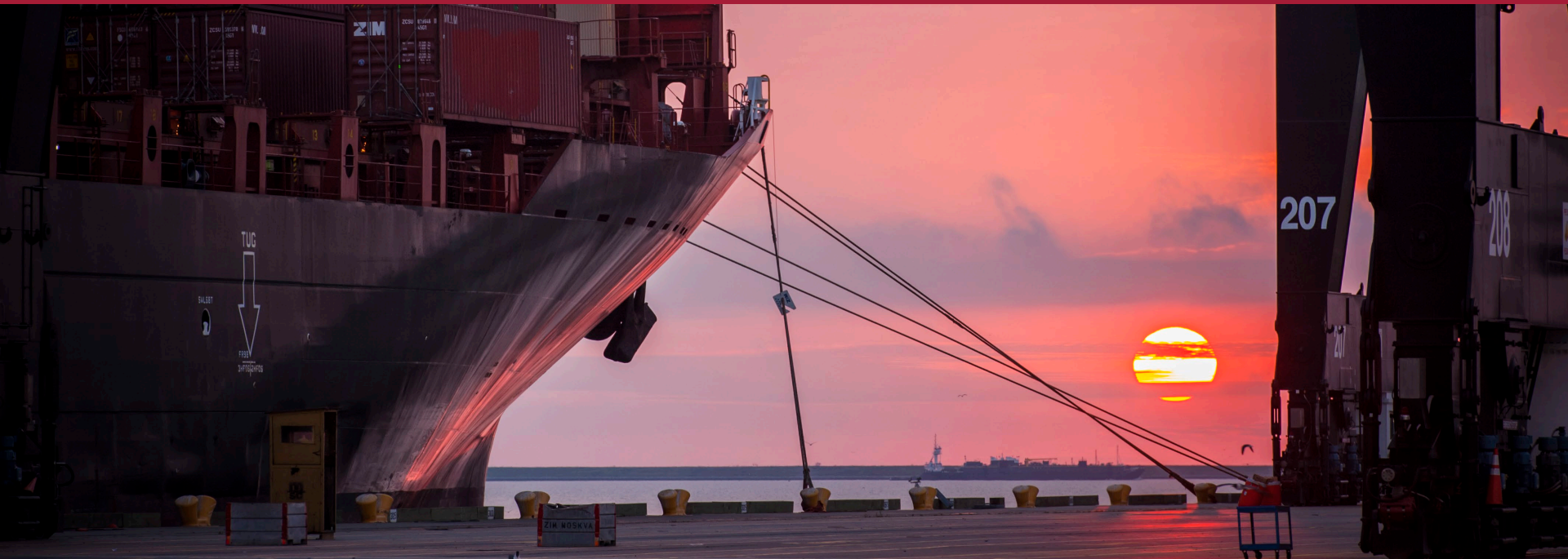




PORT HOUSTON
THE INTERNATIONAL PORT OF TEXASSM

Strategic Plan 2020

Port Houston



Contents



1. Introduction
2. Situation Analysis
3. Mission, Vision and Core Values
4. Strategic Goals, Objectives and Performance Measures
5. Appendix: Consultation Process



Introduction

Objectives and Process



The Objectives of the Strategic Plan are to:

- Create alignment among Commission, management and staff around a clear vision and the goals to achieve the vision
- Reflect in Port Houston's goals and objectives any changes in priorities since the previous (2015) Plan
- Engage and mobilize staff in pursuit of the agreed goals and objectives

The Plan has been prepared based on materials developed by the Port Houston Strategic Planning Design Team, and after consultation with the following :

- Port Houston Commission members
- Port Houston senior management
- Other Port Houston staff, through focus group meetings and outreach by the Design Team
- Industry partners, Houston Ship Channel users, and community stakeholders

Key Elements of the Plan

The key elements of the Plan are as follows:

Key Strategic Elements

- 1 **MISSION STATEMENT**
- 2 **VISION STATEMENT**
- 3 **CORE VALUES**
- 4 **STRATEGIC GOALS**
- 5 **STRATEGIC OBJECTIVES**
- 6 **PERFORMANCE MEASURES**

Definitions

Concise statement of the organization's purpose and reason for existence – developed from a stakeholder perspective

An aspirational description of the ideal “end state” that the organization aims to achieve in the future

Guiding principles that describe what the organization believes in, and how it intends to operate

Outcome statements that define what specifically the organization must achieve to attain its vision

Initiatives leading to measurable results that support achievement of each goal

Measures of attainment that can be assigned to each objective, and reported regularly

An aerial photograph of a large port facility. In the foreground, a large container ship named 'STADT GARD' is docked at a pier, surrounded by several large gantry cranes. The ship's deck is covered with colorful shipping containers. To the left of the ship, there are stacks of containers on the ground and a small building. In the background, other ships are visible in the water, including a red tanker ship. The sky is overcast.

Situation Analysis

2015 Strategic Plan Achievements



Much has been achieved towards attainment of the four Strategic Plan Goals:

1. People and Organization – *Invest in people and organize for success*

- Since 2015, over **50,000** training hours have been delivered and investment in training since 2014 has increased from an average of \$497/employee to **\$1121/employee** in 2018
- Employee Compensation and Benefits programs enhanced for market competitiveness
- Between 2014 and 2018, voluntary employee turnover has decreased from 8.2% to **5.9%**

2. Growth – *Grow and diversify the business base*

- All growth targets exceeded - TEU's up **38%** to **2.7 million**, operating revenue up **41%** in four years to 2018
- Greater Port impact on Texas economy increased by **28%** to **\$339 billion** over four years

3. Infrastructure – *Provide and facilitate infrastructure to meet demand*

- Port Houston has invested a total of **\$540 million** on capital assets since January 2015
- Comprehensive Long Range Plan and Strategic Asset Management Program are underway

4. Stewardship – *Sustain the business for the long-term*

- Between 2015 and 2018, Port Houston has recycled **301,615** tons of construction material
- Port Houston has successfully dropped below the Lost Time Incident Rate target of 0.95 to **0.52** in Nov. 2019, which is significantly below the industry average of 3.8
- In 2019 alone, employees volunteered over **2,000 hours** in the community on behalf of Port Houston, which is up **20%** from 2018

Current Issues and Challenges

1. Business vs public agency role

- More emphasis needed on public agency responsibilities, e.g. serving all channel users
- Focus of future capital investment – terminal facilities vs channel/inland distribution/other

2. Channel widening and deepening

- Need to reach funding agreement, and expedite

3. Stakeholder engagement

- Need stronger connections, more strategic approach, clearer identity with stakeholders and the public

4. People issues

- Culture, morale, compensation, succession planning, diversity, staff development and competencies

5. Strategic Plan process

- Need for progress reporting (including to Commission) on high-level outcomes
- How to get engagement at all levels of organization?

6. Other

- Environment/sustainability
- Workplace technology/cybersecurity
- Capital efficiency/effectiveness

SWOT Analysis



PORT HOUSTON
THE INTERNATIONAL PORT OF TEXAS™

Helpful

Harmful

Internal Factors

STRENGTHS

- Strong market base with established supply chains
- Proximity to large industrial base, growing population
- Diversity of container cargo mitigating downturn risk
- Consistent and reliable labor
- Committed and capable staff
- Collaborative relationships with customers
- Strong safety, security, and environmental programs
- Physical and financial ability to grow capacity
- Favorable business environment

WEAKNESSES

- Aged assets and channel limitations
- Lack of full control of channel funding
- Insufficient stakeholder engagement
- Perceived lack of transparency and diversity
- Organizational challenges, including:
 - Pockets of low employee engagement
 - Reactive culture
 - Low succession plan maturity
 - Limited knowledge transfer
- Cumbersome processes, slow execution

