

DEBORAH ALE FLINT  
Acting Executive Director

DANNY WAN  
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Secretary of the Board

**PORT OF OAKLAND**  
BOARD OF PORT COMMISSIONERS  
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**SUPPLEMENTAL- AGENDA**

**Regular Meeting of the Board of Port Commissioners**

**Thursday May 9, 2013 – 1:00 p.m.**

**Board Room – 2<sup>nd</sup> Floor**

**President Gonzales will participate in the meeting by telephone from the Tahoe Lakeshore Lodge at 930 Bal Bijou Road, South Lake Tahoe, CA 96150.**

**The teleconference location will be accessible to the public.**

**ROLL CALL**

Commissioner **Butner**, Commissioner **Hamlin**, Commissioner **Parker**, Commissioner **Uno**, 2<sup>nd</sup> Vice-President **Yee**, 1<sup>st</sup> Vice President **Head** and President **Gonzales**.

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

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

**1.2 CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION. Significant Exposure to Litigation Pursuant to Subdivision (b) of California Government Code Section 54956.9: 1 matters**

**1.3 PUBLIC EMPLOYEE APPOINTMENT**

**Title:** Executive Director

**1.4 PUBLIC EMPLOYEE PERFORMANCE EVALUATION**

**Title:** Port Attorney, Board Secretary

**1.5 PULLED: CONFERENCE WITH REAL PROPERTY NEGOTIATOR**—As provided under California Government Code Section 54956.8:

- Property:** Former Oakland Army Base—Buildings 803-808 and Adjacent Yards
- Negotiating Parties:** Port of Oakland, and Industrial Railways Company (“I.R.C.”), Impact Transportation, Pacific Coast Container (“PCC”) and Port Transfer, Inc. (“PTI”)
- Agency Negotiator:** Acting Director of Maritime, Deputy Executive Director, Jean Banker
- Under Negotiation:** Price and Terms of Tenancy

**ROLL CALL/OPEN SESSION** (Approximately 4:00 p.m.)

Commissioner **Butner**, Commissioner **Hamlin**, Commissioner **Parker**, Commissioner **Uno**, 2<sup>nd</sup> Vice-President **Yee**, 1<sup>st</sup> Vice President **Head** and President **Gonzales**.

**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** Authorization to Amend Five-Year Agreement for Law Enforcement Services with the Alameda County Sheriff’s Office to Modify Contract Language and add a Not to Exceed total Cap (**Aviation**)
- 2.2** Authorization to Extend Lease with Ports America Outer Harbor Terminal for Berths 25/26 Six Months through December 31, 2013 (**Maritime**)
- 2.3** Authorization Approving Consent to Assignment of Contract from GTSI Corporation dba Government Technology Services, Inc, to UNICOM Government, Inc. for the Design-Build of a Transportation Workers Identification Credential Access Control System (**Maritime**)
- 2.4** Approval Of The Minutes of the Regular Meetings of [March 28, 2013](#), [April 11, 2013](#), [April 25, 2013](#) and the Special Meeting of [April 19, 2013](#). (**Board Secretary**)

- 2.5 **Ordinance No. 4231**, 2<sup>nd</sup> Reading of an Ordinance Authorizing The Port Executive Director To Enter Into Two Separate 3-Year Lease Agreements To Lease To And To Lease From The City Of Oakland Certain Parcels On The Former Oakland Army Base.
- 2.6 **Report:** Quarterly Report Of Construction Change Orders For 3rd Quarter FY 12/13 **(Engineering)**
- 2.7 **Report:** Executive Director Award of Recent Public Works and Professional Services Contracts **(Engineering)**

**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 Authorize the Executive Director to enter into a grant agreement with the United States Maritime Administration for the Outer Harbor Intermodal Terminals (Phase 1 Rail Improvements) **(Maritime)**

**4. BUDGET & FINANCE**

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

- 4.1 **Report:** FY 2014 Operating and Capital Budgets Update
- 4.2 **Report:** FY 2012 Management Letter

**5. STRATEGY & POLICY**

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

- 5.1 **Report:** Review And Provide Directions on Proposed Amendments to By-Laws And Administrative Rules of the Board of Port Commissioners **(Legal)**
- 5.2 **Report:** Maritime Division Strategy Discussion **(Maritime)**

**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 Approval of budget and authorization for the Executive Director to Enter into an Agreement to Implement a new Common Use Processing System and provide 5 years of support and software upgrades at Oakland International Airport. **(Aviation)**
- 6.2 General Rate Increase of 1.7% to Port Tariff No. 2-A, effective July 1, 2013 **(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 Meeting of the Board will be held on May 23, 2013 at 1:00 PM

## **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.portoakland.com](http://www.portoakland.com)

To receive Port Agendas and Agenda Related Materials by email, please email your request to: [jbetterton@portoakland.com](mailto: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](mailto: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](mailto: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.

BOARD MTG. DATE: May 9, 2013

## **AGENDA REPORT**

**TITLE:** Authorization to Amend Five-Year Agreement for Law Enforcement Services with the Alameda County Sheriff's Office to Modify Contract Language and add a Not to Exceed total Cap

**AMOUNT:** Not to Exceed \$71,660,000, no increase over existing contract (over five-years, except as described herein)

**PARTIES INVOLVED:**

<b>Corporate Name</b>	<b>Location</b>
Alameda County Sheriff's Office/Gregory J. Ahern, Sheriff	1401 Lakeside Drive, 12 <sup>th</sup> Floor, Oakland, CA, 94612
Alameda County Board of Supervisors	1221 Oak Street #536 Oakland, CA 94612

**TYPE OF ACTION:** Resolution

**SUBMITTED BY:** Kristi McKenney, Acting Director of Aviation

**APPROVED BY:** Deborah Ale Flint, Acting Executive Director

### **EXECUTIVE SUMMARY**

The purpose of this Agenda Report is to request approval from the Board of Port Commissioners (Board) for the Executive Director to execute an amendment to the contract language in the Law Enforcement Services Agreement with the Alameda County Sheriff's Office to establish a not to exceed cost of \$71,660,000 for the five-year contract duration and to allow for operational flexibility during a declared emergency. The current contract does not set a spending cap and only refers to the Port's budget process.

### **FACTUAL BACKGROUND**

#### Law Enforcement Services Agreement

In December 2011, the Board authorized an agreement with the Alameda County Sheriff's Office (ACSO) to provide all Law Enforcement Services at Oakland International Airport (OAK). This agreement commenced on July 1, 2012, and will continue through fiscal year 2015 with automatic renewals for up to two (2) one (1) year extensions unless the Port provides written notice of non-renewal not less than one hundred twenty (120) calendar days before the last day of the initial term or applicable extension term. Under this agreement, the expected operating costs, including salary/wages, benefits, law enforcement supplies, dispatch services, cell phones, and general supplies for the first year (fiscal year 2013) was approved for a not to exceed \$12,800,000 amount. Under the terms of this agreement,



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ACSO will submit a detailed line item budget for subsequent contract years, subject to Port budget approval.

Procurement and Maintenance of Law Enforcement Vehicles

In April 2012, the Board also authorized ACSO to procure and maintain vehicles required to support the Agreement for Law Enforcement Services through fiscal year 2017. Replacement of fleet will be staggered over the course of the Law Enforcement Services agreement. The total cost of ACSO vehicle procurement and maintenance is \$1,102,757 over the five-year term of the agreement.

Summarized Costs for ACSO

The approved fiscal year 2013 budget for ACSO for both law enforcement services and vehicles totals \$13,245,000. Subsequent operating budgets for remaining contract years will be subject to Port budget approval.

**ANALYSIS**

Current Fiscal Year 2013 (FY 2013) Budget and Projections

Preliminary staff projections indicate ACSO operating costs for FY 2013 will end the year at \$13,006,000 and vehicle procurement and maintenance will end the year at \$256,000. Combined, ACSO will finish fiscal year 2013 at \$13,262,000, 0.1% over budget.

	Approved FY 2013 Budget	Year End FY 2013 Projection	Percent Increase/Decrease
Operating Costs	\$12,800,000	\$13,006,000	1.6%
Vehicles	\$445,000	\$256,000	-42.5%
Total	\$13,245,000	\$13,262,000	0.1%

The identified cause for overage in operating costs is overtime staffing. Overtime costs were identified for unplanned special events, such as Air Force One, other dignitary visits (heads of state), and an unexpected increase in free speech activities at the Airport. OAK also increased patrols in parking lots. In addition, since ACSO is required to provide minimum staffing at the Airport per the Law Enforcement Services Agreement, absences as a result of staff vacation, training or illnesses must be backfilled, resulting in overtime. These overtime costs all contributed to the 1.6% increase in operating costs. Going forward, ACSO will work with Port staff to develop a budget that takes into consideration both overtime and unplanned special events.

The cost savings in vehicle maintenance and procurement were attributed to logistical issues with outfitting of vehicles. As a result, ACSO was not able to deploy vehicles until January 2013, six-months after the planned deployment of July 1, 2012. Although these savings did offset the increase in base operating costs in FY 2013, the remaining vehicles will come into service July 1, 2013, necessitating a vehicle cost adjustment in FY 2014.

Estimated Fiscal Year 2014 (FY 2014) Budget

The ACSO FY 2014 operating budget (incorporating projected overtime and special events) is

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estimated at \$13,603,389, a 4.6% increase from projected year end for FY 2013. This is largely due to a 4% cost-of-living-adjustment (COLA) sworn deputies will be receiving as a result of new labor agreements. Other minor direct costs include costs for transitioning to the County's new digital radio system.

The vehicle maintenance and procurement budget reflects a substantial increase from projected FY 2013 year end. This increase is attributed to the delay in vehicle deployments in FY 2013. These vehicle costs will instead be incurred in FY 2014. Also contributing to this increase is the Transportation Security Administration's (TSA) decision in March 2013 to grant OAK an additional canine team. As a result, OAK will need to procure another vehicle for this additional canine team. TSA grants funds for the canine units cover some of these costs.

	Year End FY 2013 Projection	Estimated FY 2014 Budget	Percent Increase
Operating Costs	\$13,006,000	\$13,603,389	4.6%
Vehicles	\$256,000	\$643,750	151.5%
Total	\$13,262,000	\$14,247,139	7.4%

Estimated Budget for Remaining Contract Years (FY 2015 through FY 2017)

Based on projected FY 2013 year end and estimated budget of FY 2014, staff included a 3.6% year-to-year increase for contingency situations for remaining contract years FY 2015 through FY 2017.

Vehicle costs will decrease considerably to \$109,872 (adjusted slightly to include maintenance costs for additional canine vehicle added in FY 2014) per year from FY 2015 through FY 2017 as the entire fleet will be replaced by this point, leaving only maintenance costs.

	Est. FY 2014	Est. FY 2015	Est. FY 2016	Est. FY 2017
Operating Costs	\$13,603,389	\$14,094,824	\$14,601,001	\$15,122,364
Vehicles	\$643,750	\$109,872	\$109,872	\$109,872
Total	\$14,247,139	\$14,204,696	\$14,710,873	\$15,232,236

Amending Law Enforcement Services Agreement

Based on the above analysis and adjustments to both base operating costs and vehicles, staff is requesting the Board to amend the contract to include an overall not to exceed cost of the five-year Law Enforcement Services Agreement of \$71,660,000.

	Est. FY 2013	Est. FY 2014	Est. FY 2015	Est. FY 2016	Est. FY 2017	Total
Operating Costs	\$13,006,000	\$13,603,389	\$14,094,824	\$14,601,001	\$15,122,364	\$70,427,578
Vehicles	\$256,000	\$643,750	\$109,872	\$109,872	\$109,872	\$1,229,366
Total	\$13,262,000	\$14,247,139	\$14,204,696	\$14,710,873	\$15,232,236	\$71,656,944

Additionally, staff is requesting revised contract language to authorize the Executive Director

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in the event of a declared emergency (e.g. terrorist attack, natural disaster, large scale protest/riot or event similar in nature) to increase law enforcement staffing and all associated costs to allow for operational flexibility. In such instances, Staff would return to the Board with the amount for additional costs for ratification if contract costs are exceeded.

**STRATEGIC PLAN**

The Port of Oakland’s Strategic Plan was adopted by the Board of Port Commissioners on October 5, 2010. The Strategic Plan provides direction and overall alignment for Port initiatives. It provides the framework for focusing the work of staff and the Board of Port Commissioners with the overall strategic goals of the organizations in identified key areas of Sustainable Business and Economic Development, Stewardship and Accountability, Port Workforce and Operations, and Communications and Information.

This project would help the Port achieve the following goals and objectives:

<b>Strategic Priority Areas</b>	<b>Goal</b>	<b>Objective</b>	<b>How Implemented?</b>
<b>Sustainable Economic and Business Development</b>	<b>Goal A:</b> Create sustainable economic growth for the Port and beyond	4. Pursue strategic partnerships at all levels.	<ul style="list-style-type: none"> <li>• ACSO partners with Port staff, TSA, and other local, state, and federal law enforcement entities to ensure a comprehensive approach to Airport safety and security for individuals traveling through OAK, Airport employees, and Airport tenants, including those at North Field.</li> <li>• ACSO works closely with Port staff to develop routine as well as emergency response plans and protocols for OAK.</li> </ul>
	<b>Goal B:</b> Maintain and aggressively grow core businesses	1. Retain existing customers and tenants  3. Price Port services to provide a highly competitive value	<ul style="list-style-type: none"> <li>• ACSO provides services required by federal law for all commercial-service airports in the U.S., allowing OAK to continue to offer services to the traveling public.</li> <li>• With a competitive cost structure (compared to other public safety agencies, City of Oakland services, and Port staff), ACSO provides a required service at a cost structure that minimizes the fiscal impact to our airline tenants</li> <li>• A new agreement builds on the strong relationships and trained ACSO staff that have been built between the Port and ACSO since 2002.</li> <li>• ACSO provides a full</li> </ul>

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			complement of services including "value added" items not strictly required to meet federal requirements but that improve the security posture at Airport.
<b>Port Workforce and Operations</b>	<b>Goal H:</b> Develop and maintain a high performing workforce.	<ol style="list-style-type: none"> <li>2. Conduct targeted training</li> <li>3. Continue to elevate health and safety of the Port workforce</li> </ol>	<ul style="list-style-type: none"> <li>• ACSO has provided targeted training for staff and Airport tenants in the past, such as active shooter training and Urban Shield, and will continue to provide training as a "value-added" service as described in the "Analysis section during the next Agreement period.</li> </ul>

**BUDGET & FINANCIAL IMPACT**

The primary funding source is Port cash. Eligible costs for the terminals and airside are recovered in Aviation rates and charges while roadway and parking lot costs are covered by revenues in those cost centers.. Some costs will be offset by Federal grants from the Department of Homeland Security (DHS) up to \$302,500 annually for TSA-certified canine teams at the Airport, after covering direct canine costs such as food, care, and shelter. The remaining balance of this grant, if any, may be used to offset costs for ACSO personnel assigned to this program. OAK has also submitted an application for the TSA Law Enforcement Reimbursement (LEO) program to offset costs for staffing at terminal checkpoints. If OAK is successful in meeting LEO program requirements, we will see additional funding (to be determined by TSA) from this program as well. Due to the uncertainty related to the LEO program, the funding amount has not been included in this analysis.

**STAFFING IMPACT**

The proposed action will have no impact on Port staffing needs.

**SUSTAINABILITY**

No existing or foreseeable sustainability issues are related to this proposed action.

**ENVIRONMENTAL**

California Environmental Quality Act (CEQA) Guidelines Section 15378(2) states that "Project" means the whole of an action that has a potential for resulting in either direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment. The general rule in Section 15061(b)(3) of the Guidelines additionally states that CEQA applies only to activities that have a potential for causing a significant effect on the environment. Because it can be seen with certainty that there is no possibility that amending the five-year

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Law Enforcement Services Agreement with the Alameda County Sheriff to provide additional services during an emergency event may have a significant effect on the environment, the action is not a "Project" under CEQA, and is not subject to CEQA under the General Rule Exclusion. No further review of this action under CEQA 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)**

The proposed Law Enforcement Services are not subject to the Port's Owner Controlled Insurance Program (OCIP) or Professional Liability Insurance Program (PLIP) as the services are not part of a capital improvement construction project.

**GENERAL PLAN**

This project is for professional services and will not directly include any alteration of property. No development projects are anticipated from these services that would be subject to separate findings of conformity with the City of Oakland General Plan in accordance with Section 727 of the Charter.

**LIVING WAGE**

Living wage requirements, in accordance with the Port's Rules and Regulations for the Implementation and Enforcement of the Port of Oakland Living Wage Requirements, do not apply to this agreement because Alameda County Sheriff's Office is a government agency.

**OPTIONS**

1. Authorize the Executive Director to amend the contract language in the five-year Law Enforcement Services Agreement with the Alameda County Sheriff's Office to allow for operational flexibility in the event of a declared emergency and to establish a not to exceed cost of \$71,660,000 for the contract duration subject to the approval of the Port Attorney as to form and legality.
2. Authorize the Executive Director to amend overall contract costs of the five-year Law Enforcement Services Agreement with different terms than described above.
3. Do not authorize the Executive Director to amend the five-year Law Enforcement Services Agreement with the Alameda County Sheriff's Office. This is not recommended. Keeping

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existing terms would restrict ACSO's ability to provide all necessary security functions at the Airport. This directly impacts the traveling public, tenants, and concessionaires.

**RECOMMENDATION**

Staff recommends that the Board adopt a resolution authorizing the Executive Director to amend the five-year Law Enforcement Services Agreement with the Alameda County Sheriff's Office to allow for operational flexibility in the event of a declared emergency and to establish a not to exceed limit of \$71,660,000 as described in this Agenda Report, subject to the approval of the Port Attorney as to form and legality.

5/9/13  
Item 2.1  
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**BOARD OF PORT COMMISSIONERS  
CITY OF OAKLAND**

**RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO  
AMEND THE FIVE-YEAR LAW ENFORCEMENT SERVICES  
AGREEMENT WITH ALAMEDA COUNTY SHERIFF'S OFFICE AT  
THE OAKLAND INTERNATIONAL AIRPORT.**

**WHEREAS**, the Board of Port Commissioners ("Board") has reviewed and evaluated the Agenda Report Item 2.1 dated May 9, 2013 (herein "Agenda Report") 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 based upon the information contained in the Agenda Report, the Board hereby authorizes the Executive Director and/or his/her designee to amend the Law Enforcement Services Agreement, commencing July 1, 2012 and ending June 30, 2015 with two automatic renewals for up to two one year extensions, with Alameda County Sheriff's Office to allow for operational flexibility in the event of a declared emergency and to establish a not to exceed cost of \$71,660,000 for the five-year contract duration subject to the approval of the Port Attorney as to form and legality; and be it

**FURTHER RESOLVED**, that in the event the Executive Director has declared an emergency, he or she is authorized to increase law enforcement staffing and expend the additional funds for such increased law enforcement staffing, and will bring to the Board for ratification the expenditure of any funds in excess of the contract cap; and be it

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

**FURTHER RESOLVED**, that 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.

DRAFT



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## **AGENDA REPORT**

<b>TITLE:</b>	Authorization to Extend Lease with Ports America Outer Harbor Terminal, LLC for Berths 25/26 for Six Months, through December 31, 2013				
<b>AMOUNT:</b>	\$8.4 million annually				
<b>PARTIES INVOLVED:</b>					
	<table border="1"> <thead> <tr> <th><b>Corporate Name/Principal</b></th> <th><b>Location</b></th> </tr> </thead> <tbody> <tr> <td>Ports America Outer Harbor Terminal, LLC</td> <td>Oakland, CA</td> </tr> </tbody> </table>	<b>Corporate Name/Principal</b>	<b>Location</b>	Ports America Outer Harbor Terminal, LLC	Oakland, CA
<b>Corporate Name/Principal</b>	<b>Location</b>				
Ports America Outer Harbor Terminal, LLC	Oakland, CA				
<b>TYPE OF ACTION:</b>	Resolution				
<b>SUBMITTED BY:</b>	Jean Banker, Acting Maritime Director				
<b>APPROVED BY:</b>	Deborah Ale Flint, Acting 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 and which expires June 30, 2013. Port staff requests a 6-month extension to the lease term for the purpose of continuing discussions with PAOH regarding a multi-year extension to the lease.

### **FACTUAL BACKGROUND**

On August 2, 2010, the Port entered into the Second Supplemental Agreement to Non-Exclusive Preferential Assignment Agreement (lease) with PAOH for the Berths 25/26 marine terminal. The lease expires 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 has met with PAOH on several occasions to discuss the compensation terms of the lease extension; however, to date no agreement has been reached on the terms and condition of such extension. As a result, PAOH and Port staff have discussed extending the lease under current terms and conditions for several months while the compensation terms of the extension of the Berths 25/26 lease are further discussed.

### **ANALYSIS**

Port staff believes that a 6-month extension to the lease term will provide adequate time to complete discussions with PAOH regarding the compensation terms of the first 5-year option. As a result of on-going discussions over the next six months, several outcomes of the discussions with PAOH are possible:

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- The Port and PAOH agree to maintain current lease terms for the first 5-year option.
- The Port and PAOH agree to lower lease compensation terms than the current compensation terms for the first 5-year option.
- The Port and PAOH cannot come to terms, and PAOH's lease of Berths 25/26 expires.

Port staff proposes that if agreement cannot be reached by the current expiration of the lease (June 30, 2013), the lease term will be extended six months and will automatically terminate on the earlier to occur of (i) the date that the Port and PAOH reach agreement on the compensation terms of the 5-year extension or (ii) December 31, 2013.

If the lease terminates without agreement on the first 5-year option, PAOH still has a right to add Berths 25/26 to its premises under the current long-term Berths 20-24 Lease and Concession Agreement for the balance of the term of the Lease and Concession Agreement, conditioned upon PAOH defeasing outstanding bonds associated with Berths 25/26. If PAOH does not exercise the right to expand into Berths 25/26 under the Lease and Concession Agreement, the Port will be free to market the Berth 25/26 terminal to other interested terminal operators.

PAOH management concurs with a 6-month lease extension as described herein, subject to approval of their board of directors.

**STRATEGIC PLAN**

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

<b>STRATEGIC PRIORITY AREAS</b>	<b>GOAL</b>	<b>OBJECTIVE</b>	<b>HOW THIS PROJECT IMPLEMENTS + WHEN</b>
Sustainable Economic and Business Development	Goal A: Create sustainable economic growth for the Port and beyond  Goal B: Maintain and Aggressively Grow Core Businesses	Maximize the use of existing assets  Retain existing customers and tenants	The proposed lease extension will secure revenue for the Port and maintain business operations at Berths 25/26 while discussions over the terms and conditions for a longer lease continue.

**BUDGET & FINANCIAL IMPACT**

Extension of the lease for Berths 25/26 by six months secures revenue of approximately \$4.2 million, excluding any tariff increases that may take affect in Fiscal Year 2014 and may apply to the lease.

**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.

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**ENVIRONMENTAL**

The proposed six-month 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.

**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. Do not authorize a 6-month extension to the lease term and determine that the lease automatically expires on June 30, 2013. If PAOH does not exercise its expansion rights under the Berths 20-24 Lease and Concession thereafter, Port staff will market the Berths 25/26 marine terminal to other interested parties, but there will be no lease revenues collected while the terminal is marketed.
2. Authorize a 6-month extension to the lease term, through December 31, 2013, and determine that if agreement cannot be reached between the Port and PAOH by such date, the lease will automatically expire on December 31, 2013.

BOARD MTG. DATE: **5/9/13**

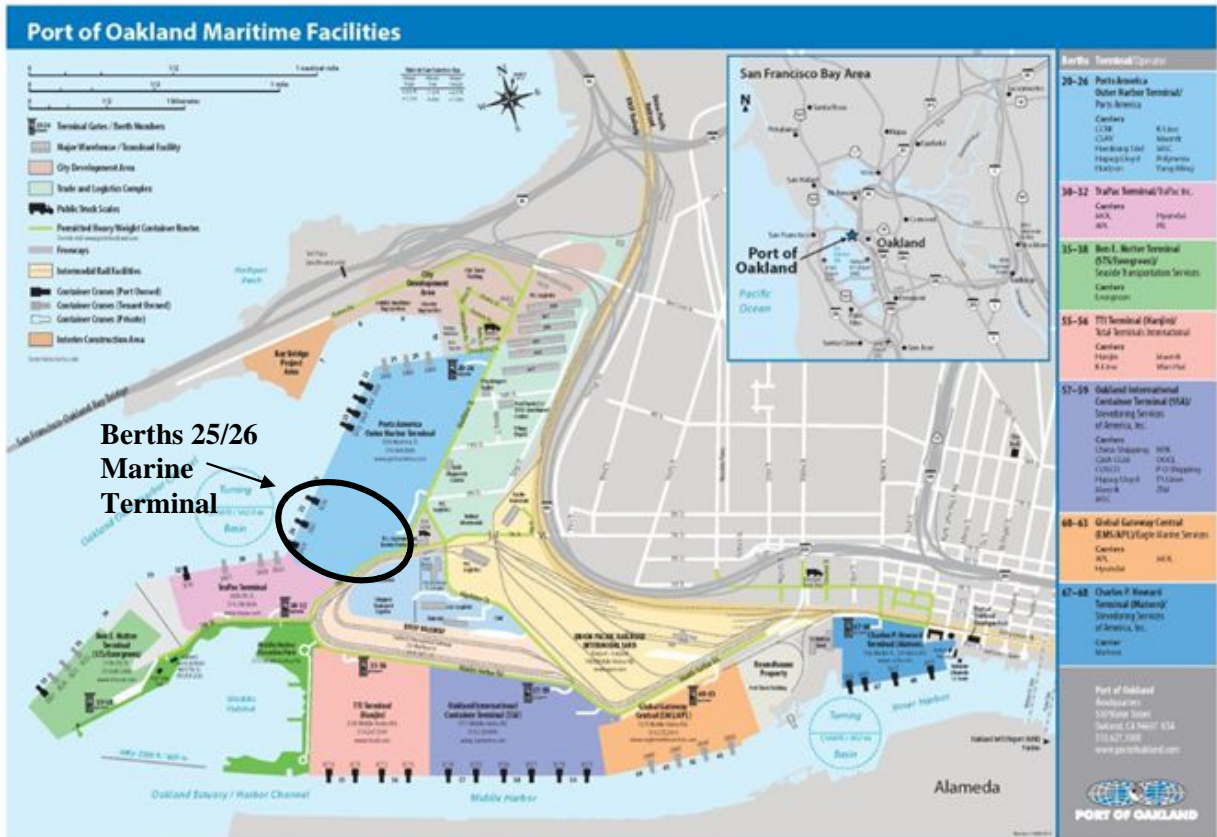
**RECOMMENDATION**

Staff recommends that the Board:

1. Make the CEQA findings outlined herein;
2. Authorize a 6-month extension to the term of the lease between PAOH and the Port for the Berths 25/26 marine terminal, through December 31, 2013;
3. Determine that if agreement cannot be reached between the parties by such date, the lease will automatically expire on December 31, 2013; and
4. Determine that if agreement cannot be reached and PAOH does not exercise its expansion rights under the Berths 20-24 Lease and Concession, Port staff may market the Berths 25/26 marine terminal effective January 1, 2014.

BOARD MTG. DATE: **5/9/13**

**Exhibit A**



5/9/13  
Item: 2.2  
DC/KK



**BOARD OF PORT COMMISSIONERS  
CITY OF OAKLAND**

**RESOLUTION APPROVING AND AUTHORIZING THE EXECUTIVE DIRECTOR TO EXTEND THE LEASE WITH PORTS AMERICA OUTER HARBOR TERMINAL, LLC FOR BERTHS 25/26 FOR SIX MONTHS, THROUGH DECEMBER 31, 2013.**

**WHEREAS**, the Board of Port Commissioners ("Board") has reviewed and evaluated Board Agenda Report Item No. 6.2, dated May 9, 2013 (the "Agenda Report") and related agenda materials, has received the expert testimony of Port of Oakland ("Port") staff, and has provided opportunities for and taken public comment; now, therefore, be it

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

**FURTHER RESOLVED**, that the Board hereby approves and authorizes the Executive Director to 1) extend the term of the lease between Ports America Outer Harbor ("PAOH") and the Port for the Berths 25/26 marine terminal up to six months, terminating on the earlier to occur of (i) the date that the Port and PAOH reach agreement on the compensation terms of the 5 year extension or (ii) December 31, 2013; 2) determine that if agreement cannot be reached between the parties by such date, the lease will automatically expire on December 31, 2013; and, 3) determine that if agreement cannot be reached and PAOH does not exercise its expansion rights under the Berths 20-24 Lease and Concession, Port staff may market the Berths 25/26 marine terminal effective January 1, 2014; and be it

**FURTHER RESOLVED**, that this resolution is not evidence of and does not create or constitute (a) a contract, or the grant of any

right, entitlement or property interest, or (b) any obligation or liability on the part of the Board or any officer or employee of the Board. This resolution approves and authorizes the execution of an agreement in accordance with the terms of this resolution. Unless and until a separate written agreement is duly executed on behalf of the Board as authorized by this resolution, is signed and approved as to form and legality by the Port Attorney, and is delivered to other contracting party, there shall be no valid or effective agreement.

DRAFT

BOARD MTG. DATE: 5/9/2013

**AGENDA REPORT**

<b>TITLE:</b>	Authorization Approving Consent to Assignment of Contract from GTSI Corporation DBA Government Technology Services, Inc., to UNICOM Government, Inc. for the Design-Build of a Transportation Worker Identification Credential (TWIC) Access Control System (Maritime)				
<b>AMOUNT:</b>	No Financial Impact				
<b>PARTIES INVOLVED:</b>	<table border="1"> <thead> <tr> <th>Corporate Name/Principal</th> <th>Location</th> </tr> </thead> <tbody> <tr> <td>UNICOM Government, Inc.</td> <td>Herndon, VA</td> </tr> </tbody> </table>	Corporate Name/Principal	Location	UNICOM Government, Inc.	Herndon, VA
Corporate Name/Principal	Location				
UNICOM Government, Inc.	Herndon, VA				
<b>TYPE OF ACTION:</b>	Resolution				
<b>SUBMITTED BY:</b>	Jean Banker, Director of Maritime (Acting)				
<b>APPROVED BY:</b>	Deborah Ale Flint, Executive Director (Acting)				

**SUMMARY**

This proposed action would authorize the assignment of Contract X2010-03-M2 from GTSI Corporation DBA Government Technology Services, Inc. (GTSI), to UNICOM Government, Inc. (UNICOM) for Design/Build of Maritime’s Transportation Worker Identification Credential (TWIC) Project. GTSI has been acquired by UNICOM Government, Inc. as a wholly owned subsidiary.

**FACTUAL BACKGROUND**

On March 2, 2010, the Board of Port Commissioners, via Resolution No. 10-13, authorized negotiation of an agreement between the Port of Oakland (Port) and GTSI Corporation DBA Government Technology Services, Inc. (GTSI) for Design/Build services of the Transportation Worker Identification Credential (TWIC) Project. Contract X2010-03-M2, **“Design-Build of a Transportation Workers Identification Credential Access Control System, Maritime Area, Oakland, California”**, dated November 15, 2012, was negotiated at a total project cost of \$3,941,421.81. The timeline to complete the project in its entirety, upon execution of the agreement, was June 30, 2014.

This contract was subsequently split into two phases due to grant funding deadlines. GTSI is currently working on Phase 1 for \$2,510,522.78; this phase consists of 100% design of the TWIC system and installation of system infrastructure (conduit and fiber optic cable) that will be completed by June 30, 2013. Phase 2, installation of card



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readers/hardware/software and configuration of the system, is to be completed by June 30, 2014.

In early April 2013, the Port received a letter from UNICOM Government, Inc. indicating that as of December 26, 2012, GTSI had been acquired by UNICOM Systems as a wholly owned subsidiary, and will change GTSI's name to, UNICOM Government, Inc.

**ANALYSIS**

From the date of acquisition, GTSI has continued to maintain a valid and active California Contractor's License with the California Contractor's State License Board and has retained the same management personnel on the work being performed at the Port. UNICOM and GTSI have assured the Port that the individuals conducting the work and all pertinent business information will remain the same during and after this transition. Additionally, UNICOM has confirmed that they will obtain and maintain a valid and active contractor's license as required by applicable state and Port regulations for the duration of the contract at UNICOM's expense. Port staff will not finalize the assignment until it receives confirmation that the appropriate active and valid license is in place. There will be no additional costs to the Port for the assignment, and the existing scope of services and pricing will remain unchanged.

**STRATEGIC PLAN ALIGNMENT**

STRATEGIC PRIORITY AREAS	GOAL	OBJECTIVE	HOW THESE PROJECTS IMPLEMENT
Sustainable Economic and Business Development	Goal A: Create sustainable economic growth for the Port and beyond.	2. Affirm Port identity as a public enterprise.	As both a public agency and the landlord for the Maritime Area, the Port plays a key role in critical infrastructure security. This project positions the Port's facilities to further enhance access control measures if required in the future by federal mandate.

**BUDGET & FINANCIAL IMPACT**

The proposed Board action will have no budget or financial impact. The work performed by GTSI, proposed to be continued by UNICOM, has previously been approved by the board and budgeted accordingly.

**STAFFING IMPACT**

The proposed Board action on existing or future staff needs.

**SUSTAINABILITY**

This project does not provide a significant environmental opportunity for salvage or reuse of waste materials.

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**ENVIRONMENTAL**

The proposal to assign Contract X2010-03-M2 from GTSI to UNICOM for Design/Build of the TWIC Project 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 assigning a contract will result in a physical change in the environment, and therefore this action is exempt from CEQA.

Furthermore, the design/build of the TWIC Project was described and reviewed for environmental impacts in the Initial Study/Negative Declaration (IS/ND) for the Maritime Utilities Upgrade Project, adopted by the Board on May 18, 2010. In accordance with the IS/ND, the contractor must comply with all construction Best Management Practices for all project work. A link to the adopted Maritime Utilities Upgrade Project IS/ND is available at [http://portofOakland.com/pdf/MUUP\\_03-25-2010.pdf](http://portofOakland.com/pdf/MUUP_03-25-2010.pdf).

Therefore, no further environmental review or documentation is necessary in order for the Board to take the actions recommended in this Agenda Report.

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

The provisions of the Port of Oakland Maritime and Aviation Project Labor Agreement (MAPLA) apply to the construction portion of the work of the subject Design-Build contract.

**OWNER CONTROLLED INSURANCE PROGRAM (OCIP)**

UNICOM Government, Inc. will be required to enroll in the Port's Professional Liability Insurance Program (PLIP) for the design phase and the Owner Controlled Insurance Program for the construction phase in compliance with the contract documents previously issued to GTSI for this capital improvement project.

**GENERAL PLAN**

Pursuant to Section 727 of the City of Oakland Charter, the actions described in this Agenda Report have 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 because the contract is a construction contract covered by federal prevailing wage rules and the prevailing rate of wage is higher than the wage required by the Living Wage Regulations.

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**OPTIONS**

- 1) Consent to the assignment of Contract X2010-03-M2 from GTSI Corporation DBA Government Technology Services, Inc. to UNICOM Government, Inc.
- 2) Not approve of the assignment of contract from GTSI to UNICOM; would result in  
1) requiring the Port to go out to bid to complete the TWIC Project and 2) potential loss of grant funds.

**RECOMMENDATION**

- 1) Consent to the assignment of Contract X2010-03-M2 from GTSI Corporation DBA Government Technology Services, Inc. to UNICOM Government, Inc.

05/09/13  
Tab No. 2.3  
MCR/arg

*[Handwritten signature]*

**BOARD OF PORT COMMISSIONERS  
CITY OF OAKLAND**

**RESOLUTION AUTHORIZING EXECUTION OF ASSIGNMENT OF CONTRACT RIGHTS FROM GTSI CORP. DOING BUSINESS AS GOVERNMENT TECHNOLOGY SERVICES, INC. ("GTSI") TO UNICOM GOVERNMENT, INC., A DIVISION OF UNICOM GLOBAL, INC., A CALIFORNIA CORPORATION ("UNICOM"), FOR THE DESIGN-BUILD OF A TRANSPORTATION WORKERS IDENTIFICATION CREDENTIAL ACCESS CONTROL SYSTEM, MARITIME AREA, OAKLAND, CALIFORNIA ("TWIC").**

**WHEREAS**, the Board of Port Commissioners ("Board") has reviewed and evaluated the Agenda Report Item 2.3 dated May 9, 2013 ("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**, on March 2, 2010, pursuant to Resolution No. 10-13, the Board authorized the execution of a contract with **GTSI, a Delaware corporation**) for the **TWIC**; and

**WHEREAS**, effective December 26, 2012, **GTSI** was acquired by **UNICOM**; and

**WHEREAS**, in early April, 2013, the Port was requested to approve an assignment of **GTSI's** contract for Design-Build of the TWIC to **UNICOM**; now, therefore, be it

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

**RESOLVED**, that the Board hereby approves and authorizes the Executive Director to execute the Consent to Assignment Agreement for said contract for, to **UNICOM** at such time as **UNICOM** provides evidence to the Port of a valid and active contractor's license as required by

applicable state and Port regulations, provided, however, that such consent shall not constitute in any manner a release or waiver by the Port of any rights it now or in the future may have against **GTSI**, and provided that such consent is subject to the approval of the form and substance of said transfer by the Port Attorney; and be it

**FURTHER RESOLVED**, that **UNICOM** must provide bonds and insurance required by the contract for the benefit of the Port in its new name to satisfy the requirements of the contract; and be it

**FURTHER RESOLVED**, that the provisions of the Port of Oakland Maritime and Aviation Project Labor Agreement (MAPLA) apply to the construction portion of the work of the subject design-build contract; and be it

**FURTHER RESOLVED**, that this resolution 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. This resolution approves and authorizes the execution of a contract in accordance with the terms of this resolution. Unless and until a separate written contract 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 change order.

DRAFT

DEBORAH ALE FLINT  
Acting Executive Director

DANNY WAN  
Port Attorney

ARNEL ATIENZA  
Port Auditor

JOHN T. BETTERTON  
Secretary of the Board

**PORT OF OAKLAND**  
BOARD OF PORT COMMISSIONERS  
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Commissioner

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Commissioner

VICTOR UNO  
Commissioner

## **Minutes**

### **Regular Meeting of the Board of Port Commissioners**

**Thursday March 28, 2013 – 1:00 p.m.**

**Board Room – 2<sup>nd</sup> Floor**

#### **ROLL CALL**

*President **Gonzales** called to order the Regular Meeting of the Board for March 28, 2013 at 1:04 p.m. and the following Commissioners where in attendance:*

*1<sup>st</sup> Vice President **Head**, 2<sup>nd</sup> Vice-President **Yee**, Commissioner **Butner**, Commissioner **Hamlin**, Commissioner **Parker**, Commissioner **Uno** and President **Gonzales**.*

#### **1. CLOSED SESSION**

*President **Gonzales** convened the Board in Closed Session at 1:04 p.m. to hear the following:*

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

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

##### **1.2 PUBLIC EMPLOYEE APPOINTMENT**

**Title:** Executive Director

##### **1.3 PUBLIC EMPLOYEE PERFORMANCE EVALUATION**

**Title:** Acting Executive Director, Acting Port Attorney, Board Secretary

**1.4 THREAT TO PUBLIC SERVICES OR FACILITIES**

**Consultation with:** Transportation Security Administration (TSA)

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

**Property:** Former Oakland Army Base – Buildings 803-808 and Adjacent Yards

**Negotiating Parties:** Port of Oakland, and Industrial Railways Company (“I.R.C.”), Impact Transportation, Pacific Coast Container and Port Transfer, Inc. (“P.T.I.”)

**Agency Negotiator:** Acting Director of Maritime, Deputy Executive Director, Jean Banker, Acting Executive Director, Port Attorney, Danny Wan

**Under Negotiation:** Price and Terms of Tenancy

**Property:** 555 Maritime Street, Oakland, CA

**Negotiating Parties:** Port of Oakland and GSC Logistics, Inc. (“GSC”)

**Agency Negotiator:** Acting Director of Maritime, Deputy Executive Director, Jean Banker; Acting Executive Director, Deborah Ale Flint, Port Attorney, Danny Wan

**Under Negotiation:** Price and Terms of Tenancy

**ROLL CALL/OPEN SESSION**

*President **Gonzales** reconvened the Open Session of the Regular Meeting of the Board at 4:17 p.m., and the following Commissioners were in attendance:*

*1<sup>st</sup> Vice President **Head**, 2<sup>nd</sup> Vice-President **Yee**, Commissioner **Butner**, Commissioner **Hamlin**, Commissioner **Parker**, Commissioner **Uno** and President **Gonzales**.*

**CLOSED SESSION REPORT**

*Port Attorney, Danny Wan, reported that the Board had taken no final, reportable actions in Closed Session*

*Vice-President **Yee** read the Commissioner’s Statement of Intention.*

**2. MAJOR PROJECTS**

Acting Aviation Director, Kristi McKenney invited BART Project Manager, Tom Dunscombe to give an update on the Airport Connector (Item **2.1**)

**2.1 BART Major Project Update (Aviation)**

*A Motion to approve Item **2.2** was made by Vice-President Head and seconded by Vice-President **Yee**.*

Senior Maritime Projects Administrator, Delphine Prevost, presented Item **2.2**

**2.2 Adoption of Shore Power Rates and Charges (Engineering)**

*The Motion to approve Item 2.2 passed by the following votes: (7) Ayes: 1<sup>st</sup> Vice President **Head**, 2<sup>nd</sup> Vice-President **Yee**, Commissioner **Butner**, Commissioner **Hamlin**, Commissioner **Parker**, Commissioner **Uno** and President **Gonzales**.*

**3. BUDGET & FINANCE**

The Chief Executive Officer, Sara Lee, presented Items **3.1** and **3.2**.

**3.1 Report:** Unaudited Financials for 7 months ended January 31, 2013

**3.2 Report:** Unaudited Capital Expenditure Report for 6 months ended December 31, 2012

**4. STRATEGY & POLICY**

Deputy Executive Director, Jean Banker, reported on Item **4.1**.

**4.1 Report:** Status of Improvements to Expense Practices (**Executive Office**)

Item **4.2** was pulled on the recommendation of staff.

**4.2 PULLED Report:** ~~Updated Partnership Strategy for the Port of Oakland (External Affairs)~~

**5. CONSENT ITEMS**

*A Motion to approve the Consent Items was made by Commissioner **Uno** and seconded by Commissioner **Hamlin**.*

**5.1 Increase Salaries of Summer Interns to Align with Inflation (Administration)**

**5.2 Approval of Various Space/Use Permits for Concession Storage Space at Oakland International Airport (Aviation)**

**5.3 Five-Year Extension of Multiple Agreements with Airport Tenants and Services Providers (Aviation)**

**5.4 Approval of Airline Operating Agreement with Two Airlines: Republic Airline Inc. and TEM Enterprises dba Xtra Airways Operating at Oakland International Airport (Aviation)**

**5.5 Authorization to Enter into a Five-Year Contract with Telos Identity Management Solutions (TelosID) for Designated Aviation Channeling Services. (Aviation)**

**5.6 Approval of Space/Use Permits or Right-of-Entry and Indemnity Agreements with Airline Services Providers Operating at Oakland International Airport (Aviation)**



- 5.7 Authorization for the Acting Executive Director to Enter into an Agreement for ERP Hosting Services **(IT)**
- 5.8 **Ordinance No. 4222**, 2nd Reading Of An Ordinance Approving The Terms And Conditions And Ratifying The Execution Of The Space/Use Permit With Standardaero Business Aviation Services, LLC.
- 5.9 **Ordinance No. 4223**, 2nd Reading Of An Ordinance Approving The Terms And Conditions And Ratifying The Execution Of The Space/Use Permit With Civil Air Patrol.

*The Motion to approve the Consent Item 5.1 through 5.9 passed by the following votes: (7) Ayes: 1<sup>st</sup> Vice President **Head**, 2<sup>nd</sup> Vice-President **Yee**, Commissioner **Butner**, Commissioner **Hamlin**, Commissioner **Parker**, Commissioner **Uno** and President **Gonzales**.*

- 5.10 **Ordinance No. 4224**, 2nd Reading Of An Ordinance Amending Port Ordinance No. 4214 Amending Section 2.06 Of Port Ordinance No. 867 Ratifying And Setting The Compensation Of Certain Employees Of The Port Department Belonging To International Brotherhood Of Electrical Workers, Local 1245 And Amending Section 1.191 Providing Professional Development Benefits For Certain Officers And Employees.

*The Motion to approve the Consent Item 5.0 passed by the following votes: (6) Ayes: 1<sup>st</sup> Vice President **Head**, 2<sup>nd</sup> Vice-President **Yee**, Commissioner **Butner**, Commissioner **Hamlin**, Commissioner **Parker** and Commissioner **Uno** (1) No: President **Gonzales**.*

## **6. REMAINING ACTION ITEMS**

The Director of Engineering, Chris Chan, introduced Item **6.1**.

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

Dexter Vizinou, Brandon McDonnell, Bill Aboudi and Bill Elmore addressed the Board on Item **6.1**.

- 6.1 **Ordinance No. 4221**, 2nd Reading Of An Ordinance Authorizing The Executive Director To Negotiate And Enter Into Space Assignment Agreements With Four Tenants In The 800 Series Buildings On The Former Oakland Army Base (“OAB”) For A Minimum Term Of 30 Months.

**7. UPDATES/ANNOUNCEMENTS**

*Acting Executive Director, Deborah Ale-Flint, reported that the Board President, Gilda Gonzales, had been inducted into the Alameda County Hall of Fame.*

*Commissioner **Parker** reported on the visit by students of East Oakland Youth Development.*

Commissioner **Parker** also reported the Deborah Ale-Flint had been honored with the *Pioneer Award* by The Madam C.J. Walker Organization.

**8. SCHEDULING**

There were no Scheduling Items.

**OPEN FORUM**

Adrianna Carranza and Lian Alan addressed the Board in Open Forum.

**ADJOURNMENT**

There being no additional business the Board adjourned at 5:39 p.m.

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**John Betterton, Secretary  
Board of Port Commissioners**

---

**Date**

DEBORAH ALE FLINT  
Acting Executive Director

DANNY WAN  
Port Attorney

ARNEL ATIENZA  
Port Auditor

JOHN T. BETTERTON  
Secretary of the Board

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President

JAMES W. HEAD  
First Vice-President

ALAN S. YEE  
Second Vice-President

CESTRA BUTNER  
Commissioner

EARL HAMLIN  
Commissioner

BRYAN R. PARKER  
Commissioner

VICTOR UNO  
Commissioner

## **MINUTES**

### **Regular Meeting of the Board of Port Commissioners**

**Thursday April 11, 2013 – 1:00 p.m.**

**Board Room – 2<sup>nd</sup> Floor**

#### **ROLL CALL**

*President **Gonzales** called to order the Regular Meeting of the Board for April 11, 2013 at 1:08 p.m. and the following Commissioners where in attendance:*

*Commissioner **Butner**, Commissioner **Hamlin**, Commissioner **Parker**, Commissioner **Uno**, 2<sup>nd</sup> Vice-President **Yee**, 1<sup>st</sup> Vice President **Head** and President **Gonzales**.*

#### **1. CLOSED SESSION**

*President **Gonzales** convened the Board in Closed Session at 1:08 p.m. to hear the following:*

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

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

*Commissioner **Butner** recused himself on one of the Items discussed under Anticipated Litigation because he had financial dealings with one or more of the parties under discussion. He was not in the room and took no part in the deliberations or decisions.*

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

##### **1.3 PUBLIC EMPLOYEE APPOINTMENT**

**Title: Executive Director**

**1.4 PUBLIC EMPLOYEE PERFORMANCE EVALUATION**

**Title:** Port Attorney, Port Auditor, Board Secretary

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

**Property:** Oak to Ninth District Properties  
**Negotiating Parties:** Port of Oakland and Oakland Harbor Partners, LLC  
**Agency Negotiator:** Director of Commercial Real Estate, Pamela Kershaw, Port Attorney, Danny Wan, Acting Executive Director, Deborah Ale Flint  
**Under Negotiation:** Price and Terms of Payment

Commissioner **Uno** left the meeting at 3:35 p.m.

