

CHAPTER 8

PORT OF CORPUS CHRISTI AUTHORITY

Introduction:

The Port of Corpus Christi Authority (Authority) is located along the southeastern coast of Texas on the Gulf of Mexico approximately 150 miles north of the Mexican border. The Authority maintains one of the deepest ports along the Gulf of Mexico coast with a channel depth of 45 feet. The channel is approximately 30 miles long and links the City of Corpus Christi with the Gulf of Mexico. The Authority's intermodal port facilities are part of the Port of Corpus Christi complex.

The Authority is a navigation district and political subdivision of the State of Texas, having boundaries coterminous with those of Nueces County and San Patricio County, Texas. The Authority being a navigation district and political subdivision of the State of Texas is a separate and distinct entity and operates independently with its own Port Commission as its governing body. A Port Commission composed of seven commissioners who serve without pay governs the Authority. The Corpus Christi City Council appoints three commissioners, the Nueces County Commissioners Court also appoints three commissioners, and one commissioner is appointed by the San Patricio County Commissioners Court. The executive staff, under the leadership of the executive director, manages the operations of the Authority and assists the Commission in planning for the future. Port Commission efforts are directed toward encouraging industrial expansion, attracting new cargo, building and maintaining public terminals, setting operational policy, and cooperating with the Federal Government as a local sponsor in maintaining and further improving vital navigation channels.

The Authority owns and operates public wharves, transit sheds, open storage facilities, freight handling facilities and equipment, warehouses, a bulk material handling terminal, and a multi-purpose cruise terminal/conference center. The Authority also owns a grain elevator that is leased to Archer Daniels Midland (ADM) and a refrigerated warehouse that is leased to Coastal Bend Cold Storage of Corpus Christi, Inc. In addition, the Authority leases land, buildings and improvements, and maintains areas for the placement of dredged materials. All of these facilities are located at the Port of Corpus Christi on the Corpus Christi Ship Channel. The Port of Corpus Christi also includes privately owned docks. The Authority owns eight general cargo docks, eleven liquid bulk cargo docks, two bulk material docks, a container terminal, two bagging facilities, a shipside grain elevator, cotton warehouses, a refrigerated warehouse and a multi-purpose cruise terminal/conference center. All of these facilities are operated for hire on a first-come, first-serve basis, with the exception to the shipside grain elevator and refrigerated warehouse facility. Most of the privately owned docks at the Port of Corpus Christi are owned by, and operated exclusively for, the various refineries, chemical plants and other industries that line the Channel. Approximately thirty-two privately owned docks are located at the Port of Corpus Christi, and compete directly with the Authority's public docks.

The Authority continues to remain a primary driver of the local economy. The Authority currently ranks as the 7th largest port in the United States and 32nd in the world in terms of tonnage. The Authority has served the local economy for over eighty years, and is continually upgrading and expanding its' facilities to better serve South Texas industry and shippers. Local port industries as well have made investments to upgrade and expand their facilities, to improve air and water quality, and improve process efficiencies, or supply utilities such as electricity and steam. Local refineries have made investments that permit them to provide clean burning gasoline during the ozone alert months, a volunteer program that has contributed to the local area's ability to maintain its "attainment" classification with environmental agencies. The Port of Corpus Christi has developed and implemented an award winning Environmental Management System aimed at enhancing the current environmental practices by the port.



