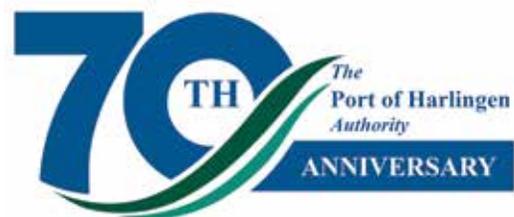


EXPANDING POSSIBILITIES

ANNUAL REPORT  2020-2021



**GLOBALLY CONNECTED,
COMMUNITY INVESTED.**

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MISSION

To enhance economic and community growth through quality and efficient transportation.



LETTER *from the* DIRECTOR



WALKER SMITH

On behalf of our administration and board of commissioners, I am pleased to present to you the Port of Harlingen Annual report, our very first. “Expanding Possibilities” – the theme for this year’s report- appropriately encapsulates the accomplishments of The Port of Harlingen this past fiscal year.

As you will read in the following pages, 2020-2021 brought growth; from our physical footprint to our commission, we have expanded in every aspect this past year. We are in the process of completing major grant funded infrastructure projects that will provide even more sustainability for our Port’s future, we welcomed more than 600 inland vessels and had a throughput of more than 3,000,000 tons of goods. We also received a U.S. Department of Transportation Maritime Administration (MARAD) Marine Highway Project Designation at the beginning of the year. This blows the door open for greater opportunities in Harlingen.

We would be remiss not to mention how the entire globe has been affected by the COVID-19 pandemic. The impact it had on almost every facet of our lives is still being felt and brought a spotlight to the maritime sector, our vital supply chain and the role ports have on transportation and movement of goods across the world. In these unparalleled conditions, The Port of Harlingen has done what we have strived to do for many years, be adaptable and efficient. The Port and its partners continued to operate uninterrupted, and we are proud to say we achieved many milestones over the last fiscal year.

As we look ahead to 2022-2023, we will see continued prosperity in building the foundation for an even greater future for our region. Our main areas of focus will be continued infrastructure growth, channel development and commodity diversification. We will also be celebrating 70 years in operation! What started as one dock and a warehouse, has grown to a 2,000-acre hub for transporting goods into and out of our region, connecting our area with thousands of miles of inland waterway to Florida and up to the Great Lakes. And still, our mission continues to be toward the enhancement of our economy and the growth of our community through quality and efficient transportation.

At the heart of this operation are our stakeholders and the community, and we thank you for being an advocate for economic growth. As the saying goes, “If you want to go quickly, go alone. If you want to go far, go together.” Our success is in no way done autonomously. It is with the collaboration of many hands, minds and voices that have steered the Port of Harlingen to record breaking numbers over the last few years. During his visit last December, U.S. Army Corps of Engineers Southwestern Division Commander Brig. Gen. Christopher G. Beck summed it up best on how to approach improving not only ports, but the fact that rising tides lift all boats, “Sometimes you have to take a step back and see how we can move forward together to magnify our impact and leverage all our tools to make each one of us successful.”