External Factors

OPPORTUNITIES

- Greater stakeholder engagement and involvement:
 - Focused ship channel advocacy
 - Greater awareness of Port Houston role
 - Greater consultation on key decisions
- Greater employee engagement and advocacy
- Diversity initiatives in contracting and employment
- Better balance between public agency responsibilities and Port Houston business opportunities
- Multi-modal inland distribution and freight mobility
- Greater cargo diversity
- Greater efficiency through innovation and technology

THREATS

- Scarcity of federal, state, and local funding
- Possible shortage of capacity (channel, road, and rail)
- Qualified workforce shortages
- Statutory constraints and changes
- Possible downturn or petrochemical industry slowdown
- Competition with west and east coast ports
- Disruptive events
- Trade policy and new regulations

An aerial photograph of a large port facility. In the foreground, a large container ship named 'STADT GARD' is docked at a pier. Several large gantry cranes are positioned along the pier, and stacks of colorful shipping containers are visible. In the background, other ships, including a red oil tanker, are in the water. The sky is overcast.

Mission, Vision and Core Values

Mission Statement



“To move the world and drive regional prosperity”

This is why we exist – it describes what we do and why we do it:

“Move the world” – this is **what** we do:

- By operating and leasing terminals and supporting Channel users, we enable imports and exports to move between Houston and the rest of the world

“Drive regional prosperity” – this is **why** we do it:

- Port Houston creates economic prosperity and jobs for the Region and beyond

Vision Statement



“America’s distribution hub for the next generation”

This is the end state we want to achieve for the greater Port:

“America’s distribution hub” –

- A global leader in facilitating imports and exports
- With increased market share due to superior efficiency, service and innovation
- With increased channel capacity and inland multi-modal freight mobility

“For the next generation” – always preparing for the future, by:

- Developing an engaged and diverse Regional workforce and supplier base
- Anticipating future market and stakeholder needs, harnessing technology, and caring for our assets

Core Values



“We Are READY” captures the spirit of the organization: Port Houston is ready to serve, and ready for what the future may bring – we have the right infrastructure, the right plans, the right people.

Respect

We treat each other, our customers, and all our stakeholders with respect, fairness and compassion. We are committed to openness and trust. We take pride in diversity and respect people's dignity at all times.

Excellence

We are dedicated to understanding our customers' needs and delivering excellent service, safety and security, both internally and externally. We seek continuous improvement, and the highest quality in our planning, delivery and communication.

Accountability

We set challenging goals and hold each other accountable for achieving them. We honor our commitments to each other, our customers, and stakeholders. We act with integrity and take responsibility for our actions.

Diligence

We work hard and with determination in the pursuit of our goals. We go the extra mile to find solutions to problems and take the trouble to get the details right.

You

We do this all for “You” – whether you are an employee, a customer, a local resident or other stakeholder.

An aerial photograph of a large port facility. In the foreground, a large container ship named 'STADT GARD' is docked at a pier. The pier is equipped with several large gantry cranes. To the left of the ship, there are stacks of colorful shipping containers and various port vehicles. In the background, other ships are visible in the water, and more port infrastructure is on the shore. A semi-transparent white box is overlaid on the center of the image, containing the title text.

Strategic Goals, Objectives and Performance Measures

Four Strategic Goals



PORT HOUSTON
THE INTERNATIONAL PORT OF TEXAS™

Optimize Infrastructure and
Channel Capacity to Serve
the Region

INFRASTRUCTURE

Create Greater Value for the
Region

STEWARDSHIP



PEOPLE

Be the Best Place to Work



PARTNERSHIPS

Develop and Strengthen
External Partnerships



People: “Be the Best Place to Work”



Objectives:

- a) Retain, engage, develop, and attract talent
- b) Foster a culture of diversity and inclusion, innovation, and open communication
- c) Deliver excellence and continuous improvement in all core functions

Performance Measures:

High level measure: Widely accepted “best places to work” ranking

- Voluntary turnover
- Employee engagement scores (including specific questions for diversity and inclusion)
- Delivery of divisional continuous improvement plans

