

The Baytown Sun

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BCA waits to see state title's effect

BY MICHAEL PINEDA

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Fans and football players of Baytown Christian Academy woke up Friday to discover it was not a dream. Winning a state championship in football was a reality to be enjoyed, even as several of those football players laced up the sneakers for a basketball tournament in Conroe over the weekend.

With the state championship comes the question of what impact it will have on the school, if any. One question that comes to the forefront is the possibility of an

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Right turn lane construction on Garth begins Monday - for real

■ Project expected to be completed by Christmas holiday

BY MATT HOLLIS

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Baytown's right turn lane project is beginning Monday, according to city officials.

Work was expected to begin Thursday on adding the first of eight right turn lanes on Garth Road. However, utility work has caused a delay.

"The contractor will begin work on the Baker Road proposed west-bound right turn lane on the east side of Garth on Monday morning, with weather permitting," said Baytown spokeswoman Patti Jett. "The existing right lane will be closed as needed during construction hours

while the proposed lane is being constructed."

Jett added that the new right turn lane is expected to be complete by Christmas. If so, after Jan. 6, 2017, the contractor will move to Garth Road to install the new Baker Road eastbound right turn lane.

"This is a very congested intersection, utility-wise, and will require a lot of coordination between

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SUNNEWS

LIFESTYLE



St. Mark's UMC turning 90 soon
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SPORTS



H.S. hoops
Tournament play continues at Lee Classic
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OBITUARIES

- Patricia G. Akins Brown
 - Bernice Prosen Bailey
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WEATHER

High 59
Low 53
Today: Mostly cloudy, rain

BIBLE VERSE

Do not conform any longer to the pattern of this world, but be transformed by the renewing of your mind. Then you will be able to test and approve what God's will is — his good, pleasing and perfect will.
— Romans 12:2

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Sponsored by the Baytown-West Chambers County Economic Development Foundation and Lee College Center for Workforce and Community Development, the Baytown-West Chambers County Industrial Expansion Symposium on Friday explored the impact of plant expansions on industry, community and local economy, and the state of the workforce, infrastructure, transportation, development challenges and emerging opportunities in Baytown and West Chambers County. Speakers represented Air Products, Chevron Phillips, Covestro, Enterprise Products, ExxonMobil, Port of Houston, Greater Houston Partnership, Texas DOT, Jacobs, Turner Industries, Houston Methodist San Jacinto Hospital, AmeriPort, Katoen Natie and TGS Cedar Port as well as representatives from Chambers County, Harris County, Baytown, Mont Belvieu and Lee College.

Summit explores effects of plant expansions

Local industries provide updates on current projects

BY MATT HOLLIS

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Representatives from local industries gathered at Lee College to discuss the impact their expansions are having on the community and economy at the third annual Baytown-West Chambers County Industrial Expansion Symposium.

The Friday event was hosted by the Lee College Center for Workforce and Community Development and the Baytown-West Chambers County Economic Development Foundation.

Baytown Mayor Stephen DonCarlos spoke about how industries are contributing to the economic growth of the area.

"You probably heard the humming sound coming in. It is an enormous economic engine, which is what our area is right now," DonCarlos said. "And it is not just fueling Texas in major way, but most of the country. We produce 60 percent of the (Gross National Product) in the USA. It is an amazing time to be an elected official or a citizen of the southeast Texas region. Most of us have never seen economic expansion to this level and may never again in our lifetimes."

ExxonMobil

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Port Houston continuing to thrive in plastics

BY CHRISTOPHER JAMES

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"At the port, business is good. Our container volume continues to grow," said Executive Director of Port Houston Roger Guenther, who is a third generation Baytonian and a 1979 graduate of Robert E. Lee High School.



GUENTHER

SEE PORT • PAGE 7A

Distributors keep growing as area business prospers

BY MATT HOLLIS

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Three of the biggest distribution complexes in the Baytown/Chambers County area are doing their part of help with the area's growth.

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SEE DISTRIBUTION • PAGE 7A

LAYAWAY
SEPT 2 - DEC 12

Walmart
8700 N Highway 146, Baytown, TX 77521

See store for details.

Local industries provide updates on current projects

By Matt Hollis matt.hollis@baytownsun.com | Posted: Sunday, December 4, 2016 12:00 am

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ExxonMobil

ExxonMobil North American Growth Project Executive Paul Guilfoyle talked about the impact of the company’s expansions, which includes a new ethane steam cracker at Baytown Olefins Plant and two new polyethylene lines at Mont Belvieu Plastics plant. He added that these expansions would bring more than 10,000 construction jobs, 4,000 direct and indirect jobs, \$870 million annually to regional economy, and \$3.3 billion annually to national economy.

