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Port of New Orleans Response to "Critical Development Issues Overview Report"

The "Critical Development Issues Overview Report" commissioned by St. Bernard Parish Government is a contradictory attempt to call into question the legitimacy of years of due diligence and planning conducted by global maritime leaders, the Port of New Orleans, the Port of St. Bernard, Louisiana State leadership and federal administrators on the Louisiana International Terminal project.

The lack of research, facts, key data and engagement with any of the parties involved in the State's thriving 50-year container business, in concert with a poor understanding of the Louisiana container market, qualifies this report as illegitimate. Nevertheless, in the continued spirit of transparency and to address continued attempts at disinformation, the Port of New Orleans (Port NOLA) offers the following response to the various claims made in the report:

Market

Port NOLA and the two global maritime partners investing in the terminal have completed independent market analyses that support the development of a single container terminal downriver of the Crescent City Connection Bridge. The Port's market analysis was shared with St. Bernard Parish Government months ago.

The annual throughput volume for the Louisiana International Terminal, projected to reach 2 million TEUs by 2050, is in line with global trade and market-driven demands. The Vickerman Report references outdated market studies more than a decade old, with volume projections that Louisiana has already well exceeded due to the e-commerce explosion, supply chain shifts made as a result of the COVID-19 pandemic, and the diversification of cargo owners' portfolios to have a tri-coast approach to optimize supply chains. Again, the author did not reach out to Port NOLA, State or industry partners for any current market assessments.

For decades, the Port of New Orleans has been at the forefront of trade and transportation and has continuously analyzed, forecasted and followed volume and commodity trends in making investments not only for today's growing containerized cargo demand, but for generations to come. Port NOLA has the most connected multimodal port in America, where the river access and rail connectivity are unmatched.

By comparison, the Port of Mobile is forecasting 1 million TEU capacity by 2025, Charleston's Wando Welch terminal has an annual capacity of 2.4 million TEUs and an additional 700,000 TEUs with Charleston's Leatherman terminal. Charleston handled 2.8 million TEUs in 2022. Savannah's annual capacity is expected to reach 9 million by 2025 -- a staggering 3 million TEU increase in capacity from 2022 when it handled nearly 6 million TEUs. The Port of Virgina has an annual capacity of 7 million TEUs.

The conversion rate of 1.62 represents the industry standard, and more specifically for the New Orleans container market for converting TEUs to units or lifts. Using 2019 as a base year of approximately 648,000 TEUS / 1.62 = 400,000 container lifts.
The Mississippi River is Louisiana's greatest natural resource. It's the reason for the Louisiana Purchase, it's why the six Class I railroads converge at the Port in the Crescent City, and upon it rests the future of our state's trade-based economy.

The world's leading ocean carrier, Mediterranean Shipping Company and North America's largest terminal operator*, Ports America*, see the potential, committing $800 million in private investment to the development of the Louisiana International Terminal in St. Bernard Parish. In December 2023, the U.S. Department of Transportation announced an additional $73.8M million for the terminal project, which is in addition to major contributions from the State of Louisiana and Port NOLA.

Multiple site studies have been conducted over the past two decades by multiple parties, with many starts and stops. Port NOLA and its partners studied sites in St Bernard and Plaquemines Parish. MSC/TIL and Ports America and Port NOLA have operated on the lower MS river for 50 years and are well versed in the pros and cons of each site from a water, land, and intermodal perspective. We, along with our teams of maritime and industry experts that have built the most modern terminals across the US and the globe, are confident that Violet offers a superior site for Louisiana's next generation container facility based on flood protection, existing intermodal assets, ability to invest in economically reasonable infrastructure and ability to serve the market demands.

Site Selection
Over several years, Port NOLA conducted a comprehensive site identification and analysis process to compare and screen potential terminal sites downriver from the Crescent City Connection Bridge. The site identification and analysis process included an evaluation of the following criteria:

- Ability to accommodate large container vessels
- Deep water
- Length of river frontage
- Terminal acreage
- Ancillary acreage
- Road and rail service
- Flood risk reduction
- Access to labor

Multiple sites were identified and evaluated downriver of the Crescent City Connection in St. Bernard Parish and Plaquemines Parish. Because a container terminal is a component of transportation infrastructure, it is critical that the terminal is connected to adequate road and rail networks. Additionally, the terminal site and adjacent transportation networks must offer a level of protection from climate impacts, including hurricane storm surges. The evaluation process made it clear that sites closer to the mouth of the river were less connected to critical transportation networks and would therefore require significant investment and time to build those networks, and they are more vulnerable to sea-level rise and hurricane impacts.

After the Sinclair site in St. Bernard was found to be inadequate for navigating large container vessels, the site selection analysis identified the Violet site as the preferred location for the development of the Louisiana International Terminal. Global maritime partners TiL and Ports America, who design and construct terminals in the US and around the world, agreed that Violet was the preferred site and committed $800 million toward the development of the Louisiana International Terminal at that location.

Strategic Planning

The development of a container terminal is a highly complex undertaking that requires a deep understanding of container terminal operations; the development of carrier, operator, and shipper relationships; and the financial wherewithal to fund and manage an infrastructure project with a price tag of more than $1 billion. For 50 years, Port NOLA has owned and managed Louisiana's only international container terminal. Over that time, the Port has cultivated relationships with major carriers, terminal operators, and shippers who are committed to Louisiana and have invested in Port NOLA's facilities. Moreover, Port NOLA has the financial standing and bonding capability to contribute significantly to the development of a new terminal, and Port NOLA's staff are experienced in all aspects of terminal operations, financing, and design that will be required to successfully complete its development. Port NOLA is the only governmental organization in the State with the ability, focus, and commitment to accomplish this monumental task.

