Port of Oakland Harbor Navigation Improvement (-50 Foot) Project
Status Update, October 22, 2003

Project Summary.

Description: The –50 Foot Project supports deep draft navigation improvements at the Port of Oakland. Project components include widening and deepening of the Harbor Entrance, Outer and Inner Harbor channels, and two turning basins to –50 feet Mean Lower Low Water (MLLW) as well as local business and utility relocations. Existing project depths are –42 feet MLLW. Related local service facilities, paid entirely by the Port, include berth deepening and wharf strengthening.

Purpose / Need: The –50 Foot Project is required to accommodate the latest generation of container vessels. The design vessel for the project is a container ship that transports over 6500 twenty-foot equivalent units (TEU's) of containers. It has a design draft (depth in the water) of 48 ft., is 1,139 ft. long, and 140 ft. wide.

Project Benefits: The –50 Foot Project will result in 8,000 additional jobs; $1.9 billion increased annual business revenue; and $55.5 million increased annual local taxes (as a component of the Port's Vision 2000 Program). The project includes 100% beneficial reuse of dredged materials for wetlands restoration, habitat enhancement, and upland use within San Francisco Bay. The – 50 Foot Project will also support the efficient transition of four closing military installations to civilian use; particularly the Federally authorized project to restore wetlands at the closed Hamilton Army Airfield. The national economic benefits of this Project are reflected in its extraordinary 8:1 benefit to cost ratio.

Support: The Port of Oakland's –50 Foot Project enjoys broad-based bipartisan support within the California Congressional delegation. Business, environmental, and labor interests also endorse it. The project is supported by the three relevant local regulatory agencies (State Lands Commission, Regional Water Quality Control Board, and Bay Conservation and Development Commission); and the Federal agencies that also participated in the planning process (U.S. Army Corps of Engineers, United States Coast Guard, Environmental Protection Agency, the U.S. Fish and Wildlife Service, and the National Marine Fisheries Service).

Related Projects: To respond to the continued increase of international trade, the Port of Oakland is currently nearing completion of a $600 million expansion at the seaport, at its own expense. This expansion consists primarily of building two new marine terminals, an intermodal rail terminal, realigned roadways, and a 30-acre public waterfront park.

Funding / Schedule: The –50 Foot Project was authorized in the Federal Water Resources Development Act of 1999. It received $4 million in Congressional appropriations to start construction in fiscal year (FY) 2001. $10 million of Federal appropriations in FY 2002 and $13 million in FY 2003 allowed the project to progress, but at a decreased level of funding. Unfortunately, the current level of Federal funding is

inadequate to execute the project in an efficient and effective manner. Without sufficient Federal funding, the project will incur significant additional costs related to construction, lands, easements, rights-of-way, and relocations. Moreover, demonstrated national economic efficiencies associated with the operation of the latest generation of container vessels will be lost. The total project authorization is $252,290,000, with a Federal share of $128,081,000 and a non-Federal (Port of Oakland) share of $124,209,000. The Port has already provided financing for its local share in Fiscal Years 2001-3. The project will require additional Congressional appropriations in fiscal years 2004 through completion. The Project's schedule will continue to be delayed unless Congress increases the proposed budget for project year 2004.

Contract Procurement / Construction Status: The Corps of Engineers (CoE) is responsible for the procurement and administration of all contracts associated with general navigation features (GNF) and beneficial reuse of dredged material relating to the –50 Foot Project. The first contract of the Project, awarded to DDM Crane, a small disadvantaged, women-owned business, was completed in February 2002, within schedule and budget. This initiated the demolition effort necessary to expand the Inner Harbor Turning Basin (IHTB) from 1200 ft. to 1500 ft. along the NW/SE axis. The CoE awarded the second contract of the –50 ft. Deepening Project in March 2002. The work consists of additional demolition, excavation, dredging, and bulkhead construction to widen the Inner Harbor Turning Basin. The contract was awarded to Dutra Dredging Co. The work associated with the second contract is complete, with the exception of approximately 15,000 cubic yards of material drying at the Port's rehandling facility prior to transport to upland locations for re-use. The second contract was also completed on schedule and within budget. The CoE awarded two additional contracts prior to the end of Fiscal Year 2003. The demolition of a structure extending into the Inner Harbor Turning Basin was awarded to DDM Crane, a small disadvantaged, women-owned business. The first phase of deepening; dredging and transport of material to the Montezuma Wetlands Project was awarded to the Dutra Group. The respective contractors are currently mobilizing for these projects.

Summary: The Port of Oakland's dredging project is essential if it is to remain internationally competitive. The dredging project will maintain and improve Oakland's position as an international cargo gateway. There are only two primary cargo gateways in California; Los Angeles/Long Beach and San Francisco/Oakland; and only three on the West Coast. Without improvements to Oakland's infrastructure, cargo could flow to Mexican and Canadian ports, resulting in lost jobs and revenue from California and the U.S. Furthermore, this would have a severe impact on those businesses located across the nation that depend on the Port for import and export needs, and would result in inefficient use of energy resources for trucking as well as increased traffic hazards as the cargo is diverted to other, less efficient, modes of transportation.