MMS OFFSHORE GULF OF MEXICO

ORAL HISTORY PROJECT

Interviewee: Jim Edmonds

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Bio

Jim Edmonds has held the office of chairman of the Port of Houston Authority since 2000. His is a native of New Mexico and moved to Houston in 1966. He worked in various political offices, including the office of former Mayor Louie Welch, and worked in the private sector before coming to the Port of Houston. He has extensive knowledge about the history of the Port of Houston particular the roll of the early Houston pioneers and the oil industry in developing the port. His greatest accomplishment is developing Bayport Container and Cruise Ship Terminal.

Tape 1, Side 1

JT: This is an oral history interview with Port of Houston Authority Chairman Jim Edmonds, E-d-m-o-n-d-s, on August the 11th, 2006, by Jason Theriot. This is tape one of a telephone interview with Chairman Edmonds, Port of Houston.

All right, Mr. Chairman, if you'd begin, just introduce yourself and tell us how you got involved in Port of Houston.

JE: Jim Edmonds, Chairman of the Port of Houston Authority. I got involved in the port really through a friend of mine, Ned Holmes, who was chairman for a long

time. He called me one day and asked if I would give consideration to trying to get myself appointed to the commission, because he was, frankly, looking for a little help with an ally.

Port commissioners are appointed by the city, the county, the Harris County Councilmember Association, and by the City of Pasadena, and so it's all political, which as odd as that may seem, at the end of the day I can serve the port authority well, but in any event, I was able to get myself appointed as a commissioner from Harris County. Then Ned's wife became ill, and I succeeded him as chairman in 2000.

JT: Okay. Are you from Houston, sir?

JE: I'm from northern New Mexico, and I went to school in West Texas in Abilene. I came here because my wife was a year older than I, and she came here to teach school, and I followed her down here.

JT: Okay. And you've been involved in private business for most of your career, is that correct?

JE: Well, both. I served in the mayor's office as an assistant, in the governor's office as an assistant, and then I worked at the then Houston Chamber of Commerce, and then I went into the private sector and became a partner in the accounting firm, Peat Marwick. Then I was in the investment banking business for a number of years. Then I've had my own consulting company for about ten years.

JT: Yes, sir. What was your first opinion of this Port of Houston when you first—

JE: I had some awareness of it as a mayor's aide, because the mayor for whom I worked, Lou Welch, was very interested in the port, and realized what an

economic machine it was. So he was pretty engaged, and I had some level of awareness that it was important to the job base of Houston, obviously not to the extent that I have had and do now, but at least I had some level of awareness.

JT: How many years have you been down here in Houston?

JE: In Houston? Since 1966. I've been here a long time.

JT: Oh yes, definitely. All right. I've got a list of names here of some initial investors and visionaries of the Port of Houston, and I'd like your thoughts on these individuals, okay? The Allen Brothers, how did they contribute to the Port of Houston?

JE: Well, if you ever have an opportunity to see it, and we've got it someplace, there's a flier that they put out advertising Houston as a place to come when they first bought these tracts of land, and in the flier it talks about this beautiful area that has access to the open sea. And obviously, it didn't, but they were determined through their vision to make sure that Buffalo Bayou and its outer reaches could take you into Galveston Bay. And as you may have read, they actually got a boat up to the downtown Houston area at one point.

JT: Yes, sir, the *Laura* you're referring to?

JE: Right.

JT: How about these two fellows, Tom Ball and Mayor Rice, what were their contributions to the shipping?

JE: Mayor Rice, I think he started out at the Houston City Docks, and he was the mayor at that time, and played a role in making sure that Houston had some facilities, and those early docks were used by Anderson-Clayton for cotton.

Tom Ball was a congressman from this area, and his biggest contribution—he had a lot of contributions to the port over time, because he actually at one point became a general counsel to it. But as a congressman he was asked by our city fathers if there was any way to get two million dollars to get some de-snagging and widening, straightening of the bayou or the channel. He sat on a committee that had some appropriation capability, and he went to Washington and he asked the chairman for two million dollars for this vision that a lot of people had in Houston to build this big port.

And the congressman from Philadelphia said, "Well, you don't really have a port, and we've only got two million dollars, and I'm from Philadelphia and we've got a port. I'll give you half the money and I'll take half the money." So he did.

And Tom Ball came home and said to our city leaders, "I could only get a million dollars."

Their response to that was, "We'll raise the other million dollars." They did, and that became the first federal match program in this country, and it's still the concept or system used by the federal government today.

JT: Yes, and I've always, as I've been researching this story, it really is fascinating that the community at large, roughly about a hundred thousand or so people, were so into this program and really helped push forward that partnership. How about this gentleman, Jesse Jones? What was his contribution?

