SPECIAL MEETING of the Board of Port Commissioners
June 5, 2014 – 1:00 p.m.
Board Room – 2nd Floor

ROLL CALL

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

1. CLOSED SESSION

Closed Session discussions and materials may not be disclosed to a person not entitled to receive it, unless the Board authorizes disclosure of that confidential information.

1.1 CONFERENCE WITH REAL PROPERTY NEGOTIATORS – (Pursuant to California Government Code Section 54956.8):

Property: Oakland Army Base
Negotiating Parties: Port of Oakland and CCIG/Prologis
Agency Negotiator: Director of Maritime, John Driscoll
Under Negotiation: Price and Terms of Tenancy

Property: Berths 25-26
Negotiating Parties: Port of Oakland and Ports America Outer Harbor
Agency Negotiator: Director of Maritime, John Driscoll
Under Negotiation: Price and Terms of Tenancy

1.2 THREAT TO PUBLIC SERVICES OR FACILITIES – (Pursuant to California Government Code Section 54957).

Consultation with: Chief Technology Officer
1.3 CONFERENCE WITH LABOR NEGOTIATORS – (Pursuant to California Government Code Section 54957.6).

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

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

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

CLOSED SESSION REPORT

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

2. 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.

2.1 Resolution: Approval for a Two-Year Extension to an Existing Supplemental Agreement with Nordhav, Inc., dba BASELINE Environmental Consulting, to Support Hazardous Materials Clean-up at the former Oakland Army Base and Vicinity with No Increase in Maximum Compensation (Environmental)

2.2 Resolution: Authorization to Renew the Port’s Contractor’s Pollution Liability insurance policy in an Amount Not to Exceed $200,000 (Finance)

2.3 Ordinance: Ordinance to Approve Space/Use Permit with Leidos, Inc. To Allow For Maintenance of Passenger Screening Equipment Owned by the Transportation Security Administration at Oakland International Airport (Aviation)

2.4 Resolution: Resolution to Approve Three (3) Month Extension to Deadline Date for Rolls Royce Engine Services Oakland to Exercise Option to Extend Lease Term (Aviation)

2.5 Ordinance: Amendment to Non-Exclusive Preferential Assignment Agreement with TraPac, Inc. (Berths 30-32) to Clarify Compensation Terms and Legal Name of Signatore (Maritime)

2.6 Resolution: Extension and Increase to Maximum Compensation for Agreement with American Maritime Group (Maritime)
2.7 Resolution: Resolution Ratifying Audit Committee Members and Setting Regular Meeting (Port Attorney)

2.8 Minutes: Approval Of The Minutes Of the Regular Meeting Of May 8, 2014. (Board Secretary)

3. MAJOR PROJECTS

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

3.1 Resolution: Approval of Plans and Project Manual and Other Related Authorizations for the North Field Runway Safety Area (NF RSA), Oakland International Airport (Aviation & Engineering)

4. BUDGET & FINANCE

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

5. STRATEGY & POLICY

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

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 Ordinance: Approval of a New Right of Way Use Permit Agreement with SFPP, L.P. (Kinder Morgan Operating, L.P. “D”) for Petroleum Products Pipelines and Facilities at Oakland International Airport (Aviation)

6.2 Ordinance: Ordinance to Approve Space/Use Permit with Accessible Aviation, Inc. for a Hangar (Aviation)

6.3 Ordinance: Ordinance to Approve Space/Use Permit with Technical Education Services, Inc. for a Hangar, Office Building and Warehouse (Aviation)

6.4 Resolution: Authorization for the Executive Director to Enter into an Agreement with PASSUR Aerospace, Inc. for Airline Data/Reporting Integration Software (Aviation)

6.5 Ordinance: Ordinance to Approve Space/Use Permit with Tricopian LLC for the Installation and Operation of Automated Portable Charger Dispenser Machines at Oakland International Airport (Aviation)
6.6 **Resolution:** Authorization to Enter Into a Professional Services Agreement With Leidos, Inc. for Management and Maintenance of the Maritime Port Registry and Truck Positioning System *(Maritime)*

6.7 **Ordinance:** Authorization to Extend Lease with Ports America Outer Harbor Terminal, LLC for the Berths 25/26 Marine Terminal on a Month-to-Month basis *(Maritime)*

6.8 **Ordinance:** Authorization to Reimburse the City of Oakland for Contingency Services Provided in FY 2014 and to Negotiate and Execute a Supplemental Memorandum of Understanding (MOU) with the City of Oakland for Contingency Services Effective FY 2015 *(Maritime)*

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 Regular Board Meeting, Scheduled for June 12th, has been canceled.*

   The next Regular Meeting of the Board will be held on June 26, 2014.
PUBLIC PARTICIPATION

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.

To Receive Agendas & 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

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.
Commissioner’s Statement of Intention

We are a governing Board whose authority lies with the entirety of the Board.

We govern in accordance with our fiduciary duty to the Port of Oakland.

We conduct ourselves with clarity and transparency, grounded in the principles of integrity, trust and respect.

We reach our decisions through candid, open and deliberative debate and hold both staff and ourselves accountable for implementing them.
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.
AGENDA REPORT

TITLE: Approval of a Two Year Extension to an Existing Supplemental Agreement with Nordhav, Inc., dba BASELINE Environmental Consulting, to Support Hazardous Materials Clean-up at the former Oakland Army Base and Vicinity with No Increase in Maximum Compensation

AMOUNT: $0

PARTIES INVOLVED:

<table>
<thead>
<tr>
<th>Corporate Name/Principal</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nordhav, Inc. dba BASELINE Environmental Consulting</td>
<td>Emeryville, CA</td>
</tr>
<tr>
<td>Yane Nordhav, Principal</td>
<td></td>
</tr>
</tbody>
</table>

TYPE OF ACTION: Resolution

SUBMITTED BY: Richard Sinkoff, Director of Environmental Programs & Planning

APPROVED BY: J. Christopher Lytle, Executive Director

SUMMARY

This Agenda Report requests authorization from the Board of Port Commissioners ("Board") to approve and execute a two-year extension to an existing second supplemental agreement to Contract No. 01377 with Nordhav, Inc. dba BASELINE Environmental Consulting ("BASELINE") to support hazardous materials clean-up at the former Oakland Army Base ("OAB") and vicinity with no increase in maximum compensation. Extending this supplemental agreement will assure continuity of consulting services for environmental investigation and clean-up, as necessary, of certain locations within the OAB pursuant to requirements and protocols set forth in agreements and regulatory documents between the California Environmental Protection Agency, Department of Toxic Substances Control ("DTSC"), and the City of Oakland ("City"), and between the City and the Port of Oakland ("Port"). The selected remedies for clean-up of these locations are protective of human health and the environment.
FACTUAL BACKGROUND

OAB Remediation – Remedial Action Plan / Risk Management Plan

On August 7, 2003, the U.S. Army (“Army”) conveyed approximately 364 acres of the OAB to the City. Thereafter, through a number of conveyances involving the City, the Port, and others, the City and the Port, each acquired title to certain portions of the OAB. All of this property, also known as the Economic Development Conveyance Property (“EDC Property”), is subject to a September 27, 2002, Remedial Action Plan (“RAP”), which contains, as an appendix, a Risk Management Plan (“RMP”) approved by the DTSC (collectively, the “RAP/RMP”). The RAP/RMP specifies clean-up procedures and risk management procedures that must be followed to control and reduce the potential for exposure of the public, construction workers, and the environment to hazardous materials in soil and groundwater on the EDC Property.

Port and City Financial Agreement

Current OAB remediation costs, including environmental investigation and clean-up, are being funded through a Joint Environmental Remediation Account (“JERA”) managed by the Port and the City and equally funded by both entities. The JERA was established pursuant to a separate Board-approved agreement between the Port and the City commonly referred to as “the ARMOA” (Amended and Restated Memorandum of Agreement). Pursuant to a separate agreement between the City and the Army, the Army has already paid $13 million to cover prior remediation costs as well as the insurance premium for an environmental insurance policy covering the EDC Property.

The Board previously authorized approximately $5.7 million to fund the Port’s share of the JERA. The Port’s approximate $5.7 million obligation has been accrued in an environmental liability account and is funded from Port cash. Costs for services performed by BASELINE that meet the definition set forth in the ARMOA are eligible for payment (reimbursement) by the JERA. Approval of an extension to the second supplemental agreement with BASELINE will only extend the duration of the agreement and not commit additional Port funds to the contract or the clean-up.

BASELINE Supplemental Agreement

On October 2, 2001, the Board awarded a contract to provide As-Needed Consulting Services Related to the Investigation, Remediation and Reporting Regulatory Requirements on the former Oakland Army Base to Nordhav, Inc., dba BASELINE Environmental Consulting. Due to the inherent complexity of the former OAB development project and associated required clean-up activities, this contract has a lengthy history, as set forth in Table 1: Nordhav, Inc. dba BASELINE Environmental Consulting, As-Needed

---

1 “City” is collectively referred to include the City of Oakland and all predecessor entities, the Oakland Base Reuse Authority (“OBRA”) and Oakland Redevelopment Agency (“ORA”).
Consulting Services Related to Investigation, Remediation, and Reporting Requirements on the Former Oakland Army Base Contract No. 01377, below.

<table>
<thead>
<tr>
<th>DATE</th>
<th>AGREEMENT</th>
<th>RESOLUTION NO.</th>
<th>PRIMARY INVESTIGATION, REMEDIATION, REPORTING, AND SITE COMPLETION/CLOSURE SERVICES PROVIDED</th>
<th>FINAL EXPIRATION</th>
<th>AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>October 2, 2001</td>
<td>Original Agreement</td>
<td>01377; 01311; 01290</td>
<td>Bldg. 99 RAP Site – Soil and Groundwater Quality Assurance Project Plan Review Analytical Database Creation/Management RMP Support</td>
<td>Not specified</td>
<td>$660,000 (includes additional $110,000 based on Executive Director’s signature)</td>
</tr>
<tr>
<td>January 16, 2007</td>
<td>First Supplemental Agreement</td>
<td>07015</td>
<td>Bldg. 807 RAP Site Underground Storage Tanks 11/12/13 RAP Site Bldg. 808/823 and Bldg 1 RAP Site Support Soil/Materials Management Protocol</td>
<td>Not specified</td>
<td>$750,000</td>
</tr>
<tr>
<td>July 20, 2010</td>
<td>Second Supplemental Agreement</td>
<td>10-86</td>
<td>Ecological Risk Assessment Review Stormwater Compliance Five Year Review Mitigation Monitoring and Reporting Underground Storage Tank Closures Bldg 991 RAP Site</td>
<td>July 20, 2014 (already includes one additional year extension based on Executive Director’s signature)</td>
<td>$900,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Total Contract: $2.31M</td>
<td></td>
</tr>
</tbody>
</table>

A further contract term extension is needed to continue on-going investigation and remediation during construction at the OAB. The scope of services is within the original scope of services of the as-needed contract and includes the following roles and responsibilities:

- managing soil and groundwater investigation to ensure that all subsurface work is performed in compliance with the RAP/RMP and the Covenant to Restrict Use of Property;
- collecting, interpreting, and reporting on soil and water samples when contamination is observed, or suspected;
- preparing remediation specifications, reports, and related documents;
evaluating, monitoring, and addressing the potential for construction workers to encounter contaminants whenever soil is disturbed;

developing and maintaining environmental databases to track and document progress;

providing technical support to Port staff in negotiations with the DTSC and other regulatory agencies;

fulfilling Port responsibilities under the California Environmental Quality Act (“CEQA”) Standard Conditions of Approval/Mitigation Monitoring and Reporting Program (“SCA/MMRP”) for environmental impacts; and

generating records to support reimbursement of remediation-related costs.

When the Port’s OAB development projects started, it was not clear what level of effort would be required to complete investigation and clean-up activities undertaken by BASELINE. At this point, clean-up activities are still required to support development. Port staff estimated a sufficient budget, but insufficient duration for this effort. The current contract balance is approximately $194,000. A time extension of the BASELINE supplemental agreement would meet RMP requirements through December 2015, when the current phase of Port construction is expected to be complete. Costs incurred under this agreement are eligible for reimbursement from the Port-City JERA, as previously discussed in the Port and City Financial Agreement section, above

BASELINE is currently playing key roles in properly managing the complex environmental regulatory conditions and is well-regarded by the various internal and external stakeholders, including DTSC, the lead regulatory agency. BASELINE is located in Emeryville, inside the Local Impact Area and a relatively short distance from the OAB and Port offices. BASELINE staff (both management and field personnel) has more than ten years of experience with OAB remediation activities in various capacities, including working cooperatively with regulatory agencies and City staff. The ability to quickly mobilize technical environmental staff, including professional services from BASELINE, has been, and will remain, important to ensure that all required environmental activities are properly performed, as these constitute a foundational component of the development of the OAB.

ANALYSIS

The entire Port OAB falls under the requirements of both the Remedial Action Plan and the Risk Management Plan, in addition to environmental controls specified in the OAB Covenant to Restrict Use of the Property, recorded on August 8, 2003. The Port’s OAB construction and development activities have been and will continue to be coordinated with the City, as appropriate. Investigation and remediation tasks must be accomplished by a third party, in accordance with the RAP/RMP, and integrated into all construction and development activities. The BASELINE contract addresses those functions.
STRATEGIC PLAN

The Strategic Plan, adopted by the Board on October 5, 2010, provides the policy framework for the overall alignment of the Port’s operations and activities. The proposed action to authorize an extension to an existing supplemental agreement with BASELINE promotes the following Strategic Plan goals and objectives.

<table>
<thead>
<tr>
<th>Strategic Priority Area</th>
<th>Goal</th>
<th>Objective</th>
<th>How + When Implemented</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sustainable and Economic Business Development</td>
<td>Goal A: Create Sustainable Economic Growth For The Port And Beyond</td>
<td>1. Maximize the use of existing assets.</td>
<td>BASELINE has comprehensive historical and technical knowledge of the OAB and the regulatory requirements of the RAP/RMP. An agreement extension with BASELINE will maintain consistency in regulatory and stakeholder communications and reduce the risk of noncompliance with the remediation requirements for development of the OAB.</td>
</tr>
<tr>
<td>Stewardship and Accountability</td>
<td>Goal G: Sustain healthy communities through leading edge environmental stewardship</td>
<td>2. Ensure effective communication and education regarding environmental and safety standards with business partners and the community</td>
<td>The proposed agreement extension enables the Environmental Programs and Planning Division to maintain continuity of clean-up activities at the OAB and to communicate these findings to stakeholders</td>
</tr>
</tbody>
</table>

BUDGET & FINANCIAL IMPACT

The total authorized contract budget, including supplemental agreements is $2,310,000. Of this total budget, approximately $2,116,000 has been spent to date, leaving a balance of approximately $194,000. This proposed contract term extension to the 2nd supplemental agreement with BASELINE has no financial impact because it authorizes no additional funding. The current term of the agreement to July 20, 2014, will be extended to July 20, 2016. Continued funding for the remediation work will be provided by the Port and City through the JERA.

STAFFING IMPACT

This action will have no impact on Port staffing levels.

SUSTAINABILITY

The purpose of this extension to the existing supplemental agreement is to continue minimizing construction worker, public, and environmental exposure to hazardous substances accidentally or improperly released into the environment. Whenever possible,
wastes or materials collected as a result of investigation and clean-up activities will be recycled at permitted recycling facilities.

ENVIRONMENTAL

The proposal to extend the contract term of the 2\textsuperscript{nd} supplemental agreement with BASELINE was reviewed in accordance with the requirements of 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 extending the term of an environmental consulting services agreement will result in a physical change in the environment, and therefore the proposed action is not subject to CEQA and no further environmental review is required.

Furthermore, the completion of investigation and clean-up activities that will be supported through this extension to the supplemental agreement was included in the project description analyzed by the 2002 OAB Area Redevelopment Plan Environmental Impact Report and the 2012 OAB Project Initial Study/Addendum, which were previously considered by the Board. Those documents analyzed projects to be developed by the Port on its portion of the former OAB, including completion of investigation and clean-up. All construction and operations at the OAB must comply with the OAB Standard Conditions of Approval/Mitigation Monitoring and Reporting Program (2012) at: http://www2.oaklandnet.com/Government/o/PBN/OurOrganization/PlanningZoning/s/ApplicationandZoningInformation/OAK042281.

MARITIME AND AVIATION PROJECT LABOR AGREEMENT (MAPLA)

This proposal to extend the supplemental agreement with BASELINE is for professional services that do not include construction testing and inspection. Therefore, the provisions of the Port of Oakland Maritime and Aviation Project Labor Agreement (“MAPLA”) do not apply to this work.

OWNER CONTROLLED INSURANCE PROGRAM (OCIP)

The Owner Controlled Insurance Program (“OCIP”) and Professional Liability Insurance Program (PLIP) do not apply to the work addressed by this Agenda Report as the work is not capital improvement construction or design project.

GENERAL PLAN

The subject work does not change the use of any existing facility or create new facilities, and therefore does not require a General Plan conformity determination pursuant to Section 727 of the City of Oakland 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”), do not apply to this proposed extension to the supplemental agreement, as the service provider employs less than 21 employees working on Port-related work. However, their service provider will be required to certify that should living wage obligations become applicable, the service provider shall comply with the Living Wage Regulations.

OPTIONS

1. Approve a two year contract term extension to the 2nd supplemental agreement with BASELINE, to allow this consultant team to continue investigating and remediating hazardous materials during property development at the former OAB in accordance with regulatory requirements. Staff believes this option is the most effective and least expensive approach, given time and financial constraints.

2. Direct staff to perform hazardous materials investigation and remediation using other existing agreements with other consultants or to develop new agreements through a competitive process. In this instance, the value of BASELINE’s extensive project-specific history would be lost. Orienting a new consultant to this complicated project will be more expensive and will require more time. This approach risks construction delays with associated higher costs, and/or failure to comply with regulatory mandates and contract requirements, both of which may result in financial penalties, and/or loss of revenue.

3. Direct staff to perform all the duties required of the consultants. The Port does not currently have sufficient staff and other resources to perform all of the required technical tasks and oversight. This option could substantially delay the project schedule and would likely lead to financial penalties and loss of revenue.

RECOMMENDATION

It is recommended that the Board approve and authorize a two-year term extension to an existing supplemental agreement to Contract No. 1377 with Nordhav, Inc., dba BASELINE Environmental Consulting, to support hazardous materials cleanup at the former Oakland Army Base and vicinity for a term ending July 20, 2016, with no increase in maximum compensation.
Approval for a Two Year Extension to an Existing Supplemental Agreement with Nordhav Inc., dba BASELINE Environmental Consulting, to Support Hazardous Materials Clean-up at the former Oakland Army Base and Vicinity with No Increase in Maximum Compensation
RESOLUTION EXTENDING THE TERM OF AN EXISTING SECOND SUPPLEMENTAL AGREEMENT WITH NORDHAV, INC. DOING BUSINESS AS BASELINE ENVIRONMENTAL CONSULTING FOR HAZARDOUS MATERIALS CLEAN-UP AT THE FORMER OAKLAND ARMY BASE FOR TWO (2) ADDITIONAL YEARS WITHOUT ADDITIONAL COMPENSATION.

WHEREAS, by Resolution No. 01377, adopted by the Board on September 20, 2001, and amended by the First and Second Supplemental Agreements, the Board authorized an Agreement with NORDHAV, INC. DOING BUSINESS AS BASELINE ENVIRONMENTAL CONSULTING ("BASELINE") for consulting services related to hazardous materials clean-up at the former Oakland Army Base; and

WHEREAS, the Board has reviewed and evaluated the Agenda Report Item No. 2.1 dated June 5, 2014 ("Agenda Report") and related agenda materials, has received the expert testimony of Port staff, and has provided opportunities for and taken public comment; and

WHEREAS, 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

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

SECTION 1. Based upon the information contained in the Agenda Report and testimony received, the Board hereby finds and determines that the supplemental agreement with BASELINE will constitute an agreement for obtaining professional, technical and specialized services that are temporary in nature and that it is in the best interest of the Port to secure such services from BASELINE.
SECTION 2. The Board authorizes the Executive Director to:

A. Execute a Third Supplemental Agreement to extend the term of said agreement with BASELINE, for a period of two (2) additional years from July 20, 2014 up to July 20, 2016 without additional compensation; and subject to additional material terms and conditions as further described in the Agenda Report.

SECTION 3. 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. Unless and until a separate written agreement is duly executed on behalf of the Board as authorized by this resolution, is signed as 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.

SECTION 4. This resolution shall be effective immediately upon adoption by the Board.
AGENDA REPORT

<table>
<thead>
<tr>
<th>TITLE: Authorization to Renew the Port's Contractor's Pollution Liability insurance policy in an Amount Not to Exceed $200,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>AMOUNT: Not to Exceed $200,000</td>
</tr>
<tr>
<td>PARTIES INVOLVED:</td>
</tr>
<tr>
<td>Corporate Name/Principal</td>
</tr>
<tr>
<td>California State Association of Counties – Excess Insurance Authority (CSAC-EIA)</td>
</tr>
<tr>
<td>American Specialty Insurance Co. (AIG)</td>
</tr>
<tr>
<td>TYPE OF ACTION: Resolution</td>
</tr>
<tr>
<td>SUBMITTED BY: Sara Lee, Chief Financial Officer</td>
</tr>
<tr>
<td>APPROVED BY: J. Christopher Lytle, Executive Director</td>
</tr>
</tbody>
</table>

SUMMARY

Port of Oakland (“Port”) staff is requesting approval from the Board of Port Commissioners (“Board”) to renew a contractor’s pollution legal liability (“CPL”) insurance policy (as more specifically described below) for the policy term July 14, 2014, through July 14, 2017. The CPL is part of the Port’s Owner Controlled Insurance Program (“OCIP”) and provides protection to the Port and the enrolled contractors in the event they release pollutants or exacerbate existing pollution conditions during the construction phase of Port capital improvement projects and cause bodily injury, property damage or environmental damage. The renewal of the insurance policy is expected to cost approximately $162,268 but not to exceed $200,000.

FACTUAL BACKGROUND

In December 2013, the Board authorized the Port to move the handling of the OCIP and related policies, including the CPL, from Aon Risk Insurance Services West, Inc. (“Aon”) to the California State Association of Counties – Excess Insurance Authority (“CSAC-EIA”). The new OCIP program was placed on February 1, 2014.

The Port’s existing CPL is due to expire on July 14, 2014; accordingly Port staff is seeking approval to renew this coverage. Two other companion policies to the OCIP, the Professional Liability Insurance Policy (“PLIP”) and the Owners’ Protective Liability Insurance Policy (“OPPI”) will not renew until January 1, 2017, and are not a subject of this Agenda Report.
CSAC-EIA
The California State Association of Counties ("CSAC") was established in 1895 and is a nonprofit corporation dedicated to meeting specific needs of its membership through advocacy and specialized programs and services. CSAC is governed by elected county supervisors. In 1979, CSAC-EIA, a joint powers authority was formed, for the sole purpose of finding cost effective insurance solutions and risk management services for CSAC members. Since then, membership has expanded to include 54 (out of 58) counties in California as well as numerous other public entities including cities, school districts, special districts and housing authorities. The Port became a member of CSAC-EIA in March 2013; this has allowed the Port to participate in CSAC-EIA’s dental program. The Port added the OCIP and OCIP-related programs in January-February 2014. CSAC-EIA’s innovative and successful approach to insurance as well as its ability to combine and leverage the purchasing powers of many public entities has significantly reduced insurance costs and administrative burden for its members, including the Port.

ANALYSIS
Port staff asked CSAC-EIA’s insurance broker, Alliant Insurance Services ("Alliant") to explore options for renewing the CPL coverage effective July 14, 2014. The insurance market for CPL coverage is currently "soft" or favorable which has resulted in renewal premium cost options that are substantially lower than the expiring premium. Another favorable development is that the renewal premium is no longer subject to the audit premium adjustment1. However, the policy term is now offered for a 3 year policy term instead of the previous 5 year term.

Table 1, below, compares the costs associated with the proposed CPL policy to the current CPL policy. In addition to the proposed renewal with AIG shown in the Table, Alliant also received quotes from two other insurance carriers, Illinois Union Insurance Company (also known as ACE) and Allied World National Assurance Company (also known as “AWAC”). Neither of these carriers was as competitive as AIG so the options they offered are not included in the Table.

1 The expiring audit premium adjustment was only for upward adjustment above the minimum earned premium. There was no potential for a return premium adjustment.
## TABLE 1

<table>
<thead>
<tr>
<th></th>
<th>Current CPL Policy (5 Year Term)</th>
<th>Current Policy (adjusted to Proposed 3 Year Policy Term)</th>
<th>Proposed CPL Policy (3 Year Policy Term)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Broker</td>
<td>CSAC-EIA/Alliant</td>
<td>CSAC-EIA/Alliant</td>
<td>CSAC-EIA/Alliant</td>
</tr>
<tr>
<td>Primary Insurance Carrier</td>
<td>AIG</td>
<td>AIG</td>
<td>AIG</td>
</tr>
<tr>
<td>Expiration Date</td>
<td>July 14, 2014</td>
<td>Adjusted to match new proposed policy term and expected spend</td>
<td>February 1, 2017</td>
</tr>
<tr>
<td>Limit</td>
<td>$20 million</td>
<td>$20 million</td>
<td>$20 million</td>
</tr>
<tr>
<td>Term</td>
<td>5 Years</td>
<td>3 Years</td>
<td>3 Years</td>
</tr>
<tr>
<td>Deductible per Occurrence</td>
<td>$100,000</td>
<td>$100,000</td>
<td>$100,000</td>
</tr>
<tr>
<td>Construction Spend</td>
<td>$223,607,291</td>
<td>$224,282,746</td>
<td>$224,282,746</td>
</tr>
<tr>
<td>Average Rate/$1000</td>
<td>$3.01 for the first $103M Construction Value plus audit adjustment</td>
<td>$3.01 for the first $103M Construction Value plus audit adjustment</td>
<td>$0.723</td>
</tr>
<tr>
<td>Premium including fees/taxes</td>
<td>$319,998</td>
<td>$319,998</td>
<td>$162,268</td>
</tr>
<tr>
<td>Expected Additional Fee due to Audit Adjustments</td>
<td>$120,607(^2)</td>
<td>$121,283</td>
<td>Not Subject to Audit(^3)</td>
</tr>
<tr>
<td>Total Premium</td>
<td>$440,005</td>
<td>$441,281</td>
<td>$162,281</td>
</tr>
</tbody>
</table>

### Insurance Broker Compensation

Alliant will be compensated solely by commission paid by the insurance company. Such commission is retained from premiums paid through CSAC-EIA and is expected to be 15% of the premium cost (net of taxes/fees) or about $23,617.

