONDITIONS OF AND AUTHORIZING APPROVAL AND EXECUTION OF A LICENSE AND CONCESSION AGREEMENT WITH TRANSFER CASE EXPRESS, INC. FOR THE PREMISES LOCATED AT 1285 EMBARCADERO ROAD AT A MONTHLY RENTAL RATE OF $3,500.00.

WHEREAS the Board of Port Commissioners of the City of Oakland ("Board") has reviewed and evaluated the Agenda Report for Agenda Item 6.1, dated February 13, 2014 (the "Agenda Report") and related agenda materials, has received the expert testimony of Port of Oakland ("Port") staff, and has provided opportunities for and taken public comment; now, therefore

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

Section 1. In acting upon this matter, 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 agenda materials and in testimony received.

Section 2. The Board hereby approves the terms and conditions set forth in the Agenda Report for a License and Concession Agreement with Transfer Case Express, Inc., for an eighteen (18) month term at a monthly rental rate of $3,500.00, subject to specified adjustments and all other standard terms of the Port's form License and Concession Agreement including holdover provisions.

Section 3. The Board authorizes the Executive Director, or his designee, to approve and execute for and on behalf of the Board the License and Concession Agreement with Transfer Case Express, Inc. and such other documents as may be necessary to consummate this transaction, subject to approval by the Port Attorney as to form and legality, and subject to the condition that the approvals set forth in this ordinance be valid for no longer than 30 days, and that if the subject documents are not fully executed by that date such approval shall be null and void unless further extended at the sole and absolute discretion of the Executive Director or his designee.

Section 4. The Board hereby finds and determines that this transaction is categorically exempt from the requirements of the California Environmental Quality Act ("CEQA") pursuant to Port CEQA Guidelines Section, Article 19, Section 15300.4, which directs public agencies, in the course of establishing their own procedure, to list specific activities that fall within each of the exempt classes categorized under Article 19 (Categorical Exemptions), and Port CEQA

Guidelines Section 15301(p), which exempts the execution of licenses or License and Concession Agreements where the premises or licensed activity was previously leased or licensed to the same or another person, and proposed License and Concession Agreement between the Port and Transfer Case Express falls within this class of exemptions.

Section 5. This ordinance is not evidence of and does not create or constitute (a) a contract(s), 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. Unless and until a separate written contract is duly executed on behalf of the Board as authorized by this ordinance, is signed as approved as to form and legality by the Port Attorney, and is delivered to other contracting party, there shall be no valid or effective change order.

Section 6. This ordinance shall be effective immediately upon adoption by the Board.

The Board of Port Commissioners, Oakland, California, February 13, 2014. Passed to print for one day by the following vote: Ayes: Commissioners Colbruno, Hamlin, Head, Parker, Yee and President Butner – 6. Excused: Commissioner Uno -1. Noes: 0.

John T. Betterton
Secretary of the Board

PORT ORDINANCE NO. 4279

ORDINANCE APPROVING TERMS AND CONDITIONS OF AND AUTHORIZING APPROVAL AND EXECUTION OF A LICENSE AND CONCESSION AGREEMENT WITH HADAL, INC. FOR THE PREMISES LOCATED AT 1363 EMBARCADERO ROAD AT A MONTHLY RENTAL RATE OF $9,560.74.

WHEREAS the Board of Port Commissioners of the City of Oakland ("Board") has reviewed and evaluated the Agenda Report for Agenda Item 6.2, dated February 13, 2014 (the "Agenda Report") and related agenda materials, has received the expert testimony of Port of Oakland ("Port") staff, and has provided opportunities for and taken public comment; now, therefore

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

Section 1. In acting upon this matter, 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 agenda materials and in testimony received.

Section 2. The Board hereby approves the terms and conditions set forth in the Agenda Report for a License and Concession Agreement with Hadal, Inc. for the premises located at 1363 Embarcadero Road, for a three (3) year term at a monthly rental rate of $9,560.74.

Section 3. The Board hereby authorizes the Executive Director, or his designee, to approve and execute for and on behalf of the Board the subject License and Concession Agreement and such other documents as may be necessary to consummate this transaction, subject to approval by the Port Attorney as to form and legality, and subject to the condition that the approvals set forth in this ordinance be valid for no longer than 90 days, and that if the subject documents are not fully executed by that date such approval shall be null and void unless further extended at the sole and absolute discretion of the Executive Director or his designee.

Section 4. The Board hereby finds and determines that this transaction is categorically exempt from the requirements of the California Environmental Quality Act ("CEQA") pursuant to Port CEQA Guidelines Section, Article 19, Section 15300.4, which directs public agencies, in the course of establishing their own procedure, to list specific activities that fall within each of the exempt classes categorized under Article 19 (Categorical Exemptions), and Port CEQA Guidelines Section 15301(p), which exempts the execution of License and Concession Agreements where the premises or licensed activity was

previously leased or licensed to the same or another person, and the proposed activity falls within this class of exemptions.

Section 5. This ordinance is not evidence of and does not create or constitute (a) a contract(s), 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. Unless and until a separate written contract is duly executed on behalf of the Board as authorized by this ordinance, is signed as approved as to form and legality by the Port Attorney, and is delivered to other contracting party, there shall be no valid or effective change order.

Section 6. This ordinance shall be effective immediately upon adoption by the Board.

The Board of Port Commissioners, Oakland, California, February 13, 2014. Passed to print for one day by the following vote: Ayes: Commissioners Colbruno, Hamlin, Head, Parker, Yee and President Butner – 6. Excused: Commissioner Uno -1. Noes: 0.

John T. Betterton
Secretary of the Board

PORT ORDINANCE NO. 4280

ORDINANCE AMENDING PORT ORDINANCE 2613 AND APPROVING THE MODIFICATION TO THE AIR SERVICE PARKING PROMOTION PROGRAM.

WHEREAS, the Board of Port Commissioners ("Board") has reviewed and evaluated the Agenda Report Item 6.3, dated February 13, 2014 ("Agenda Report") and related agenda materials, has received the expert testimony of Port of Oakland ("Port") staff, and has provided opportunities for and taken public comment;

WHEREAS, that in acting upon this matter, 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 agenda materials and in testimony received; now, therefore

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

Section 1. The Board hereby approves the amendment to Port Ordinance 2613, as amended, to reflect the Air Service Parking Promotion program, as modified, and authorizes the Executive Director or Director of Aviation to modify the Air Service Parking Promotion program to allow for up to five days of free parking to customers flying on transoceanic and international air services routes as further described in the Agenda Report, subject to the Board-approved timeframe and eligibility requirements.

Section 2. The Board hereby finds and determines that the program is categorically exempt from the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines Sections 15273. CEQA does not apply to the establishment, modification, structuring, restructuring, or approval rates, tolls, fares, and other charges by public agencies which the public agency finds are the purpose of: (1) meeting operating expenses, including employee wage rates and fringe benefits; (2) purchasing or leasing supplies, equipment, or materials; (3) meeting financial reserve needs and requirements; (4) obtaining funds for capital projects necessary to maintain service areas; or (5) obtaining funds necessary to maintain such intra-city transfers as are authorized by the city charter.

Section 3. This ordinance shall be effective immediately upon adoption by the Board.

The Board of Port Commissioners, Oakland, California, February 13, 2014. Passed to print for one day by the following vote: Ayes: Commissioners Colbruno, Hamlin, Head, Parker, Yee and President Butner – 6. Excused: Commissioner Uno -1. Noes: 0.

John T. Betterton

300728

Secretary of the Board

_____

President.

Attest: _____

Secretary.

Approved as to form and legality:

_____

Port Attorney

300728

BOARD MTG. DATE: **2/27/14**

INFORMATIONAL REPORT

(This item is for information only and no action is requested or required of the Board of Port Commissioners.)

TITLE:	Quarterly Report of Construction Change Orders for 2nd Quarter FY 13/14
BOARD MEETING DATE:	February 27, 2014
SUBMITTED BY:	Chris Chan, Director of Engineering
APPROVED BY:	J. Christopher Lytle, Executive Director

SUMMARY

Port Ordinance No. 1606 requires that Port staff submit quarterly reports to the Board of Port Commissioners summarizing change orders issued on Port public works contracts. Attached is the summary change order report for the 2nd quarter of Fiscal Year 2013/2014 (Attachment A). Also attached, for your reference, is a list of change order types with an explanation of each (Attachment B).

271764 v12

Quarterly Report of Construction Change Orders for 2nd Quarter FY 13/14
ATTACHMENT A

QUARTERLY REPORT

OF

CONSTRUCTION CHANGE ORDERS

FOR

2nd QUARTER OF FISCAL YEAR 2014

During the second quarter of FY 2014 there were **14 active** construction contracts with an aggregate value of **$122,248,882.81.** A total of **3** contract change orders, totaling **$22,264.33** were issued on **2** of these construction contracts. This amounts to **0.01%** of the **$122,248,882.81** aggregate total contract value, or **0.36%** of the **$6,222,130.00** aggregate value of those **2** contracts. Following is a table listing the various change order types, the total dollar amount issued for each type, and the percentages of the total value of all contracts and the **2** that had change orders issued against them.

Change Order Type		Total	% of All contracts	% of 2 Contracts
D	Design Modifications	-20,000.00	-0.02%	-0.32%
U	Unforeseen Conditions	42,264.33	0.03%	0.68%
Grand Total of all Change Orders		**$22,264.33**	**0.01%**	**0.36%**

Quarterly Report of Construction Change Orders for 2nd Quarter FY 13/14
ATTACHMENT B

ENGINEERING DIVISION
Coding of Change Orders by Type

A **Administrative** – Administrative changes such as adding the OCIP Program to the contract, delaying an NTP, non-compensable time extension, or suspending /terminating the work.

B **Bills to Others** – Work done for and at the expense of others, the cost of which will be billed directly to the responsible party. An example is repair of damage caused by a third party.

C **Claims Settlement** – Settlement of contractor claims typically relating to things such as overhead or cost related to project time delays. If claims are filed with respect to whether or not an item or work is an extra and an agreement is reached that it is, then that item would be considered as one of the other types of Change Orders.

D **Design Modifications** – Modifications to the plans and specifications to fit actual field conditions or to make the plans and project specifications conform in the case of conflicting requirements. This will include changes to meet various building code requirements.

E **Project Enhancements** – Enhancements to projects typically at the request of the Revenue Division to meet the needs of the tenants or for other related business reasons. Examples include additional signage added to a signage contract, providing a more costly piece of equipment, adding more bookcases, or delaying/accelerating a project.

F **Field Changes** – Modifications to the contract due to out-of-sequence work, phasing changes, additional or modified barricaded/enclosures/equipment, temporary striping, temporary roads, or additional efforts to avoid potential delays.

O **Omissions** – Errors or omissions to the plans or specifications. An example is missing the need to relocate utilities that are in the way of new columns when the existing utilities can be seen and addressed in the design. Care needs to be taken when deciding between Type D and Type O Change Orders.

P **Project Sponsor Initiated Changes** – Changes/modifications to projects resulting in changes in construction operations to accommodate tenant/customer requirements during the course of the project. This type of Change Order generally would not alter the final physical production outcome of the project as required by the plans and specifications.

R **Regulatory/Outside Agency Changes** – Changes/additions to projects due to changed regulatory agency permit requirement such as new Storm Water Discharge BMPs, additional winterization measures, etc. This type of Change Order would also include extra work performed to assist outside agencies, such as utility companies, railroads, airlines, etc., in completing their work on Port projects.

U **Unforeseen Conditions** – Covers things such as unsuitable subgrade soils or unknown utility lines, or hidden conditions such as unknown asbestos encountered under floors or in walls when doing remodel or demolition work.

V **Value Engineering** – Changes to the contract initiated by the owner to bring the overall project cost within budget. This also includes changes to contractor-initiated Requests for Substitution.

X **Unrelated Work** – Work not related to the project being built under the original contract, and would normally be done under separate contract. The purpose is to expedite the new work.

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.

PORT OF OAKLAND

Six Months Ending December 31, 2013 Financial Highlights

Unaudited Results

Board of Port Commissioners Meeting

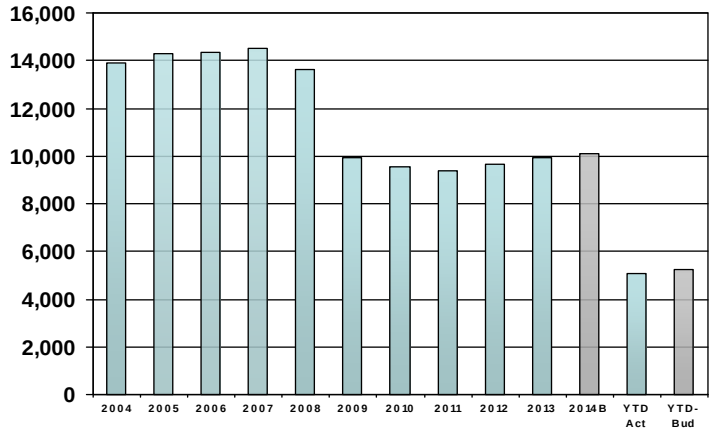
February 27, 2014

The information contained in this presentation is disclosed publicly for general information relating to the Port only. The information and figures herein include projections and forecasts that are based upon certain assumptions and involve known and unknown risks, uncertainties, and other factors that may cause actual results, performance or achievements to differ materially from those expressed or implied by such projections and forecasts. The information and figures herein are subject to change without notice after the date thereof, and may differ from the information and figures contained in the Port's final adopted budget. The overall cost of the Port's capital projects is subject to change, and the variance from the cost estimates reflected herein could be material. The Port is not obligated to and does not plan to issue any updates or revisions to this presentation.

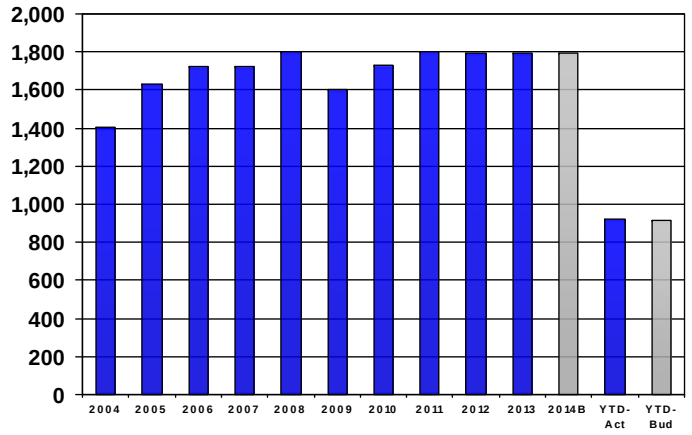
Unaudited, Preliminary Numbers – Subject to Change

Activity Levels

	Unaudited Dec 2013	Comparison to Dec 2013 Budget Better/(Worse)		Comparison to Dec 2012 Actual Better/(Worse)	
Total Passengers	5,051,873	(202,293)	(3.9%)	(207,969)	(4.0%)
Full TEUs	920,792	3,661	0.4%	23,907	2.7%



Total Passengers



Full TEUs

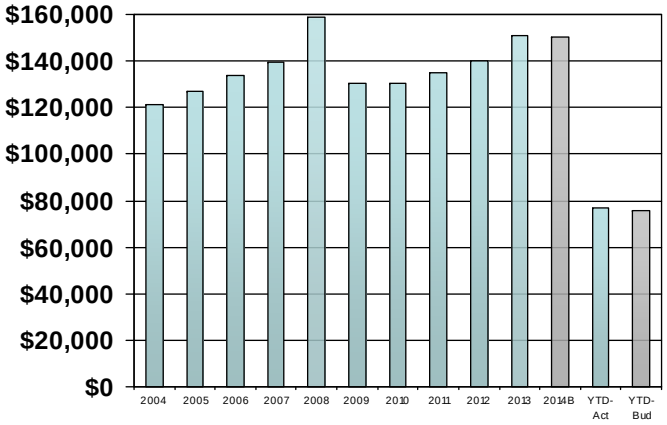
Unaudited, Preliminary Numbers – Subject to Change

Revenues ($000s)

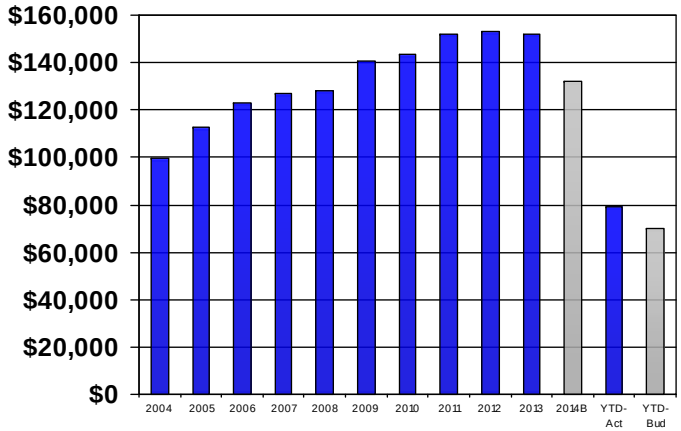
	Unaudited	Comparison to Dec 2013 Budget Better/(Worse)		Comparison to Dec 2012 Actual Better/(Worse)	
	Dec 2013	$	%	$	%
Aviation	76,888	1,162	1.5	3,534	4.7
Martime	79,150	9,128	13.0	361	0.4
CRE	6,656	602	10.0	276	4.6
Utilities	4,416	376	9.3	(762)	(18.9)
Bad Debt Reserve	0	125	100	0	0
Total Operating Revenues	167,110	11,393	7.3	3,409	2.1

Unaudited, Preliminary Numbers – Subject to Change

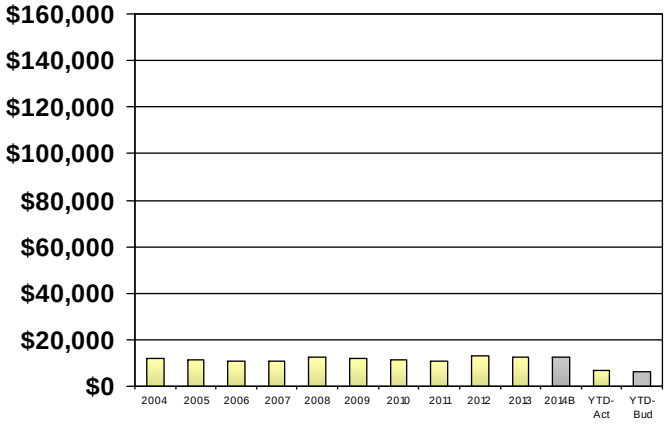
Operating Revenues ($000s)



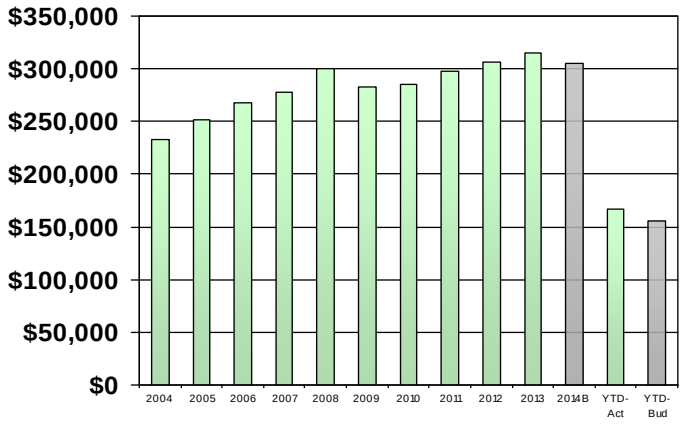
Aviation



Maritime



CRE

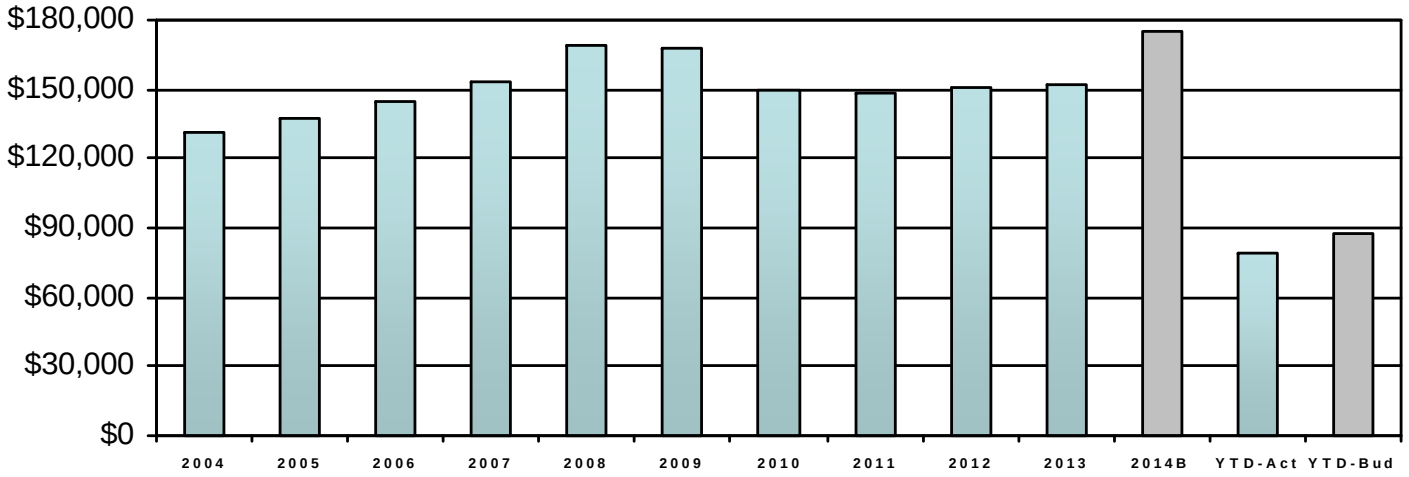


Total Portwide

Unaudited, Preliminary Numbers – Subject to Change

Operating Expenses ($000s)

