

**SAN FRANCISCO BAY CONSERVATION AND DEVELOPMENT COMMISSION (SF BCDC)
BAY PLAN AMENDMENT 2-19**

SUPPLEMENTAL INFORMATION FROM THE APPLICANT

April 7, 2022

EXECUTIVE SUMMARY

On March 16, 2022, the San Francisco Bay Conservation and Development Commission (BCDC) convened its Seaport Planning Advisory Committee (SPAC) to make a recommendation regarding Bay Plan Amendment (BPA) 2-19. As stated in the related March 4, 2022, BCDC staff report, “BPA 2-19 is a request by the Oakland Athletics (Applicant) to remove the Port Priority Use Area (PPUA) designation from Howard Terminal (Howard) at the Port of Oakland.” Following the March 16, 2022, SPAC meeting, BCDC staff will prepare a preliminary recommendation to BCDC regarding BPA 2-19.

BCDC staff invited the Applicant to present supplemental information regarding Port of Oakland capacity to meet Year 2050 forecasted demand by cargo type - container, dry bulk and Ro-Ro – without the Howard property or the need for Bay Fill. To prepare the supplemental information, the Applicant, assisted by the Port of Oakland (Port) and the City of Oakland (City), referred to the *2019-2050 Bay Area Seaport Forecast* (Cargo Forecast, May 2020) and conducted additional research and analysis, in reliance on the Port’s own expertise in maritime development, planning, and operations.

The Applicant offers the supplemental information to support BCDC’s on-going analysis of BPA 2-19. The Applicant understands that, upon review by BCDC, the supplemental information may elicit clarifying responses and additional inquiry. The Applicant looks forward to continued engagement with BCDC regarding BPA 2-19.

The supplemental analyses support the following understandings:

- Based upon actual growth in container cargo volumes, which averaged 0.46% between 2005-2021, the Slow Growth Scenario (1.3% CAGR to 2050) is reasonable for long-term container cargo planning purposes. The Moderate Growth Scenario (2.2% CAGR to 2050) is on the “high-end” of a reasonable CAGR.
- Under either the Slow or Moderate Growth Scenarios, the Port of Oakland can fully accommodate Year 2050 container cargo and dry bulk demand without the Howard or the need for Bay fill.
- Substantial reductions in the demand for Ro-Ro exports, specifically from Tesla’s Fremont production facility, since BCDC published the Cargo Forecast suggest that the Slow Growth Scenario may also be most appropriate for Ro-Ro.

- Due to a reported substantial increase in acres available for Ro-Ro operations at the Port of Benicia (totaling approximately 200 acres) since BCDC published the Cargo Forecast, the San Francisco Bay region can meet projected Year 2050 Ro-Ro demand under both the Moderate and Slow Growth Scenarios without the use of Howard or the need for Bay fill. 110-acres of new Ro-Ro land at the AMPORTS Ro-Ro facility in Antioch, California further increases the Bay Area’s supply of Ro-Ro terminal capacity. Finally, potential densification (parking structures) and expansion of existing Ro-Ro facilities present options to further increase capacity.
- Howard is not suitable, operationally or financially, for modern container, dry bulk, or Ro-Ro operations for the long-term. As an isolated, small, obsolete facility, its removal from PPUA will not detract from regional capability to meet the Year 2050 projected growth in cargo nor increase pressure for Bay fill. The Region’s Year 2050 Cargo Forecast can be met without Howard.

ANALYSIS

This section summarizes the supplemental information provided by the Applicant, Port, and City in response to questions received from BCDC staff on March 22, 2022, by email. The responses have been updated as necessary to provide greater detail about each topic set forth below and are attached hereto as **Exhibit A**.

1. Container Cargo Forecast

A review of the Port’s container cargo volumes for the twenty-four-year period from 1998 through 2021 shows compounded annual growth of 1.9%, greater than the Slow Growth Scenario of 1.3%, but less than the Moderate Growth Scenario of 2.2%. However, most of this growth occurred during the eight-year span from 1998 – 2005, when the Port expanded under its Vision 2000 Maritime Development program, adding 600 new acres from the decommissioned Fleet Industrial Supply Center, Oakland (FISCO), which now comprises the Oakland International Container Terminal (OICT), the Port’s largest and newest terminal. Following this expansion, the Port experienced a stabilized growth rate over the most recent seventeen-year period from 2005 – 2021 of only 0.46%, substantially lower than either the Slow or Moderate Growth Scenarios.

