



Board Votes for Landmark ‘Green’ Lease

Accord to cut air emissions by 90 percent at Port’s third-largest terminal

May 22, 2006

The Port of Long Beach has agreed to a historic accord with “Green Port” environmental covenants. The lease agreement with International Transportation Service, Inc. will reduce air pollutants by at least 90 percent at the Port’s third-largest cargo terminal by requiring ships to use shore-side electricity and by replacing cargo-handling equipment.

Under the agreement approved Monday, May 22 by the Long Beach Board of Harbor Commissioners, ITS will phase in the use of shore-side electricity (“cold-ironing”) and other environmentally friendly technologies that will significantly reduce emissions of nitrogen oxide (NOx) and diesel-related particulate matter from ships at berth and from cargo-handling equipment inside the 246-acre Pier G/J terminal.

Earlier this month the Board approved Long Beach’s first “Green Port” agreement, an amendment to a lease with SSA Terminals, a joint venture of Matson Navigation Inc. and SSA Marine. The SSAT accord will cut pollution by 90 percent at the 68-acre Pier C container terminal.

“With this lease, the Port will have two of its largest cargo terminals operating under ‘Green Port’ environmental provisions,” said Harbor Commission President Doris Topsy-Elvord. “The ITS lease, on the heels of the Matson lease, shows a serious commitment on the part of the Port and our customers to work together toward clean-air solutions.”

The Port of Long Beach includes seven container terminals. ITS is one of the Port’s oldest customers, opening its original 48-acre Long Beach container terminal in 1972. The ITS lease was to expire this summer. The company is a subsidiary of Japan-based “K” Line, one of the world’s leading shipping lines.

Through this new 20-year lease, ITS agrees to 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. The Port will build dockside electrical infrastructure for cold-ironing to improve air quality while “K” Line makes significant investments to upgrade ships to accommodate shore-side electricity.

For its cargo-handling equipment, ITS agreed to use only California Air Resources Board verified emulsified “clean” diesel fuel or other similarly clean technologies by September 2007. By 2011 all of ITS’ terminal cargo-handling equipment will comply with U.S. Environmental Protection Agency off-road standards and new vehicle standards (several years before they will be required by law) to achieve a 90 percent overall reduction in emissions.

ITS will phase in the use of cold-ironing as the electrical infrastructure is built by the Port. Ultimately, 100 percent of the ships calling at ITS will use cold-ironing or comparable technology. The lease also includes other environmental provisions such as “green building” requirements.

To improve efficiency and accommodate more cold ironing, ITS has the option to reconfigure its Pier J facility by adding 50 to 70 acres with a combination of landfill and existing land. The reconfiguration will help the terminal operate in a more environmentally friendly manner by also maximizing the use of on-dock rail to reduce truck traffic, among other improvements.

Through 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.

The ITS lease agreement is the first new lease agreement at a North American seaport 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. Matson’s existing lease was amended to include the environmental covenants, as opposed to creating a new one.

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.

The ITS cold-ironing project is the Port’s third, after Matson and BP. 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 has approved a \$7.3 million contract with Manson Construction Co. of San Pedro for the waterside electrical infrastructure at the Berth T121 oil terminal leased to BP. 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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