

Greater Houston Port Bureau

Port Bureau News

April/May 2021



Decarbonizing Shipping
Needs Action Today to
Achieve its Long-Term Goals

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The International Maritime Organization (IMO) has announced plans to reduce CO₂ emissions by at least 40% by 2030 and by 70% by mid-century. Additionally, the plan is to reduce absolute international shipping greenhouse gas (GHG) emissions by at least half by 2050. Photo courtesy of Shell Trading US Company.



While COVID-19 vaccinations are increasing, new COVID-19 cases continue to surge off and on throughout the country. With the state reopening, employers need to assess and address COVID-19 hazards in their workplaces. As a best practice, employers should create and maintain contemporaneous documentation of their good efforts. Read more on page 10.

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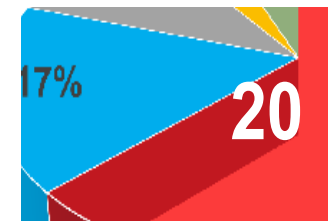
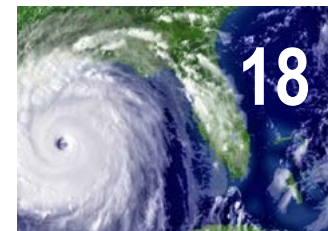
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Captain's Corner

Ever Changing Perceptions



The *Ever Given* container ship's troubles at the Suez Canal captured a great deal of public interest recently, giving us a prime opportunity to strengthen the public's knowledge of the importance of maritime commerce. It also allowed us to emphasize the value of our waterway and the Panama Canal to the media hungry for a local perspective.

Overall, the reaction highlighted how little consumers know about how goods get to their front doors. Realistically, most people probably have little incentive to think beyond the Amazon truck at the curb, so the grounding gave us an opportunity to highlight the significance of marine supply chains and how their sneakers, socks, and shirts are coming to them via ships.

Nightly news audiences were surprised to take in the ship's massive size. The tugs and shoreside earth excavators working to refloat the vessel looked toy-like next to the mammoth vessel. People wanted to know if and how the incident would impact their Amazon truck. For the most part, the large container ships using the Suez Canal are destined for Europe or the northeast cities of the U.S. Our container ships come via the Panama Canal and are smaller, less than 10,000 twenty-foot equivalent units (TEUs) compared to the *Ever Given's* 20,000

TEU, which was en route to Rotterdam. But, blocking a major shipping lane does eventually affect all of us.

The next question on everyone's mind was: could it happen here and what would the effect be? The

answer: yes, and it would have a similar economic impact. The Suez Canal has 19,000 transits a year and an accident or two per year. In Houston, we have a similar number of annual movements and on average one or two incidents per year, too. We have not experienced a ship getting wedged sideways in our channel, but we do see collisions, allisions, and groundings. When asked by the media if a ship could be stuck sideways in our channel, I replied it was very unlikely. Our channel sides are mostly clay, and ships slide along or bounce off them. When the *Ever Given* "veered" into the side of the Canal, it was engulfed by the sand, sort of like putting your foot into the sand and moving it — your foot sinks into the sand. To free it, they had to bring in the earth excavators and a suction dredge.

The third question usually jumps to the Panama Canal — could a ship get wedged sideways there? I think it would be very unlikely. The Panama Canal is mostly a fresh lake nestled in a rain forest. You get up and down from the lake by locks. It is a more complicated transit, and the Panama Canal Pilots take actual control of the vessel (the only place in the world—I think). In the Suez, the captain is still responsible. Wind can play a factor

when loading a ship into the locks and result in side-shell damage from hitting the locks, but you're not going to get sideways in the locks. Once up into the system, the wind is not much of a factor. The other tricky part is the Culebra Cut, which is the 8-mile section cut through the mountains because the bottom and sides of the canal are unforgiving rock, which is why they take it slow and require you to take tug assistance in that section.

Circling back to the *Ever Given* accident, although a ship getting jammed sideways in a channel is unusual, maritime accidents do happen. There will be an investigation done by the Suez Canal officials to reveal the actual sequence of events that led to the incident and determine what changes need to be made to procedures, training, and the canal itself to prevent it from happening again. It will say what we know, ships are getting bigger, and we need to change to move them safely. As people see the consequences of the *Ever Given* incident, hopefully, they will realize we all need to be working on safety. We need them to support us in our efforts to avoid incidents here through more pilot training, tugs, channel sensors, and a wider, "safer" canal (Project 11).

To close on an upbeat note, providing information and growing maritime knowledge is a core value to the Port Bureau — one we that we see "ever-growing" as we welcome more new members and look to engage with you at in-person events. From hosting seminars in our training room and our monthly Commerce Club educational luncheons to all our premium reporting options, we are here to help members make business better than "ever" in the port region.

Bee

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Decarbonizing Shipping Needs Action Today to Achieve its Long-Term Goals



Photo courtesy of Shell Trading US Company

If the world is to achieve the goals of the Paris Agreement to tackle climate change, it is crucial that sectors, such as shipping, cut their carbon emissions and do so quickly. Therefore, the International Maritime Organization (IMO) has announced an ambition to reduce CO₂ emissions by at least 40% by 2030 and by 70% by mid-century. Additionally, the plan is to reduce absolute international shipping greenhouse gas (GHG) emissions by at least half by 2050.

To reach these lofty goals, the industry will need to move faster and be bolder. Realizing the herculean effort this will take, starting with full industry collaboration, a study commissioned by Shell and Deloitte – Decarbonizing Shipping: All Hands on Deck – laid out viable pathways for the shipping industry to meet the IMO’s ambition and fully decarbonize by 2050.

The All Hands on Deck study looks at the key factors affecting decarbonization of the shipping sector and recognizes the views of senior industry executives on the barriers and potential solutions to decarbonizing shipping. Through conversations with industry leaders, solutions were identified to help break through and tackle decarbonization through both short and long-term actions.

Start with Operational Efficiency

Step one starts by focusing on operational efficiencies, which should be addressed throughout the transition process. When thinking about this, consider measures such as fuel and lubricant quality, energy management, vessel design, smart navigation, and utilization.

Knowing every port, and operator therein, has different operations that must be performed at just the right time, programs like Pronto, a digital port exchange software and port call app that Shell is collaborating with the Port of Rotterdam to trial, can be used to optimize all activities during a port call, helping to reduce emissions. Trials showed a reduction in waiting times by around 20%.

Taking this a step further, we also need to look for opportunities to work with major infrastructure operators and regulators to originate sustainable projects, innovate holistic solutions and implement them with commercially viable business models. For this, consider joining or creating a port coalition.

Given the concentration of global shipping volumes in a relatively small number of ports, port authorities have a key role to play in decarbonization. If the largest ports align around a common goal, they can work to enable regulation and incentivize green investments through collaboration with many parties including industry and local and regional governments.

After all, the call for more transparency is intensifying with some customers and charterers requiring emissions profiles and performance data for the ships they use. As we consider our go-forward plans – regardless of the type of solutions we adopt – transparency will be a key element to help to identify top performers and to verify commitments.

Overcome Current Barriers

As we think about potential solutions, in tandem, we also need to address the current barriers our industry is facing. For example, one major barrier to decarbonizing the shipping sector is around the ease of asset replacement. Ship owners are reluctant to invest in net-zero vessels due to risks resulting from a lack of clarity regarding future fuels and regulation. Transitioning the global fleet will take 20 to 30 years, and infrastructure to produce zero-emission fuels will also need to happen. This will require significant investment, time to scale up and will depend on decisions in other sectors. In fact, a recent UMAS study estimated the total cost of infrastructure changes at \$1.65 trillion by 2050.

Of the \$1.65 trillion infrastructure cost mentioned in the UMAS study, it is estimated that 87% of the cost to decarbonize shipping by 2050 will need to be dedicated to creating supply and bunkering infrastructure for future fuels.