Infrastructure: “Optimize Infrastructure and Channel Capacity to Serve the Region”

Objectives:

- a) Widen, deepen, and maintain the Houston Ship Channel
- b) Drive development of landside infrastructure and inland distribution networks
- c) Enhance efficiency and resilience through innovative technology and other means

Performance Measures:

High level: % of capital projects (by value) on time/on budget

- Achievement of key capital program milestones
- Operational measures including total tonnage, vessel productivity, truck turn time, cargo dwell time
- Critical system uptime (planned vs unplanned outages)

Partnerships: “Develop and Strengthen External Partnerships”



Objectives:

- a) Cultivate key relationships to accomplish common goals
- b) Demonstrate transparency and accountability
- c) Engage in proactive two-way communication

Performance Measures:

High level: Stakeholder advocacy score (survey)

- Implementation of key relationship plans (including forums for stakeholder communication)
- Completion of disparity study
- Sharing of KPIs and Port Houston plans
- Common goals agreed upon

Stewardship: “Create Greater Value for the Region”

Objectives:

- a) Implement an innovative environmental leadership strategy
- b) Prepare for disruptive events and mitigate their impact
- c) Support development of a robust Regional maritime workforce
- d) Support sustainable growth of Port Houston and the greater Port

Performance Measures:

High level: Economic impact of greater Port

- Environmental metrics, including for air quality, water quality, and recycling rates
- Reportable incident frequency and severity
- Program students entering Regional maritime industry
- Total tonnage (Port Houston, greater Port)
- Cargo diversity indices (origin/destination, cargo type)
- Port Houston revenue and economic value generated
- Key economic development wins

Summary of Strategic Goals and Objectives

PEOPLE

Be the Best Place to Work

- a) Retain, engage, develop, and attract talent
- b) Foster a culture of diversity and inclusion, innovation, and open communication
- c) Deliver excellence and continuous improvement in all core functions

INFRASTRUCTURE

Optimize Infrastructure and Channel Capacity to Serve the Region

- a) Widen, deepen, and maintain the Houston Ship Channel
- b) Drive development of landside infrastructure and inland distribution networks
- c) Enhance efficiency and resilience through innovative technology and other means

PARTNERSHIPS

Develop and Strengthen External Partnerships

- a) Cultivate key relationships to accomplish common goals
- b) Demonstrate transparency and accountability
- c) Engage in proactive two-way communication

