STATEMENT OF
THE HONORABLE VICTOR UNO
PRESIDENT OF THE BOARD OF COMMISSIONERS
PORT OF OAKLAND

BEFORE THE COMMITTEE ON
ENVIRONMENT & PUBLIC WORKS
U.S. SENATE

Water Resource Development Act of 2010: Jobs and Economic Opportunity

MAY 6, 2010

Thank you, Chairman Boxer, Ranking Member Inhofe, and Committee Members, for holding this hearing today to focus attention on the critical need to pass the Water Resource Development Act of 2010 ("WRDA").

I am Victor Uno, President of the Board of Commissioners of the Port of Oakland. I am the business manager for the International Brotherhood Electrical Workers Local 595. I also serve on the board of Asian Health Services, which provides health care services for over 15,000 low income, largely immigrant, members of Oakland's Asian Pacific community.

I began my electrical career over 30 years ago installing electrical systems along one of the berths at the Port of Oakland. Since then, in addition to working in the field in the construction industry, I have served as a teacher instructing apprentices and journey-level electrical workers and I also served as director of a joint labor-management apprenticeship program affiliated with Chabot College that expanded training and career opportunities for hundreds of men and women in Alameda County.

In addition to my experience in the field and in job training, I have served on many boards concerned with creating jobs and economic opportunity in the Bay Area. I serve as a trustee for the Port of Oakland's Maritime and Aviation Project Labor Agreement Social Justice Trust; and have served on the board for the East Bay Alliance for a Sustainable Economy, in addition to working with the Oakland APOLLO Alliance – a two-year old coalition that is bringing green-jobs to the City. Since 2002, I have been a Trustee for the Alameda County Electrical Apprenticeship Training Trust and in 2007 I was an Executive Board member of the Alameda County Central Labor Council, serving as Second Vice President.

As someone who started his career working on public works projects like those created by WRDA, and who has spent 25 years training young people and creating new jobs, I can speak from experience when I say now more than ever we need your help. I have never seen such a challenging job market in California. And at the same time, as the

President of the Oakland Board of Port Commissioners, I have never seen a larger backlog of critical projects that are desperately needed to modernize our ports and keep them competitive in the global marketplace for trade and shipping. At the Port, we are working daily to protect the thousands of jobs directly connected to our facilities, and the tens of thousands of jobs and businesses whose success depend on our ability to compete for trade and goods movement.

Increased International Competition

Our Port, like nearly every American trade gateway, is facing unprecedented competition from our neighbors in Canada and Mexico. Both countries are developing comprehensive national freight shipping programs, supported by all levels of government, coordinated with private rail companies and shipping firms, and unambiguously designed to take away the trade that goes through America's West Coast Ports. Both Canada and Mexico have invested heavily in major port modernization and expansion projects that have fundamentally challenged our U.S. Pacific Coast trade network.

At the same time, America's West Coast Ports have all suffered through sharp drops in freight shipping volumes during the early months of the recession, resulting in large revenue losses industry-wide. We are now working cooperatively as never before among the West Coast ports to bring back our freight business, but we cannot compete and win if we do not have a partner in the Federal Government. It is only with your help that we can secure the investments we need in our infrastructure so we can bring back jobs and trade during the ongoing economic recovery.

For America's ports to succeed, we need your help, through a strong continued partnership with the federal government. We need a WRDA Bill this year to get our critical maritime and infrastructure projects moving.

The Port, Trade and Jobs

The Port of Oakland covers 18 miles of waterfront on the eastern shore of San Francisco Bay, with about 1000 acres devoted to maritime activities and another 2,600 acres devoted to aviation. Our Port is third busiest container port on the West Coast, and the fifth busiest in the nation. We are also one of the leading export gateways for American products, especially for agriculture from throughout the nation, and particularly California's Central Valley in Chairman Boxer's home state. Over $1.2 billion in agricultural products are shipped through the Port of Oakland annually. Our airport is also not only the second largest airport in the Bay Area, but also among the top 20 air cargo airports in the United States.

