



Port of Oakland Executive Director Danny Wan's Remarks at the Bay Conservation and Development Commission Meeting

Thursday, June 2, 2022

Good morning Commissioners.

I am Danny Wan, the Executive Director of the Port of Oakland. On behalf of the Board of Port Commissioners, I deeply appreciate the BCDC and staff for your thoughtful deliberation of the application to remove the Howard Property from the Port Priority Use Designation. The Port fully supports the BCDC preliminary staff recommendation to remove the designation.

The last container terminal operator at Howard Property terminated its lease early in 2013. The Port Commission spent the next 5 years attempting to identify a long-term tenant without success. Since the lease termination, the 50 acres of urban waterfront has been used mainly for container parking leased on month-to-month basis for interim use.

Today, I will highlight why—the removal of the Howard Property from Port Priority Use will allow the Port to maximize the public value of its waterfront by expanding its capacity to grow cargo volume through improved transportation infrastructure and by creating new areas of public access to the Oakland waterfront.

Since its creation in 1927, the Port has been committed to serving the commerce and transportation needs of the Region, the State and indeed the world. The Port Commission is an independent commission of the City of Oakland entrusted to manage almost all the City's 20 miles of waterfront.

Under its policies, the Port devotes most of its waterfront acreage within Oakland, nearly 4,000 acres or 6.25 square miles, to operating the Seaport and Oakland Airport – facilities that are essential to moving goods and people for the region.

Particularly for the seaport, the acreage of Oakland's waterfront devoted to transport of maritime cargo has evolved both by shifting its location from the inner harbor to the outer harbor and by expanding its footprint from 750 acres in 1998 to almost doubling its size to 1300 acres today.

As the Port expands and evolves, the Howard Property, located closer to the inner harbor and Jack London Square than to the middle and outer harbor where newly developed modern terminals are located, is too small and isolated for use as a modern container cargo terminal. As you can see on the slide, Howard is separated from the rest of the seaport by Schnitzer Steel, a private property, and is distant from the center of maritime operations in the Middle and Outer harbors. The Howard Property is closest to Jack London Square, the heart of Oakland's public waterfront.

The next slide outlines some of the constraints on further development for maritime use at Howard.

In January 2018, five years after container terminal operations ended at Howard, the Oakland A's approached the Port with its ball-park development proposal that envisioned a long-term highest and best re-use of the property.

The proposal triggered a due diligence process. In addition to financial considerations, a paramount issue was whether the Oakland A's proposal would be appropriate given the Port's commitment to growing the seaport business. The Port Commission's role is to balance industry-specific needs with its equally weighty obligation to maximize the value of its property to create jobs, to provide our residents and visitors with access to the waterfront, to protect our environment, and to promote environmental justice.

Certainly, the Port Commission very much understands and generally agrees that the Port should prioritize maritime use for waterfront land in the seaport footprint, as the maritime stakeholders and industry urge the Port to do.

In May 2019, after receiving hours of public testimony, the Port Commission decided unanimously to negotiate with the Oakland A's by approving an "exclusive negotiation term sheet" agreement. The Port Commission incorporated maritime industry input by including two important conditions to assure that the Oakland A's project would be compatible with seaport operations.

First, the Port contractually reserved up to 10 acres of the Howard Property for expansion of the inner harbor turning basin to accommodate the growing ship sizes that are now calling the Port. The Port and the Army Corps of Engineers are pursuing the Turning Basin with all due diligence.

Importantly we need the BCDC Commission to remove the PPU designation from Howard to allow the Turning Basin to be constructed as open Bay is not a Port Priority Use.

Secondly, the Port Commission required the incorporation into the Project or its EIR a set of measures, designs, and operational standards to ensure that the Oakland A's Project will not interfere with seaport operations – known as "*Seaport Compatibility Measures*".

The Port Commission's adoption of the exclusive negotiation agreement set off 3 years of outreach to maritime and community stakeholders and supplying information to City staff on *Seaport Compatibility Measures*.

Then, on February 17, 2022, the Oakland City Council certified the Environmental Impact Report, which includes a comprehensive set of *Seaport Compatibility Measures* that are designed to address maritime navigation safety, seaport access and traffic routing, and avoidance of vehicular conflict, including rail safety. The slide illustrates one of the compatibility measures included in the project, that is a new grade separated vehicular overpass that will separate trains from vehicular and pedestrian traffic.

It is only after this due diligence, site planning, and public engagement that the Port has concluded that removal of the Howard Property from Maritime use will not impede the operations or the sustainable future growth of the Port's seaport operations.

I appreciate the BCDC staff for engaging in many intensive study sessions with Port staff, including on questions raised by members of the Seaport Planning Advisory Committee. I am pleased that after much additional investigation, the BCDC preliminary staff report concluded "*Under the Moderate Growth Scenario, the Region would be able to meet demand for all cargo types.*"

The Port is highly confident that removal of the approximately 50 acres of the Howard Property from Port Priority Use will not result in any need for infill of the Bay for cargo volume.

