AGENDA

Special Meeting of the Board of Port Commissioners
Thursday January 10, 2013 – 1:00 p.m.
Board Room – 2nd Floor

ROLL CALL

1st Vice President Head, 2nd Vice-President Yee, Commissioner Butner, Commissioner Hamlin, Commissioner Parker, Commissioner Uno and President Gonzales.

1. CLOSED SESSION

1.1 CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION. Pursuant to Subdivision (a) of California Government Code Section 54956.9.

SSA Terminals, LLC and SSA Terminals (Oakland), LLC v. the City of Oakland, Acting by and Through its Board of Port Commissioners Docket No. 09-08

1.2 CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION. Significant Exposure to Litigation Pursuant to Subdivision (b) of California Government Code Section 54956.9: 2 matter(s)

1.3 PUBLIC EMPLOYEE APPOINTMENT

Titles: Executive Director & Director of Maritime

1.4 PUBLIC EMPLOYEE PERFORMANCE EVALUATION

Titles: Acting Executive Director

1.5 CONFERENCE WITH REAL PROPERTY NEGOTIATOR - As provided under California Government Code Section 54956.8:

Property: 1 Airport Drive, Oakland, CA
Negotiating Parties: Port of Oakland, and Various Parties
Agency Negotiator: Acting Director of Aviation, Kristi McKenney
Under Negotiation: Price and Terms of Tenancy

Property: Sally Ride Way, Oakland, CA
Negotiating Parties: Port of Oakland and FedEx Corporation
Agency Negotiator: Acting Director of Aviation, Kristi McKenney
Under Negotiation: Price and Terms of Tenancy

ROLL CALL/OPEN SESSION (approximately 3:00 p.m.)

1st Vice President Head, 2nd Vice-President Yee, Commissioner Butner, Commissioner Hamlin, Commissioner Parker, Commissioner Uno and President Gonzales.

CLOSED SESSION REPORT

The Port Attorney or Board Secretary will report on any final actions taken in Closed Session.

2. MAJOR PROJECTS

This segment of the meeting is reserved for action and discussions regarding the status of Major Projects and issues of special importance.

2.1 Report: Shore Power Program Update (Maritime)


2.3 Report: Project Report and Demonstration of Geospatial Security Mapping System (Maritime)

2.4 Authorize the Executive Director to Enter into the Preliminary Operating Agreement for the Intermodal Rail Terminal, Phase 1 at the former Oakland Army Base with the highest ranked proposer (Maritime)

3. BUDGET & FINANCE

This segment of the meeting is reserved for action or discussion regarding the status of Budget and Finance issues.


4. STRATEGY & POLICY

This segment of the meeting is reserved for action or discussion on Strategy and Policy Issues.

4.1 Report: Port of Oakland Export Market Study (Maritime)
5. CONSENT ITEMS

Action by the Board under “Consent Items” means that all matters listed below have been summarized and will be adopted by one motion and appropriate vote. Consent Items may be removed for further discussion by the Board at the request of any member of the Board.

5.1 Approval of the Minutes of the Regular Meetings of December 6, 2012, December 20, 2012 and the Special Meeting of December 10, 2012. (Board Secretary)

5.2 Ordinance No. 4210, 2nd Reading of Ordinance Approving And Authorizing Execution Of A Second Amendment To The Agreement For Purchase And Sale And Ground Lease Of Real Property And Escrow Instructions For The Oak To Ninth District.

5.3 Ordinance No. 4211, 2nd Reading of Ordinance Amending Section 1.303 Of Port Ordinance No. 867 Relating To Payment Of Public Employees' Retirement System Contributions By Port Employees.

5.4 Ordinance No. 4212, 2nd Reading of Ordinance Amending Section 2.01 Of Port Ordinance No. 867 Ratifying And Setting The Compensation Of Certain Employees Of The Port Department Belonging To Service Employees International Union, Local 1021 And Amending Section 1.191 Providing Professional Development Benefits For Certain Officers And Employees.

5.5 Ordinance No. 4213, 2nd Reading of Ordinance Amending Section 2.03 Of Port Ordinance No. 867 Ratifying And Setting The Compensation Of Certain Employees Of The Port Department Belonging To International Federation Of Professional And Technical Engineers, Local 21 And Amending Section 1.191 Providing Professional Development Benefits For Certain Officers And Employees.

5.6 Ordinance No. 4214, 2nd Reading Of Ordinance Amending Section 2.06 Of Port Ordinance No. 867 Ratifying And Setting The Compensation Of Certain Employees Of The Port Department Belonging To International Brotherhood Of Electrical Workers, Local 1245 And Amending Section 1.191 Providing Professional Development Benefits For Certain Officers And Employees.

5.7 Ordinance No. 4215, 2nd Reading Of Ordinance Amending Section 2.07 Of Port Ordinance No. 867 Ratifying And Setting The Compensation Of Certain Employees Of The Port Department Belonging To Western Council Of Engineers And Amending Section 1.191 Providing Professional Development Benefits For Certain Officers And Employees.

5.8 Ordinance No. 4216, 2nd Reading of Ordinance Amending Port Ordinance No. 867 Ratifying And Setting The Compensation Of Certain Employees Of The Port Department Belonging To Employee Representation Units J And M And Amending Section 1.191 Providing Professional Development Benefits For Certain Officers And Employees.
6. REMAINING ACTION ITEMS

Remaining Action Items are items not previously addressed in this Agenda that may require staff presentation and/or discussion and information prior to action by the Board.

6.1 Salary adjustment for Acting Executive Director (Administration)

7. UPDATES/ANNOUNCEMENTS

The President, Members of the Board and the Executive Director will report on noteworthy events occurring since the last Board Meeting.

8. SCHEDULING

This segment of the meeting is reserved for scheduling items for future Agendas and/or scheduling Special Meetings

OPEN FORUM

The Board will receive public comment on non-agenda items during this time. Please fill out a speaker card and present it to the Secretary of the Board.

ADJOURNMENT

The next Meeting of the Board will be held in January on a date to be determined.
PUBLIC PARTICIPATION

Disability Related Modifications
Any person who requires a disability-related modification or accommodation, including auxiliary aids or services, in order to participate in the meeting, may submit a written request, electronic request, or telephone request [via the California Relay Service (telephone) for the hearing impaired at (800) 735-2922], to the Secretary of the Board no later than five working days prior to the scheduled meeting date.

John Betterton, Secretary of the Board
530 Water Street, Oakland, CA 94607
jbetterton@portoakland.com
(510) 627-1696

Language & Interpretive Services
As a grantee of federal aid grant funds from the US Department of Transportation, the Port is responsible for ensuring equal access to its programs, services, and benefits. To request bilingual interpreters or materials in alternate formats, please contact the Assistant Secretary of the Board no later than five working days prior to the scheduled meeting date.

Daria Edgerly, Assistant Secretary of the Board
530 Water Street, Oakland, CA 94607
dedgerly@portoakland.com
(510) 627-1337

Scented Products
Please refrain from wearing scented products to this meeting so attendees who experience chemical sensitivities may attend.

To Speak on an Agenda Item
You may speak on any item appearing on the Agenda. Please fill out a Speaker’s Card and give it to the Board Secretary before the start of the meeting or immediately after conclusion of Closed Session. Cards received after the start of the meeting will be treated as a single request to speak in Open Forum. All speakers will be allotted a minimum of one minute.

Agenda & Related Materials
Should you have questions or concerns regarding this Agenda, or wish to review any of the Agenda Related Materials, please contact the Board Secretary, John Betterton, at (510) 627-1696, or visit our web page at www.portofoakland.com

To receive Port Agendas and Agenda Related Materials by email, please email your request to jbetterton@portoakland.com
MAJOR PROJECTS

This segment of the meeting is reserved for action and discussions regarding the status of Major Projects and issues of special importance.
MAJOR PROJECT UPDATE
Shore Power Program
January 10, 2013
(Previous update: June 21, 2012)

1. Picture of Project
See attached.

2. Background and Description of Project
In 2008, the State of California Air Resources Board (CARB) put into effect new regulations, requiring reductions of air pollutants emitted from ships docked (at-berth) at most California ports. The key requirements of the regulation include emission reductions of 50% starting in 2014, 70% starting in 2017, and 80% starting in 2020. Grant funding awarded to the Port typically requires emission reductions additional to those required by the CARB regulation.

The Shore Power Program involves the design and construction of high voltage electrical infrastructure in the Port of Oakland (Port) Maritime area, so that ships can plug into the electric grid while docked. Connecting to the electric grid dramatically reduces emissions from docked vessels. The infrastructure generally runs from the Port’s main substations to on-terminal substations and, from there, to the terminal wharves. Power is extended down to the wharves, where vaults with electrical connections will provide the interface (outlets) for ocean going vessels (plugs).

3. Schedule
The Port’s Program comprises 11 berths and is being constructed in three phases, as outlined below. Phase 1 construction and commissioning are complete.

<table>
<thead>
<tr>
<th>Phase 1</th>
<th>Berths</th>
<th>Construction Start</th>
<th>Construction Completion</th>
<th>Commissioning</th>
</tr>
</thead>
<tbody>
<tr>
<td>Phase 2A</td>
<td>25, 35, 37, 55, 59, 68</td>
<td>May 2012</td>
<td>Jun 2013</td>
<td>Aug - Dec 2013</td>
</tr>
<tr>
<td>Phase 2B</td>
<td>30, 32</td>
<td>May 2012</td>
<td>Jun 2013</td>
<td>Aug - Dec 2013</td>
</tr>
</tbody>
</table>

Some terminals are constructing shore power infrastructure independently of the Port. At the Global Gateway Central Terminal (Berths 60-63), EMS/APL installed shore power capability at
Berths 61 and 62, and has been plugging in shore power-ready vessels since May 2011. Ports America Outer Harbor Terminal has completed design of their shore power infrastructure at Berth 24, and submitted plans to the Port for a construction permit. To the Port’s knowledge, Ports America plans to complete construction and commissioning of their system in 2013.

4. Budget and Funding

In June 21, 2012, Port staff informed the Board that the Program budget had been reduced from approximately $90 million to $67 million. A slight further reduction in the Program budget is currently anticipated (from about $67 million to $63 million) as shown in Tables 1 and 2. The Program is funded with available cash, debt and grants. As of December 2012, the Port had spent approximately $34 million on the Program.

<table>
<thead>
<tr>
<th>Table 1. Program Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>$ (millions)</td>
</tr>
<tr>
<td><strong>Phase 1</strong></td>
</tr>
<tr>
<td>Berths 56, 57, 58</td>
</tr>
<tr>
<td>Common Utility System Upgrade</td>
</tr>
<tr>
<td>Total Phase 1 Cost</td>
</tr>
<tr>
<td>Phase 1 Grants Awarded</td>
</tr>
<tr>
<td>Phase 1 Cost Net of Grants</td>
</tr>
<tr>
<td><strong>Phase 2A</strong></td>
</tr>
<tr>
<td>Berths 25, 35, 37, 55, 59, 68</td>
</tr>
<tr>
<td>+General Contingency (5%)</td>
</tr>
<tr>
<td>Total Phase 2A Cost</td>
</tr>
<tr>
<td>Phase 2A Grants Awarded</td>
</tr>
<tr>
<td>Phase 2A Cost Net of Grants</td>
</tr>
<tr>
<td><strong>Phase 2B</strong></td>
</tr>
<tr>
<td>Berths 30, 32</td>
</tr>
<tr>
<td>+General Contingency (5%)</td>
</tr>
<tr>
<td>Total Phase 2B Cost</td>
</tr>
<tr>
<td>Phase 2B Grants Awarded</td>
</tr>
<tr>
<td>Phase 2B Cost Net of Grants</td>
</tr>
<tr>
<td>Total Estimated Cost</td>
</tr>
<tr>
<td>Total Grants Awarded</td>
</tr>
<tr>
<td>Total Anticipated Cost Net of Awarded Grants³</td>
</tr>
</tbody>
</table>

¹ Construction and utility company contracts.
² Other costs include OCIP insurance, outside legal fees, permits.
³ Actual grant reimbursement is expected to be less, depending on final Port expenditures. Staff currently estimates that total grant reimbursement may be closer to $30 million, resulting in net cost to the Port of about $33 million.
Table 2. Program Budget by Fiscal Year

<table>
<thead>
<tr>
<th></th>
<th>FY 09/10</th>
<th>FY 10/11</th>
<th>FY 11/12</th>
<th>FY 12/13</th>
<th>FY 13/14</th>
<th>FY 14/15</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actual Expenditure / Budget</td>
<td>1.2</td>
<td>3.7</td>
<td>17.8</td>
<td>27.0</td>
<td>11.4</td>
<td>1.7</td>
<td>62.8</td>
</tr>
</tbody>
</table>

Table 3. Grant Funding Detail

<table>
<thead>
<tr>
<th>Grant</th>
<th>Source</th>
<th>Award ($ million)</th>
<th>Status &amp; Notes</th>
<th>Planned Use of Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>TIGER</td>
<td>Federal</td>
<td>$7.8</td>
<td>Grant has been received in full.</td>
<td>Berths 56, 57, 58</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Common utility infrastructure</td>
</tr>
<tr>
<td>MTC/CMAQ</td>
<td>Federal</td>
<td>$3.0</td>
<td>Secured</td>
<td>Berths 30, 32</td>
</tr>
<tr>
<td>Carl Moyer/MSIF</td>
<td>Local/State</td>
<td>$5.0</td>
<td>Secured</td>
<td>Berths 56, 57, 58</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Port is reimbursed twice during the project.</td>
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<tr>
<td></td>
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<td></td>
<td>Port has received $1.25m to date and anticipates receiving additional funds in</td>
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<td></td>
<td></td>
<td></td>
<td>early 2013.</td>
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<td></td>
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<td></td>
<td>The full $5 million will likely not be paid out due to combination of lower project</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>cost and grant award structure.</td>
<td></td>
</tr>
<tr>
<td>Prop 1B</td>
<td>State</td>
<td>$16.9</td>
<td>Secured.</td>
<td>Berths 25, 30, 32, 35, 37, 55, 59, 68</td>
</tr>
<tr>
<td></td>
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<td></td>
<td>Port is reimbursed quarterly; however, this is a new reimbursement schedule and</td>
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<td></td>
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<td></td>
<td>CARB has not yet finalized details of the reimbursement process.</td>
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</tr>
</tbody>
</table>

Total $32.7

TIGER = Transportation Investment Generating Economic Recovery  
MTC/CMAQ = Metropolitan Transportation Commission/Congestion Mitigation Air Quality  
MSIF = Mobile Source Incentive Funds  
Prop 1B = California Goods Movement Program – voter-approved Proposition 1B  
Final grant payment to the Port will depend on final expenditures. Amounts shown here are maximums.

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4 Corrected from $3.3 million previously reported.  
5 See Note 3.
5. Construction

Phase 1
Phase 1 construction (Berths 56, 57 and 58) was completed in June 2012. Commissioning of the system at each berth was completed in October 2012. Major pending construction-related activities include training tenant personnel on use of the shore power system and turning the shore power system over to the tenants of Berths 56-58.

Phases 2A and 2B
Construction began in June 2012. No major issues have been encountered to date. Construction is currently on-schedule and on-budget.

6. Small, Local Business and Disadvantaged Business Enterprise (DBE) Utilization

Provided below is a summary of DBE utilization on the Shore Power Program.

- Phase 1 (Berths 56, 57 & 58)
  St. Francis Electric - no DBE participation

- Common Utility System Upgrade
  Blocka Construction - DBE expenditures = $241,926 (as of 9/30/12; no additional quarterly updates at this time)

- Phase 2A (Berths 25, 35, 37, 55, 59 and 68)
  This project is subject to the Port's Non Discrimination and Small Local Business Utilization Policy. Shimmick Construction - contract work is being performed locally with $631,000 committed to SBE and VSBE firms. Shimmick is LIA certified with the Port.

- Phase 2B (Berths 30 & 32)
  Shimmick Construction – an underutilized DBE (UDBEs) commitment of 1.9% or $112,000, and a DBE commitment of 6.44% or $380,000. However, due to confusion on a UDBE status, the UDBE percentage has dropped and is now 1.48% or $87,259.

7. Project Issues

Tenant Agreements
Proposed agreements have been sent to the two tenants who lease and operate Berths 56-58 for review and signature. These agreements address a number of important operational issues such as grant obligations; system maintenance; accommodation of construction activities; testing and commissioning responsibilities; and utility billing. To date, neither tenant has executed the tenant agreement. Port staff is increasing efforts to obtain agreement with the tenants on these operational issues as the Shore Power Program transitions from construction to operation, in order to ensure that all parties meet their respective grant, testing, maintenance and other operational obligations.
Cost Recovery for Capital Expenditure
The Port’s cost net of grants is currently expected to be in the range of $30 million to $33 million, as outlined in Tables 1 and 3 above. Staff currently plans that the Port’s net cost will be distributed among the terminals that were provided infrastructure by the Port. Staff is still developing a viable cost recovery plan, which could include, but not be limited to, incorporating the value of shore power in the overall terminal values when lease terms are renegotiated, scheduled annual payments upon completion and operability of the infrastructure, a combination of these options, or another feasible method. Port staff meets with marine terminals operators on a regular basis to discuss these and similar issues. The next meeting is scheduled in January 2013.

Utility Rates
The Port’s current utility rate schedules can be applied to energy usage for shore power. However, for various reasons, Port Utility Department staff is currently working to develop a utility rate structure that (a) is better suited to the unique energy usage characteristics of shore power, (b) will help meet the terminal operators’ needs for efficient billing and operations with their ocean carrier customers, (c) will allow the Port to recover its operation/maintenance costs for the new infrastructure, and (d) takes into account the fact that the Port’s marine terminal tenants are served by multiple utility services. Staff is evaluating various alternatives based on electricity rates and billing procedures for shore power at other California ports, analysis of the Port’s unique and varied utility structure, and legal and regulatory compliance concerns. Staff anticipates presenting a recommendation to the Board in the first quarter of 2013, after completing its review of alternatives.

8. Upcoming Board Actions
- Staff may be requesting the Board’s authorization of various change orders related to the Phase 1 construction contract. This request would be for expenditures already approved as part of the overall Program budget.
- In the first quarter of 2013, staff will present an analysis and recommendation to the Board regarding utility rates for shore power energy use.
- The next Major Project Update is scheduled for Spring 2013.
Shore Power Program

**Phase 1**
Berths: 56, 57, 58
Construction Period: March 2011 – June 2012
Grants: TIGER, MISF

**Phase 2A**
Berths: 25, 35, 37, 55, 59, 68
Construction Period: May 2012 – June 2013
Grants: Prop 1B

**Phase 2B**
Berths: 30, 32
Construction Period: May 2012 – June 2013
Grants: Prop 1B, MTC

**Maritime Security Goal:** The goal of the maritime security system at the Port of Oakland is to protect our critical maritime infrastructure and ensure business continuity following an incident. As a public entity, we must Prepare, Prevent, Respond and Recover from security and emergency incidents.

Through these actions the security system will reduce the risk from incidents that may impact the Port’s key assets and critical infrastructure, disrupt the supply chain and regional business activity, or negatively affect the citizens and environment of the City of Oakland.

Even though the primary focus of the security system is the prevention and response to Chemical, Biological, Radiological, Nuclear, and Explosive (CBRNE) incidents in the San Francisco Bay Area, the extensive planning, inter-agency cooperation, public-private collaboration, and continuous drills and exercises all contribute toward our region’s readiness for all hazards, both natural and man-made.

**Strategic Plan Alignment**

The maritime security projects are consistent with the following goals and objectives of the Port’s strategic plan:

<table>
<thead>
<tr>
<th>STRATEGIC PRIORITY AREAS</th>
<th>GOAL</th>
<th>OBJECTIVE</th>
<th>HOW THESE PROJECTS IMPLEMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sustainable Economic and Business Development</td>
<td>Goal A: Create Sustainable Economic Growth for the Port and Beyond</td>
<td>2. Affirm Port identity as a public enterprise</td>
<td>The Port is in a unique position as both a public agency and as a landlord for the Maritime area, a public trust responsibility, to be the focal point for the collection, consolidation and management of information and data related to critical infrastructure. For example a fiber optic line between the Port and City of Oakland will improve reliable communications between agencies that have responsibility to serve and protect both the community and its critical infrastructure.</td>
</tr>
<tr>
<td>Stewardship and Accountability</td>
<td>Goal F: Aggressively Obtain Maximum Amount of External Grant and Government Funding and Regulatory Relief</td>
<td>1. Seek out and pursue all promising and prospective grants and external funding resources</td>
<td>All of the Security Projects are between 75-100% grant funded with the exception of Port staff and overhead costs.</td>
</tr>
</tbody>
</table>
Port Security Grant Program Funding and Drivers

Over the past 10 years and beyond, the Port of Oakland has received, or is slated to receive, approximately $34M in federal and state funding in support of projects that protect our critical maritime infrastructure. The Port has paid or will pay for the staff and overhead costs associated with all 14 security projects (see attached list) but the rest of the costs have been paid for with grants. Future grant rounds will fund port security mandates and enhancements for Ports and marine terminals in the San Francisco Bay Region that support a more regional framework for preventing, responding and recovering from threats and incidents.

The San Francisco Bay Region has been designated as a Group One Port Area. This designation acknowledges that the ports of San Francisco, Oakland, Richmond and Stockton are all inter-dependent upon the same contiguous body of water and an incident affecting the marine transportation system in one will affect all the others and the people and economy of the entire region. This region has developed a five year strategic Risk Mitigation and Trade Resumption Plan which includes recommended investment justifications that will most greatly reduce all hazards risks for the region.

The focus of this Port Security Grant funding has shifted over the years to projects that:

1) Enhance Domain Awareness
2) Detect, Prevent, Respond and Recover from Improvised Explosive Devices
3) Enhance Access Control and Credentialing (Transportation Worker Identification Credential - TWIC)
4) Enhance Disaster Preparedness and Response Training and Exercises

Current Security Project Issues:

- **Performance Period Extensions:** Port Security Grant funds have typically been awarded by FEMA with a three year project performance period. FEMA has routinely authorized two years of extensions to the performance period, totaling five years of funds availability, in accordance with statute guiding the use of the grant funds (31 USC 1552).

Most recently, due to Congressional pressure on FEMA to ensure grant recipients spend down the funds allocated for infrastructure protection in a timely manner, the initial grant performance period was reduced to two years for Fiscal Year 2012 grant programs. Additionally, the more liberal determinations to authorize extensions have been significantly curtailed by FEMA, the grant program manager. The total performance period authorized by legislation remains at five years at which time the funds are automatically reverted back to the Treasury.
As a result of the scrutiny on funds drawdown and a gradual tightening of extension requests, FEMA initially denied the Port of Oakland’s request to extend the performance period for one year for two 2009 ARRA funded Port Security Grant projects, the Transportation Worker Identification Credential (TWIC) Infrastructure and Joint City-Port Domain Awareness Center (DAC) projects. Both requests for extension were based on delays in implementing the projects due, in one case, to federal program delays in releasing funds for a precursor, phase one conceptual DAC design and, secondly, for delays in issuing the final rule for the federal requirements for TWIC infrastructure, which may have system design and implementation impacts. After discussion and negotiation with FEMA program managers and federal legislative staff, an agreement was made to extend the performance period for both projects through June 30, 2013.

At that time, if the performance period cannot be extended to the full five years authorized, a strategy employing re-prioritization of previously allocated funds or a future grant round request to fund the final, unfinished phases of the projects could be implemented.

- **Recurring Operations and Maintenance Costs.** Most of the immediate security infrastructure costs, including system design and construction, are addressed in these 14 projects (see Attachment 1) with grant funding. The challenge moving forward will be the sustainment of the systems which includes recurring maintenance and operations costs. Staff will continue to leverage the Port Security Grant Program to accomplish security system maintenance of currently installed security systems, which is an authorized criteria for funding and is a high priority to FEMA.

