Port of Oakland Harbor Navigation Improvement (-50 Foot) Project
Summary and Status Update, September 6, 2007

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 46 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 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 Project enjoys broad-based bipartisan support within the California Congressional delegation. Business, environmental, and labor interests also endorse it. The Project is supported by state and local regulatory agencies (State Lands Commission, Regional Water Quality Control Board, and Bay Conservation and Development Commission); and Federal agencies (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 $393 million. The Project is currently scheduled to be substantially complete in June 2009. The Federal Administration listed the -50 Foot Project as Priority Funding for High-Ranking National Projects. The President's Budget focuses funding on the highest-performing projects based upon the performance rankings within each mission area.

Project Delivery / History:

The Corps of Engineers (CoE) is responsible for the procurement, administration, and management of all contracts associated with General Navigation Features (GNF) and beneficial reuse of dredged material relating to the –50 Foot Project. Three of the ten 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 its cost share for the navigation and environmental restoration components of the Federally authorized Project.

Contracts completed in FY 2001-2002 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. Dutra completed the Middle Harbor Enhancement Area's (MHEA's) containment dike in FY 2006. The CoE terminated the contract for Phase 3B/C (dredging to interim depths of –46 feet Mean Lower Low Water (MLLW) within the Entrance, Outer and Inner Harbors, and turning basins) awarded to Great lakes Dredge & Dock. The remaining work was completed as part of Phase 3E. Dutra completed the final expansion of the Inner Harbor Turning Basin (IHTB). The contract's scope of work included 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. 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 included dredging approximately 1.1 million cys of material from the Entrance and Inner Harbor Channels. Dredging started 1/18/06 and was completed on 7/24/07.

Current Construction Status:

Approximately 9 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). Approximately .7 mcys of shoaling material was dredged to maintain existing depths within the Federal Channels and delivered to the Deep Ocean Disposal Site (DODS).

Outer and Inner Harbor Channel Deepening to -50 Feet (Phase 3E). The CoE awarded the contract for Phase 3E to the Manson/Dutra Joint Venture on 10/5/06. Dredging to maintain interim depths of -46 feet within the Inner Harbor Federal Channel started on 11/20/06 and was completed 12/31/06. The contractor completed hydraulic cutterhead dredging work in the Outer Harbor, placing sandy material as the final cap of the MHEA. The Joint Venture also successfully located and secured cables that provide cathodic protection to the BART transbay tube, in spite of challenging (and differing) site conditions. The CoE awarded Option 3 (Dredging Reach 5 of the Outer Harbor to -46 feet, MLLW) on 7/10/07. 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). The Phase 3E contract is 40% complete.

Future Contract Procurement: Additional contracts planned for the Project include 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.