At this time, I would like to amplify some of the information on each cargo type that the Port has shared with the BCDC staff that gives added assurance that removing this property is not detrimental to the Port's ability to accommodate cargo growth.

Regarding container cargo, the Port of Oakland handles all the container cargo in the Bay region. The Tioga cargo study bases its findings on a moderate rate of growth of container cargo volume at the annual average growth rate of 2.2%. At this rate, the Port would grow its cargo volume from today's 2.4 million TEU's to 5.2 million TEU's by 2050. However, the Port has historically grown much slower at an annual average rate of less than half a percentage since 2005 when the Port finished the development of its last modern container terminal.

Even if we go back to 1998, before the Port began redevelopment of the Naval Supply Center into modern container and rail terminals, the Port's annual average growth rate was still only at 1.9% - a pace slower than the 2.2% in Tioga's moderate growth scenario. Therefore, based on the Port's actual historical growth rate, the Tioga moderate growth scenario likely overestimates the future container cargo volume growth at the Port and related acreage demand. In any case, even accepting the moderate growth scenario, the BCDC preliminary staff recommendation concludes, "removing the Howard Terminal would likely not detract from the regional capacity to meet container cargo growth demand...".

The same is true of bulk cargo. Bulk cargo is cargo that's loose and unpackaged, such as grains and liquids. The Port Commission has just approved a lease of 18 acres of Berths 20-22 in the Outer Harbor for bulk materials, which puts the Port significantly ahead of the 2050 projected demand.

About Ro-Ro cargo, we noted that the Port does not have any Ro-Ro facilities and that there are large and well-developed Ro-Ro facilities in Benicia, Richmond, and San Francisco. As well, Antioch has significant Ro-Ro capacity that serves the San Francisco Bay region, though the facility is located just outside BCDC jurisdiction. Port staff assisted in identifying additional acreage of Ro-Ro capacity at the Port of Benicia, as well as supplied information on why Howard is not suited for modern Ro-Ro terminal investment and development. We appreciate that BCDC staff incorporated this information and revised its Ro-Ro analysis. Reassuringly, the region has ample acreage to meet long-term Ro-Ro demand.

The Port concurs with the BCDC staff recommendation that there is sufficient acreage to provide for ancillary uses – such as truck parking and chassis storage – under any forecast growth scenario. In addition to the 305 acres of ancillary backlands, the Port and the City have specifically designated 30-acres for dedicated truck parking.

I want to conclude my presentation by noting two important policy considerations that are not factored into the Tioga report analysis but are nonetheless important for the Commission to consider as part of the PPUA discussion. These are environmental sustainability and financial feasibility.

I want to give a couple of examples where factors of financial feasibility and environmental sustainability, including environmental justice concerns, may significantly impact the analysis of the availability of any given acreage for seaport use and cargo volume forecasting.

First is the need to invest in sea-level rise resilience. The Howard Property will be one of the first maritime locations at the Port where rising sea levels from climate change will flood, beginning in 2030. Any long-term development of Howard will need to provide significant financial returns to justify investment to raise the elevation of the site, as well as remediation of toxics that have been capped at the site. This slide from BCDC's *Adapting to Rising Tides* shows Howard's vulnerability by 2050. Only a highly capitalized and high-density development project such as the A's proposed development can provide this needed investment. Therefore, when it is argued that the Howard Property should be available for long-term cargo uses, the feasibility of financing such a use on a relatively small and constrained site will not yield the return necessary.

A second factor is environmental justice and sustainability. The Port of Oakland is situated in a highly urbanized area neighboring historically disadvantaged communities that have been impacted by Port operations, especially by air emissions of ships, trucks,

and trains. In this context, any cargo volume growth projection should be balanced and weighed with the impacts on the environment. The Tioga report for example projects a “strong growth scenario” under which the Port would triple its cargo volume by 2050. In fact, even the moderate growth scenario is ambitious given such constraints.

With these factors in mind, the Oakland Port Commission prioritizes planning for sustainable growth with a process that factors in financial feasibility, environmental stewardship, and principles of sustainability.

The Port Commission adopted its “2020 and Beyond” plan that envisions a pathway to growing the seaport with feasible zero emissions technology, including the electrification of Port-related vehicles and equipment. With sustainability as a foundational principle, the Port is planning not only for growth of its seaport, but also for increased public access to the waterfront and economic vitality for the region, all while fulfilling our social responsibilities to the community.

The Port of Oakland is committed to delivering the highest value to the public from the prudent management of its property. The proposed ballpark project at the Howard Property is envisioned to be a transformative project generating regional jobs, economic benefits, and waterfront public access as well as significant transportation infrastructure improvements to ensure the long-term growth of the Seaport.

Removing the Port Priority Use designation means that the process of infrastructure and financial planning and securing community and regional benefits can move forward.

The Port of Oakland respectfully requests that the BCDC remove the Port Priority Use designation from the 50 acres from the Howard Property and allow Oakland and the East Bay region to celebrate this waterfront site in a manner that has not been done before in Oakland’s history.

I am happy to answer any questions.