

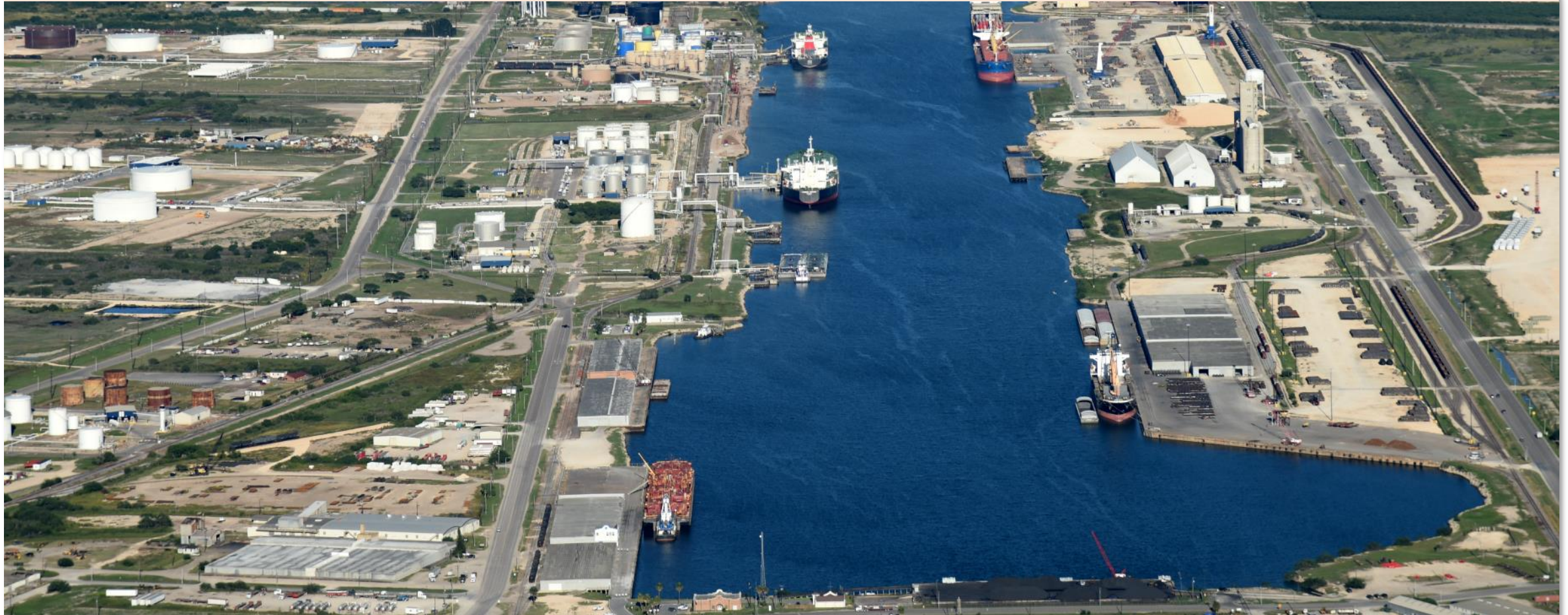


US Army Corps
of Engineers®

USACE P3 Pilot Program Project Overview

Brazos Island Channel Improvement Project

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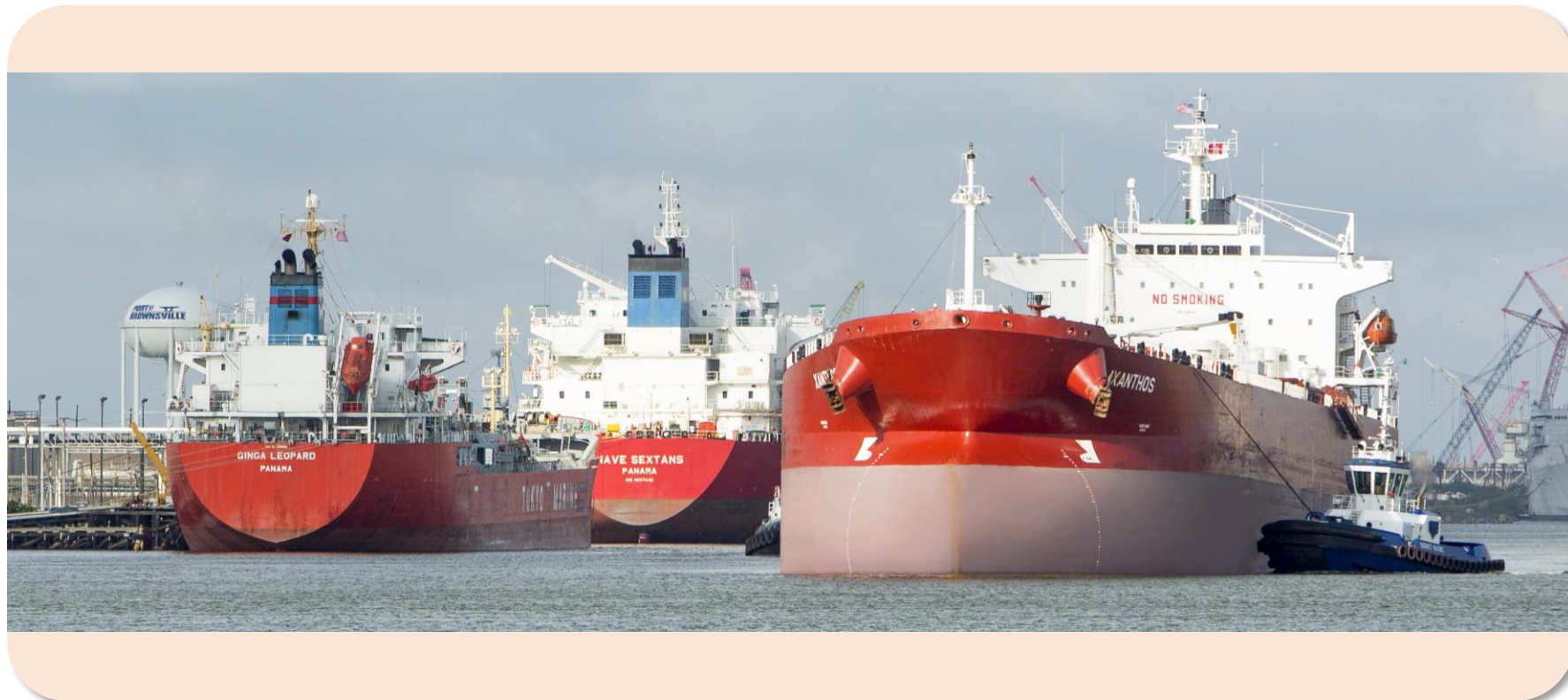
The Port of Brownsville is the largest land-owning public port authority in the U.S. with 40,000 acres and is designated as an Opportunity Zone. It is a major petroleum export facility and ships more steel to Mexico than any other U.S. Port. It is home to both the largest domestic offshore oil rig and platform manufacturer and a Jones Act ship building facility.



The Port operates FTZ No. 62, ranked number 3 nationally for the value of exported goods, out of 195 FTZs. \$3.8 Billion in exports and \$3.9 Billion in imports flow through the FTZ.

Project Background:

Authorized for construction by the United States Congress in §1401 of the 2016 Water Resources Development Act, the Brazos Island Harbor (BIH) Channel Improvement Project contemplates the deepening of the Port of Brownsville ship channel from 42 feet to 52 feet, in addition to the dredging of berthing areas, construction of dredged material placement area, raising levees and providing navigation aids. The Port of Brownsville is expected to invest an additional \$50 million in related landside improvements.