Cargo vessel being guided into the Port

Economic development means attracting industrial and commercial activity, private capital and waterborne cargo shipments that will create employment opportunities, sustaining and upgrading existing jobs, introducing new basic dollars to the area and broadening the tax base that supports all public services. The 2003 Port Economic Impact findings reinforce the Port's mission statement: *to be an economic catalyst for the region*. The last economic impact study for the Authority was in 1994. Nine years later, the 2003 report shows significant increases. In 1994, the Authority created 30,927 jobs, generated \$66.4 million in state and local taxes, and provided \$1 billion in business revenue. Today, the Authority creates approximately 39,905 jobs with 11,859 direct jobs. The Authority generates 8,930 induced jobs that are the result of purchases by the direct employees. The remainder of total jobs is comprised of 19,116 indirect jobs supported by the local purchases by businesses supplying services or dependent upon the Authority. The 39,905 jobs provide \$2.2 billion in income (direct, induced, and indirect wages and salaries) for families throughout the Coastal Bend. Authority operations generate \$1.3 billion of revenue for local businesses providing services to the Authority and port industries. More than \$195.4 million was paid in state and local taxes due to activity created by the Authority. Over the nine-year period, Authority tonnage grew by 7 million tons. Increasing by 4.7 million tons over the last nine years, petroleum and petrochemicals continue to be the Authority's top commodity; however, the 2003 report indicates the Authority's diversification efforts are working. The Authority remains an economic force via its ability to provide the commercial shippers with first class channels, docks and facilities for handling their cargo, and by providing public facilities designed to attract more tourist dollars to the area while maintaining financial stability. Ultimately, the goal of the Authority is to raise the standard of living and enhance the quality of life in the communities of the Coastal Bend region.

Actions To Date:

To meet the Authority's expanding role of providing increased levels of service to national and international commerce, the Authority, in cooperation with the Metropolitan Planning Organization (MPO), has identified the following goals:

1. Promote and encourage the diversification and further development of infrastructure improvements at the Port of Corpus Christi to include the deepening, widening, and extension of selected reaches of the Corpus Christi Ship Channel and the La Quinta Channel along with the completion of the Joe Fulton International Trade Corridor.
2. Actively pursue the establishment of intermodal terminal facilities at the La Quinta Trade Gateway container terminal project site.
3. Encourage establishment of new water dependent manufacturing industries near the harbor. These goals lead to action items for both short and long term improvements that will increase and enhance cargo handling capabilities and transfer operations at the port.

Action 1:

Provide better access to trucks and trains for expeditious handling of cargo.

The Joe Fulton International Trade Corridor, provides an alternative route to the north side of the Port of Corpus Christi. This corridor will connect US-181 north of the Harbor Bridge to IH-37 at Carbon Plant Road. The route opens up over 1,000 acres of land for future industrial development.

Action 2:

Improve intermodal cargo storage facilities at the port.

The Authority has completed several initial expansion, renovation and modernization projects at both the existing Southside and the Northside Intermodal Terminals. These projects have increased the available storage area by another 21 acres. In addition, the Authority has acquired approximately 1,100 acres at the end of the La Quinta Channel and has actively marketed the property to terminal operators for future development as a green field container site.

Action 3:

Improve intermodal cargo handling at the port.

The Port of Corpus Christi Authority expanded its Northside Rail Yard. In 1999, the Authority completed the construction of a loop rail track for loading and unloading of unit trains. This system allows a continuous flow of rail cars past the discharge or loading point without the need to reverse the direction of travel. Improvements are particularly important given the strategic military seaport status of the port. The Authority in partnership with the State of Texas has enhanced the Southside with improved rail infrastructure. The project doubled the Authority's capacity to handle military unit-trains of equipment from Fort Hood, Fort Bliss, and other bases in Texas and the Midwest.

During peacetime, the facility will serve in an equally valuable economic role in supporting the trans-loading of commercial, industrial, or agriculture products moving through South Texas. In 2009, the Authority purchased 36.15 acres of land on the north side of the Corpus Christi Ship Channel for the planning, design and future construction of the Viola Channel Rail Interchange Yard.

Action 4:

Improve ocean liner handling facilities.

The existing Harbor Bridge only provides a 138-foot air draft. Most new generation ships and many existing ships need a minimum clearance of 175 to 185 feet. The Authority has begun to discussions with local, state, and federal agencies to develop a long-term plan to replace the current bridge so that larger ships may enter the Authority's inner harbor. A environmental study to determine if a replacement bridge is possible and any alternative alignment for the new is underway. Extensive public input and numerous community outreach sessions will be conducted by the consultant for the Texas Department of Transportation.