When considering bunkering and fuelling as we move toward net-zero emissions, Shell sees hydrogen as the zero-emission fuel with the highest likelihood of success. The properties are well understood, and we believe that safe designs can be developed for marine use. Additionally, as a fuel, hydrogen can be switched in to use with ‘fuel-agnostic’ fuel cells which have been developed using LNG first. This

is crucial as fuel cells will be a key technology to unlock the use of future fuels, as they are able to work using a range of fuel types.

While hydrogen and fuel cells are the future, LNG offers the foundation for these future fuels and helps secure immediate emission reductions. LNG is the only fuel available today to help advance this critical technology, while also helping to lower greenhouse gas emissions. The potential use of LNG in other sectors will help develop and pay for the production and distribution infrastructure needed. While LNG will not be the sole, final answer to decarbonization of the shipping industry, it is playing a crucial role in moving the needle on tangible emissions reductions in the shipping sector today.

If we want to achieve the objective of having the first net-zero ships entering the global fleet around 2030, the industry needs to act now by progressing on all solutions in the next 10 years, as well as achieving tangible results in the next two to three years to set the industry on the right path.

Karrie Trauth
General Manager Americas
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Port Watch

March Ahead



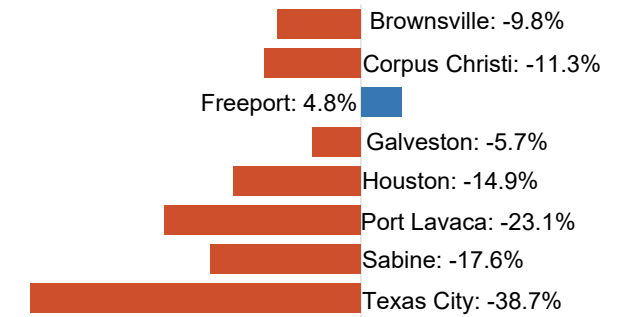
“Forward, March!” A dreaded command for most but not for the fearless 69th lead by the most unlikely of Union Generals – Thomas F. Meagher. General Meagher – the lightning rod of the Young Ireland movement; the creator of the Irish Flag; condemned to death for accusing England of the mass genocide of his countrymen; an escaped convict from the world’s most remote penal colony – Tasmania; the most eloquent Irishman of his time – was attempting the impossible with the Union’s most feared troops; overrun Marye’s Heights. His faithful 69th – adorned with sprigs of green boxwood – would fail despite 14 charges against grape shot and countless volleys from entrenched Confederates.

March did indeed move forward on the maritime commerce front. Granted, in light of February’s abysmal arrival numbers, its turning of the tide of vessel movements was not particularly challenging. Yet, before delving into the month of St. Patrick’s arrival numbers, it would be instructive to touch upon Cupid’s month. The month named after Rome’s purification ritual (i.e., Februa), is handicapped – 75% of the time – with 10% fewer days than the months that bookend it. Moreover, this year, it was further stymied – trade-wise – when several ports were brought to a near-standstill by the Presidents’ weekend arctic plunge. So how bad was it? On a year to-date basis, it could have been worse than the 15% decline for bluewater arrivals; however, a

32% monthly drop is certainly an attention-grabber. The majority of the ports registered arrival counts that were well below 30% of the previous month. Curiously, the Port of Galveston bucked the trend with a monthly decline of just over 13% and a year-to-date tally of 6% below that of the previous timeframe. Freeport, in spite of a 28% monthly dive, remains just 5% ahead of 2020’s pace. Its positive year-to-date percentage is in no small part due to a record-setting January. In Brownsville, where a measurable amount of snow fell for only a 2nd time since 1898, vessel arrivals fell by 23% but the port remains 10% astern of 2020’s arrival count. Corpus Christi’s monthly arrivals cratered 34%; however, it is still within 11% of last year’s

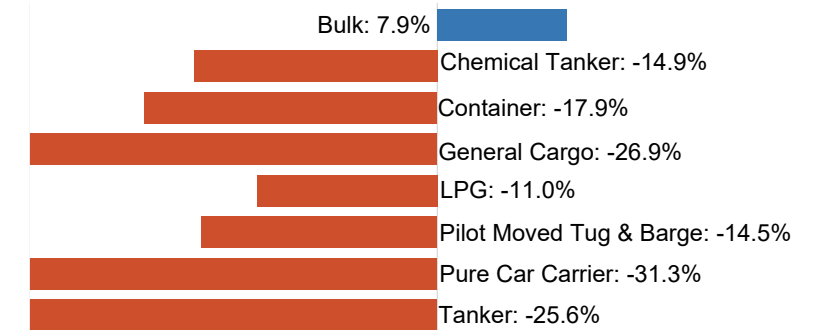
arrival count. Sabine’s monthly performance was amongst the worst of the Texas ports at negative 35.6%. Nonetheless, there is hope the port will regain its stride given that it is off for the year by less than half of its monthly deficit (i.e., -17.6%). Texas City had the unfortunate distinction of being the only Texas port with a poorer year-over-year performance than its February decline – 39% and 35% respectively. With a mere 48 vessel arrivals, things almost seemed apocalyptic given the dearth of activity on the waterfront. Fortunately, two months does not make or break a year. At least that is what the country’s number one tonnage port hopes. Houston’s February arrival count of 449 was unprecedented. Such paltry numbers have not been seen

Deepdraft Vessel Arrivals by Port February 2021 Year-to-Date Percent Change



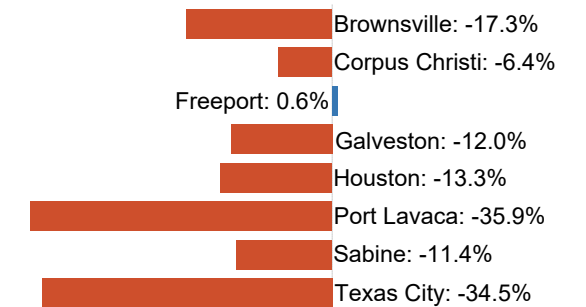
Source: Greater Houston Port Bureau Marine Exchange of Texas

Houston Deepdraft Arrivals by Type February 2021 Year-to-Date Percent Change



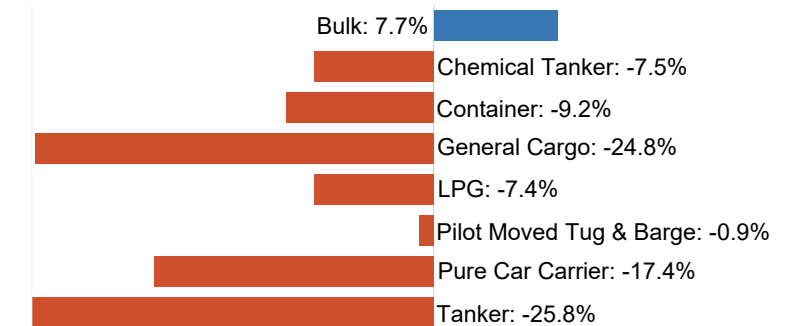
Source: Greater Houston Port Bureau Marine Exchange of Texas

Deepdraft Vessel Arrivals by Port March 2021 Year-to-Date Percent Change



Source: Greater Houston Port Bureau Marine Exchange of Texas

Houston Deepdraft Arrivals by Type March 2021 Year-to-Date Percent Change



Source: Greater Houston Port Bureau Marine Exchange of Texas

in two generations. Every vessel category logged substantial declines. Chemical tankers plunged 41% for the month; only 3 car carriers transited the Houston Ship Channel; LPG arrivals were off by 37%; 22% fewer containers crossed the docks; and a 26% drop in tows navigating through the Houston Ship Channel could not have painted a bleaker trade picture.