Channel Deepening Project: Brazos Island Harbor Channel Improvement Project

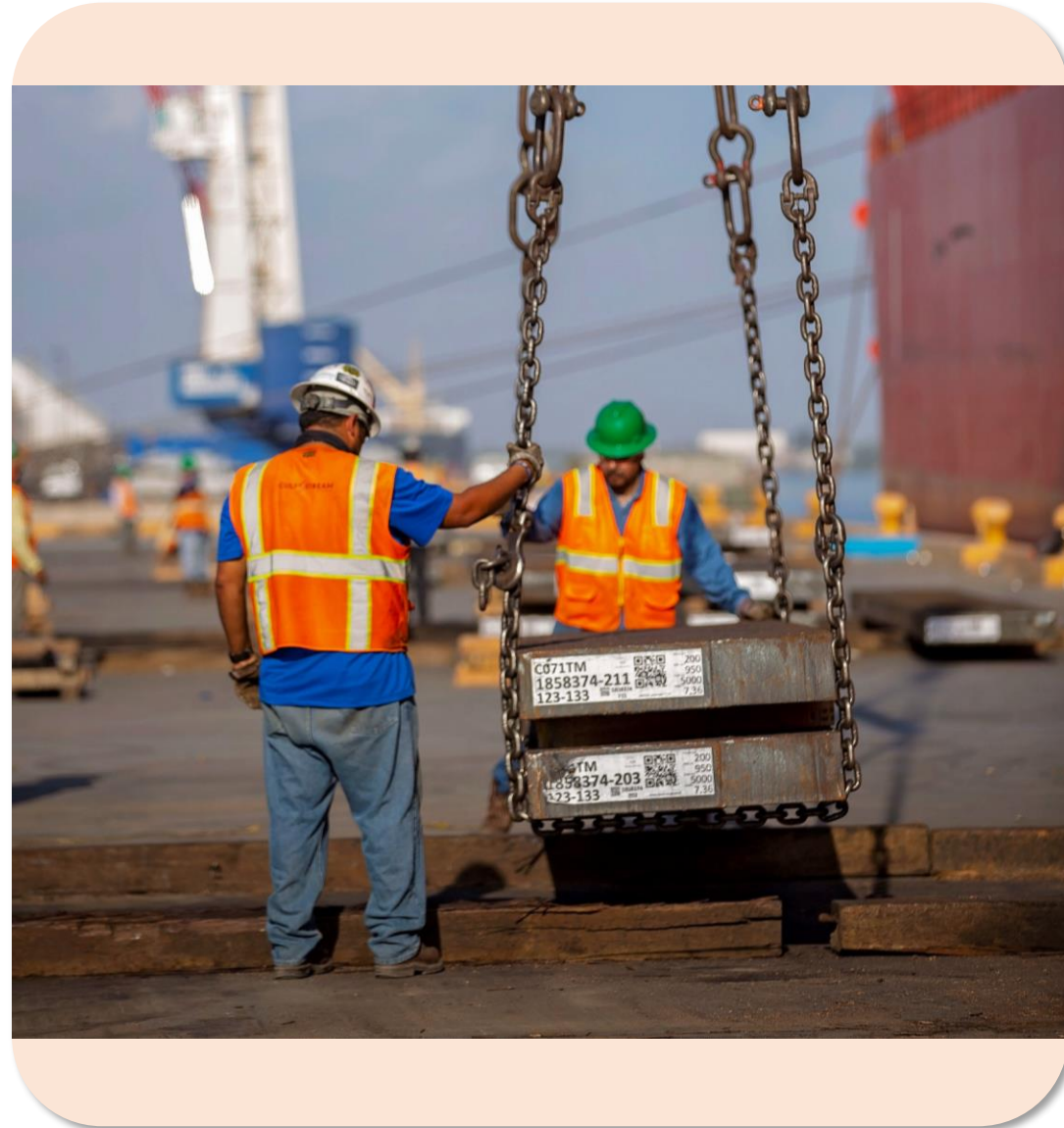
Port of Brownsville

- The BIH is a man-made Navigation Channel 17 miles in length.
- The approach into the Channel is 3.2 miles long.



A Deeper Channel Supports:

- **LNG Projects**
 - Next Decade
 - Annova
 - Texas LNG
- **Jack-up and Semi - submersible Offshore Oil Rigs and Platforms.**
- **Petroleum Products and Heavy Fuel Oils.**
- **Dry Bulk Materials Like Aggregates, limestone and Cement.**
- **Steel, Fabricated Metal, Iron and Ores.**



Alternative Delivery Approach: USACE P3 Pilot Program

The innovative approach is found in Section 221(a)(4) of the Flood Control Act of 1970 (as amended) and Section 1018 of the Water Resources Reform and Development Act of 2014 (WRRDA 2014), which collectively sets out comprehensive authority that addresses the affording of credit for the value of in-kind contributions provided by a non-Federal sponsor toward its required cost-share if those in-kind contributions are deemed to be integral to a project.