JE: Well, he should take, I think, a lot of credit for building Houston in general. But he was very supportive of the port, and helped our business leaders become involved in it and engaged in it. In fact, the Port Authority as you may know, has the ability to go to the voters and ask their approval of general obligation debt, which we do from time to time. The only time the port's ever lost a bond election was when they got crossed with Mr. Jones, and he opposed it and the bond election failed.

JT: Is that right.

JE: But he was obviously a great visionary, and a man that helped to build the port and the city all as one.

JT: How about Charles Morgan?

JE: Well, he is the guy that Morgan's Point was named for. He had a rope system that he could move people from one side of the channel to the other side, and so he made a contribution in that he was able to help move cargos back and forth, and help develop a navigable body of water, and to help the movement of early boats.

JT: How about this gentleman, Malcolm McLean?

JE: Well, he was a guy that owned a trucking company, and he was very frustrated when he tried to sit there for two and three and four days, and watch his cargos be loaded and offloaded on the ship. He was from the New York area, and so he bought a ship called the *Ideal X* , and in 1956 he had that trailer just picked up and put on the top of the ship. He had a number of them, and the first container movement in this country was from Newark to Houston, Texas in 1956, so he is

the father of the container idea, and he's had a huge impact on the movement of goods in the world.

JT: Yes, sir. How about Mayor Louis Welch?

JE: Well, the man for whom I worked, and he, too, was a guy that had a lot of vision and was a builder, and I think that a lot of Mayor Welch's contribution was making sure that the private sector had the ability to grow along the channel, and he helped to make sure that there were good chairmen and good commissioners that could help see a vision for growth of the City of Houston to the port.

JT: Yes. And how about former commissioner Howard Middleton?

JE: Well, Howard served for eighteen years, and I think Howard is a man that had a vision in his own right, but he certainly was a guy that helped to promote a good quality workforce. He had a labor background. He understood a lot of the need, still understands a lot of the needs of the workforce, and was very active in promoting a good workforce that to this very day we are a beneficiary of, because of the kind of relationship we have with the ILA and the workforce there. In fact, because of a lot of Howard's early efforts I think we have a genuine partnership between labor and the Port Authority.

JT: Yes, sir. I've gotten that feeling, too, over the gentlemen I've been interviewing over the last month and a half. Let's talk about the big open port of Galveston just for a minute. Houston is fifty-some-odd miles further inland. Why did Houston eventually win out over Galveston as becoming a major port?

JE: Well, probably a couple of reasons. One of them, the storm in 1900 really leveled the entire island, and I think that that gave our forefathers the opportunity to see that for Houston to be a great city, it needed a deepwater port, and so they started

to take the initiatives, along with Congressman Ball and other people, Jesse Jones and those guys. They took the initiative to begin to make sure that Houston got to the point where it could be a deepwater port.

The other event that happened was in 1901 Spindletop occurred, and those early oil fellows saw the need for a sheltered port. They saw what had happened the year before in Galveston, and they realized that if they were near the open sea, if they were to rebuild Galveston and put their facilities there, one, they didn't have a lot of space, but two, that they were subject to storm activity, and so they went to these early Jesse Jones guys and said, "Look. We'll help you build this port, because we want the sheltered facilities."

JT: Interesting. And Houston hasn't looked back since.

JE: Hasn't looked back since.

JT: How about the Second World War, how did that impact the business in the port?

JE: Well, it does. It spurred—there's a lot of munitions factories along the channel, so there was a spurt in job growth and in need for a deeper channel. I think during one of the wars there was another widening-deepening effort that was undertaken, and the channel was deepened first to fifteen feet, then to twenty-five feet, and then to something else, then to forty feet and now to forty-five. But during one of those years there was a widening-deepening effort, and so it brought about a bunch of jobs and the awareness of the need for a port, and then they continued expansion of the facilities.

JT: Did the German U-boat submarine campaign in the Gulf of Mexico, did that have a tremendous effect on activity in and out of the port?

JE: I can't answer that question. I don't know the answer to that question. Could have, I just don't know the answer to that.

JT: How about the emergence of the petrochemical industry along the channel during the war; why did that development occur right here?

JE: Well, again, I think part of it was, back from the early days of the realization that a sheltered port was what they needed to protect their facilities. And then once those facilities started to build, and the economy of the United States started to grow, as more and more demand for domestic energy product, it just grew. Then as you know, over time those kind of industries build on themselves, until today there's 151 privately owned facilities between the turning basin and the San Jacinto Monument, and that comprises the second-largest petrochemical complex in the world.

JT: Wow, that is amazing. You've got Beaumont and Port Arthur, which are two areas, natural port areas that are close to the Gulf of Mexico. Other than the reasons that we've just mentioned, isolation and protection from the storms, Beaumont and Port Arthur could very easily have become mega-petrochemical industries as well, though they are large today. Why was it that Houston won out?

