THE SURGE
CONTINUED STRONG CONTAINER GROWTH

THE BERM
$20 MILLION BAYPORT PROJECT

G2 OCEAN’S BIG PLANS
FOR PORT HOUSTON AND THE FUTURE

ALSO:
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CHINA TO HOUSTON IN 25 DAYS
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EASTBOUND ALL-WATER HOUSTON TRANSIT TIMES
Busan...........22 days
Ningbo.........25 days
Yantian........26 days
Shanghai........26 days
Xiamen.........27 days
Shenzhen........29 days

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As we close the book on 2018, we can look back and be proud of what we accomplished together with our people, our customers, our community, and our stakeholders. Last year was another record setting year and the opportunities ahead in 2019 look even brighter. Global trade crossing Port Houston public wharves is stronger than ever.

In fact, commerce through our eight Port Houston facilities has been particularly strong over the last 3 years, and we set another record for 2018. Tonnage across combined Port Houston docks totaled 40.8 million tons for 2018, a 7 percent increase over 2017. Commerce across Port Houston public wharves accounts for about 20 percent of the overall tonnage for the entire Houston Ship Channel. Our public Turning Basin terminals had another solid year of steel and general cargo. Much of this volume is in direct support of the oil and gas industry, including imported pipe for drilling and project cargo for industrial demand.

Container growth through our two container terminals continues to be robust. Increases are being driven by both import demand from East Asia through the Panama Canal as well as the export of petrochemical products (primarily resins) manufactured in our region. Container volume for 2018 was approximately 2.7 million twenty-foot equivalent units (TEUs.) Since 2015, our container volumes have been growing by approximately 10% per year. And this is expected to continue in 2019 with a forecast of 2.9 Million TEU. Port Houston is the fastest growing container port in the nation, growing more than 2 1/2 times faster than the average U.S. port in container activity, and currently capturing approximately 70 percent of the gulf coast container trade. Container imports and exports are important to our economy and account for about 80% of Port Houston revenues.

Through strategic investments including equipment, wharves, and technology at our container terminals, we are globally perceived, and have proved to be, a certain supply chain solution that has attracted additional container volumes through Port Houston. Since 2013, Port Houston has invested over $1 billion on Capital projects while maintaining a strong margin and healthy liquidity. These investments have been funded primarily with cash generated from our container operations, without reliance on public bonds. In turn these capital improvements fuel additional demand. Our valued customers know that choosing Port Houston guarantees certainty of unloading, market reach, and efficient distribution through a vast supply chain network.

“We have heard over and over again that the Port of Houston, this upper 25-mile stretch of the Houston Ship channel, is the economic engine for not only our region, but for the state and the nation. That certainly holds true today more than ever. Our greater port and petrochemical complex is served by the busiest waterway in the nation, the Houston Ship Channel, a precious gift to all of us from visionary leaders more than a century ago.”
Additional funding for maintenance dredging of the Houston Ship Channel and channels at Port Houston’s container terminals has been approved by the Port Commission. The commission had previously approved $4 million to pay the U.S. Army Corps of Engineers for the work, but approved an additional $1 million in December.

The dredging of the Bayport Ship Channel adjacent to the Bayport Container Terminal and Auto Terminal, as well as the Barbours Cut Ship Channel adjacent to the Barbours Cut Container Terminal, was expected to begin in late December and continue during the first half of 2019.

The berths at those terminals require maintenance dredging to remove siltation that has taken place since dredging for deepening and widening was completed in 2015 and 2016. The final work on the Bayport dredging was finalized in late 2016 and completed a job that lasted roughly two years. The channel in front of the Barbours Cut terminal was completed in 2015.

And with this business driven through Port Houston facilities, our employees never lose sight of our obligation as a public entity:

- We remain commended for our financial transparency
- Our Small Business program is well recognized, and celebrated 15 years in 2018 with more than $500 million in awards during that time
- Port Houston is an environmental leader and certified to the ISO 14001 standard
- Our education outreach includes more than 1300 students in local high school maritime programs

- And, our emphasis on security is a priority as we were proud to be awarded the Coast Guard’s Rear Admiral award for Excellence in Maritime security earlier this year.

I am honored to be on the team of an exceptional staff who make these things happen every day and are READY for bigger things to come.

We are READY!

MORE FUNDS FOR
Maintenance Dredging
APPROVED

PORT HOUSTON 2018 Facts

- 40.8 MILLION TONS TOTAL TONNAGE
- 2.7 MILLION TWENTY FOOT EQUIVALENT UNITS
- 70% RESPONSIBLE FOR GULF COAST CONTAINER TRADE
- 2.5 TIMES FASTEST GROWING U.S. PORT
- 10% INCREASE IN TEU VOLUME EVERY YEAR SINCE 2015

That dredging project was accelerated, with special studies being done in a year’s time, when it normally takes about three times that long. Port Houston Director of Channel Development Mark Vincent had noted that approvals from Washington to return the channels to federal control occurred very soon after construction was complete. The project benefitted the port, the U.S. Army Corps of Engineers and the environment. Port Houston’s environmental mitigation included construction of new public oyster reefs and perpetual land conservation in a wetlands bank.