PORT *of* HARLINGEN COMMISSIONERS



ALAN JOHNSON



BRYAN DUFFY



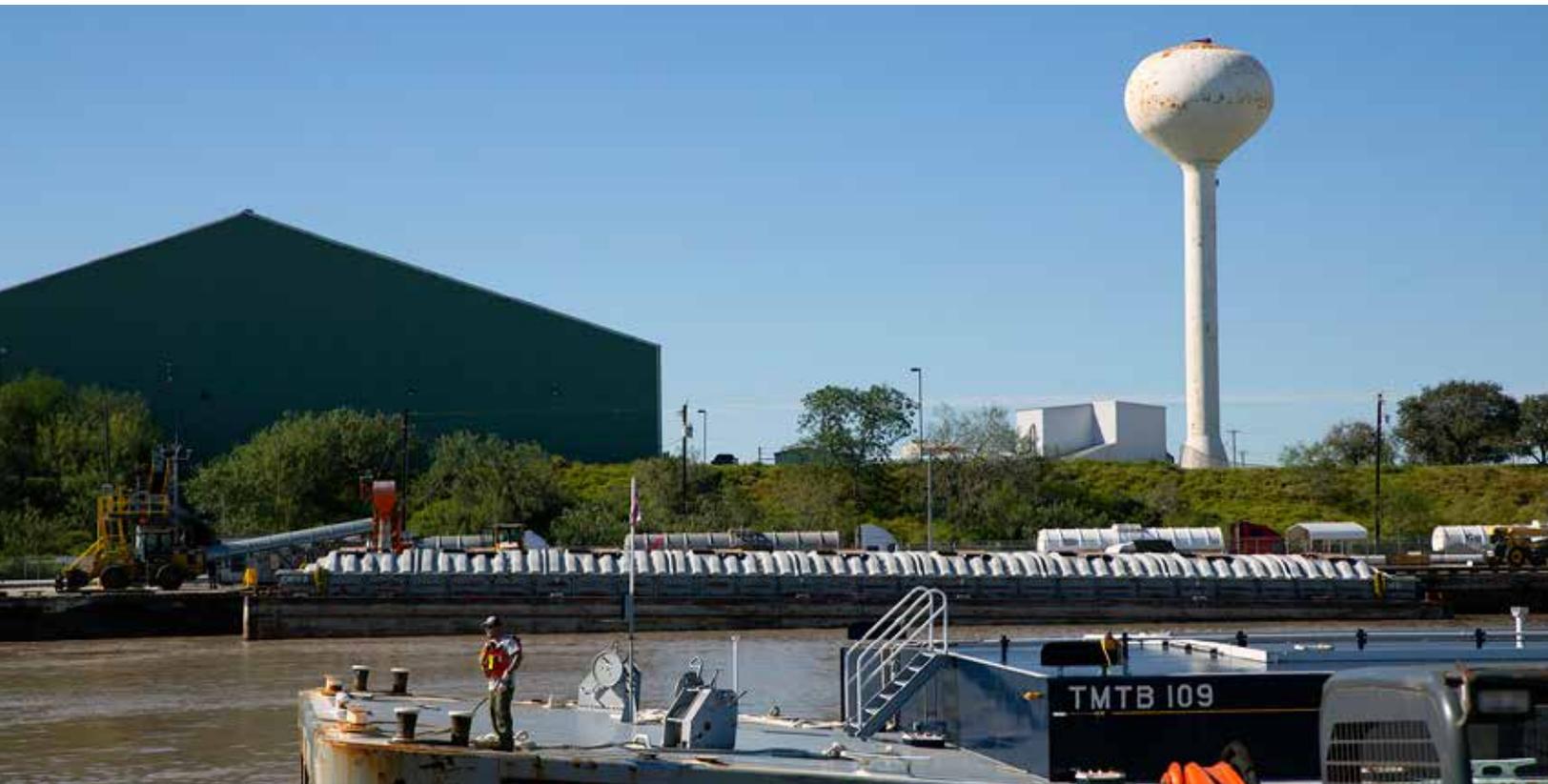
CHRIS VILLARREAL



NEIL HAMAN



RYAN NEWMAN



Since 2017,
Titan Fuel has
been a **thriving**
tenant at The
Port of Harlingen
accounting for
a large portion
of the Port's
advancement in
recent years.

We sat down with
Steve Putegnat to
talk about **Titan**
Fuel and their
experience at the
Port and **rapid**
growth.



TELL US MORE ABOUT TITAN MARINE FUEL AND YOUR OPERATIONS AT THE PORT OF HARLINGEN?

Titan Fuel is a (local) vertically integrated company that is focused on the exportation of top-quality refined petroleum products in effort to subordinate Mexican fuel shortages. The Titan Fuel operations in the Port of Harlingen are dedicated to safely receiving, storing, and truck-loading fuel products for export.

TITAN FUEL HAS CERTAINLY MADE A NAME FOR ITSELF HERE. WHY DID YOU CHOOSE THE PORT OF HARLINGEN AND CONTINUE YOUR OPERATIONS WITH US?

Titan Fuel (a subsidiary of Titan Marine Fuel, LLC) was a concept yet to be proven in 2015/2016. Titan recognized the Port of Harlingen as the most ideal location in which to invest, for several reasons. Logistically speaking, the Port of Harlingen was far and away the best option from a maritime and a vehicular standpoint. Additionally, the Port of Harlingen director and commissioners were receptive to the ideas Titan presented, with cautious optimism no doubt.

In 2017 Titan Fuel conveyed its first barrel across the dock. As Titan has continued to test and prove the concept, the Port has been extremely accommodating to growth needs and Titan has continued to invest in the Port as a result. Titan Fuel's relationship with the Port has really taken on a symbiotic nature. The infrastructural improvements in the port are enjoyed by all tenants, both present and future-- and are much appreciated. The quality of the improvements are certainly first class and second to none. The Port of Harlingen will continue to be home for Titan Fuel.