JE: I think it was the vision and the drive of our early forefathers. Those guys really did understand that Houston would never be anything without this deepwater port, and so they were just determined to make that happen, and they did. They worked with Congress and they worked with local elected officials and whoever they needed to, to make sure that that channel continued to be improved, and that facilities, that there's enough space there that the private sector could grow as much as it needed to.

JT: Well, the channel is certainly one thing, but as I've come to realize in doing this project and in studying the ports, there are so many other factors. What are some of the other infrastructure-related items that are necessary to keeping this port moving?

JE: Well, one of them is probably the vision of the legislature in the way it created the authority. It has a lot of authority, if you will. While it doesn't pay taxes, one of the key things that it can do is go to the voters and ask their approval of general obligation debt, and we do that.

In the last round of widening and deepening, the 20 percent local match was money voted by the voters of Harris County, and so as we have had, as all these channels do, as we have had the need for capital improvements, we've been able to meet those needs in a timely fashion because of the tax-backed debt that we're able to achieve, and so we've been able to do the improvements.

As sponsor of the waterway, part of the obligation of the authorities to make sure that the channel is as navigable as it can be, and that means projects like widening the channel, deepening the channel, channel maintenance, all the different things that are required. I look around Texas, I don't see other ports using this vehicle. Even if they can, they don't use that vehicle like we have here, and it's made a big, big difference, because we've been able to constantly meet those kinds of construction challenges that are required.

The other thing that is happening, and Houston grew because of the port, but because it did grow, its proximity to a marketplace is very key. You can talk to shippers and they will tell you that as close to the market as they can get the product, then the better off they are, the cheaper the product is.

JT: How far does the Port of Houston Authority's jurisdiction extend along the ship channel?

JE: Our jurisdiction is Harris County, and we are the owner of all the navigable waters in Harris County.

JT: Okay. So I assume that ends at the Pasadena line, and on to Galveston?

JE: It goes to the county line. For example, we bought 1100 acres of land on Pelican Island four or five years ago, and we can't use voter debt outside of Harris County, so we bought that with operating funds.

JT: What are the plans for that island, sir?

JE: We're going to make a container facility out of it, because, you know, as we get a little further along in this conversation, one of the things that's going to become apparent is what's driving so much of the Authority's activities, is containerization, the growth of containerization. We're going to run out of space at Bayport almost as soon as we get it built, and so the need for Pelican Island will become very apparent very quickly, and we'll begin to master plan that facility in the next year here.

JT: That's fascinating. I wasn't aware of that. Let's drop down the scale just a bit. Talk about the Port of Houston Authority's role in supporting small businesses on the ship channel.

JE: Well, we saw an opportunity several years ago to try to put together a more innovative plan for attracting small business into the work that we had available, and we didn't want to be in the business of trying to certify people. So we used Metro and the City of Houston and other agencies of government that certify, and

we put together a plan that's race- and gender-neutral. We were able to find some law that was really under the school code, but that allowed for competitive, sealed proposals, and what you can do in that form of a response to a need is you can say, "I want a 10 percent or 25 percent or 30 percent small-business component." So it doesn't force you to always take the lowest bid, but to take a bid that complies with the requirements that you set out in the RFP.

We then were able to move over under the Water Code a couple of sessions later, and kind of refine this, so now when we put out the contract for something we are able to say, we'd like to have 20 percent or whatever the goal might be for that specific project, with small business, and it forces into that process the major contractors to seek out small business. So that's one thing we do.

The second thing we can do is we develop a need, and we can just award a contract straightaway to a small business, and if it's under $25,000 it can be done by the staff and doesn't even need commission approval. So we do that from time to time as well. The program has really enjoyed a lot of growth. We've gotten a large number of small businesses now in our program, and we've even had some people graduate from the program, which we're very pleased about.

JT: Can you give me just maybe one or two examples of some recent small businesses that have sprouted up from this program?

JE: Well, Forty Construction is one good example. It was a small-business construction firm that had done work off and on for a number of years at the port. But it's now a majority firm. It's graduated from the program.

JT: That's fantastic. Let's get back to the history just a little bit. In 1947 Kerr McGee built the first out-of-sight offshore oil platform just south of Morgan City,

Louisiana. That was in ’47. What effect did this new, developing offshore industry have on the Port of Houston Ship Channel?

JE: Well, all of that activity has had an impact on all of the gulf ports, and the impact on the Port of Houston obviously is the fact that it has allowed more accessibility of petroleum product to come into the port. This port gets a significant amount of foreign crude and domestically produced crude; it comes in here and it’s processed.