Under either the Slow Growth or Moderate Growth Scenarios, the Port of Oakland – the Bay Area’s only container port – can fully accommodate Year 2050 container cargo demand without Howard or the need for Bay fill.

2. Dry Bulk Cargo Forecast

Information that was either not reflected or unavailable when BCDC prepared and finalized the Cargo Forecast substantially reduces projected demand for acreage to accommodate dry bulk cargoes, as described below.

a. Reduction in Scrap Metal Cargo Operations

On March 15, 2022, BCDC sent the Port a revised estimate of dry bulk terminal requirements¹. Revised Table 10 shows a reduction in forecasted dry bulk terminal acreage requirements in 2050 under both the Moderate Growth (from 182 to 164 acres) and Strong Growth (from 227 to 206 acres) scenarios, while the projected requirement under the Slow Growth Scenario would remain at 152 acres. With 152 existing acres dedicated to dry bulk movement in 2018, the revised additional acreages projected to be needed to meet 2050 demand are 12 acres (assuming Moderate Growth) or 54 acres (assuming Strong Growth.) According to BCDC's March 15, 2022 email, the reduction in dry bulk terminal acreage was due to an over-estimation of scrap metal cargo.

b. Coal and pet coke exports eliminated

Separate city council actions in Oakland and Richmond eliminated coal and pet coke exports. In February 2020, Richmond's City Council adopted an ordinance prohibiting coal and petroleum coke (pet coke) storage and handling. In November 2021, Richmond announced the settlement of five lawsuits challenging the City's ordinance². As a result, coal and pet coke exports – which accounted for almost 20% of total 2018 dry bulk volumes – will be eliminated entirely by December 31, 2026, and the 25-acre Levin-Richmond Terminal will be available for other commodities or Ro-Ro.

c. New dry bulk capacity comes online

In February 2022, the City of Oakland and Oakland Bulk and Oversized Terminal (OBOT) announced a settlement framework to resolve pending lawsuits and allow development of the planned new ship-to-rail OBOT to proceed, while ensuring that no coal or coke will be loaded, unloaded, or transferred at the new terminal³. Although not designated as a Port Priority Use Area, the site's use for dry bulk is secured through a 66-year ground lease and development agreement. At 33 acres, the addition of OBOT alone will more than satisfy the 12 additional acres needed to accommodate Moderate Growth in dry bulk cargo through 2050, even before adjusting for the elimination of trade in coal and pet coke.

d. Eagle Rock Aggregates provides 18 acres of immediate dry-bulk capacity

On February 24, 2022, the Port of Oakland Board approved the lease of 18 acres to Eagle Rock Aggregates (ERA) for stockpiling and distribution of construction aggregates (i.e., sand and gravel). The ERA project is located at the Outer Harbor Terminal and will utilize Berth 22 for vessel and barge operations and backlands at Berths 20, 21, and 22.

With the potential addition of the 25-acre Levin-Richmond Terminal to the 33 acres at OBOT, the Bay Area could enjoy an additional 58 acres in potential dry bulk cargo capacity to meet the

¹ See Revised Table 10: *Bay Area Estimated Dry Bulk Terminal Requirements for 2050*

² http://www.ci.richmond.ca.us/DocumentCenter/View/59376/2021-11-12-Press-release_Coal-and-petcoke-ordinance-lawsuit-settlement?bidId=

³ https://www.oaklandcityattorney.org/News/Press%20releases/Ground_Lease_Settlement.html#:~:text=In%202013%2C%20the%20City%20entered,the%20San%20Francisco%20Bay%20Bridge.

projected 12-acre Moderate Growth or 54-acre Strong Growth demand, with 42-acre and 4-acre reserves, respectively.

Based upon the reduction in dry bulk acreage needs reported by BCDC on March 15, 2022, the elimination of coal and pet coke operations at OBOT and the Levin-Richmond Terminal, and the Port of Oakland's February 2022 lease of 18 acres for sand and gravel operations (providing immediate capacity for dry bulk cargo), the Year 2050 dry bulk cargo demand can be met under all growth scenarios without the Howard property or the need for Bay fill.