DID YOU ANTICIPATE THIS AMOUNT OF GROWTH IF SO WHY, OR IF NOT, WHY NOT?

As Titan Fuel was being conceptualized, the study was focused on the Mexican energy reform that was in its infancy. At the time, the proposition was to become an asset, or part of a solution to our neighbors to the South in a scalable way. The duration of the 'proof of concept' phase was far longer than Titan had anticipated, but perseverance is a virtue when it is not a curse. The most common precipitate of expectation is disappointment. It isn't accurate to say that the growth rate was ever anticipated or expected, but it was mathematically discerned to be possible. Titan believed in the project, stuck to its guns, survived extraordinary adversity, and continues to flourish in the Port of Harlingen today.

WHAT IS TITAN FUELS' VISION AT THE PORT FOR THE NEXT FEW YEARS?

Titan started operations in the Port of Harlingen with three employees. The company now employs nearly 200 people. Titan's goals are to be an asset to the communities in which it operates, grow safely and responsibly, and strive to be a viable solution to an unfortunate circumstance that exists South of the border. The Port of Harlingen has fostered Titan's endeavors and vision exceptionally well. Extraordinary would be an apt description for the Port of Harlingen Authority directors, commissioners, and staff.

PORT HIGHLIGHTS



New truck
queuing-lay down
yard near main
dock.

The **U.S. Army Corps of Engineers** assisted, in Dec. 2020, with improving navigability of the Port's portion of the Arroyo Colorado by dredging to the authorized depth of a 12 ft. channel and 14 ft. in the turning basin.

In May 2021, The Port of Harlingen announced it was awarded a **U.S. Department of Transportation, Maritime Division (MARAD), Marine Highway Project Designation** to further the creation of a Container on Barge (COB) Service line. The designation allows The Port to seek federal grant funding and support to establish a COB service and expand opportunities, markets, and transportation capabilities to the entire region.

With the support of Rep. Eddie Lucio III and Senator Eddie Lucio Jr., **Senate Bill 635**, was signed by Texas Governor Greg Abbott in May 2021, giving The Port of Harlingen Authority the autonomy to set, approve and levy an ad valorem tax rate, further holding its board of commissioners accountable to its taxing district and voters. The bill also removed Willacy County from within the boundaries from its taxing district taking the burden of taxes from an area that no longer has direct services or property within that county. It also expanded the Port's board from three to five commissioners increasing community representation and welcoming Ryan Newman and Chris Villarreal to the board in November.

February 27, 1952, marked the official opening of The Port of Harlingen. An estimated 5,000 people celebrated with a day marked with a city parade, speeches, ribbon cuttings and other local fanfare. The event also welcomed the first official shipment over the dock; 500 tons of pipeline from Starr country fields towed by H.F. de Bardeleben III. For more information and photos about The Port of Harlingen's 70 years in operation and its creation in 1926, visit our special webpage at portofharlingen.com/70th-anniversary/.

The Port of Harlingen is not only committed to creating a robust regional economy, but also supporting our local community, programs, initiatives, activities, and the quality of life in our area. This past year, the Port supported many organizations, including The Harlingen Area Boys & Girls Club, Young Life RGV, Valley Morning Star Newspaper in Education, Valley Land Fund sponsorship for conservation and other community partnerships. For more information about our community investment, email Amy@portofharlingen.com.



Port Rd.
North Bound
extension
project

Port infrastructure projects part of the \$5.262 million award by the **Texas Department of Transportation (TxDOT) Rider 38** Grant for transportation improvement and service expansion broke ground in March 2021. Grant money, along with \$1.75 million in matching funds, will create more truck queuing areas along Port and Cemetery Rd., which a portion will also function as a breakbulk cargo laydown yard, and road refortification and resurfacing on Port Rd. And Robles Rd.

Projects set to be complete by April 2022:

1. FM106 & Cemetery Rd: The most visible project for Port through traffic is the expansion, refortification of Port Road and the addition of a truck queuing area. All driveways have been poured leading into the queuing area and limestone has been laid on the surface. Port Road was razed and prepared for expansion and a base layer for reinforcement has been laid, which will include limestone and concrete.

2. FM 106 Extension: Further down 106, drainage, and driveways were created expanding the connection between Port Rd and the inside road of FM106, as well as a driveway into new tenant development for storage tanks and pumping stations.