**ROLL CALL/OPEN SESSION**

*President **Gonzales** reconvened the Open Session of the Regular Meeting of the Board at 4:17 p.m., and the following Commissioners were in attendance:*

*Commissioner **Butner**, Commissioner **Hamlin**, Commissioner **Parker**, 2<sup>nd</sup> Vice-President **Yee**, 1<sup>st</sup> Vice President **Head** and President **Gonzales**.*

*Commissioner **Uno** was excused from the meeting during Closed Session.*

*Commissioner **Hamlin** read the Commissioner's Statement of Intention.*

**CLOSED SESSION REPORT**

*Deputy Port Attorney, Michele Heffes, reported that the Board had taken no final, reportable actions in Closed Session*

**2. CONSENT ITEMS**

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

- 2.1** Approval of the Minutes of the Regular Meeting of March 14, 2013. **(Board Secretary)**
- 2.2** Deletion of One (1) Position of Airport Security Systems Technician and the Addition of One (1) Position of Aviation Senior Marketing and Communications Representative in the Aviation Marketing Department; Deletion of One (1) Position of Aviation Senior Supervising Properties Representative and Addition of One (1) Position of Senior Aviation Project Manager in the Airport Planning and Development Department. **(Administration)**

- 2.3 Authorization for the Executive Director to Enter into a Temporary Rental Agreement with United States Coast Guard (USCG) on their Visibility Sensor Station Project at Berth 38. **(Maritime)**
- 2.4 Approval of the Retention of Gordon-Creed, Kelley, Holl & Sugerman Law Firm to Assist the Port Attorney's Office in the Processing of Public Records Act Requests. **(Port Attorney)**
- 2.5 **Ordinance No. 4225**, 2<sup>nd</sup> Reading of an Ordinance Amending Port Ordinance 3439 Restructuring Of And Establishing Shore Power Rates For Provision Of Power Provided To Vessels Berthing At The Port Of Oakland.
- 2.6 **Ordinance No. 4226**, 2<sup>nd</sup> Reading of an Ordinance Amending Sections 9.18 And 9.181 Of Port Ordinance No. 867.
- 2.7 **Ordinance No. 4227**, 2<sup>nd</sup> Reading of an Ordinance Approving Various Space Use Permits For Concession Storage Space At Oakland International Airport.
- 2.8 **Ordinance No. 4228**, 2<sup>nd</sup> Reading of an Ordinance Approving And Authorizing Extensions Of Existing Agreements With Airport Tenants And Service Providers At Oakland International Airport.
- 2.9 **Ordinance No. 4229**, 2<sup>nd</sup> Reading of an Ordinance Approving An Airline Operating Agreement Each With Republic Airline Inc. And Tem Enterprises Doing Business As XTRA Airways.
- 2.10 **Ordinance No. 4230**, 2<sup>nd</sup> Reading of an Ordinance Approving Space/Use Permits Or Right Of Entry And Indemnity Agreements With Airline Service Providers Operating At Oakland International Airport.

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

### **3. MAJOR PROJECTS**

Senior Maritime Projects Administrator, Mark Erickson, reported on Item **3.1**.

Kate O'Hara, Andrew Dadko and Shirley Burnell addressed the Board on Item **3.1**.

President **Gonzales** asked the staff to update the Board, at the next meeting, on the status of the Oakland Army Base Community Benefits discussion.

- 3.1 **Report:** OAB Major Project Update **(Maritime)**

**4. BUDGET & FINANCE**

There was no Budget & Finance discussion.

**5. STRATEGY & POLICY**

There was Strategy and Policy Discussion.

**6. REMAINING ACTION ITEMS**

The Director of Commercial Real Estate, Pamela Kershaw, reported on Item **6.1**.

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

- 6.1** Approval of a Third Amendment to the Purchase and Sale Agreement for the Oak to Ninth District Project (**CRE**)

**7. UPDATES/ANNOUNCEMENTS**

There were no Updates or Announcements.

**8. SCHEDULING**

There were no discussions on Scheduling.

**OPEN FORUM**

Sara May, Darlene Drapkin, Gary Knecht, Meredith Melville, Monica Guzman, Hakima Arhab and Adrianna Carranza addressed the Board in Open Forum.

**ADJOURNMENT**

There being no additional business the Board adjourned at 5:30 p.m.

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**John Betterton, Secretary  
Board of Port Commissioners**

---

**Date**

DEBORAH ALE FLINT  
Acting Executive Director

DANNY WAN  
Port Attorney

ARNEL ATIENZA  
Port Auditor

JOHN T. BETTERTON  
Secretary of the Board

**PORT OF OAKLAND**  
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Commissioner

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Commissioner

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Commissioner

VICTOR UNO  
Commissioner

## **MINUTES**

### **Regular Meeting of the Board of Port Commissioners**

**Thursday April 25, 2013 – 1:00 p.m.**

**Board Room – 2<sup>nd</sup> Floor**

#### **ROLL CALL**

President **Gonzales** called to order the Regular Meeting of the Board for April 25, 2013 at 1:02 p.m. and the following Commissioners where in attendance

Commissioner **Hamlin**, Commissioner **Uno**, 2<sup>nd</sup> Vice-President **Yee**, 1<sup>st</sup> Vice President **Head** and President **Gonzales**.

Commissioners **Butner** and **Parker** were excused.

#### **1. CLOSED SESSION**

*President **Gonzales** convened the Board in Closed Session at 1:02 p.m. to hear the following:*

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

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

- 1.2 CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION. Significant Exposure to Litigation Pursuant to Subdivision (b) of California Government Code Section 54956.9: 1 matters**

- 1.3 PUBLIC EMPLOYEE APPOINTMENT**

**Title:** Executive Director

- 1.4 PUBLIC EMPLOYEE PERFORMANCE EVALUATION**

**Title:** Port Attorney, Port Auditor

**ROLL CALL/OPEN SESSION**

*President **Gonzales** reconvened the Open Session of the Regular Meeting of the Board at 4:17 p.m., and the following Commissioners were in attendance:*

Commissioner **Hamlin**, Commissioner **Uno**, 2<sup>nd</sup> Vice-President **Yee**, 1<sup>st</sup> Vice President **Head** and President **Gonzales**.

Commissioners **Butner** and **Parker** were excused.

President **Gonzales** asked for a moment of silence to remember those killed or wounded in the Boston Marathon bombing.

Vice-President **Yee** read the *Commissioner's Statement of Intention*.

**CLOSED SESSION REPORT**

*Port Attorney, Danny Wan, reported that the Board had taken no final, reportable actions in Closed Session*

**2. CONSENT ITEMS**

*A Motion to approve the Consent Items **2.1** and **2.2** was made by Commissioner **Uno** and seconded by Vice-President **Head**.*

- 2.1** Approval To Designate Miscellaneous Obsolete, Broken, And Worn-Out Property As Surplus And To Donate, Sell, And Or Dispose Of It (**Finance**)
- 2.2** **Ordinance No. 4231**, 2<sup>nd</sup> of an Ordinance Approving And Authorizing Execution Of A Third Amendment To The Agreement For Purchase And Sale And Ground Lease Of Real Property And ESCOR Instructions For the OAK To Ninth District Project.
- 2.3** **Report:** Informational Report: Report of Appointments, Separations and Leaves of Absence for FY 2012-13 Third Quarter (January 1, 2013 – March 31, 2013) (**Administration**)

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

**3. MAJOR PROJECTS**

The Chief Wharfinger, Chris Peterson, presented Item **3.1**.

*A Motion to approve Item **3.1** was made by Vice-President **Head** and seconded by Vice-President **Yee**.*



- 3.1** Authorize the Executive Director to enter into 2 separate three-year lease agreements between the Port and City of Oakland for parcels of land at the former Oakland Army Base property. **(Maritime)**

*The Motion to approve the Item 3.1 passed by the following votes: (5) Ayes: Commissioner Hamlin, Commissioner Uno, 2<sup>nd</sup> Vice-President Yee, 1<sup>st</sup> Vice President Head and President Gonzales. Excused: Commissioner Parker and Commissioner Butner.*

Director of Environmental Programs & Planning, Richard Sinkoff and Senior Maritime Projects Administrator, Mark Erikson presented Item 3.2.

- 3.2** **Report:** Status Update for Oakland Army Base - Port's Community Benefits Program **(Maritime)**

#### **4. BUDGET & FINANCE**

Chief Financial Officer, Sara Lee, presented items 4.1 and 4.2.

- 4.1** **Report:** Unaudited Financials for 8 months ended February 28, 2013

*A Motion to approve Item 4.2 was made by Vice-President Yee and seconded by Commissioner Hamlin.*

- 4.2** Authority to Renew Port of Oakland Insurance Policies Arranged and Paid Through Prime Insurance Brokers Described Herein in an Amount Not to Exceed \$4,350,000

*The Motion to approve the Item 3.1 passed by the following votes: (5) Ayes: Commissioner Hamlin, Commissioner Uno, 2<sup>nd</sup> Vice-President Yee, 1<sup>st</sup> Vice President Head and President Gonzales. Excused: (2) Commissioner Parker and Commissioner Butner.*

#### **5. STRATEGY & POLICY**

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

Items 5.1 and 5.2 were taken in reverse order.

The Director of External Affairs, Isaac Kos-Read, gave a presentation on Item 5.2.

Alameda County Supervisor, Keith Carson, Co-Chair of the East Bay Economic Development Agency addressed the Board on a closer collaboration between the two Agencies.

- 5.2** **Report:** Partnership Strategy For The Port of Oakland **(External Affairs)**

The Director of Environmental Programs & Planning, Richard Sinkoff reported on Item 5.1.

Director Sinkoff introduced the members of his Division to the Board.

- 5.1 **Report:** Environmental Programs and Planning Division's Role in Promoting Port Goals and Business Activities **(Environmental)**

**6. REMAINING ACTION ITEMS**

Item 6.1 was pulled at the direction of the Executive Director.

- 6.1 **PULLED** ~~Report on the Proposed Formation of a Jack London Business Improvement District (CRE)~~

**7. UPDATES/ANNOUNCEMENTS**

Commissioner **Hamlin** reported on his attendance at the Federal Energy Policy Conference in Washington D.C. where he represented the Port as a member of Northern California Power Agency.

**8. SCHEDULING**

There were no scheduling Items on the Agenda.

**OPEN FORUM**

Keith Miller addressed the Board in Open Forum.

**ADJOURNMENT**

There being no additional business the Board adjourned at 6:13 p.m.

---

**John Betterton, Secretary  
Board of Port Commissioners**

---

**Date**

DEBORAH ALE FLINT  
Acting Executive Director

DANNY WAN  
Port Attorney

ARNEL ATIENZA  
Port Auditor

JOHN T. BETTERTON  
Secretary of the Board

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CESTRA BUTNER  
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Commissioner

VICTOR UNO  
Commissioner

## **MINUTES**

### **Special Meeting of the Board of Port Commissioners**

**Friday April 19, 2013 – 8:00 a.m.**

**Board Room – 2<sup>nd</sup> Floor**

The President of the Board called a Special Meeting to consider the appointment of an Executive Director.

#### **ROLL CALL**

*President **Gonzales** called to order a Special Meeting of the Board for April 19, 2013 at 8:05 a.m. and the following Commissioners where in attendance:*

*Commissioner **Butner**, Commissioner **Hamlin**, Commissioner **Parker**, Commissioner **Uno**, 2<sup>nd</sup> Vice-President **Yee**, 1<sup>st</sup> Vice President **Head** and President **Gonzales**.*

#### **1. CLOSED SESSION**

*President **Gonzales** convened the Board in Closed Session at 8:06 a.m. to hear the following:*

##### **1.1 PUBLIC EMPLOYEE APPOINTMENT**

**Title:** Executive Director

#### **ROLL CALL/OPEN SESSION**

*President **Gonzales** reconvened the Special Meeting of the Board for April 19, 2013 at 6:42 p.m. and the following Commissioners where in attendance:*

*Commissioner **Butner**, Commissioner **Hamlin**, Commissioner **Parker**, Commissioner **Uno**, 2<sup>nd</sup> Vice-President **Yee**, 1<sup>st</sup> Vice President **Head** and President **Gonzales**.*

**CLOSED SESSION REPORT**

*The Port Attorney, Danny Wan, reported that there were no Items to report out of Closed Session*

**OPEN FORUM**

Bill Aboudi and Andrew Dadko addressed the Board in Open Forum.

**ADJOURNMENT**

There being no additional business the Board adjourned at 6:42 p.m.

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**John Betterton, Secretary  
Board of Port Commissioners**

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**Date**

**PORT ORDINANCE NO. 4231**

**ORDINANCE AUTHORIZING THE PORT EXECUTIVE DIRECTOR TO ENTER INTO TWO SEPARATE 3-YEAR LEASE AGREEMENTS TO LEASE TO AND TO LEASE FROM THE CITY OF OAKLAND CERTAIN PARCELS ON THE FORMER OAKLAND ARMY BASE.**

**WHEREAS**, the City of Oakland (the "City") wishes to lease certain Port-owned lands on the former Oakland Army Base (the "OAB") in the area of Berth 9 and related back-land areas to be used for the importation of fill materials by barges over the dock via a conveyor system to be subsequently used to fill and surcharge portions of the City's OAB lands; and

**WHEREAS**, the Port wishes to lease certain City-owned lands on the former OAB in connection with the Port's interim leasing plans for the OAB. The City-owned lands are comprised of two separate, non-contiguous parcels just north of the City-Port boundary line at the OAB and generally east of the Berth 9 area. Access to the City-owned lands that the Port seeks to lease will be provided by the City via a new temporary access road that the City will develop west of Maritime Street; and

**WHEREAS**, the Port-owned lands that the City wishes to lease from the Port is greater than the City-owned lands that the Port wishes to lease from the City, but the City will be developing the temporary access road at no cost to the Port, and the City will grant to the Port a non-exclusive temporary access easement to use such temporary access road for as long as the respective leasehold interests remain in force; now therefore

**BE IT ORDAINED AS FOLLOWS:**

**Section 1.** The Board of Port Commissioners (the "Board") hereby finds and determines based upon all the evidence presented to it, including, without limitation, the Agenda Report for Item 3.1 of the Board's agenda for its regularly scheduled meeting of April 25, 2013, verbal statements presented to the Board at such meeting, and other evidence in the records:

- a. While the Port Leased Lands are greater than the City Leased Lands, the City will be developing and maintaining the temporary roadway referenced above at no cost to the Port, and that roadway will provide better access to Buildings 88 and 99 as well as to other Port tenants on the western end of Berth 9 that the Port will not be leasing to the City;
- b. It is currently estimated that the cost of developing that temporary roadway will be \$550,000 and as stated

before, the City will maintain that temporary roadway at no cost to the Port;

- c. The City Leased Lands will also enhance the Port's ability to generate additional rental revenues from the Port's OAB lands;
- d. Tariff rates for the amount of Port Leased Lands that exceed the square footage of the City Leased Lands is approximately \$16,931/month (\$609,516 over three years); and
- e. Based on the nearly equivalent costs, the Board hereby finds and determines that it is in the Port/s best interest to lease the subject Port Lands to the City at no cost in exchange for the City leasing the City Lands to the Port at no cost to the Port.

**Section 2.** The Board further finds and determines based on all the evidence as follows:

- a. The proposal to authorize the Executive Director to enter into lease agreements with the City on the former OAB was reviewed in accordance with the requirements of the California Environmental Quality Act ("CEQA"). The City, as the lead agency under CEQA, certified an Environmental Impact Report ("EIR") in 2002 for reuse of the OAB. The Board, acting on behalf of the Port as a responsible agency under CEQA, adopted findings and a mitigation program in reliance on the City's EIR (Resolution No. 02317, September 17, 2002). In June 2012, the Board considered the 2012 OAB Project Initial Study/Addendum ("IS/Addendum") and adopted mitigation measures applicable to the Port from the City's OAB Standard Conditions of Approval/Mitigation Monitoring and Reporting Program ("SCA/MMRP") with Resolution No. 12-76. The OAB EIR and the 2012 OAB IS/Addendum described maritime support leasing and surcharge import projects on the former OAB, and contemplated possible City and Port land exchanges as described in this agenda report. Thus, no further CEQA review is required to enter into the leases and conduct the proposed operations. The City is responsible for obtaining any required permits to erect and operate a conveyor system to transport barged material across property leased from the Port in compliance with the project described in the IS/Addendum.
- b. The Port, the City and all other users of the leased properties are required to comply with the applicable mitigation measures and standard conditions of approval in the adopted SCA/MMRP, which is available on-line:  
<http://www2.oaklandnet.com/Government/o/PBN/OurServices/A>

[pplication/OAK038127.](#)

- c. All projects on the Economic Development Conveyance property at the former OAB must be completed in compliance with the September 27, 2002 Remedial Action Plan ("RAP") and Risk Management Plan ("RMP", which is Appendix E to the RAP) prepared for the State of California Department of Toxic Substances Control and the Oakland Base Reuse Authority.

**Section 3.** The Board hereby authorizes the Executive Director or her designee to enter into two separate 3-year leases with the City, both at no rent, as follows:

- a. One, the lease of two separate parcels of Port-owned lands associated with Berth 9 adjacent to the City to allow the City via its developer to import soil by barge, transfer such soil by conveyor belts over the docks at Berth 9 and transferred to City-owned OAB lands for the purpose of surcharging portions of the City-owned OAB lands; and
- b. Second, the lease of two separate parcels of City-owned lands - one by Buildings 99 & 88 and the other in and adjacent to Building 804 - to allow the Port to implement its interim leasing program for the OAB.

**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. This ordinance approves and authorizes the execution of an agreement(s) in accordance with the terms of this ordinance. Unless and until a separate written agreement(s) 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 the other contracting party, there shall be no valid or effective agreement(s).

**Section 5.** That in acting upon the matters contained herein, the Board has exercised its independent judgment based on substantial evidence in the record and adopts and relies upon the facts, data, analysis, and findings set forth in the Agenda Report and in related materials and in testimony received.

The Board of Port Commissioners, Oakland, California, April 25, 2013. Passed to print for one day by the following vote: Ayes: Commissioners Hamlin, Head, Uno, Yee and President Gonzales - 5. Excused: Commissioners Butner and Parker - 2. Noes: 0.

John T. Betterton  
Secretary of the Board

BOARD MTG. DATE: 5/09/13

## **INFORMATIONAL REPORT**

(This item is for information only and no action is requested or required of the Board of Port Commissioners.)

<b>TITLE:</b>	Quarterly Report of Construction Change Orders for 3rd Quarter FY 12/13
<b>BOARD MEETING DATE:</b>	May 9, 2013
<b>SUBMITTED BY:</b>	Chris Chan, Director of Engineering
<b>APPROVED BY:</b>	Deborah Ale Flint, Acting Executive Director

### **SUMMARY**

Port Ordinance No. 1606 requires that Port staff submit quarterly reports to the Board of Port Commissioners summarizing change orders issued on Port public works contracts. Attached is the summary change order report for the 3rd quarter of Fiscal Year 2012/2013 (Attachment A). Also attached, for your reference, is a list of change order types with an explanation of each (Attachment B).



Quarterly Report of Construction Change Orders for 3rd Quarter FY 12/13  
ATTACHMENT A

**QUARTERLY REPORT  
OF  
CONSTRUCTION CHANGE ORDERS  
FOR  
3rd QUARTER OF FISCAL YEAR 2013**

During the third quarter of FY 2013 there were **8 active** construction contracts with an aggregate value of **\$44,629,510.81**. A total of **20** contract change orders totaling, **\$927,088.54**, and **1 deductive** contract change order in the amount of, **(\$1,430,899.03)**, were issued on **5** of these construction contracts. Not factoring in the deductive contract change order which is addressed below, this amounts to **2.07%** of the **\$44,629,510.81** aggregate total contract value, or **2.55%** of the **\$36,218,241.81** aggregate value of those **5** contracts.

Following is a table listing the various change order types, the total dollar amount issued for each type, and the percentages of the total value of all contracts and the **5** that had change orders issued against them.

Change Order Type		Total	% of All contracts	% of 5 Contracts
<b>A</b>	Administrative	\$ 10,321.12	0.02%	0.03%
<b>E</b>	Project Enhancements	734,411.43	1.65%	2.03%
<b>F</b>	Field Changes	5,260.56	0.01%	0.01%
<b>P</b>	Project sponsor Initiated changes	15,552.46	0.03%	0.04%
<b>R</b>	Regulatory	89,978.09	0.20%	0.25%
<b>U</b>	Unforeseen Conditions	51,861.18	0.12%	0.14%
<b>X</b>	Unrelated Work	<u>19,703.70</u>	<u>0.04%</u>	<u>0.05%</u>
<b>Total of above Change Orders</b>		<b>\$927,088.54</b>	<b>2.07%</b>	<b>2.55%</b>
<b>A</b>	Deductive contract change order	(1,430,899.03)	<b>-3.21%</b>	<b>-3.95%</b>
<b>Grand total for all Change Orders</b>		<b>- \$503,810.49</b>	<b>-1.14%</b>	<b>-1.40%</b>

Background for the deductive contract change order:

Original scope of work required the contractor to design and build a Transportation Workers Identification Credential Access Control System in the Maritime Area in 2 phases – Design (180 days) & Construction (365 days). The Port was recently informed by DHS/FEMA the funding for the project will expire on June 30, 2013; previously, the Port anticipated the funding lifespan to extend to June 30, 2014. As the timeframe to implement is significantly compressed, the scope was modified via a Change Order to permit the reduced scope work to be completed by June 30, 2013.

Quarterly Report of Construction Change Orders for 3rd Quarter FY 12/13  
ATTACHMENT B

ENGINEERING DIVISION  
Coding of Change Orders by Type

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- A Administrative** – Administrative changes such as adding the OCIP Program to the contract, delaying an NTP, non-compensable time extension, or suspending /terminating the work.
- B Bills to Others** – Work done for and at the expense of others, the cost of which will be billed directly to the responsible party. An example is repair of damage caused by a third party.
- C Claims Settlement** – Settlement of contractor claims typically relating to things such as overhead or cost related to project time delays. If claims are filed with respect to whether or not an item or work is an extra and an agreement is reached that it is, then that item would be considered as one of the other types of Change Orders.
- D Design Modifications** – Modifications to the plans and specifications to fit actual field conditions or to make the plans and project specifications conform in the case of conflicting requirements. This will include changes to meet various building code requirements.
- E Project Enhancements** – Enhancements to projects typically at the request of the Revenue Division to meet the needs of the tenants or for other related business reasons. Examples include additional signage added to a signage contract, providing a more costly piece of equipment, adding more bookcases, or delaying/accelerating a project.
- F Field Changes** – Modifications to the contract due to out-of-sequence work, phasing changes, additional or modified barricaded/enclosures/equipment, temporary striping, temporary roads, or additional efforts to avoid potential delays.
- O Omissions** – Errors or omissions to the plans or specifications. An example is missing the need to relocate utilities that are in the way of new columns when the existing utilities can be seen and addressed in the design. Care needs to be taken when deciding between Type D and Type O Change Orders.
- P Project Sponsor Initiated Changes** – Changes/modifications to projects resulting in changes in construction operations to accommodate tenant/customer requirements during the course of the project. This type of Change Order generally would not alter the final physical production outcome of the project as required by the plans and specifications.
- R Regulatory/Outside Agency Changes** – Changes/additions to projects due to changed regulatory agency permit requirement such as new Storm Water Discharge BMPs, additional winterization measures, etc. This type of Change Order would also include extra work performed to assist outside agencies, such as utility companies, railroads, airlines, etc., in completing their work on Port projects.
- U Unforeseen Conditions** – Covers things such as unsuitable subgrade soils or unknown utility lines, or hidden conditions such as unknown asbestos encountered under floors or in walls when doing remodel or demolition work.
- V Value Engineering** – Changes to the contract initiated by the owner to bring the overall project cost within budget. This also includes changes to contractor-initiated Requests for Substitution.
- X Unrelated Work** – Work not related to the project being built under the original contract, and would normally be done under separate contract. The purpose is to expedite the new work.

BOARD MTG. DATE: **5/9/2013**

**INFORMATIONAL REPORT**

(This Summary Item is for information only and no action is requested or required of the Board of Port Commissioners.)

**TITLE:** Executive Director Awards of Recent Public Works and Professional Services Contracts for the Period from September 2012 through April 2013

**PARTIES INVOLVED:**

Executive Director Awards of Public Works Contracts:

Replacement of Building L311 Roof:

<b>Corporate Name/Principal</b>	<b>Location</b>
Premium Roofing and Waterproofing, Inc.	Oakland, CA
Jesus Ambriz Cervantes, President	

Replacement of Building M101 Extension Roof:

<b>Corporate Name/Principal</b>	<b>Location</b>
Roofing Constructors, Inc. dba Western Roofing Service Inc.	San Leandro, CA
Mark Bledsoe, President	

On-Call Rigging and Repair of Port of Oakland Cranes:

<b>Corporate Name/Principal</b>	<b>Location</b>
Rigging International	Alameda, CA
Patrick J. Settle, President	

On-Call Electrical Work Contracts:

<b>Corporate Name/Principal</b>	<b>Location</b>
St. Francis Electric, Inc.	San Leandro, CA
Guy Smith, Vice President	
Beci Electric, Inc.	Oakland, CA
Rebecca Anderson, President	
Digital Design Communications	Oakland, CA
Victor M. Zamora, President	

BOARD MTG. DATE: **5/9/2013**

Construction of Large Vehicle Wash Rack:

<b>Corporate Name/Principal</b>	<b>Location</b>
Beliveau Engineering Contractors, Inc.	Oakland, CA
Laurence E. Beliveau, President	

Construction of Runway Safety Area Improvements:

<b>Corporate Name/Principal</b>	<b>Location</b>
Oliver DeSilva, Inc. dba Gallagher & Burk, Inc.	Oakland, CA
David DeSilva, President	

On-Call General Building Contractor Services Contracts:

<b>Corporate Name/Principal</b>	<b>Location</b>
Beliveau Engineering Contractors, Inc.	Oakland, CA
Laurence E. Beliveau, President	
Angotti & Reilly, Inc.	San Francisco, CA
James P. Reilly, President	
Sea Pac Engineering, Inc.	Los Angeles, CA
John Lee, President	

On-Call Railroad Track and Crane Rail Maintenance:

<b>Corporate Name/Principal</b>	<b>Location</b>
Industrial Railways Co.	Pinole, CA
Chris Stotka, Vice President	

Executive Director Award of Professional Services Contracts:

(None during this reporting period.)

**BOARD MEETING DATE:** May 9, 2013

**SUBMITTED BY:** Chris Chan, Director of Engineering

**APPROVED BY:** Deborah Ale Flint, Acting Executive Director

**SUMMARY**

This Informational Report consolidates information regarding eight recent public works contract awards. There were no professional service contract awards during this reporting period. This report covers the period from September 2012 through April 2013.

BOARD MTG. DATE: **5/9/2013****FACTUAL BACKGROUNDS:**

Note that for the annual on-call contracts listed herein, the actual scope of work and associated cost for each such contract cannot be accurately defined at the time of bid. Therefore, in each such instance, bidders were instructed to submit a bid based on their direct labor markup percentage. However for payment purposes, the Contractors will be paid for the actual work performed, not to exceed the respective expenditure limit for each such contract.

***Replacement of Building L311 Roof***

On June 21, 2012, by Resolution No. 12-80, the Board of Port Commissioners (Board) waived standard bidding procedures for **Replacement of Building L311 Roof, North Field, Oakland International Airport, Oakland, California**, authorized inclusion of the project in the Port's Small Business Enterprise (SBE) Program, and authorized the Executive Director to execute a contract with a small local contractor in an amount not to exceed \$320,000.00.

On August 12, 2012, the Chief Engineer received one informal bid from for the above Work, from Premium Roofing and Waterproofing, Inc., a Port-certified SBE. The bid was determined to be responsible and responsive.

Accordingly, on September 7, 2012, the Executive Director approved the award of a contract for the above Work to Premium Roofing and Waterproofing, Inc. for their bid amount of \$320,000.00.

Project location map is attached (Attachment A).

***Replacement of Building M101 Extension Roof***

On July 12, 2012, by Resolution No. 12-86, the Board authorized the Executive Director to execute a contract for **Replacement of Building M101 Extension Roof, South Field, Oakland International Airport, Oakland, California** with the lowest responsible responsive bidder, based on formal sealed bids, in an amount not to exceed \$300,000.00.

On October 3, 2012, the Secretary of the Board of Port Commissioners received seven formal bids for the above Work. The lowest responsible responsive bid was submitted by Roofing Constructors, Inc. dba Western Roofing Service.

Accordingly, on October 22, 2012, the Executive Director approved the award of a contract for the above Work to Roofing Constructors, Inc. dba Western Roofing Service, for their bid amount of \$165,730.00.

Project location map is attached (Attachment B).

BOARD MTG. DATE: **5/9/2013*****On-Call Rigging and Repair of Port of Oakland Cranes***

On September 6, 2012, by Resolution No. 12-115, the Board dispensed with standard bidding procedures for **Rigging and Repair of Port of Oakland Cranes for the Period Commencing January 1, 2013 and Ending June 30, 2014, 2015, or 2016, Oakland, California** and authorized the Executive Director to execute up to three contracts in a combined total amount not to exceed \$1,575,000.00 for the maximum 3 ½ year term of the contracts.

On October 31, 2012, the Chief Engineer received one informal bid for the above Work, from Rigging International. The bid amount is within the range anticipated for this work, and their bid was determined to be responsible and responsive.

Accordingly, on December 7, 2012, the Executive Director approved the award of a contract for the above Work to Rigging International, based on their percentage markup bid of 130% of Direct Labor Costs.

***On-Call Electrical Work Contracts***

On September 6, 2012, by Resolution No. 12-117, the Board dispensed with standard bidding procedures for **Furnishing Labor, Materials and Equipment for Electrical Work and Associated Services for Port of Oakland Facilities for the Period Commencing January 1, 2013 and Ending December 31, 2013, 2014, or 2015, Oakland, California** and authorized the Executive Director to execute up to three contracts in a combined total amount not to exceed \$3,000,000.00 for the maximum 3 year term of the contracts.

The Board's preference was to award up to two of the contracts, bid under Contract No. X2012-09-S5, to Port-certified SBE contractors. The contracts not subject to the provisions of the SBE program were bid under Contract No. X2012-09-S4.

On October 17, 2012, the Chief Engineer received two informal bids for the above work under Contract No. X2012-09-S5 (SBE) and four informal bids under Contract No. X2012-09-S4 (non-SBE). Both bidders for Contract No. X2012-09-S5, Beci Electric, Inc. and Digital Design Communications, were determined to be Port-certified SBEs, and their bids were determined to be responsible and responsive. The lowest responsible responsive bid for Contract No. X2012-09-S4 was submitted by St. Francis Electric, Inc.

Accordingly, on December 7, 2012, the Executive Director approved the award of a contract for the above Work under Contract No. 2012-09-S4 (non-SBE) to St. Francis Electric, Inc., based on their percentage markup bid of 15% of Direct Labor Costs; and on December 21, 2012, the Executive Director approved the award of contracts for the above Work under Contract No. 2012-09-S5 (SBE) to Beci Electric, Inc. and Digital Design Communications, based on their respective percentage markup bids of 30% of Direct Labor Costs and 60% of Direct Labor Costs.

BOARD MTG. DATE: **5/9/2013*****Construction of Large Vehicle Wash Rack***

On October 18, 2012, by Resolution No. 12-136, the Board waived standard bidding procedures for **Construction of Large Vehicle Wash Rack, North Field, Oakland International Airport, Oakland, California**, authorized inclusion of the project in the Port's Small Business Enterprise (SBE) Program, and authorized the Executive Director to execute a contract with a small local contractor in an amount not to exceed \$200,000.00.

On December 12, 2012, the Chief Engineer received two informal bids from Port-certified SBE contractors for the above Work. However, both bids exceeded the authorized award amount. Pursuant to the provisions of Resolution No. 12-136, on January 7, 2013, said bids were rejected and amended bids were solicited from the original bidders. On January 28, 2013, Beliveau Engineering Contractors, Inc. submitted an amended bid which was within the authorized award limit. Their bid was determined to be responsible and responsive.

Accordingly, on January 30, 2013, the Executive Director approved the award of a contract for the above Work to Beliveau Engineering Contractors, Inc. for their amended bid amount of \$200,000.00.

Project location map is attached (Attachment C).

***Construction of Runway Safety Area Improvements***

On January 24, 2013, by Resolution No. 13-5, the Board authorized the Executive Director to execute a contract for **Construction of Runway Safety Area Improvements, South Field, Oakland International Airport, Oakland, California AIP 3-06-0170-63, AIP 3-06-0170-64 and AIP 3-06-0170-(FUTURE)** with the lowest responsible responsive bidder, based on formal sealed bids, in an amount not to exceed \$28,000,000.00.

On March 1, 2013, the Secretary of the Board of Port Commissioners received six formal bids for the above Work. However, all bids exceeded the authorized award amount. On March 14, 2013, by Resolution No. 13-38, the Board rejected all bids, waived formal bidding procedures, and authorized the Executive Director to execute a contract in an amount not to exceed \$37,000,000.00, based on the receipt of sealed informal bids from bidders who submitted bids on March 1.

On March 26, 2013, the Secretary of the Board of Port Commissioners received three informal bids for the above Work. The lowest responsible responsive bid was submitted by Oliver DeSilva, Inc. dba Gallagher & Burk, Inc.

Accordingly, on April 10, 2013, the Executive Director approved the award of a contract for the above Work to Oliver DeSilva, Inc. dba Gallagher & Burk, Inc. for their bid amount of \$32,868,482.00.

BOARD MTG. DATE: **5/9/2013**

Project location map is attached (Attachment D).

***On-Call General Building Contractor Services Contracts***

On September 6, 2012, by Resolution No. 12-111, the Board dispensed with standard bidding procedures for **Furnishing Labor, Materials and Equipment for General Building Contractor Services for Port of Oakland Facilities for the Period Commencing July 1, 2013 and Ending December 31, 2014 or 2015, Oakland, California** and authorized the Executive Director to execute up to three contracts in a combined total amount not to exceed \$2,500,000.00 for the maximum 2 ½ year term of the contracts.

The Board's preference was to award at least one of the contracts, bid under Contract No. X2012-09-S7, to a Port-certified SBE contractor. The contracts not subject to the provisions of the SBE program were bid under Contract No. X2012-09-S6.

On March 7, 2013, the Chief Engineer received three informal bids for the above work under Contract No. X2012-09-S7 (SBE) and four informal bids under Contract No. X2012-09-S6 (non-SBE).

Only one of the bidders for Contract No. X2012-09-S7, Beliveau Engineering Contractors, Inc., was determined to be a Port-certified SBE; their bid was determined to be responsible and responsive.

Accordingly, on April 22, 2013, the Executive Director approved the award of a contract for the above Work under Contract No. X2012-09-S7 to Beliveau Engineering Contractors, Inc., based on their percentage markup bid of 19% of Direct Labor Costs,

Beliveau also submitted a bid for Contract No. X2012-09-S6, and was the lowest bidder on that contract. However, per the provisions of the subject Project Manuals, Beliveau was awarded the SBE contract and was therefore precluded from simultaneously receiving a contract under Contract No. X2012-09-S6. The second and third lowest bidders on Contract No. X2012-09-S6 were Sea Pac Engineering, Inc. and Angotti & Reilly, Inc.; both of these bids were determined to be responsible and responsive.

Accordingly, on April 22, 2013, the Executive Director approved the award of contracts for the above Work under Contract No. X2012-09-S6 to Sea Pac Engineering, Inc. and Angotti & Reilly, Inc., based on their respective percentage markup bids of 25% of Direct Labor Costs and 27% of Direct Labor Costs.

***On-Call Railroad Track and Crane Rail Maintenance***

On September 6, 2012, by Resolution No. 12-116, the Board authorized the Executive Director to execute a contract for **Furnishing Labor, Materials and Equipment for Reconditioning, Maintaining and Repairing Port of Oakland Railroad Tracks and**



BOARD MTG. DATE: **5/9/2013**

**Crane Rails for the Period Commencing July 1, 2013 and Ending December 31, 2014, 2015, or 2016, Oakland, California** with the lowest responsible responsive bidder, based on formal sealed bids, in an amount not to exceed \$280,000.00 for the maximum 3 ½ year term of the contract.

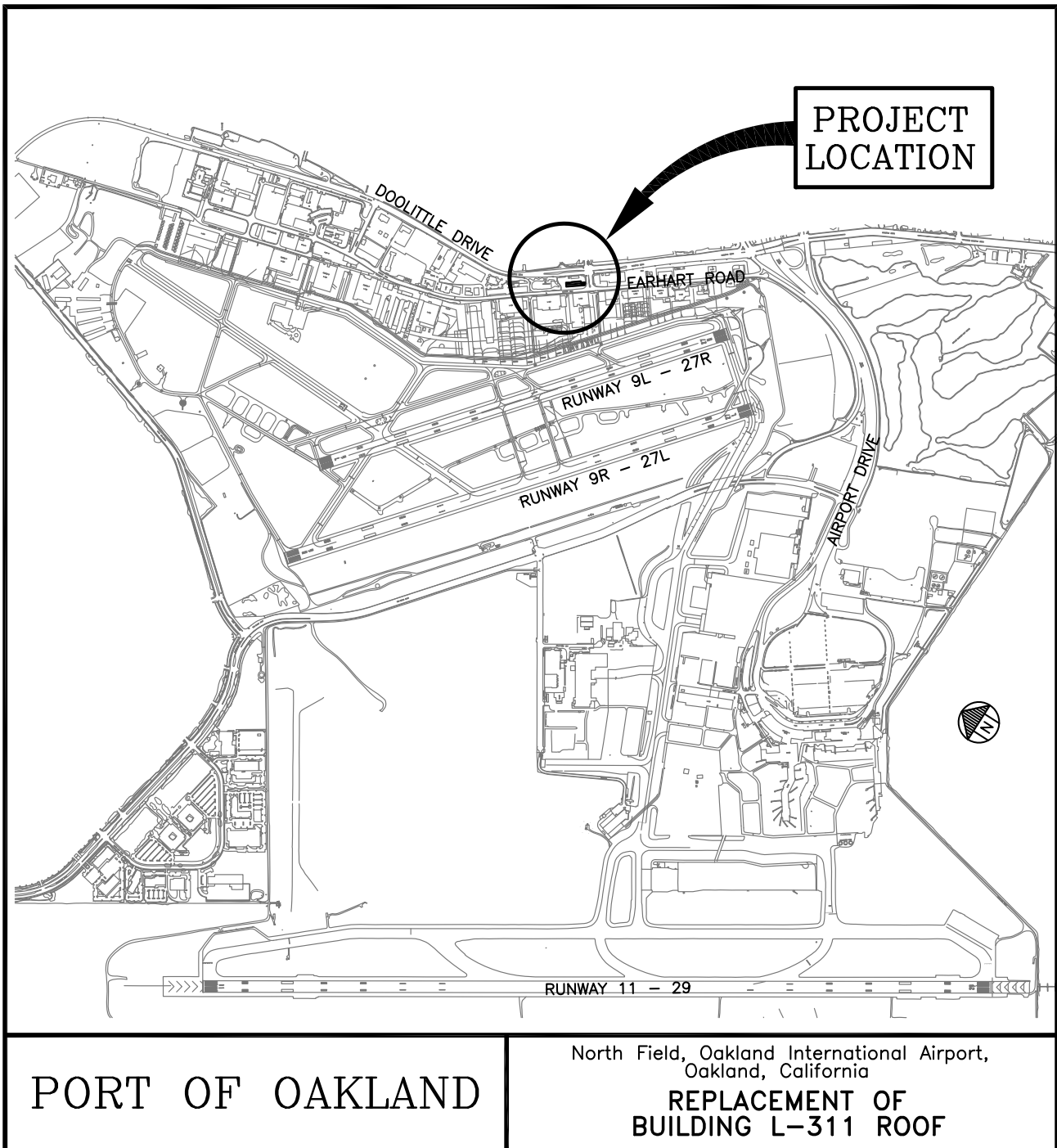
On March 27, 2013, the Secretary of the Board of Port Commissioners received one formal bid for the above Work, from Industrial Railways Co. Their bid was determined to be responsible and responsive.

Accordingly, on April 22, 2013, the Executive Director approved the award of a contract for the above Work to Industrial Railways Co. based on their percentage markup bid of 130% of Direct Labor Costs.