	Unaudited	Comparison to Dec 2013 Budget Better/(Worse)		Comparison to Dec 2012 Actual Better/(Worse)	
	Dec 2013	$	%	$	%
Operating Expenses before D&A	79,155	8,515	9.7	(4,611)	(6.2)
Net Operating Income	39,887	20,852	109.5	(907)	(2.2)



Operating Expenses before D&A

6

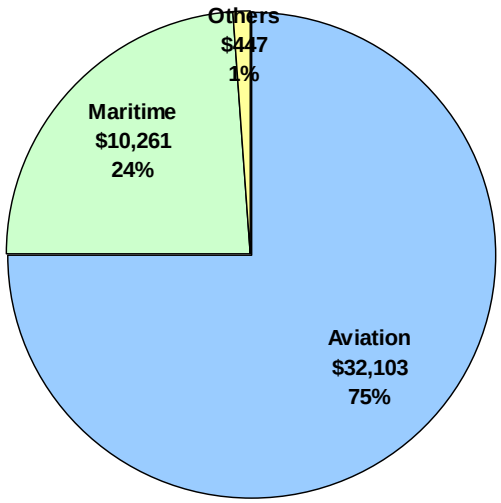
Unaudited, Preliminary Numbers – Subject to Change

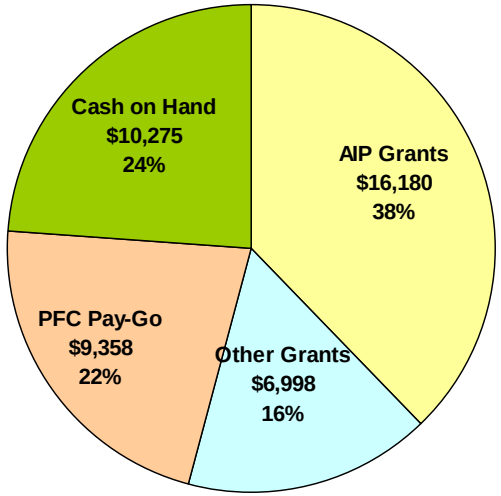
Capital Expenses ($000s)

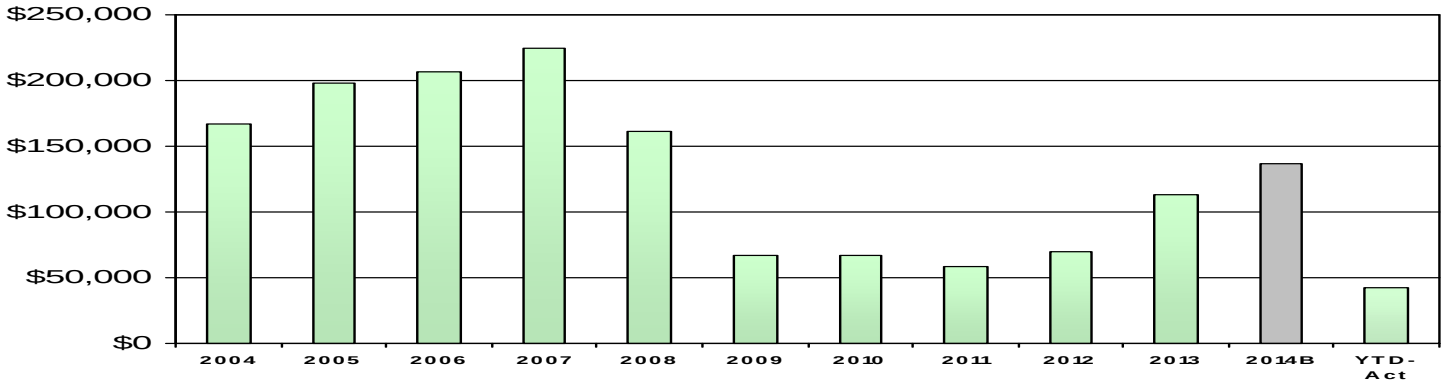
Uses
$42,811

Unaudited
Dec 2013

Sources
$42,811







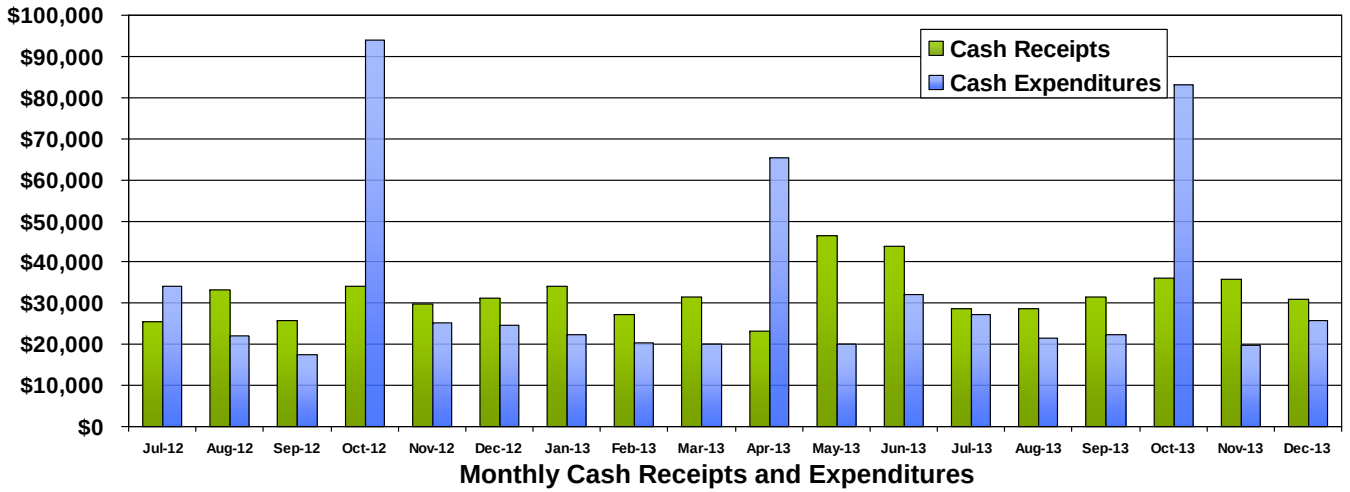
Capital Expenses

7

Unaudited, Preliminary Numbers – Subject to Change

Unrestricted Cash Balances ($000s)

	Unaudited Dec 2013	Unaudited Dec 2012	Comparison to Dec 2012 Better/(Worse) $	%
General Fund				
Debt Service Fund	30,673	26,705	3,968	14.9
Other	74,482	60,183	14,299	23.8
Sub Total	105,155	86,888	18,267	21.0
Board Reserves	66,938	66,155	783	1.2



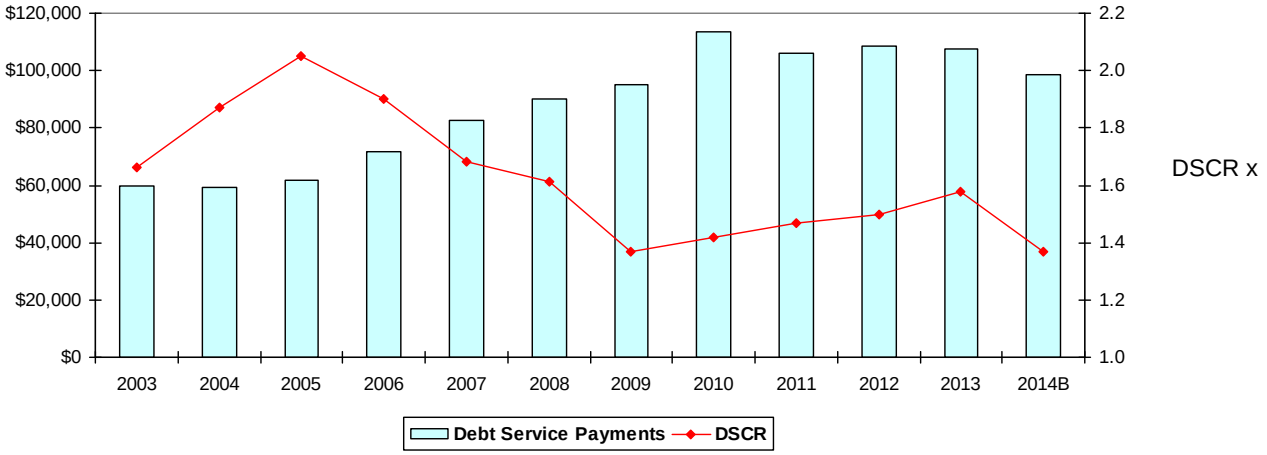
Monthly Cash Receipts and Expenditures

8

Unaudited, Preliminary Numbers – Subject to Change

Debt Service ($000s)

	Budget FY 2014	Actual FY 2013
Debt Service Payments	98,674	107,424
Debt Service Coverage Ratio	1.37x	1.58x
Outstanding Debt as of July 1	1,244,370	1,355,797



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PORT OF OAKLAND

Unaudited
Financial Results

December 31, 2013

- 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

UNAUDITED
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PORT OF OAKLAND
CASH
DECEMBER 31, 2013, 2012 AND JUNE 30, 2013

	Unaudited 12/31/13	Audited 06/30/13	Unaudited 12/31/12
Unrestricted Cash:			
Board Reserves	$ 66,937,822	$ 66,154,593	$ 66,154,593
General Fund:			
Debt Service Fund	30,672,925	38,737,950	26,704,918
Other	74,481,913	74,547,282	60,183,381
Sub-total	105,154,838	113,285,232	86,888,299
Sub-total	172,092,660	179,439,825	153,042,892
Restricted Cash & Investments:			
Bond Reserves / Trustee Deposits (a)	57,968,477	57,924,815	58,190,733
Bond Proceeds (b)	-	-	43,708
Passenger Facility Charges	13,967,855	8,084,125	18,994,629
Customer Facility Charges	4,428,651	3,497,779	3,129,312
Other (c)	4,333,670	2,360,116	3,458,034
Sub-total	80,698,653	71,866,835	83,816,416
TOTAL	**$ 252,791,313**	**$ 251,306,660**	**$ 236,859,308**

(a) Funds on deposit with the Bond Trustee. Reserve Funds are only available for debt service as specified in the Trust Indenture. Other amounts may include upcoming debt service payments deposited with the Trustee and IRS rebate amounts.

(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
DECEMBER 31, 2013, 2012 AND JUNE 30, 2013

UNAUDITED
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	Unaudited 12/31/13	Audited 06/30/13	Unaudited 12/31/12
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents			
Designated	$ 66,937,822	$ 66,154,593	$ 66,154,593
Undesignated	105,154,838	113,285,232	86,888,299
Accounts receivable (less allowance)			
(12/13 $1,693,956; 06/13 $1,955,000; 12/12 $2,390,841)	45,664,954	36,648,312	34,247,036
Restricted deposits with			
fiscal agent for current debt service	10	22	30
Accrued interest receivable	-	24,511	57,890
Prepaid expenses and other assets	2,828,027	4,097,853	2,996,820
Total current assets	220,585,651	220,210,523	190,344,668
RESTRICTED CASH AND INVESTMENTS:			
Bond funds and other	62,302,137	60,284,909	61,692,445
Passenger facility charges	13,967,855	8,084,125	18,994,629
Customer facility charges	4,428,651	3,497,779	3,129,312
Total restricted cash and investments	80,698,643	71,866,813	83,816,386
PROPERTY, PLANT AND EQUIPMENT:			
Buildings and improvements	849,570,596	848,431,587	851,768,866
Container cranes	153,774,871	153,774,871	153,774,871
Systems and structures	1,656,696,952	1,650,965,429	1,629,553,992
Intangibles - depreciable	13,390,796	13,390,796	11,051,762
Other equipment	79,390,002	78,828,591	76,101,725
	2,752,823,217	2,745,391,274	2,722,251,216
Less accumulated depreciation	(1,337,624,198)	(1,290,160,066)	(1,246,913,175)
	1,415,199,019	1,455,231,208	1,475,338,041
Land	523,553,694	523,235,332	521,285,734
Intangibles - nondepreciable	23,523,363	23,493,379	23,493,379
Construction in progress	229,939,665	197,124,767	161,631,969
Total property, plant and equipment	2,192,215,741	2,199,084,686	2,181,749,123
DEFERRED CHARGES AND OTHER ASSETS	44,629,944	45,259,909	40,771,484
TOTAL ASSETS	**$ 2,538,129,979**	**$ 2,536,421,931**	**$ 2,496,681,661**
LIABILITIES AND EQUITY			
CURRENT LIABILITIES:			
Accounts payable and accrued expenses	$ 54,292,373	$ 63,224,034	$ 44,943,259
Liability to City of Oakland	4,505,146	6,044,065	8,092,852
Deferred income-current portion	9,721,943	12,490,873	8,291,898
Payable from restricted assets:			
Accrued interest payable	9,373,735	9,731,900	10,865,708
Current maturities of long-term debt	43,758,489	47,381,435	33,974,428
Retentions on construction contracts	8,286,454	7,790,295	6,472,064
Total current liabilities	129,938,140	146,662,602	112,640,209
LONG-TERM LIABILITIES:			
Long-term debt	1,216,534,463	1,244,566,467	1,256,543,509
Deferred income	92,878,510	92,763,059	97,666,206
Environmental liabilities and other	22,632,015	24,010,445	32,786,984
Total long-term liabilities	1,332,044,988	1,361,339,971	1,386,996,699
EQUITY:			
Reserved retained earnings:			
Grants from government agencies	314,969,036	291,791,290	280,391,497
Passenger facility charges	270,191,230	260,439,140	262,105,423
Customer facility charges	12,791,690	12,028,986	12,341,119
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	508,922,103	494,887,150	472,933,922
Total equity	1,076,146,851	1,028,419,358	997,044,753
TOTAL LIABILITIES AND EQUITY	**$ 2,538,129,979**	**$ 2,536,421,931**	**$ 2,496,681,661**

UNAUDITED
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PORT OF OAKLAND
ACTUAL VS. BUDGET REVENUE AND EXPENSES
SIX MONTHS ENDED DECEMBER 31, 2013

Division	Actual 12/31/13	Budget 12/31/13	$ Variance	% Variance	Actual 12/31/12
Operating Revenue					
Aviation	$ 76,887,564	$ 75,725,378	$ 1,162,186	1.5%	$ 73,353,160
Maritime	79,150,116	70,021,904	9,128,212	13.0%	78,788,817
CRE	6,655,760	6,053,399	602,361	10.0%	6,379,218
Utilities	4,416,062	4,040,250	375,812	9.3%	5,178,848
Bad Debt Reserve	-	(125,000)	125,000	100.0%	-
Total Operating Revenue	**167,109,502**	**155,715,931**	**11,393,571**	**7.3%**	**163,700,043**
Operating Expenses					
Aviation	(38,817,080)	(42,733,257)	3,916,177	9.2%	(39,425,073)
Maritime	(8,789,283)	(9,821,368)	1,032,085	10.5%	(7,718,269)
CRE	(2,793,502)	(3,035,166)	241,664	8.0%	(2,607,499)
Corporate Administrative Services	(1,439,835)	(1,580,917)	141,082	8.9%	(1,451,565)
Information Technology	(2,022,669)	(2,198,559)	175,890	8.0%	(1,776,400)
Engineering	(6,401,686)	(7,294,520)	892,834	12.2%	(6,677,131)
Environmental Programs & Planning	(1,309,429)	(1,500,910)	191,481	12.8%	(1,131,262)
Utilities Cost of Sales	(2,352,815)	(2,397,003)	44,188	1.8%	(1,725,137)
Social Responsibility	(507,035)	(660,375)	153,340	23.2%	(351,788)
External Affairs	(1,115,571)	(1,311,236)	195,665	14.9%	(984,400)
Executive Office	(549,448)	(799,133)	249,685	31.2%	(395,721)
Labor Relations	(141,883)	(148,082)	6,199	4.2%	(262,701)
Board of Port Commissioners	(217,808)	(302,159)	84,351	27.9%	(195,959)
Audit Services	(597,161)	(638,326)	41,165	6.4%	(500,706)
Port Attorney	(1,637,371)	(2,294,203)	656,832	28.6%	(1,615,739)
Financial Services	(2,497,014)	(2,764,743)	267,729	9.7%	(2,343,793)
Non-Departmental Expenses	(13,127,340)	(14,106,273)	978,933	6.9%	(12,741,282)
Absorption of Labor and Overhead to Capital Assets	5,161,953	5,916,180	(754,227)	-12.7%	7,360,444
Depreciation & Amortization	(48,067,208)	(49,010,247)	943,039	1.9%	(48,361,279)
Total Operating Expenses	**(127,222,185)**	**(136,680,297)**	**9,458,112**	**6.9%**	**(122,905,260)**
Operating Income (A)	**39,887,317**	**19,035,634**	**20,851,683**	**109.5%**	**40,794,783**
Non-Operating Items					
Interest Income	701,994	517,478	184,516	35.7%	852,365
Interest Expense	(26,445,019)	(26,918,414)	473,395	1.8%	(32,662,602)
Passenger Facility Charges (PFCs)	9,752,090	10,953,152	(1,201,062)	-11.0%	9,990,873
Customer Facility Charges (CFCs)	2,681,500	2,750,763	(69,263)	-2.5%	2,808,610
Abandoned/Demolished Capital Assets	(611,660)	-	(611,660)	-100.0%	(32,257)
Other Income (Expenses)	(1,416,475)	(1,435,123)	18,648	1.3%	(2,047,031)
(B)	(15,337,570)	(14,132,144)	(1,205,426)	-8.5%	(21,090,042)
Change in Net Assets before Capital Contributions (A+B)	24,549,747	4,903,490	19,646,257		19,704,741
Capital Contributions					
Grants from Government Agencies	23,177,746	35,202,575	(12,024,829)	-34.2%	13,893,124
(C)	23,177,746	35,202,575	(12,024,829)	-34.2%	13,893,124
CHANGE IN NET ASSETS (A+B+C)	**$ 47,727,493**	**$ 40,106,065**	**$ 7,621,428**		**$ 33,597,865**
Change in Net Assets before Capital Contributions, PFCs and remaining CFCs	$ 14,034,953	$ (6,585,475)	$ 20,620,428		$ 9,891,972
Operating Ratio	47%	56%			46%

PORT OF OAKLAND
Actual vs. Budget Expenses by Category
Six Months Ended December 31, 2013

UNAUDITED
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	Actual 12/31/13	Budget 12/31/13	$ Variance	% Variance
Operating Expenses				
Personnel Services	$ (45,251,420)	$ (47,604,312)	$ 2,352,892	4.9%
Contractual Services	(27,602,881)	(32,190,455)	4,587,574	14.3%
Supplies	(1,952,892)	(1,989,957)	37,065	1.9%
General and Administrative	(7,173,627)	(9,531,964)	2,358,337	24.7%
Utilities Cost of Sales	(2,352,815)	(2,397,003)	44,188	1.8%
Departmental Credits	5,178,658	6,043,641	(864,983)	-14.3%
Subtotal	(79,154,977)	(87,670,050)	8,515,073	9.7%
Depreciation & Amortization	(48,067,208)	(49,010,247)	943,039	1.9%
Total Operating Expenses	**$ (127,222,185)**	**$ (136,680,297)**	**$ 9,458,112**	**6.9%**

Port of Oakland
Actual vs. Budget Aviation Revenue
For the Six Months Ended December 31, 2013

UNAUDITED
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	ACTUAL 12/31/13	BUDGET 12/31/13	$ VARIANCE	% VARIANCE
TERMINAL RENT	$ 14,997,480	$ 14,921,476	$ 76,004	0.5%
TERMINAL CONCESSIONS	10,557,950	9,844,493	713,457	7.2%
OTHER TERMINAL REVENUE (a)	3,944,170	4,154,798	(210,628)	-5.1%
TERMINAL RENTALS & CONCESSIONS	29,499,600	28,920,767	578,833	2.0%
PARKING	13,752,114	13,446,617	305,497	2.3%
GROUND ACCESS	1,829,039	2,050,427	(221,388)	-10.8%
PARKING AND GROUND ACCESS	15,581,153	15,497,044	84,109	0.5%
OTHER AIRPORT RENTALS (b)	13,252,512	13,386,784	(134,272)	-1.0%
LANDING FEES	15,148,111	15,276,205	(128,094)	-0.8%
OTHER FIELD REVENUE (c)	1,396,332	941,407	454,925	48.3%
AVIATION FUELING	1,975,183	1,647,547	327,636	19.9%
MISCELLANEOUS REVENUE (d)	34,673	55,624	(20,951)	-37.7%
TOTAL AVIATION OPERATING REVENUE	76,887,564	75,725,378	1,162,186	1.5%
BAD DEBT RESERVE	-	-	-	0.0%
TOTAL AVIATION REVENUE	$ 76,887,564	$ 75,725,378	$ 1,162,186	1.5%

(Continued)

Port of Oakland
Actual vs. Budget Aviation Revenue
For the Six Months Ended December 31, 2013

UNAUDITED
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(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 Six Months Ended December 31, 2013

UNAUDITED
DRAFT

	ACTUAL 12/31/13	BUDGET 12/31/13	$ VARIANCE	% VARIANCE
MARINE TERMINAL RENT	$ 68,800,071	$ 64,471,169	$ 4,328,902	6.7%
RAIL TERMINAL RENT	1,134,975	1,058,250	76,725	7.3%
OTHER RENT (a)	9,215,070	4,492,485	4,722,585	105.1%
TOTAL MARITIME OPERATING REVENUE	79,150,116	70,021,904	9,128,212	13.0%
BAD DEBT RESERVE	-	(125,000)	125,000	100.0%
TOTAL MARITIME REVENUE	$ 79,150,116	$ 69,896,904	$ 9,253,212	13.2%

(a) **Other Rent**
This category primarily includes land and facility rental revenue from non-marine/rail terminal tenants. Examples include: truck parking and transloading tenants.