---

\(^2\) The premium is adjusted upwards at audit based on the following rates per $1,000 of Construction Value: $3.50 Hazardous Materials Handling, $2.00 for Dredging, $1.00 for Street and Road projects, and $0.90 for General Construction. Most Port projects are subject to the $1.00 and $0.90 rates. For purposes of the expected audit, the $1.00 rate was used in the calculation.

\(^3\) The proposed renewal policy is not subject to audit. There will be no premium adjustment at the end of the policy term.
On-Going Work to Finalize CPL Renewal

As is customary in the insurance market, terms, conditions and pricing are not locked-in until very close to the insurance policy effective date. As a result, it is important to note that through the insurance carriers’ on-going review or changes to the global insurance market, pricing and scope of coverage may become more or less favorable than summarized here.

STRATEGIC PLAN

<table>
<thead>
<tr>
<th>Strategic Priority Area</th>
<th>Goal</th>
<th>Objective</th>
<th>How and When</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>1. Maximize the use of the Port’s existing assets</td>
<td>The Port’s insurance policies protect the Port’s existing assets from various risks, preserving the financial health of the Port in the event of these risks. In addition, under the terms of the bond indentures and certain tenant agreements, the Board is required to procure and maintain commercial insurance or provide qualified self-insurance.</td>
</tr>
<tr>
<td></td>
<td>Goal B: Maintain and aggressively grow core businesses</td>
<td>1. Retain existing customers and tenants</td>
<td></td>
</tr>
</tbody>
</table>

BUDGET & FINANCIAL IMPACT

The costs associated with the CPL insurance policy as described in this Agenda Report are included in the FY 2014-15 Capital Budget and 5-year Capital Needs Assessment, as part of project-specific budgets. Although insurance premiums are subject to change based on global and local events impacting the insurance market up until the insurance policy is actually placed (July 14, 2014), it is anticipated that the CPL policy will cost approximately $162,300.

STAFFING IMPACT

No impact on current staffing.

SUSTAINABILITY

No sustainability opportunities are identified.

ENVIRONMENTAL

The proposal to renew Port insurance policies and the Port insurance program 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 taking those actions related to the Port’s insurance program will result in a physical change in the environment, and therefore they are not subject to CEQA and no further 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)**

Port’s Owner Controlled Insurance Program does not apply to the purchase of insurance.

**GENERAL PLAN**

Not Applicable

**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”), do not apply because the requested action is not an agreement, contract, lease, or request to provide financial assistance within the meaning of the Living Wage Regulations.

**OPTIONS**

**Option 1 (Recommended Option).** Renew the Port’s CPL policy through CSAC-EIA as described in this Agenda Report for the term July 14, 2014 to July 14, 2017.

**Option 2.** Do not renew the CPL policy. Allow the current CPL to expire effective July 14, 2014. This option is not recommended as the Port’s currently executed public works contracts require the Port to provide CPL coverage. In addition, the Port would need to amend current and future public works bid documents and contracts to require contractors to carry separate insurance which would likely result in additional cost to the projects which would be passed on to the Port. If the Construction Contractors are required to carry the insurance, smaller businesses may not be able to carry limits high enough to adequately cover certain types of work. Further, applicable claims would be more complicated since multiple insurance carriers would be involved.

**RECOMMENDATION**
Port staff recommends that the Board authorize the Executive Director and other relevant staff, where appropriate to:

- Renew the CPL insurance policy, to be placed and paid through CSAC-EIA and its insurance broker, Alliant for a 3 year term, effective July 14, 2014 to July 14, 2017, as described in Table 1 above at a cost not to exceed $200,000.

- Execute any incidental documents necessary to implement the CSAC-EIA administration of the CPL and related insurance policies.

All insurance policies and related documents shall be subject to the Port Attorney’s review as to form and legality.
RESOLUTION APPROVING AND AUTHORIZING THE RENEWAL OF
THE PORT OF OAKLAND'S CONTRACTOR'S POLLUTION
LIABILITY INSURANCE POLICY IN AN AMOUNT NOT TO
EXCEED $200,000.

WHEREAS, the Board of Port Commissioners ("Board") has reviewed and
evaluated the Agenda Report No. 2.2, dated June 5, 2014 (herein "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 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 agenda materials
and in testimony received; and be it

FURTHER RESOLVED, the Board hereby approves and authorizes the
Executive Director or his designee to renew the Port's Contractor's
Pollution Liability ("CPL") insurance policy, to be placed and paid through
the California State Association of Counties - Excess Insurance Authority
("CSAC-EIA") and its insurance broker, Alliant, for a 3 year term, effective
July 14, 2014, to July 14, 2017, for an amount not to exceed $200,000; and
be it

FURTHER RESOLVED, that the Executive Director or his designee is
hereby authorized to execute any incidental documents necessary to implement
the CSAC-EIA administration of the CPL insurance policy and related
insurance policies; and be it

FURTHER RESOLVED, that the Board hereby finds and determines that the
proposal to renew the Port's CPL insurance policy 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 taking those actions
related to the renewal of the Port's CPL insurance policy will result in a
physical change in the environment, and therefore they are not subject to
CEQA and no further environmental review is required; 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 agreements 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; and be it

FURTHER RESOLVED, that this resolution shall be effective immediately upon adoption by the Board.
AGENDA REPORT

TITLE: Ordinance to Approve Space/Use Permit with Leidos, Inc. To Allow For Maintenance of Passenger Screening Equipment Owned by the Transportation Security Administration at Oakland International Airport (Aviation)

AMOUNT: No Monetary Consideration

PARTIES INVOLVED:

<table>
<thead>
<tr>
<th>Corporate Name/Principal</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leidos, Inc.</td>
<td>Reston, VA</td>
</tr>
<tr>
<td>John P. Jumper, Chairman and CEO</td>
<td>Reston, VA</td>
</tr>
<tr>
<td>Andrew J. Flynn, Contracts Manager</td>
<td>Reston, VA</td>
</tr>
</tbody>
</table>

TYPE OF ACTION: Ordinance

SUBMITTED BY: Deborah Ale Flint, Director of Aviation

APPROVED BY: J. Christopher Lytle, Executive Director

With this action, staff seeks Board adoption of an Ordinance approving the terms and conditions, and ratifying the execution by Executive Director of, the Space/Use Permit with Leidos, Inc. (“Leidos”).

This action will provide for access to Oakland International Airport (“OAK”) by Leidos for the maintenance of passenger screening equipment owned by the Transportation Security Administration (“TSA”).

FACTUAL BACKGROUND

The TSA has awarded Leidos a contract to perform preventive, corrective and depot maintenance for passenger screening equipment owned and operated by the TSA at 448 airports and other government designated facilities throughout the United States, including OAK.

ANALYSIS

Pursuant to the terms of the Aviation and Transportation Security Act of 2001, the TSA is required to deploy federal security screeners, managers, and federal law enforcement officers to conduct screening of all passengers, property, baggage and cargo, and to ensure perimeter access security at all airports. In order to carry out this mandate, it is necessary for the TSA to use certain airport space and facilities defined under federal law as “necessary security checkpoints.” Pursuant to federal statute, airports are required to provide necessary security checkpoint space at no rent to the TSA; under a separate Utility and Janitorial Agreement, the TSA reimburses the
Port for the cost of separately metered electric utilities and janitorial services for these security checkpoint spaces in Terminals 1 and 2. The TSA has contracted with Leidos to maintain its screening equipment in these necessary security checkpoint areas. There is no monetary consideration as no space is being occupied by this contractor providing support for the TSA’s federally mandated security activities. The Space/Use Permit will terminate upon the earlier of (1) either party giving the other party 30 days written notice of its intention to terminate the agreement, or (2) January 31, 2018.

**STRATEGIC PLAN**

Entering into the Space/Use Permit supports the goals of the Port’s 2011-2015 Strategic Plan:

<table>
<thead>
<tr>
<th>Strategic Priority Areas</th>
<th>Goal</th>
<th>Objective</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sustainable Economic and Business Development</td>
<td>Goal B: Maintain and aggressively grow core businesses.</td>
<td>Enhance customer services.</td>
<td>Allowing for comprehensive maintenance of passenger screening equipment will minimize the downtime of this equipment and provide for efficient screening of passengers and their bags at the checkpoints.</td>
</tr>
</tbody>
</table>

**BUDGET & FINANCIAL IMPACT**

There is no budget impact as result of this action.

**STAFFING IMPACT**

There will be no Port staffing impact as the result of this action.

**SUSTAINABILITY**

There are no obvious environmental opportunities involved with the Space/Use Permit.

**ENVIRONMENTAL**

The action proposed in this agenda report involves executing the Space/Use Permit with Leidos for the maintenance of passenger screening equipment owned by the TSA. Executing the Space/Use Permit has been determined to be categorically exempt from the California Environmental Quality Act (CEQA) Guidelines pursuant to Section 15301, Existing Facilities, which exempts the operation, repair, maintenance, permitting, leasing, licensing, or minor alteration of existing public or private structures, facilities, mechanical equipment or topographical features, involving negligible or no expansion of use beyond that existing at the time of the lead agency’s determination.
MARITIME AND AVIATION PROJECT LABOR AGREEMENT (MAPLA)

The action to approve the Space/Use Permit does 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)

The action to approve the Space/Use Permit is not within the scope of the Port of Oakland’s Owner Controlled Insurance Program as it is not a capital improvement construction project. The tenant will be required to comply with the insurance clause contained in the Space/Use Permit.

GENERAL PLAN

Pursuant to Section 727 of the City of Oakland Charter, the Space/Use Permit has been determined to conform to the policies for the transportation designation of the Oakland General Plan.

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, do not apply to this agreement.

OPTIONS

1. Approve the terms and conditions as described above, and ratify the Executive Director’s execution of, a Space/Use Permit with Leidos at OAK.

2. Do not approve the terms and conditions of the Space/Use Permit, as described above, but recommend different terms and conditions; or,

3. Reject the Space/Use Permit, as described above, which will result in the inability of Leidos to maintain passenger screening equipment owned and operated by the TSA at OAK.

RECOMMENDATION

It is recommended that the Board give first reading to an ordinance approving the Space/Use Permit with Leidos that is consistent with the terms and conditions described above and ratify the Executive Director’s execution of such Space/Use Permit.
BOARD OF PORT COMMISSIONERS
CITY OF OAKLAND

ORDINANCE APPROVING AND AUTHORIZING A SPACE/USE PERMIT WITH LEIDOS, INC., TO ALLOW FOR MAINTENANCE OF PASSENGER SCREENING EQUIPMENT OWNED BY THE TRANSPORTATION SECURITY ADMINISTRATION AT OAKLAND INTERNATIONAL AIRPORT.

WHEREAS, the Board of Port Commissioners ("Board") has reviewed and evaluated the Agenda Report Item 2.3 dated June 5, 2014 ("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;

WHEREAS, 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; now, therefore

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

Section 1. The Board hereby approves a Space/Use Permit ("Agreement") between the CITY OF OAKLAND, a municipal corporation, acting by and through the Board, and LEIDOS, INC. ("LEIDOS"), to allow for maintenance of passenger screening equipment owned by the Transportation Security Administration ("TSA") at Oakland International Airport for a term of the earlier of (i) either party giving the other party 30 days written notice of its intention to terminate the agreement, or (ii) January 31, 2018, for no monetary consideration, and upon such other terms and conditions as set forth in the Agenda Report, and upon such standard terms and conditions as specified in the Agreement and approved by the Executive Director.

Section 2. The Board hereby authorizes the Executive Director (i) to execute said Agreement, subject to the Port Attorney’s review and approval as to form and legality, and (ii) make such additions, modifications, or corrections as necessary to implement the Agreement or to correct errors, subject to the limitations set forth herein and provided that any such addition, modification or correction does not
materially differ from the terms and conditions set forth herein and in the Agenda Report.

Section 3. The Board hereby finds and determines that executing this Agreement is categorically exempt from the requirements of the California Environmental Quality Act Guidelines pursuant to Section 15301 (Existing Facilities).

Section 4. This ordinance is not evidence of and does not create or constitute (a) a contract, agreement, 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. This ordinance approves and authorizes the execution of said Agreement in accordance with the terms of this ordinance. Unless and until a separate written Agreement is duly executed on behalf of the Board as authorized by this ordinance, is signed and approved as to form and legality by the Port Attorney, and is delivered to Leidos, there shall be no valid or effective Agreement.

Section 5. This ordinance shall be effective immediately upon adoption by the Board.

__________________________
President.

Attest ________________________
Secretary.

Approved as to form and legality:

__________________________
Port Attorney
AGENDA REPORT

TITLE: Resolution to Approve Three (3) Month Extension to Deadline Date for Rolls Royce Engine Services Oakland to Exercise Option to Extend Lease Term (Aviation)

AMOUNT: N/A

PARTIES INVOLVED:

<table>
<thead>
<tr>
<th>Corporate Name</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rolls Royce Engine Services Oakland</td>
<td>Oakland, California</td>
</tr>
</tbody>
</table>

TYPE OF ACTION: Resolution

SUBMITTED BY: Deborah Ale Flint, Director of Aviation

APPROVED BY: J. Christopher Lytle, Executive Director

INTRODUCTION

This action would extend from July 31, 2014 to October 31, 2014 the deadline for Rolls Royce Engine Services Oakland (RRESO) to exercise its option to extend the term of its two (2) leases with the Port of Oakland at Oakland International Airport’s (OAK) North Field for an additional fifteen years from January 31, 2015 to January 31, 2030.

FACTUAL BACKGROUND

RRESO, the North Field’s largest employer with a highly skilled work force of over 370 and a regionally pre-eminent aircraft engine overhaul and repair facility, has been (along with its predecessor National Airmotive Corporation), an OAK tenant for nearly half a century. RRESO has recently invested over $5 million in upgrading one of its test cell facilities to allow RRESO to increase profitability and operational efficiency by having in place the ability to test a new engine type.

Pursuant to two ground leases that expire on January 31, 2015, RRESO occupies 508,648 square feet (11.7 acres) of land on which RRESO and its predecessor have built 216,244 square feet of office, warehouse, shop and vehicle parking space. RRESO’s leases include option which allows it to extend the term of the leases fifteen (15) years; i.e., to January 31, 2030, provided RRESO exercises those options on or before July 31, 2014.

ANALYSIS

Based on the complexity of the matters over which RRESO seeks to negotiate with the Port as part of its desire to exercise the options, RRESO, through a RRESO-retained brokerage
firm, has requested an extension to the contractually-obligated July 31, 2014, exercise deadline. Port staff concurs with RRESO’s request allowing the deadline to be extended to October 31, 2014. The matters to be negotiated include, but are not limited to, the following:

- Inclusion of early termination and additional renewal options;
- Port-provided utility rate cost control\(^1\); and,
- The contractually-obligated February 1, 2015 rent adjustment potentially being based on a three (3) appraiser process to determine Fair Market Rental Value (FMRV) not only on land but also on approximately 144,244 square feet of structures containing various uses and vehicle parking.

---

\(^1\) In addition to being RRESO’s landlord, the Port is RRESO’s electricity provider.

---
STRATEGIC PLAN

Extending the deadline supports two goals in the Port’s FY2011-15 Strategic Plan:

<table>
<thead>
<tr>
<th>Goal</th>
<th>Objective</th>
</tr>
</thead>
</table>
| Goal A: Create sustainable economic growth for the Port and beyond. | 1. Maximize the use of existing assets.  
2. Increase revenue, job creation and small business growth |
| Goal B: Maintain and aggressively grow core businesses.          | 1. Market strategically and aggressively to attract new customers and tenants. |

BUDGET & FINANCIAL IMPACT

Although the proposed action of extending the deadline in itself is revenue neutral, to the extent that it helps retain RRESO’s presence at OAK, extending the deadline would retain rent and utility income of approximately $1,315,000 annually.

STAFFING IMPACT

There will be no increase to Port staffing in extending the deadline.

SUSTAINABILITY

There are no obvious environmental opportunities involved in extending the deadline.

ENVIRONMENTAL

CEQA Determination

The proposed action is categorically exempt from the requirements of the California Environmental Quality Act (CEQA) pursuant to the Port CEQA Guidelines, Section 15301(p), which exempts renewals, extensions or amendments to leases or license and concession agreements where the premises or licensed activity was previously leased or licensed to the same or another person, and involving negligible or no expansion of use beyond that previously existing.

MARITIME AND AVIATION PROJECT LABOR AGREEMENT (MAPLA)

The provisions of the Port of Oakland Maritime and Aviation Project Labor Agreement (MAPLA) do not apply to extending the deadline.

OWNER CONTROLLED INSURANCE PROGRAM (OCIP)

The OCIP does not apply to extending the deadline.
GENERAL PLAN

This action does not meet the definition of “project” under the City of Oakland General Plan, and, therefore, needs no conformity determination.

LIVING WAGE

The 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”), apply to this agreement as the tenant employs 21 or more employees working on Port-related work and the tenancy agreement is greater than $50,000.

OPTIONS

1. Approve granting to Rolls Royce Engine Services Oakland (RRESO) three additional months from July 31, 2014 to October 31, 2014 to exercise its option to extend the term of its two (2) lease terms from January 31, 2015 to January 31, 2030;

2. Reject granting to RRESO three additional months i.e. from July 31, 2014 to October 31, 2014, to exercise its option to extend the term of its two (2) lease terms from January 31, 2015 to January 31, 2030 or

3. Reject granting to RRESO three additional months i.e. from July 31, 2014 to October 31, 2014 to exercise its option to extend the term of its two (2) lease terms from January 31, 2015 to January 31, 2030, but authorize different terms and conditions.

RECOMMENDATION

It is recommended that the Board pass a Resolution granting Rolls Royce Engine Services Oakland three additional months, from July 31, 2014 to October 31, 2014, to exercise its options to extend the term of its two (2) leases from January 31, 2015 to January 31, 2030, subject to the Port Attorney’s approval as to form and legality, and authorize the Executive Director, or his designee, to approve and execute any additional documents necessary to consummate this transaction.
RESOLUTION APPROVING THREE MONTH EXTENSION TO
OPTION EXERCISE PERIOD FOR TWO ROLLS ROYCE
ENGINE SERVICES LEASES.

WHEREAS, the Board of Port Commissioners ("Board") has
reviewed and evaluated Agenda Report Item 2.4 ("Agenda Report"), dated
June 5, 2014 and related agenda materials, has received the expert
testimony of Port staff, and has provided opportunities for and taken
public comment; and

WHEREAS, 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; now, therefore, be it

RESOLVED, that the Board hereby approves and grants Rolls
Royce Engine Services Oakland ("RRESO") a three-(3) month extension
from July 31, 2014 to October 31, 2014, to exercise its option to
extend the terms of its two (2) leases from January 31, 2015 to
January 31, 2030, as more fully described in the Agenda Report; and be it

FURTHER RESOLVED, that the Board hereby authorizes the
Executive Director, or is designee, to execute for and on behalf of the
Board all documents necessary to consummate this transaction, subject to
approval by the Port Attorney as to form and legality; and be it

FURTHER RESOLVED, that the Board hereby finds and
determines that this action is categorically exempt from the
requirements of the California Environmental Quality Act (CEQA)
pursuant to the Port CEQA Guidelines, Section 15301(p), which exempts
renewals, extensions or amendment to leases or license and concession
agreements where the premises or licensed activity was previously
leased or licensed to the same or another person, and involving
negligible or no expansion of use beyond that previously existing; 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. 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 the other contracting party, there shall be no valid or effective agreement, and be it

FURTHER RESOLVED, that this resolution shall become effective immediately upon adoption by the Board.
AGENDA REPORT

TITLE: Amendment to Non-Exclusive Preferential Assignment Agreement with TraPac, Inc. (Berths 30-32) to Clarify Compensation Terms and Legal Name of Signatore

AMOUNT: None

PARTIES INVOLVED:

<table>
<thead>
<tr>
<th>Corporate Name/Principal</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>TraPac, Inc.</td>
<td>Oakland, CA</td>
</tr>
<tr>
<td>TraPac, LLC</td>
<td>Wilmington, CA</td>
</tr>
</tbody>
</table>

TYPE OF ACTION: Ordinance

SUBMITTED BY: John C. Driscoll, Director of Maritime

APPROVED BY: J. Christopher Lytle, Executive Director

SUMMARY

In 2008, the Port entered into a Non-Exclusive Preferential Assignment Agreement (NEPAA) with TraPac, Inc. for the Berths 30-32 marine terminal, which comprises approximately 65 acres. The NEPAA was amended once in 2013 to make some minor adjustments to the boundaries of the Premises at Berths 30-32. The NEPAA provides for the adjustment of rates and other compensation terms, including TraPac’s Minimum Annual Guarantee (MAG) payment to the Port, at certain times during the duration of the NEPAA. Staff is seeking to amend the NEPAA to clarify how the adjustments to the MAG will be determined and applied. Staff is also seeking amendment to reflect a change in the legal entity that is party to the NEPAA.

FACTUAL BACKGROUND

Section 4.9.2(a) “Increase of MAG” of the NEPAA provides for increases to the TraPac MAG (the MAG Increase) in July 2011, 2014, 2019, and possibly 2024 (the MAG Increase Dates) if TraPac has exercised its option to extend the term for another 5-years. Each time period between MAG Increase Dates is defined as the MAG Increase Period. Section 4.9.2(a) caps the amount of any MAG Increase on each MAG Increase Date at 6%, but is silent as to how any MAG Increase is to be applied on an annual basis (i.e., one time increase on the MAG Increase Date or spread across the years within each MAG Increase Period).

For the July 2011 MAG Increase Date, the increase was allocated across years within the MAG Increase Period; specifically, the increase was allocated at a maximum of 2% per year until the increase was fully allocated. The July 2014 increase is forthcoming and TraPac has requested that the Port apply the same approach. Port staff does not object to this request but wants to ensure that the text of the NEPAA is consistent with practice.
Additionally, in 2014, TraPac, Inc., the entity currently signatory to the NEPAA from a California corporation to a California limited liability company and modified its name to reflect its change in legal form as a result of a partial change of ownership. The NEPAA needs to be amended to reflect this change.

**ANALYSIS**

The proposed NEPAA amendment will clarify the allocation of the MAG Increase across the years within each MAG Increase Period, consistent with the approach taken in July 2011. Staff has determined that the July 2014 MAG Increase will be the full capped amount of 6%. The proposed amendment would allocate this percentage increase as follows:

Year 1: MAG in effect on last MAG Increase Date plus 2%
Year 2: Year 1 MAG plus 2%
Year 3: Year 2 MAG plus 2%
Year 4: No increase
Year 5: No increase

If the increase were only 5%, for example, then the allocation would be as follows:

Year 1: MAG in effect on last MAG Increase Date plus 2%
Year 2: Year 1 MAG plus 2%
Year 3: Year 2 MAG plus 1%
Year 4: No increase
Year 5: No increase

The change from TraPac, Inc. to TraPac, LLC has been reviewed by the Port and does not conflict with provisions or restrictions in the NEPAA.

**STRATEGIC PLAN**

The action described herein would help the Port achieve 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 THIS PROJECT IMPLEMENTS + WHEN</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sustainable Economic and Business Development</td>
<td>Maintain and Aggressively Grow Core Businesses</td>
<td>Price Port services to provide a highly competitive value. Retain existing customers and tenants.</td>
<td>The proposed action provides TraPac with a more incremental cost increase, which is more manageable given the currently challenging economic environment for shipping lines and terminal operators.</td>
</tr>
</tbody>
</table>

**BUDGET & FINANCIAL IMPACT**

The proposed action has no material impact on revenue.
STAFFING IMPACT

The proposed action has no staffing impact.

SUSTAINABILITY

The proposed action does not offer opportunities for sustainability.

ENVIRONMENTAL

The proposal to enter into a supplement to the NEPAA with TraPac, Inc. is categorically exempt from requirements of the California Environmental Quality Act (CEQA) pursuant to the Port CEQA Guidelines, Section 15301(p), which exempts renewals, extensions or amendments to leases or license and concession agreements where the premises or licensed activity was previously leased or licensed to the same or another person, and involving negligible or no expansion of use beyond that previously existing.

MARITIME AND AVIATION PROJECT LABOR AGREEMENT (MAPLA)

The matters addressed under this action are not within the scope of the Port’s MAPLA and the provisions of the MAPLA do not apply to this action.

OWNER CONTROLLED INSURANCE PROGRAM (OCIP)

The proposed action is not subject to the Port's OCIP.

GENERAL PLAN

The proposed action does not change the use of any existing facilities or create new facilities; therefore a General Plan conformity determination pursuant to Section 727 of the City of Oakland Charter is not required.

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”), do not apply because the proposed action is not an agreement, contract, lease, or request to provide financial assistance within the meaning of the Living Wage Regulations.

OPTIONS

Staff has identified the following options for the Board’s consideration:

1. Authorize the Executive Director to enter into a 2nd Supplemental Agreement to the Non-Exclusive Preferential Assignment Agreement (NEPAA) with TraPac, Inc., to clarify the terms set forth in Section 4.9.2(a) of the NEPAA and to change the legal entity that is signatore to the NEPAA from TraPac Inc. to TraPac, LLC.
2. Do Not authorize the Executive Director to enter into a 2nd Supplemental Agreement to the Non-Exclusive Preferential Assignment Agreement (NEPAA) with TraPac, Inc., to clarify the terms set forth in Section 4.9.2(a) of the NEPAA and to change the legal entity that is signatore to the NEPAA from TraPac Inc. to TraPac, LLC.

3. Direct staff to take alternative action as directed by the Board.

RECOMMENDATION

Staff recommends that the Board:

Authorize the Executive Director to enter into a 2nd Supplemental Agreement to the Non-Exclusive Preferential Assignment Agreement (NEPAA) with TraPac, Inc., to clarify the terms set forth in Section 4.9.2 of the NEPAA and to change the legal entity that is signatore to the NEPAA from TraPac Inc. to TraPac, LLC.
BOARD OF PORT COMMISSIONERS
CITY OF OAKLAND

ORDINANCE AUTHORIZING THE EXECUTIVE DIRECTOR TO (1) ENTER INTO A SECOND SUPPLEMENTAL AGREEMENT TO THE NON-EXCLUSIVE PREFERENTIAL ASSIGNMENT AGREEMENT ("NEPAA") WITH TRAPAC, INC., TO CLARIFY THE MAG ADJUSTMENT TERMS OF THE NEPAA; AND (2) TO MODIFY THE NAME OF THE ENTITY THAT IS SIGNATORY TO THE NEPAA FROM TRAPAC INC. TO TRAPAC, LLC.

WHEREAS, the Board of Port Commissioners ("Board") has reviewed and evaluated the Agenda Report for Item 2.5, dated June 5, 2014 (herein 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

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 proposal to enter into a Supplemental Agreement to the NEPAA with Trapac, Inc., is categorically exempt from requirements of the California Environmental Quality Act ("CEQA") pursuant to the Port CEQA Guidelines, Section 15301(p), which exempts renewals, extensions or amendments to leases or license and concession agreements where the premises or licensed activity was previously leased or licensed to the same or another person, and involving negligible or no expansion of use beyond that previously existing.

