NATIONAL WEDA MEETING

San Antonio, Texas

June 11-13, 2012

TEXAS PORTS - VALUE TO THE NATION

Col. Christopher W. Sallese
Commander, Galveston District
U.S. Army Corps of Engineers

This briefing is UNCLASSIFIED

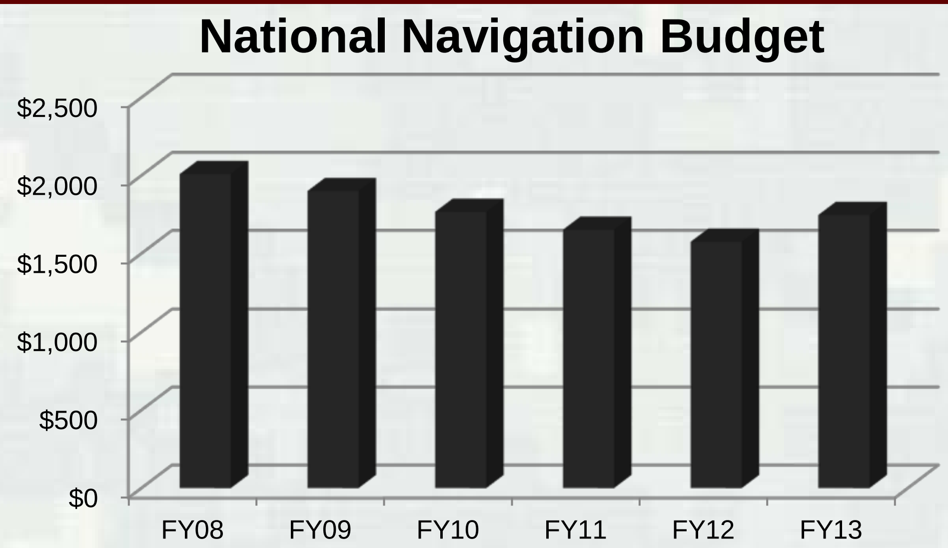
US Army Corps of Engineers
BUILDING STRONG®

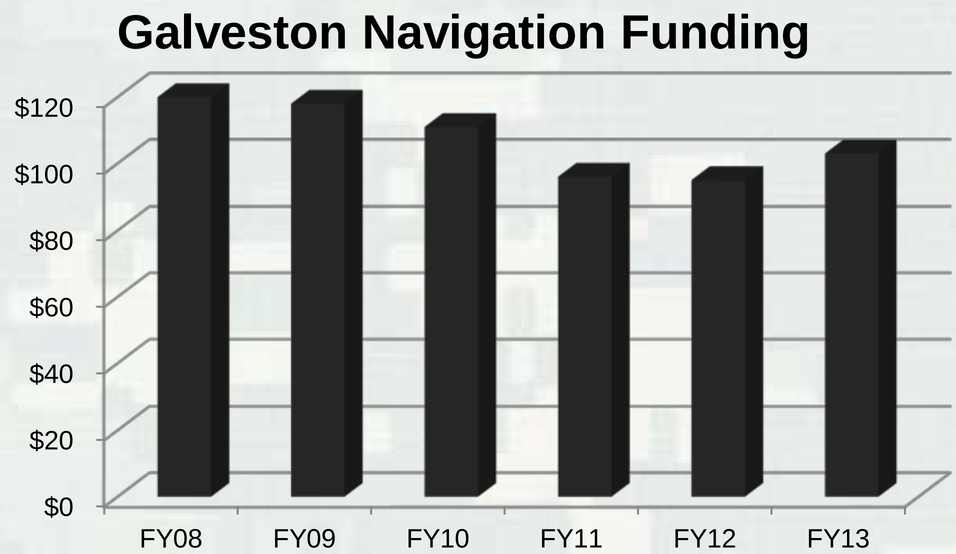
AGENDA

TEXAS PORTS – VALUE TO THE NATION

- Federal Navigation Funding, National/Texas
- Navigation System Health
- Texas Port & Inland Waterway Statistics
- Beneficial Uses of Dredged Material
- Economic Growth Opportunities
- 'Dig This' Video

NAVIGATION FUNDING





SYSTEM HEALTH REQUIREMENTS

Adequate funding stream to support:

- Dredging project depth + advanced maintenance "just in time"
- Construct incremental levee capacity
- O&M lock and gated facilities – GIWW
- Conduct jetty repairs
- Prepare placement areas and DMMPs
- Conduct O&M discretionary studies
- Implement DAMP activities
- Environmental sustainability
- Safety (navigation)

Navigation Mission

Provide a balance of funds across the required activities to maintain an efficient, interactive and reliable navigation system

The system is rapidly losing its resiliency.