May 9, 2013

Executive Director Awards of Recent Public Works  
and Professional Services Contracts for the Period  
from September 2012 through April 2013

**ATTACHMENT A**

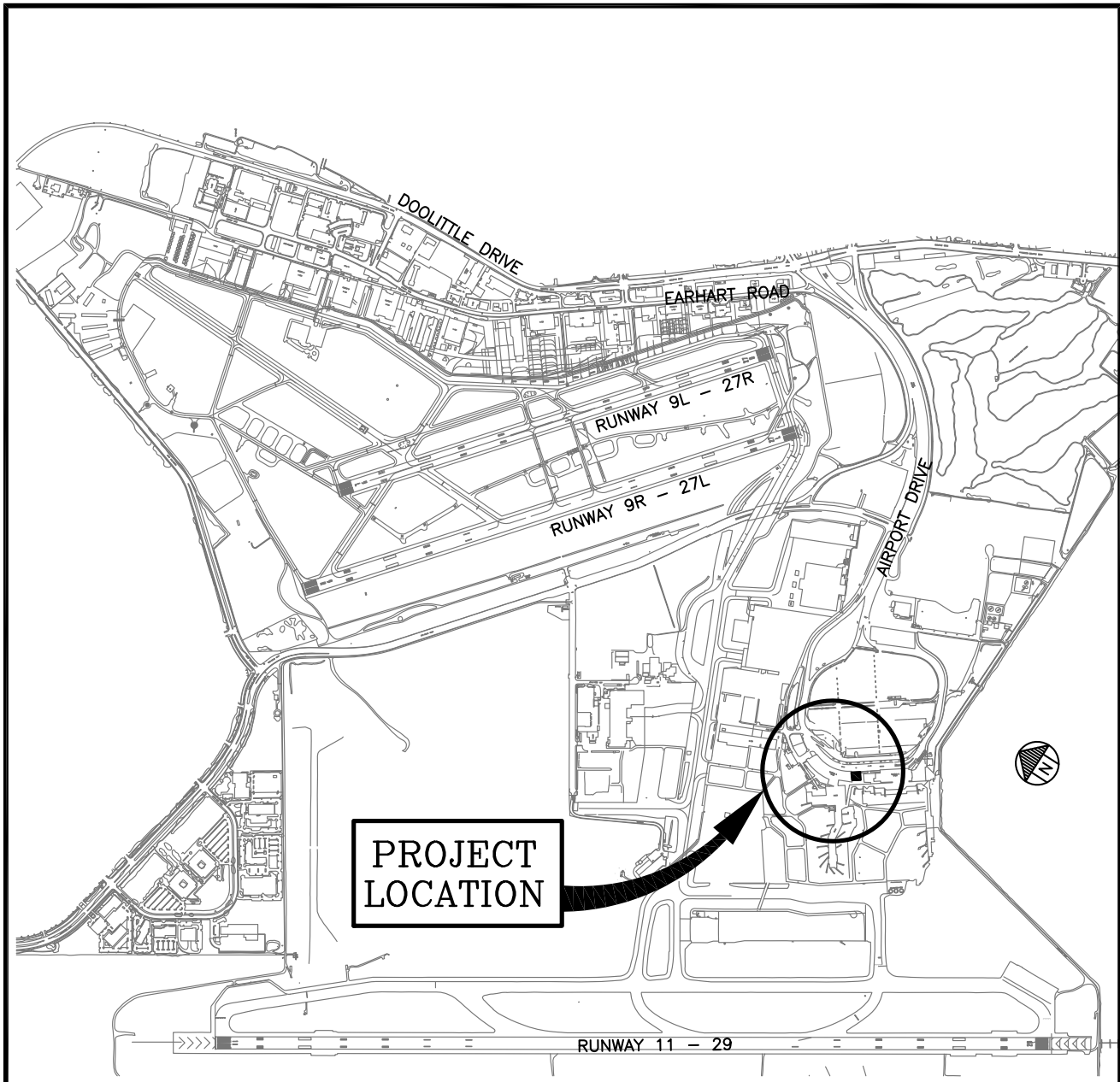


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May 9, 2013

Executive Director Awards of Recent Public Works  
and Professional Services Contracts for the Period  
from September 2012 through April 2013

**ATTACHMENT B**



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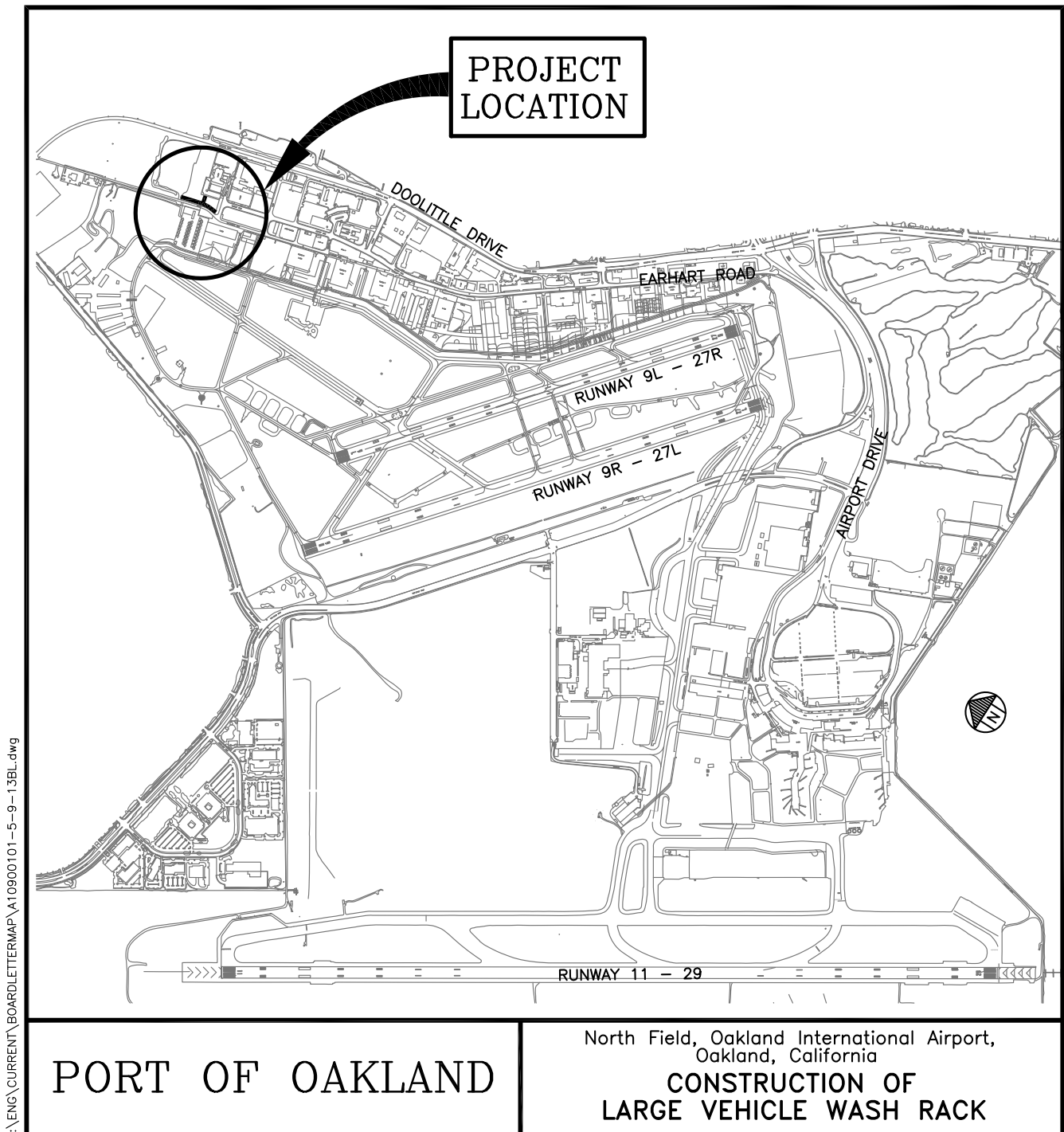
**PORT OF OAKLAND**

South Field, Oakland International Airport,  
Oakland, California  
**REPLACEMENT OF  
BUILDING M101 EXTENSION ROOF**

May 9, 2013

Executive Director Awards of Recent Public Works  
and Professional Services Contracts for the Period  
from September 2012 through April 2013

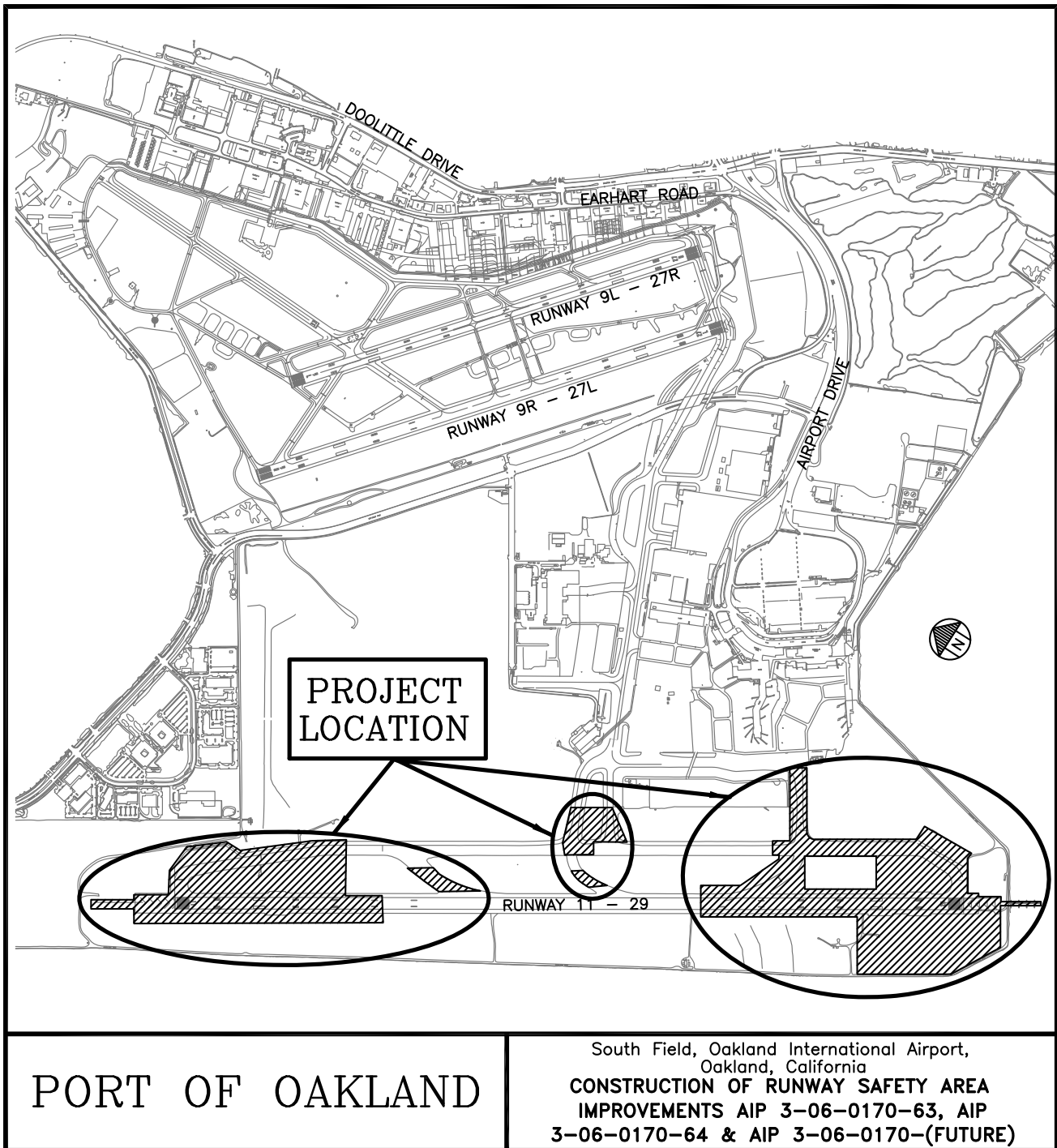
**ATTACHMENT C**



May 9, 2013

Executive Director Awards of Recent Public Works  
and Professional Services Contracts for the Period  
from September 2012 through April 2013

**ATTACHMENT D**



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## **MAJOR PROJECTS**

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

BOARD MTG. DATE: 5/9/2013

**AGENDA REPORT**

**TITLE:** Authorize the Executive Director to enter into a grant agreement with the United States Maritime Administration for the Outer Harbor Intermodal Terminals (Phase 1 Rail Improvements)

**AMOUNT:** \$15,000,000 grant

**PARTIES INVOLVED:**

<b>Corporate Name/Principal</b>	<b>Location</b>
United States Department of Transportation, Ray LaHood	Washington, DC
United States Maritime Administration, David Matsuda	Washington, DC

**TYPE OF ACTION:** Resolution

**SUBMITTED BY:** Jean Banker, Director of Maritime (Acting)

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

**SUMMARY**

This agenda report relates to federal grant funds awarded to the Port for the development of a unit train support yard as part of the Outer Harbor Intermodal Terminal Phase 1 Rail Yard. This agenda report relates only to the grant agreement, not the construction work, which will be addressed separately upon completion of the plans and specifications.

**FACTUAL BACKGROUND**

The FY2012 Consolidated and Further Continuing Appropriations Act set aside \$500 million for the United States Department of Transportation (“USDOT”) to invest in road, rail, transit and port projects across the country. USDOT solicited competitive proposals from applicants through its Transportation Investment Generating Economic Recovery (“TIGER”) grant program. The TIGER grant program was first started by USDOT in 2009, when Congress and the President authorized \$1.5 billion as part of the American Reinvestment and Recovery Act (“ARRA”). The FY2012 funding is the fourth round of federal transportation grants solicited by USDOT.

The TIGER grant program has been highly competitive, as it has come to replace congressional earmarks for national transportation projects. In FY2012, USDOT received 703 applications and selected 47 projects for funding. The applicants requested \$10.2 billion in federal funding, more than twenty times the available amount.

**ANALYSIS**

BOARD MTG. DATE: 5/9/2013

The Port of Oakland, City of Oakland and Oakland Army Base overall program have had a tremendously high success rate in the TIGER grant program, despite the highly competitive nature of the grant program. In the three prior TIGER grant solicitations held by USDOT, the Port and City each separately were awarded funds among an equally competitive group of applicants and projects. The Port is fortunate to have a combination of attractive projects, and strong proponents in our local, state and federal governments.

Grant Award. The Port initially requested a \$20 million grant, and USDOT selected the Port for a reduced amount, \$15 million. This federally funded project includes building a unit train support yard and associated utility infrastructure on the eastern portion of the former OAB. This project is separate from the state-funded design-build contract<sup>1</sup> to build new lead track with Union Pacific and the manifest car storage yard.

The proposed unit train support yard will serve as new rail capacity for Port and City OAB customers, including the City’s proposed bulk marine terminal, future Port intermodal trains (container trains) and other large import and export customers.

Support Yard Construction Contract. If the Board adopts staff’s recommendation, Port staff will finalize the plans and specifications for the support yard project and seek Board authorization to formally advertise for public works construction bids for this project. Staff currently anticipates presenting the construction project for the Board’s approval in early June 2013.

In order to comply with federal grant assurances and requirements, the Port will utilize the Disadvantaged Business Enterprise (DBE) program for the associated construction contract in accordance with 49 Code of Federal Regulations (CFR) Part 26. Port staff is currently finalizing the proposed TIGER program goal and anticipates presentation of the proposed goal and methodology for the Board at the first scheduled meeting in June 2013.

**STRATEGIC PLAN**

<b>Strategic Priority Area</b>	<b>Goal</b>	<b>Objective</b>	<b>How + When Implemented</b>
Sustainable Economic and Business Development	Goal A: Create Sustainable Economic Growth For the Port and Beyond	3. Increase revenue, job creation and small business growth.	The proposed rail terminal is anticipated both to increase revenues and increase commerce through the Port of Oakland.
Sustainable Economic and Business Development	Goal C: Promote equitable community access to employment and	2. Conduct comprehensive communication and outreach to stakeholders	The OAB represents a significant growth opportunity for the Port and its business partners. The Port will work closely with the City of

<sup>1</sup> The Board authorized award of the TCIF-funded design-build contract to Balfour Beatty/Gallagher & Burk Inc, a joint venture, on March 14, 2013. Following the Board’s action, staff negotiated remaining contract scope and terms with the design-build joint venture and issued a notice of award on April 5, 2013. The construction contract for this project was executed on April 19, 2013.



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	business opportunities.	and strategic partners to improve workforce and small business opportunities.	Oakland and stakeholders to ensure that a successful OAB development can be realized by the entire community.
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**BUDGET & FINANCIAL IMPACT**

The FY2012-2013 five-year Capital Needs Assessment includes \$81.625 million for the Oakland Army Base redevelopment. However, the current budget was prepared prior to the Port being selected for funding under this grant. On March 14, 2013, the Board authorized an increase in the FY2012-2013 capital improvement program budget for the Oakland Army Base development to \$9.4 million. This includes sufficient funding for the current fiscal year.

The unit train support yard, part of the Outer Harbor Intermodal Terminals (Phase 1 Rail Improvements) proposed to be built under this grant agreement, is estimated to cost \$23.8 million. \$15 million would come from USDOT TIGER grant, \$0.983 million would come from other federal funds, and \$7.8 million would come from Port funds.

Port staff will be recommending a tariff for rail cars in June 2013 using the new facilities built with the above funds. Port staff is conducting an analysis of other competing gateways to ensure a non-discriminatory, competitive rate structure for the use of this new infrastructure. Additionally, the new facilities improve the Port’s cargo handling capabilities and may be anticipated to result in new cargo activity at the Port which may generate new revenues.

**STAFFING IMPACT**

The project will be built over approximately two years, and the project budget includes funding for Port staff in the engineering division and its supporting consultants to manage the project.

**SUSTAINABILITY**

The development of the former Oakland Army Base, including the proposed rail yard, is consistent with the Maritime air quality goal to reduce human health risk associated with diesel particulate matter by 85% from 2005 to 2020. The rail yard is proposed to be operated with low emission locomotives.

**ENVIRONMENTAL**

The proposal to authorize the Executive Director to enter into a grant agreement to fund a unit train support yard and utility infrastructure on the former OAB was reviewed in accordance with the requirements of the California Environmental Quality Act (“CEQA”) and the Port CEQA Guidelines. CEQA does not apply to execution of the grant agreement

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under Section 15061(b)(3) of the CEQA Guidelines, since it can be seen with certainty that there is no possibility that the funding mechanism may have a significant effect on the environment.

Furthermore, the activities to be supported by the grant were previously reviewed under CEQA. In July 2002, the City of Oakland ("City"), as the lead agency under CEQA, certified an Environmental Impact Report ("EIR") for reuse of the OAB. On September 17, 2002, the Board, acting on behalf of the Port as a responsible agency under CEQA, adopted findings and a mitigation program in reliance on the City's EIR (Resolution No. 02317). In June 2012, the Board considered the 2012 OAB Project Initial Study/Addendum and adopted mitigation measures applicable to the Port from the City's OAB Standard Conditions of Approval/Mitigation Monitoring and Reporting Program with Resolution No. 12-76. The OAB EIR described projects to be developed by the Port on its portion of the former OAB, including a rail yard and utility improvements as described in this agenda report. Thus, no further CEQA review is required to take the actions recommended in this agenda report.

The USDOT's Maritime Administration, as a federal agency, determined that the improvements to be funded with the TIGER grant are categorically excluded under the National Environmental Policy Act.

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

This Agenda Report does not authorize any construction contract. Future construction work performed under this grant agreement will have to be separately authorized by the Board. Port staff plans to include MAPLA in the construction contract for the project. However if the contractor fails to demonstrate good faith efforts to meet local hiring goals, the Port cannot pursue sanctions or binding arbitration as provided in the MAPLA.

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

The grant agreement is not subject to the Port's Owner Controlled Insurance Program (OCIP). However, contractors working on the capital improvements funded through the grant agreement will be required to enroll in OCIP and consultants working on the design phases will be required to enroll in the Port's Professional Liability Insurance Program (PLIP).

### **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, do not apply to this agreement because the United States Maritime Administration is a government agency.

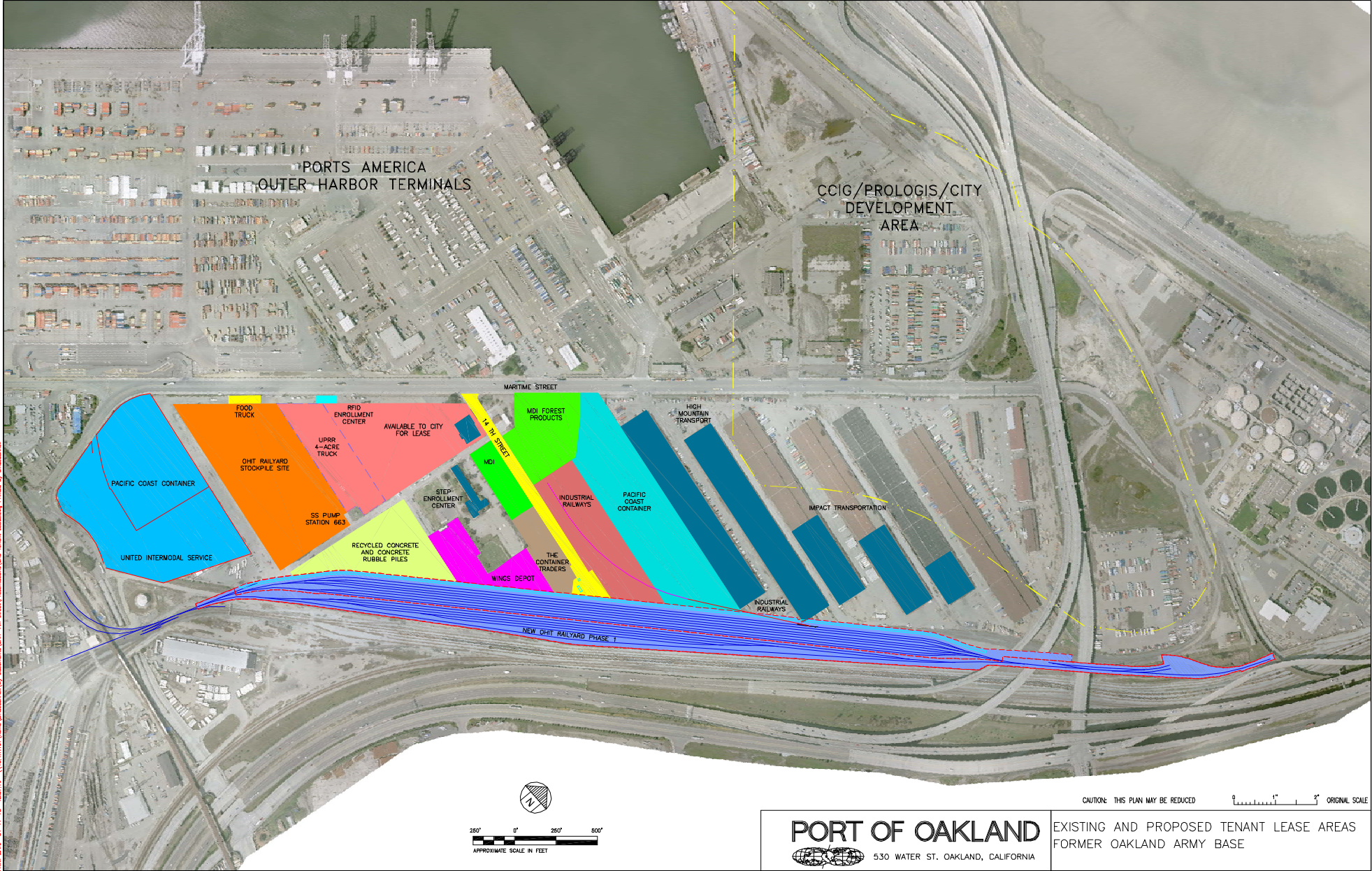
BOARD MTG. DATE: 5/9/2013

**OPTIONS**

1. Authorize the Executive Director to enter into a grant agreement with the United States Maritime Administration for the Outer Harbor Intermodal Terminals (Phase 1 Rail Improvements)
2. Do not accept the proposed grant. If the Port did not enter into this grant agreement, the Port would not receive \$15 million in federal grant funds and would not have sufficient funds to build the proposed rail improvements. In addition, the proposed grant funds were specifically awarded for this project and cannot be unilaterally redirected to other improvements by the Port.

**RECOMMENDATION**

Authorize the Executive Director to execute all documents necessary to enter into a grant agreement with the United States Maritime Administration for the Outer Harbor Intermodal Terminals (Phase 1 Rail Improvements).



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05/09/13  
Tab 3.1  
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BOARD OF PORT COMMISSIONERS  
CITY OF OAKLAND

RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A GRANT AGREEMENT WITH THE UNITED STATES MARITIME ADMINISTRATION FOR THE OUTER HARBOR INTERMODAL TERMINALS FOR PHASE 1 RAIL IMPROVEMENTS IN THE AMOUNT OF \$15,000,000.

**WHEREAS**, the Board of Port Commissioners ("Board") has reviewed and evaluated the Board Agenda Report Item No. 3.1, dated May 9, 2013, ("Agenda Report") and related agenda materials, has received the expert testimony of Port of Oakland ("Port") staff, and has provided opportunities for and taken public comment; now, therefore, be it

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

**FURTHER RESOLVED** that the Board hereby authorizes and directs the Executive Director to accept federal Transportation Investment Generating Economic Recovery ("TIGER") grant funds from the United States Maritime Administration for the Outer Harbor Intermodal Terminals for Phase 1 Rail Improvements, on behalf of said Board, and to execute and submit all documents which may be necessary or convenient to complete said application(s), in accordance with the Agenda Report, and the Secretary of the Board is hereby authorized and directed to attest to the execution of such grant agreements, if deemed necessary, when said Grant Offers are released, up to the amount of \$15,000,000, provided, however, that such grant agreement shall not be binding or enforceable against the Port unless and until approved in writing as to form and legality by the Port Attorney; and be it

**FURTHER RESOLVED** that this resolution is not evidence of and does not create or constitute (a) a contract, or the grant of any right, entitlement or property interest, or (b) any obligation or liability on the part of the Board or any officer or employee of the Board. This resolution approves and authorizes the execution of an agreement in accordance with the terms of this resolution. Unless and until a separate written agreement is duly executed on behalf of the Board as authorized by this resolution, is signed and approved as to form and legality by the Port Attorney, and is delivered to other contracting party, there shall be no valid or effective agreement.

DRAFT

**BUDGET & FINANCE**

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

**FY 2014 Operating and Capital Budgets Update**

At the May 9, 2013 Board Meeting, there will be a presentation on the Port's preliminary FY 2014 operating and capital budgets. Additional supplementary information will be posted by May 2, 2013.





Fiscal Year 2014  
Operating & Capital Budget Update

Board of Port Commissioners Meeting  
May 9, 2013

The preliminary summary budget information contained in this presentation is disclosed publicly for general information relating to the Port only. The information and figures herein include projections and forecasts that are based upon certain assumptions and involve known and unknown risks, uncertainties, and other factors that may cause actual results, performance or achievements to differ materially from those expressed or implied by such projections and forecasts. The information and figures herein are subject to change without notice after the date thereof, and may differ from the information and figures contained in the Port's final adopted budget. The overall cost of the Port's capital projects is subject to change, and the variance from the cost estimates reflected herein could be material. The Port is not obligated to and does not plan to issue any updates or revisions to this preliminary summary budget information.

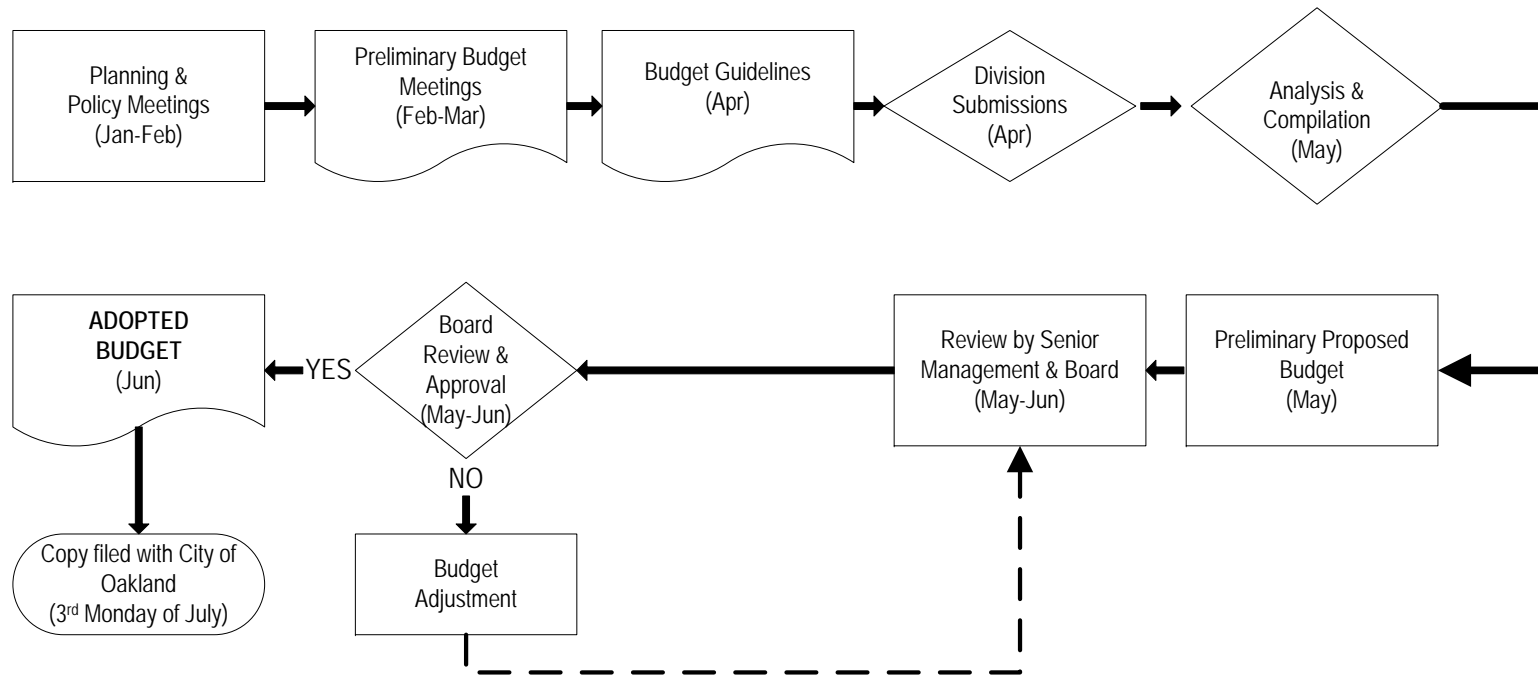
*Preliminary Numbers – Subject to Change*

## Purpose of Presentation

- Update Board on budget development (#2 of 3)
- Provide preliminary budget numbers
- Discuss funding and prioritization of capital projects

*Preliminary Numbers – Subject to Change*

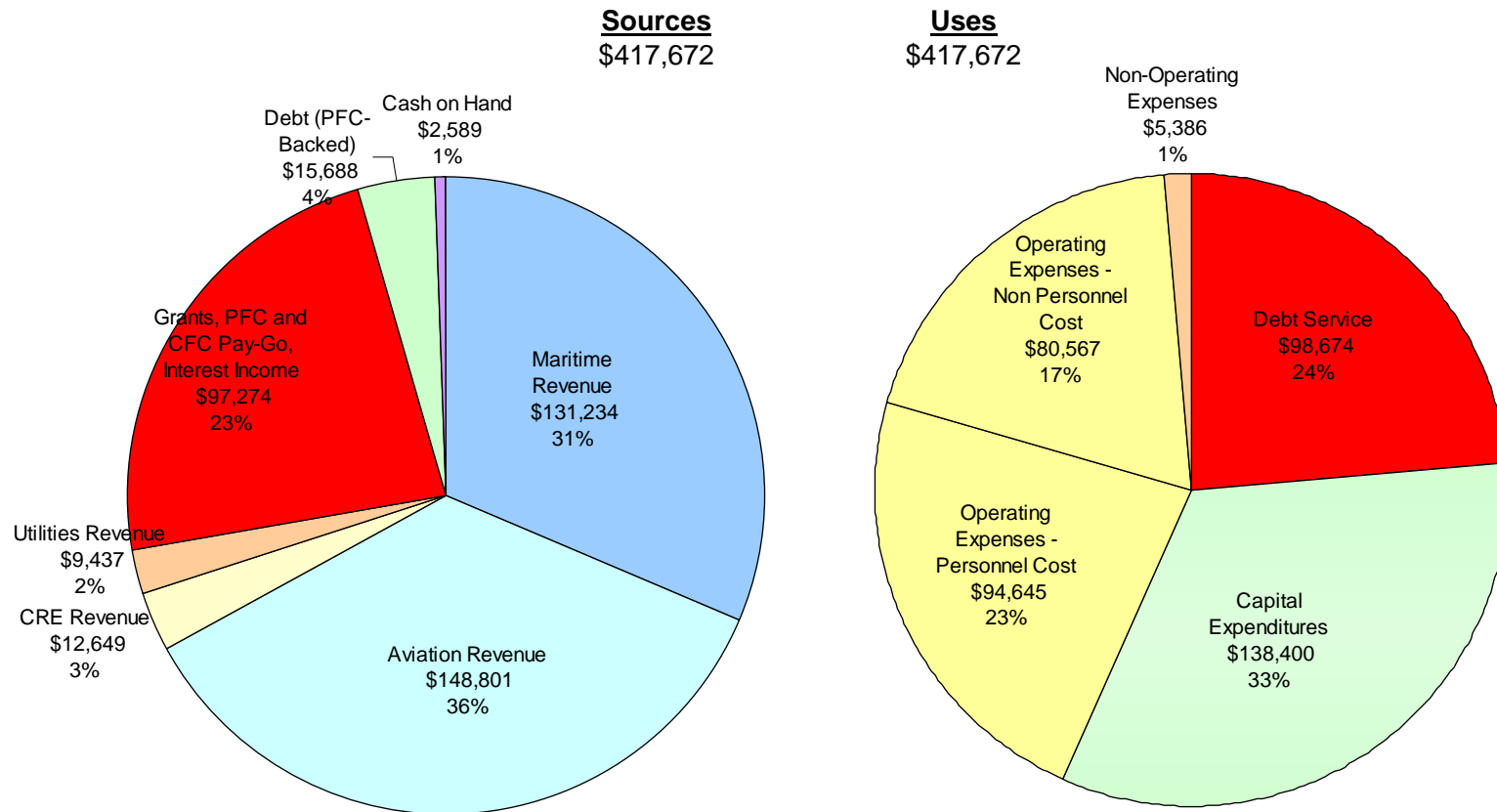
# Budget Process



*Preliminary Numbers – Subject to Change*

# Sources and Uses of Port Funds Preliminary FY 2014 Budget

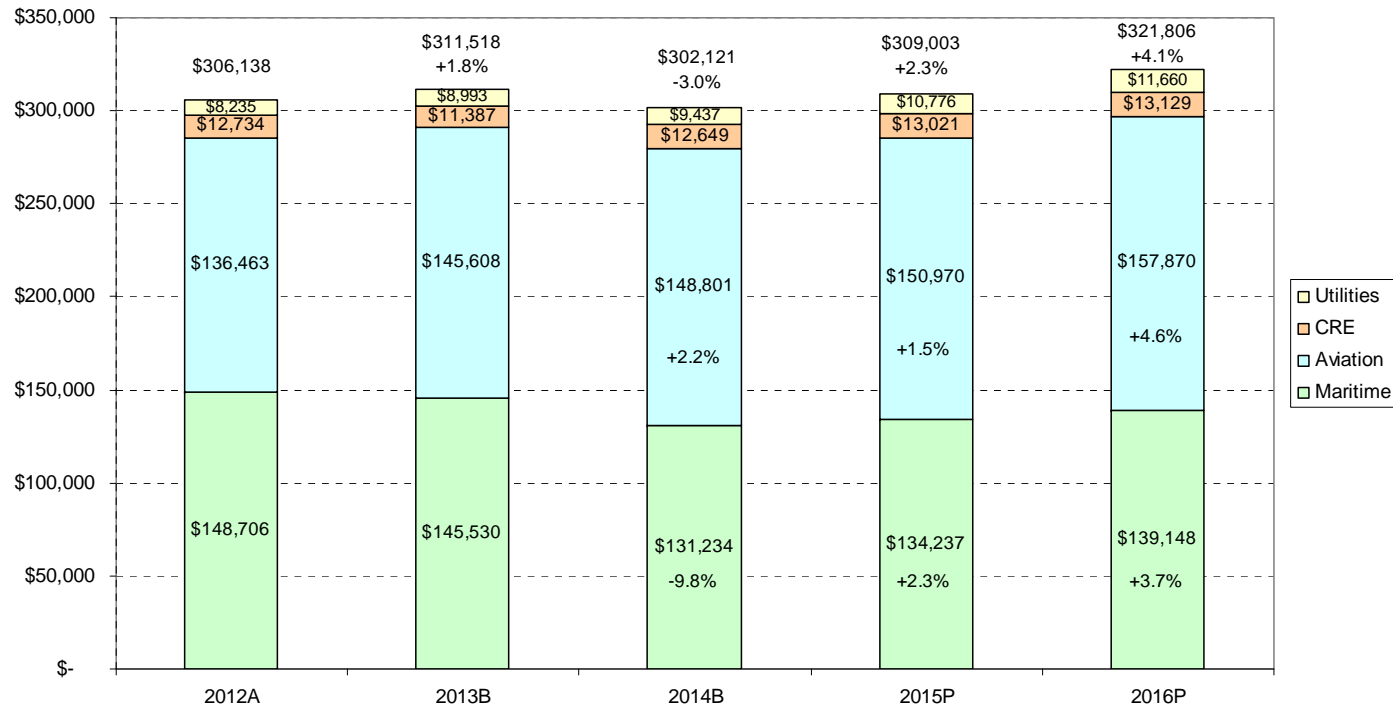
\$ in Thousands



*Preliminary Numbers – Subject to Change*

# Preliminary Operating Revenues

\$ in Thousands



- Operating revenues projected to decrease 3% in FY 2014
  - Aviation revenues are projected to increase 2.2% or \$3 million in FY 2014
  - Maritime revenues are projected to decline 9.8% or \$14 million in FY 2014
- Enplanements and TEUs are projected to grow 1% and 2% respectively over the next 3 years
- Economic climate and competitive factors continue to constrain revenue growth

*Preliminary Numbers – Subject to Change*

## Preliminary Operating Expenses

### FY 2014 Budget

- Personnel cost are projected to increase 7% in FY 2014
  - Increase in pension and health care costs plus new labor contracts
  - Budgeted FTEs expected to stay flat at 492
- Non Personnel costs are projected to increase 1% in FY 2014
  - Increases in security, fire, regulatory and insurance premium costs
  - Remaining expenses in aggregate kept essentially flat
    - 5% minimum reduction in travel and hosting due to new policies
    - Board, Port Attorney's Office, Audit and Finance reduced their budgets
    - Increases in Aviation and Maritime marketing budgets
- In aggregate, operating expenses are projected to increase 4% in FY 2014

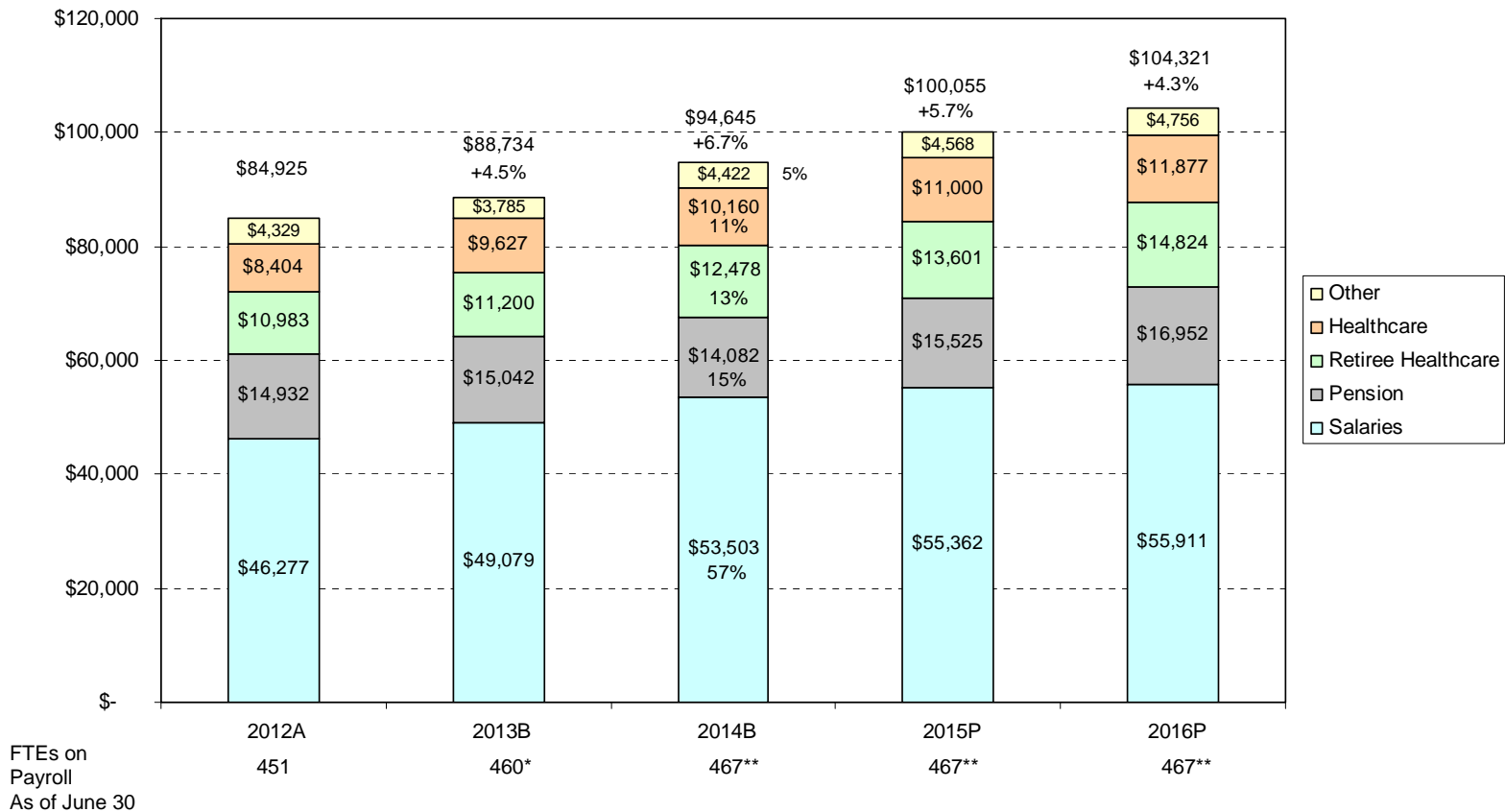
### FY 2015 and 2016 Projection

- Personnel costs assumed to increase approximately 5% per year; FTEs remain flat
- Non Personnel costs are assumed to remain in aggregate essentially flat

*Preliminary Numbers – Subject to Change*

# Operating Expenses – Personnel Cost

\$ in Thousands



\* Projected

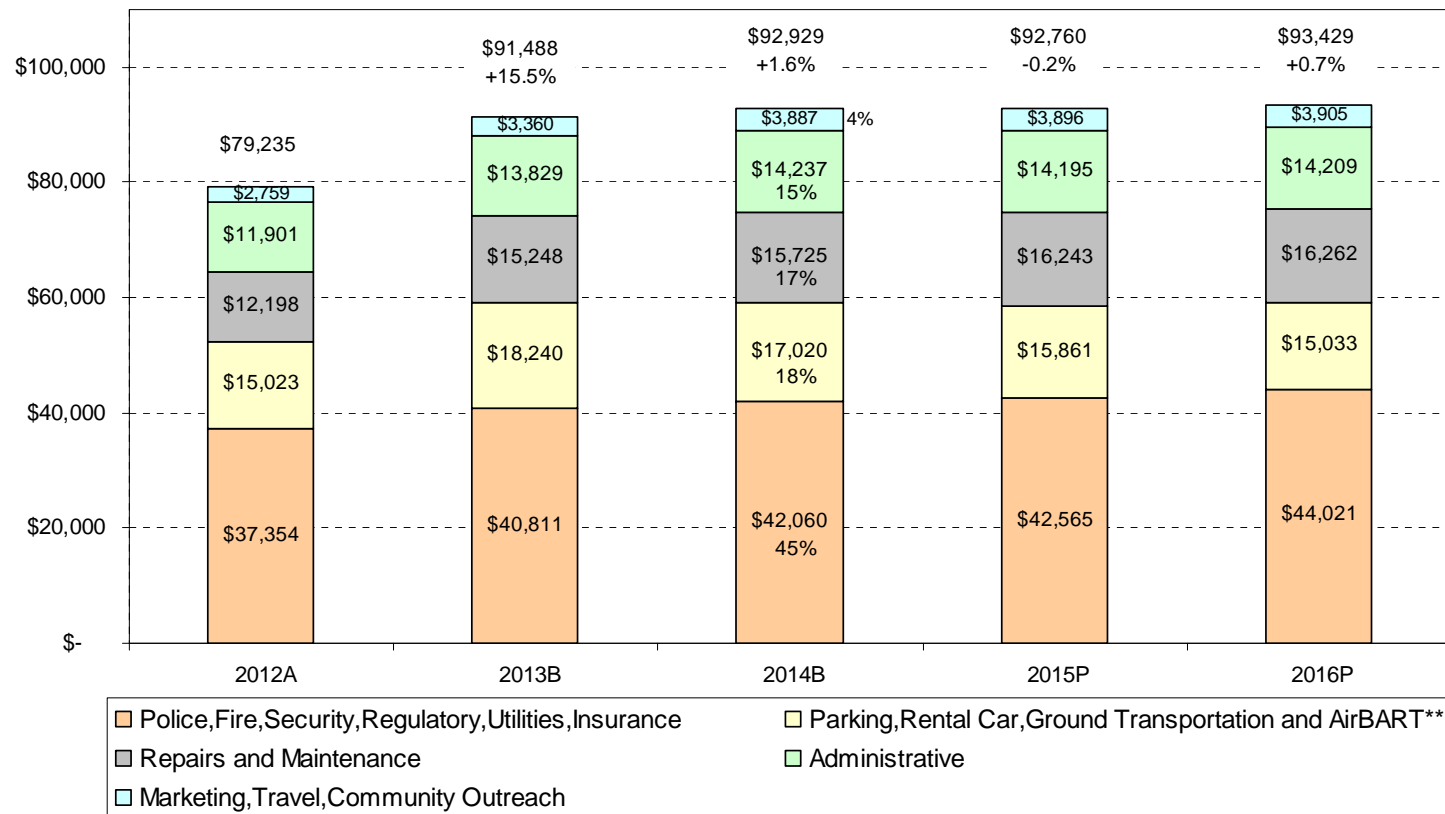
\*\* Assumes 492 FTEs budgeted offset by vacancy factor of 25 FTEs



*Preliminary Numbers – Subject to Change*

# Operating Expenses - Non Personnel Cost\*

\$ in Thousands



\* Before Absorption of Labor and Overhead to Capital Assets

\*\* AirBART operations expected to cease in Fall 2014

*Preliminary Numbers – Subject to Change*

# Capital Projects

- Port revamped its capital budget process in FY 2010
- Approval of FY 2014 Capital Budget (one year) is only for projects for which a contractual obligation already exists\*
  - Initial FY 2014 Capital Budget expected to be \$143 million
  - All additional contracts/projects require Board approval during the course of the fiscal year
- Port's financial planning (financial projections and cash flows) takes into account a 5-year Capital Needs Assessment (updated annually)
- Criteria for inclusion in 5-Year CNA limited to:
  - Regulatory, life safety and revenue maintenance
  - Landlord obligations for leased areas
  - Available funding and staffing resources
- No new major projects have been included in 5-Year CNA for last several years
  - Revised Steering Committee to review, approve and prioritize new projects - Proposed

\* In addition, funds for miscellaneous facilities replacement less than \$100,000 (such as fencing, HVAC equipment) and certain pre-development work is included in the FY 2014 Capital Budget (approx. \$1.8 million)

*Preliminary Numbers – Subject to Change*

# Projects Included in 5-Year CNA

	\$000s	% of Total		\$000s	% of Total
<b>Airfield</b>					
Runway Safety Area	94,617	14%	Oakland Army Base Phase I	96,135	14%
Airfield Perimeter Dike	44,000	7%	Utilities Infrastructure *	30,067	5%
Runway 11-29 Rehabilitation	19,800	3%	BART	24,000	4%
FAA Tower Relocation & Misc	4,023	1%	Security *	21,597	3%
<b>Total Airfield</b>	<b>162,440</b>	<b>24%</b>	Landlord Obligations for Leased Areas *	18,447	3%
<b>Airport Terminals</b>					
Terminal 1 Rehabilitation	257,200	39%	Ground Access & Parking *	17,280	3%
<b>Maritime Terminals</b>					
Shorepower	14,100	2%	Dredging & Mitigation *	8,700	1%
Misc. Repairs *	2,672	0%	Information Technology *	5,725	1%
<b>Total Maritime Terminals</b>	<b>16,772</b>	<b>3%</b>	Misc. Capital Equipment *	2,556	0%
			Misc. Facilities Replacement *	1,325	0%
			Pre-Development *	1,000	0%
<b>TOTAL 5-YEAR CNA</b>				<b>663,244</b>	<b>100%</b>

□ 7 Projects comprise 83% of the 5-Year CNA

\* Multiple projects

*Preliminary Numbers – Subject to Change*

## Projects Not Included in 5-Year CNA

(\$ in Millions)	<u>Estimate</u>
OAB Phase II	\$500
APL Wharf Reconstruction	160
International Arrivals Building	105
Terminal 2 Gate Reconfiguration	55
North Field Infrastructure	50
Utilities Infrastructure	50
<hr/>	
Not Included in 5-Year CNA	\$920

*Preliminary Numbers – Subject to Change*

## Cash Available for FY 2014 Capital Expenses

(\$ in Thousands)

	<u>FY 2014</u>
Operating Revenues	\$302,121
Misc Revenues*	5,791
Less : Operating Expenses**	(175,212)
Less: Non Operating Expenses	(5,386)
Less: Debt Service	(98,674)
Operating Revenues Available for Capital Expenses	28,640
Cash on Hand (“Savings”)	2,589
Total Operating Revenues for Capital Expenses	31,230
PFC Revenues for PFC Projects	21,778
<b>Total Cash Available for FY 2014 Capital Expenses</b>	<b>\$53,008</b>

\* Includes CFC revenues, grants for operating expenses and interest income

\*\* Excludes Depreciation & Amortization

*Preliminary Numbers – Subject to Change*

# Preliminary 5-Year Capital Needs Assessment

\$ in Thousands

<b><u>Uses of Funds</u></b>	<b>FY 2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>Total</b>
Aviation	113,296	136,921	116,175	94,350	46,150	506,892
Maritime	64,265	44,591	19,775	8,960	1,540	139,131
Other	6,974	4,119	2,168	2,229	1,732	17,221
<b>Total</b>	<b>184,534</b>	<b>185,631</b>	<b>138,118</b>	<b>105,539</b>	<b>49,422</b>	<b>663,244</b>
Less Adjustment Factor	(46,134)	(37,126)	-	-	-	(83,260)
<b>Total after Adjustment Factor</b>	<b>138,401</b>	<b>148,505</b>	<b>138,118</b>	<b>105,539</b>	<b>49,422</b>	<b>579,984</b>
<b><u>Sources of Funds</u></b>						
Cash on Hand	31,230	39,113	34,878	25,489	17,742	148,453
Pay-Go PFC	21,778	20,752	20,496	19,259	18,037	100,321
Grants	69,705	50,534	30,761	19,258	-	170,258
Debt (PFC Secured)	15,688	22,028	34,580	41,533	13,643	127,472
Shortfall	-	16,077	17,403			33,480
<b>Total</b>	<b>138,401</b>	<b>148,505</b>	<b>138,118</b>	<b>105,539</b>	<b>49,422</b>	<b>579,984</b>

\* In aggregate, the Port has typically spent 30% less than planned due to various reasons (e.g. unforeseen delays in design and permitting approvals, staffing limitations, project specific contingencies, etc.). However it cannot be determined which individual project(s) may underspend for the budgeted period. As a result, an Adjustment Factor of 25% and 20% in FY 2014 and 2015, respectively, has been applied to better reflect actual projected capital expenditures based on past experience.