STEWARDSHIP

Create Greater Value for the Region

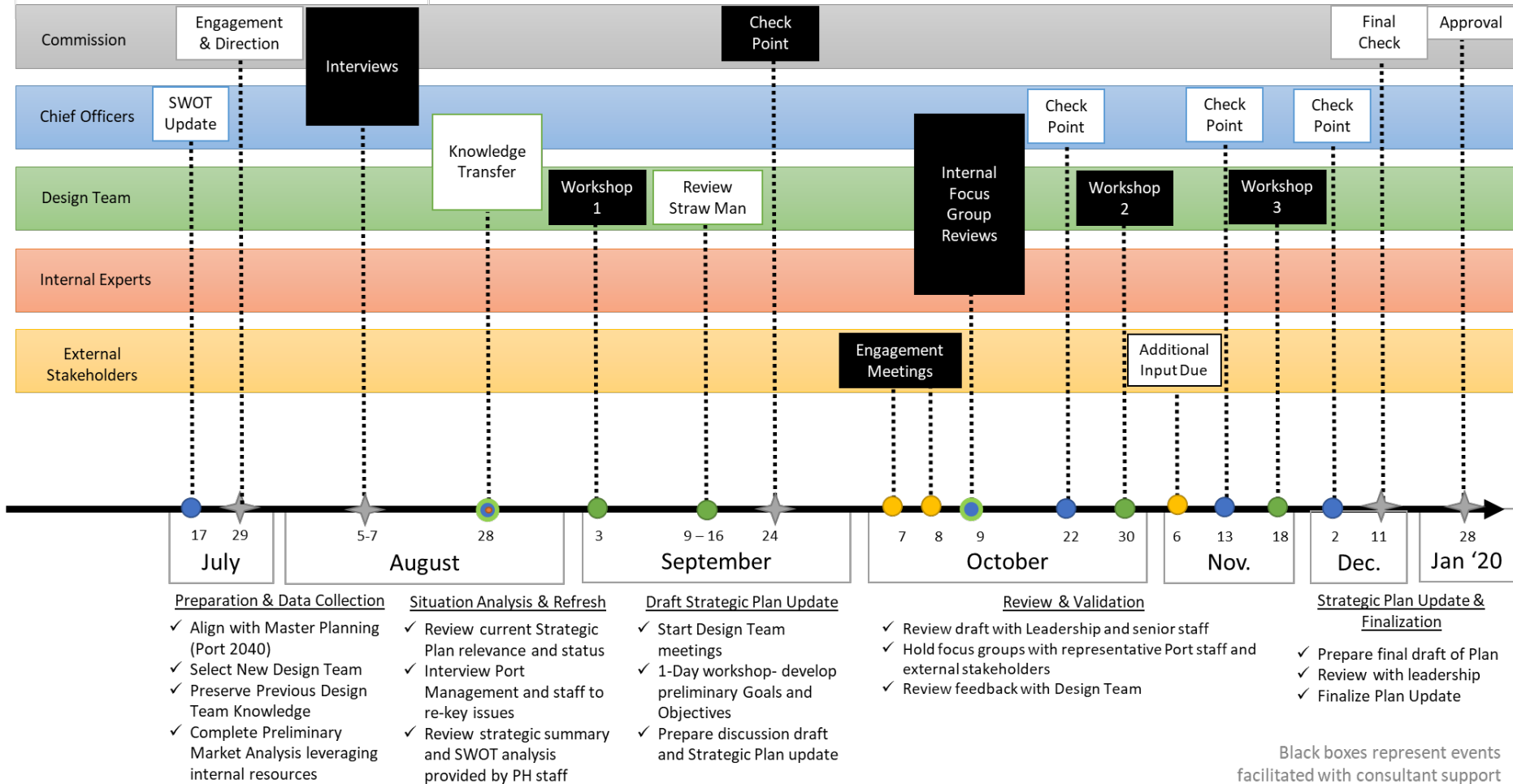
- a) Implement an innovative environmental leadership strategy
- b) Prepare for disruptive events and mitigate their impact
- c) Support development of a robust Regional maritime workforce
- d) Support sustainable growth of Port Houston and the greater Port

An aerial photograph of a large port facility. In the foreground, a large container ship named 'STADT GARD' is docked at a pier, with a barge alongside it. Several large gantry cranes are positioned along the pier. In the background, other ships, including a red tanker, are visible in the water. The port area is filled with stacks of colorful shipping containers and various port infrastructure.

Appendix: Consultation Process

This Strategic Plan is the result of extensive consultation with internal and external stakeholders

Strategic Plan 2020 Milestone Timeline



Internal Consultation - Design Team



PORT HOUSTON
THE INTERNATIONAL PORT OF TEXAS™

The Design Team was an internal advisory group which provided leadership for the development of the Strategic Plan. Members of the team represented Port Houston staff by collecting input and providing updates.