Port of Oakland
Actual vs. Budget CRE Revenue
For the Six Months Ended December 31, 2013

UNAUDITED
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	ACTUAL 12/31/13	BUDGET 12/31/13	$ VARIANCE	% VARIANCE
SPACE RENTAL				
Land	$ 502,742	$ 366,793	$ 135,949	37.1%
Warehouse Lease	690,257	618,372	71,885	11.6%
Hotel	1,309,338	1,225,582	83,756	6.8%
Restaurant	716,247	681,234	35,013	5.1%
Retail	953,111	802,929	150,182	18.7%
Office Lease	917,823	928,931	(11,108)	-1.2%
Marinas Revenue	9,760	9,759	1	0.0%
Subtotal	**5,099,278**	**4,633,600**	**465,678**	**10.1%**
PARKING REVENUE				
Parking Revenue - Parking Lot Revenue	1,106,561	971,848	134,713	13.9%
Subtotal	**1,106,561**	**971,848**	**134,713**	**13.9%**
MISCELLANEOUS REVENUE				
Miscellaneous Revenue (a)	44,919	44,331	588	1.3%
Billboard Advertising Revenue	405,002	403,620	1,382	0.3%
Subtotal	**449,921**	**447,951**	**1,970**	**0.4%**
TOTAL CRE OPERATING REVENUE	**6,655,760**	**6,053,399**	**602,361**	**10.0%**
BAD DEBT RESERVE	-	-	-	**0.0%**
TOTAL CRE REVENUE	**$ 6,655,760**	**$ 6,053,399**	**$ 602,361**	**10.0%**

(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 Six Months Ended December 31, 2013

UNAUDITED
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	Actual	Budget	Variance to Budget	Variance to Budget (%)	Prior Year Actual	Variance to Prior Year Actual	Variance to Prior Year Actual (%)
AVIATION ACTIVITY							
Total Passengers							
July	920,206	966,851	(46,645)	-4.8%	960,283	(40,077)	-4.2%
August	900,761	974,424	(73,663)	-7.6%	969,898	(69,137)	-7.1%
September	782,027	822,802	(40,775)	-5.0%	822,852	(40,825)	-5.0%
October	810,720	831,672	(20,952)	-2.5%	856,253	(45,533)	-5.3%
November	782,489	818,126	(35,637)	-4.4%	838,196	(55,707)	-6.6%
December	855,670	840,291	15,379	1.8%	812,360	43,310	5.3%
January							
February							
March							
April							
May							
June							
Year to Date	5,051,873	5,254,166	(202,293)	-3.9%	5,259,842	(207,969)	-4.0%
Air Cargo - Freight & Mail (000 lbs)							
July	91,546	84,517	7,028	8.3%	84,388	7,157	8.5%
August	97,487	94,839	2,648	2.8%	94,694	2,793	2.9%
September	88,572	89,663	(1,091)	-1.2%	89,526	(954)	-1.1%
October	100,273	95,543	4,730	5.0%	95,397	4,876	5.1%
November	95,124	94,515	609	0.6%	94,371	753	0.8%
December	116,184	107,130	9,054	8.5%	106,966	9,218	8.6%
January							
February							
March							
April							
May							
June							
Year to Date	589,185	566,207	22,978	4.1%	565,342	23,844	4.2%
Aircraft Landing Weights * (000 lbs)							
July	781,766	775,941	5,825	0.8%	769,774	11,992	1.6%
August	763,059	790,091	(27,032)	-3.4%	779,870	(16,811)	-2.2%
September	702,785	734,076	(31,291)	-4.3%	717,130	(14,345)	-2.0%
October	732,138	747,560	(15,422)	-2.1%	748,394	(16,256)	-2.2%
November	693,788	719,482	(25,694)	-3.6%	718,420	(24,632)	-3.4%
December	804,710	811,846	(7,136)	-0.9%	786,330	18,380	2.3%
January							
February							
March							
April							
May							
June							
Year to Date	4,478,246	4,578,996	(100,749)	-2.2%	4,519,918	(41,672)	-0.9%

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

Port of Oakland
Activity Summary Report
For the Six Months Ended December 31, 2013

UNAUDITED
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	Actual	Budget	Variance to Budget	Variance to Budget (%)	Prior Year Actual	Variance to Prior Year Actual	Variance to Prior Year Actual (%)
MARITIME ACTIVITY							
Loaded (Full) TEUs **							
July	154,512	155,537	(1,025)	-0.7%	148,945	5,567	3.7%
August	157,539	157,046	493	0.3%	151,793	5,746	3.8%
September	153,123	152,022	1,101	0.7%	141,116	12,007	8.5%
October	156,544	154,687	1,857	1.2%	157,127	(583)	-0.4%
November	154,365	148,561	5,804	3.9%	144,687	9,678	6.7%
December	144,709	149,278	(4,569)	-3.1%	153,217	(8,508)	-5.6%
January							
February							
March							
April							
May							
June							
Year to Date	920,792	917,131	3,661	0.4%	896,885	23,907	2.7%
Vessel Calls							
July	161	173	(12)	-6.9%	163	(2)	-1.2%
August	166	173	(7)	-4.0%	160	6	3.8%
September	161	164	(3)	-1.8%	151	10	6.6%
October	163	167	(4)	-2.4%	162	1	0.6%
November	152	159	(7)	-4.4%	145	7	4.8%
December	162	166	(4)	-2.4%	156	6	3.8%
January							
February							
March							
April							
May							
June							
Year to Date	965	1,002	(37)	-3.7%	937	28	3.0%

** Loaded TEUs does not include restows/shifts

Port of Oakland
Revenue Actual vs. Budget Variance
Six Months Ended December 31, 2013

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OPERATING REVENUE

Port Operating Revenue = $167.1 million
Variance to Budget ($) = $11.4 million (better)
Variance to Budget (%) = 7.3% (better)

Aviation - $76.9 million
Better than budget by $1.2 million or 1.5%
Aeronautical Activity driven revenue:
- Higher concessions revenue primarily from restaurants & bar, car rental agencies, and newsstands ($0.7 million) reflecting higher passenger spend rates during the summer months
- Higher ground handling revenue ($0.4 million)
- Higher parking revenue ($0.3 million) due to higher than budget spend rates
- Higher aviation fueling ($0.3 million)
- Lower ground access revenue ($0.2 million)
- Lower landing fees ($0.1 million) due to lower than budget landed weights

Other revenue:
- Higher terminal rent ($0.1 million)
- Lower baggage revenue ($0.2 million)
- Lower hangar and hangar areas rent ($0.1 million)

Maritime - $79.1 million
Better than budget by $9.1 million or 13.0%
- Higher than budgeted activity at some marine terminals (timing of activity) ($4.3 million)
- One-time termination fee from a former terminal tenant ($2.5 million)
- Space assignment (rental of non-marine/rail terminal property) revenue higher than anticipated ($1.1 million)
- Higher truck parking revenue ($1.1 million)
- Higher rail terminal rent ($0.1 million)

Commercial Real Estate - $6.7 million
Better than budget by $0.6 million or 10.0%
- Primarily higher than anticipated retail, land, and hotel rents and higher parking revenue

Utilities - $4.4 million
Better than budget by $0.4 million or 9.3%
- Higher electricity revenue at South Airport ($0.3 million)
- Higher electricity revenue at marine terminals ($0.1 million)
- Higher water revenue at OAB and North Airfield ($0.1 million)
- Lower shore power revenue ($0.1 million)

Bad Debt Reserve - $0.0 million
Better than budget by $0.1 million or 100%

Port of Oakland
Expense Actual vs. Budget Variance
Six Months Ended December 31, 2013

UNAUDITED
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EXPENSES by CATEGORY

Port Operating Expenses* = $79.2 million
Variance to Budget ($) = $8.5 million (better)
Variance to Budget (%) = 9.7% (better)

Personnel Services - $45.3 million
Better than budget by $2.4 million or 4.9%
- Open headcount savings ($1.3 million) - *Various divisions*
- Lower vacation/sick leave accrual ($0.7 million) - *Non-departmental*
- Lower retiree medical and medical premiums expenses ($0.3 million) - *Non-departmental*
- Lower professional development due to timing ($0.3 million) - *Various divisions*
- Lower workers' compensation expense ($0.2 million) - *Non-departmental*
- Lower continuing education and relocation expenses ($0.2 million) - *Various*
- Higher overtime and temporary help costs ($0.6 million) - *Various*

Contractual Services - $27.6 million
Better than budget by $4.6 million or 14.3%
- Lower professional, consulting and legal service costs ($2.1 million) - *Various divisions*
- Lower maintenance and repair costs ($0.9 million) - *Revenue divisions*
- Lower shuttle bus expense ($0.5 million) - *Aviation*
- Lower Alameda County Sheriff expense ($0.4 million) - *Aviation*
- Lower maintenance dredging expense ($0.3 million) - *Engineering*
- Lower parking lot operations costs ($0.2 million) - *CRE and Aviation*
- Lower security costs ($0.1 million) - *Various*
- Lower operating costs at 530 Water St. ($0.1 million) - *CRE*

Supplies - $2.0 million
Better than budget by $37k or 1.9%
- Lower office, computer and painting supplies partially offset by higher maintenance supplies - *Various*

General and Administrative - $7.2 million
Better than budget by $2.4 million or 24.7%
- Lower pollution remediation ($1.1 million) - *Non-departmental*
- Lower exhibits & displays, marketing, special events, promotional costs (net $0.6 million) - *Various*
- Lower legal contingency ($0.5 million) - *Non-departmental*
- Lower travel and hosting ($0.2 million) - *Various*

Utilities Cost of Sales - $2.4 million
Better than budget by $44k or 1.8%
- Lower electricity costs in Maritime partially offset by higher water costs at OAB and North Airfield

Departmental Credits - $5.2 million
- Worse than budget by $0.9 million or -14.3% due to lower than anticipated capital expenditures

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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.

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PORT OF OAKLAND

Unaudited

Capital Needs Assessment (CNA)

Expenditures and Funding Summary

31-Dec-13

PORT OF OAKLAND
CAPITAL NEEDS ASSESSMENT (CNA)
SUMMARY
Fiscal Year 2013 - 2014
For the Quarter Ending 12/31/13

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- Total Approved Budget = $166.0 million ($140.7 million initially approved + $25.3 million additionally approved)
- Capital Expenditures YTD = $42.8 million
- Remaining Approved Budget = $123.2 million.
- 76% of Expenditures funded with Grants and PFCs.

EXPENDITURE SUMMARY ($000s)

	Expenditures (unaudited) 7/1/13 - 12/31/13	FY 13-14 Total Approved Budget	FY 13-14 Remaining Approved Budget	FY 13-14 Remaining Pipeline Budget	FY 13-14 CNA	5-Year CNA (a)
	[1]	[2]	[2] - [1]	[3]	[2] + [3]	
Aviation Division	32,103	101,179	69,070	15,567	116,746	505,057
Maritime Division	10,261	63,495	53,234	900	64,395	139,131
Commercial Real Estate Division	0	405	405	2,740	3,145	9,468
Support Divisions & Other	447	903	456	677	1,580	4,940
Total	42,811	165,982	123,165	19,884	185,866	658,596
Less Adjustment Factor (b)	0	(35,179)	(35,179)	(10,422)	(45,600)	(82,622)
Total After Adjustment Factor	42,811	130,804	87,986	9,462	140,266	575,974

FUNDING SUMMARY ($000s)

Source	Funding (unaudited) 7/1/13 - 12/31/2013	Anticipated FY 13-14 Total Approved Budget	Anticipated FY 13-14 CNA	Anticipated 5-Year CNA
Grants (c)	23,178	68,136	69,705	175,659
CFC	0	0	0	0
PFC Pay-Go	9,358	17,321	21,898	101,014
Commercial Paper (Debt)	0	0	15,844	125,296
Port Share - Cash	10,275	28,222	33,369	174,005
Total	42,811	113,679	140,816	575,974

(a) 5-Year CNA includes FY 2013-14 through FY 2017-18.
(b) In aggregate, the Port has typically spent 30% less than planned due to various reasons (e.g. unforeseen delays in design and permitting approvals, staffing limitations, project specific contingencies, etc.) However, it cannot be determined which individual project(s) may underspend for the budgeted period. As a result, an Adjustment Factor of 25% and 20% in in FY 2014 and 2015, respectively, has been applied in the Port's cash flow projections to better reflect actual projected capital expenditures based on past experience.
(c) Includes grant eligible costs for which reimbursement by the granting agencies is pending. Reimbursement timing lags vary by grant.

PORT OF OAKLAND
CNA EXPENDITURE SUMMARY
AVIATION DIVISION
Fiscal Year 2013 - 2014
For the Quarter Ending 12/31/13

DRAFT

($000s)

Major Projects	Expenditures (unaudited) 7/1/13 - 12/31/13	FY 13-14 Total Approved Budget	FY 13-14 Remaining Approved Budget	FY 13-14 Remaining Pipeline Budget	FY 13-14 CNA	5-Year CNA
	[1]	[2]	[2] - [1]	[3]	[2] + [3]	
OAK Terminal 1 Renovation and Retrofit	6,081	29,760	23,679	8,480	38,240	239,500
Runway Safety Area (RSA) Improvements	20,225	37,643	17,418	2,136	39,779	94,617
Perimeter Dike Upgrades	427	800	373	600	1,400	44,000
Bart Sponsored "Bart-Airport Connector Project"	3,386	8,000	4,614	0	8,000	24,000
Reconstruct Runway 11-29 Rehabilitation, South	0	0	0	0	0	19,800
Ground Access and Parking	0	100	100	1,157	1,257	15,487
Common Areas Utilities Projects	269	3,242	2,973	192	3,434	14,419
Stormwater System Rehabilitation (Pump Houses)	72	200	128	0	200	14,248
Terminal Improvements	443	4,250	3,807	1,100	5,350	9,600
Leased Area Improvements	56	348	292	0	348	7,561
Passenger Boarding Bridges	0	6,900	6,900	0	6,900	6,900
CCTV Program & Other Security System Upgrades	25	2,600	2,575	866	3,466	6,598
FAA Tower Relocation	121	1,700	1,579	0	1,700	1,700
Ron Cowan Bikeway/Guardrail	7	1,864	1,857	0	1,864	1,474
Airfield Ramp Control	526	800	274	0	800	1,390
Other Projects	140	1,064	923	200	1,264	1,019
Capital Equipment - Aviation	0	275	275	536	811	811
Reconstruct Runway and Taxiways	1	600	594	0	600	600
Pre-Development Work	167	500	333	0	500	500
Misc. Facility Replacement Projects	146	500	354	0	500	500
Reconstruct Taxiway V & Y	2	0	(2)	300	300	300
Airport Layout Plan	9	33	24	0	33	33
Grand Total	**32,103**	**101,179**	**69,070**	**15,567**	**116,746**	**505,057**

PORT OF OAKLAND
CNA EXPENDITURE SUMMARY
MARITIME DIVISION
Fiscal Year 2013 - 2014
For the Quarter Ending 12/31/13

DRAFT

($000s)

Major Projects	Expenditures (unaudited) 7/1/13 - 12/31/13	FY 13-14 Total Approved Budget	FY 13-14 Remaining Approved Budget	FY 13-14 Remaining Pipeline Budget	FY 13-14 CNA	5-Year CNA
	[1]	[2]	[2] - [1]	[3]	[2] + [3]	
Oakland Army Base	7,379	40,655	33,276	0	40,655	96,135
Security Projects	500	6,429	5,929	250	6,679	15,049
Shore Power Program	2,192	12,400	10,208	0	12,400	14,100
Dredging (-50 Ft Deepening Project)	61	150	89	0	150	6,750
Other Projects	35	2,300	2,265	650	2,950	3,650
Middle Harbor Shoreline Park Service Center	0	0	0	0	0	1,500
Berths 30-33 (TraPac) Container Yard Improvement	93	650	557	0	650	900
Misc. Facility Replacement Projects	0	636	636	0	636	772
Capital Equipment - Maritime	0	275	275	0	275	275
Total	**10,261**	**63,495**	**53,234**	**900**	**64,395**	**139,131**

PORT OF OAKLAND
CNA EXPENDITURE SUMMARY
COMMERCIAL REAL ESTATE DIVISION
Fiscal Year 2013 - 2014
For the Quarter Ending 12/31/13

DRAFT

($000s)

Major Projects	Expenditures (unaudited) 7/1/13 - 12/31/13 [1]	FY 13-14 Total Approved Budget [2]	FY 13-14 Remaining Approved Budget [2] - [1]	FY 13-14 Remaining Pipeline Budget [3]	FY 13-14 CNA [2] + [3]	5-Year CNA
Jack London Square Improvements	0	80	80	608	688	4,130
Business Park	0	0	0	2,132	2,132	3,813
Misc. Facility Replacement Projects	0	325	325	0	325	1,525
Total	**0**	**405**	**405**	**2,740**	**3,145**	**9,468**

PORT OF OAKLAND
CNA EXPENDITURE SUMMARY
SUPPORT DIVISIONS and OTHER
Fiscal Year 2013 - 2014
For the Quarter Ending 12/31/13

DRAFT

($000s)

Major Projects and Other	Expenditures (unaudited) 7/1/13 - 12/31/13	FY 13-14 Total Approved Budget	FY 13-14 Remaining Approved Budget	FY 13-14 Remaining Pipeline Budget	FY 13-14 CNA	5-Year CNA
	[1]	[2]	[2] - [1]	[3]	[2] + [3]	
Information Technology - ERP	447	903	456	547	1,450	4,650
Other Equipment & Systems	0	0	0	130	130	290
Total	**447**	**903**	**456**	**677**	**1,580**	**4,940**

STRATEGY & POLICY

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

BOARD MTG. DATE: 02/27/2014

INFORMATIONAL REPORT

(This item is for information only and no action is requested or required of the Board of Port Commissioners.)

TITLE:	Maritime Air Quality Improvement Plan (MAQIP) Progress Report
BOARD MEETING DATE:	February 27, 2014
SUBMITTED BY:	Richard Sinkoff, Director of Environmental Programs and Planning
APPROVED BY:	J. Christopher Lytle, Executive Director

SUMMARY

The Board of Port Commissioners (Board) approved the Maritime Air Quality Improvement Plan[1] (MAQIP) in 2009 to guide the Port of Oakland's (Port's) efforts to reduce diesel particulate matter (DPM) at the seaport and meet its adopted air quality goal.[2] On November 13, 2013, the Port held a MAQIP Progress Report meeting with interested members of the community, businesses, and regulatory agencies to report on implementation of the Port's emissions reduction projects and on measurement of progress towards the air quality goal, as provided under MAQIP.

This report describes the background of the MAQIP, community and other stakeholder involvement in preparing the air quality plan, and the Port's progress in meeting its MAQIP commitments, including:

- Summary of MAQIP stakeholder engagement meetings;
- Completed MAQIP emission reduction projects and programs;
- Results of the 2012 Seaport Air Emissions Inventory and comparison to the 2005 inventory;
- University of California at Berkeley (UC Berkeley) research findings pertaining to seaport emissions;
- Forecast of future DPM emissions relative to the Port's health risk reduction goal; and
- Next steps.

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[1] Port of Oakland, Maritime Air Quality Improvement Plan (MAQIP), 2009: www.portofoakland.com/pdf/environment/maqip090515.pdf

[2] The Board of Port Commissioners adopted the Maritime Air Quality Policy Statement, on March 18, 2008 (Board Resolution No. 08057), establishing an 85% reduction in community cancer health risk related to exposure to diesel particulate matter (DPM) emissions associated with the Port's maritime operations by 85% from 2005 to 2020[2]. The MAQIP also fulfills the requirement of Mitigation 4.4-3a within the Oakland Army Base Area Redevelopment Plan Environmental Impact Report (2002) to "develop and implement a criteria pollutant reduction program aimed at reducing or off-setting Port-related emissions in West Oakland from its maritime and rail operations", included in the City of Oakland and Port of Oakland's Standard Conditions of Approval/Mitigation Monitoring and Reporting Program, revised July 16, 2013: www2.oaklandnet.com/Government/o/PBN/OurOrganization/PlanningZoning/s/ApplicationandZoningInformation/OAK042281

Since 2009, the Port has made substantial progress toward meeting its clean air commitment at the seaport by implementing many key MAQIP projects and programs. As a priority, Port staff has worked collaboratively with its many partners to reduce diesel emissions that have the greatest health risk impacts to the community. Key projects implemented include:

- Completion of a $38 million grant program to retrofit drayage trucks with diesel particulate filters and replace the oldest drayage trucks operating at the Port.;
- Adoption of a Port truck ban ordinance prohibiting non-compliant drayage trucks from entering Port terminals;
- Completion of the Port's shore power infrastructure; and
- The use of cleaner fuel in ocean-going vessels (container ships).

As a result of these efforts, the Port has reduced its seaport DPM emission by over 70%, or 184 tons, between 2005 and 2012. Other seaport emissions also decreased; oxides of nitrogen (NOx) were reduced by 15% and Sulfur Dioxide by 80%. Looking forward, the Port will continue to implement additional MAQIP projects. The current emissions projections estimate an overall decrease of on and near-shore DPM by 86% in 2020.

BACKGROUND

Policy

In 2008, the California Air Resources Board (CARB) concluded that DPM emissions from maritime mobile sources at the Port of Oakland (drayage trucks, ships, cargo-handling equipment, etc.) contributed 16% of the overall diesel excess cancer health risk in West Oakland[3]. The CARB report concluded that the remaining 84% of the overall diesel excess cancer health risk in West Oakland resulted from other sources in and around West Oakland (such as other heavy-duty diesel trucks on adjacent freeways) and the operations at the Union Pacific Rail yard.

In March 2008, the Board made a clean air commitment to reduce community cancer health risk related to exposure to DPM emissions associated with the Port's maritime operations by 85% from 2005 to 2020[4].