*Preliminary Numbers – Subject to Change*

## Available Debt Capacity to Fund Capital Expenses

Secured by:	Available Debt Capacity
Operating Revenues	\$0-10* million
PFC Revenues	\$150-250 million

- Debt capacity does not currently exist for debt secured by Port operating income
  - The capital markets will typically not lend to a leverage that results in a DSCR of less than 1.30-1.35x; projected Port DSCR 1.35x
  - Capital budget for FY 2014 is being managed to anticipate no funding shortfall or debt issuance secured by general operating revenues
  - Port staff will continue to seek funding sources for subsequent years
  
- Debt capacity exists for debt secured by PFC revenues
  - \$250 million of PFC projects in 5-Year CNA
  - \$21 million of annual PFC revenues (\$4.50 collection rate)
  - PFC projects will be scaled to available debt capacity

\* Net of \$78 million of outstanding CP Notes (utilized for long term financing purposes)

*Preliminary Numbers – Subject to Change*

## Debt Service Coverage and Cash Balance

	Actual FY 2012	Projected FY 2013	Projected FY 2014	Projected FY 2015	Projected FY 2016	Port Median <sup>(4)</sup>
DSCR (all debt) <sup>(1)</sup>	1.50x	\$1.38x	1.35x	1.35x	1.41x	2.61x
General Fund Cash Balance on <b>June 30</b> <sup>(2)</sup>	\$125m	\$85m	\$82m	\$85m	\$85m	n/a
Days Cash on Hand <sup>(3)</sup>	460	324	306	302	293	823

- General Fund Balance on June 30 is a cash balance as of a specific date and pays for all expenditures of the Port (not paid for with grants, PFCs and CFCs) including debt service, construction payments and accrued liabilities. November 1, 2013 debt service payment is \$57 million.

(1) Includes interest on CP Notes, but excludes principal repayment of CP Notes

(2) Excludes Board Reserves of approximately \$65 million

(3) Includes Board Reserves

(4) Includes Port of Seattle, Port of Tacoma, Port of LA, Port of LB, MassPort, Port of NY/NJ and South Carolina Ports (Source: Wells Fargo/Moody's Financial Ratio Analysis)



*Preliminary Numbers – Subject to Change*

## Summary

- The Port's financial condition remains challenging
  - Revenues projected to decrease 3% while operating expenses projected to increase 4%
  - 5-Year CNA remains constrained and funding shortfall exists
- The Port's DSCR and cash balance projected to remain low for the 3-year projected period
- Port staff must closely manage, prioritize and be prudent with expenditures and focus on revenue maintenance and enhancement

*Preliminary Numbers – Subject to Change*

## Schedule

- March 14 Board Update #1
  - Financial context, Budget Approach and Schedule
- May 9 Board Update #2
  - Preliminary budget numbers and capital projects funding
- June 13 Board Update #3
  - Review of key assumptions
- June 27 Request Board adoption of FY 2014 Operating and Capital Budgets
- July 5 Submit Adopted FY 2014 Operating and Capital Budgets to City

*Preliminary Numbers – Subject to Change*

Attachment A:  
Budget Update #1  
March 14, 2014



Fiscal Year 2014  
Operating & Capital Budget Update

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Preliminary Considerations

Board of Port Commissioners Meeting  
March 14, 2013

The preliminary summary budget information contained in this presentation is disclosed publicly for general information relating to the Port only. The information and figures herein include projections and forecasts that are based upon certain assumptions and involve known and unknown risks, uncertainties, and other factors that may cause actual results, performance or achievements to differ materially from those expressed or implied by such projections and forecasts. The information and figures herein are subject to change without notice after the date thereof, and may differ from the information and figures contained in the Port's final adopted budget. The overall cost of the Port's capital projects is subject to change, and the variance from the cost estimates reflected herein could be material. The Port is not obligated to and does not plan to issue any updates or revisions to this preliminary summary budget information.

## Purpose of Presentation

- Discuss financial context and approach to development of FY 2014 Budget
- Present anticipated budget schedule

## Financial Context

- Port continues to face a challenging environment and prudent fiscal discipline is required
- Enplanements and TEUs projected to grow modestly in 2% - 3% range for next several years
- Pressure on maintaining revenues due to economic climate, competition and upcoming Maritime lease expirations
- Health care, pension benefits, security, regulatory and insurance costs continue to rise significantly
- Capital program limited to carefully prioritized projects focused on revenue maintenance, life-safety and regulatory requirements; continued deferred maintenance on certain assets
- Significant unfunded liabilities and needs; notably pension obligations and retiree medical benefits
- Bond refunding completed in October 2012 has reduced the Port's debt service obligation

## Approach to Developing FY 2014 Budget

- Support organizational priorities and strategic initiatives
- Reflect resource limitations and careful prioritization
- Ensure baseline operational needs are met
- Consider creative and flexible approach where possible
- Develop staffing plan to better address Port needs (currently 38 vacancies)
- Plan for the longer term; need to look beyond 12-month budget period
- Maintain and improve financial position: net income, debt service coverage ratio, cash position
- Be prepared to evaluate mid-year for any necessary corrections

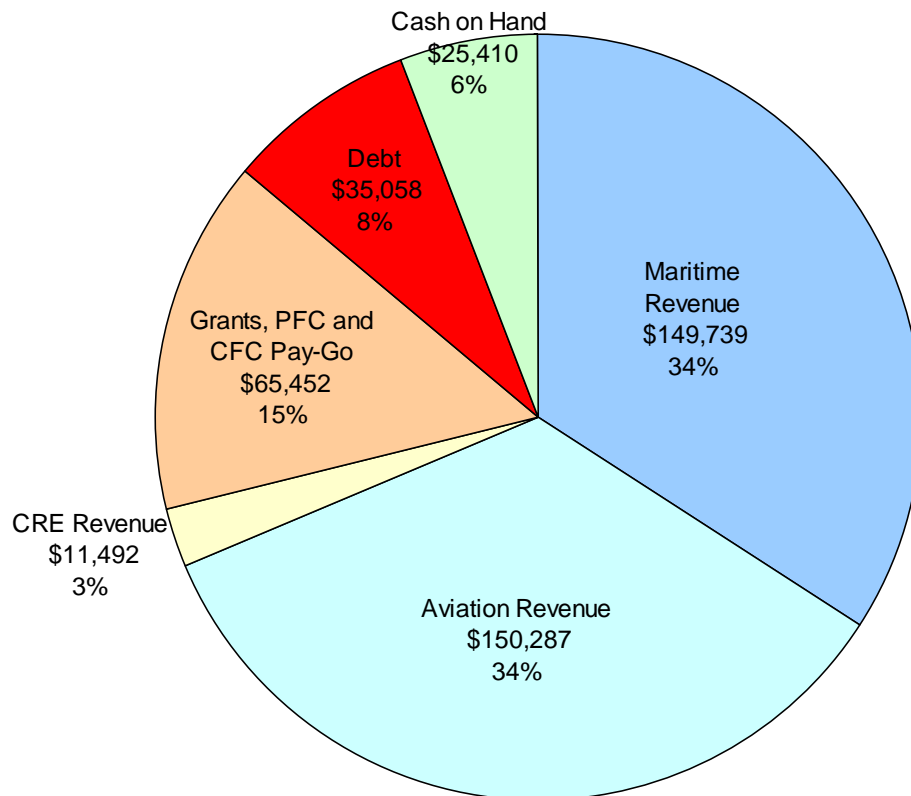


*Preliminary Numbers – Subject to Change*

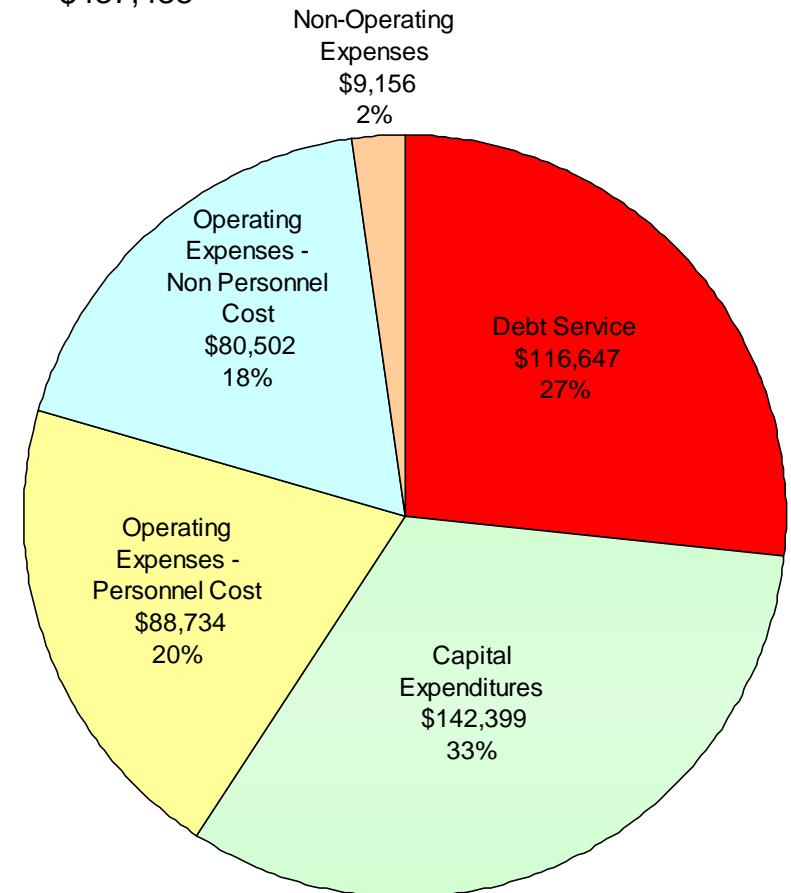
# Sources and Uses of Port Funds FY 2013 Budget

\$ in Thousands

**Sources**  
\$437,438

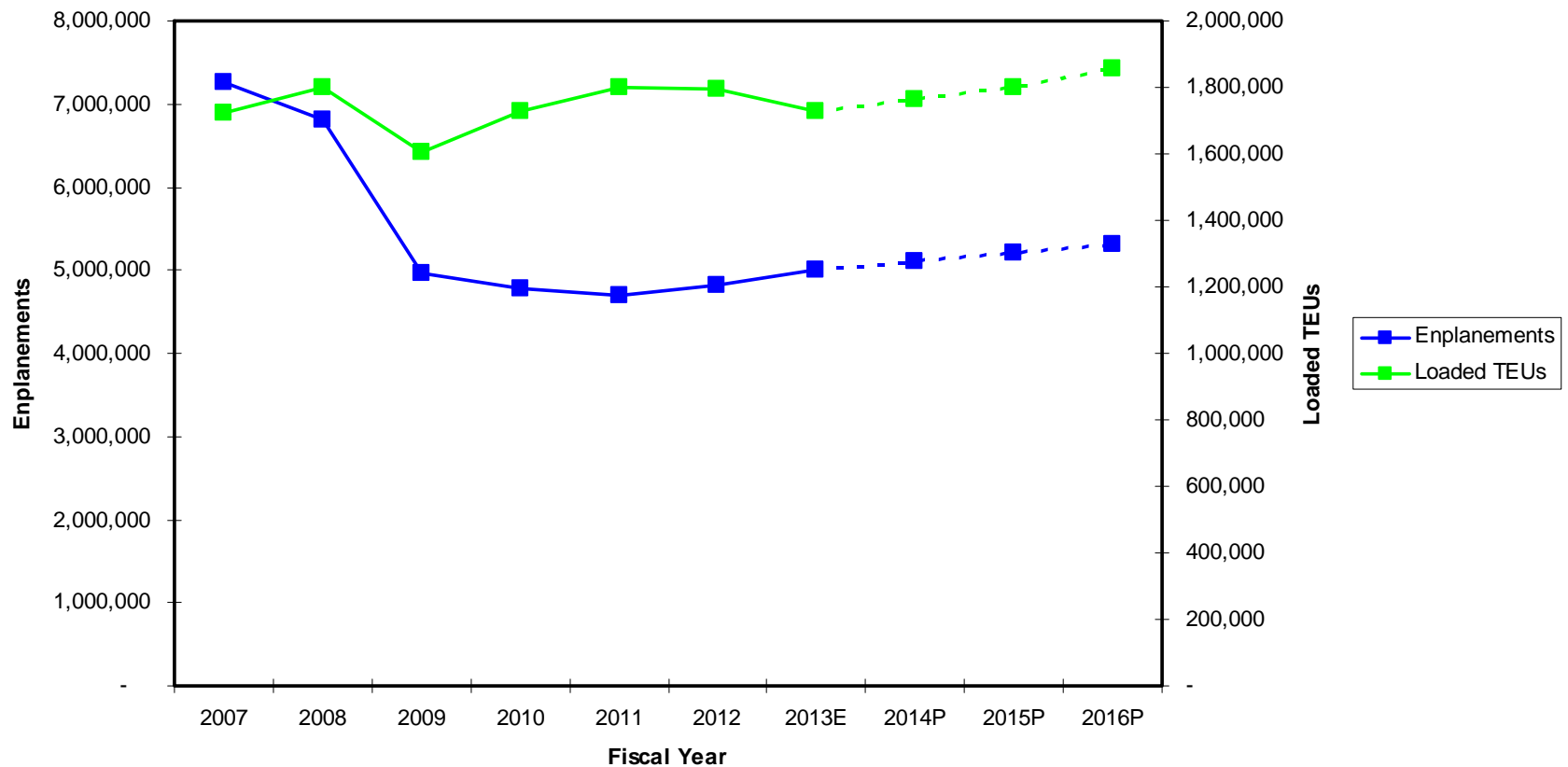


**Uses**  
\$437,438



*Preliminary Numbers – Subject to Change*

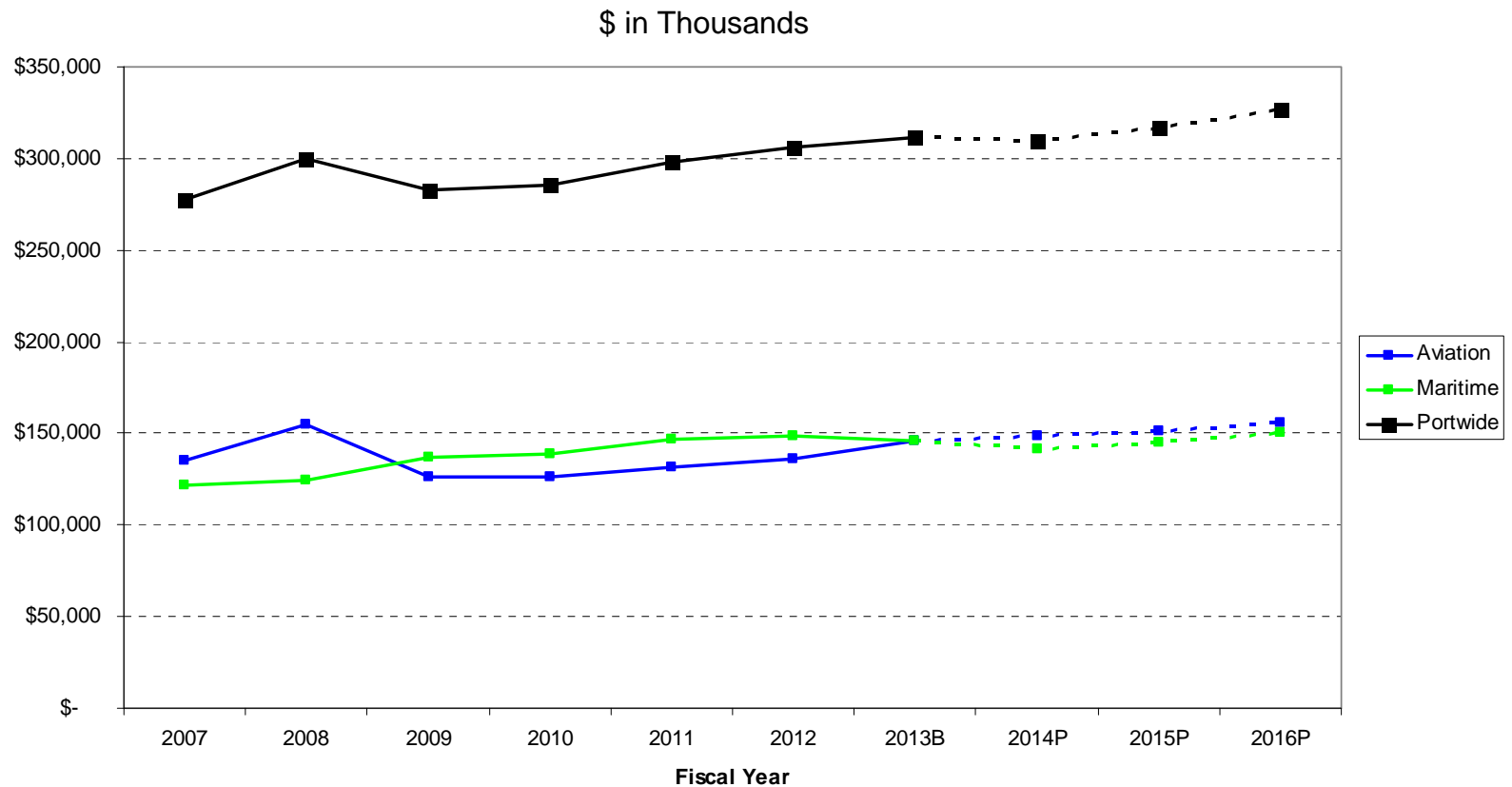
# Historical and Pro Forma Enplanements and TEUs



	FY 2007-13		FY 2013-16	
	CAGR	Total Growth	CAGR	Total Growth
Enplanements	-6.0%	-31.2%	2.0%	6.1%
Loaded TEUs	0.1%	0.4%	2.3%	7.2%

*Preliminary Numbers – Subject to Change*

# Historical and Pro Forma Operating Revenues



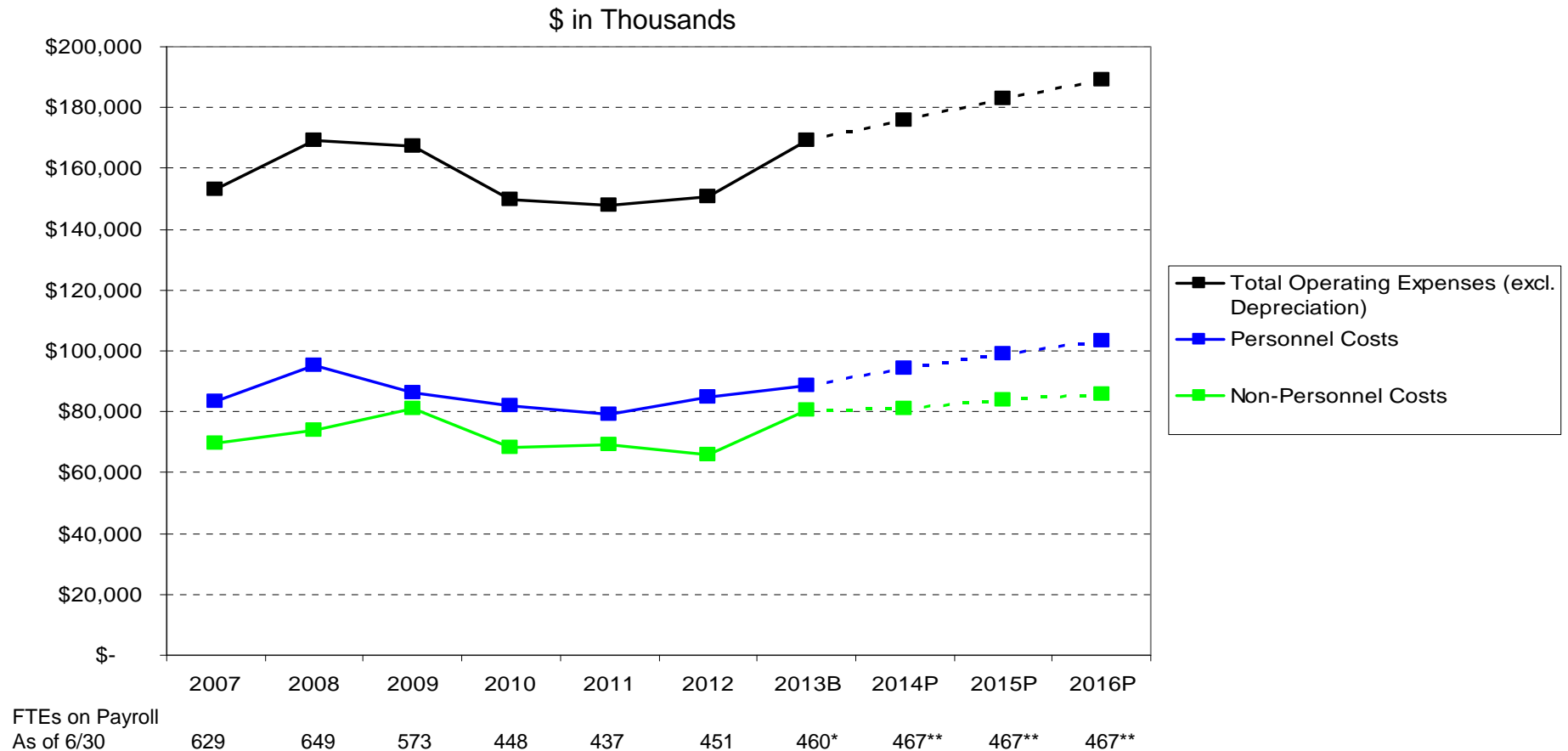
**Revenue Projections impacted by:**

- Flat to modest growth in business activity (enplanements, TEUs)
- Economic uncertainty
- Competition
- Upcoming lease renewals

	FY 2007-13		FY 2013-16	
	CAGR	Total Growth	CAGR	Total Growth
Aviation	1.2%	7.7%	2.2%	6.6%
Maritime	3.0%	19.6%	1.0%	3.0%
Portwide	2.0%	12.3%	1.6%	5.0%

*Preliminary Numbers – Subject to Change*

# Historical and Pro Forma Operating Expenses



\* Estimated: Assumes 32 vacancies on Jun 30

\*\* Assumes 492 FTEs budgeted offset by vacancy factor of 25 FTEs

	FY 2007-13		FY 2013-16	
	CAGR	Total Growth	CAGR	Total Growth
FTEs	-5.1%	-26.9%	0.5%	1.5%
Personnel Costs	1.0%	6.2%	5.2%	16.6%
Non Personnel Costs	2.5%	15.8%	2.2%	6.7%
Total Operating Expenses	1.7%	10.6%	3.8%	11.9%

# Operating Expense Considerations for FY 2014 Budget

## Personnel Costs

- FTEs to remain flat at 492
  - Staffing plans being developed within this constraint to better meet operational and strategic needs (currently 38 vacancies)
  - Offset by higher vacancy factor to reflect recent actual experience
- Health care premiums increased 9.5% on January 1, 2013
- Pension rates will increase 8.7% on June 30, 2013
- Retiree medical costs expected to continue to increase

## Non-Personnel Costs

- Non-personnel costs to be held flat to the greatest extent possible
- Each Division will prioritize operating expenditures to best meet operational and strategic needs
- Security, regulatory and insurance costs expected to increase

*Preliminary Numbers – Subject to Change*

# Debt Service Payments

(\$ in millions)

FY	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Bonds	\$82.1	\$84.0	\$93.6	\$112.8	\$105.2	\$107.7	\$106.8	\$97.7	\$97.7	\$98.5
DBW Loan	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Commercial Paper Interest Only *	n/a	5.8	1.2	0.3	0.2	0.1	0.6	1.7	3.0	6.8
Total	\$82.6	\$90.3	\$95.3	\$113.6	\$105.9	\$108.3	\$108.7	\$99.9	\$101.2	\$105.7

- Since January 2010, the Port has reduced its bond debt service payments over the term of the bonds by approximately \$182 million (\$138 million present value) due to refunding and defeasance transactions
- In FY 2014, bond debt service is \$19 million less than what was previously scheduled
- Above schedule does not reflect any principal repayment of \$78 million of outstanding commercial paper debt

\* FY2013-16 commercial paper debt interest payments are estimates

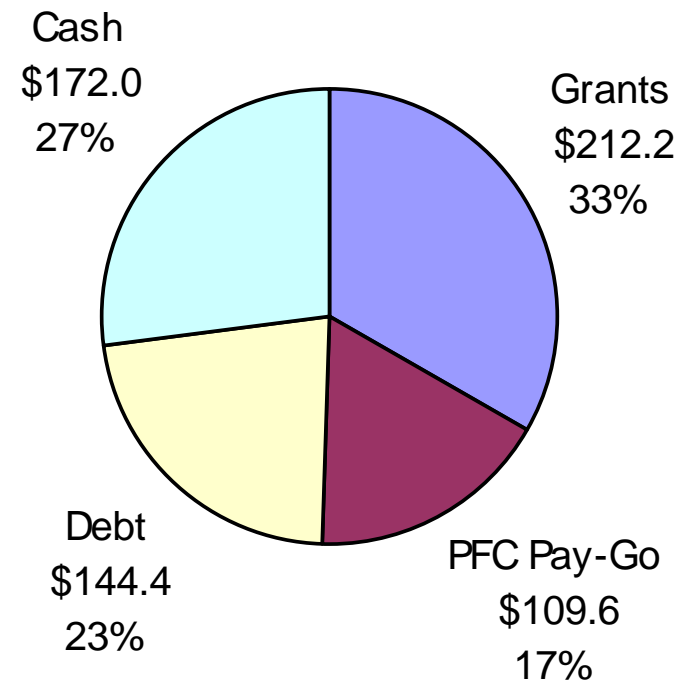
*Preliminary Numbers – Subject to Change*

# Current 5-Year Capital Needs Assessment

**FY 2013–17 Expenditures**  
(\$ millions)

	5-Year CNA
Aviation	469.3
Maritime	153.0
CRE	6.7
Other	9.3
<b>Total</b>	<b>638.2</b>

**FY 2013–17 Funding**  
(\$ millions)



## Anticipated 5 Year Capital Needs Assessment (FY 2014-18)

- No significant changes anticipated; continued careful prioritization of projects to undertake
  - Continued deferred maintenance on certain assets
- The following 7 in-progress projects will continue to reflect the vast majority of planned expenditures over the next 5 years:
  - Terminal 1 Renovation
  - Runway Safety Area
  - BART – Airport Connector
  - Airfield Perimeter Dike
  - Runway 11-29 Rehabilitation
  - Shore Power Program
  - Redevelopment of former Oakland Army Base
- Similar to prior years, Board approval will be for one-year Capital Budget (FY 2014)
  - Initial budget will only include costs which have been contractually obligated to and anticipated to be spent in FY 2014
  - Subsequent Board approval required for project costs which have not yet been contractually obligated



*Preliminary Numbers – Subject to Change*

## Unfunded Liabilities and Other Needs

	Amount (\$ millions)
Retiree medical benefits	110
Pension benefits	136
Deferred capital projects	460
Commercial paper debt*	78
Other	52
Total	836

\* Port has not established a repayment plan for this debt

## Summary

- The Port's financial condition remains challenging
- Port staff must closely monitor, prioritize and be prudent with expenditures and focus on revenue maintenance and enhancement
- FY 2014 operating and capital budget development will:
  - Reflect resource limitations and careful prioritization
  - Support organizational priorities and strategic initiatives
  - Consider creative and flexible approaches where possible
  - Plan for the longer term
- FY 2014 Budget is anticipated to reflect a minimum debt service coverage ratio of 1.30-1.40x and a minimum projected general fund cash balance on June 30, 2014 of \$85-100 million

## Schedule

- March 14 Board Update #1
  - Financial context, Budget Approach and Schedule
- April 25 Board Update #2
  - Placeholder; if needed
- May 23 Board Update #3
  - Review of key assumptions
- June 27 Request Board adoption of FY 2014 Operating and Capital Budgets
- July 5 Submit Adopted FY 2014 Operating and Capital Budgets to City

**PORT OF OAKLAND**

Report to Board of Port Commissioners  
Year Ended June 30, 2012

**PORT OF OAKLAND**  
Report to Board of Port Commissioners  
Year Ended June 30, 2012

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Kevin W. Harper CPA & Associates

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Century City

Los Angeles

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San Diego

Seattle

Board of Port Commissioners  
of the City of Oakland, California

We have audited the financial statements of the Port of Oakland (Port), as of and for the year ended June 30, 2012. Professional auditing standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and U.S. Office of Management and Budget (OMB) Circular A-133, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter dated April 20, 2012. Professional standards also require that we communicate to you other information related to our audit as discussed on pages 3 through 5.

In planning and performing our audit of the Port’s financial statements in accordance with auditing standards generally accepted in the United States of America, we considered the Port’s internal control over financial reporting (internal control) as a basis for designing our audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Port’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Port’s internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore there can be no assurance that all such deficiencies have been identified. However, as discussed below, we identified a certain deficiency in internal control that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. We consider comment 2012-#1 to be a material weakness.

In addition, during our audit we became aware of several other matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and recommendations. The Port’s written responses to the comments identified in our audit are included in the Schedule of Current Year Comments and Responses. We did not audit the Port’s responses and, accordingly, we express no opinion on them. In addition, we have already discussed our comments and recommendations with various Port personnel, and we would be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

We will review the status of our recommendations during our next audit engagement. We have also provided a status of our prior year comments beginning on page 12 of this document.

This communication is intended solely for the information and use of the Board of Port Commissioners, management and others within the Port, and is not intended to be and should not be used by anyone other than these specified parties.

*Macias Gini & Connell LLP Kevin W. Hayes, CPA*

Oakland, California  
December 14, 2012

**PORT OF OAKLAND**  
Report to Board of Port Commissioners  
Year Ended June 30, 2012

**REQUIRED COMMUNICATIONS***Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Port are described in Note 2 to the Port's financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2012. We noted no transactions entered into by the Port during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- Claims liabilities;
- Pollution remediation costs;
- Allowance for losses on customer accounts receivable;
- Postemployment benefits other than pensions (OPEB) liability;
- Depreciation for capital assets;
- Allocation of costs to construction projects;

Management's estimates were based on the following:

- Estimated claims liabilities and pollution remediation costs are based on independent consultant valuations as well as internal valuations;
- Allowance for losses on customer accounts receivable is based on historical collection activity;
- Estimated OPEB liability is based on an actuarial valuation;
- Depreciation estimates for capital assets is based on estimated useful lives of assets; and
- Allocation of costs to construction projects is based on a methodology in accordance with OMB Circular A-87 cost principles.

We evaluated the key factors and assumptions used to develop these accounting estimates in determining that they are reasonable in relation to the Port's basic financial statements.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements have been noted above.

The financial statement disclosures are neutral, consistent and clear.



**PORT OF OAKLAND**  
Report to Board of Port Commissioners  
Year Ended June 30, 2012

**REQUIRED COMMUNICATIONS (Continued)***Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

*Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. None of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

*Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated December 14, 2012.

*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Port's financial statements or a determination of the type of auditor's opinion that may be expressed on those financial statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Port's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

**PORT OF OAKLAND**  
Report to Board of Port Commissioners  
Year Ended June 30, 2012

*Other Information in Documents Containing Audited Financial Statements*

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

**PORT OF OAKLAND**  
 Report to Board of Port Commissioners  
 Year Ended June 30, 2012

**CURRENT YEAR COMMENTS AND RESPONSES**

**2012-#1. Oracle Enterprise Resource Planning System Conversion (Material Weakness)**

In our prior year communication, we noted that the Port converted to its Oracle Enterprise Resource Planning (ERP) system in November 2010 and noted weaknesses in the following areas 1) Training, 2) Financial Reporting, 3) Procurement Procedures, the combination of which resulted in a material weakness. The following is a status of our prior year recommendations:

Recommendation	Status
Prepare a user training plan, conduct thorough user training, follow up with the users to assure the training was adequate, conduct ongoing user training as necessary, and prepare a user handbook as a reference document.	In progress – Procurement developed training materials, held training classes for Port staff, published standard operating procedures, and developed templates for Port employees to use when sending certain requests for proposals, bids and quotes. User group discussions and small training sessions were held throughout the year to communicate best practices, share knowledge and resolve training gaps. Additionally, the Port conducted an ERP survey and is in the process of assessing and addressing the training needs based on user feedback.
Update all the Port’s procedures to incorporate the new and revised Oracle procedures (billing/collections, procurement/disbursements, payroll/human resources, property management, capital projects and general ledger).	In progress – Procurement procedures were updated. Other departments have updated procedures. The team continues to update, improve and expand documentation with a focus on the highest risk areas.
Prepare the Port-wide risk assessment of internal controls in response to the functionality of the Oracle system.	In progress – The procurement/disbursement, payroll/human resources, projects, asset management and fixed assets risk assessment are completed, with no significant weaknesses noted. The remaining modules (accounts receivable/property management, grants and financial reporting) are scheduled to be completed by March 2013.
Complete a staffing needs assessment in conjunction with the Port-wide risk assessment of internal controls.	In progress – To be completed in conjunction with the risk assessment process.

***Recommendation***

The Port should complete implementation of the above recommendations.

**PORT OF OAKLAND**  
Report to Board of Port Commissioners  
Year Ended June 30, 2012

**Management Response**

Port management and staff made significant progress over the last year in working through and resolving several concerns with its Oracle ERP system. Staff's focus was on resolving the highest risk and most critical business areas first. The Port successfully resolved all of the 17 procurement concerns identified last year, which included hiring dedicated staff, documenting proper procurement procedures, training all Port staff on proper procedures and responsibilities, and correcting ineffective configuration. In other departments, payroll developed a procedures checklist that streamlined the excessive and hard to follow training manual. The payroll checklist now provides an easy to use control check for payroll processing. Accounts receivable has also refined their process by developing upload templates for tenant business activities. The refined process reduces the opportunity for data entry or data conversion errors.

Port management and staff continue to be focused on strengthening internal controls in all areas, improving the Oracle ERP system, and refining procedures for efficiency. Internal Audit has completed the majority of the risk assessments with no findings of material weaknesses in internal control to date. Internal audit will be completing the remaining areas shortly, and Port management will then evaluate next steps with regards to any high risk or critical business areas. Concurrently, Port staff continues to update our procedure documents and evaluate additional training needs of the staff.

**2012-#2. Retirement and Health Care Costs (General Comment)**

The Port's cost for retirement and health care benefits of its employees and retirees has increased substantially over the past few years.

**Retirement**

The Port participates in CalPERS for its employees' pension benefits. The Port's annual pension contribution rate (percentage applied to eligible payroll) is established by CalPERS, based on an annually adjusted actuarial report. In fiscal year 2004-05 the required contribution rate was 15% and total employer contributions were \$7.9 million. In fiscal year 2011-12 the Port's required contribution rate was 23.6% and total employer contributions were \$11 million, a \$3.1 million increase in cash paid to CalPERS. The Port may experience continued increases in reporting these pension benefit costs over the next few years due to the following:

1. In June 2012, the Governmental Accounting Standards Board (GASB) issued Statement No. 68, *Accounting and Financial Reporting for Pensions*. The Port is required to implement this Statement by fiscal year 2014-2015. Key provisions of this Statement include:
  - The Port's unfunded pension obligation will be reported on the statement of net assets. The Port and the City of Oakland have a combined pension plan with a net unfunded pension obligation of approximately \$600 million based on the June 30, 2011 CalPERS actuarial valuation. The Port will have to develop a methodology for determining its share of the overall pension obligation.
  - The discount rate used in determining the net pension liability will be a blended rate that reflects (a) the expected long-term rate of return on plan investments to the extent that plan net assets are expected to be available to make projected benefit payments, and (b) a yield or index on tax-exempt 20-year AA or higher rated municipal bonds to the extent plan assets are not projected to be available. Since the Port's plan is not fully funded, the Port should expect pension liabilities to increase significantly as a result of a reduced discount rate.

**PORT OF OAKLAND**  
 Report to Board of Port Commissioners  
 Year Ended June 30, 2012

- Although current accounting allows the unfunded liability to be amortized over 30 years, the Statement will require elements of unfunded prior service costs to be amortized over a period reflecting the average remaining service life of current employees. Thus the Port’s amortization period will be shortened, causing pension expense to increase.
- 2. CalPERS reduced the assumed rate of return on pension assets to 7.5% in May 2012 from 7.75%. CalPERS anticipates that contributions for miscellaneous employees will increase by 1 to 2% in fiscal year 2013-14.
- 3. Retirees are living longer. This means that employer contribution rates will increase during the employee’s service life.

**Health Care**

Payments to insurers, employees and retirees for health care and payments to the Port’s post-retiree health care trust for the past five years are shown below (in thousands):

	Payments to		Total
	<i>Insurers, employees, retirees</i>	<i>OPEB trust</i>	
Fiscal year 2007-08	\$10,991	\$ -	\$10,991
Fiscal year 2008-09	11,712	7,754	19,466
Fiscal year 2009-10	11,584	-	11,584
Fiscal year 2010-11	12,517	5,175	17,692
Fiscal year 2011-12	13,481	4,500	17,981

The Government Finance Officers Association (GFOA) recently released the results of its research to identify the most effective strategies local governments can employ to meet the dual goals of containing costs and managing the quality of employee health-care. The GFOA also has a “best practice” related to health care plans. We have provided a copies of these two publications from the GFOA, *Containing Health Care Costs: Proven Strategies for Success in the Public Sector* and *Strategic Health-Care Plan Design*, to Port management.

***Recommendation***

The Port should proactively communicate the costs and benefits of its retirement and health care programs to employees, management, commissioners, and other stakeholders. The objective of this communication should be to build consensus about the value and sustainability of the current programs.

***Management Response***

Port Management shares the concerns of the external auditors and is equally concerned about the sustainability of the benefits it has promised to its present and former employees. The Port recognizes that significant changes must be made to ensure the viability of these benefits. Port Management agrees that we must proactively communicate the costs of these benefits to all the stakeholders.

**PORT OF OAKLAND**  
Report to Board of Port Commissioners  
Year Ended June 30, 2012

One significant action that has occurred is the passage of California's pension reform act, effective January 1, 2012 for new CalPERS participants, including those at the Port. For new CalPERS participants, this new law among other things, increases the retirement age, caps the annual payout and requires workers to pay for at least half the cost. While the cost savings from the reduced retirement plan will not be realized for many years, it is a significant step in reducing future pension costs.

**2012-#3. Popular Financial Report (General Comment)**

The Port's comprehensive annual financial report (CAFR) is over 100 pages and includes financial information and disclosures that are difficult for many readers to fully comprehend. GFOA's Best Practices includes a recommendation that encourages every state and local government to "supplement their CAFR with simpler, 'popular' reports designed to assist those who desire a less detailed overview of a government's financial activities." Although GFOA's Best Practices discusses several characteristics that a quality popular financial report should exhibit, the format and content is flexible and can be designed to meet the needs of a government's constituency.

***Recommendation***

The Port should design an easily understood and highly visual popular financial report intended to communicate the Port's financial results and condition to a broad non-technical audience. The report should be based on information in the Port's CAFR and be issued within six months of the Port's fiscal year end. Distribution of the report could be via the Port's existing *Currents* newsletter and posted on the Port's website.

***Management Response***

Port management understands the value a popular financial report could bring to the users of the financial statements and will continue to consider the timing and priority of such a report. However, at this time, Port management feels that it would not be the best use of our limited resources to develop and distribute a popular financial report in the next year.

**2012-#4. Financial Policies (General Comment)**

Financial policies are central to a strategic, long-term approach to financial management. Such policies institutionalize good financial management practices, clarify management's intent related to financial matters, promote long-term and strategic thinking and manage financial risks. They have the indirect benefits of supporting bond ratings and enhancing public confidence. The GFOA has developed a list of best practice policies that contributes to improved government management, which is available on the GFOA website.

The Port currently has several policies that have not been reviewed in the last 5 years or more. Some of these policies are overly complex or need updating. Further, all of the key goals of the Port may not be addressed by the existing policies.

***Recommendations***

The Port should review the listing of GFOA best practice policies against an inventory of its current policies to determine if there are additional policies that should be put in place or updated.

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Report to Board of Port Commissioners  
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***Management Response***

Port management agrees our existing policies need to be updated and has already begun a project to review all of our existing policies with the focus on identifying outdated, missing, or unnecessary policies. Significant work has already taken place on our procurement and expenditure related policies, and the effort will continue for other areas. Port management will take into consideration the recommendations published by the GFOA, but note that because of the unique operations of the Port, not all areas apply.

**2012-#5. Grants Management (General Comment)**

For the year ended June 30, 2012, the Port received \$23.2 million from six State and Federal grants. This revenue is expected to grow significantly over the next few years because the Port's Oakland Army Base, shorepower and airport runway projects are expected to be funded by more than \$200 million of grants in the next five years. This growth in grant activity will require significant effort by the Port to monitor compliance with grant requirements; provide an audit trail for periodic grantor audits; and assure expenditure of funds within the grant period, assure accurate accounting for grant expenditures, assure timely filing of requests for reimbursement and other grant reports, and to provide an audit trail for periodic grantor audits. Lack of compliance with grant provisions could risk losing grant funds.

Although the Port establishes each grant as a separate accounting unit in its general ledger, Oracle does not currently allow reports to be generated that show expenditures by grant. The Finance Department is working to resolve this reporting limitation.

The Port does not have a written grant management policy. Grant procedures are comprehensive but have not been updated since 2002.

***Recommendations***

1. The Finance Division should prepare a grants summary report at least quarterly. This report should show for each grant the following information:
  - Granting agency
  - Award amount
  - Grant period
  - Matching requirements if any
  - Expenditures life to date
  - Amounts received
  - Amounts billed but not yet collected
  - Amounts not yet billed
  - Available grant balance
  - Last date billed

Finance management should use this report to assure that all grants are being administered properly, including expenses agree with amounts recorded in the general ledger, amounts expended are claimed for reimbursement in a timely manner, billed amounts are collected in a timely manner, expenditures are on track for being spent within the grant period, and receivables recorded in the general ledger agree with grant administrator records.

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2. The Finance Department should develop a written policy for managing grants that describes the major steps from grant application to close out, including:
  - i. Approvals needed to apply for grant, including analysis of compliance requirements, matching requirements, alignment with Port strategy and cash flow impact.
  - ii. Responsibility for tracking expenses, obtaining reimbursement, maintaining grant files, and assuring compliance with grant provisions.
  - iii. Evaluation prior to renewal of grant.
  - iv. Treatment of grant-funded personnel at end of grant period.

The Port should update its grant procedures to contemplate the new grants policy as well as changes resulting from implementation of Oracle.

***Management Response***

Management recognizes that the expected growth in grant revenues will require more robust policies and procedures. As part of a larger effort to update and streamline existing policies and procedures, we are currently working to develop a written grants management policy and update related procedures and expect to finalize this by June 2014. We are also working to improve the internal reports for grants. This reporting will incorporate many of the auditors suggested items and we expect to begin regular reporting by June 2014.



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Report to Board of Port Commissioners  
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**STATUS OF PRIOR YEAR COMMENTS****2011-#1. Oracle Enterprise Resource Planning System Conversion (Material Weakness)**

See Comment 2012-#1

**2011-#2. Oracle ERP Phase 2**

During Phase 2, the Port should consider the capabilities of the Oracle System to assist it in improving its financial information to management, including quicker monthly and annual reporting and fully allocating costs to revenue divisions monthly.

**Status per Port Management**

The Port continues to improve upon its Oracle ERP system and has made significant strides in improving functionality and developed, or is developing reports, where needed most. The Port remains focused on continuing the effort and will not move forward with Phase 2 of its implementation until it has addressed and adequately resolved various training and staffing concerns.

The Port will strategically move forward with Phase 2 of the implementation with a focus on implementing functionality that will provide a realizable benefit for the cost.

**2011-#3. Accounting for Lessee Capital Improvement**

We recommend the Port work with the tenant to develop procedures for accumulating capital asset activity at the terminal. These procedures should include:

1. Hold regular meetings between Maritime, Finance, and the tenant's officials to review and understand changes to facilities.
2. Develop a report for the tenant to regularly provide to the Port to summarize capital assets additions, disposals and future plans.
3. Develop a process to determine the fair value of capital assets such as (a) in-house review of the costs incurred by the tenant or (b) the use of an independent valuation specialist.
4. Record the asset(s) in the Port's capital assets module and begin depreciating as appropriate.

**Status per Port Management**

Port staff researched GASB 60 *Accounting and Financial Reporting for Service Concession Arrangements* and discussed its applicability to the Port's long term lease arrangements with a GASB technical manager. It was determined that GASB 60 is not applicable to the Port's long term lease arrangement, and therefore, the Port will not be implementing the procedures stated to record lessee capital improvements in the Port's financial statements.

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**2011-#4. Lease Revenue Monitoring**

We recommend the revenue divisions develop, maintain, and share with the Financial Services Division a comprehensive list of all leasable properties including, for each location:

- Lessee
- Property description, including size
- Lease period
- Expected monthly revenue

This list should be used by Port management, the property reps, Financial Services and Internal Audit divisions to independently assure that appropriate revenue is collected and assess its progress in optimizing revenue for each property.

**Status per Port Management**

Port management continues to work on this report as well as other reports that will help facilitate communication between the divisions.

**2011-#5. Capitalization of Indirect Cost**

We recommend the Port work with its consultant to make necessary adjustments to its next indirect cost plan to exclude cost that are not “directly related” to capital asset activities.

**Status per Port Management**

The Port has implemented a revised methodology for fiscal year ending June 30, 2013.

**2011-#6. Audit Committee**

In light of the fact that the Board of Port Commissioners (Board) meets as a “committee of the whole” it should consider its responsibilities noted by the AICPA. Such responsibilities should include assuring that Board members have and maintain sufficient knowledge through periodic discussions, reports, and appropriate training and that the Board agendas allow for adequate time to perform the audit committee duties.

**Status per Port Management**

The Board recognizes the importance of the Board’s role, specifically the fiduciary responsibility of the Board. The Board meeting agendas include a section reserved for Budget and Finance items. Information in this section includes, but is not necessarily limited to, unaudited monthly financial statements, a summary of key business statistics, unaudited quarterly capital expenditures report, annual budget discussions, and unaudited year-end financial statements. Additionally, all agenda reports for proposed Board action are required to include a discussion of the budgetary and financial impacts of the proposed action. Special presentations on financial matters are scheduled as appropriate. Additionally, Board members meet with the Port’s key senior management when issues of potential major financial significance arise.

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In addition to the time reserved and ongoing attention to budget and financial concerns, the Board formed an ad hoc committee in March 2013. The External Audit Ad Hoc Committee will conduct an in depth study in order to make recommendation to the Board on the following:

- Selection of external auditor
- Identification of audit expectations and possible areas of concerns for examination by the external auditor
- Resolution of any areas of material concerns resulting form the audit

The board may or may not form a separate committee for any future fiscal year audits.

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**Schedule of Uncorrected Misstatements**



<b>#</b>	<b>DESCRIPTION</b>	<b>DEBIT</b>	<b>CREDIT</b>
1	Bad debt reserve	\$ 500,000	
	Allowance for doubtful accounts		\$ 500,000
	To increase the allowance for doubtful accounts related to a maritime grant.		

STRATEGY & POLICY

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

**BOARD MTG. DATE:** May 9, 2013

**AGENDA REPORT**

<b>TITLE:</b>	Review And Provide Directions on Proposed Amendments to By-Laws And Administrative Rules of the Board of Port Commissioners
<b>AMOUNT:</b>	\$0
<b>PARTIES INVOLVED:</b>	Port of Oakland
<b>TYPE OF ACTION:</b>	Directions
<b>SUBMITTED BY:</b>	Danny Wan, Port Attorney 
<b>APPROVED BY:</b>	Danny Wan, Port Attorney 

**FACTUAL BACKGROUND**

Under the Charter of the City of Oakland ("Charter"), the Board of Port Commissioners ("Board") has exclusive control and management of the Port Department (Charter Section 701). To this end, the Board has the power:

"to adopt and enforce such ordinances, orders, regulations and practices as are necessary for the proper administration and discharge of its duties and power, or for the management and government of the port, and its facilities" (Charter Section 706 (27)).