GALVESTON DISTRICT FACTS

- Texas Ports and Waterways moved 575M
- 50,000 square mile district boundary
- 460 miles of coastline
- 48 Texas counties
- 18 counties – Coastal Bay Estuaries
- 2 Louisiana parishes
- 346 full time employees
- 760 miles shallow draft
- 240 miles deep draft
- 13 shallow draft ports
- 15 deep draft ports

PORT STATISTICS & STUDIES

					2011			
					Channel	2010	UNDER STUDY	
TEXAS	AUTHORIZED	TONNAGE (millions) 2010			Availability	Value of	IMPROVED	
PORTS	DEPTH (ft)	DOMESTIC	FOREIGN	TOTAL	1/2 Width	Tonnage	DEPTH (ft)	STATUS
Deep Draft Coastal								
Houston (2)	45	67.6	159.6	227.1	53.3%	$170.4B	45	Construction Completed in June 2005
Beaumont (4)	40	25.2	51.8	77	12.9%	$37.8B	48	Chief's Report Signed July 2011
Corpus Christi (6)	45	18.8	54.8	73.7	83.8%	$35B	52	Draft LRR to SWD July 2012
Texas City (10)	45	16.5	40.1	56.6	87.5%	$28.5B	45	Construction Completed in June 2011
Port Arthur (25)	40	10.8	19.5	30.2	12.9%	$13.1B	48	Chief's Report Signed July 2011
Freeport (27)	45	4.3	22.3	26.7	61.6%	$13.7B	50-55	Chief's Report December 2012
Galveston (41)	45	5.9	8.0	13.9	76.0%	$8.6B	45	Construction Completed March 2011
Matagorda (54)	38	2.2	6.7	8.9	27.5%	$2.4B	38	No improvements forecasted
Brownsville (78)	42	2.1	2.5	4.6	66.3%	$3.1B	45-52	Chief's Report August 2014
Victoria (89)	12	2.8	0	2.8	62.5%	$2.1B	12	No improvements forecasted
Inland Waterway								
GIWW	12			67.0	Varies	$34.6B	12	

Texas is the Nation's #1 State for Waterborne Commerce
(Major Ports = 521.5M Tons worth $314.7B) - [source - IWR]

22.2% of Nation's Total Export tonnage (maritime)

43.4% of Imported crude oil (maritime)

TEXAS EXPORTS

Year	Traffic	Commodity	US Total Tons	SWG Total Tons	SWG Tons %	US Total $-value	SWG Total $-value	SWG $-value %
2010	Overseas-Exports	Other Chemical and Related Products	51,391,464	25,341,797	49.3%	$91,129,716,109	$29,410,612,005	32.3%
2010	Overseas-Exports	Distillate, Residuals & other Fuel Oils; Lube Oil & Grease	55,498,570	28,223,919	50.9%	$24,851,646,909	$12,441,380,086	50.1%
2010	Overseas-Exports	Petroleum Pitches, Coke, Asphalt, Haptha & Solvents	34,010,721	14,839,856	43.6%	$4,787,161,004	$1,931,017,553	40.3%
2010	Overseas-Exports	Wheat	28,573,473	10,253,744	35.9%	$6,303,567,756	$2,285,160,231	36.3%
2010	Overseas-Exports	Gasoline, Jet Fuel, Kerosone	25,130,656	16,999,295	67.6%	$14,742,150,327	$10,304,486,561	69.9%
2010	Overseas-Exports	Barley, Rye, Oats, Rice and Sorgum Grains	7,566,469	2,937,633	38.8%	$2,530,395,992	$607,559,745	24.0%
2010	Overseas-Exports	All Manufactured Equipment, Machinery and Products	22,207,155	2,953,925	13.3%	$160,612,903,944	$24,104,041,873	15.0%

TEXAS IMPORTS

Year	Traffic	Commodity	US Total Tons	SWG Total Tons	SWG Tons %	US Total $-value	SWG Total $-value	SWG $-value %
2010	Overseas-Imports	Crude Petroleum	423,611,392	182,804,854	43.2%	$200,249,352,676	$86,863,625,063	43.4%
2010	Overseas-Imports	Distillate,Residual & Other Fuel Oils; Lube Oil & Greases	57,321,506	18,316,053	32.0%	$21,521,271,303	$7,289,466,131	33.9%
2010	Overseas-Imports	Other Chemicals and Related Products	33,196,384	9,455,386	28.5%	$54,271,443,752	$6,746,689,271	12.4%
2010	Overseas-Imports	Primary Iron and Steel Products (Ingots, Bars, Rods)	21,041,435	5,220,000	24.8%	$17,740,874,422	$4,973,544,844	28.0%
2010	Overseas-Imports	Gasoline, Jet Fuel, Kerosene	36,445,862	5,233,673	14.4%	$9,604,883,681	$2,265,694,184	23.6%
2010	Overseas-Imports	Non-Ferrous Ores and Scrap	14,559,145	7,315,196	50.2%	$3,421,736,181	$559,022,702	16.3%
2010	Overseas-Imports	Sand, Gravel, Stone, Rock, Limestone, Soil, Dredged Material	14,705,864	3,669,977	25.0%	$927,612,258	$200,717,480	21.6%
2010	Overseas-Imports	Building Cement & Concrete, Lime, Glass	9,669,341	1,347,010	13.9%	$6,117,946,391	$386,924,711	6.3%
2010	Overseas-Imports	All Manufactured Equipment, Machinery and Products	66,852,486	2,143,044	3.2%	$430,852,307,058	$14,579,458,660	3.4%

PETROCHEMICAL PIPELINE DIST.

