

Port Review



A publication of
The Greater
Lafourche Port
Commission

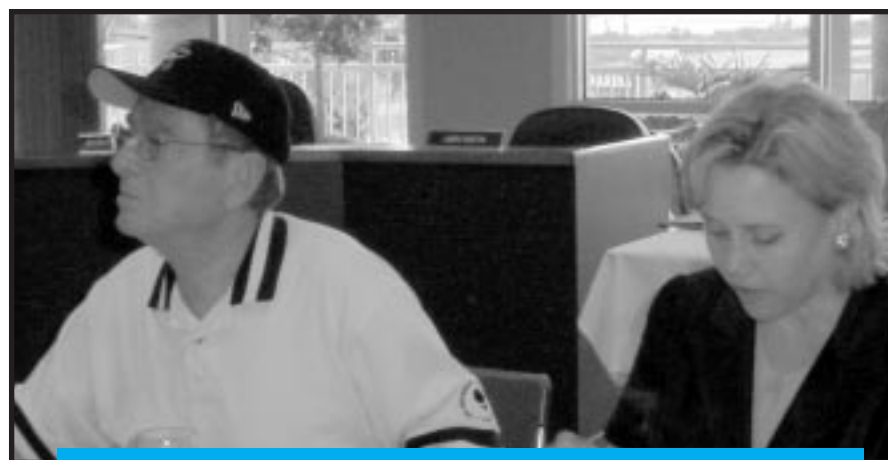
**Special
Transportation
Edition**

They're listening...



Jim Connaughton,
President George Bush's
Senior Environmental Adviser,
at Port Fourchon in May

**and
responding
to our call
for help.**



Louisiana Senator Mary Landrieu and Senator Pete
Domenici, Chairman of the Senate Energy and Natural
Resources Committee, at Port Fourchon in June.



The future of this region's economic stability rests in our ability to sustain and strengthen our connectivity to the Gulf of Mexico.

The Greater Lafourche Port Commission



The Greater Lafourche Port Commission was established by the state of Louisiana in 1960 and exercises jurisdiction over an area of Lafourche Parish, south of the Intracoastal Waterway, including Port Fourchon and the South Lafourche Leonard Miller, Jr. Airport.

The Commission has targeted Port Fourchon for growth and development of Port facilities because of its ideal geographic location on the Gulf Coast. Fourchon's primary service market is domestic deepwater oil and gas exploration, drilling, and production in the Gulf of Mexico. Fourchon is comprised of 600 developed acres that house state-of-the-art service facilities and is in the midst of its 700-acre Northern Expansion Development, which will more than double the port's size and will further accommodate the new generation deep draft supply vessels.

In addition to developing Fourchon, the Commission has expanded the services of the South Lafourche Leonard Miller, Jr. Airport since acquiring it in November 2001. This general aviation airport sits on 359 acres in Galliano, Louisiana and is surrounded by 1,200 acres of commission-owned property slated for industrial development. Its close proximity to Fourchon makes it the airport of choice for both business and recreational travel to South Louisiana. The airport is under aggressive expansion as well, with plans for a 6,500-ft. runway with full parallel taxiway to accommodate large jet aircraft.



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Ted Falgout
Executive Director

THE BULLISH ROAD AHEAD



“Taking the Bull by the Horns” is a common saying used when one aggressively takes on a difficult task. Roy and I just couldn’t let this photo opportunity pass while explaining the significance of an improved highway system to bond rating agencies and potential bond purchasers on Wall Street recently. When I look back and reflect on when we started this highway improvements effort and how quickly we have gotten to where we are today, the Port Commission and the LA 1 Coalition, through the efforts of many, have truly earned the right to use this phrase.

Although we may have the “Bull by the Horns,” the picture depicts how massive the animal is. Without much imagination, one can see how easily our effort can be pitched to the side and the bull headed off to “greener pastures.”



Ted Falgout

Executive Director, Greater
Lafourche Port Commission

between U.S. 90 and Grand Isle have progressed far beyond many of our expectations in such a short period of time that sometimes we lose sight of how easily this extremely important project could fall victim to some obstacle.

