

Executive Summary

This Draft Environmental Impact Statement (DEIS) was prepared by the Jacksonville District of the U.S. Army Corps of Engineers (USACE) pursuant to Section 102 of the National Environmental Policy Act (NEPA) (42 USC §4332). The Puerto Rico Infrastructure Financing Authority (AFI, by its Spanish acronym, the Applicant), on behalf of the Commonwealth of Puerto Rico, is proposing the development of a deep-draft port in the south coast of Puerto Rico, within the Municipalities of Ponce, Peñuelas and Guayanilla, with terminals at the Ponce and Guayanilla Harbors. The proposed terminals would require federal authorizations under Section 10 of the Rivers and Harbors Act as well as under Section 404 of the Clean Water Act (Section 10 and Section 404 Permits). An additional permit under Section 103 of the Marine Protection, Research and Sanctuaries Act (Section 103 Permit) would also be required for the Ponce Harbor navigation channel and terminal, where dredging is proposed.

As the responsible Federal official, the District Engineer for the Jacksonville District has determined that the proposed activity constitutes a major federal action affecting the quality of the human environment, hence requiring the preparation of a Draft Environmental Impact Statement (DEIS) as mandated by NEPA. The Applicant, as the lead agency for the Commonwealth responsible for obtaining all the required permits and endorsements for the Project, provided information and assisted the USACE in the preparation of the DEIS.

The proposed Port of the Américas (PTA) is one of several strategic initiatives of the Commonwealth Government to promote the economic development of the southern region of the Island, reduce unemployment, increase per capita income, and increase direct investments from outside Puerto Rico. The Project is designed to provide world-class deep-draft port facilities for Post-Panamax containerships in Puerto Rico, and for the transshipment of cargo containers for the international and local markets.

The Project would be located within the jurisdictional limits of the municipalities of Guayanilla, Peñuelas, and Ponce, and would consist of the following components:

- Development of a deep-draft terminal in the Guayanilla Bay including:
 - Construction of a berthing pier on the western side of Punta Gotay, with a maximum length of 6,000 feet and capable of mooring as many as four Post-Panamax ships at the same time.
 - Reclamation by fill of approximately 110 acres of shallow submerged lands and 12 acres of coastal wetlands on Guayanilla Bay adjacent to the new pier and Punta Gotay, for the construction of parking and container storage and staging areas, as well as for administrative and operation facilities.
 - Development of a portion of the parcel previously occupied by Union Carbide Caribe (UCC) in Peñuelas, for value-added activities including industrial, commercial and other infrastructure facilities. The U.S. Environmental Protection Agency (EPA) recently selected this area for inclusion in the Brownfields Program under the Resource Conservation and Recovery Act (RCRA), which is designed to reclaim abandoned industrial sites.

- Development of a deep-draft terminal in the Port of Ponce capable of servicing Post-Panamax ships. This component includes:
 - The extension of Pier No. 8 to a length of about 3,610 feet to allow simultaneous berthing of as many as two Post-Panamax ships.
 - Immediate dredging of the navigation channel and berthing areas to a minimum depth of 45 feet and a maximum of 53 feet, to allow entry of Post-Panamax ships. The dredging would generate from 810,000 to 2.2 million cubic yards of material, in proportion to the final depth of the channel and berthing areas. Non-reusable material would be disposed at an ocean site south of Ponce authorized by the USEPA, after issuance of the Section 103 permit.
 - Development of as much as 132 acres of land adjoining the Port of Ponce, for the construction of value-added facilities such as industries, commerce, offices and warehouses, and other infrastructure needed for operation of the terminal.

The initial investment in the Project is estimated at about \$840 million dollars, mostly from the private sector, with the Commonwealth contributing approximately \$150 million. The terminals would be operated by the private sector, under the management of the Authority of the Port of the Américas, a public corporation of the Commonwealth.

A total of fifteen (15) coastal sites in Puerto Rico were carefully screened and evaluated as potential candidates for the location of the PTA, including the existing ports at San Juan, Fajardo, Ponce, Guayanilla, Mayagüez, Arecibo, Aguadilla, Guayama and Yabucoa, as well as six other bays around the Island (USACE, 1999; Frankel, 2000). The results of this evaluation resulted in the selection of four alternatives for project development as follows:

1. No-Action alternative, where no development would take place.
2. Port of Guayanilla alternative, with construction of a terminal at the Guayanilla Bay only.
3. Port of Ponce alternative, with construction of a terminal at the Ponce Harbor only.
4. Guayanilla and Ponce alternative, with construction of terminals at both harbors.