MAQIP Planning

The MAQIP was developed through an extensive public stakeholder participation process led by Port staff in 2007-2008 with the assistance of facilitators from CONCUR, Inc., a Berkeley-based professional consulting firm with expertise in environmental negotiations and decision making for large-scale, complex projects. The planning efforts were guided by a 35-member MAQIP Task Force comprised of stakeholders selected through a nomination process, including community members, Port tenants, environmental advocacy groups, air quality and health agencies, and maritime-related businesses. The Task Force was led by a team of four co-chairs, composed of the Executive Director of the Port of Oakland (and the Director of Environmental Programs and Planning), the Air Pollution Control Officer of the Bay Area Air Quality Management District, the West Oakland Environmental Indicators Project, and GSC

[3] CARB, Diesel Particulate Matter Health Risk Assessment for the West Oakland Community, 2008: www.arb.ca.gov/ch/communities/ra/westoakland/westoakland.htm
[4] Maritime Air Quality Policy Statement, adopted on March 18, 2008 (Board Resolution No. 08057)

Logistics, representing respectively the Port, community, Bay Area Air Quality Management District (BAAQMD), and Port maritime-related businesses.

Additionally, Port staff convened a "MAQIP Interagency Group" (Interagency Group) to provide public health and regulatory agency expertise and resources, including grant funding, in support of implementation of MAQIP diesel emissions reduction programs and projects. The group is comprised of representatives of the public agencies that participated in, or advised on, MAQIP development, including CARB, US Environmental Protection Agency (EPA), BAAQMD, CARB, City of Oakland, Port of Oakland, and the Alameda County Public Health Department.

Diesel Emission Reduction Strategies and Emissions Control Measures[5]

The MAQIP guides the Port's interim and long-term air quality strategies to achieve the 2020 goal of reducing cancer risk associated with the Port's maritime operations by 85% from 2005 levels. The MAQIP commits the Port to implement a three-pronged emissions reduction strategy:

- Target emissions reduction earlier than required by regulations;
- Support enforcement of regulations; and
- Target emissions reduction above and beyond those required by regulations.

The MAQIP identifies seven primary emissions control measures:

- Early action retrofit and/or replacement of Port drayage trucks;
- Compliance with CARB's shore power regulation;
- Design and operational efficiencies;
- Participation in pilot and verification projects for NOx and DPM reduction strategies;
- Early action construction emissions reduction;
- Support of enforcement of regulations by CARB and BAAQMD through coordination with Port tenants; and
- Accountability, monitoring, and reporting.

Mid-Plan Review: MAQIP Progress Report and Stakeholder Engagement

To provide continuity throughout the MAQIP stakeholder engagement process, the Port retained CONCUR, Inc. in January 2013 to provide meeting planning, strategic consultation, and facilitation services for a MAQIP Progress Report public meeting. Port staff also met with the Interagency Group and former MAQIP co-chairs to provide preliminary seaport emissions inventory results and a MAQIP project implementation update, and to elicit agenda topics for the public meeting.

Port staff presented the MAQIP Progress Report to interested stakeholders at a public meeting on November 19, 2013. Over 30 people attended, and many attendees were members of the MAQIP Task Force. CONCUR facilitated the meeting, and developed a final "Key Outcomes Memorandum" which included the meeting minutes and documented the discussion with stakeholders. The "Key Outcomes Memorandum" and meeting presentations are available on the Port's website at: www.portofoakland.com/environment/maqip.aspx

[5] MAQIP, page xi, April 2009.

Table 1: Meetings and Key Milestones for MAQIP Progress Report Stakeholder Engagement provides a chronological list of meetings and key milestones for the MAQIP Progress Report stakeholder engagement process[6].

MAQIP Progress Report Meeting, November 19, 2013.

Completed MAQIP Programs and Projects

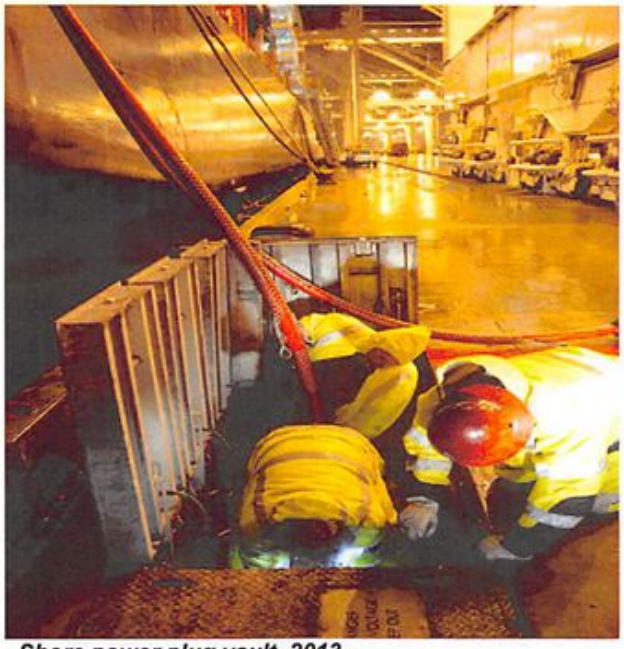
Since completion of the MAQIP planning process and the Board's adoption of the MAQIP in April 2009, Port staff and strategic partners have focused on designing programs and implementing diesel emission reduction projects to reduce DPM from sources operating closest to the West Oakland community, since these reductions yield the greatest health risk reduction benefit. The Port focused its efforts on reducing drayage truck emissions by providing grants to retrofit trucks with diesel particulate filters and to replace the oldest trucks serving the Port in advance of CARB regulations. The Port worked collaboratively with its partner agencies (BAAQMD, CARB, and EPA) to provide $38 million in grants for exhaust retrofits and truck replacements. The Port contributed $5 million toward truck exhaust retrofits[7]. Furthermore, the Port designed, adopted and continues to implement its Comprehensive Truck Management Program (CTMP)[8], with a Truck Ban, which banned non-compliant trucks from marine terminal access.

[6] All tables are at the end of this report.
[7] Board Resolution No. 09039
[8] Comprehensive Truck Management Program, 2009: www.portofoakland.com/maritime/ctmp.aspx

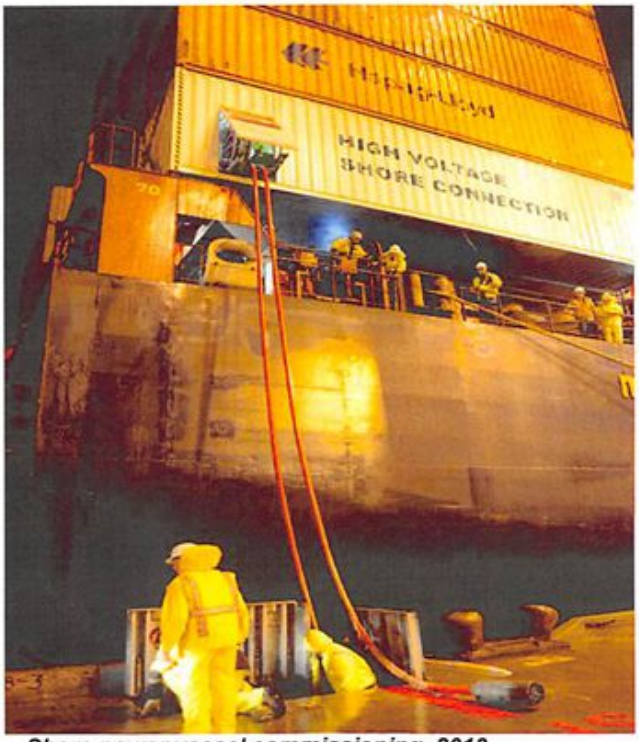
The Port recently completed construction of its $60 million shore power infrastructure program. This project allows ships to plug into grid-based power and shut off their diesel engines while at berth. Port terminal operators began to plug in ships in January 2014, and the Port expects further substantial DPM reductions with increased implementation of the shore power infrastructure.

Additionally, the Port and its tenants completed many key roadway, gate, and technology upgrades (i.e., corresponding to the design and operational efficiencies control measure) to improve operations in Port maritime terminals. Many of the completed projects yield both environmental and operational benefits. *Table 2: Completed MAQIP Programs and Projects* highlights the key MAQIP projects implemented to date.

Replacement truck funded by Port grants, 2010.



Shore power plug vault, 2013.



Shore power vessel commissioning, 2013.

Results of the 2012 Seaport Air Emissions Inventory

The MAQIP establishes interim (2012) and long-term (2020) goals for emissions reduction for both on and near shore sources (ships at berth, cargo handling equipment, drayage trucks and locomotives) and off-shore (ships underway and harborcraft). For 2012, the MAQIP targeted a reduction of 65% for on/near shore DPM emissions. Off-shore DPM emissions were projected to rise by 2%. To quantify the seaport emissions reduction realized for the interim target year of 2012, the Port tasked its consultant, Environ International, to prepare a 2012 Seaport Air Emissions Inventory[9]; Environ completed the 2012 Seaport Air Emissions Inventory on November 5, 2013, which included scientific peer review by technical staff at both the BAAQMD and CARB.

To provide context, the results of the baseline 2005 Seaport Emissions Inventory, also prepared by Environ International, are included in *Table 3: 2005 Baseline Seaport Emissions Inventory Results*. Furthermore, the percentage emissions reduction between 2005 and 2012 are calculated, quantifying overall progress toward meeting the Port's 2020 health risk reduction goal. *Table 4: 2012 Seaport Air Emissions Inventory Results* summarizes the results of the 2012 seaport emissions, and *Table 5: Comparison between 2005 and 2012 Seaport Emissions Inventory Results* compares the results between 2005 and 2012 Seaport emissions inventories.

Between 2005 and 2012, overall DPM emissions at the seaport decreased by 70%. DPM emissions from drayage trucks fell by 88% from 16 tons DPM in 2005 to 2 tons in 2012. These results directly reflect the Port's priority goal to implement projects to reduce truck emissions. DPM emissions from ocean-going vessels, the largest source of emissions at the seaport, decreased by 72%, primarily through the use of clean low-sulfur engine fuel. The results represent a major step toward meeting the Port's 85% health risk reduction goal by 2020.

UC Berkeley: Research Findings Pertaining to Seaport Emissions

Dr. Thomas Kirchstetter, PhD, of Lawrence Berkeley National Laboratory (LBL) and Adjunct Professor at UC Berkeley, conducted independent research on changes to the Port's drayage truck emissions. The study was intended to provide independent analysis of the impacts of CARB's Drayage Truck Regulation on the Port's truck emissions based on direct in-field empirical monitoring and observations. The CARB regulation aimed to reduce emissions of DPM and NO_x from drayage trucks by either replacing trucks with older engines or retrofitting existing trucks with diesel particulate filters (DPFs).

In his research, Dr. Kirchstetter measured the rates of emissions of two constituents: black carbon (BC), a dominant component of DPM, and NO_x, a precursor for ozone. A team of LBL researchers took measurements with the BAAQMD's mobile air quality testing lab at an overpass on 7th Street in the Port area. The associated truck and engine model year and retrofit status were determined from direct observation of license plates and CARB's drayage truck registry. The study found that before implementation of the CARB regulation in 2010, just 3% of the Port's truck fleet had DPFs. After implementation of Phase 1 of the regulation beginning in 2010, 99% of the trucks had DPFs. Over this time period, emissions of BC decreased by 80%.

[9] 2012 Seaport Air Emissions Inventory: www.portofoakland.com/pdf/environment/maqip_emissions_inventory.pdf. The inventory was also peer-reviewed by BAAQMD and CARB technical staff prior to finalization.

The study also found that emissions of NO_x decreased by 50%. Based on this analysis, Dr. Kirchstetter concluded that large decreases in Port truck emissions of BC and NO_x were swift and due to increased use of DPFs and the replacement of older engines. The study forecasted that, based on the Phase 1 replacement trend, emissions will be reduced by an additional 30%. When Phase 2 of the regulation is implemented beginning in 2014, NO_x and BC emission will be reduced by an additional 10%. This projected decrease in emissions will be likely larger than 10% as engines manufactured in 2010 or later become more prevalent in the drayage truck fleet serving the Port.

Air monitoring above 7th Street overpass, 2010.

Future Emissions Reduction (CAPS)

As part of the 2012 Seaport Air Emissions Inventory, Port staff tasked Environ International with analyzing future DPM projections to 2020, which is the MAQIP planning horizon target date for meeting the Board's diesel health risk reduction goal of 85%. Environ projected DPM reductions based on continued implementation of MAQIP projects and upcoming regulatory deadlines. Future DPM projections were also separated into two categories: on/near-shore and off-shore. This distinction is important because DPM reductions from on/near-shore sources yield the greatest reduction to overall diesel health risk due to proximity to affected communities. To determine if overall Port container growth would impact health risk reduction goals, Environ analyzed four different container growth scenarios.

Based on Environ's analysis, the Port DPM emissions from its on/near-shore sources will decrease by at least 86% from 2005 to 2020 under each growth scenario. Off-shore DPM emissions are projected to decrease by 81.4% by 2020. Detailed future emissions reduction estimates are presented in *Table 6 Future DPM Emissions.*

Next Steps (CAPS)

The Port continues to meet its MAQIP obligations and commitments. Specifically, the Port will:

- Continue to implement MAQIP emissions reduction programs and projects;
- Track and report progress through updates to the seaport emissions inventory; and
- Address future community engagement.

Implementing Programs and Projects

The Port will continue to implement MAQIP programs and projects. Beginning in January 2014, several of CARB's seaport diesel emissions reduction regulations took effect, including shore power requirements, a more stringent truck ban, and use of even cleaner ultra-low-sulfur fuel in ships. Port staff will continue to work with its agency partners, terminal operators, rail lines, customers, and other stakeholders to pursue grant funding and implement additional diesel emissions reduction projects.

Tracking and Reporting

Based on current projections, the Port expects on and near-shore DPM emissions to decrease 86% from the 2005 levels. Since diesel emissions reduction and health risk reduction are closely correlated, the Port expects to meet its 85% diesel health risk reduction goal in 2020. Pursuant to MAQIP reporting commitments, Port staff will continue to track and monitor progress towards the Board's air quality and health goals. The Port also plans to update its seaport emissions inventory for the 2015 calendar year to continue quantifying anticipated emissions reduction from completed projects.

Future Stakeholder Engagement

The MAQIP outlines the framework for ongoing stakeholder dialogue[10]. Additionally, Port staff heard many comments from partner agencies and community stakeholders at the November 19, 2013 MAQIP Progress Report meeting, and the recommendations were included in the Key Outcomes Memorandum. Port staff are currently reviewing the recommendations for an approach to future community engagement.

[10] MAQIP, page 115, April 2009.

BOARD MTG. DATE: 02/27/2014

Table 1: Meetings and Key Milestones for MAQIP Progress Report Stakeholder Engagement

Date	Description
January 2, 2013	Port initiates 2012 MAQIP Progress Report by retaining CONCUR, Inc. to facilitate the planning and engagement process and Environ Corporation to develop the 2012 Seaport Air Emissions Inventory Report.
Various dates January 2013 through November 2013	Port meetings with CONCUR, Environ, and internal staff to review technical data and discuss stakeholder engagement process.
September 17, 2013	Meeting with MAQIP Interagency Group to provide a peer review of preliminary 2012 Seaport Air Emissions Inventory data, completed projects, future emissions projections, and to elicit agenda recommendations for stakeholder meeting.
October 7, 2013	Meeting with MAQIP Co-chairs to provide a preview of emissions inventory results, finalize stakeholder meeting agenda, and confirm availability for a stakeholder meeting.
October 26, 2013	Preliminary 2012 Seaport Air Emissions Inventory data, completed project, and future emissions projections presented at Port "Good Neighbor Breakfast" event, held at the West Oakland Senior Center. X number of community members attended the meeting and provided comments and support for the Port's MAQIP diesel emissions reduction programs and results.
November 6, 2013	Port staff posted the 2012 Seaport Air Emissions Inventory and future emissions reduction projections on Port of Oakland website. http://portofoakland.com/environment/maqip.aspx
November 19, 2013	Port staff convened the MAQIP Progress Report Stakeholder Meeting. Over 30 members of the public and regulatory agency representatives participated.
December 23, 2013	Draft Key Outcomes Memorandum completed and transmitted to MAQIP Interagency Group for review and comments.
January 13, 2014	Port staff finalized and posted the Final MAQIP Progress Report Key Outcomes Memo on Port of Oakland website.
February 27, 2014	Port staff present the MAQIP Progress Report to the Board of Port Commissioners.

Source: Port of Oakland
Date: February 3, 2014

BOARD MTG. DATE: 02/27/2014

Table 2: Completed MAQIP Programs and Projects

Program/Project	Description
Comprehensive Truck Management Program (CTMP)	**Truck Ban Ordinance**: The Port adopted a truck ban ordinance (October 2009) for non-compliant drayage trucks seeking access to Port terminals. This ordinance goes "above and beyond" the CARB regulation's reporting requirements and bans non-compliant drayage trucks at all Port of Oakland maritime terminals, including rail yards.
	Drayage Truck Retrofit Project. The Port, CARB, BAAQMD, and EPA provided grant funds to help truckers purchase diesel particulate filters or a newer truck. Since 2009, the agencies provided $38 million to assist truckers, with the Port contributing $5 million in the first year. The combined $38 million in funding provided grants for: 1,319 diesel particulate filter retrofits 587 replacement trucks
	Idling Restrictions: The Port installed "No Idling" signage along Port roadways.
	Truck Parking: The Port provided more than thirty acres of Port land for drayage truck parking. This parking allows drayage truck drivers to leave their trucks in the Port area, takes the trucks off neighborhood streets, and allows drayage truck drivers a place to rest during the day while awaiting dispatch.
	CTMP Web Page: The Port developed a CTMP web page on the Port of Oakland's public website dedicated to informing the trucking community about CARB regulatory requirements, a CTMP overview, Secure Truck Enrollment Program (STEP) Registry requirements, a restroom facility map, webcams, and other useful trucker resources.
Shore Power Program-Construction	Shore Power – Infrastructure Design and Construction: The Port completed shore power infrastructure construction, and terminal operators are now beginning to plug in shore-power equipped ships. Overall, the Port has spent $60 million on new infrastructure, and Port tenants have spent an additional $10 million to retrofit the wharves.
Capital Projects to Improve Operations	Ports America Outer Harbor (PAOH), Berths 20-26 spent over $13 million on a reconfigured entry gate to increase capacity. The gate was expanded to three entry lanes and more than ten pedestal lanes.
	The Port designed and implemented a $27 million renovation at TraPac (Berths 30-32) in 2010 that improved the gate capacity, yard circulation, reefer plug capacity, paving, and also added a new canopy and restrooms.
	The Port has made roadway improvements to eliminate bottlenecks, improve traffic flow and to provide safer queuing in the Port area. Improvements were made last year to remove the center median on 7th Street to help traffic flow more efficiently.
	The Port has increased its truck parking facilities to thirty acres on Port property. This area permits drivers to store containers and handle more turns. It also helps drivers avoid terminal and freeway peak hours.
Container Handling Equipment	STS/Evergreen (Berths 35-38) invested nearly $30 million in 2010 in three new quayside cranes that are among the fastest and biggest on the West Coast.

BOARD MTG. DATE: 02/27/2014

Program/Project	Description
Investments to Improve Operations	PAOH has spent just over $10 million on new rubber-tired gantry cranes to handle faster import delivery.
	Oakland International Container Terminal (Berths 55-59) is a modern facility with ten Super Post Panamax Cranes.
	Terminal operators upgraded their cargo handling equipment (CHE) so they can stack containers up to five or six high.
Technology	Terminal operators installed automated Gates: Optical Character Recognition (OCR) and License Plate Recognition (LPR) identify incoming containers and reduce processing times by reducing errors.
	Terminal operators installed video cameras for inspection to make it easier for clerks to work from remote locations and serve multiple gates.
	Terminal operators installed OCR on cranes and Equipment Positioning Systems to help track cargo and equipment in real time.
	Terminals have implemented trucker appointment systems to allow them to control workloads and reduce congestion.
Operational Processes	Terminal operators have implemented extended hours and staggered breaks and lunches.
	Terminal operators have established "Problem Kiosks" to deal with container transaction issues to improve traffic flow.
	Terminal operators established separate bobtail (trucks without chassis) and appointment in-gate lines to improve traffic flow.
	Terminal operators allow bobtails exiting the terminal to bypass the exit gate pedestals.
	Vessel lines have established third party chassis pools, which reduce the total number of chassis in the Port area, eliminate drivers' time spent locating chassis, the need for chassis flips, extra trips to reposition chassis, and resolve damage disputes.

Source: Port of Oakland, Key Outcomes Memorandum
Date: January 10, 2014

Table 3: 2005 Baseline Seaport Emissions Inventory Results

2005 Inventory (in tons)	DPM	NOx	ROG[11]	SO2[12]	CO[13]
Ocean-going vessels	209	2,484	117	1,413	235
Harbor craft	13	345	22	3	83
Cargo-handling equipment	21	766	53	7	408
Trucks	16	334	49	2	149
Locomotives	2	76	7	2	11
Miscellaneous Off-road Equipment	N/A	N/A	N/A	N/A	N/A
Total	261	4,005	248	1,427	886

Table 4: 2012 Seaport Air Emissions Inventory Results

2012 Inventory (in tons)	DPM	NOx	ROG	SO2	CO
Ocean-going vessels	57	2,591	176	289	232
Harbor craft	9	235	25	0	95
Cargo-handling equipment	8	413	35	1	207
Trucks	2	135	13	0	49
Locomotives	0	19	1	0	2
Miscellaneous Off-road Equipment	0	4	1	0	4
Total	77	3,398	250	290	589

Table 5: Comparison between 2005 and 2012 Seaport Emissions Inventory Results

% Change from 2005	DPM	NOx	ROG	SO2	CO
Ocean-going vessels	-72.4%	4.3%	50.2%[14]	-79.5%	-1.3%
Harbor craft	-30.3%	-31.8%	10.6%	-94.1%	14.2%
Cargo-handling equipment	-62.8%	-46.0%	-33.3%	-92.1%	-49.2%
Trucks	-87.6%	-59.5%	-74.3%	-90.0%	-67.3%
Locomotives	-77.2%	-74.7%	-82.5%	-99.6%	-81.2%
Miscellaneous Off-road Equipment	N/A	N/A	N/A	N/A	N/A
Total	-70.3%	-15.2%	0.8%	-79.7%	-33.5%

[11] Reactive Organic Gases
[12] Sulfur Dioxide
[13] Carbon Monoxide
[14] CARB recently revised its emission factor for ROG, resulting in an increase of calculated emissions between 2005 and 2012.