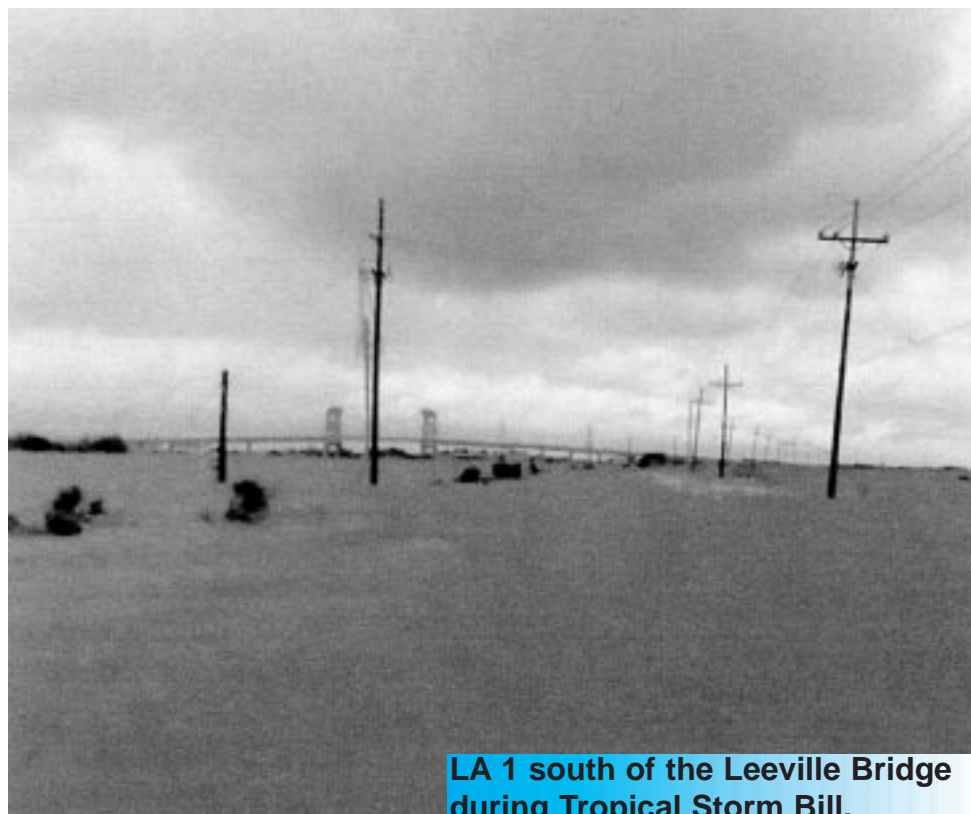
A likely obstacle would be if this highway’s users cannot agree that tolls should be placed, then we could soon find ourselves back in the pack with the huge backlog of highway projects that are 30-40 years away and may never be built. A quick review of the events during the most recent tropical storm makes it very clear that we do not have the luxury of waiting. It is simply shortsighted not to recognize the daily increase in vulnerability of the system and the threat it presents to all of its users. The recent

storm event clearly shows that the Leeville area is truly our weakest link and presents the greatest

threat to everyone that must travel south of that critical juncture. We must not lose sight of the daunting tasks that lay ahead of us and unless we present a united front, we may lose the one effort that is key to the survival of this state’s only inhabited barrier island, this nation’s key energy port and huge commercial and recreational fish-

ing interests.

If we are to continue to have this bull within our grasp and continue, at an accelerated pace, to work to fund and build this much-needed highway, we need a united, grass roots support effort from all of the stakeholders as well as continued, strong leadership from our elected officials.



LA 1 south of the Leeville Bridge during Tropical Storm Bill.



White caps on LA 1 during Tropical Storm Bill.

Our focused efforts to secure highway improvements

Sen. Landrieu “has talked us into what we now consider a fair situation, changing the authorization of where offshore revenues will go in the future. Somewhere between \$240 million and \$300 million a year will come to your state in the future, when this bill becomes law.”

Sen. Pete Domenici,
Chairman of the U. S. Senate Energy
and Natural Resources Committee

It's not the final word, but it's certainly the most encouraging statement yet to those who have worked to find a funding source for a new highway to Port Fourchon and coastal restoration efforts.

