



AGENDA REPORT

PROPOSED ACTION: Ordinance : Approve and Authorize the Executive Director to Execute a Second Amendment to the License and Concession Agreement with ConGlobal Industries, LLC, to Extend the Term by Three Years Through June 30, 2028, Which Provides Average Annual Fixed Rent of Approximately \$2.7 million; and Finding that the Proposed Action is Exempt under the California Environmental Quality Act (CEQA) **(Maritime)**

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

Parties Involved:

Rene Etcharren, Group Vice President

Amount:

\$2,725,864 revenue (annual average)

EXECUTIVE SUMMARY: Port of Oakland (Port) Staff requests approval of a Second Amendment to the License and Concession with ConGlobal Industries, LLC, which would extend the term through June 30, 2028, providing three additional years of fixed rent averaging approximately \$2.7 million per year.

BACKGROUND & ANALYSIS

Pursuant to a License and Concession agreement (Agreement) dated June 1, 2019, ConGlobal Industries, LLC (ConGlobal) operates a container depot on approximately 15 acres of land in the Port’s maritime area (Seaport). ConGlobal is an important Seaport tenant; it provides support services including container/chassis storage and repair, and refrigerated unit preparation. The Agreement between the Port and ConGlobal was most recently amended in 2021 to extend the term two years through June 30, 2025. The extension was limited at the time by a neighboring tenant’s First Exclusive Negotiating Right (ENR) Option to expand into the ConGlobal premises, effective July 1, 2025.

The neighboring tenant did not exercise its First ENR; however, it retains another opportunity (the Second ENR Option) to expand into ConGlobal’s premises, effective July 1, 2028. Given the additional time gained by the tenant’s decision to not exercise its First ENR, ConGlobal can extend its Agreement by three years. Port Staff supports such an extension, and the parties have negotiated the following key terms for the proposed Second Amendment:

- Term extended through June 30, 2028.
- ConGlobal has a conditional negotiation opportunity if the premises are available after June 30, 2028.
- Average annual rent of approximately \$2.7 million during the extended term. On July 1, 2025, the rent will increase by 14% (to 34 cents per square foot per month) and on July 1 of each subsequent year, rent will increase by 5%.
- At its sole cost, ConGlobal will deploy the following zero-emissions (ZE) equipment: two service vehicles (e.g., pick-up trucks) by January 1, 2026; two yard hostlers by June 30, 2027; and all related charging infrastructure, if applicable.

If these requirements cannot be met, ConGlobal must notify the Port no later than October 31, 2025, and January 1, 2027, respectively, for which notice must include documentation demonstrating infeasibility and an alternative proposal to advance the deployment of ZE equipment. The notice is subject to approval of the Port's Executive Director.

- Clarification to title provisions for improvements and equipment. ConGlobal will have title to the ZE equipment it deploys, and the Port will have the option to purchase the equipment at fair market value.
- Updated Environmental Exhibit.

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)
- Not a "Project" under CEQA, as defined in Public Resources Code § 21065.
- "Common Sense" exemption under CEQA Guidelines Section 15061(b)(3).
- Other:

BUDGET

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

Analysis: There is no budget impact because the adopted FY 2025 Maritime Division operating revenue budget includes revenue consistent with the current Agreement with ConGlobal. The proposed action involves future years (FY 2026 through FY 2028).

PORT STAFFING

- No Anticipated Port Staffing Impact.
- Anticipated Change to Budgeted Headcount.
Reason:
- Other Anticipated Port 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 checked="" 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> ZE equipment included in proposed amendment.</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 checked="" type="checkbox"/> Grow Net Revenues</td> <td><input type="checkbox"/> Modernize and Maintain Infrastructure</td> </tr> <tr> <td><input 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 checked="" type="checkbox"/> Care for Our Environment</td> <td></td> </tr> </table>		<input checked="" type="checkbox"/> Grow Net Revenues	<input type="checkbox"/> Modernize and Maintain Infrastructure	<input 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 checked="" type="checkbox"/> Care for Our Environment	
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