For the current project, the Corps revised its original estimate for the cost of berth dredging because of a projected increase in dredge materials. But Port Houston said use of the Corps dredging contract for berth maintenance dredging is expected to lower the cost for maintenance and improve navigation and commerce, while also reducing the impact to placement areas.
Freight Management Logistics Opens New Warehouse in Houston

FML Warehousing & Logistics has launched a new subsidiary and opened doors to a new warehousing facility in Houston. Serving the Port of Houston region, the new warehouse contains 140,000 square feet and 10 acres of open laydown area.

The new state-of-the-art warehouse is positioned to service steel, metals, lumber, project cargo, paper, cotton, general cargo and free flowing bulk and is rail-served by the Port Terminal Railroad Association. It can receive bulk materials by rail and has a dual line bagging plant for super bags.

“We are thrilled to establish a Houston presence and to be able to support 30 full-time family wage jobs at our new warehousing facility. We look forward to growing our warehousing business and adding more jobs in the future,” said Dennis Svilar, CEO of FML.

FML is an asset-based common carrier operating and offering flatbed truck services throughout the continental United States, Canada and Mexico. FML’s fleet of trucks provide local and regional deliveries as well as in-house container drop-offs. In addition, the FML group of companies also provides fully integrated transportation management and material handling services.

Port Houston officials highlighted the Houston Ship Channel’s national economic importance to R.D. James, Assistant Secretary for the Army for Civil Works, during an aerial tour of the greater Port of Houston Sept. 5.

Nominated by the president of the United States in 2017, James was appointed to the role as the top civilian for the Corps of Engineers’ civil works program by the U.S. Senate in January 2018.

James was in Houston to get a firsthand look at Hurricane Harvey impacts and recovery efforts. The Corps of Engineers’ civil works programs include flood control and navigable waterways as well as water resources, shore protection and environmental restoration.

An independent farmer and manager of cotton gins, grain elevators and other agriculture operations, James understands and appreciates the value of deep-water ports and inland waterways to U.S. exports and the movement of goods.

During the tour, Port Chairman Janiece Longoria emphasized the importance of ensuring adequate maintenance dredging and need for safe and efficient two-way traffic for the Houston Ship Channel, the busiest waterway in the nation.

During the tour, James viewed the high volume of traffic on the waterway and was briefed about the activity along the channel, which sustains nearly three million U.S. jobs, contributes $618 billion in national economic activity and generates $34 billion in tax revenues.

Port Houston serves as the local partner with the Corps in maintaining and improving the Houston Ship Channel.

Galveston was selected because it is surrounded by water, and because of its population density and distribution aid support, Rathsam noted. Galveston Bay is a part of the Houston Ship Channel, the busiest waterway in the nation.

The base of the operations was at Ellington Field in South Houston, and NASA is working directly with the U.S. Coast Guard and Houston Air Traffic Control prior to the study.

The NASA Research team provided a presentation on the project to the Lone Star Harbor Safety Committee Sept. 25 at the Houston Pilots Association.

“We thought it was a good opportunity to educate this group of maritime representatives as there are ports in the Houston/ Galveston region,” added Rathsam.
PORT HOUSTON ATTENDS GROUNDBREAKING CEREMONY FOR BROADWAY DOUBLETRACK PROJECT

Public officials, Port Houston and members of the Port Terminal Railroad Association joined together at a groundbreaking ceremony for the Broadway Doubletrack Project near Manchester Street in the Port of Houston Oct. 1.

Three Class I railroads — Union Pacific, BNSF Railway and Kansas City Southern Railway — worked in collaboration with the port and provided half of the project funding. Houston-Galveston Area Council provided the remaining federal funding.

Port Houston owns the track, which is operated by PTRA. The project is estimated to generate up to $63 million in benefits over several years.

LAPORTE HIGH SCHOOL EXPANDING KNOWLEDGE TO STUDENTS THROUGH MARITIME PROGRAM

Students at LaPorte High School have been applying their maritime skills through vessel construction, marine engineering and designing of a 19-foot wooden boat for their class senior project.

Port Houston’s Community Relations and Events team visited the school recently, reporting that the project is well underway and actually nearing completion. LaPorte High School is one of the six maritime education high schools a part of the Port of Houston Partners in Maritime Education Program.

Teacher David Jancauskas is a former vessel operations manager and captain who transitioned into teaching at the LaPorte School District.

“I thought the best way to get kids involved was to provide them with hands-on vessel design experience. These students are reading architectural drawings and using project planning and geometry basics,” said Jancauskas.

His goal was to get them interested in the maritime environment. The students use various tools and measure the pieces of the project themselves.

“It’s exciting to see the work that the students have put into this. We hope to have the boat deployed in the water by the end of the year,” added Jancauskas.

PORT HOUSTON PARTNERS WITH HERMANN PARK CONSERVANCY FOR FIFTH ANNUAL “PARK TO PORT” BIKE RIDE

Port Houston teamed up with the Hermann Park Conservancy to host more than 670 riders and 100 volunteers at the fifth annual “Park to Port” Bike Ride, which was held Oct. 6.

The 20-mile round trip guides riders from Hermann Park’s Bayou Parkland east along the Brays Bayou Greenway trail to Hidalgo Park near the Port of Houston.

Port Houston has partnered with Hermann Park Conservancy since the event’s inception in 2014, sponsoring the turn-around “celebrations” each year, providing food, drinks and music. Port Houston volunteers welcomed riders and cheered them on as they began the return leg of the ride.

