

Port of Victoria, Texas

From Texas to the World



Report to the Community

Summer 2018 Newsletter

2018 BRINGS NEW OPPORTUNITY



SHARED VISION OF EXPANSION

Doubling the size of the fleeting area at the Port of Victoria is a vision shared by the Port of Victoria and Victoria Fleet. Victoria Fleet, owned by Devall Towing, first opened the Victoria facility in 2014 as part of a public/private partnership with the port. “We plan on growing with the Port of Victoria,” said Vice President David Devall. “We have the potential to expand our facility by forty barges, build a permanent office, and add an additional dock.” An expansion of our current fleeting facility would accommodate more barges with additional maritime services provided such as: diesel mechanics, fuel, and other maritime services. Cost projections for an expansion such as this, estimates to be \$3.5 million. “We are excited and thankful for the relationship we have built with the Port of Victoria,” said Devall.

In business since 1952, Devall Towing has three fleeting facilities in Texas and Louisiana. They manage an average of 130 barges a day at all three facilities “We are barge people,” said Devall. As experts in maritime transportation, Devall Towing has an excellent record operating in the Victoria Barge Canal for thirty years by providing barge service for area chemical plants. Operating from Corpus Christi to Pensacola Florida, the lower and upper Mississippi river, and off shore, Devall is always looking for opportunities to expand. Direct economic impact on Victoria by Devall is an estimate of \$4 million a year. The third-generation family business provides a safe port of call in a storm or hurricane. “Victoria Fleet provided safe harbor for forty-three barges, twelve boats and almost 100 mariners during Hurricane Harvey. There was no safer place than the Port of Victoria to ride out Harvey,” said Devall.

Services provided by Devall Towing include chemical transportation, LNG transport, barge terminal and fleeting, diesel engine repair and sales, tank barges and tow boats for hire. For more information about Devall Towing go to www.DevallTowing.com



VEDC MARKETING THE PORT OF VICTORIA

The successful partnership between the Victoria Economic Development Corporation (VEDC) and the Victoria County Navigation District (VCND) to market the assets at the Port of Victoria (POV) contributes to fulfilling the mission of VEDC to attract opportunities for private capital investment that will increase the tax base and create primary jobs in our community. Over the past 14 years, VEDC has influenced and supported projects that have interjected \$4.2 billion to the local economy and created a total of 4,851 direct and indirect jobs according to a recently completed economic impact study. The projects that are evaluating our region for new investment are reflective of VEDC's efforts and are deemed a success in our marketing strategies.

Varied industry sectors strengthen and sustain our local economy and the assets at the Port of Victoria are key to helping us attract interest for additional diversified development. VEDC is actively pursuing and diligently working 11 projects that represent over \$13 billion investment and the creation of over 5,000 jobs. We recently marked the announcement of new investment at the Port of Victoria North property that will create a significant source of revenue for the Port of Victoria. In addition to lease of the property, the new power generation plant represents approximately \$40 million in capital improvements at the site with the potential for future expansion.

The Port of Victoria South property remains one of our most valuable community assets and is attractive to prospective industrial clients seeking a prime location along the gulf coast of Texas. The 2,000-acre site boasts direct waterway frontage, multiple gas transmission lines, electric transmission infrastructure, access to rail infrastructure, and the completion of all pertinent site due diligence reports among other attributes. The port commissioner's commitment for continued investment into this property, including the recent reconstruction and improvement of adjacent road ways at the property, will serve to better position the site for economic success.

VEDC aims to create an awareness of the assets located at the Port of Victoria in both domestic and international markets. We have found that foreign direct investment projects are largely responsible for many of the development opportunities we are seeing. With that in mind, VEDC is strategically engaged in a marketing program that includes international travel. We traveled to Japan and Taiwan during the fourth quarter of 2017 and to Germany in 2018. Several project leads have been generated from these international marketing efforts, with Novus International announcing their plans for a co-location project at the INEOS facility in the Victoria region. VEDC remains steadfast in piquing interest in the Port of Victoria to prospective industrial clients from around the globe.

PROFILE: PORT OF VICTORIA COMMISSIONER ROBERT LOEB

It could be said that Port of Victoria Commissioner Robert Loeb has a relentless drive to make things better for his community. He's been quoted as saying he's paying civic rent. "I love it, it's fun", said Loeb, who says he was raised that way. He says he's an "all in kind of guy" who believes in civic work. His record of excellence and success is second to none. He is, by all accounts, one of those rare individuals that work tirelessly to make his community better. His list of achievements and community involvement is long. Outstanding Citizen of the Year by the Victoria Rotary Club, two time recipient of the YMCA CM Ferguson Volunteer of the Year Award, Chairman, President, Finance Chairman, Capital Campaign Chairman, board member, volunteer, consultant, proud father, husband, entrepreneur, all describe the Port of Victoria's Robert Loeb.



