Phil Tagami is planning to export millions of tons of coal through the former Oakland Army base.

The developer behind a controversial plan to ship coal from Oakland’s port is a longtime friend and campaign supporter of Gov. Jerry Brown, who has emerged over the past year as a world leader in the fight against climate change.
As Brown attended last year’s United Nations Climate Change Conference in Paris, stoutly defended President Obama’s Clean Power Plan, and urged other world leaders to take action, Phil Tagami was been busy in the governor’s hometown pushing plans to export millions of tons of the black fossil fuel that scientists say is the leading cause of global warming.

“I can say he’s been a friend for the last 20 years,” Tagami said of Brown during a recent interview at his office in the Rotunda Building, a seven-story dome that he renovated in the late 1990s so it would gleam like a steel cathedral next to Oakland City Hall. Brown and his wife, Anne Gust Brown, were married there in 2005.

Tagami said that he and Brown have privately discussed the coal plan, which in recent months has roiled the city’s political establishment.

“Has he asked questions about what’s going on? He has,” Tagami said. He wouldn’t elaborate on the nature of those questions, and Brown declined to comment.

Still, the governor may eventually have to weigh in. A suite of bills by state Sen. Loni Hancock, D-Berkeley, would ban the export of coal from Oakland and cut off public funding for any port in the state that handles coal. If approved by the Legislature, the bills would arrive at the governor’s desk as early as June.

“I would be surprised if the governor wasn’t very concerned about how this undercuts and undermines his environmental legacy, and the environmental stature of the state of California,” Hancock said. “It’s one thing to go to Paris (Climate Change Conference) and talk about how state and local government is where the action is — but then to allow something like this to happen in his own backyard?”

The governor’s ties to Tagami date back to the days when Brown was mayor of Oakland and Tagami was a rising-star developer with an eye on the city’s downtown. In 2000, Brown appointed Tagami to serve as a commissioner for the Port of Oakland, one of the most influential positions in the city.

Three years later, the Oakland City Council picked Tagami to rehabilitate the Fox Theater, an Art Deco concert venue that would house Brown’s arts charter school and become the crown jewel of his downtown revitalization.

Developing waterfront

They remained closely aligned when Brown left city politics and made a successful bid for state attorney general, with Tagami contributing $11,200 to his campaign, records show. In 2011, Brown took office as governor, recruiting Tagami to serve on the California Lottery Commission in 2012 and on the state medical board in 2013.

Meanwhile, in 2008, Tagami entered talks with the city to develop a giant stretch of waterfront at the former Army base, adding a recycling center, maritime support services and a rail line, as well as the bulk terminal he’s building near the east end of the Bay Bridge — which stands to be the most lucrative portion of the project.

The entire 366-acre, $880 million development is expected to bring thousands of jobs to an area that was devastated when the Army base shut down in 1999. It requires about $387 million in taxpayer funding, most of it coming from the state’s Trade Corridor Improvement Fund. Tagami’s real estate firm, California Capital &
Investment Group, will finance the $250 million Oakland Bulk and Oversized Terminal. In 2014, the firm signed a lease option with a shipping company called Terminal Logistics Solutions — run by former Port of Oakland executives Jerry Bridges and Omar Benjamin — to build and operate the terminal.

In March, Utah’s Legislature voted to spend $53 million in taxpayer dollars on the project, with the promise that coal mined in Utah would be exported from Oakland. That transaction makes sense to Stanford University economics Professor Frank Wolak: The domestic market for coal is sputtering, but overseas demand is going up.

“China consumes half the world’s coal, and there’s no sign of slowing down their demand,” Wolak said. “My feeling is look, that coal is going to come from the U.S. — where it provides high-wage jobs for people without a lot of education — or it’s going to come from other exporting countries.”

**Environmental fears**
But the prospect of moving millions of tons of coal each year through West Oakland has prompted fierce opposition from environmentalists and elected officials. Many worry the coal, moved to the port by rail, would send dust into the surrounding neighborhoods, polluting the air and damaging people’s lungs.

Among the plan’s detractors are Hancock, Rep. Barbara Lee, D-Oakland, Assemblymen Tony Thurmond, D-Richmond, and Rob Bonta, D-Alameda, and Oakland Mayor Libby Schaaf. The mayor told Tagami to “stop it immediately” in emails obtained by the Sierra Club, which is leading a global crusade to stamp out coal.

In April the Oakland City Council will vote on whether to hire a consultant to study the hazards of transporting coal through the city and into the former Army base by rail. Hancock’s bills will go before the Senate Transportation and Housing Committee on April 5.

Tagami and his business partners say a coal ban could put their whole project at risk.

“If we say, ‘Whatever someone doesn’t want us to do, we won’t do it,’ then no one in the supply chain will take us seriously,” said Mark McClure, a principal at California Capital & Investment Group.

McClure and Tagami said the city of Oakland doesn’t have the authority to bar a legal commodity. They sent a team of three lawyers — as well as engineers and lobbyists — to a public hearing about the coal plan at City Hall on Sept. 22.

**Brown’s silence**
As the fight escalates, some political insiders have begun wondering what Brown will do.

“For him to be quiet on this coal issue is stunning,” said Joe Tuman, a former Oakland mayoral candidate and communications professor at San Francisco State University.

The governor may in fact be the only person who can sway Tagami, Tuman added.

“I think if there’s one person whose opinion and approval matters to Phil Tagami, it’s Jerry Brown,” he said.

*Rachel Swan is a San Francisco Chronicle staff writer.*