Proceeds from the ride benefit the Hermann Park Conservancy, a nonprofit organization that is responsible for maintaining and improving the park system. The event brings together cyclists of all ages and skill levels for a day of celebrating the bayou trails, connectivity and the community.

“The ride gives local residents a unique perspective of Houston from the Museum District area to the east end of town and the port,” said Leslie Hertzt, community relations and events director for Port Houston. “We are happy to partner with Hermann Park on this event for the fifth year in a row.”

PORT HOUSTON MEETS WITH FRENCH DELEGATION

Port Houston welcomed a French business delegation hosted by the organization France Business Oct. 5. The group consisted of maritime-sector companies with a goal of establishing a beneficial relationship with Port Houston by showcasing each company’s technologies and maritime expertise to port staff in relevant subject areas.

Port staff provided overviews of various departments from safety and environmental affairs to procurement and real estate. The guests received a tour of the Port Coordination Center.

“I enjoyed sharing what Port Houston does with the Business France delegates,” said Matthew Chapman, lead safety coordinator at Port Houston.

“This visit gave the delegates the opportunity to explore various aspects of our organization, and I believe this international exchange will further enhance our growth as a port,” said Charles Thompson, chief information officer.

The delegates discussed with relevant Port staff technology specifically for their department as well as discussed procurement opportunities during one-on-one sessions.

Port Houston’s containerized cargo growth has increased since 2013 — with total trade with France up 18 percent in 2017. Some of the port import commodities include beverages and petrochemical products.
PORT HOUSTON GIVES BACK WITH THANKSGIVING PROJECT

More than 80 Port Houston volunteers, along with their friends and family, helped share in the spirit of Thanksgiving by preparing and delivering meals to local families in need Nov. 22.

The event was held at the Houston International Seafarers’ Center, which was divided into three work stations: the first was an outdoor space where a cooking team seasoned and fried turkeys; the second area was where other food items were organized and separated; and the final area was a craft station where volunteers created Thanksgiving cards and festive signage for each box in which meals would be delivered.

Port Houston worked with Neighbors in Action, a local nonprofit, and nearby Port Houston Elementary School to identify 20 families needing assistance during Thanksgiving. Each of the families selected and received a large package with a turkey, sides, dessert, and all the Thanksgiving trimmings.

Once the meal packages were complete, volunteers delivered everything directly to each of the selected families’ homes. “This is a very heartwarming effort Port Houston has undertaken the last two years,” said Leslie Herbst, director of community relations. “Working together to ensure families in need have the opportunity to enjoy a great meal during the holidays is another way Port Houston employees are committed to helping the local community.”

“Every box left for delivery with even more food items than we originally planned, a true testament to the generosity of our Port Houston family,” added Herbst.

PORT HOUSTON PARTICIPATES AT GREENS BAYOU REGATTA RACE

Port Houston employees joined dozens of fellow canoe and kayak enthusiasts for the annual Greens Bayou Regatta, a 5.7 mile paddle race held Oct. 6. The event focuses on combining recreation, stewardship and education on one of Houston’s most beautiful and secluded waterways, Greens Bayou.

Paddlers, both novices and seasoned veterans, were greeted with opening remarks from both Houston Mayor Sylvester Turner and Harris County Precinct Four Commissioner Jack Cagle. Both elected officials were there to highlight Greens Bayou and reiterate the importance of Houston’s waterways.

“Kayak and canoe enthusiasts have and several stand-up paddle boarders spent the morning exploring the nature of Greens Bayou,” said Garrett Berg, community relations manager for Port Houston. “Credit to our whole Port Houston team for demonstrating our commitment to environmental stewardship by receiving the Styrofoam Cup award.”

Funds raised from the event go directly to the Greens Bayou Coalition to assist with its work of highlighting the importance of conserving Houston’s waterways and watersheds.

PORT POLICE BRING HOLIDAY CHEER WITH “SILVER SANTA” PROJECT

The Port Houston Police and Security departments volunteered at a local housing facility, Jacinto City Healthcare Center in Houston, to bring Christmas cheer to its residents Dec. 18. They provided plush pillows and blankets while entertaining the residents with holiday music, food and games.

The Port Houston Police and Security departments raised more than $2,900 toward the Silver Santa project through donations and various fundraisers. The project requires several months of planning led by a steering committee of port police and security personnel. Center officials said the event was a hit with the residents. “I worked the memory care unit during the port Christmas delivery, and I could tell that the residents’ spirits were pleased,” said Eutenia Harris, LVN Charge Nurse at Jacinto City Healthcare Center.

That was the case throughout the center, as the photos taken by Port Houston photographer, Chris Kuhlman, captured. Kuhlman himself was clearly moved by the event as officers distributed the gifts. “They did an amazing job of bringing the Spirit alive with their joy, gifts and kindness,” Kuhlman said. “It certainly reminded me of all we have to be grateful for this season.”

Before the event, Port Police held two internal auctions. One was for a handmade quilt by a port security office; while the second was a jersey autographed by Houston Rockets star James Harden, which was donated by a Port Police deputy chief. Both auctions were conducted to help raise funds for the cause.

“We also delivered items to the Magnolia Multi-Center, the Chicano Family Center as well as six local residences in the community,” said Port Houston Police Chief Mark Smith. In total, the port provided gifts to more than 135 seniors.