America's ports do not just create jobs within their home communities. Our operations impact business throughout our home states and across the American heartland. Importers like Advanced Integration and Stillwater Designs, both located in Stillwater,

Oklahoma, ship over 340 containers per year through the Port of Oakland. These goods are valued at over $40 million and are critical to maintaining roughly 340 jobs in Oklahoma, in Senator Inhofe's home state. We also service exporters like Simplot Global, Southwest Hides, Transfreight Lines, and Standlee Trading Company, who are all based in Senator Crapo's home state of Idaho. These export companies ship out nearly 1,500 containers per year through our Port valued at over $90 million. This export trade supports nearly 2,000 jobs at these Idaho companies.

If we do not maintain the infrastructure at our ports, maximizing our efficiency, the consequences will be felt across the Country by the tens of thousands of American businesses whose success is tied to international trade.

Past WRDA Successes – A Proven Track Record

Our maritime and aviation operations are both deeply affected by WRDA. WRDA is critical to funding our large scale modernization projects. In 2001, for example, using the authority given by WRDA bill passed in 1999, construction began on the Port of Oakland's $436 million, 50-foot depth, dredging project that has now given us the ability to support the latest generation of larger, more efficient container vessels. These enormous vessels over 1,100 feet long and 140 feet wide can now transport over 6500 twenty-foot equivalent units of containers. The last environmental phase of the project is being completed this year, and it is already providing enormous benefits to the region.

The 50-Foot Project supports deep draft navigation improvements at the Port of Oakland that include widening and deepening of the Harbor Entrance, Outer and Inner Harbor channels, and two turning basins to 50 feet as well as local business and utility relocations. The Port itself paid not only its cost-share for the dredging, but also entirely for berth deepening and wharf-strengthening. The Port also completed more than $800 million in expansion at its own expense, consisting of building two new marine terminals, an intermodal rail terminal, realigned roadways, and a 38 acre public waterfront park. The WRDA investment not only leveraged millions in Port funds, but also helped us attract new tenants and convince our existing customers to invest in building and expanding their facilities in Oakland.

The 50-Foot Project was so critical to our future that once Congress authorized the project, it was recognized by President Bush's Administration as one of the top priority US Army Corps of Engineers projects in the entire Country. The project earned support from literally scores of organizations, many as diverse as our Chamber of Commerce to the Teamsters, and the Sierra Club to the California Farm Bureau. As much as this broad support was greatly appreciated by the Port, make no mistake that it was the strong support we received from the California Congressional Delegation – led by Chairman Boxer – that made the 50-Foot Project a reality. We have Chairman Boxer and WRDA to thank for that success story.

The 50-Foot Project created over 8,800 jobs in construction, engineering, maritime, trucking and shipping. It increased annual business revenues for the Port's customers by $1.9 billion, and it raised local tax revenues by $62 million per year. The dredge material itself was reused to restore hundreds of acres of wetlands along the northern reaches of the San Francisco Bay, providing a huge environmental benefit to California as well. These numbers have given the 50-foot project an extraordinary – 11 to 1 – benefit-to-cost ratio.

Oakland Airport Levee Modernization – Risk Management and Job Creation

In short, Senators, this funding was used to put people to work. And now, during these challenging economic times, Oakland once again desperately needs the kind of help that only WRDA can provide.

Oakland International Airport is not only a job creator in the Bay Area it is also a critical link to our region's aviation network. In the event of a large earthquake, the airport will need to serve as a center for emergency response efforts, including evacuation of the vulnerable, resupply for emergency responders and a base of operation of local, state and federal recovery agencies. Our airport is located directly along the waterfront of the San Francisco Bay. It was built on landfill from the Bay and the runway is below sea-level, protected behind a four-and-a-half mile long aging levee constructed in segments beginning in the 1950's.

