



AGENDA REPORT

PROPOSED ACTION: **Ordinance & Resolution:** (a) Approve and Authorize the Executive Director to (i) Execute a Third Amendment to the Lease with Shippers Transport Express, Inc. to Modify Premises and Compensation Due to Certain Development Activities, Resulting in a Revenue Reduction of Approximately \$183,000 in FY 2025 through FY 2029; and (ii) Execute a Second Amendment to the Temporary License Agreement with Alameda County Transportation Commission for Access to Perform Said Development Activities with a Term through December 31, 2028; and (b) Find that the Proposed Actions are Exempt from the California Environmental Quality Act (**Maritime**)

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

Parties Involved: Shippers Transport Express, Inc.; Guy Sanderson, General Manager

Alameda County Transportation Commission; Carolyn Clevenger, Deputy Executive Director

Amount: FY 2025-2029: loss of \$183,000 (operating revenue)

EXECUTIVE SUMMARY: Shippers Transport Express, Inc. (STE) has a lease with the Port of Oakland (Port) for approximately 27 acres of the Seaport Logistics Complex (the Lease). Under the Lease, the Port has the right to take back (“recapture”) up to 10 acres during the term of the Lease for the purpose of accommodating nearby development activities, including the 7th Street Grade Separation East Project (7SGSE Project), which is being constructed by the Alameda County Transportation Agency (Alameda CTC). Alameda CTC has a Temporary License Agreement (TLA) with the Port to use the recaptured areas for construction of the 7SGSE Project. The Port recaptured some land from STE in 2023, and now wishes to recapture additional land to meet Alameda CTC’s needs. The proposed recapture would result in a revenue loss to the Port of approximately \$183,000 in FY 2025 through FY 2029. Additionally, Alameda CTC has requested that the term of the TLA be extended through December 31, 2028.

BACKGROUND & ANALYSIS

Shippers Transport Express, Inc. (STE)

STE has operated a containerized cargo staging yard at numerous locations within the Port’s Maritime Area (Seaport) since 2003. Considered a critical Port tenant, STE promotes the efficient movement of containers into and out of the Seaport, especially the Oakland International Container Terminal (OICT). The current Lease between the Port and STE was executed in 2019, has been amended twice, and expires in June 2032. The Lease covers approximately 27 acres of the Seaport Logistics Complex, of which about

25 acres are “useable” and subject to rent. Currently, annual revenue under the Lease is approximately \$4.5 million.

The Lease provides the Port with the unilateral right to recapture up to 10 acres of land for development of the former Oakland Army Base and the 7SGSE Project (the latter is currently under construction by Alameda CTC); the recapture can be temporary or permanent. In the event of such recapture, the Lease requires compensation adjustments and execution of Lease amendments. The Lease was most recently amended in 2023 for the purpose of temporarily recapturing 0.14 acres.

Port Staff now wishes to execute the Third Amendment to the Lease, to temporarily recapture an additional 0.26 acres through December 2028. Alameda CTC needs this additional recapture area to accommodate Kinder Morgan, a nearby land user also affected by the 7SGSE project. STE does not object to the additional recapture. Key terms of the proposed Third Amendment are as follows:

- Effective Date: May 1, 2025
- Compensation: Revenue loss of approximately \$7,700 in FY 2025. Revenue loss of approximately \$175,300 in FY 2026 through FY 2029. Given the timing of rent payments and Board consideration of the proposed action, the Port may be required to make a one-time reimbursement to STE for overpayment of rent in May-June 2025 (included in the preceding amounts).
- Notice Provisions: STE has waived the 180-day prior notice requirement for recapture of the subject 0.26 acres. The Port issued the notice on March 18, 2025, for STE to vacate the area effective May 1, 2025. The Third Amendment allows the parties to mutually agree on a notice period other than 180 days.

Alameda CTC

As discussed earlier, Alameda CTC occupies the areas recaptured by the Port from STE pursuant to a TLA with the Port, for the purpose of constructing the 7SGSE Project, which will substantially modernize one of the major ingress/egress roadways for the Seaport. The TLA limits the Alameda CTC’s uses to access and construction staging for the 7SGSE Project improvements. The TLA is currently limited to approximately 2.6 acres (only a portion of which overlaps with the STE Premises) and expires on December 31, 2026. Alameda CTC has requested an extension through December 31, 2028, primarily due to related project delays associated with Union Pacific Railroad Company, whose land and infrastructure is also impacted by the 7SGSE Project. No change in use of the TLA premises is proposed. Therefore, in parallel with execution of the Third Amendment to the Lease, Staff proposes to execute an amendment to the TLA to include the additional recaptured acreage and to extend the term through December 31, 2028.

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:

BUDGET

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

Analysis: Compared to budget, in FY 2025 the proposed action would result in a revenue loss of approximately \$7,700, which will be absorbed in the adopted Maritime Division revenue budget. In future years, the aggregate loss would be approximately \$175,300. In total, then, the revenue loss would be approximately \$183,000. Staff will incorporate the future revenue impacts in the FY 2026 through FY 2030 Maritime Division operating revenue budget currently under development.

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? No (Other) - see explanation below.

- ☐ Additional Notes: No improvements are contemplated.

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> No.</p> <p><u>Reason:</u> This Lease amendment does not involve any equipment or development.</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 type="checkbox"/> Capture Our Market and Grow the Economic Base <input checked="" type="checkbox"/> Modernize and Upgrade Infrastructure <input type="checkbox"/> Transition to Zero-Emissions and Build Climate Resilience <input 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 	