Attachment 1 is a summary of recently completed and currently funded Maritime Security Projects.
## Attachment 1
**Port of Oakland Maritime - Current Security Project Summary – January 2013**

<table>
<thead>
<tr>
<th>Project Name</th>
<th>Port Security Grant Rounds</th>
<th>Grant Funds</th>
<th>Completion Deadline</th>
<th>Contracted</th>
<th>Method</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. Intrusion Detection System/Fiber Backbone</strong></td>
<td>7/CA1B</td>
<td>$7.6M</td>
<td>Sep-12</td>
<td>GTSI</td>
<td>Design/Build</td>
</tr>
<tr>
<td><strong>Description:</strong></td>
<td></td>
<td></td>
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<tr>
<td>This project upgraded the Port Security Grant Round One funded perimeter security system by adding cameras and video analytics to current capability. This project included a fiber optic communications ring around the inner perimeter of the marine terminals that is connected to Harbor Facilities and 530 Water Street. The Port building houses the head end server and is linked via secure internet connection to outside users who have permission to view specific cameras, as determined by the Marine Terminal Operators and the Port.</td>
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<tr>
<td><strong>Status:</strong></td>
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</tbody>
</table>

<table>
<thead>
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<th>Project Name</th>
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<th>Grant Funds</th>
<th>Completion Deadline</th>
<th>Contracted</th>
<th>Method</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2. Port-City Fiber Backbone</strong></td>
<td>7S/CA1B</td>
<td>$0.8M</td>
<td>Sep-12</td>
<td>GTSI</td>
<td>Chg Order/Design/Build</td>
</tr>
<tr>
<td><strong>Description:</strong></td>
<td></td>
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<tr>
<td>A fiber optic telecommunication system was installed between the Port’s Administration Building and City of Oakland - City Hall. The fiber connection results in increased signal reliability with further linkage to the Oakland Fire Department, Police Department, and City Office of Emergency Services.</td>
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<tr>
<td><strong>Status:</strong></td>
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<tr>
<td>Project funded and Board approved 6/2/2009. Construction phase is complete.</td>
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</tbody>
</table>
### Port of Oakland Maritime - Current Security Project Summary – January 2013

<table>
<thead>
<tr>
<th>Project Name</th>
<th>Port Security Grant Rounds</th>
<th>Grant Funds</th>
<th>Completion Deadline</th>
<th>Contracted</th>
<th>Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trucker Web Cams</td>
<td>7/CA1B</td>
<td>$0.13M</td>
<td>Sep-12</td>
<td>GTSI</td>
<td>Chg Order/Design/Build</td>
</tr>
<tr>
<td><strong>Description:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>This project increases camera coverage of the roadway entrances to the marine terminals and allow truckers to view lines to the terminals via web interface, enabling them to make more informed dispatching decisions and reduce trucker wait times. Project supports Comprehensive Truck Management Program (CTMP) and is integrated with Intrusion Detection System project.</td>
</tr>
<tr>
<td><strong>Status:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Project funded and CTMP approved 6/16/2009. Contractor installed cameras at the same time as fiber optic network (Project #1). Installation complete.</td>
</tr>
</tbody>
</table>

| Geo-Spatial Mapping         | 7S/CA1B                    | $1.3M       | May-12              | URS        | Consultant Agreement           |
| **Description:**            |                            |             |                     |            | This project employs a detailed survey of existing infrastructure (buildings, structures, utilities, etc.) in and around the Port area. This includes detailed mapping of Port infrastructure and photography of port buildings and exterior spaces in the port area. This project is designed to provide sensitive descriptions (comprehensive technical information) of all critical facilities to first responder agencies. This data will be integrated with the Port’s live security camera feeds and other security systems which will provide first responders with real-time situational awareness. |
| **Status:**                 |                            |             |                     |            | Project funded and Board approved 6/2/2009. System implementation complete. |
Port of Oakland Maritime - Current Security Project Summary – January 2013

<table>
<thead>
<tr>
<th>Project Name</th>
<th>Port Security Grant Rounds</th>
<th>Grant Funds</th>
<th>Completion Deadline</th>
<th>Contracted</th>
<th>Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>5 Truck Tracking Phase 2</td>
<td>CA1B 2008</td>
<td>$1.3M</td>
<td>Jan-13</td>
<td>SAIC/Marine</td>
<td>Design/Build</td>
</tr>
<tr>
<td><strong>Description:</strong></td>
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<tr>
<td>This phase of the overall Wireless Truck Tracking System establishes a Position Detection System with the Port Registry and Truck Management System that was part of Phase 1. The system is designed so that reports and queries can be made to meet security requirements including identification of suspicious or stolen trucks.</td>
<td></td>
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</tbody>
</table>
**Status:** Project funded and Board approved 1/12/2012. System implementation complete. |

<table>
<thead>
<tr>
<th>Conceptual Domain Awareness Center Design</th>
<th>CA1B 2008</th>
<th>$.48M</th>
<th>Jul-12</th>
<th>Guidepost</th>
<th>Design/Build Solutions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Description:</strong></td>
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<tr>
<td>This project resulted in a detailed conceptual engineering design that focuses future detailed design of a joint Port/City Domain Awareness Center (DAC). Concept of Operations, Command &amp; Control hierarchy, Technology Linkage and 90% Architectural Design bridging documents were also be developed under this phase of the project.</td>
<td></td>
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</tbody>
</table>
**Status:** Project funded and Board approved 3/2/2010. MOU with City describing linkage with Joint City/Port Domain Awareness Center and sub-grantee terms and conditions signed 3/1/2012. Conceptual design project complete 7/30/2012. |
### Port of Oakland Maritime - Current Security Project Summary – January 2013

<table>
<thead>
<tr>
<th>Project Name</th>
<th>Port Security Grant Rounds</th>
<th>Grant Funds</th>
<th>Completion Deadline</th>
<th>Contracted</th>
<th>Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>TWIC Infrastructure</td>
<td>ARRA</td>
<td>$4.7M</td>
<td>Jun-13</td>
<td>GTSI</td>
<td>Design/Build</td>
</tr>
<tr>
<td><strong>Description:</strong> This project will implement an integrated access control system which automates and positively identifies all persons requiring unescorted access to the marine terminals, including drayage and regional truck drivers delivering and picking up containers at the Port of Oakland. This project will expedite the clearance of truck drivers and longshoremen through the entry/delivery/receiving process. The project will increase security and may reduce congestion at the marine terminals. <strong>This capability is legislatively mandated.</strong></td>
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<tr>
<td><strong>Status:</strong> Project funded and Board approved 3/2/2010. Work Group established with marine terminal operators with focus on development of performance requirements and system specifications. Design/Build contract awarded to GTSI to complete the project in two phases. Anticipate federal Notice of Proposed Rulemaking for TWIC infrastructure requirements to be published in spring 2013.</td>
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</table>

<p>| Joint City/Port Domain Awareness Center | ARRA | $2.9M | Jun-13 | SAIC | Design/Build |
| <strong>Description:</strong> This Integrated Domain Awareness center for the Port of Oakland would be co-located with City of Oakland existing Emergency Operations Center (EOC). The DAC would provide a focal point for incident prevention and response coordination for the Port of Oakland. This center will be expandable to provide a central coordination point for Maritime and Landside Domain Awareness for the SF Bay region, will link to Coast Guard and other agencies local command centers and could provide monitoring redundancy to other ports that are experiencing an emergency. |
| <strong>Status:</strong> Project funded and Board approved 3/2/2010. MOU with City describing linkage with Joint City/Port Domain Awareness Center and sub-grantee terms and conditions is complete. Funding for this project will be a pass through to the City via the terms of the sub-grantee agreement. The City of Oakland issued an Request for Proposals and a joint City/Port team selected SAIC to accomplish this project. |</p>
<table>
<thead>
<tr>
<th>Project Name</th>
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<th>Grant Funds</th>
<th>Completion Deadline</th>
<th>Contracted</th>
<th>Method</th>
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<tbody>
<tr>
<td>Security System Resiliency/Improvements (IT Network)</td>
<td>9</td>
<td>$1.4M</td>
<td>Sep-14</td>
<td>Lookingpoint, Inc</td>
<td>Design/Build</td>
</tr>
<tr>
<td>Description: This investment will create a robust, redundant network to provide surveillance and monitoring data to designated Port network users.</td>
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<tr>
<td>Status: Project funded and Board approved on 5/26/2011; project is expected to be completed in 6/2013.</td>
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<tr>
<td>Surveillance System Linkage to Fiber Optic Network</td>
<td>10</td>
<td>$0.2M</td>
<td>Sep-13</td>
<td>Schneider Electric</td>
<td>Design/Build</td>
</tr>
<tr>
<td>Description: This project will physically link the previously installed, stand alone video surveillance systems in the Port area to the fiber backbone to facilitate common viewing capability and future integration into the Domain Awareness Center. The project was combined with the Surveillance and Monitoring System Maintenance Plan (Project #11) under one RFP. The selected consultant resulting from the competitive bid process, Schneider Electric, has been under contract starting 10/15/2012.</td>
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<tr>
<td>Status: Project funded and Board approved on 7/21/2011.</td>
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<tr>
<td>Surveillance and Monitoring System Maintenance Plan</td>
<td>10</td>
<td>$2.3M</td>
<td>Sep-13</td>
<td>Schneider Electric</td>
<td>Prof Services Agreement</td>
</tr>
<tr>
<td>Description: This project provides a maintenance contract of equipment and software purchased using FEMA preparedness grant funding for systems that were installed under PSGP grant Rounds 3, 4, 5, and 7. Maintenance includes regular inspection and cleaning of equipment, periodic diagnostic analyses, and repair of worn or damaged equipment. The maintenance contract will provide an on-call service to address system outages and will also upgrade software supporting systems to the most current version of each and support linkage through the port fiber backbone to provide web-based access of these systems.</td>
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<tr>
<td>Status: Project funded and Board approved on 7/21/2011.</td>
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### Port of Oakland Maritime - Current Security Project Summary – January 2013

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<th>Contracted</th>
<th>Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>Geospatial Mapping System Enhancement</td>
<td>12</td>
<td>$1.024M</td>
<td>Sep-14</td>
<td>TBD</td>
<td>Design/Bid/Build</td>
</tr>
<tr>
<td><strong>Description:</strong></td>
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<tr>
<td>In June 2012, the Port launched the Geospatial Security Mapping System (GSMS) which was funded by PSGP 7Supp and CA1B. The initial deployment included approximately 70 data layers ranging from locations of marine terminal fence lines to inclusion of current aerial imagery. The GSMS also provides real-time ship tracking, weather, live views of CCTV camera systems, etc. The objectives of this additional phase will focus on development of utility system data, development of access to external users, system resiliency, and development of an emergency notification solution.</td>
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<td><strong>Status:</strong></td>
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<tr>
<td>Project approved by FEMA. Agenda Report scheduled for January 24, 2013 Board mtg</td>
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<thead>
<tr>
<th>Maritime Domain Awareness Enhancement</th>
<th>12</th>
<th>$1.1M</th>
<th>Sep-14</th>
<th>TBD</th>
<th>Design/Bid/Build</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Description:</strong></td>
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<tr>
<td>This project has three objectives: A) Port tenants currently utilize a mobile hand-held radio system for emergency communications. The frequency utilized by the radios will be decommissioned in 2013 the radios must be replaced; B) Maritime is currently working to integrate three stand-alone CCTV surveillance systems into a single, integrated system. Based on the lessons learned from security/emergency operations, the system requires additional, strategically located pan-tilt-zoom cameras to provide better visibility around the marine terminals and other critical infrastructure; and C) The Port's Emergency Operations Center, and other locations in Port buildings, require turn-key access to security systems (cameras systems, GIS, etc) in order to streamline security/emergency operations.</td>
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<tr>
<td><strong>Status:</strong></td>
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**Description:** This project has two objectives: A) The placement of three new fiber in the maritime area (Maritime St) will complete a "loop" providing network redundancy as the current layout of the network is a straight line, singular run deployment. The installation will also support future expansion of the system to the rail/intermodal areas; and B) The City/Port are currently working on the deployment of the Domain Awareness Center (DAC) and current Port security network extends only from 530 Water Street to City Hall; this will connect the Port directly to the DAC location.

**Status:** Project approved by FEMA. Agenda Report scheduled for January 24, 2013 Board mtg
## Port of Oakland Maritime - Current Security Project Summary – January 2013

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<th>Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>Security Fiber Network</td>
<td>12</td>
<td>$1.42M</td>
<td>Sep-14</td>
<td>TBD</td>
<td>Design/Bid/Build</td>
</tr>
</tbody>
</table>

**Description:** This project has two objectives: A) The placement of three new fiber in the maritime area (Maritime St) will complete a "loop" providing network redundancy as the current layout of the network is a straight line, singular run deployment. The installation will also support future expansion of the system to the rail/intermodal areas; and B) The City/Port are currently working on the deployment of the Domain Awareness Center (DAC) and current Port security network extends only from 530 Water St to City Hall; this will connect the Port directly to the DAC location.

**Status:** Project approved by FEMA. Agenda Report scheduled for January 24, 2013 Board mtg

### Notes:

1. These projects are totally grant funded with the exception of Port staff and overhead costs that are not reimbursable by the Port Security Grant Program.
2. Projects #1, 2, 3, and 4 have dual funding sources with Federal Port Security Grant covering 75% and State CA1B covering 25% of reimbursable project costs.
3. Projects #12, 13, 14 require a 25% recipient cost share.
PORT OF OAKLAND
GEOSPATIAL SECURITY
MAPPING SYSTEM
Agenda

• What is GIS?
• Project Background
• Viewer Demonstration
• User Benefits
• Next Steps
What is GIS?
What is GIS?
Project Background

- **Security/Emergency Response Focus**
  - Enterprise GIS Foundation
- **Funding**
  - $1.3M Grant

- **Project Management Team**
  - Port/URS/NSG

- **Process**
  1. Needs Assessment
  2. Implementation Plan
  3. System Development
  4. Strategic Plan
Viewer Demonstration

• User Access:
  – Security Viewer
  – Engineering Viewer
  – General Viewer
User Benefits

- Heightened Maritime Area Awareness
- Find Data and Documents Faster
- Mapping Tools
- Expansion Capabilities
  - Data
  - System Integration
Next Steps

- 2 Years .6 FTE Support
- Grant Awarded for Phase 2
- Strategic Plan Initiatives
- Governance
Questions?
AGENDA REPORT

TITLE: Authorize the Executive Director to Enter into the Preliminary Operating Agreement for the former Oakland Army Base with Anacostia Rail Holdings, Inc., the Selection Panel’s Highest Ranked Proposer

AMOUNT: Future Revenues for Rail Operator and Port To Be Determined.
This Item does not include a Funding Allocation by the Board

PARTIES INVOLVED:

<table>
<thead>
<tr>
<th>Corporate Name/Principal</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>Anacostia Rail Holdings, Inc. / Eric T. Jakubowski</td>
<td>Chicago, IL</td>
</tr>
<tr>
<td>Oakland Global Rail Enterprises / Chris Stotka</td>
<td>Oakland, CA</td>
</tr>
<tr>
<td>Omnitrax / Robert Kirchgessner</td>
<td>Oakland, CA</td>
</tr>
<tr>
<td>Rail Link, a division of Genesee &amp; Wyoming / William A. Jasper</td>
<td>Jacksonville, FL</td>
</tr>
<tr>
<td>San Francisco Bay Railroad / David A. Gavrich</td>
<td>San Francisco, CA</td>
</tr>
<tr>
<td>Savage Services Corporation / Brian Jones</td>
<td>Salt Lake City, UT</td>
</tr>
<tr>
<td>Sierra Northern Railway / David Magaw</td>
<td>Woodland, CA</td>
</tr>
</tbody>
</table>

TYPE OF ACTION: Resolution

SUBMITTED BY: Jean Banker, Deputy Executive Director & Maritime Director (Acting)

APPROVED BY: Deborah Ale-Flint, Executive Director (Acting)

SUMMARY

At the December 20, 2012 Board meeting, staff recommended Anacostia Rail Holdings, Inc. as the highest ranked proposer in response to the Port’s Request for Qualifications for a Rail Operator to operate the Phase 1 Rail Yard at the former Oakland Army Base. The Board directed staff to provide a more detailed analysis of the selection committee’s recommendation. Staff has carefully considered both the Board and the public’s comments and continues to recommend Anacostia Rail Holdings, Inc.

This agenda report is a complement to the December 20, 2012 agenda report, which has been attached for your reference. Please refer to the report for additional background on this item. The Port requested additional information from the top three proposers. Those Supplemental Questions and each Proposer’s Response are attached.

FACTUAL BACKGROUND

The Preliminary Operating Agreement relates to the redevelopment of the former Oakland Army Base. The Port’s Engineering Division issued a Request for Proposals for Design-
Build Contractors for a portion of the new rail yard, and plans to separately solicit for additional railroad track design and construction in the spring of 2013.

Port staff developed selection criteria (see attached) for the Rail Operator RFQ according to the strategic goals of the Port and of the Maritime Division specifically. Long-term growth of Maritime activity in Oakland relies on increasing discretionary rail activity at the Port, including intermodal container traffic and transloading facilities. When completed, the master planned development for the former Oakland Army Base will help the Port realize this growth opportunity. The Port is planning to build a Phase 1 rail yard that will support expanded transload, bulk and breakbulk discretionary rail cargo which has a tremendous market demand today. The City and its development team are also planning their development to meet this growth opportunity. Port staff wants to ensure that the future rail operator has the knowledge, experience and ability to operate not only the current business contemplated under Phase I Rail Yard, but also to operate under the expanded Master Plan goals of a new intermodal yard.

In its comments at the December 20, 2012 Board meeting, Board members requested the following additional information from Staff:

- How did the top ranked team compare against the competition?
- How will the Port rail operator coordinate effectively with the City OAB operations?
- How did local hiring and local business utilization factor into the analysis?

Staff requested additional information from the top three ranked proposers to ensure it could best address the Board’s questions and this agenda report incorporates the additional data.

ANALYSIS

Overview of the Submission Evaluations

**Anacostia Rail Holdings**

Anacostia operates 6 US railroads in Chicago, New York, Minnesota, Houston, Long Beach and Kentucky to Indianapolis. Anacostia has had relationships with both Class I railroads since its founding in 1985. Since 1997, Pacific Harbor Lines (PHL) has served many competitors, including both port authorities, both Class I railroads, marine terminal operators and industries. PHL serves 30 industries and 9 on-dock terminals in Los Angeles and Long Beach, moving 2 million container units and over 30,000 carloads annually. PHL received a grant from the South Coast Air Quality Management District’s Carl Moyer Program, along with the ports, to upgrade its locomotive fleet to the lowest emission locomotive technology. Anacostia has worked with surrounding residents in Long Beach and New York to minimize train operations and idling to the maximum extent practical that impact the community.

Anacostia was identified by the selection panel as having the most relevant experience. The operation at Pacific Harbor Line is most similar to the Port of Oakland of any other rail operation, given its environment, local community involvement, competing property owners, recent business growth and Class I railroad coordination. PHL deals with many of the
same customers as it would in Oakland, from terminal operators to transloading companies. The two competing Port authorities in the same harbor are very similar in nature to the City and Port bifurcation of the former OAB.

In its responses, Anacostia emphasized its priority on providing equal service to all customers in a highly competitive environment as its best opportunity to grow business. Anacostia placed a significant amount of importance on establishing itself as a neutral party in the competitive ports, committing to provide a level of customer service that fostered competition within its port and terminal operations, particularly in Los Angeles and Long Beach.

*Oakland Global Rail Enterprises*

Oakland Global Rail Enterprises (OGRE) is a joint venture between Ports America, California Capital & Investment Group (CCIG) and West Oakland Pacific Railroad (WOPR). WOPR has worked effectively at the Oakland Army Base since June 2012, providing rail switching services to its affiliate Industrial Railways Company, Pacific Coast Container and Impact Transportation under contract from BNSF and Union Pacific. Industrial Railways Company commenced a transload lumber operation at the Port in 2011, installing its own tracks to bring new business to the Port of Oakland. CCIG is an Oakland-based real estate and development company that has a development agreement with the City of Oakland for its portion of the former Oakland Army Base. Ports America is a global marine terminal operator with numerous affiliates operating at the Port of Oakland, including berths 20-26 via Ports America Outer Harbor Terminals; berths 35-37 as part of Seaside Transportation Services; and berths 55-56 as a contractor for Total Terminals International.

OGRE has proven itself to be capable and effective as a new entity with a brief track record. OGRE is most familiar with the existing customers and the nuances of doing business at the OAB. OGRE already has a relationship with the City, via CCIG’s partnership in the City OAB development agreements. CCIG has been a leader in the OAB development, supporting grant writing initiatives, funding the environmental review along with the City, and coordinating among key state, federal and local funding agencies. Of OGRE’s three joint venture partners, only one has rail operating experience and it is substantially less than all of its competitors.

*Rail Link, a Genesee & Wyoming Company*

Rail Link and its parent company Genesee & Wyoming operate 66 railroads, and with its acquisition of Rail America, approved by the Surface Transportation Board on December 19, 2012, the combined company now operates 111 railroads serving 24 ports around the world. Genesee & Wyoming has worked with UP and BNSF since 1985. Rail Link operates numerous similar facilities, including the new APM Terminals facility in Portsmouth, VA, and the ports of Savannah, GA; Wilmington, NC; Corpus Christi, TX; Galveston, TX; Hueneme, CA; and Jacksonville, FL. The Port Hueneme operation is an acquisition from Rail America which will be integrated into the Rail Link shortly. Rail Link’s focus is on ports in the southeastern US, and with the Rail America acquisition will expand to all US ports.
Rail Link has by far the most experience working with UP and BNSF, rail operation in ports, and with many key business partners in the goods movement industry. Its scale of operations and strong business model provide an excellent template for growing a new business in Oakland. Rail Link has less experience in California, though this will change as it absorbs Rail America’s operations. Rail Link is the only public traded company, while the four other proposers are all privately held. With nearly $1 billion in annual revenue, it has the strongest balance sheet. Rail Link has extensive relationships with both the Class 1 railroads and has a diverse customer base supporting its strong industry reputation. The acquisition of Rail America is significant and could be seen as a distraction from developing new operations like Oakland. Rail Link would set up a Oakland based subsidiary which would consist of entirely of local employees, with the exception, perhaps of the Director of Operations who is typically promoted from one of the company’s other railroad operations.

Rail Link interchanges nearly 1,000,000 cars per year with the various Class I railroads. Rail Link provides switching for numerous intermodal terminals, including at the Port of Jacksonville, where it also loads and unloads containers to and from the trains on the port’s behalf. Rail Link has prioritized energy efficiency and emissions reductions technologies, and has an Environmental Team to address environmental and safety matters. The team does annual environmental assessments at several Rail Link operations every year. Rail Link partnered with the EPA’s SmartWay program focused on energy efficiency and greenhouse gas emissions reductions.

San Francisco Bay Railroad
San Francisco Bay Railroad (SFBR) has operated at the Port of San Francisco for 12 years, interchanging with Union Pacific. SFBR also has a transload facility at the Port of Richmond where and previously worked at Mare Island. SFBR has worked with the California Air Resources Board on optimizing emissions reductions with different bio-fuel diesel blends in its locomotives, and using Carl Moyer grants to replace engines in its locomotives. SFBR has a herd of goats providing weed control along its tracks. SFBR handles up to 2,000 railcars per year, including unit trains of remediation waste and Oracle Racing’s Americas Cup sailing equipment.

SFBR is committed to local hiring, with many of its employees from the Hunters Point / Bayview community. SFBR has developed new business, particularly their work with the adjacent Hunter’s Point remediation project, moving extracted soil by rail to disposal sites, rather than trucking the material. SFBR’s current operation is the fourth largest of the five proposers considered.

Sierra Northern Railway
Sierra Northern operates freight and excursion railroads throughout Northern California, including Oakdale, Sacramento and Mendocino. Sierra Northern operates at the Port of West Sacramento, Riverbank Industrial Park near Modesto, CA, and the Concord Naval Weapons Station. Sierra Northern acquired the rail line between Fort Bragg and Willits, CA where it operates the Skunk Train excursion line. Sierra Northern hopes to start freight service along the line when the neighboring Northwestern Pacific rebuilds the line south of Willits, CA. Sierra Northern has received grants from the San Joaquin Air Quality Management District to rebuild its diesel locomotives using more energy efficient
Sierra Northern interchanges with BNSF and UP at most of its
locations, handling a variety of industrial products. Sierra Northern has a track
maintenance group and a heavy construction group that perform significant repair and new
construction work.

Sierra has been a key contributor towards the conversion of the former Riverbank Arsenal
into a productive commercial operation, handling over 1,000 railcars annually at the now
Riverbank Industrial Complex. Sierra handles approximately 3,000 railcars per year among
its three California divisions.

**Coordination with the City OAB Development**

Any operator, though to a lesser degree OGRE, will have to quickly come up to speed on
the Port, City, Prologis, CCIG, future building tenants, recycling companies and EBMUD’s
rail service plans. Many of the specific users are not yet in place and each user will have a
different set of rail service needs. Since the operation is not expected to commence for two
years, the selection committee felt there will be adequate time to develop a strong working
relationship and develop an agreement with all the parties on how the rail service will be
provided.

Once the Port selects its rail operator, the City and Port will have to discuss the terms and
conditions of former OAB rail operations. Prologis and CCIG, as well as the recyclers will
be critical to these discussions as they have development rights on the City’s lands. OGRE
indicated in its response that it will be responsible for rail service to the City lands
regardless of which operator the Port selects, via CCIG’s agreements with the City and
EBMUD. The Port has committed to providing the City with competitive, non-discriminatory
rail service so that it may utilize the planned rail yard and access the mainline.

One question raised by the Board is whether there is a conflict between the Port’s rail
operator selection, and CCIG’s plan to use OGRE to serve City OAB customers. Staff
believes that even if the Port’s rail operator does not operate on behalf of the City
customers, there is not necessarily a conflict between those operations.

Anacostia has experience managing situations like this in Southern California, where a bulk
terminal operator in Long Beach, Metropolitan Stevedoring uses its own locomotives on
PHL tracks to receive and deliver unit coal, coke and soda ash trains, rather than have PHL
provide that service. A similar model may be best for Oakland, but further detailed
discussions with the City, developers and terminal operator will be required.

Staff will include updates on the progress of these discussions to the Board during its
regular OAB major project update reports to the Board.

**Removal of Consulting Scope of Work from Contract Award**

Staff recommends not contracting for “Consulting Services” as described in the RFQ.
Under Section 2.4, the Port reserves the right to “change any provision of this RFQ or any
other aspects of the evaluation process at any time during the RFQ process”. This change
to the RFQ is based on certain responses relating to “Conflict of Interest/Confidentiality” representations and covenants in the proposed Preliminary Operating Agreement. The responses suggest that it may be legally impossible for any Proposer to make the “no conflict of interest” covenant when the same Proposer is contracted to perform the consulting services for the Port and at the same time negotiate the Rail Operating Agreement with the Port. At least, further legal consultations or analysis may need to be made before such “no conflict of interest” covenant can be made. One Proposer suggests that the Port “should bifurcate the RFQ into two agreements, one for the delivery of the Consulting Services and one for the negotiation of the Operating Agreement.”

Without resolving the issue of whether a conflict of interest may exist for a single Proposer to perform both the consulting services and to negotiate the Rail Operating Agreement, Port staff agrees that further legal consulting and analysis is needed. Because time is of the essence for the Port to commence negotiations with a qualified rail operator, Port staff is at this time bifurcating the consulting services from the negotiations for a Rail Operating Agreement. Therefore, the Preliminary Operating Agreement will provide only for the negotiations between the selected Proposer and the Port for the purpose of agreeing upon and entering into the Rail Operating Agreement. The Preliminary Operating Agreement will continue to provide that the Port will solicit input from selected Rail Operator as an important stakeholder in the design of the Project and in formulating the City Access Agreement. The Preliminary Operating Agreement will be amended to reflect this change, and a copy of that agreement will be posted on the RFQ website on January 8, 2012. Port staff may make future recommendations regarding the need for and process for selecting the provider of consulting services.

Local Business Utilization and Local Hire Programs

In addition to the Port’s Non-Discrimination and Small Local Business Utilization Policy, the evaluation criteria included additional jobs related criteria, including consideration of:

- Sustainable job opportunities,
- Job training opportunities for residents of Oakland and its surrounding communities,
- Environmental justice, and workforce development benefits,
- Labor relations management, and
- Community and stakeholder engagement

The Port’s Social Responsibility Division evaluated each proposal for the assignment of preference points in accordance with the RFQ and the Port’s Non Discrimination Small Local Business Utilization. Based on that analysis, OGRE was given an advantage over the other proposals due to CCIG being a registered very small local business enterprise with the Port. The rankings reflect OGRE’s relative advantage in this category.

All the firms have expressed commitment to hire locally for the majority of the staff needed for the operations. Anacostia and Rail Link both committed to paying their employees while they are in training. The current business activity at the former Oakland Army Base is expected to grow substantially from its current level, and the number of employees is expected to grow as well. At full build-out, the rail operation may have many new employees, all of which would be new hires. While OGRE, Sierra Northern and SFBFR may...
keep their existing local and regional offices to manage the new business, both Rail Link and Anacostia committed to establishing a new business in Oakland for the railroad operations with local employees.

OGRE is committed to matching the same jobs commitments it made in its development agreement with the City of Oakland, the City’s Operating Jobs Policy. This would include 50% Oakland residents and funding for job and community programs.

Anacostia indicated it would hire locally, work with job centers such as the City’s proposed new job center, and target veterans. Anacostia stated 30% of PHL’s workforce are military veterans, and all new jobs at the Oakland operation would include health, retirement and other benefits. Its PHL workforce is represented by a union. Staff plans to engage the rail operator to work with City staff to best utilize the extensive job placement resources the City plans to develop.

**Selection Team Ranking & Recommendation**

<table>
<thead>
<tr>
<th>Proposer</th>
<th>Rank by Each Panelist</th>
<th>Avg.</th>
<th>Final Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Anacostia</td>
<td>A: 2, B: 1, C: 1, D: 1, E: 1</td>
<td>1.2</td>
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<td>OGRE</td>
<td>A: 1, B: 3, C: 3, D: 2</td>
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<td>2 (tie)</td>
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<tr>
<td>SF Bay RR</td>
<td>A: 4, B: 4, C: 4, D: 4</td>
<td>4.0</td>
<td>4</td>
</tr>
<tr>
<td>Sierra Northern</td>
<td>A: 5, B: 5, C: 5, D: 5</td>
<td>5.0</td>
<td>5</td>
</tr>
</tbody>
</table>

Anacostia demonstrated the most relevant experience with respect to the selection criteria and is considered the most qualified proposer.

OGRE has local and project specific experience which adds significant value, but could not demonstrate the same level of rail operating experience as Anacostia and Rail Link.

Rail Link demonstrated the same level of rail operating experience as Anacostia but is unable to demonstrate California specific regulatory/stakeholder experience.

The selection panel believes Anacostia is best able to develop an effective rail operation at the former Oakland Army Base both for the Phase I Rail Yard and for the long-term goals of the Port. While Anacostia is not currently a local company, Port staff expects that they will become a local business with local employees once operations commence in 2014. The other applicants demonstrated their capability to perform the work, the selection panel and Port staff believe that Anacostia provides the lowest risk and the best opportunity for business growth because of their proven experience and success in similar environments.