Then, along came March – the boon that followed the bust! Nearly 44% more arrivals into all the ports that grace the state of Texas and 31% more tows navigating across the Houston Ship Channel. In some instances, it was an abrupt U-turn of fortunes. In others, it merely signaled that there was much more work to be done to overcome virus-induced malaise. Corpus Christi squarely fit the former category with a 51.4% rebound, nearly halving its year-over-year deficit to 6.4%. The latter category was dominated by Texas City. It enjoyed March's bounty with a 25% arrival hike. Nevertheless, it remains well over 36% behind last year's first quarter. Worse yet, it has the unenviable position of posting the highest year-over-year percentage deficit amongst Texas ports.

Freeport, on the other hand, is the sole Texas port in positive territory vis-à-vis 2020's first three months. Mind you, it is less than one percent higher after March's 36% monthly ascent; however, posting solid triple-digit arrival months in two out of three months is worthy of bragging rights. Sabine can certainly brag about its 53.3% monthly arrival leap – the highest percentage of all Texas ports. That whittled away some of its prior year-over-year deficit which currently stands at over 11%. While Galveston was not a member of the double-digit percentage gain club in March - given that it only saw a 7% monthly increase - it did manage to creep ever closer to 2020's arrival totals. To date, it is 4% off of last year's first quarter. Brownsville's monthly rise was even less than that of Galveston at 5% and, thus far, has seen 10% fewer arrivals than the previous year.

After last month, Houston had no place to go but up and up it did go - to the tune of 51%. This torrid trade turnaround reduced its year-over-year deficit by 22% (i.e., from 14.9% to 11.6%). Indeed, March was the high tide month for the quarter with every vessel category posting double-digit gains. Ironically, the category that posted the lowest monthly jump at 25.5% - bulkers – is the only vessel category that is currently outpacing last year by nearly 8%. Car carrier arrivals nearly tripled in March but 2021's first quarter lags 2020's by over 17%. LPG arrivals waxed over 64% for the month but still trail last year by over 7%. Chemical tankers saw 90% more monthly arrivals but that was still not enough to erase its first quarter deficit of 7.5%. Tankers have one of the biggest year-to-date holes to climb out of after 25% of the year has elapsed. With the most recent monthly climb of nearly 28%, it will be a challenge to match 2020's pace which is 26% higher than 2021's.

Oceangoing tows – like most of Houston's vessel types – benefited from the best month of the quarter as reflected in a 45% increase. Yet, it was just short of pulling the category into the black for the year as it remains 1% behind. Container vessel calls experienced a 57% bounce but remain off by over 9% for the year. The more telling number is the container count itself. In the last month the total TEU tally skyrocketed 50%. An impressive showing except when compared against last year which is currently 3% higher. Of interest is the fact that full imports are up a respectable 23% on a year-to-date basis. Yet, full exports are lagging 2020's TEU count by 17%. Thus, while the American consumers' appetite to consume remains robust, its foreign counterpart's taste for American products is rather anemic. Which begs the question, is the international economic picture still struggling or on the cusp of casting off the fetters

of inactivity? Ultimately, it hinges on how one chooses to view the battle.

The annihilation of the vaunted Irish Brigade outside of Fredericksburg nearly broke the indomitable will of General Meagher; particularly, after the majority of the Irish soured on President Lincoln's war and subsequently played a large role in fomenting the New York City draft riots. Yet, Thomas Meagher never abandoned freedom's cause. He viewed the tyranny of slavery as a great evil, just as he viewed England's starvation of his kinsman during the potato famines of 1845-48 as inexcusable genocide. Despite countless setbacks, General Meagher never gave up fighting for the rights of others. Sadly, while serving as Governor of Montana Territory, he met his demise in the waters of the upper Missouri River at the hands of a paid assassin. The Missouri never gave up Thomas Meagher's bones but his passion to march forward for freedom paved the way for an Emerald Isle free of England's yoke.



Tom Marian
Buffalo Marine Service
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**HONORING THE
2021 MARITIME LEADER OF THE YEAR**

JIM TEAGUE

CO-CEO, ENTERPRISE PRODUCTS



EVENT INFORMATION

Date: Saturday, August 21, 2021
Time: 5:30 p.m.
Venue: Bayou City Event Center,
Houston, Texas
Dress: Black-Tie Optional

ABOUT THE ANNUAL MARITIME DINNER

The Annual Maritime Dinner is one of the largest maritime formal business events in the U.S. with over 750 attendees, bringing together maritime, transportation, and industry professionals and their guests to recognize the Maritime Leader of the Year. Although we made the difficult decision to cancel the 2020 Annual Maritime Dinner, we would like to thank our 2021 sponsors and member companies for supporting advancement in the port community. The 92nd Annual Maritime Dinner will be held on August 21, 2021, honoring Mr. Jim Teague as the 2021 Maritime Leader of the Year.

For information or to reserve your table contact Tanya Scott at tscott@txgulf.org or (713) 678-4300.

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OSHA Emphasizes Enforcement Effort for COVID-19 Hazards in Certain Industries



Throughout the pandemic, the Occupational Safety and Health Administration (OSHA) has faced criticism that it was not doing enough to protect America's workers from COVID-19 hazards. Then, on Feb. 25, the U.S. Office of the Inspector General, the watchdog for the U.S. Department of Labor, issued a report, observing that "there is an increased risk that OSHA is not providing the level of protection that workers need at various job sites." OSHA is focused on changing that perception in the coming months.

Specifically, on March 12, OSHA began its National Emphasis Program (NEP) – Coronavirus Disease 2019 (COVID-19), which seeks to "ensure that employees in high-hazard industries or work tasks are protected from the hazard of contracting" COVID-19 at work. It further issued an Updated Interim Enforcement Response Plan for Coronavirus Disease 2019 (COVID-19) in connection with the NEP, which provides "new instructions and guidance to Area Offices and Compliance Safety and Health Officers (CSHOs) for handling COVID-19-related complaints, referrals, and severe illness reports." Employers in the targeted industries need to plan and be ready for what is likely to be an intense enforcement effort related to COVID-19 hazards in the workplace.

Employers in the health care industry are among OSHA's primary targets. These businesses include (but certainly are not limited to) the offices of physicians and dentists, hospitals, nursing care facilities, and certain retirement communities and assisted-living facilities. Further, employers in other "high-hazard" industries are also primary targets, including (but, again, not limited to) meat processing facilities, slaughterhouses, grocery and discount department stores, and restaurants. Employers in various "essential critical infrastructure" industries are secondary targets of the NEP, according to OSHA. This group includes certain manufacturers, construction contractors, transportation businesses, and repair and maintenance facilities. Businesses in any of these industries are specifically on OSHA's radar in the NEP.

While COVID-19 vaccinations are increasing, new COVID-19 cases continue to surge off and on throughout the country. In fact, OSHA has observed that "at this time, there is no evidence that COVID-19 vaccines prevent transmission of the virus from person-to-person." This means that employers in the targeted industries should not rely on mandatory vaccines as their sole protective measure, despite the unprecedented vaccination effort underway globally.

As OSHA instructs, "[w]orkers who are vaccinated must continue to follow protective measures, such as wearing a face covering and remaining physically distant."