P3 Pilot Program

In June 2019, the US Army Corps of Engineers announced the selection of the BIH Channel Improvement Project as one of four nationwide to be among the USACE's P3 Pilot Program.

P3 PROGRAM CRITERION

BIH PROJECT

A) Construction cost in excess of \$50 million



B) Has non-federal sponsor support



C) Includes design, build, finance, operation and maintenance (DBFOM) or some combination thereof for federally authorized projects



D) Accelerates project delivery



E) Has the ability to generate revenue or leverage non-federal funding sources



The BIH project is an achievable P3 project and is the most affordable.

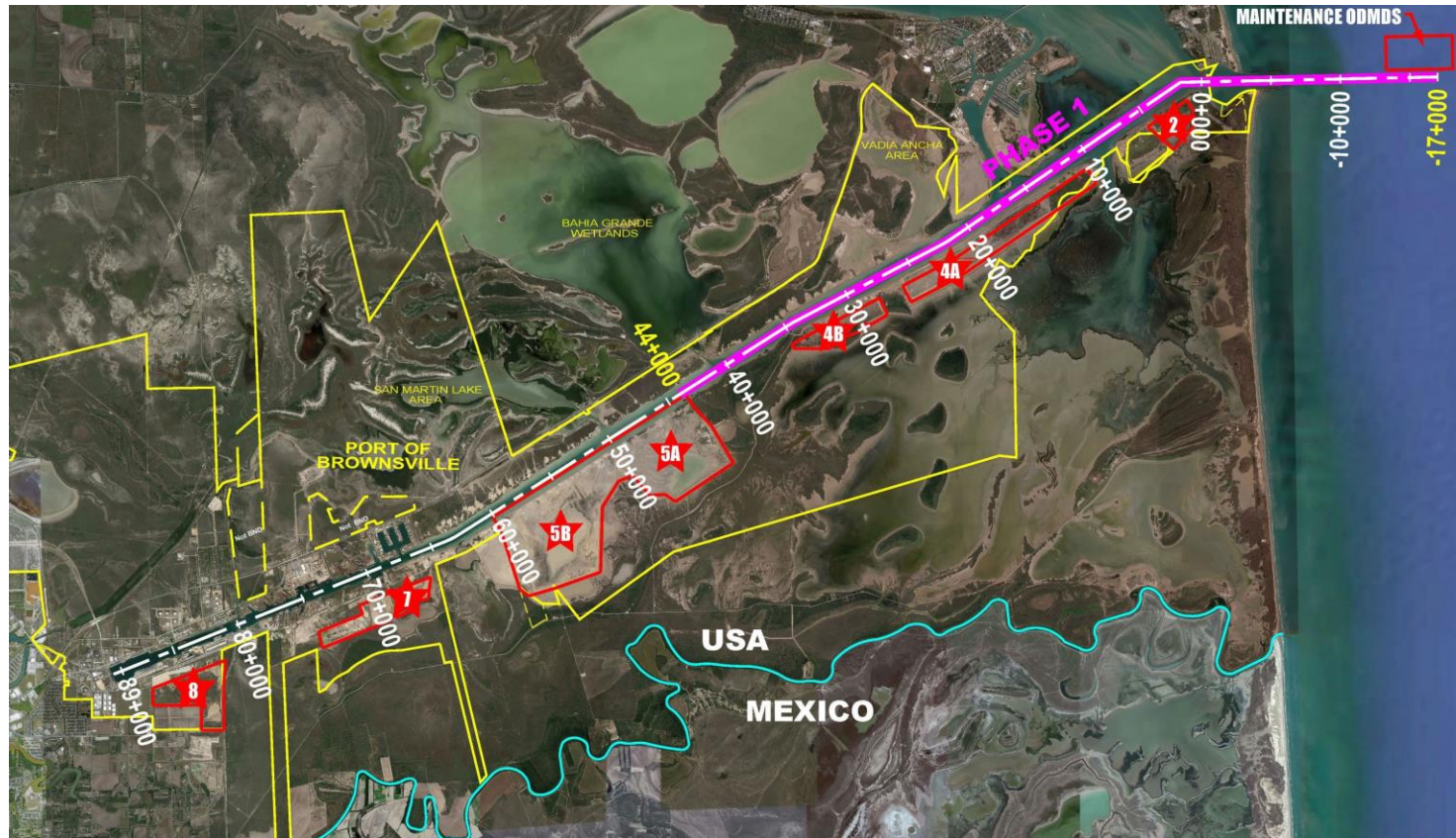
Project Estimate & Potential Savings

The most recent cost estimate for the BIH Deepening project is \$237,850,962. With the current cost share protocols, the funding ratios would be a 57.5%/42.5% split, or \$136,763,512 federal responsibility and \$101,087,450 non-federal. The