In today’s world, now one-eighth of the gasoline consumed in this country, and 49 percent of the refined products used in this country come from Houston Ship Channel industries. So offshore platforms are a significant source of crude product coming into the refineries.

JT: What does the Port of Houston provide in the way of shipbuilding and repair facilities, fabrication yards, and supply basis?

JE: We don’t do any of that anymore. We used to have that capability, but most of those capabilities are now on the East Coast, and there’s not very many that are American left. Most of the shipbuilding is done in Korea and Germany, places like that.

JT: And so businesses like Brown and Root, which used to be heavily involved in fabrication for the industry, and shipbuilding, those have kind of gone by the wayside. Why has that happened on the ship channel?

JE: Well, because it’s cheaper labor in the foreign countries.

JT: Well, in 1926, Mr. Chairman, the Port of Houston ranked eleventh in the U.S. in tonnage. Today in the wake of Hurricane Katrina, New Orleans, Port of Houston is number one.

JE: It's number one in foreign tonnage. It's number two in total tonnage, and the Port of South Louisiana, which is a collection of grain elevators and refining capability between New Orleans and Baton Rouge, is the largest port in the United States in terms of total tonnage, and we'll surpass them in the next few years, I think. But they have one distinct advantage that we don't have. They carry everything that goes up the river, and carry everything that comes back down the river. So we can't do that, because we don't have a river.

JT: You just have a bayou, huh?

JE: We have a bayou. But I'm told by the colonel that he's pretty confident we'll surpass him. We were for years the sixth-largest port in the world, and now we're number ten, and we'll probably never gain too much more in that regard, because of the Chinese ports that have come along and, in fact, have made us drop from six to ten.

JT: Well, it is such a neat and unique port development, but—

JE: It really shouldn't be here, you know. In the 1980s the American Society of Civil Engineers designated and gave it an award as one of the modern engineering marvels of all time.

JT: Yes, human ingenuity to reach out for commerce.

JE: Pride of our forefathers.

JT: That's right. Well, how much has the oil and gas industry contributed to that ranking over the last seventy-five years?

JE: Oh, it's a significant part of the ranking. It's 85 percent of the cargo that moved to the port or the private sector, and so we would not be a very big port without those guys.

JT: Have the oil companies jumped on the container bandwagon?

JE: No, not really, because liquid bulk is primarily still shipped in a barge or in a tank car. But some of the refined product is shipped in a container, and plastic pellets and things like that, that are petroleum byproducts, are blown into containers and they're railed to Los Angeles or Long Beach, and they come back to us and this country as a plastic plate or a cell phone or some other device built from that petroleum byproduct. So there is some involvement of containerization, but for the most part, most of the product is liquid bulk and is transported in a pipeline or a tank car or a tank truck.

JT: I've got a list here of probably some of the most influential organizations and groups that operate on the channel, and I'd just like your perspective on each. What is your experience with the pilots, the Coast Guard, the Army Corps of Engineers, and here's the question: what keeps these very different entities working in unison?

JE: Well, I think it's a number of things. The Pilot Board is a Port Commission board, so we have a very close working relationship with the pilots. They're good people and we work with them to meet their needs, and their needs can be, for example, that wider turning radius when we build a new channel or a new cut. It can be safety considerations, things like that, so we work with them very closely to do that.

As sponsor of the waterway we are really joined at the hip with the U.S. Army Corps of Engineers, because they have primary responsibility for maintenance of the channel, and so we work with them on a very close, daily basis on issues of quality, and of maintenance or making sure that the channel continues to be navigable.

In the widening and deepening project that we completed last year, it required an annual appropriation by Congress to the Corps' budget, and so we would go with them and lobby Congress to try to make sure we kept the spending level, the annual appropriation level at a level that was required to execute the construction of the improvement in a timely fashion.

The captain of the port is a Coast Guard commander, and so we work with them a lot, and have for many, many years, over issues of safety and quality. But since 9/11 we have worked very, very closely with the Coast Guard, and the Coast Guard, I think, has done a marvelous job of being a coordinator of all safety activities, security activities along the channel.

They've brought together the private and the public sector into a different kind of committee structure, and we work very closely with them now in terms of the safety of the facilities and of the waterway every day. Likewise with U.S. Customs and Border Protection, so there's always different agencies, and now, again since 9/11, the private sector committees that were in place, we all work as one to try to make sure that the port is as secure as it can be. But it also has helped us know each other better, and understand each other better, and as we see joint needs now, we try to address those needs as a port family instead of just as the authority.

JT: You know, Mr. Chairman, one thing that I haven't come to understand with all of the inner workings of these various organizations is that from an outsider's perspective there is very little animosity, and it is a family. It's really fascinating and unique how many different individuals are involved in making this business flow very smoothly.