3. Ro-Ro Cargo Forecast

Information either not reflected or unavailable when BCDC prepared and finalized the Cargo Forecast suggests a substantial reduction in need for Ro-Ro acreage, as described below.

a. Ro-Ro exports plummet

As noted in the Cargo Forecast, “[b]arring no major shakeup in the automotive industry, Ro-Ro export figures for the Bay Area will be driven primarily by Tesla volumes, which makes projecting future export numbers highly speculative.”⁴ The Forecast presents a combined weighted average of Year 2050 Ro-Ro exports and imports, which projects the export share at 31% of Ro-Ro volume⁵. However, in December 2019, Tesla opened a new factory in Shanghai to service its Asian markets, followed by a Berlin factory, which came online in March 2022 to serve its European customers. As a result, while total Tesla deliveries increased 68%⁶ in the first quarter of 2022, year-over-year, exports from its Fremont plant have *declined* by more than 60%⁷, in marked contrast to the 2.0% Moderate Growth CAGR projected through 2050⁸.

b. Additional existing Ro-Ro capacity identified

The Forecast identifies 215 acres in use for Ro-Ro cargoes. This includes 75 acres at Benicia, 80 acres at Port Potrero (Richmond), and 60 acres at SF Pier 80⁹. The Forecast projects a Year 2050 demand for Ro-Ro of 313 total acres under the Slow Growth Base Case, 375 acres under the Moderate Growth Base Case, and 496 acres under the Strong Growth Base Case, resulting in a forecasted need for 98, 160, and 281 additional acres, respectively, in Year 2050.¹⁰ The Forecast presents likely expansion sites as SF Pier 96 & Other (67 acres), Howard Terminal (40 acres), Benicia (35 acres), and Richmond Terminal 3 (20 acres), for a total of 162 acres available to accommodate projected growth in Ro-Ro cargo movements.

⁴ Cargo Forecast, p. 150.

⁵ Exhibit 162, Cargo Forecast, p. 155.

⁶ Bobrowsky, Meghan. (2022, April 2). Tesla Deliveries Rose in Quarter Elon Musk Calls Exceptionally Difficult. *The Wall Street Journal*.

⁷ PMSA West Coast Trade Report, March 2022, p. 7.

⁸ Exhibit 159, Cargo Forecast, p. 152.

⁹ Table 8, BCDC San Francisco Bay Plan Amendment 2-19: Howard Terminal Staff Analysis, March 4, 2022.

¹⁰ Table 9, BCDC San Francisco Bay Plan Amendment 2-19: Howard Terminal Staff Analysis, March 4, 2022.



However, multiple sources, including BCDC itself¹¹, indicate that significantly more land (approximately 200 acres, as compared to the 75 noted in the Forecast) is already in use for Ro-Ro cargo movement in Benicia. This discrepancy was previously noted in the Mercator study “Expected demand for Howard Terminal as a cargo handling facility” submitted by the Applicant in November 2019, reiterated in Mercator’s March 26, 2022 memorandum, and confirmed by Port of Oakland staff in an April 5, 2022,

conversation with AMPORTS, the Port of Benicia terminal operator, which estimated current Ro-Ro uses at Benicia totaling 225 acres. A map of the Ro-Ro operations at Benicia’s port is readily available on the AMPORTS website and reproduced here for ease of reference.

Adjusting for the actual Ro-Ro acreage at Benicia, conservatively assumed to be 200 acres, the total existing acreage allocated to Ro-Ro operations appears closer to 340 acres¹², resulting in a revised Year 2050 surplus of 27 acres (340 existing acres as compared to a projected need for 313 acres) assuming Slow Growth, and a much-reduced need for 35 additional acres (340 existing acres compared to a projected need for 375 acres) assuming Moderate Growth.

Because Ro-Ro operations are most likely to expand at the Bay Area seaports with existing Ro-Ro facilities, it is reasonable to assume that available capacity totaling over 120 acres at SF Pier 96 & Other (67 acres), Benicia (35 acres), and Richmond Terminal 3 (20 acres) will more than satisfy the need for 35 additional acres, resulting in an approximately 85-acre surplus of land available for Ro-Ro cargo movement in the Moderate Growth Scenario, even absent the Howard property. Finally, Table 12 in the March 4, 2022, BCDC Staff Report did not include the 35-acre Benicia Short-Term Lease site referenced in Table 9 of the Cargo Forecast as a potential

¹¹ Table 1, BCDC San Francisco Bay Area Seaport Plan: Alternatives Analysis, March 16, 2021

¹² Assumes that the 75 acres in existing Ro-Ro terminal use noted in the Forecast is included in the 200 acres noted in the Mercator reports and BCDC’s March 2021 Staff Analysis, resulting 125 additional acres.

area for Ro-Ro operations. Further clarification by BCDC regarding Ro-Ro acreage currently in use and available for future use at Benicia is needed.

