Port of Oakland Harbor Navigation Improvement (-50 Foot) Project
Summary and Status Update, April 18, 2005

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 (when combined with the Port's Vision 2000 Program). The project includes nearly100% 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 11:1 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 38+ acre public waterfront park.

Funding / Schedule: The –50 Foot Project was authorized in the Federal Water Resources Development Act of 1999. The total project authorization was $252,290,000, with a Federal share of $128,081,000 and a non-Federal (Port of Oakland) share of $124,209,000. Construction started in September 2001. Congressional appropriations for the Project totaled $71.5 million in FY 2001-05. Lower than anticipated levels of funding allowed the project to progress, but at a slower schedule. The current cost estimate for the Project is $323 million. The Project is currently scheduled to be substantially complete July 2007. The FY 2005 Omnibus Appropriations Bill (H.R. 4818) included $27.5 million for the -50 Foot Project. The President's proposed budget for FY 2006 includes $48 million for the -50 Foot Project. The Federal Administration listed the -50 Foot Project as Priority Funding for High-Ranking National Projects. Based upon the performance rankings within each mission area, the Budget focuses funding on the highest-performing projects. Without sufficient Federal funding, the -50 Foot Project will continue to 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 Port has already provided financing for its local share in Fiscal Years 2001-05.

Contract Procurement / History:

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. Three of the six contracts awarded to date went to small, disadvantaged, minority and/or women-owned businesses The Port of Oakland, as the non-Federal cost sharing sponsor for the project, is responsible for land s, easements, rights-of-way, and relocations, as well as berth deepening, wharf strengthening, and the aforementioned related projects.

Contracts completed in FY 01-02 expanded the diameter of the Inner Harbor Turning Basin (IHTB) from 1200 ft. to 1500 ft. along the NW/SE axis (demolition, excavation, dredging, and bulkhead construction).

Three additional contracts for the Project were awarded in FY 2003 and completed in FY 2004: DDM Crane, a small disadvantaged, woman-owned business completed the demolition of a structure extending into the Inner Harbor Turning Basin. The Dutra Group completed the first phase of deepening; dredging and transporting material from the harbor entrance to the Montezuma Wetlands Project. AFA, a small, disadvantaged, minority, service related disabled veteran - owned business, completed the construction of nine storm water treatment units for the Middle Harbor Enhancement Area in June 2004.

Current Construction Status:

The contract for the construction of the Middle Harbor Enhancement Area's (MHEA's) containment dike was awarded to the Dutra Group on 2/20/04. The contractor has placed the initial lifts of rock for the containment dike, completed the construction of the instrumented structures to evaluate sediment settlement, and has completed the sheet pile component of the dike. The work is 83% complete.

The CoE awarded the contract for Phase 3B/C to Great Lakes Dredge and Dock on 9/1/04. The purpose and intent of Phase 3B/C is to obtain interim depths of –46 feet Mean Lower, Low Water (MLLW) within the Entrance, Outer and Inner Harbors, and turning basins. Dredging started on 12/11/04. Unfortunately, work was halted 4/5/05 due to the capsize and sinking of an attending tug and tragic loss of the tug's master. Dredging resumed 4/16/05 after a thorough investigation of the accident and review of safety procedures. Work is scheduled to be complete by 7/15/05. Over one million cys of material (in situ) has been dredged from the Federal channel and delivered to the Montezuma Wetlands Project and Middle Harbor Enhancement Area to date. The contract is 26% complete.

The CoE awarded the contract to complete the expansion of the Inner Harbor Turning Basin (IHTB) to Dutra Dredging Company on 9/24/04. The contract's scope of work includes dredging; construction of a new bulkhead along the south side and southwest corners of the new Inner Harbor Turning Basin; and demolition of specified sections of wharves that intrude into the new IHTB. Dutra has completed repairs to the Berth 10 Rehandling Facility and has started demolition of structures within the IHTB. The work is 5% complete. The IHTB contract is scheduled to be complete by 7/06.

Future Contract Procurement: Five additional contracts are planned for the Project, ranging from dredging to project management, mitigation, monitoring, and adaptive management of the MHEA.

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. California's Ports handle over 40% of the Nation's waterborne international trade. 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. 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.