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SUPPLEMENTAL AGENDA

Regular Meeting of the Board of Port Commissioners
Thursday November 14, 2013 – 1:00 p.m.
Board Room – 2nd Floor

ROLL CALL

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

1. CLOSED SESSION

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

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

CMC Food Services LLC And NNF Grewal, Inc., V. Port Of Oakland, Et Al.; Alameda County Superior Court Case No.: RG13685134

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

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

Consultation with: Aviation Security Superintendent

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

Property: Joint Intermodal Terminal
Negotiating Parties: Port of Oakland and BNSF Railway Company
Agency Negotiator: Executive Director, J. Christopher Lytle; Acting Director of Maritime, Jean Banker and Port Attorney, Danny Wan
Under Negotiation: Price and Terms of Tenancy

Property: Berths 55-56 and berths 60-63
Negotiating Parties: Port of Oakland, SSA Terminals LLC and SSA Terminals (Oakland) LLC
Agency Negotiator: Executive Director, J. Christopher Lytle; Acting Director of Maritime, Jean Banker; and Port Attorney, Danny Wan
Under Negotiation: Price and Terms of Tenancy

1.5 CONFERENCE WITH LABOR NEGOTIATORS– (Pursuant to California Government Code Section 54957.6):

Employee Organization: Service Employees International Union Local 1021 (“SEIU Local 1021”)

Employee Organization: International Federation of Professional and Technical Engineers, Local 21 (“Local 21 IFPTE”)

ROLL CALL/OPEN SESSION (Approximately 3:30 p.m.)

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

CLOSED SESSION REPORT

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

2. CONSENT ITEMS

Action by the Board under “Consent Items” means that all matters listed below have been summarized and will be adopted by one motion and appropriate vote. Consent Items may be removed for further discussion by the Board at the request of any member of the Board.

2.1 Resolution: For Joint City-Port Domain Awareness Center Staffing: Accept FY13 Department of Homeland Security/Federal Emergency Management Agency Port Security Grant Program Funding, Implement Approved Security Projects, and Sub-grant funds to the City of Oakland (**Maritime**)

2.2 Resolution: Authorization for the Executive Director to Enter into a Two Year Agreement with IBM for Disaster Recovery Services (**IT**)

- 2.3 **Building Permit Application:** Alaska Airlines - Remodel space in air cargo building (M112) to serve as parts storage **(Engineering)**
- 2.4 **Building Permit Application:** PCC - Install service pit and rail at Army Base site, 2498 W. 16th Street **(Engineering)**
- 2.5 **Ordinance No. 4259**, 2nd Reading Of An Ordinance Approving The Release Of The Deed Of Trust And Authorizing Amendments To The Restrictive Covenant For Parcels In The Oak To Ninth District Project Area.
- 2.6 **Ordinance No. 4260**, 2nd 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
- 2.7 **Ordinance No. 4261**, 2nd Reading Of An Ordinance Amending Port Ordinance 2833 And Approving The Amendment Of Tariff 2a Establishing The General Rules Relating To The Implementation Of The Shore Power System.
- 2.8 **Ordinance No. 4262**, 2nd Reading Of An Ordinance Approving And Authorizing The Executive Director To Extend The Agreement With Evergreen Marine Corporation (Taiwan) Ltd For The Berth 34 Backland Through June 30, ~~2013~~ **2018**.
- 2.9 **Minutes:** Approval Of The Minutes For The Regular Meeting Of October 10, 2013. **(Board Secretary)**
- 2.10 **Report:** Informational Report: Quarterly Report of Construction Change Orders for 1st Quarter FY 13/14 **(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 **Report:** Major Project Update--Terminal 1 Renovation and Retrofit. **(Aviation)**
- 3.2 **Resolution:** **Authorize The Director Of Engineering To** Approve Plans And Specifications For The Demolition Of The Decommissioned South Field Airport Traffic Control Tower And Certify The Final Environmental Impact Report, And Adopt Findings Concerning Significant Effects, Mitigation Measures, And Statement Of Overriding Considerations **(Aviation)**
- 3.3 **Resolution:** Budget Authorization and Related Approvals to Construct Terminal 1 M102 Renovation and Retrofit Construction Related to the Terminal 1 Renovation (T1R) Program, OAK. **(Aviation)**

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:** Unaudited financials for 3 months ended September 30, 2013
- 4.2 Resolution:** Approval to Reimburse the City of Oakland for General Services and Lake Merritt Trust Services Rendered in Fiscal Year 2012-13.
- 4.3 Report:** Information Report: Overview of Port Purchasing Procedures
- 4.4 Resolution:** Authorization to Establish for FY 2013-14 Contract Purchase Agreements with Selected Suppliers for Amounts that Will Exceed \$50,000 and Related Actions

5. STRATEGY & POLICY

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

- 5.1 Report:** Proposal for Port Sunshine Ordinance to Assure Transparency and Public Notice of Port Commission Meetings **(Port Attorney)**

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 Resolution:** Budget Authorizations and Other Associated Actions Relating to Contracts for Security Systems Maintenance, Video Surveillance System (VSS) Head-end Upgrade, and Camera Installation at the Oakland Airport, OAK **(Aviation/Engineering)**
- 6.2 Resolution:** Authorization for the Executive Director to Enter into Five Year Contract with AlertEnterprise to Install and Maintain Airport Security Analytics System. **(Aviation)**
- 6.3 Ordinance:** Authorize the Executive Director to Renew the Lease with BNSF Railway Company for the Joint Intermodal Terminal **(Maritime)**
- 6.4 Resolution:** Authorization to Award Security Services Contract for Middle Harbor Shoreline Park **(Maritime)**
- 6.5 Ordinance & Resolution:** Authorize the Executive Director To (a) Permit the Construction of Certain Improvements by SSA Terminals, LLC, (b) Amend the Berths 60-63 Marine Terminal Non-Exclusive Preferential Assignment Agreement with SSA Terminals, LLC, to Incorporate the Proposed Improvements; and (c) Execute a Clarifying Amendment to the Berths 55-56 Non-Exclusive Preferential Assignment Agreements with SSA Terminals (Oakland), LLC **(Maritime)**

- 6.6 Resolution:** Authorization to Purchase Replacement Trucks for the Facilities Departments of the Aviation and Maritime Divisions, and to Dispose of Existing Trucks **(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 December 12, 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

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

Disability Related Modifications

Any person who requires a disability-related modification or accommodation, including auxiliary aids or services, in order to participate in the meeting, may submit a written request, electronic request, or telephone request [via the California Relay Service (telephone) for the hearing impaired at (800) 735-2922], to the Secretary of the Board **no later than five working days** prior to the scheduled meeting date.

John Betterton, Secretary of the Board
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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
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(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: 11/14/2013

AGENDA REPORT

TITLE: For Joint City-Port Domain Awareness Center Staffing: Accept FY13 Department of Homeland Security/Federal Emergency Management Agency Port Security Grant Program Funding, Implement Approved Security Projects, and Sub-grant funds to the City of Oakland

AMOUNT: \$2,204,000 (grant award)
\$230,000 (FY 2013-14 Port expenditure)
\$80,000 (FY 2013-14 net Port expenditure)

PARTIES INVOLVED:

Corporate Name/Principal	Location
Department of Homeland Security (DHS)	Washington, D.C.
Federal Emergency Management Agency (FEMA)	Washington, D.C.

TYPE OF ACTION: Resolution

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

APPROVED BY: J. Christopher Lytle, Executive Director

SUMMARY

Earlier this year, the Port of Oakland (Port) applied for and was awarded an FY13 Department of Homeland Security (DHS)/Federal Emergency Management Agency (FEMA) Port Security Grant to implement two security projects: Joint Domain Awareness Center (DAC) staffing and network surveillance extension to the Oakland Army Base (OAB) property. In order to implement these important projects, staff is seeking the Board's authorization to accept the grant and take various related actions.

FACTUAL BACKGROUND

In a letter dated September 1, 2013, DHS notified the Port that two projects had been approved for FY13 DHS/FEMA Port Security Grant (PSG13) funding.

Project 1: Staffing of the Joint City-Port Domain Awareness Center (DAC) for the first two years of operation beginning July 2014. The establishment/construction of the DAC is funded by other security grants, awarded in 2008/2009. The Port previously sub-granted federal grant funds to the City for implementation of the DAC because the DAC is being developed on City property by City contractors.

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Project 2: Design of the Port's primary maritime security system (fiber optic network and video surveillance system) expansion to the OHIT and other Port-owned portion of the OAB.

The total cost of the projects, less Port staff costs, is \$2,940,000. The grant will fund 75% of the cost. The Port is responsible for funding the remaining 25% as a cost share.

Project	Federal Share	Port Share	Total
DAC Staffing	\$1,968,750	\$656,250	\$2,625,000
Design of Security System Expansion to OHIT	\$236,250	\$78,750	\$315,000
Total	\$2,205,000	\$735,000	\$2,940,000

ANALYSIS

The performance period for the PSG13 grant funded projects ends September 30, 2015, which is two years from the award date. With limited exceptions, the Port may request extension to that performance period but there are no guarantees that FEMA will authorize the extension. It is critical for the Port to be contractually obligated in the first year of the performance period to show good faith effort and progress to accomplish the projects in order to build the basis for an extension request if one is later needed.

Project 1: Domain Awareness Center (DAC) Staffing:

The DAC will be co-located with the City of Oakland Emergency Center (EOC) and is being developed to enhance monitoring capability of critical Port facilities, utility infrastructure, City facilities, and roadways. Due to federal grant funding requirements, the DAC is currently being implemented in two phases. Phase 1 was completed on June 30, 2013 and Phase 2 is anticipated to be substantially complete by June 30, 2014.

Once the DAC is operational, the primary end users within the DAC will be DAC Operations Staff. The intent is to staff the DAC on a 24/7 basis in order to fully utilize the system's capabilities to protect critical Port infrastructure and to respond more effectively to all hazards events and incidents affecting public safety in the immediate region. Operational planning has identified the need for four new positions (1 DAC Supervisor/Agency Liaison, 1 DAC Watch Supervisor, 1 DAC Watch Operator, and 1 DAC Operations Planner) to be filled by a total of 12 new staff (professional services, Port/City hiring, or a combination thereof) for 24/7 staffing. PSG13 funding has been awarded to fully staff these four positions for two years.

Port staff requests authority to sub-grant the \$1,893,750, which is the full federal grant share minus \$75,000 that the Port intends to utilize to retain a consultant to assist with: 1) validating the DAC concept of operations and staffing plan with Port/City staff, 2) define job descriptions and employment requirements for the DAC staffing, and 3) assist Port/City staff with development of an Request for Proposals (RFP) for the DAC staffing. The intent is for the City to issue the RFP for DAC staffing and manage the staffing. The Port and City

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will equally split the financial match requirement of \$656,250, and pay for all non-reimbursable labor costs.

In late 2013 or early 2014, staff will return to the Board with a proposed Memorandum of Agreement (MOA) for DAC Operations and Maintenance. The MOA will outline financial requirements and administrative responsibilities for the Port and City for when the DAC becomes operational in July 2014. The MOA will cover the period funded by the PSG13 grant and beyond (a requirement of the grant is for the DAC staffing to be maintained for a minimum of one year after the grant performance period is complete). The MOA will include reference to requirements and standards for items such as development of a Privacy and Data Retention Policy. As discussed above, the PSGP13 grant referenced in this report will help fund the first two years of DAC operations.

Project 2: Design of Security System Expansion to OHIT:

This project is the design of the Port’s primary maritime security system (fiber optic network and video surveillance system) expansion to the OHIT and Port-owned portion of the OAB. This project is expected to cost \$410,000 through FY 2014-15. Design work is expected to be complete by Summer 2015. To deliver this project, the Port is proposing to enter into a professional services contract in an amount not to exceed \$315,000. The Port will request PSGP14/15 funds for the construction of this security system expansion at a later date. Construction will follow on a schedule dictated by the availability and timing of grant funding.

STRATEGIC PLAN

STRATEGIC PRIORITY AREAS	GOAL	OBJECTIVE	HOW THESE PROJECTS IMPLEMENT + WHEN
Sustainable Economic and Business Development	Goal A: Create Sustainable Economic Growth for the Port and Beyond	2. Affirm Port identity as a public enterprise	The Port is in a unique position, as both a public agency and as the landlord for the Maritime Area, to be the focal point for the collection, consolidation, and management of information and data related to critical maritime infrastructure. These projects provide enhanced tools for the Port to more efficiently, effectively, and reliably serve its security/emergency response role.
Communications and Information	Goal K: Promote a Proactive and Responsive Communications Model	1. Develop a strategic and comprehensive communications plan which reaches out to a wide range of internal and external stakeholders and incorporates state-of-the-art practices and technology	These projects will significantly improve the communication and working relationships between participating agencies, first responders, and the private owners of critical infrastructure in our region.
Stewardship and Accountability	Goal F: Aggressively Obtain Maximum Amount of External	1. Seek out and pursue all promising and prospective grants and	All of the Security Projects are 75% grant funded with the exception of Port staff and overhead costs.

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	Grant and Government Funding and Regulatory Relief	external funding resources	
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BUDGET & FINANCIAL IMPACT

In summary, for FY 2013-14, staff is requesting authorization to spend:

- \$100,000 from the operating budget, of which \$75,000 will be reimbursed by the federal grant; and
- \$130,000 from the Capital Needs Assessment, of which \$75,000 will be reimbursed by the federal grant

More information is provided below.

Project 1 - Domain Awareness Center Staffing: Port staff will utilize up to \$75,000 of the total federal grant of \$1,968,750 to obtain professional services to develop a DAC Staffing RFP. The Port will have to provide matching funds in the amount of \$25,000, for a total of \$100,000 project cost. The Port’s \$25,000 cost share will be funded by Port cash, but was not included in the FY 2013-14 operating budget. This unbudgeted expenditure will be accommodated within Maritime’s overall operating budget.

The remainder of the grant (\$1,893,750) will be sub-granted to the City to pay for 75% of the staffing costs for FY 2015 and 2016. The Port and City will jointly (50/50) be responsible for providing the remaining staffing costs of \$315,250 annually. \$157,625 will be incorporated in the Port’s FY 2014-15 and FY 2015-16 operating budgets in order to staff the DAC.

Project 2 – Design of Security System Expansion to OHIT: Port staff intends to utilize professional design services for this project, which is expected to cost \$410,000. \$250,000 is currently included as “pipeline” in the FY 2013-14 Capital Needs Assessment. Staff is requesting the Board’s authorization for the expenditure of \$130,000 from the FY 2013-14 pipeline (less than the full pipeline amount because costs in FY 2013-14 are lower than anticipated). Of the \$130,000, the federal grant will reimburse \$75,000 and the Port will be responsible for \$55,000, which will be funded by Port cash and/or debt to the extent sufficient cash is not available.

Below is the project cost estimate and anticipated funding:

Project	FY13/14	FY 14/15	FY 15/16	Total
<i>1) DAC Staffing</i>				
Federal Grant Funded	\$75,000	\$946,875	\$946,875	\$1,968,750
Port/City Match	\$25,000	\$315,625	\$315,625	\$656,250
Port Labor	\$0	\$0	\$0	\$0
Total Cost	\$100,000	\$1,262,500	\$1,262,500	\$2,625,000
<i>2) Design of Security System Expansion to OHIT</i>				

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Federal Grant Funded	\$75,000	\$161,250	\$0	\$236,250
Port Match	\$25,000	\$53,750	\$0	\$78,750
Port Labor	\$30,000	\$65,000	\$0	\$95,000
Total Cost	\$130,000	\$280,000	\$0	\$410,000

STAFFING IMPACT

The proposed actions do not require additional staffing. Existing Engineering and Maritime staff will need to provide support and/or management of these projects.

SUSTAINABILITY

As part of value engineering, the Port will be reusing existing infrastructure and facilities to the greatest extent possible, thereby reducing the need for production of new equipment such as conduit, cabling, etc.

ENVIRONMENTAL

The proposals to: (1) accept FY13 DHS/FEMA Port Security Grant funding, (2) authorize the Executive Director to take all actions necessary to implement the approved security projects, and 3) authorize the Executive Director to take all actions necessary to enter into a sub-grantee agreement with the City of Oakland for joint City-Port domain awareness center staffing, were reviewed in accordance with the requirements of the California Environmental Quality Act (CEQA), and the Port CEQA Guidelines.

Accepting grant funds is not a project pursuant to Section 15378(b)(4) of the CEQA Guidelines. Additionally, 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 either authorizing the Executive Director to enter into an agreement for the design of security system expansion to OHIT or a sub-grant agreement for staffing will result in a physical change in the environment, and therefore this action is exempt from CEQA.

Furthermore, the security project to expand the security system to OHIT 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. A link to the adopted Maritime Utilities Upgrade Project IS/ND is available at 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 professional services agreements required to implement the security projects are for professional services that do not include construction testing and inspection; and, therefore, the provisions of the Port of Oakland Maritime and Aviation Project Labor Agreement

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(MAPLA) do not apply to this work. However, MAPLA will apply to the subsequent construction contract for the security system expansion.

Regarding acceptance of federal grant funds and authorization of project funding, these matters are not within the scope of the MAPLA, and the provisions of the MAPLA do not apply.

OWNER CONTROLLED INSURANCE PROGRAM (OCIP)

As these projects are capital expenditures, the Port's Owner Controlled Insurance Program (OCIP) applies to the construction work and the Port's Professional Liability Insurance Program (PLIP) applies to the consulting services but only to the extent such construction and design work is related to a construction project. Insurance for other technology design and installation work will be required separately of the applicable technology consultants and contractors.

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 as projects deal with authorization for professional services agreements with consultants selected from multiple formal competitive bidding process, therefore at this time, Living Wage does not apply. Should any of the contracts be awarded to a business with 21 or more employees and with a contract value of \$50,000 or more, Living Wage will apply. In addition, the installation and construction portion of the contract will be subject to prevailing wage requirements.

OPTIONS

Option A

- 1) Authorize the Executive Director to accept port security grant from FY13 DHS/FEMA, in the total amount of \$2,204,000;
- 2) Authorize the expenditure \$100,000 from the Operating Budget and \$130,000 from the FY 2013-14 Capital Needs Assessment pipeline for the two projects;
- 3) Authorize the Executive Director to implement two security projects in their entirety:
 - a. Project 1 – DAC Staffing
 - i. Authorize Executive Director to enter into a professional services contract in an amount not to exceed \$100,000 with a consultant selected from a formal competitive bidding process to identify position requirements, evaluate staffing needs, and performance requirements for DAC staffing.

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- ii. Authorize the Executive Director to take all actions necessary to enter into a sub-grantee agreement with the City of Oakland for purposes of DAC Staffing.
- b. Project 2 – Design of Security System Expansion to OHIT and OAB
 - i. Authorize Executive Director to enter into a professional services agreement with a consultant selected from a formal competitive bidding process for project design services to complete plans and specifications for an amount not to exceed \$315,000.


Option B

- 1) Do not accept the FY13 DHS/FEMA grant. However, in view of the importance of security and the criticality of Port assets and infrastructure, staff believes it is in the best interest of the Port to accept the grant as awarded.

RECOMMENDATION

It is recommended that the Board:

- 1) Authorize the Executive Director or his designee to accept port security grant from FY13 DHS/FEMA, in the total amount of \$2,204,000, and to execute any necessary grant administration requirements;
- 2) Authorize the expenditure \$100,000 from the Operating Budget and \$130,000 from the FY 2013-14 Capital Needs Assessment pipeline for the two projects;
- 3) Authorize the Executive Director to implement two security projects in their entirety:
 - a. Project 1 – DAC Staffing
 - iii. Authorize Executive Director to enter into a professional services contract in an amount not to exceed \$100,000 with a consultant selected from a formal competitive bidding process to identify position requirements, evaluate staffing needs, and performance requirements for DAC staffing.
 - iv. Authorize the Executive Director to execute the grant agreement and take all actions necessary to enter into a sub-grantee agreement with the City of Oakland for purposes of DAC Staffing.
 - b. Project 2 – Design of Security System Expansion to OHIT and OAB
 - ii. Authorize Executive Director to enter into a professional services agreement with a consultant selected from a formal competitive bidding process for project design services to complete plans and specifications for an amount not to exceed \$315,000.

11/14/13
Tab 2.1
MCR/arg 

**BOARD OF PORT COMMISSIONERS
CITY OF OAKLAND**

**RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO
ACCEPT FISCAL YEAR ("FY") 2013 FEDERAL DEPARTMENT OF
HOMELAND SECURITY/FEDERAL EMERGENCY MANAGEMENT AGENCY
("DHS/FEMA") PORT SECURITY GRANT FUNDING IN THE AMOUNT
OF \$2,204,000.**

WHEREAS, the Board of Port Commissioners ("Board") has reviewed and evaluated the Board Agenda Report Item No. 2.1, dated November 14, 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 port security grant funds from the DHS/FEMA FY 2013, 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 \$2,204,000, 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

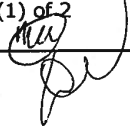
FURTHER RESOLVED, that the Board hereby finds that the two projects described in the Agenda Report (1) Domain Awareness Center (DAC) Staffing; and (2) Design of Security System Expansion to the OHIT, are included in the FY 2013-14 Capital Needs Assessment ("CNA") and authorizes a pipeline funding expenditure in the amount of \$130,000, and a \$100,000 expenditure from the FY 2013-2014 Operating Budget, as more fully outlined in the Agenda Report; and be it

FURTHER RESOLVED, that the Board hereby finds that accepting grant funds is not a project pursuant to Section 15378(b)(4) of the CEQA Guidelines. Additionally, the general rule in Section 15061(b)(3) of the CEQA Guidelines states the 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 either authorizing the Executive Director to enter into an agreement for the design of security system expansion to OHIT or a sub-grant agreement for staffing will result in a physical change in the environment, and therefore, this action is exempt from CEQA; 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

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Item No.: 2.1
MCR/jev (1) of 2



**BOARD OF PORT COMMISSIONERS
CITY OF OAKLAND**

RESOLUTION FINDING AND DETERMINING THAT A PROPOSED AGREEMENT FOR DOMAIN AWARENESS CENTER (DAC) STAFFING SERVICES AT A MAXIMUM COMPENSATION OF \$100,000 FOR CONSULTING SERVICES CONSTITUTES PROFESSIONAL, TECHNICAL AND SPECIALIZED SERVICES THAT ARE TEMPORARY IN NATURE.

WHEREAS, the Board of Port Commissioners ("Board") has reviewed and evaluated Agenda Report Item No. 2.1, dated November 14, 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 for **DAC staffing services** 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 the selected consultant 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 to execute for and on behalf of the Board of an agreement with a consultant selected from a formal competitive bidding process to perform such services, upon terms and conditions consistent with the Agenda Report and providing that the selected Consultant shall be compensated for such services, including costs of miscellaneous reimbursable expenses, at a maximum compensation that shall not exceed **\$100,000**; 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

November 14, 2013
Item No.: 2.1
MCR/jev (2) of 2

**BOARD OF PORT COMMISSIONERS
CITY OF OAKLAND**

RESOLUTION FINDING AND DETERMINING THAT A PROPOSED AGREEMENT FOR DESIGN OF SECURITY SYSTEM EXPANSION TO OUTER HARBOR INTERMODAL TERMINAL (OHIT) AND OAKLAND ARMY BASE (OAB) AT A MAXIMUM COMPENSATION OF \$315,000 FOR CONSULTING SERVICES CONSTITUTES PROFESSIONAL, TECHNICAL AND SPECIALIZED SERVICES THAT ARE TEMPORARY IN NATURE.

WHEREAS, the Board of Port Commissioners ("Board") has reviewed and evaluated Agenda Report Item No. 2.1, dated **November 14, 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 for **design of security system expansion to OHIT and OAB** 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 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 to execute for and on behalf of the Board of an agreement with a consultant selected from a formal competitive bidding process to perform such services, upon terms and conditions consistent with the Agenda Report and providing that the selected Consultant shall be compensated for such services, including costs of miscellaneous reimbursable expenses, at a maximum compensation that shall not exceed **\$315,000**; 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: 11/14/13

AGENDA REPORT

TITLE:	Authorization for the Executive Director to Enter into a Two Year Agreement with IBM for Disaster Recovery Services				
AMOUNT:	\$66,000 over 2 years				
PARTIES INVOLVED:	<table border="1"> <thead> <tr> <th>Corporate Name</th> <th>Location</th> </tr> </thead> <tbody> <tr> <td>International Business Machines Corp. (IBM)</td> <td>Armonk, NY</td> </tr> </tbody> </table>	Corporate Name	Location	International Business Machines Corp. (IBM)	Armonk, NY
Corporate Name	Location				
International Business Machines Corp. (IBM)	Armonk, NY				
TYPE OF ACTION:	Resolution				
SUBMITTED BY:	Ron Puccinelli, Chief Technology Officer				
APPROVED BY:	Chris Lytle, Executive Director				

SUMMARY

The Port relies on disaster recovery service companies to quickly restore the Port’s information technology (IT) related systems when a major disaster strikes. These companies provide the IT equipment, expertise and ‘hardened’ facilities to rapidly restore critical business system operations. Port staff recommends that the Board authorizes the Executive Director to enter into a two year agreement with IBM for disaster recovery services because IBM is the only remaining disaster recovery provider able to accommodate the Port’s HP3000 system supporting Maritime revenue management. The HP3000 will be retired within the two year term of the proposed agreement, and a competitive process will be used to select a disaster recovery service provider afterwards.

FACTUAL BACKGROUND

The Port resides in a region prone to earthquakes and other disasters which can strike at any time. As an important component in the region’s Critical National Infrastructure, it is imperative that Port businesses systems and services be quickly restored to maintain the Port’s ability to facilitate the transportation of goods and people to the region. To ensure systems under IT’s purview are restored quickly – even in the absence of some key IT staff – the Port utilizes disaster recovery companies that specialize in restoring mission critical technical business systems. These companies provide the equipment (including phones), network and internet infrastructure, technical staff, and facilities with redundant power and communications capabilities.

BOARD MTG. DATE: 11/14/13

ANALYSIS

The selection of the right disaster recovery service company is important. Only those companies that have the nationwide resources to support a large region-wide disaster should be considered. The companies must have substantial expertise as well as equipment and infrastructure. Additionally, the companies must support the Port's key legacy business system -- the HP-3000. This legacy system will be retired within the two year term of the proposed agreement.

The only company capable of handling the Port's requirements is IBM. They have the equipment, facilities, and professional expertise to properly protect the Port in case of a disaster. They are not only one of the top disaster recovery services providers, but also the only remaining company that can provide HP3000 equipment and support. The other providers previously supporting HP3000 equipment no longer do so. The Port has contracted with IBM disaster recovery services over the years, and they have performed as expected. Based on the qualifications of IBM and restriction on vendors that can support the Port's legacy system, staff is requesting that the Board authorize waiver of formal competitive bidding and allow Port staff to proceed to contract with IBM.

The Port staff recommends that the Board of Port Commissioners authorizes the Executive Director to enter into a two year agreement with IBM to provide disaster recovery services in the amount not to exceed \$66,000 over the two-year term.

STRATEGIC PLAN ALIGNMENT

This project would help the Port achieve the following goals and objectives of the Port's Strategic Plan:

Strategic Priority Area	Goal	Objective	How this Project Implements and When
Communications and Information	Goal L: Provide timely and relevant information to support critical analysis and decision-making	3. Modernize and update Port technology systems and tools to enhance organizational productivity, efficiency and data analysis capabilities.	Ensures that Port technology systems are available during a disaster.

BUDGET & FINANCIAL IMPACT

The proposed expenditures are included in the adopted FY 2013-14 operating budget and will be budgeted in future years.

STAFFING IMPACT

There will be no change in Port staffing.

BOARD MTG. DATE: **11/14/13**

SUSTAINABILITY

To the extent possible, procurement staff will endeavor to meet the Port’s procurement needs by placing orders or entering into agreements with vendors who have a sustainability policy and follow green practices in the conduct of their business practices.

ENVIRONMENTAL

The proposal to authorize the Executive Director to enter into an agreement for disaster recovery services 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 the disaster recovery services provider will perform work resulting in a physical change in the environment, and therefore this action is not subject to CEQA and no further environmental review is required.

MARITIME AND AVIATION PROJECT LABOR AGREEMENT (MAPLA)

The work performed under the proposed agreement is 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 work.

OWNER CONTROLLED INSURANCE PROGRAM (OCIP)

The Owner Controlled Insurance Program (OCIP) does not apply. The vendor will be required to carry insurance as specified in the Port contract for such services.

GENERAL PLAN

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

LIVING WAGE

Living wage requirements, in accordance with the Port’s Rules and Regulations for the Implementation and Enforcement of the Port of Oakland Living Wage Requirements (the “Living Wage Regulations”), do not apply to this agreement as the service providers does not employ 21 or more employees working on Port-related work. However, service providers will be required to certify that should living wage obligations become applicable, service providers shall comply with the Living Wage Regulations.

BOARD MTG. DATE: 11/14/13

OPTIONS

1. Find and determine that it is in the best interests of the Port to waive formal competitive bidding and authorize the Executive Director to enter into a two year agreement with IBM for disaster recovery services for an amount not to exceed \$66,000. This is the recommended option.
2. Do not authorize an agreement for disaster recovery services. This option would leave the Port much less capable of recovering IT systems during a disaster.

RECOMMENDATION

It is recommended that the Board of Port Commissioners find and determine that it is in the best interests of the Port to waive formal competitive bidding and authorize the Executive Director to enter into a two year agreement with IBM for disaster recovery services for an amount not to exceed \$66,000.

November 14, 2013
Item No.: 2.2
MCR/jev

**BOARD OF PORT COMMISSIONERS
CITY OF OAKLAND**

RESOLUTION FINDING AND DETERMINING THAT A PROPOSED AGREEMENT WITH INTERNATIONAL BUSINESS MACHINES CORP. (IBM) AT A MAXIMUM COMPENSATION OF \$66,000 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. 2.2, dated **November 14, 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 **INTERNATIONAL BUSINESS MACHINES CORP. (IBM)** for **Disaster Recovery Service** 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 **INTERNATIONAL BUSINESS MACHINES CORP. (IBM)** 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 **INTERNATIONAL BUSINESS MACHINES CORP. (IBM)** shall be compensated for such services, including costs of miscellaneous reimbursable expenses, at a maximum compensation that shall not exceed **\$66,000 over a period of two (2) years**; 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

SUMMARY SHEET for PERMIT APPLICATION

(This Summary Agenda Sheet to be used for ALL permits in this category for which Board approval is recommended.)


DATE: October 30, 2013

PORT PERMIT NO: 5008

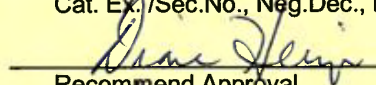
BUILDING PERMIT APPLICATION:	<input type="checkbox"/> New Construction	<input type="checkbox"/> Addition	<input checked="" type="checkbox"/> Alteration
	<input type="checkbox"/> Demolition	<input type="checkbox"/> Repair	<input type="checkbox"/> Other, Tank
SIGN PERMIT APPLICATION	<input type="checkbox"/> Wall Sign	<input type="checkbox"/> Pole Sign	
	<input type="checkbox"/> New	<input type="checkbox"/> Alter	<input type="checkbox"/> Repair
	<input type="checkbox"/> Non-electric	<input type="checkbox"/> Electric	<input type="checkbox"/> Temporary

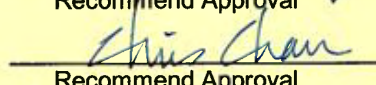
PORT TENANT:	PERMIT APPLICANT:
<u>Alaska Airlines</u>	<u>Alaska Airlines</u>
LOCATION OF PROPOSED WORK: <u>1 Alan Shepard Way</u>	
BRIEF DESCRIPTION OF PROPOSED WORK: Interior tenant improvements to the vacant 4400 s.f. space to serve as the tenant's parts storage. The work will include removal of interior partition walls, installation of shelving, and upgrades in restroom to meet current ADA requirements. Related electrical, mechanical and finish work is also included with this project. This project has been determined to be exempt from the requirements of the California Environmental Quality Act pursuant to Sections 15301 and 15302.	
SCHEDULED FOR BOARD ACTION: Date: <u>November 14, 2013</u>	VALUATION OF WORK: \$ <u>110,000.</u>

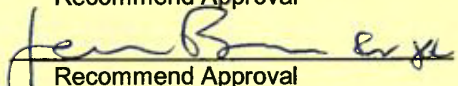
FROM: PORT PERMITS, ENGINEERING SERVICES DEPARTMENT


 Recommend Approval Date: 10/30/13

ROUTE TO: (Please sign and send to next on list ASAP)

(1) PORT ENVIRONMENTAL ASSESSMENT SUPERVISOR, ENVIRONMENTAL PLANNING DEPARTMENT
 ASSESSMENT: CAT. EX. 15301 and 15302
 Cat. Ex./Sec.No., Neg.Dec., Mit.Neg. Dec., or EIR

 Recommend Approval Date: 10/30/13

(2) DIRECTOR OF ENGINEERING 
 Recommend Approval Date: 10/31/13

(3) EXECUTIVE DIRECTOR 
 Recommend Approval Date: 11/4/13

(4) PORT PERMITS - ENGINEERING SERVICES DEPARTMENT:
 Received By: _____ Date: _____

BOARD APPROVAL: Resolution No: _____ Date: _____

11/14/13
Item No.: 2.3
JS/lhr
[Signature]

**BOARD OF PORT COMMISSIONERS
CITY OF OAKLAND**

**RESOLUTION APPROVING BUILDING PERMIT
REQUESTED BY PACIFIC COAST CONTAINER
LOGISTICS AND INDUSTRIAL RAILWAYS.**

RESOLVED, that in reliance upon the representations and certifications set forth upon and submitted with an application by **PACIFIC COAST CONTAINER LOGISTICS ("PCC") AND INDUSTRIAL RAILWAYS ("IRC")** ("tenants") for a building permit to perform certain work at 2440 and 2498 W. 16TH Street, Oakland, California ("Premises"), the Board of Port Commissioners ("Board") hereby approves same subject to said representations and certifications at an estimated cost of \$16,000, said work and applicable conditions of Port of Oakland ("Port") approval including the following:

- 1) Installation of two railcar unloading facilities at the former Army Base;
- 2) Installation of a concrete vault, tracks, and conveyors at each of the locations;
- 3) Compliance with all of the terms and conditions set forth in PCC and IRC's agreements with the Port and all other documents regulating use of the Premises;

and be it

FURTHER RESOLVED, that the Board hereby finds and determines that in accordance with the requirements of the California Environmental Quality Act ("CEQA"), and the Port CEQA Guidelines, this project is covered by the 2002 Oakland Army Base ("OAB") Area Redevelopment Plan Environmental Impact Report ("EIR") and the 2012 OAB Project Initial Study/Addendum ("IS/Addendum"); and be it

FURTHER RESOLVED, that (a) neither this resolution nor the Board's approval of said work (i) is a waiver by the Board of any Port right or remedy with respect to applicant under any agreement between the Port and the applicant or with respect to any obligation of applicant, or (ii) releases applicant from any obligation with respect to said work or with respect to any agreement between the Port and applicant and (b) this resolution is not evidence of and does not create or constitute (i) a contract, or the grant of any right (other than to perform the work subject to the provisions of this resolution), entitlement or property interest, or (ii) any obligation or liability on the part of the Board or any officer or employee of the Board.

DRAFT

SUMMARY SHEET for PERMIT APPLICATION

(This Summary Agenda Sheet to be used for ALL permits in this category for which Board approval is recommended.)

DATE: October 31, 2013


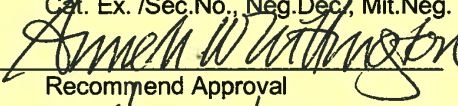
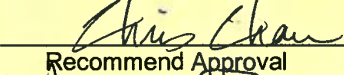
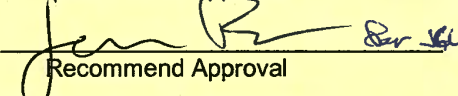
PORT PERMIT NO: 5009

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	<input type="checkbox"/> Demolition	<input type="checkbox"/> Repair	<input type="checkbox"/> Other, Tank
SIGN PERMIT APPLICATION	<input type="checkbox"/> Wall Sign	<input type="checkbox"/> Pole Sign	
	<input type="checkbox"/> New	<input type="checkbox"/> Alter	<input type="checkbox"/> Repair
	<input type="checkbox"/> Non-electric	<input type="checkbox"/> Electric	<input type="checkbox"/> Temporary

PORT TENANT:	PERMIT APPLICANT:
<u>Pacific Coast Container Logistics (PCC) and Industrial Railways Company (IRC)</u>	
LOCATION OF PROPOSED WORK: <u>2440 and 2498 W. 16th Street</u>	

BRIEF DESCRIPTION OF PROPOSED WORK: Installation of two railcar unloading facilities by the tenants at the former Army Base. The work will include installation of a concrete vault, tracks, and conveyors at each of the locations. In accordance with the requirements of the California Environmental Quality Act (CEQA), and the Port CEQA Guidelines, this project is covered by the 2002 Oakland Army Base (OAB) Area Redevelopment Plan Environmental Impact Report (EIR) and the 2012 OAB Project Initial Study/Addendum (IS/Addendum), which were previously considered by the Board. Those documents analyzed projects to be developed by the Port on its portion of the former OAB, including tenant construction as described in this permit application. All construction and operations at the OAB must comply with the OAB Standard Conditions of Approval/Mitigation Monitoring and Reporting Program (2012) and 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.

SCHEDULED FOR BOARD ACTION: Date: <u>November 14, 2013</u>	VALUATION OF WORK: <u>\$ 16,000</u>
------------------------------------------------------------	-------------------------------------

FROM: PORT PERMITS, ENGINEERING SERVICES DEPARTMENT	Date: <u>10/31/13</u>
 Recommend Approval	
ROUTE TO: (Please sign and send to next on list ASAP)	
(1) PORT ENVIRONMENTAL ASSESSMENT SUPERVISOR, ENVIRONMENTAL PLANNING DEPARTMENT	
ASSESSMENT: <u>OAB EIR and IS/Addendum</u>	
<u>Amelia W. Worthington</u> Cat. Ex. /Sec.No., Neg.Dec., Mit.Neg. Dec., or EIR	Date: <u>10/31/13</u>
 Recommend Approval	
(2) DIRECTOR OF ENGINEERING	Date: <u>10/31/13</u>
 Recommend Approval	
(3) EXECUTIVE DIRECTOR	Date: <u>11/4/13</u>
 Recommend Approval	
(4) PORT PERMITS - ENGINEERING SERVICES DEPARTMENT:	Date: _____
Received By: _____	

BOARD APPROVAL: Resolution No: _____ Date: _____

11/14/13
Item No.: 2.4
JS/lhr
ip

**BOARD OF PORT COMMISSIONERS
CITY OF OAKLAND**

**RESOLUTION APPROVING BUILDING PERMIT
REQUESTED BY PACIFIC COAST CONTAINER
LOGISTICS AND INDUSTRIAL RAILWAYS.**

RESOLVED, that in reliance upon the representations and certifications set forth upon and submitted with an application by **PACIFIC COAST CONTAINER LOGISTICS ("PCC") AND INDUSTRIAL RAILWAYS ("IRC")** ("tenants") for a building permit to perform certain work at 2440 and 2498 W. 16TH Street, Oakland, California ("Premises"), the Board of Port Commissioners ("Board") hereby approves same subject to said representations and certifications at an estimated cost of \$16,000, said work and applicable conditions of Port of Oakland ("Port") approval including the following:

- 1) Installation of two railcar unloading facilities at the former Army Base;
- 2) Installation of a concrete vault, tracks, and conveyors at each of the locations;
- 3) Compliance with all of the terms and conditions set forth in PCC and IRC's agreements with the Port and all other documents regulating use of the Premises;

and be it

FURTHER RESOLVED, that the Board hereby finds and determines that in accordance with the requirements of the California Environmental Quality Act ("CEQA"), and the Port CEQA Guidelines, this project is covered by the 2002 Oakland Army Base ("OAB") Area Redevelopment Plan Environmental Impact Report ("EIR") and the 2012 OAB Project Initial Study/Addendum ("IS/Addendum"); and be it

FURTHER RESOLVED, that (a) neither this resolution nor the Board's approval of said work (i) is a waiver by the Board of any Port right or remedy with respect to applicant under any agreement between the Port and the applicant or with respect to any obligation of applicant, or (ii) releases applicant from any obligation with respect to said work or with respect to any agreement between the Port and applicant and (b) this resolution is not evidence of and does not create or constitute (i) a contract, or the grant of any right (other than to perform the work subject to the provisions of this resolution), entitlement or property interest, or (ii) any obligation or liability on the part of the Board or any officer or employee of the Board.

DRAFT

PORT ORDINANCE NO. 4259

**ORDINANCE APPROVING THE RELEASE OF THE DEED
OF TRUST AND AUTHORIZING AMENDMENTS TO THE
RESTRICTIVE COVENANT FOR PARCELS IN THE OAK
TO NINTH DISTRICT PROJECT AREA.**

WHEREAS the Board of Port Commissioners of the City of Oakland ("Board") has reviewed and evaluated the Agenda Report for Agenda Item 6.1, dated October 24, 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 hereby approves the release of the Deed of Trust and approves the terms and conditions proposed in the Agenda Report for Amendments to the Restrictive Covenant and related agreements for certain parcels in the Oak to Ninth District project area.

Section 3. The Board authorizes the Executive Director, or his designee, to approve and execute for and on behalf of the Board amendments to the Restrictive Covenant and such other documents as may be necessary to consummate this transaction, as approved by the Port Attorney as to form and legality. Such approval by the Board shall be valid for no longer than 90 days and if the subject transactional documents are not fully executed by that date, such approval shall be null and void unless further extended at the sole and absolute discretion of the Executive Director or his designee.

Section 4. The Board hereby finds and determines that this update is categorically exempt from 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.

Section 5. This ordinance is not evidence of and does not create or constitute (a) a contract, agreement, lease or the grant of any right, entitlement or property interest, or (b) any obligation or liability on the part of the Board or any officer or employee of the Board.

The Board of Port Commissioners, Oakland, California, October 24, 2013. Passed to print for one day by the following vote: Ayes: Commissioners Colbruno, Hamlin, Head, Parker, Uno, Yee and President Butner - 7. Noes: 0.

