

**SUPPLEMENTAL DRAFT ENVIRONMENTAL
IMPACT STATEMENT**



DRAFT

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IMPACT STATEMENT**

December 2003

**PORT OF THE AMERICAS
MUNICIPALITY OF PONCE, PUERTO RICO**

Responsible Agency: Jacksonville District, US Army Corps of Engineers

Abstract: This is a Supplemental Draft Environmental Impact Statement for the proposed Port of the Americas. The Puerto Rico Port of the Americas Authority is proposing the development of the Port of the Americas, which consist of the construction of transshipment port facilities in the Ponce Bay. The Applicant would need US Army Corps of Engineers permits under Section 10 of the Rivers and Harbors Act, Section 404 of the Clean Water Act, and Section 103 of the Marine Protection, Research and Sanctuaries Act.

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**U.S. Army Corps
of Engineers**
Jacksonville District

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APPENDICES

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EXECUTIVE SUMMARY

This Supplemental Draft Environmental Impact Statement (SDEIS) was prepared by the Jacksonville District of the US Army Corps of Engineers (USACE) pursuant to Section 102 of the National Environmental Policy Act (NEPA) (42 USC §4332). The Puerto Rico Port of the Americas Authority (PAA, by its Spanish acronym, or 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, in the Municipality of Ponce, with a terminal at the Ponce Harbor. The proposed terminal 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, 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 Supplemental Draft Environmental Impact Statement (SDEIS) 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 SDEIS.

The proposed Port of the Americas (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 Municipality of Ponce, and would consist of the following components:

- Construction of an inland navigation channel (from hereon defined as docking channel) with a length of 3,000 feet, 800 ft wide, and a navigation depth of 50 feet below mean sea level (bmsl).
 - The entrance to this channel would be located between Piers 7 and 8 at the Port of Ponce. The length of the channel would be aligned nearly parallel to Highway PR-14 (Los Caballeros Avenue) and would extend north to the limits of what is known today as the PERCON property.
 - A “flushing channel” would be excavated north of Pier 8 to promote recirculation of the water in the docking channel.
 - Excavation of the docking channel would require the removal of approximately 3.4 million (MM) cubic meters (m³) of soil from an area of 45 acres adjacent to the Port of Ponce. Approximately 1.9 MM m³ of this material would be reutilized for fill and surcharge of a wetland adjacent to the Port of Ponce as described below. The remaining material would be discharged at a nearby upland at the PERCON property.
- Fill of approximately 59 acres of wetlands adjacent to the Port of Ponce, for the storage of containers and cargo.

- Dredging of the navigation channel, turning basin and berthing areas at the Ponce Harbor to a minimum depth of 50 feet bmsl, to allow entry to the port of Post-Panamax ships. The proposed dredging would require disposal of approximately 5.5 MM m³ of material consisting mainly of sand and clays and would cover an area of approximately 248 acres.
- Improvements to the Port of Ponce as follow:
 - Expansion of the Port storage areas by an additional 135 acres of uplands.
 - Initial acquisition and installation of four (4) Post-Panamax cranes to unload and load containers on ships. At its peak, the operation is expected to employ a total of 12 cranes, which would be acquired as the port activities expand.
- Development of approximately 132 acres of upland area adjoining the Port of Ponce, which would be used to expand the port, including additional areas for storage of containers, access roads, internal transit, and value-added activities such as industries, commerce, offices and warehouses, shops, and other infrastructure needed for the efficient operation of the PTA.
- Improvements to the existing infrastructure of the area, including highways, water, sewers, power and communications.

In order to ensure the viability of the Project, and to maximize revenue from the private operator of the port, the Commonwealth may, in the case of a sufficiently attractive proposal, be prepared to fund the entire development and construction costs of the Project's basic infrastructure superstructure. Total investment in the Project is estimated at about \$550 million dollars, financed by the Commonwealth. As previously mentioned, the terminal would be operated by the private sector, under the management of the Port of the Americas Authority, a public corporation of the Commonwealth.

A total of sixteen (16) 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, Roosevelt Roads, 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. Ponce and Guayanilla alternative, with construction of terminals at both harbors.
3. Port of Ponce alternative, with construction of a terminal at the Ponce Harbor only.

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 for the Project to take effect 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 preprocurement 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 the 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 US 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 a single terminal at the Ponce Harbor to accommodate Post-Panamax vessels.

- Construction of an inland navigation channel with a length of 3,000 feet, 800 ft wide, and a navigation depth of 50 feet below mean sea level (bmsl);
- Reuse of a portion of the docking channel's dredging sediment for fill and surcharge for the terminal construction. The remaining volume would be disposed at the Ponce Landfill.
- Immediate dredging of the navigation channel and berthing areas to a minimum depth of 50 feet to allow the navigation of Post-Panamax vessels;
- Fill of approximately 59 acres of wetlands adjacent to the Port of Ponce, for the storage of containers and cargo;
- 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 a previously undeveloped 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 socioeconomic conditions of the region and the economic feasibility of the Project. The definition of the existing environment and

socioeconomic conditions of the project area was based on a series of specific field investigations, including:

- Terrestrial and Aquatic Flora and Fauna, including Endangered Species
- Essential Fish Habitat
- Terrestrial and Aquatic Archaeology
- Wetlands Jurisdictional Determination
- Water Quality
- Sediments Characteristics
- Geotechnical Characteristics
- Traffic and Transportation
- Hazardous Waste Assessment
- Socioeconomic Conditions and Cost/Benefits Analysis
- Environmental Justice
- Marine Currents
- Navigation and Safety

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 Assessment
- Air Quality
- Floods and Land Use
- Infrastructure and Services
- Monitoring Studies of the manatee and other Endangered Species