In addition, Port Houston’s police officers personally purchased and donated 17 bikes to students at Port Houston Elementary Dec. 13 for their exemplary school attendance.
Port Houston’s container and steel sectors are expected to continue to flourish in 2019, as flows of those cargoes will push total revenues up by 6 percent to top $400 million for the first time ever, budget projections show.
Operating revenues alone in 2019 are projected by Port Houston leadership to increase by 8 percent. That’s because of the continued ramping up of resin production, coupled with growing import loads.

The resins, many of which are exported across Port Houston’s docks by container, are tied to the more than $50 billion in expansions along the Houston Ship Channel by petrochemical companies in recent years. Import loads at the port are expected to increase by 8 percent on economic strength and growth on Trans-Pacific service. Export loads are projected to be up by 12.3 percent as resin production increases.

**INFRASTRUCTURE IS KEY**

Continued growth in container and other activity also means continual focus on Port Houston’s infrastructure, Executive Director Roger Guenther noted during the State of the Port event hosted by the Greater Houston Partnership recently.

The $287 million Capital Plan for 2019 will be focused primarily on container terminal development and reinvestment at Port Houston. That will represent about 89 percent of the capital plan.

More than $900 million in new projects are scheduled during the next five years alone.

That action highlights the strength of 2018, when three new ship-to-shore cranes were delivered in August to wharf 2 at the Bayport Container Terminal. The big new cranes, which can reach 22 containers across, were just commissioned in December. The Bayport terminal opened in 2007 and is being built out in phases.

Additionally, while Port Houston had set a target about three years ago to exceed the 2.5 million TEU mark by 2020, that level was actually exceeded this year, which was two years ahead of schedule.

The National Retail Federation projects that Port Houston’s import volumes will increase by 4.9 percent during the first half of 2019 compared to the same time period in 2018. The federation anticipates imports will hit 593,000 TEUs. The federation reported record levels of imports over the past several months, primarily due to raised inventories ahead of expected tariff increases.

Projections for freight moving by water in Texas indicates strong growth, according to the Texas Freight Mobility Plan, which was issued by the Texas Department of Transportation in 2016. The report noted that in 2014, more than 557 million tons of freight was moved by water. That figure is projected to grow by 43 percent to nearly 797 million tons by 2040.

“Container activity through the Barbours Cut and Bayport facilities is simply phenomenal,” Guenther said. “Continued healthy growth of more than 30 percent in total over the last three years is being driven by both import demand of consumer goods as well as export of petrochemical products around the world.”

**MORE JOBS CREATED**

Because of that growth, Port Houston continues to staff up. The Port Commission recently approved a 2019 budget that includes 33 new positions for 2019, with the majority of those positions slated for the operations division.

“Growing demands from Texas businesses and consumers and the rest of the U.S. as well as increased global trade will translate into an increase in the amount and value of freight being transported on Texas’ transportation system in the future,” the freight mobility plan concluded.
Development of a new vegetation sight-and-sound berm near the Bayport Container Terminal was launched in October as Port Houston employees and members of the community alike volunteered for the berm planting project.

The vegetated berm will provide enhanced mitigation of sound near the Bayport Container Terminal for both El Jardin and Seabrook communities, while also helping beautify the area.

Port Houston contracted for needed services for the project with Yellowstone Landscape through the Harris County Department of Education Choice Partners cooperative purchasing program. A small portion of the project was left for Port Houston employees to plant trees.

“WE ARE EXCITED TO BE A PART OF THIS UNIQUE PROJECT, WHICH PROVIDES AN EXCELLENT OPPORTUNITY TO PROMOTE OUR LOCAL COMMUNITIES, ENJOY THE OUTDOORS AND HELP MAKE OUR LOCAL ENVIRONMENTS HEALTHIER AND GREENER FOR EVERYONE,” SAID GARRET BERG, COMMUNITY RELATIONS MANAGER FOR PORT HOUSTON.

Berm planting involves creating a narrow shelf, path or ledge typically at the top or bottom of a slope. The process is meant to support an area with trees at a higher elevation to block light and noise.

Port staff also dedicated a new viewing bench on the berm to Port Houston’s former environmental affairs director, Leah Oberlin, who died in 2017.

“We wanted to do something special for Leah as she played a huge role with our environmental stewardship efforts during her time at the port, and she was a big champion of this project,” said Rich Byrnes, chief infrastructure officer for Port Houston.

BAYPORT BERM PROJECT

MORE THAN JUST LANDSCAPING
The project will vegetate the completed middle berm segment and provide 80 percent of survivability of the plants for one year. It also creates a physical transition zone between the community and industrial development.

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“Building a better environment

The multi-million dollar berm project, which consists of more than 50 acres of property, originated with the Bayport Citizen’s Advisory Group during the early years of the terminal planning in 2000. The entire berm is more than three miles long, 150 feet wide and 20 feet tall. More than 12,000 native trees and shrubs were planted.

The completion of this project provides an enhanced level of mitigation for the potential noise, light and aesthetic impacts to the surrounding community. The native plants utilized on the berm will minimize noise, light and visual impacts to the surrounding community. This also satisfies a Corps of Engineers permit condition initiated by Port Houston and is driven by the port’s stewardship strategic goal.