John T. Betterton
Secretary of the Board

PORT ORDINANCE NO. 4260

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

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 October 24, 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; and

WHEREAS, On April 11, 2013, the Board adopted Ordinance 4225, setting forth rates and charges for the Tenant's use of the System effective May 1, 2013; and

WHEREAS, the Board adopted Port Ordinance No. 3439, as amended, to establish rates and charges for certain utilities provided by the Port within three areas, which include the Metropolitan Oakland International Airport ("Airport"), the Oakland Army Base and the former Fleet Industrial Supply Center (FISCO). In summary, as the result of these ordinances, and it was and is the intention of the Board, that rates and charges for electrical power provided by the Port at the Airport are governed by Section 4 of Port Ordinance No. 3439, as amended, rates and charges for electrical power, natural gas, water and sewer services provided by the Port at the Oakland Army Base are governed by Section 3 of Port Ordinance No. 3439, as amended and rates and charges for electrical power provided by the Port at FISCO are governed by Section 5 of Port Ordinance No. 3439, as amended, and

WHEREAS, Section 5 of Port Ordinance 3439. as amended, titled Applicability for Electric Rates Schedule "D" provides the following relevant definition:

"Vessel Power Exclusion: The rates and charges associated with Electric Rates Schedule "D" are applicable to all uses of power except for power provided to vessels berthing at the Port (also referred to as "shore power"). Information, rates and charges for power provided to vessels berthing at the Port is listed in Sections 8 and 9 of this Ordinance 3439.", and

WHEREAS, Section 5 of Port Ordinance 3439. as amended, titled Applicability for Electric Rates Schedule "E" provides the following relevant definition:

"Vessel Power Exclusion: The rates and charges associated with Electric Rates Schedule "E" are applicable to all uses of power except for power provided to vessels berthing at the Port. Information, rates and charges for power provided to vessels berthing at the Port is listed in Sections 8 and 9 of this Ordinance 3439.", and

WHEREAS, Section 5 of Port Ordinance 3439. as amended, titled Applicability for Electric Rates Schedule "F" provides the following relevant definition:

"Vessel Power Exclusion: The rates and charges associated with Applicability for Electric Rates Schedule "F" are applicable to all uses of power except for power provided to vessels berthing at the Port of Oakland. Information, rates and charges for power provided to vessels berthing at the Port is listed in Sections 8 and 9 of this Ordinance 3439." , and therefore

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

Section 1. Section 8 to Port Ordinance No. 3439, as amended, is hereby amended and restated as follows:

"Section 8: Vessel Commissioning.

Applicability: The following information, rates and charges shall apply to the first vessel call of all shore power ready vessels and billed to a customer at one of the Port's marine terminals at which the vessel berths. If a vessel fails the commissioning process, this rate and charge shall apply to every odd number vessel visit until the Notice of Completion of Vessel Commissioning has been issued to the vessel.

This rate and charge may also apply to a vessel call of a vessel whom has been issued a Notice of Completion of Vessel Commissioning but whose on-board shore power system has been modified since the issuance of the Notice of Completion of Vessel Commissioning. If a ship fails the commissioning process, this rate and charge shall apply to every odd number vessel visit until the Notice of Completion of Vessel Commissioning has been reissued to the vessel.

Service Area: All service areas served by the Port's Davis and Cuthbertson substations.

Rates:

Vessel Commissioning Charge: \$4,430
(flat rate billed per vessel call)

Billing: For all customers taking service under this rate schedule, the balance of monies owed to the Port shall be paid in accordance with the Port's normal billing cycle.

Operations: In order to obtain a Notice of Completion of Vessel Commissioning, a customer seeking power provided to the vessel under this Section shall complete the following actions:

1) Prior to the initial connection of any vessel to the Port-provided power, the customer shall coordinate with its shipping line customers to determine whether the shore power-related equipment on-board any vessel and the vessel's control system and protection scheme comply with: (1) Standard IEC 80005-1Ed1: Cold Ironing Part 1: High Voltage Shore Connection Systems - General Requirements, (2) Pacific Gas & Electric Rule 21 and (3) Generating Facility Interconnection Agreement between the Pacific Gas and Electric Company ("PG&E") and the Port (the "Interconnection Agreement").

2) The customer shall coordinate with its shipping line customers to provide all documents to the Port and/or PG&E, including without limitation, the settings of protective devices associated with the on-board shore power-related equipment, one-line and three-line diagrams of such equipment, specifications on grounding equipment and emergency stop control system, contact information for ship engineers, and any other documentation requested by the Port to establish a safe and effective initial vessel connection.

3) The customer shall coordinate with its shipping line customers and the Port and/or PG&E to schedule the vessel commissioning.

4) The Port may board the vessel to verify, inspect and test, without limitation, the settings of protective devices associated with the on-board shore power-related equipment, grounding equipment, and emergency stop control system.

5) Upon completion of vessel commissioning, the Port shall issue a "Notice of Completion of Vessel Commissioning" to the customer for forwarding to its shipping line customer."

Section 2. Section 9 to Port Ordinance No. 3439, as amended, is hereby amended and restated as follows:

"Section 9: Provision of Power to Vessels.

Applicability: The following information, rates and charges shall apply to the Port Department's provision of shore power to vessels who have been issued a Notice of Completion of Vessel Commissioning and billed to a customer at one of the Port's marine terminals at which the vessel berths.

Service Area: All service areas served by the Port's Davis and Cuthbertson substations.

Rates:

Hourly Customer Charge:	\$267
(to be billed for every hour	
Rounded up to full hour of provision	
of power to vessel and plus all	
applicable taxes)	

Billing: For all customers taking service under this rate schedule, the balance of monies owed to the Port shall be paid in accordance with the Port's normal billing cycle.

Operations: Each customer that provides power to vessels at berth is responsible for ensuring that a "Notice of Completion of Vessel Commissioning" has been issued to a vessel and such power is provided in a manner that promotes safety and substantially complies with all applicable laws, regulations, standards and other applicable agreements, including, but not limited to, the applicable Interconnection Agreement, and the Standard IEC 8005-1Ed1: Cold Ironing Part 1: High Voltage Shore Connection Systems - General Requirements."

Section 3. 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 4. This ordinance shall take effect on December 1, 2013.

The Board of Port Commissioners, Oakland, California, October 24, 2013. Passed to print for one day by the following vote: Ayes: Commissioners Colbruno, Hamlin, Head, Parker, Uno, Yee and President Butner - 7. Noes: 0.

John T. Betterton
Secretary of the Board

PORT ORDINANCE NO. 4261

**ORDINANCE AMENDING PORT ORDINANCE 2833 AND APPROVING
THE AMENDMENT OF TARIFF 2A ESTABLISHING THE GENERAL
RULES RELATING TO THE IMPLEMENTATION OF THE SHORE
POWER SYSTEM**

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 October 24, 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; and, therefore

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

Section 1. The following Item 2500 is added to Port Tariff 2a, as follows:

Item No. 2500

General Rules Relating to the Implementation of the Shore Power System

(a) Purpose and Applicability

The following tariff provision sets forth the rules, procedures and requirements for implementation and the safe and effective operation of the shore-side electrical infrastructure that enables vessels to plug into the electric grid while at-berth (herein referred to as the "Shore Power System"). This Section applies to facilities and berths where the Port designed and constructed Shore Power System, as those berths are identified below:

Applicable Berths: Berths 25-26, 30-32, 35-37, 55-59, 68

(b) Definitions

All references to "Code" refer to the applicable California Code unless specified otherwise.

"Berth" refers to the designated location at the wharf where the vessel will dock and connect to the Shore Power System.

"Board" refers to the Board of Port Commissioners of the City of Oakland.

"CARB" means the California Air Resources Board.

"Marine Terminal" or **"Terminal"** means a facility on Port property with water access used for the transfer of cargo from one mode to another, including container terminals, break-bulk terminals, and dry-bulk terminals.

"PG&E" refers to Pacific Gas and Electric Company.

"PG&E Interconnection Agreement" refers to the Generating Facility Interconnection Agreement between the Pacific Gas and Electric Company ("PG&E") and the Port.

"Port of Oakland" or **"Port"** refers to the City of Oakland, a municipal corporation, acting by and through its Board.

"Regulation" refers to the CARB's adoption of the Final Regulation Order: Airborne Toxic Control Measure for Auxiliary Diesel Engines Operated on Ocean-Going Vessels At-Berth in a California Port.

"Shore Power System" refers to the shore-side electrical infrastructure that enables vessels to plug into the electric grid while at-berth.

"Tenant" means an entity with contractual authority from the Port of Oakland to operate or with preferential access to a Marine Terminal.

(c) Background and Overview

In 2007, CARB adopted the Regulation requiring reductions in emissions of air pollutants from vessels docked at select California ports, including the Port of Oakland. In July 2009, pursuant to such Regulation, each of the Port's Tenants filed a terminal plan with CARB, selecting the On-Board Power Generation Reduction Option as defined and set forth in the Regulation.

The selection of the On-Board Power Generation Reduction Option requires the construction of the Shore Power System. The Port's Tenants requested that the Port construct the Shore Power System, which benefits both the Port and its Tenants, even though the Tenant has the right to construct such infrastructure under its current agreement(s) with the Port, and the Port is not legally obligated to provide the Shore Power System. Because the installation and construction of the Shore Power System will further the promotion of commerce, shipping, and the development of maritime facilities at the Port, the Port was willing to develop such Shore Power System. In September of 2010, the Board approved the budget for and authorized design and construction of the Shore Power System.

In order to fund the design and construction of Shore Power System, the Port, in coordination with its Tenants, applied for, was

awarded, and expects to be reimbursed certain local, state, and federal grant funds, which require that certain operational requirements be met including but not limited to the attainment of certain emission reductions that are beyond those required by the Regulation.

The operation of the Shore Power Infrastructure requires that certain procedures and Port requirements be met by the Tenants in order to ensure effective and safe operations in a manner that promotes compliance with the Regulation and with grant funding, as set forth herein.

(d) Substantial Completion of Construction

Once the Port determines that construction of the Shore Power System has been substantially completed in accordance with the Port's applicable construction contract(s) and any other activities the Port may deem necessary to achieve substantial completion, the Port will issue a Notice of Substantial Completion to the Tenant.

The date of the Notice of Substantial Completion shall be the effective date of the Tenant's responsibility to operate and maintain the Shore Power System in accordance with this Section.

(e) Training

Upon the Port's issuance of the Notice of Substantial Completion, the Tenant shall be responsible for all training of any and all Tenant and Tenant-retained personnel, including the provision of personal protective equipment, involved in the operation and/or maintenance of the Shore Power System at the Tenant's sole discretion and cost.

The Tenant's failure to train Tenant's personnel or to obtain a safety-trained and certified workforce in compliance with all applicable Laws is the sole responsibility of the Tenant, and any damages that may result solely from the Tenant's use of an improperly trained workforce shall be the sole responsibility of the Tenant.

(f) Operations Obligations

The Tenant is responsible for operating the Shore Power System in a manner that promotes safety and substantially complies with all applicable laws, regulations, standards and other applicable agreements, including, but not limited to, PG&E Interconnection Agreement and the Standard IEC 8005-1Ed1: Cold Ironing Part 1: High Voltage Shore Connection Systems - General Requirements.

(g) Maintenance Obligations Following Notice of Substantial Completion

The Tenant shall be responsible to perform minor maintenance of the Shore Power System, as indicated below. The Port shall be responsible to perform major maintenance of the Shore Power System as indicated below. The Port may transfer its major maintenance responsibilities to the Tenant in the future by providing six (6) months prior written notice and by amendment to this Item 02530.

1. Maintenance work performed by the Tenant shall include all minor maintenance and general housekeeping activities, including but not limited to:
 - a. Inspecting, cleaning/sweeping debris and lubricating hydraulic covers associated with shore power operations;
 - b. Inspecting condition of substations, clearing/sweeping debris, replacing light bulbs;
 - c. Inspecting moisture prevention heaters, reconnecting wires, cleaning heating elements and notifying the Port if replacement or repair of moisture prevention heaters is required;
 - d. Performing inspection of the power bus; and
 - e. Notifying the Port of any condition that may fall under the Port's major maintenance responsibilities, as described in more detail below.
2. Maintenance work performed by the Port shall include major maintenance activities, including but not limited to:
 - a. Replacing shore power breakers per manufacturer's recommendations;
 - b. Updating software and programming for human machine interface;
 - c. Testing and calibrating meters, GPS clocks, breaker time stamping;
 - d. Removing rust and resealing and painting weathered surfaces as necessary;
 - e. Replacing or repairing shore power receptacles and heaters;
 - f. Exercising all shore power operations breakers/switches at the substation;

- g. Any other necessary repair and replacement work required to safely and effectively operate the Shore Power System and
- h. Repairing damage to Shore Power System, including but not limited to damage caused by tug boats or terminal equipment.

The foregoing list of potential maintenance activities is not meant to be exhaustive and the Port may need to take additional actions to protect and maintain the Shore Power System.

3. Notification and Response to Defective Conditions:

- a. The Tenant shall notify the Port in writing of any defect or condition appearing to require major maintenance or repair to any part of the Shore Power System immediately upon discovering such condition and no later than forty-eight (48) hours after discovery. In the event the Tenant discovers a condition that the Tenant believes may affect life or safety, the Tenant shall immediately notify the Port upon discovery of said condition.
- b. The Port shall have the right to inspect the Shore Power System at any time to meet its maintenance obligations and to verify that the Tenant is performing its maintenance obligations.

(h) Maintenance Rates

The Tenant shall reimburse the Port for all actual costs of labor and materials incurred to perform the Port's maintenance activities identified in Item 02530.

- 1. Prior to December 31, 2014, the Tenant shall not be required to reimburse the Port for any such maintenance costs, which exceed \$1,285 per month, per berth.
- 2. After December 31, 2014, the Tenant shall be required to pay any and all maintenance costs, including those in excess of \$1,285 per month, per berth, provided that the Port provides the Tenant with notice of such increase above \$1,285 per month, per berth, either by delivering Tenant sixty (60) days prior written notice.
- 3. The Port shall provide the Tenant with an invoice for the actual costs of labor and materials associated with the maintenance activities contemplated in this Item 02530.

(i) Tenant Obligations Associated with Grant Funding

The Port has been awarded the following grants (collectively, the "Grant Agreements") to help fund the Shore Power System, which grants may be amended from time to time, and which require additional actions beyond those required by the Regulation:

- Grant under the American Recovery and Reinvestment Act of 2009 Transportation Investments Generating Economic Recovery (TIGER) Discretionary Grant Program and associated amendments or modifications (Grant No. DTMA1G10007)
- Carl Moyer Memorial Air Quality Standards Attainment Program Grant and associated amendments or modifications (Grant No. 10MSIF-SP-1)
- Proposition 1B Goods Movement Grant and associated amendments or modifications (Grant No. 09SP01)
- Metropolitan Transportation Commission Climate Initiatives Program Grant and associated amendments or modifications

In accordance with grant funding obligations, Tenant shall:

1. Negotiate in good faith with a marine highway service operator to help establish the marine highway service when the Tenant is contacted by such an operator and/or the Port regarding such service.
2. Manage berthing assignments and work with its shipping line customers to plug-in vessels at each berth at the following rate/level, except as may otherwise be set forth in any property rental agreement entered into between Tenant and the Port. The requirements set forth below do not in any way alter the requirements of the Regulation.

Percentage of Vessel Calls Plugged Into Shore Power Annually At Each Berth:

2014 - 2016	2017 - 2019	2020 - 2023
60%	80%	90%-

The following vessels may not count toward these percentages: APL Korea, APL China, APL Philippines because these vessels have received grant funding that is separate and apart from the Grant Agreements provided herein. These percentages may be achieved through averaging as set forth in the Grant Agreements.

3. At the Tenant’s sole cost, provide the Port with all documentation necessary to demonstrate compliance with the grant requirements, as required by the Grant Agreements and as may be requested by the Port, to the satisfaction of the granting agencies and the Port. The Tenant shall report, using an electronic format provided by the Port according to the following schedule:

Reporting Period	Type of Report	Report Due Date
Jan 2014 through Jun 2014	Monthly	Feb 10 th Mar 10 th Apr 10 th May 10 th Jun 10 th Jul 10 th (Each for prior month)
Jul 2014 through Dec 2015	Quarterly	Jan 10 th Apr 10 th Jul 10 th Oct 10 th (Each for prior quarter)
Jan 2016 through Dec 2023	Semi-Annual	Jan 10 th Jul 10 th (Each for prior 6 months)

Section 2. 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 3. This ordinance shall take effect on December 1, 2013.

The Board of Port Commissioners, Oakland, California, October 24, 2013. Passed to print for one day by the following vote: Ayes: Commissioners Colbruno, Hamlin, Head, Parker, Uno, Yee and President Butner - 7. Noes: 0.

John T. Betterton

Secretary of the Board

PORT ORDINANCE NO. 4262

**ORDINANCE APPROVING AND AUTHORIZING THE
EXECUTIVE DIRECTOR TO EXTEND THE AGREEMENT
WITH EVERGREEN MARINE CORPORATION (TAIWAN)
LTD FOR THE BERTH 34 BACKLAND THROUGH JUNE
30, 2013.**

WHEREAS the Board of Port Commissioners of the City of Oakland ("Board") has reviewed and evaluated the Agenda Report for Agenda Item 6.3, dated October 24, 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 and authorizes the Executive Director to extend the agreement with Evergreen Marine Corporation (Taiwan) Ltd. ("Evergreen") for approximately 15 acres of land at Berth 34, through June 30, 2018 at approximately \$988,648 per year, and further amend the Agreement to include up to 29 acres of additional Berth 33 and Berth 34 upland area at the same rates and other terms and conditions that are mutually agreed-upon by the Port and Evergreen, as further detailed and explained in the Agenda Report.

Section 4. This ordinance is not evidence of and does not create or constitute (a) a contract, agreement, lease or the grant of any right, entitlement or property interest, or (b) any obligation or liability on the part of the Board or any officer or employee of the Board.

The Board of Port Commissioners, Oakland, California, October 24, 2013. Passed to print for one day by the following vote: Ayes: Commissioners Colbruno, Hamlin, Head, Parker, Uno, Yee and President Butner - 7. Noes: 0.

John T. Betterton
Secretary of the Board

J. CHRISTOPHER LYTLE
Executive Director

DANNY WAN
Port Attorney

ARNEL ATIENZA
Port Auditor

JOHN T. BETTERTON
Secretary of the Board

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Commissioner
BRYAN R. PARKER
Commissioner
VICTOR UNO
Commissioner

MINUTES

Regular Meeting of the Board of Port Commissioners

Thursday October 10, 2013 – 1:00 p.m.

Board Room – 2nd Floor

ROLL CALL

1st Vice President Yee called the Regular Meeting of the Board for October 10, 2013 to order at the hour of 1:06 pm. And the following Commissioners were in attendance:

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

1st Vice President Yee chaired the meeting as President Butner was excused.

1. CLOSED SESSION

1st Vice President Yee convened the Board in Closed Session at the hour of 1:08 p.m. to hear the following Closed Session Items:

1.1 CONFERENCE WITH REAL PROPERTY NEGOTIATOR – As provided under California Government Code Section 54956.8:

PULLED **Property:** Oakland Army Base
Negotiating Parties: Port of Oakland and Various Parties
Agency Negotiator: Acting Director of Maritime, Jean Banker
Under Negotiation: Price and Terms of Tenancy

Property: Properties in the Vicinity of Oak Street and Ninth Avenue
Negotiating Parties: Port of Oakland and Zarsian-OHP 1, LLC
Agency Negotiator: Director of Commercial Real Estate
Under Negotiation: Price and Terms of Payment

Property: Property in the Vicinity North of Middle Harbor Road and Adjacent to the Port’s Joint Intermodal Terminal
Negotiating Parties: Port of Oakland and Shippers Transport Inc.

Agency Negotiator: Acting Director of Maritime, Jean Banker
Under Negotiation: Price and Terms of Tenancy

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

1.3 THREAT TO PUBLIC SERVICES OR FACILITIES

Consultation with: Port Facilities Security Officer

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

1st Vice President Yee reconvened the Open Session of the Regular Meeting of the Board at 1:10 p.m., and the following Commissioners were in attendance:

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

President Butner was excused.

CLOSED SESSION REPORT

On A Motion by Commissioner Head seconded by Commissioner Parker the Board unanimously approved (6 Ayes, 1 Excused: Butner) a Resolution authorizing the Executive Director to execute on behalf of the Board a settlement and release of claims with employee No. 400862.

2. CONSENT ITEMS

A Motion to approve the Consent Items 2.2 through 2.7 was made by Commissioner Uno and seconded by Commissioner Parker.

2.2 Resolution: Building Permit Application: Ports America Oakland Harbor (PAOH) - Install 3 Antennas on new poles for communication system (**Engineering**)

2.3 Ordinance: Approval of a License and Concession Agreement with The French Artist Club for Property Located at 2400 Embarcadero Road (**CRE**)

2.4 Ordinance No. 4253, 2nd Reading Of An Ordinance Approving The Terms And Conditions Of And Ratifying The Execution Of 2013 Space/Use Permit With Piedmont Hawthorne Aviation, LLC Dba Landmark Aviation For A Five Year Term At A Monthly Rental Rate Of \$9,500.

2.5 Ordinance No. 4254, 2nd Reading Of An Ordinance Approving And Authorizing Execution Of A Lease With Safeway, Inc.

2.6 Ordinance No. 4255, 2nd Reading Of An Ordinance Approving And Adopting Rules And Regulations For Oakland International Airport, Amending And Restating Port Ordinances 4091, 4149, 3634, 4125 And 4193 And Airport Security Directives 200 And 205.3c, Air Operations Area Safety Directive 406.2 And Airport Operations Directives 604.9 And 604.11.

2.7 Minutes: Approval Of The Minutes For The Regular Meetings Of September 12, 2013. **(Board Secretary)**

The Motion to approve Item 2.7 passed by the following votes: (7) Ayes: Commissioner Colbruno, Commissioner Head, Commissioner Parker, Commissioner Uno, 2nd Vice-President Hamlin, 1st Vice President Yee and President Butner.

A Motion to bring back Item 2.1 back to the Regular Meeting of October 24th was made by Vice-President Hamlin, and seconded by Commissioner Parker.

The Motion was approved by the following votes: (6) Ayes: Commissioner Colbruno, Commissioner Head, Commissioner Parker, Commissioner Uno, 2nd Vice-President Hamlin and 1st Vice President Yee; (1) Excused: President Butner.

2.1 Resolution: Building Permit Application: Clear Channel Outdoor - Relocate Billboard to reflect new freeway alignment, Bay Bridge Toll Plaza (Engineering)

3. MAJOR PROJECTS

There were no “Major Projects” items to discuss.

4. BUDGET & FINANCE

There were no “Budget & Finance” items to discuss.

5. STRATEGY & POLICY

Social Responsibility Director, Amy Tharpe and Jake Sloan of Duvalier/Sloan presented the report in Item 5.1.

5.1 Report: Maritime and Aviation Project Labor Agreement (MAPLA) Progress Report Summary (July 2012 – June 2013) **(SRD)**

The Director of Environmental Programs and Planning, Richard Sinkoff, reported on Item **5.2**.

The following people addressed the Board on Item **5.2**: Louise Waters, Alexandria Creer, Monica Medrano, Tim Koogle, Anne Soto, Greg Klein, Diana Casas, Soo Zee Park and Mark McClure.

- 5.2 **Report:** Policy Advisory to Staff: Authorize Port Staff to Consider using “Performance Zoning Standards” in the Administration of the Land Use and Development Code at the Oakland Airport Business Park. **(Environmental/Engineering)**

6. REMAINING ACTION ITEMS

The Director of Engineering, Chris Chan, reported on Item **6.1**.

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

- 6.1 **Resolution:** Budget Authorization and Other Approvals Required to Construct a Class I Bike Path on Ron Cowan Parkway at South Field, Oakland International Airport **(Aviation/Engineering)**

*The Motion to approve Item **6.1** passed by the following votes: **(6) Ayes:** Commissioner **Colbruno**, Commissioner **Head**, Commissioner **Parker**, Commissioner **Uno**, 2nd Vice-President **Hamlin** and 1st Vice President **Yee**; **(1) Excused:** President **Butner**.*

*The Deputy Executive Director, Jean Banker presented Item **6.2**.*

*A Motion to approve Item **6.2** was made by Commissioner **Head**, and seconded by Vice-President **Hamlin**.*

- 6.2 **Ordinance:** Authorize Executive Director To Enter Into A One-Year Lease Extension With Shippers Transport Express Inc. **(Maritime)**

*The Motion to approve Item **6.2** passed by the following votes: **(6) Ayes:** Commissioner **Colbruno**, Commissioner **Head**, Commissioner **Parker**, Commissioner **Uno**, 2nd Vice-President **Hamlin** and 1st Vice President **Yee**; **(1) Excused:** President **Butner**.*

The Director of Environmental Programs and Planning, Richard Sinkoff, reported on Item **6.3**.

*A Motion to approve Item **6.3** was made by Commissioner **Head**, and seconded by Vice-President **Hamlin**.*

- 6.3 **Ordinance:** Amendment To Temporary Rental Agreement With The Hertz Corporation, 8000 Earhart Road, North Field, Oakland International Airport And Authorize Execution By The Director Of EPP Of All Temporary Rental Agreements At Oakland International Airport That Involve Environmental Investigation And Cleanup Of Port Property. **(Environmental)**

*The Motion to approve Item **6.3** passed by the following votes: **(6) Ayes:** Commissioner **Colbruno**, Commissioner **Head**, Commissioner **Parker**, Commissioner **Uno**, 2nd Vice-President **Hamlin** and 1st Vice President **Yee**; **(1) Excused:** President **Butner**.*

7. UPDATES/ANNOUNCEMENTS

Executive Director, Chris Lytle, reported that Airport Revenue News announced Deborah Ale Flint, Director of Aviation for Oakland International (OAK), the 2013 Director of the Year in the small/medium airports category.

8. SCHEDULING

There were no "Scheduling" Items.

OPEN FORUM

Bill Aboudi addressed the Board in Open Forum.

ADJOURNMENT

There being no additional business the Board adjourned at 5:23 p.m.

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

Date

BOARD MTG. DATE: **11/14/13**

INFORMATIONAL REPORT

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

TITLE:	Quarterly Report of Construction Change Orders for 1st Quarter FY 13/14
BOARD MEETING DATE:	November 14, 2013
SUBMITTED BY:	Chris Chan, Director of Engineering
APPROVED BY:	J. Christopher Lytle, 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 1st quarter of Fiscal Year 2013/2014 (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 1st Quarter FY 13/14
ATTACHMENT A

QUARTERLY REPORT
OF
CONSTRUCTION CHANGE ORDERS
FOR
1st QUARTER OF FISCAL YEAR 2014

During the first quarter of FY 2014 there were **11 active** construction contracts with an aggregate value of **\$119,236,932.00**. A total of **51** contract change orders, totaling **\$4,340,065.22** were issued on **7** of these construction contracts. This amounts to **3.64%** of the **\$119,236,932.00** aggregate total contract value, or **3.85%** of the **\$112,811,372.00** aggregate value of those **7** 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 **7** that had change orders issued against them.

Change Order Type		Total	% of All contracts	% of 7 Contracts
A	Administrative	\$ 79,682.97	0.07%	0.07%
D	Design Modifications	1,653.04	0.001%	0.001%
E	Project Enhancements	281,769.50	0.24%	0.25%
F	Field Changes	11,056.08	0.01%	0.01%
R	Regulatory	136,218.35	0.11%	0.12%
U	Unforeseen Conditions	399,826.58	0.34%	0.35%
V	Value Engineering	98,868.70	0.08%	0.09%
Total of above Change Orders		1,009,075.22	0.85%	0.89%
X	Unrelated Work	3,330,990.00	2.79%	2.95%
Grand Total of all Change Orders		\$4,340,065.22	3.64%	3.85%

Background for Unrelated Work:

There are many restrictions associated with working on the Oakland Army Base. One of these restrictions is the requirement to obtain DTSC approval for the Health and Safety Plan for any contractor working with soil as part of their work. In the past, this approval has taken as much as two months to obtain. Due to the tight timelines within which the Port must complete this work, the only option available was to issue this work to a Contractor with an approved Health and Safety Plan. As a result, this work was issued to the OHIT Phase 1 Design Builder as a change order.

Quarterly Report of Construction Change Orders for 1st Quarter FY 13/14
ATTACHMENT B

ENGINEERING DIVISION
Coding of Change Orders by Type

- 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.

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: 11/14/13

MAJOR PROJECT UPDATE: TERMINAL 1 RENOVATION AND RETROFIT

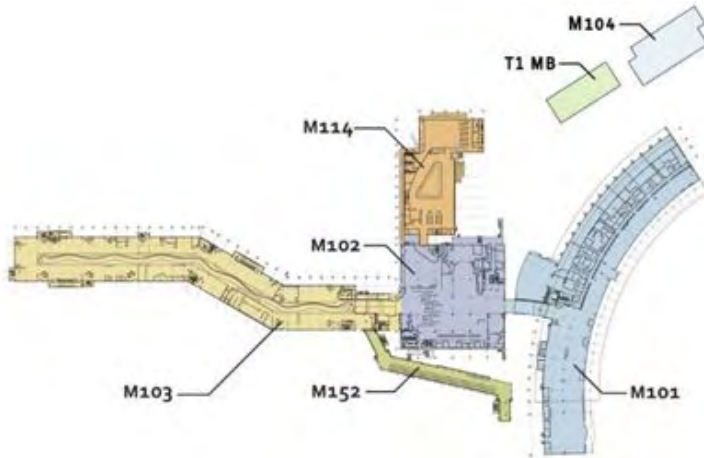
The Terminal 1 Renovation and Retrofit (T1R) Program is a capital improvement program necessary to maintain on-going and future operations in Terminal 1 (T1). Advancement of the T1R Program is identified as a key action item to support the Port's FY 2014 Strategic Focus to growing air passenger activity. On July 17, 2007, the Board authorized exercising an Option to the Prime Builder contract with Turner Construction Company to include pre-construction services, equipment procurement, design-build services, construction management and construction services. On October 19, 2010, the Board reviewed several options for proceeding with the T1R program and provided staff direction to proceed with design of Building M102 life-safety improvements and utilize the Prime Builder contract to proceed with design/construction of early delivery projects related to the selected option. The selection acknowledged the importance of moving forward with life-safety improvements, the opportunity to construct improvements with lower traffic levels reducing operational impacts, and the relatively favorable bidding climate versus increasing costs due to escalation. This update provides a status report for the T1R Program and a context for the M102 Project budget authorization being requested in an Agenda Report also being presented to the Board on November 14, 2014.

1. DESCRIPTION OF T1R PROGRAM

T1 is one of two air passenger terminals serving Oakland International Airport. T1 provides 16 common-use gates currently used by all airlines other than Southwest. The T1 complex includes ticketing and baggage claim (M101), security checkpoint (M102), concourse and gates (M103), central utility plant and facilities (M104), international arrivals (M114), and a connector building to Terminal 2 (M152). To retain the T1 structures and related systems, substantial renovations are required to meet current codes, mitigate life safety issues, replace inefficient and outdated infrastructure, improve passenger service, prolong service life and improve life cycle costs.

The T1 Program is being accomplished in phases. The initial phase (Early Delivery Projects) includes projects required to meet immediate needs or to enable future construction. The current phase (Major Infrastructure Design and Construction) included the design for the Terminal 1 renovation and retrofit focusing on the infrastructure replacement, life safety and customer service improvements. Subsequent development phases to add capacity were identified during the planning studies, but remain deferred until such time as they may be needed. Exhibit A depicts the T1R Program timeline and key decision points.

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Terminal 1 Complex

Early Delivery Projects (Previously Authorized by Board)

Since 2007, early delivery projects have been identified to be delivered in advance of the major construction program in order to meet immediate operational needs and to facilitate the major infrastructure construction sequencing. These projects served to improve and upgrade passenger services and amenities, extend the useful life of the terminal facilities, and create operational and maintenance and efficiencies. As the T1R Program progresses, the Port will continue to advance Early Delivery Projects as needed and appropriate. Projects to-date include:

- Infrastructure upgrades to support new concession space development in Terminal 1
- New electrical substation in M103 to support concessions, PC Air, GSE plug-ins and future HVAC.
- Fire suppression and fire alarm system to support new concessions and fire protection to support new concession sites and provide future M103 backbone



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Expansion Loop for Fire Water Supply

- Restroom renovation and upgrades to meet building code (Gate 3 Men's room)
- Seating replacement and installation of terrazzo flooring in T1 Bag Claim and M103, Flooring improvements in M103 and M114
- Seismic upgrades in M103
- Construction of fire protection in M152
- Construction of M102 reconfiguration of meeter/greeter and circulation space



Meeter-Greeter Area, Terminal 1 (M102)

The following Early Delivery Projects have been recently completed or are under construction:

- M103 Fire Suppression/Fire Alarm and Ceiling Replacement: life safety improvements in M103; lighting and ceiling improvements were also included in this project, upgrading the passenger environment (complete).
- T1 Communication Backbone/Paging System/IDF rooms (M103): improves the performance and capabilities of the paging system in passenger concourse area and provide the communication system infrastructure to expand and enhance Terminal 1 communication systems (complete).

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- M-102 Substation: to maintain power feeds during upcoming M102 construction and to replace the existing aging substation in M102 (complete).
- M101 Bag Claim Upgrades: modernization of the T1 Bag Claim Area including design and construction of improvements to Baggage Information Displays (BIDs), signage, baggage information controls, and visual display housings for the four baggage carousels in T1 baggage claim (M101) (underway).



New Substation, Terminal 1 (M102)

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Concourse Upgrades including Fire Suppression, Lighting and Ceiling, Terminal 1 (M103)

- Terminal 1 Central Utility Plant (T1CUP) Expansion and Renovation (underway). In 2010, the Board approved advancing the design of the new T1 Central Utility Plant (T1CUP). The T1CUP is a key component of T1R Program as it serves to provide the hot and cold water for heating and cooling systems for T1. It also provides an electrical distribution system for T1 and houses essential airfield lighting systems. The T1CUP is critical to maintain operations of the Terminal 1 campus and the airfield. The new mechanical building (T1MB) includes a chiller plant, new electrical substation to replace the existing substation in Building M104, and new heating plant. Renovation of the old plant (Building M104) includes seismic upgrades, architectural enhancements, interior space modifications, new roofing and drainage, replacement of heating, ventilation and air conditioning (HVAC) systems, replacement of lighting and lighting control systems, upgrade of the fire alarm system, and installation of a fire protection system. The site plan allows for future expansion of T1MB to support a potential third terminal, should that project become necessary in the future.

The T1CUP project began construction in May of 2012. Construction of the new T1MB and activation of the new mechanical and electrical equipment associated with T1MB was completed in summer of 2013. The renovation of Building M104 is now underway and is anticipated to be completed by the summer of 2014.

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New Mechanical Building and Hydronics, T1CUP, Terminal 1 Area

Major Infrastructure Design and Construction

In 2008, the Board authorized the preparation and execution of a professional services agreement with Michael Willis Architects (MWA), for architecture and engineering design services for the T1R Program including ticketing and baggage claim (M101), security checkpoint (M102), concourse and gates (M103), central utility plant and facilities (M104), and minor improvements to international arrivals (M114). The MWA Team completed the Design Development (40% design) for the full T1R program. However, because of funding constraints, it was determined that the Port would not construct the full program of improvements at one time, and team identified ways to implement the program in an incremental and phased manner. It was recognized at that time that constructing the renovations over a longer period of time through incremental projects would likely increase the overall cost of the program, however the Port needed the flexibility to construct in smaller increments due to financial constraints. In 2010, two options for major infrastructure improvements were presented to the Board. Option 1—The M103 Focus included infrastructure, building systems, and architectural upgrades in the terminal concourse and boarding areas. Option 2—The M102 Focus included the seismic retrofit of the most serious life safety risk in T1 as well as infrastructure upgrades, and the demolition and renovation of the mezzanine area offices and public space. The Board directed staff to proceed with the final design of Option 2—the M102 Focus, in order to address the most serious life safety risk in T1.

The M102 Construction

The M102 design process included extensive interaction with Port staff, tenant representatives, and community stakeholders. Detailed phasing plans have been developed to determine construction sequencing and impacts on operations. Working with stakeholders, the designer, and contractor plans were modified where feasible to reduce construction disruption. The construction program includes seismic retrofit,

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HVAC system replacement, electrical and communications system upgrades and architectural improvements. The seismic work in M102 requires construction of interior horizontal bracing under the roofline that is intrusive to the 2nd floor operations. The 2nd floor occupants (Port staff, tenants, and public service spaces) will be vacated during this period of construction, while maintaining operations on the 1st level of M102 (security checkpoint, meeter/greeter area and concessions). Port staff will be relocated during construction to temporary space located in the Management Parking lot adjacent to T1. Upon completion of the M102 construction, Port staff will return to renovated offices and various public functions on the 2nd floor. The design and construction of the projects of the T1R Program have incorporated the principles and standards in the Leadership in Energy and Environmental Design (LEED) green building rating system and the Port will be seeking LEED certification for the renovation of the second level offices of M102.

Airport Traffic Control Tower (ATCT) Demolition

The M102 Design also includes demolition of the decommissioned South Field Airport Traffic Control Tower (ATCT). The proposal to demolish the ATCT was based on analyses conducted during the T1R planning and design development phase to either (1) retain the tower and upgrade it to meet seismic standards, ADA, and other code requirements, or (2) demolish the tower. The cost estimate to retain the tower was approximately \$8 million more than the cost to demolish the tower. This higher retrofit cost does not include (1) additional costs that would be required to provide functional space for Port or tenant use within the tower, (2) cost due to redesign and delay to M102 Project, (3) cost escalation resulting from delays. The retrofit would reduce the practical usable floor area on floors three through seven. Finally, the retrofit option would require disruptive construction operations within the footprint of M102 in public spaces and critical infrastructure in the basement. Staff recommends that based on the cost differential and the functional obsolescence of the retrofitted tower, the tower should be demolished.

The environmental determination and assessment for the removal of the tower has been completed and a Final Environmental Impact Report has been prepared. The proposed demolition has been reviewed and evaluated consistent with the California Environmental Quality Act (CEQA).

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View of M102 lobby area and TSA checkpoint



View of M102 lobby area approaching TSA checkpoint (M102)

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Board Action for Next Phase of T1R Program

Following this Major Project Update, Board actions related to the T1R Program will be requested in order to facilitate the construction of the M102 Project:

1. Approve Plans and Specifications for the Demolition of the Decommissioned South Field Airport Traffic Control Tower and Certify the Final Environmental Impact Report and Adopt Findings Concerning Significant Effects, Mitigation Measures, and Statement of Overriding Considerations. This action is required prior to considering the budget and contract authorizations for the tower demolition in the following Board Authorization.
2. Budget Authorization of \$109 million and Related Approvals to Construct Terminal 1 M102 Renovation and Retrofit Construction Related to the Terminal 1 Renovation (T1R) Program, OAK.

Future Construction Projects

Upon completion of the M102 Project, the most critical life safety issues will have been addressed in M102, M103, and M104. Other components of the Program remain to be completed including the M101 Life Safety (Fire Suppression and Seismic) which has been designed to 100% and the M101 and M103 building systems and infrastructure (HVAC, Lighting, Electrical, Plumbing, signage, architectural, walls, window upgrades). There is approximately \$113 million included in the 5-year Capital Needs Assessment for these future projects. These projects have been included for planning purposes only, and no financial commitment beyond preliminary design) has been made to date.

Furthermore, given the strategic priority to grow air passengers, including through increased international air service at OAK, it is important to assess and prioritize the next phase (after M102) of development. For this reason, the T1R Board Report is also requesting authorization to proceed with planning and conceptual design for the international arrivals facility and the M101 ticketing lobby. This planning and design will build on the preliminary design completed to-date, but focus on the current airline needs, including modern, self-service check-in procedures and bag drop.

2. SCHEDULE (ESTIMATED)

The T1R Program highlighted during this 5-year CNA (FY 2014-2018) includes:

- Construction of M102 Project:
 - Begin construction in Early 2014
 - Complete in Spring 2017
- Planning and Conceptual Design of IAB and M101

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- o Begin planning in Fall 2013

3. BUDGET INFORMATION

The T1R Program has been prioritized, phased and included within the current 5-year CNA based on the Port’s financial capacity. The costs and phasing plans will continue to be refined as the Program progresses. Since the beginning of the Program, approximately \$80 million has been spent on Terminal 1 improvements, including Early Delivery Projects, fire protection and initial work on the new central utility plant. The 5-yr Capital Needs Assessment (CNA) for Fiscal years 2014-2018, includes approximately \$240 million dollars for the T1R Program, of which approximately \$17.5 million has been authorized by the Board for the on-going projects and approximately \$109 million is being presented to the Board for approval today. The remaining \$113 million in the capital budget is subject to further development, analysis and Board approval. The anticipated T1R program in the FY 2014-FY 2018 CNA is summarized below:

All amounts in \$ 000s	FY 13-14	FY 14-15	FY 15-16	FY 16-17	FY 17-18	FY12-FY16 Total
Total	38,890*	51,260*	53,000	63,000	34,000	240,150

* Includes \$17.5 million previously authorized as part of the FY2014 and FY2015 Capital Budget.

In 2009, the FAA approved OAK’s PFC-14 application, which includes approximately \$211 million for the T1R Program (including interim financing costs). To-date, PFC’s have funded 80 to 90% of the eligible project costs. Moving forward, PFC’s are expected to fund approximately 82% of the project costs and 18% is expected to be funded with internally generated cash. However, given that the Port only collects approximately \$21 million annually, approximately \$125 million (excluding bond reserves and financing costs) is anticipated to be funded with long-term debt secured by future PFC revenues in order to complete the T1R Program as contemplated in the 5-year CNA. In addition, amendments to the Port’s PFC-14 application is needed in order to fund the entire program, including financing costs. The amendment process is underway and anticipated to be received by Spring 2014.

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4. STRATEGIC PLAN

The T1R Program is one of key capital projects for FY 2014 to support the Aviation Division’s goal in growing air passenger activity. The T1R Program reflects the Guiding Principles of the Strategic Plan adopted by the Board on October 5, 2010, including:

- o Environmental stewardship is a lens for all Port activities.
- o The Port maximizes its assets, investments and resources.
- o The Port delivers the highest value in its services and facilities at the most competitive price.

In keeping with these initiatives and guiding principles, the Port, in collaboration with Turner Construction has implemented a robust community Outreach and Implementation Plan (OIP) specific to the T1R program to ensure the project bidding opportunities are well publicized and notified. Turner has achieved a local business utilization rate of approximately 81% (updated to be consistent with M-102 AR) on the projects implemented to date in conjunction with the T1R Program.