The Bylaws and Administrative Rules ("By-Laws") have historically been the document by which the Board has encoded rules governing its own proceedings, conduct of meetings, election of officers, Port organizations, assignment of its duties and delegation of its powers. The Board also has adopted certain other ordinances or resolutions that govern the delegation and exercise of certain broad categories of the Board's powers, such as classifications and salaries, purchasing and performance evaluations and compensation of executive management staff.

This staff report describes proposed amendments to the By-Laws and summarizes other Board rules that govern the Board's exercise of its powers.

From time to time, the Board has amended the By-Laws to reflect its current priorities or best practices. In the past two years, the Board has twice amended the bylaws:

- September 15, 2011: amendments to apply uniform appointment and hiring procedures for non civil-service positions.
- October 18, 2012: amendments to update certain delegations of powers and operational procedures, including the authority for the Executive Director to

**BOARD MTG. DATE: May 9, 2013**

execute certain short-term intermittent space use agreements, for the Port Attorney to enter into certain settlements, and for the delegation of CEQA findings authority in some situations.

The Board has directed that a “phase III” set of amendments be made to clarify the appointing authorities for various senior management positions and to reflect recent decisions made during the governance discussions among Commission members and as part of changes in internal control policies.

**SUMMARY OF PROPOSED BY-LAWS AMENDMENTS**

The following describes the substantive amendments made by topic:

**1. Powers of the Board:**

*Article I (General Provision)* is added to restate that the Board has the powers of exclusive control and management of the Port, unless expressly delegated by means of the By-Laws or other specific resolutions or ordinances of the Board (see also *Article XII (Authorities and Organization), Section 1*). The By-Laws govern the organization, the proceedings of the Board and the manner in which the Board conducts its business.

**2. “Direct-Reporting Officers”**

*Article II (Members and Officers – Elections), Section 1* defines the Board Secretary, Executive Director, Port Attorney and Port Auditor as “Direct-Reporting Officers” of the Port. *Article XII (Authorities and Organization), Section 2* reserves to the Board the power to appoint, hire, set compensation, release and discipline the Direct-Reporting Officers. *Section 4* of the same Article provides that the Board President has the authority to approve travel, hosting and expense reimbursement for the Direct-Reporting Officers (subject to override by the Board). Direct-Reporting Officers must report their planned absences to the Board President and the Board may disapprove such absences.

**3. Brown Act Compliance**

*Article III (Meetings), Section 4* clarifies that the Ralph M. Brown Act shall govern meeting requirements of the Board, including the closed session, and preempts any conflicting rules of the Port. It replaces a previous section that restated certain Brown Act requirements while leaving out other provision. *Article V (Committees), Section 1* provides that the Board may create standing or ad hoc committees as long as such committees are created and meet consistent with the Brown Act rules.

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**4. Instructions to Staff Made Through the Whole of the Board.**

Article IV (Proceedings of the Board), Section 1 is augmented to include the Board's agreement that instructions to staff shall be made by the entire Board by the way of a Board motion or resolution.

**5. Appointing Authorities**

Various amendments clarify that the Board retains the authority to appoint the Direct-Reporting Officers, but delegates the appointing authority for all other employee positions to each of the Direct-Reporting Officers, while reserving the right to ratify certain appointments of the senior management ranks, as summarized below. *All appointments, regardless of the appointing authority, must follow appointment and hiring procedures established by Board policies and civil service rules, if applicable (Article XII (Authorities and Organization), Section 7).*

a. The Executive Director is delegated the authority to appoint, evaluate and dismiss all employees of the Port except for the Direct-Reporting Officers and those positions the appointments of which are delegated to other Direct-Reporting Officers. (Article IX (Executive Director), Section 2) However, Article XII (Authorities and Organization), Section 5 provides that the Board must ratify the appointments of any assistant or deputy executive director and all division heads (including maritime, aviation, commercial real estate, chief financial officer, engineering, social responsibility, corporate administration, external affairs, information technology, environmental planning and programs, and labor advisor).

b. The Board Secretary is delegated the authority to appoint, evaluate and dismiss one or more assistant secretaries (Article VIII (Secretary), Section 9), provided that the Board must ratify the appointment (Article XII (Authorities and Organization), Section 5).

c. The Port Attorney is delegated the authority to appoint, evaluate, and dismiss one or more assistant and deputy port attorneys, legal assistants and legal secretaries (Article X (Port Attorney), Section 13), provided that the Board must ratify the appointment of any assistant port attorney (Article XII (Authorities and Organization), Section 5).

d. The Auditor is delegated the authority to appoint, evaluate and dismiss one or more assistant auditors and senior and other staff auditors (Article XI (Auditor), Section 3), provided that the Board must ratify the appointment of any assistant auditor (Article XII (Authorities and Organization), Section 5).

**6. Short Term Rental Agreements**

All contracts, lease agreements or space use agreements must be approved by the Board before they are binding on the Port, except that the Executive Director and the



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Port Attorney are delegated the authority to enter into certain types of agreements pursuant to the By-Laws and various ordinances (See "SUMMARY OF OTHER BOARD POLICIES"). Article IX (Executive Director), Section 6 is amended to clarify that the Executive Director's authority to enter into rental agreements is limited to those agreements with a rental period of not longer than a year, including any period of hold-overs, extensions or renewals. Any occupancy of longer than a year, regardless of the term actually stated in the agreement must, be approved by ordinance of the Board. Under the Charter, Section 705, any lease longer than one year must be approved by the Board by ordinance.

**7. Additional Executive Director Authorities**

The amendments include certain additional delegations of power to the Executive Director, including

- a. payment of permitting and regulatory oversight fees (Article IX (Executive Director), Section 21(d)); and
- b. file grant applications and accept grant funding awards for implementation of actions already approved by the Board (Article IX (Executive Director), Section 23).

**8. Confidentiality Agreements**

Article X (Port Attorney) Section 12 is amended to clarify that the Port Attorney has the authority to enter into confidentiality agreements for the purpose of protecting proprietary confidential information as well as attorney-client or work-product privileges.

**9. Auditor Consultation with Port Attorney**

Article XI (Auditor), Section 4 is amended to require the Auditor to consult the Port Attorney relating to any question of law that may be raised in an audit report unless the Port Attorney has a conflict of interest and provided that the contents of any audit report is within the professional discretion of the Auditor.

**10. Board Adherence to Certain Administrative Policies; Board Expenditure Approvals**

Under Article IX (Executive Direction), Section 12, the Executive Director is authorized to issue administrative policies and procedures governing the day-to-day operations of the Port by Port staff, which usually do not govern Board practices and proceedings. Article XII (Authorities and Organization), Section 3 is added by which the Board binds itself to those administrative policies and procedures to the extent necessary to a) comply with applicable laws, including but not limited to, the Ralph M. Brown Act, the Political Reform Act (and other Laws governing ethics of public officials), the Public Records Act, and state and federal civil rights, employment and non-discrimination Laws; (b) conform to the spending limits and approval procedures

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for travel and hosting expenditures; and (c) conform to accounting and records-keeping requirements for reimbursement of actual Board expenses necessary to carry out the business of the Board. *Section 4* provides that the Board President shall act as the approving authority for travel and hosting expenditures and expense reimbursements incurred by a Commissioner (or the First Vice-President in the case of the President’s expenditures), subject to override by the full Board.

**SUMMARY OF OTHER BOARD AND ADMINISTRATIVE POLICIES GOVERNING DELEGATION OF POWERS AND BOARD PROCEEDINGS**

In addition to the By-Laws, there are other Board-adopted policies in the form of Ordinances or resolutions that cover general areas of assignment of Board duties and delegation of powers. As well, there are Administrative Policies and Procedures that may impact the manner by which the Board exercises its powers. The Port Attorney’s office is undertaking a survey of these policies and rules to consider improving the way the Port maintains, updates and distributes these policies in order to ensure the relevance of such policies and their uniform application to situations to which they may apply. For the purpose of supplementing your consideration of the By-Law amendments, the following chart sets forth some of the other Board policies and Administrative Procedures that are relevant to your consideration.

**Summary of Port Rules Relating to Board Delegation and Procedures**

Port Rule	Summary	Comment/Recommendation
<p><b>1. Ordinances and Resolutions</b></p>	<p>All actions of the Board are taken by ordinance or resolution. Typically such ordinances or resolutions authorize staff to implement the actions approved by the Board and delegate to the Executive Director the authority to enter into agreements relating thereto. Set forth below are specific ordinances that either have broad delegation of authority or relate to Board procedures.</p>	
<p>Salary Ordinance</p>	<ul style="list-style-type: none"> <li>• <b>Ordinance 867</b> – Ordinance 867 creates positions of employment at the Port and fixes the salary schedule and other compensation for such positions.</li> </ul>	<p>Ordinance 867 was enacted in 1953 and has been amended numerous times since then to change the salary and other compensation for Port employees. The Ordinance, along with its numerous amendments, is a cumbersome document that is difficult to use.</p>

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Port Rule	Summary	Comment/Recommendation
		The PAO recommends that the current provisions in Ordinance 867 and its amendments be restated in a "code" format that is in electronic form and searchable.
Purchasing Ordinance	<ul style="list-style-type: none"> <li>• <b>Ordinance 1606</b> - Ordinance 1606 establishes the conditions and procedures for the purchase of supplies, equipment and services to the Port. Under Ordinance 1606, the Executive Director has delegated authority to enter into contracts for up to \$250,000 for budgeted supplies or services (except professional services), budgeted professional services of up to \$150,000, non-budgeted supplies or services of up to \$100,000 and non-budgeted professional services of up to \$100,000.</li> </ul>	Ordinance 1606 is in the process of being reviewed and staff will be bringing back to the Board proposed revisions to 1606.
Personnel Rules and Procedures	<ul style="list-style-type: none"> <li>• <b>Ordinance 2199</b> - The Personnel Rules and Procedures set forth, among other things, the process for hiring and terminating employees, including the procedure the Board takes when taking any disciplinary action against any employee for misconduct, incompetency or failure to perform duties.</li> </ul>	Ordinance 2199 will need to be reviewed once the City of Oakland has given to the Port its analysis of the effect of the City's Ord. 8979 on the Port's Personnel Rules and Procedures.
Port Tariff 2-A (Maritime tariffs)	<ul style="list-style-type: none"> <li>• <b>Ordinance 2833 (Port Tariff 2-A)</b> – Permits the Director of Maritime to approve space assignments.</li> </ul>	The revised bylaws will limit the term to not more than 1 year without Board approval.
Rules for Public	<ul style="list-style-type: none"> <li>• <b>Ordinance 4127</b> –</li> </ul>	These rules were first established in

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Port Rule	Summary	Comment/Recommendation
Participation	Ordinance 4127 establishes the Rules for Public Participation at Meetings of the Board of Port Commissioners and Standing Committees.	June 2010 to establish an appropriate level of safety, decorum and efficiency in the Board Room. These rules seem to be working well, so the PAO does not have any suggested recommendations to these rules at this time.
<b>2. Port of Oakland Administrative Policies and Procedures</b>	Certain AP policies govern Board procedures and the manner of its exercise of its powers:	
Board Agenda Items	<ul style="list-style-type: none"> <li>• <b>AP 12</b> – Submission and Processing of Board Agenda Items – Sets forth process for submitting items to the Board.</li> </ul>	The PAO recommends that the Board, Board Secretary and PAO review the policy to determine whether updates are needed.
Unsolicited Proposals	<ul style="list-style-type: none"> <li>• <b>AP 15</b> – Unsolicited Proposals – Sets forth process and procedures for Commissioners and Port staff on addressing unsolicited proposals.</li> </ul>	AP 15 was adopted by the Board by Resolution No. 03030 on February 4, 2003.
Travel	<ul style="list-style-type: none"> <li>• <b>AP 406</b> - Travel Policy – Establishes approval process and limits for traveling on Port business.</li> </ul>	Pursuant to the proposed revised bylaws, the Board agrees to the spending limits and approval procedures set forth in the Travel Policy
Unit H Salary Administration	<ul style="list-style-type: none"> <li>• <b>AP 425</b> – Salary Administration and Executive Performance Program for Employees in Unit H – Sets forth process for performance appraisal and salary administration for Unit H, including direct reports to the Board.</li> </ul>	AP 425 has not been updated since January 9, 2001 and does not reflect subsequent resolutions and ordinances relating to Unit H. PAO staff recommends a review of AP 425 and a determination of whether it needs to be revised or deleted.
Recruitment of Senior Managers	<ul style="list-style-type: none"> <li>• <b>AP 427</b> – Recruitment and Selection of Senior Managers – Sets forth the</li> </ul>	PAO staff recommends a review of AP 427 to determine whether it is followed, needs to be revised and/or

**BOARD MTG. DATE: May 9, 2013**

<b>Port Rule</b>	<b>Summary</b>	<b>Comment/Recommendation</b>
	policy for recruitment and selection of candidates for senior management positions at the Port.	is redundant with other policies, such as the Policy on Hiring of Employees into Non-Civil Service Positions.
Hosting	<ul style="list-style-type: none"> <li>• <b>New AP 430</b> – Hosting Policy – Establishes approval process and limits for hosting of Port business partners.</li> </ul>	Pursuant to the proposed revised bylaws, the Board agrees to the spending limits and approval procedures set forth in the new hosting policy.
Noncollusion with Bidder	<ul style="list-style-type: none"> <li>• <b>AP 701</b> – Noncollusion with Bidder – Sets forth Port policy of noncollusion.</li> </ul>	The PAO recommends that AP 701 be revised to make clear to whom the policy applies. The terms “employees” and “officer of the Port” are used in the policy.
<b>3. Other Board Policies</b>	<ul style="list-style-type: none"> <li>• Policy on Hiring of Employees into Non-Civil Service Positions</li> </ul>	This policy was approved by the Board on September 15, 2011. It purported to be a new administrative policy, but is not currently listed in the Port’s administrative manual. This policy should be reviewed to determine if it is consistent with the proposed revised bylaws, if it is redundant with other policies and/or if it should be deleted or updated.

**BUDGET & FINANCIAL IMPACT**

None, however increases in staff efficiency and reduction in potential exposure to CEQA litigation are anticipated.

**STAFFING IMPACT**

None. Incremental additional staff time in conducting Environmental Review Hearings are anticipated to be more than offset by reduction in potential CEQA litigation.

**SUSTAINABILITY**

The Environmental Review Hearings proposed would provide greater opportunity for community involvement with and input into the environmental review process.

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**ENVIRONMENTAL**

The California Environmental Quality Act (CEQA) Guidelines, Section 15061(b)(3) (“the general rule”) states that CEQA applies only to projects that have the potential for causing a significant effect on the environment. No such effect is anticipated here, although the Port’s environmental review process would be strengthened.

**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).

**OWNER CONTROLLED INSURANCE PROGRAM (OCIP)**

The Owner Controlled Insurance Program (OCIP) does not apply to the actions proposed.

**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 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/ Recommendation**

This agenda item only sets forth the draft proposed amendments to the By-Laws for the purpose of review and direction by the Board. After discussion, the Port Attorney will revise the amendments pursuant to Board instructions and propose the amendments for adoption by the Board by Ordinance, if the Board so desires.

**Attachment:** Proposed Bylaw Amendments

DRAFT CONFIDENTIAL: ATTORNEY-CLIENT AND ATTORNEY WORK-PRODUCT PRIVILEGED;  
EXEMPT FROM DISCLOSURE - ABSOLUTELY PROHIBITED FROM DISSEMINATION OUTSIDE PORT

BY-LAWS AND ADMINISTRATIVE RULES

BOARD OF PORT COMMISSIONERS

(Revised \_\_\_\_\_)

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ARTICLE I.

General Provision

Under the Charter of the City of Oakland ("Charter"), the Board of Port Commissioners ("Board") shall have the exclusive control and management of the Port Department. Subject only to the provisions of the Charter and applicable superior laws of the State of California or of the United States of America ("Law"), these By-Laws and Administrative Rules ("By-Laws") shall govern the organization of the Port Department, proceedings of the Board and the conduct of its business. The Board reserves to itself all of its Charter powers to carry out its duties and obligations unless any such power is expressly delegated as set forth in these By-Laws.

Comment [Po01]: is added to restate that Board has the powers of exclusive control and management of the Port, unless expressly delegated by means of the By-Laws. The By-Laws governs the organization, the proceedings of the Board and the manner that the Board conducts its business.

ARTICLE II.

Members and Officers - Elections.

1. The Board shall consist of seven Commissioners, including a President, First Vice President, and Second Vice President. The Secretary, Executive Director, Port Attorney, Auditor, and such other officers as may be appointed by the Board, shall each report directly to the Board ("Direct-Reporting Officers").

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Comment [Po02]: Defines "Direct-Reporting Officers"

2. The President, First Vice President and Second Vice President shall be elected by the Board from among members of the Board at the first meeting held during the month of July in each year. At such meeting, the President shall call for nominations from the floor, including self-nominations, which shall be recorded in the order received, and which shall not require a second. Each Commissioner shall have the right

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By-Laws and Administrative Rules  
of the Board of Port Commissioners

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DRAFT CONFIDENTIAL: ATTORNEY-CLIENT AND ATTORNEY WORK-PRODUCT PRIVILEGED;  
EXEMPT FROM DISCLOSURE - ABSOLUTELY PROHIBITED FROM DISSEMINATION OUTSIDE PORT

to nominate one or more members of the Board for each of the three officer positions. Nominees shall be limited to those members of the Board who have indicated they would serve if elected. When nominations are completed, voting shall be conducted by voice vote on first the office of President, then the office of First Vice President, and then the office of Second Vice President. Voting on each nominee shall be conducted in the order of nominations received for each office. A vote of the majority of the members of the Board shall be required to elect an officer. After the election, a resolution declaring the election of the new officers shall be prepared. Passage of the resolution shall be the first order of business at the next meeting. The newly elected officers shall take office upon passage of the resolution and shall serve until their successors are elected by the Board.

ARTICLE III.

Meetings.

1. Regular meetings shall be held in the Port of Oakland ("Port") Building, 530 Water Street, in the City of Oakland ("City"), unless the Board designates and notices another location pursuant to Article III, Section 3 hereof. The Board shall set a regular meeting schedule by resolution or motion which may be amended from time to time by the Board. The formal regular meeting, at which motions, resolutions or ordinances may be adopted and public hearings may be conducted, shall be held in the Board Room unless another location has been selected, and shall commence upon the Board Roll Call establishing a quorum of the Board in accordance with Article III, Section 2 hereof.

2. Four Board Commissioners shall constitute a quorum for the transaction of business, and four affirmative votes shall always be required to pass any ordinance, resolution or motion, or such other greater numbers of votes as are required by the Charter or other applicable Law.

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.. 4. Closed sessions shall be held only during the formal portion of a regular meeting or a special meeting. Only those matters permitted by law shall be considered in a closed session. Prior to holding any closed session, the President shall disclose or call upon the Port Attorney to disclose in the open meeting the item or items to be discussed in closed session, by reference to the item or items as they are listed by number, letter or otherwise on the agenda. In the closed session, the Board may consider only those matters covered in the statement. After holding the closed session, the Port Attorney or Board Secretary shall disclose in open meeting, to the extent required by law, any final actions taken by the Board in closed session. §  
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.. 5. As to all other matters, including, but not limited to, adjournment of meetings, calling of special meetings or emergency meetings, giving of notice and holding of closed sessions, the provisions of Title 5, Division 2, Part 1, Chapter 9 of the Government Code of the State of California, relating to the meetings of legislative bodies of local public agencies, shall be and are hereby adopted and shall apply with respect to the meetings of this Board. In the event of any conflict between these By-Laws and Administrative Rules and said provisions of the State law, the latter shall control and apply. §  
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3. Whenever a meeting of the Board shall be held at a place other than the Board Room, in addition to other applicable legal requirements, public notice of the place of such meeting and subjects to be discussed shall be posted in the public notice cabinet in the lobby of the Port of Oakland Building for a period prior to such meeting as required by Law.

4. The provisions of Title 5, Division 2, Part 1, Chapter 9 of the Government Code of the State of California ("Ralph M. Brown Act"), relating to the meetings of legislative bodies of local public agencies, including the conduct of closed sessions, shall apply with respect to the meetings of this Board. In the event of any conflict between these By-Laws and the Ralph M. Brown Act, the latter shall control and apply.

Comment [Po03]: clarifies that the Ralph M. Brown Act shall govern meeting requirements of the Board, including the closed session, and preempts any conflict rules of the Port.

5. The order of business at meetings of the Board, including the placement of the closed session portion of meetings, shall be established by Board motion or resolution and shall be amended from time to time at the pleasure of the Board.

ARTICLE IV.

Proceedings of the Board.

1. All actions taken by the Board shall be by resolution, except when, pursuant to the provisions of the Charter or Law, it is necessary to act by ordinance. The Board's adoption of a motion shall be the means by which the Board implements parliamentary procedure at meetings or instructs the Port staff, but in no event shall the adoption of a motion bind the Port on any matter, contractual or otherwise, with regard to any third party. All instructions to investigate, to draft any resolution, ordinance or to take any other action on behalf of the Board shall be made only to the relevant Direct-Reporting Officer and by way of a motion of the Board as a whole or of a committee of the Board with subject-matter jurisdiction duly constituted under these By-Laws.

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Comment [Po04]: Board's agreement that instructions to staff shall be made by the entire Board by the way of a Board motion or resolution.

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2. To constitute an ordinance of the Board, an action shall comply with the requirements of an ordinance set forth in Article VII of the Charter. Ordinances may be introduced and passed at regular or special meetings of the Board. To constitute a resolution of the Board, an action shall be evidenced by a document entitled "Resolution" and signed or initialed by the Port Attorney (which signature or initial may be in electronic form authorized by the Port Attorney).

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3. A record of the vote on any ordinance, resolution or motion shall be made by "ayes", "noes" or "abstains" in the minutes of the Board. Any recusal of or by a member of the Board shall also be recorded, along with the stated cause or reason for the recusal.

Deleted: All contracts and other commitments made by the Board, including contracts and commitments with respect to any lease, development or use of any Port property, shall be made by resolution except when an ordinance is required by the City Charter or law, or except as otherwise provided by Port ordinance or these By-Laws and Administrative Rules. Except as expressly provided in the written agreement approved by resolution or ordinance of the Board, or in the resolution or ordinance itself, no agreement approved by the Board may be modified except in accordance with the written agreement, a resolution or an ordinance. The Port Attorney shall have direct control over processing of contract documents, including internal staff review and execution by third parties and the Port.

4. The proceedings of the Board shall be carried on in such manner and with such dispatch as may be mutually agreeable to the members of the Board. Robert's Rules of Order shall normally be applied for the governing of any proceeding, and when applied no resolution or ordinance shall be considered or other action taken until the same has been duly moved, seconded and carried. All ordinances and resolutions passed by the vote of the members of the Board present at any meeting shall be deemed to have been moved, seconded and passed in due form, provided that no action of the Board shall be invalidated by reasons of noncompliance with Robert's Rules of Order.

5. Except as otherwise may be required by the Charter, Law or resolution or ordinance of the Board, whenever the Board has approved and authorized execution for and on behalf of the Board of any contract, agreement or lease, the Executive Director shall be authorized to execute, and the Secretary to attest, if necessary, the document for and on behalf of the Board subject to the approval of the Port Attorney as to form and legality.

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6. No contracts or agreements, including any contract and agreement with respect to any lease, development or use of any Port property, shall be binding on the Board or the Port unless made by resolution, or by an ordinance when an ordinance is required by the Charter or Law, or unless otherwise provided by Port ordinance or these By-Laws. Except as expressly provided in the written agreement approved by resolution or ordinance of the Board, or in the resolution or ordinance itself, no agreement approved by the Board may be modified except in accordance with the written agreement, a resolution or an ordinance.

7. Approval of any building permit for building and construction on Port-owned property by a Port tenant (or subtenant) or by a licensed contractor for which the Executive Director recommends a determination of exemption from the California Environmental Quality Act ("CEQA") may be presented for Board consideration and action as part of a blanket resolution covering all such permits to be considered at that Board meeting and will not require presentation of an Agenda Report for the individual or collective permit items. Building permits for work included in a project which has previously been given approval by resolution or ordinance of the Board may also be included in said blanket resolution without the presentation of a separate Agenda Report; provided the work is consistent with project design, as approved by the Board.

ARTICLE V.

Committees.

1. The Board may at any time convene as a Committee of the Whole and may designate standing committees, and the President or Board may from time-to-time appoint such other ad hoc committees consistent with the Ralph M. Brown Act to assist in the transaction of the business of the Board.

2. Each committee shall be advisory to the Board. It shall investigate and formulate

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- . . 8. Appointments of employees to Port positions implemented
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recommendations on matters referred to it by the President or by the Board. In the course of its investigation and formulation of recommendations to the Board, it shall consult with the Executive Director and, to the extent necessary, other Direct-Reporting Officers. Each committee shall meet from time-to-time, as its responsibilities require and upon the call of the committee's Chair. Each committee shall report to the Board at a regular or special meeting a summary of all matters considered and its findings and recommendations thereon.

ARTICLE VI.

President.

1. The President shall be the presiding officer of the Board, shall preside at all meetings of the Board, and shall have the right to vote on all questions. The President shall see that the laws of the City pertaining to the activities of the Port and the actions of the Board are faithfully executed, and shall exercise such other powers and perform such other duties consistent with the office of the Presidency as may be conferred upon the President by the Board, the City Charter or otherwise by Law.

2. The President may, subject to legal requirements, call meetings of the Board and shall call a meeting upon the written request of three Commissioners. The President, in consultation with the Executive Director, may withdraw from consideration any item appearing on the Agenda.

3. In the absence of any Board member of a standing committee, if such a committee has been established, the President may designate another Commissioner to substitute for the absent member for that meeting.

4. The President shall sign all ordinances and such contracts, leases, contract drawings or plans and other documents required to be signed for and in

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Order of Business. ¶  
...1..The order of business at meetings of the Board (except work sessions) shall be established by Board motion or resolution, in accordance with all applicable open meeting laws, and shall be amended from time to time at the pleasure of the Board. ¶

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the name of the Board unless otherwise provided for in these By-Laws, resolution or ordinance of the Board.

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ARTICLE VII.

Vice President and Second Vice President.

The First Vice President shall, in case of the absence or disability of the President, act in the President's place and stead and perform the duties of such office. In case of the absence or disability of both the President and First Vice President, the Second Vice President shall act in the place and stead of the President or Vice President.

ARTICLE VIII.

Secretary.

1. The Board shall appoint the Secretary of the Board by resolution. The Secretary shall personally, or through the assistant secretary, attend all meetings of the Board and keep a true and correct record of all of its proceedings and the minutes of all meetings, which minutes shall include the number and title of all resolutions passed by the Board and a record of the vote thereon. The minutes shall also include the title of all ordinances passed by the Board, the number of the ordinance at the time of its final adoption and a record of the vote thereon upon its passage to print and final adoption. Original copies of minutes, bearing the signature of the Secretary and approval stamp of the Board, shall, following approval, be bound and kept in permanent volumes entitled "Minute Book." Copies of such approved minutes shall also be made and kept in an electronic format available to the public.

2. The Secretary shall keep intact the original copy of, and index to, all ordinances adopted by the Board. The original copy of all ordinances shall contain a record of the vote or other action of the members of the Board and shall be signed by the President and be attested by the Secretary and bear

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the approval of the Port Attorney as to form and legality. The Secretary shall also cause a permanent record to be kept electronically of each ordinance. All ordinances shall be numbered in numerical order, and at all times be open to public inspection. Following the adoption of any ordinance, the Secretary shall duly certify and file a true copy thereof with the City Clerk on a bi-annual basis.

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3. The Secretary shall also keep intact the original copy of all resolutions of the Board, with a record thereon of the vote or other action, and when convenient shall bind such documents into permanent records in books and entitled "Port Resolutions." The Secretary shall also cause a permanent record to be kept electronically of each resolution. All resolutions shall be numbered in numerical order.

4. The Secretary shall, whenever required, prepare copies of any ordinance or resolution, with the Secretary's certificate annexed thereto, stating that the same is a true copy duly and regularly passed by the Board on the date specified, and that the same was published and passed in the time, form and manner required by law, and shall furnish such other certificates for and on behalf of the Board as may be required.

5. The Secretary shall be the custodian of the official seal of the Port, and of all reports, books, papers, contracts, deeds, leases and other documents and records of the Board.

6. The Secretary shall, in the Secretary's official capacity, sign or attest such documents and official papers relating to the Port, and affix the official seal thereto, when and as may be directed by the Board, and perform such other duties as may be assigned to the Secretary by the Board or be required by law.

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7. The Secretary shall perform such other services and assume such other responsibilities and duties as the Board may require.

8. The Secretary shall log and track all requests received by the Port under the California Public Records Act.

9. Subject to Article XII of these By-Laws, the Secretary shall have the authority to appoint one or more assistant secretaries to assist in the performance of duties of the Secretary and may designate and instruct any such assistant to act or perform the duties of the Secretary in case of the Secretary's absence or disability. The Secretary shall prescribe and supervise the duties of and have the authority to assign, evaluate, reassign, release and discipline (including, but not limited to, suspension, dismissal, termination) any such employees appointed by the Secretary.

10. The Secretary shall provide assistance to other Direct-Reporting Officers and their designees in order to enhance the effectiveness, efficiency and economy of Port operations consistent with Board policies and direction.

ARTICLE IX

Executive Director.

1. The Board shall appoint the Executive Director by resolution. The Executive Director shall be the chief executive and administrative officer of the Port and is the Executive Director employed and appointed in accordance with Section 706(21) of the Charter. The Executive Director shall be in charge of the Board's business and properties and shall be responsible for their efficient and economical administration. The Executive Director shall, as directed by the Board, carry out its policies and projects.

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b. prescribe the duties of and be responsible for the performance by an assistant secretary; §  
c. increase and/or advance salaries within existing grade or schedules, including provision for premium pay of staff in the Secretary's office and grant salary increases under incentive pay programs established

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2. Except for appointments reserved to the Board or delegated to another Direct-Reporting Officer, the Executive Director, shall, for and on behalf of the Board, subject to Article XIII of these By-Laws have the power and it shall be his/her duty to employ and appoint such other officers, employees and agents as may be necessary in the efficient and economical carrying out of Port functions. The Executive Director shall prescribe and fix the duties, authority and compensation of and have the authority to assign, evaluate, reassign, release and discipline (including, but not limited to, suspension, dismissal, termination) any such employees appointed by the Executive Director.

3. The Executive Director shall prepare, or cause to be prepared, estimates, plans, specifications and drawings required for the Board, and act as purchasing agent for all the divisions of the Port.

4. The Executive Director shall enforce all resolutions and ordinances adopted by the Board relative to regulations, operation and control of the "Port Area," and the operation and management of the Port and its facilities.

5. The Executive Director shall supervise and manage the construction and maintenance work authorized or ordered by the Board.

6. The Executive Director or his/her designee shall have and is hereby granted the delegated authority to enter into the below listed types of short-term leases, license and concession agreements, space/use permits or grants of the right of entry for use, or occupancy of Port property ("Short-Term Rental Agreements") for the use of Port property; provided that (a) the permitted use is consistent with the public trust and all applicable Laws, (b) the use is exempt from CEQA, and (c) the Short-Term Rental Agreement is made in writing and in a form approved by the Port Attorney.

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- Deleted: b. with respect to all non-civil service employees below Division Director level, to review and approve appointments
- Deleted: accordance with applicable Port policies regarding appointment of employees into non-civil service positions. In addition, with respect to non-civil service employees other than those reporting to the Port Attorney, Secretary or Auditor, to do or perform the duties set forth below as necessary for the administration of the affairs of the Board, except to alter the existing at-will nature of the employment relationship ... [1]
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a. Rental Agreements that are cancelable or revocable upon 30-days notice, with a rental period not longer than one (1) year (aggregated by including all hold-overs, extensions or renewal), and subject to the tariffs, rates, charges or target rents duly established by the Board for such use, and;

b. Short-Term Rental Agreements with a rental period of not longer than a one (1) year term (aggregated by including all hold-overs, extensions or renewals) for the purposes of (i) performing temporary construction by a contractor, (ii) installing utility lines or equipment by a third party utility or governmental agency, (iii) installing and implementing environmental testing, monitoring or data collection, (iv) environmental or toxic material remediation, clean up or monitoring, or (v) other similar temporary occupancy and use necessary for utility service or compliance with regulatory, health and safety standards, provided that Such Rental Agreements shall be subject to the tariffs, rates, charges or target rents duly established by the Board for such use except where the Executive Director has determined that it is in the benefit of the Port to charge a lesser amount and has determined that such lesser amount is reasonable in light of the proposed benefit to the Port; and,

c. Rental Agreements for continuous use activities lasting no more than one hundred eighty (180) days (aggregated by including all hold-overs, extensions, and renewals) or recurring but non-continuous use activities aggregating up to a maximum of one year, provided that Such Rental Agreements shall be subject to the tariffs, rates, charges or target rents duly established by the Board for such use except where the Executive Director has determined that it is in the benefit of the Port to charge a lesser amount and has determined that such lesser amount is reasonable in light of the proposed benefit to the Port.

**Deleted:** 6. The Executive Director or his designee shall have the authority to designate and assign space in the Port Aviation or the Metropolitan Oakland International Airport ("Airport") area for temporary occupancy and use of: (

**Deleted:** ) aircraft hangar bay; (b) warehouses or other like facilities; (c) lots for parking or operations of other aviation support or ground handling services, including apron parking; and (d) space within buildings for concession storage, incidental use for office functions or governmental functions; provided that such designation or ... [4]

**Deleted:** 7. The Executive Director or his designee shall have the authority to designate and assign space in the Port Commercial Real Estate area for tempora ... [5]

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**Deleted:** continuous activities lasting no more than 180 days (including all hold-overs, extensions, and renewals) or recurring but non-continuous activiti ... [7]

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**Deleted:** shall terminate at the end of one hundred and twenty (120) days after the execution date of the Rental Agreement if the Board fails to ratify the Agreement ... [9]

**Deleted:** g. No Rental Agreement for Temporary Rental under this Article IX, Section 8 may be for a term of longer than one year and no such Rental Agr ... [10]

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7. The Executive Director shall, without the approval of the Board, have authority to make purchases of material, supplies and services needed in the management and operation of the Board affairs and to let contracts pursuant to and subject to the limitations of Port Ordinance 1606 as amended or any successor ordinance of the Board.

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8. The Executive Director shall, subject to ratification by the Board, have authority to act in cases of extreme emergency requiring immediate action on the Executive Director's part, to grant permits or let contracts essential to alleviating the conditions creating the emergency.

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9. The Executive Director may from time-to-time, render such reports, estimates or recommendations to the Board as the Executive Director may deem necessary or convenient for the proper dispatch of the business of the Port, or the furtherance of its welfare.

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10. The Executive Director shall draw checks upon the revolving and petty funds of the Port in payment of transient laborers and other incidental expenses in the manner prescribed by Port ordinance, and shall sign as Executive Director purchasing orders, contracts, rental and other agreements, warehouse receipts, maps and drawings, and other documents pertaining to the business of the Port when so directed by the Board, or when required in the prompt dispatch of the business of the Port.

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11. The Executive Director shall prepare each month a report of the business and progress of the Port and file the same with the Board. Copies thereof shall be mailed to such City officials, shippers and other persons, as may be designated by the Board.

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12. The Executive Director shall have the authority to issue, from time-to-time, Administrative Policies and Procedures governing the conduct of the affairs of the Port Department, provided that the

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Administrative Policies and Procedures are consistent with these By-Laws, the Charter, and applicable Law.

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13. The Executive Director shall personally, or through the assistant or deputy Executive Director, attend all meetings of the Board and represent the Port in all official matters, unless otherwise provided for by the Board, provisions of these By-Laws or by law.

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14. The Executive Director shall perform such other services, and assume such other responsibilities and duties as the Board may require from time-to-time.

15. The Executive Director shall have and is hereby delegated the authority to approve for and on behalf of this Board subleases or subassignments of all or portions of Port property under Port leases, license and concession agreements or other Port occupancy agreements which require the prior written consent of the Port to any such sublease or subassignment, and the Executive Director's approval in each such instance shall be deemed by this Board to have the same force and effect as an approval of such sublease or subassignment by resolution of this Board.

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16. Except as otherwise may be required by the Charter, other applicable Law or resolution or ordinance of the Board, the Executive Director shall be and he or she is hereby authorized to negotiate and execute for and on behalf of the Board, indemnification agreements regarding removal of underground petroleum tanks with Port tenants; provided, however, that each of said agreements shall be upon a form prepared and approved by the Port Attorney and shall not be effective unless and until signed by the Port Attorney.

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17. In case of the absence or disability of the Executive Director or to the extent directed to do so by the Executive Director, the assistant or deputy Executive Director shall perform the necessary duties of the Executive Director.

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18. For the purpose of continued operation of the Port during the Executive Director's absence, disability or for the more efficient operation of the Port, the Executive Director may designate in writing one or more assistant or deputy Executive Directors or Division Directors to act pursuant to his or her authority to the extent so specified in writing. When the Executive Director is unable to so designate in writing in his or her absence or disability, the Board may designate by resolution one or more assistant or deputy Executive Directors or Division Directors to act with the authority of the Executive Director to the extent so specified by resolution.

19. The Executive Director and his or her designee shall have the authority to sign, execute, or otherwise approve on behalf of the Board documents required by, or responsive to, general storm water regulations or permits; and such general or individual permit as may be issued for municipal separate storm sewer systems, as such regulations or permits may be amended, modified or reissued from time-to-time.

20. On behalf of the Board, the Executive Director, and/or his or her designee, shall have the authority to certify Environmental Impact Reports and to approve Mitigated Negative Declarations and Negative Declarations, under CEQA, and to approve Resolutions to Proceed committing the Port to definite courses of action with respect to projects for which the Port is the lead agency subject to such levels of environmental review. Consideration of such environmental review documents and issuance of Resolutions to Proceed shall be conducted at noticed public Environmental Review Hearings chaired by the Executive Director and/or his or her designee(s) who shall be referred to in such context as Permit Hearing Officers. No Environmental Review Hearing shall be conducted without prior notice to, and approval by, the Board. The Permit Hearing Officer(s) shall take expert testimony (including that of Port staff) and public testimony, consider the issues and concerns presented by the public, and consider the

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environmental review documents before them based on substantial evidence in the record, including an Environmental Review Hearing Agenda Report from Port staff. Any decision to issue or not issue a Resolution to Proceed shall be announced in a Notice of Decision. Absent an administrative appeal, the decision announced in the Notice of Decision shall become final fifteen (15) days after issuance of the Notice of Decision. Any person excepting to such decision may appeal such decision to the Board by filing a written notice of appeal directed to the Secretary of the Board. The written notice shall set forth the specific grounds of the appeal and the appellant shall pay the associated administrative appeal fee. Such administrative appeal shall be filed within fourteen (14) days after issuance of the Notice of Decision. Any failure to timely file an administrative appeal shall be a complete bar to judicial review. Review by the Board of any administrative appeal filed shall be limited to those issues specifically raised in the administrative appeal. The decision by the Board to affirm or to overturn the decision of the Permit Hearing Officer(s) shall be final. Judicial review of the final decision of the Board shall be limited to those issues raised on administrative appeal.

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21. The Executive Director shall have the authority and, subject to the written approval of the Port Attorney as to the form and legality of the delegation, may delegate to one or more Port employees the authority, to sign and accept on behalf of the Board regulatory permits and approvals, including the conditions and other requirements contained in such permits and approvals, which are routine, standard and/or ministerial in nature, and which are approved in writing as to form and legality by the Port Attorney, including the following:

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a. Routine, standard and/or ministerial permits or approvals, such as a permit issued by the San Francisco Bay Conservation and Development Commission or the United States Army Corps

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of Engineers for maintenance dredging or for repair of existing structures, including the routine, standard and/or ministerial conditions and other requirements included in such permits or approvals;

b. Routine, standard and/or ministerial permits or approvals which a federal, state or other public governing commission, board or instrumentality has by regulation authorized be issued administratively by its appointed executive director, executive office or other comparable or lower-level staff, including the routine, standard and/or ministerial conditions and other requirements included in such permits or approvals;

c. Ministerial permits and approvals, such as a City building permit, including the routine, standard and/or ministerial conditions and other requirements included in such permits and approvals; and

d. Other routine, standard and/or ministerial permits or approvals, including the conditions of approval, payment of permitting and oversight fees (including execution of oversight fee agreements with regulatory agencies), and other requirements included in such permits and approvals, the acceptance of which on behalf of the Board will not, in the reasonable determination of the Executive Director or his or her said designee, obligate the Port to the expenditure of more than the expenditure contemplated in the approved budget for the project.

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22. The Executive Director shall have the authority to execute, subject to the written approval of the Port Attorney as to form and legality, all covenants to restrict use of property or similar deed restrictions with environmental regulatory agencies concerning Port property.

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23. The Executive Director shall have the authority to file grant applications and accept grant funding awards, subject to the written approval of the Port Attorney as to form and legality, so long as such

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application and acceptance does not commit the Port to a definite course of action beyond any course of action already approved by the Board.

24. The Executive Director shall provide assistance to other Direct-Reporting Officers and their designees in order to enhance the effectiveness, efficiency and economy of Port operations consistent with Board policies and direction.

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ARTICLE X.

Port Attorney.

1. The Board shall appoint the Port Attorney by resolution. The Port Attorney shall be the attorney and legal advisor of the Board. The Port Attorney shall give legal advice to the Board, its officers and employees on official matters within its jurisdiction consistent with Board directions and policies, and shall be in charge of the legal affairs of the Port and have custody and supervision of the law files, books, records, briefs, and other papers of the Port Attorney's office.

2. The Port Attorney shall defend, and (subject to direction from the Board) prosecute or compromise all actions at law or in equity and special proceedings for or against the City or Board, or any officers or employees for actions within their scope of employment, pertaining to matters within the jurisdiction of the Board.

3. The Port Attorney shall keep on file or electronically in the Port Attorney's office all written opinions given by the Port Attorney to the Board or otherwise in the Port Attorney's official capacity, the briefs, pleadings and transcripts used in cases where the Port Attorney appears.

4. The Port Attorney shall, without undue delay, pass upon the form and legality of contracts, ordinances, resolutions, and other documents and

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Appointments of attorneys and other staff positions in the Port Attorney's office shall be made pursuant to Port policy regarding appointments to civil service and non-civil service positions, as applicable. The Port Attorney shall be responsible for the performance of the duties of attorneys and other staff positions in the Port Attorney's office, provided, however, that the Port Attorney may not alter the existing nature of the employment relationship between the Port and such employees, including the at-will nature of attorneys in the Port Attorney's office. In connection therewith, the Port Attorney shall: §  
§  
a. prescribe and supervise the duties of and assign, reassign, and discipline any such employees; §  
§  
b. prescribe the duties of and be responsible for the performance by the Assistant Port Attorney and other attorneys; §  
§  
c. increase and/or advance salaries within existing grade or schedules, including provision for premium pay of staff in the Port Attorney's office and grant salary increases under incentive pay programs established by the Board; §  
§  
d. initiate and process the completion of desk audits and take such actions consistent with applicable Port policy and the powers delegated to the Port Attorney, or to recommend actions to the Board to the extent such powers have not been so delegated to the Port Attorney, to effect salary adjustments as deemed appropriate by the Port Attorney or Board as the case may be; and §  
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proceedings of the Port, when required by law or directed by the Board, and shall prepare the forms of contracts, ordinances, resolutions and other documents to be acted upon by the Board.

5. The Port Attorney shall personally, or through assistant Port Attorneys, (a) attend the meetings of the Board, (b) be regularly available to consult with committees of the Board, if any, (c) attend meetings, of and consult with, the Executive Director, (d) unless otherwise directed by the Board, be provided copies of all agendas, reports, minutes and other correspondence to be used for discussion, consideration or action at a meeting of the Board, (e) upon request, provide legal services on official matters within the Board's jurisdiction to the Executive Director and Port staff, and (f) subject to the other provisions of these By-Laws, keep the Executive Director advised on all legal matters. Consistent with the Port Attorney's responsibility as attorney and legal advisor to the Board, the Port Attorney shall, in the performance of the Port Attorney's duties, (i) administer the office of the Port Attorney subject to review and direction by the Board, (ii) at all times carry out and implement the policies established by the Board and by Law, and (iii) render such services as may be required of the Port Attorney by the Board and by the Executive Director to carry out the policies and directions of the Board. The Port Attorney shall accept appointments to committees or other assignments of or related to associations of which the Port is a member or with which it is affiliated only after approval by the Board.

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6. The Port Attorney shall regularly report to the Board orally or in writing on all matters of a legal nature affecting operations of the Port, together with the Port Attorney's opinion as to the origin or cause, present status and future disposition of the matter, including claims or actions against the Port and the Port Attorney's recommendations with respect to actions of a legal nature which in the Port Attorney's judgment the Board should initiate.

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7. The Port Attorney shall have blanket authority to file suit, to prosecute to judgment, and to settle civil and criminal actions in law, in equity, or in special proceedings where the principal amount in dispute is \$25,000 or less. Where the principal amount exceeds such amount, the Port Attorney shall obtain Board approval by motion or resolution prior to filing or settling such an action. Where urgency requires immediate filing and prosecution, the Port Attorney shall seek Board ratification by motion or resolution after filing of suit.

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8. The Port Attorney shall have the sole and blanket authority to retain special legal counsel in accordance with the provisions of Section 6.05 of Port Ordinance 867 and subject only to the contract amount limitations of the Executive Director's delegated authority to enter into professional services contract under Board Ordinance 1606, as it may be amended from time to time.

9. The Port Attorney shall have blanket authority to defend the Board against actions in law and/or in equity and special proceedings and to retain special counsel in accordance with the provisions of Section 6.05 of Port Ordinance 867 and subject only to the contract amount limitations of the Executive Director's delegated authority to enter into professional services contract under Board Ordinance 1606, as it may be amended from time to time. The Port Attorney shall have blanket authority to settle actions brought against the Port where the settlement amount to be paid by the Port is \$25,000 or less. Where the settlement amount exceeds such amount, the Port Attorney shall obtain Board approval by motion or resolution prior to settling such an action.

10. The Port Attorney shall have blanket authority to enter into agreements for collection services with respect to delinquent accounts in the sum of \$150,000 or less and to direct the filing of suit by any such agency in conjunction with the

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provision of such collection services, provided, however, that compensation for such services shall be on a contingent fee basis, not to exceed 45% of funds actually collected from each respective account placed with any such agency.

11. The Port Attorney shall have blanket authority to enter into tolling agreements, for and on behalf of the Board, that preserve all substantive and procedural rights and all claims, obligations, causes of action and defenses including, without limitation, defenses based on statutes of limitation that the Board and the countersigning party(ies) possess as of the effective date of the agreements.

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12. The Port Attorney shall have blanket authority to enter into joint or mutual interest confidentiality agreements, for and on behalf of the Board with countersigning third parties to enable the sharing of information, communications and materials that may otherwise be subject to a claim of proprietary confidentiality, attorney-client privilege or work product protection, without waiving any applicable confidentiality or privilege the Board possess with respect to such information, communications and materials when the Port Attorney determines that it is in the Port's interest to share such information, communications and materials with the countersigning third parties or their attorneys.