So, in addition to making the vaccine available to employees at no cost, what can targeted employers do to be ready for OSHA's enforcement efforts under the NEP? First, they need to assess and address COVID-19 hazards in their workplaces. This involves several basic steps, as a starting point:

- Assess COVID-19 risks in the workplace. While the NEP targets employers in those industries already believed to be "high hazard" when it comes to COVID-19, not all job positions within those industries will necessarily be considered "high risk." For example, an accounts payable clerk at a hospital may be exposed to lesser, or different, hazards than a nurse in an ICU at the same hospital. So employers should endeavor to assess job positions on an individualized basis involving the employees in those positions.
- Educate workers. Employers should be informing their workforces about COVID-19 hazards in the workplace and what is being done to address those hazards. This training should be conducted in a language the employees understand, and, as a best practice, should be documented with an agenda of covered topics and an attendance sheet that can be easily produced to OSHA during an inspection or investigation.
- Require proper workplace sanitation and proper personal protective equipment. OSHA has various regulatory standards for sanitation and PPE, and further refers employers to the Centers for Disease Control and Prevention recommendations for disinfection and cleaning. Employers need to ensure they are compliant with OSHA regulations with respect to COVID-19 hazards and should endeavor to implement CDC recommendations and require good worker hygiene (e.g., frequent handwashing and use of hand sanitizer) as well. They should refer to OSHA's Protecting Workers Guidance for more detailed information for what OSHA is likely to look for during an inspection.
- Implement appropriate administrative and engineering controls. Pursuant to the NEP and Interim Enforcement Response Plan, OSHA is likely to ask questions during an inspection regarding what "controls" an employer implemented in the workplace to address COVID-19 hazards. Administrative controls include such things as staggered shifts and isolation or quarantine of workers known or suspected to be exposed to COVID-19, while engineering controls include physical barriers or partitions and installation of fans or other systems to improve ventilation and air circulation. OSHA has published industry-specific guidance to help employers assess and implement an appropriate hierarchy of controls.

- Address employee concerns and complaints regarding safety promptly. One thing that often comes back to haunt employers during OSHA inspections is ignoring (whether intentionally or not) employee concerns about safety hazards. That is, if an employer is aware of a hazard and simply fails or refuses to address it, OSHA is more likely to cite the employer for a "willful" violation or levy a higher monetary penalty. Of course, employers should also ensure they have appropriate safeguards, such as written policies, instructions to supervisors, management training, etc., in place to protect workers from retaliation for raising safety concerns.
- Record COVID-19 illnesses and deaths properly. The first thing OSHA requests during any investigation is a copy of an employer's OSHA logs, so employers should ensure they are up to date and accurate. With respect to COVID-19, employers must record employee fatalities and new cases of illnesses stemming from COVID-19, if the employee has a confirmed case of COVID-19; if the COVID-19 illness is work-related; and if the employee dies, is away from work, is on work restrictions, transfers to another job, has medical treatment beyond mere first aid, or loses consciousness.

As a best practice, employers should create and maintain contemporaneous documentation of their good efforts on the above issues. Doing so will expedite the inspection and assist in persuading OSHA that the employer is properly protecting its workforce from COVID-19 hazards.

Second, employers need to prepare themselves for what to do when OSHA does show up for an inspection. This likewise involves several steps that should occur before the investigation ever arises:

- Educate managers regarding employer legal rights during OSHA investigations. Employers have many rights during OSHA inspections and investigations, including the right to deny OSHA entry to the workplace without a warrant and the right to legal counsel. Generally, many employers will choose to cooperate with OSHA voluntarily (i.e., without requiring warrants or subpoenas), but their cooperation should be cautious and deliberate. Employers should have a plan to coordinate with OSHA when they arrive and educate managers about that plan.
- Educate nonmanagerial employees regarding their legal rights during OSHA investigations. Absent a subpoena, employees generally have the right to speak or not speak with OSHA, at their choice. Employees further have the right to a representative of their choosing to be present during any interviews OSHA wants to conduct with them. Employers should not encourage or coerce employees one way or the other,

but employers absolutely can educate their workforces about what rights they have. As a practical matter, it is best if this occurs before the employer knows of a pending OSHA investigation.

- Designate a member of management who will be on-site during the OSHA investigation. This individual should be generally knowledgeable about the operations at the facility, safety procedures, the employees and their duties, and the location of safety-related documents. This person should be trained on what rights employers have during OSHA investigations, which other members of management should be alerted to OSHA's presence, and whether the manager should involve inside or outside legal counsel.
- Ensure all appropriate posters and warning signs are in place, and address open and obvious safety hazards around the workplace. OSHA will often conduct a walk-around of the facility immediately after the opening conference with the employer. Employers are well-served to ensure open and obvious safety issues and hazards are remedied (e.g., walking-working surface hazards), warning signs are posted (e.g., confined space signage), and required posters are up (e.g., OSHA-3165 poster).
- Have all safety-related documentation, especially OSHA logs, updated, organized and easily

accessible. OSHA will often request safety-related, employee training, and operations documents during investigations. By regulation, employers must produce its OSHA logs to the compliance officer within four hours of his or her request for the same. So having all documents likely to be requested by OSHA ready to go is both helpful and, with respect to the logs, required.

Employers in the targeted industries are likely to see an increase in OSHA inspections and investigations at their facilities. They must be ready to address the same, and their attorneys need to ensure they are prepared to do so. These above lists are the first steps in that regard. As always, inside and outside legal counsel for employers should involve senior management, human resources, and appropriate safety professionals when advising on and implementing these steps to ensure consistency.

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Port Bureau Updates

Stolt Tankers Launches Sustainable Biofuel Trial on Atlantic Crossing

Stolt-Nielsen  In support of its long-term sustainability strategy, Stolt Tankers is partnering with GoodFuels, a market leader in the development of sustainable biofuels, to trial the use of a marine biofuel produced from sustainable and certified feedstocks. The trial will take place on board the 37,000 DWT chemical tanker *Stolt Inspiration* as she travels from Rotterdam to Houston.

The trial is designed to assess the viability of the future use of biofuels in both engines and boilers, and will test the fuel's impact on consumption, power and reliability. The ship's management team and crew on board will manage the trial to ensure complete operational safety and optimal performance.

"I am excited to see the results of the trial," said Lucas Vos, president of Stolt Tankers. "This is just one of the areas that we are exploring as the industry moves towards a carbon-neutral future. We are committed to working with other leaders to explore innovative technologies including biofuels, hydrogen, wind, ammonia and methanol, to reduce our environmental footprint, while continuing to provide customers with the high-quality service they expect from us."

Bunkering for the trial was completed at the end of last week at the Port of Rotterdam, where the *Stolt Inspiration* received the biofuel which is derived from feedstocks such as used cooking oil, tallow and waste animal fats. The fuel has the potential to deliver a well-to-exhaust CO₂ reduction of between 80 and 90 percent compared to fossil fuel equivalents. GoodFuels is a pioneer in alternative marine fuels, ensuring that the feedstock of the biofuels meet the strictest sustainability criteria. The biofuel used is functionally equal to petroleum-derived marine fuels, and no modifications to the engine or the fuel infrastructure were required.

"We believe passionately in the tanker segment's sustainability vision, and we're proving that advanced biofuels can have an immediate impact in reducing emissions. By supplying a credible low-carbon alternative to Stolt Tankers, together we're marking another vital step towards advancing the uptake of marine biofuels while also supporting the wider maritime industry in meeting its decarbonisation goals," said Isabel Welten, chief commercial officer at GoodFuels.

