

THE PORT REPORT

MAY 2004

PORT OF HOUSTON AUTHORITY

Federal Court Delivers Favorable Bayport Decision

On May 4, PHA welcomed U.S. District Court Judge Vanessa Gilmore's ruling on the motions for summary judgment that had been filed by the U.S. Army Corps of Engineers, PHA, and the opponents of PHA's Bayport Container and Cruise Terminal project. The court ruling granted the Corps' and PHA's motions and denied the opponents' motion, thereby dismissing the challenge to the Bayport permit.

According to the court's ruling, "The court finds that the actions of the Corps fully considered and complied with the requirements of the National Environmental Policy Act and the Clean Water Act."

Construction is expected to begin soon, resulting in thousands of new jobs and hundreds of millions of dollars to the region's economy. The modern facilities at Bayport will enable the PHA to provide efficient services to its existing and future customers.



Bayport Container Yard Contract Delivered

During a special public meeting on April 5, Zachry Construction Corporation received the commission's top ranking for negotiation of the contract for construction of the container yard for Phase 1A of the Bayport project. Pending the successful outcome of negotiations, the contract award is expected to range between \$34 million and \$40 million.

Zachry stated its commitment to meet and exceed the PHA's requirements in pricing, environmental quality, small business sub-contractor participation, and community outreach on the project. The company committed to provide an electrical batch plant on-site at Bayport to reduce truck traffic, dust, and air emissions. To minimize impacts to local residents and roadways, the company will also limit the amount of construction work performed at night. Additionally, Zachry's plan calls for 67 percent small business sub-contractor participation.

Earlier this year, Zachry also received the commission's top ranking for negotiation of an estimated \$57 million contract for dredging and wharf construction at Bayport.

Quarter Century at Barbours Cut

Delores Gonzales and Renita Wade recently celebrated 25 years of employment at the Port of Houston Authority.

Gonzales began working at Barbours Cut Terminal as a secretary/receptionist and currently serves as a senior secretary to Jimmy Jamison. She welcomed the computer era, saying that typing long documents is much easier now.

Wade is a logistics coordinator, handling cargo in and out of Barbours Cut on the PTR. In her vital position, Wade assures the cargo arriving or the leaving terminal to destinations around the country.



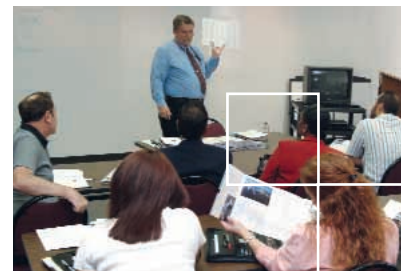
Renita Wade (left) and Delores Gonzales celebrate 25 years.

April Commission Highlights

- Forde Construction received the commission's top ranking to participate in authorized negotiations of a contract for the construction of a sound wall for Phase 1 of the entry/exit pre-check and inspection facilities at Barbour's Cut. Pending the successful outcome of negotiations, the sound wall construction contract is expected to range between \$900,000 and \$1.4 million.
- Waste Management received the commission's top ranking for authorized negotiations of a one-year contract for trash disposal services for PHA's north and south Turning Basin, Barbour's Cut and Woodhouse terminals. Pending the successful outcome of negotiations, the estimated \$324,000 contract award is expected to include the PHA's standard 150 percent overage clause.
- J.A.M. Distributing Co. was awarded a \$1 million contract for the purchase of approximately 900,000 gallons of PuriNOx diesel emulsion fuel for use in off-road, diesel-powered equipment at PHA's Barbour's Cut Container Terminal. The one-year contract began on April 29. PuriNOx is manufactured by the Lubrizol Corporation and J.A.M. is the exclusive distributor of the product in Texas. The incremental cost for PuriNOx is covered by PHA's Texas Emission Reduction Plan (TERP) grant from the Texas Commission on Environmental Quality.

Small Business Program Delivers Results

During the first quarter of 2004, PHA spent nearly \$1.4 million (29 percent) of its contract dollars with small businesses, including \$547,790 in second-tier sub-contracts. Small businesses received \$845,005 (18 percent) of all formal and informal purchase orders issued by PHA during the quarter (a formal purchase order is over \$25,000; an informal purchase order is under \$25,000). Out of a total of 24 formal purchase orders, five (13 percent) were issued to small business prime contractors. Out of 396 informal purchase orders, 122 (27 percent) were issued to small businesses.



Meanwhile, 107 new vendors became registered participants in PHA's Small Business Development Program, bringing the program's total to 696. Approval remains pending for another 245 vendors. The SBDP is an initiative designed to help PHA contractors make good faith efforts to include small business participation in eligible contracts.

The SBDP hosts monthly networking forums called "Business Opportunities at the Port." The upcoming forums are scheduled for the first Wednesday of each month from 4 p.m. until 6 p.m. in the lunch room at PHA's Executive Office located at 111 East Loop North (Exit 29 off Loop 610) in Houston. Various PHA staff members will be available at the forums to answer questions about current proposals and refreshments will be served.

Communicating Conservation to Children



No matter what part of town it comes from, both rainwater and discarded trash end up in the Houston Ship Channel. That was the message delivered to 350 middle school children during Houston's Water Festival 2004. The festival focused on water pollution and conservation. PHA's environmental affairs department participated in the 11th annual festival. Using a large, water-filled model, staffers demonstrated how rain washes trash from roadways into the bayou system then into the ship channel.

"I believe that the children enjoyed the model showing the pathway of trash through the water bodies," said environmental's Stephen Craig. "The majority of the children paid attention and learned that throwing trash out the car window or not properly placing trash into receptacles could lead to poor water quality in the Buffalo Bayou and the Houston Ship Channel."



Questions?

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