Section 3. The Board hereby approves the terms and conditions of and authorizes the Executive Director or her designee to (1) enter into a Second Supplemental Agreement to the NEPAA with Trapac Inc., to clarify the allocation of annual percentage increases to the Minimum Annual Guaranty ("MAG") under the NEPAA; and (2) to change the legal entity that is signatory to the NEPAA from Trapac Inc., to Trapac, LLC.

303471
Section 5. This ordinance is not evidence of and does not create or constitute (a) a contract or lease, entitlement or property interest, or (b) any obligation or liability on the part of the Board or any officer or employee of the Board. Unless and until separate written agreement(s) are 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 the other contracting party, there shall be no valid or effective agreement(s).

Section 6. This ordinance shall be effective immediately upon adoption by the Board.

President.

Attest: ________________________________ Secretary.

Approved as to form and legality:

__________________________
Port Attorney
AGENDA REPORT

TITLE: Extension and Increase to Maximum Compensation for Agreement with American Maritime Group

AMOUNT: $150,000 in FY 2014-15

PARTIES INVOLVED:

<table>
<thead>
<tr>
<th>Corporate Name/Principal</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>American Maritime Group, LLC/ John Bowe</td>
<td>Moraga, CA</td>
</tr>
</tbody>
</table>

TYPE OF ACTION: Resolution

SUBMITTED BY: John C. Driscoll, Director of Maritime

APPROVED BY: J. Christopher Lytle, Executive Director

SUMMARY

This Agenda Report seeks the Board’s authorization to extend the professional services agreement with American Maritime Group for the Special Advisor to the Executive Director, and to increase the maximum compensation by $150,000 through June 30, 2015. The current agreement provides for services through June 30, 2014, with a total maximum compensation of $475,000. The Special Advisor has been requested to continue working on certain assignments and, therefore, an extension to the agreement and an increase to maximum compensation are necessary.

FACTUAL BACKGROUND

At the direction of the Executive Director and as a result of an informal Request for Qualifications, Boyden (an executive search firm) was selected in January 2013 to recruit a Special Advisor to the Executive Director on maritime issues. After performing an extensive search and interviewing candidates, Mr. John Bowe of American Maritime Group was recommended. In January 2013, the Port (Maritime Division) entered into a professional services agreement with American Maritime Group to retain the consulting services of Mr. Bowe for a term of five months from January 30, 2013 through June 30, 2013, with a total maximum compensation of $150,000. Since that time, the contract has been extended twice, through June 2014, with a total maximum compensation of $475,000.

ANALYSIS

At the direction of and as Special Advisor to the Executive Director and/or the Deputy Executive Director/Acting Director of Maritime, American Maritime Group provides the following services as needed:
• Develops and implements strategies designed to improve the Port's competitive position as an international maritime container port on the United States West Coast;
• Develops and implements marketing strategies to promote the Port;
• Improves and increases the Port's international container traffic and intermodal service;
• Retains and increases maritime tenants at the Port;
• Promotes regional, national, and international container traffic handled at the Port;
• Represents the Port before a variety of constituencies, including without limitation, elected and appointed officials;
• Advises the Port's Executive Director or his/her designee as to the management and marketing of the Port's current maritime container terminals; and
• Improves and develops infrastructure to facilitate the flow and efficient handling of international maritime container traffic at the Port.

Since execution of the most recent extension to the agreement with American Maritime Group, the Port has ramped up its efforts on several key maritime projects/initiatives, including the Oakland Army Base “Phase 2” development (logistics center) and new opportunities for cold storage facility development in the seaport. At the same time, the position Manager of Business Development/International Marketing remains vacant. As a result, Maritime staff requires the continued input and assistance of American Maritime Group.

Staff is requesting an extension of the agreement through June 30, 2015, and an increase of $150,000 to the maximum compensation under the agreement. The time extension is intended to provide staff with access to American Maritime Group’s services for a long enough period of time to transition work assignments smoothly while key maritime initiatives are advanced. The additional compensation of $150,000 is for FY 2014-15 and represents about 6 months of work at current work hours. It is expected that Mr. Bowe’s hours will decrease over the next 12 months, as vacancies are filled and as key project activities transition from negotiations to implementation. The maximum billing rate of $2,000 per day plus pre-approved reimbursable travel expenses would remain unchanged from the current agreement.

If staff’s intended transitioning of work assignments cannot occur within the currently anticipated time frame and Mr. Bowe is requested to work at the current levels longer than anticipated, staff will return to the Board for any additional necessary authorizations. Staff will be better able to assess this potential need in early to mid Summer 2014.
STRATEGIC PLAN

<table>
<thead>
<tr>
<th>Strategic Priority Area</th>
<th>Goal</th>
<th>Objective</th>
<th>Implementation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Port Workforce and Operations</td>
<td>Goal I: Align the Port’s workforce, organizational structure and personnel management practices for optimal performance of the Port.</td>
<td>3. Align responsibilities, authorities and incentives to ensure accountability and transparency in achieving the Port’s strategic goals.</td>
<td>Extending the agreement with American Maritime Group for advisory services to the Executive Director and/or his designee on maritime issues maintains operational continuity on key initiatives.</td>
</tr>
</tbody>
</table>

BUDGET & FINANCIAL IMPACT

For FY 2014-15, staff has included up to $150,000 for business analysis and development performed by American Maritime Group. The rate of compensation would remain $2,000 per day plus pre-approved reimbursable travel expenses, but total (hourly billing plus travel) compensation would not exceed $150,000.

STAFFING IMPACT

The proposed action has no staffing impact.

SUSTAINABILITY

The proposed action does not provide opportunities for sustainability.

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.

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

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”), do not apply to this agreement as the service provider does not employ 21 or more employees working on Port-related work. However, the service provider will be required to certify that should living wage obligations become applicable, the service provider shall comply with the Living Wage Regulations.

OPTIONS

1. Authorize an extension to the Port’s agreement with American Maritime Group through June 30, 2015 and an increase of $150,000 to the maximum compensation, at a rate of $2,000 per day plus reimbursable pre-approved travel expenses, for a total maximum compensation of $625,000.

2. Authorize a different time extension and compensation increase for the Port’s agreement with American Maritime Group.

3. Do not authorize an increase to either time or compensation for the Port’s agreement with American Maritime Group.

RECOMMENDATION

It is recommended that the Board of Port Commissioners Authorize an extension to the Port’s agreement with American Maritime Group through June 30, 2015, and an increase of $150,000 to the maximum compensation, at a rate of $2,000 per day plus reimbursable pre-approved travel expenses, for a total maximum compensation of $625,000.
RESOLUTION FINDING AND DETERMINING THAT A PROPOSED THIRD SUPPLEMENTAL AGREEMENT WITH AMERICAN MARITIME GROUP, LLC FOR AN ADDITIONAL MAXIMUM COMPENSATION OF $150,000 IS FOR CONSULTING SERVICES CONSTITUTING PROFESSIONAL, TECHNICAL AND SPECIALIZED SERVICES THAT ARE TEMPORARY IN NATURE AND AUTHORIZING EXECUTION OF SAID SUPPLEMENTAL AGREEMENT.

WHEREAS, on January 30, 2013, the Port entered into an agreement, as amended by the First and Supplemental Agreement, with AMERICAN MARITIME GROUP, LLC for services as Special Advisor to the Executive Director; and

WHEREAS, the Board has reviewed and evaluated the Agenda Report Item No. 2.6, dated June 5, 2014 ("Agenda Report") and related agenda materials, has received the expert testimony of Port staff, and has provided opportunities for and taken public comment; and

WHEREAS, 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

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

SECTION 1. Based upon the information contained in the Agenda Report and testimony received, the Board hereby finds and determines that the supplemental agreement with AMERICAN MARITIME GROUP LLC will constitute an agreement for obtaining professional, technical and specialized services that are temporary in nature and that it is in the best interest of the Port to secure such services from AMERICAN MARITIME GROUP LLC.
SECTION 2. The Board authorizes the Executive Director to:

A. Execute a Third Supplemental Agreement to provide services as Special Advisor to the Executive Director at a maximum additional compensation of $150,000, at a rate of $2,000 per day plus reimbursable pre-approved travel expenses, for a total maximum compensation of $625,000, and subject to additional material terms and conditions as further described in the Agenda Report.

B. Approve and authorize the extension of term for said agreement through June 30, 2015.

SECTION 3. 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. Unless and until a separate written agreement is duly executed on behalf of the Board as authorized by this resolution, is signed as 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.

SECTION 4. This resolution shall be effective immediately upon adoption by the Board.
AGENDA REPORT

TITLE: Resolution Ratifying Audit Committee Members and Setting Regular Meeting

AMOUNT: $0

PARTIES INVOLVED:

<table>
<thead>
<tr>
<th>Corporate Name/Principal</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>N/A</td>
<td></td>
</tr>
</tbody>
</table>

TYPE OF ACTION: Resolution

SUBMITTED BY: Danny Wan, Port Attorney

APPROVED BY: Danny Wan, Port Attorney

FACTUAL BACKGROUND

During its May 8, 2014 meeting, the Board of Port Commissioners (“Board”) adopted a resolution designating a standing Audit Committee and establishing the scope of its jurisdiction. The Board President has proposed his appointments to the Committee.

ANALYSIS

By adopting the proposed resolution, the Board would ratify and approve the Board Presidents’ appointments to the Audit Committee as follows: Commissioner Earl Hamlin (Chair), Commissioner Bryan Parker and Commissioner Victor Uno.

The resolution would also establish the regular meetings of the Audit Committee as the 3rd Thursdays of each quarter (every 3 months), beginning with the meetings of July 17, 2014 and October 16, 2014 at 9a.m. at the Board Room.

BUDGET & FINANCIAL/STAFFING IMPACT

The meetings of the Audit Committee would require staff to prepare the agenda and reports of the Committee and to staff the Committee meetings.

RECOMMENDATION

Adopt the resolution ratifying and approving Audit Committee members and setting regular meeting time.
BOARD OF PORT COMMISSIONERS
CITY OF OAKLAND

RESOLUTION RATIFYING AUDIT COMMITTEE MEMBERS AND SETTING REGULAR MEETING.

WHEREAS, on May 8, 2014, the Board of Port Commissioners ("Board") approved the designation of a standing Audit Committee consisting of three Board members, with specific and limited responsibilities and subject-matter jurisdiction (as further described in the Agenda Report Item 5.1 dated May 8, 2014 and the accompanying resolution); and

WHEREAS, the President of the Board appointed Commissioners Earl Hamlin, Bryan Parker and Victor Uno to such standing Audit Committee; now, therefore, be it

RESOLVED, that the Board hereby ratifies the appointment of Commissioners Earl Hamlin (Chair), Bryan Parker and Victor Uno to the standing Audit Committee.

FURTHER RESOLVED, that the Audit Committee will meet on the 3rd Thursday of every quarter (July 17, 2014 and October 16, 2014) at 9 a.m. in the Board room.
ROLL CALL

President Butner called the Regular Meeting of the Board for May 8, 2014 to order at the hour of 1:04 p.m. and the following Commissioners were in attendance:

Commissioner Colbruno, 2nd Vice-President Hamlin, Commissioner Head, 1st Vice President Yee and President Butner.

Commissioner Parker joined the meeting at 1:48 pm.

Commissioner Uno was excused.

1. CLOSED SESSION

President Butner convened the Board in Closed Session at the hour of 1:05 p.m. to hear the following Closed Session Items:

1.1 CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION (Pursuant to Paragraph (1) of Subdivision (d) of California Code Section 54956.9):

CMC Food Services LLC and NNF Grewal, Inc., v. Port of Oakland, et al.; Alameda County Superior Court Case No.: RG13685134

1.2 CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION (Significant Exposure to Litigation Pursuant to Paragraph (2) of Subdivision (d) of California Government Code Section 54956.9 matters)

1.3 CONFERENCE WITH REAL PROPERTY NEGOTIATORS – (Pursuant to California Government Code Section 54956.8):
Property: Oakland Army Base
Negotiating Parties: Port of Oakland and CCIG/Prologis
Agency Negotiator: Director of Maritime, John Driscoll
Under Negotiation: Price and Terms of Tenancy

Property: 555 Maritime Street
Negotiating Parties: Port of Oakland and Various Parties
Agency Negotiator: Director of Maritime, John Driscoll
Under Negotiation: Price and Terms of Tenancy

Property: Roundhouse Middle Harbor Rd
Negotiating Parties: Port of Oakland and Pinnacle Ag Services Inc.
Agency Negotiator: Director of Maritime, John Driscoll
Under Negotiation: Price and Terms of Tenancy

1.4 THREAT TO PUBLIC SERVICES OR FACILITIES – (Pursuant to California Government Code Section 54957).

Consultation with: Aviation Security Manager

ROLL CALL/OPEN SESSION

President Butner reconvened the Open Session of the Regular Meeting of the Board at 3:04 p.m. and the following Commissioners were in attendance:

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

Commissioner Uno was excused.

CLOSED SESSION REPORT

The Deputy Port Attorney, Michelle Heffes, reported that the Board had taken no final Action in Closed Session.

2. CONSENT ITEMS

The Board Secretary introduced the Consent Items.

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

2.1 Resolution: Authorization to Enter into an Agreement to Renew Microsoft Software Licensing for up to 5 Years (Finance & Admin)

2.2 Building Permit Application: Gary Liu – Install Grade-Level Truck Scale For Use By The Tenant (Engineering)
2.3 **Building Permit Application:** Dollar Rent A Car – Relocate Existing Dollar Booth Within Assigned Parking Area *(Engineering)*

2.4 **Building Permit Application:** Shell Pipeline Company – Removal Of Existing Gas Pipeline From The Perimeter Dike *(Engineering)*

2.5 **Ordinance No. 4287,** 2nd Reading Of An Ordinance Approving And Authorizing The Executive Director To Execute A Grant Of Easement To East Bay Municipal Utility (“EBMUD”) To Relocate An Existing Water Line Along 14th Street, Oakland, Ca.

2.6 **Ordinance No. 4288,** 2nd Reading Of An Ordinance Amending Port Ordinance No. 3634 Relating To Fingerprinting Fees At Metropolitan Oakland International Airport.

2.7 **Ordinance No. 4289,** 2nd Reading Of An Ordinance Approving And Authorizing A Space/Use Permit With Swissport Fueling, Inc., To Continue Providing Into-Plane Fueling Services At Oakland International Airport.

2.8 **Ordinance No. 4290,** 2nd Reading Of An Ordinance Approving An Airline Operating Agreement With Norwegian Air Shuttle ASA.

2.9 **Report:** Quarterly Report of Construction Change Orders for 3rd Quarter FY 13/14 *(Engineering)*

*The Motion to approve the Consent Items passed by the following votes: *(5) Ayes:* Commissioner Colbruno, Commissioner Head, 2nd Vice-President Hamlin, 1st Vice President Yee and President Butner; *(2) Excused:* Commissioner Parker and Commissioner Uno.*

3. **MAJOR PROJECTS**

There were no Major Project Items.

4. **BUDGET & FINANCE**

There were no Budget & Finance Items.

5. **STRATEGY & POLICY**

Chief Financial Officer, Sara Lee, reported on Item 5.1.

*A Motion to approve Item 5.1 was made by Commissioner Head, and seconded by Vice-President Yee.*

5.1 **Resolution:** Designation of a Standing Audit Committee of the Board of Port Commissioners *(Finance/Admin & Legal)*

*The Motion to approve Item 5.1 passed by the following votes: *(6) Ayes:* Commissioner Colbruno, Commissioner Head, Commissioner Parker, 2nd Vice-President Hamlin, 1st Vice President Yee and President Butner; *(1) Excused:* Commissioner Uno.*
6. REMAINING ACTION ITEMS

There were no Remaining Action Items.

7. UPDATES/ANNOUNCEMENTS

Commissioner Colbruno reported that he and Commissioner Parker and several Port Staff had participated in Bike To Work Day.

2nd Vice-President Hamlin reported that he had attended the 12th Annual Northern California Power Agency (NCPA) Federal Policy Conference in Washington D.C.

President Butner reported that he, Executive Director, Chris Lytle and Maritime Director, John Driscoll had met with Fernando Chico Pardo, a new investor with Ports America, Michael F. Hassing CEO and President of Ports America and Ed De Nike, President of SSA Containers.

Commissioner Parker reported on Oakland’s very successful hosting of the annual Vader Splash Tech Startup Event. This year’s conference held in Oakland for the first time attracted more than triple the attendance of previous years.

8. SCHEDULING

There were no Scheduling Items.

OPEN FORUM

There were no speakers in Open Forum.

ADJOURNMENT

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

____________________________ _________________
John Betterton, Secretary Date
Board of Port Commissioners
MAJOR PROJECTS

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

TITLE: Approval of Plans and Project Manual and Other Related Authorizations for the North Field Runway Safety Area (NF RSA), Oakland International Airport

AMOUNT: Additional Contract Authorization $1,083,000

PARTIES INVOLVED:

<table>
<thead>
<tr>
<th>Corporate Name/Principal</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kimley-Horn &amp; Associates</td>
<td>Oakland, CA</td>
</tr>
<tr>
<td>Chuck Spinks, Vice President</td>
<td></td>
</tr>
<tr>
<td>URS Corporation Americas</td>
<td>Oakland, CA</td>
</tr>
<tr>
<td>Marty Czarnecki, Senior Vice President</td>
<td></td>
</tr>
<tr>
<td>Federal Aviation Administration (FAA)</td>
<td>Brisbane, CA and</td>
</tr>
<tr>
<td>Construction Contractors</td>
<td>Seattle, WA</td>
</tr>
</tbody>
</table>

TYPE OF ACTION: Resolution

SUBMITTED BY: Deborah Ale Flint, Director of Aviation
              Chris Chan, Director of Engineering

SCHEDULED FOR BOARD: June 5, 2014

APPROVED BY: J. Christopher Lytle, Executive Director

SUMMARY

The purpose of this Agenda Report is to request approval by the Board of Port Commissioners (Board) of the actions associated with continued implementation of the ongoing Runway Safety Area (RSA) Project at Oakland International Airport (OAK), approximately 80% of which is expected to be funded by Federal Aviation Administration (FAA) Airport Improvement Program (AIP) existing and future grants. The RSA Project is included in the 5-year Capital Needs Assessment (CNA) budget which will be going to the Board for approval on June 26, 2014. Since the project’s inception, about $49 million has been spent on North Field (NF) and South Field (SF) RSA design and environmental mitigation and South Field construction.

Consistent with the Board’s prior approvals, Port staff is seeking 13 Board actions requested in this Agenda Report:
1. Authorize the Director of Engineering to approve Plans and Project Manual for the main NF RSA project;

2. Authorize the Director of Engineering to approve Plans and Project Manual for the Runway 10R-28L Shoulder Rehabilitation Project designated for the NF RSA SBE pilot program;

3. Authorize the Director of Engineering to approve Plans and Project Manual for the Demolition of Pump House No. 3 and Drainage Improvement Project designated for the NF RSA SBE pilot program;

4. Authorize the Director of Engineering to approve Plans and Project Manual for the North Field Vehicle Service Road (VSR) Paving Project designated for the NF RSA SBE pilot program;

5. Authorize the Executive Director to advertise the main NF RSA project and three (3) associated SBE projects for bids;

6. Authorize the Executive Director to waive standard bidding practices for the three projects designated for the NF RSA SBE pilot program;

7. Authorize the Executive Director the option to advertise any of the three (3) SBE projects to general contractor pool should less than two (2) SBE bids be received for any of the SBE projects;

8. Authorize the Executive Director to award the contract for NF RSA construction to the lowest responsible responsive bidder in the amount not to exceed $38,380,000;

9. Authorize the Executive Director to award the contract for Runway 10R-28L Shoulder Rehabilitation Project construction to the lowest responsible responsive bidder in the amount not to exceed $311,000;

10. Authorize the Executive Director to award the contract for Demolition of Pump House No. 3 and Drainage Improvement Project construction to the lowest responsible responsive bidder in the amount not to exceed $369,000;

11. Authorize the Executive Director to award the contract for North Field VSR Paving Project construction to the lowest responsible responsive bidder in the amount not to exceed $1,262,000;

12. Authorize the Executive Director to resolve any bid protests in accordance with Port Ordinance No. 1606;

13. Authorize the Executive Director to negotiate and execute a First Supplemental Agreement with Kimley-Horn and Associates to increase Kimley-Horn and Associates contract by an amount not to exceed $883,000 for a total maximum contract amount not to exceed $6,541,000; and

14. Authorize the Executive Director to negotiate and execute a Third Supplemental Agreement with URS Corporation and authorize the increase of URS Corporation’s contract by an amount not to exceed $200,000 for a total maximum contract amount not to exceed $8,039,500.

**FACTUAL BACKGROUND**

The ongoing RSA Project at OAK is a Congressionally-mandated aviation safety project and is one of the implementing actions in the Port Strategic Plan. Congress mandated that all Part 139-certificated airports (which includes OAK) improve RSAs to meet FAA...
standards by December 31, 2015. While no specific penalties are included in the law, non-compliance could jeopardize future federal funding and operating authority at OAK.

The RSA Project includes both the South and North airfields at OAK. The SF RSA portion of the work is currently under construction and is scheduled to be complete in September 2014. Ongoing work on the SF RSA includes major modifications to the main air carrier runway (Runway 12/30), replacement of the existing airfield lighting control system, addition of two new taxiways, relocation of instrument landing system equipment, shifting the threshold of Runway 12 by 512 feet, repaving approximately 2,500 linear feet of runway, and enhanced signage and markings. The total expected budget for the SF RSA improvements is approximately $60 million.

On May 22, 2014, the Board approved the addition of the construction and construction management services, Engineered Materials Arresting System (EMAS) purchase agreement, and FAA Reimbursement Agreement budget for the NF RSA of approximately $52.1 million. The total NF RSA budget, including previously authorized budget of $9 million for design and environmental mitigation, is about $61.1 million.

ANALYSIS

NF RSA Scope of Work

In general, the NF RSA scope of work consists of: relocating an airfield vehicle service road (VSR) west of Runways 10R and 10L; relocating the VSR east of Runways 28R and 28L; reducing the usable Runway 10L length by implementing declared distances; grading of the Extended Runway Safety Areas (ERSA); installing an EMAS (similar to a runaway truck ramp) west of the approach end of Runway 10R; mitigating various non-compliant conditions regarding surface grades, poor soil conditions, and fragility of signs and Navigational aids (NAVAIDS) in the lateral RSAs and the ERSAs; installing storm water collection and conveyance systems to improve drainage of the RSAs; replacing airfield lighting cables; and replacing and improving associated electrical power infrastructure.

Small Business Enterprise (SBE) Pilot Projects

On February 28, 2011 the United States Department of Transportation (USDOT) amended 49 Code of Federal Regulations (CFR) Part 26, the federal regulations pertaining to disadvantaged business enterprise (DBE) participation in federally assisted construction contracts, requiring USDOT grant recipients (FAA, FTA, FHWA) to include a mandatory small business participation component to their DBE Program. In response, the Port implemented an FAA approved SBE pilot program for the SF RSA project. The pilot program was designed to provide a list of pre-qualified SBE subcontractors that the prime contractor would be required to utilize on specific bid items. The overall small-business response did not produce an adequate pool of qualified firms to proceed as originally envisioned for the SF RSA project. The challenges for small business fell into two major categories: 1) some firms did not possess the requisite experience or license or provide all the services requested in a single subcontractor package; and, 2) firms were not able to
provide audited or reviewed financial documentation that met the Port's minimum standards.

Independent of the Port's pilot program, the prime contractor on the SF RSA project did include a number of SBE subcontractors in the bid. The dollar value of this SBE work is expected to total approximately 7.2% of the bid by the end of construction.

Based on lessons learned from SF RSA, Port staff developed a new pilot program specifically for the NF RSA. This program addresses the small business utilization for NF RSA using independent carve-out packages of work to be bid and awarded to SBE contractors directly by the Port. The FAA approved this approach for NF RSA.

The small business utilization strategy for NF RSA incorporates the lessons-learned from the SF RSA pilot effort by initiating a two-pronged approach that promotes small business participation on the main NF RSA project as well as utilizing carve-outs on the project:

1. In the main NF RSA project, the contract will require the successful low bidder to seek bids for certain components of work to SBE-certified firms. In addition, Port staff will strongly encourage the prime general contractor to seek out SBEs to subcontract services (i.e. subcontracting and provision of supplies and materials) for the main NF RSA project prior to bid award. Staff will facilitate a meet and greet between the potential general contractors, SBEs and DBEs to help facilitate the maximum amount of SBE/DBE participation.

2. For this pilot, Port staff has identified specific independent project packages that will be bid separately from the main NF RSA project solely for SBE contractors.

Parameters for these projects included:

- SBE carve out projects were tailored to be successfully managed and completed by small business enterprises (project sizes allow for a greater number of SBEs)

- SBE carve out projects were chosen where licenses are held by a large pool of certified SBE contractors to ensure a viable pool of potential applicants.

From this strategy, Port staff evaluated components from the NF RSA project scope and selected those components that would not have a direct effect on the schedule of the main NF RSA project. These components were developed into three (3) individual bid packages for participation solely by SBE contractors as described below:

1. Runway 10R-28L Shoulder Rehabilitation Project. Work scope for this project includes crack sealing; installing a seal coat over the entire runway shoulder pavement; and pavement striping.
2. Demolition of Pump House No. 3 and Drainage Improvement Project. The scope of this project includes the demolition of existing obsolete Pump House No. 3 structure; removal of demolition debris; grading; and installation of new drainage pipe.

3. North Field VSR Paving project. The scope of this project consists of base material installation; fine grading; asphalt concrete paving; and pavement striping and marking.

Schedule

Bids are expected to be opened for the main NF RSA project and associated SBE projects on the following dates:

<table>
<thead>
<tr>
<th>Project</th>
<th>Estimated Bid Opening</th>
</tr>
</thead>
<tbody>
<tr>
<td>Main NF RSA</td>
<td>July 2014</td>
</tr>
<tr>
<td>10R-28L Shoulder Rehabilitation</td>
<td>March 2015</td>
</tr>
<tr>
<td>Demolition of Pump House No. 3 and Drainage Improvement</td>
<td>March 2015</td>
</tr>
<tr>
<td>North Field VSR Paving</td>
<td>June 2015</td>
</tr>
</tbody>
</table>

All projects will be completed prior to December 2015.
NF RSA Construction Phase (Action Items 1-4 and 8-11)

Port staff recommends that the Board authorize the Director of Engineering to approve the Final Plans and Project Manual for the following projects and authorize the Executive Director to award the amounts not to exceed the amounts listed:

1. Main NF RSA Project - $38,380,000
2. Runway 10R-28L Shoulder Rehabilitation Project (SBE) - $311,000
3. Demolition of Pump House No. 3 and Drainage Improvement Project (SBE) - $369,000
4. North Field VSR Paving Project (SBE) - $1,262,000

The final Plans and Project Manual for all projects will require approval by the FAA prior to solicitation for bids.