As the longest serving Victoria County Navigation District board member, the former board Chairman has been instrumental in expanding the port, creating tax base, jobs, and infrastructure, with a visionary approach to the future. His motto and definition of luck is "preparedness meeting opportunity." Loeb made sure the port was prepared and ready for opportunity by building new liquid docks when the port had no liquid cargo customers. Within a year that dock was in such high demand it created one million dollars in revenue. After that two additional docks were built, fleetings was added along with other infrastructure. Eagle Ford oil has helped drive the expansion at the port, but it was the leadership of Loeb, working with other commissioners that has moved the port forward. There is a long list of other port improvements during Loeb's nineteen years on the commission including a deepening and widening of the barge canal, creating an auto/remote control of the railroad bridge over the canal saving \$400,000 a year in cost, rail and fleetings infrastructure utilizing public private partnerships, road improvements, additional land for economic development, and getting legislation passed creating a heavy haul road from the port.

As Finance Chair Loeb used his expertise to arrange revenue bonds, instead of taxpayer supported bonds, to pay for millions of dollars in needed infrastructure to attract new business. Economic impact studies show the value to the Victoria area, and Texas economy under Loeb went from two billion dollars to almost ten billion dollars a year during his nineteen year tenure on the commission. "We've come a long way," said Loeb. "We've professionalized the organization, hired the first Executive Director, created new tax base and infrastructure."

While Loeb has recently stepped down as a commissioner, he will continue to advise and consult on port related issues. Loeb has left his mark on the Port of Victoria and the community. His efforts will be felt for years to come, and for that we all owe him a "thank you for a job well done." Robert Loeb, leaving the Port of Victoria a better place, with an historic impact on it's future.





NEW PORT COMMISSIONERS OFFICIALLY SWORN IN BY COUNTY JUDGE *JOHN GILLEY & BYRON BURRIS JOIN NAVIGATION DISTRICT COMMISSION*

Victoria County Judge Ben Zeller officially gave the oath of office to John Gilley Tuesday, May First, as Gilley joins the Port of Victoria Commission.

Victoria County Commissioners unanimously appointed John Gilley to the Victoria County Navigation District Board of Commissioners on April 16th, with the first of May being the effective day of office. Gilley replaces long time port commissioner, and former Chairman, Robert Loeb. Loeb served the navigation district for nineteen years. While no longer on the commission, Loeb will continue to advise the district and Gilley during a period of transition. Loeb was the finance chair for the port and will assist Gilley in the transition. Gilley is a Vice President and Trust Officer at Prosperity Bank. “The port is integral to our local economy,” said Gilley. “I’m looking forward to sitting down with large companies to attract business to Victoria.” Gilley said he has a passion for our community and it’s citizens. “I’m humbled by Port Chairman Robby Burdge, Judge Ben Zeller, and the Commissioners Court for appointing me to this position.” A native of Victoria, Gilley’s family has been in the area for generations. When offered the opportunity Gilley was eager to use his expertise and said “if not me, who? If not now, when? This is a great community and I believe in community involvement.”



Port Chairman Robby Burdge said Gilley’s financial experience in banking makes him the perfect replacement for Robert Loeb. “Robert’s impact on the port will be felt for generations to come. His business and financial experience allowed the port to expand it’s infrastructure and bring in new growth and tax base. John Gilley will continue the work Robert Loeb began,” said Burdge.

Victoria County Commissioners have also appointed Byron Burris to the Victoria County Navigation District Board of Commissioners. Burris is the owner and President of Liaho, Incorporated and is a local entrepreneur and businessman. Victoria County Judge Ben Zeller had a swearing in ceremony in his office after county commissioners voted to appoint Burris to the port commission.



Burris replaces Clayton Johnson, who resigned from the commission after his first term to pursue additional business opportunities. Port Chairman Robby Burdge said Burris brings business experience to the port commission. “Byron is a leader in our community and has a strong business record. We are fortunate to have him agree to serve on the commission.” Burris said he is looking forward to learning more about the port and bring in new business to Victoria. “The Port of Victoria is a tremendous asset to our community. My job is to help bring in more jobs and industry as part of the port commission,” said Burris.