**Alternative Considerations**

If the Board disagrees with staff’s recommendation based on the stated evaluation criteria, it could direct staff to negotiate with a proposer that it deems the highest ranked according
to the stated criteria. Such a direction would potentially lead to a protest from one or more of the other firms which participated in the panel therefore is not recommended.

If the Board does not agree with the selection criteria used to rank the proposers, the Board would have to reject all bids and ask staff to reissue the RFQ with new selection criteria, as outlined in the Options section of this Agenda Report. If the Board rejects all bids and the RFQ is reissued, the new RFQ process is estimated to delay the selection by approximately 4 months. Staff believes this delay will jeopardize the ability of the selected rail operator to coordinate with the design builder before the design is finalized. Changes and recommendations by the rail operator after the design-builder has completed its design could lead to cost overruns and construction delay. These cost overruns would be borne entirely by the Port because the federal and state granting agencies have indicated they will not pay for cost overruns. This is not recommended.

**STRATEGIC PLAN ALIGNMENT**

See Attached.

**BUDGET & FINANCIAL IMPACT**

This agenda report does not authorize any allocation of funds by the Board.

Both the Port and the Rail Operator are expected to generate substantial new revenue from growth in the rail operation. Specific estimates will be provided prior to entering into the Rail Operating Agreement, which will be brought to the Board in the next 12 months. The Port’s income is anticipated to come in the form of a future tariff which would be competitive with similar tariffs at similar ports. The rail operator would be compensated by rail users, most likely as a service provider under contract with the railroads, paid by the railroads customer’s who arrange transportation to and from the Port.

**STAFFING IMPACT**

No staffing impact is anticipated.

**SUSTAINABILITY**

See Attached.

**ENVIRONMENTAL**

See Attached.

**MARITIME AND AVIATION PROJECT LABOR AGREEMENT (MAPLA)**

See Attached.

**OWNER CONTROLLED INSURANCE PROGRAM (OCIP)**
See Attached.

GENERAL PLAN
See Attached.

LIVING WAGE
See Attached.

OPTIONS
The Board may elect to take one of the following actions:

(1) Authorize the Executive Director to Enter into a Preliminary Operating Agreement with Anacostia Rail Holdings, Inc.; or

(2) Find that a Different Proposer best meets the Qualifications and Selection Criteria established in the Rail Operator RFQ and Authorize the Executive Director to Enter into a Preliminary Operating Agreement with that Party; or

(3) Authorize the Executive Director to Reject all Bids and Re-Issue the Rail Operator RFQ with revised Evaluation Criteria.

RECOMMENDATION
Authorize the Executive Director to enter into a Preliminary Operating Agreement with the Anacostia Rail Holdings, Inc., the Selection Panel's Highest Ranked Proposer.
REVISED AGENDA REPORT

TITLE: Authorize the Executive Director to Enter into the Preliminary Operating Agreement for the Intermodal Rail Terminal, Phase 1 at the former Oakland Army Base with the highest ranked proposer.

AMOUNT: $50,000

PARTIES INVOLVED:

<table>
<thead>
<tr>
<th>Corporate Name/Principal</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>Anacostia Rail Holdings, Inc. / Eric T. Jakubowski</td>
<td>Chicago, IL</td>
</tr>
<tr>
<td>Oakland Global Rail Enterprises / Chris Stotka</td>
<td>Oakland, CA</td>
</tr>
<tr>
<td>Omnitrax / Robert Kirchgessner</td>
<td>Oakland, CA</td>
</tr>
<tr>
<td>Rail Link, a division of Genesee &amp; Wyoming / William A. Jasper</td>
<td>Jacksonville, FL</td>
</tr>
<tr>
<td>San Francisco Bay Railroad / David A. Gavrich</td>
<td>San Francisco, CA</td>
</tr>
<tr>
<td>Savage Services Corporation / Brian Jones</td>
<td>Salt Lake City, UT</td>
</tr>
<tr>
<td>Sierra Northern Railway / David Magaw</td>
<td>Woodland, CA</td>
</tr>
</tbody>
</table>

TYPE OF ACTION: Resolution

SUBMITTED BY: Jean Banker, Deputy Executive Director & Maritime Director (Acting)

APPROVED BY: Deborah Ale-Flint, Executive Director (Acting)

SUMMARY

The Port seeks to enter into a Preliminary Operating Agreement and subsequently a Rail Operating Agreement for railroad switching, operation and maintenance services once the new Phase 1 Rail Yard is constructed. The winning proposer will provide consulting services for the Port, not to exceed $50,000 as contemplated in the Amended and Restated Cost Sharing Agreement (the “Amended CSA”) between the City and the Port.

At the time of publication of this report, Port staff had not yet completed the selection process and determined the highest ranked proposer. An announcement of the highest ranking proposer will be made at the December 20 board meeting.

On December 12, the Port’s selection committee completed its interviews and deliberations on the ranking of the proposers based upon the evaluation criteria set forth in the Port’s
Request for Qualifications ("RFQ") and submitted its rankings to the Deputy Executive Director on December 13. The selection committee ranked Anacostia Rail Holdings, Inc. as the highest ranked proposer based upon the RFQ evaluation criteria.

This authorization will allow the Port to negotiate the terms and conditions of a future Rail Operating Agreement. Under the Rail Operating Agreement, the winning proposer would provide switching services to the Port for rail cargo. While switching, operations and maintenance services are contemplated, such services will not be performed until a Rail Operating Agreement has been fully negotiated and drafted and approved by the Board of Port Commissioners (the “Board”).

At this time, Port staff seeks Board authorization to enter into a Preliminary Operating Agreement with the highest ranked proposer in response to the Port's Request for Qualifications for Rail Operator for Intermodal Terminal Rail Yard, Phase 1 (former Oakland Army Base) issued on November 16, 2012.

**FACTUAL BACKGROUND**

The Port of Oakland and City of Oakland plan to redevelop the former Oakland Army Base (OAB) into a new rail served trade and logistics center. The City plans a new bulk marine terminal, multiple rail served warehouses, and a recycling center, while the Port has plans for a new intermodal rail terminal, grade separation project and multiple rail served warehouses.

The first development of Port lands will include a new Phase 1 Rail Yard on the east side of the former OAB which will serve both Port and City former OAB lands. The Phase 1 Rail Yard will serve both the future Port and City development areas as well as existing businesses on Port lands.

The Amended CSA, dated June 19, 2012, provides for the Port and City to cooperate on the OAB redevelopment. This cooperation includes sharing state grant funds, jointly developing utility and roadway improvements, and other construction and operating provisions. The Port agreed to provide the City preferential use of a portion of the Phase 1 Rail Yard for the City's rail needs. Additionally, the Port committed to hiring a rail operator to manage the Phase 1 Rail Yard and serve the various customers on both sides of the former OAB.

The Port anticipated entering into contract with the rail operator by December 28, 2012 to provide two key consulting services. First, the winning proposer would provide input into the design of the Phase 1 Rail Yard. Second, the winning proposer would assist the Port in negotiating a rail access agreement with the City of Oakland. The rail access agreement would provide the Port’s railroad operator with the rights to use railroad tracks on City property to serve customers on City lands. Use of the Phase 1 Rail Yard must be in accordance with a rail tariff to be established by the Port Board, which tariff will be market rate, transparent, and non-discriminatory.
The Port issued a Request for Qualifications (RFQ) on November 16, 2012, posted on the Port’s webpage at [http://www.portofoakland.com/business/](http://www.portofoakland.com/business/) and advertised with the Journal of Commerce, and American Association of Short Line Railroads and American Association of Port Authorities. The RFQ was noted in an article by Progressive Railroading magazine. The RFQ was distributed to numerous potential railroad operators. Bids were due December 7, 2012, and on December 12, 2012, the Port held interviews with those proposers who complied with the submittal requirements of the RFQ.

Port staff rated each proposal based on the proposer's qualifications, including, without limitation, the following:

- Experience working with Union Pacific and BNSF Railroads
- Operation of similar rail facilities
- Safety record
- Local hiring participation and generation of local community benefits
- Non-discrimination and small/local business utilization
- Experience attracting new customers
- Ability to provide design input
- Ability to work with multiple agencies and property owners
- Experience with federal, state, and local environmental laws
- Customer service and satisfaction
- Management of labor relations
- Environmental initiatives
- Financial capability

The specific weighting of each proposal are noted in greater detail in the RFQ, and are noted below in summary form:

- Cover Letter & Proposer’s Offer & Representation Agreement (5%)
- Proposer’s Information (10%)
- Rail Operating Experience (30%)
- Technical Capability (30%)
- Financial Capability (10%)
- Non-Discrimination Small/Local Business Utilization Policy (15%)

Based on a review of the submitted qualifications, and interviews held with the most responsive proposers, Port staff recommends entering into a Preliminary Operating Agreement with the highest ranked proposer. A form of the proposed Preliminary Operating Agreement is provided as an attachment to this agenda report.

After reviewing the 7 submissions received, the Port elected to interview and evaluate five submissions. Omnitrax and Savage Services were not interviewed, as their written qualifications were less responsive to the submittal requirements of the RFQ. The selection panel was asked to consider both the written submission and oral interviews in
determining the ranking. The selection panel was informed that its evaluation had to be based on the criteria established in the RFQ, and that the selection panel’s recommendation would be subject to review by the Port staff and the Board of Port Commissioners.

<table>
<thead>
<tr>
<th>Rank</th>
<th>Proposer</th>
<th>First Place Votes</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Anacostia</td>
<td>4</td>
</tr>
<tr>
<td>2 (tie)</td>
<td>Oakland Global Rail Enterprise</td>
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<tr>
<td>2 (tie)</td>
<td>Rail Link</td>
<td>0</td>
</tr>
<tr>
<td>4</td>
<td>San Francisco Bay Railroad</td>
<td>0</td>
</tr>
<tr>
<td>5</td>
<td>Sierra Northern Railway</td>
<td>0</td>
</tr>
</tbody>
</table>

Each of the proposers has a track record of success and were favorably viewed by all the selection panel. Anacostia had the most all-around experience operating a railroad in a complex, multi-stakeholder environment most similar to Oakland. Anacostia operates Pacific Harbor Lines (PHL) at the Ports of Los Angeles and Long Beach, and 5 other railroads across the country. PHL started 15 years ago and serves in-dock rail terminals and other industries at the twin southern California ports. During that period, PHL has successfully worked with both BNSF and Union Pacific Railroad, earning a reputation for fairness and impartiality in both its rates and its customer service. Shipping lines, railroads, ports and marine terminal operators are able to compete for business without worrying whether a competitor has a better deal from the rail operator. Anacostia also has upgraded its locomotive fleet to the latest low emission vehicles, with financial support from the ports and the South Coast Air Quality Management District.

The selection panel included Chris Chan, Mark Erickson and Richard Taylor of the Port, Patrick Cashman, with the City of Oakland, and David Duey of Parsons Transportation Group, an engineering consultant for the Port on the Phase 1 Rail Yard design and construction.

Port staff will notify the Board upon execution of the Preliminary Operating Agreement by both parties. Port staff intend to execute the agreement immediately upon authorization by the Board and commence the design review and access agreement consulting tasks.

**STRATEGIC PLAN ALIGNMENT**

Port Staff believe that the development and operation of the Phase 1 Rail Yard at the OAB will meet the Port’s goals to both “create sustainable economic growth” and “improve the Port’s financial position.” Benefits of the property development as they relate to the Port’s strategic plan are as follows:

<table>
<thead>
<tr>
<th>STRATEGIC PRIORITY AREAS</th>
<th>GOAL</th>
<th>OBJECTIVE</th>
<th>HOW THIS PROJECT IMPLEMENTS</th>
</tr>
</thead>
</table>

FOR REFERENCE ONLY
DECEMBER 20, 2012 BOARD MEETING

BUDGET & FINANCIAL IMPACT

The proposed Preliminary Operating Agreement covers consulting services in the maximum amount of $50,000. This work is included in the Fiscal Year 2012-2013 Capital Needs Assessment (CNA) approved budget for $7,625,000 and $411,285 has been spent in the current fiscal year to date.

If the Port and the winning proposer agree subsequently to a Rail Operating Agreement as intended, the labor, materials and equipment associated with operations and maintenance would be spent by the winning proposer and recovered from revenues charged to each of the various customers using the services provided. The Port would share in a portion of the revenues generated from the operations in the form of a tariff on rail cargo moved.

STAFFING IMPACT

The railroad operator will be providing design review and consulting services under this contract which are in addition to work the design engineers who will be preparing construction plans through a separate solicitation by the Port’s Engineering Division will perform. Current Port staff in the Engineering, Legal and Maritime Divisions will be engaged during the course of the contract. No additional staff are necessary during the Preliminary Operating Agreement.

SUSTAINABILITY

Port staff have included specific environmental initiatives in its evaluation criteria, including the tradeoffs between economic and environmental benefits, experience with energy efficiency and sustainable technologies, air quality improvement initiatives and stakeholder relationships.
ENVIRONMENTAL

The proposal to authorize the Executive Director to enter into a Preliminary Operating Agreement to negotiate the terms and conditions of a rail operating agreement with a potential rail operator was reviewed in accordance with the requirements of the California Environmental Quality Act (CEQA), and the Port CEQA Guidelines. The general rule in Section 15061(b)(3) of the CEQA Guidelines states that CEQA applies only to activities that have a potential for causing a significant effect on the environment. It can be seen with certainty that there is no possibility that entering into a preliminary agreement that includes the provision of design review and consulting services will result in a physical change in the environment, and therefore this action is not subject to CEQA and no further environmental review is required to take this action.

MARITIME AND AVIATION PROJECT LABOR AGREEMENT (MAPLA)

The work performed under this Preliminary Operating Agreement is not within the scope of the Port of Oakland Maritime and Aviation Project Labor Agreement (MAPLA) and the provisions of the MAPLA do not apply. However, the future operating and maintenance agreement may involve work subject to MAPLA and in that event, MAPLA would then apply to that contract.

OWNER CONTROLLED INSURANCE PROGRAM (OCIP)

The design review work will be subject to the Port’s Professional Liability Insurance Program (PLIP). However, other work, such as the assistance in negotiating an Access Agreement with the City of Oakland will not be subject to the OCIP or PLIP.

GENERAL PLAN

The proposed development of the former Oakland Army Base is consistent with the City of Oakland General Plan in accordance with Section 727 of the Charter.

LIVING WAGE

Living wage requirements, in accordance with the Port’s Rules and Regulations for the Implementation and Enforcement of the Port of Oakland Living Wage Requirements (the “Living Wage Regulations”), living wage requirements may apply to the design review and consulting services of this contract, if the contract is more than $50,000 and the contractor employs 21 or more employees. In addition, for future construction and maintenance services under this contract, prevailing wage requirements will apply.

OPTIONS

The Board may elect to take one of the following actions:
(1) Authorize the Executive Director to Enter into a Preliminary Operating Agreement with the highest ranked proposer; or

(2) Do not authorize Executive Director to Enter into a Preliminary Operating Agreement with the highest ranked proposer.

If the Board elects to authorize the Executive Director to enter into the Preliminary Operating Agreement, the Port would be in compliance with its commitments under the Cost Sharing Agreement and begin the design review of the construction plans immediately.

If the Board elects not to authorize the Executive Director to enter into the Preliminary Operating Agreement, the Port may not be in compliance with its commitments under the CSA.

RECOMMENDATION

Authorize the Executive Director to Enter into a Preliminary Operating Agreement with the highest ranked proposer, Anacostia Rail Holdings, Inc.
Appendix 1

Form of Preliminary Operating Agreement

[See attached]
PHASE 1 RAILYARD -
PRELIMINARY OPERATING AGREEMENT
(FORMER OAKLAND ARMY BASE)

This Preliminary Operating Agreement (this “Agreement”), entered into and effective as of ________, 20__, is by and between the Board of Port Commissioners of the City of Oakland, California (the “Port”), and _______________ (the “Rail Operator”).

This Agreement is made with reference to the following facts and circumstances:

A. The Port owns or controls former Oakland Army Base (“OAB”) lands that are intended to be used or redeveloped for new maritime related commerce. Approximately 35 acres of that land is intended to be redeveloped into a new Phase I Rail Yard as further described in that certain Request for Qualifications dated November 16, 2012, issued by the Port (the “RFQ”). The City of Oakland, California (the “City”) also owns or controls a portion of the former OAB lands and plans to redevelop its lands into new maritime and commercial facilities that will require railroad switching service.

B. The Port and the Rail Operator desire to enter into a Rail Operating Agreement (the “Rail Operating Agreement”) whereby the Rail Operator will be responsible for providing third party switching services to the Port’s and the City’s customers and tenants at the former OAB and for operating and maintaining the Port railroad tracks and related facilities on or adjacent to the former OAB, including at the proposed Phase I Rail Yard planned to be completed in 2015 (the “Phase I Rail Yard,” or the “Project”).

C. The Port and the Rail Operator further desire that the Port may, in its discretion, by issuing one or more Notices to Proceed to the Rail Operator, elect to receive additional services from the Rail Operator, as described herein, in connection with (i) reviewing and commenting on the current design and future design submittals related to the Project and/or (ii) negotiating an access agreement between the Port and the City governing the provision of third party switching services between the Phase I Rail Yard and rail customers on City lands (the “Access Agreement”).

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Rail Operator and the Port hereby agree as follows:

1. Effective Date and Term. This Agreement shall become effective on the latest of (a) the date on which the Board of Port Commissioners adopts a resolution approving and authorizing this Agreement, (b) the date on which the parties hereto have duly executed and delivered this Agreement and (c) the date on which the Port Attorney’s Office approves the form and legality of this Agreement (the latest of such dates, the “Effective Date”). The term of this Agreement (the “Term”) shall commence on the Effective Date and expire on the earlier of (i) the first anniversary of the Effective Date, unless extended by mutual agreement of the parties or earlier terminated as permitted under this Agreement, and (ii) the effective date of the Rail Operating Agreement. Notwithstanding the foregoing, either party may terminate this

Appendix 1-2
Agreement without liability to the non-terminating party by delivering thirty (30) days’ prior written notice to the non-terminating party.

2. **Negotiations Regarding Rail Operating Agreement.** During the Term, the Port will negotiate exclusively with the Rail Operator for the purpose of agreeing upon and entering into the Rail Operating Agreement. The Rail Operating Agreement shall obligate the Rail Operator to provide third party switching services to the Port’s and the City’s customers and tenants, and to operate and maintain railroad track and related facilities on or adjacent to the Port’s former OAB lands, all as further described in the RFQ and in the reference documents available in the Port’s on-line dataroom at http://portofoakland.com/business/rfq_oab.asp, with such changes and additions thereto as may be mutually agreed by the parties. The parties acknowledge that Rail Operator will be responsible for providing its own tools and equipment, including rolling stock and engines, and trained personnel for the performance of switching and maintenance services under the Rail Operating Agreement. The parties expect to enter into the Rail Operating Agreement on or before the expiration of the Term, and each agrees to negotiate in good faith and to dedicate to the negotiations a sufficient amount of staff time and attention, including legal services and including the time and attention of staff designated with decision making authority in this matter, as necessary, during the Term. The Rail Operator will be responsible for all costs and expenses incurred by it in connection with the preparation and negotiation of the Rail Operating Agreement. Notwithstanding anything herein to the contrary, if for any reason the Port and the Rail Operator do not agree upon the terms of, and/or do not enter into, the Rail Operating Agreement prior to the expiration or earlier termination of the Term, the Port shall have no obligation to the Rail Operator with respect to entering into a Rail Operating Agreement or otherwise, except with respect to payment for the Consulting Services rendered to the Port under the terms hereof prior to the expiration or earlier termination of the Term.

3. **Consulting Services.** During the Term, the Port may direct the Rail Operator, through the issuance of one or more Notices to Proceed, to provide to the Port Design Review Services and/or Negotiation Consulting Services, each as defined below (collectively, the “Consulting Services”). The Rail Operator represents that it has experience in operating and maintaining railroad terminals or industrial parks, is familiar with applicable rules and regulations promulgated by the Federal Railroad Administration and the California Public Utilities Commission, and the operations and procedures of the Union Pacific Railroad Company and the BNSF Railway Company. The Rail Operator is not required to be an engineering or design professional, as the Port has separately contracted, or will separately contract, for professional design and engineering services for the Phase I Rail Yard. The Rail Operator shall not engage any subcontractors or subconsultants to perform any of the Consulting Services without the Port’s prior written consent.

a. **Design Review Services.** Upon the Rail Operator’s receipt of a written “Notice to Proceed - Design Review Services” from the Port, which may be issued in the Port’s sole discretion, the Rail Operator shall assist the Port in reviewing, revising, and finalizing the designs for the development of the Project, which designs will be prepared and provided by the Port’s design-build contractor. The Rail Operator shall perform all services pursuant to this Section 3(a) (collectively, the “Design Review Services”) within such times as are necessary to enable the Port to meet the schedule set forth in the applicable design build contract, taking into account all time required for review and approval by the Port of any input provided by the Rail Operator.
Operator. The Port has also engaged Parsons Transportation Group to provide oversight and design review from an engineering perspective. For the avoidance of doubt, the Port is under no obligation to issue the Notice to Proceed - Design Review Services, and in the event that the Port does not issue such a Notice to Proceed, the Rail Operator shall not perform such services or receive any compensation in connection with such services.

b. City Access Agreement Consulting Services. Upon the Rail Operator’s receipt of a written “Notice to Proceed - City Access Agreement Consulting Services” from the Port, which may be issued in the Port’s sole discretion, the Rail Operator shall assist the Port in the Port’s negotiations with the City to finalize and enter into the Access Agreement. The Rail Operator shall perform all services pursuant to this Section (3)(b) (collectively, the “City Access Agreement Consulting Services”) within such times as are necessary to comply with a schedule that shall be established by the Port and provided to the Rail Operator for negotiation and execution of the Access Agreement, taking into account all time required for review and approval by the Port of any input provided by the Rail Operator. For the avoidance of doubt, the Port is under no obligation to issue a Notice to Proceed - City Access Agreement Consulting Services, and in the event that the Port does not issue such a Notice to Proceed, the Rail Operator shall not perform such services or receive any compensation in connection with such services.

4. Compensation for Consulting Services. The Port shall compensate the Rail Operator on a time and materials basis for the Rail Operator’s provision of such of the Consulting Services detailed in Section 3 above as are performed hereunder, provided that in no event shall the amount due to the Rail Operator under this Agreement, for the provision of Consulting Services or otherwise, exceed $50,000.00. For the avoidance of doubt, in no event shall the Rail Operator receive or be entitled to any compensation or reimbursement from the Port in connection with the Rail Operator’s negotiation of the Rail Operating Agreement with the Port.

a. Labor and Overhead. Labor and overhead charges for Consulting Services shall be billed and reimbursed in accordance with the labor rates, overhead, general and administrative expense and profit allowances all set forth on Exhibit A hereto, and such rates shall be applied to the actual manhours, and fractions thereof, worked by the Rail Operator in providing the Consulting services, as reflected on the time record forms maintained by the Rail Operator and reasonably approved, as to form, by the Port. Overtime charges shall be incurred only with the specific advance authorization of the Port.

b. Material Charges. Materials that are used or consumed directly in connection with the furnishing of the Consulting Services shall be charged to the Port at cost. No material handling charges will be allowed without the specific advance authorization of the Port. Items drawn from the Rail Operator’s existing material shall be priced at the then-prevailing market rates, less any discounts to which the Rail Operator or the Port is entitled. The Rail Operator shall procure materials at the most advantageous prices available, and shall take advantage of all available discounts, rebates, or other benefits, which discounts, rebates and other benefits shall be credited to the Port.
Addendum 1

Appendix 1-4

c. **Payment.** The Rail Operator shall submit monthly invoices to the Port, in a form reasonably acceptable to the Port, within ten days following the end of each calendar month, setting forth in detail the labor, overhead, and material charges incurred in the preceding calendar month in connection with the Rail Operator’s provision of the Consulting Services, if any. Such invoices shall be accompanied by time record forms in form reasonably acceptable to the Port supporting all labor and overhead charges sought by the Rail Operator, and by paid invoices or supply requisitions supporting all material charges sought by the Rail Operator. The Port shall pay all uncontested sums to the Rail Operator within thirty days of receipt of such invoice.

5. **Ownership of Work Product.** Any interest (including copyright interests) of the Rail Operator in studies, reports, memoranda, computational sheets, drawings, plans or any other documents (including electronic media) prepared by Rail Operator in connection with the Consulting Services, shall become the property of the Port. To the extent permitted by Title 17 of the United States Code, work product produced under this Agreement shall be deemed works for hire and all copyrights in such works shall be the property of the Port. With the Port’s prior written approval, the Rail Operator may retain and use copies of such works for reference and as documentation of experience and capabilities.

6. **Insurance.** The Rail Operator shall comply with the insurance requirements specified by the Port in the attached Exhibit B, as modified thereafter in the Port’s reasonable discretion.

7. **Port Acting as Owner of the Project.** The Rail Operator acknowledges that the Port is acting in its capacity as the owner of the Project, with a proprietary interest in the Project, and not as a regulatory agency with police powers.

8. **Agreements Subject to Environmental Review and Governmental Approvals.** By entering into this Agreement, the Port is not committing itself or agreeing to undertake any definite course of action, except as explicitly set forth herein. The terms of this Agreement do not commit the Port to undertake (a) any conduct to dispose of or grant control over the Project to the Rail Operator, or (b) any other acts or activities predetermining, affecting, or influencing the subsequent independent exercise of discretion related to the transactions contemplated hereunder by the Port or by any other governmental agency or authority. The Rail Operator acknowledges that the Port cannot enter into or be bound by any documents or agreements that will cause or result in any future work by the Rail Operator on the Project or a grant of any rights with respect to any development of the Project until all environmental reviews required by CEQA or NEPA, or any other necessary regulatory approvals, are completed.

9. **Disputes.** The Rail Operator shall continue its work on the Consulting Services, as applicable, and its good faith negotiation with the Port related to the Rail Operating Agreement throughout the course of any dispute, and the Rail Operator’s failure to continue such work and good faith negotiation during a dispute shall be a material breach of this Agreement.

10. **Governing Law.** This Agreement shall be deemed to be made in and shall be construed in accordance with the laws of the State of California. The exclusive venue for
all litigation arising from or relating to this Agreement shall be in Alameda County, California. Should any clause, provision or aspect of this Agreement be determined at any time to be unenforceable or in contravention of law, then the remaining clauses and provisions of this Agreement shall be enforceable to the fullest extent permitted by law and construed to give effect to fullest extent possible the intent of this Agreement.

11. **Relationship of the Parties.** Rail Operator shall at all times be deemed an independent contractor wholly responsible for the manner in which it performs any Consulting Services, and fully liable for the acts and omissions of its employees, subconsultants and agents. Rail Operator is and shall at all times be and remain independent from the Port and shall not be an agent of the Port. Nothing herein contained shall be construed to place the parties in the relationship of partners or joint ventures. Neither party shall have any right or power to obligate or bind any other party in any manner whatsoever except as expressly authorized in this Agreement.

The Rail Operator shall pay all taxes (including California sales and use taxes) levied upon this Agreement, the transaction, or the Consulting Services and/or goods delivered pursuant hereto without additional compensation, regardless of which party has liability for such tax under applicable law, and any deficiency, interest or penalty asserted with respect thereto. The Rail Operator represents that it will collect, report, and pay all sales and or use taxes to the State Board of Equalization. Upon full payment, the Rail Operator will issue the Port a receipt pursuant to California Revenue and Taxation Code section 6203, relieving the Port of all liability for any tax relating to the scope of this Agreement. The Rail Operator shall pay all other taxes including but not limited to any applicable City of Oakland business tax, not explicitly assumed in writing by the Port hereunder. The Rail Operator shall comply with all valid administrative regulations respecting the assumption of liability for the payment of payroll taxes and contributions as above described and to provide any necessary information with respect thereto to proper authorities.