BOARD MTG. DATE: 02/27/2014

Source: Port of Oakland 2012 Seaport Air Emissions Inventory, Environ
Date: November 5, 2013

Table 6: Future Projected DPM Emissions Reduction

DPM EMISSIONS (% REDUCTION SINCE 2005)		Twenty-foot Equivalent Unit (TEU) Growth Scenario							
		No- Growth		Low Growth		Medium Growth		High Growth	
Source Types	2012 Progress to Date	2015	2020	2015	2020	2015	2020	2015	2020
On & Near-Shore	-66.0%	-78.4%	-86.8%	-77.9%	-86.3%	-77.9%	-86.1%	-77.9%	-86.0%
Off-Shore	-76.6%	-81.3%	-81.4%	-81.3%	-81.4%	-81.3%	-81.4%	-81.3%	-81.4%
Total	-70.3%	-79.6%	-84.6%	-79.3%	-84.3%	-79.3%	-84.2%	-79.3%	-84.1%
		No TEU growth 2012-2020		2% annual TEU growth 2012-2020		2% annual TEU growth 2012-2016; 3% annual TEU growth 2017-2020		2% annual TEU growth 2012-2016; 4% annual TEU growth 2017-2020	

Source: Port of Oakland
Date: November 6, 2013

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.

BOARD MTG. DATE: 2/27/2014

AGENDA REPORT

TITLE: Approval of an Amendment to the Waterfront Hotel Lease to Include the Premises located at 489 Water Street, Oakland

AMOUNT: $154,503.75 in revenue to the Port for the first 10 years

PARTIES INVOLVED:

Corporate Name/Principal	Location
Jack London Square Associates, LLC RSM Management, LLC Rick Mariano, President and Managing Member	Oakland, CA

TYPE OF ACTION: Ordinance

SUBMITTED BY: Pamela Kershaw, Director of Commercial Real Estate

APPROVED BY: Chris Lytle, Executive Director

SUMMARY

The Waterfront Hotel ("Hotel") located at 10 Washington Street is owned by Jack London Square Associates, LLC ("JLSA") and ground leased from the Port under a lease which expires in 2061. JLSA also leases from the Port an 808 square foot ground floor retail/office space located at 489 Water Street under a separate Temporary Rental Agreement that will expire on June 1, 2014. The 489 Water Street space is a single suite within a small accessory building located adjacent to the hotel premises, most of which is already included within the Hotel lease premises. JLSA has requested an amendment to the Hotel lease to also incorporate the 489 Water Street space into their lease premises on a long term basis.

FACTUAL BACKGROUND

The Waterfront Hotel is a full service hotel with 145 guest rooms, managed and operated by Joie de Vivre Hospitality Inc. The Hotel lease has been assigned from various parties over the past 25 years, with the most recent assignment occurring in 2010 when the previous owners sold their interests to JLSA. JLSA is led by RSM Management LLC, its Managing Member, and Rick Mariano is the President of RSM Management LLC. RSM Management has extensive experience in commercial real estate investment and development, as well as in hotel ownership and management in the Bay Area. Since assuming this lease in 2010, JLSA has made significant financial investments into the facility, including an interior renovation of the hotel rooms and lobby areas, a complete remodeling and repositioning of the restaurant, and execution of new complementary subleases including a new hotel gift shop and Visit Oakland administrative offices.

The Hotel lease currently includes the following premises: 1) the Waterfront Hotel; 2) a restaurant space currently subleased to Lungomare Restaurant; and 3) the majority of a

single story ground floor banquet and retail building located at 473 – 493 Water Street containing approximately 4,810 square feet but excepting the 489 Water Street suite of approximately 808 square feet. A site plan indicating the location of this suite within the larger banquet space building is attached as Exhibit A to this report. JLSA also leases a 30 stall valet parking lot located on Clay Street under a separate License and Concession Agreement with the Port which will expire on September 30, 2019.

When the Port and JLSA executed the most recent lease amendment and assignment in 2010, the 489 Water Street suite was excluded from the leased premises as it was leased to a third party tenant of the Port at that time. The third party tenant subsequently vacated the space at 489 Water Street and approximately 8 months ago JLSA entered into a sublease with Visit Oakland, formerly the Oakland Convention and Visitors Bureau, for premises located at 481 Water Street which is adjacent to the vacant Port-owned 489 Water Street suite. Visit Oakland required a larger space to house their new offices and in an effort to accommodate this subtenant, JLSA requested the right to lease the 489 Water Street space from the Port and sublease it to Visit Oakland. The Port executed a Temporary Rental Agreement with JLSA in June of 2013 for the use of this space, consistent with our Target Rental Rate of $1.39 per square foot. The Temporary Rental Agreement is set to expire on June 1, 2014.

ANALYSIS

In order to enable JLSA to make a long term lease commitment to Visit Oakland, JLSA would like to incorporate the 489 Water Street suite into their Hotel lease premises with the Port, for a term that runs concurrent with the remaining term under the Hotel lease. JLSA has requested an amendment to the Hotel lease to modify the premises to include the 489 Water Street suite, and incorporate the appropriate rental payments for this suite into the Hotel lease language.

Port staff has analyzed this request and believes that an amendment to the Hotel lease is appropriate and beneficial to the Port. The proposed amendment would include the 808 square foot space located at 489 Water Street into the Hotel lease premises, continuing at the current rental rate of $1.39 per square foot until June 1, 2014, at which time the rental rate will increase by 3% and thereafter will increase by 3% annually on every June 1st. Additionally, every tenth year a fair market value adjustment will be performed to insure that the rental rate for this space does not fall below market rates. Staff also recommends that the addition of this 808 square foot space be excluded when calculating the amount of monthly percentage rent due for the 473 – 493 Water Street building as long as the use of this space is for administrative purposes.

Based on the terms and conditions stated above, staff believes that the proposed amendment to the Hotel lease is appropriate and believes that Visit Oakland's tenancy in Jack London Square is not only beneficial to the Port of Oakland and Jack London Square by promoting and marketing Port operations and tenants, but that this amendment will ensure a continued revenue stream from this space for the Port for the remaining term of the Hotel lease thereby minimizing the risk and exposure to the Port from any period of potential vacancy associated with this suite, and this amendment will also allow the Hotel

lessee to more effectively lease and manage the occupancy of the lease premises by being able to offer longer terms to prospective subtenants.

STRATEGIC PLAN

Strategic Priority Area	Goal	Objective	How + When Implemented
Sustainable Economic and Business Employment	Goal A: Create sustainable economic growth for the port and beyond.	Objective 1: Maximize the use of existing assets.	The proposed amendment to the Hotel Lease with JLSA will ensure that this Port-owned real estate asset will continue to generate revenue for the Port for the next 40+ years without any period of potential revenue loss due to a vacancy in the subject suite.
	Goal B: Maintain and aggressively grow core businesses.	Objective 1: Retain existing customers and tenants.	The proposed amendment to the Hotel Lease with JLSA will enable the Lessee to better utilize the existing premises and retain active subtenant's in Jack London Square.
	Goal D: Improve the Port's financial position.	Objective 1: Improve the cash position and debt service coverage ratio (DCSR).	The proposed amendment will insure a continued rental stream to the Port until 2061 from the subject space.

BUDGET & FINANCIAL IMPACT

Revenues from the 489 Water Street suite have already been included in the FY 2013-2014 CRE Revenue Budget since the term of the existing Temporary Rental Agreement runs through June of 2014, however moving forward if this lease amendment is approved, revenues from this space will be included in future budget projections beyond July 1, 2014.

STAFFING IMPACT

The proposed lease amendment will have no impact on staffing as the leased premises are currently managed by existing CRE Division staff.

SUSTAINABILITY

There are no obvious environmental opportunities involved in approving the proposed amendment to the Hotel lease.

BOARD MTG. DATE: 2/27/2014

ENVIRONMENTAL

CEQA Determination

The proposed amendment between the Port and JLSA for approximately 808 square feet of ground floor retail space has been determined to be exempt from the requirements of the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines, Article 19, Section 15300.4, which directs public agencies in the course of establishing their own procedures, to list specific activities that fall within each of the exempt classes categorized under Article 19 (Categorical Exemptions), and Port CEQA Guidelines Section 15301(p), which exempts the execution of leases or License and Concession Agreements where the premises or licensed activity was previously leased or licensed to the same or another person, and involving negligible or no expansion of use beyond that previously existing. Approval of the proposed Amendment between the Port and JLSA falls within this class of exemptions. No additional environmental review is required to take the action recommended in this Agenda Report.

Mitigation

No construction activities will occur. This project will not have any significant impacts to the environment; therefore, 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.

Environmental Compliance

The proposed action will not disturb soil, groundwater, or hazardous materials.

MARITIME AND AVIATION PROJECT LABOR AGREEMENT (MAPLA)

The matters contained in this Agenda Report do not fall within the scope of the Port of Oakland Maritime and Aviation Project Labor Agreement (MAPLA) and the provisions of the MAPLA do not apply.

OWNER CONTROLLED INSURANCE PROGRAM (OCIP)

OCIP does not apply to the proposed action as it is not a capital improvement construction project.

GENERAL PLAN

General Plan conformity does not apply to the proposed action as the proposed amendment will not result in the construction of any new structures or facilities. Furthermore, JLSA's use of the ground floor space does not alter the current or past use land use pattern of this existing facility.

BOARD MTG. DATE: 2/27/2014

LIVING WAGE

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 this matter because tenancies outside of the Aviation and Maritime areas with entities that do not principally provide aviation or maritime services are excluded from the Living Wage regulations.

OPTIONS

1. Approve the proposed amendment to the Hotel lease between the Port and JLSA to incorporate 489 Water Street into the lease premises, subject to the analysis, terms and conditions contained within this Agenda Report; or

2. Do not approve the proposed amendment to the Hotel lease between the Port and JLSA to incorporate 489 Water Street into the lease premises and direct staff to negotiate alternative terms and conditions, which depending on the nature of those alternative terms and conditions, may not be acceptable to JLSA; or

3. Do not approve the proposed amendment to the Hotel lease between the Port and JLSA, which will likely result in a potential vacancy in the 489 Water Street space.

RECOMMENDATION

It is recommended that the Board adopt an ordinance approving the terms and conditions as proposed in this Agenda Report, and authorizing the Executive Director to approve and execute, an amendment to the Hotel lease with Jack London Square Associates, LLC to include the premises at 489 Water Street as part of the Hotel lease premises with a concurrent term expiring on August 14, 2061, subject to a starting monthly rent of $1.39 per square foot, with adjustments to rent over time as described within this Agenda Report, including a 3% annual increase and a fair market value adjustment every 10th year, subject to the approval as to form and legality by the Port Attorney.

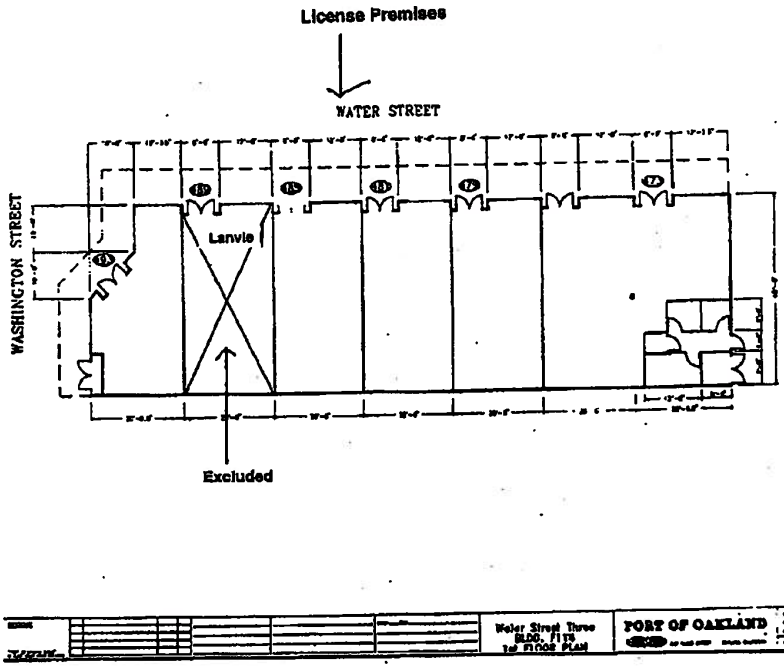
ATTACHMENTS

Exhibit A – Site Map

Exhibit A

Lungomare Restaurant
Waterfront Hotel
473 – 493 Water St.
489 Water St.

Schedule 2


License Premises
WATER STREET
WASHINGTON STREET
Lanvie
Excluded
Water Street Three
BLDG. FITS
1st FLOOR PLAN
PORT OF OAKLAND

2/27/14
ITEM 6.1
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BOARD OF PORT COMMISSIONERS
CITY OF OAKLAND

ORDINANCE APPROVING AN AMENDMENT TO THE WATERFRONT HOTEL LEASE TO INCLUDE THE PREMISES LOCATED AT 489 WATER STREET, OAKLAND, CALIFORNIA FOR $154,503.75 IN REVENUE TO THE PORT OF OAKLAND FOR THE FIRST 10-YEARS.

WHEREAS the Board of Port Commissioners of the City of Oakland ("Board") has reviewed and evaluated the Agenda Report for Agenda Item 6.1, dated February 27, 2014 (the "Agenda Report") and related agenda materials, has received the expert testimony of Port of Oakland ("Port") staff, and has provided opportunities for and taken public comment; now, therefore

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

Section 1. In acting upon this matter, 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 agenda materials and in testimony received.

Section 2. The Board hereby adopts an ordinance approving the terms and conditions set forth in the Agenda Report for an amendment to the Waterfront Hotel Lease with Jack London Square Associates, LLC to include the premises at 489 Water Street as part of the Hotel lease premises with a concurrent term expiring on August 14, 2061, subject to a starting monthly rent of $1.39 per square foot, with adjustments to rent over time, including a 3% annual increase and fair market value adjustment every 10th year, subject to approval by the Port Attorney as to form and legality.

Section 3. The Board hereby authorizes the Executive Director, or his designee, to approve and execute for and on behalf of the Board such amendment and such other documents as may be necessary and appropriate to consummate the contemplated transaction, subject to approval by the Port Attorney as to form and legality.

Section 4. The Board hereby finds and determines that the contemplated lease amendment between the Port and Jack London Square

DRAFT

Associates, LLC has been determined to be exempt from the requirements of the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines, Article 19, Section 15300.4, which directs public agencies in the course of establishing their own procedures, to list specific activities that fall within each of the exempt categorized under Article 19 (Categorical Exempts), and Port CEQA Guidelines Section 15301(p), which exempts the execution of leases or License and Concession Agreements where the premises or licensed activity was previously leased or licensed to the same or another person, and involving negligible or no expansion of use beyond that previously existing. Approval of the proposed amendment between the Port and Jack London Square Associates, LLC falls within this class of exemptions.

Section 5. This ordinance is not evidence of and does not create or constitute (a) a contract(s), 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. Unless and until a separate written contract is duly executed on behalf of the Board as authorized by this ordinance, is signed as approved as to form and legality by the Port Attorney, and is delivered to other contracting party, there shall be no valid or effective agreement.

Section 6. This ordinance shall be effective immediately upon adoption by the Board.

DRAFT

_____
President.

Attest: _____
Secretary.

Approved as to form and legality:

_____
Port Attorney

BOARD MTG DATE: **2/27/14**

AGENDA REPORT

TITLE: Budget Authorization to Rehabilitate the Ground Transportation Hold Lot, North Field, OAK

AMOUNT: $300,000

PARTIES INVOLVED:

Corporate Name/Principal	Location
On-call Construction Contractor	All Located in Oakland, CA

TYPE OF ACTION: Resolution

SUBMITTED BY: Deborah Ale Flint, Director of Aviation
Chris Chan, Director of Engineering

APPROVED BY: J. Christopher Lytle, Executive Director

SUMMARY

This purpose of this Agenda Report is to seek budget authorization to proceed with a project to rehabilitate the Ground Transportation Hold Lot. The project is included in the Fiscal Year 2014 Capital Needs Assessment a “Pipeline” project presented to the Board of Port Commissioners for $300,000.

FACTUAL BACKGROUND

At Oakland International Airport, taxicab and door-to-door shuttle drivers that are permitted to pick-up passengers at the Airport are first required to stage in the commercial vehicle Hold Lot located off Earhart Road in the North Field.

The lot is sized to accommodate up to 100 taxicabs (the maximum daily allowable under the current ordinance) and 15 shuttle vans.

The Hold Lot has been located at its present site for the past seven years. The pavement was of considerable age when the present site was designated as the Hold Lot. The Aviation Facilities Department has continued to maintain this lot and a small capital project ($68,000 including pavement and minor restroom renovation) was completed in 2011 to patch the most severely distressed areas. These efforts have maximized the useful life of the old pavement. Through daily use, the surface of this lot has continued to deteriorate to a state that renders it beyond its useful life and in need of reconstruction to continue operations.

It is proposed that these improvements be accomplished using the Port's On-Call Paving and Grading Contract.

It should be noted that the onsite restroom trailer used by the drivers is also worn from heavy use to a state that requires regular attention by Port maintenance personnel to keep it operational. Port staff will return to the Board in June to seek further authorization associated with demolishing an onsite building and constructing a durable restroom for the drivers. However the condition of the pavement is poor enough to warrant expediting the work in advance of the restroom design and construction.

ANALYSIS

Port staff analyzed alternative locations before determining reconstructing the existing Hold Lot was the preferred recommendation.

The current Hold Lot allows quick and safe access to the Airport's terminals, is compatible with adjacent land uses in North Field, does not displace other uses more appropriately located closer to the terminal area, and is anticipated to be a more cost effective project.

Based on this analysis, the current location is preferable to relocating this lot to one of the available alternatives.

BUDGET & FINANCIAL IMPACT

This project is included in the 5-year Capital Needs Assessment (CNA) for FY 2013-14 as a "Pipeline" project and consequently, has been included in the Port's financial planning and cash flow projections. The total cost of the project is estimated at $300,000 and the breakdown of this cost for construction and Port labor and Overhead costs is shown in Table 1. The CNA anticipates that the project will be paid for by Port cash.

TABLE 1: Proposed Project Budget

Project Task	Proposed Project Budget
Construction	$ 220,000
Port Labor and Labor /Contract Overhead	$ 80,000
TOTAL	$ 300,000

The figures presented are based on estimates. Staff recommends that the total amounts shown be adhered to but that there be flexibility between the line items in terms balancing overages with under runs.

BOARD MTG DATE: **2/27/14**

STRATEGIC PLAN

The Strategic Plan was adopted by the Board on October 5, 2010. The Strategic Plan is a cornerstone of the overall alignment of the Port. It provides the framework for focusing the work of staff and the Board of Port Commissioners, and serves to guide an organization-wide redesign to better match the skills and talents of Port employees with the overall strategic goals of the organization in the 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:

Strategic Priority Areas	Goal	Objective	How and when Implemented?
Sustainable Business and Economic Development	**Goal A:** Create sustainable economic growth for the Port and beyond.	1. Maximize the use of existing assets.	If the staff recommendation is followed, the remaining parking lot will be improved and reused.

STAFFING IMPACT

It is anticipated that this project can be accomplished within the current Port staffing levels. Demand for Facilities resources to regular repair and maintain the Hold Lot should be reduced allowing resources to be dedicated to other high priority maintenance activities.

SUSTAINABILITY

The Port has a Materials Management Program (MMP) to segregate and process waste, soil, concrete and asphalt rubble for re-use in Port projects. The Contractor will dispose of site excavation materials at the Port's OAK MMP site for reuse.

ENVIRONMENTAL

CEQA: The rehabilitation of the Ground Transportation Hold Lot is categorically exempt from the requirements of CEQA pursuant to Section 15301 (a, d, and l), which addresses the repair, maintenance, rehabilitation and demolition of existing structures involving negligible or no expansion of use beyond that existing at the time of the lead agency's determination. No additional environmental review is required for the Board to take the actions recommended in this Agenda Report.

MARITIME AND AVIATION PROJECT LABOR AGREEMENT (MAPLA)

The provisions of the Port of Oakland Maritime and Aviation Project Labor Agreement (MAPLA) apply to this work.

BOARD MTG DATE: **2/27/14**

OWNER CONTROLLED INSURANCE PROGRAM (OCIP)

As the project and scope is funded under the CIP, the applicable Owner Controlled Insurance Program (OCIP) coverage and provisions apply to the project.

GENERAL PLAN

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 Oakland General Plan.

LIVING WAGE

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 because the contract is a construction contract covered by state prevailing wage rules and the prevailing rate of wage is higher than the wage required by the Living Wage Regulations.

OPTIONS

1. Authorize the project budget and proceed with the Rehabilitation of the Ground Transportation Hold Lot using the On-Call Paving and Grading Contract as recommended by staff. This is the recommended option.

2. Do not use the On-Call paving and grading contract and instead prepare plans and specifications for a stand alone public works contract. This is not recommended due to the additional time and expense that would be necessary to prepare the contract documents for the stand alone public works contract resulting in delays towards having a rehabilitated Hold Lot.

3. Do not perform the Rehabilitation of the Ground Transportation Hold Lot. This alternative leaves a deteriorated lot in place. This alternative exposes the Port to potential costs associated with damage to vehicles and trip and fall injuries to drivers using the lot, and therefore is not recommended.

