

San Francisco Bay Conservation and Development Commission

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April 30, 2020

TO: Seaport Planning Advisory Committee
FROM: Linda Scourtis, Ports and Oil Spill Prevention & Response Program Manager
(415/352-3644; linda.scourtis@bcdc.ca.gov)
SUBJECT: Draft Minutes of the December 5, 2019, Seaport Planning Advisory Committee Meeting

1. **Call to Order and Approval of the June 27, 2019 Draft Minutes.** The meeting was called to order by Chair Halsted at the Bay Area Metro Center, 375 Beale Street, Board Room, First Floor, San Francisco, California at 10:07 a.m.

2. **Committee Members or Alternates present:** Chair Anne Halsted, BCDC; Brandon Chapman, Port of Redwood City; Andrea Gardner, Port of Oakland; Captain Lynn Korwatch, Marine Exchange; David Lewis, Save the Bay; Matt Maloney, MTC; Jim McGrath, BCDC; Cameron Oakes, Caltrans District 4; and Brendan O’Meara, Port of San Francisco.

Not present were: Members Jim Matzorkis, Port of Richmond; and Jim Triplett, Amports Benicia.

BCDC Staff Present: Planning Director Jessica Fain, Ports and Oil Spill Prevention & Response Program Manager Linda Scourtis, and Planner Katharine Pan.

Consultants present were: James Leonard, Mercator International; Steven Rothberg, Mercator International; and Dan Smith, Tioga Group.

MOTION: Chair Halsted moved to pass the Minutes of the June 27, 2019 meeting; seconded by Member Gardner. There were no suggestions for changes or amendments. Chair Halsted deemed the Minutes passed.

3. **Introduction.** Planner Katharine Pan provided the Committee with a context and background for the Seaport Capacity Forecast as follows.

a. The Seaport Plan is an element of the Bay Plan that coordinates the planning and development of port terminals for the five main ports of Benicia, Richmond, San Francisco, Oakland, and Redwood City.

b. The plan directs permitting for development or redevelopment of port sites and consistency determinations for Bay Plan amendments.

c. Ms. Pan listed the five goals of the plan.

d. The Port Priority Use Designation is the major policy tool. BCDC reserves areas in its jurisdiction around the Bay for water-oriented uses; in the Seaport Plan, port priority use areas are designated for cargo handling and related ancillary uses.

**SEAPORT PLANNING ADVISORY COMMITTEE MINUTES
DECEMBER 5, 2019**

e. Today's update concerns two Bay Plan amendments initiated in January: BPA 1-19, an overall plan update; and BPA 2-19, resulting from a request from the Oakland Athletics to remove the port priority use designation from the Howard Terminal in Oakland.

f. The goals for today's meeting are to update the projections for the Bay Area cargo demand and capacity forecast; to review the types of cargo expected to pass through the Bay in the future; and to assess BCDC's new policies on climate change, sea level rise, and environmental justice impacts.

g. Ms. Pan provided background on the Seaport Planning Advisory Committee (SPAC).

h. Today's meeting objective is to reach a cargo forecast that we can accept as a basis for policies moving forward based on the following:

1. A Revised Draft Cargo Forecast
2. Findings of the Mercator Report
3. Policy implications of the forecasts
4. Final revisions to the Draft Cargo Forecast prior to acceptance
5. The first draft Cargo Forecast was presented in June. Daniel Smith of the Tioga Group has communicated with all the ports and made some revisions to the Cargo Forecast to be presented today.

i. Mercator International will give a presentation on whether Howard Terminal will be needed to meet the cargo forecasts in the Draft Cargo Forecast.

j. The Draft Cargo Forecast looks at the five ports and available port priority use land, and concludes that additional land may be required for container, roll on/roll off (Ro-Ro), and dry bulk cargo by 2050. The Mercator report looks specifically at whether Howard Terminal would be needed to meet cargo projections, and concludes that there are adequate sites available without Howard Terminal.

Member McGrath asked if the 2050 date is a standard used within law or regulation, or whether it is a suggested criteria with some discretion involved. Ms. Scourtis answered that the date is not established by regulation and discretion is possible.

4. Presentation of Revised Bay Area Seaport Forecast. Dan Smith of the Tioga Group presented as follows.

Many of the various numbers have changed since the June 2019 version of the Bay Area Seaport Forecast. Further, there may be numbers in the tables of this presentation that differ from numbers in the November 2019 draft.