U. S. Senator Pete Domenici made the statement endorsing Sen. Mary Landrieu's plan to reallocate federal offshore revenues on a visit to Port Fourchon June 30. As chairman of the U. S. Senate's Energy and Natural Resources Committee, Sen. Domenici's support is key to the successful passage of an energy bill now under consideration.

The money from the bill would compensate the state for environmental and economic impacts from oil and gas production in the Gulf of Mexico. The proposed bill would provide 12.5 percent of funds derived annually from Outer Continental Shelf royalty funds. Figures provided by the U.S. Minerals Management Service indicated that oil and gas activity in Louisiana provided \$5 billion to the federal government in 2001. Louisiana only received 0.5 percent of that amount.

U. S. Congressman Billy Tauzin also included similar language in the House version of the energy bill, which passed the House and is anticipated to be voted on late this summer by the Senate. It would then be referred back to conference committee to iron out the differences between each version of the bill.

Sen. Landrieu and Rep. Tauzin first introduced legislation to earmark a greater percentage of the MMS funds annually for highway improvements and coastal restoration in 1999. Then known as the Conservation and Reinvestment Act (CARA), the attempt came close to passage, but ultimately failed. The



Sen. Pete Domenici, right, Chairman of the U. S. Senate Energy and Natural Resources Committee, accompanied Sen. Mary Landrieu to Port Fourchon in June.

effort did result in some coastal impact monies for the state, but not enough to fund the two major proposed projects.

Much of the money in the new energy bill could be used to pay part of the state's share of a \$14 billion plan to rebuild coastal wetlands. It could also play an important role in building a \$500 million elevated LA 1 from Golden Meadow to Port Fourchon, including an overpass over Bayou Lafourche at Leeville.

Coastal states would share about \$3.7 billion over the next six years, with the majority of the money coming to Louisiana. Funding would be shared with those coastal parishes and counties within energy producing states, based on a formula that includes the amount of productivity, proximity to the wells and miles of coastline.

Landrieu touted Port Fourchon's significance to the country's energy supply, and the area's acceptance of the industry.

“On this ground, this small and unassuming port that isn't grandiose like Seattle or

Houston, comes about 25 percent of the energy necessary to keep this country going every day, to keep the lights on in Chicago and New York,” she said. “It doesn't ask for a lot; it doesn't grumble or complain, but it does its work day in and day out.”

Previous attempts by Sen. Landrieu to secure federal funding for coastal projects and infrastructure were blocked in part by officials who said the plan would encourage development of oil drilling in areas where it is not now occurring or has been limited, such as off the coasts of Florida and California.

Sen. Domenici praised area residents who “live in the area and say we want to grow and prosper.”

“I didn't come here to fix all of your problems,” Sen. Domenici said. “I came down here because

we have some very important legislation moving through the Congress. It has some language in it that's very, very important to you, not just your part, but the entire area I've seen today.”

Sen. Landrieu said that Sen. Domenici's Port Fourchon statement was the first time that he had publicly endorsed her coastal impact assistance plan.

Senate flyovers

In South Lafourche and Grand Isle, the sound of an airplane or helicopter flying overhead rarely draws much attention. Aircraft play a major support role for the oil and gas industry, so it's common to hear the sound.

Over the last ten months, however, some of the passengers in the aircraft above the area have been officials in a position to facilitate the plans for a new highway and coastal restoration.

An aerial view is the best vantage point
Senate, continued next page



Among the officials who attended the May White House trip to Coastal Louisiana were Jim Connaughton, chairman of the Council on Environmental Quality (CEQ) for the White House; George Dunlop, Deputy Assistant Secretary of the Army for Civil Works (OASA-CW); Bill Leary, Associate Director for Natural Resources, CEQ, White House; Andy Hagelin, Assistant for Water Resources Policy (OASA-CW); LTC Richard Wagenaar, Military Assistant to the Secretary of the Army-Civil Works; and Gene Whitney, Office of Science and Technology for the White House. Officials with the Minerals Management Service, the US Army Corps of Engineers, the LA 1 Coalition and Restore or Retreat were also in attendance. The event was hosted by the Greater Lafourche Port Commission.

White House officials briefed on infrastructure, land loss concerns

If the third time's a charm, luck may play a role in the all-important effort to upgrade the highway system to Port Fourchon and to address coastal land loss.