Shell Invests in LanzaJet

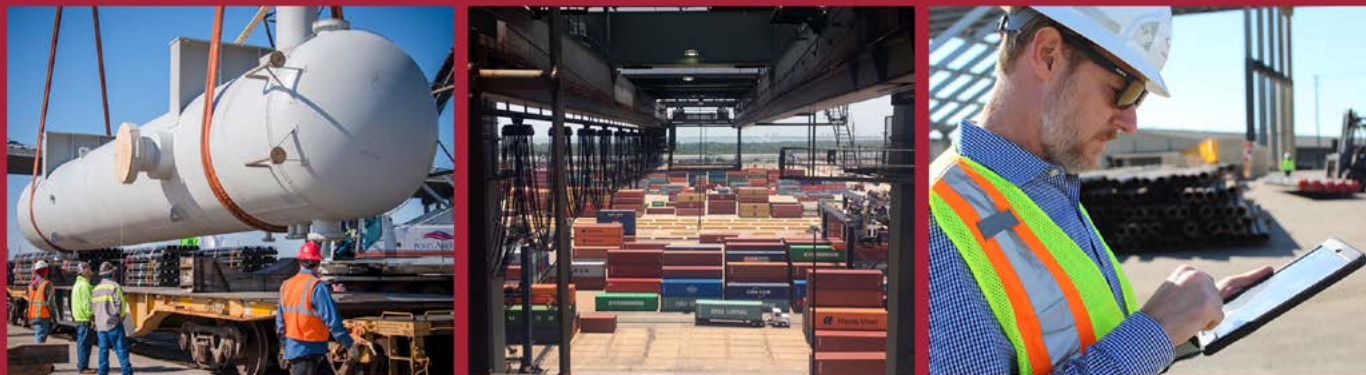


LanzaJet, Inc., a leading sustainable fuels technology company and sustainable fuels producer, announced that Shell joins as an investor in the company to advance LanzaJet's global growth, accelerate commercialization of its technology, and scale the production of Sustainable Aviation Fuel (SAF).

LanzaJet's technology is uniquely able to produce up to 90% of its fuels as SAF, with the remaining 10% as renewable diesel. The SAF will be blended with conventional fossil jet fuel and be supplied to airports through the existing supply routes. The technology can flex to produce more diesel and less SAF, as desired. LanzaJet's SAF is approved to be blended up to 50% with fossil jet fuel, the maximum allowed by ASTM, and is a drop-in fuel that requires no modifications to engines, aircraft, and infrastructure. Additionally, LanzaJet's SAF delivers more than a 70% reduction in greenhouse gas emissions on a lifecycle basis, compared to conventional fossil jet fuel. The versatility in ethanol, and a focus on low-carbon, waste-based, and non-food/non-feed sources, along with ethanol's global availability, make LanzaJet's technology a relevant and enduring solution for SAF.

"LanzaJet's technology opens up a new and exciting pathway to produce SAF using an AtJ process and will help address the aviation sector's urgent need for SAF. It demonstrates that the industry can move faster and deliver more when we all work together," said Anna Mascolo, president of Shell Aviation.

"We've been at a crossroads for years, and we're now at a point in time when real solutions matter to address the global need to get to net zero," said Jimmy Samartzis, LanzaJet CEO. "At LanzaJet, we're in a unique position with technology that is ready and scaling today to produce lower-carbon, sustainable fuels. Shell's investment and partnership helps to further advance our work to do our part to decarbonize aviation globally, a sector with limited other options in the near- and mid-term."



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Canada National Railway, Watco Reach Rail Lines Sale Agreement for Northern Ontario, Wisconsin, and Michigan

Watco, a leading transportation service and logistics company, has announced the signing of an agreement with Canadian National Railway (Canadian National) subsidiaries Wisconsin Central Ltd. and Algoma Central Railway Inc. to purchase certain rail assets of the Wisconsin Central (WCR) and Algoma Central (ACR).

“Watco’s relationship continues to grow and flourish with Canadian National as we work together to provide the best value-added services to rail shippers in North America,” said Watco Chief Executive Officer Dan Smith. “This announcement is an extremely important and exciting next step in this relationship, and we look forward to serving these crucial customers and expanding our footprint in the Upper Midwest and Canada.”

The rail lines consist of approximately 900 miles of track serving more than 90 customers in Wisconsin, Michigan, and Ontario. The lines handle a diverse group of commodities including packaging and paper products, lumber and building materials, metals, minerals, agriculture products, and chemicals.

“This acquisition from Canadian National will lead to significant growth and expansion opportunities,” said Watco Chief Commercial Officer Stefan Loeb. “We look forward to providing Watco’s customizable and localized service to customers along the line, and creating a positive impact on all of the communities we will operate in.”

In addition to freight service, Watco is looking forward to working with local constituents to reinstate the renowned scenic passenger rail service that runs through Ontario’s



Agawa Canyon out of Sault Ste. Marie once post-pandemic conditions allow.

Chevron, Moreld Ocean Wind Invest in Ocergy’s Offshore Wind Turbines

Chevron Technology Ventures (CTV) and Moreld Ocean Wind (MOW) have invested in Ocergy, Inc., for the development and commercialization of Ocergy’s sustainable offshore solutions, the OCG-Wind Floating Offshore Wind Turbine (FOWT) technology and OCG-Data environmental monitoring buoy. Their floating offshore wind turbine foundation has the potential to meet local supply chain and industrialization requirements with clear value, and the OCG-Data buoy technology enables integrated environmental data-gathering and support for biodiversity.

Chevron Technology Ventures has a 22-year history of investing in startups across a wide cross section of energy innovation and a track record of collaboration to bring innovation to scale. The Ocergy investment is made from CTV’s Future Energy Fund which identifies technology solutions needed for the energy transition including, industrial decarbonization, emerging mobility, and energy decentralization.



Ocergy’s OCG-Wind & OCG-Data platforms. Photo courtesy of Ocergy.

“Offshore wind power is undergoing a period of rapid innovation in an effort to provide lower carbon energy at a substantial scale,” said Barbara Burger, vice president, innovation and president of Technology Ventures at Chevron. “Ocergy has developed technology that could be part of the solution to enable more affordable, reliable, and ever-cleaner energy in a marine environment.”

Port Freeport Breaks Ground on Freeport Harbor Channel Improvement Project



Port Freeport celebrated a historic milestone on April 8, 2021, with a ceremonial groundbreaking for the Freeport Harbor Channel Improvement Project, a federal cost-shared initiative with the U.S. Army Corps of Engineers (USACE). Distinguished guests and members of the community were present for an open-air event commemorating the commencement of dredging the channel from its current 46 feet to depths ranging from 51 to 56 feet.

The channel deepening project has been a strategic initiative for Port Freeport for many years, receiving Congressional authorization in 2014. The area’s ongoing industrial expansion fueled by the production of shale oil and gas and the Port’s proximity to fast-growing populations have intensified the need for this project.

Port Freeport was one of two seaports nationwide to receive a “new start” designation in February 2020 for commencement of construction. In June, Port Freeport entered into a Project Partnership Agreement (PPA) with the USACE, and the first dredging contract was awarded in September. The estimated total cost of the project is \$295 million, of which the federal government share is \$165 million and Port Freeport as the local sponsor will contribute the remaining \$130 million to be funded by the 2018 voter-approved bond package. To date, Port Freeport has received \$43.9 million in federal funding for the project.

“Port Freeport is confident that the Freeport Harbor Channel Improvement Project will contribute to the positive economic impacts that Port Freeport generates through the creation of jobs and personal wealth for our community, Brazoria County, the State of Texas, and the United States of America,” Port Commission Chairman Shane Pirtle said.

“It is important for every member of the Galveston District team to be a champion for the Texas Coast,” USACE Galveston District Commander Col. Timothy R. Vail said. “It’s easy to be a leading advocate and champion for what the federal interest really is, and that’s to build the most comprehensive coastal resiliency we can along the Texas Coast for today’s residents and future generations.”

The project will take approximately five years to complete, coinciding with the 100th anniversary of Port Freeport being created by the voters of Brazoria County, who in 1925 recognized the importance of diverting the Brazos River, so the region would have a reliable, deepwater port for the movement of commerce.