Changes since June have been driven by additional information for the reports and some revisions to the cargo forecasts. The most significant change is a higher moderate growth forecast for Ro-Ro cargo (import/export automobiles and light trucks).

Mr. Smith compared the summary charts of June and November.

He showed aerial views of the available port sites with possible expansion space.

The total twenty-foot equivalent unit (TEU) container cargo forecast has not changed since the June draft. Mr. Smith gave numbers for moderate, slow, and strong growth scenarios.

He showed corrections to acreages at current terminals and available land at the Port of Oakland. The Tioga Group has not changed the productivity estimates at Oakland.

Mr. Smith explained that terminals expand to stay slightly ahead of demand; they do not want to create a lot of capital capacity that is not going to be used for the next 10 years while cargo catches up. He pointed out the six expansion phases identified in the study.

He compared container cargo growth with terminal capacity using three growth scenarios and four terminal scenarios.

An analysis of berth occupancy focused on port-wide berth capacity. The results were similar to the previous analysis in June. Without Howard and with utilization above 60%, in some circumstances berth congestion can result.

The updated numbers showed a larger change in the forecast for Ro-Ro vehicle counts. Consideration was given to formation of new family households, which tends to correspond to new vehicle purchases, as well as the Federal Highway Administration long-term projections for vehicle miles traveled – they are projected for long-term growth at about 0.7%. In addition, Americans are buying import autos at a faster rate than VMT (vehicle miles travelled) grows, resulting in a long-term growth rate for imports into the Bay Area at about 0.9%; the total is 1.8% because the exports are growing much faster. All these factors result in a higher growth rate than that given in the June report.

Terminal capacities have been updated. The throughput per acre has been confirmed by the terminal operators at an average of 1,700 annual vehicles for imports and exports. There is a potential for another 162 acres. (It would be very difficult for San Francisco to handle imports for regional and national markets due to inadequate rail access.)

If the regional import/export business grows, as many people expect it will, we are going to use up the available space for Ro-Ro cargo.

There was a very small change in the dry bulk forecast. Growth is being driven primarily by import aggregates (sand and gravel). Mr. Smith explained two benchmarks.

- a. The current Eagle Rock proposal to establish a dry bulk terminal at berths 20 and 21 at Oakland, raising the benchmark throughput for moderate growth from 103,500 to 113,379 metric tons per acre.
- b. If companies move to covered storage, higher throughput per acre should result.

Mr. Smith noted typos in the Dry Bulk Throughput Benchmarks graph and text.

For dry bulk capacity, additional acres are needed for moderate and strong growth.

Mr. Smith compared the estimated 2050 seaport acreage requirements of the June forecast and the November forecast. With the higher Ro-Ro forecast, we now need 311 acres; we also have a little more acreage to work with.

Depending on which site gets used for which purpose, we need to use about 311 of the 346 available acres to accommodate moderate growth within port priority land.

The findings are basically the same as in June. In 2050 capacity will be tight with moderate growth, ample with slow growth, and inadequate with strong growth.

Looking specifically at Howard Terminal and its role, the discussion is basically unchanged.

a. Still the same are the dimensions, history, usage for ancillary purposes, and preliminary turning basin expansion cost of about 10 acres and some reduction of berth.

b. Potential uses are still the same: container operations, Ro-Ro operations, and dry bulk operations. All would require appropriate investments, upgrades, and so on.

c. The only change is the identification of the preliminary feasibility of replacing some of the lost berth length on the west end by adding a dolphin to the east. This change affects the berth capacity analysis but not the capacity or acreage analysis.

Committee Questions and Discussion. Member McGrath asked about the reasoning for the extension of the berth at Howard Terminal because there is no back land available. You would have to move the ship to the cranes if using it for containers. Is the rationale to try to make Howard suitable for the maximum carriers that we anticipate, or is it that the loss of a portion of the wharf for the turning basin would render the wharf too short for conventional containers? Mr. Smith responded that the reduced berth would make the length too short for all but the smallest vessels. There is room to add up to about 500 feet on the east end of the berth if needed. Backland would still be a constraint.

Member Lewis asked about the concern when utilization gets above 60%. Mr. Smith stated that there are different opinions within the industry on what the threshold is. He discussed the various thresholds shown on the chart on page 10. That chart and the chart on page 9 are not interdependent, but they are both driven by the same prediction of cargo growth.

