

AGENDA REPORT

Resolution: Authorize the Executive Director to Execute Consent and Joint Use of Track Agreements with the Union Pacific Railroad Company; Dreisbach Enterprises, Inc.; and Unicold Corporation for Operation of Newly Constructed Track at the Maritime Support Center. **(Maritime)**

MEETING DATE: 7/12/2018

AMOUNT: No Fiscal Impact

PARTIES INVOLVED: Union Pacific Railroad Company, Omaha, NE
Robert Brown, Port Manager
Unicold Corporation, Oakland, CA
Rene J. Moreno, West Coast Manager
Dreisbach Enterprises, Inc., Oakland, CA
Jason Dreisbach, President

SUBMITTED BY: John C. Driscoll, Director of Maritime

APPROVED BY: J. Christopher Lytle, Executive Director

ACTION TYPE: Resolution

EXECUTIVE SUMMARY

The Port of Oakland ("Port") is nearing completion of its construction of new rail infrastructure associated with the Cool Port Oakland ("Cool Port") development at the Maritime Support Center in the Port's Maritime Area ("Seaport"). On October 17, 2017, the Port entered into Supplemental Agreement No.1 to a 2016 Industry Track Agreement ("ITA") with Union Pacific Railroad Company ("UPRR") to operate the new rail infrastructure, which will serve both the Unicold Corporation ("Unicold") and Cool Port facilities. In addition to the ITA, the Port needs to execute Consent and Joint Use of Track Agreements ("JUAs") for UPRR to provide rail car delivery service to the subject facilities. Port Staff is requesting approval from the Board of Commissioners ("Board") to delegate approval to the Executive Director to execute the JUAs.

BACKGROUND

On October 8, 2015, the Board approved a long-term lease with Cool Port for the development and operations of an approximately 280,000 square foot temperature-controlled distribution and logistics center on approximately 25 acres of land in an area of the Seaport referred to as the Maritime Support Center. This development required the construction of new rail infrastructure, including an at-grade rail crossing at Maritime Street and additional rail track connecting the

new Cool Port facility and the existing Unicol facility to UPRR's South Lead track (herein referred to as the "Rail Project").

Rail service is currently provided to Unicol via an existing rail spur located along Maritime Street (through the BNSF Joint Intermodal Terminal) that will remain in place. However, Staff expects that the new Rail Project will provide the vast majority of rail service to Unicol and Cool Port, as it will provide direct access from the UPRR mainline in addition to reducing current congestion and blockages.

The Port retained responsibility for the design and construction of the Rail Project. The cost of the Rail Project is shared between the Port and Cool Port, and is offset by a \$5 million grant from the Proposition 1B Trade Corridor Improvement Fund ("TCIF") Northern California Program. Refer to Attachment A and Attachment B for the Rail Project layout. Construction of the Rail Project commenced in January 2018 and is expected to be substantially complete in the Fall of 2018.

ANALYSIS

On October 17, 2017, the Port entered into Supplemental Agreement No.1 to the Industry Track Agreement with UPRR regarding construction, maintenance, and operational responsibilities associated with the Rail Project. However, the ITA does not provide the necessary provisions to allow tenants to use the rail. The JUAs now proposed for execution are primarily an administrative step to memorialize the terms and conditions that will allow UPRR to serve Unicol and Dreisbach direct, and provide the Port's consent for use of the appropriate portions of the Rail Project by Unicol and Dreisbach for their rail operations. The Port, UPRR, and Dreisbach Enterprises, Inc. (operator for Cool Port) are party to one of the JUAs; the Port, UPRR, and Unicol are party to the other JUA.

The JUAs for Dreisbach and Unicol are essentially identical, with variations related to specific rail track that will be used. The key terms and conditions of the JUAs include:

- Port's consent to the use of the portion of the track by Dreisbach/Unicol necessary for UPRR to serve each facility;
- UPRR's consent to provide joint service to the Port and Dreisbach/Unicol;
- Agreements may be terminated by any party with 30-days' notice; and
- The term of each agreement is through October 16, 2022 (co-terminus with the Industry Track Agreement). After that date, the agreement continues month to month.

The JUAs are required to be fully executed in order for rail service to commence upon completion of Rail Project construction.

BUDGET & STAFFING

The proposed action does not have any budget or staffing impact.