“I am grateful to those who had the bold vision and fortitude to divert the Brazos River to give this area a

Join us for a Hybrid Commerce Club
May 13, 2021, 11:00 AM

The May Hybrid Commerce Club will feature Karrie Trauth, General Manager, Shell as the guest speaker. Karrie leads the maritime and commercial organization across Shell in North and South America. She is responsible for shipping activities including chartering of ships and barges, operation support in terminals and refineries, emergency response services, and operational and behavioral safety. Her team also works in the Upstream maritime, contributing to design and asset integrity of new and existing floating production storage and offloading (FPSO) units. She leads Shell’s shipping decarbonization efforts in North America and becoming the world leader in delivering more and cleaner energy solutions to society.



Join professionals from maritime, transportation, and energy companies as well as other organizations in the port region. For details and to register, go to txgulf.gulf/events. Registration is limited.

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deep-water port advantageous for economic prosperity,” Phyllis Saathoff, Port Freeport Executive Director/CEO, said. “Now it is our turn to deliver the deep-water port for future generations. A deeper, wider channel will allow for safer navigation for modern ships and will accommodate the larger, global vessels in service today.”

Great Lakes Dredge and Dock Company, LLC will perform the dredging on Reach 3 with work to be completed this summer. “Great Lakes Dredge & Dock is proud to be the contractor for this project as we bring a world class safety culture as well as world class equipment and experience,” Bill Hanson, Great Lakes Dredge & Dock Company Senior Vice President of Market Development and Government Affairs, said. “

Exxon Proposes Carbon Capture, Storage Plan for Houston Ship Channel Industries

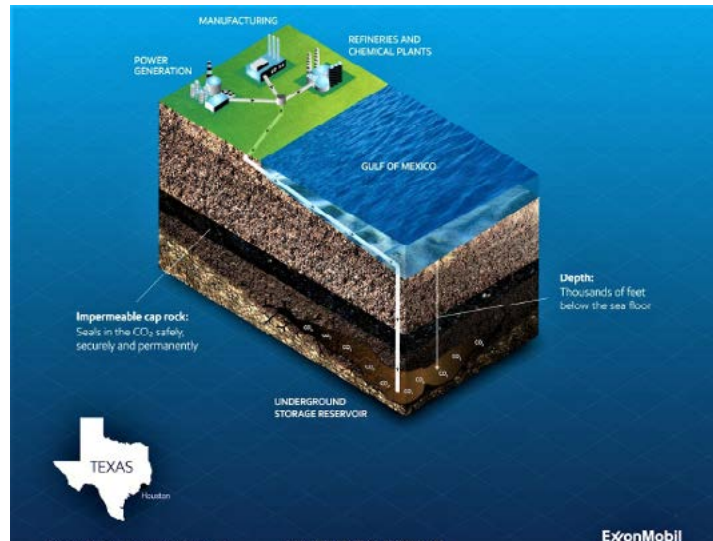


ExxonMobil Corp. has proposed a plan to help lead a carbon capture and storage (CCS) project on

the Houston Ship Channel.

“ExxonMobil believes, and experts agree, that carbon capture and storage will need to play a critical role if the United States and other countries are to meet the emissions-reduction goals outlined in the Paris Agreement,” said Joe Blommaert, president of Exxon’s new low-carbon business, in the company’s Energy Factor blog post.

Houston’s large industrial emission sources and its proximity to suitable geological formations in the Gulf of Mexico that could house big amounts of CO₂ “safely, securely, and permanently” are named as making the area an ideal place to carry out ExxonMobil’s ideas.



The concept calls for a “CCS Innovation Zone” along the Houston Ship Channel and surrounding industrial areas to be established by the U.S. that would potentially capture all CO₂ emissions from area petrochemical, manufacturing and power generation facilities. The CO₂ would then be transferred via pipeline into natural geologic formations thousands of feet under the sea floor.

ExxonMobil acknowledges it would be a huge project, needing the support of both industry and government. The estimated price tag is \$100 billion, possibly more. But the company believes the benefits could balance out the price tag, with as much as 50 million metric tons of CO₂ captured and stored annually by 2030 and another 100 million metric tons by 2040.

Read the full concept at <https://energyfactor.exxonmobil.com/insights/partners/houston-ccs-hub/>.

Great Place to Work® and Fortune Name Dow One of the 2021 100 Best Companies to Work For®



Dow has earned a place on the Great Place to Work® and Fortune 100 Best Companies to Work For® list, for the first time, ranking #99. Dow is only one of three

manufacturing companies to make the list and is the only materials science company.

The Fortune 100 Best Companies to Work For® recognition is the global authority on workplace culture based on analysis of survey responses from more than half a million current employees across the U.S. In that survey, 73 percent of U.S. Dow employees said it was a great place to work. This number is 14 percentage points higher than the average U.S. company.

“In 2020, we faced many challenges – from the COVID-19 global pandemic, long overdue national attention on race and social injustice, to some of the most severe weather events in recent history – all of which impacted friends, families and communities around the world,” said Jim Fitterling, Dow chairman and chief executive officer. “The resilience and fortitude of Team Dow enabled us to not only persevere through these events, but to emerge stronger from them, and is why we have earned a ranking on this prestigious list.”

Port Houston Expands Resin Packaging Capacity



Port Houston and Portwall Partners Ltd. have entered into a 50-year lease agreement to develop a state-of-the-art resin packaging facility on approximately 56 acres of property at Port Houston’s Bayport Industrial Complex.

Under the agreement, Portwall Partners Ltd. will construct an 800,000-square rail-served facility to serve the region’s large and growing resin market. The modern facility will feature three high speed packaging lines, 350 truck spots and 500 rail spot capacity and will be subleased and operated by Packwell.

“Port Houston is America’s pre-eminent resin port. This development is a continuation of the strategic expansion Port Houston has been pursuing for some time,” Executive Director Roger Guenther said. “We look forward to seeing this new industrial park develop and flourish in order to better serve our customers and keep jobs here in Houston.”

Port Houston’s Bayport Industrial Park Phase 1 is adjacent to the Bayport Container Terminal complex. The new Bayport facility will be the newest addition to Packwell’s facility network across Houston, which has been packing polymers of all categories for a wide range of clients.

Galveston Wharves Port Director Rees Appointed to TxDOT Port Advisory Committee



Galveston Wharves Port Director and CEO Rodger Rees has been appointed to the Texas Department of Transportation (TxDOT) Port Authority Advisory Committee (PAAC).

Established under the Texas Transportation Code, the nine-member board provides a forum for the exchange of information between TxDOT, representatives of the port industry in Texas and the Texas Transportation Commission, TxDOT’s governing body. Rees was appointed by the Texas Transportation Commission.

Albert Shannon, Galveston Wharves Board of Trustees chairman, said, “As the fourth most popular cruise port in North America – and only cruise port in Texas, the Port of Galveston plays a key role in the economic growth of both the cruise industry and the state of Texas.

“Rodger will make a great contribution to the committee with his experience and expertise in an industry that generates billions of dollars in economic benefits and thousands of jobs for the state.”

The PAAC’s advice and recommendations provide the commission and TxDOT with a broad perspective regarding ports

and maritime transportation-related matters to be considered in formulating TxDOT policies concerning the Texas port system.

TxDOT Maritime Division Director Geir-Eilif Kalhagen welcomed Rees, adding, “Rodger’s perspective as the head of a major cruise port will be a great addition to this valuable committee.”

Among its responsibilities, the PAAC is required to develop a biennial port mission plan for Texas’ maritime ports, which is submitted to the governor, lieutenant governor, speaker of the House and the commission.

The mission plan defines the committee’s goals and objectives and includes recommendations for the construction or development of transportation facilities connecting any maritime port to other transportation modes.