“This is the largest investment ExxonMobil Chemical has made in the U.S.,” Guilfoyle said. “The (ethane steam cracker) is about the same size as Chevron Phillips’ cracker, about 1.5 million pounds of ethane. It will be the largest steam cracker in the world and, once completed, it will make Baytown Olefins Plant the largest ethane producer in the world. And when we are finished

From the ground up

Growth in the petrochemical industry is one of the main drivers of local economic expansion, with three of the biggest players worldwide investing billions of dollars into turning the resources that fracking technology has opened up into plastics.

Breaking down to basics

A nationwide web of pipelines is centered in Mont Belvieu, where natural gas liquids come in for storage and fractionating into base components. One supplier, Enterprise Products, operates storage, fractionating, pipeline and port facilities in the area:

- 8 Fractionators brought online in Mont Belvieu with another in the works
- 60 percent of the ethane supply for U.S. petrochemical industry
- 40 percent of the propane supply for the U.S. petrochemical industry

Building up to building blocks

Two of the largest expansion projects in the country are taking place locally as both Chevron Phillips and ExxonMobil grow to turn those raw materials into plastic pellets for use in just about every product sector:

Chevron Phillips	ExxonMobil
Ethane cracker Cedar Bayou Plant, Baytown Production: 1.5 million metric tons per year Expected startup: Second half of 2017	Ethane cracker Baytown Olefins Plant, Baytown Production: Up to 1.5 million tons per year Expected startup: Late 2017
Polyethylene Old Ocean Plant, Sweeny Production: Two units, each producing 500 metric tons per year Expected startup: Mid-2017	Polyethylene Mont Belvieu Plastics Plant, Mont Belvieu Production: Two units, each producing 650,000 tons per year Expected startup: Late 2017

By the numbers

in Mont Belvieu, where we are putting our polyethylene plants, it will make that the largest supplier of polyethylene in the world. We are very proud of this.”

The Baytown Olefins Plant ethane steam cracker is expected to increase regional economic activity by about \$870 million per year and generate more than \$90 million per year in additional tax revenues for local communities.

Guilfoyle also mentioned how the petrochemical giant has formed partnerships with Baytown, helping to fund new police officers as well as working with the city to perform heavy hauls of equipment. They also replaced about 2,000 trees that had to be cut down in order to move the giant pipelines.

“Why build these plants in Baytown and Mont Belvieu?” Guilfoyle said. “There are shale developments all across the country, and we could have built the plants in any number of locations. The lines expansion of feedstock pipeline is bringing feedstock from the fields to the industry. All those lead to Mont Belvieu. Because of the expansions in the (Natural Gas Line) fractionation and access to the Port of Houston, and pipeline infrastructure and service industries already here, that makes building these plants here a win for us.”

Today, the facility’s operations have made a regional economic impact of \$7.13 billion. It also provides 14,787 jobs related to the facility and there are about \$324 million in annual salaries, wages and benefits at the complex.

Chevron Phillips

Chevron Phillips Plant Manager Mitch Krutilek spoke about how his plant, located at Interstate 10 and Sjolander Road, has been helping the community and economy since 1963, when it was Gulf Oil.

“We have one ethane cracker in Baytown that produces 3.3 billion pounds per year and two polyethylene units in Old Ocean that produce 1.1 billion pounds per year,” Krutilek said. “And we’ve hired more than 300 new employees since the project was announced.”

Krutilek said that Chevron Phillips employs 960 direct employees and 1,200 nested contractors. It also produces ethylene, polyethylene, propylene, and alpha olefins, 1-hexene.

“We are currently at peak construction in Baytown with 5,000-plus workers per day and construction is 85 percent complete,” Krutilek said. “A start-up is planned for second half of 2017.”

Krutilek pointed out other Chevron Phillips successful projects including starting up the world’s largest on-purpose 1-hexene plant in June 2014, which created 1,000 temporary jobs and 14 long-term jobs. There was also the 2015 start up of the Normal Alpha Olefin expansion that added 20

percent more capacity to current NAO unit and created 600 temporary jobs. In addition, their polyalphaolefins expansion study is expected to start up in early 2017 and will add 20 percent more capacity to the current PAO unit and create 135 temporary jobs.

Enterprise Products

Enterprise Products Vice President of Houston Region Operations Bob Moss talked about his company has brought eight fractionators online and has a ninth in the works.

“We were the first to recognize the boom in the shale and bring liquids to the area,” Moss said. “Enterprise is ahead of the curve on the deferral of additional fractionation capacity. The ‘me, too’ strategies have caused some to bring on capacity when it is not needed. Enterprise is not a ‘me, too’ company.”

