

BAHEP extends its sincere appreciation for the continued support of the *Houston Chronicle* through this monthly supplement.

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Ambassador Schuwer of the Netherlands meets with regional stakeholders to learn about storm surge suppression efforts

In early May, the Bay Area Houston Economic Partnership hosted a meeting between His Excellency Henne Schuwer, the ambassador to the United States from the Netherlands, who is based in Washington, D.C., and regional stakeholders to discuss ongoing efforts to protect the upper Texas Gulf Coast from hurricane storm surge.



*His Excellency Henne Schuwer
The Ambassador
of the Netherlands*

BAHEP President Bob Mitchell greeted the ambassador and those in attendance. Dan Seal, BAHEP director of Special Initiatives, opened the round table discussion by giving background information on the organiza-

tion's maritime and storm surge protection initiatives over the course of several years. Seal spoke of the success of the Bay Area Coastal Protection Alliance (BACPA), a nonprofit

organization led by Fredell Rosen of Galveston, which was created to serve as a fund-raising resource to advance the studies that are essential to determine the best system to protect the region from massive flooding caused by storm surge.

Col. Len Waterworth, USA (Ret.), executive professor at Texas A&M University at Galveston (TAMUG), chairs BAHEP's International Maritime Advisory Committee. He told the ambassador that the general consensus of the region stands behind a coastal spine system in combination with flood gates like those success-

fully used in Rotterdam and other places throughout the world.

The details of such a system are still under investigation. However, due to the scale of the project and the importance of the region to the national economy, Waterworth felt that the project should be federally funded.

TAMUG's Dr. Bill Merrell, who conceived of the idea of a coastal spine system following the devastation caused by Hurricane Ike in 2008, stated,

During the meeting, an impressive film funded by BACPA and produced by TAMUG's Center for Texas Beaches and Shores (CTBS) in cooperation with BAHEP member Space City Films, was presented. The film included a demonstration of flood surge prediction software developed over several years by a team headed by Dr. Sam Brody, director of CTBS. It allows residents to see how different hurricane scenarios could impact their communities and

pointed out that, "One side is defense and the other is a huge parking lot." He said that it can be a recreational area and lots of other things and be an economically viable money maker.

The ambassador also stressed that it's important to "win the hearts of the people living here to convince them that this is what has to be done." The people should demand of their chosen representatives that this has to be done for them, he emphasized.

Following the meeting,



Gathered for a photo following the BAHEP meeting with the ambassador from the Netherlands were (l to r): Dr. Bill Merrell, Texas A&M University at Galveston; League City Mayor Pat Hallisey; State Senator Larry Taylor; Morgan's Point Mayor Michel Bechtel; Ambassador Henne Schuwer; Congressman Randy Weber; Seabrook Mayor Glenn Royal; Dr. Sam Brody, TAMUG; Col. Len Waterworth, USA (Ret.), TAMUG; and BAHEP President Bob Mitchell. (Photos used in this article courtesy of Saskia Pardaans, chief representative, the Netherlands Business Support Office.)

BAHEP welcomes Shelmark Engineering, L.L.C. as new member

Shelmark Engineering, L.L.C. is at home whether on land or in the water. The company provides design services including structural, transportation, civil, and marine/coastal engineering and is one of Bay Area Houston Economic Partnership's newest members.

"Shelmark Engineering has worked successfully on projects in the region for over 15 years. That kind of track record speaks well of the company, its management and staff," stated BAHEP President Bob Mitchell.

Marcus J. Michna, P.E., is Shelmark's owner/principal while Project Coordinator Edgard Figueroa will represent the company within BAHEP. Michna said, "BAHEP is well known in the region, partly due to its substantial efforts on behalf of storm surge suppression. As an engineering firm located not far from the coast, we know how important this effort is. BAHEP does great work, and we want to contribute in whatever way we can."

Shelmark Engineering's project development includes research, planning, design, bid procurement

and construction administration for private and public projects. Shelmark specializes in permitting processes, high wind and flood loads factors for storm events, floodplain mitigation, and challenging soil conditions. Shelmark's experience leads to a com-

mon sense approach which results in a successfully completed project within budget and on schedule. Located at 921 FM 517 Road East in Dickinson,



Home Owner Associations (HOAs)/Municipal Utility Districts (MUDs). For additional information, call 409.935.9986 or visit www.shelmark.net.

properties without a storm surge protection system in place as well as with protection offered by a coastal spine and flood gates. CTBS' software, the Texas Coastal Planning Atlas, can be viewed at <http://www.tamug.edu/CTBS/>.