The T1R Program as a whole, and the projects recommended in the following Agenda Report, help the Port achieve the following Strategic Plan Goals and Objectives:

STRATEGIC PRIORITY AREAS	GOAL	OBJECTIVE	HOW PROJECT IMPLEMENTS	WHEN PROJECT IMPLEMENTS
Sustainable Economic and Business Development	Goal A: Create Sustainable Economic Growth for the Port and Beyond	1. Maximize the use of existing assets.	T1R Program as a whole maximizes the useful life of the existing terminal facility.	Throughout design, construction and ongoing facility operations
	Goal A: Create Sustainable Economic Growth for the Port and Beyond	3. Increase revenue, job creation and small business growth.	Local business utilization has been pursued aggressively during T1R Program implementation, achieving 81% local utilization rate on average.	Throughout design and construction
	Goal B: Maintain And Aggressively Grow Core Businesses	1. Retain existing customers and tenants.	The T1R Program is necessary to continue to operate existing tenant facilities within the T1 complex.	Throughout design, construction and ongoing facility operations
	Goal B: Maintain And Aggressively	2. Market strategically and	By upgrading and updating the existing	Throughout design,

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STRATEGIC PRIORITY AREAS	GOAL	OBJECTIVE	HOW PROJECT IMPLEMENTS	WHEN PROJECT IMPLEMENTS
	Grow Core Businesses	aggressively to attract new customers and tenants.	facilities, the Airport will be able to retain existing and attract new tenants.	construction and ongoing facility operations
	Goal B: Maintain And Aggressively Grow Core Businesses	3. Price Port services to provide a highly competitive value.	Relative to the option of building a new terminal, reuse of existing T1 facilities, combined with strategic investments in new facilities such as the T1 Mechanical Building, will allow the Airport to remain competitive with other Bay Area airports.	Throughout design, construction and ongoing facility operations
	Goal C: Promote Equitable Community Access to Employment and Business Opportunities	2. Conduct comprehensive communication and outreach to stakeholders and strategic partners to improve workforce and small business opportunities.	Port staff has actively solicited internal and external stakeholder input during T1R Program. The Prime Builder and Port staff developed, and are collaboratively implementing, a comprehensive local business utilization Outreach and Implementation Plan (OIP).	Throughout design and construction
	Goal C: Promote Equitable Community Access to Employment and Business Opportunities	3. Integrate workforce mandates into all Port agreements, policies and processes at the front end.	T1R-related agreements incorporate Port workforce mandates as appropriate. The Prime Builder has achieved high levels of local business utilization, exceeding Port contract minimums.	Throughout design and construction
Stewardship and Accountability	Goal G: Sustain Healthy Communities Through Leading Edge Environmental Stewardship		T1R Program reuses existing facilities and employs green building solutions	Throughout design and construction to attain LEED certification

5. ISSUES

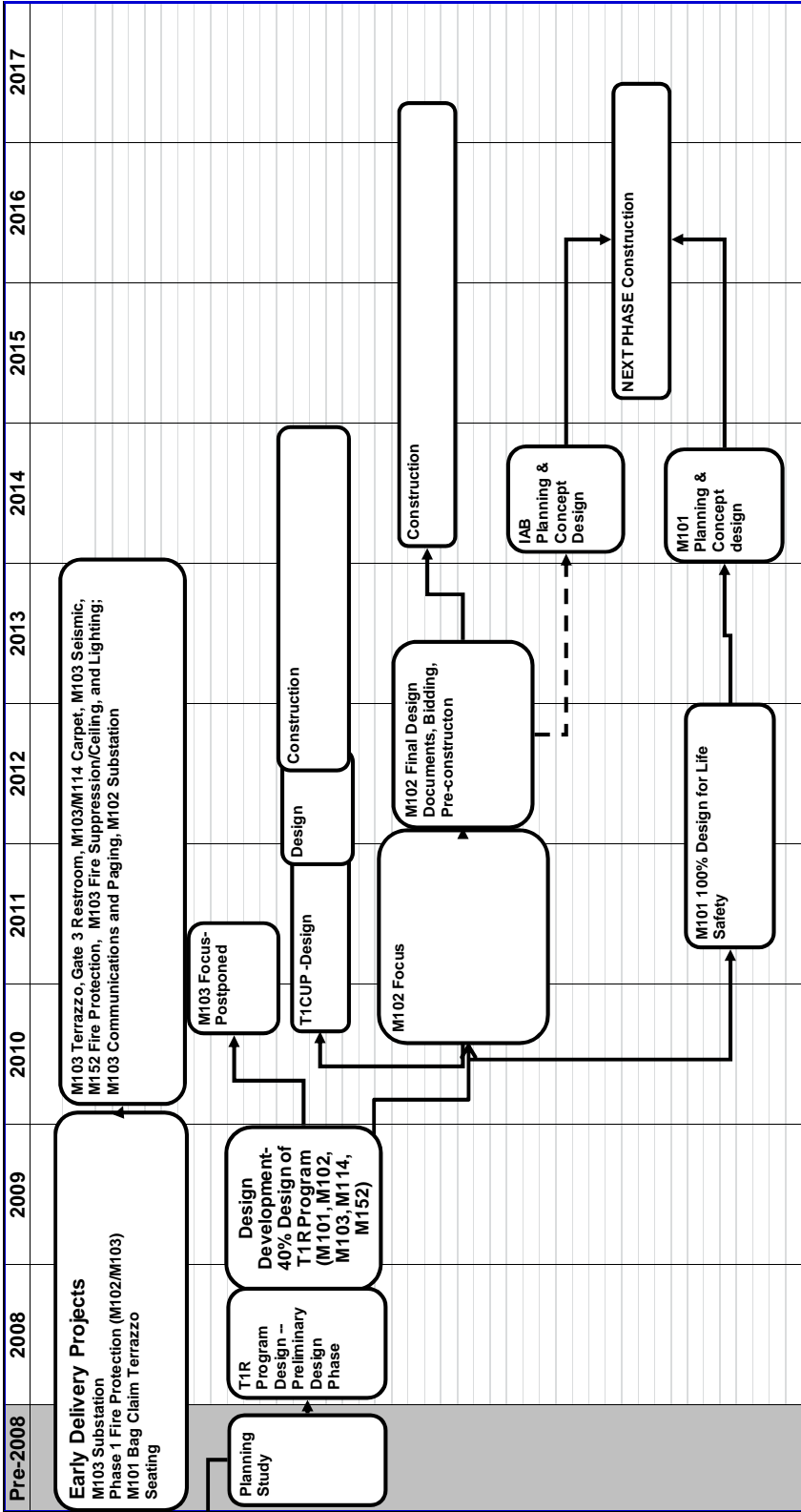
- 1) Because the T1R program will continue to be implemented in phases, the life safety improvements are about 3-4 years from completion.
- 2) Budget constraints require further prioritization of the T1R Program including potentially selecting between improving the International Arrivals versus improving the

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M101 Ticketing and Bag Claim Building. Completion of the infrastructure improvements to M103 have been further deferred.

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Exhibit A



T1R Program Timeline

I ✈ OAK



T1R Program Update



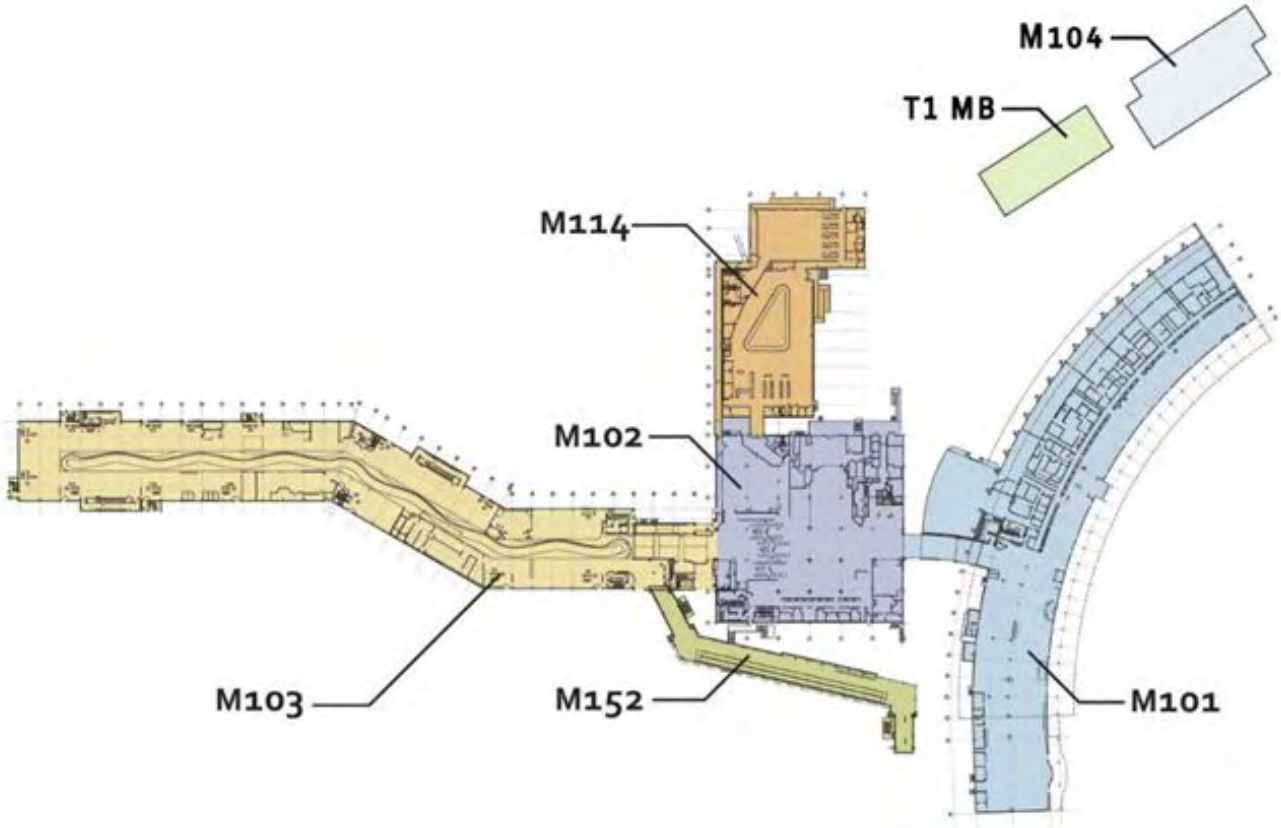
Oakland International Airport November 14, 2013



Site Location



Terminal 1 Complex



M103-Fire Protection

M102 Substation



Meeter/Greeter Waiting Area



M103 Concourse Improvements



T1CUP Mechanical Building



Proposed M102 Lobby Area



Proposed M102 Lobby Area



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AGENDA REPORT

TITLE:	Approve Plans and Specifications for the Demolition of the Decommissioned South Field Airport Traffic Control Tower and Certify the Final Environmental Impact Report, and Adopt Findings Concerning Significant Effects, Mitigation Measures, and Statement of Overriding Considerations				
AMOUNT:	\$0				
PARTIES INVOLVED:					
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%;">Corporate Name/Principal</th> <th style="width: 50%;">Location</th> </tr> </thead> <tbody> <tr> <td style="height: 20px;"> </td> <td> </td> </tr> </tbody> </table>		Corporate Name/Principal	Location		
Corporate Name/Principal	Location				
TYPE OF ACTION:	Resolution				
SUBMITTED BY:	Deborah Ale Flint, Director of Aviation Richard Sinkoff, Director of Environmental Programs and Planning				
APPROVED BY:	Christopher Lytle, Executive Director				

SUMMARY

The South Field Air Traffic Control Tower (South Field ATCT) was decommissioned after the Federal Aviation Administration (FAA) began operations in the newly constructed tower. The South Field Airport Traffic Control Tower (South Field ATCT) is no longer needed, and does not conform to seismic and building code standards. Demolition of the South Field ATCT is consistent with the Terminal 1 Renovation (T1R) Program. The proposed demolition has been reviewed and evaluated consistent with the California Environmental Quality Act (CEQA). The purpose of this Agenda Report is to request:

- Approval of the plans and specifications for ATCT demolition
- Certification of the Environmental Impact Report prepared to analyze the effects of this action, and
- Adoption of findings, mitigation measures, and the statement of overriding considerations.



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A separate Board request for budget authorization for the tower demolition is included in the following Agenda Report for the Budget Authorization for M102.

FACTUAL BACKGROUND

The U.S. Department of Transportation, the FAA, has constructed a new 236-foot ATCT (new ATCT) and 14,700 square-foot base building at OAK, which became operational on June 12, 2013. Airport traffic control functions in the South Field and North Field were consolidated in the new ATCT, making these control towers obsolete. Engineering studies concluded that the South Field ATCT does not meet current seismic and building code standards, and poses a life safety hazard in the event of a major seismic event. Port staff estimated that the upgrades required for the renovation of the South Field ATCT, which is structurally integrated with Terminal One, to meet current seismic and building code standards would impact the integrity of the building and usable space, and would be cost-prohibitive to the Port. Therefore, Port staff has determined that floors 3 through 10 (which extend above Terminal 1) cannot feasibly be rehabilitated and recommend its demolition (Figure 1).

Port staff prepared a Cultural Resources Assessment for the South Field ATCT as required given that it is more than 50 years old and thus potentially eligible for the National Register of Historic Places (National Register). Based on the results of this study and completion of an Initial Study Checklist, the Director of Environmental Programs and Planning ("EPP Director") determined that an EIR was required to address the following potentially significant impacts: aesthetics, cultural resources, and hazard and hazardous materials. The EPP Director determined that impacts related to hazard and hazardous materials would be less than significant with mitigation incorporated. Thus, this issue was not further analyzed in the EIR. The Initial Study Checklist identified that the demolition of the South Field ATCT (the Project) could substantially degrade the existing visual character or quality of the site and its surroundings (aesthetics) and could cause a substantial adverse change in the significance of a historical resource as defined in CEQA Section 15064.5 (cultural resources) based on its eligibility on the National Register.

Regulatory agencies and the public were afforded an opportunity to comment on the findings of the Initial Study Checklist during the 30-day scoping period (December 19, 2012 to January 21, 2013) associated with circulation of the Notice of Preparation for the EIR. A public scoping workshop was held on January 7, 2013. No areas of controversy were identified and no comments were received during the agency and public review period. Therefore, only aesthetics and cultural resources were evaluated in the EIR.

ANALYSIS

It has been determined that the South Field ATCT is eligible for listing on the National Register under:

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- Criterion 1: Association with events that have made a significant contribution to the broad patterns of U.S. history: **Criterion 1 is satisfied due to the significance of the start of the Jet Age in Aviation.**

- Criterion 3: Embodies distinctive characteristics of a period (the Jet Age) and represents the work of a master architect: **Criterion 3 is satisfied due to the significance of the architect John C. Warnecke’s work in the U.S.**

Thus, in accordance with CEQA, demolition of the South Field ATCT would be an unavoidable significant impact on cultural resources. After analysis in the EIR, it was determined that the impacts to aesthetics from the Proposed Project would be less than significant and no mitigation measures are required.

The public was provided an opportunity to comment on the findings of the EIR from March 25, 2013 to May 10, 2013. No comments were received except from the California State Lands Commission (SLC) who noted that it will act as a trustee agency because of its trust responsibility for projects that could directly or indirectly affect sovereign lands, their accompanying Public Trust resources or uses, and the public easement in navigable waters. The letter stated that no SLC permit is required, and requested that Port staff provide future related documents. The EPP Director finds that the benefits of the project outweigh the significant impact that cannot be mitigated to less-than-significant levels, and has prepared a statement of overriding considerations to address the unavoidable significant impact to cultural resources. (Refer to the Environmental section.) Port staff will implement the mitigation measures in the Mitigation Monitoring and Reporting Program to reduce impacts to the extent possible.

RELATIONSHIP TO STRATEGIC PLAN

Strategic Priority Areas	Goals	Objectives	How (and When) this Action Implements the Goals and Objectives
Stewardship and Accountability	G: Sustain healthy communities through leading edge environmental stewardship	#2: Partner to share risk, accountability, benefits and improve environmental and safety compliance.	Certifying the EIR and implementing mitigation measures makes the Port accountable to minimize, to the extent possible, significant impacts.

BUDGET & FINANCIAL IMPACT

There is no budget or financial impact associated with the Board's approval of plans and specifications to demolish the South Field ATCT. Mitigation is being accomplished by in-house staff and there will be no budget impacts. The budget authorization to accomplish the ATCT demolition will be considered in subsequent Board action.

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STAFFING IMPACT

The Division of Environmental Programs and Planning (EP&P) will monitor construction activities and implement the proposed mitigation measures. These responsibilities are within the normal range of EP&P staff duties, and will not increase Port-wide Full-Time Equivalents (FTEs).

SUSTAINABILITY

As part of the Project, the Port will require the construction contractor to recycle 100% of all asphalt and concrete materials and 65% of all other recyclable materials, as required per the City of Oakland's Construction and Demolition Recycling Ordinance.

ENVIRONMENTAL

CEQA Determination: An EIR was prepared to evaluate and mitigate the effects of this project. The EIR is available on the Port's web site: http://www.portofoakland.com/pdf/environment/SouthField_FinalEnvImpact.pdf

Findings Concerning Significant Effects: Pursuant to CEQA Guidelines Section 15091, the Board is required to make one or more written findings for each of the significant impacts, accompanied by a brief explanation of the rationale for each finding. Based on substantial evidence, the Board hereby finds and determines that the Project would have significant and unavoidable impacts on cultural resources. The Board hereby adopts the conclusions regarding significant and unavoidable cultural resource impacts.

The Board hereby finds and determines that mitigation measures will be implemented within one year of certification of the EIR to substantially lessen significant impacts to cultural resources. Despite implementation of the measures listed below, the Port hereby finds impacts to cultural resources would remain significant and unavoidable and that specific economic, legal, and safety considerations make additional mitigation measures or project alternatives infeasible. The documents and other materials that constitute the administrative record for the Port's actions are located at the Port of Oakland's headquarters as overseen by the Port's Environmental Programs and Planning Division.

Cultural Resources Mitigation Measures:

- Document the South Field ATCT:
 - Store design drawings dated December 1959
 - Obtain or take digital photographs of the South Field ATCT exterior, and interior of FAA's former visual control room
 - Locate existing photos, brochures, newsletters and other memorabilia from the early 1960s at OAK.

- Submit historic documentation to the Northwest Information Center of the California
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Historical Resources Information System, the City of Oakland Public Library-Oakland History Room, and Docomomo US/Northern California¹.

--Provide documentation of the history of the South Field ATCT online:

- Port's website (See <http://www.portoakland.com/about/history.aspx> for the 1962 Jet Age film or search on "YouTube.com").
- Wikipedia's Oakland International Airport webpage.

Statement of Overriding Considerations: Unavoidable significant impacts from implementation of the Project would occur with respect to cultural resources based on its eligibility for listing on the National Register. CEQA Guidelines Section 15093 states that when the lead agency approves a project, which will result in the occurrence of significant effects, the lead agency must state in writing the specific reasons to support its decision based on the final EIR and/or other information in the administrative record. The CEQA Guidelines further state that if the specific economic, legal, social, technological, or other benefits, including region-wide or statewide environmental benefits, of a proposed project outweigh the unavoidable adverse environmental effects, the adverse environmental effects may be considered "acceptable." The Port, as the Lead Agency for the Final EIR, has determined the Project is the most feasible and appropriate action and adopts the following Statement of Overriding Considerations.

The South Field ATCT does not meet current seismic and building code standards. The demolition of floors 3 through 10 of the South Field ATCT will eliminate the life safety hazard to Airport employees and passengers in Terminal One, thereby providing economic and legal benefits to the Port, and safety benefits to Airport and tenant employees and passengers. The remaining first two floors of the South Field ATCT would be utilized for passenger movement, Transportation Security Administration security checkpoints, concessions, and airport and tenant support. The following describes the project benefits:

Economic - Port staff estimate that the cost to provide seismic and code improvements is approximately \$8 million more than the cost of demolishing floors 3 through 10, not including the cost of interior design improvements and finishes required on each level. Additionally, a seismic retrofit of the South Field ATCT would negatively impact the concessions and other uses on the first floor.

Legal - The South Field ATCT does not meet current building code standards, including those prescribed by Americans with Disabilities Act.

Safety - Safety benefits would occur from removal of a life safety hazard to Airport and tenant employees and passengers in and around Terminal One.

1. The international committee for the documentation and conservation of buildings, sites and neighborhoods of the modern movement.

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Based on the substantial evidence in the Final EIR and the whole of the administrative record for the Project, the Board hereby concludes that the unavoidable significant adverse cultural resources impacts of the Project are acceptable in light of the economic, legal, and safety benefits. The project benefits described above constitute an overriding consideration warranting approval of the Project, despite significant unavoidable impacts to cultural resources.

MARITIME AND AVIATION PROJECT LABOR AGREEMENT (MAPLA)

The provisions of the Port of Oakland Maritime and Aviation Project Labor Agreement (MAPLA) apply to the proposed demolition work

OWNER CONTROLLED INSURANCE PROGRAM (OCIP)

The proposed certification action is not subject to OCIP. Any subsequent capital improvement building construction (or deconstruction) will be subject to OCIP.

GENERAL PLAN

Pursuant to Section 727 of the City of Oakland Charter, this action conforms to the City of Oakland's 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 requested action is not an agreement, contract, lease, or request to provide financial assistance within the meaning of the Living Wage Regulations, however the demolition portion of the tower will be subject to prevailing wages.

OPTIONS

The Board of Port Commissioners has the following options:

- Option 1. Approve the plans and specifications, certify the EIR, and adopt findings, mitigation measures and the statement of overriding considerations for demolition of the South Field ATCT. This is the recommended action.
- Option 2. Do not approve the plans and specifications, certify the EIR and take other associated actions. This option would result in additional costs to the Port or create a life safety hazard.

RECOMMENDATION

Having reviewed this Agenda Report and the EIR, it is recommended that the Board of Port Commissioners approve the plans and specifications set forth therein, certify the EIR, and adopt the included and attached findings, mitigation measures and

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the Statement of Overriding Considerations for demolition of the decommissioned South Field ATCT.



Figure 1
Project Vicinity Map

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Item No. 3.2
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**BOARD OF PORT COMMISSIONERS
CITY OF OAKLAND**

RESOLUTION AUTHORIZING THE DIRECTOR OF ENGINEERING TO APPROVE THE PROJECT MANUAL AND PLANS FOR DEMOLITION OF THE DECOMMISSIONED SOUTH FIELD AIRPORT TRAFFIC CONTROL TOWER; CERTIFYING THE FINAL ENVIRONMENTAL IMPACT REPORT, AND ADOPTING FINDINGS CONCERNING SIGNIFICANT EFFECTS, MITIGATION MEASURES, AND STATEMENT OF OVERRIDING CONSIDERATIONS.

WHEREAS, the Board of Port Commissioners ("Board") has reviewed and evaluated the Agenda Report for Item 3.2, dated November 14, 2013 (herein the "Agenda Report"), the Oakland International Airport South Field Airport Traffic Control Tower Demolition Final Environmental Impact Report ("EIR"), 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, the EIR, and in related agenda materials and in testimony received; and be it

FURTHER RESOLVED, the Board has independently analyzed, considered and reviewed the EIR and hereby certifies the EIR as adequate, complete and in compliance with CEQA, the State CEQA Guidelines, and the Port's Guidelines; and be it

FURTHER RESOLVED, that on the basis of the whole record before it, including the EIR and the comments received thereon and the Port's responses thereto, the Board hereby adopts the findings concerning significant effects, the mitigation measures, and the Statement of Overriding Considerations duly set forth in the Agenda Report; and be it

FURTHER RESOLVED, that the Board hereby authorizes the Director of Engineering to approve the Project Manual and Plans for the Demolition of the Decommissioned South Field Airport Traffic Control Tower in advance of construction.

DRAFT

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AGENDA REPORT

TITLE: Budget Authorization and Related Approvals to Construct Building M102 Renovation and Retrofit Project Related to the Terminal 1 Renovation (T1R) Program, OAK

AMOUNT: \$ 109.34 million¹ Capital Budget

PARTIES INVOLVED:

Corporate Name/Principal	Location
Construction of Building M102 Renovation and Retrofit Project - Turner Construction Company Mike O'Brien, Senior Vice President	Oakland, CA Office
Design Support During Construction of Building M102 Renovation and Retrofit Project -Michael Willis Architects	Oakland, CA Office
Consultant firm(s) for planning and conceptual design for the Expansion and Modernization Program for 1) the International Arrivals Facility; and 2) Building M-101 (Terminal 1 Ticketing, baggage, airline office) – TBD	TBD

TYPE OF ACTION: Resolution

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

APPROVED BY: Chris Lytle, Executive Director

SUMMARY

This Agenda Report seeks budget and contract approvals to continue implementing the ongoing Terminal 1 Renovation (T1R) Program, more than 80% of which is being funded by annual Passenger Facility Charges (PFCs) and the issuance of debt secured by PFC revenues, utilizing consultant and Prime Builder services. Board actions requested in this Agenda Report are to:

¹Amount of the total budget request. The Engineering Division has informed the Board of Port Commissioners of its estimates for the cost of contractor(s) and consultant work. These estimates are not disclosed here in the best interest of the public and the competitive process. Actual amounts will be available after all of the contract agreements have been obtained.

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- 1) Authorize budget to complete construction and construction-related professional services for the Building M102 Renovation and Retrofit Project and other supporting Terminal 1 projects.
- 2) Approve the execution of Option work and Contract Extension with Turner Construction Company (Turner) for the construction of the Building M102 Renovation and Retrofit Project and other supporting projects as described within this Agenda Report.
- 3) Authorize a Supplemental Agreement with Michael Willis Architects (MWA), the consultant team designing T1R Program, to provide Construction Phase design support services.
- 4) Authorize the Director of Engineering to approve the Plans and Project Manual.
- 5) Authorize the execution of professional service agreements with Consultant firm(s) for the planning and conceptual design for the Expansion and Modernization Program for 1) the International Passenger Arrivals Facility; and 2) Building M-101 (Terminal 1 Ticketing and Curbside, Baggage Claim, airline offices).
- 6) Authorize the Hiring of 2 Limited Duration Appointment (LDA) Staff to assist with the implementation of the building M102 Renovation and Retrofit Project and other related projects.

FACTUAL BACKGROUND

The ongoing T1R Program at Oakland International Airport (OAK) is a key Aviation implementing action in the Port Strategic Plan and integral to providing facilities to support the growth of air passenger activity and meeting the Port-wide objective of maximizing the use of existing Port assets. The T1R Program focuses on renovating the Terminal 1 buildings and systems to meet current codes, mitigate life safety issues and replace aging infrastructure. The Program has been implemented in a phased manner to address prioritized needs and funding availability. The Building M102 Renovation and Retrofit (M102) Project constitutes the major construction package of this program and is the critical next step in the T1R Program, consistent with the Board's direction in 2010 to prioritize the life safety aspects of the T1R Program while maintaining/increasing revenue at OAK. The M102 Project design and bidding phases are complete and the project is ready to move into the construction phase.

ANALYSIS

M102 Project

The purpose of the M102 Project is to seismically retrofit, replace and upgrade outdated infrastructure in building M102. Building M102 is the essential connection between ticketing/bag claim (building M101) and the concourse and gates (building M103) of Terminal 1. Many critical Airport functions and passenger services are located in M102 including the TSA security checkpoint, passenger circulation, concessions, restrooms, passenger amenities and other supporting uses. These functions will need to remain in operation during construction. The structural retrofit construction will require demolishing

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and reconstructing the 2nd floor Airport office and public meeting and services space, as well as demolition of the now decommissioned South Field Airport Traffic Control Tower (ATCT).

The scope for the M102 Project includes:

- Seismic strengthening of the building structure through use of micropiles, shear walls construction, and interior steel truss bracing system under the roofline, connecting existing columns.
- Demolition of the decommissioned South Field Airport Traffic Control Tower (ATCT) to mitigate life safety hazards.
- Infrastructure upgrades and replacement including new heating and ventilating systems, upgraded electrical distribution, upgraded fire alarm and installation of fire protection systems, and enhanced telecommunication systems.
- Architectural and code upgrades including new code compliant 2-stop elevators, architectural enhancements (columns, balcony finishes), secure concessions corridor, reconfigured loading dock, new roofing, exterior window wall system, upgraded restrooms, reconstruction of the second floor administrative offices and public meeting space, and signage enhancements.
- Construction of temporary space to accommodate functions displaced by the structural retrofit construction including relocation of tenants and Port staff for up to 18-months).

Consistent with the Port's strategic planning goal of sustaining healthy communities through leading edge environmental stewardship, the M102 Project was designed using green building guidelines² for high-performance HVAC systems; reduced water use; environmentally responsible refrigerants; safe materials; and healthy indoor air quality. The Port is seeking LEED certification for the mezzanine-level reconstruction of public space and Port offices. A comprehensive Sustainability Plan was developed for the remaining M102 construction, as described below under the Sustainability section.

During the M102 Project Pre-Construction bidding phase, a cross-divisional Port staff team (SRD, Legal, Engineering, and Aviation) and Turner worked closely on a comprehensive Local Business Utilization (LBU) Outreach and Implementation Program (OIP), which is attached to this Agenda Report and described further below under the LBU section. Turner has completed subcontractor bidding and submitted its Guaranteed Maximum Price (GMP) proposal to the Port, as disclosed separately to the Board. The GMP is based on 1) competitive subcontractor bids, 2) maximizing local business utilization, and 3) minimizing disruptions to Airport operations. Construction of the M102 Project is expected to take approximately three and a half years.

The M102 Project will mitigate the greatest seismic risk within the Terminal complex and upgrade deficient building systems and infrastructure to meet code. The final project scope

²Principles and standards in the LEED® (Leadership in Energy and Environmental Design) green building rating system were used by the design team and in determining sustainability strategies for the T1UP Project.

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is based on Board direction (10/19/10) and extensive coordination with Port staff, tenants, public agencies and other stakeholders to ensure that the greatest needs are addressed and limited resources are applied most judiciously. Although the T1R Program has been phased to this point, this M102 Project cannot feasibly be subdivided further than the proposed construction package.

Other Supporting Projects and Initiatives

Budget authorization is also included in the request to implement two elements of the next phase of development to improve infrastructure reliability. These include:

- Substation electrical distribution and migration in M103—Earlier in this program, a new substation was construction in M103 to support new power requirements and to replace an outdated substation. The purpose of this work is to migrate panels and power distribution from the old substation to the new one in order to disable the old, unreliable substation.
- Curbside Lighting Project—Lighting on the Terminal 1 curbside is outdated and the wiring is in need of replacement. The lighting ballasts have been identified as the source of some types of unplanned power outages in the terminal. In order to improve power reliability, energy efficiency using LED, and improve life cycle costs, the Terminal 1 curbside lighting needs to be replaced.

Staff recommends that existing On-call contracts and/or Turner be utilized to accomplish these supporting projects and requests authorization to do so, in order to streamline the delivery of these critical projects, as a competitive selection process would add time (6-9 months) and require additional staff resources not available at this time.

In addition, budget authorization is also requested to initiate the planning and conceptual design for International Arrivals Facilities and Building M101 Reconfiguration. Consistent with the phased approach to renovating the remaining T1R facilities, it is critical to begin planning and conceptual design to determine the most cost effective way to modernize and expand the existing international arrival facilities and building M101 (T1 ticketing, airline offices/checked bag functions and baggage claim) in order to better accommodate airline operations and facilitate air traffic growth at OAK. Preliminary life safety design previously prepared for these facilities will be used as background, however the scope of these improvements needs to be expanded to respond to airline requests for facilities that address current operating priorities such as self-service ticketing and bag check and to balance the demands for updated international facilities. Upon Board authorization, staff recommends using existing on-calls and/or entering into professional services agreements for consultant services to provide these planning and conceptual design services.

Prime Builder Contract

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On May 6, 2003, the Board selected Turner as the Prime Builder to deliver two projects at OAK: 1) Construction of the Terminal 2 Extension (T2X) and Terminal 2 Renovation (T2R) Projects; and 2) Design and Construction of the Roads and Curbside Project. These projects were successfully completed within budget and schedule and accomplished the goal of maximizing small and local business to perform the construction. The 2003 Prime Builder contract contained terms granting to the Port an option allowing the Prime Builder to serve as the designer, construction manager, and/or contractor for one or more “Option Projects.” On July 17, 2007, the Board authorized the Executive Director to exercise the option and negotiate an amendment with Turner under the Prime Builder contract for pre-construction services, equipment procurement, design-build services, construction manager and construction services for the T1R Program. The Board has approved additional Option work as listed below:

Board Date Authorizing Option Work	Scope of Option Work	Construction Value (\$1,000)
July 17, 2007	Electrical Substation in Bldg. M-103, Fire Suppression/Detection (Phase 1), Existing Conditions/Discovery	\$7,607
February 19, 2008	Terrazzo flooring and holdroom seating	\$3,239
April 15, 2008	Construct Restroom at Gate 3	\$0.586
December 2, 2008	Curbside Security Bollards, ATCT stair repair, Bldg. M-103 Seismic, Reconstruct Ramp between Bldgs. M-103 and M-102, Fire Suppression/Detection (Phase 2), Terrazzo flooring, New Gate Podiums, Bldg. M-152 Glazing, Hangar 6 Repairs, Preconstruction services for T1CUP, Replacement boiler at Bldg. M-104	\$10,373
May 4, 2010	Bldg. M-102 Meeter/Greeter Area, Carpet Replacement	\$2,348
October 19, 2010	T1R Preconstruction services, Fire Suppression/Detection (Phase 3), IDF build out in Bldg. M-103, Electrical Substation in Bldg. M-102	\$13,367
February 6, 2012	T1MB/CUP	\$25,109
	Total =	\$62,044

As shown, the total value of the Option work authorized to date is approximately \$62 million. Of this total, Turner has achieved a LBU rate of approximately 81% of which 18% was either a small or very small business.

The Prime Builder contract has proven to be a very effective means of constructing at OAK while avoiding disruptions to Airport operations. The Prime Builder contract includes Pre-construction services that require Turner to perform constructability review of the Plans and Specifications, and develop construction staging, sequencing, and phasing plans that

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address the complexities of construction in an active airport environment. The results of these Pre-construction services were incorporated into the final Plans and Specifications that were issued for bidding. The Prime Builder contract requires a transparent, competitive, and efficient process for subcontractor procurement which maximizes local business utilization. To encourage participation by local, small and very small businesses, the M102 subcontractor work was broken down into 35 trade-specific packages ranging in value from approximately \$40,000 to \$7,000,000. Other benefits of the Prime Builder approach are covered in the Local Business Utilization section below. At this time, staff is requesting Board authorization for Option work to construct the M102 Project. The expiration date from the Turner contract is recommended to be extended to May 2017 with this authorization.

On July 17, 2007, the Board authorized exercising an Option to the Prime Builder contract with Turner Construction Company to include pre-construction services, equipment procurement, design-build services, construction management and construction services. Staff continues to recommend using the Prime Builder project contract for this project, as previously directed, as it has proven to be an excellent project delivery approach in terms of minimizing construction-related disruptions to airport operations and the achievement of high levels of local business participation. While it is certainly possible to depart from this project delivery approach and instead utilize a formal public works approach, it is not recommended as that would delay project implementation (9-12 months) in order to revise the plans and specifications, rebid the project, and award the contract. Also, under a formal public works approach, the Port would not benefit from the preconstruction services completed to date making the construction process more challenging and possibly disruptive to airport operations. In addition, using a formal public works approach for this project would further increase staffing needs, and could not guarantee similar local business utilization levels.

It is also recommended that existing On-call contracts be utilized to provide inspection and testing services, construction administrative services and communication services for the project, as these contracts are already in place and this is their intended purpose.

T1R Architectural Contract

On February 19, 2008 the Board authorized the preparation and execution of a professional services agreement (PSA) with Michael Willis Architects (MWA), for architecture and engineering services for T1R. Following Board approval, staff commenced the first of a two-step process with Michael Willis Architects to prepare design documents, through design development (DD), for the T1R improvements. It was determined that the next phases of design would be accomplished in an incremental manner, and the PSA with MWA was augmented to match the Port's priorities. As authorized, MWA has completed the design of Terminal 1 Renovation, Building M-102 Focus, through the construction document phase and bidding phase. At this time, staff is requesting budget and contract authorization in the form of a supplemental augmented agreement to complete the

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construction administration phase of the M-102 Renovation Project since they are the Architect/Engineer of record for the design.

LOCAL BUSINESS UTILIZATION, OUTREACH AND WORKFORCE DEVELOPMENT

Starting with the Port's T2X, T2R and Road & Curbside projects, Turner and Port staff worked together to develop a model Outreach and Implementation Plan (OIP) designed to maximize the use of small and local businesses and local workers. Under that program, Turner and Port staff conducted aggressive outreach and initiated several capacity-building programs, including a mentor-protégée program and an eight-week construction academy seeking to improve the economic vitality of local small businesses by teaching managerial, technical and administrative skills including networking opportunities. Turner achieved a local business utilization rate of approximately 79% on these projects. Building on this success, Turner has achieved a local business utilization rate of approximately 81% on all projects implemented to date in conjunction with the T1R Program.

Because the M102 Project is planned to be funded by OAK passenger facility charges (PFCs), the Port's Non-Discrimination Small Local Business Utilization Policy (NDSLBP) would apply to this project and not the federal Disadvantaged Business Enterprise (DBE) Program.

Turner and Port staff collaboratively developed an OIP specific to the Building M102 Renovation and Retrofit Project (see attached). The OIP takes into consideration a phased approach to the work and focuses on community involvement, communications and youth programs, local business participation, and providing training towards increasing both the capability and capacity of local firms. It includes successful capacity-building innovations from the prior OIP, including a mentor-protégée program and an eight-week construction academy for small local businesses. Furthermore, the OIP is meant to be a living document encompassing a genuine commitment to the community; however, modifications will be made when necessary based upon dialogue and learning between the contractor, the Port, the community, and other key stakeholders. Turner's intention is that no plan or policy set forth in the OIP be considered the "one and only" method for achieving the objectives. Instead, they are committed to developing the most comprehensive program to ensure that local businesses and workers are able to benefit from this project.

OIP elements include:

- Community Involvement
- Local Business Participation
- Local Workforce Development, Training, and Hiring
- Business Development
- Prompt Payment Plan
- Tracking Payments
- Prequalification and Prequalification Evaluation
- Reporting and Communication

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- Quarterly Reporting including Quantifying Workforce Development and Participation
- MAPLA Local Hiring Requirements (compliance plan for local hiring)

Turner is also committed to use its unique partnerships and knowledge of the industry to ensure the maximum local workforce availability on this project. The Port's local hiring goals will not only be supported by the Maritime Project Labor Agreement (MAPLA) but also Turner is committed to proactively work with local community-based partners, unions, etc. (developed on and since their last Airport project) to link local residents to workforce opportunities and promote economic development and investment to strengthen the Port's local community. Turner has a myriad number of partnerships to support this effort, including the following:

- Partnership with the new West Oakland Job Resource Center
- Active Recruitment from Re-Entry Programs and Workforce Resource Centers
- Sponsoring re-entry programs including Cypress Mandela Training Center, City/Build, and Mission Hiring Hall
- Member of the Northern California Minority Supplier Development Council
- Past sponsorship of individuals from Men of Valor, including pre-apprentice placement on the T1CUP Project
- Sponsoring various summer jobs programs in Northern California
- Co-Chair of Tech21 Advisory Council, hands on experience with BIM and workshops

Outreach

Prior to subcontractor bidding, Port staff posted information about Building M102 Renovation and Retrofit Project subcontracting opportunities on the Port and Airport websites; sent email "blasts" to the Port's local business contact database; collaborated with Turner in publicizing the Building M102 Renovation and Retrofit Project through its industry newsletter; and participated with Turner in the T1CUP Project Building M102 Renovation and Retrofit Project outreach meeting held on February 20, 2013, which was attended by approximately 80 interested parties in the contracting community. Subsequently the outreach also resulted in several firms obtaining new and renewed Port local certification. Turner's outreach to local, small and very small businesses included collaborating with Port staff as described above, and additional industry-specific activities such as those listed below.

- Posted bid advertisement showing all trade packages being bid in (3) newspapers (Daily Pacific Builder, SBE, Inc., and The Oakland Tribune). Ad ran during the week of February 11-16, 2013.
- Email contact with all subcontractors with a current LIA/LBE/SLBE/VSLBE certification with the Port of Oakland, over 300 former Turner School of Construction Management graduates and 120 Community Based Organizations (CBO's) during the week of February 11-16 with the following information:

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- Announcing bid opportunity and due dates (Invitation to Bid)
 - Invitation to February 20th Outreach Meeting
 - Link to Port's website for Port certification "Frequently Asked Questions"
 - Link to box site for plans and specifications
- Conducted an Outreach meeting on February 20, 2013, at 1:00 pm, at Turner's Airport Office that discussed bid packages, due dates, local hire and local business utilization goals, Port of Oakland LBU Certification information, and project site logistics.
 - Hosted job walks and "Meet the Prime" events on February 26th, 27th and 28th for "Bid Group 1, 2 & 3". Each bid group consisted of approx. 10-15 Trade Packages.

Utilization

Based on analysis by Port SRD staff, the preliminary subcontractor bids obtained by Turner for the Building M102 Renovation and Retrofit Project indicate that participation will exceed 79% local business utilization, including approximately 25% small/very small businesses. Actual local and small business participation figures are dependent on the details of the specific subcontracts executed by Turner and would become finalized if the Board approves the actions requested in this Agenda Report, and Turner proceeds to execute with appropriate subcontracts. Port Engineering and SRD staff would continue working collaboratively with Turner towards maximizing the current estimates of the utilization of small/local businesses and local workers, and would periodically report to the Board regarding OIP results during project implementation.

STRATEGIC PLAN

The T1R Program is one of key capital projects for FY 2014 to support the Aviation Division's goal (this was a key initiatives the "goals" are specific items in the strategic plan) (see above edits)in growing air passenger activity. The T1R Program reflects the Guiding Principles of the Strategic Plan adopted by the Board on October 5, 2010, including:

- Environmental stewardship is a lens for all Port activities.
- The Port maximizes its assets, investments and resources.
- The Port delivers the highest value in its services and facilities at the most competitive price.

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The T1R Program as a whole, and the projects recommended in this Report, help the Port achieve the following Strategic Plan Goals and Objectives:

STRATEGIC PRIORITY AREAS	GOAL	OBJECTIVE	HOW PROJECT IMPLEMENTS	WHEN PROJECT IMPLEMENTS
Sustainable Economic and Business Development	Goal A: Create Sustainable Economic Growth for the Port and Beyond	1. Maximize the use of existing assets.	T1R Program as a whole maximizes the useful life of the existing terminal facility.	Throughout design, construction (planned completion 2017) and ongoing facility operations
	Goal A: Create Sustainable Economic Growth for the Port and Beyond	3. Increase revenue, job creation and small business growth.	Local business utilization has been pursued aggressively during T1R Program implementation.	Throughout design and construction
	Goal B: Maintain And Aggressively Grow Core Businesses	1. Retain existing customers and tenants.	T1R Program is necessary to continue to operate existing tenant facilities within the T1 complex.	Throughout design, construction and ongoing facility operations
Sustainable Economic and Business Development	Goal B: Maintain And Aggressively Grow Core Businesses	2. Market strategically and aggressively to attract new customers and tenants.	By upgrading and updating the existing facilities, the Airport will be able to retain existing and attract new tenants.	Throughout design, construction and ongoing facility operations
	Goal B: Maintain And Aggressively Grow Core Businesses	3. Price Port services to provide a highly competitive value.	As compared to building a new terminal, renovation and reuse of existing T1 facilities, will allow the Airport to remain competitive with other Bay Area airports.	Throughout design, construction and ongoing facility operations
	Goal C:	2. Conduct	Port staff has	Throughout

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STRATEGIC PRIORITY AREAS	GOAL	OBJECTIVE	HOW PROJECT IMPLEMENTS	WHEN PROJECT IMPLEMENTS
	Promote Equitable Community Access to Employment and Business Opportunities	comprehensive communication and outreach to stakeholders and strategic partners to improve workforce and small business opportunities.	actively solicited internal and external stakeholder input during T1R Program development. The Prime Builder and Port staff developed, and are collaboratively implementing, a comprehensive local business utilization Outreach and Implementation Plan (OIP).	design and construction
	Goal C: Promote Equitable Community Access to Employment and Business Opportunities	3. Integrate workforce mandates into all Port agreements, policies and processes at the front end.	T1R Program-related agreements incorporate Port workforce mandates as appropriate. The Prime Builder has achieved high levels of local business utilization, exceeding Port contract minimums.	Throughout design and construction
Stewardship and Accountability	Goal G: Sustain Healthy Communities Through Leading Edge Environmental Stewardship		T1R Program reuses existing facilities and employs green building solutions	Throughout design and construction to LEED standards and attain LEED certification for second floor offices.