Port staff recommends that the Board authorize the Executive Director to advertise for bids the main NF RSA and three (3) SBE carve-out projects. Port staff recommends that the Board authorize the Executive Director to waive standard bidding practices for the three projects designated for the NF RSA SBE pilot program. Should any of the SBE projects received less than two (2) bids, Port staff requests the Board to authorize the Executive Director the option to re-bid the SBE carve-out projects to the general contractor pool. (Action Items 5 - 7)

Resolve Bid Protests (Action Item 12)

Authority is sought for the Executive Director to resolve bid protests for the above projects in accordance with Port Ordinance No. 1606.

Supplemental Budget for Kimley-Horn and Associates (Action Item 13)

The Kimley-Horn and Associates (KHA) contract for design and construction management services was negotiated at $5,657,908.98. During the design of the NF RSA project, Port staff directed KHA to design additional project scope that included the SBE carve-out packages and new airfield electrical items. To maintain the project schedule, Port staff re-allocated KHA’s construction management budget to cover the additional design scope. In addition, Port staff re-evaluated KHA’s remaining construction management fee and concluded that KHA’s remaining budget would be inadequate to support the construction of the NF RSA through project completion in December 2015 and project closeout. Therefore, Port staff seeks authority to increase KHA’s contract by an amount not-to-exceed $883,000 to cover the additional design and construction management effort for a total maximum contract amount not to exceed $6,541,000.

Supplemental Budget for URS Corporation (Action Item 14)
URS Corporation (URS) was previously the consultant for the NF RSA alternative studies and conceptual design. They are the design and construction management consultant for the SF RSA project which is currently in construction. URS’ contract for design and construction management services was negotiated at $7,839,500.00. During the design of the NF RSA, KHA required support from URS to perform field activities and analysis to support KHA’s geotechnical investigation. Port staff requests authority to increase URS’ contract by an amount not-to-exceed $200,000 effort for a total maximum contract amount not to exceed $8,039,500. The SF RSA project budget is unaffected by this action as the cost for the additional URS work will be captured under the NF RSA project budget.

STRATEGIC PLAN

The RSA Project as a whole, and the projects recommended in this Agenda Report, help the Port achieve the following Strategic Plan Goals and Objectives:

<table>
<thead>
<tr>
<th>STRATEGIC PRIORITY AREAS</th>
<th>GOAL</th>
<th>OBJECTIVE</th>
<th>HOW PROJECT IMPLEMENTS</th>
<th>WHEN PROJECT IMPLEMENTS</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>1. Maximize the use of existing assets.</td>
<td>The RSA Project ensures continued airfield compliance of existing runways with FAA safety standards. Failure to implement this project poses unknown risks to the FAA certification of OAK.</td>
<td>North Field construction is planned to begin in fall 2014 and be completed in December 2015.</td>
</tr>
<tr>
<td></td>
<td>Goal A: Create Sustainable Economic Growth for the Port and Beyond</td>
<td>3. Increase revenue, job creation and small business growth.</td>
<td>Overall project expected to generate approximately $121 million in expenditures. Pilot small business set-aside program will be implemented setting aside three projects</td>
<td>Throughout SF and NF RSA project cycle.</td>
</tr>
<tr>
<td></td>
<td>Goal B: Maintain And Aggressively Grow Core Businesses</td>
<td>1. Retain existing customers and tenants.</td>
<td>The RSA Project is necessary to continue to operate existing tenant-serving airfield facilities within the airport complex.</td>
<td>Throughout design and construction.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3. Price Port services to provide a highly competitive value.</td>
<td>The necessary RSA airfield improvements will be leveraged with federal grants to the extent possible, thereby reducing airline rates and changes costs.</td>
<td>Throughout design, construction and ongoing facility operations.</td>
</tr>
</tbody>
</table>
### STRATEGIC PRIORITY AREAS

<table>
<thead>
<tr>
<th>GOAL</th>
<th>OBJECTIVE</th>
<th>HOW PROJECT IMPLEMENTS</th>
<th>WHEN PROJECT IMPLEMENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Goal C:</strong> Promote Equitable Community Access to Employment and Business Opportunities</td>
<td>2. Conduct comprehensive communication and outreach to stakeholders and strategic partners to improve workforce and small business opportunities.</td>
<td>Pilot small business set aside program will be implemented with this project. Specific pre-bids for each SBE set aside will take place.</td>
<td>Throughout design and construction.</td>
</tr>
<tr>
<td><strong>Goal F:</strong> Obtain Maximum External Grants and Government Funding</td>
<td>2. Partner with other agencies to create joint grant strategies.</td>
<td>The RSA Project is a top priority of the FAA and the Port has worked closely with the Agency to obtain federal grants for 80% of project costs.</td>
<td>Throughout design and construction.</td>
</tr>
<tr>
<td><strong>Goal G:</strong> Sustain Healthy Communities Through Leading Edge Environmental Stewardship</td>
<td>4. Continue to provide quality public access and open space at a financially-sustainable level.</td>
<td>RSA Project will relocate inaccessible fragmented wetlands on Airport property with contiguous higher-value off-site mitigation that will be available to the public.</td>
<td>Implemented in 2013 through purchase of mitigation credits for the project.</td>
</tr>
</tbody>
</table>

### BUDGET & FINANCIAL IMPACT

On May 22, 2014, the Board approved and authorized an increase to the NF RSA project budget of $52.1 million. Including $9 million in previous approvals, the total NF RSA project budget is $61.1 million. No Board action is sought in this Agenda Report concerning the total NF RSA project budget. Table 1 shows the re-allocation of the NF RSA budget from contractor to consultant to cover the requested Board action.
Table 1
Previously Approved Budget for NF RSA Construction ($000s)

<table>
<thead>
<tr>
<th>Item</th>
<th>May 22nd, 2014 Total Budget</th>
<th>Re-allocated Total Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contractor Cost¹</td>
<td>44,773</td>
<td>43,690</td>
</tr>
<tr>
<td>Consultant Cost²</td>
<td>5,940</td>
<td>7,023</td>
</tr>
<tr>
<td>Port Labor and Labor Overhead Cost</td>
<td>3,735</td>
<td>3,735</td>
</tr>
<tr>
<td>Wetland and Species Mitigation Cost</td>
<td>2,534</td>
<td>2,534</td>
</tr>
<tr>
<td>Other³</td>
<td>1,743</td>
<td>1,743</td>
</tr>
<tr>
<td>FAA RA Agreement #4</td>
<td>2,420</td>
<td>2,420</td>
</tr>
<tr>
<td>Total</td>
<td>61,145</td>
<td>61,145</td>
</tr>
</tbody>
</table>

Note: The figures presented are based on estimates. Staff recommends that the total amount not be exceeded, but requests flexibility within the items in terms of balancing overages with underruns.

**STAFFING IMPACT**

It is anticipated that the work described in this Agenda Report can be accomplished with a combination of consultant and Port staffing.

**SUSTAINABILITY**

Port staff anticipates opportunities for implementing energy efficient measures with respect to the design of the project. These measures will include demolition materials reuse, and use of materials with recycled content. In addition, any excess clean material (i.e. asphalt/concrete waste) generated from the paving activities will be transported and disposed of at the airport’s Materials Management Program (MMP) Site to be re-used for future projects.

The wetland and species mitigation options recommended in this report, present the most efficient long-term alternatives for the Port to meet its environmental mitigation requirements. These options will minimize future Port resource needs for long-term monitoring and maintenance of the environmental mitigation.

**ENVIRONMENTAL**

CEQA Determination: The Port is required to conduct an environmental impact analysis pursuant to the California Environmental Quality Act (CEQA) as part of all of its project

¹ Includes EMAS purchase agreement cost of $3,022,000, applicable sales tax, contractor bids, change order allowance per Port Ordinance 1606, and other miscellaneous costs.
² Includes Consultant non-labor overhead and requested consultant amount in this agenda report.
³ Includes permit fees, OCIP, non-labor overhead.
development, approval, and entitlement processes. As authorized by the Board of Port Commissioners, the Port’s Executive Director approved the Initial Study/Mitigated Negative Declaration (IS/MND) at a special public hearing for the RSA project on September 7, 2012. A Notice of Decision was circulated for 14 days, and the decision became final on September 21, 2012. Following this, a Notice of Determination was filed with the Alameda County’s Recorder’s office.

The IS/MND analyzed construction of the NF RSA. Therefore, approval of Plans and Project Manual, authority to advertise, authority to award the NF RSA and associated SBE projects, and authority to resolve bid protests in accordance with Port Ordinance No. 1606 is within the scope of the RSA project and has already been adequately evaluated under CEQA. No further CEQA analysis or documentation related to these action items is required.

NEPA Determination: Due to the use of federal funds, the Port prepared an Environmental Assessment in coordination with FAA. The Final Environmental Assessment and associated Finding of No Significant Impact/Record of Decision was signed by FAA on August 17, 2012.

Permits: This project requires permits from the SF Bay Regional Water Quality Control Board (RWQCB) and the Army Corps of Engineers (ACOE) due to impacts to jurisdictional wetlands and other waters. A Section 401 Clean Water Act Water Quality Certification was received from the RWQCB on February 7, 2013, and a Section 404 Clean Water Act individual permit was received from the ACOE on March 15, 2013 for the entire RSA project (South and North Fields). However, due to changes in the North Field RSA design since these permits were received, the RWQCB and the ACOE requested that Port staff amend its permit applications. Port staff provided the regulatory agencies with revised permit applications on April 30, 2014, and anticipate receiving revised permits prior to issuing the contractor’s notice to proceed.

MARITIME AND AVIATION PROJECT LABOR AGREEMENT (MAPLA)

The provisions of the Port of Oakland Maritime and Aviation Project Labor Agreement (MAPLA) will apply to the RSA construction project funded by the FAA, an agency of the U.S. Department of Transportation (DOT), with the following exception: For the purposes of DOT funded projects, the provisions of MAPLA permitting the possible imposition of sanctions and/or binding arbitration for failure to demonstrate “good faith” efforts to meet local hiring goals do not apply.

The supplemental agreements are for professional services that do not include construction testing and inspection; and, therefore, the provisions MAPLA do not apply to the work of the supplemental agreements.

OWNER CONTROLLED INSURANCE PROGRAM (OCIP)

As the construction and design projects are capital improvement projects, the applicable Owner Controlled Insurance Program (OCIP) coverages and provisions apply to the
construction phase and the Professional Liability Insurance Program (PLIP) coverages and provisions apply to the design phase.

GENERAL PLAN

Pursuant to Section 727 of the City of Oakland Charter, the RSA project authorized by the actions recommended herein has been determined to conform to the policies for the transportation designation of the Oakland General Plan.

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”), do not apply to the construction portion of this report, because the contract is a construction contract covered by the federal prevailing wage rules and the prevailing rate of wage is higher than the wage required by the Living Wage Regulations. However, living wage requirements will apply to the construction management services if the service provider employs 21 or more employees working on Port-related work.

OPTIONS

1. Approve the actions as outlined in this agenda report. This is the recommended option.

2. Approve the actions for the main NF RSA project, but not approve the SBE carve-out projects. This option would be inconsistent with the federal mandate for including meaningful SBE participation and utilization in the DBE program for federally funded projects in the construction of the NF RSA. Additionally, some of the SBE carve-out projects would be re-integrated into the main NF RSA project and would require design modifications delaying the overall NF RSA schedule. For these reasons, this option is not recommended.

3. Do not proceed with the actions as requested in this Agenda Report. This is not recommended because the RSA Project is required to be completed by December 31, 2015 per Public Law (PL) 109-115 and not taking the actions will result in a potential delay of this project past the mandated December 31, 2015 deadline for completing RSA projects nationwide.

RECOMMENDATIONS

It is recommended that the Board adopt a resolution to:

1. Authorize the Director of Engineering to approve Plans and Project Manual for the main NF RSA project;
2. Authorize the Director of Engineering to approve Plans and Project Manual for the Runway 10R-28L Shoulder Rehabilitation Project designated for the NF RSA SBE pilot program;
3. Authorize the Director of Engineering to approve Plans and Project Manual for the Demolition of Pump House No. 3 and Drainage Improvement Project designated for the NF RSA SBE pilot program;
4. Authorize the Director of Engineering to approve Plans and Project Manual for the North Field VSR Paving Project designated for the NF RSA SBE pilot program;
5. Authorize the Executive Director to advertise the main NF RSA project and three (3) associated SBE projects for bids;
6. Authorize the Executive Director to waive standard bidding practices for the three projects designated for the NF RSA SBE pilot program;
7. Authorize the Executive Director the option to advertise any of the three (3) SBE projects to general contractor pool should less than two (2) SBE bids be received for any of the SBE projects;
8. Authorize the Executive Director to award the contract for NF RSA construction to the lowest responsible responsive bidder in the amount not to exceed $38,380,000;
9. Authorize the Executive Director to award the contract for Runway 10R-28L Shoulder Rehabilitation Project construction to the lowest responsible responsive bidder in the amount not to exceed $311,000;
10. Authorize the Executive Director to award the contract for Demolition of Pump House No. 3 and Drainage Improvement Project construction to the lowest responsible responsive bidder in the amount not to exceed $369,000;
11. Authorize the Executive Director to award the contract for North Field VSR Paving Project construction to the lowest responsible responsive bidder in the amount not to exceed $1,262,000;
12. Authorize the Executive Director to resolve any bid protests in accordance with Port Ordinance No. 1606;
13. Authorize the Executive Director to negotiate and execute a First Supplemental Agreement with Kimley-Horn and Associates to increase Kimley-Horn and Associates contract by an amount not to exceed $883,000 for a total maximum contract amount not to exceed $6,541,000; and
14. Authorize the Executive Director to negotiate and execute a Third Supplemental Agreement with URS Corporation and authorize the increase of URS Corporation's contract by an amount not to exceed $200,000 for a total maximum contract amount not to exceed $8,039,500.
BOARD OF PORT COMMISSIONERS
CITY OF OAKLAND

RESOLUTION AUTHORIZING THE DIRECTOR OF ENGINEERING TO APPROVE THE PROJECT MANUAL AND PLANS FOR CONSTRUCTION OF RUNWAY SAFETY AREA IMPROVEMENTS, NORTH FIELD, OAKLAND INTERNATIONAL AIRPORT, OAKLAND, CALIFORNIA; CALLING FOR BIDS THEREFOR; AND AUTHORIZING THE EXECUTIVE DIRECTOR TO AWARD A CONTRACT TO THE LOWEST RESPONSIBLE RESPONSIVE BIDDER IN TOTAL AGGREGATE AMOUNT NOT TO EXCEED $38,380,000.

WHEREAS, the Board of Port Commissioners ("Board") has reviewed and evaluated the Agenda Report Item 31 dated June 5, 2014 ("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; and

WHEREAS, 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:

Now, therefore, be it resolved as follows:

SECTION 1. Based upon the information contained in the Agenda Report, and testimony received, the Board finds that:

A. It is in the best interest of the Port to authorize the project for Construction of Runway Safety Area Improvements, North Field, Oakland International Airport, Oakland, California, AIP 3-06-0170-(FUTURE) ("North Field RSA");
B. The development and use provided for in the project manual and the subsequent use of the development approved by this resolution are in conformity with the General Plan of the City; and be it

C. Pursuant to Port Ordinance 1606, Section 22, it is in the best interest of the Port to delegate to the Executive Director the authority to finally resolve all bid protests in connection with this project.

SECTION 2. The Board hereby approves the following:

A. Delegation of authority to the Director of Engineering to approve the Plans and Project Manual for Construction of the North Field RSA project.

B. Advertising for bids for the construction of the North Field RSA project.

C. Award of a contract for construction of the North Field RSA to the lowest responsible responsive bidder, in a total aggregate amount not to exceed $38,380,000.

D. Rejection of all other bids received for the North Field RSA project and direction that securities accompanying said bids shall be returned to the respective bidders.

SECTION 3. The Board hereby authorizes the Executive Director to:

A. Finally resolve bid protests in connection with this project pursuant to Port Ordinance 1606, Section 22.

B. Award contract to the lowest responsible responsive bidder, based upon the receipt of formal sealed bids, for the North Field RSA project, in a total aggregate amount not to exceed $38,380,000.

SECTION 4. The Board further finds that:

A. The Director or Engineering or his designee is authorized to approve the project manual and plans for the North Field RSA in advance of construction, pursuant to Government Code Section 830.6.

B. The Secretary of the Board is hereby authorized to advertise for four consecutive days in the official newspaper of the City of Oakland for sealed bids for the project, not less than ten calendar days prior to the date set for receiving said bids.

C. The provisions of the Maritime and Aviation Project Labor Agreement ("MAPLA") apply to this project. However, for
purposes of this project, which is funded through an agency or
agencies of the United States Department of Transportation, the
provisions of the MAPLA permitting the possible imposition of
sanctions and/or binding arbitration for failure to demonstrate "good
faith" efforts to meet local hiring goals have been deemed
inapplicable.

D. A bond for the faithful performance of the work, and a
bond to guarantee the payment of all claims for labor and materials
furnished and for amounts due under the Unemployment Insurance Code,
each in the amount of one hundred percent (100%) of the contract price
shall be provided by the Contractor as prescribed by applicable laws and
regulations and the contract specifications.

E. The procedure prescribed by applicable laws,
regulations and the contract specifications shall be taken for the
executed of said contract.

SECTION 5. As authorized by the Board, the Executive Director
approved the Initial Study/Mitigated Negative Declaration ("IS/MND")
at a special public hearing for the RSA project on September 7, 2012.
A Notice of Declaration was circulated for 14 days, and the decision
became final on September 21, 2012. A Notice of Determination was
filed with the Alameda County Recorder's Office.

NEPA Determination: Due to the use of federal funds, the Port
prepared an Environmental Assessment in coordination with the FAA.
The Final Environmental Assessment and associated Finding of No
Significant Impact/Record of Decision was signed by the FAA on August
17, 2012.

Permits: This project requires permits from the San Francisco Bay
Area Regional Water Quality Board ("RWQCB") and the Army Corps of
Engineers ("ACOE") due to impacts to jurisdictional wetlands and other
waters. A Section 401 Clean Water Act Water Quality Certification was
received from the RWQCB on February 7, 2013, and a Section 404 Clean
Water Act individual permit as received from ACOE on March 15, 2013
for the entire RSA project (South and North Fields). However, due to
changes in the North Field RSA design since there permits were
received, the RWQCB and the ACOE requested that Port staff amend its
permit applications. Port staff provided the regulatory agencies with
revised permit applications on April 30, 2014, and anticipates
receiving revised permits prior to issuing the contractor's notice to
proceed.

SECTION 6. 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(s) in accordance
with the terms of this resolution. Unless and until a separate
written agreement(s) 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(s).
RESOLUTION AUTHORIZING THE DIRECTOR OF ENGINEERING TO APPROVE THE PROJECT MANUAL AND PLANS FOR DEMOLITION OF PUMP HOUSE NO. 3 AND DRAINAGE IMPROVEMENTS, NORTH FIELD, OAKLAND INTERNATIONAL AIRPORT, OAKLAND, CALIFORNIA; CALLING FOR BIDS THEREFOR; AND AUTHORIZING THE EXECUTIVE DIRECTOR TO AWARD A CONTRACT TO THE LOWEST RESPONSIBLE RESPONSIVE BIDDER IN TOTAL AGGREGATE AMOUNT NOT TO EXCEED $369,000.

WHEREAS, the Board of Port Commissioners ("Board") has reviewed and evaluated the Agenda Report Item 3.1 dated June 5, 2014 ("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; and

WHEREAS, 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:

Now, therefore, be it resolved as follows:

SECTION 1. Based upon the information contained in the Agenda Report, and testimony received, the Board finds that:

A. It is in the best interest of the Port to authorize the project for the Runway Demolition of Pump; House No. 3 and Drainage Improvements, North Field, Oakland International Airport, Oakland, California, ATP 3-06-0170-(FUTURE) ("Demolition of Pump House No. 3") without standard bidding procedures.
B. The development and use provided for in the project manual and the subsequent use of the development approved by this resolution are in conformity with the General Plan of the City; and be it

C. Pursuant to Port Ordinance 1606, Section 22, it is in the best interest of the Port to delegate to the Executive Director the authority to finally resolve all bid protests in connection with this project.

SECTION 2. The Board hereby approves the following:

A. Delegation of authority to the Director of Engineering to approve the Plans and Project Manual for construction of the Demolition of Pump House No. 3 project.

B. Waving standard bidding procedures for the construction of the Demolition of Pump House No. 3 project.

C. Advertising for bids for the construction of the Demolition of Pump House No. 3 project.

D. Award of a contract for construction of the Demolition of Pump House No. 3 project, based upon the receipt of at least two (informal proposals) bids from qualified SBE/DBE contractors, in a total aggregate amount not to exceed $369,000.

E. Rejection of all other bids received for the North Field VSR Paving project and direction that securities accompanying said bids shall be returned to the respective bidders.

SECTION 3. The Board hereby authorizes the Executive Director to:

A. Finally resolve bid protests in connection with this project pursuant to Port Ordinance 1606, Section 22.

B. Award contract to the lowest responsible responsive SBE/DBE bidder, based upon the receipt of at least two (2) formal sealed bids, for the Demolition of Pump House No. 3 project, in a total aggregate amount not to exceed $369,000.

C. Have the option to advertise the project for construction of the Demolition of Pump House No. 3 project to the general contracting community should less than two (2) qualified SBE/DBE bids be received, and to award a contract to the lowest responsible responsive bidder, based upon the receipt of formal sealed bids, for the construction of the Demolition of Pump House No. 3 project, in a total aggregate amount not to exceed $369,000.

SECTION 4. The Board further finds that:
A. The Director or Engineering or his designee is authorized to approve the project manual and plans for the Demolition of Pump House No. 3 in advance of construction, pursuant to Government Code Section 830.6.

B. The Secretary of the Board is hereby authorized to advertise for four consecutive days in the official newspaper of the City of Oakland for sealed bids for the project, not less than ten calendar days prior to the date set for receiving said bids.

C. The provisions of the Maritime and Aviation Project Labor Agreement ("MAPLA") apply to this project. However, for purposes of this project, which is funded through an agency or agencies of the United States Department of Transportation, the provisions of the MAPLA permitting the possible imposition of sanctions and/or binding arbitration for failure to demonstrate "good faith" efforts to meet local hiring goals have been deemed inapplicable.

D. A bond for the faithful performance of the work, and a bond to guarantee the payment of all claims for labor and materials furnished and for amounts due under the Unemployment Insurance Code, each in the amount of one hundred percent (100%) of the contract price shall be provided by the Contractor as prescribed by applicable laws and regulations and the contract specifications.

E. The procedure prescribed by applicable laws, regulations and the contract specifications shall be taken for the executed of said contract.

SECTION 5. As authorized by the Board, the Executive Director approved the Initial Study/Mitigated Negative Declaration ("IS/MND") at a special public hearing for the RSA project on September 7, 2012. A Notice of Declaration was circulated for 14 days, and the decision became final on September 21, 2012. A Notice of Determination was filed with the Alameda County Recorder's Office.

NEPA Determination: Due to the use of federal funds, the Port prepared an Environmental Assessment in coordination with the FAA. The Final Environmental Assessment and associated Finding of No Significant Impact/Record of Decision was signed by the FAA on August 17, 2012.

Permits: This project requires permits from the San Francisco Bay Area Regional Water Quality Board ("RWQCB") and the Army Corps of Engineers ("ACOE") due to impacts to jurisdictional wetlands and other waters. A Section 401 Clean Water Act Water Quality Certification was received from the RWQCB on February 7, 2013, and a Section 404 Clean Water Act individual permit as received from ACOE on March 15, 2013 for the entire RSA project (South and North Fields). However, due to changes in the North Field RSA design since there permits were received, the RWQCB and the ACOE requested that Port staff amend its
permit applications. Port staff provided the regulatory agencies with revised permit applications on April 30, 2014, and anticipates receiving revised permits prior to issuing the contractor’s notice to proceed.

SECTION 6. 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(s) in accordance with the terms of this resolution. Unless and until a separate written agreement(s) 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(s).
RESOLUTION AUTHORIZING THE DIRECTOR OF ENGINEERING TO APPROVE THE PROJECT MANUAL AND PLANS FOR THE NORTH FIELD VEHICLE SERVICE ROAD PAVING, OAKLAND INTERNATIONAL AIRPORT, OAKLAND, CALIFORNIA; CALLING FOR BIDS THEREFOR; AND AUTHORIZING THE EXECUTIVE DIRECTOR TO AWARD A CONTRACT TO THE LOWEST RESPONSIBLE RESPONSIVE BIDDER IN TOTAL AGGREGATE AMOUNT NOT TO EXCEED $1,262,000.

WHEREAS, the Board of Port Commissioners ("Board") has reviewed and evaluated the Agenda Report Item 3.1 dated June 5, 2014 ("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; and

WHEREAS, 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:

Now, therefore, be it resolved as follows:

SECTION 1. Based upon the information contained in the Agenda Report, and testimony received, the Board finds that:

A. It is in the best interest of the Port to authorize the project for the North Field Vehicle Service Road Paving, Oakland International Airport, Oakland, California, AIP 3-06-0170-(FUTURE) ("North Field VSR Paving") without standard bidding procedures.
B. The development and use provided for in the project manual and the subsequent use of the development approved by this resolution are in conformity with the General Plan of the City; and be it

C. Pursuant to Port Ordinance 1606, Section 22, it is in the best interest of the Port to delegate to the Executive Director the authority to finally resolve all bid protests in connection with this project.

SECTION 2. The Board hereby approves the following:

A. Delegation of authority to the Director of Engineering to approve the Plans and Project Manual for construction of the North Field VSR Paving project.

B. Waving standard bidding procedures for the construction of the North Field VSR Paving project.

C. Advertising for bids for the construction of the North Field VSR Paving project.

D. Award of a contract for construction of the North Field VSR Paving project, based upon the receipt of at least two (informal proposals) bids from qualified SBE/DBE contractors, in a total aggregate amount not to exceed $1,262,000.

E. Rejection of all other bids received for the North Field VSR Paving project and direction that securities accompanying said bids shall be returned to the respective bidders.

SECTION 3. The Board hereby authorizes the Executive Director to:

A. Finally resolve bid protests in connection with this project pursuant to Port Ordinance 1606, Section 22.

B. Award contract to the lowest responsible responsive SBE/DBE bidder, based upon the receipt of at least two (2) formal sealed bids, for the North Field VSR Paving project, in a total aggregate amount not to exceed $1,262,000.

