



Mississippi Development Authority

Port of Gulfport Restoration Program

Action Plan

Amendment 5 – Modification 1

October 27, 2008

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Background and Scope

The Mississippi Development Authority (MDA) submits this Partial Action Plan Modification to the final Port of Gulfport Restoration Program Action Plan Amendment 5 that was approved by HUD on December 12, 2007. MDA has determined that this constitutes a substantial amendment to the plan requiring formal submission to HUD and submittal for public comment. The nature, purpose, scope and direct beneficiaries of the Action Plan remain the same subsequent to the amendment. Additionally, this amendment will not negatively impact other potential beneficiaries, i.e., low and moderate income – intended beneficiaries of the restoration program.

Overview

Upon being selected as program manager for the Port of Gulfport Restoration Program, CH2MHILL conducted a peer review of the 2007 master plan, which was updated from its 2003 version that was utilized for Amendment 5. The 2003 version was prepared prior to the destruction that the Port of Gulfport experienced in the wake of Hurricane Katrina and then updated following the Hurricane. Through that review, it was determined that the 2007 plan is not without risk, which is currently undefined, as no competitive position assessment or clear business plan was prepared. Also the 2007 plan does not investigate implementation options that would ensure the long term recovery of the operating capacity of the Port based upon changes in market dynamics since Katrina, the predicted changes in Port capacities nationwide going forward in a dynamic, global marketplace, and national security and continuity of economic flow of goods/DHS issues in a post-9/11 shipping world. This amendment allows for the facilitation of the restoration of public infrastructure and publicly owned facilities that were destroyed by Katrina, provides mitigation against future damage and provides for the long term restoration and recovery of the operating capacity of the Port, and recognizes the adoption on October 24, 2008 of the conceptual plan for revision of the 2007 Master Plan by the Mississippi State Port Authority at Gulfport (MSPA).

The approved cargo evacuation plan to avoid dispersion of Port debris requires an inland port facility that can be used for housing containers. This is an enterprise limiting constraint as well as an unquantifiable business risk to potential facility users. To put all containers at an off-site location increases the cost of shipping, thereby making the Port of Gulfport less attractive and less competitive to maritime carriers.

The approved plan states as a project that the channel will be deepened to 42 feet. With the opening of the Panama Canal and the increase of trade to ports in the Gulf, that depth will limit the Port of Gulfport in future growth and limit the area's economy.

The approved plan does not allow for the purchase of land to assist with environmental mitigation. A program of this nature and scope is likely to require the purchase of property that can be used to mitigate against actions taken as part of the program. Opportunities to buy land that would be appropriate for mitigation should be considered and acted on as appropriate.

The approved plan does not address replacement of equipment utilized for efficient operation of the Port. To provide for restoration of the Port, certain capital equipment for the Port may need to be purchased including, but not limited to, cranes or yard handling equipment.

To achieve the program purpose of restoring the Port, providing mitigation against future damage and providing for the long term recovery of the operating capacity of the Port, studies will need to be commissioned to assist permitting entities in evaluation of the proposed plan. Such studies may include, but are not limited to, environmental, financial, quality of health, and engineering activities.

This amendment allows for:

- Mitigation through raising the elevation of the Port to an estimated 25 feet, or an accepted elevation; and securing the containers by a professionally accepted method, such as the tried and proven international method of strapping them down; thereby minimizing and/or eliminating the need for an inland port and breakwater.
- Deepening the channel to accommodate larger ships. The channel may be deepened to a level based permitting and the availability of resources.
- Purchase of land for environmental mitigation.
- Purchase of maritime and/or construction related assets and equipment to assist in restoration and provide for the long term recovery of the operating capacity of the Port.
- Commission of studies to assist permitting agencies in evaluation of plan.

Substantial Amendments

MDA recognizes that adding or deleting an activity or changing the planned beneficiaries of an activity may necessarily constitute a substantial change requiring an amendment of the action plan. For example not every technical change in the design of the construction project constitutes a substantial change requiring an amendment to the action plan as long as that change does not go outside the overall scope of work set forth in the action plan.

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Citizen Participation

MDA has solicited citizen's participation throughout the CH2MHILL peer review. MDA has received and noted public sentiment and comments since December 12, 2007, the date the Partial Action Plan Modification to the final Port of Gulfport Restoration Program Action Plan Amendment 5 was approved by HUD. Meetings were held at concerned citizens' request. A web site, www.portofthefuture.com was launched to gather citizen's input throughout the process. On September 12, the amended concept was announced. Public Meetings were held on September 18 to garner more citizens' participation. The meetings were well-attended, as well as filmed and documented. Following the public meetings, public comment was solicited through the web site through September 30, 2008, a deadline announced to the public on September 24, 2008. On October 14, the MSPA held a public meeting to address all public comments received, as well as ask citizens for further comment. On October 24, 2008, the MSPA adopted the conceptual plan for the revision of the 2007 Master Plan.