BUDGET & FINANCIAL IMPACT

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For the actions recommended in this Agenda Report, staff is requesting a budget authorization of \$109.34 million. This amount has been included in the Port's 5-year Capital Needs Assessment (CNA) as part of the "pipeline projects," and, consequently, has been included in the Port's financial planning forecast.

Budget Request (\$000s)

PROJECT	FY 13/14	FY 14/15	FY 15/16	FY 16/17	FY 17/18	FY14-FY18 Total
M102 Construction and related projects	17,160	40,700	37,900	13,580	0	109,340

The M102 Project as a whole is being funded approximately 82% from Passenger Facility Charges (PFCs), with an 18% Port share. However, given that the Port only collects and anticipates collecting approximately \$21 million per year and that other committed projects are being funded by PFC revenues (most notably, the BART-Connector Project), debt secured by future PFC revenues is needed in order to complete the M102 Program. It is anticipated that approximately \$61.5 million will need to be borrowed (excluding financing reserves and transaction costs) in order to pay for the M102 Project and other committed PFC-paid projects.³ It is anticipated that the Port will utilize its commercial paper program as an interim debt funding vehicle and will take out the commercial paper notes with long term bonds once commercial paper program capacity nears or market conditions warrant.

The Port share (or cash component) of the M102 Project is anticipated to be approximately \$5.7 million higher than assumed in the Port's current 5-year Capital Needs Assessment (FY 2014-18) due to a eligible costs being lower than anticipated based on the final GMP details (82% versus 88%). Given the phased approach being taken for the T1R Program, this increase does not impact the Port's financial ability to undertake the M102 Project. However, this higher than anticipated use of cash may result in a corresponding reduction, elimination or delay in the remaining T1R Program project components or other future Aviation capital projects. The Port's 5-year Capital Needs Assessment is updated annually and will take into account these updated numbers.

The proposed M102 Project and related projects within the T1R Program are included in the Port's approved PFC Application #14 with the exception of certain components (that is, the second floor mezzanine construction valued at \$15M) and long-term financing costs. Port staff is currently in the process of amending the PFC application and expects to receive approval by Spring of 2014. In the meantime, sufficient PFC collection

³ It is anticipated that \$125 million will need to be borrowed (excluding financing reserves and transactions costs) in order to complete the PFC's programmed in the 5-yr Capital Needs Assessment .

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authorization exists to pay for FY 2014 anticipated costs. Port staff does not anticipate any issues in receiving the amendments to the PFC application for financing costs given there is a 90-day statutory process for this type of amendment and the FAA must approve eligible projects as long as proper policies and procedures are followed. To the extent that these amendments are not received by in a timely manner Port staff will reevaluate the timing of the M102 Project.

Anticipated Funding Sources for M102 Project
(\$millions)

	M102 Project
Pay-go PFC Revenues	27.8
Debt (Secured by Future PFC Revenues)	61.5
Internally- Generated Cash	20.0
Total	109.3

STAFFING IMPACT

This item requests augmenting Port staff with Limited Duration Appointment (LDA) staff to assist with the implementation of this project. The M-102 Renovation Project will require signification coordination and communication with tenants, customers, contractors, and all stakeholders in a proactive and continuous manner to maintain safe and efficient Airport Operations. The project also involves complex electrical and mechanical system replacement impacting Airport, tenant, and TSA operations throughout the project. While this type of work is conducted by the existing Engineering and Aviation team Port staff, the M102 project demands will exceed Port staff resources, resources. Engineering staff resources are anticipated to be the most taxed and the most straightforward to augment with LDA type positions. The table below reflects the Engineering staffing needs to support this project

Staff	FTE Required	FTE Available	Status of Resource
Engineering Division	4	2	Additional Engineering Staffing is necessary to support significant coordination associated with this Project.

The above staffing needs represents the Engineering staff required to support this project, which is anticipated to last approximately 3 1/2 years. Appointment of two Associate Electrical/Mechanical Engineer LDAs would most efficiently serve successful

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implementation of the project. Additional support will be required from other Port staff as the work progresses to provide guidance and make decisions on items that affect the Port's business, operations and maintenance responsibilities. The budget includes the estimated total effort associated with Port staff including the proposed LDA staff

SUSTAINABILITY

The design and construction of projects in the T1R Program are incorporating the principles and standards in the LEED® (Leadership in Energy and Environmental Design) green building rating system, and LEED certification will be attempted for the renovation of office areas in Building M102. Measures being applied for the remaining construction of M102 including demolition materials reuse, construction materials reuse, use of materials with recycled content, installation of high-efficiency equipment, installation of hard surface flooring, and enhanced commissioning for all systems. In addition, during design of the M102 project, a Sustainability Plan was developed with the assistance of KEMA, a third party green building consultant. This plan will continue being implemented throughout the M102 construction phase. LEED was used as a tool for guiding the design team and determining sustainability strategies. While certification was not attempted for all of the M102 Project (because the LEED framework does not readily apply to building renovations that are not complete demolitions), The Port will seek LEED certification for the second level construction of Port and public offices and meeting rooms. The design team referenced and updated the LEED scorecard throughout the design process. The design team worked at regular intervals with KEMA to ensure that the project plans and specifications clearly require the purchase and installation of sustainable building materials. The project specifications are requiring stringent materials tracking, indoor air quality measures, construction waste management, and commissioning throughout construction.

The M102 design team focused its design decisions on creating an environmentally-healthy, durable space, prioritizing systems and finishes that have been analyzed from a lifecycle cost perspective. The Port's environmental goals included renovating the space and constructing the new M102 space to be a high performing facility that is easy to maintain and operate. The final design includes efficient HVAC and lighting systems, good indoor air quality, reduced water use, and sustainable material choices.

ENVIRONMENTAL

CEQA Determinations

The Port is required to conduct an environmental impact analysis pursuant to the California Environmental Quality Act (CEQA) as part of all of its project development, approval, and entitlement processes. In 1997, the Port proposed an Airport Development Program (ADP) to improve OAK facilities and to relieve existing and projected future congestion to accommodate forecast air passenger and air cargo activity. The Port prepared an Environmental Impact Report (EIR) for the ADP that was certified and adopted by the Board of Port Commissioners (Board) on December 16, 1997, through Board Resolution

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No. 97376. The Board later adopted a supplemental EIR (SEIR) in 1999 (Resolution No. 99623), and a second supplemental EIR in 2003 (Resolution No. 03345).

The EIR/SEIRs covered upgrades and expansion of T1 and evaluated subsequent Board approvals of the design and specifications of each associated improvement and approval for subsequent contracts and building permits. Therefore, most of the actions contemplated in this report are within the scope of the ADP and have already been adequately evaluated under CEQA under the existing EIR/SEIRs. Note that compliance with the federal National Environmental Policy Act (NEPA) in order to receive federal funding was completed by the Federal Aviation Administration (FAA).

In consideration of the demolition of the T1 Air Traffic Control Tower (ATCT) contemplated at this time, appropriate CEQA review was conducted and the Board's action of certifying the May 2013 EIR allows for approval of entering into a contract for the demolition of the T1 ATCT.

MARITIME AND AVIATION PROJECT LABOR AGREEMENT (MAPLA)

The provisions of the Port of Oakland Maritime and Aviation Project Labor Agreement (MAPLA) apply to the proposed construction and construction testing work associated with the Building M102 Renovation and Retrofit Project.

The other matters and professional services agreements referenced in this Agenda Report do not fall within the scope of the MAPLA and the provisions of the MAPLA do not apply.

OWNER CONTROLLED INSURANCE PROGRAM (OCIP)

As the project and scope is funded under the CIP, the applicable Owner Controlled Insurance Program (OCIP) coverages and provisions apply to the construction phase and the Professional Liability Insurance Program (PLIP) coverages and provisions apply to the design phase.

GENERAL PLAN

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

BOARD MTG. DATE: 11/14/13

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 state prevailing wage rules and the prevailing rate of wage is higher than the wage required by the Living Wage Regulations.

OPTIONS

1. Authorize budget to complete construction and construction-related services for the M102 Project, and approve the execution of Option work and contract extension with Turner for the construction of the M102 Project, as recommended by staff.
2. Direct staff to prepare Plans and Specifications for separate formal Public Works projects. This option is not recommended due to increased time for completion of these critical projects, increased likelihood for construction-related disruptions, increased staffing needs, and uncertainty with respect to the levels of local business participation.
3. Do not proceed with part or all of the project work requested in this Agenda Report. This is not recommended because the M102 Project is a critical priority in improving the building life safety and functionality, serving to extend its useful life. Upgrading the aging electrical, plumbing, HVAC and other systems in M102 is essential for safe and reliable continued operation of Terminal 1. Not doing so could result in disruption of services, unexpected major maintenance expenses, and potential terminal shut-downs.

RECOMMENDATION

It is recommended that the Board:

1. Authorize budget to complete construction and construction-related professional services for the Building M102 Renovation and Retrofit Project and other supporting and follow-on projects.
2. Approve the execution of Option work and Contract Extension with Turner Construction Company (Turner) for the construction of the Building M102 Renovation and Retrofit Project and other supporting projects as described within this Agenda Report.
3. Authorize a Supplemental Agreement with Michael Willis Architects (MWA), the consultant team designing T1R Program, to provide Construction Phase design support services.
4. Authorize the Director of Engineering to approve the Plans and Project Manual.
5. Authorize the execution of professional service agreements with consultants for the planning and conceptual design for the Expansion and Modernization Program for 1) Building M-101 (Terminal 1 Ticketing and Curbside, baggage Claim, airline offices); and 2) for the International Arrivals Facility.
6. Authorize the Hiring of 2 Limited Duration Appointment (LDA) Staff to assist with the implementation of the Building M102 Renovation and Retrofit Project.

BOARD MTG. DATE: 11/14/13



Location of M102 Project, OAK

11/14/13
Tab 3.3
MCR/arg



BOARD OF PORT COMMISSIONERS
CITY OF OAKLAND

RESOLUTION APPROVING AND AUTHORIZING THE PROJECT BUDGET AND RELATED APPROVALS FOR CONSTRUCTION OF THE BUILDING M102 RENOVATION AND RETROFIT PROJECT RELATED TO TERMINAL 1 RENOVATION (T1R PROGRAM) PROJECT; AND AUTHORIZING NEGOTIATION OF ADDITIONAL OPTION WORK UNDER THE AGREEMENT WITH TURNER CONSTRUCTION COMPANY (LIC. NO. 210639) FOR THE CONSTRUCTION OF THE T1R PROGRAM, OAKLAND INTERNATIONAL AIRPORT, IN AN AMOUNT NOT TO EXCEED THE AMOUNT CERTIFIED BY THE BOARD OF PORT COMMISSIONERS.



WHEREAS the Board of Port Commissioners (the "Board") has reviewed and evaluated the Board Agenda Report Item No. 3.3, dated November 14, 2013 (the "Agenda Report") and related agenda materials, has received the expert testimony of Port of Oakland (the "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 it is in the best interest of the Port to approve and authorize the project budget for construction and construction-related professional services for the **Building M102 Renovation and Retrofit Project related to the Terminal 1 Renovation (T1R Program)**, including, among other things seismic strengthening, demolition of the South Field Airport Traffic Control Tower (ATCT), infrastructure upgrades and architectural and code

upgrades in a total aggregate amount not to exceed \$109,340,000, as more further described in the Agenda Report; and be it

FURTHER RESOLVED that based upon the information contained in the Agenda Report the Board hereby finds and determines that the proposed additional option work with **Turner Construction Company ("Turner")** will constitute an agreement for obtaining professional, technical or specialized services that are temporary in nature and that it is in the best interest of the Port to secure such services from **Turner** without standard bidding procedures and that said standard bidding procedures are hereby waived; and be it

FURTHER RESOLVED the Board hereby approves and authorizes the Executive Director to negotiate and execute a change order for additional option work with **Turner**, under the contract for **Prime Builder for the Oakland International Airport Terminal Expansion Program, Oakland, California for the T1R Program** consistent with the scope of work discussed in the Agenda Report, in an amount not to exceed the amount certified by the Board; and be it

FURTHER RESOLVED that a bond for the faithful performance of the work, and a bond to guarantee the payment of all claims for labor and materials furnished and for amounts due under the Unemployment Insurance Code shall be provided by the Contractor as prescribed by the applicable laws and regulations and the contract specifications; and be it

FURTHER RESOLVED that the work performed under the Prime Builder contract will be covered by the provisions of the Port of Oakland Maritime and Aviation Project Labor Agreement ("MAPLA"); and be it

FURTHER RESOLVED the Board finds and determines that this project is within the scope of the Airport Development Program (ADP). The Final Environmental Impact Report ("EIR") for the ADP was certified and adopted by the Board on December 16, 1997, pursuant to Resolution No. 97376. The EIR covered upgrades and expansion of Terminal 1 and evaluated subsequent Board approvals of the design and specifications of each associated improvement and approval for subsequent contracts and building permits. The Port prepared a supplement EIR in 1999, and a second supplemental EIR in 2003. In consideration of the T1 Air Traffic Control Tower (ATCT) appropriate CEQA review was conducted and the Board's action of certifying the May 2013 EIR allows for approval of entering into a contract for the demolition of the T1 ATCT. Therefore, this project has already been evaluated under the California Environmental Quality Act ("CEQA") and no further CEQA analysis or documentation is required; and be it

FURTHER RESOLVED that the Director of Engineering or his designee is authorized to approve the plans and specifications for said projects in advance of construction, pursuant to Government Code Section 830.6; and be it

FURTHER RESOLVED that based upon the information contained in the Agenda Report, the Board hereby approves the allocation of two limited duration positions to assist with the implementation of the Building M102 Renovation and Retrofit Project; and be it

FURTHER RESOLVED that the Executive Director is hereby authorized to fill the limited duration positions for a period not to exceed seven years as approved hereinabove; 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 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 contract.

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November 14, 2013
Item No.: 3.3 (1 of 2)
MCR/jev

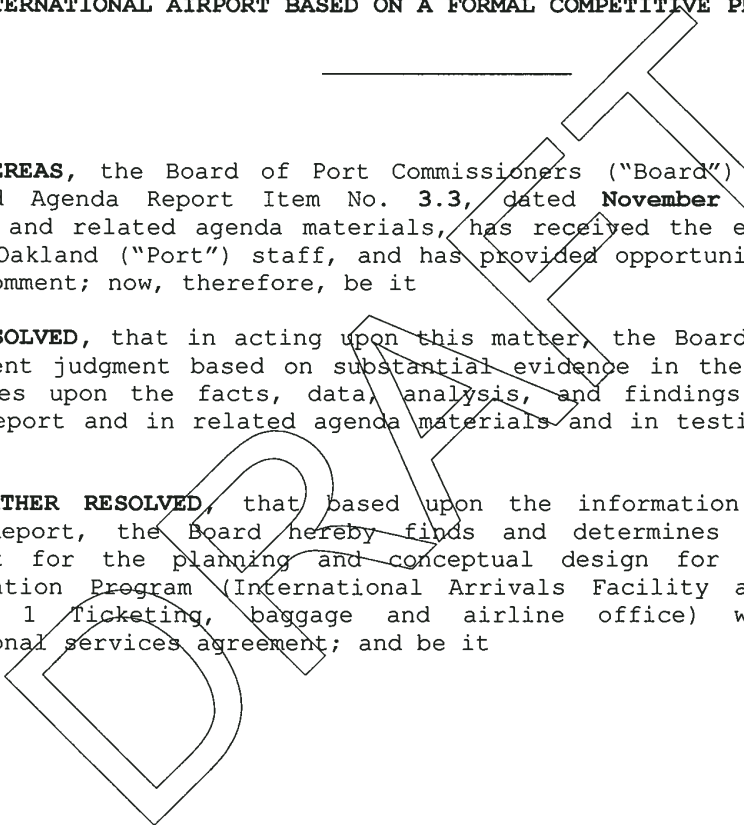
**BOARD OF PORT COMMISSIONERS
CITY OF OAKLAND**

RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO A PROFESSIONAL SERVICES AGREEMENT FOR PLANNING AND CONCEPTUAL DESIGN FOR THE EXPANSION AND MODERNIZATION PROGRAM AT OAKLAND INTERNATIONAL AIRPORT BASED ON A FORMAL COMPETITIVE PROCESS.

WHEREAS, the Board of Port Commissioners ("Board") has reviewed and evaluated Agenda Report Item No. 3.3, dated **November 14, 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

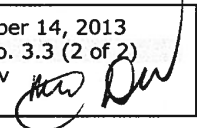
FURTHER RESOLVED, that based upon the information contained in the Agenda Report, the Board hereby finds and determines that the proposed agreement for the planning and conceptual design for the Expansion and Modernization Program (International Arrivals Facility and Building M-101 Terminal 1 Ticketing, baggage and airline office) will constitute a professional services agreement; and be it



FURTHER RESOLVED that the Board hereby approves and authorizes the Executive Director to execute for and on behalf of the Board of an agreement with one or more consultants selected from a formal competitive process to perform such services, upon terms and conditions consistent with the Agenda Report and providing that the selected Consultant shall be compensated for such services, including costs of miscellaneous reimbursable expenses, at a maximum compensation that shall not exceed an amount disclosed to the Board, provided that no agreement or contract shall be effective unless and until it is approved 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

November 14, 2013
Item No. 3.3 (2 of 2)
MCR/jev 

**BOARD OF PORT COMMISSIONERS
CITY OF OAKLAND**

RESOLUTION FINDING AND DETERMINING THAT A PROPOSED SUPPLEMENTAL AGREEMENT WITH MICHAEL WILLIS ARCHITECTS (MWA) AT A MAXIMUM COMPENSATION OF TO BE DISCLOSED TO THE BOARD OF PORT COMMISSIONERS FOR CONSULTING SERVICES CONSTITUTES PROFESSIONAL, TECHNICAL AND SPECIALIZED SERVICES THAT ARE TEMPORARY IN NATURE, WAIVING COMPETITIVE BIDDING AND AUTHORIZING EXECUTION OF SAID SUPPLEMENTAL AGREEMENT.

WHEREAS, by Resolution No. 08033, adopted by the Board of Port Commissioners ("Board") on February 19, 2008, the Board authorized an Agreement with **MICHAEL WILLIS ARCHITECTS (MWA)**, for consulting services with respect to architecture and engineering services for Terminal 1 Renovation (T1R) Program; and

WHEREAS, it is desirable at this time to further amend said agreement to authorize the Executive Director of the Port of Oakland ("Port") to approve additional work under said agreement as set forth in the Agenda Report Item No. 3.3, dated November 14, 2013 ("Agenda Report"), and additional compensation for such work; and

WHEREAS, the Board has reviewed and evaluated the 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 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 finds and determines that the proposed Supplemental Agreement with **MICHAEL WILLIS ARCHITECTS (MWA)** 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 **MICHAEL WILLIS ARCHITECTS (MWA)** without competitive bidding; and be it

FURTHER RESOLVED, that the Board hereby approves and authorizes the execution for and on behalf of the Board of said Supplemental Agreement, upon terms and conditions consistent with the Agenda Report and providing that **MICHAEL WILLIS ARCHITECTS (MWA)** shall be compensated for such services including costs of miscellaneous reimbursable expenses at a maximum compensation that shall not exceed an amount disclosed to the Board, provided that no agreement or contract shall be effective unless and until it is approved 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. Unless and until a separate written agreement is duly executed on behalf of the Board as authorized by this resolution, is signed as approved as to form and legality by the Port Attorney, and is delivered to other contracting party, there shall be no valid or effective agreement.

BUDGET & FINANCE

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



Three Months Ending
September 30, 2013
Financial Highlights
Unaudited Results

Board of Port Commissioners Meeting
November 14, 2013

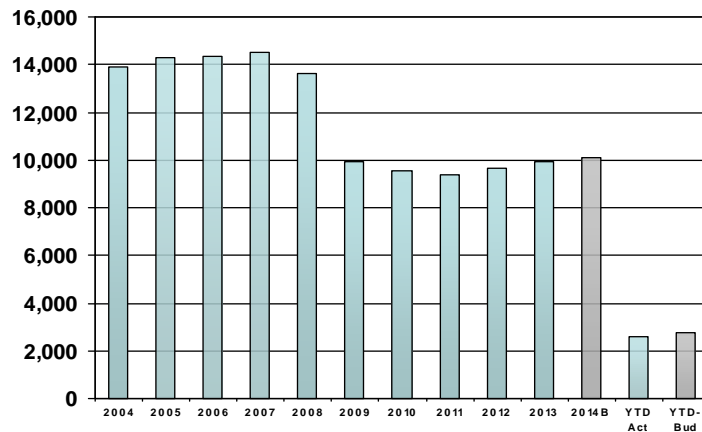
Unaudited, Preliminary Numbers – Subject to Change

The 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 presentation.

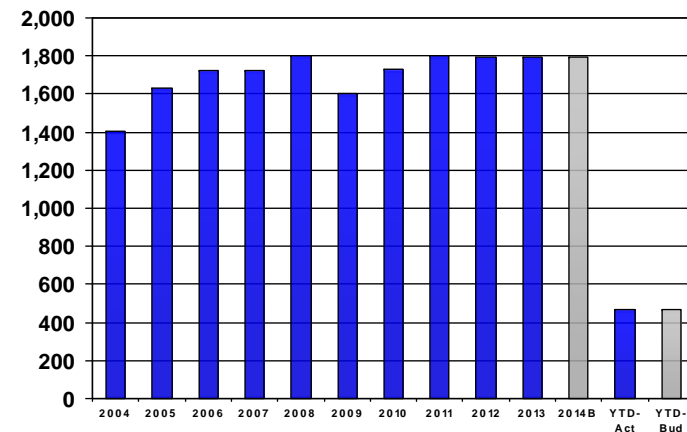
Unaudited, Preliminary Numbers – Subject to Change

Activity Levels

	Unaudited Sept 2013	Comparison to Sept 2013 Budget Better/(Worse)		Comparison to Sept 2012 Actual Better/(Worse)	
Total Passengers	2,602,994	(161,083)	(5.8%)	(150,039)	(5.4%)
Full TEUs	465,175	570	0.1%	23,321	5.3%



Total Passengers



Full TEUs

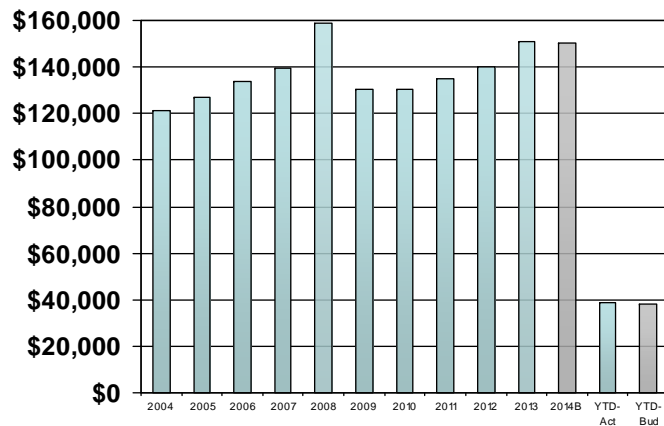
Unaudited, Preliminary Numbers – Subject to Change

Revenues (\$000s)

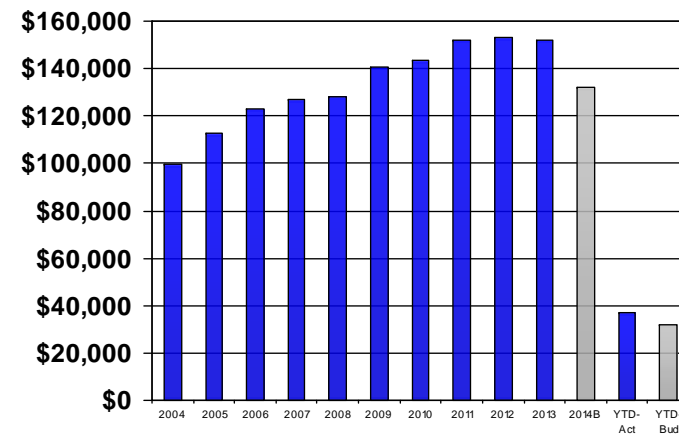
	Unaudited Sept 2013	Comparison to Sept 2013 Budget Better/(Worse)		Comparison to Sept 2012 Actual Better/(Worse)	
		\$	%	\$	%
Aviation	38,444	353	0.9	1,266	3.4
Martime	36,780	4,738	14.8	(96)	(0.2)
CRE	3,296	260	8.6	212	6.9
Utilities	2,034	14	0.7	(1,137)	(35.8)
Total Operating Revenues	80,554	5,366	7.1	245	0.3

Unaudited, Preliminary Numbers – Subject to Change

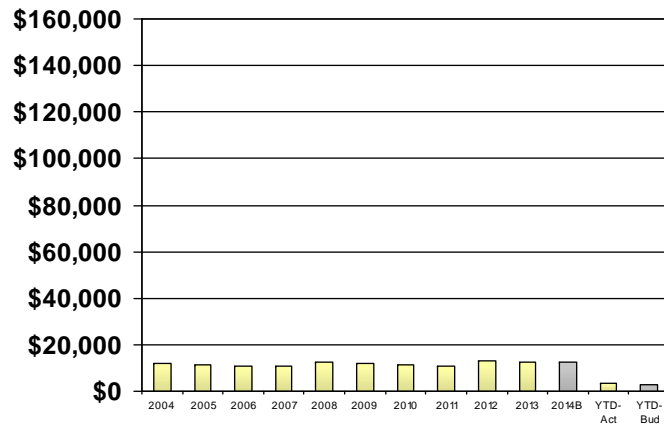
Operating Revenues (\$000s)



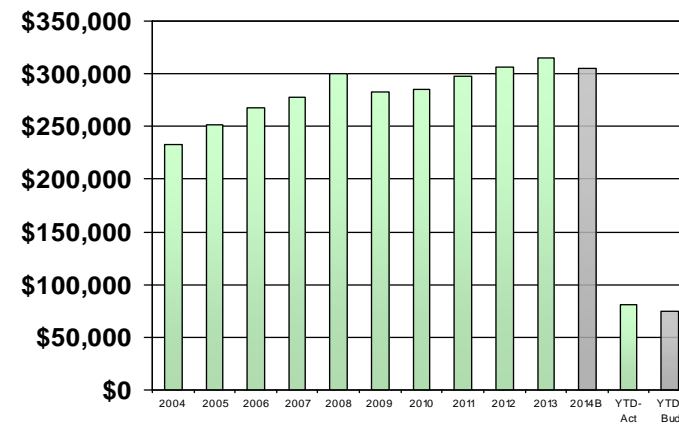
Aviation



Maritime



CRE

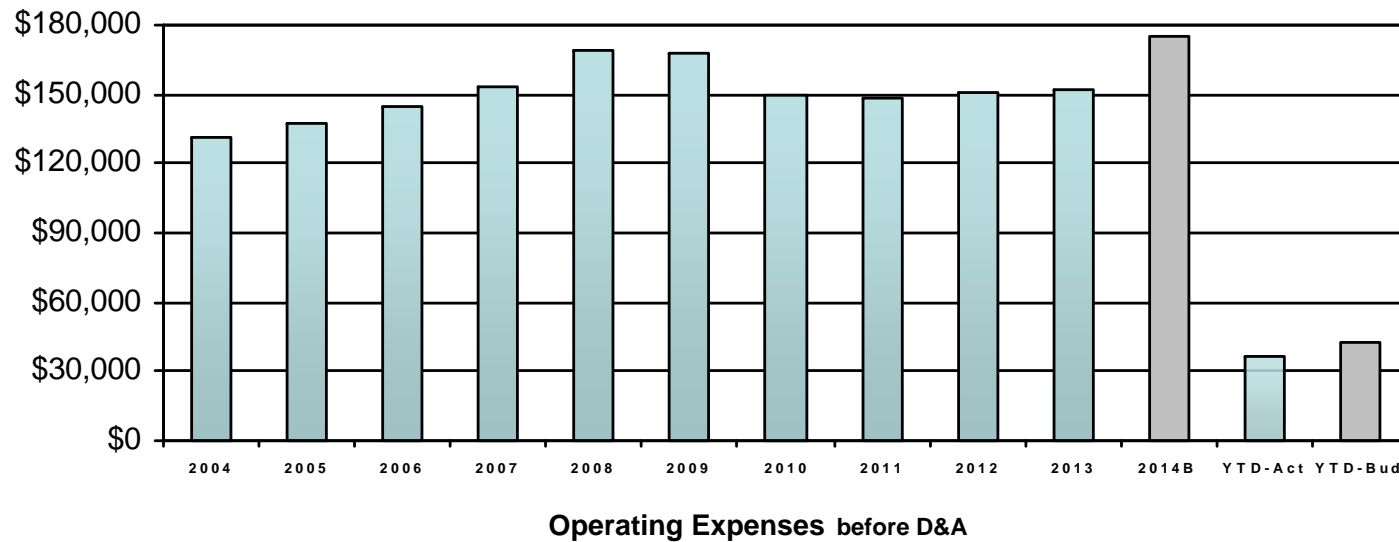


Total Portwide

Unaudited, Preliminary Numbers – Subject to Change

Operating Expenses (\$000s)

	Unaudited Sept 2013	Comparison to Sept 2013 Budget Better/(Worse)		Comparison to Sept 2012 Actual Better/(Worse)	
		\$	%	\$	%
Operating Expenses before D&A	36,146	6,342	14.9	(1,470)	(4.2)
Net Operating Income	20,376	12,181	148.6	(1,503)	(6.9)



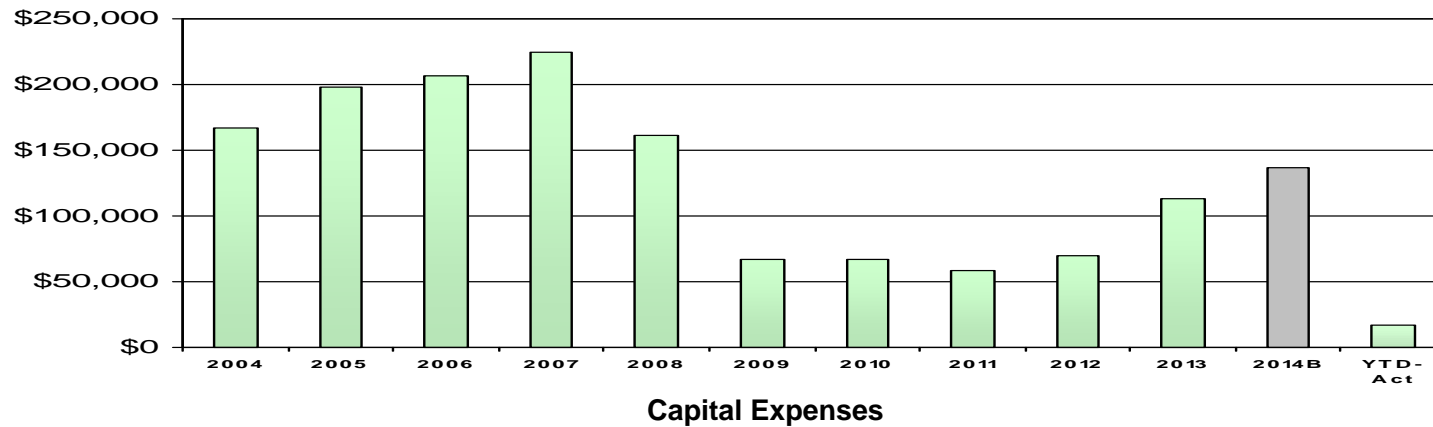
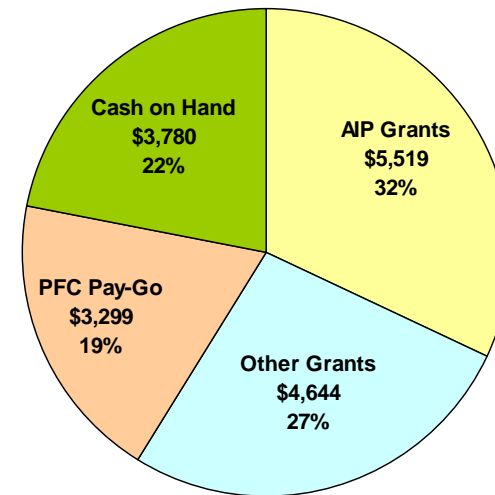
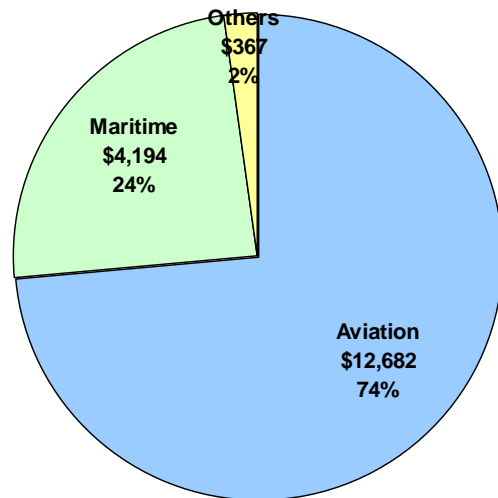
Unaudited, Preliminary Numbers – Subject to Change

Capital Expenses (\$000s)

Uses
\$17,243

Unaudited
Sept 2013

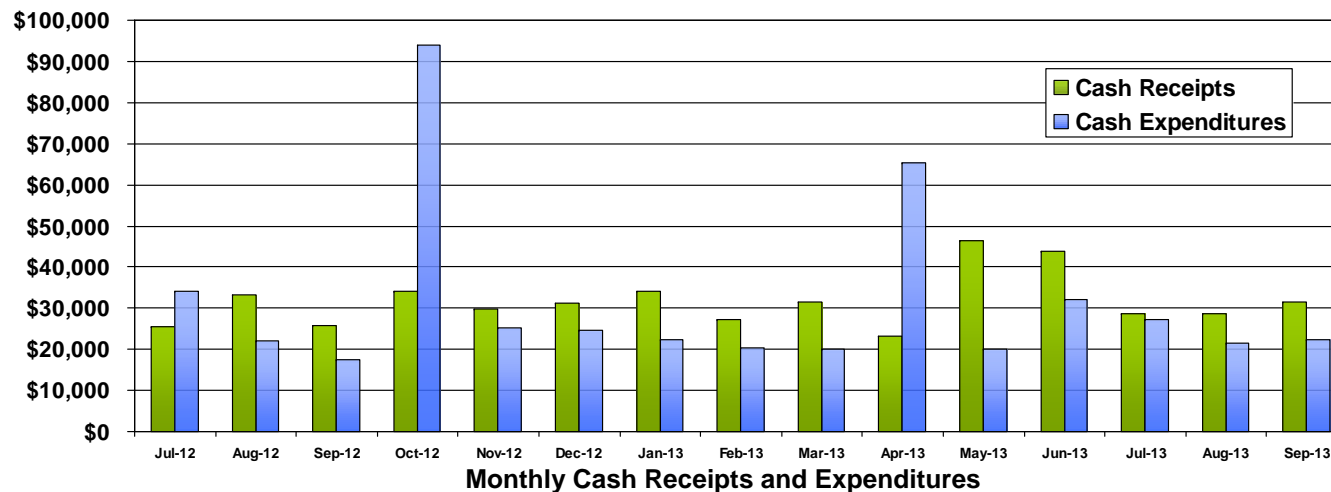
Sources
\$17,243



Unaudited, Preliminary Numbers – Subject to Change

Unrestricted Cash Balances (\$000s)

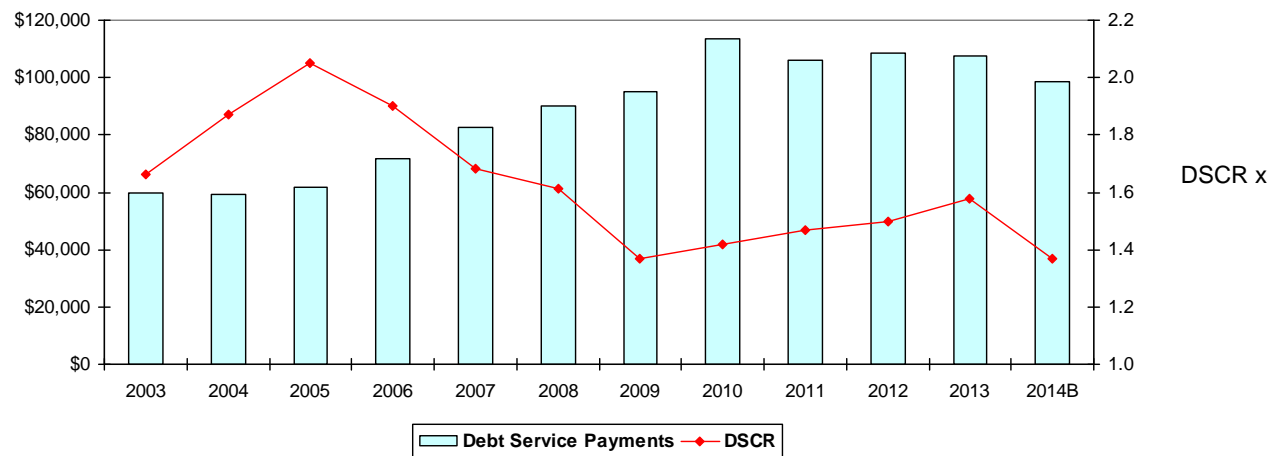
	Unaudited Sept 2013	Unaudited Sept 2012	Comparison to Sept 2012 Better/(Worse)	
			\$	%
General Fund				
Debt Service Fund	63,345	64,818	(1,473)	(2.3)
Other	67,602	70,782	(3,180)	(4.5)
Sub Total	130,947	135,600	(4,653)	(3.4)
Board Reserves	66,938	66,155	783	1.2



Unaudited, Preliminary Numbers – Subject to Change

Debt Service (\$000s)

	Budget FY 2014	Actual FY 2013
Debt Service Payments	98,674	107,424
Debt Service Coverage Ratio	1.37x	1.58x
Outstanding Debt as of July 1	1,244,370	1,355,797



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PORT OF OAKLAND

Unaudited
Financial Results

September 30, 2013

- Cash Recap
- Balance Sheet
- YTD Revenue & Expenses (Actual vs. Budget)
- YTD Expenses by Category (Actual vs. Budget)
- Aviation Revenue (Actual vs. Budget)
- Maritime Revenue (Actual vs. Budget)
- CRE Revenue (Actual vs. Budget)
- Activity Summary Report
- YTD Revenue & Expenses Variance Explanations

**UNAUDITED
DRAFT**

**PORT OF OAKLAND
CASH
SEPTEMBER 30, 2013, 2012 AND JUNE 30, 2013**

	<u>Unaudited 09/30/13</u>	<u>Unaudited 06/30/13</u>	<u>Unaudited 09/30/12</u>
Unrestricted Cash:			
Board Reserves	\$ 66,937,822	\$ 66,154,593	\$ 66,154,593
General Fund:			
Debt Service Fund	63,344,600	38,737,950	64,817,776
Other	67,602,447	74,547,282	70,782,101
Sub-total	<u>130,947,047</u>	<u>113,285,232</u>	<u>135,599,877</u>
Sub-total	<u>197,884,869</u>	<u>179,439,825</u>	<u>201,754,470</u>
Restricted Cash & Investments:			
Bond Reserves / Rebate Funds (a)	57,997,145	57,924,815	70,749,338
Bond Proceeds (b)	-	-	-
Passenger Facility Charges	11,111,847	8,084,125	15,992,791
Customer Facility Charges	3,956,247	3,497,779	2,622,765
Other (c)	<u>6,202,645</u>	<u>2,360,116</u>	<u>2,996,919</u>
Sub-total	<u>79,267,884</u>	<u>71,866,835</u>	<u>92,361,813</u>
TOTAL	<u>\$ 277,152,753</u>	<u>\$ 251,306,660</u>	<u>\$ 294,116,283</u>

(a) Funds on deposit with the Bond Trustee. Reserve Funds are only available for debt service as specified in the Trust Indenture. Other amounts may include upcoming debt service payments deposited with the Trustee and IRS rebate amounts.

(b) Unspent bond proceeds available to reimburse certain capital expenditures, capitalized interest and cost of issuance.

(c) Escrow accounts related to the Port's capital program and Federal Grant Receipts payable to the City of Oakland.