Houston = $390M in commerce per day

Texas Coast - where the U.S. large refinery infrastructure exists…the main start and end point for the Value Chain

ECONOMIC FACTORS

Positive Factors-

- Texas ports create ~ 900,000 direct jobs regionally and ~1.3 million indirect jobs nationally
- Port of Houston alone helped generate $4.5 billion in local and state tax revenue
- Current and future exports help stabilize the dollar the reduce the value of the federal deficit. (national revenue)
- Allows nation to optimize the benefits of prior year strategic investments in navigation and supply chain infrastructure
- GIWW provides a intermodal linkage through domestic and international markets and facilities

Negative Factors-

- 1' of draft restriction = lost benefits due to lightering and lightening loads
  - Houston - $188 million/year
  - Matagorda - $80 million/year
  - GIWW - Texas – 130 million/year
- Texas ports receive less than $.25 on the dollar of HMTF contributions for O&M
- From a study aspect ready to take advantage of Panama Canal expansion

The nation's navigation system requires a strategic investment to realize its full economic benefit.

ENVIRONMENTAL BENEFITS

Beneficial use of dredged material:

- Annual Beneficial Use Conference
- Regional Sediment Management
- Galveston District utilized 3–4 million cubic yards of dredged material annual for beneficial purposes
- Types of Beneficial Use
  - Beach Nourishment
  - Shoreline Protection
  - Bird Habitat
  - Marsh Creation

Counter Erosion & Subsidence

Dredge Material is a Resource!

South Padre Island

Brazos Island Harbor

Beach Nourishment

- ➢ 3000 feet of beach nourishment
- ➢City of South Padre in background
- ➢Hydraulic pipeline at right

2011 - Great Lakes Dredge & Dock

Neches River Channel

(Sabine-Neches Waterway - Bessie Heights Marsh)

Marsh Creation

Channels form shortly after pumping of dredged material into open water area

Established 28 acres of marsh one year later.

2003 – Pine Bluff Sand & Gravel

Houston Ship Channel

Upper Galveston Bay

Marsh Creation

Aerial of Atkinson Island cells with containment levees

2000 through 2012 Weeks Marine & Great Lakes Dredge & Dock

Houston Ship Channel

Lower Galveston Bay

Bird Island Creation

6-acre Evia Island

3,000 birds present in summer of 2001

1998 – Great Lakes Dredge & Dock

WHY HERE? WHY NOW?

Here:

- External factors (Panama Canal, Shell Oil, LNG, Eagle Ford Shale)
- Private industry is postured to invest over $15 billion into infrastructure on the Texas coast (LNG, DuPont, Exxon, TOTAL, Valero, TEPCO, DOW)
- LNG exports expected to increase
- Texas already optimized for energy production

Now:

- New class of vessels coming on line by FY14 that cannot be economically maximized under given channel conditions
- Completed navigation studies posture ports for real investment
- Texas Gulf navigation system health is getting out of balance and losing resiliency
- Cost of fuel

Continued deferment of investment incurs annual lost benefits and project cost growth; erodes the Corps' value to the nation and our relationship with our partners.

WHAT IS NOT GETTING DONE…

to Maintain Health of the System…

- **Dredging deep/shallow high use channels –** not dredging system to full project dimensions.
- **Advance maintenance –** not maintaining full project dimensions between dredging cycles.
- **Disposal capacity –** falling behind; needed for current dredging requirements and weather driven shoaling events
- **Disposal Area Management Practices**

- Channel availability
- Increased frequency of environmental testing
- Additional studies

READY NOW FOR INVESTMENT

Brazos River Floodgates

Navigation

- Corpus Christi (main channel) – CG to continue PED
- Cedar Bayou – CG for new start construction
- Sabine-Neches Waterway – GI for new start PED
- Brazos Island Harbor – GI to finish ongoing study 2014
- Freeport Channel Deepening – GI to finish the study 2013

CONCLUSIONS

- Texas is a **ready and supportive** partner for federal investment into required **navigation improvements** which have national benefits

- Keys to success
  - Port partnerships
  - Partnership with Dredging Industry
  - Managing expectations
  - Strategic communications
  - Facilitating private investment (risk reduction)

- Texas is in **desperate need** of comprehensive coastal study to **mitigate hurricane risks**

DIG THIS: 2012

TEXAS DREDGING VIDEO

CONNECT WITH US!

ON FACEBOOK

www.facebook.com/GalvestonDistrict

ON TWITTER

www.twitter.com/USACEgalveston

ON YOUTUBE

www.YouTube.com/Galveston
District

ON DVIDS

DEFENSE VIDEO & IMAGERY DISTRIBUTION SYSTEM

www.dvidshub.net/units/USACE-GD

ONLINE

www.swg.usace.army.mil