Member Lewis asked about the need for additional acreage under the different growth assumptions and how that relates to the chart on page 9: why are you able to achieve the capacities on page 9 without the additional acreage on page 17? Mr. Smith explained that they had assumed that within the Port of Oakland there are acres available. The industry assumes that the container business is not going to go to the other ports. The study then assumed that the terminals would spread out to use the acreage adjacent, reaching the 799 acres shown. Shifting the conventional acres to high-productivity acres, they expanded at the same time to all available acres – horizontally with added capacity vertically.

Member Lewis noted that the conclusion of the June report is still true: with all three of the growth assumptions, the cargo acreage will eventually need to be added by 2050 even if the identified efficiencies are captured. Mr. Smith confirmed. Member Lewis also noted that Howard Terminal is potentially available for all three types, but not concurrently. Mr. Smith confirmed.

Member Oakes asked for information regarding the dry bulk slides: what do the variations pertain to? Mr. Smith answered that there are two functions: how much you can actually store on the site, and more important, how fast you can turn it over. He described how the ports at San Francisco and Richmond function.

Member Oakes asked about the high capacity number for Ro-Ro on slide 12. Mr. Smith explained that the Tesla exports usually do not spend as much time in the terminal. The industry has different practices: exports tend to move through relatively quickly because they do not need to be processed. Richmond and Benicia have a mix: some imports get through in a few days while others remain for 30 days for processing and having options added. The report tried to reflect a mix that involved trying to predict the behavior of importers and exporters. Mr. Smith emphasized that if Member Oakes had Caltrans numbers for updating, Mr. Smith would footnote them to ensure that they are applied to San Francisco and the exports.

Member McGrath observed that the regulatory system is clamping down on mining operations at locations other than quarries because of the impact on coastal erosion. There is also regulatory pressure in terms of particulate matter and fugitive dust on storage of dry bulk – the question of covering or containerizing the storage. Did Mr. Smith agree that pressure on levels of control would increase? Mr. Smith firmly agreed: there will be tighter and tighter controls.

Member McGrath asked if the revenue generated for dry bulk import, as it becomes increasingly scarce, would go up. Mr. Smith confirmed. They had not addressed the dollar limitations; if the demand is present, the terminal operators in the ports will make the investment in the required equipment, containment systems, etc. The price of the delivered product will certainly go up as a result. The assumption had been made that the demand will be met and the constraint will be the land rather than capital investment that has to go on the land.

5. Presentation of Mercator Terminal Capacity Assessment. Steven Rothberg and James Leonard presented as follows.

Mr. Rothberg stated that Mercator had been retained to review the report produced by the Tioga Group and to assess the need for Howard Terminal as a marine cargo facility. Mercator had used the forecasts done by the Tioga Group. They had also focused on the same cargo sectors: containers, vehicular import, and dry bulk traffic with a heavy concentration on construction aggregates. They did not confine themselves to port properties under BCDC jurisdiction.

Mercator had taken the perspective that the port and shipping industries will see continuous and significant improvements in productivity, both in ocean transportation and in terminal handling technologies.

Mr. Rothberg gave a synopsis of Mercator's analysis of the requirements for terminal capacity for vehicular railroad traffic. In the Bay Area there are three active railroad terminals: Port Benicia, Point Potrero in Richmond, and Pier 80 in San Francisco. The Antioch terminal is outside of BCDC jurisdiction but is under development and is being used for domestic Ro-Ro operations.

Mr. Rothberg stated that based on Tioga's estimate of high land productivity of 2,173 vehicles/acre/year, aggregate capacity should be about 970,000 vehicles per year. With capacity 16% greater than projected high-growth demand, plus expected land productivity increase over time in response to the Ro-Ro industry situation, over a 30-year timeframe it is feasible to view land productivity increasing. There should not be a need for Howard Terminal to handle Ro-Ro ships.

Mr. Leonard addressed the dry bulk terminal capacity question. As did Tioga, Mercator concluded that certain commodities – high volume coal, iron ore, and grain exports – would not be a good fit and would not be required at Howard Terminal. Mercator focused on imported construction aggregates, largely because that is where most of the dry bulk growth is expected.

There are presently three ports with terminals dedicated to unloading aggregates from ocean ships in four terminals: two in San Francisco, Richmond, and Redwood City. Mercator estimated the requirement for import aggregate capacity in 2050 to be about 20 million tons total.