Finally, in December 2021, a new, approximately 110-acre AMPORTS Ro-Ro facility was approved in Antioch. Wharf reconstruction and expansion are well underway, with expected completion within 2023. A test vessel call was successfully completed in early 2021¹³. Located just outside the planning boundaries of the Seaport Plan¹⁴, upon completion in 2023, the new AMPORTS facility, with a capacity equal to approximately 20% - 25% of total projected Ro-Ro volume for the region (assuming Slow to Moderate Growth, respectively)¹⁵, will compete head-to-head with San Francisco Bay area ports, substantially alleviating pressure and reducing demand for additional acreage to be dedicated to Ro-Ro cargo operations. Given that AMPORTS operates both the Benicia and Antioch facilities, it seems reasonable to account for the 110-acre Antioch Ro-Ro facility in the analysis of Bay Area regional Ro-Ro acreage demand.

Due to slowing exports, the Slow Growth Scenario for Ro-Ro is probably appropriate; nonetheless, by accounting for the 200+ acres in existing Ro-Ro operations at the Port of Benicia, the Region appears to comfortably meet its Year 2050 Ro-Ro demand under both the Slow Growth and Moderate Growth scenarios without use of the Howard property or the need for Bay fill.

While the Strong Growth Scenario seems highly unlikely given its one-third export allocation, with the additional 87 acres potentially available at the Port of SF, Pier 96 & Other (67 acres) and Richmond (20 acres), the long-term Ro-Ro capacity without the Howard property would total 537 acres (340 + 110 acres today + 87 acres available for expansion), exceeding projected Year 2050 demand of 496 acres assuming Strong Growth. As noted above, further clarification by BCDC regarding Ro-Ro acreage use at Benicia will clarify how many acres might be available to meet or exceed demand under all growth scenarios.

Ancillary Maritime Services Forecast

The Cargo Forecast projected a need between 167 (assuming Slow Growth) and 269 (assuming Strong Growth) acres of land for ancillary maritime services, including truck parking. As stated in the Forecast, with “305 acres of land in the immediate Port area either already in an ancillary use...under development for an ancillary use...or available for long-term ancillary use”, this need is fully satisfied, and “there is adequate space within the Port of Oakland complex for ancillary services to support projected cargo growth in all three scenarios.”¹⁶

¹³ <https://www.amports.com/updates-news/amports-and-siem-car-carriers-successfully-transit-vessel-to-antioch>

¹⁴ Notably, more than half of Howard Terminal itself also lies outside BCDC jurisdiction; see **Exhibit B**.

¹⁵ Mercator, Analysis of Demand/Supply of Ro-Ro Terminal Capacity for Northern California, March 26, 2022, Section 2(e); Forecast, Exhibit 165.

¹⁶ Cargo Forecast, p. 138

The Forecast describes three separate estimates of truck parking needs – a 2001 Tioga report that estimated a 2020 need for 30 acres of land for overnight tractor parking and container and chassis staging; a 2016 Tioga update concluding that those 2020 needs had previously been overestimated and re-projecting the 2020 need at 22 acres; and most recently, the Cargo Forecast, which anticipated a need for at least 28 acres (assuming Slow Growth) up to a maximum of 30 acres (assuming Strong Growth) of land for tractor parking and container and chassis storage through 2050. None of these three forecasts, conducted over the course of the last 20 years, supports the need for additional truck parking acreage or the assertion that displacing existing uses from Howard Terminal could lead to an increase in truck parking and idling in West Oakland. Nonetheless, on February 15, 2022, the Oakland City Council adopted an Ordinance amending sections 10.28.145 and 10.28.160 of the Oakland Municipal Code to limit truck parking in West Oakland, further strengthening protections to residents from the potential impacts of truck operations in residential neighborhoods.

The City and Port of Oakland are currently providing the required 30 acres of dedicated truck parking recommended in the Forecast. As noted above and in the Forecast, the need for additional land for ancillary maritime services can be met under any growth scenario without the Howard property or the need for Bay fill.