Three private partnerships — Odfjell, McCarthy and LBC Houston — helped the port complete the project. The Mayor of Seabrook, Thom Kolupski, and his staff as well as leadership from the three partnership companies participated during the berm planting event.

“This project is a great example of social responsibility balancing social, environmental and business needs,” said Charlie Jenkins, senior director of asset management and strategic coordination for Port Houston.
Executives at G2 Ocean are expecting the wind energy business to pick up briskly in Houston and across Texas soon, as the industry is poised for additional growth in coming years.

That’s primarily because federal tax credits are expiring. Both the Production Tax Credit and Investment Tax Credit are being phased out.

G2 Ocean, a joint venture of Gearbulk and Grieg Star that just began operating in May of 2017, is anticipating an increase in the amount of wind energy components moving across Port Houston’s docks both in 2019 and 2020. That goes for other Texas ports as well.

LARGEST BREAKBULK CARRIER AT PORT HOUSTON

The energy industry is a major focus for G2 Ocean, which already is the largest breakbulk carrier serving customers at Port Houston. Specializing in cargo that requires special handling and stowage, G2 Ocean operates the largest fleet of open hatch vessels worldwide. It carries a variety of cargoes, and chief among them is pipe for the oil and gas industry.

But wind energy also is a big deal in Texas, which far leads the nation in wind farms and wind energy. Efforts to coordinate wind shipments next year already are under way, noted Andy Powell, Chartering Director of G2 Ocean US.

“A lot of developers are going to start construction before tax credits run out,” Powell said. “A lot of projects have been backlogged and you are going to see a lot of imported cargo coming into Texas and Houston.”

Texas already has the most wind capacity of any state in the country, with more than 20,000 megawatts.

In addition to handling cargo such as wind components, G2 Ocean, which calls thousands of ports in more than 70 countries annually, says the box-shaped holds on its vessels have with wide hatch openings offer efficient stowage for many different types of cargo.

The carrier also sees plenty of room for expansion at Port Houston. In addition to the growth in wind energy cargo G2 Ocean sees coming, it also sees great potential in the export of petrochemicals that can be shipped out breakbulk in super sacks or by similar means.

“We would like to grow our business in Houston,” Powell said, noting that the joint venture is interested in all types of opportunities.

“We have a willing partner in Port Houston who will continuously look at ways to improve efficiency for the carrier and cargo owner,” Powell said. “And we are confident that the port will make the investments in the breakbulk facilities that we have seen done on the container side.”

Port Houston recently completed a facility inspection and condition assessment of marine infrastructure. Numerous wharves at the Turning Basin Terminal, where breakbulk cargo is handled, are expected to be targeted for improvement.

The Turning Basin complex is comprised of 52 general cargo and heavy-lift docks where shippers can take advantage of direct discharge or loading of all types of cargo, including over-dimensional cargo.

Port Houston Executive Director Roger Guenther noted at the recent state of the port event hosted by the Greater Houston Partnership that the Turning Basin has been bustling.

“Our Turning Basin terminals have seen a solid year of handling steel and general cargo,” Guenther said. “Much of this freight is in direct support of the oil and gas industry, including imported pipe for drilling and project cargo for industrial manufacturing projects, just to name a few.”

Budget projections for Port Houston show growth of 2 percent at the Turning Basin terminals in 2019. Steel is projected to increase by 11 percent in 2019. The continued growth at Port Houston has not gone unnoticed, including by G2 Ocean.
BREAKBULK AMERICAS EDUCATION DAY GUIDES STUDENTS TO MARITIME OPPORTUNITIES

TO SUPPORT THE GROWING NEED FOR EDUCATION IN THE BREAKBULK INDUSTRY, BREAKBULK EVENTS AND MEDIA ESTABLISHED BREAKBULK EDUCATION DAY.

The event is called Jerry Nagel Education Day at the Breakbulk Americas event honoring the late Jerry Nagel, who was a Breakbulk Lifetime Achievement Award winner.

Designed to introduce the project cargo and breakbulk industry to university students and to those starting their careers, Jerry Nagel Education Day offers informational sessions, technology demonstrations and case studies explained by leading industry executives. The students also get to tour the exhibit hall and network with some of the largest maritime companies.

More than 208 maritime college students attended the event from local campuses such as Texas Southern University, the University of Houston, Texas A&M Galveston and Lone Star College. These students are in programs supported by the Port of Houston Partners in Maritime Education Program.

"My favorite part was the Education Day, and how all of the speakers that spoke provided insight into their own everyday life," said Bilal Khan, a supply chain and logistics major at the University of Houston. "This was a great look into real world issues or experiences that help students know what to expect."

He added, "I am grateful that Breakbulk encourages young professionals like us to be able to network and mix with current industry professionals."

For other students, the event was much more than just industry exposure. "At Education Day, I was introduced to the project cargo and breakbulk industry by executives who had extensive knowledge in many areas. I especially enjoyed learning about chartering, the planning involved in the art of logistics and commercial transactions," said Victoria Garza, another University of Houston supply chain student.

Benton White, a graduate student at Texas A&M University in Galveston who is pursuing a degree in business administration and logistics, was surprised by the scale of the event as it was his first true business experience. "I was pleased with the presentations, which exposed me to a wider world of transportation. It was like having class outside of the classroom," said White, who is most interested in freight forwarding.

"Education Day helped to illuminate my potential place in the logistics industry," White added.

