



The
P  RT of

HARLINGEN
Authority

Globally connected,
community invested.

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THE PORT'S MISSION

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

BOARD of DIRECTORS



Alan Johnson, Chairman



Bryan Duffy, Secretary



Chris Villarreal



Neil Haman



Ryan Newman

Since 1926, the Port of Harlingen has been a living example of what the vision of a few can do for a region of many. It is said that to predict the future, we sometimes must look to the past. This year, we celebrated 70 years in operation, and 96 years as a formal organization. From its infancy, the Port has seen its share of both accelerated growth and years of business as usual, common for many organizations closely tied to the economic climate of its region.

I think it is safe to say that collectively we experienced a year of both peaks and valleys within our lives personally, not unlike the undulating historical timeline of the Port itself. However, one thing the past 96 years and this past year have in common for all of us, is we keep “Moving Forward.” It is my pleasure to share with you The Port of Harlingen Authority’s 2021-22 Annual Report, which I think our theme so thoroughly reflects the year: persistence in the face of adversity, advancing toward success, while commemorating accomplishment.



Walker Smith, Port Director

Along with celebrating 70 years in operation by dedicating our new addition to the Administrative Office, many other milestones and firsts made this year significant. As you will read in the following pages, the Port received its first Port Infrastructure Development Program (PIDP) Grant for dock rehabilitation, our new Economic Impact study showed significant increases in tax revenue and employment opportunities, and we completed necessary infrastructure projects through a Texas Department of Transportation (TxDOT) grant. All of which mean progress and room for much needed growth physically and in economic opportunities.

Although the Port experienced a growth in tonnage and tariff revenue, the numbers were not what we anticipated based on years past. A term that everyone is sure to be familiar with by now is “supply chain issues.” If you have bought something in

the last three years, you have without a doubt heard this said, usually answering why something was unavailable, delayed or cost more. We were not immune to these issues either. Supply needed to meet the uptick in demand since many things slowed down during the height of the COVID-19 Pandemic. Although we closed our fiscal year with a 9% increase in overall tonnage, a dip in fuel demand last spring meant less barrels than anticipated moving through the Port, our main

commodities. As well as a brief stop in rail service for essential infrastructure maintenance and improvement. However, despite that brief stop in petroleum, there was still a 9% growth in tonnage over last year.

One commodity that we worked diligently to increase was our relationships with all our stakeholders. We were honored to have visits from now State Sen. Morgan LaMantia and State Rep. Janie Lopez to learn more about us and their district. We are also grateful for support from our federal legislators, from Congressman Vicente Gonzalez and his staff in helping us secure our PIDP grant through letters of support, to visits from officials including

Chairman of the U.S. House Committee on Agriculture Glenn Thompson and former U.S. Rep. Mayra Flores. I was also honored to be invited to testify by the Texas House Transportation Committee, and chairman State Rep. Terry Canales, about the capital investment needs of our Port and other Texas Ports. We were also excited to host our partners at TxDOT and The US Army Corps of Engineers’ Col. Rhett A. Blackmon to further discussions funding for both land and waterside improvement projects and opportunities. But most important were our community visits. Last year, we opened our doors for tours for community groups and students and some of my favorite days were taking our students to our Sugar Warehouse and RGV Gin and talking about Port operations, transportation, and commerce.

Lastly, I want to thank you, our community, for your support and advocacy, we couldn’t keep moving forward without you.

PORT HIGHLIGHTS



Port of Harlingen Port Director Walker Smith was invited to testify in front of the House Committee on Transportation led by Rep. Terry Canales, D-Edinburg, during one of two committee hearings held in September and October of last year. On Sept. 8, Smith was part of a panel invited to provide information on seaport infrastructure needs and their role in state economic growth, diversification, and commerce. Texas Ports, including The Port of Harlingen, and supporting organizations like Texas Department of Transportation and Texas Ports Association and other key stakeholders testified about the need for investment and funding for resources.

Testimony led to the committee's interim charge providing two recommendations for the 88th legislature:

The Legislature should appropriate \$750 million to the Ship Channel Improvement Revolving Fund for the deepening and widening of the authorized ship channels.

The Legislature should appropriate \$1 billion for the purpose of investing in projects in the Port Capital Improvement Report. "Historically, the state of Texas has not supported the seaports monetarily and it's unfortunate. Especially when seaports are responsible for 25 percent of the state's GDP," Port Director Walker Smith said. "As important and impactful on our economy as ports are, funding from the State of Texas continues to be virtually nonexistent. But, what the Transportation Committee is doing gives us hope. We appreciate the efforts of the committee and Chairman Canales. We appreciate everything the committee has been saying and what they have been researching and looking for answers to – to try and figure out what's best. We absolutely are in support of the committee report."

