



SUPPLEMENTAL AGENDA REPORT

PROPOSED ACTION: Resolution: Approve a New Capital Project for the Replacement of Two Crane Spreaders at the TraPac Terminal, Including a Budget of ~~\$494,516~~ **\$496,100** Across Fiscal Years (FY) 2025 and 2026; Authorize the Executive Director to Execute a Cost Reimbursement Agreement with TraPac, LLC for Replacement Crane Spreaders at the TraPac Terminal in an Amount Not to Exceed ~~\$444,560~~ **\$446,000**; Designate Existing Equipment as Surplus because it is Either Inadequate, Obsolete or Worn-Out and Approve to Sell, Donate, or Dispose of Such Property in Accordance with Port of Oakland Administrative Code Section 5.12.160; and Find that the Proposed Action is Exempt Under the California Environmental Quality Act.

Submitted By: Bryan Brandes, Director of Maritime; Danny Wan, Executive Director

Parties Involved: TraPac, LLC
Cameron Thorpe, President and Chief
Executive Officer

Amount: ~~\$494,516~~ **\$496,100** (capital
expense)

EXECUTIVE SUMMARY: Pursuant to the Non-Exclusive Preferential Assignment Agreement (NEPAA or Lease) between the Port of Oakland (Port) and TraPac, LLC (TraPac) for the TraPac Terminal (Berths 25-33), the Port is responsible to replace certain components of Port-owned ship-to-shore cranes, including the spreaders. The spreaders on two Port-owned cranes at the TraPac Terminal are at the end of their useful lives and need to be replaced (the Project). The Port and TraPac agree that the most efficient and least disruptive approach to completing the Project is for TraPac to perform the work and be reimbursed by the Port. The total cost of the Project is estimated at ~~\$494,516~~ **\$496,100**, of which ~~\$444,560~~ **\$446,000** would be a reimbursement to TraPac for the cost of spreaders.

BACKGROUND & ANALYSIS

TraPac operates the TraPac Terminal pursuant to the Lease with the Port. TraPac operates four Port-owned ship-to-shore cranes at the TraPac Terminal, two of which need new spreaders (a spreader is an attachment to the crane specifically designed to securely lift and transfer containers between ships and the shore).

Pursuant to the Lease, replacement of major crane components (if maintenance was properly performed by TraPac) is the responsibility of the Port. TraPac requested replacement of two spreaders, on Cranes XC-40 and XC-41. Port Staff reviewed the request and determined the spreaders should be replaced due to age, condition, and parts not being readily available. Rather than having the Port replace the spreaders, the parties agreed that it would be more efficient and operationally desirable for TraPac to perform this work, with reimbursement by the Port for the cost of the spreaders. As information, TraPac is currently replacing crane drives by way of a similar reimbursement agreement approved by the Board in December 2023.

TraPac crane operators prefer Bromma spreaders because they are lighter and more maneuverable, resulting in superior performance and productivity. TraPac’s mechanics find them easier to maintain and the parts more readily available. Further, upon replacement of the two spreaders in question, six of the seven cranes at the TraPac Terminal will be equipped with Bromma spreaders, which simplifies maintenance of the spreaders and helps keep adequate inventory of spare parts on hand. Port Staff also recommends Bromma spreaders based on experience and, in particular, because of the superior quality of the end beams.

Its preference for Bromma notwithstanding, TraPac solicited quotes in June 2024 from Bromma and ZPMC, the two leading manufacturers of spreaders compatible with the cranes. The quotes were within six percent of each other, with Bromma slightly lower.

Project Cost and Terms of Cost Reimbursement Agreement

The total Project cost is estimated at ~~\$494,516~~\$496,100, the majority of which is for the spreaders themselves. The Project will be performed over FYs 2025 and 2026, as shown in the table below.