JE: A good example of that is prior to 9/11 we didn't talk that much to the private sector. If you take the widening-deepening project, for example, that project was really to accommodate larger oil tankers. It was all for the private sector, but they never helped once lobby the annual appropriation or any of that kind of stuff, and, in fact, filed a lawsuit against the authority and the corps over the cost of relocation of pipelines to accommodate the widening, deepening that was helping them.

When I realized that I said to myself, you know, that's crazy. And so we started reaching out to them and talking to them about common needs, and then 9/11 really helped that, because everybody had a security issue that we needed to come together on. So I think in the last three, four, five years we've come a long way as a group of facilities and operators, to come together as one.

Another example that is when President [George W.] Bush lowered the tariff on steel four or five years ago. That really hurt the Port of Houston and some of those big steel imports. Our steel imports dropped as much as 39 percent at one point. So we went to the ILA and we said, "Guys, look. We're getting killed here, and we're going to lower our tariff structure just to get more volume."

Their response to that was, "We'll change our work rules so we can help, we can accommodate part of what you're trying to do." So they voluntarily stepped up to the bar and said, "Look. We'll make a change and do certain things differently,

and take less wage per hour, whatever we need to do to kind of get the volumes back up." And we did that as a good joint venture.

JT: That's interesting. I'm headed down to the ILA on Tuesday to interview Mr. Fitzgerald and Mr.—

JE: Those are good guys, and we really work well with them, and you'll enjoy your interview there. They're straight-up guys, and we treat each other with a great deal of respect, and when we have problems we go to them, they come to us, we sit down and try to work it out, and hopefully we can. Usually we do. The kind of general attitude that the authority has had with them is that we're going to do whatever is best for the port, and if you're being a part of that is helpful, then we'll be your best ally. If we think it's not, then we won't be your ally. But so far, in my years there we've worked together very closely with those guys, very well, and we've been good partners.

JT: Good. We'll move on to another segment here of speaking of environmental sustainability. Over the last ten years, Mr. Chairman, we've seen a major push for more environmental improvements and sustainability, particularly around the gulf region. After nearly a century of activity, why now?

JE: Well, I think, frankly, more than ten years the authority has had the attitude that it needs to be a good steward of the environment, that we're in the kind of business that is environmentally sensitive, and we're in environmentally sensitive areas, and we need to do whatever we need to do to make sure that we don't harm the environment. You know, we operate docks, and to be a dock operator you've got to be aware of things.

We've taken that idea really beyond just that level, and we try to be a guinea pig, if you will, for new technologies that come along, and we'll let people try things out on our equipment or our facilities.

An example of that is, there's a product that came along four, five, six years ago, called Pure-Nox, which is water and soap emulsified in diesel fuel. They thought that they could see in their testing a significant reduction in noxin. So we said, "We'll let you try it in our river gantry cranes," and we did for three years.

Then we started buying it, and it reduced our noxin emissions by 20 percent, and our particulate by 30 percent. That technology's become obsolete now, and the tier-two engines that you can buy meet all those standards, so that's good and that's good development. But the point of it is that we were willing to try somebody's technology and be a guinea pig and see if it worked. We've done catalytic converter experiments with TCEQ and just on and on and on and on.

Another thing that we've taken a leadership role on is we are one of the few ports in the world, and the first in the United States to achieve the ISO 14001 standards, and that's the environmental management system that trains the employee to approach the workplace differently, in a more environmentally sensitive, and more aware approach, even down to things like oily rags in the shop, with the whole processes, all the systems in place. Everything that we do now is complaint with this environmental management system, and it's just made our workforce a better workforce in terms of being sensitive to those areas.

That concept has worked so well that we're even using the same methodology to retrain the employee for security purposes. So my point is that we go to extraordinary lengths to try to be sensitive to, aware of, and be a participant in things that are good for the environment. We get awards fairly regularly from the state or other organizations, because of some of the things that we've done.

Maybe one more example of that is in the widening-deepening project we dredged in excess of 350 million cubic yards of material. We took that material and we built and are building 4,250 acres of habitat, and with that habitat we're building oyster reefs, fish-spawning areas, coming around. Birds are coming back into the vegetative areas that we've never seen before, or that we haven't seen in a long time. There's now places for boater recreation activities that were not there before.

So that part of the equation has been very good for the environmental and recreational communities. At the same time, it hasn't disrupted commerce at all.

JT: Yes, and that's a good point, and the Beneficial Uses Group have been instrumental in making that environmental sustainability happen.

JE: That was the group that was put together in the widening-deepening project, to make sure that we used all that material in a wise and appropriate manner. That's been their goal and they've done a good job of managing that process.

JT: And so the channel is cleaner today than it has ever been?

JE: I think that's probably right. When you go out to the Turning Basin you see fish.