As part of efforts to increase education about waterborne commerce and The Port of Harlingen, the Port hosted community groups, as well as state and federal leadership showcasing the Port and the economic impact brought to the surrounding region. The Port opened its doors to robotics

students at Harlingen CISD learning about efficient shipping and transportation, The Harlingen Area Chamber of Commerce Leadership Class of 34 and area residents. Harlingen Port Director, Administration and Commissioners also welcomed federal and state leadership including former Congresswoman Mayra Flores, R-TX; Texas Sen. Morgan LaMantia; and Texas Rep. Janie Lopez, as well as partners including representatives of Texas Department of Transportation, U.S. Army Corps of Engineers, and the Inland Rivers Ports and Terminals. For more information about visiting The Port of Harlingen go to portofharlingen.com/community-outreach/.



As an organization that thrives from its community, The Port of Harlingen makes it a priority to give back to local programs, initiatives and activities that improve the quality of life in our area. We are proud to have helped better our community and proudly sponsored events and initiatives with The Boys and Girls Club, Young Life, Rio Grande Valley LEAD, Riofest, The Harlingen Area Chamber of Commerce, The Children's Bereavement Center of South Texas, Cotton and Grain Producers of the Lower Rio Grande Valley, and The Algodon Club First Bale of Cotton Scholarship. For information on how to apply for support go to: portofharlingen.com/sponsorships/.

Although now a worldwide industry, in the Rio Grande Valley (RGV) and Harlingen Cotton is King. The RGV and immediate area has been home to the first bale of cotton for centuries. Since 1953, the Harlingen Cotton Committee successfully petitioned the Houston Cotton Exchange for the rights to auction the First Bale of Cotton in the United States, a tradition that has grown over the last 70 years promoting the industry and providing scholarships for local students. The Port of Harlingen has two cotton gins on-site to clean and process a third of the Rio Grande Valley's cotton.

We talked with Brady Taubert, Manager of RGV Gin and fifth generation farmer, about the cotton industry and its evolution.

First, tell me about RGV Gin and how it came to be:

RGV Gin was formed in 2000. Electric Gin and Woolam Gin both from San Benito, partnered to form RGV Gin. The Port of Harlingen has been our home ever since.

Where does most of the cotton processed here come from and what is the typical cotton season like?

All of our cotton comes from the RGV region. We have growers from Brownsville all the way to McCook. Our season runs from late July to October most years. All of our Bales go to the Harlingen Compress where the buyers pick it up and it is then shipped.

What happens to the cotton as it runs through your facility and where does it go after?

Although the cotton industry has changed, the process is ultimately to clean the cotton to be pressed into bales. It comes in as a large bale or module, more often large round bales, where it is first broken apart, and then dried to be better processed. The next step is to remove foreign objects, like leaves, dirt and stems and then seeds. After a few series of

this, the cotton is pressed into the square bales that are sent to their final destination. Each finished bale is about 500 lbs, annually we have about 35,000 bales produced through RGV Gin. Cotton is used in many things, from clothes to money. However, cotton is not the only by-product of this process. All of our gin trash is taken to Nine Kids Compost here at the Port. There, it is composted and used on fields as fertilizer. This compost can also be used on yards and flower beds.

You mentioned the cotton industry has changed over the years, how so?

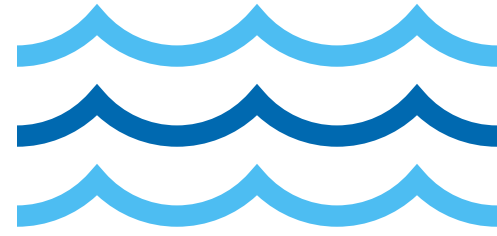
The cotton industry has changed immensely over the years. We now have varieties we can spray herbicides over the top to kill weeds and are worm resistant. Harvesting machinery now can make round bales instead of using module builders. This has made operations much more efficient and less dependent on labor.

How important is the cotton industry to the Rio Grande Valley and what does the upcoming season look like?

I don't think many people realize the impact agriculture in general has on the Valley economy. Agriculture has been very important to the RGV. Cotton was considered king at one time. Hence the king cotton banners that go up at the week of Algodon Ball. From the chemical companies to the remaining cotton gins, many people are employed thanks to the cotton industry.

Cotton acres will be down this year. This is due to the lack of water for irrigation and the current market price. Due to our current economic status input costs have skyrocketed. This has caused farmers to increase sorghum acres because it is cheaper to raise and is less risky. But there is not one person where cotton does not touch their lives in one way or another, daily. If you wear clothes, chances are you own some made of cotton; if you have handled cash, it is made of cotton; if you eat meat, cotton seed is a high protein product used to feed livestock; or if you own furniture cotton is in almost everything from pillows to upholstery.