3. Port Rd.: Replacing of the railroad crossing on Port Road has been completed.

4. Port Rd. Near Dock: The laydown yard/truck queuing has been cleared out, laid out and a base layer of limestone has been installed. Drainage development is underway for this area.

5. Port Rd. North Bound Extension: The road has been razed leading to Port Property awaiting development. Drainage systems are set to be installed next.

6. Robles Rd.: The road has been razed and prepped the next step of for resurfacing.

FINANCIALS

	FY2021	FY2020	FY2019
Assets			
Current assets	10,284,593	8,649,269	8,454,977
Capital assets	23,022,013	17,424,618	15,652,844
Total assets	33,306,606	26,073,887	24,107,821
Liabilities			
Current liabilities	893,144	106,652	1,688,114
Non-current liabilities	1,371,148	-	-
Total liabilities	2,264,292	106,652	1,688,114
Net position			
Investment capital in assets	23,022,013	17,424,618	15,652,844
Unrestricted	8,020,301	8,542,617	6,766,863
Total net position	31,042,314	25,967,235	22,419,707
Condensed Statements of Revenues, Expenses and Changes in Net Position			
Operating Revenues	5,460,640	3,287,074	8,940,080
Operating Expenses	1,872,931	1,247,736	1,264,875
Operating Income	3,587,709	2,039,338	7,675,205
Nonoperating revenue	1,487,370	1,508,190	1,404,573
Changes in Net Position	5,075,079	3,547,528	9,079,778
Condensed Statements of Cash Flows			
Net cash provided by operating activities	4,434,572	3,537,564	7,115,989
Net cash provided by noncapital financing activities	1,449,233	1,479,387	1,383,250
Net cash used in capital and related financing activities	(4,944,564)	(2,214,465)	(7,216,811)
Net cash provided by investing activities	290,131	528,765	14,876
Net increase in cash and cash equivalents	1,229,372	3,331,251	1,297,304
Cash and cash equivalents, beginning	7,406,123	4,074,872	2,777,568
Cash and cash equivalents, ending	8,635,495	7,406,123	4,074,872

ANNUAL TONNAGE

The Port of Harlingen facilitates trade of dry and liquid cargo, and project cargo.

Commodities move over more than 650 ft. General cargo wharf, 100 ft. dry bulk wharf, three liquid bulk docks, two dry bulk docks, a 50,000 sq. ft. bulk handling facility, three miles of concrete roads, and 3,700 ft of rail.

Import Cargo:

- Refined Petroleum Products
(Gasoline, Diesel & Ethanol)
- Aggregates (Sand & Cement)
- Liquid Fertilizer
- Dry Fertilizer
- Agricultural Products
(Grains, Cotton & DDGs)

Export Cargo:

- Raw Sugar
- Ultra-Low Sulfur Diesel
- Agricultural Products
(Grains, Cotton Bales & Cottonseed)

Tons Per Commodity Type:

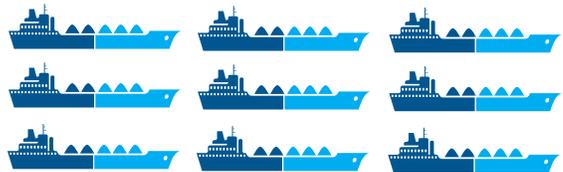
- Refined Petroleum: 2,572,201
- Sugar: 101,806
- Fertilizer: 86,373
- Aggregates: 229,597
- Agricultural Products: 23,147



3,020,618

29% increase in total tonnage
for 2020-2021

635

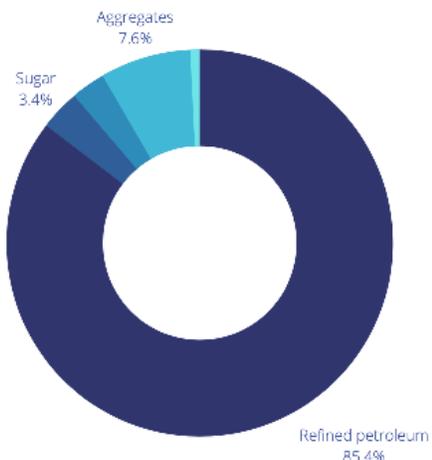


10% increase in number of barges



2,355,003

35% increase in barge tons
in 2020-2021



PORTOFHARLINGEN.COM

The Port of Harlingen Authority
24633 E. Port Rd.
Harlingen, TX 78550
(956) 423-0283

 records@portofharlingen.com

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