



AGENDA REPORT

PROPOSED ACTION: Resolution: Approve and Authorize the Executive Director to Execute an Amended Baseline Agreement and All Other Related Documents Necessary for the Port to Amend Its Trade Corridor Enhancement Program Agreement to Reflect a Scope Reduction With a Commensurate Reduction in the Grant Funding Award; and Find that the Proposed Action Complies with the California Environmental Quality Act as Evaluated in the Negative Declaration Adopted for the 2023 Green Power Microgrid Project.

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

Parties Involved: California Transportation Commission as Grant Funding Agency; and California Department of Transportation as Grant Administrator

Amount: \$92.2 million total project cost (capital expense)
From TCEP grant (as amended with scope reduction): \$35.1 million
From Port funds: \$57.1 million

EXECUTIVE SUMMARY: In June 2023, the Port of Oakland (Port) was awarded a Trade Corridor Enhancement Program (TCEP) grant in the amount of \$41,635,000, which required \$17,841,000 of matching funds from the Port, to plan, design, and install 145 chargers for battery-electric heavy duty trucks and cargo handling equipment in the Seaport; one megawatt (MW) of solar panels; 6.5 MW of battery storage; and associated substation upgrades (collectively, the Project). The Port and the California Transportation Commission (CTC) executed a Baseline Agreement for the Project, which was approved by the Board on February 22, 2024. The cost for the Project increased significantly after execution of the Baseline Agreement and the Port requested a scope reduction to remove the battery and solar components. The 145 chargers would remain in the Project, which preserves the Project’s core benefits. On May 15, 2026, the CTC approved the scope reduction and reduced the TCEP grant award will be reduced by \$3,632,000. To formalize the changes, the Port must execute an amended Baseline Agreement.

BACKGROUND & ANALYSIS

In 2023, the Port received a TCEP grant to plan, design, and install 145 heavy-duty electric vehicle (EV) chargers plus a 1 MW solar system plus a battery energy storage system (BESS). The Port completed design of the Project in October 2025. Estimated costs for the Project increased at every stage of design. When construction bids were received in January 2026, the final cost was over three times the original estimate. The cost increases are due to factors outside of the Port’s control, such as Federal tariffs, increased demand for similar electrical equipment from other projects throughout the nation such as building data centers, and inflation.

In March 2026, the Port approached the CTC with a request to reduce the scope of the project to eliminate the solar and BESS components. The resilience benefits of solar and BESS are limited given the increasing scale of electrical demand in the Seaport and are not critical to achieve the core benefits of the Project. The cost of these components is now approximately \$16.8 million to construct the solar system, and \$26.6 million to construct the BESS. As a Public Utility for electricity, the Port purchases power and invests in carbon free power generation. The Port currently purchase approximately 82% of it's power from carbon free sources such as solar, geothermal, and hydroelectric. Thus the benefits of on site carbon free generation are also limited.

The Port is still committed to build all 145 EV chargers plus the associated infrastructure required. The project will achieve the same core benefits as originally planned, primarily reducing emissions by facilitating the transition from diesel to electric heavy-duty equipment and trucks. The CTC approved the Port's scope reduction request on May 15, 2026, and determined that the amount of the grant will be reduced by \$3,632,000 to account for the scope change.

In summary, the Port will save money by not constructing the solar and BESS components (approximately \$43.4 million savings), but the total Project cost and the Port's cost share are still much higher than originally estimated, as summarized in the table below which shows construction costs only.

	Total Project Cost	Grant Funding	Port Cost Share
Original (2022)	\$53.2M	\$38.7M	\$14.5M
Revised (2026)	\$92.2M	\$35.1M	\$57.1M

The updated Port cost share was approved by the Board in the FY26 5-yr CIP and in the related project approvals on March 26, 2026.

The Baseline Agreement must be amended to effectuate the changes to Project scope and grant award.

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:

Choose an item.

- "Common Sense" exemption under CEQA Guidelines Section 15061(b)(3).

Other/Notes: The proposed action complies with CEQA as evaluated in the 2023 Initial Study/Negative Declaration prepared for the Green Power Microgrid Project. The Negative Declaration was adopted, and a Notice of Determination was filed for the project on January 11, 2024 (SCH No. 2024010287).

BUDGET

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

- Operating Non-Operating Capital

Analysis: The solar and battery storage components of the Project are being removed. The remaining Project cost is included in the proposed 5-Year (FY 2027-FY 2031) Capital Improvement Program presented to the Board for approval on June 25, 2026.

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?

No (No Covered Agreement) – proposed action is not an agreement, contract, lease, or request to provide financial assistance within the meaning of the Living Wage requirements.

- Additional Notes:

<p><u>SUSTAINABLE OPPORTUNITIES:</u></p> <p><u>Applies?</u> Yes.</p> <p><u>Reason:</u> Implementation of the EV Chargers Component of the Project will accelerate the Port's zero emission operations goal. The proposed action will also improve and modernize the Port's infrastructure and provide the ability to charge electric vehicles and equipment.</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 checked="" 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 	