



For Immediate Release

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PORT AUTHORITY RECEIVES DELIVERY OF BAYPORT ROD

U.S. Army Corps of Engineers releases Record of Decision on container and cruise terminal facility, paving the way for permit

HOUSTON – The Port of Houston Authority today welcomed the release by the U.S. Army Corps of Engineers of the Record of Decision (ROD), which recommends approval of the proposed Bayport Container and Cruise Terminal. The ROD is a concise document that states what the decision on the permit is and includes the district engineer’s views on the probable effect of the proposed project on the public interest.

The Texas Commission on Environmental Quality is expected to complete a review of the ROD within ten business days and forward the document for further review by the Coastal Coordination Council. Pending the favorable outcomes of both reviews, the Corps of Engineers is expected to grant a permit to PHA.

“The Corps has done an outstanding job in its diligent review of the proposed Bayport plan,” stated Jim Edmonds, PHA commission chairman. “Throughout this process, the Port Authority has maintained its commitment to good environmental stewardship and open communication with the citizens of the communities surrounding the port. We are confident that the ROD now paves the way for quick, final approval of a permit that will allow the first phase of construction at Bayport to get underway soon.”

Last May, the Corps released its Bayport FEIS (final environmental impact statement), which opened an initial public comment period that closed on July 16. In August, the Corps issued a new public notice with a 30-day public comment period on the coastal prairie preservation components of PHA’s mitigation plan. The second public comment period closed September 12.

Delivering Environmental Green Lights

In October, PHA and the Texas Parks and Wildlife Department (TPWD) signed a memorandum of agreement on PHA’s plan to preserve coastal prairie habitat as part of the development of the proposed Bayport terminal. Specifically, the PHA will preserve 456

acres along the lower part of the San Jacinto River and 500 acres of prairie habitat. In their MOA, PHA and TPWD indicate that this additional preservation of valuable habitat completes a package that compensates for the impacts from the proposed terminal facilities.

Additionally, written statements on PHA's coastal prairie preservation plan have been submitted to the Corps of Engineers by three other agencies that had previously raised concerns about the environmental impacts of the proposed Bayport project. The statements from the U.S. Environmental Protection Agency, U.S. Fish and Wildlife Service, Texas Commission on Environmental Quality as well as the office of the Governor or Texas generally conclude that PHA's plan adequately addresses their concerns and establishes appropriate conditions that should be included in a permit for Bayport.

The Corps considered the TPWD agreement, the written statements from the other agencies, and several public comments in its finalization of the ROD on the Bayport permit application.

In addition to coastal prairie preservation, PHA's design for the Bayport facility includes several other mitigation measures to compensate for environmental impacts. For example, the use of clean fuel and clean engine technology will help reduce air emissions. PHA's existing container facility at Barbours Cut recently completed an initiative to convert 28 rubber-tired gantry cranes and 25 yard tractors to Purinox, a diesel emulsion fuel that produces significantly lower levels of air emissions. The initiative was funded by \$212,000 in grants awarded to PHA by the Texas Emissions Reduction Program (TERP). Previous tests of Purinox on Barbours Cut equipment engines have resulted in a 25 percent reduction in nitrogen oxide (NOx) levels and a 30 percent reduction in particulate matter.

Air emissions reduction, solid waste recycling, and storm water quality improvement are the key objectives of PHA's environmental management system (EMS). In 2002, Barbours Cut and PHA's central maintenance facility became the first of any U.S. port facilities to implement an EMS that complies with ISO 14001, the global standard for environmental excellence. PHA is committed to meeting ISO 14001 standards upon the completion and opening of the Bayport facility.

Another mitigation measure planned for the Bayport facility is a three-mile long buffer zone around the facility that will include a landscaped sight and sound berm that will be 20 feet tall. The buffer zone also includes part of an extensive storm water collection system that will protect Galveston Bay. Lighting systems designed to use black light poles and specially designed fixtures will limit night-time impacts at the facility. PHA's Bayport plan also involves jurisdictional wetland replacement at a ratio of more than three to one to increase the habitats available for fish, waterfowl and other coastal wildlife. Furthermore, the beneficial use of dredged material will create an additional 200 acres of inter-tidal marsh.