Sen. Mary Landrieu has presented a proposal to fund the needed coastal impact assistance on three separate occasions. She was unsuccessful in the first two attempts, but this time, the chances are improving.

Officials with the White House have planned three trips to Port Fourchon, first cancelled by the tragedy of Sept. 11, 2001, then by tropical systems Isidore and Lili, and finally

arrived in May on the third attempt.

Luck, however, will play a minor role in the serious business of improving LA 1 and stemming coastal erosion.

The White House officials, including Jim Connaughton, chairman of the federal Council on Environmental Quality, toured the region by air for a full view of the weak infrastructure leading to Port Fourchon and the instability of the land surrounding it. They then boarded a vessel to witness first hand the impressive array of oil and gas exploration structures and support activity which contribute

significantly to the nation's energy needs.

The two-day visit began with presentations focused on educating the officials on efforts to date and what is needed to correct the problems.

A presentation on the national America's Wetland awareness campaign and why it is in the nation's best interest to spend \$14 billion to save it laid the groundwork for the tour. The campaign links the demise of Louisiana's wetlands directly to oil and the national economy.

White House, continued next page

Senate

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for understanding the entire picture: it is obvious from the air that LA 1 is the only land link to Port Fourchon, which supports 25 percent of the nation's oil and gas needs, and the devastating effects of coastal land loss.

Sen. Landrieu arranged the June 30 aerial tour of south Louisiana with Sen. Domenici, as she has with four other ranking members of Congress, their staffers and other officials representing federal and state agencies who are studying the situation.

Some trips have been very timely. Sen. Jim Jeffords of Vermont, a ranking member of the Environment and Public Works Committee, saw first hand the serious problems which occur when the Levee Bridge is out of commission.

Sen. Jeffords said his observations on the tour indicated a need for the federal government to pay to protect vital sites such as Port Fourchon. The committee on which Jeffords is a member is overseeing the Senate's transportation bill, which will allocate \$280 billion over the next seven years.

Sen. Joe Lieberman, a member of the Environment and Public Works Committee, came to South Louisiana for a presentation on coastal land loss. "You've made a strong case and educated me," he said. "You have convinced me that this (coastal restoration) is a matter of national significance, both environmentally and economically, and therefore, the federal government...must take a role in protecting this extraordinary resource."

Sen. Landrieu also arranged for Sen. Jeff Bingaman, a ranking member of Sen. Domenici's Energy and Resources Committee, to tour the port and the adjacent wetlands.

And Sen. Harry Reid, the Democratic Whip of the Senate and a member of the Appropriations Committee, came to south Louisiana at Sen. Landrieu's request. Landrieu said Sen. Reid told her that "I knew it was a problem. I just didn't know it was that bad."

"It is essential for senators and congressmen to see the vanishing coastline for themselves," Sen. Landrieu said. "There is no substitute for seeing with your own eyes the urgent need for coastal impact assistance, and the billions of dollars in crucial infrastructure the coast protects."

“It (Louisiana’s coast) is a vital resource not just to the state of Louisiana but to the entire nation. Coastal land loss has reached catastrophic proportions.”

Charles Groat
Director of the U. S. Geological Survey

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Following the meetings, Connaughton commended the state’s efforts to bring national attention to the problems experienced in south Louisiana.

“It’s a passion your leaders are bringing to the issue that I hope will begin to break through the conversation in Washington. As we sequence through our priorities, it’s important that this one be well understood and well analyzed,” he said.



Computer models have shown that the rapid erosion of barrier islands along the coastline have threatened the pipeline connection facility from LOOP and thousands of other pipelines, well-heads, oil platforms and supporting equipment stations sitting behind them in wetlands or open water where the marshes already have eroded away.

Greg Stone
LSU Coastal Scientist

Shell has budgeted \$5 million a year to rebury and replace pipelines, replace bulkheads and repair pipeline crossings in eroded wetland areas. Several Shell pipelines have been hit by vessels because they are no longer covered with sediment or vegetation, causing expensive oil spills. One cleanup can cost almost \$11,000 a barrel of spilled oil.