4. Approve an amended option based on feedback and direction from the Board.

RECOMMENDATION

It is recommended that the Board authorize the budget for the Rehabilitation of the Ground Transportation Hold Lot using the On-Call Paving and Grading Contract.

BOARD MTG DATE: **2/27/14**

Image of proposed hold lot plan

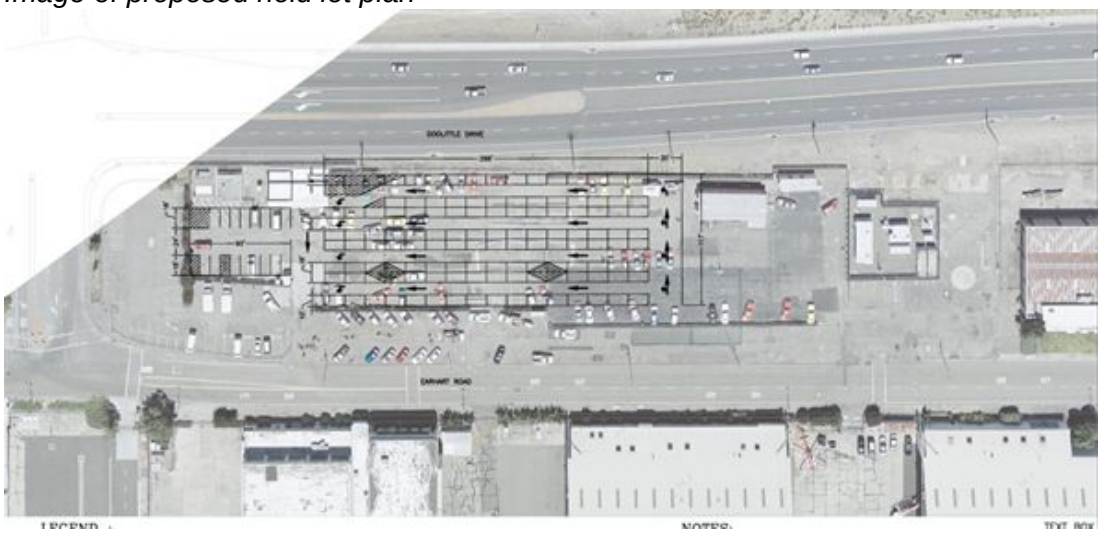

Image of typical failed paving in the Hold Lot

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BOARD OF PORT COMMISSIONERS
CITY OF OAKLAND

RESOLUTION APPROVING AND AUTHORIZING THE TOTAL PROJECT BUDGET OF $300,000 FOR THE REHABILITATION OF GROUND TRANSPORTATION HOLD LOT, NORTH FIELD, OAKLAND INTERNATIONAL AIRPORT.

WHEREAS, the Board of Port Commissioners ("Board") has reviewed and evaluated the Board Agenda Report Item No. 6.2, dated **February 27, 2014** (the "Agenda Report") and related agenda materials, has received the expert testimony of Port of Oakland ("Port") staff, and has provided opportunities for and taken public comment; now, therefore, be it

RESOLVED, that in acting upon this matter, 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 Sheet, and in related agenda materials and in testimony received; and be it

FURTHER RESOLVED, that based upon the information contained in the Agenda Report, the Board hereby finds and determines that it is in the best interest of the Port to approve and authorize the Capital Needs Assessment Fiscal Year 2013-14 budget for **Construction of Rehabilitation of the Ground Transportation Hold Lot, North Field, Oakland International Airport** in a total aggregate amount not to exceed $300,000.

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BOARD MTG DATE: **2/27/14**

AGENDA REPORT

TITLE: Authorizations relating to Demolition of Unused North Field Airport Traffic Control Tower, Oakland International Airport

AMOUNT: $700,000 ($1.1M total project cost)

PARTIES INVOLVED:

Corporate Name/Principal	Location
URS Corporation Americas Marty Czarnecki, Senior Vice President	Oakland, CA
Federal Aviation Administration (FAA)	Brisbane, CA and Seattle, WA
Construction Contractor	To be determined

TYPE OF ACTION: Resolution

SUBMITTED BY: Deborah Ale Flint, Director of Aviation
Chris Chan, Director of Engineering

SCHEDULED FOR BOARD: February 27, 2014

APPROVED BY: J. Christopher Lytle, Executive Director

SUMMARY

This purpose of this Agenda Report is to outline and recommend to the Board of Port Commissioners (Board) several actions associated with the demolition of the North Field Airport Traffic Control Tower (NF ATCT) according to the Port of Oakland's (Port) Agreement with the Federal Aviation Administration (FAA). The NF ATCT is owned by the Port and was leased to the FAA until they took occupancy of their new ATCT. A provision of the ground lease for the new ATCT between the Port and FAA includes the requirement to demolish the NF Tower after completion of the new FAA control tower for better view of some North Field areas from the new ATCT.

Port staff is seeking five (5) Board actions requested in this Agenda Report:

1. Authorize the Director of Engineering to approve Plans and Project Manual;

2. Authorize the Executive Director to advertise for bids;

3. Authorize the Executive Director to award this project to the lowest responsible responsive bidder for an amount not to exceed $700,000

4. Authorize the Executive Director to resolve any protests in accordance with Port Ordinance No. 1606; and

5. Authorize the disposal of a surplus office trailer X354 located adjacent to NF ATCT.

FACTUAL BACKGROUND

On October 5, 2004, the Board of Port Commissioners approved a lease agreement with the FAA covering land to be used by the FAA to erect a replacement ATCT for both North and South Field ATCTs at Oakland International Airport (OAK). Under this lease, the Port is required to demolish the NF ATCT to maximize visual surveillance of the North Field by airport traffic control staff.

ANALYSIS

Staff evaluated costs associated with a full and partial demolition of the NF ATCT to achieve the better views. If the NF ATCT is fully demolished, existing and active fiber optic cables, low voltage control cables and high voltage conductors must be moved to a new location, which would disrupt vital airport electrical and control systems and significantly increase the cost of the project. With partial demolition all floors above the first level would be demolished while the ground floor and existing utilities are left intact. A roof would then be constructed over the remaining structure to provide weatherproofing for the remaining infrastructure. Port staff is designing and recommending the partial demolition option because this option meets the FAA criteria for better views, is lower in cost, and provides the least amount of disruption to the operation of the airport.

Pursuant to the *Lease,* the Port is obligated to demolish the NF ATCT. Should the Port miss the deadline, the FAA has the right to demolish the NF ATCT and charge the Port all project costs plus a 26% administrative overhead fee. FAA demolition is expected to be more costly than Port demolition.

Office trailer X354, located next to the NF ATCT, once served as an office for field engineering staff in the mid 90's. In 1998 staff moved to new, permanent space. Since being vacated the trailer's temporary foundation has shifted and the roof has begun to leak. It is no longer needed and has no value to the Port, so the Port is seeking authorization to designate the property as surplus and to dispose of the office trailer under this project.

BUDGET & FINANCIAL IMPACT

This project, identified as an FAA Tower Relocation expense is included in the 5-year Capital Needs Assessment (CNA) as "contractually obligated" in Fiscal Year 2013-14

Budget for $ 1,700,000. The total cost of the project is now estimated at $1,100,000 and the breakdown of this cost for construction, consultant and Port labor costs is shown in Table 1.The project will be paid for by Port cash. Since *Award Authorization* (in an amount not to exceed $700,000) is the specific financial objective of this Agenda Report, the table is presented for informational purposes.

TABLE 1: Proposed Project Budget

Project Task	Proposed Project Budget
Construction	$ 700,000
Consultant	$ 120,000
Port Labor and Labor Overhead, Legal Support	$ 280,000
TOTAL	$ 1,100,000

STRATEGIC PLAN

The Strategic Plan was adopted by the Board on October 5, 2010. The Strategic Plan is a cornerstone of the overall alignment of the Port. It provides the framework for focusing the work of staff and the Board of Port Commissioners, and serves to guide an organization-wide redesign to better match the skills and talents of Port employees with the overall strategic goals of the organization in the 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:

Strategic Priority Areas	Goal	Objective	How and when Implemented?
Sustainable Business and Economic Development	**Goal A:** Create sustainable economic growth for the Port and beyond.	1. Maximize the use of existing assets.	If the staff recommendation is followed, the remaining building will be ready for reuse once the balance is demolished.

STAFFING IMPACT

It is anticipated that this project can be accomplished within the current Port staffing levels.

SUSTAINABILITY

The demolition contract will include specific provisions to assure maximum reuse of materials.

ENVIRONMENTAL

Demolishing the NF ATCT (all floors above the first level) and installing a new metal roof has been determined to be categorically exempt under the California Environmental Quality Act (CEQA) Guidelines pursuant to Section 15301 (l)(3), which addresses demolition and removal of a small commercial structure if designed for an occupant load of 30 persons or less.

MARITIME AND AVIATION PROJECT LABOR AGREEMENT (MAPLA)

Regarding the proposed public works contracts for demolition of the NF ATCT, the provisions of the Port of Oakland Maritime and Aviation Project Labor Agreement (MAPLA) apply to this work.

OWNER CONTROLLED INSURANCE PROGRAM (OCIP)

As the project and scope is funded under the CIP, the applicable Owner Controlled Insurance Program (OCIP) coverage and provisions apply to the project.

GENERAL PLAN

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 Oakland General Plan.

LIVING WAGE

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 because the contract is a construction contract covered by state prevailing wage rules and the prevailing rate of wage is higher than the wage required by the Living Wage Regulations.

OPTIONS

1. Proceed with partial demolition of the NF ATCT. This is the recommended option.

2. Proceed with a complete demolition of the NF ATCT. This option will require significant utility relocation and added cost to the project. Additionally, the

complete demolition would disrupt vital electrical and communications needed to operate the Airport.

3. Do not demolish the NF ATCT. The Port would not adhere to the provisions of the lease agreement with the FAA. The FAA may proceed with the demolition and charge the Port for the work plus an administrative overhead fee amounting to 26% of the FAA's project cost. This option would expose the Port to potential unknown costs and put the Port at risk for the relocation or replacement of the utility infrastructure that the FAA may choose to demolish.

4. Approve an amended option based on feedback and direction from the Board.

RECOMMENDATION

It is recommended that the Board adopt a resolution to:

1. Authorize the Director of Engineering to approve Plans and Project Manual;

2. Authorize the Executive Director to advertise for bids;

3. Authorize the Executive Director to award this project to the lowest responsible responsive bidder for an amount not to exceed $700,000

4. Authorize the Executive Director to resolve any protests in accordance with Port Ordinance No. 1606; and

5. Authorize the disposal of a surplus office trailer X354 located adjacent to NF NTCT. By designating this property as surplus, under Port Ordinance 1606, the Executive Director shall have the authority to dispose of the property. The obsolete property has no value to the Port. Upon the Board's designation of the subject property as surplus, per Port Ordinance 1606, the Executive Director shall have the authority to dispose of the property through a variety of means, including disposal, sale, donation, or destruction.

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BOARD OF PORT COMMISSIONERS
CITY OF OAKLAND

RESOLUTION AUTHORIZING THE DIRECTOR OF ENGINEERING TO APPROVE THE PROJECT MANUAL AND PLANS FOR PARTIAL DEMOLITION OF NORTH FIELD AIR TRAFFIC CONTROL TOWER, OAKLAND INTERNATIONAL AIRPORT, OAKLAND, CALIFORNIA; CALLING FOR BIDS THEREFOR; AND AUTHORIZING THE EXECUTIVE DIRECTOR TO AWARD A CONTRACT TO THE LOWEST RESPONSIBLE RESPONSIVE BIDDER IN TOTAL AGGREGATE AMOUNT NOT TO EXCEED $700,000.

DRAFT

WHEREAS, the Board of Port Commissioners ("Board") has reviewed and evaluated the Board Agenda Report Item No. 6.3, dated **February 27, 2014** (the "Agenda Report") and related agenda materials, has received the expert testimony of Port of Oakland ("Port") staff, and has provided opportunities for and taken public comment; now, therefore, be it

RESOLVED, that in acting upon this matter, 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 Sheet, and in related agenda materials and in testimony received; and be it

FURTHER RESOLVED, that based upon the information contained in the Agenda Report, the Board hereby finds and determines that it is in the best interest of the Port to authorize the project for construction of the **Partial Demolition of North Field Air Traffic Control Tower, Oakland International Airport, Oakland, California ("Demolition of North Field Tower")**; and be it;

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FURTHER RESOLVED, that the Director of Engineering or his designee is authorized to approve the project manual and plans for the **Demolition of North Field Tower** in advance of construction, pursuant to Government Code Section 830.6; and be it

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FURTHER RESOLVED, that the Secretary of the Board is hereby authorized to advertise for four consecutive days in the official newspaper of the City of Oakland for sealed bids for the project not less than ten calendar days prior to the date set for receiving said bids; and be it

FURTHER RESOLVED, that pursuant to Port Ordinance 1606, Section 22, the Board finds and determines it to be in the Port's best interest to delegate to the Executive Director, and hereby delegates to the Executive Director, the authority to finally resolve bid protests in connection with this project; and be it

FURTHER RESOLVED, that the Board hereby approves and authorizes the Executive Director to award a contract to the lowest responsible, responsive bidder, based upon the receipt of formal sealed bids, for construction of the **Demolition of North Field Tower**, in a total aggregate amount not to exceed $700,000; and be it

FURTHER RESOLVED, that based upon the information contained in the Agenda Report the Board hereby authorizes the rejection of all other bids received for construction of the **Demolition of North Field Tower**, and directs that securities accompanying said bids shall be returned to the respective bidders; and be it

FURTHER RESOLVED, that the provisions of the Maritime and Aviation Project Labor Agreement ("MAPLA") apply to this project; and be it

FURTHER RESOLVED, that Demolishing the North Field Tower (all floors above the first level) and installing a new roof has been determined to be categorically except under the California Environmental Quality Act ("CEQA") Guidelines, pursuant to Section 15301(l)(3), which addresses the demolition and removal of a small commercial structure if designed for an occupant load of 30 persons or less; and be it

FURTHER RESOLVED, that a bond for the faithful performance of the work, and a bond to guarantee the payment of all claims for labor and materials furnished and for amounts due under the Unemployment Insurance Code, each in the amount of one hundred percent (100%) of the contract price shall be provided by the Contractor as prescribed by applicable laws and regulations and the contract specifications; and be it

FURTHER RESOLVED, that the procedure prescribed by applicable laws, regulations and the contract specifications shall be taken for the execution of said contract; and be it

FURTHER RESOLVED, that this resolution 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

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

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BOARD OF PORT COMMISSIONERS
CITY OF OAKLAND

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RESOLUTION DECLARING TRAILER X354 AS SURPLUS EQUIPMENT.

WHEREAS, the Board of Port Commissioners ("Board") has reviewed and evaluated Agenda Report Item 6.3 dated February 27, 2014 ("Agenda Report") and related agenda materials, has received the expert testimony of Port of Oakland ("Port") staff, and has provided opportunities for and taken public comment; now, therefore, be it

RESOLVED, that in acting upon this matter, 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 agenda materials and in testimony received; and be it

FURTHER RESOLVED, that the Board hereby determines that Port office trailer X354 as more fully described in the Agenda Report is inadequate, obsolete or worn out within the meaning of Section 12 of Port Ordinance No. 1606 and Section 5.13(a) of the Master Trust Indenture by and between the Port and First Trust of California, as Trustee; and be it

FURTHER RESOLVED, that the Executive Director is hereby authorized to dispose of such surplus equipment by public auction, dealer auction, recycling or donation to non-profit organizations upon acceptance of the replacement equipment, as recommended by the Purchasing Manager; and be it

FURTHER RESOLVED, that the Executive Director is hereby authorized to execute all appropriate documents necessary to transfer title of the equipment subject to the conditions stipulated as fully described in the Agenda Report; and be it

FURTHER RESOLVED, that the Executive Director be and he is hereby authorized to execute any necessary Bill of Sale in connection therewith; and be it

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

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BOARD MTG. DATE: 02/27/14

AGENDA REPORT

TITLE: Resolution Adopting a Labor Peace Agreement Policy For Airport Concession Tenancy Agreements (Aviation)

AMOUNT: No Revenue Impact

PARTIES INVOLVED:

Corporate Name/Principal	Location
Various Current and Future Airport Concessions Tenants	Oakland, California

TYPE OF ACTION: Resolution

SUBMITTED BY: Deborah Ale Flint, Director of Aviation
Amy Tharp, Director of Social Responsibility

APPROVED BY: J. Christopher Lytle, Executive Director

SUMMARY

Staff seeks Board action to pass a resolution requiring that all Concessionaires* operating in the Terminal Complex** at Oakland International Airport (the "Airport") sign a "Labor Peace Agreement" with labor organizations that represent or are seeking to represent concession employees at the subject concessions. This proposed Resolution is intended to be forward-looking, and will apply to all new concession opportunities and to existing Concessionaires when their contracts with the Port are amended.

FACTUAL BACKGROUND

In recent years, throughout the state of California and elsewhere in the United States, there has been an increase in labor disputes in the hospitality industry, including with concessionaires operating at airports. Often times, airport operators are caught in the middle of these disputes, losing essential revenue by airline passengers and other customers who refuse to cross picket lines and/or avoid making purchases from impacted concessionaire businesses.

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* "Concessionaire" means all individuals and businesses operating or seeking to operate food/beverage, retail, news/gifts and/or duty free concessions in the Terminal Complex at the Airport, together with all their tenants, lessees, subtenants, subleases, successors and assigns.

** "Terminal Complex" means all buildings and structures located within the Airport open to the public for the purpose of flight ticket purchase, passenger enplanement and deplanement, and those other services related to public passenger air travel.

The Airport has recently experienced several labor-related disruptions caused by disputes between organized labor and Airport Concessionaires who did not come to a labor peace agreement prior to commencing tenancy.

The Port has a financial and proprietary interest in business operations that have concessions in the Airport, because these operators base their concession payments to the Port in part on the revenue they generate and because the passenger experience at Airport concessions contributes to the decisions made by potential Airport passengers as to which San Francisco Bay Area airports to patronize. The Port has an overwhelming interest in reducing the risk that such labor disputes have a negative impact on the Airport.

Comparable airports and municipalities in the state of California, including Long Beach, Los Angeles and San Francisco, have enacted labor peace legislation that is designed to protect revenues and efficient operations by ensuring any future labor disputes will not adversely impact concession operations.

ANALYSIS

At its meeting of July 5, 2006, the Board adopted Ordinance 3922, which approved a *Space Use Permit* with Host International, Inc. (Host) for non exclusive Food, Beverage, Retail and Duty Free concession privileges (the "*Host SUP*"). Host was awarded the right to operate these concessions at OAK following a Request For Proposal process that occurred in 2006. Host scored the highest ranking of the five proposers. The *Host SUP* terminates on May 31, 2018 and provides for the operation of 19 food/beverage units and 14 retail units, either directly-managed or by entering into subtenancy agreements with separate operators. The *Host SUP* includes a Labor Peace requirement; however, it does not specifically state that Host's subtenancy agreements also contain a Labor Peace assurance.

In addition to Host and its subtenants, the Port has entered into direct agreements with four other Concessionaires; three of these direct agreements incorporate Labor Peace requirements, the fourth direct agreement is with the Youth Employment Partnership (YEP) a community based 501c3 nonprofit corporation.

The proposed Resolution will require – unless in violation of federal or state law – that all Airport Concessionaires have a signed Labor Peace Agreement with the labor organizations representing or seeking to represent concession workers in the Terminal Complex at the Airport under the following circumstances:

1. When an existing Airport Concessionaire's tenancy agreement is amended;

2. Prior to a new/proposed Concessionaire bidding for an Airport concession opportunity; or,

3. As part of any new Airport Concessionaire's tenancy agreement.

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The below table lists all Concessionaires at the Airport and whether their current agreements require Labor Peace assurances:

Host International, Inc.	Labor Peace		Direct Agreements	Labor Peace
Chili's Too	✓		Andale Management Group	✓
Heinolds	✓		Gotham Foods Two LLC (Firewood Café)	✓
Max's	✓		Taste Inc. (Vino Volo)	✓
Eight Bar	✓		Youth Employment Partnership (Training Grounds)	
Starbucks (4 Locations)	✓			
Pyramid Taproom	✓			
Restaurant Peony	✓			
Fenton's	✓			
CPK ASAP	✓			
Oakland Tribune News (3 Locations)	✓			
Sports Scene Oakland	✓			
Oakland News	✓			
Bayfront News	✓			
Oakland Marketplace	✓			
Sunglass Icon	✓			
Bijou Turner	✓			
Brookstone	✓			
Host Subtenants				
✈ CMC Food Service (Jamba Juice; Gordon Biersch				
✈ Almison Restaurants Inc. (Burger King)				
✈ Silver Dragon Café LLC				
✈ Otaez at Airport LLC				
✈ NNF Grewal, LLC (Subway)				
✈ Trinational Corporation (Auntie Anne's)				
✈ JR Lester & Associates (2 See's Candies)				
✈ ILF Oakland LLC (Tech Showcase)				
✈ Oakland Duty Free, Inc. (World Passage Duty Free)				

STRATEGIC PLAN

Strategic Priority Area	Goal	Objective	How + When Implemented
Sustainable Economic and Business Development	Promote equitable community access to employment and business opportunities	1. Comply with all federal, state, local and Port workforce mandates. 3. Integrate workforce mandates into all Port agreements, policies and process at inception.	It is anticipated that the proposed Resolution will comply with all federal and state labor laws. Upon passage, all Terminal Complex Concessionaires will be required to enter into a Labor Peace Agreement for new or amended tenancy agreements.

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BUDGET & FINANCIAL IMPACT

By passing the proposed Resolution, there should be no revenue impact to the approved FY2013-14 Operating Budget.

STAFFING IMPACT

There will be no staffing impact as a result of passing the proposed Resolution.

SUSTAINABILITY

There are no obvious environmental opportunities involved with passing the proposed Resolution.

