

May 16, 2022

Dear Cory,

The Port received your e-mail on Wednesday, May 11, 2022, at 2:36 p.m. regarding “a possible correction to the availability of the STE site for future use of off-dock staging.” Specifically, the e-mail highlighted the May 2, 2022, Tioga memorandum, which stated that the STE site ‘is not available for long-term maritime terminal use and cannot provide the required level of productivity calculated in the cargo forecast.” We have reviewed the information you provided and offer the following for staff consideration.

Off-Dock yard space at STE helps meet the Cargo Forecast and should not be ignored in the analysis:

- On page 85, the 2020 Cargo Forecast (mostly) correctly notes that “OICT is also currently using 30 acres of off-dock land for container staging, operated by sister company Shippers’ Transport Express (STE). The full working area of OICT is therefore 320 acres at present.”
- The STE site comprises 25 acres (not 30) of recently improved property on the former Oakland Army Base. It serves as an off-dock terminal, augmenting the on-dock capacity of SSA Terminal’s operations at OIC. These terminals are integrated from an operational perspective such that their leases are co-terminus, currently expiring in 2032.
- On the off-dock terminal, STE provides a premium service to shippers for faster container retrieval. Containers utilizing the STE off-dock terminal are quickly removed from the on-dock terminal for retrieval by customers, thereby freeing up capacity on-dock. Operations at the off-dock facility are typically efficient, with shorter dwell times than those experienced on-dock. Currently, due to supply chain disruptions, STE is experiencing dwell times of 7 days yet still achieving a throughput of approximately 4,000 TEU per acre (compared to 5,001 for the entire OICT, including the STE Site, in 2018¹). Prior to this supply chain disruption, the dwell time was typically 1-2 days, significantly increasing productivity.
- Exhibits 90 and 91 on p. 83 and 84 utilize the full 320 acres of OICT for purposes of calculating the average 5,001 TEU/acre achieved on- and off-dock. Absent the 30-acre STE site, these tables should be revised. Using Tioga’s 2020 methodology, exclusion of the 30-acre STE site from OICT would result in a “sustainable” TEU/acre of 7,358 ($1,600,400 \text{ TEU} / 290 \text{ acres} = 5,519/.75 = 7,358 \text{ TEU/acre}$), a result suggesting that throughput at OICT, a conventional terminal, would exceed not only all competing conventional terminals, but also

¹ See Cargo Forecast, Exhibit 91

the average throughput achieved at competing high productivity terminals and used for cargo forecasting (7,112). This simply defies logic.

- It is clear from both the Cargo Forecast (Exhibits 90 and 91) and the present-day utilization of the STE terminal (which is currently in active use despite the availability of hundreds of acres of land on-dock) that the STE terminal can and does contribute to cargo capacity. In fact, over the last 2 years, the Port invested \$19,000,000 at the off-dock terminal, installing all new paving, a multi-acre concrete pad for top picks used in off-dock yards, a new substation for electric truck chargers for use between the terminal and the off-dock yard and for electric top picks, all purpose-built to STE's operations.
- At the April 19, 2022, Consultant Forecast Presentation to the BCDC Commission, on Slide 22, the Consultant included the 30 STE acres and advised that, if it were retained, the total acreage need was 308 (136 new acres) and without it, the need would be 338 (166 new acres). This reflected that the STE site might remain and that it offered equal productivity to the on-dock terminal. Then, in the May 2, 2022 memo, the Consultant unilaterally decided that the 30 acres at the STE terminal should not be retained and could not offer equal productivity. The Port has a long-term lease on this property with a major tenant and sees no basis for these revised assumptions.
- As noted in the May 11, 2022, email, on page 86 of the Cargo Forecast, the Consultant cites "planning documents [that] anticipate this land being used for ancillary support uses, rail infrastructure, or commercial development" as a rationale for excluding this land from the terminal capacity estimates. The Port has engaged in multiple land planning exercises over the last half-century. The Port's actual or anticipated use of any given portion of its 1,300-acre Seaport at any given point in time changes in response to market factors. However, the PPUA designation of the STE and the Port's role as the sole container port for the San Francisco Bay Area are not anticipated to change. To assume that the Port will, in response to future growth in cargo demand, request Bay fill to grow capacity rather than utilizing its own PPUA-designated lands – including the STE acreage, which has demonstrated capacity to meet that demand –again defies logic.
- Based on these facts, we urge BCDC to not dismiss the actual current and future contribution of the off-dock yard to cargo throughput. We urge BCDC to recognize the significant investments made by the Port and STE for cargo throughput operations. We urge BCDC to include, at a minimum, a conservative estimate of 25 acres of land at the STE off-dock terminal as part of the total inventory to meet the Cargo Forecast.

Additional on-dock terminal acreage and PPUA land owned by the Port and located contiguous to on-dock terminals are available and should be included as available to help meet the Cargo Forecast:

- Berth 33-34 – on Page 86 of the Cargo Forecast, Berth 33-34 is described as having 23 acres. However, in Table 6 of the May 2, 2022, Staff Summary, Berth 33-34 is listed as only 20 acres. The actual acreage is just over 22 acres; please include the 22 acres (or **2 additional acres**) as correctly originally stated in the Cargo Forecast report in BCDC’s Cargo Forecast-related tables and calculations.
- The most obvious place for existing on-dock terminals to expand is into contiguous underutilized land. These lands, designated PPUA and owned by the Port, have not yet been included in the tables and calculations as available for expansion. We request they be included to make clear that there are many options within the Port’s control to accommodate future demand that do not involve impractical and cost-prohibitive Bay fill. These lands are comprised of large vacant roadway shoulders that can be used to expand the OICT and Matson terminals, as well as a portion of Middle Harbor Road, which was – by design – not dedicated as a public right-of-way to allow for future flexibility to serve terminal purposes. These are highly desirable opportunities for tenants to meet future demand, as it is far more cost-effective to incorporate more land into existing operations than to build whole new operations isolated from existing operations. We ask the BCDC staff include these **15.5 additional acres** in the Tables and Report for meeting the Cargo Forecast:
 - Matson terminal can be expanded on Port-owned PPUA land without taking roadway by **2.3 additional acres**
 - OICT terminal can be expanded on Port-owned PPUA land without taking roadway by **4.7 additional acres**
 - OICT can be further expanded by either reducing or eliminating the Port-owned, undedicated portion of Middle Harbor Road up to a total **8.5 additional acres**. Allowing the terminal to abut the rail yard would not only add acreage but would create the potential for a highly desirable and more efficient on-dock rail terminal.

With the Additional Acreage, there is a 35.5-acre surplus.

The BCDC May 11, 2022, e-mail states that “withdrawing Howard Terminal from PPUA status would reduce the available acreage to 285 against a need of 292 (instead of 262), leading to a 7-acre shortfall.” The Port disagrees with this analytical conclusion. Reassuringly, with the additional 42.5 additional acres identified above (25 acres at STE + 2 acres at Berths 33-34 + 15.5 acres at Matson/OICT), there are 327.5 acres available (285 acres + 42.5 acres = 327.5 acres) to address BCDC’s projected demand of 292 acres. Including all additional acres results in a 35.5 acre surplus (327.5 acres – 292 acres = 35.5 acres).

Because a demonstrated surplus of land is available to meet projected Moderate growth in all three cargo types, the Port of Oakland urges BCDC to confidently confirm its preliminary recommendation to remove the PPUA designation from the Howard property.

Finally, we have additional information requests:

- Please provide a detailed breakdown of the total PPUA acres at Benicia, including both those (approximately 121 of 225) now included as contributing to the Region’s ability to meet the cargo forecast, and those excluded. Tioga’s May 2, 2022 memo does little to clarify this important topic, noting only that “the portion of areas A, B and C contributing to Ro-Ro capacity (not including rail facilities) presently amount to about 46 acres.” The reader may infer that some lands within PPUA (as well as Benicia lands currently utilized for Ro-Ro but located outside the PPUA) are excluded on the basis that they are currently being used for domestic operations; however, the extent of the lands excluded is unclear. *This continued lack of precision undermines confidence in the accuracy of the Cargo Forecast.* Further, the seeming rationale for the exclusion of PPUA lands – that “including additional land presently used for domestic vehicles in areas B and C would require displacing the existing domestic operation to an unspecified location, and would be a policy decision for BCDC” – appears at odds with actual, explicitly-stated BCDC policy with regard to interim uses on PPUA designated lands, which states in part, “Uses that would impair the future use of a port priority use area that is not currently used for port purposes may be allowed only on a finite, interim basis. Interim uses should be of a nature that allow the site to be converted to port use when it is needed for marine terminal development or other port priority use.”²
- The Bulk Cargo Forecast and consideration of properties have been somewhat complicated by the changes in information in different reports at different times. We would like to see a map or chart that has all the corrected information about existing sites and acreages that are considered, in addition to those available, so we can understand how BCDC is using this information. Can you please confirm the full inventory of properties and clarify how Richmond’s ban on coal and pet coke and other Commissioners’ feedback that coal and pet coke should not be assumed to be part of the demand in 2050 have been incorporated in the analysis? As you know, the proposed Eagle Rock Aggregates (ERA) lease is designed to be flexible in the long-term, such that if the property is not needed for bulk, it can serve container needs, if container demand warrants. If container demand does not materialize and bulk demand continues, the Port has the option, in its sole discretion, to extend this use for a longer term. This structure to the lease should be seen an advantage, not a detriment, as it enables the Port to best match available resources to future demand.

² San Francisco Bay Area Seaport Plan, p. 9

- Please advise where we may locate a list of all permits for new Bay fill of an acre or more over the last 10 years. We were only able to find relatively minor replacements, repairs, and things like fences in the 100-foot shoreline band. Have there been any new Bay fill requests in the past decade?
- At a prior meeting, BCDC stated that PPUA designation will be removed for any land used for a turning basin. Is this correct?
- Please advise where we may locate a list of all the PPUA deletions requested, denied, and approved since PPUAs were established, in total and specifically for San Francisco.
- Please provide any information demonstrating that the existing cranes on Howard are usable for terminal operations. We provided information previously that container cranes at the Howard property are not useable nor salvageable to become working cranes. The Port of Oakland Crane Department has permanently mothballed them until it is determined whether they will be kept (as decorative landscape features) or demolished. Any theoretical use of Howard for containerized Cargo would involve the multi-year design and building of cranes for \$60,000,000 (in 2021 dollars), in addition to significant other work as previously described, making it unviable as a long-term modern container terminal. If there is no information regarding the usability of existing cranes on Howard, please include these facts when BCDC refers to cranes on Howard so that there is no confusion that Howard is currently useable with existing cranes.

We appreciate BCDC's ongoing efforts to ensure that all available acreage is accurately accounted for to meet the Cargo Forecast, as well as BCDC's assistance in obtaining the above information as the Port continues supporting the BPA 2-19 process.

Please reach out at any time to discuss or with further questions or clarifications.