This Agreement is not intended, nor shall it be construed, to create any third party beneficiary rights in any third party, unless otherwise expressly provided. The Port is not a fiduciary and has no special responsibilities to the Rail Operator beyond any obligations expressly set forth herein.

12. **Conflicts of Interest/Confidentiality.**

a. The Rail Operator represents that it is familiar with Section 1090 and Section 87100 et seq. of the Government Code of the State of California, and that it does not know of any facts that constitute a violation of said sections.

b. The Rail Operator represents that it has completely disclosed to the Port all facts bearing upon any possible interests, direct or indirect, that the Rail Operator believes any member of the Port, or other officer, agent or employee of the Port or any department presently has, or will have, in this Agreement, or in the performance thereof, or in any portion of the profits thereunder. Willful failure to make such disclosure, if any, shall constitute ground for termination of this Agreement by the Port for cause. The Rail Operator agrees to comply with all
conflict of interest codes adopted by the City or the Port of Oakland and their reporting requirements.

c. The Rail Operator covenants that it presently has no interest, and shall not have any interest, direct or indirect, which would conflict in any manner with the performance of the Consulting Services required under this Agreement or the negotiation of the Rail Operating Agreement. Without limitation, the Rail Operator represents to and agrees with the Port that the Rail Operator has no present, and will have no future, conflict of interest between providing the Port the Consulting Services hereunder or the services contemplated by the Rail Operating Agreement and any interest the Rail Operator may presently have, or will have in the future, with respect to any other person or entity (including but not limited to any federal or state wildlife, environmental or regulatory agency) which has any interest adverse or potentially adverse to the Port, as determined in the reasonable judgment of the Port. The provisions of this Section 12(c) shall remain fully effective indefinitely after the expiration or termination of the Term.

d. The Rail Operator acknowledges and agrees that, in the performance of the Consulting Services under this Agreement or in the contemplation thereof, or in connection with the negotiation of the Rail Operating Agreement, the Rail Operator may have access to private or confidential information which may be owned or controlled by the Port and that such information may contain proprietary or confidential details, the disclosure of which to third parties may be damaging to the Port. The Rail Operator agrees that all information disclosed by the Port to or discovered by the Rail Operator shall be held in strict confidence and used only in performance of the Agreement. The Rail Operator shall exercise the same standard of care to protect such information as a reasonably prudent consultant would use to protect its own proprietary data, and shall not accept employment adverse to the Port’s interests where such confidential information could be used adversely to the Port’s interests. The Rail Operator agrees to notify the Port immediately in writing if it is requested to disclose any information made known to or discovered by the Rail Operator during the performance of or in connection with this Agreement.

e. Any publicity or press releases with respect to the Project, the Consulting Services or the negotiation of the Rail Operating Agreement shall be under the Port’s sole discretion and control. The Rail Operator shall not discuss the Project, the Consulting Services or the Rail Operating Agreement, or matters pertaining thereto, with the public press, representatives of the public media, public bodies or representatives of public bodies, without the Port’s prior written consent. The Rail Operator shall have the right, however, without the Port’s further consent, to include representations of the Consulting Services among the Rail Operator’s promotional and professional material, and to communicate with persons or public bodies where necessary to perform under this Agreement.

13. **Attorneys’ Fees.** In the event of a default under this Agreement or in the event a dispute arises in a judicial or quasi-judicial proceeding concerning the meaning or interpretation of any provision of this Agreement, the defaulting party or the party not prevailing in such dispute, as the case may be, shall pay any and all costs and expenses incurred by the other party in enforcing or establishing its or their rights hereunder (whether or not such action is prosecuted to judgment), including, without limitation, court costs and reasonable attorneys’

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fees. For purposes of this Agreement, reasonable fees of attorneys of the Port Attorney’s Office shall be based on the fees the Port Attorney pays its outside private attorneys who work on any such dispute. The provisions under this Section 13 shall survive the expiration or termination of the Term.

14. Indemnity. The Rail Operator shall indemnify, protect, defend and hold harmless the Port and the Port’s officers, agents and employees, from and against any and all claims, demands, losses, liabilities, damages, liens, injuries, penalties, fines, lawsuits and other proceedings, judgments, awards, costs and expenses, including, without limitation, reasonable attorneys’ and consultants’ fees and costs through appeal (collectively, “Losses”), arising out of or related to any activity of Rail Operator, or its agents, employees or contractors, under this Agreement, except to the extent such Losses are caused by the gross negligence or willful misconduct of Port. The provisions under this Section 14 shall survive the expiration or termination of the Term.

15. Notices. Unless otherwise expressly provided herein, any notice given under this Agreement shall be effective only if in writing and given by delivering the notice in person or by sending it first-class mail or certified mail with a return receipt requested or by Express Mail, return receipt requested, with postage prepaid, or via facsimile, as follows:

If to the Port: Executive Director
Port of Oakland
530 Water Street
Oakland, CA  94607

with copies to: Director of Maritime
Port of Oakland
530 Water Street
Oakland, CA  94607

Port Attorney
Port of Oakland
530 Water Street
Oakland, CA  94607

If to Rail Operator: __________________________
______________________________
______________________________

with a copy to: __________________________
______________________________
______________________________

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16. **Counterparts.** This Agreement may be executed by PDF or electronic signature, and it may be executed in two or more counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

[RAIL OPERATOR]

By: _____________________
Its: _____________________
Dated: _____________________

BOARD OF PORT COMMISSIONERS OF THE CITY OF OAKLAND, CALIFORNIA

By: _____________________
Its: _____________________
Dated: _____________________

THIS AGREEMENT SHALL NOT BE VALID OR EFFECTIVE FOR ANY PURPOSE UNLESS AND UNTIL IT IS SIGNED BY THE PORT ATTORNEY OR HIS DESIGNEE.

Approved as to form and legality this ______ day of ________, 20__

By: _____________________
    Port Attorney

Resolution Number: _____________________

Adopted: _____________________
Attachment 2
Supplemental Questions Requested by the Port of Oakland

(Responses truncated. Some responses included additional attachments which have not been included in this packet. They are available upon request.)
December 24, 2012

Anacostia Rail Holdings, Inc.
Chicago IL
(Send Via Email to: Andrew Fox and Otis Clatt)

Dear Proposer:

Thank you again for your interest in the Port of Oakland’s RFQ for rail operating services at the former Oakland Army Base Phase 1. The Board of Port Commissioners has asked that we follow-up with our top three bidders to ask additional questions regarding your qualifications. We will be returning to the Board for a decision on January 10 with this additional information and appreciate a response as soon as possible but no later than close of business Pacific time on January 2, 2013.

There are three different questions that we are seeking additional written responses as follows:

1. Coordination and Operations:

In the RFQ and draft rail preliminary operating agreement the Port stated that the rail operator would cover rail services for the Port property of the former Oakland Army Base (Army Base). The City’s rail needs on its side of the Army Base property will be served under the terms and conditions of a rail access agreement to be negotiated between the City and the Port, and the City’s side of the Army Base property may be handled by a different rail operator than the operator of the Port’s Phase 1 Rail Yard. We are asking the Port’s selected rail operator to help craft and negotiate-including, without limitation, rates.

Given that clarification, and that the rail-served facilities on the City’s property of the Army Base may be handled by a different shortline railroad from the Port’s operator of the Port’s Phase 1 Rail Yard:

a. Please state whether your company remains interested in the opportunity as described in RFQ and whether these additional facts change any provisions in your original proposal submission?

b. Describe how your approach to operations and dispatching would work to coordinate with multiple rail stakeholders and include any coordination issues that may arise from having two different entities operating on separate but connected properties.

2. Local Hiring Practices:

It is the Port’s goal to increase jobs in the City of Oakland and to encourage its contractors and business partners to hire local residents.

a. Please describe how you will encourage, support and maximize local hiring participation including, but not limited to, creating sustainable job opportunities and job training opportunities for residents of Oakland and surrounding communities. Please include as much detail as possible, including an estimate of the number of jobs to be filled by local residents.
3. Legal Representations:

Time is of the essence that the selected Rail Operator be legally able to perform all the terms and conditions of the services outlined in the Request for Qualifications and the form of Preliminary Operating Agreement. Specifically, please offer written reassurances (after conferring with your legal counsel) that you are legally able to comply with:

a. The indemnity provision as set forth in Paragraph 14 of the Preliminary Operating Agreement; and

b. The “Conflict of Interest/Confidentiality” representations and covenants as set forth in paragraph 12 of the Preliminary Operating Agreement. In offering this reassurance, please consider that the selected Rail Operator may be considered an “official” of or a “consultant” to the Port because you may be required to assist the Port in (i) negotiating with the City an Access Agreement to provide switching services between the Phase 1 Rail Yard and rail customers on City lands and (ii) developing and implementing Port regulations, fees and tariffs in offering rail and switching services to both Port and City tenants and customers. As such, you may be subject to provisions of statutory and common law conflict of interest laws, including Government Code sections 1090 and the 87100, which require public officials to act with an undivided duty of loyalty to the Port and prohibit self dealing.

Please submit your responses in writing via email to Jean Banker, Deputy Executive Director and Acting Director of Maritime (banker@portoakland.com) and copy Mark Erickson, project manager for the rail agreement and Army Base project (merickson@portoakland.com) and Danny Wan, Port Attorney (dwan@portoakland.com). The deadline for submitting responses is close of business pacific time on January 2, 2013. If you have any questions about the first two items above please feel free to call or email Jean Banker, Deputy Executive Director, at 510 627-1325 (office), (510) 388-8213 (cell). If you have questions about the third item please call the Port Attorney Danny Wan at (510) 627-1340.

Again, thank you for your timely response and interest in doing business with the Port of Oakland.

Sincerely,

Jean Banker
Deputy Executive Director
Director of Maritime (Acting)

Copies to:
Deborah Ale Flint
Danny Wan
Chris Chan
Pamela Kershaw
Donnell Choy
Lawrence Dunnigan
Mark Erickson
January 2, 2013

Mrs. Jean Banker  
Deputy Executive Director and Acting Director of Maritime  
Port of Oakland  
530 Water Street, 6th Floor  
Oakland, CA 94607

Dear Mrs. Banker:

Anacostia Rail Holdings Company ("ARH" or "Proposer"), on behalf of a wholly-owned subsidiary to be formed, hereby submits responses to additional questions regarding our qualifications, as outlined in your letter dated December 24, 2012.

Please contact Andrew Fox, PHL Managing Director at 219-874-9000 x201 if you have any further questions.

Sincerely,

[Signature]

Peter A. Gilbertson  
President & Chief Executive Officer

cc:  
Mark Erickson  
Danny Wan  
Peter A. Gilbertson  
Bruce Lieberman  
Eric Jakubowski  
Andrew Fox  
Otis Cliatt  
Mark Sidman
Anacostia Rail Holdings Answers to Supplemental Questions Dated December 24, 2012

1. Coordination and Operations:

ARH remains interested in the Oakland Army Base opportunity regardless of whether the City property is included or not. Our response to the RFQ stands as written. We view the Port of Oakland’s plans and ambitions as the central element of the project. However, in our considerable experience operating joint facilities, an expertise called for in the RFQ, we would strongly advise not bifurcating the rail operations between Port and City land. To do so will decrease the efficiency of the rail service provided, which will impact both service and cost. We have learned the customers will only pay for services that add value. If introducing another operator does not add value, then no one will pay for it and there is no viable rail component to the project.

That stated, ARH has broad experience sharing and coordinating the usage of rail infrastructure with other entities. In our RFQ response we list our considerable joint facility experience and joint facilities are shared facilities. Specifically on point, Pacific Harbor Line (PHL) coordinates operations with BNSF and Union Pacific trains using the same tracks. Combined PHL, BNSF and UP train operations on these shared facilities average roughly 100 train movements per day. Moreover, PHL shares some of its tracks with the Port of LA Historic Trolley (Waterfront Red Car) operation. Likewise in the Port of Long Beach, Metropolitan Stevedoring operates locomotives and uses PHL tracks to receive and deliver unit coal/coal/soda ash trains. Both of these operations are unregulated by the Federal Railroad Administration, and thus must be conducted at times that do not conflict with PHL operations. We have protocols set up wherein permission to use the tracks is granted by PHL to the other party and then released back to PHL by the other party, subject to some rules.

At this point, not knowing what the configuration of the yard will be, the regulatory status of another operator, if any, and the scope of BNSF and UP operations on Port trackage, it is impossible to predict what those protocols should be in this case. But suffice it to say whether it evolves into a true joint facility or more of a non-regulated temporally-separated operation, the ability to devise the right solution and make it work is what we have accomplished elsewhere and part of the value we would add in this transaction.

To quote from the December 19 board write up in the agenda “Anacostia had the most all-around experience operating a railroad in a complex, multi-stakeholder environment most similar to Oakland.”

2. Local Hiring Practices:

As set forth in our RFQ response, we envision recruiting locally. PHL, for example, has a large and diverse workforce almost exclusively recruited locally in Southern California, of which 30% are veterans. Frankly the cost of living in urban California makes it nearly impossible to recruit from other areas, even if we wanted to. More importantly, ARH Oakland employees will be well paid, covered by a rail union (except managers), and provided with first class health coverage, 401k benefits and so forth.
Specifically, we would work with local Job Centers and we would advertise with local veterans groups, in local newspapers and on line for positions to be filled. We would then interview, aptitude test and screen for alcohol and drugs as required by Federal Regulations. We have found this process yields motivated, career oriented employees and reduces turnover. The best candidates will then be chosen for training to operate rail equipment, track maintenance skills or office skills. Employees are paid while being trained. The trainers may come from other ARH properties on a temporary basis, but ultimately we envision a local workforce.

How many that could be is pure conjecture at this time. PHL started in 1998 very small with one crew working for American President Lines and a dispatcher and has blossomed, beyond our wildest expectations at the time, into a 150 person workforce operating over 30 crews daily and controlling hundreds of train movements a day. Several PHL employees date from the original hiring in 1997. ARH jobs are, if nothing else, sustainable. Based on ARH’s experience, were the OAB development to generate as many as 20,000 manifest cars per year and 2-3 unit trains per day, employment of 20-40 people, depending on configuration and service requirements, would seem likely.

On the other hand, if the Port and the City select separate rail operators and if all that is built, and ever built, on the OAB is just an overflow storage yard for intermodal equipment deposited by BNSF and UP in support of JIT and UP’s intermodal yard, then the workforce could be very small, just a track crew and a manager to coordinate. If that is the vision, then you don’t need Anacostia. A world class short line rail operator is not required and does not add value. Instead BNSF and UP can probably just address any needs between them. Our expectation, however, is that the Port’s vision is much more than that and that is why we are excited about working with the Port to guide the development of rail infrastructure that makes the OAB into a thriving world class rail/maritime nexus. We have done it before.

3. Legal Representations:

With respect to Paragraph 12 of the Preliminary Operating Agreement, ARH maintains, as stated in our interview on December 12, that our operations in other ports are not a conflict of interest. This largely reflects the fact that ARH will not have sufficient market power in any port to affect market share among ports.

Our pricing in POLA/POLB, for instance, is transparent and public. It was ARH’s experience in Southern California that the financial terms evolved as a function of the nature of the underlying business deal. For example in LA, we were asked by the ports to propose rates for switching, track maintenance and dispatching, each as a profit center. As the transaction evolved, BNSF and UP had different ideas and what ultimately came to be was completely different than the RFP. Therefore we applaud the Port of Oakland’s approach of letting the Proposer help shape the deal and the economic terms will flow from the value added by the service. As stated, the compensation received by the Proposer (other than the consulting fee) will come from the customers (most likely BNSF and UP in the form of absorbed switch fees), not the Port; thus we (or any other operator) can only sell what BNSF and UP will buy, which will
result in market prices for our services. ARH has a proven track record structuring agreements with those companies. That said, per the RFQ, Section 2 of the Preliminary Operating Agreement obligates the Proposer to negotiate the terms of an agreement to provide switching and maintenance services. Our view is that as long as BNSF or UP have the right to accept or reject the pricing based on the perceived value of the service rather than an economic rent exacted by the Port for the benefit of the operator, there can be no self-dealing.

After consultation with counsel, except as noted below, ARH can advise the Port that ARH is unaware of any facts in connection with its becoming a party to, and performing under, the Preliminary Operating Agreement that would violate the express terms of California Government Code Sections 1090 and 87100 et seq. (the “Government Statutes”) In its follow-up questions, the Port posits that, under the structure of the Preliminary Operating Agreement, the selected Rail Operator may be considered an “official” or “consultant” for purposes of the Government Statutes. To address this issue, PHL desires to consult with its regular outside counsel in California, O’Melveny & Myers LLP, and requests that the Port waive any real or potential conflict of interest to permit O’Melveny to advise us with respect to this limited matter.

After consultation with counsel, ARH can confirm that it is legally able to comply with the indemnity provisions in Paragraph 14 of the Preliminary Operating Agreement (except to the extent California statutory or common law invalidates contractual provisions that indemnify a party for its own negligence).
January 2, 2013

Via Personal Delivery and Electronic Mail

Ms. Jean Banker  
Deputy Executive Director  
Director of Maritime (Acting)  
Port of Oakland  
530 Water Street  
Jack London Square  
Oakland, CA 94604-2064

Re: Response to Supplemental Questions Related to Port of Oakland’s Request for Qualifications for Rail Operator (RFQ)

Dear Ms. Banker:

Thank you for this opportunity to respond to the questions set forth in your letter dated December 24, 2012, regarding the Oakland Army Base Phase 1 RFQ. The Oakland Global Rail Enterprise Joint Venture (OGRE JV), via the West Oakland Pacific Railroad, currently provides rail switching services to UP and BNSF customers and the OGRE JV is the designated rail operator for the City portion of the Oakland Army Base. Therefore its selection as the operator to service future Port customers would create operational efficiencies that benefit all stakeholders. The OGRE JV is poised to initiate significant local hires (50%) and training in conjunction with the operation of the Phase 1 Rail Yard. In addition, subject to the modifications to the RFQ required for all responders pursuant to Government Code Sections 1090 and 87100, the OGRE JV will expeditiously execute and begin negotiations under the proposed Preliminary Operating Agreement.

The OGRE JV’s responses are as follows (Note: Capitalized terms not otherwise defined in this letter shall have the same meaning as set forth in the RFQ):

1. Coordination and Operations.
   (a) Please state whether your company remains interested in the opportunity as described in RFQ and whether these additional facts change any provisions in your original proposal submission? The OGRE JV understood the dynamic involving separate Port/City operations set forth in the Port’s letter prior to submitting the response to the RFQ and remains extremely interested in being selected as the operator under the RFQ. Members of the OGRE JV and their affiliates are involved in the development of the City of Oakland’s (City) portion of the Oakland Army Base (the City Property) and in providing rail switching services to customers of the Union Pacific Railroad (UP) and the BNSF Railway Company (BNSF) situated in the Oakland Army Base area, as follows:
(i) The LDDA between the City and Prologis CCIG Oakland Global, LLC (City Developer) contemplates that (1) an affiliate of the California Capital & Investment Group, Inc. (CCIG) will be the tenant for the ground lease for the West Gateway portion of the City Property and the property on which the rail spur that serves the City Property will be located (the “Rail ROW”) and (2) the tenant will be required to pay rent for Rail ROW and construct the rail spur improvements located on the Rail ROW necessary to connect the City Property to the Phase 1 Rail Yard. The agreement between the City Developer and CCIG provides that the tenant for the West Gateway will have the right to provide rail service to the City Property. The OGRE JV will sublease the Rail ROW from the CCIG affiliate tenant in order to provide this rail service. CCIG and the City have negotiated an agreement with EBMUD regarding the rail operations that cross the Wake Avenue entrance to the EBMUD facility (the “EBMUD MOA”). That agreement includes limitations on the rail operation demanded by EBMUD as well as liquidated damages under certain circumstances. A copy of the EBMUD MOA is attached as Exhibit 1).

(ii) The West Oakland Pacific Railroad, LLC (WOPR) is currently party to a Switching Services Agreement with UP and BNSF for certain rail services to UP and BNSF customers located in the OAB area. A copy of the agreement is attached as Exhibit 2.

Therefore, the OGRE JV responded to the RFQ with the full understanding that (1) the opportunity under the Operating Agreement contemplated by the RFQ would be limited to provision of rail services to future customers that would be available for service once the Port of Oakland (“Port”) had initiated further development of its portion of the OAB and (2) coordination of these various services would be required in the performance of the Operating Agreement.

(b) **Describe how your approach to operations and dispatching would work to coordinate with multiple rail stakeholders and include, any coordination issues that may arise from having two different entities operating on separate but connected properties.** As the operator designated to provide rail service to the City Property, the OGRE JV is in the unique position to state that its selection as the rail operator to serve the future customers located on the Port property would reduce and simplify the coordination required among the various rail stakeholders, leading to significant cost and operational efficiencies. The selection of the OGRE JV under the RFQ would make one party responsible for the operation and maintenance of the Phase 1 Rail Yard, allowing the Port, City, UP, BNSF and all OAB rail customers to communicate directly with and hold one party responsible for rail operations and rail-related issues. The OGRE JV believes that the operational efficiencies created by this sole point of contact and responsibility would benefit all of the OAB rail stakeholders.
If a different operator is selected under the RFQ, the two operators (OGRE JV and the Port’s selected operator) would be forced to operate the entirety of the Phase 1 Rail Yard effectively as tenants-in-common pursuant to the Rail Access Agreement between the City and the Port. The OGRE JV believes that this joint operation would prevent the operators from utilizing the Phase 1 Rail Yard’s full capacity (due to an inability to “stack” trains from different operators on the same track and the need to reserve some space for contingencies created by the other operator). This joint operation would require, at a minimum, the following:

1. Daily communication between UP, BNSF, the two operators and the OAB rail customers regarding each and every delivery in order to coordinate the two operations. The Class 1 rail yards will dictate delivery times to the OAB yard (unit train traffic through the Harrison Dispatch Center in Omaha and Local officers in California (John Valdez with UP and Michael Shabinaw with BNSF) and manifest traffic through UP’s West Oakland Rail Yard). The operators would need to coordinate the capacity at the yard and deliveries to their respective customers to ensure enough track is available at the Phase 1 Rail Yard for each delivery and that the inbound and outbound traffic to customers are coordinated to prevent disruptions on the UP or BNSF lines that could lead to an embargo of the OAB yard and customers by the Class 1 rail operators.

2. Either the Port and the City or their respective operators would have to enter into an agreement or set of agreements regarding the coordination of operations at the Phase 1 Rail Yard addressing, at a minimum, the following significant issues:

   a. Daily communication with respect to their respective customers’ demand on the Phase 1 Rail Yard capacity to provide the coordination set forth in item 1 above.

   b. An allocation of liability between the two operators (or the City and Port) to UP and/or BNSF in the event that the Phase 1 Rail Yard operations disrupt operations on the UP and/or BNSF lines.

   c. An allocation of liability between the two operators (or the City and Port) to EBMUD in the event that a violation of the coordination agreement set forth in item 2(a) by the Port’s rail operator causes the OGRE JV to be unable to meet the operating covenants in the EBMUD MOA.

   d. An allocation of maintenance responsibilities and costs for the Phase 1 Rail Yard facilities.

   e. An agreement related to the management of and liability for existing hazardous materials located at the Phase 1 Rail Yard site and the potential introduction of new hazardous materials through rail operations.

   f. An agreement related to liability for other third party claims related to rail operations.
g. An allocation of the costs associated with the implementation of the
standard conditions of approval and CEQA mitigation measures imposed
on the development and operation of the Phase 1 Rail Yard.

h. If the Port’s rail operator desires or is required to utilize the Rail ROW for
operational purposes (such as accommodating unit train activity for Port
customers), a charge for rent and improvement costs incurred by the
OGRE JV for such property.

3. The two operators will need to carry separate, and most likely redundant,
insurance policies.

The OGRE JV believes that, notwithstanding good faith cooperation between two
operators, the inefficiencies associated with such coordination would materially reduce
the capacity of the Phase 1 Rail Yard and significantly increase costs to rail customers, in
each case reducing the tariff revenue to the Port. That said, the OGRE JV is willing to
implement such coordination if required.

2. Local Hiring Practices.

(a) Please describe how you will encourage, support, and maximize local hiring
participation including, but not limited to, creating sustainable job opportunities
and job training opportunities for residents of Oakland and surrounding
communities. Please include as much detail as possible, including an estimate of the
number of jobs to be filled by local residents. The OGRE JV is committed to meeting
the Port’s goal to increase jobs in the City of Oakland and to hiring local residents in
conjunction with the operation of the Phase 1 Rail Yard.

1. Local Hiring and Community Benefits: The OGRE JV’s sublease of the Rail
ROW will require the OGRE JV to meet the requirements of the City’s Operation
Jobs Policy for the West Gateway, which includes a local hiring requirement of
50% City residents (See Exhibit 3). The OGRE would look to extend this
commitment to the operations at the Phase 1 Rail Yard (subject to changes
necessary to comply with the Port’s broader restrictions/requirements). Further,
the OGRE JV will fulfill the applicable community benefits requirements
negotiated for the City Property as they relate to the Rail ROW, including (1) a
payment of $16,000 per acre (approximately $135,200) to the West Oakland
Community Fund and (2) the payment of an amount equal to $0.005 (increased
annually with CPI) per month/per leasable square foot at the Rail ROW Rail Yard
to the City’s West Oakland Jobs Center (approximately $22,000 per year).
2. Training: The OGRE JV will implement a detailed training program for new employees (including local hires) consistent with the attached training manual (See Exhibit 4). Sustainable job opportunities created by the rail operations would include, but not be limited to, dispatchers, engineers, conductors and clerks. The OGRE JV estimates that there will be approximately 14-22 fulltime positions available once the Phase 1 Rail Yard has been completed and the development of the City Property or the Port Property has been completed. This would translate into 7-11 local residents that would be hired for the rail positions.

3. Legal Representations. Time is of the essence that the selected Rail Operator be legally able to perform all the terms and conditions of the services outlined in the Request for Qualifications and the form of Preliminary Operating Agreement. Specifically, please offer written reassurances (after conferring with your legal counsel) that you are legally able to comply with:

   (a) The indemnity provision as set forth in Paragraph 14 of the Preliminary Operating Agreement. The indemnity provision set forth in Paragraph 14 of the proposed Preliminary Operating Agreement is acceptable to the OGRE JV provided that the exception/carve-out related to Port activities is amended to include all Port parties benefitting from the indemnity obligation.

   (b) The "Conflict of Interest/Confidentiality" representations and covenants as set forth in paragraph 12 of the Preliminary Operating Agreement. In offering this reassurance, please consider that the selected Rail Operator may be considered an "official" of or a "consultant" to the Port because you may be required to assist the Port in (i) negotiating with the City an Access Agreement to provide switching services between the Phase 1 Rail Yard and rail customers on City lands, and (ii) developing and implementing Port regulations, fees and tariffs in offering rail and switching services to both Port and City tenants and customers. As such, you may be subject to provisions of statutory and common law conflict of interest laws, including Government Code sections 1090 and the 87100, which require public officials to act with an undivided duty of loyalty to the Port and prohibit self dealing. California Government Code Sections 1090 and 87100 provide as follows:

   Members of the Legislature, state, county, district, judicial district, and city officers or employees shall not be financially interested in any contract made by them in their official capacity, or by any body or board of which they are members. Nor shall state, county, district, judicial district, and city officers or employees be purchasers at any sale or vendors at any purchase made by them in their official capacity. As used in this article, "district" means any agency of the state formed pursuant to general law or special act, for the local performance of governmental or proprietary functions within limited boundaries. Cal. Govt. Code § 1090.
No public official at any level of state or local government shall make, participate in making or in any way attempt to use his official position to influence a governmental decision in which he knows or has reason to know he has a financial interest. Cal. Govt. Code § 87100.