Moss said Enterprise is expanding its footprint in the Permian Basin, bringing its gas processing capacity to 800 million cubic feet per day. They have also added a South Eddy cryogenic gas processing plant facility and related pipelines, which will provide 25,000 barrels a day of NGL liquids to the Baytown region. It was completed in May. Additionally, Enterprise has joined with Oxy JV in the Delaware Basin for a cryogenic gas processing plant and related pipelines. This will produce 150 MMcf/d of natural gas and more than 22 millions of barrels a day of NGLs. Another cryogenic gas processing plant in the Delaware Basin from Enterprise was announced in June. This will produce 300 MMcf/d and 40,000 barrels of NGL liquids per day to the Mont Belvieu site. It is expected to start up in second quarter of 2018.

Enterprise is also building an 82-mile, 12-inch NGL pipeline to connect to the Chaparral pipeline to provide access to Mont Belvieu.

Moss also spoke of the 270-mile, 20-inch Aegis pipeline, which he said would create a 500-mile header system from Corpus Christi to the Mississippi River, when combined with their non-FERC regulated South Texas ethane pipeline.

“It will provides unparalleled connectivity and reliability for Gulf Coast petrochemical customers,” Moss said. “What does it all mean? Job growth. Enterprise has added 200 fulltime jobs and 130 resident contractors since 2010.”

Covestro

Covestro Vice President of Production and Technology Craig Graybill talked about how Covestro is the leading global polymer producer in polyurethanes and its derivatives as well as polycarbonates.

“We have a proven track record of process and product innovation customer proximity as well as market-driven solutions,” Graybill said. “We have a state-of-the-art asset base with leading

process technology and total production capacity of 4,800 kilotons distributed across the eight world-scale production facilities in three main regions.”

The Germany-based Covestro has 15,750 employees globally with nearly 2,000 workers at the Baytown facility.

Graybill said Covestro is meeting the needs of global trends such as climate change, mobility, growing population, and increasing urbanization.

“Our is to leverage industry to capture growth in their industries and improve our asset and cost base,” Graybill said. “We aim to capture the market growth over the next years with existing world-scale assets and optimize asset footprints through site consolidation, restructuring and efficiency projects.”

Graybill also said the company wants to improve their cost position by 2019, align overall costs with best in class chemical industry benchmarks, protect and build profitable competitive positions through focused research and development, and embed sustainability in every element of the strategy.

The Solar Impulse aircraft, the first solar-powered plane to fly around the world, was something Graybill said the company was especially proud of helping to create.

“Advancements in plastics and material solutions made this journey possible,” he said. “We put in ultra-lightweight polyurethane insulating foam to encapsulate the cockpit and this kept the pilot comfortable in extreme temperatures. Also, a multi-layer polycarbonate windscreen provided scratch-resistant glass-like performance and thermal insulation. And coating and adhesives provided durability on the wings surfaces and gave them their beautiful and distinguishing silver finish.”

Former Baytown intern Paige Kassalen was the only U.S. female engineer on the ground crew.

Covestro has also made investments in community with solar-powered trash/recycling bins, helped preserve habitats of bees and butterflies through the

Gulf Coast monarch project and assisted with the Texas Conservation Fund. In addition, they have donated to the United Way of Greater Baytown and Chambers County campaign, provided funds for local scholarships, and contributed to Habitat for Humanity as well as the Bay Area Homeless Services.

Distributors keep growing as area business prospers

By Matt Hollis matt.hollis@baytownsun.com | Posted: Sunday, December 4, 2016 12:00 am

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Ravago, a plastics distribution giant, has purchased 170 acres at Cedar Port where they plan to develop 700,000 square feet of warehousing and administration offices. In addition, the company will build a rail yard for up to 200 railcars.

The initial estimate of capital improvements of the company is between \$70 and \$75 billion, and they are expected to create about 100 jobs in first two years.

There are also railcar expansions that have expanded from 1,500 stored railcars in 2014 to 1,800 in 2015. Scott said they are also building 1,200 railcars spots to expand to over 3,000. In addition, they are about 50 percent complete with Phase 1 for 500 railcars spots and will complete this phase in the first quarter of 2017.

The park is also expanding interchange tracks by constructing a total of five new 9,000-foot tracks to bring the total to six.

“This will increase capacity to Cedar Port for both United Pacific and BNSF Railway,” Scott said. “All six interchange tracks will be under the Grand Parkway overpass, so there will be no traffic interruptions.”