MARITIME AVIATION PROJECT LABOR AGREEMENT (MAPLA)

The terms of the JUAs do 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.

STRATEGIC PLAN

The action described herein would help the Port achieve the following goals and objectives in the Port's Strategic Business Plan (2018-2022).

<https://www.portoakland.com/wp-content/uploads/Port-of-Oakland-Strategic-Plan.pdf>

- Goal: Improve Customer Service
- Goal: Modernize and Maintain Infrastructure

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.

SUSTAINABILITY

Port staff have reviewed the Port's 2000 Sustainability Policy and did not complete the Sustainability Opportunities Assessment Form. There are no sustainability opportunities related to this proposed action because it does not involve a development project, purchasing of equipment, or operations that presents sustainability opportunities. The construction of the Rail Project was previously approved, in September 2018. The agreement does not address operations of the Rail Project that would provide potential sustainability opportunities.

ENVIRONMENTAL

Construction of the Rail Project was approved on September 28, 2017 (see Resolution 17-100). The Board determined that the 2002 Oakland Army Base Area ("OAB") Redevelopment Plan Environmental Impact Report, as addended, provided sufficient environmental review under CEQA and that no further or additional CEQA review was required. The proposed JUAs do not result in any change to the project approved on September 28, 2018 and none of the circumstances necessitating preparation of additional CEQA review as specified in CEQA and the CEQA Guidelines, including Public Resources Code Section 21166 and CEQA Guidelines Sections 15162 and 15164, were present. Thus, no further CEQA review is required.

GENERAL PLAN

Pursuant to Section 727 of the City of Oakland Charter, the Rail Project associated with the JUA's has been determined to conform to the policies for the transportation designation of the Oakland General Plan.

OWNER-CONTROLLED INSURANCE PROGRAM (OCIP)

This action is not subject to the Port's Owner Controlled Insurance Program ("OCIP") as it is not a capital improvement construction project.

OPTIONS

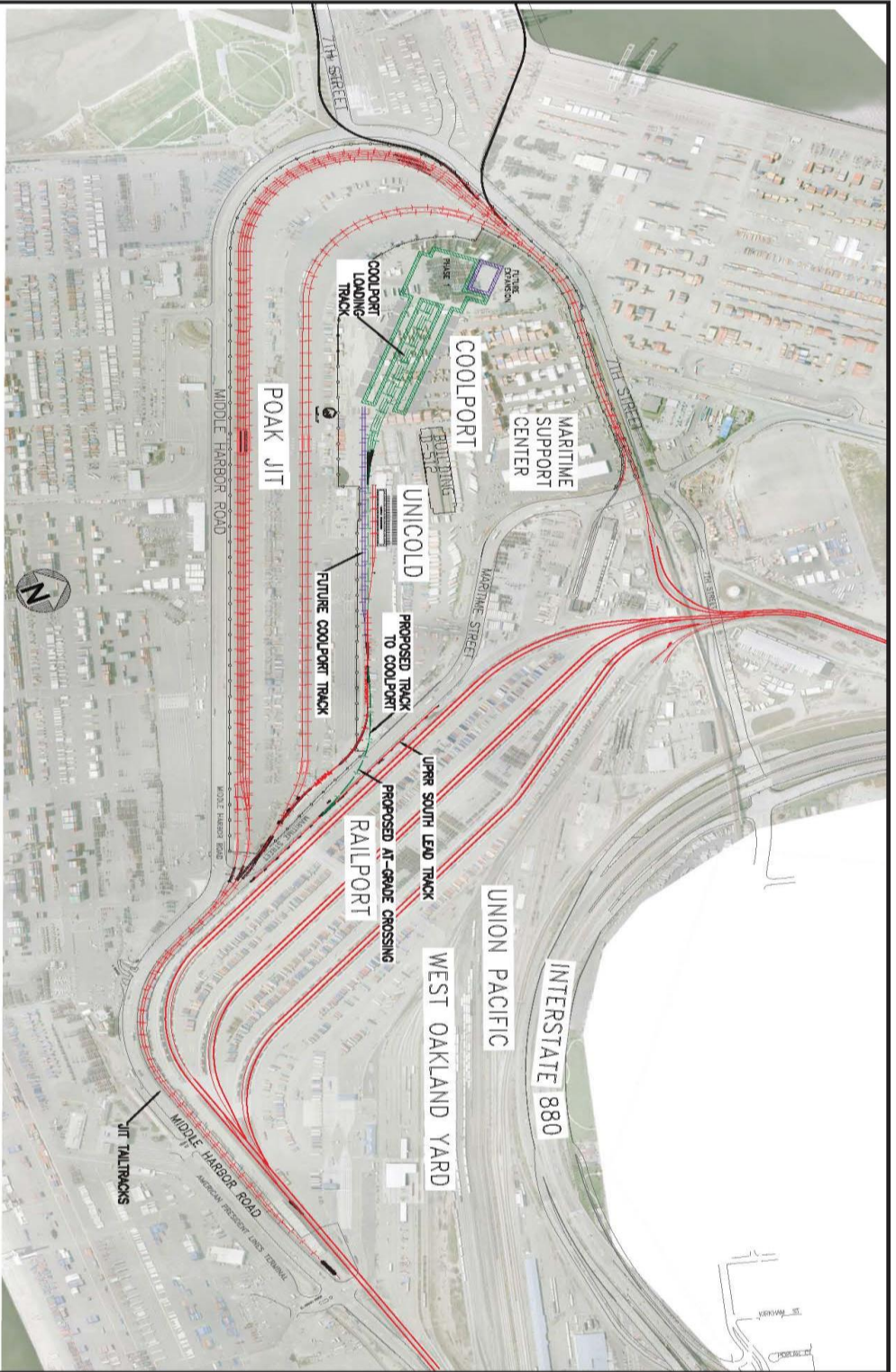
Staff has identified the following options for the Board's consideration:

1. Authorize the Executive Director to execute the Consent and Joint Use of Track Agreements, as described herein. This is the recommended action.
2. Do not authorize the Executive Director to execute the Consent and Joint Use of Track Agreements, as described herein. Under this option, the Rail Project cannot be used to serve the Cool Port or Unicold facilities. Therefore, rail service would be limited to the existing spur accessed through the BNSF Joint Intermodal Terminal.
3. Direct Staff to negotiate different terms and conditions of the JUAs. Rail service to the Cool Port facility may be delayed until the terms are negotiated and finalized.

RECOMMENDATION

Staff recommends that the Board of Commissioners adopt a resolution authorizing the Executive Director to execute (a) a Consent and Joint Use of Track Agreement with the Union Pacific Railroad Company (UPRR) and Dreisbach Enterprises, Inc., and (b) a Consent and Joint Use of Track Agreement with the UPRR and Unicold Corporation, both to allow UPRR to provide rail service to the Cool Port and Unicold facilities from the UPRR South Lead track, through October 16, 2022 and continuing month to month thereafter.

Attachment A Rail Project and Rail Infrastructure at Maritime Support Center

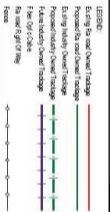


NOT FOR CONSTRUCTION

NOTE: SOUTH LEAD LIMITS SHOWN LIMITED TO TANGENT SECTION WHERE CENTERLINE OF MARITIME STREET HAS BEEN DEVELOPED FROM ORIGINAL CONSTRUCTION PLANS