MDA is publishing this draft amendment to further solicit public comment. Copies are available on the internet at www.mississippi.org or upon request to MDA via the public comment submission process noted below. Written comments regarding this proposed amendment may be mailed to MDA, Post Office Box 849, Jackson, MS 39205 Attention: Disaster Recovery, or sent via facsimile to (601)359-9280.

Comments may also be submitted to portofgulfportcomment@mississippi.org. Comments must be received by November 10, 2008 at 5:00 pm Central Standard Time. Changes may be made at the time and the final amendment to the Action Plan will then be submitted to HUD for approval.

Public Comments

This proposed Amendment was submitted for public comment to the website at www.mississippi.org on October 23, 2008, with this public comment period ending on November 10, 2008. Written comments regarding this proposed amendment could have been mailed to MDA, Post Office Box 849, Jackson, MS 39205, Attention: Disaster Recovery, or sent via facsimile to (601)359-9280. Comments were also accepted online at portofgulfportcomment@mississippi.org.

Many comments were received on the prior Action Plan during a lengthy public participation period. Most, if not all, of the concerns raised in the comments received during this public participation period are addressed in the Amendment to the Action Plan. Furthermore, in the development of the new conceptual Port reconstruction master

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plan, which forms a key basis for the Amendment to the Action Plan, a lengthy public participation period took place by the Mississippi State Port Authority and MDA.

MDA received three written comments on the Amendment to the Action Plan which require response. As required by regulations, a summary of comments or reviews received by the November 10, 2008 deadline and MDA's responses are as follows:

- A single commenter pointed out that the Port project would need certain contractual services, namely a single project manager.

MDA response: The Mississippi State Port Authority in collaboration with MDA will determine its contractual needs which will be procured in compliance with State law.

- A community organization raised several issues including the location of the proposed Port Connector Road, the effect of increased traffic in the community, opposition to utilization of property formally proposed for the inland port project, unhappiness with the length of the public comment period, and the public participation process in general, as well as some general comments on environmental clearances and Port design.

MDA response: The location, design and possible impact of the Port Connector Road are not part of the Amendment to the Action Plan. To the extent that wetlands mitigation is required, MSPA and MDA in conjunction with the appropriate authorities will determine the amount, type, location, cost and disposition of property to be acquired for the project. The public participation and comment period on the Amendment to the Action Plan meet the regulatory requirements and will not be extended. Environmental review as required by the regulations will be conducted. The conceptual design of the Port anticipates that it will take into consideration all appropriate, feasible and cost effective technologies and will most certainly be "well-designed," including taking into consideration the latest in "green technology." It should be noted in this regard that MDA's Port consultant was involved in design and development of the Port of Seattle expansion, which the commenter points to in the letter as a "model" for consideration.

- A nonprofit corporation also raised several concerns about the Amendment. First, the entity voiced its opposition to funding the Port restoration with CDBG dollars, primarily reiterating comments it made in opposition to the original Action Plan that such funds should be used to low/mod housing programs, that the state cannot meet its overall 50% low/mod requirement, and that use of this money does not further fair housing. It also raised concerns because (1) the revised Port plan as adopted by the Mississippi State Port Authority was "conceptual" in nature and,

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(2) the source of funding for the entire Port project as envisioned by the Mississippi State Port Authority is not identified.

MDA response: Because these comments primarily reiterate the nonprofit's comments to the original Action Plan, MDA adopts its earlier response to those. MDA would further respond that it has expended \$1.78 billion on homeowner assistance grants, including specifically \$700 million grants to low/mod homeowners. In addition, MDA is committing \$42.3 million in its Small Rental Assistance Program, which contains stipulations that these units be rented to tenants at 120% of AMI, with a further requirement that 51% of these tenants have incomes of 80% or less of AMI. MDA is also expending \$51 million on its Long Term Workforce Housing Program, which specifically addresses the housing needs for low/mod income individuals. These programs are in addition to the Public Housing Program with \$105 million dollars committed and programs which supplied indirect benefits to homeowners totaling more than \$1 billion in CDBG funds. As to the overall 50% requirement, the State notes that after consultation with HUD, it is currently in compliance with these provisions, and will work productively at home and with HUD in the future to ensure continued compliance.

- As for the new comments raised as to this Amendment, MDA would respond that those items for Port restoration to be funded using CDBG dollars are clearly identified and do not rely upon implementation of the larger conceptual design adopted by the Mississippi State Port Authority. Furthermore, the new Port will generate significant new jobs which will be offered to low/mod citizens in conformity with governing HUD regulations.