70th Anniversary Celebration



The Port of Harlingen Authority celebrated 70 years in operation and the dedication of the new addition of the Port's Administration Building with a ribbon cutting event, Thursday, Sept. 23.

On Feb. 27, 1952, The Port of Harlingen Authority, then The Arroyo Colorado Navigation District of Willacy and Cameron Counties (ACND), officially opened for business. Similar to the celebration held 70 years ago, in conjunction with the Harlingen Area Chamber of Commerce, a ribbon cutting celebration marked a milestone in the Port's history.

The first official meeting of the Arroyo Colorado Navigation District of Cameron and Willacy Counties (1927).



The turning basin is under construction (1951).



More than 5,000 attend Port's grand opening in 1952.



First oil shipment in 1953.



Rail brings in another portion of our multi-modal capabilities (1962).

Improvements and pipeline come to the Port (1970).



1926-1949

1950s

1960s

1970s



Dredging toward the Port site continues creating the navigation channel we know today.



First barge of steel comes to the Port July 8, 1951. This was also the first barge to dock at the Port.



First grain barge: 1956.



Petroleum continues to be a staple at The Port of Harlingen (1961).



Overview of a growing port in 1965.



At the end of the decade, the Port saw much growth as it comes into the 1980s (1979).



A burgeoning port captured in 2015.



Fuel now makes up 87% of our commodities (2021).

Commissioners and staff take the first shovel to the earth for the ground breaking of our Administration Building (1979).



View of the new administration building and water tower, 1982.



Favel Favco brings in a shipment of cranes to the Port (1992).



Liquid barges pump goods out to our docks (1996).



Our Port continues to be the exporter for all sugar out of our region (2021).



A close up of sugar loading in 1993.



Overhead view of the port in 1983.

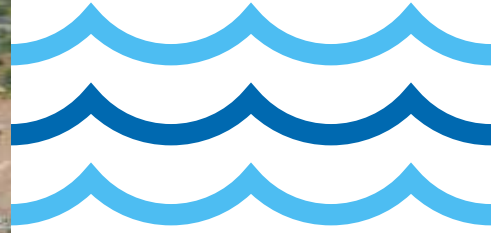
0s

1980s

1990s

2000s

HARLINGEN RECEIVES PORT INFRASTRUCTURE DEVELOPMENT PROGRAM GRANT



The Port of Harlingen Authority was awarded \$3,937,500 from U.S. Department of Transportation (DOT) Port Infrastructure Development Grant Program (PIDP), to be used toward renovations of the Port’s main dock and related facilities.

The Port Infrastructure Development Program is a discretionary grant program administered by the U.S. Maritime Administration. Funds for the PIDP are awarded on a competitive basis to projects that improve the safety, efficiency, or reliability of the movement of goods into, out of, around, or within a port. In FY2022, the Bipartisan Infrastructure Law (BIL) appropriated \$450 million to the PIDP. An additional \$234 million was made available to the program under FY2022 Consolidated Appropriations Act. Therefore, a total of \$684,310,000 of funding was available to make awards under the FY 2022 PIDP grant program.

“We are more than excited to be awarded these grant funds, which will go toward making critical improvements to our Port and is a major step in our plan to expand opportunities and the demands of our current operations,” said Port Director Walker Smith. “These funds will allow us to undertake much needed rehabilitation of our main dock and mooring structures throughout our turning basin. It not only gives us an opportunity to modernize our port, but also increases accessibility, sustainability, and safety for those who move goods through The Port of Harlingen. We will

continue to work hard to bring funding to the area to improve our overall competitiveness and bring new opportunities for our surrounding communities and we thank everyone who supported us in seeking this grant.”

In addition to grant funds, the Port is investing a local match of 25% of the project cost. Dock rehabilitation also opens more capabilities at The Port of Harlingen. The project is critical to maintain and expand current shipping services for existing Port customers, provide transportation options for new and emerging port customers, enable the creation of a new Container on Barge (COB) service, and facilitate transportation along the Marine Highways.

“The proposed project supports our national, state, and regional logistics chain by providing crucial repair and maintenance of two of the Port’s marine docks and mooring structures, which are used for the import and export of approximately 83 percent of this Port’s total annual tonnage,” Alan Johnson Port of Harlingen Commission Chair said. “Funding would allow for continued use and expansion of commodities moving through the Port and the region. This is an exciting endeavor that is just the first domino in a series of projects the Port has planned.”