The Status Quo option consists in the Commonwealth not developing the PTA. The development of an international commercial center for the transshipment of goods and materials in Puerto Rico would not happen, even when it has been demonstrated that such a Project is financially, economically, and commercially feasible. Under this option the construction of pier and container storage areas would not occur, and the first necessary component to effect the Project as conceived would be lost. The value-added areas, which represent the most important element of the Project from the perspective of economic development and employment generation, would not occur either.

Development of the Project by other public or private organizations would be limited by the magnitude of the political, economical, and financial commitments needed to attract investors and customers. The evolution of the Project to this point demonstrates that a commitment of political and financial resources would be needed to address pre-procurement efforts. The PTA would not be feasible without the direct intervention of the Commonwealth.

According to the Applicant, the Status Quo option would have serious negative consequences for the Commonwealth. The Commonwealth is supporting the development of this project as a

unique alternative to promote significant new opportunities of employment, trade and investment. The phasing-out of Section 936 of the IRS Code, which exempts U.S. companies investing in Puerto Rico from federal taxes on profits, has resulted in significant losses in the manufacturing sector in recent years. While most losses were in labor-intensive industries such as apparel, and electronics, other industries also suffered under competitive pressures from countries with lower labor costs, as well as several and sustained declines in the markets.

The Applicant's Preferred Alternative proposes the development of terminals at the Guayanilla and Ponce harbors to accommodate Post-Panamax vessels. In the Guayanilla-Peñuelas area, this alternative would include the following:

- Construction of a new pier with a maximum length of 6,000 feet, with support facilities capable of handling as many as four Post-Panamax vessels;
- Discharge of fill material in approximately 110 acres of shallow navigable waters, including approximately 12 acres of mangrove coastal wetlands in the Punta Gotay area, for the development of loading-unloading storage areas and other support facilities;
- Development for value-added activities of as much as 300 acres of a parcel owned by Union Carbide in Peñuelas adjoining Punta Guayanilla;
- Development and/or improvements to other infrastructure within the Guayanilla-Peñuelas area to operate the terminal efficiently, including water, sewers, power, highways and communication services.

In Ponce, the Applicant's Preferred Alternative would include:

- Expansion of the existing transshipment pier to a maximum length of about 3,610 feet to allow simultaneous handling of as many as two Post-Panamax vessels;
- Immediate dredging of the navigation channel and berthing areas to a minimum depth of 45 feet and a maximum of 53 feet to allow the navigation of Post-Panamax vessels;
- Disposal of part of the dredged material at the EPA designated offshore disposal site south of Ponce, while reclaiming for beneficial use for either the fill at the Guayanilla Harbor or fill at uplands in the vicinity;
- Development of approximately 132 acres of upland adjacent to the port for value-added activities.

The socioeconomic benefits of the PTA, as defined by the Applicant's Preferred Alternative, includes the integration of the public and private sectors to provide Puerto Rico with better access to world markets and its products, enhancing the capacity of the Island to export its products to foreign markets. It would also provide the opportunity for the creation of new value-added incentives for manufacturing and equipment-assembling activities, as well as an increase in the demands for banking services, telecommunications, and other services. The PTA would result in the enhancement of Puerto Rico's economic growth, with the potential of reducing unemployment, increasing per capita income and foreign capital investment, which would lead the Island to a stronger presence and participation in the global economy.