C. Have the option to advertise the project for construction of the North Field VSR Paving project to the general contracting community should less than two (2) qualified SBE/DBE bids be received, and to award a contract to the lowest responsible responsive bidder, based upon the receipt of formal sealed bids, for the construction of the North Field VSR Paving project, in a total aggregate amount not to exceed $1,262,000.

SECTION 4. The Board further finds that:
A. The Director or Engineering or his designee is authorized to approve the project manual and plans for the North Field RSA in advance of construction, pursuant to Government Code Section 830.6.

B. The Secretary of the Board is hereby authorized to advertise for four consecutive days in the official newspaper of the City of Oakland for sealed bids for the project, not less than ten calendar days prior to the date set for receiving said bids.

C. The provisions of the Maritime and Aviation Project Labor Agreement ("MAPLA") apply to this project. However, for purposes of this project, which is funded through an agency or agencies of the United States Department of Transportation, the provisions of the MAPLA permitting the possible imposition of sanctions and/or binding arbitration for failure to demonstrate "good faith" efforts to meet local hiring goals have been deemed inapplicable.

D. A bond for the faithful performance of the work, and a bond to guarantee the payment of all claims for labor and materials furnished and for amounts due under the Unemployment Insurance Code, each in the amount of one hundred percent (100%) of the contract price shall be provided by the Contractor as prescribed by applicable laws and regulations and the contract specifications.

E. The procedure prescribed by applicable laws, regulations and the contract specifications shall be taken for the executed of said contract.

SECTION 5. As authorized by the Board, the Executive Director approved the Initial Study/Mitigated Negative Declaration ("IS/MND") at a special public hearing for the RSA project on September 7, 2012. A Notice of Declaration was circulated for 14 days, and the decision became final on September 21, 2012. A Notice of Determination was filed with the Alameda County Recorder’s Office.

NEPA Determination: Due to the use of federal funds, the Port prepared an Environmental Assessment in coordination with the FAA. The Final Environmental Assessment and associated Finding of No Significant Impact/Record of Decision was signed by the FAA on August 17, 2012.

Permits: This project requires permits from the San Francisco Bay Area Regional Water Quality Board ("RWQCB") and the Army Corps of Engineers ("ACOE") due to impacts to jurisdictional wetlands and other waters. A Section 401 Clean Water Act Water Quality Certification was received from the RWQCB on February 7, 2013, and a Section 404 Clean Water Act individual permit as received from ACOE on March 15, 2013 for the entire RSA project (South and North Fields). However, due to changes in the North Field RSA design since these permits were received, the RWQCB and the ACOE requested that Port staff amend its
permit applications. Port staff provided the regulatory agencies with revised permit applications on April 30, 2014, and anticipates receiving revised permits prior to issuing the contractor’s notice to proceed.

SECTION 6. 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(s) in accordance with the terms of this resolution. Unless and until a separate written agreement(s) 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(s).
BOARD OF PORT COMMISSIONERS
CITY OF OAKLAND

RESOLUTION AUTHORIZING THE DIRECTOR OF ENGINEERING TO APPROVE THE PROJECT MANUAL AND PLANS FOR CONSTRUCTION OF THE RUNWAY 10R-28L SHOULDER REHABILITATION PROJECT, NORTH FIELD, OAKLAND INTERNATIONAL AIRPORT, OAKLAND, CALIFORNIA; CALLING FOR BIDS THERFORE; AND AUTHORIZING THE EXECUTIVE DIRECTOR TO AWARD A CONTRACT TO THE LOWEST RESPONSIBLE RESPONSIVE BIDDER IN TOTAL AGGREGATE AMOUNT NOT TO EXCEED $311,000.

WHEREAS, the Board of Port Commissioners ("Board") has reviewed and evaluated the Agenda Report Item 3.1 dated June 5, 2014 ("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; and

WHEREAS, 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:

Now, therefore, be it resolved as follows:

SECTION 1. Based upon the information contained in the Agenda Report, and testimony received, the Board finds that:

A. It is in the best interest of the Port to authorize the project for the Runway 10R-28L Shoulder Rehabilitation, North Field, Oakland International Airport, Oakland, California, AIP 3-06-0170-(FUTURE) ("Shoulder Rehabilitation") without standard bidding procedures.
B. The development and use provided for in the project manual and the subsequent use of the development approved by this resolution are in conformity with the General Plan of the City; and be it

C. Pursuant to Port Ordinance 1606, Section 22, it is in the best interest of the Port to delegate to the Executive Director the authority to finally resolve all bid protests in connection with this project.

SECTION 2. The Board hereby approves the following:

A. Delegation of authority to the Director of Engineering to approve the Plans and Project Manual for construction of the Shoulder Rehabilitation project.

B. Waving standard bidding procedures for the construction of the Shoulder Rehabilitation project.

C. Advertising for bids for the construction of the Shoulder Rehabilitation project.

D. Award of a contract for construction of the Shoulder Rehabilitation project, based upon the receipt of at least two (informal proposals) bids from qualified SBE/DBE contractors, in a total aggregate amount not to exceed $311,000.

E. Rejection of all other bids received for the Shoulder Rehabilitation project and direction that securities accompanying said bids shall be returned to the respective bidders.

SECTION 3. The Board hereby authorizes the Executive Director to:

A. Finally resolve bid protests in connection with this project pursuant to Port Ordinance 1606, Section 22.

B. Award contract to the lowest responsible responsive SBE/DBE bidder, based upon the receipt of at least two (2) formal sealed bids, for the Shoulder Rehabilitation project, in a total aggregate amount not to exceed $311,000.

C. Have the option to advertise the project for construction of the Shoulder Rehabilitation project to the general contracting community should less than two (2) qualified SBE/DBE bids be received, and to award a contract to the lowest responsible responsive bidder, based upon the receipt of formal sealed bids, for the construction of the Shoulder Rehabilitation project, in a total aggregate amount not to exceed $311,000.

SECTION 4. The Board further finds that:
A. The Director or Engineering or his designee is authorized to approve the project manual and plans for the Shoulder Rehabilitation in advance of construction, pursuant to Government Code Section 830.6.

B. The Secretary of the Board is hereby authorized to advertise for four consecutive days in the official newspaper of the City of Oakland for sealed bids for the project, not less than ten calendar days prior to the date set for receiving said bids.

C. The provisions of the Maritime and Aviation Project Labor Agreement ("MAPLA") apply to this project. However, for purposes of this project, which is funded through an agency or agencies of the United States Department of Transportation, the provisions of the MAPLA permitting the possible imposition of sanctions and/or binding arbitration for failure to demonstrate "good faith" efforts to meet local hiring goals have been deemed inapplicable.

D. A bond for the faithful performance of the work, and a bond to guarantee the payment of all claims for labor and materials furnished and for amounts due under the Unemployment Insurance Code, each in the amount of one hundred percent (100%) of the contract price shall be provided by the Contractor as prescribed by applicable laws and regulations and the contract specifications.

E. The procedure prescribed by applicable laws, regulations and the contract specifications shall be taken for the executed of said contract.

SECTION 5. As authorized by the Board, the Executive Director approved the Initial Study/Mitigated Negative Declaration ("IS/MND") at a special public hearing for the RSA project on September 7, 2012. A Notice of Declaration was circulated for 14 days, and the decision became final on September 21, 2012. A Notice of Determination was filed with the Alameda County Recorder’s Office.

NEPA Determination: Due to the use of federal funds, the Port prepared an Environmental Assessment in coordination with the FAA. The Final Environmental Assessment and associated Finding of No Significant Impact/Record of Decision was signed by the FAA on August 17, 2012.

Permits: This project requires permits from the San Francisco Bay Area Regional Water Quality Board ("RWQCB") and the Army Corps of Engineers ("ACOE") due to impacts to jurisdictional wetlands and other waters. A Section 401 Clean Water Act Water Quality Certification was received from the RWQCB on February 7, 2013, and a Section 404 Clean Water Act individual permit as received from ACOE on March 15, 2013 for the entire RSA project (South and North Fields). However, due to changes in the North Field RSA design since there permits were received, the RWQCB and the ACOE requested that Port staff amend its
permit applications. Port staff provided the regulatory agencies with revised permit applications on April 30, 2014, and anticipates receiving revised permits prior to issuing the contractor's notice to proceed.

SECTION 6. 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(s) in accordance with the terms of this resolution. Unless and until a separate written agreement(s) 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(s).
MAJOR PROJECTS Tab 3.1

BOARD OF PORT COMMISSIONERS
CITY OF OAKLAND

RESOLUTION FINDING AND DETERMINING THAT A PROPOSED FIRST SUPPLEMENTAL AGREEMENT WITH KIMLEY-HORN AND ASSOCIATES FOR AN ADDITIONAL MAXIMUM COMPENSATION OF $883,000 IS FOR DESIGN AND CONSTRUCTION MANAGEMENT SERVICES CONSTITUTING PROFESSIONAL, TECHNICAL AND SPECIALIZED SERVICES THAT ARE TEMPORARY IN NATURE AND AUTHORIZING EXECUTION OF SAID SUPPLEMENTAL AGREEMENT.

WHEREAS, by Resolution No. 12-27, adopted by the Board on March 15, 2012, the Board authorized an Agreement with KIMLEY-HORN AND ASSOCIATES for design and construction management services; and

WHEREAS, the Board has reviewed and evaluated the Agenda Report Item No. 3.1 dated June 5, 2014 ("Agenda Report") and related agenda materials, has received the expert testimony of Port staff, and has provided opportunities for and taken public comment; and

WHEREAS, 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

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

SECTION 1. Based upon the information contained in the Agenda Report and testimony received, the Board hereby finds and determines that the supplemental agreement with KIMLEY-HORN AND ASSOCIATES will constitute an agreement for obtaining professional, technical and specialized services that are temporary in nature and that it is in the best interest of the Port to secure such services from KIMLEY-HORN AND ASSOCIATES.
SECTION 2. The Board authorizes the Executive Director to:

A. Execute a First Supplemental Agreement to provide additional design and construction management services at an increase in maximum compensation of $883,000 for a total maximum compensation of $6,541,000, for a term ending December 31, 2015, and subject to additional material terms and conditions as further described in the Agenda Report.

SECTION 3. 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. Unless and until a separate written agreement is duly executed on behalf of the Board as authorized by this resolution, is signed as 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.

SECTION 4. This resolution shall be effective immediately upon adoption by the Board.
BOARD OF PORT COMMISSIONERS
CITY OF OAKLAND

RESOLUTION FINDING AND DETERMINING THAT A PROPOSED THIRD SUPPLEMENTAL AGREEMENT WITH URS CORPORATION FOR AN ADDITIONAL MAXIMUM COMPENSATION OF $200,000 TO COMPLETE FINAL DESIGN AND CONSTRUCTION MANAGEMENT SERVICES CONSTITUTING PROFESSIONAL, TECHNICAL AND SPECIALIZED SERVICES THAT ARE TEMPORARY IN NATURE AND AUTHORIZING EXECUTION OF SAID SUPPLEMENTAL AGREEMENT.

WHEREAS, by Resolution No. 12-27, adopted by the Board on March 15, 2012, and amended by the First and Second Supplemental Agreements, the Board authorized an Agreement with URS CORPORATION for consulting services on the Runway Safety Area Project at the Oakland International Airport (“RSA Project”); and

WHEREAS, the Board has reviewed and evaluated the Agenda Report Item No. 3.1 dated June 5, 2014 (“Agenda Report”) and related agenda materials, has received the expert testimony of Port staff, and has provided opportunities for and taken public comment; and

WHEREAS, 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

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

SECTION 1. Based upon the information contained in the Agenda Report and testimony received, the Board hereby finds and determines that the supplemental agreement with URS CORPORATION will constitute an agreement for obtaining professional, technical and specialized services that are temporary in nature and that it is in the best interest of the Port to secure such services from URS CORPORATION.
SECTION 2. The Board authorizes the Executive Director to:

A. Execute a Third Supplemental Agreement to provide consulting services on the RSA Project at an increase in maximum compensation of $200,000, for a total maximum compensation of $8,039,500, for a term ending December 31, 2015, and subject to additional material terms and conditions as further described in the Agenda Report.

SECTION 3. 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. Unless and until a separate written agreement is duly executed on behalf of the Board as authorized by this resolution, is signed as approved as to form and legality by the Port Attorney, and is delivered to the other contracting party, there shall be no valid or effective agreement.

SECTION 4. This resolution shall be effective immediately upon adoption by the Board.
BUDGET & FINANCE

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

This segment of the meeting is reserved for action or discussion on Strategy and Policy Issues.
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: Approval of a New Right of Way Use Permit Agreement with SFPP, L.P. (Kinder Morgan Operating, L.P. “D”) for Petroleum Products Pipelines and Facilities at Oakland International Airport (Aviation)

AMOUNT: $63,935 per Annum Plus Two Additional Payments Totaling $2.7 Million

PARTIES INVOLVED:

<table>
<thead>
<tr>
<th>Corporate Name/Principal</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>SFPP, L.P.</td>
<td>Orange, California</td>
</tr>
<tr>
<td>Kinder Morgan Operating, L.P. “D”</td>
<td>Houston, Texas</td>
</tr>
</tbody>
</table>

TYPE OF ACTION: Ordinance

SUBMITTED BY: Deborah Ale Flint, Director of Aviation

APPROVED BY: J. Christopher Lytle, Executive Director

This action would approve the terms and conditions, and authorize the Executive Director to execute, a new Right of Way Use Permit Agreement with SFPP, L.P. (the Permit) covering (i) two petroleum products pipelines that run along the bulk of the length of the perimeter dike surrounding Oakland International Airport (the “Airport”) and then under the San Francisco Bay, (the “Bay”) (ii) a metering station, and (iii) a cathodic protection system, for an initial annual rental of $63,935. In addition, SFPP would pay the Port of Oakland (the “Port”) a total fixed amount of $2.7 million (paid in two installments) as reimbursement for certain costs and expenses related to the Airport Perimeter Dike Project.

FACTUAL BACKGROUND

Beginning in 1968, the Port and Southern Pacific Pipe Lines, Inc. (“SPPL”) entered into several agreements covering the installation, maintenance and operation of petroleum products pipelines and related equipment at the Airport as described below:

1. Right of Way Use Permit Agreement (Onshore): Covers two pipelines (10” diameter and 12” diameter), 18,671 feet in length. Forty-five year term effective November 1, 1968 with an initial expiration date of October 31, 2013, and extended by several amendments through June 30, 2014, pursuant to Port Resolution No. 13-109. The premises begins at the Port’s property line along the San Leandro Slough dike near the Metropolitan Golf Links and follows the Airport Perimeter Dike (“APD”) around the Airport to a point on the edge of the Bay near the western end of Runway 30/10 (the “Onshore Agreement”);

2. Grant of Easement: Effective October 21, 1980 and terminates upon the expiration of the Onshore Agreement and the Offshore Agreement. Covers 14,400± square feet of land adjacent to the San Leandro Slough in the vicinity of the South Field
3. License and Concession Agreement: A one-year agreement, (currently on month-to-month holdover), effective May 15, 2005, covering 2,000± square feet of land used for the installation and maintenance of a cathodic protection system (“CPS”) and the electric power supply needed for the operation of the CPS (the “CPS L&C”). Cathodic protection is a form of corrosion prevention or control commonly employed for buried or submerged metallic structures such as pipelines. The CPS applies a continuous electric current at proper voltage to the structure, disrupting the corrosion process (which is fundamentally an electrical-chemical reaction). Cathodic protection cannot reverse corrosion that has already occurred; it only limits or prevents further corrosion while the cathodic current is active. The CPS L&C superseded an earlier Grant of License dating from 1991; and,

4. Right of Way Use Permit Agreement (Offshore): Covers two pipelines (10” diameter and 12” diameter), 11,837 feet in length. Fifteen year term effective July 15, 1968, with the right to extend the term for three successive ten-year periods. The premises begins at the edge of the Bay near the western end of Runway 30/10 (coincident with the Onshore Agreement) and continues southwesterly under the Bay until it reaches the border of San Mateo County (the “Offshore Agreement”). SFPP failed to exercise its third ten-year option to extend the Offshore Agreement; however, since its facilities were still operational, the Offshore Agreement was...
extended pursuant to Port Ordinance No. 3853. SFPP has continued to pay rental and occupies the Offshore Agreement premises on a hold-over basis. As additional background information, these two pipelines continue under the Bay until they reach SFPP’s fuel storage facilities in Brisbane, where the fuel products are distributed by truck to San Francisco and the Peninsula, and by a separate pipeline to San Francisco International Airport ("SFO").

Since the inception of the original agreements, SPPL has gone through a series of mergers, partnership formations, and name changes including Southern Pacific Pipe Lines Partnership, L.P., Santa Fe Pacific Pipelines, Inc. and SFPP, L.P. Currently, the assets are owned by SFPP, L.P. with Kinder Morgan Operating, L.P. “D” acting as the general partner. SFPP, L.P. has no employees or corporate officers. For convenience, in this Agenda Report, the entity is referenced as “SFPP”.

In 2007, the agreements referenced in 2, 3 and 4 above were combined into a single month-to-month Lease. At that time, since the Onshore Agreement still had approximately six years remaining on its term, it was not incorporated into the Lease.

SFPP’s pipelines are energy infrastructure serving the Bay Area and beyond. Jet fuel for Oakland’s passenger and cargo airlines is delivered to the Airport through SFPP pipelines. As noted in the description of the offshore pipelines, petroleum products destined for San Francisco, the Peninsula and SFO travel through the Bay Crossing after traversing the Airport. SFPP’s North Line division consists of 864 miles of trunk pipeline in five segments that transport products from Richmond and Concord to Brisbane, Sacramento, Chico, Fresno, Stockton, San Jose and Reno. These products come from refineries in the Bay Area and from various pipeline and marine terminals. SFPP operates other pipelines in Southern California, Arizona and Oregon.
Airport Perimeter Dike Project: As the Board has been previously advised, the APD separates the Airport’s South Field airfield from Bay waters and protects the essential airfield and terminal facilities. The Port has completed a series of studies that assessed existing geotechnical conditions, vulnerability of the APD to storms, sea level rise and potential future seismic events, and identified improvements needed to address those vulnerabilities (the “APD Project”). Design and environmental review of the APD Project is presently ongoing and is expected to be completed in November 2014. Construction of the APD Project is scheduled to be completed in 2018. Approximately $44 million is included in the Port’s 5-Year Capital Needs Assessment (the “CNA”) to cover the balance of design and environmental work, mitigation of potential wetland and wildlife habitat impacts from the APD Project, and construction of the recommended improvements. A portion of fuel pipeline related work is assumed to be completed by third-party pipeline owners – SFPP and Shell Oil Company (Shell) – and is not included in the 5-Year CNA. The Port received $6.7 million in two State Local Levee Assistance Program (“LLAP”) grants to pay for a portion of the APD Project design and environmental analysis costs. The LLAP was created in 2006 when California voters approved Proposition 84, which provided funds for programs to evaluate and repair local levees and flood control facilities.

The SFPP and Shell pipelines are imbedded into the APD and run parallel to each other at a depth of three to six feet. The most efficient method of constructing the APD Project would be removal of all pipelines to eliminate the obstructions. The Shell pipeline is out of service and the portion within the APD will be removed prior to commencement of construction. As noted above, SFPP’s pipelines are active and should remain in place. SFPP, Port staff and their respective engineering consultants developed an alternative construction design which allows SFPP’s pipelines to stay in service. This alternate design will cost more to construct, and as discussed in the “Incremental Cost” section below, SFPP will reimburse the Port $2.7 million as compensation.

ANALYSIS

For the past two years or so, Port staff, the Port Attorney’s Office, representatives from SFPP and outside counsel for both parties have been negotiating the terms and conditions of a consolidated agreement which would update and extend the current four agreements between the Port and SFPP. Part of these negotiations includes addressing pipeline issues as they relate to the APD Project. The parties have reached agreement, subject to Board approval and execution by the parties on a new, long-term, consolidated Permit based on the following primary terms and conditions:

<table>
<thead>
<tr>
<th>Permittee:</th>
<th>SFPP, L.P. a Delaware limited Partnership.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Term:</td>
<td>Twenty-five (25) years commencing July 1, 2014 (the “Effective Date”).</td>
</tr>
<tr>
<td>Premises:</td>
<td>The Permit will incorporate into a single document the premises identified in the four agreements outlined in the Background section:</td>
</tr>
</tbody>
</table>
On-Shore Pipelines: Two pipelines (10” and 12” in diameter) 18,671 feet in length within the APD;

Off-Shore Pipelines: Two pipelines (10” and 12” in diameter) 11,837 feet in length under the Bay off the shoreline of the Airport;

Metering Station: 14,400± square feet of property adjacent to, and between, the APD and the South Field Tank Farm; and,

Cathodic Protection System: 2,000± square feet of property near the western end of Runway 30/10 and adjacent to the transition point between the On-Shore and Off-Shore Pipelines on the edge of the APD.

License Fees: License Fees are a combination of statutory rates dictated by the California Public Utilities Commission for the pipelines plus market rental rates for the land premises. For the initial year of Permit, annual License Fees will be a total of $63,935 based on the following, with annual adjustments by the Consumer Price Index, thereafter:

On-Shore Pipelines: $17,625 per annum based on two pipelines (10” and 12” in diameter) 18,671 feet in length within the APD;

Off-Shore Pipelines: $11,175 per annum based on two pipelines (10” and 12” in diameter) 11,837 feet in length under the Bay off the shoreline of the Airport;

Metering Station: New revenue of $20,736 per annum (no monetary consideration payable under the current Grant of Easement) based on 14,400± square feet @ $0.12 per square foot per month) for the first year with annual step-ups of $0.12 per square foot for the next four years so that by Year 5, the rate will be $0.60 per square foot, then CPI each year thereafter; and,

Cathodic Protection System: $14,400 per month (2,000± square feet @ $0.60 per square foot per month).

Deposit: $150,000 (slightly more than two-times monthly obligations for License Fees plus utilities) to be secured by a Letter of Credit. In conformance with Port Policy No. AP 509, all property agreements must contain a security deposit requirement; “the amount of the security deposit will be based on the customer’s credit rating and shall generally be equal to 3 months of average billings or payments due under the agreement. Amounts less than the 3-month minimum standard must be approved by the Board.” Based on SFPP’s good payment history, the Board will be requested to approve this amount.
Incremental Cost: SFPP will reimburse a fixed amount of $2.7 million ($1.8 million payable on or before the Effective Date and $900,000 within one year of the Effective Date) to offset the (i) additional costs the Port anticipates it will incur in designing and construction the APD Project while leaving SFPP’s active pipelines in place, plus (ii) other costs and expenses related to SFPP’s operations at the Airport.

The $2.7 million is a mutually agreed upon compromise amount from the total approximate $3.2 million initially requested by the Port to SFPP:

a. A little less than $2.7 million of incremental additional costs of designing and constructing the APD Project leaving SFPP’s pipelines in place as compared to the lower construction costs had the pipelines been relocated;

b. $165,000± in old environmental costs associated with the Metering Station;

c. $275,000± for legal fees for negotiating and drafting the Permit; and,

d. $79,000± in outside counsel costs to assist the Port in developing the revised APD Project design and in negotiations on these issues.

The proposed compromise resolves multiple pending issues between the Port and SFPP and should be considered fair and equitable to both parties while minimizing on-going disputes and potential legal and litigation costs. Furthermore, as a fixed amount, if the APD Project costs come in under budget (i.e., less than the estimated approximate $2.7 million in (a) above), then the Port gets to keep the savings and would not refund any amount to SFPP. Conversely, if the APD Project comes in over budget, the Port would need to absorb all extra costs.

The balance of costs not covered by SFPP’s $2.7 million payment has been or will be recovered from the airlines serving the Airport through rates and charges.

Cooperation: The Permit specifically obliges SFPP to cooperate in the protection of its pipelines during the Port’s construction of the APD Project, including coordination with Shell Oil Company’s removal of its parallel pipeline within portions of the APD (under a separate Agenda Report, staff will recommend that the Board approve an amendment to an existing agreement with Shell Oil Company).

Relocation: Under certain conditions, the Port reserves the right to require SFPP (at its own cost and expense) to relocate its pipelines and facilities; e.g., if the area is required for the expansion or improvement of the
Airport. Upon receipt of relocation notice from the Port, SFPP reserves the right to terminate the Permit. If the relocation occurs within the first eight (8) years of the Term, the Port may be required to reimburse a pro rata portion of the incremental costs described above. Finally, in certain limited circumstances, if the relocation is to accommodate a third party, the Port would be required to pay for this relocation (but presumably, such cost may be recovered from the third party requiring the relocation).

Environmental: The Permit incorporates an “Environmental Responsibilities” exhibit which thoroughly describes SFPP’s obligations for environmental matters.

**STRATEGIC PLAN ALIGNMENT**

Approving the Permit will fulfill the following strategic plan objectives:

<table>
<thead>
<tr>
<th>STRATEGIC PRIORITY AREAS</th>
<th>GOAL</th>
<th>OBJECTIVE</th>
<th>IMPLEMENTATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sustainable Economic and Business Development</td>
<td><strong>Goal A:</strong> Create Sustainable Economic Growth For The Port And Beyond.</td>
<td>1. Maximize the use of existing assets. 4. Pursue strategic partnerships at all levels: local, regional, national and international.</td>
<td>➔ SFPP, has been a Port tenant for 45 years and has invested significant capital in its existing petroleum pipelines and facilities. Through this new, updated, consolidated Permit, SFPP will continue to be a valued Port partner. ➔ SFPP pipelines are important regional infrastructure as they are the only pipelines providing aviation fuel to the Airport. After passing by the Airport’s South Field Tank Farm, SFPP’s pipelines continue along the APD, under the Bay, and on to SFPP’s tank farm in Brisbane, where the various fuels it delivers serve San Francisco, the Peninsula and SFO.</td>
</tr>
<tr>
<td></td>
<td><strong>Goal B:</strong> Maintain and Aggressively Grow Core Businesses.</td>
<td>1. Retain existing customers and tenants. 3. Price Port services to provide a highly competitive value. 4. Promote effective strategic communication with Port customers. 5. Enhance Customer Service</td>
<td>➔ SFPP has been a Port tenant for at least 45+ years and has invested in several million dollars in capital improvements to its petroleum products pipelines and facilities. ➔ The rental rate charged by the Port for pipelines is dictated by the California Public Utilities Commission, and is non-</td>
</tr>
</tbody>
</table>
negotiable. Rental for the land parcels are based on fair market rental value.

→ Entering into a new, updated, consolidated Permit covering all of SFPP’s petroleum products pipelines and facilities has been protracted, but staff believes the recommended transaction is beneficial to the Port, meets objectives and provides a market rate return on assets.

**BUDGET & FINANCIAL IMPACT**

There is no budget impact as the FY2014-15 Operating Budget anticipates revenue equal to the amount proposed in the Permit. The $2.7 million Incremental Cost reimbursement will be applied to the APD Project capital cost account.

