



AGENDA REPORT

PROPOSED ACTION: Ordinance: Approve and Authorize the Executive Director to Execute Supplemental Lease Agreements with Two Tenants in the Seaport Logistics Complex as Follows: (i) Second Supplemental Agreement with Impact Transportation, LLC to Decrease Premises From Approximately 18.0 Acres to 15.5 Acres, Lower Annual Rent Escalator from 5% to 3%, Extend the Maximum Lease Term by 1.5 Years, Resulting in Net Additional Rent of Approximately \$3.0 Million; (ii) Third Supplemental Agreement with Pacific Coast Container, Inc. DBA PCC Logistics to Lower Annual Rent Escalator from 5% to 3% and Extend the Maximum Lease Term by 1.5 Years, Resulting in Net Additional Rent of Approximately \$5.4 Million; and Find that the Proposed Action is Exempt Under the California Environmental Quality Act. **(Maritime)**

Submitted By: Bryan Brandes, Director of Maritime; Kristi McKenney, Executive Director

Parties Involved:

Impact Transportation, LLC Oakland, CA
Ron Cancilla, Managing Member

Pacific Coast Container, Inc. dba PCC
Logistics, San Leandro, CA
Brandon McDonnell, Vice President

Amount: \$8.4 Million in FY2027-FY2029
(net operating revenue)

EXECUTIVE SUMMARY: The Port of Oakland (Port) currently leases warehouse and yard space in the Seaport Logistics Complex (SLC) to Impact Transportation, LLC (Impact) and Pacific Coast Container, Inc. DBA PCC Logistics (PCC). Given cargo activity at the Port’s Maritime facilities (Seaport) is at lower levels today than when these leases became effective in 2023, Port Staff, Impact, and PCC have negotiated proposed amendments to the leases to modify premises, rent escalators, and maximum term.

BACKGROUND & ANALYSIS

The Port currently leases warehouse and yard space to Impact and PCC at the SLC. These tenants provide critical transloading and warehousing services to Seaport operations and have leased warehouse and land space from or near the Seaport for over 20 years.

In late 2022, the Board approved new five-year leases with Impact and PCC for similar warehouse and land in the SLC. In recent months, Impact and PCC approached the Port to request to renegotiate certain business terms in their respective leases due to lower cargo activity. Based on these discussions, the parties have negotiated the following proposed amendments to the leases, effective July 1, 2026:

Impact

Key Term	Current Lease	Proposed Amendment
Term	<ul style="list-style-type: none"> • Five years through 12/31/2027 	<ul style="list-style-type: none"> • Extend through 6/30/2029
Premises	<ul style="list-style-type: none"> • 270,646 square feet of warehouse space • 513,781 square feet of yard space 	<ul style="list-style-type: none"> • Reduce to 162,414 square feet of warehouse space • No change to yard space • Port has unilateral right to reduce yard space by 50,000 square feet if necessary to accommodate a future tenant of the relinquished warehouse space
Rent	<ul style="list-style-type: none"> • Lease Year 5 (FY27): \$289,524/month • Annual escalator of 5% FY27 through expiration 	<ul style="list-style-type: none"> • Lease Year 5 (FY27): \$224,401/month • Annual escalator of 3% through expiration • Note: prior lease years are unchanged

PCC

Key Term	Current Lease	Proposed Amendment
Term	<ul style="list-style-type: none"> • Five years through 12/31/2027 	<ul style="list-style-type: none"> • Extend through 6/30/2029
Premises	<ul style="list-style-type: none"> • 266,052 square feet of warehouse space • 559,246 square feet of yard space 	<ul style="list-style-type: none"> • Unchanged
Rent	<ul style="list-style-type: none"> • Lease Year 5 (FY27): \$300,704/month • Annual escalator of 5% FY27 through expiration 	<ul style="list-style-type: none"> • Lease Year 5 (FY27): \$294,977/month • Annual escalator of 3% through expiration • Note: prior lease years are unchanged

The proposed lease amendments reduce annual revenue in the period July 1, 2026 through December 31, 2027 (i.e., during the current lease terms) for two reasons: (1) reduction of the annual escalator for both leases; and (2) reduction of the Premises for the Impact lease. However, by extending the maximum lease term of each lease by 1.5 years, the proposed amendments also provide future revenue that is not secured by the current leases. The impact of these collective changes is a net revenue increase of approximately \$8.4 million through June 30, 2029. For this reason, and the long-standing

nature of these important tenancies, Port Staff recommends approval of the proposed lease amendments.

OTHER FINDINGS AND PROVISIONS

ENVIRONMENTAL REVIEW

The proposed action was analyzed under the California Environmental Quality Act (CEQA) and was found to be:

- Categorically exempt under the following CEQA Guidelines Section:
15301 (Existing Facilities)
- "Common Sense" exemption under CEQA Guidelines Section 15061(b)(3).
- Other/Notes: Amending leases for existing tenants to continue their current business operations meets the criteria for this exemption. The proposed action is categorically exempt from CEQA because the proposed action consists of activities that involve negligible or no expansion of an existing use.

BUDGET

- Administrative (No Impact to Operating, Non-Operating, or Capital Budgets); OR
 - Operating
 - Non-Operating
 - Capital

Analysis: The FY 2027 Maritime Division operating revenue budgeted adopted by the Board on June 27, 2026, includes the revenue impacts of the proposed amendments. As such, there is no impact to the FY 2027 operating revenue budget. However, as discussed, the lease extensions secure additional revenue beyond their current expirations of December 2027.

STAFFING

- No Anticipated Staffing Impact.
- Anticipated Change to Budgeted Headcount.
Reason:
- Other Anticipated Staffing Impact (e.g., Temp Help).
Reason:

<p><u>MARITIME AND AVIATION PROJECT LABOR AGREEMENT (MAPLA):</u></p> <p><u>Applies?</u> No (Not Aviation or Maritime CIP Project) – proposed action is not covered work on Port’s Capital Improvement Program in Aviation or Maritime areas above the threshold cost.</p> <p><input type="checkbox"/> <u>Additional Notes:</u></p>	<p><u>LIVING WAGE</u> (City Charter § 728):</p> <p><u>Applies?</u></p> <p>Yes (Tenant) – proposed action entails at least \$50,000 in payments from a Maritime or Aviation tenant, licensee, and/or its subtenant/sublicensee employing at least 21 employees who spend at least 25% of their time on Port-related work.</p> <p><input type="checkbox"/> <u>Additional Notes:</u></p>
<p><u>SUSTAINABLE OPPORTUNITIES:</u></p> <p><u>Applies?</u> Yes.</p> <p><u>Reason:</u> The proposed action generates revenue and supports on-going Maritime operations by collaborating with industry partners. Port Staff is also exploring sustainability opportunities (e.g. implementation of electric trucks) with the tenants as grant opportunities and various programs arise.</p>	<p><u>GENERAL PLAN</u> (City Charter § 727):</p> <p><u>Conformity Determination:</u></p> <p>Maritime/Aviation – proposed action conforms to policies for transportation designation of the General Plan.</p>
<p><u>STRATEGIC PLAN.</u> The proposed action would help the Port achieve the following goal(s) in the Port’s Strategic Plan:</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Capture Our Market and Grow the Economic Base <input type="checkbox"/> Modernize and Upgrade Infrastructure <input type="checkbox"/> Transition to Zero-Emissions and Build Climate Resilience <input checked="" type="checkbox"/> Maximize Land Use Value and Revenues <input type="checkbox"/> Workforce Training and Jobs Development <input type="checkbox"/> Create Opportunities for Local Businesses and Community Economic Development 	