

Port of Oakland Harbor Navigation Improvement (-50 Foot) Project Summary and Status Update, July 13, 2006

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 -46 feet MLLW (after dredging to interim depths). 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 nearly 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 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 recently completed a \$600 million expansion at the seaport, at its own expense. This expansion consisted 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 \$119.5 million in FY 2001-06. Lower than anticipated levels of funding allowed the project to progress, but at a slower schedule. The current cost estimate for the Project is \$343.52 million. The Project is currently scheduled to be substantially complete in June 2008. 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.

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 seven 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 lands, 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 (MWP). 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 completed work on the project, including the containment dike, instrumented structures to evaluate sediment settlement, and associated aids to navigation.

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, the CoE released the contractor before work was completed. The CoE awarded a contract modification to dredge the uncompleted work. The contractor returned to complete the work at significantly higher cost. The CoE suspended work at 97% and initiated a termination for convenience due to escalating costs. The uncompleted work will be dredged during Phase 3E.

Approximately 5.1 million cubic yards (mcys) of material (in situ) was dredged from the Federal channel and delivered to the Montezuma Wetlands Project (MWP) and Middle Harbor Enhancement Area (MHEA) in 2005-6.

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 completed the bulkhead and pile cap along the south and southwest side of the IHTB. The contractor also completed the demolition of sections of wharves and piers that project into the expanded turning basin. Dredging is complete except for a small amount of material that underlies the demolished structures. The contractor is rehandling the material at the Berth 10 rehandling facility at the Port for upland beneficial re-use. The contract is 85% complete.

Entrance and Inner Harbor Channel Deepening to -50 Feet (Phase 3D). The CoE awarded the contract for Phase 3D to the Dutra/Manson Joint Venture on 10/21/05. The scope of work for Phase 3D includes dredging approximately 1 million cys of material from the Entrance Channel at placing it at the MWP. Dredging started 1/18/06.

Approximately 723,000 cys of pay material (in situ) has been dredged and delivered to the Montezuma Wetlands Project (MWP). The contract is 76% complete.

Future Contract Procurement: Additional contracts planned for the Project include completion of dredging, mitigation, monitoring, and adaptive management of the MHEA. The CoE has initiated the solicitation for Phase 3E, the final contract relating to dredging. The scope of work for Phase 3E includes dredging approximately 4.3 mcy of material and transporting it to the MHEA, Deep Ocean Disposal Site (DODS) and Hamilton Wetlands Restoration Project (HWRP).

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.