ENVIRONMENTAL

The California Environmental Quality Act (CEQA) Guidelines, Section 15061(b) (3) states that CEQA only applies to projects with the potential for causing a significant effect to the environment. Where it can be seen with certainty that there is no possibility that the activity may have a significant effect on the environment, the activity is not subject to CEQA. Therefore, adopting the Labor Peace Agreement Policy is not a project under CEQA, and no further environmental review is required for this action.

MARITIME AND AVIATION PROJECT LABOR AGREEMENT (MAPLA)

The proposed action 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.

OWNER CONTROLLED INSURANCE PROGRAM (OCIP)

Passing the proposed Resolution is not within the scope of the Port of Oakland's Owner Controlled Insurance Program.

GENERAL PLAN

Pursuant to Section 727 of the City of Oakland Charter, the consent to sublease does not apply to the policies for the transportation designation of the Oakland General Plan.

LIVING WAGE

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 because the requested actions are not an agreement, contract, lease, or request to provide financial assistance within the meaning of the Living Wage Regulations.

OPTIONS

1. Pass a Resolution requiring that all Concessionaires operating in the Terminal Complex at Oakland International Airport sign a "Labor Peace Agreement" with labor

organizations that represent or are seeking to represent concession employees in the subject concession; or,

2. Do not pass a Resolution requiring Airport concessionaires to enter into a “Labor Peace Agreement”.

RECOMMENDATION

It is recommended that the Board pass a Resolution, in the form attached to this Agenda Report, requiring that all Concessionaires operating in the Terminal Complex at Oakland International Airport sign a “Labor Peace Agreement” with labor organizations that represent or are seeking to represent concession employees in the subject concession.

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BOARD OF PORT COMMISSIONERS
CITY OF OAKLAND

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RESOLUTION ADOPTING A LABOR PEACE AGREEMENT POLICY FOR AIRPORT CONCESSION TENANCY AGREEMENTS.

WHEREAS, the Board of Port Commissioners ("Board") has reviewed and evaluated Agenda Report Item 6.4 dated February 27, 2014 and related agenda materials ("Agenda Report"), has received the expert testimony of Port of Oakland staff, and has provided opportunities for and taken public comment; and

WHEREAS, the City of Oakland, a municipal corporation, acting by and through its Board of Port Commissioners ("Port") has a financial and proprietary interest in business operations that have concessions in the Terminal Complex at Oakland International Airport ("Airport") because these operations base their concession payments to the Port in part on the revenue they generate and because the passenger experience at Airport concessions contributes to the decisions made by potential Airport passengers as to which San Francisco Bay Area airports to patronize; and

WHEREAS, it is essential that these operations conduct business efficiently and without interruption or boycotts; and

WHEREAS, the Board has found that the efficient and uninterrupted operation of concession operations at the Airport may be threatened by labor disputes in the concession operations; and

WHEREAS, the Port's investment in these operations must be shielded from any impact that labor disputes may have on the revenue of these concession operations; and

WHEREAS, the Board has further found that the Airport can only best protect its investment by requiring its concessionaires to sign "Labor Peace Agreements" with the labor organizations that represent or are seeking to represent employees in the concession industry that prohibit the labor organizations and their members from engaging in picketing, work stoppages, boycotts or other economic interference with or disruption of the business of the concession operators for the duration of their concession tenancy agreements with the Port; and now therefore, be it

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RESOLVED, that the Board adopts as policy that, unless in violation of federal or state law, all Concessionaires shall have a signed Labor Peace Agreement with the labor organizations representing or seeking to represent concession workers at the premises covered by the applicable concession tenancy agreement in the Terminal Complex at the Airport prior to bidding on the concession or the execution of an Airport tenancy agreement or amendment thereof. "Concessionaires" means all individuals and businesses operating or seeking to operate food/beverage, retail, news/gifts and/or duty free concessions at the Airport, together with their tenants, lessees, subtenants, sublessees, successors and assigns. "Terminal Complex" means all buildings and structures located within the Airport open to the public for the purpose of flight ticket purchase, passenger emplanement and deplanement, and those other services related to public passenger air travel; and be it

FURTHER RESOLVED, that in acting upon this matter, 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 agenda materials and in testimony received; and be it

FURTHER RESOLVED, that the Board determines and finds that the California Environmental Quality Act (CEQA) Guidelines, Section 15061(b)(3) states that CEQA only applies to projects with the potential for causing a significant effect to the environment. Where it can be seen with certainty that there is no possibility that the activity may have a significant effect on the environment, the activity is not subject to CEQA. Therefore, adopting this policy is not a project under CEQA, and no further environmental review is required.

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BOARD MTG. DATE: **2/27/14**

SUPPLEMENTAL AGENDA REPORT

TITLE: Rejection of All Proposals Received In Response to Request for Proposals (RFP) No. 13-14/06 for Lease of the Charles P. Howard Terminal (Berths 67-68)

AMOUNT: Not applicable

PARTIES INVOLVED:

Corporate Name/Principal	Location
Bowie Resource Partners, LLC	Louisville, KY
California Capital Group/Kinder Morgan/MetroPorts	Oakland, CA
Schnitzer Steel Industries, Inc.	Oakland, CA

TYPE OF ACTION: Resolution

SUBMITTED BY: John C. Driscoll, Maritime Director

APPROVED BY: J. Christopher Lytle, Executive Director

SUMMARY

On October 7, 2013, Port staff issued Request for Proposals (RFP) No. 13-14/06 for lease of the Charles P. Howard Terminal (Berths 67-68). The Port received three proposals in response to the RFP. After reviewing and analyzing all the proposals received, staff recommends rejection of all proposals.

FACTUAL BACKGROUND

On September 26, 2013, Port staff presented an informational report to the Board of Port Commissioners (Board), recommending the issuance of an RFP for maritime uses at Charles P. Howard Terminal (Berths 67-68; the "property"). The RFP solicited broadly for any maritime use, as described in the September 2013 informational report, attached here as Exhibit A.

On October 7, 2013, the Port issued RFP No. 13-14/06 for lease of the property; the response period was 60 days. The RFP was disseminated in a variety of ways:

- Port website
- Advertisement in the Oakland Tribune
- Advertisement in 3 trade journals and/or affiliated websites (Journal of Commerce, American Journal of Transportation, and American Association of Port Authorities)
- Directly e-mailed to 54 seaport customers and maritime industry contacts
- Verbal communication with known interested parties or in response to inquiries about available property within the seaport

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During the response period, seven companies attended the pre-proposal meeting held on October 18, 2013, 21 companies downloaded the RFP from the Port website, and three companies visited the data room to review documents made available for proposers to perform due diligence.

The RFP required respondents to address the following topics:

1. Company Information
2. Knowledge and Experience
3. Land Area Intended for Use/Occupancy
4. Term of Occupancy
5. Intended Use
6. Improvements
7. Rent
8. Financial Capacity
9. Additional Information

Item 5 included a request for detailed information on proposed measures or methods to minimize or avoid emissions of air pollutants, including but not limited to greenhouse gases, and other measures to maintain and enhance environmental performance. Item 9 provided proposers an opportunity to present any information the proposer believed was necessary to more fully describe the intended use and occupancy of the property but not otherwise covered in Items 1-8.

On the deadline of December 6, 2013, the Port received three proposals in response to the RFP. On December 27, 2013, Port staff transmitted a request for additional information to each of the proposers, with a submittal deadline from proposers of January 8, 2013. The purpose of the request was to clarify or address missing items in the proposals. The requests for supplemental information were tailored to each proposal and included items such as clarification of team members, current project references, measures to enhance environmental performance, experience with CEQA review, and proposed rent. Staff received supplemental information from two of the three proposers on or before the deadline.

ANALYSIS

Discussion of Proposals Received

The three proposals received were from the following entities:

- Bowie Resource Partners, LLC
- California Capital Group/Kinder Morgan/Metro Ports
- Schnitzer Steel Industries, Inc.

Bowie Resource Partners, LLC ("Bowie")
Bowie proposes a bulk operation on the entire 50-acre property, to handle borax, petroleum coke, coal, and iron ore pellets and fines. These materials would be brought into the Howard Terminal by rail and handled on-site through a system of conveyors and storage domes (150 feet high x 190 feet diameter), for ultimate loading onto ships for

export. This proposal provides for a minimum annual rent at commencement of the lease, along with increases in minimum rent and participation rent based upon volume, over the proposed 30-year lease term for the site (with one 30-year option).

Upon review and analysis of the Bowie proposal, staff believes that Bowie's proposed use and operation of the property raises environmental concerns related to the handling of commodities such as coal. Environmental concerns about handling commodities such as coal stem primarily from issues of fugitive dust and climate change. Port staff believes that operations such as those proposed by Bowie conflict with recently adopted Port policies and programs intended to create or support environmental sustainability, in particular:

- In 2009, the Port adopted the Maritime Air Quality Improvement Program (MAQIP), which aims to significantly reduce air pollutant emissions, and the associated health risk, from Port seaport operations. While the MAQIP focuses on diesel particulate matter, emissions of other pollutants such as greenhouse gases are also considered in the Port's air quality improvement efforts. The Port has received strong positive support and recognition from legislative, regulatory, and community organizations for its efforts in this area, through the implementation of initiatives such as the Comprehensive Truck Management and Shore Power Programs. The Port and its business partners have collectively spent hundreds of millions of dollars supporting the MAQIP goals. As a result of these and related efforts, in collaboration with all our stakeholders, the Port has seen an approximate 70% reduction in the amount of diesel particulate matter emissions and significant reductions in other air pollutant emissions since 2005 (baseline year).

- In 2010, the Port adopted a 5-year Strategic Plan, which sets forth a Guiding Principle of environmental stewardship for all Port activities, and a Strategic Goal of sustaining healthy communities through leading edge environmental stewardship. The adoption of this Guiding Principle and Strategic Goal was intended to further cement the Port's policy priorities with respect to environmental performance.

Additionally, the State of California has adopted a climate change policy that supports reductions in global greenhouse gas emissions, such as those produced by coal-fired plants. Although this policy applies only to California, it has become a vehicle for certain groups to oppose activities that promote greenhouse gas emissions. Controversy and litigation over coal and coal export facilities and the impacts along the *entire* supply chain has been significant in recent years throughout the U.S., including on the West Coast. Current (active) coal and petroleum coke terminals in California are located at the Ports of Long Beach, Benicia, and Stockton. A terminal at the Port of Los Angeles is no longer operational; the Port understands this was due primarily to changes in commodity market demand.

The proposed use also raises some potentially significant operational concerns about rail capacity, blockage of traffic along certain streets, and interference with other seaport

operations, due to a large number of rail car transfers between the property and near-dock railyard(s).

Staff does not believe that the Bowie proposal warrants long term leasing discussion in response to this RFP due to the practical difficulties posed by the above-stated potential conflicts with Port environmental policies and the stakeholder/community concerns that the proposed use is likely to present for the Port.

California Capital Group/Kinder Morgan/Metro Ports ("CCIG")
The CCIG proposal is also for bulk/commodity operations on the entire 50-acre property, but the type of commodities and details of the proposed operation are not specified. Based on other operations of team members elsewhere in the U.S., staff infers that commodities similar to those proposed by Bowie Resource Partners may be handled under this proposal, but this was not confirmed through the request for supplemental information (CCIG did not submit such information). No specific rental amount was included in the response.

Staff believes that the CCIG proposal does not provide sufficient information for staff to evaluate the uses proposed, the operations proposed, or the rent to be received by the Port. Therefore, staff believes that this proposal does not warrant further review in response to this RFP.

Schnitzer Steel Industries ("Schnitzer")
Schnitzer currently operates a metal recycling facility on private property adjacent to Howard Terminal. Schnitzer proposes relocating their current maintenance facility to a 3-acre portion of the property to improve operational efficiencies. They propose rent consistent with the existing Port Tariff 2-A rates applicable to the property, and request a term of 25 years.

The Schnitzer proposal is for only 3 acres of the total 50-acre site, which represents only about 6% of the property. While the proposal identifies a rental payment to the Port consistent with Port Tariff rates, staff believes that due to the small portion of the site proposed to be utilized, this proposal does not warrant long term leasing discussions in response to this RFP.

Supplemental Information

At the Board meeting of February 13, 2014, the Board received public comment from two of the proposers, who both requested an opportunity to provide staff with additional information regarding their proposals. The Board directed staff to meet with all three proposers to gather such additional information and to contact key stakeholders, including local community groups, to solicit feedback on the matter before the Board for consideration. Staff met with Bowie and Schnitzer on February 19, 2014, and has scheduled a meeting with CCIG on February 25, 2014 (the earliest date CCIG was available to meet). Staff has also contacted key community representatives from the Jack London District, co-chairs of the Port Maritime Air Quality

Improvement Plan Task Force[1], and Waterfront Action. Additionally, following a Public Records Act Request, staff has scheduled a meeting on February 21, 2014 with the Sierra Club, and other environmental organizations, at their request.

Staff has reviewed and analyzed the information provided by Bowie and Schnitzer during the meetings of February 13, 2014.

Bowie

Bowie provided a thorough explanation of its proposed operations at the Howard Terminal, including methods to minimize dust emissions on and off the property. In particular, as a modification to their original proposal, Bowie discussed its intent to pursue the use of covered rail cars for transport of material from the point of origin to the property. While the meeting with Bowie was very informative, staff believes the information received does not alter the previous conclusion reached by staff.

Attachment B to this Report (which also includes California Assembly Joint Resolution No. 35 "Relative to Exportation of Coal") presents staff's analysis of environmental concerns associated with the handling of commodities such as coal. Local community stakeholders contacted to date have expressed concern with establishing coal operations at the property for environmental and health reasons.

In sum, Bowie's proposal continues to raise concerns about air quality, greenhouse gas emissions and related issues of climate change and associated sea level rise, and about the high likelihood of a protracted and lengthy entitlement, environmental review, and permitting process if a use such as proposed by Bowie were to be pursued for the property. Furthermore, pursuit of such a proposal for this property is likely to generate significant local opposition from community stakeholders and environmental groups in the vicinity of the property. Since the Port would be the lead agency for review under the California Environmental Quality Act (CEQA) for the property, this opposition may expose the Port to potential litigation, in addition to a lengthy permit/entitlement process. For these reasons, commencement of operations on the property could be significantly delayed.

Schnitzer

While the meeting with Schnitzer did not yield new information, Schnitzer further explained its intended use of property, including the potential reconfiguration of operations at its current (privately owned) facility that could be accomplished with a long term lease of a 3-acre portion of the Port's property. Schnitzer also expressed some flexibility about the location of the acreage and the lease term proposed, although reiterated the desire for a long term lease to justify the capital improvements to their current facility. Staff continues to believe that entering into a long term lease of a 3-acre portion of the property at this time is not advantageous to the Port.

[1] Co-Chairs: GSC Logistics, West Oakland Environmental Indicators Project, Bay Area Air Quality Management District, Port of Oakland.

CCIG
CCIG is not available to meet until February 25, 2014; therefore, staff will provide a verbal update on this meeting at the Board meeting of February 27. While CCIG's proposal did not identify the types of commodities it proposes to handle at the property, to the extent coal is one such commodity, staff directs the reader to Attachment B of this Report.

In conclusion, based on Port staff's review and analysis of the proposals received, and of the information provided by the proposers in follow-up meetings as of the publication date of this Report, none of the proposals received appears to be suitable for commencing negotiations for lease of the property. Therefore, staff recommends rejection of all proposals received in response to the subject RFP.

Staff will continue to pursue short to medium-term or "interim" uses of the property in order to generate revenue, while continuing to consider options for long-term use of the property.

STRATEGIC PLAN

The action described herein would help the Port achieve the following goal and objective of the Port's Strategic Plan:

STRATEGIC PRIORITY AREAS	GOAL	OBJECTIVE	HOW THIS PROJECT IMPLEMENTS + WHEN
Sustainable Economic and Business Development	Create sustainable economic growth for the Port and beyond.	1. Increase revenue, job creation and small business growth. 4. Pursue strategic partnerships at all levels: local, regional, national and international.	The proposed rejection of all proposals received promotes the Port's partnerships with regulatory and community organizations in support of Port economic growth, and allows the Port to continue seeking opportunities to generate revenue from Port property.
Stewardship and Accountability	G. Sustain Healthy Communities Through Leading Edge Environmental Stewardship	1. Ensure effective communication and education regarding environmental and safety standards with business partners and the community. 2. Partner to share risk, accountability, benefits and improve environmental and safety compliance.	The proposed rejection of all proposals received promotes the Port's environmental initiatives, and allows the Port to continue seeking opportunities to generate revenue from Port property.

BOARD MTG. DATE: **2/27/14**

BUDGET & FINANCIAL IMPACT

Port staff budgeted $~~750~~375,000 for revenue from the property in Fiscal Year (FY) 2013-14. This revenue may not be realized as a result of the proposed action. Given timing considerations and the results of the RFP, the budgeted revenue may not be realized even if staff were recommending entering into lease negotiations with one or more of the proposers.

STAFFING IMPACT

The proposed action will not have a staffing impact.

SUSTAINABILITY

The proposed action does not provide opportunities for sustainability.

ENVIRONMENTAL

The proposal to reject all proposals received in response to RFP No. 13-14/06 for lease of the Charles P. Howard terminal is not a project as defined by the California Environmental Quality Act (CEQA) and therefore is not subject to CEQA, and no environmental review is required (CEQA Guidelines Sections 15378 and 15060(c)(3)). Further, neither extension of the RFP response period nor negotiations with the proposers would result in a physical change in the environment, and therefore those options are not subject to CEQA (Section 15061(b)(3)). Any projects that may be proposed will undergo environmental review and will be brought to the Board for approval of CEQA findings.

MARITIME AND AVIATION PROJECT LABOR AGREEMENT (MAPLA)

The matters addressed under this action are not within the scope of the Port's MAPLA and the provisions of the MAPLA do not apply to this action.

OWNER CONTROLLED INSURANCE PROGRAM (OCIP)

The proposed action is not subject to the Port's OCIP.

GENERAL PLAN

The proposed action does not change the use of any existing facilities or create new facilities; therefore a General Plan conformity determination pursuant to Section 727 of the City of Oakland Charter is not required.

LIVING WAGE

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 because the proposed action is not an agreement, contract, lease, or request to provide financial assistance within the meaning of the Living Wage Regulations.

BOARD MTG. DATE: **2/27/14**

OPTIONS

Staff has identified the following options for the Board's consideration:

1. Reject all proposals received in response to Request for Proposals No. 13-14/06 for lease of the Charles P. Howard Terminal (Berths 67-68); or
2. Direct staff to negotiate with one or more of the proposers who responded to Request for Proposals No. 13-14/06 for lease of the Charles P. Howard Terminal (Berths 67-68); or
3. Direct staff to extend the response period for Request for Proposals No. 13-14/06 to allow more time for potential interested parties to submit proposals

RECOMMENDATION

Staff recommends that the Board reject all proposals received in response to Request for Proposals No. 13-14/06 for lease of the Charles P. Howard Terminal (Berths 67-68).

BOARD MTG. DATE: **2/27/14**

ATTACHMENT A

September 26, 2013 Informational Report re: Charles P. Howard Terminal

INFORMATIONAL REPORT

Request for Proposals – Howard Terminal (Berths 67-68)

September 26, 2013

The Maritime Division recommends the issuance of a Request for Proposals ("RFP") for maritime uses at Howard Terminal (Berths 67-68; the "property"). This recommendation is based on the following key reasons:

- Urgency of revenue
- Diversification of maritime activity at the seaport
- Entitlement and regulatory framework currently governing use of the property

This report outlines staff's approach for the RFP and requests input from the Board of Port Commissioners ("Board"), including scope, timeline, and any other matters.

Background

Pursuant to the Settlement Agreement amongst SSAT[1], SSAT Oakland, and the Port dated July 18, 2013 (the "Settlement Agreement") and the Termination Agreement between SSAT and the Port (the "Howard Termination Agreement") terminating SSAT's NEPAA at Howard Terminal, SSAT is required to vacate Howard Terminal with the understanding that the Matson Navigation operations will move to the Berths 60-63 terminal. While originally anticipated to occur on October 1, 2013, this relocation may occur as late as January 2014.

Given the impending vacancy of Howard Terminal, there is urgency to maintain business and revenue continuity for the property. As such, staff proposes to issue an RFP for Howard Terminal as expeditiously as possible and to limit such solicitation to maritime-related uses of the property.

Land Use Considerations

Staff proposes the RFP be limited to maritime and maritime-related uses, as opposed to all potential uses, given the following considerations and constraints:

Urgency of Revenue

With the loss of about $10 million/year of revenue at Howard Terminal starting October 1, 2013, finding a new tenant that can quickly establish operations and pay rent to the Port is critical. Because the property is already generally permitted and entitled for maritime and maritime-related uses, maintaining land use consistency will help expedite occupancy. However, it should be noted that even some maritime uses may require additional entitlement work; for example, construction of extensive break bulk facilities may require some California Environmental Quality Act ("CEQA") analysis and permitting work. This work, however, is expected to be relatively limited as compared to non-maritime uses of the property.

[1] The term "SSAT" in the Settlement Agreement refers to both SSA Terminals, LLC and SSA Terminals (Oakland), LLC. However, for purposes of this report, "SSAT" refers to SSA Terminals, LLC, and "SSAT Oakland" refers to SSA Terminals (Oakland), LLC.

Diversification of Maritime Activity
Howard Terminal provides an opportunity to diversify cargo type within the seaport. While the property may no longer be suitable for long-term container terminal operations due to the size, location, and other features of the property, it could be utilized for other maritime related uses such as break bulk, ro-ro autos/equipment, refrigerated cargo. These uses may yield revenue and/or indirect business benefits that the Port does not currently capture, which could help diversify the Port's maritime business model as well as marginally reduce exposure to future risk from over-reliance upon container terminal operations alone.