Following the disaster levee failures during Hurricane Katrina, the Federal Emergency Management Agency ("FEMA") launched a national inspection effort to determine whether older flood protection systems complied with current FEMA standards. In 2009, after a comprehensive assessment of the Oakland Airport levee, it was determined that our levee did not meet FEMA standards, and in addition was also vulnerable to earthquakes. The assessment concluded that the levees were inadequate for protecting the airport from severe seasonal flooding, over-topping during storms, and seismic events. If any of these events were to occur, Oakland could suffer hundreds of millions of dollars in property damage to both public and private facilities. It could also result in the shutdown of our airport and all of its air operations.

And beyond this substantial economic impact, a cataclysmic levee failure would be at risk the safety of every individual who works at the airport, airline passengers and other customers of our aviation facilities who may be on-site. It would be a completely unacceptable, and yet totally avoidable disaster.

The Port of Oakland is under federal obligation now to re-construct our airport levee. Since our levee is not longer given accreditation under FEMA's flood programs, the Airport itself must now obtain federal flood insurance. This is an additional cost to us on top of the private flood insurance we already carry. Failure to obtain the federal flood insurance would make the airport largely ineligible for federal disaster assistance in the event of a levee failure.

Every airline and private company operating at Oakland may also be required to obtain federal flood insurance.

Without an accredited levee, any new construction or substantial improvements of existing structures would have to meet FEMA floodplain management standards. That means the lowest floors would have to be elevated to or above the base flood level, or be designed to that structures below the base flood level are watertight. This would add substantially to the costs of any of our planned construction efforts at the Airport.

FEMA's regulations would also require significant additional environmental review requirements for any project we undertake from terminal expansions to runway re-surfacing. This would once again add substantially to the time and costs for our key infrastructure projects.

Finally, the cost of flood insurance and the risk of flood will drive many of our airline and private customers out of Oakland. Our tenants could respond by insisting on rent reductions to cover federal floor insurance costs; insisting that the Airport pay for their flood insurance since Airport owns the de-accredited levee; or simply relocate. Once again this will cost us jobs and the opportunity to grow.

Reconstructing our airport levee is estimated to cost approximately $60 million. That is why will be asking your support to help rebuild our levee to modern standards, reduce its vulnerability in the even of a seismic event, and complete all of the environmental wetlands mitigation required under state and federal law. Not only is this project critical to protecting the airport, but it will create hundreds of construction and engineering jobs in Oakland. It will help us preserve our construction capacity in the Bay Area during the current economic slump. It will keep our airport in business and give us the ability to continue to attract new airline service and the jobs that go with that service.

We are already working in cooperation with the US Army Corps to expedite this levee work. If we can obtain WRDA authority this year to construct the levee project, it will bring millions of dollars for this construction project that will create new jobs to Oakland and the Bay Area. Most importantly, the work will preserve the tens of thousands of individuals and businesses that rely on a vibrant and well-functioning airport every day.

The project would lead to the reconstruction of three miles of levee that face the San Francisco Bay in order to meet both the FEMA flood protection standard, and also seismic safety standards as well. It will allow us to relocate two aviation fuel lines that are currently housed within the levee to further modernize our facilities and reduce the risk of fuel line failures during a levee failure. Not only would the project mitigate such environmental risks, it would also give us the opportunity to mitigate wetlands losses in the San Francisco Bay as well by allowing us to build additional acres of wetlands as part of the required environmental aspects of the levee project.

I have also submitted a brief fact sheet providing more detail about the levee project, and also photos that show its original construction and importance to the current configuration of the airport.

Conclusion

Chairman Boxer, Ranking Member Inhofe and Members of the Committee, the Port of Oakland needs your help. We need WRDA. On behalf of the Port, I ask you to do everything within your power to pass WRDA and give us the resources we need to create jobs, protect against natural disasters, modernize our infrastructure and promote economic growth in our region.

Thank you.

FACT SHEET
Oakland International Airport
Perimeter Dike Improvement Project

BACKGROUND

- The perimeter dike protects Oakland International Airport (OAK) south field--including the main air carrier runway, taxiways, cargo facilities and passenger terminals--from inundation by water from San Francisco Bay.