Potential terminals in the Bay Area for aggregates are the Richmond-Levin Terminal, Richmond Terminal 3, the Oakland Bulk and Oversize Terminal LLC (OBOT), expansion to Pier 94 in San Francisco, and development of Pier 96.

There is also opportunity to increase the lightering of aggregates, which entails the transfer of cargo from an oceangoing ship to a barge while at anchor, and the delivery of the barge to smaller inland terminals.

Pooling the numbers from these terminal sites together, there is a potential to add more than 20 million tons of aggregate capacity. Mr. Leonard mentioned that when terminals invest in covered storage in the highly mechanized operations, generally the density goes up.

Mr. Leonard commented that the Oakland terminal capacity included in the Seaport Forecast was based on a very small sample of four terminals, two of which are straddle carry terminals. That analysis also assumed that terminals can only operate at 80% of estimated capacity. Finally, the TraPac-LA terminal was underestimated in its capacity; one-third of it had not yet been redeveloped. The result of all this was a low land use efficiency standard that was applied for estimating the amount of land required in the future.

Mercator took the approach that the future capacity requirement should be considered in light of what terminals will be able to achieve in the future. Mercator calculated current

capacity for each of the terminals on the West Coast to identify the high performers in terms of throughput per acre, and let that guide their estimate for the future state that should be considered for Oakland.

Mr. Leonard gave figures to demonstrate why Mercator feels that the capacity standard of 7,100 TEUs/acre is too low.

Considering the higher utilization levels Mercator deems will be achievable and the return to service of all the land not currently in operation, they feel that the Oakland terminals can meet the capacity requirement in 30 years. The high level requirement would be about 80% utilization and the moderate level requirement about 60%.

Mr. Rothberg spoke about ship sizes. The Northern Transpacific Corridor accounts for 80% of the port's container volume. It is unlikely that in the next 30 years any new service is going to be launched to or from the Port of Oakland in a new navigational corridor. The 16 services of the Transpacific North Corridor all use ships with capacities in excess of 6,500 TEUs that are too large to call at Howard Terminal with its current infrastructure. Ship sizes are going to continue to increase and the number of vessel services in the trade will decrease.

Mr. Rothberg described the liner shipping services calling at Oakland. Over the next 30 years there will likely be at most one to three liner services that could feasibly work at Howard Terminal.

Committee Questions and Discussion. Member Lewis pointed out that the SPAC had not heard that the Oakland A's or other public representatives had asked staff's consultant to do this kind of strategic plan for changing cargo operations in the Bay Area. Ms. Scourtis confirmed. He asked if staff was asking the committee to hear both reports and reconcile them; Ms. Scourtis again confirmed. Mr. Rothberg stated that Mercator's charter was not to make policy recommendations regarding land use.

6. Public Comment. Chair Halsted called for public comment.

Maureen Brennan, resident of Rodeo, stated that the previous Seaport Plan listed the port of Selby as a potential site for a liquid bulk terminal. She asked that Selby site be removed from the 2020 Seaport Plan; we need to be shipping and producing fewer petroleum products rather than more.

Charles Davidson, resident of Hercules, also requested to remove Selby Slag. It is the largest Superfund site in Northern California. Sitting in San Pablo Bay, it is fully open to the tidal waters going in and out daily. It is under a creek that seasonally emits heavy metals into the Bay. Although there is now a plan for a seaport, no one has looked at the metals content in the shallow Bay intertidal waters. Mr. Davidson requested BCDC to look into the mud adjacent to the slag. Last, he pointed out that the creek under the Selby Slag is on the Franklin Fault.

Susan Ransom, SSA Terminal at Oakland International Container Terminal (OICT), stated that one of their main concerns is the comparison to other main ports in Long Beach and LA, which are mostly owned by shipping companies who can mandate their volumes. SSA Terminal is an independent terminal operator with 20 different steamship lines coming through. The cost

of automation is significant; who pays for it? Last, where did the numbers in the Mercator report come from?

Member McGrath recognized the dispute over capacity and reasonable capacity constraints. Since we have differing accounts over the achievable capacity, he asked Ms. Ransom how best we can continue to investigate this question so that we can arrive at a reasonable answer. Ms. Ransom suggested speaking directly with the terminal president or general manager.