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13. Subject to Article XII of these By-Laws, the Port Attorney shall have the authority to appoint one or more assistant port attorney(s), deputy port attorney(s), legal assistant(s) and legal secretary(ies) to assist in the performance of duties of the Port Attorney and may designate and instruct any such assistant to act or perform the duties of the Port Attorney in case of the Port Attorney's absence or disability. The Port Attorney shall prescribe and supervise the duties of and have the authority to assign, evaluate, reassign, release and discipline (including, but not limited to, suspension, dismissal, termination) any such employees appointed by the Port Attorney.

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14. The Port Attorney shall provide assistance to other Direct-Reporting Officers and their designees in order to enhance the effectiveness, efficiency and economy of Port operations consistent with Board policies and direction.

ARTICLE XI.

Auditor

1. The Board shall appoint the Auditor by resolution. The Auditor shall conduct surveys, reviews, and audits as the Auditor deems to be in the best interest of the Board and the public, subject to direction and approval by the Board, or as directed by the Board. For these purposes, the Auditor's surveys, reviews and audits may include, but not be limited to:

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a. Reviewing and appraising the effectiveness, adequacy and application of accounting, functional, and operating controls and reliability and timeliness of accounting and other data generated within the Port organization;

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b. Evaluating the Port's internal controls to ensure that the Port's assets and resources are adequately safeguarded from fraud, waste, and mismanagement;

c. Ascertaining compliance with the Board's resolutions and policies and the Executive Director's instructions and directives, as well as applicable State and Federal laws and regulations;

d. Providing assistance to Port staff to enhance the effectiveness, efficiency and economy of their operations;

e. Responding to requests for audit and reviews;

f. Reporting to the Board as appropriate or as directed by the Board, as part of a deliberative

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process, on recommendations for corrective actions or for taking action to adopt new policies.

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2. The Auditor shall conduct any other audits and report to the Board, as directed by the Board.

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3. Subject to Article XII of these By-Laws, the Auditor shall have the authority to appoint one or more assistant auditors and senior and other staff auditors to assist in the performance of duties of the auditor and may designate and instruct any such assistant to act or perform the duties of the Auditor in case of the Auditor's absence or disability. The Auditor shall prescribe and supervise the duties of and have the authority to assign, evaluate, reassign, release and discipline (including, but not limited to, suspension, dismissal, termination) any such employees appointed by the Auditor.

4. The Auditor shall consult the Port Attorney relating to any questions of law that may arise in an audit's findings or recommendations; provided that the Port Attorney has no conflict of interest in the audit's findings or recommendations and provided that the content of any audit, audit findings or audit recommendations shall remain within the professional discretion and reflect the professional opinion of the Auditor.

5. The Auditor shall provide assistance to other Direct-Reporting Officers and their designees in order to enhance the effectiveness, efficiency and economy of Port operations consistent with Board policies and direction.

ARTICLE XII

Authorities and Organization

1. The proceedings and the delegations of the powers or duties of the Board shall be set forth in these By-Laws, except that the delegations of powers or duties for specific transactions or for

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purchasing of goods and services may be provided for in specific resolutions and ordinances.

2. The Board reserves to itself the power and duty to appoint and hire the Direct-Reporting Officers, which shall include the Executive Director, the Port Attorney, the Secretary and the Auditor, and to prescribe and fix their duties, authority and compensation, and to release or discipline (including, but not limited to, suspension, dismissal, and termination) such Direct-Reporting Officers. Each Direct-Reporting Officer shall be directly answerable to the Board as a whole, and the Board shall provide all Board directions and inquiries regarding operations, policy or performance to the appropriate Direct-Reporting Officer.

3. The Executive Director may issue Administrative Policies and Procedures which shall be consistent with these By-Laws, applicable Board policies, the Charter and all Laws. The Board hereby binds itself to such Administrative Policies and Procedures to the extent necessary to: (a) comply with applicable Laws, including but not limited to, the Ralph M. Brown Act, the Political Reform Act (and other Laws governing ethics of public officials), the Public Records Act, and state and federal civil rights, employment and non-discrimination Laws; (b) conform to the spending limits and approval procedures for travel and hosting expenditures; and (c) conform to accounting and records-keeping requirements for reimbursement of actual Board expenses necessary to carry out the business of the Board.

4. The President of the Board shall exercise all the approval authorities provided for in any Administrative Policies and Procedures governing travel and hosting expenditures and expense reimbursements incurred by a Direct-Reporting Officer or a Board Commissioner (and the First Vice President in the case of approval for the expenditures or expenses of the President); provided however the Board may, by motion of the Board, override the approval or disapproval by the President (or the First Vice-

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President in the case of expenditures or expenses of the President). Each Direct-Reporting Officer shall report to the President of the Board his or her planned absence from the Port (including any Port-related travel, personal leave of absence, vacation or personal leave) prior to the absence, and the Board may by motion disapprove of any such absence.

5. The appointments and hires to the following positions and places of employment shall be made by the designated appointing authority for each such position ("Appointing Authority"), subject to the ratification by the Board of any such appointment prior to any appointee taking office and to the enumerated conditions as follows:

a. Department heads of the Port for which the Executive Director shall be the Appointing Authority; Department heads shall include any assistant or deputy executive director, and the directors of the divisions, including maritime, aviation, commercial real estate, chief financial officer, engineering, social responsibility, corporate administration, external affairs, information technology, environmental planning and programs, and labor advisor, or any other additional or replacement positions or places of employment designated as "department head" under the applicable resolution or ordinance of the Board.

b. Assistant Port Attorney for which the Port Attorney shall be the Appointing Authority.

c. Assistant Secretary for which the Secretary shall be the Appointing Authority.

d. Assistant Auditor for which the Auditor shall be the Appointing Authority.

e. The Appointing Authority may not alter the existing at-will nature of the employment relationship between the Port and any employee appointed subject to this paragraph 5.

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d. It shall be the duty of the Appointing Authority, in exercising the power of appointments subject to this paragraph, to utilize any procedures established by the Board for appointment of at-will employees.

e. Each Appointing Authority shall report to the Board on all appointments and employee terminations subject to this paragraph at least on a quarterly basis.

f. Each Appointing Authority shall evaluate the performance of the employees he or she appointed subject to this paragraph and may increase and/or advance salaries within existing grade or schedules, including provision for premium pay of staff grant salary increases under incentive pay programs established by the Board, if any.

g. Each Appointing Authority may initiate and process the completion of desk audits of employees he or she appointed subject to this paragraph and take such actions consistent with applicable Port policy and the powers delegated to each Appointing Authority, or to recommend actions to the Board to the extent such powers have not been so delegated to the Appointing Authority, to effect salary adjustments as deemed appropriate by the Appointing Authority or Board as the case may be.

6. Appointment of employees, including promotions or redesignations of persons to positions duly created or reclassified by the Board, shall be subject to prior approval by the Board of the staffing plan and budget providing for said places of employment.

7. Unless otherwise provided for in these Bylaws, appointments or hiring of employees shall be made through employment and hiring procedures established by the Board. Except for positions and places of employment exempt under the Charter from the personnel system of the City or the competitive civil service, each place of employment shall be assigned a

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classification, and each appointment shall be made through the employment and hiring procedures provided for in the the personnel rules and procedures.

8. Appointments of employees to Port positions without Board ratification as provided in these By-Laws, and other delegated personnel actions shall be reported to the Board on a quarterly basis by a report from the Executive Director, setting forth the effective date of each action taken, a description of the action, the names of personnel affected, and, with respect to appointments, the classification title and salary rate assignment.

ARTICLE XIII

Office Hours

1. The office hours for the executive and administrative offices of the Port shall be from 8:30 a.m. to 5:00 p.m. daily, Monday through Friday, and the number of hours of work for each employee shall be as set forth in the respective resolutions covering the various positions.

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2. The holidays recognized by the Board are those specified by general law of the State of California and, in addition thereto, or in lieu thereof, any holidays specified in Memoranda of Understanding with recognized employee organizations to which the Board is a party; provided that arrangements shall be made with a sufficient number of employees to keep the offices and operations of the Port open for public service, as required.

3. The Direct-Reporting Officers may in their discretion require their respective offices and divisions to be kept open at other hours and days upon notice to the officers and employees thereof, and the Direct- Reporting Officers may assign alternative hours, other than those office hours set forth in Article XIII, Section 1 above, to certain officers and employees as the interest of the Port require.

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ARTICLE XIII.

Amendments.

1. These By-Laws may be amended from time to time by ordinance of the Board.

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**Report: Maritime Division Information and Strategy Discussion**

Board of Port Commissioners Meeting

May 9, 2013

Port staff will discuss Maritime Division activities as related to the Division’s strategic initiatives in the near term, with a focus on Fiscal Year 2014. An updated analysis of strengths, weaknesses, opportunities, and threats (SWOT) will serve as the basis of the presentation of the following three strategic objectives and the work plan to achieve these objectives. Additionally, staff will present some key “generative” discussion points related to focusing Maritime activities in a context of heightened competition and limited resources.

**Strategic Objectives FY14**

- Targeted Business Development  
Goal: Retain and grow maritime activity
  
- Enhancement of Lease Portfolio  
Goal: Mitigate business risk; secure long-term commitments; optimize land use to grow maritime activity
  
- Leverage Partnerships  
Goal: To drive supply chain development in the Port catchment area

**SWOT Analysis**

<i>Strengths</i>	<i>Weaknesses</i>
<ul style="list-style-type: none"> <li>▪ Geographic location; affluent local market; proximity to Napa Valley, Silicon Valley, Central Valley for exports</li> <li>▪ Shortest transit time to Asia than any other California container port</li> <li>▪ Ample capacity at marine terminals &amp; railyards to accommodate significant cargo growth</li> <li>▪ Deep water (-50 feet); industrial property directly adjacent to marine terminals; 2 class I railroad service with double-stack capability; contiguous berths</li> <li>▪ Easy connections to major interstate freeway network; no container fees; limited on-Port congestion</li> </ul>	<ul style="list-style-type: none"> <li>▪ Financial position of Port – limited ability to fund major improvements</li> <li>▪ Cost of doing business in California; price &amp; service impacts</li> <li>▪ Cost of annual dredging; higher costs for pilotage than other west coast ports</li> <li>▪ Lack on-dock rail/connectivity; rail pricing</li> <li>▪ Imbalance of equipment due to imbalance of import/export and inbound/outbound traffic</li> <li>▪ Secondary gateway due to relative size of region; limited economies of scale</li> <li>▪ Lack of regional/state/federal coordinated approach to freight</li> <li>▪ Recent events have been viewed as reflection of unfriendly business environment</li> </ul>

<i>Opportunities</i>	<i>Threats</i>
<ul style="list-style-type: none"> <li>▪ Warehousing, cold storage, and transloading business at Oakland Army Base – cost savings and efficiencies for customers able to directly convert goods into more cost-effective domestic-sized equipment</li> <li>▪ Establish Northern California as a distribution hub</li> <li>▪ Well-defined and retrievable market share leakage</li> <li>▪ “Re-tooling” of Measure B that could include more funding for freight</li> <li>▪ Trade growth with emerging economies in Central and South America</li> <li>▪ Growing demand in Asia for high quality CA agricultural products, including wine</li> </ul>	<ul style="list-style-type: none"> <li>▪ Customer financial health; industry consolidation; pressures on marine terminal operators</li> <li>▪ Major lease expirations during weak market conditions; downward pressure on lease rates at west coast ports</li> <li>▪ New, competing ports with more financial resources and/or lower cost structures still have capacity to grow</li> <li>▪ Shift of manufacturing and sourcing from N. Asia to S. Asia, favoring trade through to U.S. East Coast</li> <li>▪ Operational constraints for biggest ships being built today</li> <li>▪ State/Federal government budget problems; regulatory climate</li> <li>▪ Labor disruptions; ILWU coast-wide contracts up 2014</li> <li>▪ Panama Canal opening early 2015</li> </ul>

**Generative Discussion/Questions**

- Redefining our competition – who and what are we really competing with/for?
- What is the best way to influence supply chain decisions made by our customers?
- Refocusing our priorities given limited resources?
- Short term cost of long-term sustainability – evaluation of tradeoffs
- Why haven’t incentive programs worked in the past?
- Desired changes to the FY14 Work Plan?



# **PORT OF OAKLAND**

Maritime Division Information and Strategy Discussion  
Board of Port Commissioners Meeting

May 9, 2013

# Maritime Division Goals

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1. Profitable and reliable operations for the Port and its customers
2. Grow business activity (increase cargo throughput) at existing facilities – utilize existing capacity and encourage investment
3. Manage assets to address changing operational needs and maximize business and revenue growth





# Key Accomplishments: 2012

## Oakland Army Base

- Phase 1 rail operator selected
- Phase 1 rail design/build contract awarded
- \$15m TIGER funding secured; NEPA documentation finalized
- \$242m TCIF funding secured through grant amendment

## Infrastructure & Environment

- Completion of Shore Power Program Phase 1 (3 berths)
- Security project portfolio funded primarily with grants
- Marine Highway coordination for launch by Port of Stockton in summer 2013.
- On-going Comprehensive Truck Management Program (CTMP) implementation

## Business Development

- Finalized Export Market Study
- Business continuity and customer communication after Occupy Oakland events & Port leadership changes
- Re-focused customer outreach in U.S. and Asia
  - Ocean carriers
  - Beneficial cargo owners
  - Other major partners: railroads & tenants
- Completed economic impact study for dredging



*Shore power outlet*

# Strategic Objectives: FY 2014

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## 1. Targeted Business Development

- Goal: Retain and grow maritime activity

## 2. Enhancement of Lease Portfolio

- Goal: Mitigate business risk; secure long-term tenant commitments; optimize land use to grow maritime activity

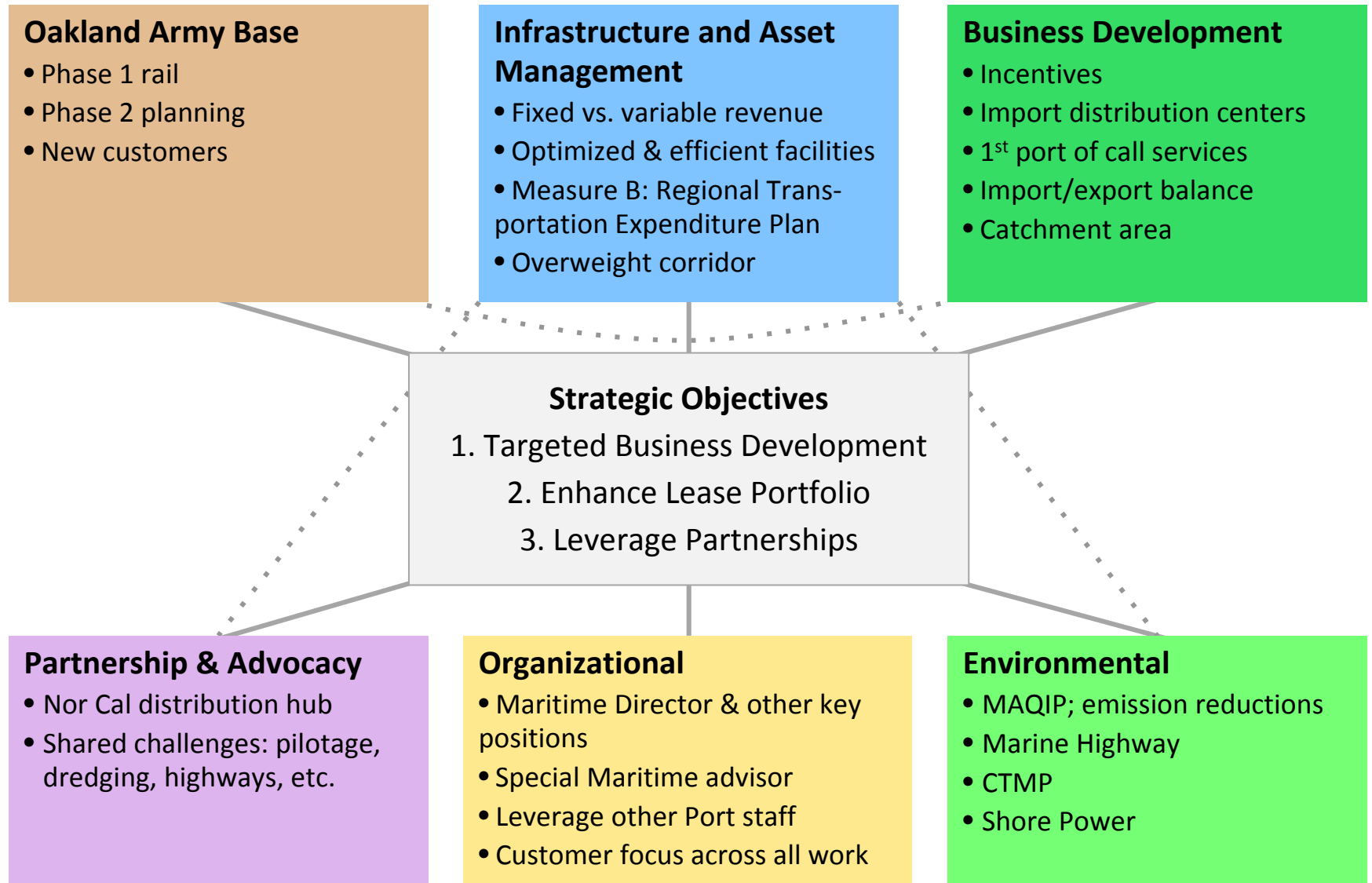
## 3. Leverage Partnerships

- Goal: Drive supply chain development in the Port catchment area





# Work Plan: FY 2014





# Oakland Army Base (OAB)



- Deliver Phase 1 improvements
- Phase 2 planning and development
- Roadway & utility network reconstruction
- Attract new customers:
  - Transloading/warehouse center
  - Seek experts in supply chain and business services
  - Identify key BCO/carrier/distribution partnerships



# Infrastructure & Asset Management

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- Negotiate leases to maintain balance between variable and fixed revenue
- Manage assets to position for current and future operational needs (optimized & efficient facilities)
- Balance direct vs. indirect benefits of development
  - Direct vs. induced revenue
  - Short term vs. long-term
- Leverage new opportunity: Measure B Regional Transportation Expenditure Plan
- Comprehensive overweight corridor plan

# Business Development

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- Invest in market data and analysis to pursue growth opportunities
- Conduct import study
- Study/strategy to attract import distribution centers to Port's catchment area
- Promote 1<sup>st</sup> port of call service to targeted BCOs and carriers
- Improve import/export balance to grow business activity
- Retain & recapture business in Port's catchment area
- Interior Point Intermodal (IPI) incentives

## Partnerships & Advocacy

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- Regional collaboration to promote Northern California as a distribution hub
- Address shared freight cost and implementation challenges: pilotage, harbor and channel dredging, rail and highway improvements
- Measure B Regional Transportation Expenditure Plan
- Formation of industry workgroups
- California Association of Port Authorities & American Association of Port Authorities

# Organizational

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- Hire Maritime Division director
- Continue to retain services of special advisor to Maritime Division
- Align/organize Division to provide more focus on business development & customer contact
- Business development
  - OAB planning
  - Augment Maritime staff dedicated to business development
- Enable more cross-organizational (Port staff/division) engagement in maritime activities
- Ensure customer focus at core of all Division activities

# Environmental

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- Steadfast commitment to environmental programs, notably Maritime Air Quality Improvement Plan (MAQIP)
  - Major initiatives completed or underway to reduce emissions and health risk
  - Significant emission reductions achieved; Port on track to achieve goals
- Marine Highway coordination and launch with Federal and other port partners
- Stable trucking through on-going implementation CTMP; readiness for 2014 deadline
- Providing our customers with infrastructure needed to meet new requirements and achieve Port goals: complete shore power build-out by 2014

**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.

BOARD MTG. DATE: 05/09/13

**AGENDA REPORT**

**TITLE:** Approval of budget and authorization for the Executive Director to Enter into an Agreement to Implement a new Common Use Processing System and provide 5 years of support and software upgrades at Oakland International Airport.

**AMOUNT:** \$300,000 Capital  
\$192,875 Expense, Five Years Support

**PARTIES INVOLVED:**

<b>Corporate Name/Principal</b>	<b>Location</b>
Air-Transport IT Services, Inc Chris Keller President & COO	5950 Hazeltine National Dr. Suite 210 Orlando, FL 32822

**TYPE OF ACTION:** Resolution

**SUBMITTED BY:** Kristi McKenney, Acting Director of Aviation

**APPROVED BY:** Deborah Ale-Flint, Acting Executive Director

**SUMMARY**

The Port owns and maintains a common use system for airline ticket counter and gate podium software and hardware in Terminal 1 of the Oakland International Airport. This system allows any airline to operate from any ticket counter or gate creating operational and construction flexibility and allows the Port to maximize the capacity of existing assets. The existing system date from 2004 and is due for modernization. All costs associated with the system are included in airline rates and charges.

Board actions requested in this Agenda report are:

- Authorization to spend \$300,000 to implement a new Common Use System as identified in the FY13 and FY14 Capital Needs Assessment (CNA);
- Authorization for the Executive Director to execute a contract between the Port of Oakland (the Port) and Air-Transport IT Services, Inc. (AirIT) to purchase and implement software and hardware at a cost not to exceed \$300,000; and
- Authorization for the Executive Director to execute a contract between the Port of Oakland (the Port) and Air-Transport IT Services, Inc. (AirIT) to provide customer support and software upgrades at a cost of \$192,875 for five years.



BOARD MTG. DATE: 05/09/13

## FACTUAL BACKGROUND

In June 2004, the Port issued a purchase order to ARINC, Inc. to provide software, hardware, training and five years 2<sup>nd</sup> level support<sup>1</sup> for a common use system at Oakland International Airport (OAK). There are 150 common use-licensed computer systems and two common use servers supporting operations and system administration at OAK for all airlines using Terminal 1.

2<sup>nd</sup> level support includes:

- Providing remote software and server maintenance
- Providing remote terminal equipment support
- Receiving and responding to trouble reports from local 1<sup>st</sup> level maintenance vendor, ServiceTec International

In August 2006, the Board authorized a supplemental agreement with ARINC to upgrade the common use system. The Board authorized a second supplemental agreement in March 2008 to purchase additional hardware.

In May 2009, the Board authorized a third supplemental agreement to extend the 2<sup>nd</sup> level support contract for two years, expiring in May 2011.

In March 2011, the Board authorized a fourth supplemental agreement to extend the current support contract by up to three years. The current contract will expire in May 2014.

## ANALYSIS

The current common use processing system hardware is beyond the end of its useful life and needs to be replaced. In addition, the current system requires significant reconfiguration and testing by the airlines anytime they wish to make a change or upgrade their reservation system. In an effort to understand and meet the current and future needs of the airlines, Aviation IT published a short survey asking the airlines to rate the current common use vendors and provide comments based on their experience at airports across the country. The survey results were used to award additional points (max of 15%) during the selection process.

In December 2012, the Port conducted an RFP process to select the most qualified firm to provide a new generation Common Use Processing System at OAK. Submitted proposals were reviewed by a nine-member Evaluation Committee (Committee). Members of the Committee included staff from Port IT, Delta and Alaska Airlines, a representative from Seattle International Airport, ServiceTec International and the Port's Social Responsibility Division. On January 9th, the committee interviewed proposers and scored them using the following criteria:

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<sup>1</sup> IT support levels are industry standard references designed to segment support response activities and are based on staffs functional abilities and responsibility. 1st level support refers to the initial troubleshooting, diagnosis, and if possible, resolution of technical issues, whereas 2<sup>nd</sup> level support is for issues that require additional technical expertise. At OAK, 1st level support is performed by onsite Aviation IT staff, and 2<sup>nd</sup> level support is traditionally performed by the hardware/software manufacture or other specialized consultant.

## REMAINING ACTION ITEMS Tab 6.1

BOARD MTG. DATE: 05/09/13

Item	Criteria	Weights
1	<u>References, Resources, and Key Personnel</u> Respondent's capacity to provide professional service as evidenced by past performance, company information, resources, debarment statement, and from list of key personnel. (Items 1, 3, and 6 of Submission Requirements section.)	10%
2	<u>Knowledge and Experience</u> Respondent's knowledge and experience in providing Hazardous Waste Removal Services as evidence from your response to item 2 of Submission Requirements section.	15%
3	<u>Plan and Approach</u> As evidence from your response to item 4 of Submission Requirements section.	10%
4	<u>Proposed Costs</u> As evidence from your response to item 5 of Submission Requirements section.	30%
5	<u>Airline Preference</u> Carriers at OAK were recently surveyed as to their preferred solution. Points will be awarded as follows: <ul style="list-style-type: none"> <li>• Most Preferred = 15</li> <li>• Preferred = 10</li> <li>• Least Preferred = 6</li> <li>• Not Preferred = 2</li> </ul>	15%
6	<u>Port Policy Requirements and Required Forms</u> Does your firm adhere to the Port's Non-Discrimination Policy? And has your firm submitted all the Policy requirements and forms listed in items 7 and 8 of Submission Requirements section?	5%
7	<u>Non-Discrimination Small/Local Business Utilization Policy</u> Does your company meet the Port's definition of Small/Local Business? The Port will evaluate companies that have provided substantiating documentation to prove they meet the Port's definition of Small/Local Business, and award qualifying companies up to the maximum 15 points.	15%
	Total	100%

Currently there are a very limited number of firms worldwide that provide common use solutions specific to the aviation industry. The Port received four proposals and the Evaluation Committee ranked them in the following order:

1. Air-Transport IT Services (AirIT)
2. ARINC, Inc.
3. SITA Information Networking Computing USA, Inc.
4. Ultra Electronics

Although all firms are qualified to perform the work outlined in the RFP, AirIT's proposal was ranked highest making it the recommended firm based on:

- Experience in the industry
- Overall product operational quality
- Overall Plan and Approach
- Presentation quality
- Implementation and maintenance costs
- Use of environmentally friendly thin client computers to replace current workstations
- Use of a local business to provide hardware. (Advanced Technology – Port of Oakland Certified Local Impact Area Firm)

## REMAINING ACTION ITEMS Tab 6.1

BOARD MTG. DATE: 05/09/13

The AirIT Common Use System known as EASE™ (Extended Airline System Environment), would be hosted on the Port's virtualized server platform and storage area network, approved by the Board on December 20th, 2012 (Resolution #12-173) and currently being implemented.

AirIT, an industry leader in airport systems integration, provides an open airport information system that will allow airlines to run the check-in and boarding software of their choice, and still retain all the benefits of a fully-functional common use environment. AirIT solutions are operational in 7 of the top 10 busiest airports in North America, and as evidence of their scalability, these same solutions are utilized in 100 other airports.

The EASE™ platform is a PC-based common use system that has been designed and built so that airlines can use their own native software and connect directly to their own Wide Area Networks (WANs). Interfaces are provided to allow future connectivity to Baggage Sortation System (BSS) and Baggage Reconciliation System (BRS) equipment, and the network can be connected to governmental agencies such as Customs and Border Protection (CBP).

Included in AirIT's scope are 151 thin client workstations that will replace all ticket and gate counter computers. Thin client solutions help to achieve sustained, permanent cuts in IT costs. System management, maintenance and support are more economical, and the cost of thin clients are approximately half the cost of traditional PCs. In addition, the longer service life of thin client workstations requires less electronic waste disposal making them more environmentally and economically sustainable.

### **STRATEGIC PLAN ALIGNMENT**

The Strategic Plan was adopted by the Board on October 5, 2010. Following is staff's assessment of how the authorization for this funding supports the strategic priority areas, goals and objectives of the Strategic Plan.

<b>STRATEGIC PRIORITY AREAS</b>	<b>GOAL</b>	<b>OBJECTIVE</b>	<b>HOW THIS PROJECT IMPLEMENTS + WHEN</b>
<b>Sustainable Economic and Business Development</b>	<b>Goal A:</b> Create sustainable economic growth for the Port and Beyond.	1. Maximize the use of existing assets.	Common use allows multiple airlines to use any gate or ticket counter, allowing the Airport to maximize operations at these locations.
<b>Sustainable Economic and Business Development</b>	<b>Goal B:</b> Maintain and aggressively grow core businesses.	4. Promote effective strategic communication with Port customers.	The AirIT solution creates seamless connectivity and incentive for our airline partners to do business at OAK. The system is also easier for IT staff to maintain.

BOARD MTG. DATE: 05/09/13

***BUDGET & FINANCIAL IMPACT***

This project is included in the FY13 Capital Needs Assessment (CNA) Budget as a “Pipeline” project. Staff is now requesting the capital budget of \$300,000 be authorized. This project is anticipated to be funded with Port cash or debt to the extent sufficient cash is not available. These costs will be included in airline rates and charges.

The ongoing system maintenance is included in the Aviation IT Department’s expense budget. Currently, Aviation IT pays \$102,000 a year for software licensing and 2<sup>nd</sup> level support of the ARINC system. The new AirIT solution will lower the annual software and 2<sup>nd</sup> level support costs to \$39,000. This lower expense will be incorporated in the FY14 operating expense budget and will continue for four additional years through FY18. The capital and operating expenses related to AirIT will be recovered by airline rates and charges.

***STAFFING IMPACT***

The proposed Board action will have no impact on existing staffing needs.

***SUSTAINABILITY***

The common use system facilitates an increased efficiency of the utilization of current airport facilities, which forestalls the need to construct additional terminal facilities.

The thin client solution proposed is more sustainable than traditional PCs. With a power consumption level of about 10 W per device, thin clients need only a fraction of the energy required by the existing conventional PCs. The thin client’s long service life, smaller size, lack of hard drives and other types of drive devices not only minimizes the amount of electronic waste that will accumulate, but lengthens the needed interval of disposal.

***ENVIRONMENTAL***

The proposal to enter into an agreement with AirIT and implement a new Common Use processing system was reviewed in accordance with the requirements of the California Environmental Quality Act (CEQA). CEQA Guidelines Section 15378(2) states that a “Project” means the “whole of an action”, which has potential for resulting in either direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment. The general rule in Section 15061(b)(3) of the CEQA Guidelines also states that CEQA applies only to activities that have a potential for causing a significant effect on the environment. Because it can be seen with certainty that entering into an agreement with AirIT and implementing a new Common Use processing system will not result in a physical change in the environment; therefore, it is not a project under CEQA and no environmental review is required.

BOARD MTG. DATE: 05/09/13

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

This contract is for professional services that do not include construction, testing and inspection. 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 implementation portion of this project is subject to the Port's Owner Controlled Professional Liability Insurance Program (PLIP). Accordingly, consultants working on the implementation will be required to enroll in PLIP. However, the 2<sup>nd</sup> level support level services do not fall within the scope of the PLIP program. Consultants working on 2<sup>nd</sup> level support services will be required to carry separate insurance as required by the professional service agreement.

***GENERAL PLAN***

The project is limited to maintenance and upgrades of existing equipment / facilities that conform to the provisions of the Oakland General Plan, and will not change the existing use(s) of any facility(s).

***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. Approval of budget and authorization for the Executive Director to enter into an agreement to implement a new Common Use Processing System (\$300,000) and provide 5 years of 2<sup>nd</sup> level support and software upgrades (\$192,875) at Oakland International Airport.
2. Direct the Aviation IT Department to negotiate a contract with one of the other vendors.
3. Take no action. With this option, however, the maintenance of the common use system would terminate in May 2014 resulting in potential disruption of Airport operations. Additionally, since the licensing of the software would expire, the Port could no longer legally operate the current system.

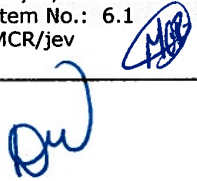
BOARD MTG. DATE: 05/09/13

***RECOMMENDATION***

It is recommended that the Board:

1. Approval of budget and authorization for the Executive Director to enter into an agreement to implement a new Common Use Processing System (\$300,000) and provide 5 years of 2<sup>nd</sup> level support and software upgrades (\$192,875) at Oakland International Airport.

May 9, 2013  
Item No.: 6.1  
MCR/jev



**BOARD OF PORT COMMISSIONERS  
CITY OF OAKLAND**

**RESOLUTION FINDING AND DETERMINING THAT A PROPOSED AGREEMENT WITH AIR-TRANSPORT IT SERVICES, INC. AT A MAXIMUM COMPENSATION OF \$492,875 FOR CONSULTING SERVICES CONSTITUTES PROFESSIONAL, TECHNICAL AND SPECIALIZED SERVICES THAT ARE TEMPORARY IN NATURE, WAIVING STANDARD BIDDING PROCEDURES AND AUTHORIZING EXECUTION OF AGREEMENT.**

**WHEREAS**, the Board of Port Commissioners ("Board") has reviewed and evaluated Agenda Report Item No. 6.1, dated May 9, 2013 ("Agenda Report") and related agenda materials, has received the expert testimony of Port of Oakland ("Port") staff, and has provided opportunities for and taken public comment; now, therefore, be it

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

**FURTHER RESOLVED**, that based upon the information contained in the Agenda Report, the Board hereby finds and determines that the proposed agreement with **AIR-TRANSPORT IT SERVICES, INC.** to **implement a new Common Use Processing System for the Oakland International Airport** 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 **AIR-TRANSPORT IT SERVICES, INC.** without standard bidding and standard competitive bidding procedures are waived; and be it

**FURTHER RESOLVED**, that the Board hereby approves and authorizes the Executive Director of the Port ("Executive Director") to execute for and on behalf of the Board said agreement, upon terms and conditions consistent with the Agenda Report and providing that **AIR-TRANSPORT IT SERVICES, INC.** shall be compensated for such services, including costs of miscellaneous reimbursable expenses, at a maximum compensation that shall not exceed \$300,000 for implementing the new Common Use System and \$192,875 for 2nd level customer support and software upgrades for a period of five (5) years, at an aggregate maximum compensation of **\$492,875**; and be it

**FURTHER RESOLVED**, that this resolution is not evidence of and does not create or constitute (a) a contract, or the grant of any right, entitlement or property interest, or (b) any obligation or liability on the part of the Board or any officer or employee of the Board. This resolution approves and authorizes the execution of an agreement in accordance with the terms of this resolution. Unless and until a separate written agreement is duly executed on behalf of the Board as authorized by this resolution, is signed and approved as to form and legality by the Port Attorney, and is delivered to other contracting party, there shall be no valid or effective agreement.

DRAFT



BOARD MTG. DATE: **5/9/13**

**AGENDA REPORT**

<b>TITLE:</b>	General Rate Increase of 1.7% to Port Tariff No. 2-A, effective July 1, 2013				
<b>AMOUNT:</b>	Additional Revenue of Approximately \$415,000 in Fiscal Year 2013-14				
<b>PARTIES INVOLVED:</b>					
	<table border="1"> <thead> <tr> <th>Corporate Name/Principal</th> <th>Location</th> </tr> </thead> <tbody> <tr> <td>NA</td> <td></td> </tr> </tbody> </table>	Corporate Name/Principal	Location	NA	
Corporate Name/Principal	Location				
NA					
<b>TYPE OF ACTION:</b>	Ordinance				
<b>SUBMITTED BY:</b>	Jean Banker, Acting Maritime Director				
<b>APPROVED BY:</b>	Deborah Ale Flint, Acting Executive Director				

**SUMMARY**

Port Tariff No. 2-A sets forth rates and charges for Maritime facilities. The last rate increase for Tariff No. 2-A was effective July 1, 2007. Consistent with other member ports of the California Association of Port Authorities (CAPA), Port staff is recommending a General Rate Increase (GRI) of 1.7% effective July 1, 2013 to address rising costs due to inflation.

**FACTUAL BACKGROUND**

Port Tariff No. 2-A sets forth rates and charges for Maritime facilities. In the past, the Port has from time to time amended Tariff No. 2-A to increase rates. These increases have been at the discretion of the Port, and have ranged in amount and applicability across tenant/user categories within the Maritime area. Changes to Tariff No. 2-A are typically submitted to the CAPA, which reviews all changes to port tariff rates to try to maintain consistency across California ports. Although not required, CAPA approval of changes to Port Tariff No. 2-A is desirable. Sometimes, CAPA (as opposed to an individual port) initiates rate changes.

Historically, the Port has increased rates for Tariff No. 2-A approximately every five years. The two most recent increases for Tariff No. 2-A were in 2005 (for all rates and tenants) and 2007 (for space assignment tenants only<sup>1</sup>). Given major economic downturn in 2008-2009 and continued business pressures affecting maritime activities and customers at the Port, the Port has not implemented a rate increase since 2007. An approximate 5% Tariff increase was planned effective July 1, 2014 (Fiscal Year 2015).

In November 2012, CAPA members unanimously adopted an annual GRI methodology for tariffs based on the consumer price index. A GRI is a common percentage increase that applies to all rates in a port's tariff. The effective date of the annual GRI would be July 1 of each year, subject to approval by the Board of Port Commissioners.

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<sup>1</sup> Space assignments are short term (month-to-month) lease/rental agreements.

BOARD MTG. DATE: **5/9/13**

Effective July 1, 2013, the GRI is proposed to be 1.7%, consistent with the change in the West Region Consumer Price Index for All Urban Consumers (CPI-U). Maritime Division staff recommends amending Tariff No. 2-A accordingly. Staff has submitted a docket proposal to CAPA to formalize this action and expects a unanimously favorable response.

**ANALYSIS**

As a result of inflation, security, maintenance, infrastructure, and administrative costs in the Maritime area have increased since 2007 (the CPI-U has increased about 9% since 2007). Because inflation affects the cost of operating and maintaining all Maritime facilities, Port staff recommends that the GRI apply to all rates in Tariff No. 2-A, thereby affecting all Maritime tenants and facilities unless otherwise specified in the tenant's lease agreement (see Budget & Financial Impact). The section of Tariff No. 2-A that will be revised are (see Attachment A):

Section IV: Dockage

- Section V-A: Wharfage rules and regulations
- Section VI: Wharfage, containerized cargo
- Section VII: Wharfage, non-containerized cargo
- Section VIII-A: Wharf demurrage rules and rates
- Section VIII-B: Wharf storage rules and rates
- Section IX: Container crane assignment and rental rates
- Section X-B: Space assignments (including land (paved, lit, fenced, etc), warehouse & surrounding yard)
- Section XI: Miscellaneous charges

The proposed GRI is based on the CPI-U for the 12-month period ending December 2012. CAPA member ports may choose to increase rates by more than the CAPA-authorized GRI, and may, under unique circumstances, waive the GRI, or apply the GRI only to certain portions of the Tariff.

Staff believes the proposed GRI of 1.7% is sufficiently minimal that it retains competitively priced facilities and services in a still-fragile market, while helping the Port keep up with rising costs. Additionally, an annual increase provides customers with more cost predictability, as compared to rate adjustments that occur every few years. Finally, this approach is consistent with that of other U.S. West Coast ports, such as the Pacific Northwest ports.

In addition to amending the sections of the Tariff listed above, the Port also proposes updates to various sections of Tariff No. 2-A to reflect current staff names and contact information, correct typographical errors, and make similar minor corrections/updates that do not affect rates.

Port tenants will be notified of the GRI upon adoption by the Board. Given various noticing requirements, the Board must authorize the GRI in May 2013 in order for it to become effective July 1.

BOARD MTG. DATE: **5/9/13**

**STRATEGIC PLAN**

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

<b>STRATEGIC PRIORITY AREAS</b>	<b>GOAL</b>	<b>OBJECTIVE</b>	<b>HOW THIS PROJECT IMPLEMENTS + WHEN</b>
Sustainable Economic and Business Development	Goal B: Maintain and Aggressively Grow Core Businesses	1. Retain existing customers  3. Price Port services to provide a highly competitive value	The proposed Tariff increase provides additional revenue to address rising costs while maintaining competitively priced services.

**BUDGET & FINANCIAL IMPACT**

The GRI is expected to generate minimum revenue of approximately \$415,000 in Fiscal Year 2014. This estimate takes into account that some of the Maritime tenants operating under long-term lease agreements (e.g., marine terminal non-preferential assignment agreements) have annual or multi-year rate maximums that may preclude assessment of tariff rate increases in certain years.

**STAFFING IMPACT**

The action described herein has no staffing impact.

**SUSTAINABILITY**

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

**ENVIRONMENTAL**

The proposed modifications to Tariff No. 2-A were reviewed in accordance with the requirements of the California Environmental Quality Act (CEQA) Guidelines and the Port CEQA Guidelines. The proposed rate increase in Tariff No. 2-A is statutorily exempt from CEQA under Section 15273(a) of the CEQA Guidelines since CEQA does not apply to the modification or approval of rates and other charges by public agencies that the public agency finds are for the purpose of meeting operating expenses or for funding capital projects necessary to maintain service within existing service areas. The proposed rate increase is for those funding purposes, so meets the criteria for this exemption. CEQA also does not apply to the other proposed updates to Tariff No. 2-A under Section 15061(b)(3) of the CEQA Guidelines, since it can be seen with certainty that there is no possibility that the proposed minor updates and corrections to Tariff No. 2-A may have a significant effect on the environment.

**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).

BOARD MTG. DATE: **5/9/13**

**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. Do not adopt a GRI at this time.
2. Adopt a GRI in excess of 1.7% effective July 1, 2013.
3. Adopt a GRI of 1.7% effective July 1, 2013. This is the recommended action.

**RECOMMENDATION**

Staff recommends that the Board adopt an ordinance that:

1. Makes the CEQA findings described herein
2. Approves a 1.7% GRI effective July 1, 2013 and related amendments to Port Tariff No. 2-A effective July 1, 2013 as summarized herein

BOARD MTG. DATE: **5/9/13**

**ATTACHMENT A**

**Proposed Changes to Tariff No. 2-A**

**Section IV: Dockage**

- Section V-A: Wharfage rules and regulations
- Section VI: Wharfage, containerized cargo
- Section VII: Wharfage, non-containerized cargo
- Section VIII-A: Wharf demurrage rules and rates
- Section VIII-B: Wharf storage rules and rates
- Section IX: Container crane assignment and rental rates
- Section X-B: Space assignments
- Section XI: Miscellaneous charges

<b>THE BOARD OF PORT COMMISSIONERS</b> <b>PORT OF OAKLAND</b> <b>TARIFF NO. 2-A</b>		27 <sup>th</sup> REVISED PAGE 1 Cancels 26 <sup>th</sup> REVISED PAGE 1
<b>BOARD OF PORT COMMISSIONERS</b> Gilda Gonzales, President		
James W. Head	1 <sup>st</sup> Vice President	Victor Uno Commissioner
Alan S. Yee	2nd Vice President	Earl S. Hamlin Commissioner
Cestra Butner	Commissioner	Bryan Parker Commissioner
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PORT FACILITIES SECURITY OFFICER		
ERIC NAPRALLA	(510) 627-1403	
<b>PORT OF OAKLAND OFFICE HEADQUARTERS</b> 530 Water Street, Oakland, California 94607 Telephone (510) 627-1100		
For explanation of abbreviations and reference marks see Page 10.		
ADOPTED: May 23, 2013		EFFECTIVE: July 1, 2013

THE BOARD OF PORT COMMISSIONERS  
PORT OF OAKLAND  
TARIFF NO. 2-A

21<sup>st</sup> REVISED PAGE 2  
Cancels  
20<sup>th</sup> REVISED PAGE 2

MARITIME DIVISION HOMEPAGE INFORMATION  
<http://www.portofoakland.com/maritime>

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**HARBOR FACILITIES**

BILL MORRISON, bmorrison@portoakland.com

**Note:** The above telephone numbers apply only when dialed from the United States. Please consult local telephone procedures if dialing from outside the United States.

For explanation of abbreviations and reference marks see Page 10.

ADOPTED: May 23, 2013

EFFECTIVE: July 1, 2013

**REMAINING ACTION ITEMS Tab 6.2**

THE BOARD OF PORT COMMISSIONERS  
PORT OF OAKLAND  
TARIFF NO. 2-A

73<sup>rd</sup> REVISED PAGE 3  
Cancels  
72<sup>nd</sup> REVISED PAGE 3

CORRECTION NUMBER SHEET

Upon receipt of revised or new pages, the page number will be placed opposite the "correction" number (shown below) corresponding to number shown in lower left hand corner of new or changed page. Entries will appear in consecutive order with no omission, however, if entries indicate that a new or changed page has not been received, request should at once be made to the port for copy of same.

CORR NO.	REV NO.	PAGE NO.	CORR NO.	REV NO.	PAGE NO.	CORR NO.	REV NO.	PAGE NO.	CORR NO.	REV NO.	PAGE NO.
678	73 <sup>rd</sup>	3	698	3 <sup>rd</sup>	101	718	2 <sup>nd</sup>	133C	738		
679	27 <sup>th</sup>	1	699	8 <sup>th</sup>	104	719	12 <sup>th</sup>	134	739		
680	21 <sup>st</sup>	2	700	9 <sup>th</sup>	105	720	4 <sup>th</sup>	144	740		
681	9 <sup>th</sup>	59	701	8 <sup>th</sup>	109	721	11 <sup>th</sup>	145	741		
682	3 <sup>rd</sup>	60	702	8 <sup>th</sup>	110	722	2 <sup>nd</sup>	146	742		
683	2 <sup>nd</sup>	64	703	9 <sup>th</sup>	111	723	2 <sup>nd</sup>	147	743		
684	9 <sup>th</sup>	75	704	10 <sup>th</sup>	112	724			744		
685	10 <sup>th</sup>	76	705	9 <sup>th</sup>	113	725			745		
686	10 <sup>th</sup>	77	706	9 <sup>th</sup>	114	726			746		
687	9 <sup>th</sup>	78	707	9 <sup>th</sup>	115	727			747		
688	10 <sup>th</sup>	79	708	5 <sup>th</sup>	123	728			748		
689	10 <sup>th</sup>	80	709	11 <sup>th</sup>	125	729			749		
690	9 <sup>th</sup>	81	710	10 <sup>th</sup>	127	730			750		
691	16 <sup>th</sup>	94	711	12 <sup>th</sup>	128	731			751		
692	8 <sup>th</sup>	95	712	12 <sup>th</sup>	129	732			752		
693	8 <sup>th</sup>	96	713	8 <sup>th</sup>	130	733			753		
694	11 <sup>th</sup>	97	714	13 <sup>th</sup>	131	734			754		
695	11 <sup>th</sup>	98	715	9 <sup>th</sup>	133	735			755		
696	14 <sup>th</sup>	99	716	6 <sup>th</sup>	133A	736			756		
697	9 <sup>th</sup>	100	717	3 <sup>rd</sup>	133B	737			757		

For explanation of abbreviations and reference marks see Page 10.