Sarah Hamrock, another Texas A&M Galveston student who is new to the maritime industry, appreciated the awareness of the breakbulk market. "I was able to talk to companies that I have never heard of before. The maritime industry is global – it is such an opportunity," added Hamrock, who is a recipient of one of this year’s scholarships through the Port of Houston Partners in Maritime Education Program.

"I really appreciate the gratitude and opportunities that the maritime industry has provided me through my university, the port and Breakbulk Events," she added.

Outside of Education Day, Breakbulk Americas hosts a number of events throughout the conference, including workshops and a business run.

Port Houston continues to develop partnerships between employers and education institutions so that relevant education programs continue to build tomorrow’s maritime workforce.

“I was pleased with the presentations, which exposed me to a wider world of transportation. It was like having class outside of the classroom”

Benton White, Graduate student at Texas A&M University in Galveston
On Nov. 29, the Greater Houston Partnership’s “State of the Port” event honored Port Chairman Janiece Longoria, who is completing her third and final term. More than 500 industry professionals and public officials attended. The annual event is a tradition for the port to engage with the community and stakeholders and share updates on the port’s fiscal year of operations and business.

Port Houston Executive Director Roger Guenther provided the address, sharing that the past several years have been the most significant growth period in the port’s history. This year will set records, he noted.

“Maintaining the efficiency of two-way traffic for the immediate and long term is paramount for everyone served by the Houston Ship Channel, and is certainly the top priority for our organization as the local sponsor,” Guenther said. The port has been working with the U.S. Army Corps of Engineers regarding future expansion needs.

THE FIRST PORT IN MANY AREAS

“I always tell people, however, that the 200 or so facilities along the channel that make up the Port of Houston is first in many areas that actually means something…the #1 energy port, the largest in breakbulk cargo, first in steel in the nation, is home to the dominant container port in the U.S. Gulf,” said Guenther.

“As we sprint toward the finish of 2018, we are proud of another record-breaking performance across all sectors of our business,” he added. “Our Turning Basin terminals have seen a solid year of handling steel and general cargo, and container activity through Barbours Cut and Bayport facilities has been simply phenomenal.”

Chairman Longoria also provided remarks and participated in a fireside chat discussion with Guenther that was moderated by Marc Watts of the Friedkin Group.

A total of $287 million of new port projects are planned for 2019, all with funds being generated by operating revenues at Port Houston public facilities.

The port continues to make investments to its terminals to stay ahead of the demand curve in container volume and is reinvesting in its breakbulk facilities, noted Guenther. “The demand for larger container vessels is growing rapidly as we are now seeing container ships with capacity greater than 9,000 TEUs,” said Guenther.

ACKNOWLEDGING SERVICE AND COMMITMENT

Guenther also recognized the dedication and work of Port Houston employees. “Our employees never lose sight of our obligation as a public entity,” Guenther also thanked Chairman Longoria for her continued leadership. “Janiece has worked in the best interest of the institution and for the economic prosperity of the region.”

“She has successfully built upon the foundation of our port predecessors, generating jobs, generating growth and has strengthened our rightful place as the leading port in the nation,” added Guenther. During Longoria’s term as Chairman, the port’s growth in annual revenue increased from $215 million to $400 million in six years.

Although Longoria is moving on from the port, Port Houston leadership is ready to continue to focus on the Houston Ship Channel. “Janiece’s influence has been remarkable, and the legacy of her leadership will be engraved in the history of Port Houston forever,” added Guenther.

Longoria’s last Port Commission meeting was Dec. 12, where numerous public officials provided video testimonies of her service on the Port Commission. She also received proclamations and resolutions from the Governor of Texas, the Texas House of Representatives, and Houston City Council Member Karla Cisneros.
A total of 13 companies joined FTZ No. 84 last year, continuing the ongoing increase of participants into the zone, and similar activity has been seen in 2018. Given the Houston region’s population is growing rapidly, the zone likely will continue to see increases in authorizations as more large importers and exporters take advantage of the financial benefits of using FTZ 84.

The total value of cargo in the zone in 2017 was more than $9 billion, which were predominately imports bound for U.S. markets.

Port Houston’s container volume was the focus of an in-house study of Foreign Trade Zone 84 that was performed in 2017. Results of that study showed that zone users accounted for at least 11 percent of Port Houston’s import twenty-foot-equivalent units (TEUs) and 6.5 percent of all TEUs.

So far in 2018, 11 completed authorizations have been recorded, according to Shane Williams, Port Houston’s manager for FTZ and economic development. That means the growth experienced in recent years is continuing unabated, and still more activations are anticipated by the end of the year.

BUILDING ON GROWTH

The port’s foreign trade zone has been expanding as well. Importers are attracted to the benefits that streamline, reduce or eliminate import duties. Port Houston’s FTZ is also ranked no. 1 in the United States for total merchandise received.

"FTZ is powerful marketing tool, funded by FTZ user fees, that helps bring the real estate and economic development community to the port for more engagement," Port Houston Executive Director Roger Guenther said at a recent public meeting.

Port Houston hosted its annual Foreign Trade Zone Conference Dec. 6, which is an informational event intended to not only update and educate, but to also provide beneficial communication and networking opportunities to current FTZ 84 users and providers. "FTZ is a great opportunity to attract business," said Michael Leightman, partner with Ernest and Young, who participated during the event.