Action 5:

Encourage industries to locate along the north side of the ship channel.

The Joe Fulton International Trade Corridor will create a byproduct of approximately 1,000 acres for industrial development on the northside of the inner harbor. This Improved rail and road access will be an impetus for industries to locate near the harbor and intermodal transfer facilities. The Authority will actively pursue industrial type operations to locate near the port and intermodal transfer facilities.

Action 6:

Seek innovative financial resources to meet expanding needs.

The major sources planned to be used are federal grants, state grants, and revenue generated by the port.

Major Initiatives:

Cargo Diversification/Facility Expansions and Improvements

Over the last decade, the Authority has worked to diversify and enhance the Authority's strong petrochemical foundation. These diversification efforts included the development of the Authority's general cargo terminals to handle break-bulk cargoes such as automobiles, refrigerated and military cargoes, wind turbine equipment, steel products, and other project cargoes.

Whataburger Field and Waterfront Development Plan

The Authority sold approximately 12 acres of land occupied by cotton warehouses to the City of Corpus Christi for use as a site for a 6,000 -seat baseball stadium for major league affiliated baseball. The Corpus Christi Hooks threw the first pitch in Spring 2005 at Whatburger Field; the Hooks are a Double A affiliate

of the Houston Astros. Whataburger Field is the first step for more entertainment, hotel, and retail development in and around the Authority's Ortiz Center. The Authority's waterfront development plan included the development of a parcel of land adjacent to the Ortiz Center for a nationally branded hotel and for approximately 6 acres south of the Ortiz Center for a mixed use of entertainment, retail, hotel, and cultural activities.

Trade with Cuba

In a historic agreement in 2003, the Port of Corpus Christi was the first U.S. port to sign a trade agreement with ALIMPORT, the government-purchasing agency for Cuba. This agreement has opened the doors of commerce to move through the Port of Corpus Christi. In 2006, approximately 100,000 tons of agricultural products have been shipped to Cuba through the Port of Corpus Christi since the inception of the historic trade agreement.

Trade with Mexico

In November of 2009, the Port of Corpus Christi Authority signed a Memorandum of Understanding (MOU) with Meridian 100° FTZ Columbia, Nuevo León, Mexico. This MOU will promote the flow of goods and facilitate the better use of existing multimodal transportation systems between Mexico and the United States.

Military Cargo and Layberths

The Authority since being designated as a U.S. strategic military seaport has handled several military exercises, as well as, some U.S. military deployment and redeployment projects. Overall, the Authority through a coordinated effort with MARAD, 1192nd and 1395th Transportation Terminal Brigade, and the U.S. Coast Guard, have handled just over 100 ships with an economic impact of approximately \$1.2 million per vessel to the local region. The Authority was the top port for military load outs amongst U.S. ports. Also, the Authority was designated as the lay-berth site for the USNS Benavidez and a second layberth facility was completed near the former Tule Lake Lift Bridge. The Authority provides leased facilities to the operational unit of the U.S. Army's Military Surface Deployment and Distribution Command for surface deployment/redeployment and distribution support to the Warfighter in the Gulf Coast Area of Responsibility.

La Quinta Trade Gateway Project

In 1998, the Authority acquired 1,100 acres in San Patricio County, Texas. A master plan indicated the potential for the development of this property into a major container terminal capable of handling 800,000 TEU's by 2010. The Authority has sought participants to join in this venture. A market feasibility study to determine cargo flows and the potential markets that the La Quinta container terminal can serve indicated strong potential for the La Quinta container terminal to handle significant amounts of cargo to/from key market areas including

Northeastern Mexico, Central/Southwest Texas, the Pacific Southwest US, and the Asia-Latin America land bridge. The study illustrated Corpus Christi's competitive advantage to serve the markets of