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THE BOARD OF PORT COMMISSIONERS PORT OF OAKLAND TARIFF NO. 2-A				9 <sup>th</sup> REVISED PAGE 59 Cancels 8 <sup>th</sup> REVISED PAGE 59	
SECTION IV: DOCKAGE					ITEM NO.
BASIS FOR COMPUTING DOCKAGE					04125
<p>(b) For the purpose of this tariff, the overall length of the vessel is the linear distance expressed in meters from the most forward point on the bow of the vessel to the aftermost part of the stern of the vessel measured as parallel to the base line of the vessel.</p> <p>(1) Fractions of less than one-half (.5) meter will be discarded when determining overall length.</p> <p>(2) Fractions of one-half (.5) meter or more will be increased to the next whole meter when determining overall length.</p>					
FULL DOCKAGE RATES ON VESSELS ENGAGED IN ALL TRADES					
LENGTH OF VESSEL- OVERALL IN METERS		RATE FOR FIRST 24 HOUR PERIOD OR PART THEREOF (1)	LENGTH OF VESSEL-OVERALL IN METERS		RATE FOR FIRST 24 HOUR PERIOD OR PART THEREOF (1)
OVER	NOT OVER		OVER	NOT OVER	
0	30	\$ 85.00	210	225	\$3,652.00
30	45	124.00	225	240	4,223.00
45	60	172.00	240	255	4,835.00
60	75	241.00	255	270	5,489.00
75	90	357.00	270	285	6,180.00
90	105	561.00	285	300	6,915.00
105	120	804.00	300	315	7,691.00
120	135	1,088.00	315	330	8,506.00
135	150	1,413.00	330	345	9,364.00
150	165	1,778.00	345	360	10,262.00
165	180	2,185.00	360	375	11,198.00
180	195	2,635.00	375	390	12,181.00
195	210	3,122.00	390	---	(2)
<p>(1) Charges beyond the first 24 hours shall be assessed in whole six-hour increments at twenty-five percent (25%) of the full rate for each subsequent six-hour period.</p> <p>(2) The rate for vessels over 390 meters in overall length shall be \$35.00 for each meter of overall length or fraction thereof in excess of 390 meters in addition to the above charge of \$12,181.00</p>					(I) 04130
For explanation of abbreviations and reference marks see Page 10.					
ADOPTED: May 23, 2013			EFFECTIVE: July 1, 2013		

THE BOARD OF PORT COMMISSIONERS PORT OF OAKLAND TARIFF NO. 2-A		3 <sup>rd</sup> REVISED PAGE 60 Cancels 2 <sup>nd</sup> REVISED PAGE 60
SECTION IV: DOCKAGE	ITEM NO.	
MONTHLY DOCKAGE FEE		
(a) Operators of barges, lighters, tugs and similar vessels normally employed exclusively in daily Inland Waterway movements to and from Port facilities may, upon written application to the Director of Maritime, or his/her designee, on forms provided by the Port, be afforded monthly rates. Such operators are subject to a minimum charge of \$1,521 per month.	(^) 04135	
(b) The monthly rate will be calculated based upon the applicable daily dockage rates multiplied by an average number of daily vessel dockings per 30-day period, subject to the following conditions: <ul style="list-style-type: none"> <li>(1) Use of Port facilities under monthly dockage rates shall be subject to all rules and regulations contained in this tariff as well as special conditions which may be specified on MT Form 150, Standard Application Form for Tariff Assignment.</li> <li>(2) Barges, lighters, tugs and similar vessels subject to this rate will be specifically named on the Port's application form.</li> </ul>		
(c) Such monthly rates shall be revocable at the discretion of the Executive Director. Vessels afforded monthly rates shall not be entitled to any preferential berthing right and such vessels shall vacate any particular berth whenever so ordered by the Executive Director.		
For explanation of abbreviations and reference marks see Page 10.		
ADOPTED: May 23, 2013		EFFECTIVE: July 1, 2013

Correction No. 682

<p>THE BOARD OF PORT COMMISSIONERS          PORT OF OAKLAND          TARIFF NO. 2-A</p>		<p>2<sup>nd</sup> REVISED PAGE 64          Cancels          1<sup>st</sup> REVISED PAGE 64</p>
<p>SECTION V - A: WHARFAGE - RULES AND REGULATIONS</p>		<p>ITEM          NO.</p>
<p>MANIFESTS AND STATEMENTS</p>		
<p>(b) The owner, agent, master or other person in charge of a vessel or cargo, in addition to providing full and correct statements, shall within the time specified above, deliver to the Director of Maritime, or his/her designee, those portions of the vessel manifest and or bills of lading that are reasonably necessary to verify the information provided on said statements.</p>		
<p>(c) In addition to the statements said documents required to be submitted under paragraphs (a) and (b) above, use of any Port facility by the owner, agent, master or other person in charge of a vessel or cargo shall constitute authorization for the release of operational information pertaining to such vessel activity, as may be reasonably required from time to time by the Director of Maritime, or his/her designee, to verify cargo loaded and or discharged at the Port of Oakland.</p>		<p>(I)          05110</p>
<p>(d) Neglect or refusal by any person to comply with the provisions in paragraphs (a), (b) and (c) of this Item; or, deliberately falsifying statements and documents by any person may, at the discretion of the Executive Director, result in such person being subject to the penalties prescribed in law and in this tariff. In addition, any person who fails to submit a statement of wharfage charges within the times provided herein shall pay to the Port the sum of one hundred fifty and no/100 dollars (\$153.00) for each wharfage statement that the Director of Maritime, or his/her designee is required to prepare as a result of the noncompliance with the provisions of paragraph (a), (b) and (c) above.</p>		
<p>For explanation of abbreviations and reference marks see Page 10.</p>		
<p>ADOPTED: May 23, 2013</p>		<p>EFFECTIVE: July 1, 2013</p>

**REMAINING ACTION ITEMS Tab 6.2**

THE BOARD OF PORT COMMISSIONERS PORT OF OAKLAND TARIFF NO. 2-A			9 <sup>th</sup> REVISED PAGE 75 Cancels 8 <sup>th</sup> REVISED PAGE 75	
SECTION VI: WHARFAGE, CONTAINERIZED CARGO				
Except as otherwise provided, below are the applicable per TEU rates expressed as dollars per TEU for commodities listed in this subsection.				
RATE BASIS A: <span style="float: right;">\$ 84.00 PER TEU OR:</span>				
CONTAINER LENGTH IN METERS	0 - 7M (20 - Ft.)	7 - 9 (24 - Ft.)	9 - 13M (40 - Ft.)	Over 13M (45 - Ft.)
PER CONTAINER RATE	\$84.00	\$101.00	\$168.00	\$189.00
Harmonized Chapter Code	COMMODITIES ASSESSED RATE BASIS A:			TARIFF ITEM NO.
(12)	Animal Feed and Miscellaneous Grains, viz: Hay, N.O.S. baled, pelletized or cubed, used for animal feed; oilseeds; safflower seed; rapeseed; castor seed			(I) 06200
(25)	Borates: Borax			
(28)	Boric Acid  Cargo, N.O.S., Containerized, in bulk			
(10)	Cereal, viz: Wheat in bags or in bulk; Rice			
(Item 06200 continued on next page)				
For explanation of abbreviations and reference marks see Page 10.				
ADOPTED: May 23, 2013			EFFECTIVE: July 1, 2013	

**REMAINING ACTION ITEMS Tab 6.2**

THE BOARD OF PORT COMMISSIONERS PORT OF OAKLAND TARIFF NO. 2-A			10 <sup>th</sup> REVISED PAGE 76 Cancels 9 <sup>th</sup> REVISED PAGE 76	
SECTION VI: WHARFAGE, CONTAINERIZED CARGO				
Except as otherwise provided, below are the applicable per TEU rates expressed as dollars per TEU for commodities listed in this subsection.				
RATE BASIS A: <span style="float: right;">\$ 84.00 PER TEU OR:</span>				
CONTAINER LENGTH IN METERS	0 - 7M (20 - Ft.)	7 - 9M (24 - Ft.)	9 - 13M (40 - Ft)	Over 13M (45 - Ft)
PER CONTAINER RATE	\$84.00	\$101.00	\$168.00	\$189.00
Harmonized Chapter Code	COMMODITIES ASSESSED RATE BASIS A:			TARIFF ITEM NO.
(27)	Coal			
(18)	Cocoa Beans			
(09)	Coffee, green, in bags			
(27)	Coke			
(52)	Cotton, viz: Cotton or cotton Linters, baled			(I) 06200
(07)	Dried Leguminous Vegetables, viz: Beans, peas, lentils			
(Item 06200 continued on next page)				
For explanation of abbreviations and reference marks see Page 10.				
ADOPTED: May 23, 2013			EFFECTIVE: July 1, 2013	

Correction No. 685

THE BOARD OF PORT COMMISSIONERS PORT OF OAKLAND TARIFF NO. 2-A			10 <sup>th</sup> REVISED PAGE 77 Cancels 9 <sup>th</sup> REVISED PAGE 77	
SECTION VI: WHARFAGE, CONTAINERIZED CARGO				
Except as otherwise provided, below are the applicable per TEU rates expressed as dollars per TEU for commodities listed in this subsection.				
RATE BASIS A: <span style="float: right;">\$ 84.00 PER TEU OR:</span>				
CONTAINER LENGTH IN METERS	0 - 7M (20 - Ft.)	7 - 9M (24 - Ft.)	9 - 13M (40 - Ft.)	Over 13M (45 - Ft.)
PER CONTAINER RATE	\$84.00	\$101.00	\$168.00	\$189.00
Harmonized Chapter Code	COMMODITIES ASSESSED RATE BASIS A:			TARIFF ITEM NO.
(25)	Earths, stone and similar products, viz: Asbestos, crude, concrete, bricks, stones, diatomaceous Earth, tiles (asphalt, ceramic, composition, marble), magnesite (magnesium oxide), asphalt, gilsonite (uintaite), granite and clay			(I) 06200
(31)	Fertilizer or fertilizing materials, N.O.S.			
(20)	Food and Food Preparations for Human Consumption, viz: Fresh/Frozen, including: fish, shellfish, meat, poultry, fruits and vegetables			
(08)	Fruit, dried, including nuts			
(Items 06200 continued on next page)				
For explanation of abbreviations and reference marks see Page 10.				
ADOPTED: May 23, 2013			EFFECTIVE: July 1, 2013	

**REMAINING ACTION ITEMS Tab 6.2**

THE BOARD OF PORT COMMISSIONERS PORT OF OAKLAND TARIFF NO. 2-A			9 <sup>th</sup> REVISED PAGE 78 Cancels 8 <sup>th</sup> REVISED PAGE 78	
SECTION VI: WHARFAGE, CONTAINERIZED CARGO				
Except as otherwise provided, below are the applicable per TEU rates expressed as dollars per TEU for commodities listed in this subsection.				
RATE BASIS A: <span style="float: right;">\$ 84.00 PER TEU OR:</span>				
CONTAINER LENGTH IN METERS	0 - 7M (20 - Ft.)	7 - 9M (24 - Ft.)	9 - 13M (40 - Ft.)	Over 13M (45 - Ft.)
PER CONTAINER RATE	\$84.00	\$101.00	\$168.00	\$189.00
Harmonized Chapter Code	COMMODITIES ASSESSED RATE BASIS A:			TARIFF ITEM NO.
(20)	Fruit, tropical, N.O.S., viz: Canned or preserved, including juice or concentrate with or without other ingredients			(I) 06200
(11)	Grains for Human Consumption, viz: Cereal grains; corn; oats			
(41)	Hides and skins: Raw, undressed, N.O.S.			
	Household goods or personal effects, N.O.S., used, not new, packed in containers or lift vans suitable for forklift loading and handling (includes private vehicles in mixed container loads with person effects) in the domestic trade only			
(Items 06200 continued on next page)				
For explanation of abbreviations and reference marks see Page 10.				
ADOPTED: May 23, 2013			EFFECTIVE: July 1, 2013	

**REMAINING ACTION ITEMS Tab 6.2**

THE BOARD OF PORT COMMISSIONERS PORT OF OAKLAND TARIFF NO. 2-A			10 <sup>th</sup> REVISED PAGE 79 Cancels 9 <sup>th</sup> REVISED PAGE 79	
SECTION VI: WHARFAGE, CONTAINERIZED CARGO				
Except as otherwise provided, below are the applicable per TEU rates expressed as dollars per TEU for commodities listed in this subsection.				
RATE BASIS A:		\$ 84.00 PER TEU OR:		
CONTAINER LENGTH IN METERS	0 - 7M (20 - Ft.)	7 - 9M (24 - Ft.)	9 - 13M (40 - Ft.)	Over 13M (45 - Ft.)
PER CONTAINER RATE	\$84.00	\$101.00	\$168.00	\$189.00
Harmonized Chapter Code	COMMODITIES ASSESSED RATE BASIS A:			TARIFF ITEM NO.
(44)	Lumber and Forest Products, in the rough, viz: Hardwood and softwood, burls, untreated, including: Poles, piles, posts, pulpwood, sawlogs, ties, veneer logs, woodchips, woodpulp, woodsticks.			
(44)	Lumber and Forest Products: Sawn, viz: Lumber, sawn, loose or in bundles; Sawn building lumber(Subject to Note 1)			(I) 06200
	Note 1: Timber, sawn (Pinus Radiata), inbound only in 40 foot containers...\$137.00 per 40 foot container.			
(72)	Metals and Manufactures thereof: Articles, loose, in bundles coils or packages, viz: Angles, bars, beams, billets, blanks, blisters, blooms, bolts, bridge sections, cans, aluminum, new, empty, channels, finished or unfinished fabricated structures, foil, aluminum, ingots, nails, nuts, pigs, pilings, pipe, plate, rails, rods, screws, sheets, slabs, structures, tie plates, tin plate, unfinished shapes, washers and wire, including barbed wire, scrap metal, N.O.S., includes scrap batteries (Subject to Note 1)			
	Note 1: OCP Rate \$ 73.00 Per TEU or:			
	0 - 7M	7 - 9M	9 - 13M	Over 13M
	\$ 73.00	\$ 88.00	\$146.00	\$164.00
For explanation of abbreviations and reference marks see Page 10.				
ADOPTED: May 23, 2013			EFFECTIVE: July 1, 2013	



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THE BOARD OF PORT COMMISSIONERS PORT OF OAKLAND TARIFF NO. 2-A		10 <sup>th</sup> REVISED PAGE 80 Cancels 9 <sup>th</sup> REVISED PAGE 80		
SECTION VI: WHARFAGE, CONTAINERIZED CARGO				
Except as otherwise provided, below are the applicable per TEU rates expressed as dollars per TEU for commodities listed in this subsection.				
RATE BASIS A:		\$ 84.00 PER TEU OR:		
CONTAINER LENGTH IN METERS	0 - 7M (20 - Ft.)	7 - 9M (24 - Ft.)	9 - 13M (40 - Ft)	Over 13M (45 - Ft)
PER CONTAINER RATE	\$84.00	\$101.00	\$168.00	\$189.00
Harmonized Chapter Code	COMMODITIES ASSESSED RATE BASIS A:			TARIFF ITEM NO.
(60)	Nursery stock, live; including plants, trees, bulbs and root systems, under temperature control			
(48)	Paper and Paper Products, in rolls only viz: Boxboard, cardboard, kraftboard, linerboard, newsprint, paperboard, sacking paper			(I) 06200
(98)	Racks, KD, empty viz: Used automobile parts racks or engine racks being returned to origin in 40 foot containers.....\$137.00 per 40 foot container.  United States Mail			
(39)	Waste and Scrap of Plastic			
(47)	Waste Paper and Scrap Paper, N.O.S.			
For explanation of abbreviations and reference marks see Page 10.				
ADOPTED: May 23, 2013		EFFECTIVE: July 1, 2013		

**REMAINING ACTION ITEMS Tab 6.2**

THE BOARD OF PORT COMMISSIONERS PORT OF OAKLAND TARIFF NO. 2-A			9 <sup>th</sup> REVISED PAGE 81 Cancels 8 <sup>th</sup> REVISED PAGE 81	
SECTION VI: WHARFAGE, CONTAINERIZED CARGO				
Except as otherwise provided, below are the applicable per TEU rates expressed as dollars per TEU for commodities listed in this subsection.				
Cargo Not Otherwise Specified			\$142.00 PER TEU or:	
CONTAINER LENGTH IN METERS	0 - 7M (20 - Ft.)	7 - 9M (24 - Ft.)	9 - 13M (40 - Ft.)	Over 13M (45 - Ft.)
PER CONTAINER RATE	\$142.00	\$170.00	\$284.00	\$320.00
				<b>TARIFF ITEM NO.</b>
Cargo, N.O.S.:	Containerized (includes vessel stores and supplies as well as containerized loads of mixed commodities)			(I) 06400
For explanation of abbreviations and reference marks see Page 10.				
ADOPTED: May 23, 2013			EFFECTIVE: July 1, 2013	

**REMAINING ACTION ITEMS Tab 6.2**

THE BOARD OF PORT COMMISSIONERS PORT OF OAKLAND TARIFF NO. 2-A		16 <sup>th</sup> REVISED PAGE 94 Cancels 15 <sup>th</sup> REVISED PAGE 94
SECTION VI: WHARFAGE, CONTAINERIZED CARGO		
Except as otherwise provided for in the tariff, the following commodities when carried in containers, will be assessed the following applicable rates as specified.		
Harmonized Chapter Code	COMMODITIES	Tariff Item No.
(87)	Vehicles, viz: Automobiles, pickup trucks or chassis, pleasure, non-commercial not to exceed ten (10) passengers per vehicle, SU, on wheels:  \$ 73.00.....Per Container	(I) 06900
(87)	Commercial vehicles: Wheeled or tracked, including chassis, freight trailers, lift-trucks, agricultural, earth moving, or road making equipment  \$ 124.00.....Per Teu; or:  <u>Container Size</u>  0 - 7M        \$ 124.00 7 - 9M        \$ 149.00 9 - 13M      \$ 248.00 Over 13M     \$ 279.00	(I) 06902
(87)	Vans, containers; empty, as described in Item 01145  \$9.70.....Per Teu	(I) 06903
For explanation of abbreviations and reference marks see Page 10.		
ADOPTED: May 23, 2013		EFFECTIVE: July 1, 2013

Correction No. 691

**REMAINING ACTION ITEMS Tab 6.2**

THE BOARD OF PORT COMMISSIONERS PORT OF OAKLAND TARIFF NO. 2-A		8 <sup>th</sup> REVISED PAGE 95 Cancels 7 <sup>th</sup> REVISED PAGE 95	
<b>SECTION VII: WHARFAGE, NON-CONTAINERIZED CARGO</b>			
Except as otherwise provided, below are the applicable non-containerized cargo rates which will be assessed in cents per 1,000 kilograms or cubic meter as specified in the applicable items below; or according to vessel's manifest, on whichever basis water freight charges are assessed.			
COMMODITY DESCRIPTION	RATE BASIS	RATE	ITEM NO.
Livestock, viz: (Subject to Notes 1, 2 and 3)  Colts and calves, under one year	Per Head	308	(I) 07010
Hogs, sheep and goats	Per Head	179	(I) 07012
Cattle, horses, mules, donkeys, ponies and all other animals	Per Head	550	(I) 07014
<p>Note 1: The acceptance for handling of livestock shall be subject to special arrangements with terminal operator aid governed by rules and regulations of the Federal, State and local authorities.</p> <p>Note 2: Feed or livestock in transit will be subject to wharfage and other charges.</p> <p>Note 3: Rates also apply when in containers.</p>			
Dried leguminous vegetables, in bulk, viz: Beans, peas, lentils	--	214	(I) 07070
Coffee, green, in bags	WT	583	(I) 07090
Grain or grain products, N.O.S., in bulk	--	214	(I) 07110
Miscellaneous grains, in bulk, viz: Copra; cottonseed; feed; safflower seeds; seeds; Soy beans	--	214	(I) 07120
Water, for use of vessel	WT	28	(I) 07220
For explanation of abbreviations and reference marks see Page 10.			
ADOPTED: May 23, 2013		EFFECTIVE: July 1, 2013	

THE BOARD OF PORT COMMISSIONERS PORT OF OAKLAND TARIFF NO. 2-A		8 <sup>th</sup> REVISED PAGE 96 Cancels 7 <sup>th</sup> REVISED PAGE 96	
SECTION VII: WHARFAGE, NON-CONTAINERIZED CARGO			
Except as otherwise provided, below are the applicable non-containerized cargo rates which will be assessed in cents per 1,000 kilograms or cubic meter as specified in the applicable items below; or according to vessel's manifest, on whichever basis water freight charges are assessed.			
COMMODITY DESCRIPTION	RATE BASIS	RATE	ITEM NO.
Residues and waste from the food industries; prepared animal feed (fodder) viz:  Alfalfa or Beet Pulp pellets	--	214	(I) 07230
Petroleum and petroleum by-products, viz:  Bunker fuel, for use of vessel to which initially delivered:  From barge to Vessel	WT	76	(I) 07270
From car or truck to vessel	WT	139	(I) 07272
Petroleum or petroleum products, in bulk from barge to vessel, or handled through pipeline	--	121	(I) 07274
Lumber and Forest Products:  Hardwood: including Ash, Hickory, Oak and Mahogany (See Notes 1 & 2)	Per 1,000 Ft. B.M. Scribner	999	(I) 07440
Softwood; including cedar, fir, pine, redwood and spruce (See Notes 1 & 2)	Per 1,000 Ft. B.M. Scribner	835	(I) 07442
Coastwise only (See Notes 1 & 2)	Per 1,000 Ft. B.M. Scribner	431	(I) 07444
Timber, sawn (pinus radiata), Inbound only	CUM	292	(I) 07445
For explanation of abbreviations and reference marks see Page 10.			
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THE BOARD OF PORT COMMISSIONERS PORT OF OAKLAND TARIFF NO. 2-A		11 <sup>th</sup> REVISED PAGE 97 Cancels 10 <sup>th</sup> REVISED PAGE 97	
<b>SECTION VII: WHARFAGE, NON-CONTAINERIZED CARGO</b>			
Except as otherwise provided, below are the applicable non-containerized cargo rates which will be assessed in cents per 1,000 kilograms or cubic meter as specified in the applicable items below; or according to vessel's manifest, on whichever basis water freight charges are assessed.			
COMMODITY DESCRIPTION	RATE BASIS	RATE	ITEM NO.
<p>Note 1: When freighted by vessel on other than a B.M. basis, Item 07996 will apply.</p> <p>Note 2: The same rate will apply whether articles are discharged or loaded overside vessel directly to or from the water in any slip, dock, basin or canal.</p>			
Piles and Poles	Per Lineal Meter	41	(I) 07446
Wood and Wood Products, N.O.S.	--	583	(I) 07448
Paper and Paper Products, N.O.S., not in Containers	--	583	(I) 07480
<p>Metals and manufactures thereof (Subject to minimum charge as indicated below): Articles, loose, in bundles, coils, or packages viz:</p> <p>Angles; bars; beams; billets; blanks; blisters; blooms; bolts; bridge sections; channels; finished or unfinished fabricated structures; ingots; nails; nuts; pigs; pilings; pipe; plate; rails; rods; screws; sheets; slabs; structures; tie plates; tin plate; unfinished shapes; washers and wire; including barbed wire;</p> <p style="padding-left: 40px;">Local.....</p> <p style="padding-left: 40px;">OCP.....</p>			
	WT	560	(I) 07720
	WT	476	07721
Minimum Charge:	For wharfage assessed on angles, bars, beams, channels, pipe and plate (excluding coils or plate packaged as rolled coils).	Per Bill of Lading	(I) \$112.00
For explanation of abbreviations and reference marks see Page 10.			
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THE BOARD OF PORT COMMISSIONERS PORT OF OAKLAND TARIFF NO. 2-A		11 <sup>th</sup> REVISED PAGE 98 Cancels 10 <sup>th</sup> REVISED PAGE 98	
SECTION VII: WHARFAGE, NON-CONTAINERIZED CARGO			
Except as otherwise provided, below are the applicable non-containerized cargo rates which will be assessed in cents per 1,000 kilograms or cubic meter as specified in the applicable items below; or according to vessel's manifest, on whichever basis water freight charges are assessed.			
COMMODITY DESCRIPTION	RATE BASIS	RATE	ITEM NO.
Scrap, N.O.S.	WT	185	(I) 07722
Steel Coils, viz: Minimum 1,000 tons, one consignor, one vessel	WT	505	(I) 07724
Wire rod, steel; in bundles or coils, minimum 500 tons one vessel, one Consignor, one Consignee	WT	533	(I) 07728
Empty drums, used, returning (including pallets incidental to empty drums) in the Hawaiian trade only. Does not apply to Coastwise, Inland Waterway nor Intercoastal Trade. (Rate also applies when in containers)	WT	1318	(I) 07730
Aluminum Foil	WT	560	(I) 07760
Local.....	WT	476	07761
OCP.....			
Vehicles, engines or motor, self-propelling Viz: Automobiles, pleasure, passenger, including pickup truck or chassis; not to exceed ten passengers per vehicle, not boxed, not crated, SU, on wheels	Per Vehicle	\$25.80	(I) 07870
For explanation of abbreviations and reference marks see Page 10.			
ADOPTED: May 23, 2013		EFFECTIVE: July 1, 2013	

THE BOARD OF PORT COMMISSIONERS PORT OF OAKLAND TARIFF NO. 2-A	14 <sup>th</sup> REVISED PAGE 99 Cancels 13 <sup>th</sup> REVISED PAGE 99
SECTION VII: WHARFAGE, NON-CONTAINERIZED CARGO	
Except as otherwise provided, below are the applicable non-containerized cargo rates which will be assessed in cents per 1,000 kilograms or cubic meter as specified in the applicable items below; or according to vessel's manifest, on whichever basis water freight charges are assessed.	
COMMODITY DESCRIPTION	RATE BASIS      RATE      ITEM NO.
Commercial, wheeled or tracked; including chassis, freight trailers, lift trucks, agricultural, earthmoving or road-making equipment. Does not include parts not attached to vehicle.	WT      1704      (I) 07876
Vehicles, other than self propelling; viz: Trailers, house or vacation; home, SU; Empty, with or without wheels	CUM      449      (I) 07878
Boats, including launches, skiffs and yachts. When shipped in cradles or on trailers, the dimension of cradle or trailer shall be included in the overall measurement. (Rate also applies when in containers)	CUM      376      (I) 07890
Buildings, building modules and other units designed for general warehouse-type storage; other than KD; empty, moving in units of 10 or more per vessel. Units to be equipped with corner castings and be capable of being loaded and discharged by shoreside container gantry cranes.	(I) 07940 07942
<u>Unit Overall Length</u> 0 to 7 Meters Over 7 Meters	Per      \$84.00 Unit      \$168.00
NOTE: With prior written request and Executive Director approval, prototype units moving in smaller quantities may be subject to the rates listed in Items 07940 through 07942.	
For explanation of abbreviations and reference marks see Page 10.	
ADOPTED: May 23, 2013	EFFECTIVE: July 1, 2013



THE BOARD OF PORT COMMISSIONERS PORT OF OAKLAND TARIFF NO. 2-A		9 <sup>th</sup> REVISED PAGE 100 Cancels 8 <sup>th</sup> REVISED PAGE 100	
SECTION VII: WHARFAGE, NON-CONTAINERIZED CARGO			
Except as otherwise provided, below are the applicable non-containerized cargo rates which will be assessed in cents per 1,000 kilograms or cubic meter as specified in the applicable items below; or according to vessel's manifest, on whichever basis water freight charges are assessed.			
COMMODITY DESCRIPTION	RATE BASIS	RATE	ITEM NO.
Household goods and personal effects (Used, not for resale)	WT	2242	(I) 07990
United States Mail	WT	1026	(I) 07992
Liquids, N.O.S.; from or to vessel Direct or through pipeline	--	146	(I) 07994
Cargo, N.O.S. (including vessel stores and supplies)	--	583	(I) 07996
Coastwise .....	--	505	07997.1
Cargo N.O.S., Bulk .....	--	152	07997.2
Assembled cargo; export only, minimum 1,500 cubic meters per vessel.	CUM	505	(I) 07997.3
For explanation of abbreviations and reference marks see Page 10.			
ADOPTED: May 23, 2013		EFFECTIVE: July 1, 2013	

THE BOARD OF PORT COMMISSIONERS PORT OF OAKLAND TARIFF NO. 2-A		3 <sup>rd</sup> REVISED PAGE 101 Cancels 2 <sup>nd</sup> REVISED PAGE 101
SECTION VIII-A: WHARF DEMURRAGE RULES AND RATES	ITEM NO.	
<b>APPLICATION OF WHARF DEMURRAGE RATES</b>		
(a) Wharf Demurrage (as defined in Item 01330) rates will be assessed upon expiration of free time, unless and until arrangements for storage have been made with the terminal operator and the Director of Maritime or his/her designee. Free time will be computed in connection with the provisions of Item 08120.  (b) Wharf Demurrage will be assessed on a per container basis for containerized cargo.  (c) Non-Containerized Cargo will be assessed Wharf Demurrage in cents per ton of 1,000 kilograms; or 1 cubic meter, as provided for in Item 08150.  (d) Wharf Demurrage rates will apply for a 24-hour period, or fraction thereof commencing with midnight of one day, to the midnight of the following day. It includes Saturdays, Sundays and Holidays.  (e) Wharf Demurrage will be applied in accordance with California Senate Bill 45. <a href="http://www.leginfo.ca.gov/pub/05-06/bill/sen/sb_0001-0050/sb_45_bill_20050818_amended_asm.html">http://www.leginfo.ca.gov/pub/05-06/bill/sen/sb_0001-0050/sb_45_bill_20050818_amended_asm.html</a>	(^) 08105	
<b>COMMENCEMENT OF FREE TIME</b>		
(a) On Inbound Cargo:  (1) At the first 12:01 a.m. after the vessel completes discharging; or leaves the berth, whichever occurs first.  (b) On Outbound Cargo:  (1) At the first 12:01 a.m. after the cargo is placed on a wharf or wharf premises.  (c) The days during the loading or discharging operations of the vessel shall not be counted as wharf demurrage days on cargo actually loaded to or discharged from such vessels.  (d) Free time terminates at midnight of the final day of the free time period described in Item 08120 or upon removal of cargo from the wharf premises, whichever occurs first.	08110	
For explanation of abbreviations and reference marks see Page 10.		
ADOPTED: May 23, 2013		EFFECTIVE: July 1, 2013

**REMAINING ACTION ITEMS Tab 6.2**

THE BOARD OF PORT COMMISSIONERS PORT OF OAKLAND TARIFF NO. 2-A		8 <sup>th</sup> REVISED PAGE 104 Cancels 7 <sup>th</sup> REVISED PAGE 104		
SECTION VIII-A: WHARF DEMURRAGE RULES AND RATES			ITEM NO.	
WHARF DEMURRAGE - MINIMUM CHARGE				
The minimum charge for Wharf Demurrage will be \$27.50 per invoice issued.			(I) 08140	
PER CONTAINER WHARF DEMURRAGE RATES				
Wharf Demurrage Rates on a per-container basis are assessed on a daily basis including Saturdays, Sundays and Holidays as noted below:				
CONTAINER OUTSIDE LENGTH		DEMURRAGE		(I) 08145
METERS		CHARGE PER DAY FOR THE FIRST FIVE DAYS OR FRACTION THEREOF	CHARGE PER DAY FOR EACH ADDITIONAL DAY OR FRACTION THEREOF	
OVER	BUT NOT OVER			
0	7	\$19.30	\$38.60	
7	9	21.40	42.70	
9	11.9	31.50	63.10	
11.9	13	35.60	67.10	
13	Over	44.70	89.50	
For explanation of abbreviations and reference marks see Page 10.				
ADOPTED: May 23, 2013		EFFECTIVE: July 1, 2013		

Correction No. 699

THE BOARD OF PORT COMMISSIONERS PORT OF OAKLAND TARIFF NO. 2-A		9 <sup>th</sup> REVISED PAGE 105 Cancels 8 <sup>th</sup> REVISED PAGE 105
SECTION VIII-A: WHARF DEMURRAGE RULES AND RATES		ITEM NO.
NON-CONTAINERIZED AND BREAKBULK CARGO DEMURRAGE RATES		
Wharf Demurrage Charges on cargo not in containers will be assessed on a daily basis including Saturdays, Sundays and Holidays as noted below:		
NON-CONTAINERIZED WHARF DEMURRAGE RATES		
In cents per ton of 1,000 kilograms or 1 cubic meter, on the same basis as wharfage is assessed (including Saturdays, Sundays and Holidays)		
COMMODITY	CHARGE PER DAY FOR FIRST 5 DAYS OR FRACTION THEREOF	CHARGE PER DAY FOR EACH ADDITIONAL DAY OR FRACTION THEREOF
	(I) 08150	
Cargo, N.O.S.	51.90	105.80
Beans, cocoa, in bags	47.80	96.60
Coffee, green, in bags	47.80	96.60
Lumber, per 1,000 feet B.M. or fraction thereof	51.90	105.80
Vehicles, motor, on wheels or treads, as described in Items 06900 through 06902 and motor-cycles.	146.50	291.90
For explanation of abbreviations and reference marks see Page 10.		
ADOPTED: May 23, 2013		EFFECTIVE: July 1, 2013

THE BOARD OF PORT COMMISSIONERS PORT OF OAKLAND TARIFF NO. 2-A		8 <sup>th</sup> REVISED PAGE 109 Cancels 7 <sup>th</sup> REVISED PAGE 109
SECTION VIII-B: WHARF STORAGE - RULES AND RATES	ITEM NO.	
RETENTION OF TERMINAL CHARGES		
<p>(a) basis to the Port, accompanied by written reports approved by or provided by the Director of Maritime, or his/her designee. Said monthly payments and written reports shall be received no later than 30 days succeeding the month being reported. In return for the cost of providing such service in the timely manner described above, a sum equal to ten percent (10%) of all wharf demurrage and wharf storage charges collected may be retained by the assignee.</p> <p>(b) The amounts collected under this item shall be subject to Item 02130, Terms and Conditions of Payment; Item 02135, Payment of Charges; and Item 02140, Delinquency and Penalties.</p>	(^) 08170	
WHARF STORAGE - MINIMUM CHARGES		
<p>1. Daily Storage Basis:</p> <p>When stored for a period of 4 days or less, a minimum of 5 days storage will be assessed on basis of Item 08180 or Items 08185 through 08350; but in no case less than \$26.40 for each invoice issued, per month or fraction thereof.</p> <p>2. Monthly Storage:</p> <p>The minimum charge will be \$29.50 for each invoice issued per month or fraction thereof.</p>	(I) 08175	
For explanation of abbreviations and reference marks see Page 10.		
ADOPTED: May 23, 2013		EFFECTIVE: July 1, 2013

Correction No. 701

**REMAINING ACTION ITEMS Tab 6.2**

THE BOARD OF PORT COMMISSIONERS PORT OF OAKLAND TARIFF NO. 2-A			8 <sup>th</sup> REVISED PAGE 110 Cancels 7 <sup>th</sup> REVISED PAGE 110	
SECTION VIII-B: WHARF STORAGE - RULES AND RATES				ITEM NO.
PER CONTAINER WHARF STORAGE RATES				
Wharf storage rates on a per-container basis are assessed either on a daily basis including Saturdays, Sundays and Holidays; or on a monthly basis, as noted below:				
CONTAINER OUTSIDE LENGTH		STORAGE		
METERS		DAILY STORAGE RATE (Per day or fraction thereof)	MONTHLY STORAGE (Per month or fraction thereof)	
OVER	BUT NOT OVER			(I) 08180
0	7	\$9.70	\$111.90	
7	9	10.70	132.20	
9	11.9	14.20	186.10	
11.9	13	15.30	206.50	
13	Over	19.30	281.70	
For explanation of abbreviations and reference marks see Page 10.				
ADOPTED: May 23, 2013			EFFECTIVE: July 1, 2013	

Correction No. 702

**REMAINING ACTION ITEMS Tab 6.2**

THE BOARD OF PORT COMMISSIONERS PORT OF OAKLAND TARIFF NO. 2-A			9 <sup>th</sup> REVISED PAGE 111 Cancels 8 <sup>th</sup> REVISED PAGE 111		
SECTION VIII-B: WHARF STORAGE - RULES AND RATES				ITEM NO.	
WHARF STORAGE RATES FOR NON-CONTAINERIZED CARGO					
<p>(In cents per ton of 1,000 kilograms except as specifically noted below)</p> <p>Column A: Rates are for each of the first 15 calendar days after free time.</p> <p>Column B: Rates are for each of the next consecutive 30 calendar days.</p> <p>Column C: Monthly Storage: After the 1st consecutive 30 days, upon application and acceptance, the Director of Maritime, or his/her designee, and the terminal operator may grant monthly storage rates, subject to space availability. Monthly storage rates, apply per month or fraction thereof.</p>					
COMMODITY		COLUMN			
		A	B	C	
Cargo, In Bond When accepted for storage on terminal, daily storage rates apply, plus the percentage in Column A.  Note: Charges made by Collector of Customs for deliveries from bonded section of terminal is for account of the cargo to which service is rendered.		50%		n/a	08185
Cargo N.O.S., per 1,000 kilograms or 1 CUM whichever produces the greater revenue.		13.20	24.40	431.20	(I) 08190
Cargo, N.O.S. when held in uncovered areas: Applies when outside uncovered storage is requested by shipper or consignee. Will not apply when commodity rates are specifically named for either covered or uncovered storage, per 1,000 kilograms or 1 CUM, whichever produces the greater revenue.		8.10	15.30	341.70	(I) 08195
For explanation of abbreviations and reference marks see Page 10.					
ADOPTED: May 23, 2013			EFFECTIVE: July 1, 2013		

Correction No. 703

THE BOARD OF PORT COMMISSIONERS PORT OF OAKLAND TARIFF NO. 2-A				10 <sup>th</sup> REVISED PAGE 112 Cancels 9 <sup>th</sup> REVISED PAGE 112	
SECTION VIII-B: WHARF STORAGE - RULES AND RATES					ITEM NO.
WHARF STORAGE RATES FOR NON-CONTAINERIZED CARGO					
(In cents per ton of 1,000 kilograms except as specifically noted below)					
Column A: Rates are for each of the first 15 calendar days after free time.					
Column B: Rates are for each of the next consecutive 30 calendar days.					
Column C: Monthly Storage: After the 1st consecutive 30 days, upon application and acceptance, the Director of Maritime, or his/her designee, and the terminal operator may grant monthly storage rates, subject to space availability. Monthly storage rates, apply per month or fraction thereof.					
COMMODITY			COLUMN		
	A	B	C		
Beans, cocoa, in bags	8.10	15.30	285.80		(I) 08203
Coffee, green, in bags	8.10	15.30	285.80		08205
Iron or steel articles, NOS, including Metals, pipe, tin plate, wire or strapping	8.10	15.30	280.70		(I) 08225

For explanation of abbreviations and reference marks see Page 10.

ADOPTED: May 23, 2013

EFFECTIVE: July 1, 2013



THE BOARD OF PORT COMMISSIONERS PORT OF OAKLAND TARIFF NO. 2-A			9 <sup>th</sup> REVISED PAGE 113 Cancels 8 <sup>th</sup> REVISED PAGE 113	
SECTION VIII-B: WHARF STORAGE - RULES AND RATES				ITEM NO.
WHARF STORAGE RATES FOR NON-CONTAINERIZED CARGO				
(In cents per ton of 1,000 kilograms except as specifically noted below)  Column A: Rates are for each of the first 15 calendar days after free time.  Column B: Rates are for each of the next consecutive 30 calendar days.  Column C: Monthly Storage: After the 1st consecutive 30 days, upon application and acceptance, the Director of Maritime, or his/her designee, and the terminal operator may grant monthly storage rates, subject to space availability. Monthly storage rates, apply per month or fraction thereof.				
COMMODITY	COLUMN			
	A	B	C	
Paper and paper articles:				
Newsprint, in rolls.....	8.10	13.20	207.50	(I) 08270
For explanation of abbreviations and reference marks see Page 10.				
ADOPTED: May 23, 2013			EFFECTIVE: July 1, 2013	



**REMAINING ACTION ITEMS Tab 6.2**

THE BOARD OF PORT COMMISSIONERS PORT OF OAKLAND TARIFF NO. 2-A			9 <sup>th</sup> REVISED PAGE 115 Cancels 8 <sup>th</sup> REVISED PAGE 115	
SECTION VIII-B: WHARF STORAGE - RULES AND RATES				ITEM NO.
WHARF STORAGE RATES FOR NON-CONTAINERIZED CARGO				
(In cents per ton of 1,000 kilograms except as specifically noted below)  Column A: Rates are for each of the first 15 calendar days after free time.  Column B: Rates are for each of the next consecutive 30 calendar days.  Column C: Monthly Storage: After the 1st consecutive 30 days, upon application and acceptance, the Director of Maritime, or his/her designee, and the terminal operator may grant monthly storage rates, subject to space availability. Monthly storage rates, apply per month or fraction thereof.				
COMMODITY	COLUMN			
	A	B	C	
Yachts and small boats -- applicable to Intercoastal Trade Only:				
For the first 14 days after the expiration of free time .....	37.60	73.20	n/a	(I) 08345
For each day exceeding 14 calendar days after the expiration of free time.....	37.60	73.20	n/a	(I) 08350
For explanation of abbreviations and reference marks see Page 10.				
ADOPTED: May 23, 2013			EFFECTIVE: July 1, 2013	

Correction No. 707

THE BOARD OF PORT COMMISSIONERS PORT OF OAKLAND TARIFF NO. 2-A	5 <sup>th</sup> REVISED PAGE 123 Cancels 4 <sup>th</sup> REVISED PAGE 123
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SECTION IX: CONTAINER CRANE ASSIGNMENT AND RENTAL RATES	ITEM NO.
GENERAL CRANE RENTALS RULES AND CONDITIONS	
(a) Charges are for the use of the cranes only. Crane rental rates for containerized cargo shall be assessed in accordance with Tariff Items 09130 through 09165. Breakbulk cargo, defined in Item 01120 which requires use of container gantry cranes, shall be assessed crane rental on the basis of \$ 353.00 per load lifted, Wharfage, dockage and other tariff charges are in addition to the charges named herein.	
(b) For general rules and regulations regarding use of equipment refer to Tariff Item 02205.	(I) 09125
(c) Except as specifically provided in this tariff section, crane rental is billed by and directly payable to the Port.	
(d) Except as specifically provided in this tariff section, electrical power furnished to Preferential Terminal Operations by Pacific Gas and Electric Company (PG&E) will be billed by PG&E directly to each Preferential Terminal Operator. The Preferential Terminal Operator will pay PG&E directly for subject power service.	
(e) In return for providing maintenance, repair and power for the crane when used in the Preferential Crane Assignee's terminal area, the Preferential Crane Assignee may retain the maintenance, repair and power charges for said crane(s).	
(f) In the event the crane is used by a Secondary Assignee on the Preferential Crane Assignee's terminal area, the maintenance, repairs and power charges to the extent provided in this tariff will be billed by and are directly payable to the Preferential Crane Assignee.	
(g) In the event the crane is used outside of the Preferential Crane Assignee's terminal area: <ul style="list-style-type: none"> <li>(1) The power will be billed to the user of the crane, and paid directly to, the Preferential Terminal Operator of the facility at which the crane was used at the power rate for that crane as noted in this tariff.</li> </ul>	
(Item 09125 continued on Next Page)	

For explanation of abbreviations and reference marks see Page 10.

