

**Speech delivered by Omar Benjamin, Deputy Executive Director, Port of Oakland
San Francisco Business Times Oakland Structure Event: Building Oakland
December 1, 2006**

On behalf of the Port Board of Commissioners, Executive Director Jerry Bridges and my 600 colleagues at the Port of Oakland, thank you for inviting me here today with such a distinguished panel. I'm honored to join two leaders who have truly supported the Port of Oakland and to whom we are very grateful, Mayor and Attorney General-elect Jerry Brown and Mayor-elect Ron Dellums. I also want to recognize the Port Commissioners here today.

The Port of Oakland is the economic engine in Oakland and the region. We are the nation's 4th busiest container sea port. And we're moving more than 2 million containers of cargo a year. We run one of the fastest growing airports, serving more than 14.5 million passengers a year. And we manage more than 19 miles of waterfront real estate, including Jack London Square and the newly developed Hegenberger Gateway, as well as nearly 1,000 acres of public-access shoreline and parks.

The Port generates a total economic impact of more than \$7 Billion a year. And while only 600 people are directly employed by the Port of Oakland, our operations generate more than 55,000 jobs and impact more than 667,000 jobs throughout this region. This business activity also generates \$372 Million in tax revenues for state and local governments.

But today, I don't want to talk about where we are as much as I want to talk about where we see ourselves going over the next 10 to 15 years. And I want to show you how the Port of Oakland is approaching this period of dramatic development. We're moving forward with a view to the future, a view that embraces our broader community, and a vision that happens to share many synergies with what we understand is Mayor-elect Dellums' vision for the City of Oakland. I'd like to describe this vision by saying we're not looking in the mirror. . . we're looking in the window of opportunity.

Looking at our own reflection and thinking that we can continue doing things the same old way just doesn't work. Rather, we must challenge ourselves to keep looking OUT - to other industries, to the new realities and opportunities of the global economy and to our stakeholders. We are looking into the WINDOW of opportunity with a view toward doing things differently; we are re-focusing our vision on contributing to our community through opportunities at the Port of Oakland.

This new vision was captured in the Port's new strategic business plan, under the leadership of Executive Director Jerry Bridges.

Our strategic plan emphasizes six key goals:

- * putting customers and stakeholders first;
- * building trust and integrity with external groups;
- * protecting the environment;
- * strengthening the Port's financial position;
- * maximizing information technology;
- * and creating a high-performing enterprise.

There is much talk on the street about the future of the Port of Oakland and how our new Mayor-elect's vision and goals might affect us. What does the future hold for the Port of Oakland? I say it's all good!

We've heard three themes from the Mayor-elect's vision for Oakland that resonate with the goals of our strategic plan. They are:

- * Working collaboratively to make Oakland a center for world trade;
- * Working with the community to create more benefits for local residents; and
- * Reducing environmental impacts while stimulating sustainable development in Oakland.

When you compare these themes with the Port's strategic plan, we realize that we're looking out the same window of opportunity. These three goals - of global excellence, community collaboration and reducing environmental impacts - are integral to each one of our current development projects.

Let's look through the window of opportunity for our Maritime Division.

By the year 2020, we expect our trade with Asia to double and imported cargo to triple. The Port of Oakland has the opportunity to double our current capacity for the benefit of the City and entire region. Our newly acquired land at the former Oakland Army Base will allow us to make three major improvements to accommodate this growth.

We'll be using this new land to improve both Port and public access to 7th Street, as well as use grade separations to enhance the ability of railroads to serve the Port.

Second, we'll be creating an additional marine terminal by building a new state-of-the-art facility at Berth 21.

And finally, we'll be building Outer Harbor Intermodal Terminal or OHIT, a rail transportation centerpiece for this anticipated increase in activity.

OHIT will allow us to move over 1 million more containers a year by rail. Currently, only 35% of port cargo leaves Oakland by rail, 65% leaves by truck. By building OHIT, we can double our capacity to handle cargo and now have 50% of it leave by rail. Trucks have higher environmental impacts than rail. We anticipate this project will cost \$450 million, some of it hopefully paid for with the recently passed Prop 1B infrastructure bond funding.

OHIT is a great example of how the Port is looking out the window. It will be a state-of-the-art electrified rail yard -- the first of its kind in the United States. The operating system itself will generate no harmful diesel emissions. And the greater use of rail over

trucks will allow the Port to reach its growth goals without significant impacts to air quality or traffic congestion.

The Port is working collaboratively with the community to find additional ways to increase maritime capacity while reducing environmental impacts. Community members have decision making power through Port-led efforts like the Vision 2000 Mitigation Committee and Regional Air Quality Steering Committee.

These community groups have helped us come up with innovative programs, like our Truck Replacement Incentive Program, to reduce the environmental impacts of our operations. If you're a trucker working in the Port area driving a pre-1990 truck, we'll give you \$40,000 to buy a new truck. Each one of these new trucks emits 70% less diesel particulate matter than their older predecessor.