To date, significant progress has been made to advance the Louisiana International Terminal in Violet, including the purchase of 1,200 acres of land (the terminal footprint is about 400 acres, the remaining land is available for future industry-related development and community benefit), development of 30% design plans, award of final design contracts, selection of Construction Manager at Risk Contractor, and completion of approximately 90% of the environmental studies required to permit the project. From a financial perspective, Port NOLA has solidified $800 million in private investment, has received commitments for approximately $30 million in State funding, and has been awarded $74 million in federal grants. From a community engagement perspective, Port NOLA continues working with the community to understand how the Louisiana International Terminal can benefit Violet and St. Bernard Parish, including community improvements the Port can bring to the table. As a result of ongoing engagement, Port NOLA has updated the terminal layout to directly address traffic, electricity needs, and drainage.

Now is the time to focus our collective efforts on the only viable terminal site in Violet as a unified State priority and together accomplish one of the most significant public projects in recent history. There is no better site in the State of Louisiana for the development of an international container terminal.

Truck Volumes

Regardless of the location of a downriver container terminal, increased truck volumes will be inevitable because this is predominantly a truck market. Sites located farther downriver on the East Bank would have the same impact on the St. Bernard community and transportation infrastructure as would the Violet terminal. Similarly, sites located farther downriver on the West Bank would impact more densely populated communities and transportation infrastructure in Jefferson and Orleans parishes. Due to the

Violet site's close proximity to the interstate highway system and rail infrastructure, the cost of transportation upgrades to accommodate terminal volumes is reduced, and the cost to move cargo to inland destinations is less. Additionally, undeveloped land is available to upgrade transportation infrastructure from the Violet site, including the St. Bernard Transportation Corridor, which can significantly reduce truck-related impacts on the parish and provide: quality-of-life improvements to the community via increased mobility, an additional hurricane evacuation route, and ancillary development opportunities.
With that in mind, Port NOLA has already started the planning process with the Regional Planning Commission, secured funding for the first few phases, and hired a global P3 advisory service to expedite the project in parallel with construction of LIT.

Container-On-Barge
Based on current vessel technology and cargo distribution trends, it is unreasonable to believe that reliance on container-on-barge vessels as the primary mode of transportation to and from a terminal would allow for efficient operations from an offshore or remote site. Furthermore, it is unreasonable to believe that this vessel technology can eliminate the need for truck drayage as a component of the operation. The idea of a remote or offshore terminal has gone to market several times in Louisiana, all unsuccessfully. The maritime industry has consistently rejected this concept as unfeasible due to factors such as storm risk, operational concerns, access to labor, and economics. However, Port NOLA already operates the second largest container-on-barge (COB) service in the country and will build on those volumes with dedicated berthing and equipment at LIT. There is a niche for COB, but a terminal cannot economically or logistically survive with COB as the only mode of transportation provided to shippers and carriers.

Community Input on Terminal Design
In an effort to mitigate community concerns and impacts related to the development of the Louisiana International Terminal, Port NOLA instituted a comprehensive community outreach program that far exceeds NEPA requirements and typical outreach programs on projects of similar magnitude. This program included the creation of two community advisory committees to inform the design team, solicit feedback, and disseminate project information to the community. The first committee was made up of representatives of the Violet community, and the second committee was made up of representatives from the broader St. Bernard Parish. The community advisory committees typically convene every other month to share project updates and receive feedback from the community that informs the design process. In addition, the outreach program included the creation of a Community Connection Office in Violet that is staffed by project experts who are available to provide a direct line of communication for project-related information and opportunities to the community. To date, Port NOLA has participated in hundreds of outreach events, including hosting six public open houses throughout the parish to disseminate project information and solicit feedback. Through these outreach efforts, the terminal configuration has been revised to minimize community impacts and improve operational performance.

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Terminal Technology

The Louisiana International Terminal is planned to include the latest green and innovative technologies to reduce environmental impact and increase operational efficiencies. These technologies include but are not limited to shore power, electric ship-to-shore cranes, electric rail-mounted gantry cranes, and the installation of a microgrid generator system to provide critical emergency power and manage energy peaking. Additionally, the terminal is being designed per Green Marine Certification requirements, which focus on continuous sustainability improvements through every aspect of the terminal design, construction, and operation. Port NOLA is also committed to the continuation of the Clean Truck Replacement Program, which upgrades over-the-road trucks with cleaner burning engines, improving air quality and the reliability and efficiency of goods movement.

Marine Vessel Simulation

The Marine Vessel Simulation utilized the largest vessel anticipated to call on the Louisiana International Terminal, and the study evaluated many operational considerations for future reference and consideration by river pilots. The simulated vessel was manageable in all tested conditions using standard river piloting techniques and practices. The navigation study results were positive in that the pilots supported the location and noted that the proposed site is an excellent location for a new container terminal, safe for piloting ultra-large-class container vessels. Per the pilots' recommendation, modifications to the 9-mile anchorage length and depth are being coordinated through the NEPA permitting process.

As vessel sizes increase over time, Port NOLA staff and terminal operators will work with local tug resource providers to meet navigational needs. Additionally, impacts related to existing operations, anchorages, fleeting areas, and even pipelines are common considerations in terminal development that were a factor at most — if not all — of the alternative sites that were evaluated and proposed for terminal development.

The U.S. Army Corps dredged the Mississippi River to a historical 50-foot depth, not just to serve the larger container ships coming online, but also so that other vessels of the same size and draft, such as oceangoing cruise ships and oil and gas tankers, will continue to traverse as far north as Baton Rouge.