ADOPTED: May 23, 2013

EFFECTIVE: July 1, 2013

**REMAINING ACTION ITEMS Tab 6.2**

THE BOARD OF PORT COMMISSIONERS PORT OF OAKLAND TARIFF NO. 2-A				11 <sup>th</sup> REVISED PAGE 125 Cancels 10 <sup>th</sup> REVISED PAGE 125	
SECTION IX: CONTAINER CRANE ASSIGNMENT AND RENTAL RATES					
TRAVELING GANTRY CRANE RENTAL RATES					
TERMINAL LOCATION: BERTHS 20, 21 & 22					ITEM NO.
PORT CRANE NO.	X-402	X-403	X-404	This space intentionally left blank	(I) 09130
TYPE	PACECO	PACECO	PACECO		
Rental Basis Per Lift:	Loaded or Empty TEU	Loaded or Empty TEU	Loaded or Empty TEU		
Basic Rental:	\$ 14.14	\$ 14.14	\$ 14.14		
Additional: Maintenance & Repair : Power:	\$ 3.20 \$ .51	\$ 3.20 \$ .51	\$ 3.20 \$ .51		
Total Rental:	\$ 17.85	\$ 17.85	\$ 17.85		
Subject to Notes:	1, 2, 3 & 4	1, 2, 3, 4 & 5	1, 2, 3, 4 & 5		
<p>NOTE 1: This is an electric powered traveling gantry-type container crane.</p> <p>NOTE 2: Rated capacity under the spreader of this crane is not to exceed 30,482 kg.</p> <p>NOTE 3: This crane can be used at Berths 20, 21 and 22.</p> <p>NOTE 4: Secondary user shall reimburse the Preferential Assignee for the actual cost incurred in providing a crane operator subject to a minimum of eight hours per shift employed.</p> <p>NOTE 5: Subject to Item 11115: Crane Transfer System Charge, when crane is used at Berth 22 for Secondary Use.</p>					
For explanation of abbreviations and reference marks see Page 10.					
ADOPTED: May 23, 2013			EFFECTIVE: July 1, 2013		

Correction No. 709

THE BOARD OF PORT COMMISSIONERS PORT OF OAKLAND TARIFF NO. 2-A			10 <sup>th</sup> REVISED PAGE 127 Cancels 9 <sup>th</sup> REVISED PAGE 127	
SECTION IX: CONTAINER CRANE ASSIGNMENT AND RENTAL RATES				
TRAVELING GANTRY CRANE RENTAL RATES				
TERMINAL LOCATION: BERTH 23				ITEM NO.
PORT CRANE NO.	X-438	X-439	This space intentionally left blank	(I) 09140
TYPE	ZPMC	ZPMC		
Rental Basis Per Lift:	Loaded or Empty TEU	Loaded or Empty TEU		
Basic Rental:	\$ 12.97	\$ 12.97		
Additional: Maintenance & Repair: Power:	\$ 3.56 \$ .71	\$ 3.56 \$ .71		
Total Rental:	\$ 17.24	\$ 17.24		
Subject to Notes:	1, 2, 3, 4 & 5	1, 2, 3, 4 & 5		
<p>NOTE 1: This is an electric powered traveling gantry-type container crane.</p> <p>NOTE 2: Rated capacity under the spreader of this crane is not to exceed 50,800 kg.</p> <p>NOTE 3: This crane is capable of twin lift.</p> <p>NOTE 4: This crane can be used at Berths 23, 24, 25 and 26.</p> <p>NOTE 5: Electrical power for these cranes will be provided by Pacific Gas &amp; Electric Co. to the Port of Oakland and billed by the Port directly to the Preferential Terminal Operator.</p>				
For explanation of abbreviations and reference marks see Page 10.				
ADOPTED: May 23, 2013			EFFECTIVE: July 1, 2013	

Correction No. 710

**REMAINING ACTION ITEMS Tab 6.2**

THE BOARD OF PORT COMMISSIONERS PORT OF OAKLAND TARIFF NO. 2-A			12 <sup>th</sup> REVISED PAGE 128 Cancels 11 <sup>th</sup> REVISED PAGE 128	
SECTION IX: CONTAINER CRANE ASSIGNMENT AND RENTAL RATES				
TRAVELING GANTRY CRANE RENTAL RATES				
TERMINAL LOCATION: BERTH 24				ITEM NO.
PORT CRANE NO.	X-409	X-410		This space inten- tionally left blank  (I) 09145
TYPE	KSEC	KSEC		
Rental Basis Per Lift:	Loaded or Empty TEU	Loaded or Empty TEU		
Basic Rental:	\$ 12.66	\$ 12.66		
Additional: Maintenance & Repair: Power:	\$ 3.56 \$ .71	\$ 3.56 \$ .71		
Total Rental:	\$ 16.93	\$ 16.93		
Subject to Notes:	1, 2, 3 & 4	1, 2, 3 & 4		
NOTE 1: This is an electric powered traveling gantry-type container crane.				
NOTE 2: Rated capacity under the spreader of this crane is not to exceed 50,800 kg.				
NOTE 3: This crane can be used at Berths 23, 24, 25 and 26.				
NOTE 4: Electrical power for these cranes will be provided by Pacific Gas & Electric Co. to the Port of Oakland and billed by the Port directly to the Preferential Terminal Operator.				
For explanation of abbreviations and reference marks see Page 10.				
ADOPTED: May 23, 2013			EFFECTIVE: July 1, 2013	

Correction No. 711

**REMAINING ACTION ITEMS Tab 6.2**

THE BOARD OF PORT COMMISSIONERS PORT OF OAKLAND TARIFF NO. 2-A			12 <sup>th</sup> REVISED PAGE 129 Cancels 11 <sup>th</sup> REVISED PAGE 129
SECTION IX: CONTAINER CRANE ASSIGNMENT AND RENTAL RATES			
TRAVELING GANTRY CRANE RENTAL RATES			
TERMINAL LOCATION: BERTHS 25 - 26			ITEM NO.
PORT CRANE NO.	X-434	X-435	X-C40
TYPE	ZPMC	ZPMC	ZPMC
Rental Basis Per Lift:	Loaded or Empty TEU	Loaded or Empty TEU	Loaded or Empty TEU
Basic Rental:	\$ 14.54	\$ 14.54	\$ 15.66
Additional: Maintenance & Repair: Power:	\$ 3.56 \$.71	\$ 3.56 \$.71	\$ 3.56 \$.71
Total Rental:	\$ 18.81	\$ 18.81	\$ 19.93
Subject to Notes:	1, 2, 3 & 4	1, 2, 3 & 4	1, 2, 3 & 4
NOTE 1: This is an electric powered traveling gantry-type container crane.			
NOTE 2: Rated capacity under the spreader of this crane is not to exceed 66,040 kg.			
NOTE 3: This crane can be used at Berths 23, 24, 25 and 26.			
NOTE 4: Electrical power for these cranes will be provided and billed by the Port.			
For explanation of abbreviations and reference marks see Page 10.			
ADOPTED: May 23, 2013		EFFECTIVE: July 1, 2013	

Correction No. 712



**REMAINING ACTION ITEMS Tab 6.2**

THE BOARD OF PORT COMMISSIONERS PORT OF OAKLAND TARIFF NO. 2-A					8 <sup>th</sup> REVISED PAGE 130 Cancels 7 <sup>th</sup> REVISED PAGE 130
SECTION IX: CONTAINER CRANE ASSIGNMENT AND RENTAL RATES					
TRAVELING GANTRY CRANE RENTAL RATES					
TERMINAL LOCATION: BERTH 30 - 33					ITEM NO.
PORT CRANE NO.	X-430	X-431	X-433	X-C41	(I) 09152
TYPE	MITSUI PACECO	MITSUI PACECO	PACECO	ZPMC	
Rental Basis Per Lift:	Loaded or Empty TEU	Loaded or Empty TEU	Loaded or Empty TEU	Loaded or Empty TEU	
Basic Rental	\$ 12.97	\$ 12.97	\$ 12.97	\$ 15.66	
Additional: Maintenance & Repair: Power:	\$ 3.51 \$ .71	\$ 3.51 \$ .71	\$ 3.51 \$ .71	\$ 3.56 \$ .71	
Total Rental	\$ 17.19	\$ 17.19	\$ 17.19	\$ 19.93	
Subject to Notes:	1, 2 & 3	1, 2 & 3	1, 2 & 3	1, 2 & 3	
NOTE 1: This is an electric powered traveling gantry-type container crane.					
NOTE 2: Rated capacity under the spreader of this crane is not to exceed 40,600 kg.					
NOTE 3: This crane can be used only at Berth 30, 32 & 33.					
For explanation of abbreviations and reference marks see Page 10.					
ADOPTED: May 23, 2013			EFFECTIVE: July 1, 2013		

Correction No. 713

**REMAINING ACTION ITEMS Tab 6.2**

THE BOARD OF PORT COMMISSIONERS PORT OF OAKLAND TARIFF NO. 2-A				13 <sup>th</sup> REVISED PAGE 131 Cancels 12 <sup>th</sup> REVISED PAGE 131
<b>SECTION IX: CONTAINER CRANE ASSIGNMENT AND RENTAL RATES</b>				
<b>TRAVELING GANTRY CRANE RENTAL RATES</b>				
TERMINAL LOCATION: Berth 35 - 37				ITEM NO.
PORT CRANE NO.	X-C50	X-C51	X-C52	X-437
TYPE	ZPMC	ZPMC	ZPMC	ZPMC
Rental Basis Per Lift:	Loaded or Empty TEU	Loaded or Empty TEU	Loaded or Empty TEU	Loaded or Empty TEU
Basic Rental:	\$ 15.66	\$ 15.66	\$ 15.66	\$ 12.92
Additional:				
Maintenance & Repair:	\$ 3.56	\$ 3.56	\$ 3.56	\$ 3.56
Power:	\$ .71	\$ .71	\$ .71	\$ .71
Total Rental:	\$ 19.93	\$ 19.93	\$ 19.93	\$ 17.19
Subject to Notes:	1, 2 & 3	1, 2 & 3	1, 3 & 3	1 & 3
<p>NOTE 1: This is an electric powered traveling gantry-type container crane.</p> <p>NOTE 2: Rated capacity under the spreader of this crane is not to exceed 50,800 kg.</p> <p>NOTE 3: This crane can be used at Berth 35 and 37.</p>				
For explanation of abbreviations and reference marks see Page 10.				
ADOPTED: May 23, 2013			EFFECTIVE: July 1, 2013	

Correction No. 714

**REMAINING ACTION ITEMS Tab 6.2**

THE BOARD OF PORT COMMISSIONERS PORT OF OAKLAND TARIFF NO. 2-A					9 <sup>th</sup> REVISED PAGE 133 Cancels 8 <sup>th</sup> REVISED PAGE 133
SECTION IX: CONTAINER CRANE ASSIGNMENT AND RENTAL RATES					
TRAVELING GANTRY CRANE RENTAL RATES					
TERMINAL LOCATION: Berth 55 - 56					ITEM NO.
PORT CRANE NO.	X-C10	X-C11	X-C12	X-C13	(I) 09163
TYPE	ZPMC	ZPMC	ZPMC	ZPMC	
Rental Basis Per Lift:	Loaded or Empty TEU	Loaded or Empty TEU	Loaded or Empty TEU	Loaded or Empty TEU	
Basic Rental:	\$ 15.66	\$ 15.66	\$ 15.66	\$ 15.66	
Additional: Maintenance & Repair:	\$ 3.56	\$ 3.56	\$ 3.56	\$ 3.56	
Power:	\$ .71	\$ .71	\$ .71	\$ .71	
Total Rental:	\$ 19.93	\$ 19.93	\$ 19.93	\$ 19.93	
Subject to Notes:	1, 2, 3 & 4	1, 2, 3 & 4	1, 2, 3 & 4	1, 2, 3 & 4	
NOTE 1: This is an electric powered traveling gantry-type container crane.					
NOTE 2: Rated capacity under the spreader of this crane is not to exceed 66,044 kg.					
NOTE 3: This crane is capable of twin lift.					
NOTE 4: Electrical power for these cranes will be provided by and billed by the Port.					
For explanation of abbreviations and reference marks see Page 10.					
ADOPTED: May 23, 2013			EFFECTIVE: July 1, 2013		

Correction No. 715

## REMAINING ACTION ITEMS Tab 6.2

THE BOARD OF PORT COMMISSIONERS PORT OF OAKLAND TARIFF NO. 2-A					6 <sup>th</sup> REVISED PAGE 133A Cancels 5 <sup>th</sup> REVISED PAGE 133A
SECTION IX: CONTAINER CRANE ASSIGNMENT AND RENTAL RATES					
TRAVELING GANTRY CRANE RENTAL RATES					
TERMINAL LOCATION: BERTHS 57 - 59					ITEM NO.
PORT CRANE NO.	X-C14	X-C15	X-C16	X-C17	(I) 09164
TYPE	ZPMC	ZPMC	ZPMC	ZPMC	
Rental Basis Per Lift:	Loaded or Empty TEU	Loaded or Empty TEU	Loaded or Empty TEU	Loaded or Empty TEU	
Basic Rental:	\$ 15.66	\$ 15.66	\$ 15.66	\$ 15.66	
Additional: Maintenance & Repair: Power:	\$ 3.56 \$ .71	\$ 3.56 \$ .71	\$ 3.56 \$ .71	\$ 3.56 \$ .71	
Total Rental:	\$ 19.93	\$ 19.93	\$ 19.93	\$ 19.93	
Subject to Notes:	1, 2, 3, & 4	1, 2, 3, & 4	1, 2, 3, & 4	1, 2, 3, & 4	
<p>NOTE 1: This is an electric powered traveling gantry-type container crane.</p> <p>NOTE 2: Rated capacity under the spreader of each crane is not to exceed 60,044 kg.</p> <p>NOTE 3: This crane is capable of twin lift.</p> <p>NOTE 4: Electrical power for these cranes will be provided and billed by the Port.</p>					
For explanation of abbreviations and reference marks see Page 10.					
ADOPTED: May 23, 2013			EFFECTIVE: July 1, 2013		

**REMAINING ACTION ITEMS Tab 6.2**

THE BOARD OF PORT COMMISSIONERS PORT OF OAKLAND TARIFF NO. 2-A		3 <sup>rd</sup> REVISED PAGE 133B Cancels 2 <sup>nd</sup> REVISED PAGE 133B	
SECTION IX: CONTAINER CRANE ASSIGNMENT AND RENTAL RATES			
TRAVELING GANTRY CRANE RENTAL RATES			
TERMINAL LOCATION: BERTHS 57 - 59			ITEM NO.
PORT CRANE NO.	X-C18	X-C19	(I) 09164
TYPE	ZPMC	ZPMC	
Rental Basis Per Lift:	Loaded or Empty TEU	Loaded or Empty TEU	
Basic Rental:	\$ 15.66	\$ 15.66	
Additional: Maintenance & Repair: Power:	\$ 3.56 \$ .71	\$ 3.56 \$ .71	
Total Rental:	\$ 19.93	\$ 19.93	
Subject to Notes:	1, 2, 3, & 4	1, 2, 3, & 4	
<p>NOTE 1: This is an electric powered traveling gantry-type container crane.</p> <p>NOTE 2: Rated capacity under the spreader of each crane is not to exceed 60,044 kg.</p> <p>NOTE 3: This crane is capable of twin lift.</p> <p>NOTE 4: Electrical power for these cranes will be provided and billed by the Port.</p>			
For explanation of abbreviations and reference marks see Page 10.			
ADOPTED: May 23, 2013		EFFECTIVE: July 1, 2013	

Correction No. 717

**REMAINING ACTION ITEMS Tab 6.2**

THE BOARD OF PORT COMMISSIONERS PORT OF OAKLAND TARIFF NO. 2-A				2 <sup>nd</sup> REVISED PAGE 133C Cancels 1 <sup>st</sup> REVISED PAGE 133C	
SECTION IX: CONTAINER CRANE ASSIGNMENT AND RENTAL RATES					
TRAVELING GANTRY CRANE RENTAL RATES					
TERMINAL LOCATION: BERTHS 60 - 63				ITEM NO.	
PORT CRANE NO.	X-436	X-446	X-447	X-448	(I) 09160
TYPE	NOELL	MITSUBISHI	MITSUBISHI	MITSUBISHI	
Rental Basis Per Lift:	Loaded or Empty TEU	Loaded or Empty TEU	Loaded or Empty TEU	Loaded or Empty TEU	
Basic Rental:	\$ 14.54	\$ 12.66	\$ 12.66	\$ 12.66	
Additional: Maintenance & Repair: Power:	\$ 3.56 \$ .71	\$ 3.56 \$ .71	\$ 3.56 \$ .71	\$ 3.56 \$ .71	
Total Rental:	\$ 18.81	\$ 16.93	\$ 16.93	\$ 16.93	
Subject to Notes:	1, 3, & 4	1, 2 & 4	1, 2 & 4	1, 2 & 4	
<p>NOTE 1: This is an electric powered traveling gantry-type container crane.</p> <p>NOTE 2: Rated capacity under the spreader of each crane is not to exceed 40,642 kg.</p> <p>NOTE 3: Rated capacity under the spreader of each crane is not to exceed 50,800 kg.</p> <p>NOTE 4: This crane can be used on Berths 60, 61, 62 &amp; 63.</p>					
For explanation of abbreviations and reference marks see Page 10.					
ADOPTED: May 23, 2013			EFFECTIVE: July 1, 2013		

Correction No. 718

THE BOARD OF PORT COMMISSIONERS PORT OF OAKLAND TARIFF NO. 2-A				12 <sup>th</sup> REVISED PAGE 134 Cancels 11 <sup>th</sup> REVISED PAGE 134	
SECTION IX: CONTAINER CRANE ASSIGNMENT AND RENTAL RATES					
TRAVELING GANTRY CRANE RENTAL RATES					
TERMINAL LOCATION: BERTHS 67 & 68				ITEM NO.	
PORT CRANE NO.	X-415	X-416	X-417	X-422	(I) 09165
TYPE	HITACHI	HITACHI	KSEC	PACECO	
Rental Basis Per Lift:	Loaded or Empty TEU	Loaded or Empty TEU	Loaded or Empty TEU	Loaded or Empty TEU	
Basic Rental:	\$ 12.66	\$ 12.66	\$ 12.66	\$ 12.66	
Additional: Maintenance & Repair: Power:	\$ 4.12 \$ .71	\$ 4.12 \$ .71	\$ 4.12 \$ .71	\$ 4.12 \$ .71	
Total Rental:	\$ 17.49	\$ 17.49	\$ 17.49	\$ 17.49	
Subject to Notes:	1, 2, 5 & 6	1, 2, 5 & 6	1, 3, 5, 6 & 7	1, 4 & 6	
<p>NOTE 1: This is an electric powered traveling gantry-type container crane.</p> <p>NOTE 2: Rated capacity under the spreader of each crane is not to exceed 40,640 kg.</p> <p>NOTE 3: Rated capacity under the spreader of each crane is not to exceed 50,800 kg.</p> <p>NOTE 4: Rated capacity under the spreader of each crane is not to exceed 40,600 kg.</p> <p>NOTE 5: This crane is capable of twin lift.</p> <p>NOTE 6: This crane can be used at Berths 67 and 68.</p> <p>NOTE 7: Athwartship capability with maximum lift over dock not to exceed 21.3M.</p>					
For explanation of abbreviations and reference marks see Page 10.					
ADOPTED: May 23, 2013			EFFECTIVE: July 1, 2013		

Correction No. 719

THE BOARD OF PORT COMMISSIONERS PORT OF OAKLAND TARIFF NO. 2-A		4 <sup>th</sup> REVISED PAGE 144 Cancels 3 <sup>rd</sup> REVISED PAGE 144
SECTION X - B: SPACE ASSIGNMENTS	ITEM NO.	
APPLICATION OF SPACE ASSIGNMENT RATES		
<p>(a) Except for structural maintenance, a Space Assignment will not include any services, including but not limited to; Central Station Supervisory service for fire or theft protection, security guards, utilities (water, electricity or telephone), relamping of lighting fixtures or any other maintenance of the facility. These and any other services will be at the assignee's sole cost and expense. Upon termination of Space Assignments, the Director of Maritime or his/her designee may require assignee, at their own expense, to restore assigned space to the same condition that existed when the initial assignment was made. Assignee will be liable for the cost of repair and restoration should the Port, at its discretion, proceed to repair and restore assigned space to the condition that existed when the initial assignment was made. (Reasonable wear and tear, damage by fire and the elements, are excluded from provisions of this paragraph (a)).</p> <p>(b) Minimum charge shall be for one month, payable in advance, but no less than \$45.00 per month. Monthly assignment periods shall extend from a date in one calendar month to but not including the same date of the next and all succeeding calendar months, except that if there be no corresponding date in the next succeeding calendar month, the last day of that month shall be used. Charges for the termination month will be prorated on a daily basis.</p> <p>(c) Any charge assessed by the Collector of Customs, in connection with receipts and deliveries from or to Bonded Storage Space is to be paid by the parties for whose account the service is rendered.</p>	(I) 10155	
For explanation of abbreviations and reference marks see Page 10.		
ADOPTED: May 23, 2013		EFFECTIVE: July 1, 2013



THE BOARD OF PORT COMMISSIONERS PORT OF OAKLAND TARIFF NO. 2-A				11 <sup>th</sup> REVISED PAGE 145 Cancels 10 <sup>th</sup> REVISED PAGE 145		
SECTION X - B: SPACE ASSIGNMENTS					ITEM NO.	
<b>SPACE ASSIGNMENT RATES</b> Space Assignment rates will be assessed as contained in the following table which designates the types of areas used and assigned; if and as available: (See Item 10155):						
TYPE OF AREA	DOLLARS PER SQUARE FOOT PER MONTH					
	UNPAVED	ROCKED		PAVED		
Land	\$.116	Without Lighting or Fencing	With Lighting and Fencing	Without Lighting or Fencing	With Lighting and Fencing	(D) (I) 10160
		\$.143	\$.164	\$.172	\$.214	
Warehouse Space and surrounding yard	First Floor Level \$.34	THIS SPACE LEFT INTENTIONALLY BLANK				
In Bond Storage (See Item 10155)	\$.37					
Office Space N.O.S.	Non-Air Conditioned		Air Conditioned			
	\$1.12		\$1.28			
For explanation of abbreviations and reference marks see Page 10.						
ADOPTED: May 23, 2013			EFFECTIVE: July 1, 2013			

Correction No. 721

THE BOARD OF PORT COMMISSIONERS PORT OF OAKLAND TARIFF NO. 2-A		2 <sup>nd</sup> REVISED PAGE 146 Cancels 1 <sup>st</sup> REVISED PAGE 146
SECTION XI: MISCELLANEOUS CHARGES		
(Rates in cents per unit shown below except as otherwise specifically provided)		
DESCRIPTION OF SERVICES RENDERED	RATES	ITEM NO.
<p><b>ELECTRIC CURRENT:</b></p> <p>All electric power provided by the Port shall be subject to the rates and charges established by Port Ordinance No. 3439 as amended from time to time. Port Ordinance No. 3439, as amended, establishes rates and charges that apply to the Port's provision of electric power to any person or entity at any facility within the Port Area (as defined by the Charter of the City of Oakland), in addition to the portion of the Port Area within which exist facilities for the transshipment of cargo from, to and between domestic carriers and/or carriers engaged in coastwide, inter-coastal, or foreign trade.</p>	-	(*) 11105
<p style="text-align: center;"><b>FRESH WATER SERVICE RATES</b></p> <p>Fresh water supplied by the East Bay Municipal Utility District will be assessed charges in accordance with that utility's rate structure. Said rates are subject to change without notification from the Port. Water delivered through pipelines of the Port with billing thereof performed by the Port will also be assessed a service charge of fifteen percent (15%) of the cost of such water (see Note) - Wharfage for water supplied will also be assessed in accordance with Item 07220.</p> <p>Note: When service charge is assessed, a minimum of \$5.10; and, a maximum of \$26.40 for each billing period (30 calendar days) or fraction thereof will apply. Service charges will be billed by and accrue to the Port.</p>		(I) 11110
<p>For explanation of abbreviations and reference marks see Page 10.</p>		
ADOPTED: May 23, 2013		EFFECTIVE: July 1, 2013

THE BOARD OF PORT COMMISSIONERS PORT OF OAKLAND TARIFF NO. 2-A		2 <sup>nd</sup> REVISED PAGE 147 Cancels 1 <sup>st</sup> REVISED PAGE 147
<b>SECTION XI: MISCELLANEOUS CHARGES</b>		
(Rates in cents per unit shown below except as otherwise specifically provided)		
DESCRIPTION OF SERVICES RENDERED	RATES	ITEM NO.
<p style="text-align: center;">CRANE TRANSFER SYSTEM CHARGE</p> <p>Charges are for use of crane transfer trolleys and the cost of operator(s), electricity, utilities and maintenance.</p> <p>Charges are billed by and directly payable to Preferential Assignee. Wharfage, dockage and other tariff charges are in addition to the charges named in this Item.</p>	\$117.00 per round trip	(I) 11115
(This section is intentionally left blank for additional charges.)		
For explanation of abbreviations and reference marks see Page 10.		
ADOPTED: May 23, 2013		EFFECTIVE: July 1, 2013

Correction No. 723

**BOARD OF PORT COMMISSIONERS  
CITY OF OAKLAND**



**ORDINANCE APPROVING A GENERAL RATE INCREASE OF 1.7%  
TO PORT TARIFF NO. 2-A, EFFECTIVE JULY 1, 2013.**

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**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 May 9, 2013 (the "Agenda Report") and related agenda materials, has received the expert testimony of Port of Oakland ("Port") staff, and has provided opportunities for and taken public comment; now, therefore

**BE IT 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 a (a) 1.7% general rate increase to those sections of Port Tariff No. 2-A listed on Attachment A hereto, effective July 1, 2013 and (b) updates to various sections of Port Tariff No. 2-A to reflect (i) current staff names, titles and contact information, (ii) correct typographical errors, and (iii) make similar nonsubstantive updates that do not affect rates or other substantive provisions in Port Tarriff No. 2-a, effective July 1 all as approved by the Port Attorney as to form and legality.

**Section 3.** This ordinance is not evidence of and does not create or constitute (a) a contract, lease or the grant of any right, entitlement or property interest, or (b) any obligation or liability on the part of the Board or any officer or employee of the Board.

DRAFT

\_\_\_\_\_  
**President.**

**Attest:** \_\_\_\_\_  
**Secretary.**

**Approved as to form and legality:**

\_\_\_\_\_  
**Port Attorney**



**John Betterton**  
Secretary of the Board

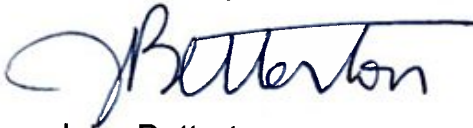
Friday, May 03, 2013

Commissioners,

Attached are letters that came addressed to your attention regarding the Port Tariff (Item 6.2 on the May 9<sup>th</sup> Regular Meeting Agenda).

All of these letters were received after the publication of the Agenda and will be published as a supplement to the Agenda Related Materials for Item 6.2.

Respectfully,



John Betterton  
Secretary of the Board

**AGTC'S LETTER CONCERNING GRI**

Peter Friedmann [executivedirector@agtrans.org]

Fri 5/3/2013 8:53 AM'Sophia Esparza,

AgTC'; Rhenry@portla.org; John Betterton; hacegaba@polb.com; 'mdibernardo@portla.org.'

Hello, to be clear, the AgTC is not opposing any GRI; rather, we are inviting your ports to work with us, before implementing a GRI, so we can help your Commissions understand the potential impacts of rate increases on ag exports, and we can understand the fiscal needs of your ports. We are mutually dependant.

Thank you for your consideration.

Regards,

Peter

Peter Friedmann

**AgTC Agriculture Transportation Coalition**

1120 G Street, NW, Suite 1020 Washington, D.C. 20005

tel: 202-783-3333 fax: 202-783-4422

[ExecutiveDirector@agtrans.org](mailto:ExecutiveDirector@agtrans.org)



**From:** Sophia Esparza, AgTC [<mailto:sophia@agtrans.org>]

**Sent:** Friday, May 03, 2013 10:17 AM

**To:** [Rhenry@portla.org](mailto:Rhenry@portla.org); [jbetterton@portoakland.com](mailto:jbetterton@portoakland.com); [hacegaba@polb.com](mailto:hacegaba@polb.com); 'mdibernardo@portla.org.'

**Subject:** AgTC's Letter Opposing GRI

Good morning all,

Please find attached the comments of the Agriculture Transportation Coalition opposing the annual General Rate Increase.

Please forward to your Ports Commissioners. Thank you.

Regards,

Sophia

Sophia Esparza

**AgTC Agriculture Transportation Coalition**

1120 G Street NW, Suite 1020 Washington, DC 20005

tel: 202-783-3333 fax: 202-783-4422

[sophia@agtrans.org](mailto:sophia@agtrans.org)



Regards,  
Sophia

[Sophia Esparza](#)

On Behalf of

Pacific Coast Council of Customs Brokers and Freight Forwarders Assoc.

1120 G Street, NW, Suite 1020 Washington, D.C. 20005

tel: 202-783-3333 fax: 202-783-4422

[Sophia@federalrelations.com](mailto:Sophia@federalrelations.com)





Item 6.2

May 1, 2013

Via: E-mail

The Honorable Gilda Gonzales  
President  
Oakland Port Commission  
530 Water Street  
Oakland, CA 94607

RE: Letter in OPPOSITION to the Port General Rate Increases

Dear President Gonzales,

CMA CGM (America) LLC understands that the Port of Oakland Commissioners will be discussing and deciding on the General Rate Increase (GRI) for the port on May 9, 2013. We oppose this measure and strongly urge the Port Commissioners postpone the GRI until the market has become more stable and the industry better able to withstand the cost increases.

While CMA CGM was one of the few carriers to be profitable in 2012, we remain extremely cautious about the fragility of the market and are deeply concerned about our ability to absorb or recover any increased operational costs at this time.

Rather than imposing a broad GRI we ask that you work with the industry to find solutions that benefit all concerned without placing undue burden and stress on the industry and the economy.

We appreciate your attention to this matter and openness for customer concerns. If you have any questions please do not hesitate to contact me.

Best regards,

A handwritten signature in black ink that reads "Ed McCarthy". The signature is written in a cursive, flowing style.

Ed McCarthy  
Sr. Vice President & Chief Operating Officer

**CMA CGM (America) LLC**

5701 Lake Wright Drive - Norfolk, VA 23502-1868 - Tel: (757) 961-2100 - Fax: (757) 961-2151  
www.cma-cgm.com - 1-877-556-6308



Hapag-Lloyd (America) Inc. · Houston, TX 77067

Hapag-Lloyd (America) Inc.  
Area Gulf Pacific  
11410 Greens Crossing Blvd., Suite 400  
Houston, TX 77067  
Phone +1 281 8857100  
Fax +1 281 8857033  
www.hapag-lloyd.com

May 1, 2013

The Honorable Gilda Gonzales  
President  
Oakland Port Commission  
530 Water Street  
Oakland, CA 94607

Dear President Gonzales:

Hapag-Lloyd, as a long term customer of the Port of Oakland is opposed to the California Association of Port Authorities (CAPA) annual General Rate Increase proposal that will be voted on by the Oakland Port Commission on Thursday, May 9th. Our opposition is based on the following:

- The Annual GRI rate increase automatically increases rates without regard to the economy, state of the industry, impact on competitiveness or financial standing or needs of the port .
- The proposal comes at a time when San Pedro Bay ports are losing market share.
- The Port is facing increasing competition from Canada, Mexico and US ports in the Gulf and East Coasts via the Panama and/or Suez Canals. Both the Port of LA and Long Beach have been active participants in the “Beat the Canal” campaign. It is counterintuitive to respond to competitive pressures by automatically increasing the cost of doing business at your facilities.
- California lease rates are among the highest in the Nation. In addition, ports are transferring the bulk of the responsibility for terminal maintenance to the tenants. On top of these costs, port customers and tenants face \$5 billion in California only state imposed environmental costs (as estimated by the California Air Resources Board). An automatic annual general rate increase increases the burden of doing business in California.
- Port leases are typically structured in a way that requires a review every five years – allowing for upward lease adjustments. The annual GRI is an additional increase on top of this process.
- Ports can take independent action at any time to adjust their rates. They can do so without the need for any collective policy adoption by CAPA.



- The Annual GRI rate increase is poor public policy by substituting legitimate and open public review and debate into a mindless exercise that automatically goes into effect, regardless of need or impact on customers. The only time public debate would take place on a rate increase under this proposal would be when a port took action to either delay or eliminate the automatic increase. The likelihood of a port authority taking affirmative action in not increasing their fees under this policy is nil.

At the same time the annual GRI increase is being debated by this commission, you will be discussing Agenda item 5.2, a “Report: Maritime Division Information and Strategy Discussion” that points out the following weaknesses for the Port of Oakland: “Cost of doing business in California; price and service impacts...higher costs for pilotage than other west coast ports; lack of on-dock rail connectivity; rail pricing...limited economies of scale...perceived unfriendly business and political climate.” Despite these weaknesses and challenges that impact the Port, the Commission is asked in the next agenda item to ignore these “weaknesses” and increase the cost of doing business at the Port by approving an annual and automatic increase in rates – increases that will be enacted without public debate or review and regardless of the impact on port customers or the state of the economy.

Hapag-Lloyd values the partnership relationship with the port and wants to continue to work to find creative solutions to attract cargo. However the GRI policy only reinforces the negative perception that California ports are unjustifiably adding fees and costs. We request the Port of Oakland reject the GRI policy and join industry to find innovative ways to bring cargo to the Port.

Sincerely,

Phillip Summers  
Director Operations Gulf-Pacific

cc: Board of Port Commissioners  
Deborah Ale Flint, Executive Director  
Jean Banker, Deputy Executive Director



Pacific Coast Council of Customs Brokers & Freight Forwarders Association, Inc.

- ◆ Custom Brokers & International Freight Forwarders Assn. of Washington State
  - ◆ Columbia River Customs Brokers and Forwarders Assn.
  - ◆ Custom Brokers & Forwarders Assn. of Northern California
- ◆ Los Angeles Customs & Freight Brokers Assn. ◆ San Diego District Customs Brokers Assn.

May 2, 2013

President, Cindy Miscikowski  
Port of Los Angeles Harbor Commission  
425 South Palos Verdes Street  
San Pedro, California, USA 90731

President, Susan E. Anderson Wise  
Port of Long Beach  
925 Harbor Plaza  
P.O. Box 570  
Long Beach, CA 90801

President, Gilda Gonzales  
Port of Oakland  
530 Water Street,  
Oakland, CA 94607

Dear Presidents:

The Pacific Coast Council of Customs Brokers and Freight Forwarders would like to express its opposition to adopting the California Association of Port Authorities (CAPA) annual General Rate Increase. The PCC promotes the Pacific Coast customs brokerage, freight forwarding and the non-vessel operating common carrier (NVOCC) industry as a whole. The **PCC represents the** interests of Customs Brokers and Freight Forwarders as professionals in dealing with government, carriers, industry and one another. We realize that the Ports will have to raise rates from time to time, but we believe that this decision, which affects the Ports competitiveness in a multi-national market, should be decided on an annual basis, based on the economic and market conditions at the time.

We are concerned to see the California ports recommend a policy increasing rates annually, automatically, tied to the Consumer Price Index, without consideration of economic or market conditions. California ports are continuing to lose market share to foreign ports. An article published, February 28 by the Journal of Commerce references a Compound Annual Growth Rate (CAGR) of the Port of Los Angeles, since 2008, of 0.7%. The Port of Oakland's five-year CAGR is 1.2 percent since 2008 and the CAGR for Long Beach is -1.7 percent since 2008.

These are a few examples of the rate of growth of US west coast ports. In contrast, Canadian and Mexican ports are growing at double digit rates.

This annual automatic rate increase can foster the negative perception that California ports are adding fees and costs, when other ports are not doing so. We believe that the ports should be incentivizing cargo to come to California by staying competitive in the market. The Ports of Los Angeles, Long Beach and Oakland should reject the CAPA policy, not only based on competitive reasons, but also, due to the current economic realities and the financial conditions of its customers. The UCLA Andersen forecast states: "California and the nation's economy will continue to plod along for the balance of the year...the US economy continues to face considerable headwinds from the European recession, the \$85 billion in federal [spending cuts](#) and other factors."

We respectfully request the Port Commissions not adopt this policy.

Sincerely,

A handwritten signature in cursive script that reads "Victoria Lane".

Victoria Lane

President

cc: Dr. Geraldine Knatz  
Vice President Arian  
Commissioner Krause  
Commissioner Kramer  
Commissioner Sohn



**ITEM 6.2**

April 30, 2013

The Honorable Gilda Gonzales  
President  
Oakland Port Commission  
530 Water Street  
Oakland, CA 94607

Dear President Gonzales,

The members of the Pacific Merchant Shipping Association (PMSA), who represent the tenants and customers of the Port of Oakland, are opposed to the proposed annual California Association of Port Authorities (CAPA) annual General Rate Increase proposal that will be voted on by the Oakland Port Commission on Thursday, May 9th. Our opposition is based on the following:


- The Annual GRI rate increase automatically increases rates without regard to the economy, state of the industry, impact on competitiveness or financial standing or needs of a port authority.
- The proposal comes at a time when California ports are losing market share.
- The Port is facing increasing competition from Canada, Mexico and US ports in the Gulf and East Coasts via the Panama and/or Suez Canals. It is counterintuitive to respond to these competitive pressures by automatically increasing the cost of doing business at your facilities.
- California lease rates are among the highest in the nation. In addition, ports are transferring the bulk of the responsibility for terminal maintenance to the tenants. On top of those costs, port customers and tenants face \$5 billion in California-only state imposed environmental costs (as estimated by the California Air Resources Board; does not include the cost of local initiatives). An automatic annual general rate increase adds to the burden of doing business in California.
- Port leases are typically structured in a way that requires a review every five years – allowing for upward lease adjustments. The annual GRI is an additional increase on top of this process.

- Ports can take independent action at any time to adjust their rates. They can do so without the need for any collective policy adoption by CAPA.
- The Annual GRI rate increase is poor public policy by substituting legitimate and open public review and debate into a mindless exercise that automatically goes into effect, regardless of need or impact on customers. The only time public debate would take place on a rate increase under this proposal would be when a port took action to either delay or eliminate the automatic increase. The likelihood of a port authority taking affirmative action in not increasing their fees under this policy is nil.

At the same time the annual GRI increase is being debated by this commission, you will be discussing Agenda item 5.2, a “Report: Maritime Division Information and Strategy Discussion” that points out the following weaknesses for the Port of Oakland: “Cost of doing business in California; price and service impacts...higher costs for pilotage than other west coast ports; lack of on-dock rail/connectivity; rail pricing...limited economies of scale...perceived unfriendly business and political climate.” Despite these weaknesses and challenges that impact the Port, the Commission is asked in the next agenda item to ignore these “weaknesses” and increase the cost of doing business at the Port by approving an annual and automatic increase in rates – increases that will be enacted without public debate or review and regardless of the impact on port customers or the state of economy.

The members of PMSA value the partnership relationship with the Port of Oakland. PMSA members want to continue to work with the Port to find creative solutions to attract cargo. However, the GRI policy only reinforces the negative perception that the Port of Oakland is unjustifiably adding fees and costs. We request that the Port of Oakland reject the GRI policy and join PMSA members to find innovative ways to bring cargo to the Port.

Sincerely,



John R. McLaurin  
President

Cc: Board of Port Commissioners  
Deborah Ale Flint, Executive Director  
Jean Banker, Deputy Executive Director



1700 NORTH MOORE STREET  
SUITE 2250  
ARLINGTON, VA 22209  
T (703) 841-2300 F (703) 841-1184  
WWW.RILA.ORG

May 2, 2013

Ms. Cindy Miscikowski, President  
Port of Los Angeles Harbor Commission  
425 South Palos Verdes Street  
San Pedro, California, USA 90731

Ms. Susan E. Anderson Wise, President  
Port of Long Beach  
925 Harbor Plaza  
P.O. Box 570  
Long Beach, CA 90801

Ms. Gilda Gonzales, President  
Port of Oakland  
530 Water Street,  
Oakland, CA 94607

Dear Presidents Miscikowski, Wise, Gonzales:

On behalf of the Retail Industry Leaders Association (RILA), I would like to express opposition to the adoption of the California Association of Port Authorities (CAPA) annual General Rate Increase. While RILA recognizes that the ports need to adjust rates from time to time, our members firmly believe that this decision should be open to public debate and should be based on the economic and market conditions that exist at the time of the adjustment.

By way of background, RILA is the trade association of the world's largest and most innovative retail companies. RILA members include more than 200 retailers, product manufacturers, and service suppliers, which together account for more than \$1.5 trillion in annual sales, millions of American jobs and more than 100,000 stores, manufacturer facilities and distribution centers domestically and abroad.

RILA is concerned to see the California ports recommend a policy increasing rates automatically, regardless of public review and debate. This process will potentially lead to direct rate increases for RILA's membership on an annual basis without the opportunity for our members to have any input into the decision. RILA feels strongly that the process should incorporate a review period for impacted clients to voice their views.

At a time when California's ports are working hard to ensure cargo does not migrate to other gateways, this annual automatic rate increase will drive a negative perception that California ports are adding unnecessary fees and costs. We believe that the ports should reject the CAPA policy as the decision should take into account the current economic realities and the financial conditions of its customers.



We respectfully request the Port Commissions to not adopt this policy.

Sincerely,

A handwritten signature in black ink, appearing to read "Kelly Kolb". The signature is fluid and cursive, with the first name "Kelly" being more prominent than the last name "Kolb".

Kelly Kolb

cc: Dr. Geraldine Knatz  
Vice President Arian  
Commissioner Krause  
Commissioner Kramer  
Commissioner Sohn



**SSATerminals**  
A Matson and Carri Collaboration

1717 Middle Harbor Road  
Oakland California  
94607  
510/622-8146 tel  
510/622-8147 fax  
www.ssamarine.com

Item 6.2

May 01, 2013

Ms. Gilda Gonzales  
President  
Oakland Port Commission  
530 Water Street  
Oakland, California 94607

Re: CAPA General Rate Increase Proposal

Dear President Gonzales:

I am writing to express our opposition to the California Association of Port Authorities (CAPA) General Rate Increase (GRI) proposal that will be voted on by the Oakland Port Commission on Thursday, May 9.

California ports have been losing market share, and are facing stiff competition from Canada, Mexico, and other U.S. ports. We are perplexed at the history of the GRI and, more importantly, CAPA's explanation and its justification for a State wide adjustment to port leases, particularly when there are opportunities within our lease for the Port of Oakland to make annual tariff and five-year fair market value revenue increases. The Port of Oakland already has by far the most expensive land-lease costs on the West Coast. The annual GRI increases would occur automatically, regardless of the state of the economy or increasing or declining cargo volumes. Cargo, like water, flows along the path of least resistance and costs are a critical element that make or break a business model. This GRI simply sends the wrong message to shippers and is just another example where unjustified costs leave the Port of Oakland and its marine terminals at a distinct disadvantage.

We strongly urge the Oakland Port Commission to reject this unfounded and ill advised GRI. Rather, we encourage collaborative efforts to attract cargo to the Oakland terminals.

Sincerely,

A handwritten signature in blue ink, appearing to read "Jon E. Rosselle".

Jon E. Rosselle  
Vice President

cc: Board of Port Commissioners  
Ms. Deborah Ale Flint, Executive Director  
Ms. Jean Banker, Deputy Executive Director

**TraPac**

Los Angeles · Oakland · Jacksonville · Austin

Item 6.2

May 1, 2013

The Honorable Gilda Gonzales  
President  
Oakland Port Commission  
530 Water Street  
Oakland, CA 94607

Dear President Gonzales,

TraPac, Inc. is a leading container terminal operator and major tenant of the Port of Oakland. We have made substantial investments to our facility over the years and are committed to a vibrant and competitive Port. As such, we must state our opposition to the annual General Rate Increase proposal that will be voted on by the Oakland Port Commission on Thursday, May 9th. Our opposition is based on the following:

- The Annual GRI rate increase automatically increases rates without regard to the economy, state of the industry, impact on competitiveness or financial standing or needs of a port authority. Based on the accompanying staff report, it appears the only justification for this increase is because it has been agreed to by all of the members of the California Association of Port Authorities – it does not appear to be based on an individual cause or reason specific to the Port of Oakland – nor does the analysis discuss how the increase will improve the competitiveness of the Port and its tenants or attract more customers.
- The proposed increase is based on the Consumer Price Index, West Region for All Urban Consumers (CPI-U). According to Bureau of Labor Statistics, “The CPI-U index is based on prices such as food, clothing, shelter, charges for doctors’ and dentist services...” – items that have absolutely no bearing on services provided by the Port of Oakland to its tenants or customers.
- The proposal comes at a time when California ports are losing market share – which is not discussed in the staff analysis.
- The Port of Oakland is operating in an ever increasing competitive environment. It is counterintuitive to respond to these competitive pressures by automatically increasing the cost of doing business at your facilities.

**TraPac, Inc.**  
2800 7<sup>th</sup> Street Berths 30-32  
Oakland, Ca 94607  
(510) 286-8600 • FAX (510) 286-8601



**TraPac**

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- California lease rates are among the highest in the nation. In addition, ports are transferring the bulk of the responsibility for terminal maintenance to the tenants. On top of those costs, port customers and tenants have invested billions of dollars in California only state imposed environmental costs. Unfortunately, an automatic annual general rate increase increases the burden of doing business in California.
- Ports can take independent action at any time to adjust their rates. They can do so without the need for any collective policy adoption by CAPA.
- The Annual GRI rate increase is poor public policy by substituting legitimate and open public review and debate into a mindless exercise that automatically goes into effect, regardless of need or impact on customers. The only time public debate would take place on a rate increase under this proposal would be when a port took action to either delay or eliminate the automatic increase. The likelihood of a port authority taking affirmative action in not increasing their fees under this policy is nil.

TraPac values the partnership relationship with the Port of Oakland and we want to continue to work with the Port to find creative solutions to attract cargo. However, the GRI policy only reinforces the negative perception that the Port of Oakland is an increasingly costly environment and unjustifiably adding fees and costs will further push us into an ever increasing uncompetitive landscape. We request that the Port of Oakland reject the GRI policy.

Sincerely,

Michael B. Porte  
Regional Vice President & General Manager  
TraPac, Inc.

cc: Board of Port Commissioners  
Deborah Ale Flint, Executive Director  
Jean Banker, Deputy Executive Director

**TraPac, Inc.**  
2800 7<sup>th</sup> Street Berths 30-32  
Oakland, Ca 94607  
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**TOTAL TERMINALS INTERNATIONAL, LLC****ITEM 6.2**

301 Hanjin Road, Long Beach, California 90802 • Tel (562) 256 - 2700 • Fax (562) 499 - 3588

May 1, 2013

The Honorable Gilda Gonzales  
President  
Oakland Port Commission  
530 Water Street  
Oakland, CA 94607

Dear President Gonzales,

As a tenant of the Port of Oakland and a member of the Pacific Merchant Shipping Association (PMSA), who represent the tenants and customers of the Port of Oakland, Total Terminals International is opposed to the annual General Rate Increase proposal that will be voted on by the Oakland Port Commission on Thursday, May 9th. Our opposition is based on the following:

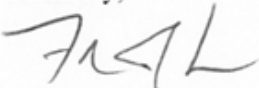
- The Annual GRI rate increase automatically increases rates without regard to the economy, state of the industry, impact on competitiveness or financial standing or needs of a port authority.
- The proposal comes at a time when California ports are losing market share.
- The Port is facing increasing competition from Canada, Mexico and US ports in the Gulf and East Coasts via the Panama and/or Suez Canals. It is counterintuitive to respond to these competitive pressures by automatically increasing the cost of doing business at your facilities.
- California lease rates are among the highest in the nation. In addition, ports are transferring the bulk of the responsibility for terminal maintenance to the tenants. On top of those costs, port customers and tenants face \$5 billion in California only state imposed environmental costs (as estimated by the California Air Resources Board; does not include the cost of local initiatives). An automatic annual general rate increase increases the burden of doing business in California.
- Port leases are typically structured in a way that requires a review every five years – allowing for upward lease adjustments. The annual GRI is an additional increase on top of this process.

- Ports can take independent action at any time to adjust their rates. They can do so without the need for any collective policy adoption by CAPA.
- The Annual GRI rate increase is poor public policy by substituting legitimate and open public review and debate into a mindless exercise that automatically goes into effect, regardless of need or impact on customers. The only time public debate would take place on a rate increase under this proposal would be when a port took action to either delay or eliminate the automatic increase. The likelihood of a port authority taking affirmative action in not increasing their fees under this policy is nil.

At the same time the annual GRI increase is being debated by this commission, you will be discussing Agenda item 5.2, a "Report: Maritime Division Information and Strategy Discussion" that points out the following weaknesses for the Port of Oakland: "Cost of doing business in California; price and service impacts...higher costs for pilotage than other west coast ports; lack of on-dock rail/connectivity; rail pricing...limited economies of scale...perceived unfriendly business and political climate." Despite these weaknesses and challenges that impact the Port, the Commission is asked in the next agenda item to ignore those "weaknesses" and increase the cost of doing business at the Port by approving an annual and automatic increase in rates – increases that will be enacted without public debate or review and regardless of the impact on port customers or the state of economy.

The members of PMSA value the partnership relationship with the Port of Oakland. PMSA members want to continue to work with the Port to find creative solutions to attract cargo. However, the GRI policy only reinforces the negative perception that the Port of Oakland is unjustifiably adding fees and costs. We request that the Port of Oakland reject the GRI policy and join PMSA members to find innovative ways to bring cargo to the Port.

Sincerely,



Frank Capo  
Senior V.P. & Chief Commercial Officer

Cc: Board of Port Commissioners  
Deborah Ale Flint, Executive Director  
Jean Banker, Deputy Executive Director  
J. McLaurin, PMSA  
K.K. Kim, L. Bennett, D. Wilson, C. Choi, Total Terminals International



MEDITERRANEAN SHIPPING COMPANY (USA) INC.

May 2, 2013

President, Gilda Gonzales  
Port of Oakland  
530 Water Street,  
Oakland, CA 94607

Dear President Gonzales,

On behalf of Mediterranean Shipping Company and our customers, I would like to officially express our opposition to adoption of the California Association of Port Authorities (CAPA) annual General Rate Increase.

There are strong indicators that suggest the proposed GRI will negatively impact the business for the Port of Oakland and those jobs and businesses that depend so heavily on the port's continued success. The GRI would also limit the ability to maintain a consistent volume for those cargo carriers who have made local capital investments in recent months and years.

It should also be mentioned that in preparation of compliance with state regulations specific to California ports, port tenant's and their customers face over \$5 billion in environmental costs. A general rate increase will only add to the costs and further the burden of doing business in California.

California ports are making it easier for cargo carriers to commit business to foreign ports. In a recent article from the Journal of Commerce, it made clear that California ports are losing market share. The article references the Compound Annual Growth Rate (CAGR) of each of the major West Coast Ports. Oakland's five-year CAGR is 1.2%, compared to Canadian and Mexican ports posting double digit growth over the same five-year period. An automatic GRI will not only inhibit efforts to return the port to a healthy growth rate, it will in turn give a competitive advantage to those foreign ports already steaming ahead.

MSC values the relationship with Port of Oakland and look forward to strengthening our future partnership. For these reasons Mediterranean Shipping Company respectfully request the Port Commission to not adopt this policy.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Christopher J. Parvin', is written over a horizontal line.

Christopher J. Parvin  
Vice President, Marine Operations

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700 Watermark Blvd., Mt. Pleasant, South Carolina 29464 - Phone (843) 971 - 4100 Fax (843) 971 - 5808

## **UPDATES & ANNOUNCEMENTS**

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.