Scott Taylor, CEO and President of GSC Logistics, stated that the idea of putting a ballpark in the middle of an industrial working environment did not make sense. It looked like the Oakland A's did not like the Tioga Group report so they went out and got another report. There are 322,000 moves per year at Howard Terminal; it is a very important piece of property used at the Port of Oakland for storage and container movement. How are the beneficial cargo owners looking at this? Mr. Taylor stated that the Port of Oakland last month received a letter from one of the largest retailers in the country, saying that they decided not to move their 10,000 containers into the Port of Oakland – they were reconsidering LA/Long Beach because of concerns about the ballpark.

Aaron Wright, ILWU Local 10, Business Agent, challenged promises made by the A's including private financing, community benefits, compatibility with industry, and job creation. The Coliseum is CEQA-ready and could be built tomorrow. Automation of terminals as referenced in the Mercator report will cut thousands of jobs. This project does not say that Howard Terminal is essential to the port; however, the rail and trucking run through it and the OICT alone turns 23 ships per week.

William Dow, retired ILWU member, opposed the A's proposal. They have a perfectly good site on which to build a stadium. The Howard development with high-rise apartments will kill the port action. Keep the port available.

Robert Estrada, Inland Boatmen's Union, stated that Oakland has a system in which 99% of the containerized cargo in Northern California goes in or out of the Port of Oakland. Its balance should not be tampered with. Putting the ballpark at Howard Terminal is far worse than erasing it and leaving it vacant: there will be traffic, pedestrians, problems with the trains.

Ken Dow, ILWU, spoke on behalf of the union: they are against the ballpark being built there. The residential development included in the project will keep encroaching on the work environment. If the shippers lose their lanes and the ships cannot call there or are delayed, they will go somewhere else and the port will lose work.

Dave Kaval, President of the Oakland A's, stated that the A's want to ensure that the public policy adopted by this board and the entire BCDC board is done in "an appropriate manner." They have said from the beginning that with their ballpark project and associated neighborhood, they want compatibility with seaport operations. They want to ensure that the project is done in a responsible way. He explained that the Mercator report was internal; it was released so that everyone could have the information to properly understand all aspects of the decision.

Andres “Andy” Garcia, Chairman of the Board and Executive Vice-President of GSC Logistics, voiced concern over the project as both an industrial and an environmental issue. For years the vessel lines have been signing multi-year contracts with all the terminal operators. Since the issue of Howard Terminal arose, no vessel line will sign a contract longer than 12-months. The Port of Oakland today is more efficient and fluid than Seattle and LA/Long Beach. Executive Director Christopher Lyttle was terminated because he did not agree with the project that the port commissioners presented for Howard Terminal.

Evey Hwang, Customs Brokers and Forwarders Association, representing importers and exporters who use the port, stated that we need to maintain a 50/50 import/export balance. Any disruption to this flow will jeopardize use of the Port of Oakland. Talk of a ballpark has already disrupted it. We are facing an existential threat to our maritime business.

7. **Policy Implications of the Capacity Analyses.** (Not addressed due to time constraints.)

8. **Committee Discussion.** (Included in the following agenda item.)

9. **Discussion of Next Steps.** Ms. Scourtis requested the committee direct the staff as to what they want staff to provide for the next meeting.

Member Lewis stated that at the last meeting he had requested staff to let the group know the last time BCDC had added property to priority use. He felt that in developing this forecast, it would not be wise for us to include areas that are not designated for priority use and not within BCDC’s jurisdiction to evaluate and control.

Member McGrath commented that the terminals have truly become more efficient with time. In the closure of the Fleet Industrial Supply Center, Oakland and the Oakland Army Base, we had an opportunity to reconfigure the port and make it efficient. He requested staff to look at the EIR for that effort. He wanted to see some rigorous vetting of capacity numbers from the staff – feasibility, dwell time on the terminal, automation at the gates, opinions of the people operating the terminals, and so on.

Member McGrath addressed Ro-Ro. He saw no validity in the numbers given in the Mercator report. He requested to see rigor in the work from staff on this topic.

Ms. Fain read an email on behalf of Member Triplett. He made the points that the assumptions in the Mercator study were too optimistic for Ro-Ro throughput per acre; the study incorrectly identified available lands at Benicia; and Mercator included Antioch acreage in their assumptions which is quite speculative.

Ms. Scourtis cautioned that staff may not be able to get all the requested information by the end of January.

The Committee settled on Thursday, January 30 at 9:30 a.m. for the next meeting.

10. **Adjournment.** Member Lewis moved to adjourn the meeting. The meeting adjourned at 12:05 p.m.