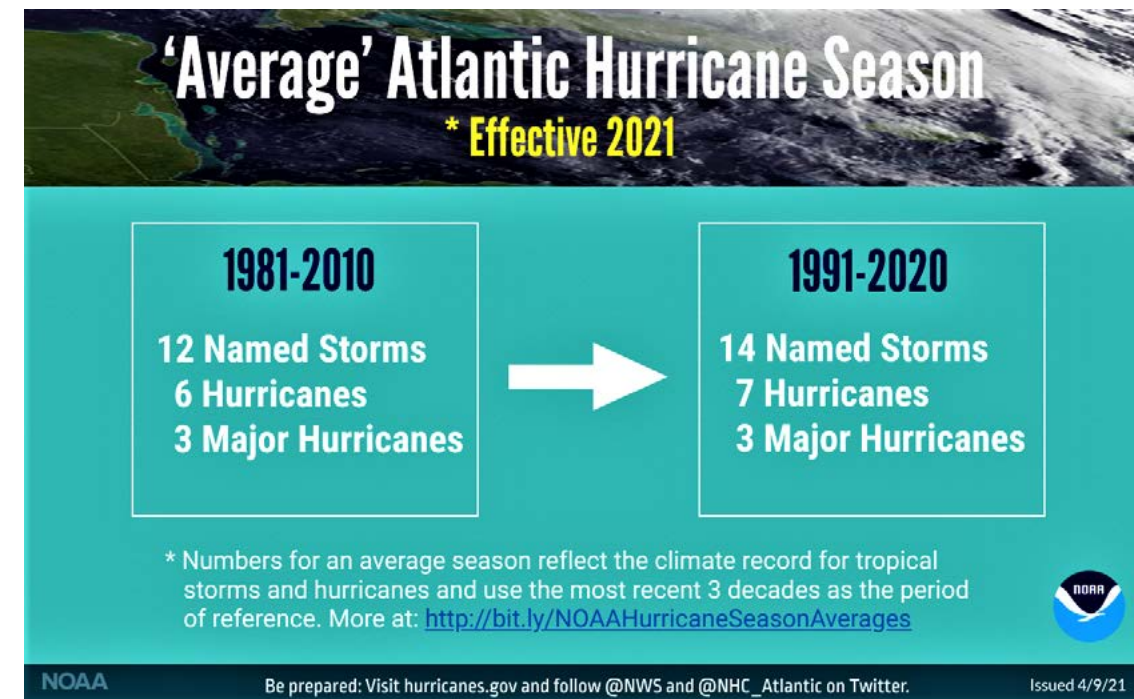
Rees said, “I’m honored to be appointed and look forward to working with my Texas port executive peers and state leaders to help shape the state’s port mission plan.”

'Average' Atlantic Hurricane Season to Reflect More Storms

Higher averages based on most recent 30-year climate record



Beginning with this year's hurricane season outlooks, NOAA's Climate Prediction Center (CPC) will use 1991-2020 as the new 30-year period of record. The updated averages for the Atlantic hurricane season have increased with 14 named storms and 7 hurricanes. The average for major hurricanes (Category 3, 4 or 5) remains unchanged at 3. The previous Atlantic storm averages, based on the period from 1981 to 2010, were 12 named storms, 6 hurricanes, and 3 major hurricanes.



This graphic captures the changes in Atlantic hurricane season averages from the last three-decade period of 1981-2010 to the most current such period, 1991-2020. The updated averages for the Atlantic hurricane season have increased with 14 named storms and 7 hurricanes. The average for major hurricanes remains unchanged at 3. The previous Atlantic storm averages, based on the period from 1981 to 2010, were 12 named storms, 6 hurricanes, and 3 major hurricanes. Image courtesy of NOAA.

NOAA is updating the set of statistics used to determine when hurricane seasons are above-, near-, or below-average relative to the climate record. This update process occurs once every decade.

“This update allows our meteorologists to make forecasts for the hurricane season with the most relevant climate statistics taken into consideration,” said Michael Farrar, director of NOAA's National Centers for Environmental Prediction. “Our work illustrates the value of NOAA's investments in next-generation technologies to capture the data that underpins our outlooks and other forecast products. These products are essential to providing the public and local emergency managers with advance information to prepare for storms and achieving NOAA's mission of protecting life and property.”

The increase in the averages may be attributed to the overall improvement in observing platforms, including NOAA's fleet of next-generation environmental satellites and continued hurricane reconnaissance. It may also be due to the warming ocean and atmosphere which are influenced by climate change. The update also reflects a very busy period over the last 30 years, which includes many years of a positive Atlantic Multi-decadal Oscillation, which can increase Atlantic hurricane activity.

“These updated averages better reflect our collective experience of the past 10 years, which included some very active hurricane seasons,” said Matt Rosencrans, seasonal hurricane forecaster at NOAA's Climate Prediction Center. “NOAA scientists have evaluated the impacts of climate change on tropical cyclones and determined that it can influence storm intensity. Further research is needed to better understand and attribute the impacts of anthropogenic forcings and natural variability on tropical storm activity.”

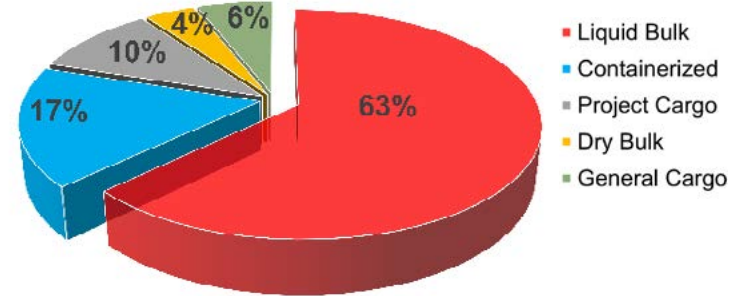
For the Eastern Pacific and Central Pacific basins the averages over the 1991 - 2020 period do not change. The Eastern Pacific basin will remain at 15 named storms, 8 hurricanes, and 4 major hurricanes. The Central Pacific basin will maintain an average of 4 named storms, 3 hurricanes and 2 major hurricanes.

NOAA will issue its initial seasonal outlook for the 2021 hurricane season in late May. The Atlantic hurricane season officially runs from June 1 through November 30.





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March Commerce Club Featuring Vincent DiCosimo, Sr. Vice President, Petroleum Logistics, Targa Resources



Vincent DiCosimo
Senior Vice President,
Targa Resources

Expanding the Most Important Transportation Artery in the World

“It’s one of the most important things we can be doing in Houston, Harris County, the state of Texas, and frankly, in the United States,” said Vincent DiCosimo as he opened his presentation on the importance of expanding the Houston Ship Channel at the Port Bureau’s virtual Commerce Club webinar on March 11. DiCosimo is senior vice-president of petroleum logistics at Targa Resources.

“I am not an expert but want to tell you why I’m involved and why we need to help expedite in making the Houston Ship Channel safer and more efficient,” he explained.

Rebounding in a COVID-19 Commodity Environment

To fully demonstrate the importance of deepening/widening the Houston Ship Channel (also referred to as Project 11), DiCosimo looked back over the last year, pointing out that despite dire predictions, vessel activity in Houston was only off by 4%, a number less than anticipated. Examining just the crude oil and LPG commodity category, DiCosimo stated that 2019 numbers will likely be surpassed by the end of 2021.

“The forecast now is for us to reach over 100 million barrels of demand – which is where we were in 2019 – by August,”

DiCosimo said. He also briefly reviewed crude exports, resins exports, container imports and exports, and propane exports as well as energy demand globally, pointing out that this business relies on the port region.

“There is no other port like Houston. There is no other port almost in the world that has the infrastructure that we have for industry and manufacturing, for imports, and for exports,” stated DiCosimo unequivocally.

Channel Improvements are Critical

The number and size of vessels continue to grow. This includes not only container ships but also LPGs and crude carriers. Like the larger container ships, LPGs will require a deeper/wider channel.