Port Commissioners are appointed by the Victoria County Commissioners Court and serve on a volunteer basis with no pay. The five commissioners are local businessmen working to bring in additional economic development and jobs into Victoria. Economic reports indicate the Port of Victoria has a \$7.5 billion impact on the Texas economy with direct and indirect jobs estimated at more than 25,000.



A LEGISLATIVE REPORT FROM REPRESENTATIVE GEANIE MORRISON

State Representative Geanie Morrison has served constituents in Victoria, and District 30 for ten terms in Austin. As Chairman of the Transportation Committee in the Texas House, Morrison has been a strong supporter of the Port of Victoria, job growth, and economic development. Morrison has traveled overseas forging relationships and working to bring investment to Victoria. During the 85th Texas Legislative session there were a number of bills filed, and passed that affected Texas ports. Chairman Morrison carried, and helped pass legislation to improve, and expand economic development for Texas ports. In addition to her role as Chair of the Transportation Committee, she was a member of the Select Committee on Texas Ports, Innovation and Infrastructure. Morrison has provided an update from a series of questions on port legislative issues:



1. During the last legislative session what bills passed that affected Texas ports, or the Port of Victoria, and did you sponsor any of these bills?

- a. Senate Bill 28 by Senator Creighton provided that the Texas Department of Transportation can use the Texas Mobility Funds to improve public roadways that will enhance connectivity to the ports. The bill also created, but did not fund, the Ship Channel Improvement Revolving Fund which could be used to fund the deepening or widening of a ship channel.
- b. SB 1524 by Senator Nichols, and Sponsored in the House by Representative Morrison, created a permit to allow trucks transporting sealed shipping containers to weigh up to 93,000 lbs on 6 axles or 100,000 lbs on 7 axles within 30 miles of a Texas port. The bill provides that these permits may only be used on designated roads, and the trucks must have roll stability and driver blind spot safety systems to improve safety. These permits will allow for internationally shipped cargo containers to be more fully loaded and reduce the number of trucks required to ship the same amount of freight by approximately 10% while reducing the wear on the roads by distributing the load across the additional axles.
- c. Senate Bill 2110 by Senator Menendez added an additional member to the Texas Port Authority Advisory Committee to include a representative of inland ports

2. How will these bills impact Texas ports?

- a. SB 28 will provide TxDOT with the ability to expend funds from the Texas Mobility Fund to improve or repair roads which provide access to the ports of Texas, including the Port of Victoria. In the future the ship channel revolving loan fund could provide additional resources for ports to expand their operations.
- b. SB 1524 will allow manufacturers and producers to increase the weight carried in international shipping containers which will reduce the number of containers required to be used for the same amount of material. It will also reduce the shipping costs for these companies without negatively impacting the roads or driver safety. The permitting for this would apply to ports from which goods are shipped in containers sealed for international shipping.

3. How can Texas ports, or specifically the Port of Victoria, impact economic development?

- a. The ports in Texas are critical components for economic development. Manufacturers in Texas and across much of the United States use the shipping facilities spread across the Texas gulf coast to ship their raw materials and goods overseas or to receive raw materials and goods from overseas. The amount of shipping that occurs at Texas ports represents a significant boon for the communities within which these ports operate. The infrastructure and businesses required to support these ports, in addition to the producers and manufacturers who choose to invest in facilities near these ports, provides significant economic development. They also reduce the transportation costs for businesses who utilize these ports, making Texas an attractive destination for new development.

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A LEGISLATIVE REPORT FROM REPRESENTATIVE GEANIE MORRISON

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4. How important is the Port of Victoria in your district?

The Port of Victoria is serving a vital need in the Golden Crescent. By providing a means for regional manufacturers and producers to receive international shipping or to send shipments for international shipping via the barge channel provides a viable and cost-efficient way for these companies to conduct their businesses. The accessibility of the port allows companies to avoid sending their products through congested roads and rail lines when shipping. This also creates an environment of economic opportunity to attract new businesses to the region and create employment opportunities for citizens in the area.

5. Do you support funding coming from the State of Texas in future sessions to enhance Texas ports in infrastructure and economic development?

Economic development must continue to be a focus for the state as a whole. Recognizing the crucial role that these ports play in meeting the shipping needs of existing companies and ones which are looking to locate to Texas, it is imperative that the ports continue to receive support as they work to meet the growing demand.

A MESSAGE FROM SKIP KAUP EXECUTIVE DIRECTOR PORT OF VICTORIA

The Port of Victoria had a tremendously successful 2017 that saw progress in infrastructure, business development, economic development contacts, and project grant funding. We also had challenges brought on by Hurricane Harvey.

OIL EXPORTS: While the year started out slow because of oil prices, volumes went up as the year went by and finished on a high note.