4. Future Use of Howard Terminal

As stated in the Bay Plan, “[p]art of the Commission’s founding mandate is to encourage the development of the Bay and its shoreline to their highest potential.”

If Howard Terminal continues to be designated as Port Priority Use, this valuable waterfront property will likely languish for decades in minimally productive use with no public access to the shoreline and infrastructure, subsurface contamination remediation and sea-level rise (SLR) protections unfunded due to limited revenue potential from maritime operations.

- a. Howard is unsuitable as a modern cargo terminal.** The smallest of all of Oakland’s terminals, at approximately 40 acres after turning basin widening, Howard is physically disconnected from the other 1,250 acres which comprise Oakland’s Seaport. Constrained by private property to the north and west and a ferry terminal which serves almost 200,000 passengers annually to the east¹⁷, its only expansion option is into the Bay. As noted in the Cargo Forecast, planned expansion of the Inner Harbor Turning Basin – essential to accommodating projected growth in Oakland’s core containerized cargo business – will result in a truncated berth capable of accepting few of the vessels projected to call Oakland by 2050. Due to the constraints noted above, vessels berthing at Howard Terminal cannot “overhang” the berth. At –42 feet, without additional dredging, Howard Terminal’s berth depth is similarly inadequate to serve the modern vessels that increasingly call Oakland. Howard is also one of the oldest properties at the Oakland Seaport, with most structures, utilities, surfaces and equipment 30 – 50 years

¹⁷ Water Emergency Transportation Agency (WETA), April 7, 2022

old. Four existing container cranes on Howard Terminal date from 1968, 1980, and 1986. The oldest of these is of sufficient vintage to have been deemed a historic resource in the EIR for the proposed Waterfront Ballpark District.

- b. Howard is not suitable for Ro-Ro use.** In addition to the constraints noted above, the backlands on the Howard property, already smaller (following expansion of the turning basin) than standard Ro-Ro terminals on the US West Coast, would be further reduced if rail were to be brought on-site from the adjacent main line. With no rail access, limited berth length and depth, and inadequate backlands, the Howard property is undesirable and cannot compete for Ro-Ro imports with superior facilities throughout the region and West Coast.
- c. Efforts to market Howard Terminal for terminal use have not been fruitful.** Howard Terminal was last used as a container terminal in 2013, when Matson terminated early its lease for Howard Terminal and relocated to superior facilities available elsewhere in Oakland's Inner Harbor. In 2013, the Port issued an RFP for lease of the Howard Terminal property. Despite extensive marketing, the Port received only three proposals – two for bulk operations including coal and pet coke, and one for limited (3-acre) use of the site by neighboring Schnitzer Steel.
- d. Rehabilitation of Howard Terminal's functionally obsolete facilities is cost-prohibitive and a poor use of limited Port funds.** Returning Howard Terminal to maritime use would require investment of more than \$200M. These funds can be better spent by the Port on expanding the Inner Harbor Turning Basin and further developing its facilities in the Outer Harbor, which, unlike the Howard property, feature multiple deep-water berths, modern cranes, rail access, and ample backlands.
- e. Without significant investment, rising seas will impact the viability of Howard Terminal for any use by 2050.** As noted above, such investment is unlikely given competing priorities at the Seaport. Assuming only two feet of sea level rise, by 2050, the Port's sea-level rise assessment shows that most of the Howard site will experience regular storm-tide overtopping and 100-year storm-tide flooding.
- f. Absent a change of use, Howard Terminal will continue to limit the access of socially vulnerable communities to the shoreline.** BCDC policy requires "that the Bay remains a public resource, free and safe for all to access and use". As noted in the Staff Analysis for BPA 2-19, "due to the size of the port, the intensive nature of its operation, and the degree of security the Port of Oakland is obligated to provide, nearly the entire West Oakland shoreline is closed to the public", limiting public access to the shoreline for "numerous block groups categorized as highest or high social vulnerability within a mile of the Oakland Port Priority Use Area...clustered in the West Oakland, Old Oakland, and Chinatown neighborhoods".

CONCLUSION

Because the Howard property is not suitable for modern terminal operations, and there exists adequate land to meet Slow and Moderate Growth projections for all cargo types (container, bulk, and Ro-Ro) as well as ancillary maritime services (including truck parking), removal of Howard from PPUA would not detract from the Bay Region's capability to meet the Cargo Forecast, nor result in new Bay fills.