"I enjoy attending these trade conferences because you can learn and ask the questions that you need. It is very beneficial and informative," shared Catherine James, president of Dixie Cullen Interests.

A special foreign trade zone session was held at the annual Harris County International Trade and Transportation Conference Dec. 5, led by FTZ Program and Economic Development Manager Shane Williams. He also moderated a panel on Houston’s FTZ success stories regarding local companies who have benefited from less taxes and restrictions.

BUSINESSES SEE FTZ RESULTS

Companies like Houston-based Dixie Cullen Interests have benefited from joining FTZ 84. Within days of being certified as an FTZ, Dixie Cullen Interests had 99 truckloads of cargo with pieces weighing more than 190,000 pounds coming into its 300,000-square-foot facility.

Dixie Cullen Interests provides a variety of storage services, specializing in machinery, steel and other industrial material. Their heavy overhead lift capacity safely simplifies the handling process. The company has been an FTZ user for three years. The 23-year old company is a woman-owned business and a certified HUB.

Dixie Cullen Interests was first approached by a customer to store the large amount of machinery cargo that no one else could handle. “It was always something that we had considered doing for international projects,” James said.
The Galena Park Library has launched what it calls a “Maker Monday” Program benefiting library visitors and students. The program explores a variety of STEM projects that Port Houston is donating to the library.

STEM is a curriculum based on the idea of educating students in four specific disciplines — science, technology, engineering and mathematics — in an interdisciplinary and applied approach. Port Houston is donating funds for programming towards the initiative. The program offers middle school and high school students an opportunity to learn 21st century life skills such as designing K’Nex build sets, complete basic circuits and to program robots.

The program uses real tools such as multi-meter and light soldering and offers patrons the opportunity to create intellectual and physical materials using resources such as computers, printers, audio/visual editing tools and arts and crafts supplies.

Projects will be at the library from 4:00 to 5:00 pm on Mondays and no registration is required. The library will also have educational tools in its programming for outreach events at local schools in the community.

The basics of the STEM curriculum are used at the port every day in a variety of applications.

More than one million jobs a year in Texas are tied to Port Houston, which handles over 200 million tons of cargo a year. Houston’s population is growing and many of these jobs will need to be filled by workers with science and math backgrounds.

STEM has always been important and with the increasingly rapid changes and continued improvements in technology, those subjects promise to be even more important in the future.

Galena Park Library is part of the Harris County Public Library System.
Rangeland’s customers include companies in oil and gas, mining, agriculture and aviation sectors. The company says it employs the latest in transportation technology to improve responsiveness and maximize the efficiency of their operations.

Heavy haulers like reliability during transportation, as do their clients. Issues that most truckers face at other ports include difficult terrain, restrictive operational authorities, old infrastructure or lack of viable routing. The company has seen many requests for project cargo coming in from overseas, and Houston is their most common option from a logistics standpoint.

“A high percentage of time, Houston is always the answer,” shares Daryl Medd, president of Rangeland. “We understand that our clients need cost comparisons for shipping options, but most of the time the cost-effective option is Houston.”

Houston is also a logical choice for a host of shippers moving project cargo coming in from overseas who want to take advantage of Port Houston’s cargo-handling capability. A large base of carriers that ship to and from Houston provide a steady and reliable source of transportation equipment.

One experience where Houston proved a reliable gateway of choice was when Rangeland completed the transportation of multiple large compressor packages destined for Venezuela. The port was able to unload trucks quickly and process a large volume of loads in a short timeframe. The port was also able to assist by escorting company drivers in and out of the port with courteous and professional behavior, added Medd.

“The bonded storage facilities were second to none where we kept cargo safe and secure until the ship arrived,” he said.

Due to the fall in the price of oil in the Canadian marketplace, Rangeland has been expanding into the long distance heavy haul industry, which now includes the Alberta to Texas route on a regular basis. The oil and gas connection between Alberta and Houston is key.

With Houston’s strategic location and proximity to consumer markets, it is no surprise that more companies are considering using Houston as part of their project solutions. “Over the past several years, Houston has become a critical hub for transportation providers across all modes,” said Patrick Maher, executive vice president for Gulf Winds International. “A strong economy, growing population and diverse industry sectors create high demand for trucking services,” he said.

Gulf Winds is a third-party logistics (3PL) provider offering industry-leading drayage, transloading and domestic freight services nationwide.

Rangeland also has experience providing their services during emergency situations. The company towed a twin-engine airplane that had an emergency landing in Calgary in April 2018 to an airport. “We’re always spring-loaded and have an exit from any emergency situation,” Medd said.

Rangeland attended the Breakbulk Americas conference in Texas held in October. The company specializes in heavy duty loads and moves, including unique project cargo.

Port Houston is the preferred port of choice for companies’ heavy haul and super loads being shipped into North America by Rangeland Truck and Crane, LTD, a privately-owned company based in Alberta, Canada. There is a well-established corridor for oversized and heavy loads that originates at the port.
The Port Commission recently authorized Port Houston Executive Director Roger Guenther to negotiate with the Corps, and also gave permission to pursue alternatives to the plan. The Corps had requested that Port Houston concur or modify the tentatively selected plan.

That plan concluded that widening of the channel through Galveston Bay is not economically justified.