- The perimeter dike is approximately 4-1/2 miles long and located on the shoreline of San Francisco Bay (Bay) approximately two miles west of Interstate 880 (I-880) in the City of Oakland, California.

- OAK is located between the San Andreas and Hayward faults, which are capable of generating large earthquakes.

- The perimeter dike as constructed in three phases, mainly from materials dredged from the Bay, for the purpose of "reclaiming" land on which to expand OAK facilities.
  - The first phase was constructed in the late 1950's by clamshell dredging; this portion of the dike is composed mainly of clay-like Bay mud. Dredged materials (mainly sand) were used to fill the area behind the dike.
  - The second and third phases took place in the 1960s and 1970s to accommodate the extension of Runway 11/29. The later portions are composed mainly of sand and gravel.
  - The crest of the dike includes a gravel service road and a concrete rubble berm known as the crest structure. The elevation of the crest structure varies between 10.5 and 17.5 feet above mean lower low water. The Bay side of the dike surface is covered with broken concrete rubble (riprap).

- Two active jet fuel pipelines, and one inactive fuel pipeline, are buried in portions of the perimeter dike at a depth of approximately three to four feet.

OAK PERIMETER DIKE VULNERABILITY

- In 2007 the Port hired URS Corporation to conduct an engineering study to :
  - Determine whether the perimeter dike met current FEMA flood standards (100-year storm),
  - Assess the vulnerability of the perimeter dike to seismic events
  - Recommend improvements to address both FEMA standards and seismic vulnerability;
  - Identify measures to prepare for a potential 55-inch sea level rise by the year 2100; and

- Perform preliminary engineering design of the recommended improvements.

- The engineering analysis found that OAK is vulnerable to inundation potentially caused by storm, seismic event or sea level rise. The sand and gravel portions of the dike are particularly susceptible to liquefaction in a major seismic event.

PROPOSED PERIMETER DIKE IMPROVEMENTS

- Proposed improvements to meet FEMA standards and protect against a 100-year flood even include:
  - Constructing a stability berm at the inboard toe of the dike to improve static stability; and
  - Increasing the height of the crest structure to secure against flooding and armoring the outboard face of dike to protect against erosion during over-topping. It is recommended that the height of the crest structure be further increased an additional 12 inches to account for the effects of sea level rise due to global warming. The design will accommodate future height increases as may be necessary.

- Proposed improvements to mitigate effects of seismic events include constructing ground improvements (stone columns) along the dike to strengthen the soil and improve the seismic stability.

- These improvements require that the existing jet fuel lines be relocated in order to facilitate the work. New jet fuel pipelines will have to be constructed and operational prior to removal of the two active lines pipelines.

- An estimated 600 jobs would be created over the life of the project.