BCDC Seaport Plan
Howard Terminal is included in the Bay Conservation and Development Commission ("BCDC") Seaport Plan as a "Port Priority Use" area. This designation is based on a Bay-wide study performed by BCDC periodically to determine whether enough capacity exists across all Bay Area ports to accommodate anticipated cargo growth in the long-term future. Using Howard Terminal for non-maritime uses conflicts with this designation, and de-designation of lands from Port Priority Use requires a Seaport Plan amendment, which is a fairly lengthy and involved process. To pursue an amendment, the Port would be required to provide evidence that sufficient capacity exists within the remaining Port seaport properties, or elsewhere within the Bay Area Port priority lands, to support the long term maritime growth demands for the region. BCDC would then independently analyze that information before proceeding with an amendment.

Tidelands Trust Compliance
Howard Terminal is currently encumbered by the Tidelands Trust. Uses of the property are therefore generally limited to water oriented commerce, navigation, fisheries, and regional or state-wide recreational uses. Approval from the State Lands Commission would be required for any uses of the property that are not Tidelands Trust compliant. Many non-maritime activities are not considered Trust compliant uses and thus may require lengthy negotiations with the State Lands Commission, and potential legislation, before the Port could proceed with such non-Trust uses for the property.

Other Entitlement, Environmental & Regulatory Issues
Howard Terminal is subject to a complex set of regulatory permits and deed restrictions related to the hazardous materials in the soil and groundwater underlying the property. Development of new structures that penetrate the ground surface or changes in land use will require notices to regulatory agencies, and compliance with existing health, safety and soil management plans. Non-maritime uses will likely require extensive and expensive clean-up or other protective environmental measures, precluding expeditious turn-over of the property to a new rent-paying tenant. Further, non-maritime uses will likely require numerous land use entitlements including local land use permits, an amendment to the Oakland General Plan, and CEQA review. These activities could take several years to complete.

Proposal Evaluation
In order to review and evaluate proposals as expeditiously and meaningfully as possible, the scope of the RFP must be well defined. Staff believes that the "maritime only use" category will allow for diverse proposals while ensuring a robust evaluation process. Broadening the RFP scope further would complicate the evaluation process.

RFP - Scope

Staff proposes to structure the RFP in a manner that allows for diverse responses within the confines of maritime and maritime-related uses. Key scope elements will include:

Permitted Uses:	Maritime port uses, including, without limitation, the following: (i) container terminal; (ii) ro-ro auto and vehicle processing; (iii) ro-ro equipment; (iv) break-bulk; (v) refrigerated cargo & warehousing; (vi) lumber, steel and building materials; (vii) local dry bulk – aggregate, cement; (viii) other dry bulk industrial products; (ix) dry bulk agricultural & forest products; (x) marine construction and vessel services; and (xi) truck parking or chassis/empty container storage. Uses that have significant adverse impacts, including, but not limited to, operational impacts on maritime activities elsewhere in the seaport, as determined by the Port, will not be considered.
Term:	To be determined by Proposer; maximum of 66 years allowed.
Site Improvements:	Performed by tenant at tenant's sole cost; property would be leased "as-is." Tenant responsible to obtain all applicable permits and other entitlements.
Payment Structure:	Monthly minimum rent, with or without "up side."

RFP – Selection Process

Staff proposes to negotiate with up to three proposers. Because the proposals may be diverse in nature, the content and key issues for the negotiations that follow the initial selection of the top proposer(s) will be shaped by the proposed uses of the property. The following key criteria will guide the selection process; however the Port reserves the right to exercise broad discretion in the review and evaluation of all proposals received.

1. Compliance with stated maritime uses of the property and compatibility with other current uses at the seaport
2. Amount of minimum annual rent to the Port
3. Financial capacity of proposer to operate/develop property
4. Timing of occupancy (sooner is better)
5. Demonstrated experience to operate/develop property
6. Job generation, quality/type of jobs, and environmental considerations
7. Local participation and compliance with applicable Port policies

RFP – Schedule & Next Steps

Staff is proposing a relatively aggressive schedule for the RFP process, based on the following approximate milestone dates. This schedule may need to be revised based on the proposals received, the number of proposers with whom the Port chooses to negotiate, and the complexity of the proposals under consideration.

September 26, 2013	Informational report to Board
October 4, 2013 (on or about):	Issue RFP, subject to extent of input from the Board on 9/26/13
December 5, 2013 (or 60 days after issuance)	Proposals due
December 2013	Identify short list of proposers, if appropriate responses received
January 2014	Start negotiations (or evaluate options for tenancy if RFP process did not result in desirably responses)
March 2014	Conclude negotiations with winning proposer(s)
April 2014	Finalize deal documents (if negotiations were successful) and present to the Board for approval

If the proposed RFP process does not yield responses in line with Port's strategic goals, staff will return to the Board to discuss pursuing other available options.

BOARD MTG. DATE: **2/27/14**

ATTACHMENT B

February 19, 2014 Port Staff Memo re:
Environmental Issues Associated with Handling Export Coal, including Assembly Joint Resolution No. 35 "Relative to Exportation of Coal"

PORT OF OAKLAND

MEMO

TO: Mr. Richard Sinkoff, Director of Environmental Programs and Planning

FROM: Ms. Anne Whittington, Environmental Assessment Supervisor

DATE: February 19, 2014

SUBJECT: Environmental Issues Associated With Handling Export Coal

On December 20, 2013, staff were asked to prepare an analysis of issues associated with handling export coal cargo based on proposals received by the Port of Oakland (Port) in response to the Howard Terminal Request for Proposals (RFP) No. 13-14/06. Mr. Jerry Jakubauskas, Assistant Environmental Planner, and I prepared this memo in response to that request.

The Trafigura/Impala/Bowie proposal describes their proposed bulk cargo, including coal, in some detail, so the analysis below is based on information in their proposal. Their projected annual throughput volume by the 5th year of operations is 8.3 million tons, consisting of coal (4.0 million tons), iron ore fines (2.0 million tons), iron ore pellets (1.0 million tons), petroleum coke (1.0 million tons) and borax (0.3 million tons).

The CCIG/Metro Ports/Kinder-Morgan proposal did not contain enough information to evaluate proposed uses, but we note that this proposal also appeared to indicate coal as one of the possible commodities that could be handled at Howard Terminal.

The environmental issues associated with handling export coal at Howard Terminal (Berths 67-68) can be parsed into three broad areas based on location and the Port's ability to control or address relevant environmental issues. Some of the topics for environmental analysis are identified below:

Terminal site (most control)

- Fugitive coal dust and local air quality. The Port should require that the facility be state of the art (storage domes or silos to store coal; enclosed conveyor and ship-loader systems). This is technically feasible, and is largely described in the proposal.
- Bituminous coal, one of the proposed cargo types, is associated with a risk of explosions; the proposer noted in a clarification letter dated January 8, 2014 that "coal is subject to spontaneous combustion under the right conditions" (p. 8)
- Train lengths of up to 1.5 miles and rail crossings in surrounding areas and within the port.
- New spur tracks and other Port operations.
- Deepening dredging of Berths 67-68 (and associated environmental and permit review) could potentially be required to accommodate larger and more heavily laden vessels than those now calling at Howard Terminal.
- Terminal redevelopment would trigger the latest storm water regulations.
- Visual impacts of the proposed eleven 190 ft. wide by 150 ft. high storage domes.
- Noise impacts of the loading, unloading and conveyor systems.
- Increased rail traffic could reduce previously approved and mitigated rail capacity for future

container cargo at the Port of Oakland.

- Construction of a 4,000 ft. long underground conveyor transport system in 10 ft. by 8 ft. tunnels to serve the storage domes will likely encounter hazardous materials in the soil and groundwater, and will require the developer to remediate as needed and install a protective cap in accordance with the "Covenant to Restrict Use of Property, Environmental Restriction, The Charles P. Howard Terminal Site, Oakland, Alameda County" that has been recorded with Alameda County on March 3, 2003. This would be true of any development that involves ground disturbance and digging, but hazardous materials management becomes a larger issue with the extensive soil disturbance proposed by an underground conveyor system. The weight of the proposed bulk cargo on the terminal could affect migration of the plume of hazardous coal tar located underneath the existing cap.
- Potential legal challenges may delay implementation of the project.
- Diesel particulate matter from train engines (although Trafigura/Impala/Bowie proposes Tier IV switch locomotives to reduce those impacts) and the emissions from Oakland's overall cargo growth have already been analyzed and mitigated[1]. The railroads (BNSF and UP) have a memorandum of understanding with the California Air Resources Board (CARB) about locomotive emissions.

Transport of coal from source to terminal (moderate control)

- BNSF representatives testified at a 2009 U.S. Department of Transportation Rail Energy Transportation Advisory Committee meeting[2] that, over a 400-mile trip, 645 pounds of coal dust were lost per car. With an average coal train length of 125 cars, 80,625 pounds of fugitive coal dust would be released into the surrounding environment per 400-mile trip.
- Although BNSF now requires that coal loading operators apply a surfactant, which can reduce coal dust by up to 85 percent, it is estimated that approximately 15 percent (12,000 pounds or 6 tons) is still being released into the environment and adjacent communities over the course of a 400-mile journey. Furthermore, coal dust may be deposited on ballast (the rock that lines the tracks) resulting in potential future clean-up requirements for ballast along the length of the track.
- The approximate distance from Utah and Colorado to the Port of Oakland is 800 to 1,200 miles, so Port staff estimate that 12 to 18 tons of coal dust could be lost during a trip from mines in those areas to the Port (other coal mining areas such as Wyoming and Montana are in the range of 1,100 miles from Oakland).
- The effect of train lengths of up to 1.5 miles on rail crossings in communities along the rail line and noise from train safety horns and rail crossing barriers.
- While studies recommend that coal rail cars should be covered to avoid release of coal dust, that is not yet a standard industry practice in the United States. If all rail cars are completely covered throughout the trip, as Bowie is proposing, this may considerably reduce, or even eliminate, the loss of coal dust.

[1] Emissions from overall cargo throughput at the Port of Oakland were analyzed and mitigated through environmental documents considered and adopted by the Board of Port Commissioners: "Oakland Army Base Area Redevelopment Plan Environmental Impact Report" (2002), "2012 Oakland Army Base Project Initial Study/Addendum" (2012), and Standard Conditions of Approval/Mitigation Monitoring and Reporting Program (2012).

[2] http://www.stb.dot.gov/stb/docs/RETAC/2009/September2009/Minutes%209-10-09.pdf

Coal consumption in Asia (little or no control)

- The proposed project may run counter to California climate change policy that supports reductions in global greenhouse gas (GHG) emissions, such as those produced by coal-fueled plants, to slow down climate change. Increased GHG concentrations in the atmosphere promote global warming, with increased ocean temperatures leading to sea level rise.
- The California Assembly passed, and Governor Jerry Brown signed, Joint Resolution 35, Chapter 139 - Relative to exportation of coal[3], which urges the President and Congress to restrict waterborne export of coal for electricity generation to any nation that fails to adopt regulations on GHG or hazardous air emissions as restrictive as those adopted by the U.S., or to secure and approve international agreements that result in emissions reductions equal to those in the U.S.
- International trade of cheap coal as compared to cleaner domestic energy sources, such as solar and wind.
- The potential for increased acid rain and atmospheric mercury deposition in the Pacific Ocean and Western U.S. from particulates that travel from Asia to North America due to wind patterns.

CEQA/NEPA and permits

The Port as lead agency will determine the type of California Environmental Quality Act (CEQA) document (i.e., Initial Study [IS]/Negative Declaration [ND], IS/Mitigated Negative Declaration [MND], or Environmental Impact Report [EIR]), the subject matter covered, public outreach procedures and schedule, document review cycles and other matters pertinent to cost and schedule.

Preparation and approval of a ND or MND may take six to nine months to complete, while an EIR may take a year or longer to complete. Time frames could be further extended, depending on the environmental topic studies required, the level of controversy, the number of comments, and any legal challenges. An EIR may be warranted to protect the project from certain types of legal challenge.

A permit from the San Francisco Bay Conservation and Development Commission (BCDC) would be required for new construction since most of Howard Terminal is within the BCDC jurisdictional area. Permit approval would take approximately nine months or longer, and BCDC would likely require public access mitigation for new construction. Furthermore, due to existing environmental deed restrictions, coordination with and approvals from the Department of Toxic Substances Control would also be required.

Any in-water work, such as berth deepening, that is not covered by an existing U.S. Army Corps of Engineers regulatory permit may necessitate environmental review under the National Environmental Policy Act (NEPA).

[3] http://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201120120AJR35

Potential controversy and other coal export facilities

Opposition to a coal export facility could come from the State of California (see attached California Assembly Joint Resolution 35, Chapter 139 - Relative to exportation of coal) and from any number of environmental and community groups that have expressed public concern regarding potential local, regional, and global impacts of U.S. ports exporting coal to Asia, and the harmful effects of burning coal on global warming and sea-level rise. Furthermore, U.S. Environmental Protection Agency staff wrote a letter to the U.S. Army Corps of Engineers about the potential health impacts, controversy, and endangered species impacts of coal export facilities, along with the need to examine cumulative impacts from the mine to the final user in Asia[4]. See *Figure 1: Major North American Coal Ports* for a summary of major coal ports in North America. Current coal terminal facility proposals facing tremendous public scrutiny include:

Gateway Pacific Terminal (Bellingham, WA)

- Opposed by community, environmental and local Native American groups
- Terminal, transport, and foreign consumption issues similar to those previously mentioned for Howard Terminal

Millennium Bulk Terminal (Longview, WA)

- Over 163,000 comments received on scope of environmental review
- Opposed by community and environmental groups
- Terminal, transport, and foreign consumption issues similar to those previously mentioned for Howard Terminal

Based on this information, the Port could be involved in protracted discussions and potential litigation regarding operation of a coal export facility.

West Coast coal terminals no longer operating

Port of Portland (1980s)

- Coal market proved to be unstable and unreliable

Port of Los Angeles (1997-2006)

- Demand failed to meet minimum annual guarantee requirements and the terminal was shut down.

Existing coal and petroleum coke terminals in California

Port of Long Beach - Metro Ports (Pier G)

- Terminal supports the receipt, storage and vessel loading of coal and petroleum coke sold for export and consists of six enclosed petroleum coke and coal storage facilities
- Terminal is 23 acres (Howard Terminal is 50 acres), with covered storage for 540,000 tons
- Other handled products include potash, borax, sodium sulfate, soda ash, concentrates, and prilled sulfur

Port of Benicia - Benicia Industries (Wharf No. 95)

- Exports petroleum coke and petroleum products

[4] http://media.oregonlive.com/environment_impact/other/EPA%20letter%20about%20PEIS.PDF

Port of Stockton

- Exports 2.3 million tons of coal per year

Attachment: *California Assembly Joint Resolution 35, Chapter 139, Relative to exportation of coal*

cc: Anne Whittington, Environmental Programs and Planning
Jerry Jakubauskas, Environmental Programs and Planning
Delphine Prévost, Maritime

Figure 1: Major North American Coal Ports

TERMINAL	TONNAGE CAPACITY	TERMINAL	TONNAGE CAPACITY
Armstrong Coal Terminal	6-10 million st	Millennium Bulk Terminals	5.7 million st, but initial permit pulled
Burnside Bulk Marine	10 million st	Mobile River Terminal	3-5 million st
Chesapeake Bay Terminal	4 million st	Neptune Terminals	12.5 million mt
CNX Marine	12 million st	Pier IX	14 million st
Dominion Terminal Associates	20 million st	Port of Coos Bay	6-10 million st
Fairless Hills	1 million st	Port of Corpus Christi	2 million st
Gateway Pacific Terminal	24-48 million st	Port of St. Helens	10-15 million st
IC Rail Marine	8 million st	Port of St. Helens/Port of Morrow	3.5 million st
International Marine Term. (IMT)	6 million st	Ridley Terminals	12-24 million mt
Kinder Morgan Bulk Terminal	2.2 million st	Shipyard River Terminal	2.5 million st
Lamberts Point	30 million st	Tampaplex	1 million st
Lazaro Cardenas	6 million mt	United Bulk Terminal	17 million st (includes domestic)
Los Angeles/Long Beach	300,000 st	Westshore Terminals	27-33 million mt
McDuffie Coal Terminal	12 million st		

Map by Platts Cartography

Source: Platts, McGraw-Hill Financial, http://www.platts.com/news-feature/2012/coaltransport/map, accessed February 19, 2014.

California LEGISLATIVE INFORMATION

AJR-35 Exportation: coal. (2011-2012)

Assembly Joint Resolution No. 35

CHAPTER 139

Relative to exportation of coal.

[Approved by Governor September 18, 2012. Filed with Secretary of State September 18, 2012.]

LEGISLATIVE COUNSEL'S DIGEST

AJR 35, Williams. Exportation: coal.

This measure urges the President of the United States and the 112th Congress to enact legislation to restrict the transshipment for waterborne export of coal for electricity generation to any nation that fails to adopt rules and regulations on the emissions of greenhouse gases or hazardous air emissions that are at least as restrictive as those adopted by the United States or, in the alternative, to secure and approve international agreements to ensure all nations adopt regulations and technology that result in emissions reductions equal to those in place in the United States. The measure would urge the Governor of California to inform the Governors of the States of Oregon and Washington of the significant health risks to the people of the Pacific Coast states if large coal export terminals and coal transport expansions are licensed and permitted to operate on or near the coast of the States of Oregon and Washington.

Fiscal Committee: yes

WHEREAS, California law requires electricity providers to procure not less than 33 percent of retail sales of electricity from renewable energy resources by December 31, 2020; and

WHEREAS, California has emerged as a global leader in the transition from fossil fuel dependence to a clean energy economy; and

WHEREAS, California law limits long-term investments in baseload generation by utilities to powerplants that meet strict greenhouse gas emissions standards. According to the State Energy Resources Conservation and Development Commission, no existing coal plant has demonstrated that it currently complies with the greenhouse gas emissions limit on long-term investments in baseload generation; and

WHEREAS, The United States Environmental Protection Agency in December 2011 issued regulations requiring coal -fired powerplants to significantly reduce emissions of mercury, arsenic, and other toxic pollutants within four years; and

WHEREAS, Hazardous emissions from coal powerplants threaten health locally and at great distances; and

WHEREAS, Coal exports from United States ports to Asia have risen by almost 240 percent from 3.8 million tons in 2009 to over 13 million tons in 2010; and

WHEREAS, The environmental consequences of massive coal exports to Asia are severe, including the burning of millions of tons of coal that releases hazardous air emissions into the atmosphere and increased mountaintop removal projects; and

WHEREAS, Burning coal for electricity generation worldwide is the main cause of greenhouse gas emissions and the planetary climate crisis; and

WHEREAS, Coal burning has contributed to significant human health risks in all age groups through the emissions of ozone, sulfur dioxide (SO2), particulate matter, nitrogen oxides (NOx), mercury, and carbon dioxide (CO2); now, therefore, be it

Resolved by the Assembly and the Senate of the State of California, jointly, That the Legislature urges the President of the United States and the 112th Congress to enact legislation to restrict the transshipment for waterborne export of coal for electricity generation to any nation that fails to adopt rules and regulations on the emissions of greenhouse gases or hazardous air emissions that are at least as restrictive as those adopted by the United States or, in the alternative, to secure and approve international agreements to ensure all nations adopt regulations and technology that result in emissions reductions equal to those in place in the United States; and be it further

Resolved, That the Legislature urges the Governor of California to inform the Governors of the States of Oregon and Washington of the significant health risks to the people of the Pacific Coast states if large coal export terminals and coal transport expansions are licensed and permitted to operate on or near the coast of the States of Oregon and Washington; and be it further

Resolved, That the Chief Clerk of the Assembly transmit copies of this resolution to the President and Vice President of the United States, the President pro Tempore of the United States Senate, the Speaker of the House of Representatives, to each Senator and Representative from California in the Congress of the United States, and to the author for appropriate distribution.

2/27/14
Item 6.5
DC/kk

BOARD OF PORT COMMISSIONERS
CITY OF OAKLAND

RESOLUTION REJECTING ALL PROPOSALS RECEIVED IN RESPONSE TO REQUEST FOR PROPOSALS NO. 13-14/06 FOR LEASE OF THE CHARLES P. HOWARD TERMINAL (BERTHS 67-68).

DRAFT

WHEREAS, the Board of Port Commissioners ("Board") has reviewed and evaluated Board Agenda Report Item No. 6.5, dated February 27, 2014 (the "Agenda Report") and related agenda materials, has received the expert testimony of Port of Oakland ("Port") staff, and has provided opportunities for and taken public comment in connection with the Agenda Report; now, therefore, be it

RESOLVED, that in acting upon this matter, the Board has exercised its independent judgment in making the findings and determinations contained in this resolution 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 agenda materials and in testimony and other information received in connection with the subject matter of the Agenda Report; and be it

FURTHER RESOLVED, that the Board hereby finds and determines as follows:

1. The Request for Proposal for the Lease of Charles P. Howard Marine Terminal (Berths 67-68), RFP No.: 13-14/06 (hereafter, the "RFP"), reserved to the Board the right to exercise broad discretion in the review and evaluation of all proposals received in response to the RFP, including, without limitation, the right to (a) reject any or all proposals, (b) cancel or modify in part or in its entirety the RFP, and (c) decide to undertake the project or to terminate the project at any time prior to approval of a formal contract;

2. For reasons stated in the Agenda Report and other information received in connection with the Agenda Report, it is in the best interest of the Port to reject all proposals received in response to the RFP; and be it

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FURTHER RESOLVED, that in the exercise of the broad discretion reserved to itself in the RFP, the Board hereby rejects all proposals received in response to the RFP and elects to terminate the RFP immediately; and be it

FURTHER RESOLVED, that the Executive Director is hereby directed to issue any notices and take such other steps as the Executive Director, in consultation with the Port Attorney, determine to be necessary to reject all such proposals and to terminate the RFP.

DRAFT

300764

UPDATES & ANNOUNCEMENTS

The President, Members of the Board and the Executive Director will report on noteworthy events occurring since the last Board Meeting.

SCHEDULING

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