Scott said that they plan to have more distribution centers due to close proximity to the Port of Houston and the Grand Parkway as well as more plastic resin packagers due to large rail and barge advantages. Other future projects center on small special chemical plants, small refinery and liquid logistic terminals, large chemical complexes and large rail intensive industrial projects.

AmeriPort

Chairman and CEO of Plank Companies, Michael Plank talked about the advantages of being in Chambers County.

This included the county being pro-development, having tax abatements and incentive packages, being in a foreign trade zones, having access to heavy haul corridors, the ability to utilize a skilled labor force, having highway networks

and the efforts of the Baytown-West Chambers County Economic Development Foundation.

At AmeriPort, they have Delta Companies, Palmer Logistics, Plantgistix, GEODIS (with Red Bull products would be stored there), the Pilot/Flying J Terminal and the Fly Ash Terminal.

Katoen Natie

Katoen Natie Vice President of Sales Brandon Huynh talked about how the Belgium-based logistics service provider and port operator is contributing to the growth in Baytown/Chambers County.

“We’ve been around a long time, since 1855,” Huynh said. “And we are still growing.”

Huynh said the company had 200 employees in 1989 and now has more than 14,000.

“Our core business is plastics, with about 40 million tons produced every year,” he said. “Our goal is not to have as many customers as possible, but to have the right balance of customers.”

Huynh asked what was coming next for the company.

“We heard about the expansions just in this area,” he said.

Huynh said the addition of some gas crackers in the area, including the ones at ExxonMobil and Chevron Phillips, caught their attention.

“What is expected with the new polyethylene production?” Huynh said. “With new polyethylene plants being built, new production will begin. In the U.S. alone, this could add between 6 to 8 million tons of new polyethylene capacity by 2017 to 2020.”

In 2016, Huynh said that the total NAFTA production of polyolefins is about 35.5 million metric tons with the total packaging capacity in the NAFTA region being about 11.5 million metric tons. In addition, the total exports from Katoen Natie's NAFTA Region are about 7.5 million metric tons. By 2018, Huynh said they expect these figures to increase to 44.5 million, 17.5 million and 13.5 metric tons, respectively.

The change of production and handling from now to 2018 is expected to increase as well. For the total NAFTA production of polyolefins, Huynh said they expect it to increase by 25 percent. For the total packaging capacity in the NAFTA region, 52 percent and for the total exports out of NAFTA region, 80 percent.

To address the growth, Huynh said they will have large sites with high capacity storage, flexible packaging capabilities and high speed packaging equipment.

Port Houston continuing to thrive in plastics

By Christopher James christopher.james@baytownsun.com | Posted: Sunday, December 4, 2016 12:00 am

The Port of Houston Authority, which is currently in the midst of a branding campaign to be known as Port Houston, says the operation is thriving.

“At the port, business is good. Our container volume continues to grow,” said Executive Director of Port Houston Roger Guenther, who is a third generation Baytonian and a 1979 graduate of Robert E. Lee High School.

“However, the price of oil has certainly had an impact. Import as a drilling pipe for instance, four years ago we had about seven million tons of drilling pipe. This year we’ll be lucky to do two (million) but on the flip side of that, the rise of natural gas and all the investment going on (in Baytown) has really boosted our business.”

The plant expansions on industry positively impacts Port Houston because the materials needed ultimately come via ship, coming through the port.

“It (plastics) all goes in a container. About 90 percent of this product that you’re hearing about today goes into a container for the reason that it’s very flexible, very efficient, the best way and the cheapest way to do it,” said Guenther. “And it goes through our ports, it has historically gone through our Barbours Cut and Bayport terminals and continues to do so.”

About 1,000 containers a day with plastics show up at Port Houston for export, which Port Houston has been expecting for years.

“Houston, for decades, has been the dominant exporting port for plastics for the whole U.S.,” said Guenther. “In 2015, 75 percent of the plastics, polymers, came through the Port of Houston. That pie is going to get bigger, and we want to continue to keep our share.”

To handle this volume while sustaining efficiency at the port, Port Houston has made investments in its infrastructure.

“We believe we’re in a good position, we’ve planned for this for many, many years,” said Guenther. “We’re dredging, we’re buying bigger cranes and the ships are getting larger — the Panama Canal is being expanded, driving larger vessels through the canal into Houston.”

In addition, Guenther said Port Houston is going to make another billion-dollar investment over the next seven to 10 years to increase capacity.

“We’re about halfway built out, and we handle a little over 2 million TEUs — that’s Twenty-Foot Equivalent Unit (unit used to measure a ship’s cargo carrying capacity) last year,” said Guenther. “We’re going to surpass that this year, and in 2017 we’re expecting another 8 to 10 percent growth.”