"The Port Authority has drawn on expertise developed in other ports around the world to make the proposed Bayport facility environmentally sound," Edmonds said. "We will continue to review our development plans as new environmental technologies and techniques evolve."

Delivering Firm Stand Against "Baseless" Lawsuit

In October, attorneys representing PHA filed to intervene in the pending federal court lawsuit concerning the proposed Bayport project. The lawsuit was filed against the Corps in June by the City of Shoreacres and other local municipalities and organizations.

While the lawsuit is related to PHA's proposed Bayport facility, it does not specifically name PHA as a defendant. The lawsuit alleges that the Corps should prepare a supplemental draft environmental impact statement (SDEIS) on the Bayport project and asserts other challenges to the Corps' review of the Bayport project, including the Corps' delineation of jurisdictional wetlands at the Bayport site.

"By intervening in the lawsuit, we are seeking to protect the Port Authority's rights and prevent further delays that could significantly harm the region's economy and job base," stated Edmonds. "The lawsuit is a baseless challenge to the validity of the Corps' process, and we are confident that the plaintiffs' challenge will fail," Edmonds added.

Delivering Jobs, Economic Impact

Built out in phases over 15 to 20 years to meet market demand, the proposed Bayport complex will have enough space for seven ships and a 378-acre container storage yard. It will have a maximum capacity of about 1.4 million containers – a 200 percent increase over PHA's current container handling capacity. The facility is expected to create

approximately 39,000 jobs and contribute approximately \$1.6 billion to the Texas economy through wages and tax revenues.

In anticipation of the ROD and permit, PHA has been publicizing and receiving bids and proposals over the past several months in an effort to save time and money when construction is authorized. For example, the PHA commission recently approved contract awards to Cherry Demolition, Inc. and JWD Group.

Cherry Demolition was awarded an estimated \$310,591 contract to clear the site for Bayport Phase 1A. JWD Group was awarded an estimated \$1,462,200 contract to provide architectural and engineering services for the development of the marine terminal facility at Bayport, including topographic and geotechnical surveys and the development of designs for road pavement, drainage, gate and support facilities. JWD is also expected to prepare the request for proposals (RFP) documents for the Bayport gate control system.

“Although no work will be performed and no spending will be authorized until and unless the Corps issues a permit, executing these contracts now will save time when we are granted a permit to begin construction,” stated Chairman Edmonds. He further explained that PHA’s entire bidding and contracting process can take six to eight months, including bid and proposal submissions, evaluations by PHA staff, and subsequent reviews, contract award decisions, and spending authorizations by PHA commissioners.

Following the granting of a permit from the Corps, the PHA estimates that as many as 16 contracts totaling more than \$180 million will be awarded during the first part of the Bayport project. More than half of that amount is expected to be packaged in Small Business Development Program (SBDP) contracts, which can result in as much as 35 percent participation by qualified small businesses.

The SBDP was established in 2002 to help PHA contractors make good faith efforts to include small business participation in eligible contracts. In the program’s first year, a total of \$6.3 million of PHA’s \$18.1 million in non-exempt contracts – equivalent to the targeted goal of 35 percent -- were awarded to small businesses.

Every year, more than \$8 billion worth of goods move through the Port of Houston. Last year alone, nearly 200 million tons of goods moved through the port. More than 287,000 jobs throughout Texas are related to the movement of cargo through the port.

Those jobs pay more than \$7 billion in salaries and wages. Additionally, port-related businesses generate nearly \$11 billion in revenues and pay nearly \$650 million in taxes.

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About 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 and other dry bulk materials, project and heavy lift cargo, and other types of cargo. Each year, more than 6,600 vessels call at the port, which ranks first in the U.S. in foreign waterborne tonnage, second in overall total tonnage, and sixth largest in the world. The Port 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 Barbours Cut Container Terminal and Central Maintenance Facility are the first of any U.S. port facilities to develop and implement an innovative Environmental Management System that meets the rigorous standards of ISO 14001. Additionally, the port is an approved delivery point for Coffee "C" futures contracts traded on the New York Board of Trade's Coffee, Sugar & Cocoa Exchange. For more information, please visit www.portofhouston.com