“LPG ships are important in lowering greenhouse gases,” DiCosimo noted. “They help provide fuel for warmth for over three billion people per day.” He also noted that crude and petroleum products rank at the top of exports by value for Texas, accounting for 17.5% of the state’s total exports.

The public and private terminals of the greater port of Houston drive economic impact across the region as well as the United States. As the port is first in international trade, first in project cargo, first in steel, and first in the Gulf as a container port, Houston Ship Channel improvements are essential for preserving and growing this vital market share.

Expediting the Expansion Project

“Port Houston has done a great job of preparing to bring in larger ships,” said DiCosimo, highlighting such improvements as Port Houston’s \$35 million investment in cranes that can handle a vessel up to 18,00 TEUs in capacity. “But the narrowness of the Houston Ship Channel and 45-foot water depth limits Houston to mostly handling ships of 6,000 to 8,000 TEU capacity.”

DiCosimo emphasized the value of the Project 11 expansion project for all of industry stakeholders, advocating an expedited timeline for completion. To accelerate completion to within five years, a “Locally Preferred Plan” (LPP) must be set in place. The LPP necessitates additional funding. “It takes all of us to move forward,” DiCosimo said. “I remind you the Houston Ship Channel has over 18,000-plus transits a year. That’s inbound and outbound.”

A wider and deeper Ship Channel is a safer waterway. In addition, expansion will reduce idle times, saving money, emissions, and fuel. It also protects market share and provides national security as a gateway to the world.

“Chairman Campo and the Port have put in a tremendous amount of time to make this a better channel and an environmentally-better channel. My hat’s off to them,” he said. “We all live in the same world and want the same clean air and clean water.”

The cost of the LPP for expansion is \$1 billion, with half of this cost requiring additional funding outside the Army

Corp of Engineer’s budget. An extended Q&A followed the presentation. The discussion included potential fees, maintenance, demurrage, and Army Corp procedures and requirements.

“I appreciate everyone tuning in today. I say this to you with all sincerity. It is the singular most important project happening in the United States ... It is the lifeblood, the main artery of economic growth of not just Houston, Texas, but of all the southeast and southwest region,” concluded DiCosimo.

Watch the full presentation at txgulf.org/page/Project11

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April Commerce Club Featuring Captain Reginald McKamie, Sr., UNS (Ret.), Chairman, Board of Pilot Commissioners for Harris County Ports

McKamie Presents a Pilot Board Snapshot



Capt McKamie
Chairman,
Board of Commissioners
of Harris County

Captain Reginald McKamie presented an overview of the mandate and work of the Board of Commissioners of Harris County (“the Pilot Board”) at the Port Bureau’s virtual Commerce Club on April 8. McKamie was appointed as chairman of the Pilot Board by Mayor Sylvester Turner and the Houston City Council in 2020.

Texas lawmakers created a new and independent Pilot Board, with exclusive jurisdiction over the piloting of vessels in Harris County ports, in 2019. With McKamie as chair, the Pilot Board is comprised of two commissioners appointed by the Houston City Council; two commissioners appointed by the Harris County Commissioners Court; one commissioner appointed by the Pasadena City Council, and two commissioners appointed by the governor of Texas.

In his presentation, McKamie introduced each individual filling these positions. These are Roland Garcia, shareholder at Greenberg Traurig LLP; Frances Castañeda Dyess, president of the East End Chamber of Commerce; Michel Bechtel, mayor of Morgan’s Point; Brad Hance, president, MECO Inc.; Parris Beverly, adjunct/visiting professor, Texas Southern University; Darrell Morrison, president, HTS Inc. Consultants; Bruce Oakley, attorney at Hogan Lovells, US, LLP; and, Jon Keeney, mayor of Taylor Lake Village. Pilot Board Executive Director, Captain M. Tyler

Gavis, serves as Secretary and Compliance Coordinator to the Pilot Board.

“As you can see, we have a very diverse board and one that is well-trained in different areas of the port and of the city,” said McKamie.

McKamie recapped the 11 duties entrusted to the Pilot Board, including reviewing applications, recommendations for pilot renewals, and investigations. These duties are handled by two committees of Pilot Board. These are the Application Review Committee, chaired by Captain Stephen Polk and the Investigation & Recommendation Committee, Captain David Foret, Jr., chairman.

After highlighting the work of the Houston Pilots, the format of webinar switched to a Q&A style interview, hosted by Port Bureau president, Captain Bill Diehl.

Q. What might the port of Houston look like in the next ten years, specifically in the areas of economic strength, environmental stewardship, and community relationship?

A. That is a very broad question. I believe all the maritime community wants the port of Houston to be the most competitive in the nation and to bring in a lot of vessels, containers, cargo, and petrochemical cargo to make the port the best in the nation. I see that as being a fundamental hallmark that we need to work on, but, more importantly, we need to make sure the port is safe and that the port stays open for traffic.

Board of Pilot Commissioners for Harris County Ports

Commissioners	Appointed By	Email	Term Expiration
Reginald McKamie, Chair	City Council of the City of Houston and Commissioners Court of Harris County	reginaldmckamie@gmail.com	February 1, 2023 ¹ “and until his successor is appointed and qualified”
Michel Bechtel	Harris County Mayors’ and Councils’ Association	bechtel@bmexpl.com	February 1, 2022 ² “and until his successor is appointed and qualified”
Frances Castañeda Dyess	Commissioners Court of Harris County	Frances@eecoc.org	February 1, 2022 ² “and until her successor is appointed and qualified”
Roland Garcia	City Council of the City of Houston	GarciaR@gtlaw.com	February 1, 2023 ² “and until his successor is appointed and qualified”
Brad Hance	City Council of the City of Pasadena	bhance@mecoonline.com	February 1, 2023 ² “and until her successor is appointed and qualified”
Parris Beverly	City Council of the City of Houston	parris.beverly@gmail.com	February 1, 2023 ² “and until his successor is appointed and qualified”
Darrell Morrison	Commissioners Court of Harris County	dmorrison@htsconsultants.com dmorrison@middletonbrown.net	February 1, 2023 ² “and until his successor is appointed and qualified”
Bruce Oakley	Governor	bruce.oakley@hoganlovells.com	February 1, 2022 “and until his successor is appointed and qualified”
Jon Keeney	Governor	mayor@tiv-tx.us	February 1, 2023 “and until his successor is appointed and qualified”

Q. When making the transition from the Port Houston Commissioners over to the new Pilot Board, one of the things that came up was how the new Pilot Board would be funded. To get things rolling, the Houston Pilots fronted the cost of administration for two years. What is your comment for funding going forward? It seems to be the elephant in the room.

A. It absolutely is. First, I’d like to thank Commissioner Roland Garcia, Frances Castañeda Dyess, and the other members of the transition committee that worked so hard in getting us to where we are today. What I see us doing is working with the Pilots and shippers to formulate what we are going to do. Nobody can believe we can do this for free, so we have to have a user group to fund this. There is legislation that says we can do what is necessary and other ports have the same kind of language. What I envision is getting together with the maritime community and figuring out the best way to do a user fee – whether it’s a fee the shippers pay per transit of a vessel or a fee based on tonnage. The Pilots have been very gracious because they understand the need to have the Pilot Board up and running. They need their licenses to the governor and everything signed off on. But for them to continue that [administrative funding], I don’t see us doing that. One thing I will note – and I am open to hearing everything from everybody about it – if the Pilots continue doing it, it’s going to ultimately end up as a rate increase for the Pilots, with the users paying it that way. I think it is much better if the users pay it on a per use basis. But I’m one vote on the Board, and we will listen to all the maritime interests – the unions, the shippers, the Pilots – and a decision will then be made.

Additional topics discussed included the work of navigation and legislation subcommittees, Coast Guard liaison, diversity objectives, and maritime education engagement.

Watch the full presentation at: <https://youtu.be/YEJdN3QrQfM>.

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