Coal opponents target Brown’s pal

MATIER & ROSS

While Gov. Jerry Brown was busy at the Vatican warning of possible human extinction from global warming, his business partner and friend Phil Tagami was treading hot water with environmentalists and civic leaders over a plan to ship millions of tons of coal from city docks in Oakland.

At issue: a proposal to ship Utah coal through a $830 million cargo facility that Tagami is building at the old Oakland Army Base — a big chunk of which is being paid for by public money.

"The governor just told the pope that we need to leave 90 percent of the world’s coal in the ground or face an environmental catastrophe," MRF from page C1

said Jess Dervin-Ackerman, conservation program coordinator for the San Francisco Bay chapter of the Sierra Club. "If he is serious about doing something, he could and should start with his own hometown and with his own friend."

Coal is the issue where two powerful forces in Oakland run straight into each other. One is the city’s longstanding dream of turning the old Army base into an economic engine. The other is the desire to adopt an environmentally progressive stance that can change the city’s hardnosed image.

"Stop it immediately," Mayor Libby Schaff said of the proposed coal-export plan in a May 21 e-mail to Tagami that the Sierra Club obtained under a Freedom of Information Act request.

"If you don’t do that soon we will begin to spend time and energy in a public battle that no one needs and will distract us from the important work at hand," Schaff wrote.

Schaff’s fear, and the fear of environmentalists and many people who live in West Oakland, is that dust from the coal trains will blow into surrounding areas and cause health problems. There’s also a fear of winning Oakland’s economic health to transparent an energy source that’s a leading contributor to global warming.

The Port Commission, on which Tagami served from 2000 to 2003 while Brown was mayor, has also voiced unanimous opposition to coal being moved through the cargo facility.

However, the old Army base isn’t port land — it’s owned by the city. So short of blocking coal-loaded trains from crossing their property, port officials have no real say in the matter.

Port officials have also been told by legal staffers that the Army base development deal struck in 2012 between Tagami’s California Capital & Investment Group and the city has no provision prohibiting coal handling.

The coal fight is a sharp departure for Tagami, who for years has been known as the quintessential “friend to all” in Oakland politics — especially Brown.

It was Brown who appointed Tagami to the Port Commission. As governor, he named Tagami to the Lottery Commission.

With Brown’s help, Tagami got city funding for the $10 million restoration of the historic Fox Theater in the city’s Uptown district — a project that also Tagami’s pet charter School for the Arts.

Brown was married in Tagami’s downtown Rotunda Building, which houses Tagami’s California Capital & Investment Group.

And Brown’s 2004 statement of economic interest lists the governor as an investor in the Edgewood Park Plaza office building, an Oakland property managed by Tagami’s investment group.

Brown’s office said the governor had no comment regarding Tagami’s plan for shipping coal through Oakland.

Funding for the project is being sought from a variety of public and private sources, including $242 million authorized in 2010 by the California Transportation Commission.

It was Tagami’s company that initially lobbied Utah coal interests to invest $35 million in the Army base bulk carrier facility. Tagami then cut a deal to turn over the operation to a newly formed company, Terminal Logistics Solutions — which is headed by two former Port of Oakland executive directors, Jerry Bridges and Omar Benjamins.

In a statement, Tagami described the arrangement between his investment group and Terminal Logistics as an "arm’s length contractual relationship." He also said that regardless of what was transported and so far, no one “has committed to the transport of any particular commodity” — any rail cars would be covered and that other measures would be taken "to minimize and potentially eliminate fugitive dust."

The project’s website says the terminal — the first piece of a much bigger logistics center — envisions "handling up to 12,500 car trainloads per day."

In an interview, Bridges said it is premature to discuss the coal operation, because no deal has been signed with Utah officials to bring coal to Oakland.

Nonetheless, Bridges said a conditional agreement has been reached to sublet the facility from Tagami’s group "based on our ability to handle any of the 15,000 bulk commodities handled on the West Coast." The arrangement includes coal. Bridges noted that coal from out of state is already being shipped overseas from ports in Richmond and Stockton.

Meanwhile, the Sierra Club and others are stepping up their opposition, calling on the city to ban the coal exports as a danger to both the environment and the health of West Oakland residents.

"I bet Ms. Tagami would like to go away," said the Sierra Club’s Dervin-Ackerman. "But of course we won’t."

San Francisco Chronicle columnist Phillip Matier and Andrew Ross appear Sundays, Mondays and Wednesdays. Matier can be seen on the EPIX TV morning and evening news.

He can also be heard on KCBS radio Monday through Friday at 7:30 a.m. and 5:50 p.m. Got a tip? Call (415) 777-8815, or e-mail matierandross@sfgate.com. Twitter: @matierandross

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Phil Tagami is building a $830 million cargo facility at the old Oakland Army Base.