

I N D E X

THE BOARD OF PILOT COMMISSIONERS
OF THE PORTS OF HARRIS COUNTY, TEXAS

March 26, 2019

<i>Minute No.</i>	<i>Event/Action</i>
	General
	Chairman Campo convened the meeting of the Board of Pilot Commissioners
	Minutes
(PB-2019-0326-01)	Approve the Minutes of the Board of Pilot Commissioners Meeting – February 26, 2019
	Staff Reports
(PB-2019-0326-02)	Marcus Woodring, Chief Port Security and Emergency Operations Officer
	Appearances
(PB-2019-0326-03)	Captain Mark Mitchem, Presiding Officer, Houston Pilots Association addressed the Pilot Board
	Pilot Matters (no items)
	Adjourn Meeting

**Board of Pilot Commissioners for Harris County Ports
Public Meeting**

**Houston, Texas
March 26, 2019**

A public meeting of the Board of Pilot Commissioners for Harris County Ports (the “Pilot Board”) was convened on March 26, 2019 at 11:51 a.m., at the Port of Houston Authority Executive Office, Fourth Floor Boardroom, at 111 East Loop North, Houston, Texas 77029. The following Commissioners, staff, and counsel were present:

Ric Campo, Chairman
Theldon R. Branch, III, Commissioner
Dean E. Corgey, Commissioner
Stephen H. DonCarlos, Commissioner
Clyde E. Fitzgerald, Commissioner
John D. Kennedy, Commissioner
Roy D. Mease, Commissioner
Roger Guenther, Executive Director
Erik Eriksson, Secretary and General Counsel
J. Kent Friedman, outside counsel

Chairman Campo convened the meeting of the Pilot Board and recognized the great work everyone had done in connection with the ITC fire.

(2019-0326-01) Minutes

Chairman Campo called for a motion to approve the minutes of the February 26, 2019 Port Commission meeting. Commissioner Corey moved for approval, seconded by Commissioner DonCarlos. The minutes were approved as written.

(PB-2019-0326-02) Staff Reports

Marcus Woodring, Chief Port Security and Emergency Operations Officer, provided an update on the Houston Ship Channel in connection with the ITC event. He reported that three vessels were run outbound that day and six the previous day. Mr. Woodring noted that the vessels were visually inspected on the way outbound to ensure they were not trailing a “sheen,” and the intention was to clear the docks of outbound traffic before bringing inbound vessels.

Mr. Guenther asked how many ships were waiting; Mr. Woodring replied 30 outbound and 36 inbound. He informed the Pilot Board that the LASH Dock at Barbours Cut had been provided as the outbound decontamination station, to help facilitate traffic, and Enterprise Products Partners L.P. had offered a dock on the inbound side.

Mr. Eriksson added that the LASH Dock would be surrounded by a containment boom and the area would be cleaned when the operation was over. Commissioner Fitzgerald asked if there was a possibility of more spills and delays as a result of the

cleaning process; Mr. Woodring clarified that the effort was to speed up outbound traffic. He described the unusual chemical makeup of the materials and said that it currently appeared not to be sticking to the hulls of the ships. Captain Mark Mitchem, Presiding Officer, Houston Pilots Association, added that it appeared like clean motor oil.

(PB-2019-0326-03) Appearances

Chairman Campo asked Captain Mitchem to address the Pilot Board. Captain Mitchem presented a PowerPoint entitled "Successful traffic management strategies on the busiest channel in the U.S."

Captain Mitchem thanked the Pilot Board for allowing him to speak and stated he would speak on how the Houston Pilots safely and efficiently managed traffic on the Houston Ship Channel, providing an overview of what the pilots do every day to make the traffic work.

Captain Mitchem began with vessel and channel growth through the years. He showed that a typical T2 tanker in the 1960s was 523 feet by 68 feet. He reported that in those days and until 2005, the ship channel was 400 foot wide and extended up to Shell Basin.

By the 1990s, a typical Aframax tanker (considered a very large ship at the time) had increased to 830 feet by 138 feet, running a 40-foot draft. During this time combined-beam rules were developed to address these issues. In the early 1990s, the Houston Pilots enacted the 251-foot combined-beam rule which allowed the meeting of a Panamax ship (then a 106-foot beam) with a larger tank vessel. At that time there were no barge lanes.

A major channel improvement in 2005 was the addition of 225 feet-wide barge lanes up to Morgan's Point, which allowed the inland tow traffic to run away from the ship channel, providing a greater safety margin. He noted that as larger ships go by, the Pilots must be mindful of the hydraulic affect that can move the tows off and on the shelf.