In reviewing Government Code Sections 1090 and 87100 in light of your letter, we believe that the RFQ creates an inherent conflict that would prohibit any party providing the Consulting Services under the proposed Preliminary Operating Agreement from acting as the rail operator for the Phase 1 Rail Yard under the proposed Operating Agreement.

Specifically, Government Code Section 1090 prohibits a government officer or employee from participating in the making of any contract in which such party has a financial interest. California law has determined that an independent contractor may be deemed to be a government employee for the purposes of Section 1090. If requested by the Port, the Consulting Services would require the selected proposed operator to advise/assist the Port in the design of the Phase 1 Rail Yard and the negotiation (i.e. the “making”) of the Access Agreement with the City. The proposed operator, however, has an inherent financial interest in both the design of the Phase 1 Rail Yard and the provisions of the proposed Access Agreement between the Port and the City. A particular design, for example, may increase the operating efficiencies of the rail yard, increase the scope of potential customers or reduce maintenance costs, each to the benefit of the operator. The terms of the Access Agreement with the City would impact the costs incurred and risks assumed by the operator, as well as the fees that the operator could charge the customers directly for its services. As such, we do not believe that any rail operator could properly act as a consultant/agent to the Port and perform the Consulting Services with undivided loyalty as required by the respective Government Code sections.

Consistent with Government Code Sections 1090 and 87100, however, the Port could retain an independent, non-operating consultant to assist the Port in the design of the rail yard, negotiation of the Access Agreement between the Port and the City and/or negotiation of the Operating Agreement between the Port and the proposed rail operator, but having the proposed rail operator serve both as Port advisor and as the actual rail operator raises the issues identified in your inquiry. Therefore, the OGRE JV believes that the Port should bifurcate the RFQ into two agreements, one for the delivery of the Consulting Services and one for the negotiation of the Operating Agreement.

Under these circumstances, the proposed operator would not be operating in an the official capacity required under Government Code Sections 1090 and 87100 prior to the making of the contract and therefore, there the statutes would not prohibit or in any way limit a proposed rail operator, including the OGRE JV, from negotiating and performing an Operating Agreement with the Port.
In summation, the OGRE JV is uniquely structured to facilitate a strategic, long-term partnership with Port of Oakland, the City of Oakland, and the customers that support the 5th largest port in the United States. Based on our consortium structure, and commercial acumen, our organization is ready to formalize this vested collaboration. The OGRE JV is positioned to make quick decisions on this concept, and we are poised to deploy a nimble team to realize all that has been discussed above, and during our meetings.

We understand the sense of urgency that is required by you, and your Board, to increase port volume, while exceeding your customers’ commercial and operational requirements. Thank you for your time, and your personal investment in this dynamic project.

Sincerely,

Oakland Global Rail Enterprise

[Signature]

Chris Stotka

Enclosures

cc: Mr. Mark Erickson, w/ enclosures
January 2, 2013

Jean Banker  
Deputy Executive Director  
Port of Oakland  
530 Water Street  
Oakland, CA 94607

Dear Jean:

Thank you again for the opportunity for Rail Link, Inc. (Proposer) to provide additional information regarding our qualifications.

Please find listed below our written response to the three questions that are outlined in your letter dated December 24, 2012:

**Coordination and Operations**

Rail Link is still very interested in the opportunity as described in the RFQ and the additional facts have not changed our position on the proposal.

Many of the GWI railroads in North America operate in an environment where there are multiple rail stakeholders. The key to coordination is communication.

Locally, our Manager of Operations will maintain consistent communications with the local trainmaster(s) and customers. Throughout the day we will be providing and/or receiving clearances from the other railroads to traverse the track or access the rail yard. We will maintain a fluid dialogue with the railroads and customers to avoid congestion and minimize delays. This coordination will allow our team to insure a safe, efficient rail service.

In addition to local leadership, Rail Link operates a Dispatch and Customer Service center that is available 24 hours per day, 7 days per week, year round. This center interfaces with each of these stakeholders and provides support for any and all dispatching and administrative needs.

**Local Hiring Practices**

Rail Link understands that the most important aspect of the service we provide is a well-qualified, safe and experienced workforce. To accomplish this, Rail Link hires new employees from the local community and seeks out applicants who are willing to work safely on any shift in
any weather condition. Personal interviews are given to each prospective candidate and all potential employees must pass a drug / alcohol test and routine physical examination. Background checks are required for potential job candidates.

Once hired, all new employees receive a minimum of 120 hours of documented, one-on-one training for each job category they may be asked to perform. In addition to this initial program, we provide continued training and education in an effort to foster growth and job advancement. All employees for your location will be provided the requisite training and job skills for a good paying, full-time position in the rail transportation industry.

The only team member that may not be hired from the local community is the Manager of Operations. This position has full accountability for the operation is usually promoted from within the organization.

Employees of Genesee & Wyoming railroads live and work in the communities where we do business. We are committed to being good corporate citizens who make a positive contribution wherever we operate.

Legal Representations
GWI/Rail Link has conferred with our legal counsel and we are legally able to comply with the Indemnity Provision as set forth in paragraph 14 of the Preliminary Operating Agreement as well as the Conflict of Interest/Confidentiality item as set forth in paragraph 12 of the Preliminary Operating Agreement.

We are certainly looking forward to working with you and your team.

Should you have any questions or need further information, please do not hesitate to contact me at your convenience.

Regards,

Gary S. Brown
V.P., Port Sales & Marketing / Intermodal
Rail Link a Division of Genesee & Wyoming Inc.
Office (912) 964-5337 | Cell (912) 247-9771
gbrown@gwrr.com
RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A PRELIMINARY OPERATING AGREEMENT FOR THE INTERMODAL RAIL TERMINAL, PHASE 1 AT THE FORMER OAKLAND ARMY BASE WITH THE HIGHEST RANKED PROPOSER FOR A 1-YEAR TERM TO NEGOTIATE AN OPERATION AND MAINTENANCE AGREEMENT.

WHEREAS, the Board of Port Commissioners ("Board") has reviewed and evaluated Board Agenda Report Item No. 2.4, dated January 10, 2013 (the "Agenda Report") and related agenda materials, has received the expert testimony of Port of Oakland ("Port") staff, and has provided opportunities for and taken public comment; now therefore, be it

RESOLVED, that in acting upon this matter, the Board has exercised its independent judgment based on substantial evidence in the record and adopts and relies upon the facts, data, analysis, and findings set forth in the Agenda Report and in related agenda materials and in testimony received; and be it

FURTHER RESOLVED, that the Board hereby approves and authorizes the Executive Director to enter into the Preliminary Operating Agreement for the Intermodal Rail Terminal, Phase 1 at the former Oakland Army Base with the highest ranked for a 1-year term to negotiate an operation and maintenance agreement with the selected railroad operator; and be it
FURTHER RESOLVED, that this resolution is not evidence of and does not create or constitute (a) a contract, or the grant of any right, entitlement or property interest, or (b) any obligation or liability on the part of the Board or any officer or employee of the Board. This resolution approves and authorizes the execution of an agreement in accordance with the terms of this resolution. Unless and until a separate written agreement is duly executed on behalf of the Board as authorized by this resolution, is signed and approved as to form and legality by the Port Attorney, and is delivered to other contracting party, there shall be no valid or effective agreement.
BUDGET & FINANCE

This segment of the meeting is reserved for action or discussion regarding the status of Budget and Finance issues.
PORT OF OAKLAND

Unaudited
Financial Results

October 31, 2012

➢ Summary of Key Financials and Activity
➢ Cash Recap
➢ Balance Sheet
➢ YTD Revenue & Expenses (Actual vs. Budget)
➢ YTD Expenses by Category (Actual vs. Budget)
➢ Aviation Revenue (Actual vs. Budget)
➢ Maritime Revenue (Actual vs. Budget)
➢ CRE Revenue (Actual vs. Budget)
➢ Activity Summary Report
➢ YTD Revenue & Expenses Variance Explanations
Summary of Key Financials and Activity
For the Four Months Ended October 31, 2012

UNAUDITED
DRAFT

Fiscal Year to Date - October 2012
Operating Revenue

<table>
<thead>
<tr>
<th></th>
<th>FY 2013 Actual</th>
<th>FY 2013 Budget</th>
<th>FY 2012 Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$138,877,423</td>
<td>$106,196,965</td>
<td>$102,530,430</td>
</tr>
</tbody>
</table>

Variance to FY 2013 Budget: 2.5%
Variance to FY 2012 Actual: 6.2%

Fiscal Year to Date - October 2012
Total Passengers

<table>
<thead>
<tr>
<th></th>
<th>FY 2013 Actual</th>
<th>FY 2013 Budget</th>
<th>FY 2012 Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Passengers</td>
<td>3,609,286</td>
<td>3,246,520</td>
<td>3,250,506</td>
</tr>
</tbody>
</table>

Variance to FY 2013 Budget: 11.7%
Variance to FY 2012 Actual: 11.3%

Fiscal Year to Date - October 2012
Operating Expenses Before D&A

<table>
<thead>
<tr>
<th></th>
<th>FY 2013 Actual</th>
<th>FY 2013 Budget</th>
<th>FY 2012 Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expenses</td>
<td>$46,918,160</td>
<td>$46,149,444</td>
<td>$45,817,474</td>
</tr>
</tbody>
</table>

Variance to FY 2013 Budget: 14.9%
Variance to FY 2012 Actual: -4.9%

Fiscal Year to Date - October 2012
Loaded TEUs

<table>
<thead>
<tr>
<th></th>
<th>FY 2013 Actual</th>
<th>FY 2013 Budget</th>
<th>FY 2012 Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>TEUs</td>
<td>604,072</td>
<td>605,515</td>
<td>598,882</td>
</tr>
</tbody>
</table>

Variance to FY 2013 Budget: -1.1%
Variance to FY 2012 Actual: -1.9%

Fiscal Year to Date - October 2012
Unrestricted Cash Balance

<table>
<thead>
<tr>
<th></th>
<th>FY 2013 Actual</th>
<th>FY 2012 Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash Balance</td>
<td>$157,162,598</td>
<td>$142,007,094</td>
</tr>
</tbody>
</table>

Variance to FY 2012 Actual: -5.5%
## PORT OF OAKLAND
### CASH

<table>
<thead>
<tr>
<th></th>
<th>Unaudited 10/31/12</th>
<th>Unaudited 06/30/12</th>
<th>Unaudited 10/31/11</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Unrestricted Cash:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Board Reserves</td>
<td>$ 66,154,593</td>
<td>$ 64,336,400</td>
<td>$ 64,336,400</td>
</tr>
<tr>
<td><strong>General Fund:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debt Service Fund</td>
<td>11,031,639</td>
<td>38,099,387</td>
<td>3,841,056</td>
</tr>
<tr>
<td>Other</td>
<td>64,820,862</td>
<td>86,628,244</td>
<td>88,985,142</td>
</tr>
<tr>
<td><strong>Sub-total</strong></td>
<td>75,852,501</td>
<td>124,727,631</td>
<td>92,826,198</td>
</tr>
<tr>
<td><strong>Sub-total</strong></td>
<td>142,007,094</td>
<td>189,064,031</td>
<td>157,162,598</td>
</tr>
<tr>
<td><strong>Restricted Cash &amp; Investments:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bond Reserves / Trustee Deposits (a)</td>
<td>94,023,486</td>
<td>70,398,822</td>
<td>135,483,960</td>
</tr>
<tr>
<td>Bond Proceeds (b)</td>
<td>438,478</td>
<td>-</td>
<td>299,622</td>
</tr>
<tr>
<td>Passenger Facility Charges</td>
<td>17,031,277</td>
<td>14,673,819</td>
<td>16,108,413</td>
</tr>
<tr>
<td>Customer Facility Charges</td>
<td>2,967,342</td>
<td>3,201,479</td>
<td>3,059,477</td>
</tr>
<tr>
<td>Other (c)</td>
<td>3,123,314</td>
<td>3,866,612</td>
<td>1,387,750</td>
</tr>
<tr>
<td><strong>Sub-total</strong></td>
<td>117,583,897</td>
<td>92,140,732</td>
<td>156,339,222</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>$ 259,590,991</td>
<td>$ 281,204,763</td>
<td>$ 313,501,820</td>
</tr>
</tbody>
</table>

(a) Funds on deposit with the Bond Trustee. Reserve Funds are only available for debt service as specified in the Trust Indenture. Other amounts may include upcoming debt service payments deposited with the Trustee and IRS rebate amounts.

(b) Unspent bond proceeds available to reimburse certain capital expenditures, capitalized interest and cost of issuance.

(c) Escrow accounts related to the Port's capital program.
# PORT OF OAKLAND
## BALANCE SHEET

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>Unaudited 10/31/12</th>
<th>Unaudited 06/30/12</th>
<th>Unaudited 10/31/11</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CURRENT ASSETS:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>66,154,593</td>
<td>64,336,400</td>
<td>64,336,400</td>
</tr>
<tr>
<td>Designated</td>
<td>75,852,501</td>
<td>124,727,631</td>
<td>92,826,198</td>
</tr>
<tr>
<td>Undesignated</td>
<td>37,358,835</td>
<td>29,370,884</td>
<td>24,115,440</td>
</tr>
<tr>
<td>Accounts receivable (less allowance)</td>
<td>35,832,782</td>
<td>19</td>
<td>64,946,343</td>
</tr>
<tr>
<td>Restricted deposits</td>
<td>-</td>
<td>221,795</td>
<td>106,091</td>
</tr>
<tr>
<td>Payable expenses and other assets</td>
<td>3,583,579</td>
<td>4,166,707</td>
<td>2,450,437</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>218,782,290</td>
<td>222,823,436</td>
<td>248,780,909</td>
</tr>
<tr>
<td><strong>RESTRICTED CASH AND INVESTMENTS:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bond funds</td>
<td>61,752,496</td>
<td>74,265,415</td>
<td>72,224,989</td>
</tr>
<tr>
<td>Passenger facility charges</td>
<td>17,031,277</td>
<td>14,673,819</td>
<td>16,108,413</td>
</tr>
<tr>
<td>Customer facility charges</td>
<td>2,967,342</td>
<td>3,201,479</td>
<td>3,059,477</td>
</tr>
<tr>
<td><strong>Total restricted cash and investments</strong></td>
<td>61,751,115</td>
<td>92,140,713</td>
<td>91,392,879</td>
</tr>
<tr>
<td><strong>PROPERTY, PLANT AND EQUIPMENT:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buildings and improvements</td>
<td>850,301,908</td>
<td>851,721,344</td>
<td>851,074,482</td>
</tr>
<tr>
<td>Container cranes</td>
<td>153,774,871</td>
<td>153,774,871</td>
<td>153,774,871</td>
</tr>
<tr>
<td>Systems and structures</td>
<td>1,829,553,992</td>
<td>1,574,781,285</td>
<td>1,575,089,514</td>
</tr>
<tr>
<td>Intangibles - depreciable</td>
<td>11,051,762</td>
<td>11,051,762</td>
<td>11,056,673</td>
</tr>
<tr>
<td>Other equipment</td>
<td>76,617,351</td>
<td>75,972,755</td>
<td>74,759,594</td>
</tr>
<tr>
<td><strong>Less accumulated depreciation</strong></td>
<td>(1,229,558,031)</td>
<td>(1,200,942,874)</td>
<td>(1,137,727,004)</td>
</tr>
<tr>
<td><strong>Land</strong></td>
<td>1,491,741,853</td>
<td>1,466,359,343</td>
<td>1,528,040,530</td>
</tr>
<tr>
<td><strong>Intangibles - nondepreciable</strong></td>
<td>521,285,734</td>
<td>520,804,619</td>
<td>520,393,039</td>
</tr>
<tr>
<td><strong>Intangibles - nondepreciable</strong></td>
<td>23,493,379</td>
<td>23,493,379</td>
<td>12,841,923</td>
</tr>
<tr>
<td><strong>Construction in progress</strong></td>
<td>147,280,533</td>
<td>175,086,488</td>
<td>133,134,149</td>
</tr>
<tr>
<td><strong>Total property, plant and equipment</strong></td>
<td>2,183,801,499</td>
<td>2,185,743,829</td>
<td>2,194,109,495</td>
</tr>
<tr>
<td><strong>DEFERRED CHARGES AND OTHER ASSETS</strong></td>
<td>40,520,441</td>
<td>47,190,774</td>
<td>48,399,773</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td>$2,524,885,345</td>
<td>$2,547,986,752</td>
<td>$2,582,683,066</td>
</tr>
</tbody>
</table>

| LIABILITIES AND EQUITY | | | |
| **CURRENT LIABILITIES:** | | | |
| Accounts payable and accrued expenses | $48,677,747 | $55,648,016 | $43,457,404 |
| Liability to City of Oakland | 10,750,631 | 7,875,280 | 14,566,030 |
| Deferred income-current portion | 11,975,709 | 15,731,286 | 10,895,857 |
| Payable from restricted assets: | | | |
| Payable from restricted assets: | 20,951,856 | 10,755,074 | 27,840,822 |
| Current maturities of long-term debt | 20,481,391 | 50,999,749 | 52,418,409 |
| Retentions on construction contracts | 5,751,745 | 3,553,794 | 3,422,201 |
| **Total current liabilities** | 118,589,079 | 143,673,199 | 152,390,523 |
| **LONG-TERM LIABILITIES:** | | | |
| Long-term debt | 1,297,259,333 | 1,307,276,131 | 1,354,953,662 |
| Deferred income | 97,566,206 | 99,693,774 | 104,757,930 |
| Environmental liabilities and other | 33,416,101 | 33,808,760 | 30,865,661 |
| **Total long-term liabilities** | 1,418,341,640 | 1,440,778,665 | 1,490,677,293 |
| **EQUITY:** | | | |
| Reserved retained earnings: | | | |
| Grants from government agencies | 277,865,355 | 268,498,373 | 260,826,522 |
| Passenger facility charges | 258,888,710 | 252,114,550 | 252,848,199 |
| Customer facility charges | 12,132,214 | 12,519,223 | 13,112,002 |
| Port equity: | | | |
| City of Oakland | (58,477,543) | (58,477,543) | (58,477,543) |
| Appraisal surplus | 3,004,335 | 3,004,335 | 3,004,335 |
| Land conveyed to Port | 24,746,000 | 24,746,000 | 24,746,000 |
| Retained earnings | 469,756,555 | 463,041,950 | 443,756,765 |
| **Total equity** | 987,924,629 | 963,446,688 | 939,615,260 |
| **TOTAL LIABILITIES AND EQUITY** | $2,524,885,345 | $2,547,986,752 | $2,582,683,066 |

12/14/2012

Monthly Financials - Oct-12 - Balance Sheet
## PORT OF OAKLAND

### ACTUAL VS. BUDGET REVENUE AND EXPENSES

#### FOUR MONTHS ENDED OCTOBER 31, 2012

<table>
<thead>
<tr>
<th>Division</th>
<th>Actual 10/31/12</th>
<th>Budget 10/31/12</th>
<th>$ Variance</th>
<th>% Variance</th>
<th>Actual 10/31/11</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating Revenue</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Aviation</td>
<td>$49,856,223</td>
<td>$47,461,990</td>
<td>$2,394,233</td>
<td>5.0%</td>
<td>$44,568,525</td>
</tr>
<tr>
<td>Maritime</td>
<td>50,871,511</td>
<td>51,068,944</td>
<td>(197,433)</td>
<td>-0.4%</td>
<td>50,773,276</td>
</tr>
<tr>
<td>CRE</td>
<td>4,277,229</td>
<td>3,866,550</td>
<td>408,679</td>
<td>10.6%</td>
<td>4,670,839</td>
</tr>
<tr>
<td>Utilities</td>
<td>3,872,460</td>
<td>3,831,000</td>
<td>41,460</td>
<td>1.1%</td>
<td>2,517,790</td>
</tr>
<tr>
<td>Bad Debt Reserve</td>
<td>-</td>
<td>(33,519)</td>
<td>33,519</td>
<td>100.0%</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Operating Revenue</strong></td>
<td><strong>108,577,423</strong></td>
<td><strong>106,196,965</strong></td>
<td><strong>2,680,458</strong></td>
<td><strong>2.5%</strong></td>
<td><strong>102,530,430</strong></td>
</tr>
<tr>
<td><strong>Operating Expenses</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Aviation</td>
<td>(25,502,996)</td>
<td>(26,776,775)</td>
<td>1,173,780</td>
<td>4.4%</td>
<td>(23,156,954)</td>
</tr>
<tr>
<td>Maritime</td>
<td>(5,033,257)</td>
<td>(6,060,910)</td>
<td>1,027,653</td>
<td>17.0%</td>
<td>(5,115,506)</td>
</tr>
<tr>
<td>CRE</td>
<td>(1,803,979)</td>
<td>(2,066,284)</td>
<td>262,305</td>
<td>12.7%</td>
<td>(1,847,562)</td>
</tr>
<tr>
<td>Corporate Administrative Services</td>
<td>(972,817)</td>
<td>(1,196,454)</td>
<td>223,637</td>
<td>18.7%</td>
<td>(976,834)</td>
</tr>
<tr>
<td>Information Technology</td>
<td>(1,119,807)</td>
<td>(1,313,881)</td>
<td>194,074</td>
<td>14.8%</td>
<td>(741,441)</td>
</tr>
<tr>
<td>Engineering</td>
<td>(4,259,143)</td>
<td>(5,823,356)</td>
<td>1,564,213</td>
<td>26.9%</td>
<td>(3,360,325)</td>
</tr>
<tr>
<td>Environmental Programs &amp; Planning</td>
<td>(655,166)</td>
<td>(915,523)</td>
<td>257,357</td>
<td>28.1%</td>
<td>(769,281)</td>
</tr>
<tr>
<td>Utilities Cost of Sales</td>
<td>(1,011,777)</td>
<td>(1,574,000)</td>
<td>562,223</td>
<td>35.7%</td>
<td>(1,136,182)</td>
</tr>
<tr>
<td>Social Responsibility</td>
<td>(234,017)</td>
<td>(374,435)</td>
<td>140,419</td>
<td>37.5%</td>
<td>(437,726)</td>
</tr>
<tr>
<td>External Affairs</td>
<td>(572,725)</td>
<td>(834,570)</td>
<td>261,845</td>
<td>31.4%</td>
<td>(689,042)</td>
</tr>
<tr>
<td>Executive Office</td>
<td>(280,843)</td>
<td>(337,592)</td>
<td>56,749</td>
<td>16.8%</td>
<td>(207,812)</td>
</tr>
<tr>
<td>Labor Relations</td>
<td>(131,864)</td>
<td>(192,215)</td>
<td>60,351</td>
<td>31.4%</td>
<td>(205,617)</td>
</tr>
<tr>
<td>Board of Port Commissioners</td>
<td>(122,007)</td>
<td>(150,725)</td>
<td>28,718</td>
<td>19.1%</td>
<td>(186,474)</td>
</tr>
<tr>
<td>Audit Services</td>
<td>(316,955)</td>
<td>(396,929)</td>
<td>80,336</td>
<td>20.2%</td>
<td>(381,027)</td>
</tr>
<tr>
<td>Port Attorney</td>
<td>(1,001,999)</td>
<td>(1,516,089)</td>
<td>514,090</td>
<td>33.9%</td>
<td>(1,084,338)</td>
</tr>
<tr>
<td>Financial Services</td>
<td>(1,497,553)</td>
<td>(1,787,425)</td>
<td>290,872</td>
<td>16.2%</td>
<td>(1,615,814)</td>
</tr>
<tr>
<td>Non-Departmental Expenses</td>
<td>(8,230,132)</td>
<td>(9,177,672)</td>
<td>947,540</td>
<td>10.3%</td>
<td>(7,439,780)</td>
</tr>
<tr>
<td>Absorption of Labor and Overhead to Capital Assets</td>
<td>(4,432,201)</td>
<td>(3,576,674)</td>
<td>855,527</td>
<td>23.9%</td>
<td>3,202,251</td>
</tr>
<tr>
<td>Depreciation &amp; Amortization</td>
<td>(31,957,467)</td>
<td>(32,697,836)</td>
<td>740,369</td>
<td>2.3%</td>
<td>(33,296,518)</td>
</tr>
<tr>
<td><strong>Total Operating Expenses</strong></td>
<td><strong>(80,374,941)</strong></td>
<td><strong>(89,615,996)</strong></td>
<td><strong>9,241,055</strong></td>
<td><strong>10.3%</strong></td>
<td><strong>(79,447,962)</strong></td>
</tr>
</tbody>
</table>

#### Operating Income

- **A** = 28,502,482
- **B** = 16,580,969
- **C** = 11,921,513
- **D** = 71.9%
- **E** = 23,082,468

### Non-Operating Items

- Interest Income = 648,102
- Interest Expense = (23,124,116)
- Passenger Facility Charges (PFCs) = 6,774,160
- Customer Facility Charges (CFCs) = (1,978,141)
- Abandoned/Demolished Capital Assets = (27,889)
- Other Income (Expenses) = (1,840,124)

#### Change in Net Assets before Capital Contributions

- **A** = 13,110,756
- **B** = 2,356,756
- **C** = 10,754,000
- **D** = 8,725,885

### Capital Contributions

- Grants from Government Agencies = 11,366,982
- **E** = 9,310,950
- **F** = 2,056,032
- **G** = 22.1%
- **H** = 4,890,321

#### CHANGE IN NET ASSETS (A+B+C)

- **I** = 24,477,738
- **J** = 11,667,706
- **K** = 12,810,032
- **L** = 13,616,186

### Change in Net Assets before Capital Contributions, PFCs and remaining CFCs

- **M** = 6,723,605
- **N** = (4,258,540)
- **O** = 10,982,145
- **P** = 1,385,877

### Operating Ratio

- **Q** = 44%
- **R** = 54%
- **S** = 45%
<table>
<thead>
<tr>
<th>Operating Expenses</th>
<th>Actual 10/31/12</th>
<th>Budget 10/31/12</th>
<th>$ Variance</th>
<th>% Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel Services</td>
<td>$ (27,493,173)</td>
<td>$ (29,412,605)</td>
<td>$ 1,919,432</td>
<td>6.5%</td>
</tr>
<tr>
<td>Contractual Services</td>
<td>(18,751,192)</td>
<td>(22,254,015)</td>
<td>3,502,823</td>
<td>15.7%</td>
</tr>
<tr>
<td>Supplies</td>
<td>(1,201,696)</td>
<td>(1,296,798)</td>
<td>95,102</td>
<td>7.3%</td>
</tr>
<tr>
<td>General and Administrative</td>
<td>(4,428,262)</td>
<td>(5,988,740)</td>
<td>1,560,478</td>
<td>26.1%</td>
</tr>
<tr>
<td>Utilities Cost of Sales</td>
<td>(1,011,777)</td>
<td>(1,574,000)</td>
<td>562,223</td>
<td>35.7%</td>
</tr>
<tr>
<td>Departmental Credits</td>
<td>4,468,626</td>
<td>3,607,998</td>
<td>860,628</td>
<td>23.9%</td>
</tr>
<tr>
<td>Subtotal</td>
<td>(48,417,474)</td>
<td>(56,918,160)</td>
<td>8,500,686</td>
<td>14.9%</td>
</tr>
<tr>
<td>Depreciation &amp; Amortization</td>
<td>(31,957,467)</td>
<td>(32,697,836)</td>
<td>740,369</td>
<td>2.3%</td>
</tr>
<tr>
<td><strong>Total Operating Expenses</strong></td>
<td><strong>$ (80,374,941)</strong></td>
<td><strong>$ (89,615,996)</strong></td>
<td><strong>$ 9,241,055</strong></td>
<td><strong>10.3%</strong></td>
</tr>
<tr>
<td></td>
<td>ACTUAL 10/31/12</td>
<td>BUDGET 10/31/12</td>
<td>VARIANCE</td>
<td>% VARIANCE</td>
</tr>
<tr>
<td>--------------------------------</td>
<td>-----------------</td>
<td>-----------------</td>
<td>-----------</td>
<td>------------</td>
</tr>
<tr>
<td>TERMINAL RENT</td>
<td>$8,791,054</td>
<td>$8,050,897</td>
<td>$740,157</td>
<td>9.2%</td>
</tr>
<tr>
<td>TERMINAL CONCESSIONS</td>
<td>6,794,720</td>
<td>6,549,995</td>
<td>244,725</td>
<td>3.7%</td>
</tr>
<tr>
<td>OTHER TERMINAL REVENUE (a)</td>
<td>2,279,819</td>
<td>2,343,086</td>
<td>(63,267)</td>
<td>-2.7%</td>
</tr>
<tr>
<td>TERMINAL RENTALS &amp; CONCESSIONS</td>
<td>17,665,593</td>
<td>16,943,978</td>
<td>721,615</td>
<td>5.4%</td>
</tr>
<tr>
<td>PARKING</td>
<td>9,251,088</td>
<td>8,457,659</td>
<td>793,429</td>
<td>9.4%</td>
</tr>
<tr>
<td>GROUND ACCESS</td>
<td>1,266,196</td>
<td>1,255,538</td>
<td>10,658</td>
<td>0.8%</td>
</tr>
<tr>
<td>PARKING AND GROUND ACCESS</td>
<td>10,517,284</td>
<td>9,713,197</td>
<td>804,087</td>
<td>8.3%</td>
</tr>
<tr>
<td>OTHER AIRPORT RENTALS (b)</td>
<td>9,593,925</td>
<td>8,855,327</td>
<td>738,598</td>
<td>8.3%</td>
</tr>
<tr>
<td>LANDING FEES</td>
<td>9,903,752</td>
<td>10,086,017</td>
<td>(182,265)</td>
<td>-1.8%</td>
</tr>
<tr>
<td>OTHER FIELD REVENUE (c)</td>
<td>686,414</td>
<td>560,712</td>
<td>125,702</td>
<td>22.4%</td>
</tr>
<tr>
<td>AVIATION FUELING</td>
<td>1,286,877</td>
<td>1,268,956</td>
<td>17,921</td>
<td>1.4%</td>
</tr>
<tr>
<td>MISCELLANEOUS REVENUE (d)</td>
<td>2,378</td>
<td>33,803</td>
<td>(31,425)</td>
<td>-93.0%</td>
</tr>
<tr>
<td>TOTAL AVIATION OPERATING REVENUE</td>
<td>49,856,223</td>
<td>47,461,990</td>
<td>2,394,233</td>
<td>5.0%</td>
</tr>
<tr>
<td>BAD DEBT RESERVE</td>
<td></td>
<td>(33,519)</td>
<td>33,519</td>
<td>100.0%</td>
</tr>
<tr>
<td>TOTAL AVIATION REVENUE</td>
<td>$49,856,223</td>
<td>$47,228,471</td>
<td>$2,427,752</td>
<td>5.1%</td>
</tr>
</tbody>
</table>

(Continued)
Port of Oakland
Actual vs. Budget Aviation Revenue
For the Four Months Ended October 31, 2012

(a) Other Terminal Revenue
This category includes primarily terminal use fees for charter/itinerant airlines, baggage carousel/conveyor fees, customs room usage, identification badge sales & fingerprinting, and vending machine sales not associated with concession tenants.