NEW STUDY SHOWS ECONOMIC IMPACT INCREASE

The Port of Harlingen Authority has significantly increased its regional and state economic impact according to its newest study "Economic Impact of The Port of Harlingen Authority." Conducted by Martin Associates, the new report showed significant increases including doubling its tonnage, job and revenue increases, and overall impact.

Impact studies focus on economic data to generate estimates of employment, output, tax revenue, and other measures associated with change in economic activity resulting from a project, or industry under study. The report estimates the direct, indirect (suppliers), and induced (consumer spending) economic impacts of a project or organization. The Port of Harlingen's study focused on impacts generated by cargo activity in fiscal year 2021. In total, the terminals at the port handled more than 3.29 million tons of liquid bulk, aggregates, sugar, fertilizer, grains, and cotton. Martin Associates also conducted the Port's previous 2018 Economic Impact Study.

The Port boasts four major multipliers of impact comparing the 2018 to the 2022 study. As a result of maritime activity in 2021, the Port is responsible for a total of 9,725 jobs, which include direct (920), induced (1,109), indirect (163) and related (7,533) jobs; a 108% increase from the 2018 study. More than \$36 million in local and state tax revenue via cargo and usage fees increased from \$17 million; \$202.4 million versus \$120 million in direct business revenue; and more than \$1.79 billion in economic activity in the State of Texas, which was at \$1 billion in 2018.



9,725
JOBS

\$36M

LOCAL & STATE TAX REVENUE

\$1.79B

ECONOMIC ACTIVITY IN TEXAS



FINANCIALS

Condensed Statement of Net Position	FY2022	FY2021	FY2020
Assets			
Current assets	12,264,044	10,770,146	8,649,269
Capital assets	38,388,043	23,022,012	17,424,618
Total assets	50,652,087	33,792,158	26,073,887
Liabilities			
Current liabilities	243,184	893,144	106,652
Non-current liabilities	14,285,033	1,371,148	-
Total liabilities	14,528,217	2,264,292	106,652
Net position			
Investment capital in assets	26,030,243	21,604,512	17,424,618
Unrestricted	10,093,627	9,923,354	8,542,617
Total net position	36,123,870	31,527,866	25,967,235
Condensed Statements of Revenues, Expenses and Changes in Net Position			
Operating Revenues	2,910,328	2,535,289	2,259,758
Operating Expenses	2,419,614	1,872,931	1,247,736
Operating Income	490,714	662,358	1,012,022
Nonoperating revenue	4,105,290	4,898,273	2,535,506
Changes in Net Position	4,596,004	5,560,631	3,547,528
Condensed Statements of Cash Flows			
Net cash provided by operating activities	14,396,237	1,022,729	2,510,248
Net cash provided by noncapital financing activities	1,805,988	1,463,339	1,479,387
Net cash used in capital and related financing activities	(14,451,840)	(1,546,827)	(1,187,149)
Net cash provided by investing activities	(8,239,651)	290,131	528,765
Net increase in cash and cash equivalents	(6,489,266)	1,229,372	3,331,251
Cash and cash equivalents, beginning	8,635,495	7,406,123	4,074,872
Cash and cash equivalents, ending	2,146,229	8,635,495	7,406,123

Year after year, The Port of Harlingen has experienced growth in tonnage. The Port had a 9% increase in commodities with a total of 3,292,930 tons moving through its facilities in FY 21-22. Since FY17, there has been 240% overall growth in tonnage.

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: 2,826,384
- Sugar: 121,598
- Fertilizer: 70,368
- Aggregates: 274,579
- Agricultural Products: 53,268

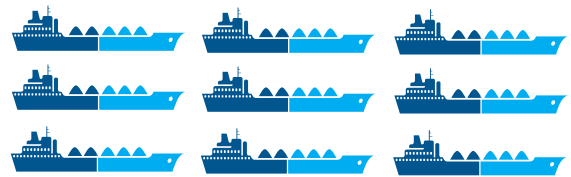
-
- 650 Ft. General Cargo Wharf
 - 100 Ft. Dry Bulk Wharf
 - 3 Liquid Bulk Docks
 - 2 Dry Bulk Docks
 - 50,000 Sq.-Ft. Dry Bulk Handling Facility
 - 3,700 Ft. Rail
 - 2,000 Acres of Land, 686 acres of Available Land
 - Upgraded Concrete Road



2,604,302

**Waterborne tonnage over five years:
A 195% increase from FY 2017-18 (880,321)
to FY 2021-22 (2,604,302).**

656



**Overall barge traffic over five years: A 95% increase
from FY 2017-16 (325) to FY 2021-22 (656).**



3,292,930

**9% increase in annual overall tonnage
in 2021-2022**

PORTOFHARLINGEN.COM

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