More than 9 million barrels of oil were exported, with 325,000 short tons of frac sand imported. We expect frac sand imports to continue to grow in 2018, with additional expansion of oil exports thru the port.

A new 100,000 barrel oil storage capacity was added and connections to the VEX pipeline at the port will result in more barrels of oil exported with a decrease in trucks on our roads. Other customers are working to increase capacity by connecting to the pipeline.

INFRASTRUCTURE: The port utilized revenue bond money and grants for expansion and improvements.

2017 Projects included widening and improving Old Bloomington Road, Canal Road, and McCoy road. This was done with \$3.2 million of Rider 48 grant money thru the State of Texas. The port's match was \$952,000.

We will receive \$1.87 million of new Rider 45 money for the 2018 project of widening and improving Bayer road, and finishing upgrades to McCoy road. The port will have a match of \$623,404. Port spending from our construction account in 2017 totaled \$2.7 million.



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A MESSAGE FROM SKIP KAUP EXECUTIVE DIRECTOR PORT OF VICTORIA

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McCoy road extension to Fleet Avenue is in the design phase for 2018

Other infrastructure improvements include:

North General dock repair/ and fender project, plans for drainage improvements to storm sewer system at dock, and new jib cranes.

Drilling a new water well on South industrial site to serve fleeting area, and facilitate future development. Water meters have been placed at each well to monitor volume usage.

Implemented a new Geographical Information System for Navigation District properties and projects:

We also continue to work with FEMA on repair projects because of Hurricane Harvey:

Harvey damaged multiple areas of the port, including:

North general dock, leased buildings, main office, liquid dock area, and water well buildings, the lift bridge, storage sheds, lighting, and a generator. Total cost was nearly \$500,000.

ECONOMIC DEVELOPMENT:

We continue to work with our partners at VEDC and continue to have business inquiries into the port. We received worldwide attention as one of the finalist for the EXXON project that went to Portland. Since that time we have been in discussions with other major industry for big projects. Lease opportunities continue to expand with the addition of Castleman Industries, and Glade Resources. A new pipeline company is doing business at the port, storing 100 rail cars of pipe to be used in local projects. We are also providing office space for a new company working on an LNG transfer station. We continue working on expanding jobs, industry and tax base in Victoria County.

2017 Waterborne activity by the Numbers:

Total Barges: 1,705

Crude Oil: 9 million, 23 thousand, 138 barrels exported

Frac Sand: 325,000 short tons imported

Gravel: 1 million, 800 thousand short tons exported

Chemicals: 889 thousand 500 short tons : imported/exported

Fertilizer: 95,000 short tons, imported

In total more than eight million tons of commodities are shipped thru the port each year.

Economic Impact:(source: Martin Associates Economic Impact Study)

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PORT OF VICTORIA RANKING

The Port of Victoria ranks high compared to other ports in the United States. Of the top 150 ports nationwide, Port of Victoria ranks 74th in total tonnage according to the latest statistics. Port of Victoria ranks 10th when compared to the eighteen ports along the Texas gulf coast. Nearly six million tons of petrochemical, oil, agricultural, sand, gravel, and other commodities come across Port of Victoria docks to world markets via the Victoria Barge Canal and the intracoastal waterway.



PORT OF VICTORIA COMMISSIONERS

Robby Burdge - Chairman

Elton Calhoun - Vice-Chairman

Don Pozzi - Secretary

Byron Burris - Commissioner

John Gilley - Commissioner

SKIP KAUP - EXECUTIVE DIRECTOR

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A MESSAGE FROM SKIP KAUP EXECUTIVE DIRECTOR PORT OF VICTORIA

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The overall economic impact of the Port of Victoria and the Victoria Barge Canal support a total of \$7.5 billion of economic activity in the State of Texas. Of that \$7.5 billion, \$1.4 billion is direct business revenue received by firms directly dependent upon the port. An additional \$5.6 billion is the value of the output that is created due to cargo moving via the port.

Jobs: It's estimated more than 25,000 jobs are directly or indirectly generated by port activities.

2017 was very successful with increasing oil exports, frac sand, and commodities. Our infrastructure continues to grow, we were successful in getting new grant funding, and the interest in the port from a global perspective has never been higher. We fully expect 2018 to be even better.

PORT OF VICTORIA COMMISSIONERS IN WASHINGTON D.C. TO MEET WITH SENATOR TED CRUZ, OFFICE OF SENATOR JOHN CORNBYN, AND OFFICIALS FROM FEMA AND THE U.S. ARMY CORP OF ENGINEERS.