(b) Other Airport Rentals
This category includes rental of land (e.g., vehicle/aircraft parking, rights-of-way); billboards; buildings; hangar and hangar areas; commercial filming; tank farm fuel fees; as well as cargo building, land, and apron rental.

(c) Other Field Revenue
This category includes plane storage, in-flight catering, ground handling, and cargo handling revenue.

(d) Miscellaneous Revenue
This category includes one-time and recurring revenues that are usually not directly related to Airport operations. The majority of miscellaneous revenue is associated with the Port's Materials Management Program and janitorial services provided by the Port at TSA's Airport offices. Other revenue may include, for example, payments for the rental of Airport conference rooms.
Port of Oakland
Actual vs. Budget Maritime Revenue
For the Four Months Ended October 31, 2012

<table>
<thead>
<tr>
<th></th>
<th>ACTUAL 10/31/12</th>
<th>BUDGET 10/31/12</th>
<th>$ VARIANCE</th>
<th>% VARIANCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>TERMINALS</td>
<td>$ 46,455,635</td>
<td>$ 47,266,476</td>
<td>($810,841)</td>
<td>-1.7%</td>
</tr>
<tr>
<td>OAKLAND INTERNATIONAL GATEWAY</td>
<td>806,725</td>
<td>705,260</td>
<td>101,465</td>
<td>14.4%</td>
</tr>
<tr>
<td>OTHER REVENUE (a)</td>
<td>3,609,151</td>
<td>3,097,208</td>
<td>511,943</td>
<td>16.5%</td>
</tr>
<tr>
<td></td>
<td><strong>TOTAL MARITIME OPERATING REVENUE</strong></td>
<td><strong>50,871,511</strong></td>
<td><strong>51,068,944</strong></td>
<td><strong>($197,433)</strong></td>
</tr>
<tr>
<td>BAD DEBT RESERVE</td>
<td></td>
<td></td>
<td></td>
<td>0.0%</td>
</tr>
<tr>
<td></td>
<td><strong>TOTAL MARITIME REVENUE</strong></td>
<td><strong>$ 50,871,511</strong></td>
<td><strong>$ 51,068,944</strong></td>
<td><strong>($197,433)</strong></td>
</tr>
</tbody>
</table>

(a) Other Revenue
This category primarily includes land and facility rental revenue from non-marine/rail terminal tenants. Examples include: truck parking and transloading tenants. This category also includes programs or initiatives that affect revenue, such as the Maritime Division's Interior-Point-Intermodal incentive program.
## Port of Oakland
### Actual vs. Budget CRE Revenue
#### For the Four Months Ended October 31, 2012

<table>
<thead>
<tr>
<th></th>
<th>ACTUAL 10/31/12</th>
<th>BUDGET 10/31/12</th>
<th>$ VARIANCE</th>
<th>% VARIANCE</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SPACE RENTAL</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land</td>
<td>$405,439</td>
<td>$326,285</td>
<td>$79,154</td>
<td>24.3%</td>
</tr>
<tr>
<td>Warehouse Lease</td>
<td>336,118</td>
<td>316,008</td>
<td>20,110</td>
<td>6.4%</td>
</tr>
<tr>
<td>Hotel</td>
<td>815,029</td>
<td>705,537</td>
<td>109,492</td>
<td>15.5%</td>
</tr>
<tr>
<td>Restaurant</td>
<td>470,593</td>
<td>394,314</td>
<td>76,279</td>
<td>19.3%</td>
</tr>
<tr>
<td>Retail</td>
<td>575,734</td>
<td>578,417</td>
<td>(2,683)</td>
<td>-0.5%</td>
</tr>
<tr>
<td>Office Lease</td>
<td>585,110</td>
<td>542,401</td>
<td>42,709</td>
<td>7.9%</td>
</tr>
<tr>
<td>Marinas Revenue</td>
<td>6,364</td>
<td>6,363</td>
<td>1</td>
<td>0.0%</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>3,194,387</td>
<td>2,869,325</td>
<td>325,062</td>
<td>11.3%</td>
</tr>
<tr>
<td><strong>PARKING REVENUE</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Parking Revenue - Parking Lot Revenue</td>
<td>736,616</td>
<td>696,228</td>
<td>40,388</td>
<td>5.8%</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>736,616</td>
<td>696,228</td>
<td>40,388</td>
<td>5.8%</td>
</tr>
<tr>
<td><strong>MISCELLANEOUS REVENUE</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Miscellaneous Revenue (a)</td>
<td>56,825</td>
<td>42,425</td>
<td>14,400</td>
<td>33.9%</td>
</tr>
<tr>
<td>Billboard Advertising Revenue</td>
<td>289,401</td>
<td>260,572</td>
<td>28,829</td>
<td>11.1%</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>346,226</td>
<td>302,997</td>
<td>43,229</td>
<td>14.3%</td>
</tr>
<tr>
<td><strong>TOTAL CRE OPERATING REVENUE</strong></td>
<td>4,277,229</td>
<td>3,888,550</td>
<td>408,679</td>
<td>10.6%</td>
</tr>
<tr>
<td><strong>BAD DEBT RESERVE</strong></td>
<td></td>
<td></td>
<td></td>
<td>0.0%</td>
</tr>
<tr>
<td><strong>TOTAL CRE REVENUE</strong></td>
<td>$4,277,229</td>
<td>$3,888,550</td>
<td>$408,679</td>
<td>10.6%</td>
</tr>
</tbody>
</table>

(a) **Miscellaneous Revenue**

This category includes recurring and one-time revenues that are not part of the Space Rental revenue category. Examples include: easements, antennae and bank teller machines on/in Port-owned buildings, and ancillary development-related transactions.
## Port of Oakland Activity Summary Report
For the Four Months Ended October 31, 2012

### UNAUDITED DRAFT

## AVIATION ACTIVITY

<table>
<thead>
<tr>
<th></th>
<th>Actual</th>
<th>Budget</th>
<th>Variance to Budget (%)</th>
<th>Variance to Prior Year Actual</th>
<th>Variance to Prior Year Actual (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Prior Year Actual</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Variance to Prior Year Actual</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Passengers</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>July</td>
<td>960,283</td>
<td>863,986</td>
<td>96,297</td>
<td>11.1%</td>
<td>835,282</td>
</tr>
<tr>
<td>August</td>
<td>969,898</td>
<td>855,443</td>
<td>114,455</td>
<td>13.4%</td>
<td>855,290</td>
</tr>
<tr>
<td>September</td>
<td>822,852</td>
<td>748,576</td>
<td>74,276</td>
<td>9.9%</td>
<td>764,110</td>
</tr>
<tr>
<td>October</td>
<td>856,253</td>
<td>778,515</td>
<td>77,738</td>
<td>10.0%</td>
<td>795,824</td>
</tr>
<tr>
<td>November</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>December</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>January</td>
<td></td>
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<tr>
<td>February</td>
<td></td>
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<tr>
<td>March</td>
<td></td>
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<tr>
<td>April</td>
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<tr>
<td>May</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>June</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Year to Date</strong></td>
<td>3,609,286</td>
<td>3,246,520</td>
<td>362,766</td>
<td>11.2%</td>
<td>3,250,506</td>
</tr>
</tbody>
</table>

### Air Cargo - Freight & Mail (000 lbs)

<table>
<thead>
<tr>
<th></th>
<th>Actual</th>
<th>Budget</th>
<th>Variance to Budget (%)</th>
<th>Variance to Prior Year Actual</th>
<th>Variance to Prior Year Actual (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Prior Year Actual</td>
<td></td>
</tr>
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<td></td>
<td></td>
<td></td>
<td></td>
<td>Variance to Prior Year Actual</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Air Cargo - Freight &amp; Mail (000 lbs)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>July</td>
<td>85,101</td>
<td>86,884</td>
<td>(1,782)</td>
<td>-2.1%</td>
<td>85,902</td>
</tr>
<tr>
<td>August</td>
<td>94,694</td>
<td>92,152</td>
<td>2,542</td>
<td>2.8%</td>
<td>91,110</td>
</tr>
<tr>
<td>September</td>
<td>89,526</td>
<td>91,461</td>
<td>(1,935)</td>
<td>-2.1%</td>
<td>90,428</td>
</tr>
<tr>
<td>October</td>
<td>95,397</td>
<td>93,727</td>
<td>1,670</td>
<td>1.8%</td>
<td>92,668</td>
</tr>
<tr>
<td>November</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>December</td>
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<td>January</td>
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<td>February</td>
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<td>May</td>
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<tr>
<td>June</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Year to Date</strong></td>
<td>364,718</td>
<td>364,224</td>
<td>494</td>
<td>0.1%</td>
<td>360,108</td>
</tr>
</tbody>
</table>

### Aircraft Landing Weights * (000 lbs)

<table>
<thead>
<tr>
<th></th>
<th>Actual</th>
<th>Budget</th>
<th>Variance to Budget (%)</th>
<th>Variance to Prior Year Actual</th>
<th>Variance to Prior Year Actual (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Prior Year Actual</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Variance to Prior Year Actual</td>
<td></td>
</tr>
<tr>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Aircraft Landing Weights * (000 lbs)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>July</td>
<td>769,774</td>
<td>779,175</td>
<td>(9,401)</td>
<td>-1.2%</td>
<td>720,497</td>
</tr>
<tr>
<td>August</td>
<td>779,870</td>
<td>790,272</td>
<td>(10,402)</td>
<td>-1.3%</td>
<td>749,703</td>
</tr>
<tr>
<td>September</td>
<td>717,130</td>
<td>732,254</td>
<td>(15,124)</td>
<td>-2.1%</td>
<td>706,381</td>
</tr>
<tr>
<td>October</td>
<td>748,394</td>
<td>755,226</td>
<td>(6,832)</td>
<td>-0.9%</td>
<td>730,696</td>
</tr>
<tr>
<td>November</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>December</td>
<td></td>
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<td>January</td>
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<td>May</td>
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<tr>
<td>June</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Year to Date</strong></td>
<td>3,015,168</td>
<td>3,066,926</td>
<td>(41,758)</td>
<td>-1.4%</td>
<td>2,907,277</td>
</tr>
</tbody>
</table>

* Includes passenger and air cargo carriers. Excludes non-revenue passenger flights.
# Port of Oakland
Activity Summary Report
For the Four Months Ended October 31, 2012

## UNAUDITED DRAFT

### MARITIME ACTIVITY

**Loaded (Full) TEUs**

<table>
<thead>
<tr>
<th></th>
<th>Actual</th>
<th>Budget</th>
<th>Variance to Budget</th>
<th>Variance to Prior Year Actual</th>
<th>Variance to Prior Year Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>July</td>
<td>148,945</td>
<td>157,324</td>
<td>(8,379)</td>
<td>-5.3%</td>
<td>147,852</td>
</tr>
<tr>
<td>August</td>
<td>151,793</td>
<td>158,450</td>
<td>(6,657)</td>
<td>-4.2%</td>
<td>160,716</td>
</tr>
<tr>
<td>September</td>
<td>141,116</td>
<td>153,712</td>
<td>(12,596)</td>
<td>-8.2%</td>
<td>150,506</td>
</tr>
<tr>
<td>October</td>
<td>157,127</td>
<td>155,389</td>
<td>1,738</td>
<td>1.1%</td>
<td>151,245</td>
</tr>
<tr>
<td>Year to Date</td>
<td>598,981</td>
<td>624,875</td>
<td>(25,894)</td>
<td>-4.1%</td>
<td>610,319</td>
</tr>
</tbody>
</table>

**Vessel Calls**

<table>
<thead>
<tr>
<th></th>
<th>Actual</th>
<th>Budget</th>
<th>Variance to Budget</th>
<th>Variance to Prior Year Actual</th>
<th>Variance to Prior Year Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>July</td>
<td>165</td>
<td>183</td>
<td>(18)</td>
<td>-8.8%</td>
<td>193</td>
</tr>
<tr>
<td>August</td>
<td>150</td>
<td>183</td>
<td>(33)</td>
<td>-22.6%</td>
<td>193</td>
</tr>
<tr>
<td>September</td>
<td>153</td>
<td>173</td>
<td>(20)</td>
<td>-11.6%</td>
<td>179</td>
</tr>
<tr>
<td>October</td>
<td>166</td>
<td>176</td>
<td>(10)</td>
<td>-5.7%</td>
<td>171</td>
</tr>
<tr>
<td>Year to Date</td>
<td>644</td>
<td>715</td>
<td>(71)</td>
<td>-9.9%</td>
<td>732</td>
</tr>
</tbody>
</table>

**Loaded TEUs does not include restows/shifts**
Port of Oakland
Revenue Actual vs. Budget Variance
Four Months Ended October 31, 2012

UNAUDITED
DRAFT

OPERATING REVENUE
Port Operating Revenue = $108.9 million
Variance to Budget ($) = $2.7 million (better)
Variance to Budget (%) = 2.5% (better)

Aviation - $49.9 million
Better than budget by $2.4 million or 5.0%
• Higher space rental revenue from land and buildings ($1.0 million)
• Higher parking revenues ($0.8 million)
• Higher terminal rent revenue ($0.8 million)
• Higher concessions revenue primarily from car rental agencies ($0.2 million)
• Higher ground handling revenue ($0.1 million)
• Lower hangar and hangar area rental revenue ($0.3 million)
• Lower landing fees ($0.2 million)

Maritime - $50.9 million
Worse than budget by $0.2 million or 0.4%
• Lower than budgeted activity at some marine terminals ($0.8 million)
• Higher revenues at Oakland International Gateway ($0.1 million)
• Space assignment (land and facility rent from non-marine/rail terminal tenants) revenue higher than anticipated ($0.5 million)

Commercial Real Estate - $4.3 million
Better than budget by $0.4 million or 10.6%
• Higher hotel rent ($0.1 million)
• Higher land rent ($0.1 million)
• Higher restaurant rent ($0.1 million)
• Higher parking lot revenue and office rent (net $0.1 million)

Utilities - $3.8 million
Slightly better than budget by $41k or 1.1%
• Primarily higher electricity revenue at the South Airport mostly offset by lower electricity revenue at Harbor Transportation Center and Maritime Terminals
Port of Oakland
Expense Actual vs. Budget Variance
Four Months Ended October 31, 2012

EXPENSES by CATEGORY

Port Operating Expenses* = $48.4 million
Variance to Budget ($) = $8.5 million (better)
Variance to Budget (%) = 14.9% (better)

Personnel Services - $27.5 million
Better than budget by $1.9 million or 6.5%
  ▪ Open headcount savings ($2.0 million) - Various divisions
  ▪ Lower vacation/sick leave accrual ($0.3 million) - Non-departmental
  ▪ Lower workers' compensation expense ($0.2 million) - Non-departmental
  ▪ Lower professional development due to timing ($0.2 million) - Corp Admin Svcs
  ▪ Lower retiree medical expense ($0.1 million) - Non-departmental
  ▪ Lower continuing education and training ($0.1 million) - Various
  ▪ Higher overtime costs ($0.4 million) - Aviation
  ▪ Unrealized labor adjustments ($0.4 million) - Various
  ▪ Higher temporary help expense ($0.2 million) - Various

Contractual Services - $18.8 million
Better than budget by $3.5 million or 15.7%
  ▪ Lower professional, consulting and legal service costs ($1.4 million) - Various divisions
  ▪ Lower maintenance dredging and consulting costs ($1.3 million) - Engineering
  ▪ Lower maintenance and repair costs ($0.8 million) - Revenue divisions
  ▪ Lower operating costs at the Port of Oakland (headquarters) office building ($0.2 million) - CRE
  ▪ Lower AirBART shuttle bus, and parking lot operation costs ($0.2 million) - Aviation
  ▪ Lower Alameda County Sheriff expense ($0.1 million) - Aviation
  ▪ Higher rental car shuttle bus expense ($0.5 million) - Aviation

Supplies - $1.2 million
Better than budget by $0.1 million or 7.3%
  ▪ Lower automotive fuel ($0.2 million) - Maritime
  ▪ Higher maintenance materials, mechanical, landscaping, electrical, and janitorial supplies ($0.1 million) - Aviation and Maritime

General and Administrative - $4.4 million
Better than budget by $1.6 million or 26.1%
  ▪ Lower pollution remediation ($0.5 million) - Non-departmental
  ▪ Lower Port use electricity ($0.3 million) - Aviation
  ▪ Lower Port contingency expense ($0.3 million) - Non-departmental
  ▪ Lower exhibits & displays, marketing, special events, promotional costs (net $0.3 million) - Various
  ▪ Lower travel expenses ($0.1 million) - Various
  ▪ Lower land line voice and data expense ($0.1 million) - Non-departmental

Utilities Cost of Sales - $1.0 million
Better than budget by $0.6 million or 35.7%
  ▪ Lower electricity costs in the Maritime area ($0.4 million) and at the Airport ($0.2 million)

Departmental Credits - $4.5 million
Better than budget by $0.9 million or 23.9%

* Excludes depreciation & amortization

General Notes:
  ▪ "Revenue divisions" are collectively Aviation, Maritime, Commercial Real Estate (CRE)
  ▪ Where applicable, primary source of variance by division is noted after each item.
  ▪ In general, the Port’s annual budget is seasonally adjusted. However, certain line items that cannot be seasonally adjusted with any level of predictability (e.g. legal contingency) and are simply allocated equally over 12 months.
STRATEGY & POLICY

This segment of the meeting is reserved for action or discussion on Strategy and Policy Issues.
Port of Oakland Export Market Study

January 10, 2013
Anne Landstrom – Moffatt & Nichol
Port of Oakland Export Market Analysis

- Market analysis main purpose is to quantify
  - Export commodity volume trends and potential growth
  - Services and port coverage for exports

- Key questions:
  - What volume/commodity exports have “leaked” to other ports and why?
  - Macro trends impacting major commodity flows?
  - What are sources of potential growth in containerized exports?

- Identify strategies that can position the Port of Oakland to benefit from commodity exports with high potential growth
Study Methodology

- To determine the Port of Oakland’s market area, data is gathered and analyzed using the Freight Analysis Framework (FAF) data from the Federal Highway Administration (FHWA)
  - The Freight Analysis Framework (FAF) integrates data from a variety of sources to create a comprehensive picture of freight movement by mode, by value and by tonnage
- This data provides the foundation for determining what share the Port of Oakland has of its FAF region and what share is being “leaked” to other competing ports
- Once the trade-flow data framework has been established, the “Least Cost Market Area” or LCMA analysis is overlaid in order to determine:
  - Total volumes that are within the Port’s LCMA
  - What volumes can be attracted by adjusting certain cost or service transportation parameters
  - Calculation and identification of growth opportunities based on these cost factors
- This quantitative approach is then augmented with stakeholder interviews to provide a qualitative element to the results
Cost Elements of LCMA

- Port costs - foreign port
- Ocean liner service cost – ocean portion of transportation cost
- North American port costs
- Inland transportation costs (rail/truck)
Market Analysis

To determine the sources of growth, the Moffatt & Nichol consulting team looked at three fundamental sources:

- Business generated by current customers of the Port of Oakland
- How to increase share of current market by capturing a bigger share of specific target commodities
  - Marketing initiatives for key commodities
  - Increased visibility to equipment availability – potentially develop a specific function within the port marketing group to assist in this effort
- How to expand the geographic market area
  - Potentially through infrastructure improvements that create a cost advantage
  - Marketing and strategic initiatives targeted at specific target commodities
Findings

- Total leaked TEU – import and export – 320,000 TEU (102,000 export – 218,000 import)
- Main ports carrying leaked cargo – Los Angeles/Long Beach
- Oakland has very low penetration into Southern California which is dominated by LA/LB.
- Within the local Sacramento market, Oakland accounts for 57% of the trade volume.
- The “Remaining” regions of California (which include far northern – and central counties) are split relatively evenly between Oakland and LA/LB.
- Denver is roughly equally shared between Oakland and LA/LB, compared to the historic share which favored Oakland.
- Oakland currently holds a greater share of Salt Lake City

<table>
<thead>
<tr>
<th>Ports</th>
<th>Coast</th>
<th>TEU</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oakland</td>
<td>West</td>
<td>657,229</td>
<td>67%</td>
</tr>
<tr>
<td>LALB</td>
<td>West</td>
<td>164,639</td>
<td>17%</td>
</tr>
<tr>
<td>NYNJ</td>
<td>East</td>
<td>45,357</td>
<td>5%</td>
</tr>
<tr>
<td>SEATAC</td>
<td>West</td>
<td>22,317</td>
<td>2%</td>
</tr>
<tr>
<td>Houston</td>
<td>Gulf</td>
<td>18,447</td>
<td>2%</td>
</tr>
<tr>
<td>Norfolk</td>
<td>East</td>
<td>14,716</td>
<td>2%</td>
</tr>
<tr>
<td>Savannah</td>
<td>East</td>
<td>13,815</td>
<td>1%</td>
</tr>
<tr>
<td>Portland</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>OR</td>
<td>West</td>
<td>9,770</td>
<td>1%</td>
</tr>
<tr>
<td>Other</td>
<td>West</td>
<td>34,069</td>
<td>3%</td>
</tr>
</tbody>
</table>

**TOTAL** 980,360
Findings – LCMA Export Analysis

• Export LCMA by County
  ◦ Strongest market for export volumes include:
    ◦ Central & Northern California
    ◦ Southern Oregon
    ◦ Western Nevada
• This is evidenced by the high concentration of LCMA markets within the respective counties shown
  ◦ Counties denoted in dark blue are those in which the Port of Oakland is the lowest coast gateway for five trade routes
• Opportunity Commodities include Animal Feed, Agricultural products, Chemicals, Foodstuffs and Machinery
Findings – Import LCMA Analysis

- Import LCMA by County
  - Primary markets consist of much the same geographic region as exports
  - Except there are fewer counties in Central California and Western Nevada where Oakland has an advantage
  - Again, the areas shown in dark blue denote geographic regions where the Oakland is the least cost gateway for five trade routes

- Opportunity commodities include Textiles and Apparel, Electronics and Electrical Equipment, Furniture and manufactured products
Export and Import TEU Opportunity by Region (of Leaked TEU)

- Building off the previous opportunity cargoes shown and looking at the trades associated with Oakland’s LCMA, there are a total of approximately 383,000 TEU from the port’s primary market that are being carried via another port.
- The majority of these leaked TEU are coming from Oakland’s immediate or primary market broken down by imports and exports as shown below.