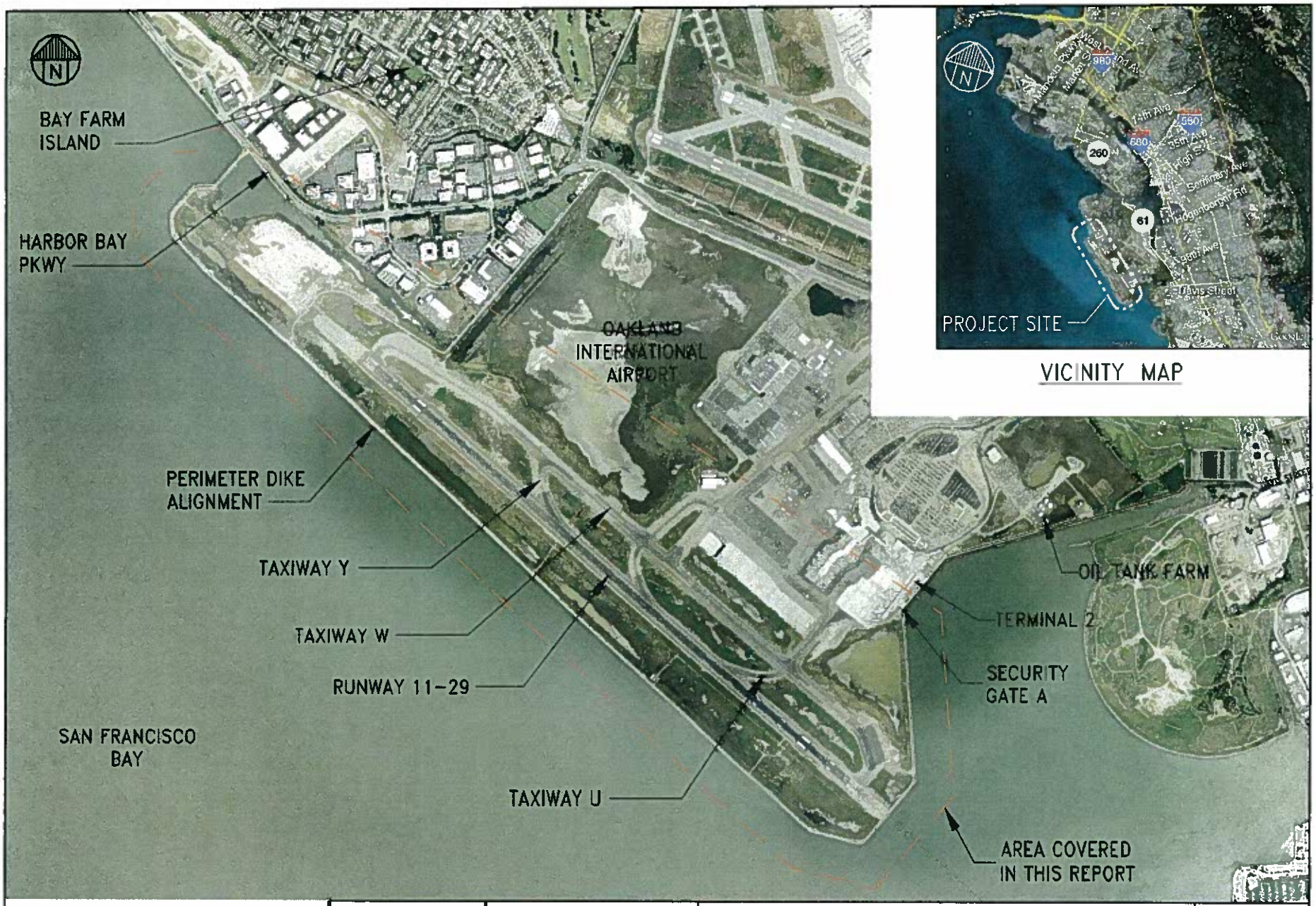
ESTIMATED PROJECT COST AND CONSTRUCTION SCHEDULE

Wetland mitigation	$16.8m
FEMA Improvements	$11.4m
Seismic Improvements	$15.9m
Pipeline	$16.0m
Total	Approx. $60.0m

Design of the dike improvements is underway and scheduled to conclude in August 2011. Construction of improvements to meet FEMA standards is expected to begin in late 2011 and will conclude August 2012. The pipeline work can then commence and will take approximately six months to complete. The seismic work can then proceed and will take approximately 10 months to complete. Overall project completion is scheduled for approximately December 2013.

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BAY FARM ISLAND
HARBOR BAY PKWY
OAKLAND INTERNATIONAL AIRPORT
PERIMETER DIKE ALIGNMENT
TAXIWAY Y
TAXIWAY W
RUNWAY 11-29
SAN FRANCISCO BAY
TAXIWAY U
OIL TANK FARM
TERMINAL 2
SECURITY GATE A
AREA COVERED IN THIS REPORT
PROJECT SITE
VICINITY MAP
1000' 0' 1000' 2000'
APPROXIMATE SCALE IN FEET
URS
26816480
PORT OF OAKLAND
OAKLAND AIRPORT
PERIMETER DIKE
PROJECT LOCATION AND EXTENT OF STUDY AREA
FIGURE
1-1
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