**STAFFING IMPACT**

There will be no change in Port staffing as a result of entering into this Permit.

**SUSTAINABILITY**

There are no obvious environmental opportunities involved in this project.

**ENVIRONMENTAL**

**CEQA Determination:** The Permit is categorically exempt from the California Environmental Quality Act (CEQA) Guidelines pursuant to Section 15301, Existing Facilities, which exempts the operation, repair, maintenance, permitting, leasing, licensing, or minor alteration of existing public or private structures, facilities, mechanical equipment or topographical features, involving negligible or no expansion of use beyond that existing at the time of the lead agency’s determination.

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

The action to approve the Permit does 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 to this action. However, if future tenant construction work exceeds the thresholds required for coverage under the MAPLA, the provisions of MAPLA will apply when the Port permits are requested for said future construction work.

**OWNER CONTROLLED INSURANCE PROGRAM (OCIP)**

This item will not be covered by the Port’s Owner Controlled Insurance Program since it is not a capital improvement construction project. Insurance requirements for the Permit will be included in the Permit and will be monitored by the Port’s Risk Management Department.
GENERAL PLAN

Pursuant to Section 727 of the City of Oakland Charter, this project has been determined to conform to the policies for the transportation designation of the Oakland General Plan.

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”), do not apply to this agreement as the tenant does not employ 21 or more employees working on Port-related work. However, the tenant will be required to certify that should living wage obligations become applicable, the tenant shall comply with the Living Wage Regulations.

OPTIONS

1. Adopt an ordinance to approve the proposed Right of Way Use Permit Agreement with SFPP, L.P. which covers the following existing facilities at Oakland International Airport: (i) two petroleum products pipelines (10” diameter and 12” diameter) running within the Airport Perimeter Dike (“APD”) and under San Francisco Bay offshore from the Airport, (ii) a 15,000±square foot metering station adjacent to the South Field Tank Farm, and (iii) 2,000± square feet of land on the APD improved with a Cathodic Protection System for the pipelines; and authorize the Executive Director to execute the new Permit;

2. Reject the proposed Right of Way Use Permit Agreement with SFPP, L.P. which would result in the expiration of existing agreements with SFPP on June 30, 2014 and could jeopardize fueling operations at the Airport and elsewhere in the Bay Area; or,

3. Reject the proposed Right of Way Use Permit Agreement with SFPP, L.P., but recommend different terms and conditions.

RECOMMENDATION

It is recommended that the Board adopt an ordinance approving the proposed new Right of Way Use Permit Agreement with SFPP, L.P. as outlined above, which covers the following existing facilities at Oakland International Airport: (i) two petroleum products pipelines (10” diameter and 12” diameter) running within the Airport Perimeter Dike (“APD”) and under San Francisco Bay offshore from the Airport, (ii) a 14,400± square foot metering station adjacent to the South Field Tank Farm, and (iii) 2,000± square feet of land on the APD improved with a Cathodic Protection System for the pipelines; and approving an exception to Port Policy No. AP 509 to reduce the security deposit required to be provided SFPP to $150,000 which is approximately two times the average billings due under the agreements; and, authorizing the Executive Director to execute the Right of Way Use Permit Agreement, subject to the Port Attorney’s review and approval as to form and legality.
BOARD OF PORT COMMISSIONERS
CITY OF OAKLAND

ORDINANCE APPROVING AND AUTHORIZING A NEW RIGHT OF WAY USE PERMIT AGREEMENT WITH SFPP, L.P. COVERING: (i) TWO PETROLEUM PRODUCTS PIPELINES THAT RUN ALONG THE BULK OF THE LENGTH OF THE PERIMETER DIKE SURROUNDING THE OAKLAND INTERNATIONAL AIRPORT AND UNDER THE SAN FRANCISCO BAY; (ii) A METERING STATION; AND (iii) A CATHODIC PROTECTION SYSTEM, FOR A TWENTY-FIVE (25) YEAR TERM, AN INITIAL ANNUAL RENTAL OF $63,935 PLUS TWO ADDITIONAL PAYMENTS TOTALING $2.7 MILLION.

WHEREAS the Board of Port Commissioners of the City of Oakland ("Board") has reviewed and evaluated the Agenda Report for Agenda Item 6.1, dated June 5, 2014 (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 to execute a New Right of Way Use Permit Agreement with SFPP, L.P. ("the Permit") for petroleum products pipelines and facilities at the Oakland International Airport ("Airport") which covers the following existing facilities at the Airport: (i) two petroleum products pipelines (10" diameter and 12" diameter) running 18,671 feet in length within the Airport Perimeter Dike ("APD") and 11,837 feet in length under San Francisco Bay offshore from the Airport; (ii) a 14,400± square foot metering station adjacent to the South Field Tank Farm; and (iii) 2,000± square feet of land on the APD improved with a Cathodic Protection System for the pipelines for an initial annual rental of $63,935 plus two additional payments totaling $2.7 million for a term of twenty-five (25) years commencing on July 1, 2014, and terminating on June 30, 2039, subject to the Port Attorney’s review and approval as to form and legality.
Section 3. The Board approves an exception to Port Policy, No. AP 509, Collection of Delinquent Accounts – Policies and Guidelines, to reduce the security deposit required to be provided by SFPF, L.P. to $150,000 which is approximately two times the average billings due under the Permit due to SFPF, L.P.’s good payment history.

Section 4. The Board hereby finds and determines that the approval of the Permit is categorically exempt from the California Environmental Quality Act ("CEQA") Guidelines pursuant to Sections 15301, Existing Facilities, which exempts the operation, repair, maintenance, permitting, leasing, licensing, or minor alteration of existing public or private structures, facilities, mechanical equipment or topographical features, involving negligible or no expansion of use beyond that existing at the time of the lead agency’s determination.

Section 5. This ordinance is not evidence of and does not create or constitute (a) a contract, agreement, 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.

Section 6. This ordinance shall be effective immediately upon adoption by the Board.

President.

Attest: _________________________ Secretary.

Approved as to form and legality:

______________________________ Port Attorney
AGENDA REPORT

TITLE: Ordinance to Approve Space/Use Permit with Accessible Aviation, Inc. for a Hangar (Aviation)

AMOUNT: $2,094.84 Per Month Minimum

PARTIES INVOLVED:

<table>
<thead>
<tr>
<th>Corporate Name</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accessible Aviation, Inc.</td>
<td>Jackson, MS</td>
</tr>
</tbody>
</table>

TYPE OF ACTION: Ordinance

SUBMITTED BY: Deborah Ale Flint, Aviation Director

APPROVED BY: J. Christopher Lytle, Executive Director

This action would ratify the terms and conditions of a Space/Use Permit (SUP) executed by the Executive Director with Accessible Aviation, Inc. (Accessible) for occupancy of 3,036 square feet of hangar space within Port Building L-712 located at 8053 Earhart Road on Oakland International Airport’s (OAK) North Field to support operation of a FAA-certified pilot training school. The SUP would be for a five-year term with a minimum monthly rental of $2,094.84.

FACTUAL BACKGROUND

Accessible was incorporated in Jackson, Mississippi in February of 1999 and specializes in aircraft pilot training. It is listed on the U.S. Department of Homeland Security’s list of “certified schools” and has operations in several other areas of the United States including Long Beach, California, Birmingham, Alabama and Columbus, Mississippi. Accessible reports having trained over 1,000 domestic students who have received FAA licenses and ratings and over 100 foreign students under contract to the United States Air Force.

Accessible reports having spent $30,000 remodeling space sub-leased from Landmark Aviation, one of North Field’s two Fixed Base Operators (FBO). To house its aircraft, Accessible requires the subject, forty-four (44) year old Building L-712 hangar - a space that has not generated income for the Port for over four years. The Executive Director and Accessible have entered into the Port’s standard form SUP for a five-year term (commencing on June 12, 2014) with a mutual 30-day termination provision. The Board’s By-Laws authorize the Executive Director, or his designee, to enter into rental agreements for a year or less subject to subsequent ratification by the Board. If the Board declines to ratify the SUP, the agreement terminates 180 days after its execution date. Based on the Executive Director’s execution of the SUP, Port staff will grant Accessible access to Building L-712 effective June 12, 2014.
Accessible entered into the SUP under key business terms and conditions, which have been approved by the Port Attorney’s Office and used in other agreements with tenants on the North Field.

**Premises:** Approximately 3,036 square feet of hangar space located in Port Building L-712, 8053 Earhart Road, North Airport.

**Use:** Flight and ground training under FAA regulations CFR 61 and CFR 141 IAW, and related maintenance and repair of only Accessible’s owned or leased aircraft. Currently, Ordinance No. 4126 establishing Minimum Standards for Providers of Aeronautical Services and Self Fueling at the North Field ("Minimum Standards Ordinance") allows an aircraft liability insurance limit of $1,000,000 for a flight school and does not clearly describe whether or not this limit is also allowed for sightseeing and aircraft rental incidental to the flight school. Without the flight school designation operations, the Minimum Standards Ordinance would require a limit of $5,000,000. Port Risk Management is currently conducting an analysis of the...
types and amounts of insurance required of flight schools and aircraft rental at comparable airports. Based on the results of this analysis, the Minimum Standards Ordinance may be updated to reflect higher insurance requirements. In the meantime, the Minimum Standards Ordinance is interpreted to allow Accessible to conduct related sightseeing and aircraft rental activities subject to the $1,000,000 aircraft liability insurance limit required of a flight school. If Accessible should be unable to meet any revised insurance requirements for the “permissible uses”, the Director of Aviation (or her designate) may terminate said uses upon no less than sixty (60) days notice thereof by the Port to Accessible. Port staff have advised Accessible of the potential increase and such is stated in the proposed SUP.

Term: Five (5) years commencing on June 12, 2014 with either party having the right to terminate upon thirty (30) days’ notice.

Rental: $2,094.84 per month plus ten percent (10%) of gross revenues for sightseeing activity which is estimated to generate additional revenue to the Port of approximately $2,083 per month. The proposed rent is consistent with fair market rents for facilities in similar condition that are leased by other tenants on the North Field. The fixed, monthly rent would be subject to annual increases via the Consumer Price Index (CPI) Urban Wage Earners and Clerical Workers (San Francisco-Oakland-San Jose) Index.

Performance Deposit: $13,398 which represents three (3) times estimated monthly obligations (i.e. base rent, utilities and percentage rent) pursuant to Port Administrative Policy #509III.C.2.e. for new tenancies. Port Finance has completed a credit screening of Accessible and concurs with the aforementioned Performance Deposit amount.

Capital Contribution and Maintenance Responsibilities: The Port shall have no new capital improvement obligations or maintenance obligations with respect to the premises. Accessible is responsible for all maintenance.
STRATEGIC PLAN

Entering into the SUP with Accessible complements the following goals of the Port’s FY2011-2015 Strategic Plan:

<table>
<thead>
<tr>
<th>Strategic Priority Areas</th>
<th>Goal</th>
<th>Objective</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Goal A: Create Sustainable Economic Growth for the Port and Beyond</strong></td>
<td></td>
<td>1. Maximize the use of existing assets.</td>
<td>Accessible is occupying the hangar portion of a Port building that has not generated revenue for four (4) years.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2. Increase revenue, job creation and small business growth.</td>
<td>The Port will receive rent each month for the remaining approx. two (2) months of FY13-14 and the next 4+ fiscal years.</td>
</tr>
<tr>
<td><strong>Goal D: Improve the Port’s Financial Position</strong></td>
<td>1. Improve cash position and debt service coverage ratio (DSCR).</td>
<td>Accessible’s rent will increase the Port’s revenue due to the occupancy of a vacant building.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2. Maximize return on investments (ROI).</td>
<td>Port is expected to realize additional % sightseeing-related revenue of an estimated $2,083 monthly starting in FY14-15.</td>
<td></td>
</tr>
</tbody>
</table>

BUDGET & FINANCIAL IMPACT:

The North Airport FY13-14 Revenue Budget did not include any revenue for Building L-712. For the June 12 through June 30 remainder of FY13-14, Port staff estimates that Accessible will add approximately $1,330 of fixed revenue but no percentage revenue as the sightseeing activity that would generate such is not expected to commence until FY14-15. Port staff estimates that the Accessible tenancy will generate $256,200 (assuming 2% CPI increases compounded) in base and percentage rent for the Port throughout the SUP’s five (5) year term.

STAFFING IMPACT

There will be no change in Port staffing as a result of entering into the SUP.

SUSTAINABILITY

There are no obvious environmental opportunities involved in entering into the SUP.

ENVIRONMENTAL

CEQA Determination

The proposed action is categorically exempt from the requirements of the California Environmental Quality Act (CEQA) pursuant to the Port CEQA Guidelines, Section
15301(p), which exempts renewals, extensions or amendments to lease or license and concession agreements where the premises or licensed activity was previously leased or licensed to the same or another person, and involving negligible or no expansion of use beyond that previously existing.

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

The action to approve the SUP does 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 to this action. However, if future tenant construction work under this Space/Use Permit exceeds the thresholds required for coverage under the MAPLA, the provisions of MAPLA will apply when Port Permits are requested for said future construction work.

**OWNER CONTROLLED INSURANCE PROGRAM (OCIP):**

This action is not subject to the Port’s Owner Controlled Insurance Program (OCIP) or Professional Liability Insurance Program (PLIP) as it is not a capital improvement construction project or design project supporting such construction.

**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:**

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”), do not apply to this agreement as the tenant does not employ 21 or more employees working on Port-related work. However, the tenant will be required to certify that should living wage obligations become applicable, the tenant shall comply with the Living Wage Regulations.

**OPTIONS**

1. Approve the terms and conditions of the *Space/Use Permit* with Accessible Aviation, Inc. as outlined above, and ratify the Executive Director’s execution of the SUP thereby permitting Accessible to provide a flight academy offering pilot/ground training and aircraft maintenance/repair services for its owned and leased aircraft and generate at least $2,094.84 in monthly rent.

2. Do not approve the terms and conditions of the *Space/Use Permit* with Accessible Aviation, Inc., which would (i) result in the denial of operating privileges at the North Field, including providing trained aircraft mechanics to airlines operating at OAK (ii) denial of pilot training for those who would, at a later date, possibly become pilots.
of airlines operating out of OAK, and (iii) result in a loss of revenue of at least $2,094.84 per month to the Port.

3. Do not ratify execution the Executive Director’s execution of, and reject the terms and conditions of, the proposed Space/Use Permit with Accessible, but recommend different terms and conditions.

RECOMMENDATION

It is recommended that the Board adopt an Ordinance approving the terms and conditions and ratifying the Executive Director’s execution of the above-described Space/Use Permit with Accessible Aviation, Inc. for Port Building L-712 located at 8053 Earhart Road for a five-year term (subject to termination by either party upon thirty days’ notice) with a minimum monthly rent of $2,094.84, subject to the Port Attorney’s review and approval as to form and legality.
ORDINANCE APPROVING A SPACE/USE PERMIT WITH ACCESSIBLE AVIATION, INC. FOR PORT BUILDING L-712 LOCATED AT 8053 EARHART ROAD FOR A FIVE-YEAR TERM, AT A MONTHLY RENT OF $2,094.84.

WHEREAS, the Board of Port Commissioners of the City of Oakland ("Board") has reviewed and evaluated the Agenda Report for Agenda Item 6.2, dated June 5, 2014 (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 ORDEIGNED 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 hereby approves the terms and conditions set forth in the Agenda Report for the Space/Use Permit with Accessible Aviation, Inc. for Port Building L-712, located at 8053 Earhart Road for a five-year term at a minimum monthly rental rate of $2,094.84, subject to termination by either party upon thirty days’ notice, and hereby ratifies the Executive Director’s approval and execution of said Space/Use Permit, and hereby authorizes the Executive Director, or his designee, to approve such other agreements and such additional documents as may be necessary to consummate this transaction for and on behalf of the Board, subject to approval by the Port Attorney as to form and legality.

Section 3. The Board hereby finds and determines that this transaction is categorically exempt from the requirements of the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines, Section 15301(p), which exempts renewals, extensions or amendments to leases or license and concession agreements where the premises or licensed activity was previously leased or licensed to the
same or another person, and involving negligible or no expansion of use beyond that previously existing.

**Section 4.** This ordinance is not evidence of and does not create or constitute (a) a contract(s), 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. Unless and until a separate written contract is duly executed on behalf of the Board as authorized by this ordinance, is signed as approved as to form and legality by the Port Attorney, and is delivered to other contracting party, there shall be no valid or effective change order.

**Section 5.** This ordinance shall be effective immediately upon adoption by the Board.

________________________
President.

________________________
Attest: Secretary.

Approved as to form and legality:

________________________
Port Attorney
AGENDA REPORT

TITLE: Ordinance to Approve Space/Use Permit with Technical Education Services, Inc. for a Hangar, Office Building and Warehouse (Aviation)

AMOUNT: $32,958.79 Per Month

PARTIES INVOLVED:

<table>
<thead>
<tr>
<th>Corporate Name</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>Technical Education Services, Inc. dba</td>
<td>Virginia Beach, Virginia</td>
</tr>
<tr>
<td>Aviation Institute of Maintenance</td>
<td></td>
</tr>
</tbody>
</table>

TYPE OF ACTION: Ordinance

SUBMITTED BY: Deborah Ale Flint, Director of Aviation

APPROVED BY: J. Christopher Lytle, Executive Director

INTRODUCTION

This action would ratify the Executive Director's execution of a Space/Use Permit (SUP) with Technical Education Services, Inc., dba Aviation Institute of Maintenance (AIM), to supersede its current agreement at revised rental rates and to add 39,575 square feet to provide airframe and power plant (i.e. aircraft maintenance) instruction to a growing clientele at Oakland International Airport (OAK).

FACTUAL BACKGROUND

AIM has operated a FAA-certified Part 147 aviation maintenance technician school at OAK's North Field since October 1, 2010, pursuant to Board of Port Commissioners Resolution #10-159 which approved a Multi-Year License and Concession Agreement (LCA). AIM occupies 51,784 square feet of office, hangar, shop, warehouse, apron and parking space in Port Buildings L-105, L-118 and L-151 (9636, 9625 and 9260 Earhart Road, respectively). AIM's current total monthly rent is $20,099.33. The OAK facility is AIM's only California-based location in AIM's network of nine (9) technical schools throughout the United States.

Effective May 5, 2014, the Executive Director executed the proposed SUP principally to allow AIM to make cosmetic improvements of less than $100,000 at AIM's sole expense in the portion of Building L-151 not previously occupied by AIM. The Board's By-Laws authorize the Executive Director, or his designee, to enter into rental agreements subject to subsequent ratification by the Board. If the Board declines to ratify the rental agreement, the agreement terminates 180 days after the execution date of the agreement.
ANALYSIS

AIM proposes to enter into a new SUP, which will supersede the LCA, under key business terms and conditions, which have been approved by the Port Attorney’s Office and used in other agreements with tenants on the North Field.

Use: Operation of an FAA-certified Aviation Maintenance Technician School, pursuant to Part 147 of FAA Regulations.

Term: Three (3) years commencing on May 5, 2014 with either party having the right to terminate upon thirty (30) days’ notice.

Premises: Approximately 91,359 square feet of hangar, office, shop, apron, parking, warehouse and land at and adjacent to Port Buildings L-105, L-118 and L-151 (9636, 9625 and 9260 Earhart Road) on the North Field.

Initial Rent: $32,958.79 monthly\(^1\). (as detailed below). Port staff confirms that the proposed rent structure is consistent with fair market rents for facilities in similar condition that are leased by other tenants in the North Field. The

\(^1\) Rent for the added L-151 warehouse space shall not commence until the earlier of 45 days after term commencement or AIM’s constructive business use of same following completion of cosmetic improvements, as the Director of Aviation shall solely determine. Only if AIM elects to slurry seal Building L-151’s parking area, Building L-151’s post cosmetic improvement rent shall be deferred up to but not exceeding $20,000 at a rate of not more than 25% per month.
monthly rental rate will be annually adjusted in accordance with changes to the Consumer Price Index (CPI) for the San Francisco-San Jose-Oakland metropolitan areas.

<table>
<thead>
<tr>
<th>Building/Premises</th>
<th>Existing</th>
<th>Proposed: Existing + New</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Square Feet</td>
<td>Rental</td>
</tr>
<tr>
<td>L-105 (Administration)</td>
<td>30,121</td>
<td>$10,452.36</td>
</tr>
<tr>
<td>L-118 (Hangar &amp; Shop)</td>
<td>20,038</td>
<td>$8,833.13</td>
</tr>
<tr>
<td>L-151 (Warehouse)</td>
<td>1,625</td>
<td>$813.84</td>
</tr>
<tr>
<td>Total Rent Per Month</td>
<td>51,784</td>
<td>$20,099.33</td>
</tr>
</tbody>
</table>

Performance Deposit: Due to AIM’s exemplary payment record; i.e., no late payments within last eighteen (18) months, pursuant to Port Administrative Policy 509 III.C.2.e., Port staff recommends that AIM’s Performance Deposit be set at two (2) times AIM’s estimated monthly obligations (rent + utilities) which equates to $71,446.

Capital Contribution and Maintenance Responsibilities: The Port shall have no new capital improvement obligations nor maintenance obligations with respect to the Premises. AIM is responsible for all maintenance. AIM has granted the Port an extension until December 31, 2014 to complete landscaping improvements previously approved by the Board and included within the Port’s 5 Year Capital Needs Assessment (Project No. A10070402).

STRATEGIC PLAN

Entering into the SUP supports two goals in the Port’s FY2011-15 Strategic Plan:

<table>
<thead>
<tr>
<th>Goal</th>
<th>Objective</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goal A: Create sustainable economic growth for the Port and beyond.</td>
<td>1. Maximize the use of existing assets.</td>
</tr>
<tr>
<td></td>
<td>2. Increase revenue, job creation and small business growth</td>
</tr>
<tr>
<td>Goal B: Maintain and aggressively grow core businesses.</td>
<td>1. Market strategically and aggressively to attract new customers and tenants.</td>
</tr>
</tbody>
</table>

BUDGET & FINANCIAL IMPACT

The proposed action would result in a conservatively estimated $1,601 in unbudgeted rental revenue during the less than two month remainder of FY2013-14. Port staff estimates that retention of the AIM tenancy will generate $1,197,400 (assuming 2% annual CPI increases compounded) in rent for the Port throughout the SUP’s three (3) year term.
The monthly rental rate will be adjusted annually for the increase in the CPI for the San Francisco-San Jose-Oakland metropolitan area.

**STAFFING IMPACT**

There will be no increase to Port staffing as a result of entering into the SUP.

**SUSTAINABILITY**

There are no obvious environmental opportunities involved in enter into the SUP.

**ENVIRONMENTAL**

**CEQA Determination**

The proposed agreement is categorically exempt from the requirements of the California Environmental Quality Act (CEQA) pursuant to the Port CEQA Guidelines, Section 15301(p), which exempts renewals, extensions or amendments to leases or license and concession agreements where the premises or licensed activity was previously leased or licensed to the same or another person, and involving negligible or no expansion of use beyond that previously existing.

**Mitigation**

This project will not have any significant impacts to the environment; therefore, no mitigation measures are required.

**Environmental Compliance**

AIM properly will store, handle and/or dispose of materials as required by local, state and federal regulations, and the Port’s Environmental Programs and Planning Division periodically will inspect the premises for compliance.

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

The action to approve the SUP does 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 to this action. However, if future tenant construction work under this SUP exceeds the thresholds required for coverage under the MAPLA, the provisions of MAPLA will apply when the Port Permits are requested for said future construction work.

**OWNER CONTROLLED INSURANCE PROGRAM (OCIP)**

The OCIP does not apply to this SUP.

**GENERAL PLAN**

This action does not meet the definition of “project” under the City of Oakland General Plan, and, therefore, needs no conformity determination.
LIVING WAGE

Based upon a review of the terms and conditions of the SUP and information provided by the tenant, living wage requirements may apply to this SUP because the contract is for a value greater than $50,000. However, the condition of the tenant employing 21 or more employees must also be met for the tenant to comply with the living wage requirements and all of its obligations.

OPTIONS

1. Ratify the executed Space/Use Permit with Technical Education Services, Inc., dba Aviation Institute of Maintenance (AIM) for Port Buildings L-105, L-118 and L-151, to provide FAA-certified aviation maintenance technician education and training services and generate $32,958.79 per month in rental revenue to the Port;

2. Do not ratify the SUP with AIM; or

3. Reject the proposed SUP with AIM but authorize different terms and conditions.

RECOMMENDATION

It is recommended that the Board adopt an Ordinance ratifying the Executive Director’s execution of the Space/Use Permit with Technical Education Services, Inc., dba Aviation Institute of Maintenance at Port Buildings L-105, L-118 and L-151 for a term of three (3) years at a monthly rental rate of $32,958.79, subject to the Port Attorney’s approval as to form and legality, and authorizing the Executive Director, or his designee, to approve and execute any additional documents necessary to consummate this transaction.
ORDINANCE APPROVING A SPACE/USE PERMIT WITH TECHNICAL EDUCATION SERVICES, INC. DBA AVIATION INSTITUTE OF MAINTENANCE FOR A HANGAR, OFFICE BUILDING AND WAREHOUSE, AT A MONTHLY RENT OF $32,958.79.

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 June 5, 2014 (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 hereby approves the terms and conditions set forth in the Agenda Report for the Space/Use Permit with Technical Education Services, Inc. dba Aviation Institute of Maintenance at Port Buildings L-105, L-118 and L-151 for a term of three (3) years at a monthly rental rate of $32,958.79, and hereby ratifies the Executive Director’s approval and execution of said Space/Use Permit, and hereby authorizes the Executive Director, or his designee, to approve such other agreements and such additional documents as may be necessary to consummate this transaction for and on behalf of the Board, subject to approval by the Port Attorney as to form and legality.

Section 3. The Board hereby finds and determines that this transaction is categorically exempt from the requirements of the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines, Section 15301(p), which exempts renewals, extensions or amendments to leases or license and concession agreements where the premises or licensed activity was previously leased or licensed to the
same or another person, and involving negligible or no expansion of use beyond that previously existing.

Section 4. This ordinance is not evidence of and does not create or constitute (a) a contract(s), 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. Unless and until a separate written contract is duly executed on behalf of the Board as authorized by this ordinance, is signed as approved as to form and legality by the Port Attorney, and is delivered to other contracting party, there shall be no valid or effective change order.

Section 5. This ordinance shall be effective immediately upon adoption by the Board.

President.

Attest: ___________________________________________ Secretary.