JT: Yes. I had on old captain, Mr. Jim Giblin, who's been down there since the forties, and he says, "You know, back in the day, we used to empty out our oil, change our oil and dump it right there in the ship channel." And he says, "You never saw pelicans or fish or shrimp." He says, "Now it's completely opposite. The vegetation, the habitat."

JE: You now see pelicans.

JT: Yes, it's amazing.

JE: So it's been really, it's the right thing to do, and it's a rewarding thing because it's the right thing to do, and you can see your progress.

JT: Well, that segues perfectly into some questions about legislation, federal legislation that has impacted the port. Tell me, what do you know about these pieces, the Water Resource Development Act of '96?

JE: Well, that's an act that kind of controlled a lot of the flow of dollars into programs. It's very critical to the corps. It's very critical to inland waterway operators. But it's the committee in Congress that controls a lot of flow of funds.

JT: So federal dollars are really key to this whole—

JE: Well, this is a federal channel, because we've taken federal money into it. And so maintenance dollars, construction dollars, those are all very critical to us, and most of them come out of that award.

JT: How about the Oil Pollution Act of 1990?

JE: You know, I'm not aware of what that impact is, but my supposition would be that that was an act that probably required us to make sure that our waterways were clean, that we had safer, cleaner water. And I'm sure that as a port, the private and public sector, everybody's been very compliant with that act.

JT: Yes, sir. How about NAFTA? What types of impacts has that had on the ship channel and Port of Houston?

JE: It's had a cargo-growth opportunity. It's easier to move goods out of Mexico into this country, has helped the port because of our proximity to Mexico. Mexico is the Port of Houston's largest trading partner, and we do some thirty-six million tons a year. Now, Mexican industry uses this port a lot as an import-export port, and so NAFTA has been very critical to us.

I-69 is very critical to us, and so we've been proponents of that being developed, and all those kind of free-trade agreements. We helped a lot with the DR-CAFTA agreement here earlier this year. Anything we can do to open up trade with Mexico and Central-South America benefits the Port of Houston.

JT: How about the Jones Act?

JE: Well, you know, it's just had an impact on all American ports, but it's kind of a level-playing-field impact. One thing it has done is it's really reduced the number of American flagships, but you know, I really can't tell you exactly what impact it's had with any kind of specificity.

JT: How about NASA coming to Houston? Why did that organization choose this area, Mr. Chairman?

JE: I think it chose it because Lyndon Johnson and Albert Thomas helped make that decision, so it was a political decision. But that said, there's no question that when you looked at Houston as a city, and you had the port and the airport and the medical center and NASA, you have some tremendous international building blocks for your community.

JT: Certainly. What has been the port's biggest gamble?

JE: Oh, it might have been in the early seventies, when our earlier port commissioners and staff took a gamble that containerization was indeed a wave of the future, and they built Barber's Cut completely as a container facility. Had that business not taken off, we would be sitting down there with a bunch of empty docks. But that gamble paid off, and it's made us the largest container port on the gulf.

We have about 66 percent of the market share on the gulf, and about 95 percent in Texas, and that kind of growth and that kind of wave of container growth that we see into the future dictated that we build Bayport, and that we'll build Pelican Island at some point.

JT: That must have been quite a battle in the public sector and in the legislation, to get that cut up and moving.

JE: Bayport or Barber's Cut?

JT: Barber's Cut, initially.

JE: Yes. I was not there, and so I assume that it was a bit of a battle, and it's probably got some parallels to Bayport in that Morgan's Point is right there, and you put that big container facility in someone's backyard, and they're not sure about it at the time. I would say to you in all these years later, though, that home values continue to rise. Morgan's Point is a good partner. We do a lot of things with them to share different resources, and I think it's worked out very, very well for everybody.

JT: Yes. Let's jump back into the petroleum industry. There's been an increase in domestic demand for petroleum products, which has jumped 17 percent in the last ten years. The MMS leases and oil companies are going deeper into the Outer Continental Shelf in search of oil and natural resources. What would be necessary

for the Port of Houston and the ship channel to keep up with the rapidly developing technology, meaning ship size particularly?

JE: Well, that's what the widening, deepening was all about, was to let a larger tanker, oil tanker come into this port to the privately owned facilities. In terms of the question what is needed, I can't answer that because that's the private-sector guys, and in American ports authorities have no control over the private sector, unlike a European port. So what Exxon or Shell or whoever does, they do with their own business plans, their own capital, whatever they're trying to do that they meet their goals and objectives in the marketplace. But from the public side, the answer is channel maintenance and channel deepening and widening.

JT: And what about the new LNG vessels and transportation system? Is an LNG terminal in the ship channel's future?