PORT OF OAKLAND
BALANCE SHEET
SEPTEMBER 30, 2013, 2012 AND JUNE 30, 2013

UNAUDITED
DRAFT

	Unaudited 09/30/13	Unaudited 06/30/13	Unaudited 09/30/12
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents			
Designated	\$ 66,937,822	\$ 66,154,593	\$ 66,154,593
Undesignated	130,947,047	113,285,232	135,599,877
Accounts receivable (less allowance) (09/13 \$1,955,000; 06/13 \$1,955,000; 09/12 \$2,391,999)	44,219,384	36,648,312	34,641,491
Restricted deposits with fiscal agent for current debt service	24	22	19
Accrued interest receivable	-	24,511	-
Prepaid expenses and other assets	3,911,684	4,097,853	3,921,098
Total current assets	246,015,961	220,210,523	240,317,078
RESTRICTED CASH AND INVESTMENTS:			
Bond funds	64,199,766	60,284,909	73,746,238
Passenger facility charges	11,111,847	8,084,125	15,992,791
Customer facility charges	3,956,247	3,497,779	2,622,765
Total restricted cash and investments	79,267,860	71,866,813	92,361,794
PROPERTY, PLANT AND EQUIPMENT:			
Buildings and improvements	848,545,991	848,431,587	850,296,097
Container cranes	153,774,871	153,774,871	153,774,871
Systems and structures	1,650,965,429	1,650,965,429	1,574,781,285
Intangibles - depreciable	13,390,796	11,051,762	11,051,762
Other equipment	79,021,095	81,167,625	76,021,293
	2,745,698,182	2,745,391,274	2,665,925,308
Less accumulated depreciation	(1,314,192,008)	(1,290,160,066)	(1,223,229,411)
	1,431,506,174	1,455,231,208	1,442,695,897
Land	523,235,332	523,235,332	520,799,033
Intangibles - nondepreciable	23,493,379	23,493,379	23,493,379
Construction in progress	211,943,301	197,124,767	192,298,929
Total property, plant and equipment	2,190,178,186	2,199,084,686	2,179,287,238
DEFERRED CHARGES AND OTHER ASSETS			
	42,790,087	45,259,909	46,308,750
TOTAL ASSETS	\$ 2,558,252,094	\$ 2,536,421,931	\$ 2,558,274,860
LIABILITIES AND EQUITY			
CURRENT LIABILITIES:			
Accounts payable and accrued expenses	\$ 51,165,499	\$ 63,224,034	\$ 44,213,571
Liability to City of Oakland	6,224,224	6,044,065	10,033,119
Deferred income-current portion	10,916,629	12,490,873	11,157,623
Payable from restricted assets:			
Accrued interest payable	23,792,482	9,731,900	26,304,926
Current maturities of long-term debt	45,937,744	47,381,435	49,031,586
Retentions on construction contracts	8,481,197	7,790,295	3,861,366
Total current liabilities	146,517,775	146,662,602	144,602,191
LONG-TERM LIABILITIES:			
Long-term debt	1,244,059,463	1,244,566,467	1,298,229,042
Deferred income	92,763,059	92,763,059	99,693,774
Environmental liabilities and other	23,944,481	24,010,445	33,445,649
Total long-term liabilities	1,360,767,003	1,361,339,971	1,431,368,465
EQUITY:			
Reserved retained earnings:			
Grants from government agencies	301,954,678	291,791,290	273,287,794
Passenger facility charges	265,367,505	260,439,140	258,234,831
Customer facility charges	12,627,905	12,028,986	11,861,101
Port equity:			
City of Oakland	(58,477,543)	(58,477,543)	(58,477,543)
Appraisal surplus	3,004,335	3,004,335	3,004,335
Land conveyed to Port	24,746,000	24,746,000	24,746,000
Retained earnings	501,744,436	494,887,150	469,647,686
Total equity	1,050,967,316	1,028,419,358	982,304,204
TOTAL LIABILITIES AND EQUITY	\$ 2,558,252,094	\$ 2,536,421,931	\$ 2,558,274,860

**PORT OF OAKLAND
ACTUAL VS. BUDGET REVENUE AND EXPENSES
THREE MONTHS ENDED SEPTEMBER 30, 2013**

**UNAUDITED
DRAFT**

Division	Actual 09/30/13	Budget 09/30/13	\$ Variance	% Variance	Actual 09/30/12
Operating Revenue					
Aviation	\$ 38,443,696	\$ 38,090,012	\$ 353,684	0.9%	\$ 37,177,498
Maritime	36,780,281	32,041,973	4,738,308	14.8%	36,876,349
CRE	3,295,976	3,036,290	259,686	8.6%	3,084,470
Utilities	2,034,083	2,020,124	13,959	0.7%	3,170,605
Total Operating Revenue	80,554,036	75,188,399	5,365,637	7.1%	80,308,922
Operating Expenses					
Aviation	(18,766,041)	(21,419,559)	2,653,518	12.4%	(19,436,205)
Maritime	(3,903,338)	(4,938,685)	1,035,347	21.0%	(3,943,184)
CRE	(1,263,135)	(1,505,851)	242,716	16.1%	(1,319,057)
Corporate Administrative Services	(694,677)	(797,846)	103,169	12.9%	(716,825)
Information Technology	(1,010,864)	(1,150,928)	140,064	12.2%	(827,260)
Engineering	(1,978,117)	(2,319,760)	341,643	14.7%	(1,865,134)
Environmental Programs & Planning	(633,447)	(737,097)	103,650	14.1%	(495,963)
Utilities Cost of Sales	(844,117)	(1,198,499)	354,382	29.6%	(812,976)
Social Responsibility	(274,796)	(343,816)	69,020	20.1%	(189,545)
External Affairs	(539,942)	(641,547)	101,605	15.8%	(436,968)
Executive Office	(307,871)	(410,391)	102,520	25.0%	(213,584)
Labor Relations	(70,569)	(69,916)	(653)	-0.9%	(82,074)
Board of Port Commissioners	(113,438)	(112,137)	(1,301)	-1.2%	(95,574)
Audit Services	(298,143)	(320,363)	22,220	6.9%	(238,109)
Port Attorney	(790,410)	(1,102,064)	311,654	28.3%	(743,844)
Financial Services	(1,277,086)	(1,401,126)	124,040	8.9%	(1,158,055)
Non-Departmental Expenses	(5,930,273)	(6,976,960)	1,046,687	15.0%	(5,788,137)
Absorption of Labor and Overhead to					
Capital Assets	2,549,928	2,958,090	(408,162)	-13.8%	3,685,765
Depreciation & Amortization	(24,031,942)	(24,505,123)	473,181	1.9%	(23,753,696)
Total Operating Expenses	(60,178,278)	(66,993,578)	6,815,300	10.2%	(58,430,425)
Operating Income (A)	20,375,758	8,194,821	12,180,937	148.6%	21,878,497
Non-Operating Items					
Interest Income	277,824	258,739	19,085	7.4%	571,024
Interest Expense	(13,325,508)	(13,577,321)	251,813	1.9%	(16,407,896)
Passenger Facility Charges (PFCs)	4,928,365	5,761,882	(833,517)	-14.5%	6,120,281
Customer Facility Charges (CFCs)	1,408,166	1,447,033	(38,867)	-2.7%	1,315,207
Abandoned/Demolished Capital Assets	(501,206)	-	(501,206)	-100.0%	(29,742)
Other Income (Expenses)	(778,829)	(717,561)	(61,268)	-8.5%	(1,379,476)
(B)	(7,991,188)	(6,827,228)	(1,163,960)	-17.0%	(9,810,602)
Change in Net Assets before Capital Contributions (A+B)	12,384,570	1,367,593	11,016,977		12,067,895
Capital Contributions					
Grants from Government Agencies	10,163,388	17,601,287	(7,437,899)	-42.3%	6,789,421
(C)	10,163,388	17,601,287	(7,437,899)	-42.3%	6,789,421
CHANGE IN NET ASSETS (A+B+C)	\$ 22,547,958	\$ 18,968,880	\$ 3,579,078		\$ 18,857,316
Change in Net Assets before Capital Contributions, PFCs and remaining CFCs	\$ 6,857,286	\$ (4,733,847)	\$ 11,591,133		\$ 6,605,736
Operating Ratio	45%	57%			43%

**PORT OF OAKLAND
Actual vs. Budget Expenses by Category
Three Months Ended September 30, 2013**

**UNAUDITED
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	<u>Actual</u> <u>09/30/13</u>	<u>Budget</u> <u>09/30/13</u>	<u>\$</u> <u>Variance</u>	<u>%</u> <u>Variance</u>
<u>Operating Expenses</u>				
Personnel Services	\$ (22,625,006)	\$ (24,006,825)	\$ 1,381,819	5.8%
Contractual Services	(11,502,349)	(14,643,801)	3,141,452	21.5%
Supplies	(946,622)	(992,279)	45,657	4.6%
General and Administrative	(2,781,845)	(4,628,634)	1,846,789	39.9%
Utilities Cost of Sales	(844,117)	(1,198,499)	354,382	29.6%
Departmental Credits	2,553,603	2,981,583	(427,980)	-14.4%
Subtotal	(36,146,336)	(42,488,455)	6,342,119	14.9%
Depreciation & Amortization	(24,031,942)	(24,505,123)	473,181	1.9%
Total Operating Expenses	\$ (60,178,278)	\$ (66,993,578)	\$ 6,815,300	10.2%

**Port of Oakland
Actual vs. Budget Aviation Revenue
For the Three Months Ended September 30, 2013**

**UNAUDITED
DRAFT**

	ACTUAL 09/30/13	BUDGET 09/30/13	\$ VARIANCE	% VARIANCE
TERMINAL RENT	\$ 7,511,059	\$ 7,448,173	\$ 62,886	0.8%
TERMINAL CONCESSIONS	5,381,264	4,922,248	459,016	9.3%
OTHER TERMINAL REVENUE (a)	2,005,570	2,220,448	(214,878)	-9.7%
TERMINAL RENTALS & CONCESSIONS	14,897,893	14,590,869	307,024	2.1%
PARKING	6,863,497	6,790,498	72,999	1.1%
GROUND ACCESS	923,589	1,045,226	(121,637)	-11.6%
PARKING AND GROUND ACCESS	7,787,086	7,835,724	(48,638)	-0.6%
OTHER AIRPORT RENTALS (b)	6,577,865	6,668,865	(91,000)	-1.4%
LANDING FEES	7,576,820	7,672,250	(95,430)	-1.2%
OTHER FIELD REVENUE (c)	603,460	470,696	132,764	28.2%
AVIATION FUELING	998,627	823,796	174,831	21.2%
MISCELLANEOUS REVENUE (d)	1,945	27,812	(25,867)	-93.0%
TOTAL AVIATION OPERATING REVENUE	38,443,696	38,090,012	353,684	0.9%
BAD DEBT RESERVE	-	-	-	0.0%
TOTAL AVIATION REVENUE	\$ 38,443,696	\$ 38,090,012	\$ 353,684	0.9%

(Continued)

**Port of Oakland
Actual vs. Budget Aviation Revenue
For the Three Months Ended September 30, 2013**

**UNAUDITED
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(a) Other Terminal Revenue

This category includes primarily terminal use fees for charter/itinerant airlines, baggage carousel/conveyor fees, customs room usage, identification badge sales & fingerprinting, and vending machine sales not associated with concession tenants.

(b) Other Airport Rentals

This category includes rental of land (e.g., vehicle/aircraft parking, rights-of-way); billboards; buildings; hangar and hangar areas; commercial filming; tank farm fuel fees; as well as cargo building, land, and apron rental.

(c) Other Field Revenue

This category includes plane storage, in-flight catering, ground handling, and cargo handling revenue.

(d) Miscellaneous Revenue

This category includes one-time and recurring revenues that are usually not directly related to Airport operations. The majority of miscellaneous revenue is associated with the Port's Materials Management Program and janitorial services provided by the Port at TSA's Airport offices. Other revenue may include, for example, payments for the rental of Airport conference rooms.

**Port of Oakland
Actual vs. Budget Maritime Revenue
For the Three Months Ended September 30, 2013**

**UNAUDITED
DRAFT**

	ACTUAL 09/30/13	BUDGET 09/30/13	\$ VARIANCE	% VARIANCE
MARINE TERMINAL RENT	\$ 32,710,551	\$ 29,251,742	\$ 3,458,809	11.8%
RAIL TERMINAL RENT	586,425	529,125	57,300	10.8%
OTHER RENT (a)	3,483,305	2,261,106	1,222,199	54.1%
TOTAL MARITIME OPERATING REVENUE	36,780,281	32,041,973	4,738,308	14.8%
BAD DEBT RESERVE	-	-	-	0.0%
TOTAL MARITIME REVENUE	\$ 36,780,281	\$ 32,041,973	\$ 4,738,308	14.8%

(a) Other Rent

This category primarily includes land and facility rental revenue from non-marine/rail terminal tenants. Examples include: truck parking and transloading tenants.

**Port of Oakland
Actual vs. Budget CRE Revenue
For the Three Months Ended September 30, 2013**

**UNAUDITED
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	ACTUAL 09/30/13	BUDGET 09/30/13	\$ VARIANCE	% VARIANCE
SPACE RENTAL				
Land	\$ 243,346	\$ 182,586	\$ 60,760	33.3%
Warehouse Lease	341,790	309,186	32,604	10.5%
Hotel	635,184	628,631	6,553	1.0%
Restaurant	358,888	334,126	24,762	7.4%
Retail	473,720	401,464	72,256	18.0%
Office Lease	470,048	464,293	5,755	1.2%
Marinas Revenue	4,881	4,880	1	0.0%
Subtotal	2,527,857	2,325,166	202,691	8.7%
PARKING REVENUE				
Parking Revenue - Parking Lot Revenue	539,636	485,588	54,048	11.1%
Subtotal	539,636	485,588	54,048	11.1%
MISCELLANEOUS REVENUE				
Miscellaneous Revenue (a)	22,798	22,148	650	2.9%
Billboard Advertising Revenue	205,685	203,388	2,297	1.1%
Subtotal	228,483	225,536	2,947	1.3%
TOTAL CRE OPERATING REVENUE	3,295,976	3,036,290	259,686	8.6%
BAD DEBT RESERVE	-	-	-	0.0%
TOTAL CRE REVENUE	\$ 3,295,976	\$ 3,036,290	\$ 259,686	8.6%

(a) Miscellaneous Revenue

This category includes recurring and one-time revenues that are not part of the Space Rental revenue category. Examples include: easements, antennae and bank teller machines on/in Port-owned buildings, and ancillary development-related transactions.

Port of Oakland
Activity Summary Report
For the Three Months Ended September 30, 2013

UNAUDITED
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	Actual	Budget	Variance to Budget	Variance to Budget (%)	Prior Year Actual	Variance to Prior Year Actual	Variance to Prior Year Actual (%)
AVIATION ACTIVITY							
Total Passengers							
July	920,206	966,851	(46,645)	-4.8%	960,283	(40,077)	-4.2%
August	900,761	974,424	(73,663)	-7.6%	969,898	(69,137)	-7.1%
September	782,027	822,802	(40,775)	-5.0%	822,852	(40,825)	-5.0%
October							
November							
December							
January							
February							
March							
April							
May							
June							
Year to Date	2,602,994	2,764,077	(161,083)	-5.8%	2,753,033	(150,039)	-5.4%
Air Cargo - Freight & Mail (000 lbs)							
July	91,546	84,517	7,028	8.3%	84,388	7,157	8.5%
August	97,487	94,839	2,648	2.8%	94,694	2,793	2.9%
September	88,572	89,663	(1,091)	-1.2%	89,526	(954)	-1.1%
October							
November							
December							
January							
February							
March							
April							
May							
June							
Year to Date	277,604	269,019	8,586	3.2%	268,608	8,997	3.3%
Aircraft Landing Weights* (000 lbs)							
July	781,766	775,941	5,825	0.8%	769,774	11,992	1.6%
August	763,059	790,091	(27,032)	-3.4%	779,870	(16,811)	-2.2%
September	702,785	734,076	(31,291)	-4.3%	717,130	(14,345)	-2.0%
October							
November							
December							
January							
February							
March							
April							
May							
June							
Year to Date	2,247,610	2,300,107	(52,497)	-2.3%	2,266,774	(19,164)	-0.8%

* Includes passenger and air cargo carriers. Excludes non-revenue passenger flights.

Port of Oakland
Activity Summary Report
For the Three Months Ended September 30, 2013

UNAUDITED
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	Actual	Budget	Variance to Budget	Variance to Budget (%)	Prior Year Actual	Variance to Prior Year Actual	Variance to Prior Year Actual (%)
MARITIME ACTIVITY							
Loaded (Full) TEUs**							
July	154,513	155,537	(1,024)	-0.7%	148,945	5,568	3.7%
August	157,539	157,046	493	0.3%	151,793	5,746	3.8%
September	153,123	152,022	1,101	0.7%	141,116	12,007	8.5%
October							
November							
December							
January							
February							
March							
April							
May							
June							
Year to Date	465,175	464,605	570	0.1%	441,854	23,321	5.3%
Vessel Calls							
July	161	173	(12)	-6.9%	163	(2)	-1.2%
August	166	173	(7)	-4.0%	160	6	3.8%
September	161	164	(3)	-1.8%	151	10	6.6%
October							
November							
December							
January							
February							
March							
April							
May							
June							
Year to Date	488	510	(22)	-4.3%	474	14	3.0%

** Loaded TEUs does not include restows/shifts

**Port of Oakland
Revenue Actual vs. Budget Variance
Three Months Ended September 30, 2013**

**UNAUDITED
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OPERATING REVENUE

Port Operating Revenue = \$80.6 million
Variance to Budget (\$) = \$5.4 million (better)
Variance to Budget (%) = 7.1% (better)

Aviation - \$38.4 million

Better than budget by \$0.4 million or 0.9%

- Higher concessions revenue primarily from car rental agencies, restaurants, and newsstands (\$0.5 million)
- Higher aviation fueling (\$0.1 million)
- Higher parking revenue (\$0.1 million)
- Higher ground handling revenue (0.1 million)
- Lower baggage revenue (\$0.2 million)
- Lower ground access revenue (\$0.1 million)
- Lower landing fees (\$0.1 million)

Maritime - \$36.8 million

Better than budget by \$4.7 million or 14.8%

- Higher than budgeted activity at some marine terminals (timing of activity) (\$3.5 million)
- Space assignment (rental of non-marine/rail terminal property) revenue higher than anticipated (\$1.2 million)

Commercial Real Estate - \$3.3 million

Better than budget by \$0.3 million or 8.6%

- Primarily higher than anticipated parking revenues and rent from land, retail, restaurant, and warehouse

Utilities - \$2.0 million

Better than budget by \$14k or 0.7%

- Primarily higher electricity in Maritime area and at OAB partially offset by lower shore power

Port of Oakland
Expense Actual vs. Budget Variance
 Three Months Ended September 30, 2013

UNAUDITED
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EXPENSES by CATEGORY

Port Operating Expenses* = \$36.1 million
Variance to Budget (\$) = \$6.3 million (better)
Variance to Budget (%) = 14.9% (better)

Personnel Services - \$22.6 million

Better than budget by \$1.4 million or 5.8%

- Open headcount savings (\$0.6 million) - *Various divisions*
- Lower vacation/sick leave accrual (\$0.5 million) - *Non-departmental*
- Lower professional development due to timing (\$0.3 million) - *Various divisions*
- Lower retiree medical and workers' compensation expense (\$0.2 million) - *Non-departmental*
- Lower training expense (\$0.1 million) - *Non-departmental*
- Higher overtime and temporary help costs (\$0.3 million) - *Various*

Contractual Services - \$11.5 million

Better than budget by \$3.1 million or 21.5%

- Lower professional, consulting and legal service costs (\$1.3 million) - *Various divisions*
- Lower maintenance and repair costs (\$0.8 million) - *Revenue divisions*
- Lower shuttle bus expense (\$0.4 million) - *Aviation*
- Lower Alameda County Sheriff expense (\$0.3 million) - *Aviation*
- Lower security costs (\$0.2 million) - *Maritime*
- Lower parking lot operations costs (\$0.1 million) - *CRE and Aviation*

Supplies - \$0.9 million

Better than budget by \$46k or 4.6%

- Lower office, painting, electrical, plumbing, and computer supplies - *Various*

General and Administrative - \$2.8 million

Better than budget by \$1.8 million or 39.9%

- Lower legal contingency (\$0.6 million) - *Non-departmental*
- Lower pollution remediation (\$0.6 million) - *Non-departmental*
- Lower exhibits & displays, marketing, special events, promotional costs (net \$0.4 million) - *Various*
- Lower travel and hosting (\$0.1 million) - *Various*
- Lower crane insurance (\$0.1 million) - *Maritime*

Utilities Cost of Sales - \$0.8 million

Better than budget by \$0.4 million or 29.6%

- Lower electricity costs in the Maritime area and at North Field

Departmental Credits - \$2.6 million

- Worse than budget by \$0.4 million or 14.4% due to lower than anticipated capital expenditures

* Excludes depreciation & amortization

General Notes:

- "Revenue divisions" are collectively Aviation, Maritime, Commercial Real Estate (CRE)
- Where applicable, primary source of variance by division is noted after each item.
- In general, the Port's annual budget is seasonally adjusted. However, certain line items that cannot be seasonally adjusted with any level of predictability (e.g. legal contingency) and are simply allocated equally over 12 months.

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PORT OF OAKLAND

Unaudited
Capital Needs Assessment (CNA)
Expenditures and Funding Summary

September 30, 2013

PORT OF OAKLAND
CAPITAL NEEDS ASSESSMENT (CNA)
SUMMARY
 Fiscal Year 2013 - 2014
 For the Quarter Ending 9/30/13

 **DRAFT**

- Total Approved Budget = \$148.8 million (\$140.7 million initially approved + \$8.1 million additionally approved)
- Capital Expenditures YTD = \$17.2 million
- Remaining Approved Budget = \$131.6 million.
- 78% of Expenditures funded with Grants and PFCs.

EXPENDITURE SUMMARY (\$000s)

	Expenditures (unaudited) 7/1/13 - 9/30/13	FY 13-14 Total Approved Budget	FY 13-14 Remaining Approved Budget	FY 13-14 Remaining Pipeline Budget	FY 13-14 CNA	5-Year CNA (a)
	[1]	[2]	[2] - [1]	[3]	[2] + [3]	
Aviation Division	12,682	84,509	71,827	28,952	113,461	505,057
Maritime Division	4,194	63,090	58,896	1,175	64,265	139,131
Commercial Real Estate Division	0	405	405	2,740	3,145	9,468
Support Divisions & Other	367	853	486	677	1,530	4,940
Total	17,243	148,857	131,614	33,544	182,401	658,596
Less Adjustment Factor (b)	0	(35,179)	(35,179)	(10,422)	(45,600)	(82,622)
Total After Adjustment Factor	17,243	113,679	96,435	23,122	136,801	575,974

FUNDING SUMMARY (\$000s)

Source	Funding (unaudited) 7/1/13 - 09/30/13	Anticipated FY 13-14 Total Approved Budget	Anticipated FY 13-14 CNA	Anticipated 5-Year CNA
Grants (c)	10,163	68,136	69,705	175,659
CFC	0	0	0	0
PFC Pay-Go	3,299	17,321	21,898	101,014
Commercial Paper (Debt)	0	0	15,844	125,296
Port Share - Cash	3,780	28,222	29,354	174,005
Total	17,243	113,679	136,801	575,974

- (a) 5-Year CNA includes FY 2013-14 through FY 2017-18.
- (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 in FY 2014 and 2015, respectively, has been applied in the Port's cash flow projections to better reflect actual projected capital expenditures based on past experience.
- (c) Includes grant eligible costs for which reimbursement by the granting agencies is pending. Reimbursement timing lags vary by grant.



PORT OF OAKLAND
CNA EXPENDITURE SUMMARY
AVIATION DIVISION
 Fiscal Year 2013 - 2014
 For the Quarter Ending 9/30/13

(\$000s)

Major Projects	Expenditures	FY 13-14	FY 13-14	FY 13-14	FY 13-14	5-Year
	(unaudited)	Total	Remaining	Remaining		
	7/1/13 -	Approved	Approved	Pipeline	CNA	CNA
	9/30/13	Budget	Budget	Budget		
	[1]	[2]	[2] - [1]	[3]	[2] + [3]	
OAK Terminal 1 Renovation and Retrofit	2,074	16,750	14,676	21,490	38,240	239,500
Runway Safety Area (RSA) Improvements	8,310	37,643	29,333	2,136	39,779	94,617
Perimeter Dike Upgrades	36	800	764	600	1,400	44,000
Bart Sponsored "Bart-Airport Connector Project"	1,374	8,000	6,626	0	8,000	24,000
Reconstruct Runway 11-29 Rehabilitation, South	0	0	0	0	0	19,800
Ground Access and Parking	0	100	100	1,157	1,257	15,487
Common Areas Utilities Projects	119	3,242	3,123	192	3,434	14,419
Stormwater System Rehabilitation (Pump Houses)	43	200	157	0	200	14,248
Terminal Improvements	53	4,250	4,197	1,100	5,350	9,600
Leased Area Improvements	115	348	233	0	348	7,561
Passenger Boarding Bridges	0	6,900	6,900	0	6,900	6,900
CCTV Program & Other Security System Upgrades	23	50	27	966	1,016	6,598
FAA Tower Relocation	48	1,700	1,652	0	1,700	1,700
Ron Cowan Bikeway/Guardrail	0	1,474	1,474	0	1,474	1,474
Airfield Ramp Control	290	800	510	0	800	1,390
Other Projects	117	619	502	200	819	1,019
Capital Equipment - Aviation	0	0	0	811	811	811
Reconstruct Runway and Taxiways	4	600	596	0	600	600
Pre-Development Work	66	500	434	0	500	500
Misc. Facility Replacement Projects	2	500	498	0	500	500
Reconstruct Taxiway V & Y	0	0	0	300	300	300
Airport Layout Plan	9	33	24	0	33	33
Grand Total	12,682	84,509	71,827	28,952	113,461	505,057

PORT OF OAKLAND
CNA EXPENDITURE SUMMARY
MARITIME DIVISION
 Fiscal Year 2013 - 2014
 For the Quarter Ending 9/30/13

 **DRAFT**

(\$000s)

Major Projects	Expenditures	FY 13-14	FY 13-14	FY 13-14	FY 13-14	5-Year
	(unaudited)	Total	Remaining	Remaining		
	7/1/13 -	Approved	Approved	Pipeline	CNA	CNA
	9/30/13	Budget	Budget	Budget		
	[1]	[2]	[2] - [1]	[3]	[2] + [3]	
Oakland Army Base	2,727	40,525	37,798	0	40,525	96,135
Security Projects	177	6,429	6,252	250	6,679	15,049
Shore Power Program	1,224	12,400	11,176	0	12,400	14,100
Dredging (-50 Ft Deepening Project)	26	150	124	0	150	6,750
Other Projects	0	2,300	2,300	650	2,950	3,650
Middle Harbor Shoreline Park Service Center	0	0	0	0	0	1,500
Berths 30-33 (TraPac) Container Yard Improvement	40	650	610	0	650	900
Misc. Facility Replacement Projects	0	636	636	0	636	772
Capital Equipment - Maritime	0	0	0	275	275	275
Total	4,194	63,090	58,896	1,175	64,265	139,131



PORT OF OAKLAND
CNA EXPENDITURE SUMMARY
COMMERCIAL REAL ESTATE DIVISION
 Fiscal Year 2013 - 2014
 For the Quarter Ending 9/30/13

(\$000s)

Major Projects	Expenditures (unaudited) 7/1/13 - 9/30/13	FY 13-14 Total Approved Budget	FY 13-14 Remaining Approved Budget	FY 13-14 Remaining Pipeline Budget	FY 13-14 CNA	5-Year CNA
	[1]	[2]	[2] - [1]	[3]	[2] + [3]	
Jack London Square Improvements	0	80	80	608	688	4,130
Business Park	0	0	0	2,132	2,132	3,813
Misc. Facility Replacement Projects	0	325	325	0	325	1,525
Total	0	405	405	2,740	3,145	9,468

PORT OF OAKLAND
CNA EXPENDITURE SUMMARY
SUPPORT DIVISIONS and OTHER
 Fiscal Year 2013 - 2014
 For the Quarter Ending 9/30/13

 **DRAFT**

(\$000s)

Major Projects and Other	Expenditures (unaudited) 7/1/13 - 9/30/13	FY 13-14 Total Approved Budget	FY 13-14 Remaining Approved Budget	FY 13-14 Remaining Pipeline Budget	FY 13-14 CNA	5-Year CNA
	[1]	[2]	[2] - [1]	[3]	[2] + [3]	
Information Technology - ERP	367	853	486	547	1,200	4,650
Other Equipment & Systems	0	0	0	130	130	290
Total	367	853	486	677	1,530	4,940

AGENDA REPORT

TITLE:	Approval to Reimburse the City of Oakland for General Services and Lake Merritt Trust Services Rendered in Fiscal Year 2012-13.						
AMOUNT:	\$2,145,064						
PARTIES INVOLVED:							
	<table border="1" style="margin-left: auto; margin-right: auto;"><thead><tr><th style="background-color: black; color: white;">Corporate Name/Principal</th><th style="background-color: black; color: white;">Location</th></tr></thead><tbody><tr><td>City of Oakland</td><td>Oakland, CA</td></tr><tr><td> </td><td> </td></tr></tbody></table>	Corporate Name/Principal	Location	City of Oakland	Oakland, CA		
Corporate Name/Principal	Location						
City of Oakland	Oakland, CA						
TYPE OF ACTION:	Resolution						
SUBMITTED BY:	Sara Lee, Chief Financial Officer						
APPROVED BY:	Chris Lytle, Executive Director						

FACTUAL BACKGROUND

The City of Oakland (City) incurs annual costs to (a) provide certain services to the Port and (b) maintain Lake Merritt, which is State tidelands trust property managed by the City. Services provided to the Port are referred to as “General Services” and include items such as police, fire, and street maintenance. Services associated with Lake Merritt are referred to as “Lake Merritt Trust Services” and include items such as recreation services, grounds maintenance, security, and lighting.

Payments for these services are governed by the 1993 Eleventh Supplemental (General Services) and Twelfth Supplemental (Lake Merritt Tidelands) Agreements to the 1983 Memorandum of Understanding between the Port and the City. In accordance with these agreements, (a) the City bills the Port for the lesser of costs incurred or a calculated cost cap and (b) approval of the Board of Port Commissioners (Board) is needed to transfer moneys in the Port Revenue Fund (“Port funds”) to the City General Fund for General Services and Lake Merritt Trust Services.

The City has billed the Port a total of \$2,145,064 for General Services and Lake Merritt Trust Services in fiscal year (FY) 2012-13.

ANALYSIS

The use of Port funds is restricted in several ways:

- Port funds are tidelands trust funds and, as such, may be used only for trust-consistent purposes.
- Section 717(3) of the Charter of the City of Oakland (Charter) sets forth nine purposes, in order of priority, for which Port funds may be used. The transfer of funds to the City General Fund is the last (ninth) priority and may occur only if the Board determines that the other eight purposes are adequately addressed. The nine purposes, in order of priority, are summarized as follows:
 1. Payment of debt service that is due and payable on general obligation bonds of the City issued for Port purposes;
 2. Payment of debt service that is due or becoming due on Port-issued debt, including related payments (e.g., reserve fund payments);
 3. Payment of all costs of maintenance and operation of the Port's facilities;
 4. Payment to defray the expenses of pension or retirement plans;
 5. Investments in Port facilities (capital projects);
 6. Establishment of reserve or other funds to ensure the payment of debt associated with purpose (1);
 7. Establishment of reserve or other funds to ensure payment of debt associated with purpose (2);
 8. Establishment of other reserve funds; and
 9. Transfers to the City General Fund, to the extent Port funds are not needed for purposes one through eight.

STRATEGIC PLAN

Strategic Priority Area	Goal	Objective	How
Sustainable Economic and Business Development (<i>General Services</i>)	Goal D: Improve the Port's financial position	Minimize expenditures and focus on core services	The City provides services such as fire and police, which are not Port core functions/capabilities
Stewardship and Accountability (<i>Lake Merritt Trust Services</i>)	Goal G: Sustain healthy communities through leading edge environmental stewardship	Continue to provide quality public access and open space at a financially sustainable level	Port payments contribute to the maintenance of public open space at Lake Merritt

BUDGET & FINANCIAL IMPACT

The Port has budgeted for these expenses. The payment of \$2,145,064 will be made using Port cash.

STAFFING IMPACT

The proposed action will not have any staffing impact.

SUSTAINABILITY

The proposed action does not provide opportunities for sustainability.

ENVIRONMENTAL

The proposal to reimburse the City for General Services and Lake Merritt Trust Services was reviewed in accordance with the requirements of the California Environmental Quality Act (CEQA), and the Port CEQA Guidelines. The general rule in Section 15061(b)(3) of the CEQA Guidelines states that CEQA applies only to activities that have a potential for causing a significant effect on the environment. It can be seen with certainty that there is no possibility that authorizing the reimbursements will result in a physical change in the environment, and therefore that action is exempt from CEQA and no further environmental review is required.

MARITIME AND AVIATION PROJECT LABOR AGREEMENT (MAPLA)

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

OWNER CONTROLLED INSURANCE PROGRAM (OCIP)

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

GENERAL PLAN

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

LIVING WAGE

Living wage requirements, in accordance with the Port's Rules and Regulations for the Implementation and Enforcement of the Port of Oakland Living Wage Requirements (the "Living Wage Regulations"), do not apply because the requested action is not an agreement, contract, lease, or request to provide financial assistance within the meaning of the Living Wage Regulations.

OPTIONS

1. Determine that \$2,145,064 exists in the Port Revenue Fund and is not needed for any of the first through eighth purposes set forth in Section 717(3) of the Charter, and direct Port staff to transfer said amount from the Port Revenue Fund to the City General Fund pursuant to the ninth purpose for reimbursement of General Services and Lake Merritt Trust Services for FY 2012-13.
2. Determine that such amount cannot be paid pursuant to the ninth purpose set forth in Section 717(3) of the Charter at this time, and direct Port staff to notify City staff that reimbursement of \$2,145,064 for General Services and Lake Merritt Trust Services for FY 2012-13 cannot be made at this time.

RECOMMENDATION

Staff recommends that the Board:

Determine that \$2,145,064 exists in the Port Revenue Fund and is not needed for any of the first through eighth purposes set forth in Section 717(3) of the Charter, and direct Port staff to transfer said amount from the Port Revenue Fund to the City General Fund pursuant to the ninth purpose for reimbursement of General Services and Lake Merritt Trust Services for FY 2012-13.

11/14/13
Item No. 4.2
CT:mj

**BOARD OF PORT COMMISSIONERS
CITY OF OAKLAND**

RESOLUTION PROVIDING FOR THE PAYMENT TO THE CITY OF OAKLAND ("CITY") FOR GENERAL SERVICES PROVIDED TO THE PORT OF OAKLAND ("PORT") IN FISCAL YEAR 2012-2013 AND FOR THE REIMBURSEMENT OF CERTAIN CITY EXPENDITURES FOR LAKE MERRITT TIDELAND TRUST PURPOSES IN FISCAL YEAR 2012-13, AND MAKING CERTAIN DETERMINATIONS IN CONNECTION THEREWITH.

WHEREAS, the Board of Port Commissioners ("Board") has reviewed and evaluated the Agenda Report Item 4.2, dated November 14, 2013, ("Agenda Report") and related 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 the Board, subject to the terms and conditions hereinafter described, hereby authorizes the transfer from the Port Revenue Fund to the General Fund of the City a total amount not greater than \$2,145,064, said transfer to be made from any funds available in the Port Revenue Fund in accordance with the Ninth purpose of Section 717(3) of the Charter of the City, subject and subordinate to all payments required by the First, Second, Third, Fourth, Fifth, Sixth, Seventh and Eighth purposes of Section 717(3) of the Charter of the City; and be it

FURTHER RESOLVED, that the Board does hereby determine that moneys, sufficient to make the \$2,145,064 maximum transfer hereinabove specified, exist in said Port Revenue Fund which are not needed for any of the First through Eighth purposes of said Section 717(3) of said Charter; and be it

FURTHER RESOLVED, that the General Services payments and Lake Merritt reimbursements are conditioned upon and subject to the terms and conditions contained in the Memorandum of Understanding effective July 1, 1983 between the Board and the City of Oakland, acting by and through its City Council, as amended by the Eleventh Supplemental Agreement (General Services) effective July 1, 1993 and as amended by the Twelfth Supplemental Agreement (Lake Merritt Tidelands) effective July 1, 1993; and be it

FURTHER RESOLVED, that the action taken by this resolution does not constitute a commitment by the Board with respect to any other determination of moneys being available for the Ninth purpose of Section 717(3) of the Charter of the City; and be it

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

DRAFT



Overview of Port Purchasing Requirements

Board of Port Commissioners' Meeting
November 14, 2013

Governing Codes for Port Purchasing

- Port Ordinance 1606
- Port Non-Discrimination & Small Local Business Utilization Policy
- Federal laws (for Federal grant-funded projects)
- State laws
- Port standard contract terms and conditions

Types of Purchases

- Goods, General Services, and Public Works Purchases:
These are all types of supplies, materials, non-professional services, and construction and maintenance services on Port-owned facilities.
- Professional Services Purchases:
These are services that are professional in nature, advisory (consultants), technical or complex, and must be performed by persons possessing unique or special training, education or skills.

Executive Director's Authorization to Purchase for the Port

	Goods, General Services, and Public Works Purchases	Professional Services Purchases
Budgeted	Up to \$250,000	Up to \$150,000
Unbudgeted	Up to \$100,000	Up to \$100,000

- Purchases in excess of the above thresholds require Board approval.

Competition Requirements for Goods, General Services, and Public Works Purchases

Purchase Amount	Requirement
≤ \$10,000	1 Informal Quote
> \$10,000 ≤ \$50,000	3 Informal Quotes (or Sole Source ¹ approved by Purchasing Manager)
> \$50,000	Formal Bid ²

- Purchases not meeting the above competition requirements require Board approval – “waiver of competition”

1—“Sole Source” purchase is a defined term (used widely in the procurement industry) and refers specifically to goods and services for which it can be demonstrated that only one supplier exists due to proprietary nature.

2— Port Ordinance 1606 does not exempt “Sole Source” purchases from Formal Bids. “Sole Source” purchases over \$50,000 require “waiver of competition” from the Board.

Competition Requirements for Professional Services

Purchase Amount	Requirement
≤ \$50,000	1 Informal Quote
> \$50,000 ≤ \$150,000	3 Informal Quotes (or Sole Source ¹ approved by Purchasing Manager)
> \$150,000	Formal RFP/RFQ ²

- Purchases not meeting the above competition requirements require Board approval – “waiver of competition”

1—“Sole Source” purchase is a defined term (used widely in the procurement industry) and refers specifically to goods and services for which it can be demonstrated that only one supplier exists due to proprietary nature.

2— Port Ordinance 1606 does not exempt “Sole Source” purchases from Formal RFP/RFQ. “Sole Source” purchases over \$150,000 require “waiver of competition” from the Board.

Non-Discrimination & Small Local Business Utilization Policy (“NDSLBUUP”)

- The Port grants preferences of up to 10 percentage points for public works, and 15 percentage points for professional services contracts.
 - Public works contracts are typically awarded by “low” bid
 - Professional services contracts are typically awarded based on “qualifications” and other selection criteria set forth in the RFP
- To receive preference points, local small businesses must be certified with the Port’s SRD division 7 business days prior to the bid or proposal due date.
- The NDSLBUUP does not provide preferences points for goods and general services contracts, instead it provides the following:
 - The Port shall seek to utilize very small suppliers in Oakland (to the extent such suppliers are available and can provide competitive quality supplies and services), then small suppliers in Oakland, then suppliers in the Local Impact Area, and Local Business Area (defined in the next slide), then in the Bay Area, California, and finally nationwide.

NDSLBU – Preference Points

Preference points for public works and professional services contracts are based on the following:

- Local Impacted Area (**LIA**) —cities of Oakland, Alameda, Emeryville and San Leandro
- Local Business Area (**LBA**) —counties of Alameda County and Contra Costa County
- Very Small Business Enterprise (**VSBE**) —average gross receipts of \leq \$2,000,000
- Small Business Enterprise (**SBE**) —average gross receipts of \leq \$14,000,000
- Community involvement/participation (for professional services contracts only; does not require certification to receive preference points)

NDSLBU – Updating of Policy

- Currently reviewing the policy as it relates to public works, professional services and how it could apply to goods/ general services.
- Goals:
 - Streamline and simplify the policy for bidders and staff
 - Explore the effectiveness of the current preference point model on yielding local and small business utilization
 - Evaluate the role that the business certification requirement plays in the bid process
 - Incorporate feedback from key stakeholders (contractors, suppliers, vendors, community, etc.) into the review process
- Port staff to discuss policy recommendations with Board over the next few months.

AGENDA REPORT

TITLE: Authorization to Establish for Fiscal Year 2013-14 Contract Purchase Agreements with Selected Suppliers for Amounts that are Anticipated to Exceed \$50,000 and Related Actions

AMOUNT: Not to Exceed \$3,240,000

PARTIES INVOLVED:

Corporate Name	Location
33 Suppliers (See Attachment A)	Various

TYPE OF ACTION: Resolution

SUBMITTED BY: Sara Lee, Chief Financial Officer

APPROVED BY: Christopher Lytle, Executive Director

SUMMARY

Each fiscal year, the Purchasing Department (Finance Division) establishes Contract Purchase Agreements (“CPAs”), with specific suppliers (“Suppliers”) as a convenient and efficient way to purchase small reoccurring goods and services on an as-needed basis, related to day-to-day and emergency operational and maintenance needs, that typically do not exceed \$10,000 per transaction. A CPA is simply an “umbrella contract”, which establishes upfront with the Supplier, the Port’s “terms and conditions”. By agreeing to Port terms and conditions upfront, a CPA provides efficiency and timeliness in procuring small reoccurring goods and services. There is no guarantee that these Suppliers will be utilized during the course of the fiscal year. In addition, each individual transaction made during the course of the year is subject to the competition requirements established in Port Ordinance 1606¹, as well as the issuance of a subsequent Purchase Order².

¹ Port Ordinance 1606 requires for purchase (1) less than \$10,000, one quote; (2) between \$10,000-50,000, three price quotes or sole source waiver approved by the Purchasing Manager; and (3) greater than \$50,000, formal bid, RFP or RFQ. Sole source waiver can only be given for those goods and services which are proprietary and have only one Supplier.

² A Purchase Order is a standardized form of contract used generally for purchases of (1) supplies, general services and public works less than \$250,000 and (2) professional services less than \$150,000.

The following Board action is requested:

- Authorize the Executive Director or his designee to execute CPAs in amounts greater than \$50,000 with the 33 Suppliers listed in Attachment A³ and waive formal competitive bidding requirements in order to establish the CPA.
 - Port Ordinance 1606 requires “*any contract*” for goods and general services greater than \$50,000 to be competitively bid or for Port staff to seek Board approval of “waiver of competition”. Ordinance 1606 provides for no exceptions for CPA contracts, regardless of the fact that (i) the CPA contract is an “umbrella contract” to simply establish terms and conditions upfront; (ii) each individual purchase will meet the Port’s competition requirements and the Executive Director’s spending authority; and (iii) it is impractical to conduct a formal competitive bid for these goods or services in advance of executing a CPA due to uncertainty of exact need, no Port warehousing capabilities, significant barrier to change, and/or sole source (proprietary) vendor.
- Authorize the Executive Director or his designee to re-allocate the cumulative not to exceed spending amount of \$3,240,000 amongst these 33 Suppliers (as necessary during the course of the fiscal year).
 - The ability to re-allocate amounts is critical in responding to unforeseen events and allows Port staff to meet the service requirements of its tenants and customers and the operational needs of the Port in a manner that is timely and minimizes disruptions to the delivery of supplies and services.
- Find and determine that approval and execution of the proposed CPAs with the listed Suppliers for services which are of a professional, scientific or technical nature are temporary in nature, and that the provision of all other services by contract, regardless of nature or term are in the public interest for reasons of economy and better performance.
 - The Port labor MOUs, in accordance with the City Charter, require that this finding be made with respect to contracting out services.
 - The 2011 SEIU “Contracting Out” Settlement Agreement (“Agreement”), establishes a written protocol for contracting out work which falls within the scope of SEIU-represented classifications. In addition, the Port anticipates it will procure more supplies and rent more equipment to do the work in-house and spend less on contractual services as a result of the SEIU Agreement.