<table>
<thead>
<tr>
<th>Primary Market Region</th>
<th>Exports</th>
<th>Imports</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td>Oakland</td>
</tr>
<tr>
<td>Oakland</td>
<td>452,965</td>
<td>371,995</td>
</tr>
<tr>
<td>Sacramento</td>
<td>19,223</td>
<td>11,423</td>
</tr>
<tr>
<td>North-Cal</td>
<td>9,594</td>
<td>6,613</td>
</tr>
<tr>
<td>Cent-Cal</td>
<td>64,987</td>
<td>29,806</td>
</tr>
<tr>
<td>So-Oregon West-Nevada</td>
<td>1,341</td>
<td>60</td>
</tr>
<tr>
<td></td>
<td>1,361</td>
<td>1,104</td>
</tr>
<tr>
<td>Grand Total</td>
<td>549,470</td>
<td>421,002</td>
</tr>
</tbody>
</table>
Secondary Market Opportunities

- Oakland’s secondary market is identified as the states of Utah, Colorado, Wyoming, Nebraska, Iowa, Missouri and Kansas.
- Oakland’s strongest presence in the Secondary market is in Utah and Nevada (excl. Las Vegas).
- Most of the remainder of this market is served by the Ports of LA/LB.
- Total TEU represented by this market is 1.13 million of which Oakland carries 175,000 TEU.
- Top commodities include Animal Feed, Chemicals, Agricultural Products, Meat and Foodstuffs.
Cost Differential for Secondary Market Export Opportunity Cargo

- The cost differential between using the Port of Oakland versus other gateways is used to assess the likelihood of Oakland’s ability to capture share.
- Areas in blue are cost competitive while areas in bright green are areas where the cost differential is no more than $100 per TEU.
- The export opportunities from these locations represent a total of approximately 200,000 TEU.
## Port of Oakland Benefits and Challenges

<table>
<thead>
<tr>
<th>Benefit</th>
<th>Challenge</th>
</tr>
</thead>
<tbody>
<tr>
<td>Access to large population base</td>
<td>Limited number of first port of call vessels</td>
</tr>
<tr>
<td>Large number of last port of call vessels ideal for exports</td>
<td>Inadequate empty equipment and truck yard space for empty container storage and dispatch</td>
</tr>
<tr>
<td>Rail service in close proximity to port</td>
<td>Longer transits to inland points in eastern and mid-western US versus other west coast ports</td>
</tr>
<tr>
<td>Deep water berths and channel</td>
<td>Need for additional ocean carrier services to Latin America</td>
</tr>
<tr>
<td>Good roadway access to ports, minimal congestion</td>
<td>Some chokepoints need to be addressed</td>
</tr>
<tr>
<td>Transload facilities adjacent to port</td>
<td>Requirement for upgraded, state-of-the-art facilities adjacent to the port, particularly for refrigerated cargo</td>
</tr>
</tbody>
</table>
Conclusions

- Oakland has significant opportunities to increase exports however without additional imports it will be difficult to increase exports due to limited equipment availability.
- Imports are tied almost completely to local hinterland demand – only way to increase imports is to increase distribution activities in local northern CA hinterland.
- Key northern California export commodities like wine, other beverages (crystal geyser water), agricultural products (almonds, dried fruit, fresh fruits and vegetables) should not be considered captive as some of this volume is being “leaked” to southern CA ports.
- Exports from the Midwest are a key target area and planned infrastructure development adjacent to the port on the Oakland Army Base could play a big part in attracting some of these commodities.
- Adequate service coverage to trade lanes with growth opportunities (Latin American services mentioned as a limitation from the Port of Oakland).
- Certain leakage is unavoidable due to lack of equipment, trade lane coverage and other factors.
- Fewer ships are calling at the Port of Oakland – need to push to keep diversity of trade lanes and carriers serving the Port.
Strategic Action Plan

- Conduct regular focus groups with key stakeholders to get direct feedback on what their needs are (ocean carriers, truckers, forwarders, exporters)
- Continue to actively market the Port of Oakland to the California agricultural exporters
- Investigate creating a heavy weight corridor from key Central Valley origins
- Work with the railroads on joint advocacy programs for better service and transit times to and from inland markets
- Make investment in assets to serve market opportunities within hinterland such as refrigerated meat products, animal feed, soybeans and grain coming from states like Nebraska, Kansas, Missouri and Colorado
  - Modern, state of the art cold store and transload facility geared for fast growing Asian markets
  - Bulk to container facility investment at the Oakland Army Base
  - Off dock facilities for management of chassis and empty containers that could be used by exporters to facilitate equipment pick up
Strategic Action Plan

- Partner with adjacent inland counties' economic development groups to launch initiatives to attract BCOs to locate distribution and warehouse facilities in these areas (Lathrop, Tracy, Patterson)
  - Create a real estate site selection focused packet of information using JOC Data and other research to determine potential consumer goods volumes for Northern CA consumption
CONSENT ITEMS

Action by the Board under “Consent Items” means that all matters listed below have been summarized, and are considered to be perfunctory in nature, and will be adopted by one motion and appropriate vote. Consent Items may be removed for further discussion by the Board at the request of any member of the Board.
ROLL CALL

President Gonzales called the Regular Meeting of the Board to order at 1:05 p.m., and the following Commissioners were in attendance:

1st Vice President Head, 2nd Vice-President Yee, Commissioner Hamlin, Commissioner Parker, Commissioner Uno and President Gonzales.

Commissioner Butner was excused.

Closed Session was taken out of order and heard at the end of the meeting.

1. CLOSED SESSION

2. MAJOR PROJECTS

   Senior Projects Administrator, Mark Erickson, presented Item 2.1.

   2.1 Major Project Update: Oakland Army Base (Maritime)

3. BUDGET & FINANCE

   This segment of the meeting is reserved for action or discussion regarding the status of Budget and Finance issues.

4. STRATEGY & POLICY

   The Acting Director of Aviation, Kristi McKenney presented Item 4.1.

   4.1 Aviation Business Strategy (Aviation)
The Manager of Business Development & International Marketing, Lawrence Dunnigan, presented Item 4.2.

4.2 Maritime Business Strategy (Maritime)

5. CONSENT ITEMS

The Board Secretary introduced the Consent Items.

A Motion to approve the Consent Items was made by Vice-President Uno and seconded by Commissioner Head.

5.1 Approval of the Minutes of the Regular Meeting of November 1, 2012 the Special Meeting of November 9, 2012.

5.2 Building Permit Application: Landmark Aviation - Pavement repair and upgrades near Hangar 5 (Engineering)

5.3 Building Permit Application: SSA, 1717 Middle Harbor Road - New Guard Booth (Engineering)

5.4 Building Permit Application: Alaska Airlines - Kiosk Installation at Terminal 1 Ticketing Building (Engineering)

The Motion to approve the Consent Items passed by the following votes: (6) Ayes: 1st Vice President Head, 2nd Vice-President Yee, Commissioner Hamlin, Commissioner Parker, Commissioner Uno and President Gonzales; (1) Excused: Commissioner Butner

6. REMAINING ACTION ITEMS

There were no remaining “Remaining Action Items”.

7. UPDATES/ANNOUNCEMENTS

There were no “Updates & Announcements”

8. SCHEDULING

There were no “scheduling” items.

FIRST OPEN FORUM

There were no speakers in the first Open Forum

1. CLOSED SESSION

President Gonzales convened the Board in Closed Session at 2:03 p.m. to hear the following:
1.1 CONFERENC.E WITH REAL PROPERTY NEGOTIATOR - As provided under California
Government Code Section 54956.8:

Property: Oak to Ninth District
Negotiating Parties: Oakland Harbor Partners LLC
Agency Negotiator: Director of Commercial Real Estate
Under Negotiation: Price and Terms of Payment

Property: 1 Airport Drive, Oakland, CA
Negotiating Parties: Port of Oakland, and Various Parties
Agency Negotiator: Acting Director of Aviation, Kristi McKenney
Under Negotiation: Price and Terms of Tenancy

Property: Sally Ride Way, Oakland, CA
Negotiating Parties: Port of Oakland and FedEx Corporation
Agency Negotiator: Acting Director of Aviation, Kristi McKenney
Under Negotiation: Price and Terms of Tenancy

Property: Berths 20-26 Outer Harbor Terminal Facilities
Negotiating Parties: Port of Oakland and Ports America Outer Harbor Terminals
Agency Negotiator: Acting Director of Maritime, Jean Banker
Under Negotiation: Price and Terms of Payment

Property: Berths 30-33
Negotiating Parties: Port of Oakland and TransPac Container Service (TraPac)
Agency Negotiator: Acting Director of Maritime, Jean Banker
Under Negotiation: Price and Terms of Payment

Property: Berths 33-37
Negotiating Parties: Port of Oakland and Evergreen Marine Corporation (Taiwan) Ltd
Agency Negotiator: Acting Director of Maritime, Jean Banker
Under Negotiation: Price and Terms of Payment

Property: Berths 55-56
Negotiating Parties: Port of Oakland and Total Terminals, Inc, LLC (TTI)
Agency Negotiator: Acting Director of Maritime, Jean Banker
Under Negotiation: Price and Terms of Payment

Property: Berths 57-59
Negotiating Parties: Port of Oakland and SSA Terminals, LLC (SSAT)
Agency Negotiator: Acting Director of Maritime, Jean Banker
Under Negotiation: Price and Terms of Payment
Property: Berths 60-63  
Negotiating Parties: Port of Oakland and Eagle Marine Services (APL Terminal)  
Agency Negotiator: Acting Director of Maritime, Jean Banker  
Under Negotiation: Price and Terms of Payment

Property: Berths 67-68  
Negotiating Parties: Port of Oakland and SSA Terminals, LLC (SSAT) (Howard Terminal)  
Agency Negotiator: Acting Director of Maritime, Jean Banker  
Under Negotiation: Price and Terms of Payment

Property: Joint Intermodal Terminals  
Negotiating Parties: Port of Oakland and Burlington Northern Santa Fe  
Agency Negotiator: Acting Director of Maritime, Jean Banker  
Under Negotiation: Price and Terms of Payment

CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION.  
Significant exposure to litigation pursuant to subdivision (b) of Section 54956.9: 4 matter

1.3 CONFERENCE WITH LABOR NEGOTIATORS. Pursuant to Subdivision (a) of California Government Code Section 54957.6.

1.4 Employee Organizations: International Brotherhood of Electrical Workers (IBEW Local 1245), International Federation of Professional and Technical Engineers (IFPTE Local 21), Service Employees International Union (SEIU Local 1021), and Western Council of Engineers (WCE)

ROLL CALL

President Gonzales called the Regular Meeting of the Board to order in Open Session at 4:43 p.m., and the following Commissioners were in attendance:

1st Vice President Head, 2nd Vice-President Yee, Commissioner Hamlin, Commissioner Parker, Commissioner Uno and President Gonzales.

Commissioner Butner was excused.

CLOSED SESSION REPORT

The Port Attorney reported that no final actions had had been taken in Closed Session.
OPEN FORUM

The following people addressed the Board in Open Forum: Adrianna Carranza, Monica Guzman, Wei-Ling Huber, Rosie Jimenez, Deborah Bayer, Yvette Nixon, Fidelia Hernandez, Richard Mead, Hakhima Arhab and Mary Ann Espinoza

ADJOURNMENT

There being no additional business the Board adjourned at 5:08 p.m.

__________________________________________  __________________________
John Betterton, Secretary  Date
Board of Port Commissioners
Regular Meeting of the Board of Port Commissioners
Thursday December 20, 2012 – 8:30 a.m.

ROLL CALL

President Gonzales called the Regular Meeting of the Board to order at 8:33 a.m., and the following Commissioners were in attendance:

1st Vice President Head, 2nd Vice-President Yee, Commissioner Butner, Commissioner Hamlin, Commissioner Parker, Commissioner Uno and President Gonzales.

1. FIRST CLOSED SESSION

President Gonzales convened the Board in Closed Session at 8:34 a.m. to hear the following:

1.1 CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION. Significant Exposure to Litigation Pursuant to Subdivision (b) of California Government Code Section 54956.9: 12 matter(s)

Commissioner Butner was recused on one matter discussed under Item 1.1. He was not in the room and did not take part in the discussion.

1.2 CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION. Pursuant to Subdivision (a) of California Government Code Section 54956.9.

SSA Terminals, LLC and SSA Terminals (Oakland), LLC v. the City of Oakland, Acting by and Through its Board of Port Commissioners Docket No. 09-08

1.3 PUBLIC EMPLOYEE DISCIPLINE/DISMISSAL/RELEASE

CONSENT ITEMS Tab 5.1
1.4 PUBLIC EMPLOYEE APPOINTMENT

Title: Executive Director

1.5 PUBLIC EMPLOYEE PERFORMANCE EVALUATION

Titles: Acting Executive Director, Acting Port Attorney, Port Auditor, Board Secretary

1.6 CONFERENCE WITH LABOR NEGOTIATORS. Pursuant to Subdivision (a) of California Government Code Section 54957.6.

Employee Organizations: International Brotherhood of Electrical Workers (IBEW Local 1245), International Federation of Professional and Technical Engineers (IFPTE Local 21), Service Employees International Union (SEIU Local 1021), and Western Council of Engineers (WCE)

1.7 CONFERENCE WITH LABOR NEGOTIATORS. Pursuant to Subdivision (a) of California Government Code Section 54957.6.

Unrepresented Employees: Director of Aviation, Chief Audit Officer, Port Attorney, Deputy Executive Director, Executive Director, Secretary of the Board, Director of Engineering, Director of Administration, Director of Commercial Real Estate, Director of External Affairs, Director of Maritime, Director of Social Responsibility Division, Director of Environmental Programs & Planning, Chief Financial Officer, Chief Technology Officer, Deputy Port Attorney IV, Human Resource Supervisor

ROLL CALL/OPEN SESSION

President Gonzales reconvened the Open Session of the Regular Meeting of the Board at 11:27 a.m., and the following Commissioners were in attendance:

1st Vice President Head, 2nd Vice-President Yee, Commissioner Butner, Commissioner Hamlin, Commissioner Parker, Commissioner Uno and President Gonzales.

President Gonzales called for a moment of silence to remember the victims of the Sandy Hill Elementary School Shooting in New Town, Connecticut.

CLOSED SESSION REPORT

The Port Attorney reported that no final actions had been taken in Closed Session and that the Items in Closed Session had not been completed and thus a Second Closed Session would be required.
2. MAJOR PROJECTS

The Director of Engineering, Chris Chan, presented Item 2.1 and called on Mr. Otis Cliatt of Anacosta Rail Holdings, Inc. to address the Board.

A Motion to approve Item 2.1 was made Vice-President Yee and seconded by Vice-President Head.

The following people addressed the Board on Item 2.1: Robert Au, Mark McClure, Phil Tagami, Paul Junge, Fred Blackwell, Greg McConnell, Mark Hanson, Kate O'Hara, Joyce Guy, Chris Stotka and Michael Stolarczyk.

2.1 Authorize the Executive Director to Enter into the Preliminary Operating Agreement for the Intermodal Rail Terminal, Phase 1 at the former Oakland Army Base with the highest ranked proposer (Maritime)

The makers of the Motion withdrew their Motion. President Gonzales asked that staff answer questions raised by the Commissioners and speakers, and that the Item be returned for consideration at the meeting of January 10, 2013.

3. BUDGET & FINANCE

The Chief Financial Officer, Sara Lee, reported on Items 3.1 and 3.2.


3.2 Report: Unaudited capital expenditure report for 3 months ended September 30, 2012

4. STRATEGY & POLICY

In the interest of time, Item 4.1 was pulled at the recommendation of staff.

4.1 PULLED Report: Port of Oakland Export Market Study (Maritime)

5. CONSENT ITEMS

The Board Secretary introduced the Consent Items.

A Motion to approve Consent Item 5.1 through 5.3 was made by Commissioner Uno and seconded by Commissioner Hamlin.

5.1 Approval of the Minutes of the Regular Meeting of November 15, 2012 and the Special Meeting of November 29, 2012. (Board Secretary)

5.2 Building Permit Application: Fed Ex - Installation of sidewalk along Air Cargo Road, Air Cargo Road at Sally Ride Way (Engineering)
5.3 Building Permit Application: T-Mobile, 1 Airport Drive, Terminals 1 and 2 - Relocate and add antennas for cell phone carrier (Engineering)

The Motion to approve the Consent Items passed by the following votes: (7) Ayes: 1st Vice President Head, 2nd Vice-President Yee, Commissioner Butner, Commissioner Hamlin, Commissioner Parker, Commissioner Uno and President Gonzales.

6. REMAINING ACTION ITEMS

The Acting Director of Aviation, Kristi McKenney, reported on Items 6.1 and 6.2.

President Gonzales was excused from the meeting at 12:45 p.m. and returned at 12:48 p.m. She did not participate in the discussion or decision on Item 6.1.

A Motion to approve Item 6.1 was made Commissioner Uno and seconded by Vice-President Yee.

6.1 Budget Approval and Associated Authorizations for Several Utility Improvements at Oakland International Airport (Aviation)

The Motion to approve Item 6.1 passed by the following votes: (6) Ayes: 1st Vice President Head, 2nd Vice-President Yee, Commissioner Butner, Commissioner Hamlin, Commissioner Parker and Commissioner Uno; (1) Excused: President Gonzales

A Motion to approve Item 6.2 was made Vice-President Head and seconded by Vice-President Yee.

6.2 Capital Budget Authorization to Install Searidge Technologies' Video Monitoring System for Continuity of Operations in the New Federal Aviation Administration (“FAA”) Air Traffic Control (“ATC”) Tower. Authorization for Executive Director to Enter into an Agreement with Searidge Technologies (Aviation)

The Motion to approve Item 6.2 passed by the following votes: (7) Ayes: 1st Vice President Head, 2nd Vice-President Yee, Commissioner Butner, Commissioner Hamlin, Commissioner Parker, Commissioner Uno and President Gonzales.

Commercial Real Estate Director, Pamela Kershaw, presented item 6.3.

A Motion to approve Item 6.3 was made by President Gonzales and seconded by Commissioner Uno.

The following people addressed the Board on Item 6.3: William Threlfall, Rick Rickard, John Sutter, Fred Blackwell and Greg McConnell.

6.3 Approval of a Second Amendment to the Agreement for Purchase and Sale and Ground Lease of Real Property and Escrow Instructions for the Oak to Ninth District Project (CRE)
The Motion to approve Item 6.3 passed by the following votes: (7) Ayes: 1st Vice President Head, 2nd Vice-President Yee, Commissioner Butner, Commissioner Hamlin, Commissioner Parker, Commissioner Uno and President Gonzales.

Director of Administration, Denyce Holsey, presented Item 6.4.

Commissioner Hamlin was excused from the meeting at 1:48 p.m. and returned at 1:52 p.m. He did not participate in the discussion or decision on Item 6.4.

A Motion to approve Item 6.4 was made by Vice-President Head and seconded by Vice-President Yee.

6.4 Approval of an Ordinance and Resolution Allowing New Employees hired on or after January 1, 2013 and any employees with respect to future contributions to pay their CalPERS employee contributions for Retirement through Pre-Tax Payroll Deductions into the California Public Employees’ Retirement System (CalPERS) (Administration)

The Motion to approve Item 6.4 passed by the following votes: (6) Ayes: 1st Vice President Head, 2nd Vice-President Yee, Commissioner Butner, Commissioner Parker, Commissioner Uno and President Gonzales; (1) Excused: Commissioner Hamlin

Item 6.5 was pulled on the recommendation of staff.

6.5 PULLED: Salary adjustment for Acting Executive Director (Administration)

On a motion by Vice-President Uno seconded by Vice-President Head, the Board unanimously (7Ayes) passed a Motion to excuse the Sunshine Ordinance requirements for supplementing Items 6.6 through 6.9 on the posted Agenda, because not allowing the Item to be supplemented would have adverse impacts that may result in substantial harm to the Port.

Labor Advisor, Marsha Peterson, presented Items 6.6 through 6.9.

A Motion to approve Item 6.6 was made by Vice-President Uno and seconded by Commissioner Parker.

6.6 The Approval of Successor Memorandum of Understanding (MOU) for the period FY-2012-2015 with Service Employee International Union (“SEIU”), Local 1021 and the enactment of the Ordinances and Adoption of the Resolutions Necessary to Fully Implement this MOU (Labor)

The Motion to approve Item 6.6 passed by the following votes: (6) Ayes: 1st Vice President Head, 2nd Vice-President Yee, Commissioner Butner, Commissioner Hamlin, Commissioner Parker and Commissioner Uno; (1) No: President Gonzales

A Motion to approve Item 6.7 was made by Vice-President Head and seconded by Commissioner Hamlin.

Alex Tonisson addressed the Board on Item 6.7.
6.7 The Approval of Successor Memorandum of Understanding (MOU) for the period FY-2012-2015 with International Federation of Professional and Technical Engineers ("IFPTE"), Local 21, and the enactment of the Ordinances and Adoption of the Resolutions Necessary to Fully Implement this MOU (Labor)

The Motion to approve Item 6.7 passed by the following votes: (6) Ayes: 1st Vice President Head, 2nd Vice-President Yee, Commissioner Butner, Commissioner Hamlin, Commissioner Parker and Commissioner Uno; (1) No: President Gonzales

A Motion to approve Item 6.8 was made by Commissioner Hamlin and seconded by Vice-President Yee.

6.8 The Approval of Successor Memorandum of Understanding (MOU) for the period FY-2012-2015 with International Brotherhood of Electrical Workers ("IBEW"), Local 1245 and the enactment of the Ordinances and Adoption of the Resolutions Necessary to Fully Implement this MOU (Labor)

The Motion to approve Item 6.8 passed by the following votes: (6) Ayes: 1st Vice President Head, 2nd Vice-President Yee, Commissioner Butner, Commissioner Hamlin, Commissioner Parker and Commissioner Uno; (1) No: President Gonzales

A Motion to approve Item 6.9 was made by Vice-President Uno and seconded by Commissioner Parker.

6.9 The Approval of Successor Memorandum of Understanding (MOU) for the period FY-2012-2015 with Western Council of Engineers and the enactment of the Ordinances and Adoption of the Resolutions Necessary to Fully Implement this MOU (Labor)

The Motion to approve Item 6.9 passed by the following votes: (6) Ayes: 1st Vice President Head, 2nd Vice-President Yee, Commissioner Butner, Commissioner Hamlin, Commissioner Parker and Commissioner Uno; (1) No: President Gonzales

On a motion by Vice-President Head seconded by Vice-President Uno, the Board unanimously (7Ayes) passed a Motion to excuse the Sunshine Ordinance requirements for supplementing Item 6.10 on the posted Agenda, because not allowing the Item to be supplemented would have adverse impacts that may have resulted in substantial harm to the Port.

A Motion to approve Item 6.10 was made by Vice-President Head and seconded by Commissioner Parker.

6.10 The Enactment of the Ordinances and Adoption of the Resolutions Necessary to Adjust the Salaries and Benefits for Employees that are not Represented by a Labor Union (Labor/Administration)

The Motion to approve Item 6.10 passed by the following votes: (6) Ayes: 1st Vice President Head, 2nd Vice-President Yee, Commissioner Butner, Commissioner Hamlin, Commissioner Parker and Commissioner Uno; (1) No: President Gonzales
The Director of Engineering, Chris Chan, presented Item 6.11.

*A Motion to approve Item 6.11 was made by Vice-President Yee and seconded by Commissioner Butner.*

**6.11 Authorize Capital Expenditures and Associated Actions to Implement the Port’s Data Resiliency Project (Engineering/IT)**

*The Motion to approve Item 6.11 passed by the following votes: (7) Ayes: 1st Vice President Head, 2nd Vice-President Yee, Commissioner Butner, Commissioner Hamlin, Commissioner Parker, Commissioner Uno and President Gonzales.*

The Director of Environmental Programs & Planning, Richard Sinkoff, presented Item 6.12.

*A Motion to approve Item 6.12 was made by Commissioner Uno and seconded by Vice-President Head.*

**6.12 Authorization to Enter into Contracts for On-Call” Environmental Planning, Compliance and Air Quality Professional Services; Authorization to Extend the Terms of existing “On-Call” Analytical Laboratory Services. (Environmental)**

*The Motion to approve Item 6.12 passed by the following votes: (7) Ayes: 1st Vice President Head, 2nd Vice-President Yee, Commissioner Butner, Commissioner Hamlin, Commissioner Parker, Commissioner Uno and President Gonzales.*

7. **UPDATES/ANNOUNCEMENTS**

There were no “Updates & Announcements”.

8. **SCHEDULING**

Item 8.1 was pulled at the recommendation of staff.

8.1 **PULLED**: Adoption of 2013 Board Meeting Calendar (Board Secretary)

**OPEN FORUM**

There were no public Speakers in Open Forum

**SECOND CLOSED SESSION**

*President Gonzales convened the Board in a Second Closed Session at 2:35 p.m. to complete the Closed Session Agenda.*

**SECOND OPEN SESSION / ROLL CALL**
President Gonzales reconvened the Second Open Session of the Regular Meeting of the Board at 3:34 p.m., and the following Commissioners were in attendance:

1st Vice President Head, 2nd Vice-President Yee, Commissioner Butner, Commissioner Hamlin, Commissioner Parker, Commissioner Uno and President Gonzales.

SECOND CLOSED SESSION REPORT

Port Attorney, Danny Wan, reported that on a Motion by Vice-President Head, seconded by Commissioner Parker, the Board had unanimously approved (7 Ayes) in Closed Session the following:

Resolution No. 12-158, Approving And Authorizing Execution Of A Settlement And Release Agreement With General Insurance Company Concerning The East Basin Marina / Parcel Litigation.

He also reported that on a Motion by Commissioner Butner, seconded by Vice-President Yee, the Board had unanimously approved (7 Ayes) in Closed Session the following:

Resolution No. 12-159, Approving And Authorizing Execution Of A Settlement Agreement And Partial Release With Respect To Jack London Square Development Parcels C (Site A), D, E, And F With Zurich American Insurance Company

ADJOURNMENT

There being no additional business the Board adjourned at 3:34 p.m.

____________________________ _________________
John Betterton, Secretary Date
Special Meetings of the Board of Port Commissioners
Monday 12/10/12 (8:00 a.m. – 12:30 p.m.)

President Gonzales called a Special Meeting for the purpose of holding a two day workshop on “Highly Effective Board Governance”. The Workshop was held in the Board Room on December 10th and was facilitated by Mark Levine of Mark Levine Associates. The second half of the Workshop was scheduled for December 20th, but due to time contraints, on that day, the second meeting was rescheduled for January 11, 2013.

ROLL CALL

President Gonzales called the Special Meeting of the Board to order at 8:08 a.m., and the following Commissioners were in attendance:

1st Vice President Head, 2nd Vice-President Yee, Commissioner Butner, Commissioner Hamlin, Commissioner Parker, Commissioner Uno and President Gonzales.

CLOSED SESSION REPORT

Acting Port Attorney, Michele Heffes, reported that the Board had unanimously passed (6 Ayes, 1 Excused: Butner) the following Resolution during the Closed Session deliberations on December 6th, and that these actions had become final after that meeting.

Resolution 12-154, Approving And Authorizing Execution Of A Retirement And Release Agreement With James Kwon.

Additionally, she reported that the Board had directed staff to release the Purchase Card Audit and the final report by Arnold and Porter.

WORKSHOP

President Gonzales introduced the facilitator Mark Levine, who led the Board and staff through the first day’s Agenda (see attached)

Theme: “Elevating our Game”: Highly Effective Board Governance

Commissioner Parker was excused from the meeting at 11:08 A.M.
OPEN FORUM

There were no speakers in Open Forum.

RECESS

There being no additional business the Board adjourned at 12:24 p.m

____________________________________  ________________________
John Betterton, Secretary             Date
WORKSHOP AGENDA

Theme: “Elevating Our Game”: Highly Effective Board Governance

DAY ONE
Monday 12/10/12
(8:00 a.m. – 12:30 p.m.)

DAY TWO
Thursday, 12/20/12
(1:00 p.m. – 5:00 p.m.)

Outcomes for the Workshop:
- Agree on specific steps to strengthen the governance practices of the Board
- Build cohesion and trust among Commissioners
- Identify next steps in preparation for the December 20th workshop

DAY ONE
MONDAY (December 10th)

7:30 Breakfast
8:00 Opening
- Remarks by President Gilda Gonzales
- Overview, Ground Rules
- Reflections on Conversations Held on November 16
- The “Key Questions” we will strive to answer today

8:30 Opening activity
- Overview: Power of Public Narrative
- Two Minute “Stories of Self”
- Common Themes and Shared Values among the Stories

9:15 “Port Board 101” Fact Sheet/Commissioners Code of Conduct
9:30 Interview Results and Staff Report on Interview Questions
- Review, Discuss, Identify Main Takeaways

10:00 BREAK
10:15 Facilitator’s Presentation: “Governance as Leadership” and “Nature of Trust”
11:45 Begin Work on Key Questions:
- Overview and the standard we strive for today – What does success for work on the key questions look like?
• **Topic #1** - How can we increase trust among Commissioners and between Board and senior staff? And, how can we address the perception of “agendas”?