Approved as to form and legality:

______________________________ Port Attorney
AGENDA REPORT

TITLE: Authorization for the Executive Director to Enter into an Agreement with PASSUR Aerospace, Inc. for Airline Data/Reporting Integration Software

AMOUNT: Not to exceed $448,872 for three (3) years (average $149,624 annually)

PARTIES INVOLVED:

<table>
<thead>
<tr>
<th>Corporate Name/Principal</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>PASSUR Aerospace, Inc</td>
<td>35-1 Orville Dr.</td>
</tr>
<tr>
<td>Contact – Tim Cinello</td>
<td>Bohemia, NY 11716</td>
</tr>
</tbody>
</table>

TYPE OF ACTION: Resolution

SUBMITTED BY: Deborah Ale Flint, Director of Aviation

APPROVED BY: Chris Lytle, Executive Director

SUMMARY AND ANALYSIS

PASSUR provides multiple services to the Airport that enhances airline billing of landing fees, assists with airfield planning, and improves internal and external communications. This combination of services is unique in the aviation industry and PASSUR supplies the only system recognized and accepted by airlines for billing of landing fees. Without this billing system the process would need to be completed manually without independently verified data as it was done prior to 2009, requiring additional Port staff time for the process. Port staff has invested initial start-up costs as well as considerable staff time to develop the system for use with OAK airlines and business model, including integrating Airport billing processes to streamline the invoicing and processing of airline landing fees. Airport Operations staff also utilizes the distinctive real-time OAK flight tracking data provided by the PASSUR Portal and Insight programs on a regular basis to effectively manage airfield operations and with the same program is able to communicate current airport status (for example, gates out of service, security advisories, runway closures) to internal and external stakeholders.

Because 1) the system provides great efficiencies for several Aviation Departments including Airside Operations and the Airport Business Office, 2) no other provider currently or in the foreseeable future offers this combination of services, and 3) initial monetary and staff time investments have already been made to customize and
configure the Passur system for OAK, staff is requesting waiver of competitive bidding and authorization to continue to utilize PASSUR Aerospace, Inc for these services for the next three years.

Since 2011, PASSUR has improved their product and not only provides enhanced accuracy of flight tracking but has also improved information related to aircraft diversions, which is critical to ensuring the Airport complies with Department of Transportation requirements related to aircraft apron delays. Without this system, the Airport would be required to track all delayed/diverted flights manually, which would be impractical.

**BACKGROUND**

In 2009, the Port contracted with PASSUR Aerospace Ltd. (PASSUR) to provide services related to flight tracking, tenant billing, and dissemination of airport conditions to internal and external stakeholders utilizing the annual purchase order process. To improve efficiencies in the billing process, the Port elected in 2011 to enter into a multi-year agreement with PASSUR that would provide funding authorization through June 2014.

Specifically, PASSUR provides the following to the Port:

- **PASSUR Portal Flight Tracking and Delay Module**
  - Provides delay information for aircraft that are on the ground which helps OAK meet DOT requirements for accommodating passengers subjected to extended airline delays.

- **PASSUR Insight Graphic Flight Tracking Module**
  - Provides Operations and other staff real-time graphical monitoring for arriving and departing flights.

- **OpsNet Field Condition Report, unlimited users across organizations**
  - Allows for real-time coordination across internal and external stakeholders on current airport conditions.

- **Pulse Operations archive, revenue audit, and revenue proactive billing Modules**
  - Provides finance staff accurate flight information used for billing purposes.

- **System maintenance support services**
STRATEGIC PLAN

The Strategic Plan was adopted by the Board on October 5, 2010. Following is staff’s assessment of how the authorization for these supports the strategic priority areas, goals and objectives of the Strategic Plan. The services supports key objectives within Goals B, D, E, K and L as summarized below.

<table>
<thead>
<tr>
<th>STRATEGIC PRIORITY AREA</th>
<th>GOAL</th>
<th>OBJECTIVE</th>
<th>HOW PROJECTS IMPLEMENT + WHEN</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sustainable Economic and Business Development</td>
<td>Goal B: Maintain and aggressively grow core businesses.</td>
<td>1. Retain existing customers and tenants</td>
<td>Streamlining the monthly landing fee billing system saves the airlines time and money, making it more cost effective to operate at OAK.</td>
</tr>
<tr>
<td>Sustainable Economic and Business Development</td>
<td>Goal B: Maintain and aggressively grow core businesses.</td>
<td>4. Promote effective strategic communication with Port customers.</td>
<td>Passur OpsNet provides a real-time communication portal which enhances the Airport’s ability to ensure tenants are provided with the critical information necessary to effectively conduct operations.</td>
</tr>
<tr>
<td>Sustainable Economic and Business Development</td>
<td>Goal D: Improve the Port’s Financial position.</td>
<td>1. Improve cash position and debt service coverage ratio (DSCR).</td>
<td>The automated landing fee processing system implemented using Passur Software, allows the Port to collect landing fees at least 30 days earlier than former manual processes, as well as more accurately calculate invoice amounts to ensure airlines are paying all fees related to aircraft operations.</td>
</tr>
<tr>
<td>Stewardship and Accountability</td>
<td>Goal E: Improve the processes for evaluating and managing capital expenditures and for long term management of Port property and infrastructure.</td>
<td>2. Improve analytical tools to evaluate the return on investment and other financial indicators.</td>
<td>The automated landing fee processing system and Passur Portal flight tracking database provides Airport staff with critical data used to track and trend aircraft operations, landing weights, delays, etc. used to analyze activity and evaluate financial trends and indicators used in budgeting and financial planning.</td>
</tr>
</tbody>
</table>
### STRATEGIC PRIORITY AREA

| Communications and Information |

#### GOAL

**Goal K:** Promote a proactive and responsive communications model.

1. Develop a strategic and comprehensive communications plan which reaches out to a wide range of internal and external stakeholders and incorporates state-of-the-art practices and technology.

The Passur OpsNet system is a state-of-the-art system for communicating to a wide range of internal and external stakeholders to ensure they have the information they need for safe, secure, efficient, and effective operations.

**Goal L:** Provide timely and relevant information to support critical analysis and decision making.

1. Strengthen long-range planning.

The automated landing fee processing system and Passur Portal flight tracking database provides Airport staff with relevant, very accurate, and most important timely information used for long-range planning efforts related to finances and operations.

### BUDGET & FINANCIAL IMPACT

The proposed Aviation Division’s Fiscal Year 2014-15 Budget includes $145,224 in funds for PASSUR. Staff is requesting funding authorization for future years according to the table below:

<table>
<thead>
<tr>
<th>FY 2014/2015</th>
<th>$145,224</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2015/2016</td>
<td>$149,580</td>
</tr>
<tr>
<td>FY 2016/2017</td>
<td>$154,068</td>
</tr>
</tbody>
</table>

The costs above are included in the airline rates and charges. Cost for service increases after 2014/2015 are due to projected increases in staff and data acquisition costs by PASSUR.

### STAFFING IMPACT

No Changes to staffing levels. PASSUR capabilities have been in place since February 2009. Staff continues to gain efficiency and value from this tool and depends on the system to complete required work within the reduced staffing levels created in 2008 and 2009.
SUSTAINABILITY

The PASSUR System is a combination of electronic web based modules that allow reduced paperwork exchange between the Airport and airlines as well as less paperwork dissemination for important operations information that can instead be disseminated and communicated electronically.

ENVIRONMENTAL

CEQA Determination
The Port has determined that this project is categorically exempt from the California Environmental Quality Act (CEQA) Guidelines pursuant to Section 15301, Existing Facilities. CEQA does not apply to the operation, repair, maintenance, permitting, leasing, licensing, or minor alteration of existing public or private structures, facilities, mechanical equipment or topographical features, involving negligible or no expansion of use beyond that existing at the time of the lead agency’s determination.

MARITIME AND AVIATION PROJECT LABOR AGREEMENT (MAPLA)

This contract is for professional services that do not include construction testing and inspection; and, therefore, the provisions of the Port of Oakland Maritime and Aviation Project Labor Agreement (MAPLA) do not apply to this work.

OWNER CONTROLLED INSURANCE PROGRAM (OCIP)

OCIP coverage and provisions do not apply as the project is not a capital improvement construction project.

GENERAL PLAN

Pursuant to Section 727 of the City of Oakland Charter, this project has been determined to conform to the policies for the transportation designation of the City of Oakland General Plan.

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”), do not apply to this agreement as the service provider does not employ 21 or more employees working on Port-related work. However, the service provider will be required to certify that should living wage obligations become applicable, the service provider shall comply with the Living Wage Regulations.
OPTIONS

1. Authorize funding and a waiver of competitive bidding and delegate authority to the Executive Director to negotiate and execute a professional services agreement with PASSUR Aerospace, Inc. for a total amount not to exceed $448,872 and for a maximum term not to exceed three (3) years.

2. Do not authorize funding for these subscription services provided by PASSUR Aerospace, Inc. This would result in the Port reverting back to a manual process of collecting landing fees, as well as issuing FAA Required Notice to Airmen (NOTAMS). Cancelling these services would also result in a loss of the information and processes established with the airlines as a part of the automated landing fee processing system, as well as delay the collection of landing fee revenue at least 30 days. The Port would also lose the opportunity to enhance stakeholder communications and education.

RECOMMENDATION

1. Port staff recommends that the Board authorize a waiver of competitive bidding and delegate authority to the Executive Director to negotiate and execute a professional services agreement with Passur Aerospace, Inc. for a total amount not to exceed $448,872 and for a maximum term not to exceed three (3) years.
RESOLUTION FINDING AND DETERMINING THAT A PROPOSED AGREEMENT WITH
PASSUR AEROSPACE, INC. FOR CONSULTING SERVICES IN CONNECTION WITH
AIRLINE DATA/REPORTING INTEGRATION SOFTWARE AT A MAXIMUM
COMPENSATION OF $448,872 CONSTITUTES PROFESSIONAL, TECHNICAL AND
SPECIALIZED SERVICES THAT ARE TEMPORARY IN NATURE AND
AUTHORIZING EXECUTION OF AGREEMENT.

WHEREAS, the Board has reviewed and evaluated the Agenda Report Item
No. 6.4 dated June 5, 2014 ("Agenda Report") and related agenda materials, has
received the expert testimony of Port staff, and has provided opportunities for
and taken public comment; and

WHEREAS, 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

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

SECTION 1. Based upon the information contained in the Agenda Report
and testimony received, the Board hereby finds and determines that an agreement
with PASSUR AEROSPACE, INC. will constitute an agreement for obtaining professional,
technical and specialized services that are temporary in nature and that it is in
the best interest of the Port to secure such services from PASSUR AEROSPACE, INC.
SECTION 2. The Board authorizes the Executive Director to:

A. Execute a professional services agreement with PASSUR AEROSPACE, INC. for services related to airline data/reporting integration software at a maximum compensation not to exceed $448,874 for three (3) years, subject to additional material terms and conditions as further described in the Agenda Report.

SECTION 3. 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. Unless and until a separate written agreement is duly executed on behalf of the Board as authorized by this resolution, is signed as 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.

SECTION 4. This resolution shall be effective immediately upon adoption by the Board.
AGENDA REPORT

TITLE: Ordinance to Approve Space/Use Permit with Tricopian LLC for the Installation and Operation of Automated Portable Charger Dispenser Machines at Oakland International Airport (Aviation)

AMOUNT: $14,400 Minimum Annual Guarantee

PARTIES INVOLVED:

<table>
<thead>
<tr>
<th>Corporate Name/Principal</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tricopian LLC</td>
<td></td>
</tr>
<tr>
<td>Chi Yau, Chief Executive Officer</td>
<td>Del Mar, CA</td>
</tr>
<tr>
<td>Joe Yeagley, Executive Vice President</td>
<td></td>
</tr>
</tbody>
</table>

TYPE OF ACTION: Ordinance

SUBMITTED BY: Deborah Ale Flint, Director of Aviation

APPROVED BY: Chris Lytle, Executive Director

With this action, staff seeks Board adoption of an Ordinance approving the terms and conditions, and authorizing the Executive Director to execute, a Space/Use Permit (SUP) with Tricopian LLC, a California limited liability corporation, for a term of approximately four (4) years to install and operate one or more automated portable charger dispenser machines (“Machines”) at Oakland International Airport (“OAK”). Staff further seeks Board delegation of authority to the Director of Aviation to supplement the SUP to add additional locations under the same terms and conditions.

FACTUAL BACKGROUND

Part of OAK’s mission is to enhance the experience of the traveling public. One way of doing this is to provide passenger amenities. Passenger amenities are generally products and/or services that by their nature may not generate a large amount of revenue, but provide an enhanced airport experience, helping to reinforce OAK as the airport of choice.

The Fuelrod product is a rechargeable battery, packaged with cable connectors to fit most cellular phone and USB devices. The Machine also acts as a “swapbox” allowing passengers to either purchase a battery/charger product and/or swap an expended battery for a freshly charged one. The Machines are equipped with a touch screen that allows a customer to select the option to purchase, swap or return. See Attachment “A” for an illustration of the Machine and related marketing material. All transactions are by credit card, no cash is accepted. Each packaged unit will sell for $20.00, and includes the rechargeable battery, a connector cord and two adapters to connect mobile devices. $10.00 of this price is considered a deposit, and is refunded if the buyer returns the battery portion of the unit. Should the purchaser wish to exchange a spent unit for a fully charged one, there is no charge.
The automated process of distribution, small footprint and the ability to swap out used batteries aligns with and will be consistent with the Airport’s existing, non-exclusive automated retail program with New Zoom, Inc.* While similar products are available in traditional retail stores, none have the exchangeability factor that supports sustainability. Tricopian holds the patent on this process and thus is the only source of automated portable charger dispensers available. The portability of the product allows passengers to move about the terminal complex, patronizing other concessionaires, and lessens demand on the existing electrical outlets available to passengers. Tricopian initially proposes to install up to six Machines containing a patented product called “Fuelrod”. In the event the product proves popular, Tricopian will have the right to install additional machines in locations mutually acceptable to both Tricopian and the Airport.

**ANALYSIS**

The Board is being asked to authorize the **SUP** which will allow for the installation of multiple Machines in locations to be mutually agreed upon by both Airport staff and Tricopian. Further, the **SUP** provides that Machines can be added or removed at any time during the term.

Tricopian was co-founded in June 2011 by Chi Yau, CEO and Joe Yeagley, Executive Vice President (dba SaveME Batteries.) They established an affordable, reusable AA and AAA battery business using two way exchange kiosks or vending machines. The FuelRod product is an offshoot of this original battery business that applies the same business model to a reusable Lithium based charger for smart phones and tablets.

While the company is based in Del Mar, California it will contract with a local small business to service and stock the machines.

The business terms and conditions are as follows:

**Term:**

Three years eleven months commencing July 1, 2014, and expiring on May 31, 2018. This termination date is consistent with the termination dates of the majority of the concession contracts to provide maximum flexibility for a total concession program redesign in 2018

**Use:**

The non-exclusive right to install, operate and maintain one or more Portable Charger Dispenser machines at the airport

**Rent:**

Minimum Annual Guarantee (MAG) of $14,400 for up to six machines. In the event more than six machines are installed the MAG will increase to $28,800. This rental rate is comparable to that charged for automatic teller machines at OAK

---

* After an RFP process for a “Non-Exclusive Automated Specialty Retail Concession” and pursuant to Port Ordinance No. 4200 adopted July 26, 2012, New Zoom, Inc. entered into a **Space/Use Permit** to install automated retail units (vending machines) at the Airport; six vending machines are in place.
Performance Deposit: $3,600.00

Premises: The machines will be wall mounted, and would be located throughout Terminals 1 and 2 as demand dictates. These locations may be changed prior to installation subject to mutual agreement of the parties.

Capital Investment by Port: None

Capital Investment by the Permittee: Tricopian will install its machines and will invest additional monies as necessary to provide electrical service to the locations.

Maintenance responsibilities of the Port: None

This SUP also contains a provision requiring Tricopian to assure Labor Peace in accordance with Port Resolution 14-18.

**STRATEGIC PLAN**

Entering into the *Space/Use Permit* supports the goals of the Port’s 2011-2015 Strategic Plan:

<table>
<thead>
<tr>
<th>Strategic Priority Areas</th>
<th>Goal</th>
<th>Objective</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sustainable Economic and Business Development</td>
<td><strong>Goal A:</strong> Create Sustainable Economic Growth for the Port and Beyond.</td>
<td>1. Maximize use of existing assets. 2. Affirm Port identity as a public enterprise. 3. Increase revenues, job creation and small business growth. 4. Pursue strategic partnerships at all levels: local, regional, national and international.</td>
<td>• The Machines are a new exciting amenity for the Airport. They fit into the existing building space and require no added capital investment. A local small business has been identified to partner with Tricopian to service the machines.</td>
</tr>
<tr>
<td></td>
<td><strong>Goal B:</strong> Maintain and Aggressively Grow Core Businesses</td>
<td>1. Retain existing customers and tenants. 2. Promote effective strategic communication with Port customers. 3. Price Port services to provide a highly competitive value. 5. Enhance customer service.</td>
<td>• The product is portable allowing passengers to move freely about the airport while charging electronic devices. This will enhance the business of other airport concessionaires such as food/beverage providers as passengers are not tethered to fixed electrical outlets. The price of the product is approximately 50% lower than similar products and since the product can be swapped for no additional charge it is both economical.</td>
</tr>
</tbody>
</table>
and environmentally sustainable. This provides value to OAK passengers and continues to demonstrate the Airport’s innovation.

Goal D: Improve The Port’s Financial Position

1. Improve cash position and debt service coverage ratio (DSCR).

- Entering into the SUP will generate additional revenue without any associated costs to the Port.

BUDGET & FINANCIAL IMPACT

The FY 2014-15 Budget did not include the addition of this passenger amenity. Therefore, there will be a positive financial impact of $14,400.

STAFFING IMPACT

There will be no staffing impact as the result of this action.

SUSTAINABILITY

There are no obvious environmental opportunities involved with the Space/Use Permit. However, the ability to swap expended batteries for fresh ones reduces waste.

ENVIRONMENTAL

CEQA Determination

The action proposed in this agenda report involves executing a Space/Use Permit with Tricopian. Executing this Space/Use Permit has been determined to be categorically exempt from the California Environmental Quality Act (CEQA) Guidelines pursuant to Section 15301, Existing Facilities, which exempts the operation, repair, maintenance, permitting, leasing, licensing, or minor alteration of existing public or private structures, facilities, mechanical equipment or topographical features, involving negligible or no expansion of use beyond that existing at the time of the lead agency’s determination.

MARITIME AND AVIATION PROJECT LABOR AGREEMENT (MAPLA)

The action to approve the Space/Use Permit does 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 to this action. However, if future tenant construction work under this Space/Use Permit exceeds the thresholds required for coverage under the MAPLA, the provisions of MAPLA will apply when Port Permits are requested for said future construction work.
OWNER CONTROLLED INSURANCE PROGRAM (OCIP)

The work performed under the Space/Use Permit is not within the scope of the Port of Oakland’s Owner Controlled Insurance Program.

GENERAL PLAN

Pursuant to Section 727 of the City of Oakland Charter, the Space/Use Permit has been determined to conform to the policies for the transportation designation of the Oakland General Plan.

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”), do not apply to this agreement as the tenants do not employ 21 or more employees working on Port-related work. However, the tenants will be required to certify that should living wage obligations become applicable, the tenants shall comply with the Living Wage Regulations.

OPTIONS

1. Approve the terms and conditions of the Space/Use Permit with Tricopian LLC consistent with terms and conditions as described above and (1) authorize the Executive Director to execute such SUP, and (2) authorize the Director of Aviation to supplement the SUP to add locations under the same terms and conditions.

2. Do not approve the terms and conditions of the Space/Use Permit, as described above, but recommend different terms and conditions; or,

3. Reject the Space/Use Permit as described above, which will result in a loss of a passenger amenity and reduced revenue to the Port.

RECOMMENDATION

It is recommended that the Board give first reading of an ordinance approving the Space/Use Permit with Tricopian LLC consistent with terms and conditions as described above and authorize the Executive Director to execute said Space/Use Permit and authorize the Director of Aviation to supplement the SUP to add locations under the same terms and conditions, subject to the Port Attorney’s approval as to form and legality.
ATTACHMENT “A”

SWAPBOX
Portable Charger Dispenser

PRODUCT
FuelRod™ Portable Charging Unit
- Low-Cost, High-Performance, Eco-Friendly
- One-for-One Swap or Refuel (recharge) in any standard wall outlet
- Smartphones - up to 15 hours of extra talk time
- Tablets - up to 7½ hours of extra run time

PAYMENT METHOD
- Credit Card (for initial purchase)
- Free Exchange of depleted FuelRod for fresh charged FuelRod

NETWORK COMMUNICATION
- 3G
- WiFi

USER INTERFACE
- 3.5” LCD-Screen: Back Lit
- 10” LCD-Touch Screen

DIMENSION
- 33.37” x 21.26” x 9”

WEIGHT
- 85 lbs loaded

INSTALLATION CONDITIONS
- Indoor 4-Screw Wall Mounted
- Dry Wall, Wood, Concrete, etc.
- Avoid Direct Sunlight (for Better LCD-Screen Visibility)

POWER
- 110V-220V, 50Hz/60Hz; 2 Amp.; 25W
- 3-Prong, 6-ft Power Cord

ENERGY USAGE (ESTIMATE):
- 15 kWh/ Month $23/Year based on .11 cents per kWh

2683 Via De La Valle, G228 • Del Mar • California • 92014 • Tel: 858.381.0888
Today's Traveler
NEEDS POWER ON THE GO
71% of Americans say their mobile devices run out of power while traveling

Introducing the FuelRod™

The first reusable, portable charging system that allows you to fuel (charge) your mobile device on the go, and then recharge or swap for a fresh one.

With the simple swipe of a credit card your customers will get a portable charging unit capable of delivering up to 16 hours of additional talk time on the average smartphone, or up to 7 hours of usage on the most demanding of tablets.

EACH FUELROD INCLUDES:

Adapters for both android and apple devices that are yours to keep, at no additional charge

The ability to be refueled (recharged) in any standard wall outlet

The ability to be swapped (traded) for a fully fueled unit at little to no additional cost at any FuelRod SwapBox

www.fuel-rod.com

The FuelRod
SwapBox

The SwapBox is a FuelRod dispenser. Compact and wall mountable, the SwapBox allows your customers to purchase fully "fueld" FuelRods or swap "empty" FuelRods in minutes. The result is more happily-connected travelers and increased revenues for your business.

NEAR SO COST DEPLOYMENT
Just provide access to electricity.

HIGH QUALITY PRODUCTS
FuelRods are the most energy dense portable charging system for less than half the price of conventional alternatives.

SUSTAINABLE
FuelRods can be swapped, charged, or returned so they don't end up in landfills.

SAVES MONEY
Each FuelRod is fully charged when it is added to the SwapBox so your facility doesn't pay the cost of charging.

EMPOWERING
FuelRods are portable so customers aren't tied to your wall sockets. They're up, moving and free to engage other retail experiences.
BOARD OF PORT COMMISSIONERS
CITY OF OAKLAND

ORDINANCE APPROVING AND AUTHORIZING A SPACE/USE PERMIT WITH TRICOPIAN LLC FOR THE INSTALLATION AND OPERATION OF AUTOMATED PORTABLE CHARGER DISPENSER MACHINES AT OAKLAND INTERNATIONAL AIRPORT.

WHEREAS, the Board of Port Commissioners ("Board") has reviewed and evaluated the Agenda Report Item 6.5 dated June 5, 2014 ("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; and

WHEREAS, 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; now, therefore

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

Section 1. The Board hereby approves a Space/Use Permit ("Agreement") between the CITY OF OAKLAND, a municipal corporation, acting by and through the Board, and TRICOPIAN LLC, for the installation and operation of automated portable charger dispenser machines at Oakland International Airport for a term expiring on May 31, 2018, for a Minimum Annual Guarantee of $14,400 for up to six machines, and upon such other terms and conditions as set forth in the Agenda Report, and upon such standard terms and conditions as specified in the Agreement and approved by the Executive Director.

Section 2. The Board hereby authorizes the Executive Director (i) to execute said Agreement, subject to the Port Attorney's review and approval as to form and legality, and (ii) make such additions, modifications, or corrections as necessary to implement the Agreement or to correct errors, subject to the limitations set forth herein and provided that any such addition, modification or correction does not materially differ from the terms and conditions set forth herein and in the Agenda Report.
Section 3. The Board hereby authorizes the Director of Aviation to supplement the Agreement to add locations under the same terms and conditions, subject to the Port Attorney’s approval as to form and legality.

Section 4. The Board hereby finds and determines that executing this Agreement is categorically exempt from the requirements of the California Environmental Quality Act Guidelines pursuant to Section 15301 (Existing Facilities).

Section 5. This ordinance is not evidence of and does not create or constitute (a) a contract, agreement, 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. This ordinance approves and authorizes the execution of said Agreement in accordance with the terms of this ordinance. Unless and until a separate written Agreement is duly executed on behalf of the Board as authorized by this ordinance, is signed and approved as to form and legality by the Port Attorney, and is delivered to Tricopian LLC, there shall be no valid or effective Agreement.

Section 6. This ordinance shall be effective immediately upon adoption by the Board.

________________________
President.

________________________
Attest

________________________
Secretary.

Approved as to form and legality:

________________________
Port Attorney
AGENDA REPORT

TITLE: Authorization to Enter Into a Professional Services Agreement With Leidos, Inc. for Management and Maintenance of the Maritime Port Registry and Truck Positioning System

AMOUNT: Amount Disclosed to the Board

PARTIES INVOLVED:

<table>
<thead>
<tr>
<th>Corporate Name/Principal</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leidos, Inc.</td>
<td>Reston, VA</td>
</tr>
</tbody>
</table>

TYPE OF ACTION: Resolution

SUBMITTED BY: John C. Driscoll, Director of Maritime

APPROVED BY: J. Christopher Lytle, Executive Director

SUMMARY

Following a competitive selection process, Port staff seeks the Board’s authorization for the Executive Director to enter into a Professional Services Agreement with Leidos, Inc. for Maritime Port Registry and Truck Positioning System Management and Maintenance.

FACTUAL BACKGROUND

In August, 2009, the Port issued a Request for Proposals (RFP) for consulting services for the development and implementation of the Port of Oakland (Port) Maritime Comprehensive Truck Management Program (CTMP), Port Registry. The competitive process resulted in the award of a contract to Science Applications International Corporation (SAIC).

In January, 2010, marine terminal operators established a requirement that all drayage trucks must be registered with eModal and equipped with Radio Frequency Identification (RFID) devices for electronic identification at the security gates. In May, 2012, the Port contracted with SAIC for the integration of drayage truck position data, provided by the marine terminal operators using RFID information (eModal), to the Port owned Truck Management System. This provided the Port with real time truck identification and location data. This scope of work also included general management and maintenance of the Port Registry and Truck Positioning System through June 30, 2014. The contract terminates on June 30, 2014.