FACTUAL BACKGROUND

At the beginning of each fiscal year, the Purchasing Department establishes CPAs with various Suppliers as a means of providing quick response time to operational, maintenance, and emergency needs. This method is efficient because it enables Port staff to continuously fulfill operational, maintenance, and emergency needs without stocking and maintaining a warehouse, and provides a variety of Suppliers ready with specialty equipment and supplies to

³ CPAs that are less than \$50,000 or are under a Cooperative Purchasing Agreement conducted by other governmental jurisdictions or public agencies are not subject to this Board Agenda report.

address both routine business needs and unforeseen situations such as equipment failures, breakages, acts of nature, etc. CPAs are established with Suppliers to:

- Support the as-needed requirements of the Port with the exact scope, timing, and amount utilized undetermined until the goods and services are needed.
- Increase efficiencies and better overall service from the Suppliers by agreeing upfront to the Port's Terms and Conditions.
- Establish flexibility in ordering so that the Port does not warehouse items (which requires facilities staff time) and can respond in a timely manner to unforeseen circumstances.

CPAs are established with Suppliers based on:

1. Past spending trends with Suppliers.
2. Previous meetings with new Suppliers who have expressed an interest in doing business with the Port.
3. Meetings with the various Port Divisions to determine which Suppliers they anticipate purchasing goods and services from.

A list of the 33 Suppliers for Fiscal Year 2013-14, the supplies and services they provide, their location, the spending authorization amounts requested, and other related information is included as Attachment A.

ANALYSIS

For this fiscal year, Port staff has determined that 33 Suppliers are likely to each exceed \$50,000 because of combined spending Port-wide, potential increased spending on repairs and services on the Port's portion of the Oakland Army Base, and because of the SEIU settlement agreement. As a result of the SEIU Agreement (which requires the Port to rely less on contractual services and more on in-house staff), the Port anticipates it will procure more supplies and rent more equipment to do the work in-house and spend less on contractual services. In addition, the SEIU Agreement establishes a protocol for contracting out work which falls within the scope of SEIU-represented classifications. The aggregate spending amount requested for these 33 Suppliers is \$3,240,000.

A brief comparison of Fiscal Year 2013-14 Aggregate Amount Requested and the previous four fiscal years is provided in the table below. Any reduction requested is due to tighter budgets, the Purchasing staff keeping accurate historical data on past spending patterns and not allowing individual departments to request unrealistic spending authorizations, and different anticipated needs for Fiscal Year 2013-14.

Fiscal Year	Number of Suppliers	Aggregate Amount Requested	Actual Spending	Percentage of Requested Amount Utilized
2009-10	51	\$5,655,000	\$2,661,663	47%
2010-11	43	\$4,410,000	\$2,200,706	50%
2011-12	45	\$4,155,000	\$2,467,507	59%
2012-13	36	\$3,444,000	\$2,309,144	67%
2013-14	33	\$3,240,000	tbd	n/a

With the passing of each fiscal year, more and more data on past spending patterns becomes available, which allows the Port Purchasing Department to tighten the Aggregate Amount Requested. Due to the fact that CPAs are established to provide for both ongoing operation and maintenance needs and unforeseen situations, the Port does not commonly use the entire requested aggregate amount that is approved; however, given the Port’s aging assets and unpredictability about maintenance and emergency situations, it is recommended that the Board authorize the full Aggregate Amount Requested of \$3,240,000. In addition, it is requested that the Board authorize the Executive Director to reallocate unused amounts of underutilized CPAs amongst the 33 Suppliers, if necessary, provided that the \$3,240,000 aggregate maximum is not exceeded. The ability to re-allocate amounts is critical in responding to unforeseen events and allows Port staff to meet the service requirements of its tenants and customers and the operational needs of the Port in a manner that is timely and minimizes disruptions to the delivery of supplies and services.

STRATEGIC PLAN

Strategic Priority Area	Goal	Objective	How and When
Sustainable Economic and Business Development	Maintain and aggressively grow core businesses	Retain existing customers and tenants	CPAs support the general operational and maintenance needs of the Port. They allow a diverse array of maintenance and supply requirements to be quickly and conveniently procured, resulting in efficiencies and better overall service.

BUDGET & FINANCIAL IMPACT

The expenditures are included in the Fiscal Year 2013-14 operating budget. Through monthly variance reporting, actual expenditures are compared and monitored to budgeted expenditures.

STAFFING IMPACT

There will be no impact to Port staffing as a result of the proposed actions.

SUSTAINABILITY

No specific sustainability opportunities have been identified through the proposed action. However, the Port is aware that many of its Suppliers have sustainable policies or practices; for example, the use of environmentally-friendly cleaning agents.

ENVIRONMENTAL

The proposal to establish CPAs for FY2013-14, to execute agreements with suppliers, and to re-allocate amounts if necessary was reviewed in accordance with the requirements of the California Environmental Quality Act (CEQA), and the Port CEQA Guidelines. Under CEQA Section 15378(b)(2), continuing administrative or maintenance activities, such as purchases for supplies, personnel-related actions, general policy and procedure making are not projects under CEQA. Furthermore, the general rule in Section 15061(b)(3) of the CEQA Guidelines states that CEQA applies only to activities that have a potential for causing a significant effect on the environment. It can be seen with certainty that there is no possibility that authorizing the CPAs, executing agreements or reallocating amounts will result in a physical change in the environment; therefore, those actions are not subject to CEQA.

The operational, maintenance and emergency activities that will be performed using services obtained through these agreements include debris disposal, document storage and retrieval, landscape/litter pickup, weed abatement, mechanical equipment, electrical, plumbing and roofing services, uniform repair, sign fabrication and installation, minor pavement repair and similar activities. Such activities are categorically exempt from the requirements of CEQA pursuant to Sections 15301, 15302, 15303, 15304, 15309 and 15311, which addresses operation, repair or maintenance of existing structures, facilities, or mechanical equipment; minor replacement or reconstruction of existing structures; construction of new, small facilities or structures; minor trenching and backfill; and similar activities.

When other types of specific activities that will be performed using services obtained through these agreements are identified, staff will determine whether further environmental review is required at that time. It is anticipated that additional activities will fall into one of the following categories:

- The activity is not subject to CEQA .

- The activity is covered by an existing CEQA determination that has already been approved by the Board.
- The activity requires additional CEQA evaluation. In this case, a project using the services obtained through these agreements may be brought back to the Board for approval of CEQA findings.

MARITIME AND AVIATION PROJECT LABOR AGREEMENT (MAPLA)

Regarding public works agreements, these agreements are not for “major maintenance” within the meaning of the Port of Oakland Maritime and Aviation Project Labor Agreement (MAPLA) and are not part of the Port’s Capital Needs Assessment (CNA). Therefore, the provisions of the MAPLA do not apply to this work.

Regarding all other services, the work performed under these agreements is not within the scope of the MAPLA and the provisions of the MAPLA do not apply to this work.

OWNER CONTROLLED INSURANCE PROGRAM (OCIP)

The Owner Controlled Insurance Program does not apply to this action.

GENERAL PLAN

Work performed under the CPAs will not change the existing use of any facilities. Therefore, the proposed action conforms to 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, would apply where: (1) the contract value is expected to exceed \$50,000; (2) the contractor employs 21 or more employees; and, (3) the contractor principally provides services (as opposed to goods, equipment, supplies or commodities) related to the Maritime or Aviation business.

OPTIONS

1. This is the recommended option:
 - a. Authorize the Executive Director to enter into Contract Purchase Agreements (CPAs) to obtain supplies and services from the Suppliers in the amounts listed in Attachment A and to waive formal competitive bidding;
 - b. Find and determine that approval and execution of the proposed CPAs with the listed Suppliers for services which are of a professional, scientific or technical

nature are temporary in nature, and that the provision of all other services by contract, regardless of nature or term, are in the public interest for reasons of economy and better performance; and

- c. Authorize the Executive Director to re-allocate the not to exceed amount of \$3,240,000 among the requested Suppliers, if necessary. This will allow the Port to meet its operational needs in a timely and effective manner.
2. Do not authorize the Executive Director to enter into CPAs as proposed herein. This approach would result in excessive staff time as well as delay in procuring the needed supplies and services. Delays would likely have a negative impact on Port operations because the goods and services are needed for timely maintenance, repair and operations. In time critical and emergency situations, not waiving formal competitive bidding through these CPAs would increase interruptions in service.

RECOMMENDATION

It is recommended that the Board authorize the Executive Director to enter into Contract Purchase Agreements to obtain supplies and services from the Suppliers in the amounts listed in Attachment A and to waive formal competitive bidding. It is further recommended that the Board find and determine that approval and execution of the proposed agreements with the listed Suppliers for services which are of a professional, scientific or technical nature are temporary in nature, and that the provision of all other services by contract, regardless of nature or term are in the public interest for reasons of economy and better performance. In addition, it is recommended that the Board authorize the Executive Director to re-allocate the not to exceed amount of \$3,240,000 among the requested Suppliers, if necessary. This will allow the Port to meet its operational needs in a timely and effective manner. (Option 1)

Attachment A

**Agenda Report: Authorization to Establish for Fiscal Year 2013-14
Contract Purchase Agreements which are Anticipated to Exceed \$50,000 in an
Aggregate Amount Not to Exceed \$3,240,000**

Supplier Name	Description of Supplies/Services	Location	Supplies and Services Needed for:			Spending Authorization Amount
			Operations	Maintenance	Emergency	
Hanson Aggregates Mid-Pacific Inc.	Asphalt & Aggregates Supplies	San Ramon, CA	X	X	X	\$ 105,000
Gallagher & Burk Inc	Asphalt Supplies	Oakland, CA	X	X	X	\$ 60,000
Davis Street Transfer Station	Debris Disposal	San Leandro, CA	X			\$ 110,000
GRM Information Management Svcs.	Document Storage & Retrieval Services	Fremont, CA	X			\$ 70,000
Alameda Electrical Distributors Inc.	Electrical Supplies	Alameda, CA	X	X	X	\$ 200,000
General Wholesale Electric Supply	Electrical Supplies	Livermore, CA	X	X	X	\$ 70,000
Platt Electric	Electrical Supplies	Concord, CA	X	X	X	\$ 85,000
San Leandro Electric Supply	Electrical Supplies	San Leandro, CA	X	X	X	\$ 170,000
Ahern Rentals Inc.	Equipment Rental	Fremont, CA	X	X	X	\$ 100,000
Cresco Equipment Rentals	Equipment Rental	Oakland, CA	X	X	X	\$ 165,000
Fire Detection Unlimited	Fire Alarm Products and Fire Alarm Systems	Concord, CA	X	X		\$ 80,000
Alco Iron & Metal Co	Flat Iron Supplies & Scrap Metal	San Leandro, CA	X			\$ 80,000
Peterson Power Systems Inc	Generator Rentals, Heavy Equip Parts &Svc	San Leandro, CA	X	X	X	\$ 75,000
Tifco Industries	Specialty Hardware Supply & Tools	Houston, TX	X	X		\$ 90,000
X-Ergon	Specialty Hardware Supply & Tools	Irving, TX	X	X		\$ 85,000
D2 Distributors LLC	Janitorial Supplies	San Diego, CA	X			\$ 95,000
Starline Supply Of Oakland	Janitorial Supplies	Oakland, CA	X			\$ 150,000
Civicorps Schools	Landscape/Litter Pick-Up Services	Oakland, CA	X	X		\$ 65,000
Interstate Traffic Control Products Inc	Paint Beads Supplies	San Carlos, CA	X			\$ 80,000
John Bean Technologies Corp.	Passenger Loading Bridges	Ogden, UT	X			\$ 90,000
Roto Rooter	Plumbing & Sewer/Drain Repair	Livermore, CA	X	X	X	\$ 100,000
Cal Steam	Plumbing Supplies	San Leandro, CA	X			\$ 80,000
Pace Supply Corp.	Plumbing Supplies	Oakland, CA	X			\$ 70,000
Groeniger & Company	Plumbing Supplies - Storm Sewer Pipe	Hayward, CA	X			\$ 80,000
Crystal Communications	Radio Accessories, Sales and Repairs	San Leandro, CA	X			\$ 70,000
Refrigeration Supplies Dist.	Refrigeration Equip. and Supplies	San Leandro, CA	X			\$ 60,000

Attachment A

**Agenda Report: Authorization to Establish for Fiscal Year 2013-14
Contract Purchase Agreements which are Anticipated to Exceed \$50,000 in an
Aggregate Amount Not to Exceed \$3,240,000**

Supplier Name	Description of Supplies/Services	Location	Supplies and Services Needed for:			Spending Authorization Amount
			Operations	Maintenance	Emergency	
GRC Roofing Company	Roofing Repairs	Oakland, CA	X	X	X	\$ 75,000
United Site Services of California Inc.	Sanitation Services/Port-O-Potties	San Jose, CA	X			\$ 150,000
SignCo USA	Signs Supplies & Install	Berkeley, CA	X			\$ 175,000
Deluxe Telephone Service Inc	Telephone & Low Voltage Systems	Pleasanton, CA	X			\$ 65,000
Interstate Sales	Traffic Paint (Airway/Roadway)	Auburn, CA	X	X		\$ 90,000
Aramark Uniform Services ⁴	Uniform Services (Cleaning and Repairs)	Hayward, CA	X			\$ 100,000
Rubicon Enterprises Inc.	Weed Abatement Services	Richmond, CA	X			\$ 100,000
Aggregate Not to Exceed Amount						\$ 3,240,000

⁴ A formal RFP was conducted for Uniform Services and approved by the Board of Port Commissioners on September 20, 2012. The spending authorization requested for Aramark is for the services prior to letting of the new contract.

11/14/13
Item: 4.4
MCR/lhr

**BOARD OF PORT COMMISSIONERS
CITY OF OAKLAND**

RESOLUTION FINDING AND DETERMINING THAT IT IS IN THE BEST INTEREST OF THE PORT OF OAKLAND ("PORT") TO WAIVE COMPETITIVE BIDDING AND TO ESTABLISH CONTRACT PURCHASE AGREEMENTS ("CPAs") WITH SELECTED SUPPLIERS FOR FISCAL YEAR 2013-2014 AND AUTHORIZING THE EXECUTIVE DIRECTOR OF THE PORT OF OAKLAND ("EXECUTIVE DIRECTOR") TO EXECUTE CPAs AND RE-ALLOCATE AMOUNTS AS NECESSARY IN AN AGGREGATE AMOUNT NOT TO EXCEED \$3,240,000.

WHEREAS, the Board of Port Commissioners ("Board") has reviewed and evaluated Agenda Report Item 4.4 dated November 14, 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 Sheet, and in related agenda materials and in testimony received; and be it

FURTHER RESOLVED, that Board hereby authorizes the Executive Director or his designee to execute contract purchase agreements ("CPAs") for the suppliers listed in Attachment A hereto whose services are likely to exceed \$50,000, upon terms and conditions satisfactory to the Port Attorney, in an aggregate amount not to exceed \$3,240,000, without competitive bidding and that said competitive bidding is hereby waived; and be it

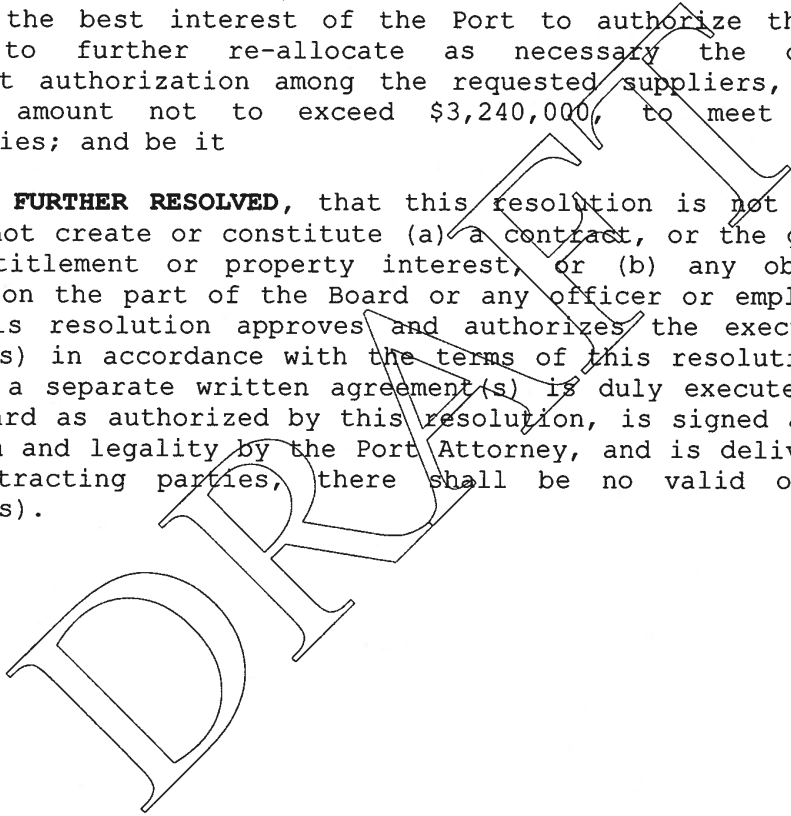
FURTHER RESOLVED, that the Board hereby finds and determines that approval and execution of the proposed agreements with general service suppliers are in the public interest for reasons of economy or better performance and that it is in the best interest of

the Port to secure such services from suppliers without standard bidding and standard competitive bidding procedures are waived; and be it

FURTHER RESOLVED, that the Board hereby finds and determines that approval and execution of the proposed agreements with general services suppliers will constitute agreements for obtaining professional, technical or specialized services that are temporary in nature and that it is in the best interest of the Port to secure such services from suppliers without standing bidding and standard competitive bidding procedure are waived; and be it

FURTHER RESOLVED, that the Board finds and determines that it is in the best interest of the Port to authorize the Executive Director to further re-allocate as necessary the open market procurement authorization among the requested suppliers, in a total aggregate amount not to exceed \$3,240,000, to meet operational contingencies; 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(s) in accordance with the terms of this resolution. Unless and until a separate written agreement(s) is duly executed on behalf of the Board as authorized by this resolution, is signed and approved as to form and legality by the Port Attorney, and is delivered to the other contracting parties, there shall be no valid or effective agreement(s).



STRATEGY & POLICY

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

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AGENDA REPORT

TITLE:	Proposal for Port Sunshine Ordinance to Assure Transparency and Public Notice of Port Commission Meetings
AMOUNT:	\$0
TYPE OF ACTION:	Direction
SUBMITTED BY:	Danny Wan, Port Attorney
APPROVED BY:	Danny Wan, Port Attorney

FACTUAL BACKGROUND

The Board of Port Commissioners (“Board”) currently conducts its meetings and business pursuant to the requirements and procedures set forth in the Ralph M. Brown Act (Gov’t Code Sections 54950 et seq.). Additionally, the Board adopted Ordinance No. 4127 in 2010 (“Rules for Public Participation at Meetings of the Board of Port Commissioners and Standing Committees” “Rules”), enacting additive rules to further ensure public access to meetings, establish procedures for public comments, and provide for decorum and safety, and remedies for violations of the rules (“Rules”). Though the Board has not adopted a “Sunshine” ordinance, the Rules do provide that:

“where reasonably possible, the Port shall provide public notice of the Board and Standing Committee meeting agenda 10 days before commencement of Regular Meetings and 48 hours before the commencement of special meetings”.

Moreover, as an informal best practice and when reasonably possible, the Board has followed certain of the notice provisions included in Oakland’s Sunshine Ordinance that the City Council adopted in 1997 and later amended several times. However, the Board has not consistently followed the City Ordinance provisions and such provisions are not legally binding on the Board or the Port.

Notwithstanding the Board’s best practices, the Board has not adopted any set of enforceable rules similar to the City’s Sunshine Ordinance or sunshine ordinances adopted by municipalities and local agencies through the state and the country.

The Board has requested that staff study the adoption of the Port’s own Sunshine Ordinance under its City Charter authorities in order to formalize the Port’s best practices into clear and enforceable rules.

ANALYSIS

I. Port Board Has Authority Under The City Charter to Adopt Its Own Sunshine Ordinance

The Port Department (i.e., the Port) was established by the City Charter and is an independent department of the City under the exclusive control and management of its Board. (See City Charter, Article VII, Sections 700, 701.) Unlike other City boards and commissions, Charter Section 706(6) grants the Board the complete and exclusive power to exercise all the powers which are conferred upon the City” in respect to the management and government of the Port. Section 706 of the Charter gives the Port Board “complete and exclusive power” over a broad array of listed matters, including 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 powers, or for the management and government of the Port and its facilities*”. Emphasis added. (Charter, Sec. 706(27)). Examples of rules that the Board has adopted to administer and govern the Port include regulations relating to purchasing, and bidding procedures, rates & charges, leasing, property management, land use regulations and health and safety regulations within the Port areas.

The conduct of the Board’s meeting and the manner in which they are noticed to the public fall squarely within the Board’s authority and duty of administration, management and government of the Port delegated to the Board under the City Charter. Therefore, the Board has the power to adopt its own open-government rules and administrative procedures, such as its own Sunshine Ordinance.

There has been considerable confusion as to whether the City’s Sunshine Ordinance applies to the Port since, under its own the terms, the Ordinance applies to the Board. However, the City Charter sets the rules for the governance of the Port, and not the Sunshine Ordinance or any other ordinance of the City Council. Section 724 of the Charter provides that the provisions of the [Charter] Article establishing the Port Board “shall supersede and control all other provisions of the Charter in conflict therewith”. In accordance with these Charter provisions, the courts have recognized that “the ‘Port Department’ is not only a legislative body of the City of Oakland, but it is the body given exclusive control over port matters.” *City of Oakland v. Hogan*, 41 Cal. App. 333, 344 (1941).

II. Port Sunshine Ordinance Proposed To Track The Substantive Requirements of the City’s Sunshine Ordinance for Noticing of Meetings

Even though the City’s Sunshine Ordinance is inapplicable to the Port, it is the staff’s proposal that the Board adopt its own Sunshine Ordinance that substantially conforms to the requirements of the City’s ordinance in regards to the noticing and agenda material requirement for Board meetings. If adopted, the Port’s Sunshine Ordinance would endow the force of law on the enhanced noticing and documentation requirements that the Port currently follows as a best practice. Adopting Sunshine rules that are substantially

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consistent with the City's rules would assure the public that Oakland public agencies follow the same fundamental open-government rules. Concurrently, the Port's rules should also adopt certain rules that are tailored to the unique enterprise operational needs of the Port. In some instances, the staff is proposing clarifying language only to reflect the actual practices of both the City and the Port that the City's Sunshine Ordinance does not clearly reflect.

III. Proposed Provisions of the Port Sunshine Ordinance.

Staff is proposing the following provisions for inclusion in the Port's Sunshine Ordinance. These are substantially consistent with the corresponding provisions of the City's Sunshine Ordinance. Where a proposed provision differs from the City's ordinance, the difference is footnoted.

- a. Agenda Description Requirement: The agenda shall contain a brief, general description of each item of business to be transacted or discussed during the meeting and shall avoid the use of abbreviations or acronyms not in common usage and terms whose meaning is not known to the general public. A description of an item on the agenda is adequate if it is sufficiently clear and specific to alert a person of average intelligence and education whose interests are affected by the item that he or she may have reason to attend the meeting or seek more information on the item.
- b. Notice of Special Meetings: Notice of a special meeting must be made at least forty-eight (48) hours before the time of the meeting¹ by (i) posting a copy of the agenda in a location freely accessible to the public, (ii) filing a copy of the agenda and copies of all agenda-related material in the Office of the Secretary to the Board, (iii) delivering a copy of the agenda to each member of the Board, to each local newspaper of general circulation, to each agenda subscriber, and to each media organization which has previously requested notice in writing and (iv) posting on-line at the Board's website. If a special meeting is called for a Monday, notice shall be deemed timely made only if the filing, posting and distribution requirements of subsections (A) and (B) are made no later than 12:00 p.m. (noon) on the preceding Friday. A Special meeting noticed to be held on the same day as a previously scheduled regular meeting shall not include any agenda item that has been included in the agenda for such regular meeting.
- c. Notice of Regular Meetings: Notice of a regular meeting must be made at least ten (10) days before the time of the meeting by (i) posting a copy of the agenda in a location freely accessible to the public, (ii) filing a copy of the agenda and copies of all agenda-related material in the Office of the Secretary to the Board, (iii) posting on-line at the Board's website.

¹ The City's Sunshine Ordinance excludes Saturdays, Sundays and Holidays from the elapsing of the 48-hour notice requirement. The Brown Act only requires a 24-hour notice for special meetings. The proposed Port ordinance would require 48-hour notice, but would include Saturdays, Sundays and Holidays in the elapsing of the 48-hour requirement.
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- d. Amending or Supplementing an Agenda or Agenda Materials: The Board and staff may amend or supplement a posted agenda or agenda-related materials no later than seventy-two (72) hours before a regular meeting or no later than twenty-four hours (24) hours before a special meeting² and only for the following reasons or under the following conditions: (i) to add an item due to an emergency or urgency, provided the Board determines to take action pursuant to the requirements of the Brown Act for emergency and urgency items³; (ii) to delete or withdraw any item from a posted agenda, (iii) to provide additional information to supplement the agenda-related material previously filed with the Office of the Secretary to the Board, provided that the accompanying the Agenda at the time of the posting contained a substantial description of the Item and action to be considered by the Board, the cause for the delay and the date for publication of the supplemental material⁴ or that the additional information was not known to the Executive Director or staff or considered to be relevant at the time the agenda-related materials were filed, (iv) correct errors or omissions, or to change a stated financial amount, or to clarify or conform the agenda title to accurately reflect the nature of the action to be taken on the agenda item; (v) to consider the recommendations, referrals, minutes, modifications of or actions taken on any item heard by a committee of the Board provided that the item has not been materially changed after the committee considered the item, (vi) to continue an agenda item to the next regular meeting of the Board so long as members of the public are given an opportunity to address the Board on the item at the meeting from which the item is continued, (vii) to publish forms of ordinance or resolution to reflect proposed action relating to the agenda item, as supplemented⁵, and (viii) to receive reports of the Port auditor relating to items on the agenda.

² The City's Ordinance does not provide for supplementing materials of a special meeting after the publication of the original agenda. Given the transactional nature of much of the Board's agenda items relating to business, lease and financial terms that may be fluid and negotiated on short timelines, it is proposed that the Board and public may received supplemental materials for special meeting up to 24 hours before the meeting.

³ The City's Ordinance's required findings for emergency and urgency items differ slightly from the Brown Act requirements. The proposed Port ordinance would follow the Brown Act language since the Brown Act provisions are implemented consistently throughout the state and has been well interpreted by the courts. It is unclear how the City ordinance language differs in substance from the Brown Act requirements, if at all.

⁴ Staff proposes to clarify (which the City ordinance does not do) that if staff anticipates that an agenda item materials would be later supplemented, staff must explain in the original agenda the substance of the proposed agenda action and the reason for delay in providing the information to be supplemented. In practice, the City routinely supplements its agenda information due to time constraints that make it difficult to include all necessary information in the initial agenda materials.

⁵ The City ordinance does not provide that the forms of ordinances and resolution may be included in the supplemental materials. However, in practice, the City regularly includes substantial agenda report information and the forms of ordinances and resolutions in the supplemental materials and not with the initial published agenda. It is impractical, especially in the context of the Port when business transactional details are continually being negotiated and updated, to draft ordinances and resolutions accurately until the agenda reports and the supplemental information are completed and finalized. Therefore, staff proposes that forms of ordinances and resolution need not be included in the initial agenda materials, but that they be included as part of the supplemental materials.

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- e. Excuse of Sunshine notice requirements: If an item appears on an agenda but the Board fails to meet any of the additional notice requirements of the Sunshine Ordinance, the Board may take action only if: (i) the minimum notice requirements of the Brown Act have been met; and, (ii) the Board, by a two-thirds vote of those members present, adopts a motion determining that, upon consideration of the facts and circumstances, it was not reasonably possible to meet the additional notice requirements because there is a need to take action on the item at the meeting or the item relates to a purely ceremonial or commendatory action, or the additional noticing requirements under this section were not met due to a software or hardware impairment.
- f. Emergency and Urgency Items Not on the Agenda: the Board may take action on items not appearing on a posted agenda only if the Board determines to take action pursuant to the requirements of the Brown Act for emergency and urgency items (Government Code Section 54954.2(b))⁶.
- g. Scheduling Items: Board may take action to schedule items for a future meeting to which regular or special meeting notice requirements will apply, or to distribute agenda-related materials relating to items added pursuant to an emergency or urgency.
- h. Agenda related materials are public records: The Secretary of the Board shall make available for immediate public inspection and copying all agenda-related materials that have been distributed to a majority of the Board. The right to immediate public inspection and copying provided in this section shall not include any material exempt from public disclosure under this ordinance or under state or federal law.⁷
- i. Barriers to attendance prohibited: Board meetings shall be accessible and the public shall have the right to record, photograph or broadcast the proceedings unless such activities constitute a persistent disruption of the proceedings.
- j. Public testimony at regular and special meetings: The public shall be provided the opportunity to directly address the Board on items of interest to the public that are within the Board's subject matter jurisdiction as required by the Brown Act. The Board need not provide an opportunity for members of the public to address the Board on any item that has already been considered by a standing committee at a meeting in which members

⁶ See fn 2.

⁷ The City's rules restates the Brown Act rules (and related case law interpreting the Brown Act) regarding the noticing and reporting out of closes session materials and actions. Though it appears that the rules are in substantial conformance with Brown Act requirements, the wording of the City's rules adds confusion and may intentionally or unintentionally imply requirement different from the Brown Act. Staff proposes the deletion of these wording and simply state that conduct of closed session and the reporting out of any closed session action must conform to Brown Act requirements.

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of the public were afforded the opportunity to address the committee before or during the standing committee's consideration of the item, unless the item has been substantially changed since the committee heard the item, as determined by the Board. The President of the Board or chair may request speakers representing similar views to designate a spokesperson in the interest of time. Nothing shall prohibit the Board from adopting rules for allocating additional time to a speaker who desires to speak on multiple agenda items so that the speaker shall address all items at one time before the Board's consideration of those items. The Board shall provide that each person wishing to speak on an item shall be permitted to speak once based upon previously adopted time constraints which are reasonable and uniformly applied. It shall be the policy of the Port that all speakers be entitled to a minimum of two minutes of speaking time per agenda item, subject to the discretion of the President. The President shall announce publicly all reasons justifying any reduction in speaker time. The stated reasons shall be based at least on a consideration of the time allocated or anticipated for the meeting, the number and complexity of agenda items, and the number of persons wishing to address the Board. The Board shall not abridge or prohibit public criticism of the policies, procedures, programs or services of the Board or Port, or of any other aspect of its proposals or activities, or of the acts or omissions of the Board, even if the criticism implicates the performance of one or more public employees. Nothing in this subsection shall confer any privilege or protection beyond that which is otherwise provided by law.

- k. Minutes and recordings: All meetings shall be recorded by minutes and by visual and audio recording, except for closed session meetings.
- l. Other considerations: The Board may consider other rules and requirements to promote transparency above and beyond the Board's current best practices and the City's Sunshine Ordinance. Suggested ideas include (i) requirement to publish on Port website certain data and information such as Form 700s, Port salaries, statistics on Public Records Act Request, Port Policies relating to public expenditures and ethics, Port's Sunshine Ordinance, Rules For Public Participation, (ii) require Meetings to be broadcast over the internet and indexed to the Agenda and Related Materials (we are at least 5 months away from this capability).

BUDGET & FINANCIAL IMPACT

None, except additional requirements suggested in (l) above may have budget implications to be analyzed at the Board's direction.

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STAFFING IMPACT

None, except additional requirements suggested in (l) above may have staffing implications to be analyzed at the Board's direction.

RECOMMENDATION

Review the proposed outline of the Port's Sunshine Ordinance and direct staff to prepare Ordinance for adoption.

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.

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AGENDA REPORT

TITLE: Budget Authorizations and Other Associated Actions Relating to Contracts for Security Systems Maintenance, Video Surveillance System (VSS) Head-end Upgrade, and Camera Installation at the Oakland Airport, OAK

AMOUNT: Security Maintenance Contractor: **Up to \$3,430,000** (expense, over 7 years)
 VSS Head-end Upgrade: **\$900,000** (capital funds)
 Additional Cameras: **\$1,650,000** (capital funds)

PARTIES INVOLVED:

Corporate Name/Principal	Location
Transportation Security Administration (Funding Additional Cameras)	Washington, D.C.
To Be Determined	To Be Determined

TYPE OF ACTION: Resolution

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

APPROVED BY: J. Christopher Lytle, Executive Director

SUMMARY

The purpose of this Agenda Report is to: 1) through a comprehensive selection process, authorize contracting with a security maintenance contractor prior to the current maintenance contract expiring on June 30, 2014 and 2) approve budget and awarding of specific capital projects. The capital projects include a) Furnish and Install Video Surveillance System (VSS) Head-end and b) Furnish and Install VSS cameras (which would only occur if TSA grant funding is approved.)

The specific approvals sought by this Agenda Report are as follows:

Security Maintenance Contract and VSS Head-end

- Authorize the Executive Director to enter into a contract with the responder who provides the best overall value according to a formal competitive process to 1) Furnish and Install a new VSS Head-end and 2) perform security systems

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maintenance . The furnishing and installation of a new VSS Head-end will commence with this contract, with a cost not to exceed \$900,000. The maintenance portion of the contract would be effective July 1, 2014, for four years, plus three one year optional extensions, for an aggregated total not to exceed \$3,430,000. The combined contract value would be for an amount not to exceed \$4,330,000.

- Delegate Authority to the Executive Director to resolve any protests associated with the selection.
- Authorize the budget to Furnish and Install the VSS Head-end at OAK (\$900,000).

Additional Cameras (Subject to TSA funding)

- Authorize the budget to Furnish and Install VSS cameras to be jointly utilized by the Transportation Security Administration (TSA) and Port at OAK (\$1,650,000).
- Authorize the Executive Director to enter into an Other Transaction Agreement (OTA) with the TSA to accept Federal funding to Furnish and Install VSS cameras and to Furnish and Install the VSS Head-end.
- Authorize the Executive Director to enter into a grant funding agreement and any other agreements or documents with the TSA related to this project.
- Authorize the Director of Engineering to approve Plans and Project Manual to Furnish and Install VSS cameras for joint use by TSA and Port of Oakland.
- Authorize the Executive Director to advertise and award this project to the lowest responsible responsive bidder for an amount not to exceed \$1,650,000.
- Delegate Authority to the Executive Director to resolve any protests associated with the award of the TSA camera project.

FACTUAL BACKGROUND and ANALYSIS

Security Maintenance Contract and VSS Head-end

Robust ACAMS and VSS are required by TSA under the Airport Security Program.

The existing contract for maintaining the Airport's Access Control and Monitoring System (ACAMS) and VSS is held by Stanley Security Solutions, Incorporated and expires June 30th, 2014. The contractor is required to have a technician on-site at the Airport during normal business hours performing preventative maintenance on both ACAMS (e.g., door hardware, access control servers, etc.) and VSS (e.g., cleaning

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camera lenses, ensuring picture quality, etc.) and also responds to the Airport on a 24/7 basis for emergency repairs.

On-going maintenance performed under this contract is paid for out of the Airport's operating budget and reimbursed through rates and charges.

The Airport's ACAMS system, C-CURE 9000, is a Software House product. In the San Francisco Bay Area only the following 9 firms are certified by Software House (A Tyco company) to support C-CURE 9000:

- Johnson Control
- Kratos
- Siemens
- SimplexGrinnell
- Stanley Convergent Security Solutions
- Netronix
- RFI
- Comtel
- WBE

Although the first five companies listed have offices within the Port's Local Business Area (LBA), none are located within the Local Impact Area (LIA). The Port's Social Responsibility Division (SRD) has provided LBA certification information to those companies in the LBA. All five have begun the process of becoming certified under the Port's LBA program and two have completed that process.

In addition to preventative maintenance and repairs, the selected security maintenance contractor would also support miscellaneous improvements to the system on an as-needed basis, such as connecting new cameras to the VSS Head-end, including all necessary programming and software license management.

The current VSS Head-end uses a Pelco 9760 Video Matrix (installed in 2007) to switch cameras to various viewing monitors in the Airport Operations Center. Video is recorded on racks of individual digital video recorders (DVRs). The Pelco Video Matrix is nearing the end of its useful life, is almost out of capacity to accommodate additional cameras, and does not support newer high-definition (megapixel) cameras that are now industry standard. Further, the DVRs are nearing the end of their useful lives and lack robust redundancy in the event of hard-drive failures which could lead to loss of recorded video. The current VSS, including the head-end matrix and DVRs, should be upgraded to a modern, software-based video management system to overcome the limitations described above.

The selected security maintenance contractor, whose term at the Airport would last from four to seven years, will interface daily with Port staff as well as with all aspects of ACAMS and VSS including the head-end. Staff believes the installer/maintenance relationship will incentivize them to perform at the highest level possible.

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Any tasks of a public works nature (conduit and electrical work, penetrations through walls, etc.) needed to support the ACAMS and VSS will be contracted to appropriate trades under existing Port policies.

Evaluation and Selection, Security Maintenance Contractor and VSS Head-end

Staff proposes to utilize a hybrid selection format to properly balance a respondent's competence with the costs for maintenance and for the VSS Head-end project.

First Step – Written Proposal Review

- Project Approach (27 Points)
- Cost (27 Points)
- Firm Experience (17 points)
- Project Team Staffing (14 points)
- Non Discrimination and Small Local Business Utilization Policy (15 points)

Second Step – Oral Interview

Up to three of the highest scoring firms will be invited to proceed to the next step, an oral Interview. A panel comprised of Port staff and/or other security professionals will evaluate the interviewed firms based on presentation, understanding of contractor's role, answers to panel questions and demonstrations of firm's experience.

Award will be based on overall highest ranked of the oral interview selectees. Once awarded, the Executive Director or his designee will negotiate and execute a contract with the highest ranked respondent. If the Port is unable to reach acceptable contract terms, the Port will terminate negotiations with that respondent and commence negotiations with the next highest-ranked respondent until a contract has been successfully negotiated and executed for an amount not to exceed the Board authorized amount.

Additional Cameras (Subject to TSA funding)

The Transportation Security Administration (TSA) has requested the Airport to add cameras to the Airport's VSS to enhance security and TSA operations at the Airport. This potential project, funded by the TSA (under a grant), will add four monitoring points and approximately 160 cameras to the passenger and baggage screening areas of the Airport. The increased surveillance will aid the TSA in their operation by improving throughput and will maintain a visual record of all TSA staff interactions with passengers

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and luggage for a period of 30 days. TSA would fund the additional cameras, including maintenance for up to five years. To accommodate the additional cameras, TSA would also fund the upgrade to the Airport's VSS Head-end. If the TSA does not provide funding, the Port will not add cameras for TSA but would still need to proceed with upgrading the VSS Head-end.

TSA's funding program is called the Advanced Surveillance Program (ASP), and provides grant funding to upgrade Airport VSSs that provide significant benefit to TSA and Airport security. Staff has submitted a formal proposal to the TSA ASP to add cameras to enhance coverage in TSA operating areas, pay for maintenance of those cameras and offset all or part of the costs associated with upgrading the VSS Head-end to accommodate the additional cameras. The Port's estimated cost for this work is \$1.8 million.

The TSA will request that the Port enter into an 'Other Transactional Agreement' (OTA) if it chooses to fund both projects. Additionally, TSA may require other documents be executed by the Port.

This project will only proceed if the TSA agrees to fund it.

BUDGET & FINANCIAL IMPACT

Both projects have been included in the 5-year Capital Needs Assessment (CNA) as "Pipeline" projects totaling \$2.7 million and consequently, have been included in the Port's financial planning and cash flow projections. The CNA anticipates that these projects will be paid for by Port cash. It is possible that grant funding may be available; however, no grant award has been received to date and has not been assumed in the Port's financial projections. If grant funding is not received, the project to furnish and install VSS cameras will not be constructed.

The maintenance service contract will not impact the current Fiscal Year 2013-2014 operating budget as the current contract expires June 30, 2014 and the costs were included in Aviation's budget. The new contract, which begins July 1, 2014, will be accounted for in the Fiscal Year 2014-2015 and subsequent years' operating budgets. The combined amount for the up to seven year maintenance contract shall not exceed \$3,430,000, and will be paid for by rates and charges.

STRATEGIC PLAN

The Strategic Plan was adopted by the Board on October 5, 2010. The Strategic Plan is a cornerstone of the overall alignment of the Port. It provides the framework for focusing the work of staff and the Board of Port Commissioners, and serves to guide an organization-wide redesign to better match the skills and talents of Port employees with the overall strategic goals of the organization in the key areas of Sustainable Business and Economic Development, Stewardship and Accountability, Port Workforce and Operations, and Communications and Information.

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

Strategic Priority Areas	Goal	Objective	How and when Implemented?
Sustainable Business and Economic Development	Goal A: Create sustainable economic growth for the Port and beyond.	1. Maximize the use of existing assets.	If furnished and installed, the proposed new head-end ties in to the Port's existing C-CURE 9000 system to allow it to be used to a higher level of security.
	Goal B: Maintain and aggressively grow core business.	1. Retain existing customers and tenants.	If furnished and installed, the proposed new-head end allows the Port to offer a higher level of protection to passengers and tenants.
Stewardship and Accountability	Goal E: Improve the processes for evaluating and managing capital expenditures for long-term management of Port property and infrastructure.	5. Prepare plans for long-term use, development and management of Port property and infrastructure.	If furnished and installed, the proposed new CCTV cameras will protect port property and infrastructure by more quickly retrieving events for use by law enforcement.
Port Workforce and Operations	Goal H: Develop and maintain a high performing workforce.	1. Identify, assess and implement key skills and knowledge required for an employee within a public enterprise.	As the new-head end is commissioned, the Port Aviation Security staff will receive training that will enhance staff skill levels.
Communications and Information	Goal L: Provide timely and relevant information to support critical analysis and decision-making.	3. Modernize and update Port technology systems and tools to enhance organizational productivity, efficiency and data analysis capabilities.	After initial modeling and testing, the new-head end will allow for continuous monitoring of the entire airport campus with minimum additional workload on staff.

STAFFING IMPACT

It is anticipated that these projects can be accomplished within the current Port staffing levels. In fact, this project will enable more efficient use of Port staff time. Time spent monitoring and retrieving video events using the new head end will decrease, in turn increasing staff availability for other duties and activities.

SUSTAINABILITY

No new sustainability opportunities are evident if these actions are approved. Since camera technology may reveal sustainable options, the system change from analog to digital will prepare the Port for this possibility.