With your help, the Prop 1B Infrastructure Bond will hopefully fund several other rail projects that, while not on Port property, will be very important to our ability to double the Port's capacity. Our rail partners Burlington Northern Santa Fe and Union Pacific will be looking to expand their connections from Oakland to the Central Valley and to the rest of the country through places like Martinez and the Tahachipis. We've spoken to the Governor and State Senator Perata, who collaborated to get this funding, and we look forward to working with the Mayor-elect, our new Attorney General and everyone here to be sure the Port of Oakland receives its fair share of the Prop 1B funding.

Now let's take a look at Commercial Real Estate window of opportunity.

Since Hal Ellis will be speaking to you, I'll let him tell you about the \$500 million development at Jack London Square. Oak to Ninth and Hegenberger Gateway are other significant developments on Port land.

Now let's take a look at the Aviation window of opportunity.

Even in the post-911 environment, our Oakland International Airport has enjoyed an unprecedented 8 consecutive years of passenger growth. By the year 2012, we anticipate Oakland International will grow from serving 14.5 million passengers to 20 million passengers a year.

Only two weeks ago we completed an important phase of our \$300 million Terminal Improvement Program with the opening of a new 7-gate extension to Terminal 2. We've negotiated a brand new concession agreement with Host International who will be providing many local businesses opportunities at the existing and new airport facilities. Host forecasts that over the almost 12-year interim and primary terms of the contract, it will generate over \$900 million in gross receipts, pay the Port over \$117 million in percentage rent and employ 350 workers. We are excited that Host has ensured that at least 25% of gross receipts will be generated by Disadvantaged Business Enterprises and that they will provide opportunities for many local businesses like Everett & Jones, Max's Eatz, A.G. Ferrarri Foods, Children's Fairyland and the Oakland Zoo.

And although we just finished the new terminal expansion, we have already begun planning for a third new terminal at the airport, with design beginning as early as late 2007.

Oakland International is certainly meeting the challenge of lessening the environmental impacts while promoting and growing the Port of Oakland. We anticipate that our new concourse will be only the 2nd airport facility in the country to receive "LEED" certification as a green building. We also received the Environmental Achievement Award from the Airports Council International for our materials re-use and recycling on this project. Today, the airport's fleet of 21 shuttle buses has been converted to use soybean-based bio-diesel fuel. And next month we'll break ground on a one-megawatt solar power system at the airport. The system is part of the Port's plan to generate 20% of its power through alternative sources by 2017.

Additionally, the new concourse contains the Port of Oakland's first major Public Art installation, *Going Away, Coming Home* by Oakland artist Hung Liu. The new concourse contains \$1.8 Million in public art. Future airport projects will dedicate at least 1% of project costs to public art, under a precedent-setting Public Art Ordinance adopted by the Port in 2002. I'd like to recognize Commissioner Ayers-Johnson for her leadership in this arena.

Finally, I'd like to show you the future of what's going on at the Port as viewed through the window of Social Responsibility.

Social Responsibility is an important part of how the Port of Oakland does business. It's not enough to generate revenue; it's also important to generate local benefits. We strive to do our part in creating a vibrant, sustainable community. It's important for all of us to embrace this vision -- by adopting environmental practices, partnering with small local businesses, including local apprentices and by hiring local residents -- when and where ever we can. For your business to take full advantage of the tremendous development opportunities at the Port, you too will need to share this vision.

In addition to our environmental programs, the Port of Oakland is proud to have several policies that ensure billions of dollars in future development projects at the Port of Oakland will translate into significant benefits for our local community.

We have had great success in increasing local participation in our projects. For example, through the Port's Project Labor Agreement, we have doubled the involvement of local workers and tripled the involvement of local apprentices in Port development projects. Local general contractors have won 89% of the recent airport terminal expansion project. To date, 75% of all contracts have been awarded to these local primes -- this is \$619 million the Port has injected back into the local economy through our local business programs. Additionally, these contracts have generated \$255,000 for the Port's innovative Social Justice Trust Fund that helps local residents prepare for careers in the building trades.

Additionally, the Port runs its own Employment Resources Development Program, which helped nearly 200 job seekers find employment last year, earning \$4 million in wages for local families.

I hope I've gotten you excited about future developments at the Port of Oakland. Embarking on these major projects wouldn't have been possible without the strong economic foundation that Mayor Jerry Brown helped us lay during his term as Oakland Mayor. We – along with all of Oakland -- are thankful for Mayor Brown's legacy of economic vitality. And now, we look forward to moving into our future with Mayor-elect Dellums – particularly with our shared vision for global excellence, community collaboration and environmental stewardship.

I'd like to close by inviting you – our local business community -- to look through the window of opportunity with us and see the many ways that your business might be part of the Port of Oakland's future.

Thank you.