JE: That's a private-sector question. You know, there's BP or somebody is trying to build one on Pelican Island. We would certainly not stand in the way of that. If somebody had the space and wanted to build along the Houston Ship Channel, we'd be delighted, but it's not a public side of the equation issue.

JT: What is your perspective on this new LNG technology? What are its benefits, Mr. Chairman?

JE: Well, my general reaction to that is that I'm an advocate for it. I'd like to see those facilities built, because we are a big industrial complex here. We're not worried about those kinds of facilities coming into play. It adds to the job generation and economic growth of the area, so I support that.

JT: Are there any downsides to that development?

JE: I don't think so, really, because these companies are all very sophisticated people, and they're going to make sure that they're legal and that they comply with the environmental regulations and safety regulations. They're very sophisticated folks. I don't feel that there's a lot of downside.

JT: Well, let's talk about the local areas, the local community. What role does the local community play in port development?

JE: Well, it can try to stymie it from time to time, as some of them have over in Bayport, but hopefully the local community plays a positive role in that it sees these developments as a job opportunity, it helps to expand the work base, the workforce, it puts the economic impact on the economy—the closer that you can get the goods to the market place, the cheaper the goods going to be.

If you took a pair of pants that came to us from China, that was shipped through L.A.-Long Beach and railed into this marketplace, versus one that came on a ship into Port of Houston, the pair of pants that came into the Port of Houston would be cheaper, because of your transportation costs and all that.

And so one of the things that the City of Houston and the surrounding cities are a direct beneficiary of is the stuff that comes to us, into a marketplace, in our case in a container. So it's important that we have a partnership with these communities, to make sure that we get their support to help us expand these facilities, to let the growing marketplace enjoy more affordable goods.

JT: Why do you think most people, including native Houstonians who also have been around for a long time, why do they not know the economic significance of the Port of Houston?

JE: I think there's a couple of reasons for that. One of them is, we are kind of shocked when we do poll work and find out how few people even know there's a port here. And part of the reason for that is it's kind of a ugly ditch. It's spread out over twenty-five miles. You can't drive up to facilities, you can't see much of it, and unless we get into the public sector for some reason, like a bond election or something, there's just not that much awareness.

When we do survey work we find that the minority community is pretty aware of it, because they see it as a job opportunity, and in the white male over-forty-five community is a fairly high level of awareness, because they understand it's there and that it's a job base and an economic-impact base. But there's a lot of people that don't know it's out there.

I remember making a speech for a bond election in '99, and some woman came up after the speech, said, "That was a pretty good speech, but I'm not sure how you'd convince me to vote for the bonds."

And I said to her, "Do you realize that the watch you've got on, or that the cell phone that you have in your purse, or the shoes maybe you're wearing, the computer at home, on and on, came to you through the Port of Houston in a container?" And she had no idea. I said, "Well, that's the reason to vote for the bond election, because all of those consumer goods that we use every day in our life, maybe the car you're going to drive home, the wine you're going to drink at dinner tonight, all that stuff came into the Port of Houston."

JT: That's right.

JE: So that's the connection that we try to establish in the Harris County resident's mind.

JT: Well, and I hear the advertisements on the radio, that the port delivers the goods, and I know that there's some attempt to reach out through advertisement, and I wish you guys the best of luck in that continued effort. Let's talk about this. What are some of the important areas that people should know about the Houston Ship Channel?

JE: Some important areas, or things that they should be aware of about it?

JT: Yes, sir, things that they should definitely—

JE: Well, I think probably the biggest thing is what it does to impact your life every day, in terms of energy supply, energy cost, consumer goods, consumer goods cost, and those sorts of things; the fact that it has made the city grow to become the size that it has; that it has made this city become a very international city—one in three jobs in Harris County are international trade in some form or fashion; that it has allowed other institutions to come into being, like the medical center and others that have become so significant in Houston as a global player.

Deep-water cities with deep-water ports are different than other cities in the United States, and the great cities in this country for the most part are those that have a deep-water port, so it's allowed Houston to become what it's become, and what it will continue to grow to be, just because of the port.

JT: What are your thoughts on the building of the new Houston Maritime Museum in downtown?

JE: Well, we've been supportive of those guys. We've been trying to help them with their facility. Commissioner L. Franklin Lee has been very helpful, and we've been working for a couple of years to try to find a way to get them a bigger facility, and so we're helpful and we're supportive.

JT: What do you hope that the museum will capture?

JE: I hope it'll capture the essence of the shipping industry, the maritime industry, that it will make people understand what a significant role Houston has played in that industry for ninety-three years now.

JT: Well, let me do this, Mr. Chairman. I'm going to flip the tape, and then I've got just a couple more questions for you, okay? Hold on one second, please.

