

Pasadena Citizens' Advisory Council

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Summary of Tuesday, May 23, 2017 Meeting

PORT OF HOUSTON OVERVIEW

The Port of Houston Authority is now known as Port Houston. Garret Berg, Assistant Manager, Community Relations and Events, opened his update by telling members that the port authority is a governmental subdivision of the state that serves as the federal sponsor of the 52-mile long Houston Ship Channel. The ship channel consists of 9 Port Houston terminals and 150 private businesses. Several PCAC plants have docks on the Houston Ship Channel. The port is one of four main segments of the Houston economy, along with oil and gas, Texas Medical Center, and NASA.

It is said that Houston is the town that built the port that built the city. The city was founded on the banks of Buffalo Bayou by the Allen Brothers, who used photos of mountains and waterfalls to attract investors. If Texas were a nation, it would have the 13th largest economy in the world. (Canada has the 11th and Mexico the 15th largest economy.) The local petrochemical industry is second in size only to that of Rotterdam. Nearly half the US population lives within a 1000 mile radius of Houston. The port is connected to the state and nation via roads and rail that allow shipping containers to move from ship to truck or rail, which is referred to as intermodal transport. 88% of the world's goods are shipped on a boat. The port authority sponsors and maintains the Houston Free Trade Zone (FTZ), one of the biggest in the nation. FTZ provides a number of benefits, including that merchandise is free of duty.

The Panama Canal's new locks opened in June 2016. They are wider and deeper than the original locks. Containers, which come in different lengths, are measured by units called TEUs (20-foot equivalent units). For example, a 12' long container and a 8' long container would be counted as one TEU. Container ships that can pass through the original locks carry 4400 TEUs. The new locks allow new ships that can carry 12,600 TEUs. Since the new locks opened, more Liquefied Nitrogen Gas (LNG) carriers than expected have gone through the canal.

The Panama Canal expansion affects Port Houston because it is bringing more Asian trade to us. Asian trade heading east through the Panama Canal has grown from 1.3% to 28% in the last year. (Some goes to the East Coast.) The Asian cargo is made up of many different products, including cars, cell phones, electronics, and glasses. 68% of all container cargo on the Gulf Coast uses the Barbour's Cut or Bayport terminals. New cranes, wharves, and lay down area have been built to deal with newer ships that carry more containers. The two terminals on Galveston Bay recently were dredged to 45'. To be called a deepwater port, they would have to be dredged to 50' but an offshore shelf limits dredging to 45'. Thus Port Houston will not receive the biggest ships now built, but improvements to the two container terminals allow for larger ships, which is helping bring business from Asia.

If the Houston Ship Channel has to be shut down for some reason, its closure interrupts commerce across the country at a cost of \$1 billion a day. The port handles liquid bulk cargo, containers, dry bulk, project cargo, and general cargo. A little more than 2/3 of the cargo is liquid bulk. The biggest export is petrochemical, mostly plastic resin. 60% of port cargo is containerized. Ten years old now, the Bayport Terminal is one of the greenest in the nation. The newest project there is cold storage. Currently that cargo goes through the Gulf of Mexico to Philadelphia, but new cold storage warehouses are being built locally. The Bayport cruise terminal has been repurposed as an automobile terminal.

Multiple entities are involved with port security: US Customs and Border Protection, Port Houston police, private businesses, and the Houston Ship Channel Security District. The port is the first in the country to achieved ISO 28000 compliance for security management systems. It also was the first port to achieve ISO 140001 environmental management system standards and has been recertified in this program. The port's environmental stewardship programs include holding its tenants accountable for meeting those standards.

Port Houston's stewardship and outreach program includes workforce development, helping with curriculum in maritime education at 5 area high schools, and working with the San Jacinto College Maritime program. The community engagement program has 17 interns who are paid during their training experience. The *MV Sam Houston* takes 30,000 people a year on a tour of the Houston Ship Channel from the Turning Basin to the Washburn Tunnel. Port Houston takes part in safety and security committees with industry and others. They also participate in a number of community events. Contact information for the speaker may be found in the attached slides.