	FY 2024-25	FY 2025-26	Total
Spreader Procurement	\$290,667	\$153,893 \$155,333	\$444,560 \$446,000
Port Labor	\$0	\$5,000	\$5,000
Contingency	0	\$44,956 \$45,100	\$44,956 \$45,100
Total	\$290,667	\$198,849 \$205,433	\$494,516 \$496,100

Port Staff have reviewed and determined that the proposed cost and scope of work are reasonable and necessary and recommend approval of the actions requested in this Agenda Report.

Per the terms of the cost reimbursement agreement, TraPac would procure and install the spreaders. Key terms are summarized below.

- The total reimbursement is projected to be \$436,000 for the spreaders plus **up to \$10,000** ~~\$8,560~~ in shipping costs, for a total of ~~\$444,560~~**\$446,000**. TraPac’s installation costs are not part of the reimbursable cost.
- The Port will reimburse TraPac for the cost of the spreaders in three installments, with the first being upon order placement and the last payment upon TraPac’s completion of the installation.
- The spreader replacement work will be completed by January 30, 2026. The lead time to procure the equipment is approximately seven months, so work is not expected to commence until late Summer 2025. If deemed necessary, the agreement can be extended by six months by mutual agreement of the parties.
- The Port will manage the disposal of the two obsolete spreaders within 30 days of installation of new spreaders. It is anticipated **that they** will be hauled to Radius Recycling for recycling. Any scrap value will be the Port’s.

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:
15302 (Replacement or Reconstruction)
- "Common Sense" exemption under CEQA Guidelines Section 15061(b)(3).
- Other/Notes:

BUDGET

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

Analysis: This Project was not included in the FY2025 Capital Budget. Accordingly, Port Staff is requesting approval and funding of the Project. The FY2025 expenditures will be absorbed in the existing Capital Budget by anticipated savings in several Sanitary Sewer capital projects, and the balance of expenditures will be included in the FY2026 Capital Budget that will soon be under development as part of the Port's normal budgeting cycle.

STAFFING

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

MARITIME AND AVIATION PROJECT LABOR AGREEMENT (MAPLA):

Applies? Yes (CIP) – proposed action entails covered work on Port's Capital Improvement Program in Aviation or Maritime areas above the threshold cost.

- Additional Notes:

LIVING WAGE (City Charter § 728):

Applies?

Yes (Service Provider) – proposed action entails at least \$50,000 in payments to service provider (and/or its subcontractor) employing at least 21 employees who spend at least 25% of their time on Port-related work on premises owned or managed by the Port

- Additional Notes:

<p><u>SUSTAINABLE OPPORTUNITIES:</u></p> <p><u>Applies?</u> Yes.</p> <p><u>Reason:</u> The obsolete spreaders will be taken to a metal recycler.</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) and objective(s) in the Port’s Strategic Business Plan:</p> <table border="0"> <tr> <td><input type="checkbox"/> Grow Net Revenues</td> <td><input checked="" type="checkbox"/> Modernize and Maintain Infrastructure</td> </tr> <tr> <td><input checked="" type="checkbox"/> Improve Customer Service</td> <td><input type="checkbox"/> Pursue Employee Excellence</td> </tr> <tr> <td><input type="checkbox"/> Strengthen Safety and Security</td> <td><input type="checkbox"/> Serve Our Community</td> </tr> <tr> <td><input type="checkbox"/> Care for Our Environment</td> <td></td> </tr> </table>		<input type="checkbox"/> Grow Net Revenues	<input checked="" type="checkbox"/> Modernize and Maintain Infrastructure	<input checked="" type="checkbox"/> Improve Customer Service	<input type="checkbox"/> Pursue Employee Excellence	<input type="checkbox"/> Strengthen Safety and Security	<input type="checkbox"/> Serve Our Community	<input type="checkbox"/> Care for Our Environment	
<input type="checkbox"/> Grow Net Revenues	<input checked="" type="checkbox"/> Modernize and Maintain Infrastructure								
<input checked="" type="checkbox"/> Improve Customer Service	<input type="checkbox"/> Pursue Employee Excellence								
<input type="checkbox"/> Strengthen Safety and Security	<input type="checkbox"/> Serve Our Community								
<input type="checkbox"/> Care for Our Environment									