ENVIRONMENTAL

CEQA Determination

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CEQA: This project involves enhancing and maintaining the security systems at OAK. This project is categorically exempt from the requirements of CEQA pursuant to Section 15301 (d), which addresses repair, maintenance, or minor alteration of existing public or private structures, facilities, mechanical equipment, or topographical features, involving negligible or no expansion of use beyond that existing at the time of the lead agency's determination.

MARITIME AND AVIATION PROJECT LABOR AGREEMENT (MAPLA)

Regarding the contract for maintenance and upgrade of the Airport's security systems, this contract is for professional services and does not include construction testing and inspection, therefore, the provisions of the MAPLA do not apply to this work.

Regarding the proposed public works contracts for procurement and installation of VSS cameras for joint use by TSA and the Port, the provisions of the Port of Oakland Maritime and Aviation Project Labor Agreement (MAPLA) apply to this work.

OWNER CONTROLLED INSURANCE PROGRAM (OCIP)

As the project and scope is funded under the CIP, the applicable Owner Controlled Insurance Program (OCIP) coverages and provisions apply to the construction phase of the project. The maintenance portion is not covered by OCIP as only construction projects are covered by OCIP.

GENERAL PLAN

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

LIVING WAGE

Living wage requirements, in accordance with the Port's Rules and Regulations for the Implementation and Enforcement of the Port of Oakland Living Wage Requirements (the "Living Wage Regulations"), do not apply to this agreement as the 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. Proceed with a) new security systems maintenance contractor selection, b) new VSS Head-end; and c) additional VSS cameras as outlined in this agenda report. This is the recommended option.

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2. Extend the existing maintenance contract with Stanley Security Solutions, Incorporated, for four years with three additional one year options and award the contract to Furnish and Install the VSS Head-end in an amount not to exceed \$900,000. This alternative eliminates some time and effort associated with the selection process, but does not expose this opportunity to the open market according to Port policy which could result in a less competitive bid.
3. Extend the existing maintenance contract with Stanley Security Solutions, Incorporated, for four years with three additional one year options and **do not** award the contract to Furnish and Install the VSS Head-end. Pursue the award of this contract through a separate process according to Port policies. Doing so would result in a competitive bid without an extended operating relationship with the winning respondent as a security stakeholder. Making the installer a stakeholder to the successful installation will incentivize him to perform the highest level possible.
4. Approve an amended option based on feedback and direction from the Board.

RECOMMENDATION

It is recommended that the Board:

Security Maintenance Contract and VSS Head-end

- Authorize the Executive Director to enter into a contract with the responder who provides the best overall value according to a formal competitive process to 1) Furnish and Install a new VSS Head-end and 2) perform security systems maintenance. Furnish and Install of VSS Head-end will commence with this contract, with a cost not to exceed \$900,000. The maintenance portion of the contract would be effective July 1, 2014, for four years, plus three one year optional extensions, for an aggregated total not to exceed \$3,430,000. The combined contract value is for an amount not to exceed \$4,330,000. Authorize the Executive Director to terminate negotiations with the responder who provides the best overall value if the Port and respondent cannot agree on contract terms and proceed with negotiation and execution of a contract with the next highest-ranked respondent until an acceptable contract can be reached that does not exceed \$4,330,000.
- Delegate Authority to the Executive Director to resolve any protests associated with the selection.
- Authorize the budget to Furnish and Install the VSS Head-end at OAK (\$900,000).

Additional Cameras (Subject to TSA funding)

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- Authorize the budget to Furnish and Install VSS cameras to be jointly utilized by the Transportation Security Administration (TSA) and Port at OAK (\$1,650,000).
- Authorize the Executive Director to enter into an Other Transaction Agreement (OTA) with the TSA to accept Federal funding to Furnish and Install VSS cameras and to Furnish and Install the VSS Head-end.
- Authorize the Executive Director to enter into a grant funding agreement and any other agreements or documents with the TSA related to this project.
- Authorize the Director of Engineering to approve Plans and Project Manual to Furnish and Install VSS cameras for joint use by TSA and Port of Oakland.
- Authorize the Executive Director to advertise and award this project to the lowest responsible responsive bidder for an amount not to exceed \$1,650,000.
- Delegate Authority to the Executive Director to resolve any protests associated with the award of the TSA camera project.



Google earth



November 14, 2013
Item No.: 6.1
MCR/jev

**BOARD OF PORT COMMISSIONERS
CITY OF OAKLAND**

RESOLUTION FINDING AND DETERMINING THAT A PROPOSED AGREEMENT FOR VIDEO SURVEILLANCE SYSTEM (VSS) HEAD-END UPGRADE AND SECURITY SYSTEMS MAINTENANCE SERVICES AT AN AGGREGATE MAXIMUM COST OF \$4,330,000 FOR CONSULTING SERVICES CONSTITUTES PROFESSIONAL, TECHNICAL AND SPECIALIZED SERVICES THAT ARE TEMPORARY IN NATURE AND AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE A PROCUREMENT CONTRACT, WAIVING COMPETITIVE BIDDING AND AUTHORIZING EXECUTION OF CONTRACT.

WHEREAS, the Board of Port Commissioners ("Board") has reviewed and evaluated Agenda Report Item No. 6.1, dated November 14, 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 for the **VSS head-end upgrade and security maintenance services** 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 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 to execute for and on behalf of the Board of an agreement with a consultant selected from a formal competitive bidding process to perform such services, upon terms and conditions consistent with the Agenda Report and providing that the selected Consultant shall be compensated for such services, including costs of miscellaneous reimbursable expenses of (a) \$900,000 for the VSS Head-End upgrade and (b) an amount not to exceed \$3,430,000 to provide security maintenance services for four (4) years plus three (3) one year option to extend, subject to the written approval of the Executive Director; for a combined maximum compensation of \$4,330,000 and a maximum contract term not to exceed seven (7) years; and be it

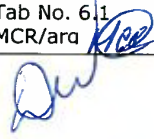
FURTHER RESOLVED in the event that the selected Consultant is unable or unwilling to promptly execute a contract with the Port, then the Executive Director shall be authorized to enter into a contract with the second ranked proposer until an agreement on fees and final costs is reached, but for an amount not to exceed \$4,330,000; and be it

FURTHER RESOLVED that pursuant to Port Ordinance No. 1606, Section 22, the Board finds and determines it to be in the Port's best interest to delegate to the Executive Director, and hereby delegates to the Executive Director, the authority to finally resolve bid protests in connection with this contract; 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

11/14/13
Tab No. 6.1
MCR/ara



BOARD OF PORT COMMISSIONERS
CITY OF OAKLAND

RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR OF THE PORT OF OAKLAND ("EXECUTIVE DIRECTOR") TO ENTER INTO AN OTHER TRANSACTION AGREEMENT ("OTA") WITH THE TRANSPORTATION SECURITY ADMINISTRATOR TO ACCEPT FEDERAL FUNDING TO FURNISH AND INSTALL VIDEO SURVEILLANCE SYSTEM ("VSS") CAMERAS AND VSS HEAD-END, AT OAKLAND INTERNATIONAL AIRPORT ("OIA"), AND AUTHORIZING THE EXECUTIVE DIRECTOR ENTER INTO A GRANT FUNDING AGREEMENT WITH THE TSA; AUTHORIZING THE DIRECTOR OF ENGINEERING OF THE PORT OF OAKLAND ("DIRECTOR OF ENGINEERING") TO APPROVE THE PLANS AND SPECIFICATIONS; CALLING FOR BIDS THEREFOR; AND AUTHORIZING THE EXECUTIVE DIRECTOR TO AWARD A CONTRACT TO THE LOWEST RESPONSIBLE RESPONSIVE BIDDER IN AN AMOUNT NOT TO EXCEED \$1,650,000, SUBJECT TO RECEIPT OF TSA GRANT FUNDING.

WHEREAS, the Board of Port Commissioners ("Board") has reviewed and evaluated Board Agenda Report Item No. 6.1, dated November 14, 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 finds and determines it is in the best interest of the Port to enter into a OTA with the TSA to accept Federal funds to **Furnish and Install Video Surveillance System Cameras ("VSS")**, Oakland International Airport, Oakland, California ("**Furnish and Install VSS**") subject to receipt of TSA grant funding; and be it

FURTHER RESOLVED, that the Executive Director is hereby authorized and directed to accept the TSA grant funds on behalf of the Board, and to execute and submit all documents which may be necessary, related to the TSA project, for **Furnish and Install VSS**, if awarded, and the Secretary of the Board of Port Commissioners ("Secretary") is hereby authorized and directed to attest to the execution of the grant or grant acceptance, if deemed necessary, when said grant offer is released, 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 of the Port of Oakland ("Port Attorney"); and be it

FURTHER RESOLVED, that the Board hereby finds and determines that the development and use provided for in the project manual for the **Furnish and Install VSS** and the subsequent use of the development approved by this resolution are in conformity with the General Plan of the City of Oakland; and be it

FURTHER RESOLVED, that based upon the information contained in the Agenda Report, the Board hereby finds and determines that it is in the best interest of the Port to approve and authorize the Capital Needs Assessment Fiscal Year 2013-14 pipeline funding expenditure for **Furnish and Install VSS** in a total aggregate amount not to exceed \$1,650,000; and be it

FURTHER RESOLVED, that the Director of Engineering or his designee is authorized to approve the plans and specifications for **Furnish and Install VSS** in advance of construction, pursuant to Government Code Section 830.6; and be it

FURTHER RESOLVED, that the Secretary of the Board is hereby authorized to advertise for four consecutive days in the official newspaper of the City of Oakland for sealed proposals for the **Furnish and Install VSS** not less than ten calendar days prior to the date set for receiving said bids; and be it

FURTHER RESOLVED, that the Board hereby approves and authorizes the Executive Director to award a contract to the lowest responsible responsive bidder, based upon the receipt of formal sealed bids, subject to receipt of the TSA grant funds, for **Furnish and Install VSS**, in a total aggregate amount not to exceed \$1,650,000, provided, that if the lowest responsible responsive bid exceeds the estimated budgeted amount, Staff will return to the Board for award of the contract; and be it

FURTHER RESOLVED, that based upon the information contained in the Agenda Report the Board hereby authorizes the rejection of all other bids received for **Furnish and Install VSS**, and directs that securities accompanying said bids shall be returned to the respective bidders; and be it

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

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

FURTHER RESOLVED, that the Board hereby finds and determines that this project is categorically exempt from the California Environmental Quality Act (CEQA) and Port CEQA Guidelines pursuant to Section 15301(d), which addresses repair, maintenance, or minor alteration of existing public or private structures, facilities, mechanical equipment, or topographical features involving negligible or no expansion beyond that existing at the time of the lead agency's determination; and be it

FURTHER RESOLVED, that, pursuant to Port Ordinance 1606, Section 22, the Board finds and determines it to be in the Port's best interest to delegate to the Executive Director, and hereby delegates to the Executive Director, the authority to finally resolve bid protests in connection with **Furnish and Install VSS**; and be it

FURTHER RESOLVED, that the procedure prescribed by applicable laws, regulations and the contract specifications shall be taken for the execution of said contract; 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 a grant agreement in accordance with the terms of this resolution. Unless and until a separate written grant 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 grant agreement.

BOARD MTG. DATE: November 14, 2013

AGENDA REPORT

TITLE: Authorization for the Executive Director to Enter into Five Year Contract with AlertEnterprise to Install and Maintain Security Software

AMOUNT: **\$444,750 to procure and install software and programming (capital budget)**
\$215,000 total maintenance (expense budget approved elsewhere, 2 year with 2 one-year options)

PARTIES INVOLVED:

Corporate Name/Principal	Location
AlertEnterprise	Fremont, CA 94538
Jasvir Gill, CEO	

TYPE OF ACTION: Resolution

SUBMITTED BY: Deborah Ale Flint, Director of Aviation

APPROVED BY: Chris Lytle, Executive Director

EXECUTIVE SUMMARY

The Oakland International Airport (Airport) seeks approval to waive competitive bidding and authorize the Executive Director to negotiate and enter into contract with AlertEnterprise for procurement and annual maintenance of security software. The contract includes a capital investment of \$444,750. The balance of \$215,000 represents the \$53,750 annual maintenance cost for up to 4 years that will be paid through operating budgets approved on an annual basis. The contract term is three (3) years with two (2) one-year extensions, not to exceed \$659,750 for the term of the contract.

FACTUAL BACKGROUND

The Airport currently employs a C-CURE 9000 Access Control and Alarm Monitoring System (ACAMS) as the backbone of the security infrastructure at the Airport. The AlertEnterprise software will add analytics to allow this system to be utilized to a higher potential.

ANALYSIS

This software allows for the automation of functions that would typically require multiple full-time Analysts to perform. By implementing this software, it would allow the Airport to work more efficiently with the current staff.

REMAINING ACTION ITEMS Tab 6.2

BOARD MTG. DATE: November 14, 2013

Since there is only one provider for this type of software, Port staff is requesting that the Board waive competitive bidding as the time and expense of a request for proposals process is not expected to elicit competitive bids.

The expected installation time for this project is twelve weeks. The steps for this are as follows:

- Planning- Define scope, requirements, and project management
- Design- Contractor develops technical requirements and documentation
- Build- Develop solution for OAK, documentation, and testing
- Deliver- Final demonstration, install approved solution on Port servers, integrate with C-CURE, and train.
- Operate- Go live with the solution and provide staff with system oversight

Port staff has negotiated a substantial discount on the purchase cost for the software, installation, and ongoing maintenance of the system.

Item	Price
1. AlertEnterprise Software	\$500,000
2. C-CURE 9000 Connector	\$37,500
3. Professional Services, Programming	\$180,000
4. Contingency/Change Orders	\$50,000
Negotiated Discounts	(\$322,750)
One-Time Cost	\$444,750
Annual Maintenance (50% Discount) (FY2014-2015)	\$53,750
Annual Maintenance (50% Discount) (FY2015-2016)	\$53,750
Annual Maintenance (50% Discount) (FY2016-2017) Option Year One	\$53,750
Annual Maintenance (50% Discount) (FY2017-2018) Option Year Two	\$53,750
TOTAL	\$659,750

The AlertEnterprise security software is designed to interface with Access Control and Alarm Monitoring Systems. The recent approval by the Board on August 16, 2012 to upgrade of the Access Control and Alarm Monitoring System to CCURE 9000 allows for easier integration with outside applications due to its more common database architecture. Alert Enterprise has designed and is currently testing their solution with the new CCURE 9000 platform.

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

REMAINING ACTION ITEMS Tab 6.2

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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:

Strategic Priority Areas	Goal	Objective	How Implemented?
Sustainable Business and Economic Development	Goal A: Create sustainable economic growth for the Port and beyond.	1. Maximize the use of existing assets.	The AlertEnterprise Software ties in to the Port's existing C-CURE 9000 system to allow it to be used to a higher level of security services.
	Goal B: Maintain and aggressively grow core business.	1. Retain existing customers and tenants.	The AlertEnterprise software allows the Port to offer a higher level of security services.
Stewardship and Accountability	Goal E: Improve the processes for evaluating and managing capital expenditures for long-term management of Port property and infrastructure.	5. Prepare plans for long-term use, development and management of Port property and infrastructure.	The AlertEnterprise Software will protect port property and infrastructure.
Port Workforce and Operations	Goal H: Develop and maintain a high performing workforce.	1. Identify, assess and implement key skills and knowledge required for an employee within a public enterprise.	Port Aviation Security staff will receive training regarding the programming and use of the system.
Communications and Information	Goal L: Provide timely and relevant information to support critical analysis and decision-making.	3. Modernize and update Port technology systems and tools to enhance organizational productivity, efficiency and data analysis capabilities.	After initial modeling and testing, the AlertEnterprise software will increase efficiency of staff.

BUDGET & FINANCIAL IMPACT

Capital Budget

\$95,000 of the cost of the software has been included in the Port's 5-year Capital Needs Assessment as a place holder. The prioritizing of this enhancement requires additional funding of \$349,750. The source of funds is anticipated to be cash; however, since the additional costs have not be included in any Port budgets, financial planning or cash flow projections, approval of this project may result in a corresponding reduction, elimination or delay in other capital projects in FY 2015. This cost is anticipated to be recovered in airline rates and charges.

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Operating Budget

Annual Maintenance of the system in the amount of \$53,750 will be covered in the Aviation Division Operating budget and recovered through airline rates and charges.

STAFFING IMPACT

The proposed action will have no impact on the Port staffing needs. Should Option 2 of this Agenda Report be chosen, it would add one Analyst position section to the Aviation Security Department of the Airport, which is not budgeted.

SUSTAINABILITY

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

ENVIRONMENTAL

CEQA Determination: Entering into a professional services agreement for the procurement and annual maintenance of security software at the Oakland Airport 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 executing this professional services contract will not result in a physical change in the environment; therefore, this action is not a project under CEQA.

MARITIME AND AVIATION PROJECT LABOR AGREEMENT (MAPLA)

The proposed work is 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 work.

OWNER CONTROLLED INSURANCE PROGRAM (OCIP)

As the project and scope is funded under the CIP, the Professional Liability Insurance Program (PLIP) coverages and provisions apply.

GENERAL PLAN

The project is limited to installation, maintenance, and service of existing equipment, and will not change the existing use(s) of any facility.

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

LIVING WAGE

Living wage requirements, in accordance with the Port's Rules and Regulations for the Implementation and Enforcement of the Port of Oakland Living Wage Requirements (the "Living Wage Regulations"), do not apply to the requested action 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.

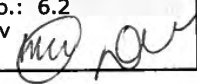
OPTIONS

1. Find and determine that it is in the best interest of the Port to waive competitive bidding and authorize the Executive Director to negotiate and enter into a contract with AlertEnterprise for up to five years and approve capital spending in the amount of \$444,750 for the procurement. \$53,750 each year for up to four years for annual maintenance of the security software will be paid through operating budgets.
2. Create an Aviation Security Analyst position and increase in the operating budget in the amount of \$106,980 plus benefits per year.
3. Do not authorize capital budget for the software.

RECOMMENDATION

Staff recommends the Board find and determine that it is in the best interests of the Port to waive competitive bidding and authorize the Executive Director to negotiate and enter into a contract with AlertEnterprise for up to five years and approve capital spending in the amount of \$444,750 for the procurement. \$53,750 each year for up to four years for annual maintenance of the security software will be paid through operating budgets.

November 14, 2013
Item No.: 6.2
MCR/jev



**BOARD OF PORT COMMISSIONERS
CITY OF OAKLAND**

RESOLUTION FINDING AND DETERMINING THAT IT IS IN THE BEST INTEREST OF THE PORT TO PROCURE A SECURITY SOFTWARE MAINTENANCE SERVICES FROM ALERT ENTERPRISE, INC., AT A MAXIMUM COST OF \$444,750 FOR THE SOFTWARE AND INSTALLATION SERVICES AND \$215,000 MAINTENANCE SERVICES FOR A PERIOD OF FOUR (4) YEARS, AND AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE A PROCUREMENT CONTRACT, WAIVING COMPETITIVE BIDDING AND AUTHORIZING EXECUTION OF CONTRACT.

WHEREAS, the Board of Port Commissioners ("Board") has reviewed and evaluated Agenda Report Item No. 6.2, dated November 14, 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 **ALERT ENTERPRISE, INC.** for **procurement and annual maintenance of security software** 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 **ALERT ENTERPRISE, 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, for an initial term of three (3) years with two (2) one-year options to extend upon written authorization by the Executive Director, upon terms and conditions consistent with the Agenda Report and providing that **ALERT ENTERPRISE, INC.** shall be compensated for such services, including costs of miscellaneous reimbursable expenses, at a compensation that shall not exceed (a) \$444,750 for the purchase and installation of AlertEnterprise Security software and (b) annual security software maintenance cost of \$53,750 for up to four (4) years for a total of \$215,000, for a total maximum compensation not to exceed \$659,750 for the term of the contract; 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:
11/14/2013

AGENDA REPORT

TITLE:	Authorize the Executive Director to Renew the Lease with BNSF Railway Company for the Joint Intermodal Terminal					
AMOUNT:	Annual Rent Varies					
PARTIES INVOLVED:	<table border="1"> <tr> <td colspan="2" style="background-color: black; height: 15px;"> </td> </tr> <tr> <td>BNSF Railway Company / Stacey Brewer</td> <td>Ft. Worth, TX</td> </tr> </table>				BNSF Railway Company / Stacey Brewer	Ft. Worth, TX
BNSF Railway Company / Stacey Brewer	Ft. Worth, TX					
TYPE OF ACTION:	Ordinance					
SUBMITTED BY:	Jean Banker, Director of Maritime (Acting)					
APPROVED BY:	J. Christopher Lytle, Executive Director					

SUMMARY

The proposed lease renewal would allow BNSF Railway Company (“BNSF”) to continue to operate at the Joint Intermodal Terminal (“Terminal”) through March 31, 2014 while BNSF and Port staff completes negotiations over the terms of a 5-year extension rights for both parties to extend the lease through December 31, 2033, subject to the parties’ mutual agreement on compensation terms.

FACTUAL BACKGROUND

BNSF has operated the Terminal since the Terminal opened in 2002. BNSF previously handled its Port of Oakland business out of its terminal in Richmond, CA before the Terminal opened. BNSF has trackage rights to operate on Union Pacific’s mainline between Oakland and Richmond, including access to the Terminal. These rights were negotiated between BNSF, Union Pacific and the federal Surface Transportation Board as part of a series of mergers in the mid-1990s which led to Union Pacific and BNSF being the only Class 1 Railroads in the western United States. Those trackage rights, together with BNSF’s lease of the Terminal, ensure a competitive environment for railroad transportation to and from the Port of Oakland.

Before the opening of the Terminal in 2002, the Port received \$22.1 million in federal grant funds to construct the Terminal on the basis that the Terminal would help reduce truck trips on I-80 associated with BNSF container trains transferring cargo by rail to and from the Port of Oakland. The Terminal’s construction and the Lease not only removed these truck trips off I-80, but also has led to strong growth in total international container movements via the Port of Oakland by both the BNSF and Union Pacific, which peaked in 2005. Unfortunately, some of this growth has been lost since 2005.

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The Joint Intermodal Terminal Facility Lease Agreement dated December 18, 2001 between the Port and BNSF (the "Lease") expires on December 31, 2013. The Terminal includes approximately 85-acres of land, which includes approximately 30,000-feet of railroad tracks divided among 7-tracks, three for loading and unloading, and four for train staging. The Port and BNSF simultaneously entered into a Tail-Track Operating Agreement for an additional 4-acres of property west of the Terminal for BNSF to use for its operations. BNSF is responsible for all maintenance, except the Tail-Track, where the Port is responsible for maintenance.

BNSF pays the Port for each container it handles but must pay a minimum annual rent of \$500,000 in any one year. In 2012, BNSF paid approximately \$2.1 million for cargo handled at the terminal. Under the current agreement, BNSF has paid on average, \$2.6 million per year.

ANALYSIS

BNSF and the Port continue to negotiate the terms and conditions of a new lease extension; however, the new lease is not expected to be executed prior to the current Lease termination on December 31, 2013. Port staff is requesting a three month extension to the current Lease, at its same terms and conditions to ensure continuity of BNSF operations. Port staff will come back to the Board for a subsequent approval following completion of negotiations with BNSF.

STRATEGIC PLAN

Priority Area	Goal	Objective	How + When Implemented
Sustainable Economic and Business Development	Create sustainable economic growth for the Port and beyond.	Maximize the use of existing assets.	Ensure continuous operations by BNSF at the Joint Intermodal Terminal, effective immediately.
	Maintain and aggressively grow core businesses.	Price Port services to provide a highly competitive value.	BNSF and Union Pacific are both critical partners to growth at the Port of Oakland, particularly for discretionary shipments outside of Northern California
	Improve the Port's financial position.	Minimize expenditures and focus on core services.	Port staff anticipates recovering costs associated with damaged railroad crossing warning devices by installing new cameras, identifying the offending vehicles, and recovering the repair costs.

BUDGET & FINANCIAL IMPACT

Terminal cargo activity fluctuates based on activity. Port staff does not anticipate, nor propose any change to the current FY13-14 budget.

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STAFFING IMPACT

This lease extension has not impact on Port staffing.

SUSTAINABILITY

BNSF has signed a Memorandum of Understanding with the California Air Resources Board under which it is using its cleanest locomotives in California. Port staff plans to work closely with BNSF to introduce the cleanest equipment for its Oakland operations.

ENVIRONMENTAL

The proposed lease renewal with BNSF was reviewed in accordance with the requirements of the California Environmental Quality Act (CEQA), and the Port CEQA Guidelines. This lease renewal is categorically exempt from 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. The lease premises include a small parcel that was formerly under the oversight of the Regional Water Quality Control Board (RWQCB) since it was an underground storage tank site (no. 331N) at the former Fleet and Industrial Supply Center Oakland. However, the site is now classified as “completed”, and the case was closed by the RWQCB as of September 15, 2000 (site T0607592078).

MARITIME AND AVIATION PROJECT LABOR AGREEMENT (“MAPLA”)

The action to authorize the renewal of the Lease with BNSF does not fall within the scope of the Port of Oakland Maritime and Aviation Project Labor Agreement (MAPLA) and the provisions of the MAPLA do not apply to this action. However, if future tenant construction work under this Lease exceeds the thresholds required for coverage under the MAPLA, the provisions of MAPLA will apply when Port Permits are requested for said future construction work.

OWNER CONTROLLED INSURANCE PROGRAM (“OCIP”)

No capital improvement project is proposed, and the OCIP only applies to capital improvement work.

GENERAL PLAN

This action does not change the use of any existing facility, make alterations to an existing facility, or create a new facility; 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”), apply to this agreement as the tenant employs 21 or more employees working on Port-related work and the tenancy agreement is greater than \$50,000.

OPTIONS

The Board may:

BOARD MTG. DATE:

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- (1) Authorize a Lease Renewal with BNSF as described herein, including, without limitation, a short term extension of the current Lease of up to 3 months to finalize the form of the Lease amendment. This is the recommended option.
- (2) Recommend that the Lease terminate on December 31, 2013 and direct staff to negotiate with other parties for the property. BNSF is a key transportation partner and would likely lose many of its Oakland customers. While some of this may be realized by Union Pacific and the cargo would continue to come through Oakland, a significant portion of their cargo would likely be routed through other North American ports, resulting in a decrease in Port cargo activity.

RECOMMENDATION

Port staff recommends that the Board Authorize the Executive Director to Renew the Lease with BNSF Railway Company for the Joint Intermodal Terminal.

Attachments:

- (1) Map



JIT Lease

Notes:



This map is a user-generated static output from an intranet map viewer, and is for reference only. Data layers that appear on this map may or may not be accurate, current, or otherwise reliable.

THIS MAP IS NOT TO BE USED FOR NAVIGATION



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**BOARD OF PORT COMMISSIONERS
CITY OF OAKLAND**

**ORDINANCE APPROVING AND AUTHORIZING THE
EXECUTIVE DIRECTOR TO RENEW THE LEASE WITH
BNSF RAILWAY COMPANY FOR THE JOINT
INTERMODAL TERMINAL.**

WHEREAS the Board of Port Commissioners of the City of Oakland ("Board") has reviewed and evaluated the Agenda Report for Agenda Item 6.3, dated November 14, 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 hereby finds and determines that the proposed lease renewal is categorically exempt from the requirements of the California Environmental Quality Act ("CEQA") pursuant to Section 15301(p) of the Port CEQA Guidelines, which exempts renewals, extensions, or amendments to leases or license and concession agreements where the premises or the licensed activity was previously leased or to the same or another person, and involving negligible or no expansion of use beyond that previously existing.

Section 3. The Board approves and authorizes the Executive Director to extend the term of the lease with BNSF Railway Company to continue to operate at the Joint Intermodal Terminal through March 31, 2014 under the same terms and conditions as the existing lease, all as further detailed and explained in the Agenda Report.

Section 4. This ordinance is not evidence of and does not create or constitute (a) a contract, agreement, lease or the grant of any right, entitlement or property interest, or (b) any obligation or liability on the part of the Board or any officer or employee of the Board.

DRAFT

President.

Attest: _____
Secretary.

Approved as to form and legality:

Port Attorney

BOARD MTG. DATE: 11/14/2013

AGENDA REPORT

TITLE: Authorization to Award Security Services Contract for Middle Harbor Shoreline Park

AMOUNT: \$150,000 annually (Not to exceed \$450,000 over 3 years)

PARTIES INVOLVED:

Corporate Name/Principal	Location
Rory Parker, an Individual Doing Business as BMT International Security Services (BMT)	Oakland, California

TYPE OF ACTION: Resolution

SUBMITTED BY: Jean Banker, Acting Director of Maritime

APPROVED BY: J. Christopher Lytle, Executive Director

SUMMARY

The current contract for security services for Middle Harbor Shoreline Park (MHSP) will expire on December 27, 2013. In August 2013, Port staff issued a Request for Proposals (RFP) to continue providing security services at MHSP. Based on the proposals received, Port staff tentatively selected BMT International Security Services and seeks the Board’s authorization to enter into a 1-year contract with BMT for the period December 27, 2013 through December 27, 2014, with two, 1-year options to renew the contract by written approval of the Executive Director.

FACTUAL BACKGROUND

The Port constructed MHSP as part of the Vision 2000 Program (which included the development of new marine terminals, a rail yard, and support areas), that was completed in the early 2000s. The construction and maintenance of MHSP is an on-going condition of the permit issued to the Port by the San Francisco Bay Conservation Development Commission (BCDC) for the Vision 2000 Program. MHSP incorporates a smaller park called Port View Park, which was pre-existing. All MHSP references herein include Port View Park (see Exhibit A).

MHSP security services are critical to the maintenance of services and public access to the shoreline and to helping ensure the safety of park visitors. Security services for the MHSP include recording daily activity, attending bi-monthly meetings with Port staff, coordinating with the Oakland Police Department as needed, and responding to security or safety events. Maritime staff oversees this contract. The current contract for security

BOARD MTG. DATE: 11/14/2013

services for MHSP will expire on December 27, 2013. In August 2013, Port staff issued an RFP to continue providing security services at MHSP.

ANALYSIS

Sixteen proposals were received from the following security providers, listed in alphabetical order:

1. A1 Protective Services
2. ABC Security Services
3. Admiral California Partner
4. Alltech Industries, Inc.
5. American Guard Services
6. ANI Private Security & Patrol
7. Blacktalon Security Solutions
8. BMT International Security Services (BMT)
9. Cisco Security
10. Core Security Solutions
11. Cypress Private Security
12. First Alarm Security & Patrol, Inc.
13. Pacwest Security Services
14. Premiere Protective Service
15. Security System Management
16. Universal Protection Service

A panel of Port Staff, including representatives from the Maritime, Finance, Environmental and Social Responsibility Divisions, reviewed all proposals for qualifications and completeness. The panel reviewed the proposals and prepared a ranking based on the following criteria:

- References, Resources and Key Personnel
- Knowledge and Experience
- Plan and Approach
- Proposed Costs
- Port Policy Requirements and Required Forms
- Non-Discrimination Small/Local Business Utilization Policy

Proposed costs ranged from \$125,000 to \$309,000 per year.

BMT received the highest ranking. BMT is a certified Oakland business. BMT will continue to provide the services offered by the current contractor. Significant time and resources are needed for any security contractor to become familiar with the MHSP operations and infrastructure. Additionally, significant Port staff time is involved in issuing and reviewing proposals. For these reasons, staff is recommending a minimum 1-year term with two, 1-year options to renew.

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BUDGET & FINANCIAL IMPACT

The FY 2013-14 operating budget includes \$236,000 for MHSP security. BMT’s annual cost proposal of \$150,000 is therefore within budget, and represents a cost savings of approximately 36%. The funding source BMT’s services is Port cash.

STAFFING IMPACT

The proposed action will not require additional staffing.

SUSTAINABILITY

This proposed action is key to the long-term sustainability of MHSP, which provides environmental and public access benefits.

STRATEGIC PLAN

<u>Strategic Priority Area</u>	<u>Goal</u>	<u>Objective</u>	<u>Implementation</u>
Sustainable Economic and Business Development	Goal C Promote equitable community access to employment and business opportunities.	Objective 1: Comply with all Federal, State, local and Port workforce mandates. Objective 3: Integrate workforce mandates into all Port agreements, policies and processes at the front end.	The Port’s RFP process provides a competitive procedure to promote equitable business opportunities, and requires compliance with all applicable Port policies.
Stewardship and Accountability	Goal G Sustain healthy communities through leading edge environmental stewardship.	Objective 2: Partner to share risk, accountability, benefits and improve environmental and safety compliance. Objective 3: Continue to provide quality public access and open space at a financially-sustainable level. Objective 4: Develop effective relationships with regulatory and resource agencies.	<ul style="list-style-type: none"> - MHSP contractors assist the Port in maintaining compliance with existing permits. - The competitive bidding process helps in reducing overall cost while maintaining the same services. - Through security services at MHSP, the Port also partners with other local agencies (OPD/ U.S. Customs/) and continues to develop long term relationships that assist in maintaining MHSP security.

ENVIRONMENTAL

The California Environmental Quality Act (CEQA) Guidelines, Section 15061(b)(3) (“the general rule”) states that CEQA applies only to projects which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that

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there is no possibility that the activity may have a significant effect on the environment, the activity is not subject to CEQA. Authorizing the award of a contract to BMT International Security Services to provide security services at MHSP, therefore, is not a project under CEQA and no environmental review is required.

MARITIME AND AVIATION PROJECT LABOR AGREEMENT (MAPLA)

This contract is for professional services that do not include construction testing and inspection and the provisions of the MAPLA do not apply

OWNER CONTROLLED INSURANCE PROGRAM (OCIP)

The Owner Controlled Insurance Program (OCIP) will not apply to this contract. BMT will be required to provide insurance in accordance with Port requirements.

GENERAL PLAN

The project is limited to maintenance of existing 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 BMT does not employ 21 or more employees working on Port-related work. However, BMT will be required to certify that should living wage obligations become applicable, it shall comply with the Living Wage Regulations.

OPTIONS

1. Authorize the Executive Director to (a) execute a Professional Services Agreement with BMT International Security Services for MHSP Security Services for up to three years, (b) if final agreement cannot be reached with BMT, negotiate contract terms with the second-ranked proposer until an agreement on fees and final costs is reached up to a maximum of \$450,000 over three years, and (c) resolve any bid protests. This is the recommended option.
2. Do not authorize the Executive Director to execute a Professional Services Agreement with BMT International Security Services, and direct staff to undertake another competitive solicitation process.

RECOMMENDATION

It is recommended that the Board:

1. Authorize the Executive Director to enter into a one-year professional services agreement commencing December 27, 2013 and up to two, one-

REMAINING ACTION ITEMS Tab 6.4

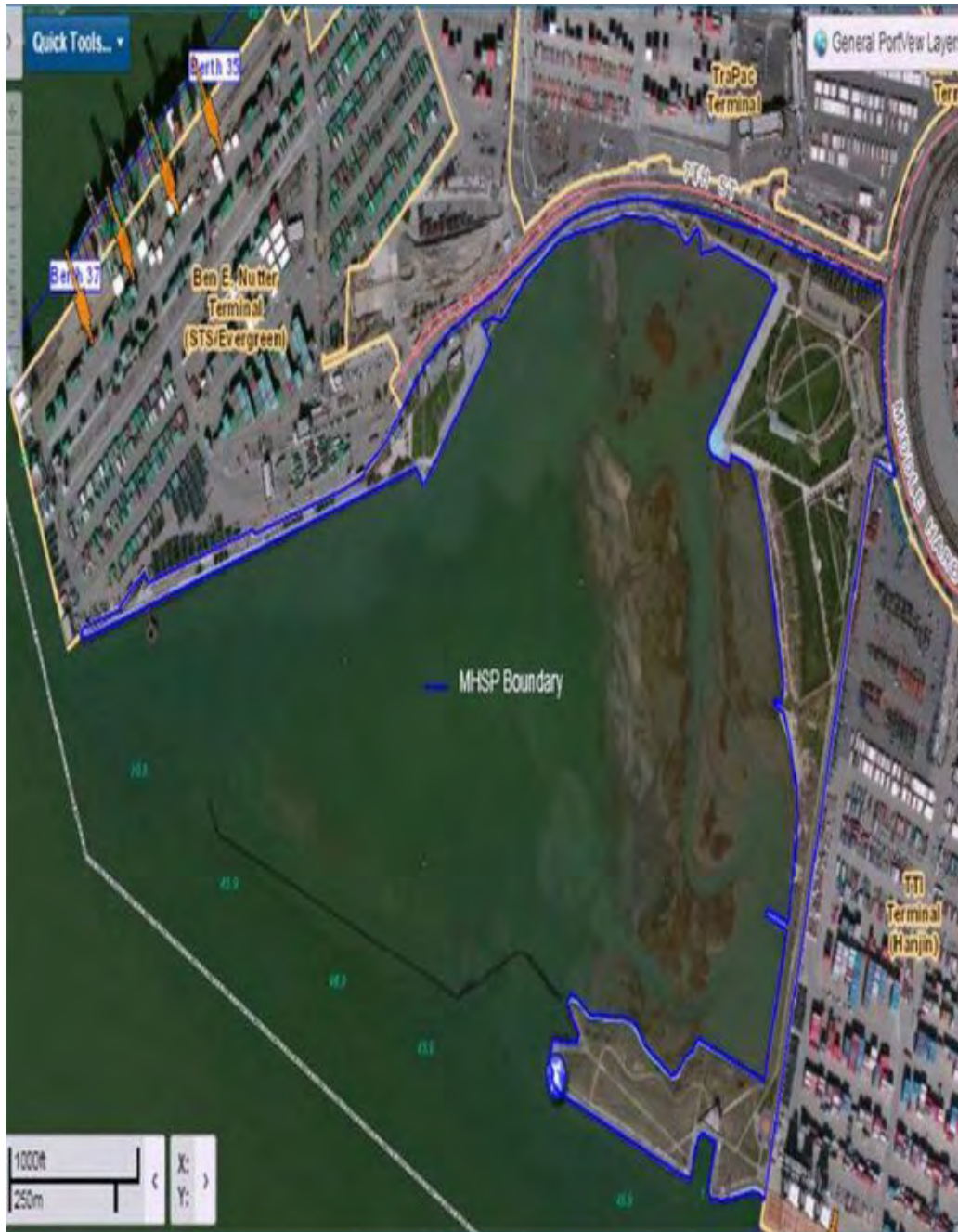
BOARD MTG. DATE: 11/14/2013

year extensions to the agreement, with Rory Parker, an individual doing business as BMT International Security Services for unarmed security services at Middle Harbor Shoreline Park (inclusive of Port View Park), for a total amount not to exceed \$450,000 over three years;

2. In the event that the Port is unable to come to contract terms with BMT International Security Services, authorize the Executive Director to negotiate contract terms with the second-ranked proposer until an agreement on fees and final costs is reached, but not to exceed \$450,000 over three years; and
3. Authorize the Executive Director to resolve all bid protests in accordance with Port Ordinance No. 1606.

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**Exhibit A
Map of Middle Harbor Shoreline Park**



November 14, 2013
Item No.: 6.4
MCR/jev

**BOARD OF PORT COMMISSIONERS
CITY OF OAKLAND**

RESOLUTION FINDING AND DETERMINING THAT A PROPOSED AGREEMENT WITH ROY PARKER, AN INDIVIDUAL, DOING BUSINESS AS BMT INTERNATIONAL SECURITY SERVICES AT A MAXIMUM COMPENSATION OF \$450,000 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. 6.4, dated November 14, 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 ROY PARKER, AN INDIVIDUAL, DOING BUSINESS AS BMT INTERNATIONAL SECURITY SERVICES ("BMT") for security services at the Middle Harbor Shoreline Park 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 BMT 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 BMT shall be compensated for such services, including costs of miscellaneous reimbursable expenses, for an initial term of one (1) year commencing December 27, 2013 with two (2) one year options to extend at an annual compensation of \$150,000, subject to the written approval of the Executive Director, at a maximum compensation that shall not exceed \$450,000 over a three (3) year period; and be it

FURTHER RESOLVED that pursuant to Port Ordinance No. 1606, Section 22, the Board finds and determines it to be in the Port's best interest to delegate to the Executive Director, and hereby delegates to the Executive Director, the authority to finally resolve bid protests in connection with this contract; and be it

FURTHER RESOLVED in the event that BMT is unable or unwilling to promptly execute a contract with the Port, then the Executive Director shall be authorized to enter into a contract with the second ranked proposer until an agreement on fees and final costs is reached, in an amount not to exceed \$450,000 over three (3) years; 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.

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AGENDA REPORT

TITLE: Authorize the Executive Director To (a) Permit the Construction of Certain Improvements by SSA Terminals, LLC, (b) Amend the Berths 60-63 Marine Terminal Non-Exclusive Preferential Assignment Agreement with SSA Terminals, LLC to Incorporate the Proposed Improvements; and (c) Execute a Clarifying Amendment to the Berths 55-56 Non-Exclusive Preferential Assignment Agreements with SSA Terminals (Oakland), LLC

AMOUNT: Approximately \$6,100 Increase in Annual Rent

PARTIES INVOLVED:

Corporate Name/Principal	Location
SSA Terminals, LLC / Jon Rosselle	Oakland, CA
SSA Terminals (Oakland), LLC / Jon Rosselle	Oakland, CA

TYPE OF ACTION: Ordinance and Resolution

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

APPROVED BY: J. Christopher Lytle, Executive Director

SUMMARY

SSA Terminals, LLC (“SSA”) is undertaking certain preparatory activities at the Berths 60-63 marine terminal to support its proposed relocation of Matson Navigation from Berths 67-68 (“Howard Terminal”). SSA has requested the Port’s authorization to perform certain construction work and increase the marine terminal area. This work includes the construction of a new auto carrier entrance for Matson’s roll-on / roll-off cargo business; installation of a new office trailer with utility connections for the associated auto lot; and disposal of certain property owned by the Port remaining on the Berths 60-63 marine terminal. SSA will pay the Port additional rent for the land associated with the new auto carrier entrance.

The berths 55-56 marine terminal is operated by SSA Terminals (Oakland), LLC, (“SSA Oakland”) a subsidiary of SSA which also holds the Non-Exclusive Preferential Assignment Agreement for the berths 57-59 marine terminal, and operates both marine terminals as a single facility. Port staff and SSA Oakland have agreed to clarify certain administrative provisions of the agreement for the berths 55-56 marine terminal. No financial impact is associated with these clarifications.

FACTUAL BACKGROUND

SSA and the Port entered into a Settlement Agreement on July 18, 2013 which, among other things, resulted in the two parties entering into Non-Exclusive Preferential

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Assignment Agreements (“NEPAAs”) for the Berths 60-63 marine terminal and Berths 55-56 marine terminal (“Berths 60-63 NEPAA” and “Berths 55-56 NEPAA”, respectively).

