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**PORT AUTHORITY DELIVERS RECORDS IN  
CONTAINER VOLUME, TONNAGE, OPERATING REVENUE**

*Port Commission meeting agenda items include legal expenses, emergency command center,  
and environmental matters*

HOUSTON – The Port of Houston Authority (PHA) Commission reviewed 2002 year-end results during its monthly meeting on **Monday, January 27, 2003**. Chairman James T. Edmonds presided over the meeting in the board room at the PHA’s Executive Office Building, located at 111 East Loop North. The commission meeting agenda also included several other recommendations involving contract awards, bids and proposals, professional services, and general administrative and operational matters.

**2002 Year-End Results**

The Port Authority’s total container volume and total tonnage surged to record levels in 2002. Total container volume reached 1,159,789 TEUs (twenty-foot equivalent units), a 10 percent increase over the 1,057,869 TEUs recorded in the previous year. The Barbours Cut Container Terminal (BCT) accounted for most of the container volume – 1,063,076 TEUs in 2002 compared to 911,903 TEUs during the previous year. The PHA’s total container tonnage in 2002 was 10,858,068 short tons compared to 10,119,938 short tons in 2001. BCT’s 2002 portion totaled 9,992,136 short tons, up from 8,833,183 short tons in 2001. Additionally during 2002, the PHA’s Bulk Materials Handling Plant handled a record total of 3,846,720 short tons compared to 2,979,139 short tons in 2001.

“These results show that despite rising costs and a weak economy, the Port Authority’s operations are efficient, our facilities are in excellent shape, and our people remain committed to our customers,” stated Chairman Edmonds. “Still, despite the increased container volume and tonnage, the rate of growth in the Port Authority’s container traffic is actually slowing because we are running out of space. We simply do not have the capacity to

serve everyone who wants to come to the Port. The need for the proposed Bayport Container and Cruise Terminal is abundantly clear,” Edmonds noted.

The Bayport project remains under review by the U.S. Army Corps of Engineers, which is expected to issue a final environmental impact statement (FEIS) in March 2003. Built-out over several years, the Bayport facility is expected to triple the Port Authority’s container handling capacity and create more than 39,000 new jobs.

During 2002, the Port Authority continued to feel the impact of U.S. trade sanctions on steel imports, which declined to just under 1.94 million short tons, an 18 percent drop from the nearly 2.37 million short tons the PHA recorded in the previous year. In a move to help offset the effect of the sanctions, the Port Commissioners voted last summer to lower the wharfage rate on all imported iron and steel products by approximately 29 percent to \$1.65 per short ton from \$2.32 per short ton (steel slabs remain subject to a wharfage rate of \$1.16 per short ton). The temporary reduction was originally scheduled to expire on December 31, 2002, but the Port Commissioners voted in November to extend it through December 31, 2003. At that time, they also implemented a three percent tariff increase (effective January 1, 2003) to cover rising expenses related to operations at the Turning Basin and Barbours Cut terminals.

Citing the volume and tonnage increases in bulk materials, general cargo, auto imports and exports, and bagged goods, the PHA posted record-level operating revenue of nearly \$108.5 million in 2002, an increase of one percent from operating revenue of \$106.9 million in 2001. BCT contributed \$66.01 million to PHA’s operating revenue, a record amount reflecting a 13 percent increase over BCT’s operating revenue of \$58.476 million in 2001. The PHA’s 2002 net income totaled \$ 6.98 million, a 70 percent decline from the previous year’s \$23.46 million net income attributed largely to lower returns on the PHA’s portfolio of bonds and other market investments as well as a mix of increased health care premiums, property insurance rates, and legal fees.

### **Legal and Experts’ Expenses**

The Port Commissioners authorized the payment of several invoices totaling nearly \$1 million related to the continuing legal dispute with GB Biosciences Corporation, a company accused by the Port Authority of contaminating the soil and groundwater on property belonging to the PHA. The invoices relate to expenses for numerous expert witnesses and professional legal services rendered on behalf of the Port Authority by the law firm of Connelly, Baker, Wotring & Jackson.

“Although this dispute appears long and arduous, the Port Authority is closely monitoring the expenses,” stated Chairman Edmonds. “Our efforts in this case, and the associated costs, are necessary to ensure that the best interests of the Port Authority and the public are being served.”

### **Emergency Command Center**

The Port Commissioners approved a recommendation for the Port Authority to execute a contract with Black & Veatch for the design of an emergency command center. The total proposed amount for the design contract is not expected to exceed \$335,908.

The \$1.7 million center is being designed and built with funds from a \$1.5 million grant awarded to the PHA by the Transportation Security Administration, U.S. Coast Guard, and the Maritime Administration. When completed, the command center will house the Port Police dispatch operations with state-of-the art technologies that will enable local, state, and federal agencies to monitor and control emergencies.

“The Port of Houston maintains a great track record for safety and security. We hope that this command center represents just the start of the government’s commitment to help ensure that the port continues to meet all federal mandates,” Chairman Edmonds stated.

### **Advancing Environmental Management System (EMS)**

The Port Commissioners approved a recommendation to authorize the implementation of the expanded objectives and targets for the Port Authority’s Environmental Management System (EMS). Following a two-year participation in a U.S. Environmental Protection Agency (EPA) pilot EMS program, the PHA’s Barbour’s Cut Container Terminal and Central Maintenance Facility last year became the first of any U.S. port facilities to achieve the rigorous standards for ISO 14001 certification.

Over the next two years, the PHA is expected over the next two years to take steps at both Barbour’s Cut and Central Maintenance to improve stormwater quality. The PHA will also work toward purchasing cleaner burning engines and fuels to reduce emissions of volatile organic chemicals (VOCs) such as nitrogen oxide (NOx). Previous tests of the Lubrizol diesel emulsion product PuriNOX on PHA’s yard tractors and rubber-tired gantry cranes resulted in a 25 percent reduction in NOx levels and a 30 percent reduction in particulate matter (PM). Other objectives and targets for the EMS include reducing the disposal of absorbent materials and floor wiping rags to preserve landfill space, and reducing kilowatt hour (KwH) consumption to conserve energy resources.

“Achieving and maintaining compliance with ISO 14001 certainly enhances the prestige and competitive business advantage of the Port,” stated Chairman Edmonds. “We look forward to expanding global business opportunities with companies that share the Port’s unwavering commitment to sound environmental management systems,” Edmonds added.

An EMS that meets ISO 14001 standards includes a requirement that the recognized organization must work continuously to improve its environmental performance. The Port will be audited twice a year to ensure that its environmental impacts, pollution prevention and overall operations meet or exceed the levels needed for certification.

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#### ***The Port of Houston Authority***

*The Port of Houston Authority owns and operates the public facilities located along the Port of Houston, the 25-mile long complex of diversified public and private facilities designed for handling general cargo, containers, grain, other dry bulk materials, project and heavy lift cargo and other types of cargo. The Port of Houston Authority plays a vital role in ensuring navigational safety along the Houston Ship Channel, which has been instrumental in Houston’s development as a center of international trade. The port -- sixth largest in the world -- is ranked first in the United States in foreign waterborne tonnage and second in total tonnage. Each year, more than 6,600 vessels from around the world call at the port. For more information, please visit <http://www.portofhouston.com>.*