Participant	Division	Title
Anthony Flenoy	Port Security and Emergency Operations	Facility Security Manager
Carolyn Ashley	People	Director, Employee Development and Engagement
Chasless Yancy	Legal	Assistant General Counsel
Daniel Spiers	Port Security and Emergency Operations	Fire Inspector
Evan Mays	Operations	Terminal Manager
Jackie Munoz	Infrastructure	Long Range Planning Manager
Jacquie Young	Finance	Maritime Education Program Manager
Kevin Dodson	Operations	Wharf RTG Electrician
Monica Glover	Legal	Government Relations Sr. Manager
Rina Lawrence	Commercial	Economic Development Manager
Roger Guenther	Executive	Executive Director
Ron Farrow	Information Technology	Director, IT Infrastructure
Tonya Lewis	Finance	Accountant II
Trae Camble	Infrastructure	Director, Environmental Affairs
Ty Reasonover	Commercial	Trade Development Sr. Manager

Internal Consultation



- Port Houston Commissioners participated in individual interviews.
- Port Houston Executive Team members also participated in individual interviews.
- **102** of **672** Port Houston employees participated in internal focus groups.
- All employees were encouraged to provide feedback through email, speaking with the Design Team, or submitting comments using the employee suggestion box.

External Consultation – Community Focus Group



29 Stakeholder organizations representing various regional community interests were invited to participate in a Focus Group.

21 Stakeholder organizations were represented in the Focus Group.

- Additional input was solicited via email from stakeholders unable to attend the Focus Group.

Stakeholders Invited

Bay Area Community Advisory Panel (CAP)

Bayou Land Conservancy

Bayou Preservation Association, Inc.

Baytown Community Advisory Panel (CAP)

Buffalo Bayou Partnership

Lyndell and Equistar Community Advisory Panel (CAP)

Deer Park Community Advisory Panel (CAP)

Economic Alliance Houston Port Region

Environmental Defense Fund

Galveston Bay Foundation

Greater Houston Black Chamber of Commerce

Houston Independent School District (HISD)

Houston Area Urban League

Houston Community Advisory Panel (CAP)

Houston East End Chamber of Commerce

Houston Hispanic Chamber of Commerce

Houston International Seafarers Center

Houston Minority Supplier Development Council

Houston Yacht Club

La Port Bayshore Chamber of Commerce

LaPorte Community Advisory Panel (CAP)

Pasadena Citizen Advisory Council (CAC)

Pasadena Chamber of Commerce

San Jacinto College

External Consultation – Channel Users and Partners Focus Group



20 Stakeholder organizations representing various users of the Houston Ship Channel were invited to participate in a Focus Group.

9 Stakeholder organizations were represented in the Focus Group.

- Additional input was solicited via email from stakeholders unable to attend the Focus Group.

Stakeholders Invited

CMA CGM
Cooper/Ports America
Customs and Border Patrol (CBP)
Excargo Services
Gulf Winds International
Hapag Lloyd Inc
Houston Mooring Co.
Houston Pilots
Houston Terminals, LLC
International Longshoreman's Association (ILA)
Jetco Delivery
Maersk
Mediterranean Shipping Company (MSC)
Port Terminal Railroad Association (PTRA)
Richardson Steel Yard, Inc.
Terminal Link Texas
Transportation Advocacy Group (TAG)
US Coast Guard
West Gulf Maritime Association (WGMA)
ZEAMARINE

External Consultation – Channel Industry Partners Focus Group



17 Stakeholder organizations representing various industries along the Houston Ship Channel were invited to participate in a Focus Group.

7 Stakeholder organizations were represented in the Focus Group.

- Additional input was solicited via email from stakeholders unable to attend the Focus Group.

Stakeholders Invited

Buffalo Marine Service, Inc.
Channel Industries Mutual Aid (CIMA)
East Harris County Manufacturers Association (EHCMA)
Enterprise Products Partners, L.P.
ExxonMobil
Greater Houston Partnership (GHP)
Greater Houston Port Bureau (GHPB)
Houston Ship Channel Security District
Intercontinental Terminals Company (ITC)
Kinder Morgan
Kirby Corporation
LBC Tank Terminals
Magellan Midstream Partners, LP
Odfjell Terminals, Inc
SemGroup Corporation
Shell Deer Park
Targa Resources



PORT HOUSTON
THE INTERNATIONAL PORT OF TEXAS™

THANK YOU

Port Houston

Questions?

713.670.2400

www.PortHouston.com

111 East Loop North

Houston, TX 77029