• **Topic #2** - What is our “statement of intention” for how we do our governance work? (Using the “menu” derived from interviews)

• **Topic #3** – Is there agreement that the President and other Officers have a leadership role as contrasted with a ceremonial role? If yes, how can the Officers best share important information from Ad Hoc Executive Team discussions with the full Commission?

• **Question #4** - Should the Board keep (or keep and modify) the Committee as a Whole structure, or establish Committees? And, what are the boundaries of the role of individual Commissioners in relating to important topics or issues within business lines?

12:15 Wrap Up
- Recap Next Steps
- Workshop Evaluation
- Commissioners Final Comments

12:30 Recess
DAY TWO
THURSDAY (December 20th)

1:00 Opening
  • Overview
  • Ground Rules
  • Reflect back on 12/10 Workshop

1:15 Focus on Key Governance Questions
  • Team Report on Topic 1 – Increasing Trust
    o Discuss, reach agreement and articulate next steps
  • Team Report on Topic 2 – Statement of Intention
    o Discuss/reach agreement and articulate next steps
  • Team Report on Topic 3 – Officer Role and Information Sharing
    o Discuss, reach agreement and articulate next steps
  • Team Report on Topic 4 – Committee structure and Individual Commissioner Roles
    o Discuss, reach agreement and articulate next steps

2:30 BREAK

2:45 Generative Discussion and Debrief

3:45 Work on Remaining Key Governance Questions
  • How can we adapt meeting procedures to support more focus on strategic and big picture/generative questions, and, ideally, greater transparency?
  • How can the Board give clearer direction to staff, and how can information presented to the Board succinctly show progress against key measures and indicators?

4:30 Recap Next Steps
  • Evaluate
    • Final Comments by Commissioners – “what difference will the changes we have agreed to make for the Board and the Port?”

5:00 Adjourn
PORT ORDINANCE NO. 4210

ORDINANCE APPROVING AND AUTHORIZING EXECUTION OF A
SECOND AMENDMENT TO THE AGREEMENT FOR PURCHASE AND
SALE AND GROUND LEASE OF REAL PROPERTY AND ESCROW
INSTRUCTIONS FOR THE OAK TO NINTH DISTRICT.

WHEREAS the Board of Port Commissioners of the City of
Oakland (“Board”) has reviewed and evaluated the Agenda Report for
Agenda Item 6.3, dated December 20, 2012 (the “Agenda Report”) and
related agenda materials, has received the expert testimony of Port of
Oakland (“Port”) staff, and has provided opportunities for and taken
public comment; now, therefore

BE IT ORDAINED by the Board of Port Commissioners of the City
of Oakland as follows:

Section 1. In acting upon this matter, the Board has
exercised its independent judgment based on substantial evidence in the
record and adopts and relies upon the facts, data, analysis, and
findings set forth in the Agenda Report and in related agenda materials
and in testimony received.

Section 2. The Board approves and authorizes the Executive
Director or his designee to execute for and on behalf of the Board a
Second Amendment to the Agreement for Purchase and Sale and Ground Lease
for Real Property and Escrow Instructions in the Oak to Ninth District
as further detailed and explained in the Agenda Report and as approved
by the Port Attorney as to form and legality.

Section 3. The Board of Port Commissioners hereby authorizes
the Executive Director or his designee to execute such agreements and
such additional documents as may be necessary to carry out the
transaction contemplated in the Agenda Report, provided that such
documents are approved by the Executive Director or his designee and
such documents are approved by the Port Attorney as to form and
legality.

Section 4. The approvals set forth in this ordinance shall
be valid for no longer than 45 days from the date of Board
authorization, and that if the requested agreements are not fully
executed by that date such approval shall be null and void unless
further extended at the sole and absolute discretion of the Executive
Director or his designee.

Section 5. This ordinance is not evidence of and does not
create or constitute (a) a contract, lease or the grant of any right,
entitlement or property interest, or (b) any obligation or liability on
the part of the Board or any officer or employee of the Board.
The Board of Port Commissioners, Oakland, California, December 20, 2012. Passed to print for one day by the following vote: Ayes: Commissioners Butner, Hamlin, Head, Parker, Uno, Yee and President Gonzales – 7. Noes: 0.

John T. Betterton
Secretary of the Board
PORT ORDINANCE NO. 4211

ORDINANCE AMENDING SECTION 1.303 OF PORT ORDINANCE NO. 867 RELATING TO PAYMENT OF PUBLIC EMPLOYEES’ RETIREMENT SYSTEM CONTRIBUTIONS BY PORT EMPLOYEES

WHEREAS, the Board of the Port Commissioners (“Board”) has reviewed and evaluated the Agenda Report dated December 20, 2012, Item 6.4 (“Agenda Report”) and related materials, has received the expert testimony of Port of Oakland (“Port”) staff, and has provided opportunities for and taken public comment; now, therefore,

BE IT ORDAINED, by the Board of Port Commissioners of the City of Oakland as follows:

Section 1. Section 1.303 of Port Ordinance No. 867 is hereby amended with the addition of the following sentences at the end of such section:

“The payment provisions set forth above are subject to applicable laws, including, without limitation, the California Public Employees’ Pension Reform Act of 2013. Furthermore, notwithstanding the payment provisions as set forth above, the Port’s obligation to continue payment of EPMC may be amended from time to time by Board action through a resolution and/or a duly executed Memorandum of Understanding or other instrument with the applicable Representation Unit.”

Section 2. In acting upon the matters contained herein, the Board has exercised its independent judgment based on substantial evidence in the record and adopts and relies upon the facts, data, analysis, findings and conditions set forth in the Agenda Report and in related materials and in testimony received.

The Board of Port Commissioners, Oakland, California, December 20, 2012. Passed to print for one day by the following vote: Ayes: Commissioners Butner, Head, Parker, Uno, Yee and President Gonzales – 6. Excused: Commissioner Hamlin – 1. Noes: 0.

John T. Betterton
Secretary of the Board
PORT ORDINANCE NO. 4212

ORDINANCE AMENDING SECTION 2.01 OF PORT ORDINANCE NO. 867 RATIFYING AND SETTING THE COMPENSATION OF CERTAIN EMPLOYEES OF THE PORT DEPARTMENT BELONGING TO SERVICE EMPLOYEES INTERNATIONAL UNION, LOCAL 1021 AND AMENDING SECTION 1.191 PROVIDING PROFESSIONAL DEVELOPMENT BENEFITS FOR CERTAIN OFFICERS AND EMPLOYEES.

WHEREAS, the Board of the Port Commissioners ("Board") has reviewed and evaluated the Agenda Report dated December 20, 2012, Item 6.6 ("Agenda Report") and related materials, has received the expert testimony of Port of Oakland ("Port") staff, and has provided opportunities for and taken public comment; now, therefore,

BE IT ORDAINED by the Board of Port Commissioners of the City of Oakland as follows:

Section 1. The salary schedules set forth in Section 2.01 of Port Ordinance No. 867 for employees of the Port Department belonging to Service Employees International Union, Local 1021 ("SEIU"), (Employee Representation Units A and B) shall be and the same are hereby amended by increasing the rates of compensation (base wages) set forth on said salary schedules by an additional two and one-half percent (2.5%) effective in the pay period containing July 1, 2013.

Section 2. The salary schedules set forth in Section 2.01 of Port Ordinance No. 867 for employees of the Port Department belonging to SEIU (Employee Representation Units A and B) shall be and the same are hereby amended by increasing the rates of compensation (base wages) set forth on said salary schedules by an additional eight percent (8%) effective in the pay period containing July 1, 2013 in exchange for and to offset the payment of eight percent (8%) of base wages on a pre tax basis by employees towards their pensions (otherwise known as the "member contribution").

Section 3. The salary schedules set forth in Section 2.01 of Port Ordinance No. 867 for employees of the Port Department belonging to SEIU (Employee Representation Units A and B) shall be and the same are hereby amended by increasing the rates of compensation (base wages) set forth on said salary schedules by an additional two and one-half percent (2.5%) effective in the pay period containing July 1, 2014.

Section 4. Subsection 2 of Section 1.191 of Port Ordinance No. 867 shall be amended to add the following paragraph as follows:
"Section 1.191. Professional Development.

"With respect to permanent employees in Employee Representation Unit A and B, an employee shall be eligible for reimbursement for expenses incurred for professional development, subject to budget approval for same by the Board, not to exceed $500 for the fiscal year 2012 and $500 for the fiscal year 2013; subject to the exceptions and provisions set forth at Section 3 below."

Section 5. This ordinance shall be effective as of the date stated therein, in accordance with the provisions of the Memorandum of Understanding with SEIU and the Port effective July 1, 2012.

Section 6. In acting upon the matters contained herein, the Board has exercised its independent judgment based on substantial evidence in the record and adopts and relies upon the facts, data, analysis, findings and conditions set forth in the Agenda Report and in related materials and in testimony received.

The Board of Port Commissioners, Oakland, California, December 20, 2012. Passed to print for one day by the following vote: Ayes: Commissioners Butner, Hamlin, Head, Parker, Uno, and Yee – 6. Noes: President Gonzales – 1.

John T. Betterton
Secretary of the Board
PORT ORDINANCE NO. 4213

ORDINANCE AMENDING SECTION 2.03 OF PORT ORDINANCE NO. 867 RATIFYING AND SETTING THE COMPENSATION OF CERTAIN EMPLOYEES OF THE PORT DEPARTMENT BELONGING TO INTERNATIONAL FEDERATION OF PROFESSIONAL AND TECHNICAL ENGINEERS, LOCAL 21 AND AMENDING SECTION 1.191 PROVIDING PROFESSIONAL DEVELOPMENT BENEFITS FOR CERTAIN OFFICERS AND EMPLOYEES.

WHEREAS, the Board of the Port Commissioners ("Board") has reviewed and evaluated the Agenda Report dated December 20, 2012, Item 6.7 ("Agenda Report") and related materials, has received the expert testimony of Port of Oakland ("Port") staff, and has provided opportunities for and taken public comment; now, therefore,

BE IT ORDAINED by the Board of Port Commissioners of the City of Oakland as follows:

Section 1. The salary schedules set forth in Section 2.03 of Port Ordinance No. 867 for employees of the Port Department belonging to INTERNATIONAL FEDERATION OF PROFESSIONAL AND TECHNICAL ENGINEERS, LOCAL 21 ("IFPTE"), (Employee Representation Units I, K and L) shall be and the same are hereby amended by increasing the rates of compensation (base wages) set forth on said salary schedules by an additional two and one-half percent (2.5%) effective in the pay period containing July 1, 2013.

Section 2. The salary schedules set forth in Section 2.03 of Port Ordinance No. 867 for employees of the Port Department belonging to IFPTE (Employee Representation Units I, K and L) shall be and the same are hereby amended by increasing the rates of compensation (base wages) set forth on said salary schedules by an additional eight percent (8%) effective in the pay period containing July 1, 2013 in exchange for and to offset the payment of eight percent (8%) of base wages on a pre tax basis by employees towards their pensions (otherwise known as the "member contribution").

Section 3. The salary schedules set forth in Section 2.03 of Port Ordinance No. 867 for employees of the Port Department belonging to IFPTE (Employee Representation Units I, K and L) shall be and the same are hereby amended by increasing the rates of compensation (base wages) set forth on said salary schedules by an additional two and one-half percent (2.5%) effective in the pay period containing July 1, 2014.
Section 4. Subsection 2 of Section 1.191 of Port Ordinance No. 867 shall be amended to add the following paragraph as follows:

"Section 1.191. Professional Development.

"With respect to permanent employees in Employee Representation Unit I, K and L, an employee shall be eligible for reimbursement for expenses incurred for professional development, subject to budget approval for same by the Board, not to exceed $1,100 for the fiscal year 2012 and $1,100 for the fiscal year 2013; subject to the exceptions and provisions set forth at Section 3 below."

Section 5. This ordinance shall be effective as of the date stated therein, in accordance with the provisions of the Memorandum of Understanding with IFPTE and the Port effective July 1, 2012.

Section 6. In acting upon the matters contained herein, the Board has exercised its independent judgment based on substantial evidence in the record and adopts and relies upon the facts, data, analysis, findings and conditions set forth in the Agenda Report and in related materials and in testimony received.

The Board of Port Commissioners, Oakland, California, December 20, 2012. Passed to print for one day by the following vote: Ayes: Commissioners Butner, Hamlin, Head, Parker, Uno, and Yee – 6. Noes: President Gonzales – 1.

John T. Betterton
Secretary of the Board
PORT ORDINANCE NO. 4214

ORDINANCE AMENDING SECTION 2.06 OF PORT ORDINANCE NO. 867 RATIFYING AND SETTING THE COMPENSATION OF CERTAIN EMPLOYEES OF THE PORT DEPARTMENT BELONGING TO INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS, LOCAL 1245 AND AMENDING SECTION 1.191 PROVIDING PROFESSIONAL DEVELOPMENT BENEFITS FOR CERTAIN OFFICERS AND EMPLOYEES.

WHEREAS, the Board of the Port Commissioners ("Board") has reviewed and evaluated the Agenda Report dated December 20, 2012, Item 6.8 ("Agenda Report") and related materials, has received the expert testimony of Port of Oakland ("Port") staff, and has provided opportunities for and taken public comment; now, therefore,

BE IT ORDAINED by the Board of Port Commissioners of the City of Oakland as follows:

Section 1. The salary schedules set forth in Section 2.06 of Port Ordinance No. 867 for employees of the Port Department belonging to INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS, LOCAL 1245 ("IBEW"), (Employee Representation Unit F) shall be and the same are hereby amended by increasing the rates of compensation (base wages) set forth on said salary schedules by an additional three percent (3%) effective the first day of the pay period containing January 1, 2013 in exchange for and to offset the payment of three percent (3.0%) of base wages on a pre-tax basis by employees towards their pensions (otherwise known as the "member contribution").

Section 2. The salary schedules set forth in Section 2.06 of Port Ordinance No. 867 for employees of the Port Department belonging to IBEW (Employee Representation Unit F) shall be and the same are hereby amended by increasing the rates of compensation (base wages) set forth on said salary schedules by an additional three percent (3%) effective the first day of the pay period containing January 1, 2014 in exchange for and to offset the payment of an additional three percent (3%) of base wages on a pre-tax basis by employees towards their pensions (otherwise known as the "member contribution").

Section 3. The salary schedules set forth in Section 2.06 of Port Ordinance No. 867 for employees of the Port Department belonging to IBEW (Employee Representation Unit F) shall be and the same are hereby amended by increasing the rates of compensation (base wages) set forth on said salary schedules by an additional five percent (5%) effective the first day of the pay period containing January 1, 2015 in exchange for and to offset the payment of an additional two percent (2%) of base wages on a pre-tax basis by employees towards their pensions (otherwise known as the "member contribution").

Section 4. Subsection 2 of Section 1.191 of Port Ordinance No. 867 shall be amended to add the following paragraph as follows:
"Section 1.191. Professional Development.

"With respect to permanent employees in Employee Representation Unit F, an employee shall be eligible for reimbursement for expenses incurred for professional development, subject to budget approval for same by the Board, not to exceed $1,100 for the fiscal year 2012 and $1,100 for the fiscal year 2013; subject to the exceptions and provisions set forth at Section 3 below."

Section 5. This ordinance shall be effective as of the date stated therein, in accordance with the provisions of the Memorandum of Understanding with IBEW and the Port effective July 1, 2012.

Section 6. In acting upon the matters contained herein, the Board has exercised its independent judgment based on substantial evidence in the record and adopts and relies upon the facts, data, analysis, findings and conditions set forth in the Agenda Report and in related materials and in testimony received.

The Board of Port Commissioners, Oakland, California, December 20, 2012. Passed to print for one day by the following vote: Ayes: Commissioners Butner, Hamlin, Head, Parker, Uno, and Yee – 6. Noes: President Gonzales – 1.

John T. Betterton
Secretary of the Board
WHEREAS, the Board of the Port Commissioners ("Board") has reviewed and evaluated the Agenda Report dated December 20, 2012, Item 6.9 ("Agenda Report") and related materials, has received the expert testimony of Port of Oakland ("Port") staff, and has provided opportunities for and taken public comment; now, therefore,

BE IT ORDAINED by the Board of Port Commissioners of the City of Oakland as follows:

Section 1. The salary schedules set forth in Section 2.07 of Port Ordinance No. 867 for employees of the Port Department belonging to Western Council of Engineers ("WCE"), (Employee Representation Unit C) shall be and the same are hereby amended by increasing the rates of compensation (base wages) set forth on said salary schedules by an additional two and one-half percent (2.5%) effective in the pay period containing July 1, 2013.

Section 2. The salary schedules set forth in Section 2.07 of Port Ordinance No. 867 for employees of the Port Department belonging to WCE, (Employee Representation Units C) shall be and the same are hereby amended by increasing the rates of compensation (base wages) set forth on said salary schedules by an additional eight percent (8%) effective in the pay period containing July 1, 2013 in exchange for and to offset the payment of eight percent (8%) of base wages on a pre tax basis by employees towards their pensions (otherwise known as the "member contribution").

Section 3. The salary schedules set forth in Section 2.07 of Port Ordinance No. 867 for employees of the Port Department belonging to WCE, (Employee Representation Units C) shall be and the same are hereby amended by increasing the rates of compensation (base wages) set forth on said salary schedules by an additional two and one-half percent (2.5%) effective in the pay period containing July 1, 2014.
Section 4. Subsection 2 of Section 1.191 of Port Ordinance No. 867 shall be amended to add the following paragraph as follows:

"Section 1.191. Professional Development.

"With respect to permanent employees in Employee Representation Unit C, an employee shall be eligible for reimbursement for expenses incurred for professional development, subject to budget approval for same by the Board, not to exceed $1,100 for the fiscal year 2012 and $1,100 for the fiscal year 2013; subject to the exceptions and provisions set forth at Section 3 below."

Section 5. This ordinance shall be effective as of the date stated therein, in accordance with the provisions of the Memorandum of Understanding with WCE and the Port effective July 1, 2012.

Section 6. In acting upon the matters contained herein, the Board has exercised its independent judgment based on substantial evidence in the record and adopts and relies upon the facts, data, analysis, findings and conditions set forth in the Agenda Report and in related materials and in testimony received.

The Board of Port Commissioners, Oakland, California, December 20, 2012. Passed to print for one day by the following vote: Ayes: Commissioners Butner, Hamlin, Head, Parker, Uno, and Yee – 6. Noes: President Gonzales – 1.

John T. Betterton
Secretary of the Board
PORT ORDINANCE NO. 4216

ORDINANCE AMENDING PORT ORDINANCE NO. 867 RATIFYING AND SETTING THE COMPENSATION OF CERTAIN EMPLOYEES OF THE PORT DEPARTMENT BELONGING TO EMPLOYEE REPRESENTATION UNITS J AND M AND AMENDING SECTION 1.191 PROVIDING PROFESSIONAL DEVELOPMENT BENEFITS FOR CERTAIN OFFICERS AND EMPLOYEES.

WHEREAS, the Board of the Port Commissioners ("Board") has reviewed and evaluated the Agenda Report dated December 20, 2012, Item 6.10 ("Agenda Report") and related materials, has received the expert testimony of Port of Oakland ("Port") staff, and has provided opportunities for and taken public comment; now, therefore,

BE IT ORDAINED by the Board of Port Commissioners of the City of Oakland as follows:

Section 1. The salary schedules set forth in Port Ordinance No. 867 for Employee Representation Units J and M, shall be and the same is hereby set to be comparable to those agreed to with International Federation of Professional and Technical Engineers Local 21 (Local 21), effective July 1, 2012, and as more fully described in the Agenda Report).

Section 2. Subsection 2 of Section 1.191 of Port Ordinance No. 867 shall be amended to add the following paragraph as follows:

“Section 1.191. Professional Development.

"With respect to permanent employees in Employee Representation Units J and M, an employee shall be eligible for reimbursement for expenses incurred for professional development, subject to budget approval for same by the Board, not to exceed $1,100 for the fiscal year 2012 and $1,100 for the fiscal year 2013; subject to the exceptions and provisions set forth at Section 3 below.

Section 3. The Board hereby ratifies, confirms and approves all payments from and after July 1, 2012, to the effective date of this ordinance.

Section 4. In acting upon the matters contained herein, the Board has exercised its independent judgment based on substantial evidence in the record and adopts and relies upon the facts, data, analysis, findings and conditions set forth in the Agenda Report and in related materials and in testimony received.
The Board of Port Commissioners, Oakland, California, December 20, 2012. Passed to print for one day by the following vote: Ayes: Commissioners Butner, Hamlin, Head, Parker, Uno, and Yee – 6. Noes: President Gonzales – 1.

John T. Betterton
Secretary of the Board
REMAINING ACTION ITEMS

Remaining Action Items are items not previously addressed in this Agenda that may require staff presentation and/or discussion and information prior to action by the Board.
AGENDA REPORT

TITLE: Salary Adjustment for Executive Director (Acting)
AMOUNT: To be determined by Board

PARTIES INVOLVED:

<table>
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<tr>
<th>Corporate Name/Principal</th>
<th>Location</th>
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TYPE OF ACTION: Resolution
SUBMITTED BY: Denyce L. Holsey, Director of Administration
APPROVED BY: Deborah Ale Flint, Executive Director (Acting)

ACTUAL BACKGROUND

Shortly before the former Executive Director retired, Deborah Ale Flint was assigned to assume the role of Executive Director (Acting) to ensure business and operational continuity. While Ms. Ale Flint's base salary of $198,900 is commensurate with her duties and responsibilities as the Director of Aviation, it does not reflect the level of compensation provided to an Executive Director given the complexity and challenges associated with the position.

ANALYSIS

As Director of Aviation, Ms. Ale Flint's compensation reflects the salary level at which Port of Oakland Aviation Executives have been placed historically. Revenue directors are compensated at a level below the Executive Director, Deputy Executive Director and Port Attorney classifications, and Ms. Ale Flint's current salary is inconsistent with the Port's salary structure in her current assignment. The former Executive Director's annual salary was $257,508. The Port Attorney's annual salary is $235,000; the Deputy Executive Director is at $215,000.

Since her initial assignment on October 19, 2012, Ms. Ale Flint has fully executed the duties of the Executive Director and provided the leadership necessary to move the Port forward. Although the Board understood that Port policy prohibits executive managers from receiving premium pay for acting assignments, the Board sought an equitable approach of providing additional compensation to Ms. Ale Flint by approving Resolution 12-133 consistent with Administrative Policy 407. While consistent with Port policy and practice, the additional compensation does not adequately compensate Ms. Ale Flint for the complexity of her acting assignment. The Executive Director's compensation has historically reflected the stature and responsibility associated with the position, thus making
it the highest paid Port position. Ms. Ale Flint's current compensation is not consistent with best practices for salary administration.

Consistent with Section 706(21) of the City Charter for the City of Oakland, the Board of Port Commissioners ("Board") has the inherent authority "to prescribe and fix" the "duties, authority and compensation" for the Executive Director (Acting).

To achieve alignment with the Port’s compensation structure, it is recommended that the Board adjust Ms. Ale Flint's base salary commensurate with the duties and responsibilities associated with the position of Executive Director (Acting), within the range of $247,508 and $267,508, for the entire duration of her assignment. If approved by the Board, the compensation authorized on November 1, 2012 pursuant to AP 407 will cease. This recommendation supports the framework and philosophy of the Executive Director being the highest paid Port employee commensurate with the scope and complexity of the position.

Strategic Priority Area: **Port Workforce and Operations**

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<tr>
<th>Strategic Priority Area</th>
<th>Goal</th>
<th>Objective</th>
<th>How the Monetary Award Implements</th>
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</table>
| Port Workforce and Operations | Goal I: Align the Port’s workforce, organizational structure and personnel management practices for optimal performance of the Port. | 3. Align responsibilities, authorities and incentives to ensure accountability and transparency in achieving the Port’s strategic goals. | The Executive Director will:
  - Execute strategic goals and objectives.
  - Ensure policy oversight is in place and effective.
  - Position the Port for growth and opportunity across all business lines. |

**BUDGET & FINANCIAL IMPACT**

The proposal adjusts the annual base salary of the Acting Executive Director in the range of $247,508 to $267,508 plus benefits. Subject to Board action, the FY 2013 budget impact for the balance of the year is plus or minus $5,000 compared to the amount budgeted for the position of Executive Director.

**STAFFING IMPACT**

There is no staffing impact; this is a budgeted position.

**SUSTAINABILITY**

N/A
ENVIRONMENTAL

The California Environmental Quality Act (CEQA) Guidelines, Section 15061(b)(3) (“the General Rule”) states that CEQA applies only to projects which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity may have a significant effect on the environment, the activity is not subject to CEQA. The salary adjustment of the Executive Director (Acting) is not a project under CEQA, and no environmental review is required.

MARITIME AND AVIATION PROJECT LABOR AGREEMENT (MAPLA)

The matters contained in this Agenda Report do not fall within the scope of the Port of Oakland Maritime and Aviation Project Labor Agreement (MAPLA) and the provisions of the MAPLA do not apply.

OWNER CONTROLLED INSURANCE PROGRAM (OCIP)

OCIP does not apply.

GENERAL PLAN

This action does not meet the definition of "project" under the City of Oakland General Plan, and no conformity determination is required.

LIVING WAGE

Neither the Port’s Living Wage Ordinance (Port Ordinance No. 3666) nor the living wage requirements set forth in Section 728 of the Charter of the City of Oakland apply to this Section because the action requested is not for a “Port Contract” as defined by the Port Ordinance No. 3666 and Charter 728.

OPTIONS

1. Approve the recommended compensation adjustment for Executive Director (Acting), Deborah Ale Flint, to a base salary range between $247,508 to $267,508 plus benefits, effective October 19, 2012.

2. Not approve the recommended compensation adjustment for Executive Director (Acting), Deborah Ale Flint, to a base salary range between $247,508 to $267,508 plus benefits, effective October 19, 2012.

3. Direct staff to pursue an alternative salary compensation adjustment for Executive Director (Acting), Deborah Ale Flint, effective October 19, 2012.
RECOMMENDATION

It is recommended that the Board of Port Commissioners approve a resolution to adjust the compensation for Executive Director (Acting) Ms. Deborah Ale Flint to a base salary range between $247,508 to $267,508 plus benefits, effective October 19, 2012.
RESOLUTION APPROVING SALARY ADJUSTMENT OF EXECUTIVE DIRECTOR (ACTING).

WHEREAS, the Board has reviewed and evaluated the Agenda Report dated January 10, 2013 Item 6.1 ("Agenda Report") and related materials, has received the expert testimony of Port of Oakland ("Port") staff, and has provided opportunities for and taken public comment; and

WHEREAS, the Oakland City Charter Section 706, grants the Board the authority to appoint the Executive Director (Acting) and fix her compensation; and be it

RESOLVED, that the annual base salary for Deborah Ale-Flint, Executive Director (Acting), be established at ________________, and that she receive such salary during the period of her employment as Executive Director (Acting), and be it

FURTHER RESOLVED that in acting upon the matters contained herein, the Board has exercised its independent judgment based on substantial evidence in the record and adopts and relies upon the facts, data, analysis, and findings set forth in the Agenda Report and in related materials and in testimony received.
The President, Members of the Board and the Executive Director will report on noteworthy events occurring since the last Board Meeting.
SCHEDULING

This segment of the meeting is reserved for scheduling items for future Agendas and/or scheduling Special Meetings.