PARSONS
155 Grand Avenue
Suite 350
Oakland, Ca 94612

FIBER OPTIC CABLE
CALL BETTE
YOU JIG
1-800-338-9193



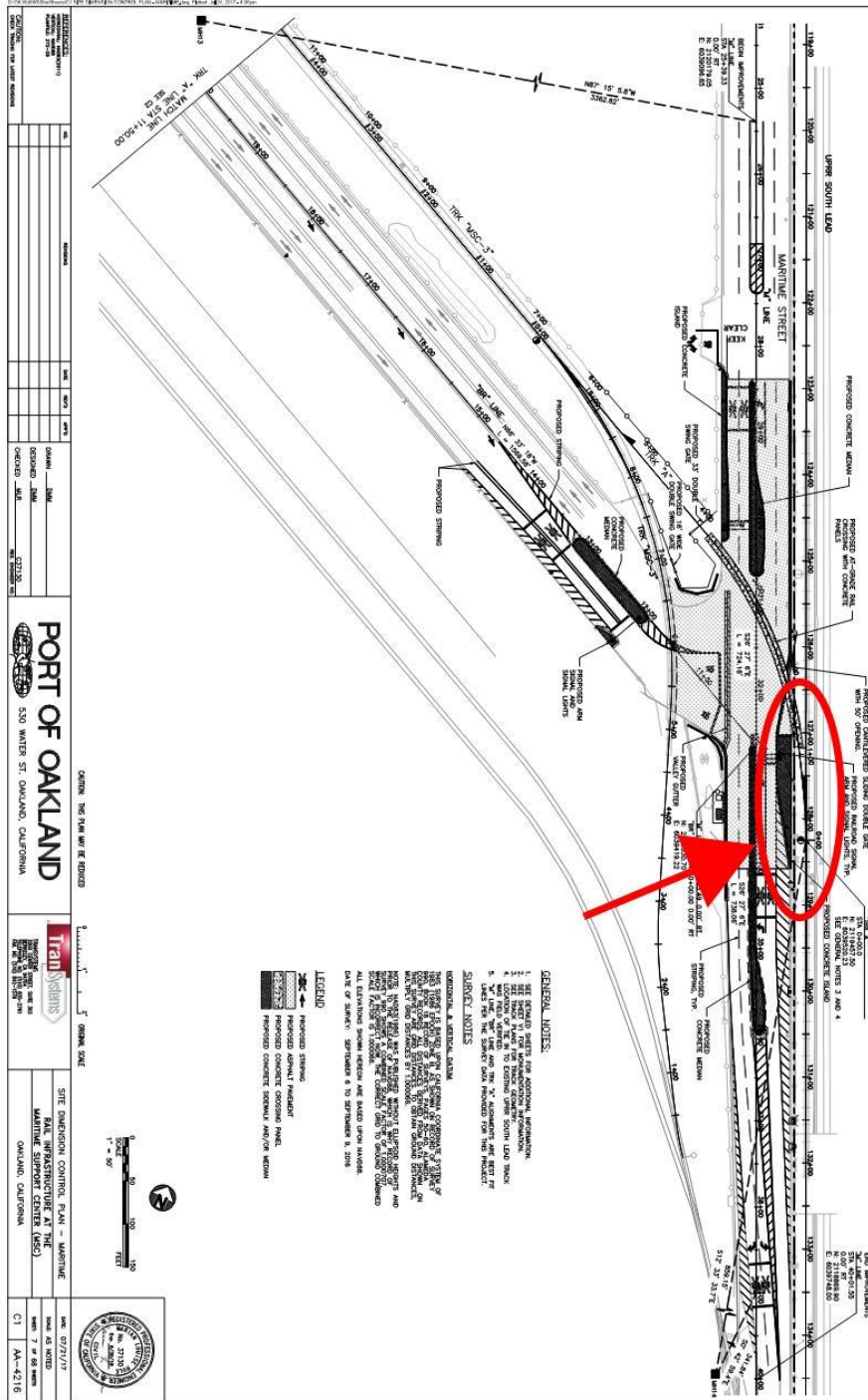
DESIGNED BY	DAVID S. RILEY / C98571
PROJECT NO.	JIG
DATE	JUNE 28, 2015
SHEET NUMBER	001 OF 003

FOR USE IN AGREEMENT WITH
UNION PACIFIC RAILROAD
PORT OF OAKLAND
RAILPORT OAKLAND
CITY OF OAKLAND ALAMEDA COUNTY CALIFORNIA
OVERALL PART OF OAKLAND AND UPRR TRACK PLAN

Schematic Design

Attachment B

Proposed At-Grade Crossing and Connection to UPRR South Lead Track at Maritime Street



PORT OF OAKLAND 500 WATER ST. OAKLAND, CALIFORNIA		TRB TRANSPORTATION RESEARCH BOARD	SITE SUPERVISOR: DAVID J. MARTINE DATE: 07/21/17
DRAWN: TRB DATE: 07/21/17	CHECKED: JML DATE: 07/21/17	PROJECT: TRB DATE: 07/21/17	SHEET: 7 OF 68 SHEETS DATE: 07/21/17
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CHERRY TREE FLAN AND RE-GRADING
 SCALE: 1" = 30'
 DATE: 07/21/17

SITE SUPERVISOR: **DAVID J. MARTINE**
 DATE: 07/21/17
 MARITIME SUPPORT CENTER (MSC)
 OAKLAND, CALIFORNIA

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