SSA took occupancy of the Berths 60-63 marine terminal on October 1, 2013 in an “as is” condition and acknowledged that “...the Port shall not be obligated to make any improvements or modifications to the Premises.” SSA is currently making certain preparations for the transfer of its current operations at Howard Terminal to Berths 60-63 in January 2014. As part of its preparation activities, SSA has requested the Port’s permission to make certain improvements to the Berths 60-63 marine terminal:

- By letter dated October 10, 2013, requesting the right to remove the container wash facility on the Berths 60-63 marine terminal. The automated container washing machine was owned and removed by the prior tenant of the terminal (Eagle Marine Services, “EMS”); all that remains are the structural components, which are the property of the Port.
- On October 18, SSA submitted plans for the Port’s review related to the construction of a new auto carrier entrance gate and modular office building in the northwest portion of the Berths 60-63 marine terminal.
- SSA is also making other improvements, such as re-striping, crane maintenance, crane painting, and other activities to prepare the terminal for full operation, for which Port approval is not needed.
- The Port is performing certain maintenance work which is its obligation under the Berths 60-63 NEPAA, including repairs to the administrative building’s boiler, repairing damaged pavement and addressing drainage problems at various locations in the Berths 60-63 marine terminal. Port staff has elected to perform much of this work prior to SSA’s full operation when maintenance work would be constrained by on-going operations. The Port’s maintenance work is budgeted and no further Board approval is required.

ANALYSIS

Berths 60-63 NEPAA

Container Wash Area

SSA submitted a letter to the Port, dated October 10, 2013, requesting permission to remove the refrigerated container wash area “canopy, lighting, catwalk, wheel chocks and associated miscellaneous items.” Port Ordinance 1606 requires the Board’s designation of this property as “surplus” in order to dispose of it. While the canopy, lights, catwalk and wheel chocks were constructed in 2008-2009 and, as such, are relatively new, they hold no value to either SSA or the Port. Furthermore, dismantling of the wash rack would effectively preclude its use elsewhere because the dismantling process would damage the structure. Port staff have reviewed the equipment slated for disposal, and have salvaged all components that can be utilized for future Port use. Port staff concurs with SSA’s request to remove the remaining property and prefers that SSA perform this work rather than Port staff. SSA will be responsible for securing all necessary permits and complying

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with all conditions of such permits. SSA will bear all costs associated with removal and disposal of the property; it is expected that any salvage value that SSA may obtain from disposal (e.g., scrapping of metal) will be outweighed by disposal costs. Port staff recommends declaring this property surplus and disposing of the container wash area structures. The Berths 60-63 NEPAA would be amended to remove all references to the container wash structures.

New Auto Carrier Entrance and Modular Building

SSA's current operation at Howard Terminal uses separate entrances for container traffic and auto carriers. SSA would like to continue to have separate entrances when it relocates these activities to Berths 60-63. SSA has requested that the Port expand the Berths 60-63 terminal premises to include a new dedicated auto carrier entrance, along the former Ferro Street, near the main entrance to the terminal. Port staff have agreed to incorporate the approximate 4,500 square feet of land requested by SSA for this purpose into the Berth 60-63 terminal premises in an as-is condition. SSA would be responsible for all improvements (paving, fencing, drainage and lighting), including maintenance of such improvements, to this land area. SSA will be responsible for securing all necessary permits and complying with all conditions of such permits. The Berths 60-63 NEPAA would be amended to include this area, and SSA would pay approximately \$10,000 per year (based on Port Tariff 2A rate for unpaved land) for the remaining term of the Berths 60-63 NEPAA (June 2022). This rent would be distinct from any other payments made by SSA under the Berths 60-63 NEPAA, and would increase by 2% each year, compounded annually.

While the improvements are being made, SSA will continue to occupy Howard Terminal through January 31, 2014. During this time, SSA is paying full rent on the Berths 60-63 terminal, pursuant to the Berths 60-63 NEPAA.

Berths 55-56 NEPAA

Since execution of the Berths 55-56 NEPAA, both the Port and SSA have found it necessary to clarify two provisions of the NEPAA: (a) the contract year is defined as a calendar year but specific dates for Contract Year 13 and 14 need to be established; and (b) billing methods should match the simpler billing method under the Berths 57-59 NEPAA, the adjacent terminal also run by SSA jointly with Berths 55-56. To this end, Port staff and SSA have agreed to defined Contract Years 13 and 14 to be: July 19, 2013 through December 31, 2013 and January 1, 2014 through December 31, 2014, respectively. Staff and SSA have also agreed to revise the billing for the Berths 55-56 NEPAA to be based on a monthly fixed billing equal to 1/12th of the minimum annual guarantee ("MAG"), with separate billing for activity over the MAG. This will greatly simplify billing and reduce staff time spent on billing activities, with no impact to Port revenue.

STRATEGIC PLAN

Priority Area	Goal	Objective	How and When Implemented
Sustainable Economic and Business	Create sustainable economic growth for the Port and beyond.	Increase revenue, job creation and small business	Additional Port revenues of \$10,000 annually, with modest annual escalation.

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Development		growth.	
	Maintain and Aggressively Grow Port Businesses	Retain existing customers and tenants.	SSA and Matson Navigation are key tenants and customers of the Port and accommodating their requests will allow them to operate more efficiently.
Stewardship and Accountability	Improve the processes for evaluating and managing capital expenditures for long-term management of Port property and infrastructure.	Prepare plans for long-term use, development and management of Port property and infrastructure.	Removing the container wash facility structures and constructing the auto carrier entrance gate will improve Berths 60-63 for its continued use through June 2022.

BUDGET & FINANCIAL IMPACT

The addition of the auto carrier driveway will result in new revenue of approximately \$6,100 annually, and increase by 2% each year. The new revenue is anticipated to commence starting January 1, 2014.

Port staff estimates the surplus container wash facility property has no remaining value. The materials are worth some scrap value; however that value is likely to be more than offset by the demolition and removal costs. To the extent the container wash facility has outstanding book value, the Port will write-down that value from its fixed assets.

STAFFING IMPACT

The proposed actions will not affect current Port staffing levels.

SUSTAINABILITY

Demolition materials derived from the work will be recycled to the maximum extent practical.

ENVIRONMENTAL

The proposal to authorize the Executive Director to take the following actions related to Berths 60-63 was reviewed in accordance with the requirements of the California Environmental Quality Act (CEQA), and the Port CEQA Guidelines.

- Amending the lease to add a new auto carrier entrance is categorically exempt from 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. The location of the new entrance was formerly the entrance to a maritime services facility.

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- Issuing a Port Building Permit to perform minor construction and improvements is categorically exempt from CEQA pursuant to Sections 15303 (new auto carrier entrance, lighting, related minor utilities and paving, fencing), 15304 (drainage, trenching for utilities), and 15311 (installation of modular office).
- Authorizing modifications of the container wash facility is categorically exempt from CEQA pursuant to Section 15301.

MARITIME AND AVIATION PROJECT LABOR AGREEMENT (“MAPLA”)

The provisions of the Port of Oakland MAPLA may apply to the proposed tenant improvement work. The total valuation of the proposed improvement work is yet to be determined. If the cost of this tenant construction project exceeds the thresholds required for coverage under MAPLA, the provisions of MAPLA will apply.

OWNER CONTROLLED INSURANCE PROGRAM (“OCIP”)

Since the container wash removal and the auto carrier entrance modification will be performed by SSA and not the Port, the OCIP does not apply. SSA will need to comply with Port insurance requirements contained in the NEPAA and proposed building permit.

GENERAL PLAN

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

LIVING WAGE

Living wage requirements, in accordance with the Port’s Rules and Regulations for the Implementation and Enforcement of the Port of Oakland Living Wage Requirements (the “Living Wage Regulations”), do not apply because the contract is a construction contract covered by prevailing wage rules and the prevailing rate of wage is higher than the wage required by the Living Wage Regulations.

OPTIONS

The Board may consider the following options:

- (1) Authorize the Executive Director to issue a building permit for SSA to undertake various preparatory activities including construct an auto carrier entrance, dispose of the container wash facility, install a new modular building; SSA’s occupancy of Howard Terminal until completion of such preparatory activities but no later than January 31, 2014; amendment of the Berths 60-63 NEPAA accordingly; and administrative amendments to the Berths 55-56 NEPAA related to contract year definitions and billing methods.
- (2) Do not authorize a building permit and related activities, and do not authorize administrative amendments to the Berths 55-56 NEPAA. SSA did agree to take the terminal in an “as is” condition, and as such, the Port is not obligated to approve SSA’s requests. Under this option, the Port would not receive the additional rent, and would be limiting SSA’s ability to operate the terminal as intended. Also under this option, billing SSA for activity at Berths 55-56 would continue to be cumbersome and inefficient.

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(3) Direct staff to take alternative action at the Board's discretion.

RECOMMENDATION

Staff recommends the Board authorize:

- A building permit for SSA to undertake various preparatory activities including construct an auto-carrier entrance, dispose of the container wash facility, install a new modular building;
- SSA's occupancy of Howard Terminal until completion of such preparatory activities but no later than January 31, 2014;
- Amendment of the Berths 60-63 NEPAA accordingly; and
- Amendment of the Berths 55-56 NEPAA related to contract year definitions and billing methods.

Attachments

- (1) SSA Letter dated October 10, 2013
- (2) SSA Auto Carrier Entrance and Modular Building Plans
- (3) Map of SSA Terminals



SSAMarine
A Corrix Enterprise

1717 Middle Harbor Road
Oakland California
94607
510/622-8146 tel
510/622-8147 fax
www.ssamarine.com

October 10, 2013

Ms. Delphine Prevost
Port of Oakland
530 Water Street
Oakland, CA 94607

Dear Delphine:

As you are aware, SSAT has requested the Port of Oakland to remove the reefer wash rack at Berth 60-63. The rack presently consists of a canopy, lighting, catwalk, wheel chocks and associated miscellaneous items.

SSAT was informed that, while the rack was installed by the Port, the automatic reefer washing equipment was installed and operated by the previous tenant of Berth 60-63, Eagle Marine Services, who upon the termination of its lease agreement, removed all of its reefer washing equipment, making the rack non-functional. SSAT does not intend to replace the equipment that Eagle Marine removed. Consequently, the existing structure no longer serves any useful purpose and will be an impediment to efficient terminal operations. Attached are two photographs of the structure, showing the rack in its present condition with the reefer washing infrastructure removed.

If the Port of Oakland wishes to retain the rack, we ask that the Port remove it and store it at another location other than Berths 60-63. Alternatively, if the Port no longer has a need for the rack, SSAT has offered to demolish it and remove the canopy, catwalk and wheel stops and any associated structures and equipment at its expense if the Port releases SSAT from any obligation to re-install these items at the termination of its lease of the Berth 60-63 facility.

As we are endeavoring to complete major changes to this facility so that it can be in operation by January 31, 2014, we respectfully request that the Port review, advise, and resolve this issue as quickly as possible. Please contact me if you have any questions.

Sincerely,

Jon Rosselle
Vice President

cc: Joe Mirkovich
Donnell Choy



Reeper Wash Rack structures and associated equipment





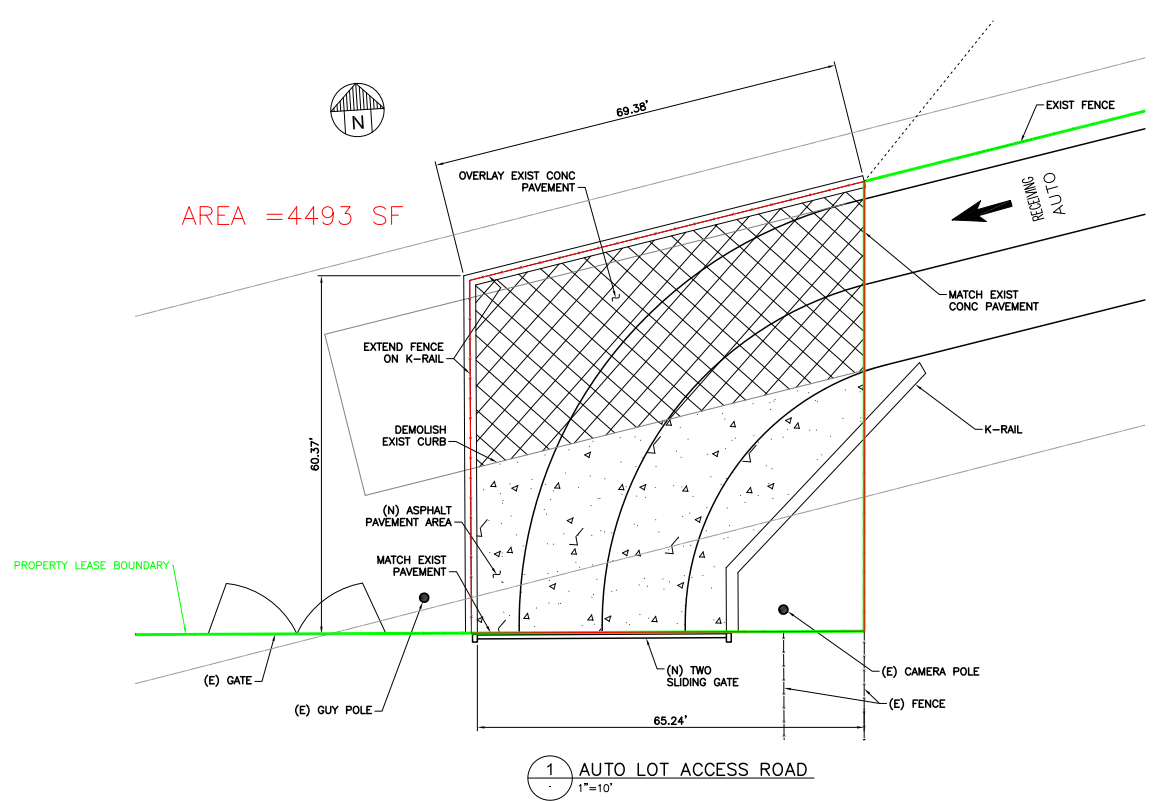
End View of Reefer Wash Rack

NOTES:

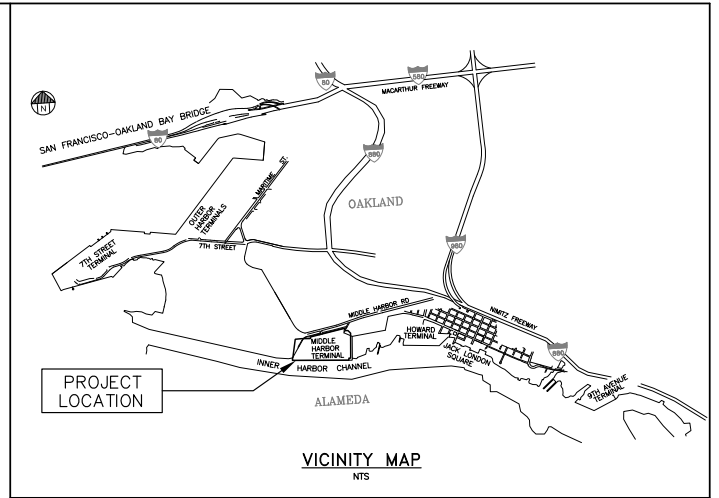
1. NEW PAVEMENT SECTION 6" AC OVER 12" AB ASPHALT CONCRETE SHALL MEET TYPE A CALTRANS SPECIFICATION FOR 3/4" AGGREGATE COMPACTED TO 98%. AGGREGATE BASE SHALL BE CALTRANS CLASS 2, 3/4" COMPACTED TO 95%.

LEGEND

-  OVERLAY EXISTING CONCRETE PAVEMENT
-  (N) ASPHALT PAVEMENT AREA




AREA = 4493 SF



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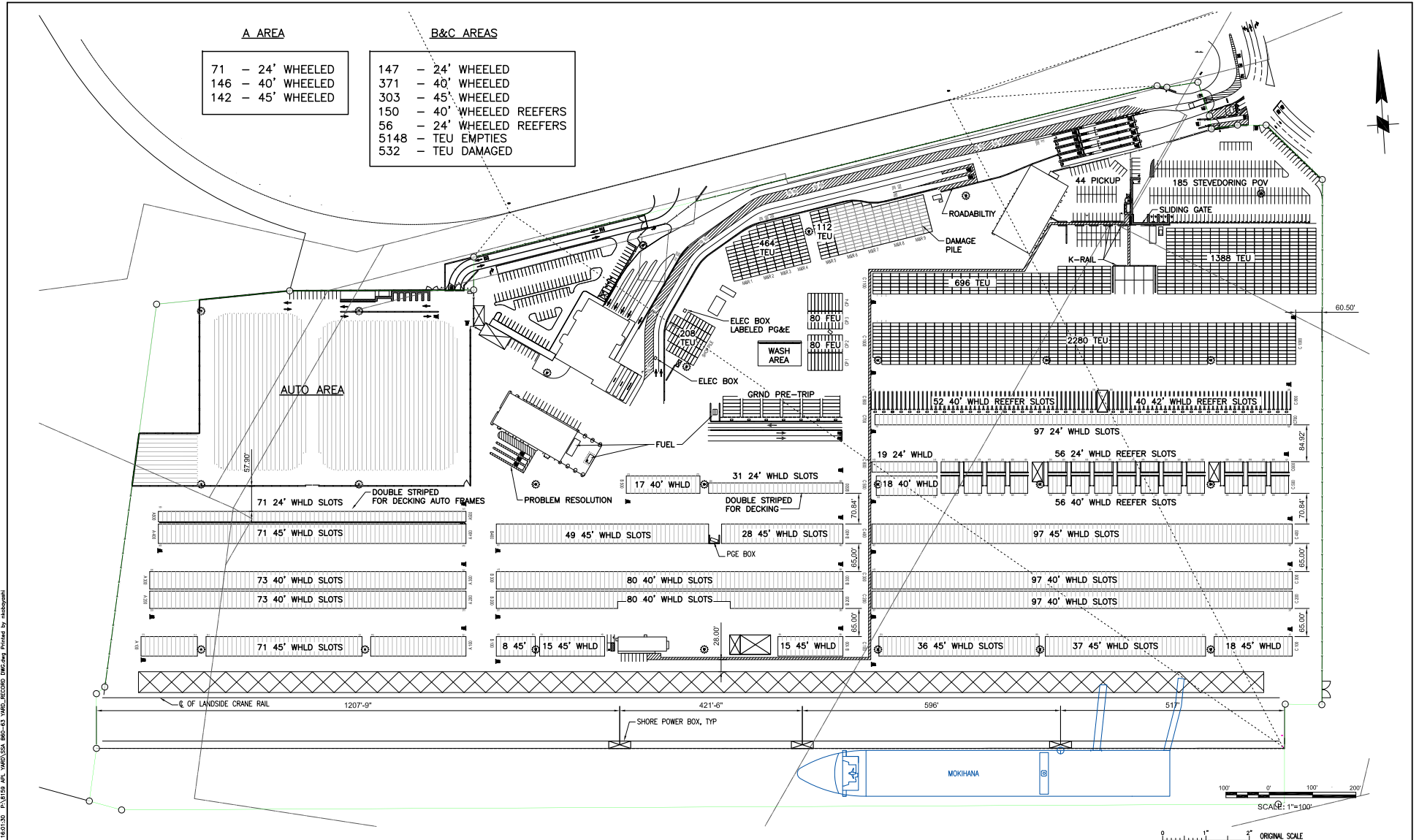
NO.	REVISIONS	DATE	REV'D	APP'D	DRAWN

DESIGNED	
CHECKED	
REVIEWED	



MIDDLE HARBOR CHANNEL	DATE:
YARD RESTRIPIING	SCALE:
BERTHS 60-63, OAKLAND, CA	SHEET: OF SHEETS
MATSON AUTO LOT ACCESS ROAD	

0 1" 2" ORIGINAL SCALE



REFERENCES: PLANS FIELD BOOKS CAUTION:	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>NO.</th> <th>REVISIONS</th> <th>DATE</th> <th>REV'D</th> <th>APP'D</th> </tr> </thead> <tbody> <tr><td> </td><td> </td><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td><td> </td><td> </td></tr> </tbody> </table>	NO.	REVISIONS	DATE	REV'D	APP'D																DRAWN DESIGNED CHECKED REVIEWED	<p>MOFFATT & NICHOL ENGINEERS</p>	MIDDLE HARBOR CHANNEL YARD RESTRIPIPING BERTHS 60-63, OAKLAND, CA LAYOUT 6	DATE: SCALE: SHEET: OF SHEETS
NO.	REVISIONS	DATE	REV'D	APP'D																					

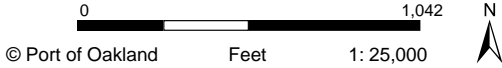
SSA Berths 55-56, 57-59,
60-63 Leases

Notes:



This map is a user-generated static output from an intranet map viewer, and is for reference only. Data layers that appear on this map may or may not be accurate, current, or otherwise reliable.

THIS MAP IS NOT TO BE USED FOR NAVIGATION



SUMMARY SHEET for PERMIT APPLICATION

(This Summary Agenda Sheet to be used for ALL permits in this category for which Board approval is recommended.)

DATE: November 8, 2013

PORT PERMIT NO: 5010

BUILDING PERMIT APPLICATION:	<input type="checkbox"/> New Construction	<input checked="" type="checkbox"/> Addition	<input checked="" type="checkbox"/> Alteration
	<input checked="" type="checkbox"/> Demolition	<input type="checkbox"/> Repair	<input type="checkbox"/> Other, Tank
SIGN PERMIT APPLICATION	<input type="checkbox"/> Wall Sign	<input type="checkbox"/> Pole Sign	
	<input type="checkbox"/> New	<input type="checkbox"/> Alter	<input type="checkbox"/> Repair
	<input type="checkbox"/> Non-electric	<input type="checkbox"/> Electric	<input type="checkbox"/> Temporary

PORT TENANT:	PERMIT APPLICANT:
<u>SSA Terminals, LLC (SSA)</u>	<u>SSA Terminals, LLC (SSA)</u>
LOCATION OF PROPOSED WORK: <u>1579 Middle Harbor Road (Berths 60-63)</u>	
BRIEF DESCRIPTION OF PROPOSED WORK: Construction of a dedicated auto carrier entrance along the former Ferro Street, near the main entrance to the terminal; installation of a new modular building; removal of the refrigerated container wash area canopy, lighting, catwalk, wheel chocks and associated miscellaneous items.	
SCHEDULED FOR BOARD ACTION: Date: <u>November 14, 2013</u>	VALUATION OF WORK: <u>\$ 90,000</u>

FROM: PORT PERMITS, ENGINEERING SERVICES DEPARTMENT

Ana Ward for Joe Marsh
Recommend Approval Date: 11/8/13

ROUTE TO: (Please sign and send to next on list ASAP)

(1) PORT ENVIRONMENTAL ASSESSMENT SUPERVISOR, ENVIRONMENTAL PLANNING DEPARTMENT
ASSESSMENT: Sections 15301, 15303, 15304, 15311
(Cat. Ex., Sec.No., Neg.Dec., Mit.Neg. Dec., or EIR)
Annex W. Washington
Recommend Approval Date: 11/8/2013

(2) DIRECTOR OF ENGINEERING Chris Chan
Recommend Approval Date: 11/8/13

(3) EXECUTIVE DIRECTOR [Signature]
Recommend Approval Date: 11-8-13

(4) PORT PERMITS - ENGINEERING SERVICES DEPARTMENT:

Received By: _____ Date: _____

BOARD APPROVAL: Resolution No: _____ Date: _____

11/14/13
Item 6.5
DG/KK
duc *[Signature]*

**BOARD OF PORT COMMISSIONERS
CITY OF OAKLAND**

**RESOLUTION APPROVING AND AUTHORIZING THE EXECUTIVE
DIRECTOR TO PERMIT THE CONSTRUCTION OF CERTAIN
IMPROVEMENTS BY SSA TERMINALS, LLC AT BERTHS 60-63.**

WHEREAS, the Board of Port Commissioners ("Board") has reviewed and evaluated Board Agenda Report Item No. 6.5, dated November 14, 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 finds and determines that adding a new auto carrier entrance and modular building and other activities described in the attached Permit Application in connection with the Berths 60-63 terminal is categorically exempt from 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. The location of the new entrance was formerly the entrance to a maritime services facility.

FURTHER RESOLVED, that the Board hereby approves and authorizes the Executive Director to authorize a building permit for SSA Terminals, LLC., to undertake various preparatory activities including construct an auto-carrier entrance, dispose of the container wash facility and install a new modular building; 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 OF PORT COMMISSIONERS
CITY OF OAKLAND

6:15 PM
11/14/13
DC/xx
dwc

ORDINANCE AUTHORIZING THE EXECUTIVE DIRECTOR TO (1) AMEND THE BERTHS 60-63 MARINE TERMINAL NON-EXCLUSIVE PREFERENTIAL ASSIGNMENT AGREEMENT WITH SSA TERMINALS; AND (2) EXECUTE A CLARIFYING AMENDMENT TO THE BERTHS 55-56 NON EXCLUSIVE PREFERENTIAL ASSIGNMENT AGREEMENTS WITH SSA TERMINALS (OAKLAND), LLC.

WHEREAS, the Board of Port Commissioners ("Board") has reviewed and evaluated the Agenda Report for Item 6.5, dated November 14, 2013 (herein the "Agenda Report") and related agenda materials, has received the expert testimony of Port of Oakland ("Port") staff, and has provided opportunities for and taken public comment; now, therefore, be it

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

Section 1. In acting upon this matter, the Board has exercised its independent judgment based on substantial evidence in the record and adopts and relies upon the facts, data, analysis, and findings set forth in the Agenda Report and in related agenda materials and in testimony received.

Section 2. The proposal to authorize the Executive Director to amend (a) the Berths 60-63 Non-Exclusive Preferential Assignment Agreement (the "B60-63 NEPAA") and (b) the Berths 55-56 Non-Exclusive Preferential Assignment Agreement (the "B55-56 NEPAA"), was reviewed in accordance with the requirements of the California Environmental Quality Act ("CEQA"), and the Port CEQA Guidelines.

- Amending the B60-63 NEPAA to add a new auto carrier entrance and the B55-56 NEPAA to clarify certain contract year and billing provisions are categorically exempt from 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

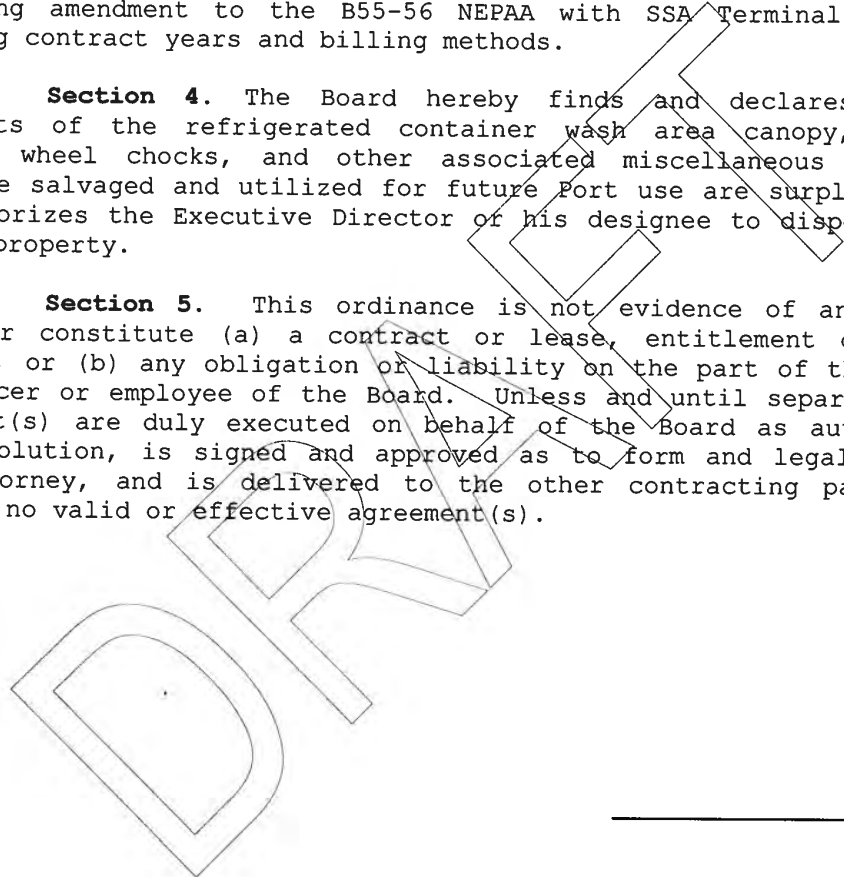
existing. The location of the new entrance was formerly the entrance to a maritime services facility.

- Authorizing modifications of the container wash facility is categorically exempt from the CEQA pursuant to Section 15301.

Section 3. The Board hereby approves the terms and conditions of and authorizes the Executive Director or her designee to (1) amend the B60-63 NEPAA with SSA Terminals, LLC to add a new auto carrier entrance to the premises for an additional flat rent of 11.4 cents per square foot, which shall increase on an annual basis by 2%; and (2) execute a clarifying amendment to the B55-56 NEPAA with SSA Terminals (Oakland) regarding contract years and billing methods.

Section 4. The Board hereby finds and declares that all components of the refrigerated container wash area canopy, lighting, catwalk, wheel chocks, and other associated miscellaneous items that cannot be salvaged and utilized for future Port use are surplus property and authorizes the Executive Director or his designee to dispose of such surplus property.

Section 5. This ordinance is not evidence of and does not create or constitute (a) a contract or lease, entitlement or property interest, or (b) any obligation or liability on the part of the Board or any officer or employee of the Board. Unless and until separate written agreement(s) are duly executed on behalf of the Board as authorized by this resolution, is signed and approved as to form and legality by the Port Attorney, and is delivered to the other contracting party, there shall be no valid or effective agreement(s).



President.

Attest: _____
Secretary.

Approved as to form and legality:

Port Attorney

BOARD MTG. DATE: 11/14/13

AGENDA REPORT

TITLE: Authorization to Purchase Replacement Trucks for the Facilities Departments of the Aviation and Maritime Divisions, and to Dispose of Existing Trucks

AMOUNT: \$550,000

PARTIES INVOLVED:

Corporate Name/Principal	Location
TBD	TBD

TYPE OF ACTION: Resolution

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

APPROVED BY: J. Christopher Lytle, Executive Director

SUMMARY

This agenda reports seeks capital budget authorization to purchase (a) nine custom trucks for use by the facilities departments of the Aviation and Maritime Divisions, and (b) to declare the existing trucks as surplus and to sell, donate, or dispose of them. The obsolete equipment has minimal (scrap) value to the Port. Upon the Board’s designation of the subject property as surplus, per Port Ordinance 1606, the Executive Director shall have the authority to dispose of the property through a variety of means, including sale, donation, or destruction.

Staff proposes to purchase 9 new vehicles. Individual prices for the trucks may vary, but staff expects the total will not exceed \$550,000.

- Aviation Electrician Trucks (5)
- Aviation Plumber Trucks (1)
- Maritime Plumber Trucks (2)
- Maritime 1-Ton Flatbed w/ Lift-Gate (1)

FACTUAL BACKGROUND

The average age of the Port of Oakland (Port) fleet is approximately 10 years old. The equipment ranges from model years 2000 to 2008. The Port has not been able to make any major fleet purchases/replacements within the last five years given financial

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constraints. The Port's transportation stock used by Aviation and Maritime facilities staff includes 226 vehicles¹:

Type	Quantity
Aviation Light and Medium Trucks	90
Aviation Heavy Trucks	17
Aviation Vans	7
Aviation Sedans	16
Maritime Sedans and Light Trucks	29
Maritime Medium Trucks	18
Maritime Heavy Trucks	6
Maritime Vans	8
Engineering / Com. Real Estate	35
Total	226

At the beginning of the FY 2013 budget preparation, fleet management staff was asked to evaluate the Port's fleet and recommend management approaches to ensure on-going support of Port operations while managing cost. In summary, staff recommends that a vehicle should be replaced once a vehicle can no longer be maintained to a usable condition or once its useful life cannot be extended through modification and that vehicle remains critical for Port operations. The overall approach to fleet management, including replacement of existing vehicles, is one that balances safety, reliability, financial, and labor efficiency. Staff rates equipment based on a scale from 1-7. Any equipment rated less than 4 is considered for replacement. Currently, the majority of the Port fleet is at a rating of 4.

The vehicles proposed for replacement at this time account for roughly 4% of the Port's transportation stock, and rate below 4 on the Port's scale (see Analysis section). Below is a description of the custom trucks that staff seeks to replace:

Electrician Trucks (Aviation)

Five new electrician trucks are needed to replace the existing trucks that are at the end of its useful lives and functionally obsolete. The current vehicles do not have adequate cargo carrying capacity, and exceed the manufacturer's maximum loading capacity. These vehicles all have a fuel filler defect, which Port staff can address but only on a temporary basis. The new vehicles will be a mix of medium to heavy duty trucks to meet the anticipated demands of Port operations.

Plumber Truck (Aviation & Maritime)

Three new plumber trucks (1 for Aviation and 2 for Maritime) are needed to replace existing trucks that are at the end of their useful lives and functionally obsolete. Over the years, the loads put on these trucks has increased and caused greater than anticipated wear and tear

¹ This count does not include other Port-owned vehicles such as shuttles, buses, and emergency vehicles. This count is limited to motorized equipment used by facilities staff to perform key job functions. In total, the Port insures 337 vehicles.

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on the mounted crane, body and the vehicle itself. The new trucks will be upgraded from a medium duty truck to a heavy duty truck to meet the anticipated demands.

1-Ton Flatbed w/ Lift-Gate (Maritime)

The 1-ton flatbed with lift gate truck is needed to replace an existing truck that is at the end of its useful life and functionally obsolete. The existing vehicle is over 20 years old and the daily stresses from the payloads have rendered the lift gate unusable.

ANALYSIS

New custom trucks are required to meet the operational demands of Aviation and Maritime Divisions, including the ability to respond in a timely manner to facility problems that may arise during a 24/7 operation. Truck rental is not a viable alternative given specialized vehicle configurations. In the case of the action requested of the Board in this agenda report, staff has also explored the possibility of replacing these trucks with alternative vehicles taken directly from the Port's transportation stock, but because of the specialized configuration of these trucks, no alternatives exist.

Staff is currently in the process of developing equipment support plans which will include revised preventive maintenance and vehicle procurement strategies intended to enhance productivity, tailor maintenance and procurement, and reduce fleet operating costs. Staff also recommends a five year strategy for equipment and vehicle replacements. For example, replacing (as needed) a fixed number of vehicles/equipment annually or setting an annual maximum expenditure for highest-priority replacement needs. This approach would allow Port to ensure the fleet is adequate to meet the Port's needs, while providing a stable and predictable approach to expenditure and overall fleet management.

As part of these overall fleet management improvements, staff is requesting the Board's authorization to replace the nine trucks outlined earlier in this report. Pursuant to Port Ordinance 1606, staff will conduct a formal competitive RFP to select a qualified truck outfitter to design (and subsequently build) nine custom trucks for the Port. The truck outfitter will work with the Port staff to design these custom trucks to the Port's specifications and then procure the truck chassis through either an informal competitive process (conducted by the truck outfitter), or use the State of California's contract pricing. After procuring the chassis, the outfitter will then proceed to build these custom trucks. Because these trucks are specialty vehicles, each of the trucks will be custom built once the Port has identified a qualified truck outfitter to design the individual truck. At this time, it is impossible to know how much each truck will cost, but staff expects the total will not exceed \$550,000.

The existing trucks (listed below) may have some value for scrap and/or parts and the Port would like to sell them through public auction. Should they not sell, staff proposes to dispose of (or possibly donate) the vehicles.

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Vehicles to be Disposed

Port Rating	Year	Mileage	Make	Model	Asset Tag #	Estimate Value
2	2001	40,000	GMC	SIERRA 3500	XY17	\$2,500
2	2001	40,000	GMC	SIERRA 3500HD	XY16	\$2,500
2	2001	40,000	GMC	SIERRA 3500HD	XY15	\$2,500
2	1993	35,000	FORD	F350	X769	\$1,000
2	2002	40,000	GMC	SIERRA	XY40	\$1,500
2	2002	40,000	GMC	SIERRA	XY41	\$1,500
2	2002	40,000	GMC	SIERRA	XY46	\$1,500
2	2003	40,000	GMC	SIERRA	XY45	\$1,500
2	2001	40,000	GMC	C1500	XZ92	\$1,500

BUDGET & FINANCIAL IMPACT

The purchase of the nine new vehicles is included in the Fiscal Year 2013-14 Capital Needs Assessment (CNA) as “Pipeline” projects and, consequently, has been included in the Port’s financial and cash flow projections. The estimated costs are \$275,000 for Aviation Facilities vehicles and \$275,000 for Maritime Facilities vehicles. Staff is requesting that \$550,000 be authorized and included in the Fiscal Year 2013-14 Capital Budget. The purchase of these vehicles is anticipated to be funded with Port cash or debt to the extent sufficient cash is not available.

STAFFING IMPACT

The proposed vehicle purchase will have no impact on current and future Port staffing.

SUSTAINABILITY

The proposed action is consistent with the Port’s Sustainability Policy and efforts to reduce emissions, as the new vehicles are equipped with the latest advanced emissions reduction technologies. All of the new vehicles will be equipped with engines meeting the most current Environmental Protection Agency (EPA) engine standards, the cleanest engine standard commercially available today. Furthermore, the replacement vehicles will require less maintenance, which will reduce hazardous materials handling, require fewer materials/parts, and free up staff time.

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STRATEGIC PLAN

STRATEGIC PRIORITY AREA	GOAL	OBJECTIVE	HOW THESE PROJECTS IMPLEMENT
Stewardship and Accountability	<u>Goal E:</u> Improve the processes for evaluating and managing capital expenditures for long-term management of Port property and infrastructure	5. Prepare plans for long-term use, development and management of Port property and infrastructure.	Purchase of replacement equipment that is more efficient and supports the current needs of the work load will maintain Port property and infrastructure.
Port workforce and Operations	<u>Goal H:</u> Develop and maintain a high performing workforce.	3. Continue to elevate health and safety of the Port workforce.	By replacing obsolete equipment, Port staff will be more productive and a higher standard of safety will be promoted.

ENVIRONMENTAL

The proposal to purchase new vehicles/equipment and to dispose of existing vehicles/equipment 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 the replacement of existing fleet equipment with new equipment will result in physical changes in the environment. Therefore, the activity is not subject to CEQA and no further environmental review is required.

MARITIME AND AVIATION PROJECT LABOR AGREEMENT (MAPLA)

The procurement of equipment is not within the scope of the Port of Oakland Maritime and Aviation Project Labor Agreement and the provisions of MAPLA do not apply.

OWNER CONTROLLED INSURANCE PROGRAM (OCIP)

This action is not subject to OCIP.

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GENERAL PLAN

This action does not change the use of any existing facility, make alterations to an existing facility, or create a new facility; 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 contract is not a covered service agreement, but a contract for goods, commodities, supplies or equipment with incidental service provisions. However, the contractors will be required to certify that should living wage obligations become applicable, the contractors shall comply with all of its obligations.


OPTIONS

1. Authorize staff to purchase nine new custom trucks and dispose of the existing trucks through sale or other appropriate means.
2. Do not authorize staff to purchase nine custom trucks. Under this option, staff will soon have to rotate the existing trucks out of the active fleet or use them in an increasingly limited manner that will negatively impact operations. Removing these trucks without replacing them will negatively impact service to both Aviation and Maritime operations.

RECOMMENDATION

Staff recommends that the Board:

1. Authorize the expenditure of \$550,000 to procure nine new trucks (new capital equipment) for use by the Aviation and Maritime facilities departments;
2. Authorize the Executive Director to select a qualified truck outfitter through a formal RFP to design nine new custom trucks and subsequently build them. The selected truck outfitter will then procure the truck chassis through either an informal competitive process (conducted by the truck outfitter), or utilize the State of California contract pricing, and, after procuring the chassis, the outfitter will then proceed to build these custom trucks; and
3. Authorize the Executive Director to declare the existing nine trucks (existing capital equipment) as surplus and dispose of such equipment through a variety of appropriate methods, including sale, donation or destruction, pursuant to Port Ordinance 1606.

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Tab 6.6
MCR/arg 

**BOARD OF PORT COMMISSIONERS
CITY OF OAKLAND**

RESOLUTION APPROVING AND AUTHORIZING CAPITAL BUDGET FOR THE PURCHASE OF REPLACEMENT TRUCKS FOR USE BY THE AVIATION AND MARITIME DIVISIONS IN THE AMOUNT OF \$550,000; CALLING FOR FORMAL REQUEST FOR PROPOSALS THEREFORE; AUTHORIZING THE EXECUTIVE DIRECTOR TO AWARD A CONTRACT TO SUCCESSFUL PROPOSER; AND DECLARING EQUIPMENT AS SURPLUS.

WHEREAS, the Board of Port Commissioners ("Board") has reviewed and evaluated Agenda Report Item 6.6 dated November 14, 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 approves a Capital Budget authorization for fiscal year 2013-2014 in a total aggregate amount not to exceed \$550,000, for procurement of the nine new custom designed replacement trucks described in the Agenda Report; and be it

FURTHER RESOLVED, that the Board hereby approves and authorizes the Executive Director to award a contract to the successful proposer ("selected truck outfitter"), based upon the receipt of formal proposals for the design and construction of the nine new custom replacement trucks, in a total aggregate amount not to exceed \$550,000; and be it

FURTHER RESOLVED, that after the Port has approved the design and specifications, the successful truck outfitter will be responsible for procuring the truck chassis, either independently or through utilization of the State of California contract pricing; and be it

FURTHER RESOLVED, that pursuant to Port Ordinance 1606, Section 22, the Board finds and determines it to be in the Port's best

interest to delegate to the Executive Director, and hereby delegates to the Executive Director, the authority to finally resolve any protests in Executive Director, the authority to finally resolve any protests in connection n with this project; and be it

FURTHER RESOLVED, that the provisions of the Maritime and Aviation Project Labor Agreement ("MAPLA") do not apply to this procurement; and be it

FURTHER RESOLVED, that the Board hereby determines that Port Vehicle Nos. XY17, XY16, XY15, X769, XY40, XY41, XY46, XY45 and XY92, as more fully described in the Agenda Report are inadequate, obsolete or worn out within the meaning of Section 12 of Port Ordinance No. 1606 and Section 5.13(a) of the Master Trust Indenture by and between the Port and First Trust of California, as Trustee; and be it

FURTHER RESOLVED, that the Executive Director is hereby authorized to dispose of such surplus equipment by public auction, dealer auction, recycling or donation to non-profit organizations upon acceptance of the replacement equipment, as recommended by the Purchasing Manager; and be it

FURTHER RESOLVED, that the Executive Director is hereby authorized to execute all appropriate documents necessary to transfer title of the equipment subject to the conditions stipulated as fully described in the Agenda Report; and be it

FURTHER RESOLVED, that the Executive Director be and he is hereby authorized to execute any necessary Bill of Sale in connection therewith; 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 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 contract.

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.