Tony Franchina
Shell Pipeline Company



Amendments set tone for future of LA coast

The voters of Louisiana could decide the fate of Louisiana’s coast when they vote on three constitutional amendments approved during the 2003 regular session of the state Legislature.

The constitutional amendments, authored by Sen. Reggie Dupre and Rep. Loulan Pitre, will be included on the upcoming Oct. 4 ballot for voter consideration.

Legislators approved two amendments aimed at increasing wetlands funding and limiting the state’s liability for approved restoration projects.

The funding measure would allow the state to more aggressively finance the wetlands restoration fund used to match federal project dollars. The amendment would require the legislature to channel \$35 million per year from mineral settlements into the wetlands fund and would allow use of additional monies from such sources for wetlands restoration. The legislation also raises the cap on the wetlands fund to \$500 million. In addition,

the measure allows the legislature to consider the wetlands fund as one of several options for appropriating certain non-recurring revenues. Supporters of the amendment stress that state funding of this magnitude is essential to making the \$14 billion comprehensive restoration plan a reality.

The measures limiting liability for coastal restoration projects would allow the state to reduce or perhaps even eliminate the \$2 billion-plus in judgments rendered in favor of oyster lessees, and to prevent similar situations in the future.

“We have long been fighting for recognition of coastal land loss as a crisis in this state and the nation cannot afford to ignore,” Rep. Pitre said. “And as Louisiana residents, we cannot expect other Americans to support our efforts unless we are willing to make difficult choices ourselves.

“That’s why it is so critical that the people of Louisiana approve this effort by the legislature to make coastal restoration a state priority.”

The U.S. Army Corps of Engineers, the lead agency in restoring the vast wetlands of Louisiana, is laying out a comprehensive restoration plan, and a draft of the report is due for public review by October. The goal is to submit a final report to Congress by 2004.

Troy Constant,
U. S. Army Corps of Engineers



LA 1 COALITION

ALL FOR 1 AND 1 FOR ALL

985-448-4485
www.la1coalition.org

A share of the coastal impact money is designated for infrastructure improvements, such as elevating LA 1 to Port Fourchon, according to language included in a coastal impact assistance plan added to the omnibus energy bill now under consideration.

LTA names LA 1 as first toll funding project

The LA 1 and Leeville bridge improvement project will be the first state project to be considered for innovative funding by the newly formed Louisiana Transportation Authority (LTA).

The appointed members of the panel agreed, at its initial meeting held in May, to proceed with the last phase of a three-phase toll study for the project. The final phase is aimed at more closely identifying the economic impact of various toll scenarios for the proposed new bridge and elevated highway.

Once this toll report is complete, LTA members will make a final decision on the feasibility of a toll to help fund construction costs for the roadway, and the manner in which any toll would be applied.

"Existing state revenues have made it cost-prohibitive for the state to commit traditional resources to large infrastructure projects like LA 1," said state Rep. Loulan Pitre, who serves as an LTA alternate for House Transportation Committee Chair Rep. Juba Diez. "The LTA, on the other hand, provides the state with a means to study and implement alternative means of financing."

"The fact that this authority has selected LA 1 as its first project shows that the state recognizes the great importance of this highway."

Hank Danos, a local businessman and an executive committee member of the LA 1 Coalition, was appointed by Gov. Mike Foster to the LTA.

The LTA was created by the state legislature in 2001 to pursue alternative and innovative funding sources for state highway projects.

These alternatives may include business-government partnerships and highway tolls. State law also provides for the LTA to manage any tollways that it approves, overseeing the planning, construction and operation of the project.

Wall Street investors courted for LA 1 project

State and LA 1 Coalition officials traveled to New York in May to introduce the LA 1 improvement project to selected bond rating companies, bond insurance companies and investment bankers. The meetings were intended to secure investors for the proposed infrastructure upgrade.

"Selling bonds may be a very practical way for the state to raise at least a portion of the \$550 million required to build the proposed new 17-mile, four lane elevated highway and fixed bridge at Leeville," said Roy Francis, LA1 Coalition Executive Director. "We are quite pleased by the response we received on this first introductory trip, but know that it is only the first step in what could be a lengthy process to secure bonds for our project."