The selection of the Applicant's Preferred Alternative was based on a detailed evaluation of the existing environmental conditions of the coastal corridor between Ponce and Guayanilla, and

the potential direct, indirect and cumulative impacts of the Project on the natural resources of the region. The analyses also included the current socio-economic conditions of the region and the economic feasibility of the Project. The definition of the existing environment and socio-economic conditions of the Project area was based on a series of specific field investigations, including:

- Terrestrial and Aquatic Flora and Fauna, including Endangered Species
- Terrestrial and Aquatic Archeology
- Wetlands Jurisdictional Determination
- Water Quality
- Sediments Characteristics
- Geotechnical Characteristics
- Traffic and Transportation
- Socioeconomic Conditions and Cost/Benefits Analysis
- Environmental Justice
- Marine Currents
- Marine Traffic and Safety
- The field investigations were supplemented by analyses of existing data from previous investigations including the following:
 - Climate and Wind
 - Terrestrial and Marine Geography and Geology
 - Hydrology and Soils
 - Noise and Air Quality
 - Floods and Land Use
 - Infrastructure and Services
 - Monitoring Studies of the Manatee and other Endangered Species

Several environmental issues associated with the development of the PTA were evaluated in great detail in the DEIS for each of the proposed alternatives, including the No-Action option. Each issue was evaluated in terms of a list of measurement indicators to complete a thorough evaluation of the environmental impacts associated with each issue. The following issues were evaluated in detail as part of this DEIS:

- Fish and Wildlife Resources
- Marine Resources /Special Aquatic Sites
- Essential Fish Habitat
- Threatened or Endangered Species
- Ecologically Sensitive Areas

- Wetlands
- Coastal Zone
- Flooding
- Water and Sediment Quality
- Air Quality
- Cultural Resources
- Socio-Economic Impacts
- Hazardous, Toxic, and Radioactive Wastes
- Dredging and disposal of dredged material
- Navigation
- Infrastructure
- Marine Currents
- Noise

These analyses show that the Applicant's Preferred Alternative would have the following potential environmental impacts:

- May affect, likely to adversely affect the federal endangered species Antillean Manatee, and the Brown Pelican at the Guayanilla site. At the Ponce site, the proposed project may affect, but not likely to adversely affect these species.
- May affect, but not likely to adversely affect the federal endangered species Green Sea Turtle, Hawksbill Sea Turtle, and Roseate Tern at the Guayanilla and Ponce sites.
- Reduction of essential marine habitat at Guayanilla Bay resulting from the proposed fill of about 110 acres of shallow marine waters adjoining Punta Gotay. This fill is essential to provide areas for storage and staging of containers adjacent to the docks, which is critical for the economic viability of the Project.
- Removal and fill of about 12 acres of mangrove wetlands on Punta Guayanilla, to provide access to the proposed docks and piers.
- An increase in maritime traffic at Guayanilla and Ponce Harbors, requiring intensifying the current monitoring of the manatees in the area, as a measure to insure their protection.
- Temporary increases in turbidity of the water at both bays, resulting from construction activities and the periodic passage of ships through the navigation channels.
- Temporary increases in turbidity from the eventual dredging of the Ponce Harbor to deepen the navigation channels to allow passage of Post-Panamax ships.

- Temporary increases of turbidity in the ocean disposal zone where the sediments dredged from the Ponce Harbor would be discharged once the required permits for this activity are secured, if this alternative is favored over upland disposal.
- Reduction in the flora and fauna adjoining the access to the Guayanilla Port, resulting from expansion of the roads.
- Generation of minor amounts of solid wastes requiring final disposition in the landfills of the region.
- Increases in land traffic from and to both ports resulting from shipment activities.
- Increases in the demand of potable water and sewerage services for the ships arriving at the ports, and to support value-added and administrative facilities.
- Increases in the demand for power and communication services to both ports.
- Utilization of non-renewable resources including fill and construction materials, fuels and power.

Compensatory mitigation of these impacts would be developed under the applicable guidelines from the regulatory agencies, only after consideration of strategies to prevent as much as possible the indicated impacts, or minimizing them whenever possible. The Applicant would take measures to effectively mitigate those impacts that cannot be avoided.

In order to comply with federal and local requirements, the DEIS also contains specific sections addressing the following:

- The potential direct, indirect and cumulative impacts that would result from development of the Project in the area.
- The additional permits and endorsements required for the development of the Project.
- A summary of the public information and scoping process developed as part of the Project definition and development.
- A list of the pertinent federal laws and regulations applicable to the Project and its compliance strategy.
- The irreversible and irretrievable commitments of resources.
- Unavoidable adverse environmental impacts.
- Local short-term uses and maintenance of long term productivity
- Compatibility with Federal, State and Local objectives
- Uncertain and unknown risks
- Precedents
- Environmental commitment
- Compliance with environmental requirements