Port Houston executives, however, believe market realities have changed, requiring acceleration of the project, and believe they are at crossroads to make some key decisions regarding work on the channel. Both container ships and tankers are getting bigger and the Panama Canal is supporting growth and the larger vessels. At the same time, they say the importance of the Houston Ship Channel, which already is universally recognized, is even more critical to the national economy today.

While the current plan only had one segment of the channel in Galveston Bay planned for widening, Port Houston leadership maintains that additional segments also need to be widened. That plan has the channel one-way along one segment, which Port Houston officials say is operationally unsound and is not safe.

The cost for the widening range from a minimum cost share to $250 million to as high as $525 million, requiring diligent planning and making use of a combination of federal, local and private funds.

Key Ship Channel Improvement Plan

Port Houston, which is involved in a mega-study with the U.S. Army Corps of Engineers focusing on Houston Ship Channel improvements, is seeking to pursue an alternate path than that proposed by the U.S. Army Corps of Engineers.

Among the actions in support of accelerating the project are that Port Houston could sponsor early construction of project elements now and then seek reimbursement of federal cost share. The work could be completed five to six years earlier than the Corps schedule. Additionally, the port also can advocate for infrastructure policies that recognize the importance of strategic channels to the nation’s economy and mandate accelerated projects.

The mega-study is in its fourth and final year. The study is set for completion in April of 2019, with signing of the Corps chief’s report set for October.
NEW BAYPORT FACILITY RUNNING ON EMPTIES

The new Bayport Empty Depot is up and running inside Port Houston’s Bayport Container Terminal. It is part of a unique public/private partnership at that facility.

Operated by Terminal Link Texas (TLT), the container yard can house about 11,000 twenty-foot-equivalent-units (TEUs) of containers. TLT constructed the 25-acre empty yard, and the project increased its overall stacking capacity by as much as 80 percent. It also allows for increased container freight station activities and improved maintenance and repair operations.

“We at Terminal Link Texas are very excited with the end product we have in the new Empty Depot,” General Manager Greg Linbeck said. “TLT strives to be a leader in our market and this is further evidenced by our commitment to this investment.”

The grand opening of the facility was held in September. Scores of employees and stakeholders attended the catered event to mark the opening.

As part of the lease agreement between Port Houston and TLT, the company is using the fortified 25-acre container yard at Bayport and it returned 14 existing acres that it previously operated there to Port Houston.

Container volumes have been growing at Port Houston and were up by 30 percent in total over a three-year period. Growth is expected to continue for the foreseeable future as petrochemical facilities along the Houston Ship Channel expand and produce more plastic resins for export. That is being driven by import demand of consumer goods and by global export of petrochemical products.

The new container yard geared specifically for empty boxes is part of Port Houston’s master plan. Bayport is being built out in phases. Upon completion, the terminal will have seven berths. Port Houston, which also operates the Barbours Cut Container Terminal, handles about two-thirds of all the containers that move through the U.S. Gulf of Mexico.
James and Karen Fain took a risk when they decided to start a barbeque business in Texas. The couple, from Knoxville, Tennessee, saw an opportunity to do the grilling and cooking they do it back home—bringing their tradition over to the Lone Star State. “Growing up in Tennessee, barbeque is the next thing you learn after walking,” said Karen Fain. “We started by cooking barbeque meals at home and inviting our friends and family. Everyone loved it. Those homecooked meals turned into regular catering so we thought, why not start our own business? It was a good investment.”

After five or six years catering in Houston, the couple opened a storefront in 2011 in the Meyerland/Westbury area. They now specialize in both catering and restaurant services. They have been growing their business by tailoring their services to meet the needs of larger corporate clients to include expanding their menu options.

James Fain is the pitmaster, who learned his grilling skills from the cooks and pitmasters on his side of the family, according to his wife. “What makes our barbeque different in eastern Tennessee is the influence from the Carolinas—it is more savory than sweet using vinegar-based sauces,” Karen Fain said.

The heart of their barbeque is the hickory wood smoke. Their meats are smoked low and slow over a rotisserie style pit with adjoining hot box for burning the hickory wood and producing their signature flavor.

Fainmous BBQ was the first to attend the port’s small business anniversary celebration in 2018 and were quickly exposed to a broader audience. “It was the right place to be as we were able to touch and meet many other businesses there,” noted Karen Fain.

Some Texans love this different style of barbeque. The business even offers vegetarian options. “We believe in the quality and integrity of the food,” said Karen Fain.

In 2019, the couple will open a second location, this one in the Heights. “We are always open to new ideas and adventures with our business,” Karen Fain said. Even with Hurricane Harvey in 2017, their business persevered through the challenging times, as their area was heavily affected by the storm. “That didn’t stop us from making orders, and we continued to offer our food to the Meyerland community during the time of need,” she added.

What should you get when you order from their restaurant? The pulled pork sandwich is a best-seller, which can be eaten with or without sauce. Next time you are looking for a different style of barbeque, the Fains hope you look further than Fainmous BBQ for this original style of a southern food classic.
WE ARE THE INTERNATIONAL PORT OF TEXAS!

We are responsible for over 1.2 million Texas jobs and with our new Neopanamax, ship-to-shore cranes, we can accommodate the next generation of container vessels that now transit the Panama Canal. The new cranes are just a portion of the $1 billion modernization project that further establishes Port Houston as the leading port on the Gulf Coast.