Francis said that in the event bonds are used to finance construction of at least a portion of the highway improvements, subsequent toll revenues collected on the new highway would most likely be used to repay the bonds. The final decision on bonds, tolls and any other alternative funding for the LA 1 project now fall under the jurisdiction of the newly-formed Louisiana Transportation Authority.

Also participating in the trip were LA DOTD Secretary Kam Movassaghi, Undersecretary John Basilica, and LA 1 Coalition Chairman Ted Falgout. The group met with financial representatives with Moody's, Fitch, Standard and Poor's, and Solomon Smith Barney.

**LA 1
Coalition
Executive
Director
Roy
Francis**



Highway preconstruction work on schedule

Wilbur Smith and Associates has been contracted by the La. Department of Transportation to conduct the 18-month preconstruction work on the proposed 17-mile elevated highway and fixed-level bridge at Leeville.

The work includes engineering, design, surveying and right-of-way acquisition. In late February, crews began conducting topographic surveys and aerial photography along the highway route as well as title research in anticipation of right-of-way acquisition.

In June, crews also began investigating soil conditions south of the Leeville Bridge, a process that is expected to take three months.

The entire \$11.5 million preconstruction phase of the project is expected to be completed by September 2004. Funding is provided by a mixture of state and federal funds, as well as coastal impact assistance funds allocated to the state and Lafourche Parish in 2001.

Federal Highway Administration Division Administrator William Sussman signed the Record of Decision for the Environmental Impact Statement in late January for a proposed new toll highway from Golden Meadow south to Port Fourchon.

Port receives \$1.35 million for security

The Greater Lafourche Port Commission has been awarded two grants to beef up security at Port Fourchon. A majority of the funds will be used to install a camera surveillance system to monitor movement within the port.

The Port Commission will also purchase a new patrol vessel for the Harbor Police. The vessel is estimated to cost \$100,000.

The Louisiana Offshore Oil Port (LOOP), received \$772,000 in grant funding to further secure its operations, which includes offloading and transporting crude oil from tankers through pipelines connected to refineries along the Gulf of Mexico and in the Midwest.

Federal officials say the grant awards are to provide increased international cooperation, greater use of technology and additional

funds for port security enhancement features. “The port security measures we are putting in place - both here at home and abroad - are about building on our capabilities and strengthening each layer of defense,” said Tom Ridge, U. S. Secretary of Homeland Security. “Through information-sharing with our international partners; several different levels of inspection; review of intelligence information on the crew, cargo, and vessel long before they reach our shores; state-of-the-art technology; and, of course,



Brig. General Hunt Downer spoke of the necessity for Port Fourchon security funding at a meeting with White House officials at the port in May.

vigilance at every turn, we are able to screen and board 100 percent of high-risk vessels coming into our ports.” In Louisiana, the Port of New Orleans, Port of Baton Rouge, Port of South Louisiana in LaPlace and two ports in Lake Charles were awarded a total of \$4.7 million. Of the 17 grants awarded to state ports and businesses, the Greater Lafourche Port Commission received the second highest total. LOOP’s grant ranked it fourth in the state in the federal security funding. Implementation of the security measures is expected soon.

State port association membership open to individuals and business to promote maritime interests

Founded in 1984, PAL is a nonprofit trade association formed to aid in the advancement of Louisiana ports, which, in turn, encourages economic development within the State of Louisiana. PAL is a voluntary affiliation of, and a pooling of mutual interests, by the ports to:

- Develop and foster good relations among all ports in the State of Louisiana

- Promote the exchange of information between ports relative to new techniques or technologies on development, organization, administration and management
- Facilitate the formulation of common positions, policies or plans on questions of common interest and to present such positions at regional, state, national and international discussions

- Initiate measures which represent the interests of Association members within intergovernmental and other organizations in order to improve conditions and efficiency of the state’s port
- Promote favorable publicity by publication through newsletters, journals, magazines or other media of all port affairs
- Promote academic research and educational interest in the ports and marine sectors

- Foster and encourage economic development within the State of Louisiana.

Port Fourchon is a proud and active member of the Ports Association of Louisiana (PAL). To find out how you or your company can further PAL’s efforts to support the Maritime interests in Louisiana, please visit PAL’s website at www.portsoflouisiana.org or call the PAL office at 225-334-9040.

Greater Lafourche Port Commission
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