1 The Maritime Division has informed the Board of its estimate for the cost of this proposed professional services agreement. It is not disclosed here in the best interest of the public and the competitive process. Actual amounts will be available after all the contract agreements have been obtained.
The Port averages 8,000 container gate movements each day (Monday-Friday) with some seasonal variations. There are currently 5,697 database registered truck drivers and 6,589 database registered trucks. Two-thirds of the fleet is comprised of independent owner-operators and one-third are employee drivers. The truck drivers, regardless of employee drivers or independent owner-operators, are hired or contracted by licensed motor carriers to pick up or deliver all cargo within the Port’s Maritime area. There are currently 604 licensed motor carriers registered in the Port’s database.

On March 19, 2014, the Port issued a formal RFP for Maritime Port Registry and Truck Positioning System Maintenance and Management. The RFP opportunity was posted, advertised, and sent to the following sites/entities:

- Posted on the Port’s website
- Advertised in the Oakland Tribune
- Directly solicited nine (9) companies who provide this type or similar type of service
- Provided copies of the RFP to fourteen (14) Chambers of Commerce for dissemination
- Forwarded the RFP to the Port’s Social Responsibility Division for further dissemination to Certified Small and Local Companies

In addition, eighteen (18) companies downloaded the RFP from the Port website. A non-mandatory pre-proposal meeting was held on March 26, 2014 at which two companies were in attendance: Leidos, Inc. (formerly SAIC) and Advent, Inc. By the proposal due date of April 18, 2014, only one of the companies, Leidos, Inc. submitted a proposal.

ANALYSIS

Because of the unique nature of the scope of services included in the RFP and the three different tasks included in the RFP (noted below), the Port anticipated only receiving one to two proposals for this service. On April 17, 2014, prior to the proposal due date, Advent Inc. contacted the Port to let us know they weren’t going to be submitting a proposal for this service. In accordance with standard Port procurement procedures, the Leidos, Inc. proposal was evaluated to assure the company’s ability to perform under the contract based on the following criteria:

- Resources, References, and Key Personnel
- Knowledge and Experience
- Plan and Approach
- Proposed Costs
- Port Policy Requirements and Required Forms
- Non-Discrimination Small Local Business Utilization Policy
The proposal was also responsive to the required three tasks, as follows:

- Maintain the Drayage Truck Registry and Hosted Website
- Maintain the Truck Management System and Hosted Website
- Manage Customer Service Center Operations

Leidos, Inc. is the current supplier of this service to the Port. In addition to seamless service continuity, the proposal includes a technology refresh which will upgrade the operating systems, database versions, programming tools and development kits, and increase database storage capability. These improvements will increase system speed of service for the Port trucking community and Port users and ensure better overall system reliability.

Based on the proposal, the average annual cost for the scope of work will be less than the current annual maintenance cost under the current SAIC contract. Part of this cost savings will be realized through a proposed shift of third party software/hardware hosting providers, which will reduce monthly service charges. The proposed contract terms include two, one year options to extend after the initial 3-year per performance period.

Based upon the Port team’s assessment of the proposal and of Leidos’ performance (performing as SAIC) under the current contract, staff determined that Leidos is fully capable of performing under the provisions and requirements of the RFP.

**STRATEGIC PLAN ALIGNMENT**

<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 the landlord for the Maritime Area, to be the focal point for the collection, consolidation, and management of information and data related to critical maritime infrastructure. The project provides enhanced tools for the Port to more efficiently, effectively, and reliably serve its security/emergency response role.</td>
</tr>
<tr>
<td>Communications and Information</td>
<td>Goal K: Promote a Proactive and Responsive Communications Model</td>
<td>1. Develop a strategic and comprehensive communications plan which reaches out to a wide range of internal and external stakeholders and</td>
<td>The project will significantly improve the communication and working relationships between participating agencies, first responders, and the private owners of critical infrastructure in our region.</td>
</tr>
</tbody>
</table>
incorporates state-of-the-art practices and technology

**BUDGET & FINANCIAL IMPACT**

The Maritime Port Registry and Truck Positioning System Maintenance and Management Program is being included in the proposed Maritime Division operating budget for FY 2014-15 through FY 2018-19. The Leidos proposal is consistent with budgeted costs.

**STAFFING IMPACT**

The Maritime Port Registry and Truck Positioning System Management and Maintenance will require support from existing staff in the Maritime Division for oversight of project implementation. The Maritime Security Project Administrator will serve as project manager. Staff is available to provide the required support; no additional staffing is required.

**SUSTAINABILITY**

The proposed action does not directly provide opportunities for sustainability.

**ENVIRONMENTAL**

The proposal to authorize the Executive Director to enter into a professional services agreement with Leidos, Inc. to manage and maintain the Maritime Port Registry and Truck Positioning System and to operate the Customer Service Center 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 authorizing an agreement, maintaining the computerized Drayage Truck Registry and Truck Positioning System, hosting websites, or staffing the existing on-site Customer Service Center for outreach to truckers and trucking companies in compliance with the Port's Comprehensive Truck Management Program will result in a physical change in the environment, and therefore these actions are not subject to CEQA and no further environmental review is required.

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

The professional services agreement required to implement the Maritime Port Registry and Truck Positioning System Maintenance and Management Program is for professional services that do not include construction testing and inspection; and, therefore, the provisions of the Port of Oakland Maritime and Aviation Project Labor Agreement (MAPLA) do not apply to this work.
OWNER CONTROLLED INSURANCE PROGRAM (OCIP)

This project is not subject to the Port's Professional Liability Insurance Program (PLIP), which is a companion policy to OCIP, as it is not a design project supporting capital improvement construction. The consultant will be required to evidence insurance as otherwise required in the Port’s professional service agreement.

GENERAL PLAN

This action does not change the use of any existing facilities or create new facilities; therefore a General Plan conformity determination pursuant to Section 727 of the City of Oakland Charter is not required.

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”), do not apply to this agreement as the service provider does not employ 21 or more employees working on Port-related work. However, the service provider will be required to certify that should living wage obligations become applicable, the service provider shall comply with the Living Wage Regulations.

OPTIONS

1) Authorize the Executive Director to enter into a three year Professional Services Agreement with Leidos, Inc., with two one-year extension options, for Maritime Port Registry and Truck Positioning System Management and Maintenance, in an amount disclosed to the Board of Port Commissioners.

2) Do not authorize the Executive Director to enter into a new Professional Services Agreement with Leidos, Inc. and, instead, direct staff to either reissue the RFP or eliminate the Maritime Port Registry and Truck Positioning System Management and Maintenance.

RECOMMENDATION

It is recommended that the Board:

Authorize the Executive Director to enter into a three year Professional Services Agreement with Leidos, Inc., with two one-year extension options, for Maritime Port Registry and Truck Positioning System Management and Maintenance, in an amount disclosed to the Board of Port Commissioners.
RESOLUTION FINDING AND DETERMINING THAT A PROPOSED AGREEMENT WITH LEIDOS, INC. FOR CONSULTING SERVICES IN CONNECTION WITH THE MANAGEMENT AND MAINTENANCE OF THE MARITIME PORT REGISTRY AND TRUCK POSITIONING SYSTEM AT A MAXIMUM COMPENSATION AMOUNT DISCLOSED TO THE BOARD OF PORT COMMISSIONERS CONSTITUTES PROFESSIONAL, TECHNICAL AND SPECIALIZED SERVICES THAT ARE TEMPORARY IN NATURE AND AUTHORIZING EXECUTION OF AGREEMENT.

WHEREAS, the Board of Port Commissioners ("Board") has reviewed and evaluated the Agenda Report Item No. 6.6, dated June 5, 2014 ("Agenda Report") and related agenda materials, has received the expert testimony of Port staff, and has provided opportunities for and taken public comment; and

WHEREAS, 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

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

SECTION 1. Based upon the information contained in the Agenda Report and testimony received, the Board hereby finds and determines that an agreement with LEIDOS, INC. will constitute an agreement for obtaining professional, technical and specialized services that are temporary in nature and that it is in the best interest of the Port to secure such services from LEIDOS, INC.
SECTION 2. The Board authorizes the Executive Director to:

A. Execute a professional services agreement with LEIDOS, INC. for the management and maintenance of the Maritime Port Registry and Truck Positioning System for a term of three (3) years and two (2) one-year options to extend, for a maximum term not to exceed five (5) years and for a total contract amount that will not exceed the amount disclosed to the Board, subject to additional material terms and conditions as further described in the Agenda Report.

SECTION 3. 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. Unless and until a separate written agreement is duly executed on behalf of the Board as authorized by this resolution, is signed as 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.

SECTION 4. This resolution shall be effective immediately upon adoption by the Board.
AGENDA REPORT

TITLE: Authorization to Extend Lease with Ports America Outer Harbor Terminal, LLC for the Berths 25/26 Marine Terminal on a Month-to-Month basis

AMOUNT: Approximately $0.7 million monthly

PARTIES INVOLVED:

<table>
<thead>
<tr>
<th>Corporate Name/Principal</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ports America Outer Harbor Terminal, LLC</td>
<td>Oakland, CA</td>
</tr>
</tbody>
</table>

TYPE OF ACTION: Ordinance

SUBMITTED BY: John C. Driscoll, Director of Maritime

APPROVED BY: J. Christopher Lytle, Executive Director

SUMMARY

Ports America Outer Harbor Terminal, LLC (PAOH) currently leases the Berths 25/26 marine terminal (see Exhibit A) pursuant to a Non-Exclusive Preferential Assignment Agreement (Lease) with the Port, which PAOH assumed in 2010. The lease initially was set to expire on June 30, 2013, but was extended twice to June 30, 2014. Staff is requesting an extension of the lease on a month-to-month basis while negotiations for a new multi-year lease are finalized.

FACTUAL BACKGROUND

On August 2, 2010, the Port entered into the Second Supplemental Agreement to a Non-Exclusive Preferential Assignment Agreement (“Lease”) with PAOH for the Berths 25/26 marine terminal. The Lease initially was set to expire on June 30, 2013. Under the Lease, PAOH has two options to extend the Lease for an additional five years each upon mutual agreement between PAOH and the Port on compensation terms. Accordingly, PAOH exercised its first option by giving notice to the Port in writing on June 25, 2012 of its intent to exercise the first 5-year option, contingent upon agreement with the Port on the terms and conditions of lease extension. Port staff met with PAOH on several occasions to discuss the compensation terms of the Lease extension; however, no agreement was reached by June 2013. Therefore, staff requested and the Board approved an extension through December 31, 2013, and again through June 30, 2014 to continue negotiations on the terms and condition of such an extension.

At this time, staff and PAOH are finalizing negotiations on a multi-year Lease extension for the Berths 25/26 marine terminal. PAOH and staff have agreed on key terms and are working to complete negotiations and drafting of a new lease agreement to be drafted for both parties’ approval by July 31, 2014.
ANALYSIS

Because negotiations are almost complete and the drafting of a new lease has begun, Port staff believes that a month-to-month extension of the lease is appropriate and necessary. The extension would maintain the same terms and conditions as the current lease, with the exception of the following:

- Minimum rent of approximately $725,000 per month.
- Month-to-month, cancellable upon 30 day’s notice by either party, with up to an additional 60-day move-out period so long as rent is paid in full by PAOH during those two additional months.
- Non-exclusivity, so that the Port can market the Berth 25/26 terminal to other interested parties if unforeseen circumstances jeopardize the current tentative agreement for a new lease with PAOH.
- PAOH will compensate the Port for use of the cranes assigned to Berths 25/6 at Berth 20-24, as may occur from time to time, at the Basic Tariff Rate (Tariff 2-A) applicable to each crane.

STRATEGIC PLAN

The action described herein would help the Port achieve the following goal and objective of the Port’s Strategic Plan:

<table>
<thead>
<tr>
<th>STRATEGIC PRIORITY AREAS</th>
<th>GOAL</th>
<th>OBJECTIVE</th>
<th>HOW THIS PROJECT IMPLEMENTS + WHEN</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>Maximize the use of existing assets</td>
<td>The proposed lease extension will secure revenue for the Port and maintain business operations at Berths 25/26 while a new multi-year lease is finalized.</td>
</tr>
<tr>
<td></td>
<td>Goal B: Maintain and Aggressively Grow Core Businesses</td>
<td>Retain existing customers and tenants</td>
<td></td>
</tr>
</tbody>
</table>

BUDGET & FINANCIAL IMPACT

Extension of the Lease for the Berths 25/26 marine terminal on a month-to-month basis secures revenue of approximately $725,000 per month, consistent with both FY14 and FY15 budgets.

STAFFING IMPACT

The action described herein is not anticipated to impact staffing levels.
SUSTAINABILITY

The action described herein does not directly provide opportunities for sustainability as described in the Port’s Sustainability Policy.

ENVIRONMENTAL

The proposed extension to the term of the Lease between the Port and PAOH is categorically exempt from the California Environmental Quality Act (CEQA) pursuant to the Port CEQA Guidelines, Section 15301(p), which exempts renewals, extensions or amendments to leases or license and concession agreements where the premises or licensed activity was previously leased or licensed to the same or another person, and involving negligible or no expansion of use beyond that previously existing. Extending the Lease with the existing tenant, PAOH, to continue its current business operations meets the criteria for this exemption.

The Lease premises includes 6.5 acres that are under the oversight of the State of California’s Department of Toxic Substances Control (DTSC, site 01280092) due to volatile organic compounds in shallow groundwater, remaining from a former use as a marine chemical terminal and hazardous materials bulk storage and processing facility. A deed restriction on that portion of the site prohibits certain land uses and activities, such as groundwater extraction and excavation or soil disturbance without DTSC review and approval of a soil management plan. Continued use of the deed-restricted portion of the site for marine terminal purposes is not subject to CEQA under Section 15061(b)(3) of the CEQA Guidelines, which 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 extending the existing Lease for the same uses on that portion of the site will result in a physical change in the environment, and therefore this action is not subject to CEQA.

MARITIME AND AVIATION PROJECT LABOR AGREEMENT (MAPLA)

The matters addressed under this action are 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 to this action.

OWNER CONTROLLED INSURANCE PROGRAM (OCIP)

This action is not subject to the Port’s Owner Controlled Insurance Program (OCIP).

GENERAL PLAN

This action does not change the use of any existing facilities or create new facilities; therefore a General Plan conformity determination pursuant to Section 727 of the City of Oakland Charter is not required.

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”), do not apply because the requested action is not an agreement, contract, lease, or request to provide financial assistance within the meaning of the Living Wage Regulations.

OPTIONS

Staff has identified the following options for the Board’s consideration:

1. Authorize the Executive Director to execute a month-to-month extension to the Berths 25/26 Lease, with the modifications described herein regarding compensation.

2. Do not authorize the Executive Director to execute a month-to-month extension to the Berths 25/26 Lease, determine that the lease expires on June 30, 2014, and direct staff to market the Berths 25/26 marine terminal to other interested parties. There will be no lease revenues collected while the terminal is marketed.

3. Authorize an extension to the Lease with different terms than proposed herein.

RECOMMENDATION

Staff recommends that the Board:

Make the CEQA findings outlined herein and authorize the Executive Director to execute a month-to-month extension to the Berths 25/26 Non-Exclusive Preferential Assignment Agreement, with the modifications described herein regarding compensation.
Exhibit A

Port of Oakland Maritime Facilities

Berths 25/26
Marine Terminal
ORDINANCE APPROVING AND AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE A MONTH-TO-MONTH EXTENSION TO THE PORTS AMERICA OUTER HARBOR TERMINAL, LLC NON-EXCLUSIVE PREFERENTIAL ASSIGNMENT AGREEMENT FOR THE BERTHS 25/26 MARINE TERMINAL.

WHEREAS the Board of Port Commissioners of the City of Oakland ("Board") has reviewed and evaluated the proposed extension of the Non-Exclusive Preferential Assignment Agreement ("NEPAA") with Ports America Outer Harbor Terminal LLC ("Ports America") for the Berths 25/26 as set forth in the Agenda Report for Agenda Item 6.7, dated June 5, 2014 (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 hereby finds and determines as follows:

A. Continued use of the NEPAA premises for marine terminal purposes is not subject to the California Environmental Quality Act ("CEQA") under Section 15061(b)(3) of the CEQA Guidelines, which 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 extending the existing NEPAA for the same uses on the premises, including the prohibitions on soil disturbances, will result in a physical change in the environment, and therefore this action is not subject to CEQA.
B. In addition, the proposed extension to the term of the NEPAA between the Port and Ports America is categorically exempt from the CEQA pursuant to the Port CEQA Guidelines, Section 15301(p), which exempts renewals, extensions or amendments to leases or license and concession agreements where the premises or licensed activity was previously leased or licensed to the same or another person, and involving negligible or no expansion or use beyond that previously existing. Extending the NEPAA with the existing tenant, Ports America, to continue its current business operations meets the criteria of this exemption.

Section 3. The Board approves and authorizes the Executive Director to enter into a month-to-month extension to the NEPAA with Ports America for the Berths 25/26 Marine Terminal under the same terms and conditions as the current NEPAA with the following modifications:

- Minimum monthly rent will be approximately $725,000.00 per month;
- The NEPAA will be terminable by either party by giving 30-day’s written notice to the other of termination, and upon such termination, Ports America will be given up to an additional 60 days to vacate and surrender the Berths 25/26 Marine Terminal premises provided that Ports America continues to pay its monthly rent as provided herein;
- The Port will be allowed to market the Berths 25/26 Marine Terminal premises to any other interested party, in the Port’s sole and absolute discretion, at any time during the extended term of the NEPAA; and
- Ports America will pay the Port for use of the cranes at Berths 25/26 at crane rates set forth in Port Tariff 2-A (as the same may be modified from time-to-time by the Board) whenever Ports America uses such cranes on any portion of Berths 20-24

Section 4. This ordinance 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 ordinance approves and authorizes the execution of an agreement in accordance with the terms of this ordinance. Unless and until a separate written agreement is duly executed on behalf of the Board as
authorized by this ordinance, 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.

Section 5. This ordinance shall be effective immediately upon adoption by the Board.

_____________________________  President.

Attest: ________________________  Secretary.

Approved as to form and legality:

_____________________________  Port Attorney
AGENDA REPORT

TITLE: Authorization to Reimburse the City of Oakland for Contingency Services Provided in FY 2014 and to Negotiate and Execute a Supplemental Memorandum of Understanding (MOU) with the City of Oakland for Contingency Services Effective FY 2015

AMOUNT: FY 2014 Costs Not to Exceed $200,000
To Be Determined for FY 2015 and Beyond

PARTIES INVOLVED:

<table>
<thead>
<tr>
<th>Corporate Name/Principal</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>City of Oakland</td>
<td>Oakland, CA</td>
</tr>
</tbody>
</table>

TYPE OF ACTION: Resolution

SUBMITTED BY: John C. Driscoll, Director of Maritime

APPROVED BY: J. Christopher Lytle, Executive Director

SUMMARY

Authorization is being requested to reimburse the City of Oakland (“City”) up to $200,000 for services provided in Fiscal Year 2014, including enforcement support for trucker protests and street racing. Authorization is also being requested for the Executive Director to negotiate and enter into a supplemental MOU with the City for provision of the same services in the future.

FACTUAL BACKGROUND

From August 2013 through January 2014, the Port coordinated with the Oakland Police Department (“OPD”) to provide dedicated law enforcement resources in the Port’s Maritime area in response to trucker protests and illegal street racing activities. These activities created disruptive working conditions in the past and it was determined that additional law enforcement resources were required to maintain safety and enforce laws. These resources were additional to the resources that the City already provides pursuant to the current MOU with the City for Special Services.

ANALYSIS

During events that have the potential to impact public safety or detrimentally affect the flow of traffic and commerce in the Maritime area (“Contingency Events”), the Port requires prompt and proactive law enforcement support from the City (“Contingency Services”).
Street Racing Enforcement Support
Street racing and sideshow activities have been sporadically occurring in the Maritime area over the last year, primarily along Middle Harbor Road. When these illegal activities occur, they can attract anywhere between 20 to 100 vehicles and up to 200 participants and observers. These activities have resulted in vehicle crashes, personal injuries, and two fatalities in the last year. On occasion there has been gunfire associated with these events.

Street racing/sideshow activity tends to occur on weekend nights but has also occurred at night during the week. The proactive presence of law enforcement officers generally prevents the illegal activity from starting and it is presumed the participants depart the area in search of locations that are clear of law enforcement.

OPD staffing levels, prioritized response, and dispatch protocol does not typically allow for dedicated, continuous police presence to prevent the street racing from starting. However, when “ordered” from the Port in advance, officers are assigned on an overtime basis to provide a proactive presence, which has effectively deterred the street racing and sideshow activities. Over three months from November 2013 through January 2014, the cost for 804 hours of overtime OPD officers was $61,951.34.

Trucker Protest Enforcement Support
From August through November 2013, the Port experienced trucker protests in the Maritime area. In an effort to ensure the safety of those participating in the protests and preventing the illegal blockage of roadways and marine terminal access points, additional dedicated law enforcement presence was ordered by the Port in advance of the protests. The Port coordinated with OPD to provide approximately 1,574 hours of OPD officer overtime to manage the safety and security in the Maritime area throughout three protest events periods. The cost of the OPD overtime was $126,789.41.

Additionally, OPD forces required planned, augmented support from the Alameda County Sheriff’s Office (ACSO) for three of the events at a total cost of $59,072.12. The associated invoices were paid using the Oakland International Airport contract for security services with ACSO. Therefore, these costs are not part of the authorization being requested in this Agenda Report.

Supplemental MOU
In order to properly support and/or respond to Contingency Events in the future, a supplemental MOU is needed to document the terms of the City-provided Contingency Services. The supplemental MOU would also include OPD boat fuel and maintenance.

To date, for FY 2014, the Port has been billed $188,740.75 for additional Special Services, broken down as follows:
Trucker Protest Enforcement Support $126,789.41  
Street Racing Enforcement Support $ 61,951.34  
Total (current) $188,740.75

Additional invoices for miscellaneous amounts may be forthcoming. Therefore, staff is requesting authorization up to $200,000 for FY 2014.

**STRATEGIC PLAN ALIGNMENT**

<table>
<thead>
<tr>
<th>STRATEGIC PRIORITY AREA</th>
<th>GOAL</th>
<th>OBJECTIVE</th>
<th>HOW</th>
</tr>
</thead>
</table>
| Sustainable Economic and Business Development | Goal B: Maintain and Aggressively Grow Core Business  
Goal D: Improve the Port’s Financial Position | Retain Existing Customers and Tenants  
Minimize Expenditures and Focus on Core Services | The management of protest and illegal activities in the Maritime area is critical to business continuity  
The City provides Special Services which are not provided by the Port and are more cost-effectively provided by the City |

**BUDGET & FINANCIAL IMPACT**

The expenditure of up to $200,000 for the Contingency Services in FY 2014 was not budgeted. However, for FY15, the Port is currently budgeting $316,000 for these same services (including $16,000 for OPD Boat Fuel and Maintenance). Final rates/cost for FY 2015 and beyond will be determined during development of the MOU.

**STAFFING IMPACT**

Maritime operations during contingency events are managed by both the Port Facilities Security Officer and the Wharfingers. The proposed action will not have any additional staffing impact.

**SUSTAINABILITY**

The proposed action does not provide opportunities for sustainability.

**ENVIRONMENTAL**

The proposal to reimburse the City for OPD services and to execute a supplemental MOU for OPD services and support was reviewed in accordance with the requirements of the California Environmental Quality Act (CEQA), and the Port CEQA Guidelines. The proposed actions are not subject to CEQA because they involve government fiscal activities that do not involve any commitment to any specific project which may result in
a potentially significant physical impact on the environment, pursuant to Section 15378(b)(4) of the CEQA Guidelines.

MARITIME AND AVIATION PROJECT LABOR AGREEMENT (MAPLA)

The matters contained in this Agenda Report do not fall within the scope of the MAPLA and therefore, the provisions of MAPLA do not apply.

OWNER CONTROLLED INSURANCE PROGRAM (OCIP)

The matters contained in this Agenda Report do not involve construction and therefore the OCIP does not apply.

GENERAL PLAN

This action does not change the use of any existing facilities, make alterations to an existing facility, or create new facilities; therefore a General Plan conformity determination pursuant to Section 727 of the City of Oakland Charter is not required.

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”), do not apply because the requested action is not an agreement, contract, lease, or request to provide financial assistance within the meaning of the Living Wage Regulations.

OPTIONS

1) Approve payment to reimburse the City of Oakland for Contingency Services as outlined in this Agenda Report in an aggregate amount not to exceed $200,000 and authorize the Executive Director to negotiate and execute a Supplemental MOU with the City of Oakland for the Contingency Services effective FY 2015.

2) Do not approve payment to reimburse the City of Oakland for Contingency Services as outlined in this Agenda Report in an aggregate amount not to exceed $200,000, and do not authorize the Executive Director to negotiate and execute a Supplemental MOU with the City of Oakland for Contingency Services effective FY 2015.
RECOMMENDATION

It is recommended that the Board:

Approve payment to reimburse the City of Oakland for Contingency Services as outlined in this Agenda Report in an aggregate amount not to exceed $200,000 and authorize the Executive Director to negotiate and execute a Supplemental MOU with the City of Oakland for the Contingency Services effective FY 2015.
RESOLUTION AUTHORIZING REIMBURSEMENT TO THE CITY OF OAKLAND FOR CONTINGENCY SERVICES PROVIDED IN FISCAL YEAR 2014; AND AUTHORIZING THE EXECUTIVE DIRECTOR TO NEGOTIATE AND EXECUTE A SUPPLEMENTAL MEMORANDUM OF UNDERSTANDING (MOU) WITH THE CITY OF OAKLAND FOR CONTINGENCY SERVICES EFFECTIVE FISCAL YEAR 2015.

WHEREAS, the Board of Port Commissioners ("Board") has reviewed and evaluated Agenda Report Item 6.8 ("Agenda Report"), dated June 5, 2014 and related agenda materials, has received the expert testimony of Port staff, and has provided opportunities for and taken public comment; now, therefore, be it

RESOLVED, that the Board hereby approves payment to reimburse the City of Oakland for Contingency Services provided in Fiscal Year 2014 as outlined in this Agenda Report in an amount not to exceed $200,000; and be it

RESOLVED, that the Board hereby authorizes the Executive Director or his designee to negotiate and execute a Supplemental Memorandum of Understanding ("MOU") with the City of Oakland for the Contingency Services effective Fiscal Year 2015 as more fully described in the Agenda Report; and be it

FURTHER RESOLVED, that the Board hereby finds and determines that both reimbursing the City of Oakland and execution of a supplemental MOU for Oakland Police Department services was reviewed in accordance with the requirements of the California Environmental Quality Act ("CEQA") and the Port CEQA Guidelines. The projects are not subject to CEQA guidelines because they involve government fiscal activities that do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment, pursuant to Section 15378(b)(4) of the CEQA Guidelines; 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 the other
contracting party, there shall be no valid or effective agreement, and
be it

FURTHER RESOLVED, that this resolution shall become
effective immediately upon adoption by the Board.
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.