Northeastern Mexico and Central/Southwest Texas due to Corpus Christi's location and highway access. The La Quinta Trade Gateway features immediate interstate access and has distinct mileage advantages to key markets. Once operational, the La Quinta container terminal could create in excess of 6,000 jobs and generate millions of dollars in revenue and state/local taxes. Presently, Gulf Compress, a cotton-warehousing cooperative, serves as the first tenant at La Quinta. Gulf Compress offers approximately 550,000 square feet (12-13 acres) of new cotton storage space. Cotton exports have increased and more of the South Texas crop is being shipped to world markets including Mexico, China, Pakistan, India, Taiwan, and Korea. Therefore, once La Quinta Trade Gateway container terminal is in place, cotton exporters will have a direct alternative instead of trucking goods to other ports.

The Authority is proceeding with the preliminary engineering and design of a 800 to 1000 foot multi-use dock facility with associated marine improvements. In addition, the Authority is beginning preliminary engineering for development of 180 acres of land side improvements. In 2010, the Authority anticipates completing the final design of the multi-use dock facility along with the land side improvements of 40 acres of development. A feasibility study for Class 1 rail service into the La Quinta terminal will also be conducted.

Wind Power

For the past two years, Texas has been the top wind producer in the United States, with over 3,953 wind-generated megawatts (MW) installed. Texas is also the first state to achieve the milestone of one Gigawatt of wind installations in a single year (2007). The demand for additional wind power has grown so rapidly that the Texas electric transmission grid has a critical need for expansion. In July 2007, the Texas Public Utility Commission announced its approval for additional transmission lines that could deliver as much as 25,000 megawatts of wind energy from remote areas in the state to urban centers by 2012, depending on how many wind farms are built. New transmission infrastructure will allow all Texans to access the state's vast wind resources. In support of this state initiative, the Authority entered into an aggressive permanent open storage area program that developed approximately 50 acres of lay down facilities with an additional 18 acres under planning and design.

Channel Improvement Project

The U.S. Congress authorized the U.S. Army Corps of Engineers (Corps) to begin investigating the possibility of deepening the Corpus Christi Ship Channel (CCSC) from 45 feet to 52 feet in order to accommodate larger vessels, increase shipping efficiency, and enhance navigation safety. The Study examined deepening the CCSC and the La Quinta Ship Channel, widening the CCSC, and extending the La Quinta Ship Channel to the proposed La Quinta Trade Gateway Project.

Channel improvements will cost approximately \$200 million. The CCSC improvement project, in addition to creating a safer, more efficient channel for navigation, will produce positive socioeconomic impacts to the region. The project has a high benefit-to-cost ratio with a projected average of about \$25 million per year in transportation cost savings over the next 50 years. Benefits may also include increased employment and revenue for the Authority and industry throughout the region. The project received

authorization in the Water Resource Development Act. A pre-construction engineering and design agreement has been negotiated with the Corps and was recently executed in 2009. Execution of this agreement will initiate the design of the first of seven scheduled construction contracts. Construction could be scheduled to begin as early as 2010.

Joe Fulton International Trade Corridor

The Joe Fulton International Trade Corridor, is located on the north side of the ship channel, parallel to the inner harbor. The corridor encompasses an 11.5-mile road and rail project that has significantly improved access to more than 2,000 acres of land along the north side of the channel for existing and future development. The corridor will grant access to approximately 1,000 acres of land (which has no access available) for use as marine terminals or industrial sites. The corridor connects two major highway components- US Highway 181 and Interstate Highway 37; thus, establishing efficient intermodal links between highway, marine, and rail transportation systems. The corridor will address environmental, safety concerns, and facilitate international trade. Most important, the corridor will generate future economic development opportunities for South Texas. Construction of Phase 2, which completes the project, with funding assistance provided by the American Recovery and Reinvestment Act will begin in early 2010 and is expected to be complete in August, 2011.

Joe Fulton International Trade Corridor



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