proposed USACE P3 Pilot Program offers a strategy supporting the Administration's stated goals of supporting financially innovative solutions to utilize private options, reducing the federal share by \$71,763,512.

Concept	2016 Est.	Share	2020 Est.	P3 Program	Share
Federal Share	\$121,023,000	57.5%	\$136,763,512	\$65,000,000	27.3%
Non-Federal Share	\$89,453,000	42.5%	\$101,087,450	\$172,850,962	72.7%
Total	\$210,476,000	100%	\$237,850,962	\$237,850,962	100%

Deepening Project will be executed in Two Phases:

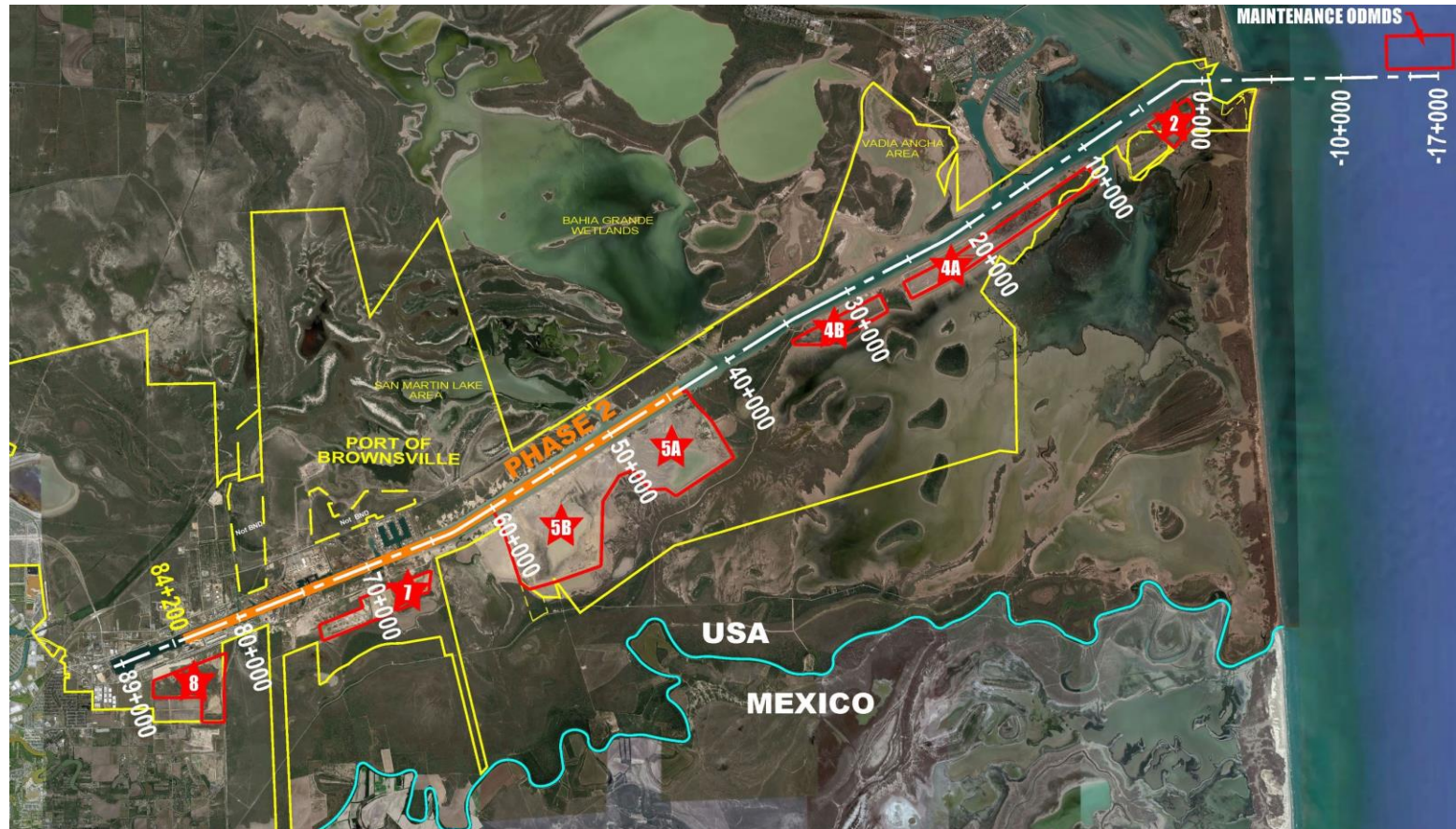
Phase 1 covers approximately 11.55 miles and contemplates channel deepening from the channel's offshore origin to Station 44+0000. This includes preparatory work, hopper dredging (reaches 1-7), pipeline dredging (up through reach 20), improvements of Pa4A, PA4B, PA5A, PA5B and shoreline protection at PA4A and PA4B. This scope of work is estimated to constitute approximately 65% of total project costs.