Captain Mitchem explained that the channel was broken into four sections: (i) the first ten miles, from the Sea buoy to the Texas City Channel, was 800 feet wide; (ii) the next 23 miles was 530 feet wide up to Morgan's Point, with barge lanes, (iii) it was 530 feet wide up to Shell, but there were no barge lanes, and (iv) after passing Shell, the channel was 300 feet wide and 40 feet deep, extending to City Dock 17, and above City Dock 17 the channel width was down to 200 feet.

Captain Mitchem provided a summary of total ship movements on the Houston Ship Channel in 2018, as provided by the Vessel Traffic Service run by the U.S. Coast Guard. He reported a huge amount of tug/tow traffic, of 142,000 a year, approximately

392 per day. Additionally, in 2018, the Houston Pilots boarded 18,790 ships, bringing the total to 169,616. Finally, ferries account for 76,000 transits a year, for a grand total of 245,000.

Captain Mitchem noted that 71% of vessel movements were energy-related. He added that the number of container ships calling the Port Authority had decreased, as ship size has increased, but there had been a 6% increase in twenty-foot equivalent units (TEU), which is in the 2.8 million TEU range. Captain Mitchem also described the tanker traffic that calls the Port of Houston: (i) Suezmax tankers had 246 transits (ii) Aframax tankers had 1,270 transits, and (iii) Panamax tankers had 8,706 transits (and a 106-foot beam) and comprised almost half of the business.

Commissioner Branch inquired how tanker traffic was split on inbound/outbound. Captain Mitchem said he would provide some of that data but commented that previously most of the Aframax tankers (138-foot beam) came in loaded, but as the Permian Basin has come online the trends have reversed. The refineries on the ship channel still need high sulfur/heavy crude so some oil is still imported but there was now a massive amount that was going out, like the Suez tanker that recently left Houston with 900,000 barrels. He added that the Pilots have a lot of that information, but it was not brought to the meeting, as he was primarily going to discuss ship scheduling but would provide it if wanted.

Chairman Campo replied in the affirmative and stated that it needed to be looked at longer-term. He recalled that when one looks at the data on Permian natural gas liquids and energy exports, the nation could not export in 2015. Separately, in response to Chairman Campo's question of changing the refining mechanism to use light/sweet crude from the Permian, refiners explained that from a cost perspective one might as well tear the refinery down and build a new one; since a refinery cannot just take high sulfur and replace it with low sulfur, all the light/sweet is being exported.

Captain Mitchem noted that the United States would overtake Saudi Arabia this year: Saudi Arabia exports approximately 5 million barrels of crude a day and about 3 million barrels of refined product, while the United States is at 2 million barrels of crude oil a day and rising, and already at 5 million barrels of refined product and growing. He added that the refined products are gasolines and liquid petroleum gases. Chairman Campo pointed out that clearly the issue is the growth of those liquids and that is why investment needs to be made now, to meet the capacity needs in the next few years.

Captain Mitchem reviewed vessel order, the 4-hour requirement, and some of the considerations that affect vessel movements, including (i) combined beam and length overall rules, (ii) dock availability, (iii) harbor tug availability, (iv) planned waterway closures, (v) the 256-foot combined-beam rule that applies above City Dock 18, (vi) draft restrictions, (vii) vessel and dock specific rules, (viii) one-way ship traffic in the last 10

miles of the channel starting above Shell for vessels with a 106-foot beam or larger (a rule for many years above Shell, with the present 300-foot channel width), (ix) wind restrictions, and (x) daylight restrictions.

Captain Mitchem briefly reviewed traffic management rules that have been in place including a 310-foot combined-beam rule below Bayport, a 272-foot combined-beam rule above Bayport to Shell, some combined draft rules, and a few other restrictions. These are also considered when scheduling ship transits.

Captain Mitchem invited the Pilot Board to visit the Houston Pilots's office. He described the dispatch office and its computer center and noted that two to three dispatchers are on call at all times.

In response to Mr. Guenther's question, Captain Mitchem explained the calculations that determine swept path.

Captain Mitchem mentioned a program developed by the Houston Pilots about 25 years earlier, called HarborLights. He explained that it was a scheduling program available from the Greater Houston Port Bureau and provided visibility on a day-to-day basis as the pilots took orders. Agents could utilize this tool in scheduling, as it allowed them to see their ships, what tugs they needed, ship sizes, and where they were going. "Automatics" is another tool used to manage traffic.