Tape 2, Side 1

JT: This is an oral history interview with Port of Houston Authority Chairman Jim Edmonds, tape two, oral history interview by Jason Theriot on August 11th, 2006, Chairman Edmonds on the Port of Houston.

Okay. Describe the changes in both post-9/11 and post-Hurricane Katrina-Rita, at the Port of Houston.

JE: Let me take the second one first. There's not been that much change in post-Rita or Katrina, because we've had a very sophisticated, detailed evacuation plan for many, many years, because of prior storm tracks. So what Rita did for us really was made us go through the closing down the port exercise, and it worked quite well.

Sure, we found a couple of little things that we could have done better, and that we have put in the plan to be even more responsive to our needs. But it just kind of proved to us that our plan was a good, solid plan, and that it worked. Thank goodness the storm didn't come in and actually test it in that regard, but the concept of the plan, it worked.

Post-9/11 the world has changed completely for everybody on the channel, and again, it's forced the Coast Guard and Customs to play different roles in everyone's lives. They were basically safety, drug-interdiction-type agencies before. Now they are proactive security kind of agencies, and they've done a good job of being facilitators.

It's made everybody more aware of our security needs, and we have to comply now with all kinds of rules, regulations, and laws. We do so, and we beneficiaries now of more secure, better secure ties, facilities, and the port family now has come together and works as one, so we have a port-wide security plan, we have a port-wide security command center. We do things now that we didn't even know existed, or knew we needed to do in the past, so that's part of our life now.

So that, coupled with federal funding where we've been able to do a better job of securitizing our gates and our fence lines. Different kinds of technologies have come about, about making sure that what's in a container stays in the container, and all those sorts of things. It's made the world and the port world a lot safer world. Is there a lot more to be done? You bet there is, and we continue to look at that stuff, and we continue to be active participants in the federal grant programs, and we will from now on.

But the good part about 9/11 has been that there's good solid communication, and everybody is now a lot more sensitive and vigilant, making sure that their facilities are safer places.

JT: Mr. Chairman, what's the hardest part of your job?

JE: I suppose the hardest part in the past has been managing lawsuits, big lawsuits that would have had a huge financial impact, negative impact on the port, but we

were successful in prevailing in those. Probably there's been the hardest, because we've had a lot of ups and downs along the way in getting the permit-permitted port, but that's all done and we're under construction, so I think the hardest part of this job is over with.

JT: What's the most rewarding?

JE: Oh, it's getting those things done, and winning, making sure that what we do builds a stronger port, it's built in the right way, an environmentally sensitive way, that what we're doing is adding to the job base of Houston and adding to the economic base of Texas, that we're helping to make sure that consumer goods stay as affordable as possible. All those things come together, and they make you feel good that the port's doing the right thing, it's doing the right thing for the right reasons, doing the right thing for Texas.

JT: Yes, sir. Well, at some point your service at the Port of Houston Authority will come to an end.

JE: You bet.

JT: What has been your major achievement, the single major achievement thus far?

JE: Probably ensuring a permit for Bayport. I hate to think what would happen to this marketplace had we not gotten that permit, because the container growth in this country is phenomenal, and if we could not accommodate it then it would go someplace else. And for us to have to rail goods in from the East Coast or the West Coast just makes us lose jobs, makes us lose economic impact, makes the cost of goods go up. So I think that was a very critical thing, this event that happened.

JT: What do you hope to accomplish before your time is up?

JE: Well, I want to make sure that Bayport will happen, and I think it will, but I want to continue to monitor that. I want to see a master plan in place for Pelican Island, and I want to see the creation of a freight-rail district that we've got the legislation done, and it needs to be created now. I want to see it up and running, addressing that issue. That's a big, big issue for this community.

Chicago, L.A.-Long Beach, and Houston are the three freight-rail centers in this country, and I want to see us be able to begin to address how we move product into a marketplace in a seamless fashion.

JT: Well, you've been here for forty years, since 1966. What is the biggest change that you've seen taken place in the ship channel in Houston?

JE: Probably the biggest change has been the big infrastructure improvements, probably the biggest change, things like the widening and deepening project, things like the permit for Bayport, the ability to grow the port's facilities to meet market demand, the continued growth of the private sector to help meet the energy needs of this country. Those are kind of the big events, I think, out there. And again, I think environmental responsibility on everyone's part, the private, the public sector's part, I think those have been big changes for the better.

JT: Well, thank you for that. The final question here, Mr. Chairman, would the visionaries as we mentioned at the beginning, would they be surprised, or was this all part of their plan?

JE: I think for the most part they would be pleased. I think that they would say, "Good job, you've carried on the vision."

JT: Mr. Chairman, I do thank you for the time.

JE: You bet. My pleasure.

[End of interview]

[edited by Jason Theriot, 27 November 2006]