



Port Board Votes for Historic ‘Green’ Lease

Tentative Accord with Matson, SSA calls for ‘cold-ironing’ shore-side electricity

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The Port of Long Beach has tentatively agreed to a landmark lease that for the first time includes “Green Port” environmental improvements, which over the next decade will reduce air pollutants by 90 percent at a major container cargo terminal.

Under a lease amendment voted preliminary approval by the Long Beach Board of Harbor Commissioners on Monday, May 1, SSA Terminals (a joint venture of SSA Marine and Matson Navigation Co., will phase in the use of shore-side electricity (“cold-ironing”) and other environmentally friendly technologies that will significantly reduce emissions of nitrogen oxides (NOx) and diesel-related particulate matter from ships at berth and from cargo-handling equipment used at the terminal.

The amendment, to a 20-year lease signed in 2002 between the Port and a SSAT for the 68-acre Pier C facility, calls for major investments from both sides. Under the revised lease, the Port will invest millions of dollars to build dockside electrical infrastructure for cold-ironing to improve air quality and Matson and SSA will make significant investments to upgrade ships and cargo-handling equipment

Matson agreed to retrofit five vessels in its current fleet to use shore-side electricity or technology that is at least 90 percent as clean as cold ironing. A class of older vessel will be retrofitted with technology that is at least 80 percent as clean as cold ironing. The company also has agreed to gradually eliminate the use of older steamships that are unable to accommodate the most current anti-pollution technology. SSAT will accelerate the replacement of its terminal cargo-handling fleet with cleaner-burning tractors and other equipment several years before the new technology will be required by law.

“This agreement is a major step forward for environmental improvement at the Port of Long Beach,” said Port Executive Director Richard D. Steinke. “It demonstrates a serious commitment on the part of the Port and our customers to work together toward clean-air solutions.”

With this accord, the Board of Harbor Commissioners is pioneering the use of leases to improve the environment. The board is not an environmental regulator with authority to clean up the ships, trucks, trains and yard equipment at the Port. The board governs the Port with its land-use authority and its power to approve terminal leases.

If the Harbor Commission votes for final approval, the SSAT lease agreement would be the first at a major port in which a cargo terminal operator voluntarily agreed to cold-ironing provisions and other environment improvements without the mandates of litigation, regulation or a government-required environmental review.

The Port of Long Beach's Green Port Policy, approved in January 2005 by the Harbor Commission, includes guidelines that direct the Port to develop terminal lease requirements promoting environmental sustainability.

Matson is the leading shipping line serving Hawaii, primarily with goods shipped from Long Beach. Recently the company launched a shipping service to China, greatly increasing inbound shipments – a shift that prompted the new lease amendment.

"This is a great example of our Green Port Policy in action," said Harbor Commission President Doris Topsy-Elvord. "I think our customers will see that we will meet their business needs, but at the same time they need to help us minimize our environmental impact. Environmentally friendly lease agreements such as this one represent the future of the Port of Long Beach."

"Matson is proud to be part of this Green Port initiative, as it is consistent with our overall environmental objectives," said Ron Forest, senior vice president, operations. "Matson has had a zero discharge policy and other air quality programs. These initiatives will ensure Matson's fleet will be environmentally proactive at all of our port facilities."

"The Green Port Policy is huge challenge for us, both in cost and in proving the viability of cleaner cargo-handling technology," said Jon Hemingway, president of Seattle-based SSA Marine. "At SSA Marine, we pride ourselves on being world leaders in all facets of terminal management and stevedoring including air quality. With this agreement we continue our efforts toward better environmental stewardship and working closely with the communities where we live."

The SSAT cold ironing project will not be the first in Long Beach. Two years ago, without the framework of a lease, the Port agreed to develop shore-side electrical infrastructure at an oil terminal where BP volunteered to cold iron at least two of the company's oil tankers.

The Harbor Commission on Monday, May 1, voted preliminary approval for the conditional award of a \$7.3 million contract with Manson Construction Co. of San Pedro for the waterside electrical infrastructure. The work is scheduled for completion in spring 2007. A second contract will be awarded this fall for onshore electrical facilities, with completion expected in summer 2007.

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