Captain Mitchem discussed channel widths and presented a diagram of the 800-foot channel, from Sea Buoy to the Texas City "Y," which allowed for two-way unrestricted traffic. He then showed where the 800-foot channel ended, and the 535-foot channel began, and noted this section had a 310-foot combined-beam rule with an 85-foot combined draft restriction that went up to the entrance of the Bayport Channel. The next section had a 272-foot combined-beam rule which was looked at when scheduling ships and taking orders for wide-bodied tankers. He noted that below Morgan's Point the channel was 530 feet wide with a maximum draft of 45 feet.

Captain Mitchem displayed a map of turning basins on the channel. He noted that the Houston Ship Channel was not conducive to overtaking other vessels. The channel was 530 feet wide, there are 390 tows moving a day and 56 ships, so there was not always an opportunity to overtake, and so traffic had to be arranged so that each vessel has a chance to safely turn in one of the turning basins without interfering with other traffic. He reviewed each of the turning basin locations and the size ships each could accommodate.

Captain Mitchem showed that the channel above Morgan's Point was 530 feet wide but there were no barge lanes – therefore the necessity for the 272-foot combined-beam rule to accommodate barge traffic and ensure safe passage through these areas.

Captain Mitchem noted that the Houston Ship Channel also has three draft sections that must be considered: (i) from Sea Buoy up to Shell Basin was 45 feet deep; (ii) from Shell just past Lyondell to the SP slip was 40 feet, and (iii) it was 36 feet at the Turning Basin, and with some Harvey recovery still going on, the upper basin was currently limited to 32 feet.

Captain Mitchem presented the final slide which showed the section of the channel, from Buoy 18 to Morgan's Point, that needed to be widened. He asked this to be considered as representatives go to Washington and plans were made to move ahead. This is the area of the channel that needs to be widened to accommodate the increased flow of larger container and tank vessels and more vessels on the ship channel. He stated that the Houston Pilots would like it widened to 800 feet.

Captain Mitchem pointed out a much smaller area that the Army Corps of Engineers determined in the 216 Study to have a cost benefit ratio that is doable. Only the first eight miles would be widened to 650 feet, which would not relieve a lot of the pressure of traffic management, but just move it slightly up the channel. He noted the importance of widening the channel to 800 feet all the way to Morgan's Point. Captain Mitchem recalled a recent Coalition presentation where they estimated that if the channel was widened to 800 feet up to Morgan's Point, throughput would increase by 50%, which equates to half of the \$330 billion figure.

Captain Mitchem concluded the overview of traffic management and again encouraged a visit to see the Pilots's dispatch office and how things work and what they had and do that suffices for safe and efficient transits of the Houston Ship Channel. He commented that the Pilots had served as the de facto harbormaster and it worked well.

In response to Commissioner Fitzgerald's question about fog and traffic management, Captain Mitchem responded that the federal government had said that if it is foggy, you should not leave the dock, and if you did you are liable. He was unable to guarantee a wider channel would allow them to do more in that regard than they were able to do today.

Chairman Campo asked Captain Mitchem if he had any comments related to the legislative discussions regarding separating the Port Commission and Pilot Board or the 50% rule or the 1,100 feet. In response to the 50% rule, Captain Mitchem explained that the Houston Pilots have a long history and when they made rules it was based on their approximately 315,000 collective trips on the Houston Ship Channel, adding that their rules mandated that for safety issues it was an 80% vote and he would not be in favor in going to a 50% vote.


Captain Mitchem expressed concern over proposed language regarding more than two vessels abreast which was something the Pilots did all the time, and which would put the Pilots in violation of state law. In response to a question about separation of the boards, Captain Mitchem noted the Pilots have only ever existed under one system and that it was functional. He commented that today the Houston Ship Channel was the busiest port in the country and one of the safest, with \$330 billion in output. Captain Mitchem commented that the Pilots would remain neutral on that question.

Captain Mitchem stated that his concern was that the Houston Pilots have the unfettered ability to make safety rules without question, that affect everybody. He commented that their track record showed that the Houston Pilots do an excellent job. Captain Mitchem stated the Houston Pilots's mandate was "safe and efficient," and their goal was to "expedite with caution." The Houston Pilots were not in favor of any language that would limit that ability and turn it into a bureaucratic committee instead of an internal decision-making process by the channel experts; they wanted to maintain the independence that has allowed the Port of Houston to grow and prosper.

Chairman Campo asked if Captain Mitchem would be attending the committee hearing tomorrow; he replied in the affirmative. Chairman Campo thanked him for his report.

At 12:32 p.m., Chairman Campo adjourned the Pilot Board meeting.

The above is a correct copy of the Minutes of the March 26, 2019 meeting of the Pilot Board of the Port of Houston Authority.



Ric Campo, Chairman



Erik A. Eriksson, Secretary