NextDecade has pledged to pay 100% of the deepening from the channel's offshore origin to the West boundary of their lease for about 11 miles of the project.

Deepening Project will be executed in Two Phases:

Phase 2: As the Non-Federal Sponsor, the Port of Brownsville and the USACE will execute the balance of the project from Station 44+000 westward to the terminus of the channel – which also serves as the origin of the Gulf Intercoastal Waterway.



The Port has received its Corps permit for the construction of the project.

Project Schedule/Timelines

Task Name	Planned	Completed	Who Controls Task Dates
Ops reviews PA checklist & RE issues Outgrant	Fri 12/6/19	Fri 12/6/19	SWG
SWG compiles 204(f) package/COL signs	Mon 12/9/19	Mon 12/9/19	SWG
Finalize Bid Documents	Fri 9/20/19	Fri 9/20/19	HDR
Project ready to advertise/legal review	Sun 3/15/20	Sun 3/15/20	NextDecade
Advertise - includes Bend Easing	Tue 4/14/20	Tue 4/14/20	NextDecade
Pre-Bid Meeting	Wed 1/08/20	Wed 1/08/20	Port/NextDecade
Receive bids	Wed 2/26/20	Tue 4/21/20	NextDecade
Bid Evaluation Period	Tue 4/21/20	Wed 9/30/20	NextDecade
Bid Award Date	Tue 10/01/20	PENDING	NextDecade
Construction Start Date	(-2021-)	PENDING	NextDecade

Advantages of the Innovative Project Delivery Approach:

- **Reduces the Federal cost share by 52.4%, from \$136.8 million, capping Federal outlays at \$65 million;**
- **Accelerates delivery and advances public benefits by allowing the project to become operational in 3 years instead of 6 years under traditional delivery;**
- **Eliminates redundancies and inefficiencies by reducing the number of contracts and mobilization/demobilization, thereby saving taxpayers money;**
- **Transfers significant delivery risk from the Federal government to the NFS, thereby insulating taxpayers from the consequences of risks typically borne by USACE under traditional delivery;**
- **Leverages new sources of funding provided by direct beneficiaries of the Project;**
- **Adeptly addresses USACE project backlog;**
- **More than doubles the Federal Return on Investment;**
- **Demonstrates the viability of alternative funding and delivery approaches from critical navigation projects; and**
- **Benefits an economically disadvantaged community where the median household income is \$36,095, well below state and federal averages.**

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**THANK
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