

September 8, 2006

Mayor Irma Anderson and City Councilors  
P.O. Box 4046  
Richmond, CA 94804

Dear Mayor Anderson and City Councilors,

The undersigned collectively have over 80 years of experience dealing with planning, design, economics and regulatory approvals for port and industrial projects. As Richmond residents, voters and taxpayers, we feel obligated to advise you that the proposed Wildcat Creek Marsh marine container terminal is fatally flawed and doomed to failure on both economic and regulatory grounds. The City of Richmond's limited funds and staff should not be diverted from other more pressing municipal needs to investigate this ill-conceived proposal.

The greatest flaw is the location separated by some two miles of tidal mud flats from the nearest shipping channel at a site, which for very good reasons, is not included in the Seaport Plan adopted by MTC and BCDC. This alone imposes initial and maintenance dredging costs which would make the operation uneconomic in competition with the Port of Oakland and other West Coast ports. Moreover, the proposal has no chance of receiving the necessary governmental approvals, e.g. under the McAteer-Petris Act governing BCDC or under the CEQA and NEPA reviews preceding approval by other government agencies.

#### Insurmountable Regulatory Hurdles:

Referring to letters you received recently from the 27-member San Francisco Bay Joint Venture and BCDC Executive Director Will Travis, the project would face insurmountable hurdles in receiving approvals from regional, state and federal agencies. For example, the project would destroy the largest eelgrass bed in San Francisco and San Pablo Bays and disrupt the functioning of 250-acre Wildcat Creek Marsh, which is habitat for Endangered Species and Birds of Management Concern. The project can not be approved when there are alternative locations requiring less dredging and causing less environmental damage, especially when the Seaport Plan demonstrates that there is no need for the project to meet projected shipping demand.

#### Dismal Economics

Even if approved by all relevant government authorities, dredging and construction costs would make the project uneconomic.

Roughly 25 to 30 million cubic yards of initial dredge would be required, assuming a channel two miles long, 800 feet wide and 48 feet deep accessing a berthing area about 4,500-feet long, which would accommodate three vessels. Assuming very optimistically, that the dredge would be clean enough for ocean disposal, the cost of initial dredging alone would be about \$840 million. Dredge disposal costs may be much higher due to contaminants introduced by over 100 years of adjacent refinery, chemical plant and landfill operations.

Construction costs for new marine terminals are roughly \$1.3 million/acre, and a state-of-the-art 3-berth container terminal would require about 300 acres, excluding rail yards and other infrastructure requirements. Container cranes currently cost about \$8 million each, and at

least two are required per berth. Thus, about \$440 million would be needed to construct these terminal improvements,.

With its substantial economies of scale, the huge Port of Oakland generates annual gross revenues of about \$4 million/berth at its container facility. It would be very optimistic to assume that a 3-berth terminal in Richmond might generate gross revenues of \$12 million annually. However, ongoing maintenance dredging costs would be extremely high since the combined Sacramento - San Joaquin River sediment load flows by and the channel is transverse to the main tidal currents. Roughly, maintenance dredging costs would be in the ball park of \$ 5 million/year -- again assuming clean dredge. Hence, \$5 million would be siphoned away by maintenance dredging costs, leaving only \$7 million/year to cover operating costs and amortize about \$1.3 billion for initial dredging and terminal construction investments. This does not even consider investments required for utility upgrades, railroad facilities and highway improvements .

#### Substantial Traffic Infrastructure Costs

Immense infrastructure costs would be required to deal with the truck and rail traffic associated with a container terminal. As recommended by the Point Richmond Neighborhood Council, you should experience the heavy truck traffic associated with the Port of Oakland's container terminal on a week day by taking I-880 south and exiting 7th Street. After visiting the Port of Oakland, try to envision that activity on the Richmond Parkway eastbound to I-80 and westbound to the I-580 interchange, which frequently is backed up during the morning and evening commute periods. Note also that the project conflicts with Winehaven Casino plans because Point Molate access from the Richmond/San Rafael bridge must exit Castro street where evening traffic already backs up on to I-580 toward the bridge.

The City should be wary of consultants, who stand to earn fees, urging it to pay for a study that the private sector will not fund. Furthermore, it would be folly to invest in such a study without a binding contractual option to purchase or lease the land involved.

Sincerely,



Bruce Beyaert, formerly Chevron Corp.  
Manager of Environmental Planning &  
Chevron USA Principal Planning Consultant



John Glover, formerly Port of Oakland Strategic  
Planning Director & Deputy Executive Director



Nancy Strauch, formerly BCDC Chief of Permits

cc: Bill Lindsay