Ambassador Schuwer noted that "you can get very creative" in building a 60-mile defense system. In the Netherlands he

Mitchell commented on the importance of Ambassador Schuwer's visit. He said, "His experience and sphere of influence is significant. For the ambassador to travel from Washington specifically to learn about our efforts on storm surge protection and other facts about the region makes a very positive statement on behalf of moving this project forward."

There's an amazing amount of collaboration going on between the Netherlands and us. We've had academic meetings every year since 2011. TAMUG sponsored trips to the Netherlands in 2012 and 2014 that included regional mayors, state senators and representatives, which coincided with the big gates closing at Rotterdam."

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University of Houston economist Dr. Bill Gilmer predicts that energy jobs should return in 2017

According to Robert W. (Bill) Gilmer, director, Institute for Regional Forecasting, C.T. Bauer College of Business, University of Houston, "The first quarter was brutal in oil markets, with oil prices

Economy luncheon presentation at Lakewood Yacht Club before a room packed with members of the Bay Area Houston Economic Partnership. He explained that the oil downturn is perhaps worse than 1987 in some ways in terms of the speed and the depth in just seven quarters. "Normally, when there is a downturn in the oil business, there is a downturn in the U.S. or global economy. That is not true this time. The U.S. economy is working for us quite strongly. We have had the best two years of job growth since the 1990s. We've really turned the corner on the Great Recession. That's important to Houston. Two-thirds of our job growth over the last 30 years has come from the national economy," he noted.



Dr. Robert W. (Bill) Gilmer

briefly near \$20 per barrel and Baker Hughes reporting the lowest weekly rig count since 1949. This drilling downturn has moved into a clear second place among modern oil busts in terms of both length and depth, and in some important ways can be seen as worse than 1982-87." Gilmer made his late April annual State of the

enormous construction boom built on cheap natural gas with \$50 billion in construction. Gilmer explained, "The hope has been that we would have these two big pluses working for us - the enormous construction boom and the U.S. economy. These would be just enough to offset the bad news, and we would sort of skirt a recession. That can still happen, but it's going to be a very close call."

Gilmer declared, "It's all about oil. Oil is what makes us different from the national economy. Sometimes it's for the better and sometimes not for the better like now." He said that things were looking up at the beginning of last summer. Prices stabilized at about \$60 per barrel in April, May and June of last year. The rig count began to pick up again. The layoffs in Houston stopped briefly. Gilmer reported that unexpectedly, the Iran nuclear agreement was signed in July and then China devalued in August raising concerns. "Suddenly we were right back in it again in

terms of the downturn. It has become a very serious event," he said.

Where are the jobs?

Gilmer stated that in the metro area as a whole, after three super years averaging 110,000 new jobs per year, last year came in at about 15,000 jobs. The job losses are all concentrated in the energy business. They are in mining, manufacturing, wholesale trade, professional business services - especially in engineering. Sixty thousand jobs have been lost, about two percent of the local employment base. Fortunately, construction is holding up because of the activity on the east side of town. However, about 25,000 new unemployed have been added to the unemployment rolls over the last several quarters. Houston is now at the same level of unemployment as the rest of the country.

Looking ahead as Houston is going into a second year of slow growth and potentially a third, the momentum from construction is wearing off, Gilmer said. The population growth is

going to diminish. So far most of the damage has been felt on the energy side. He noted that during 2016 a lot of the positive news surrounding continued commercial construction and on healthcare and on leisure activities will begin to wane a little bit.

Oil markets stabilizing

Have oil prices hit bottom? Oil prices are hovering around \$45, and it looks very stable, according to Gilmer. He added that it's a little early in the quarter to be declaring victory, "but maybe so." The rig count usually turns up about two quarters after the oil begins to turn up. Energy jobs come back two or three quarters after that. Gilmer predicted that it will be early next year before we see energy jobs returning. However, he emphatically stated, "No one can really predict the price of oil."

"The engine of growth in the world right now turns out to be the U.S. economy. The current probability of a recession in the United States is less than one percent, and that is very good for Houston right now," Gilmer concluded.

BUSINESS
to BUSINESS is a monthly Bay Area Houston Economic Partnership publication in partnership with the Houston Chronicle. BAHEP is a member-driven organization in southeastern Texas that includes more than 265 business partners encompassing 14 cities, Galveston and Harris counties, the Houston Airport System, and the Port of Houston Authority. For membership information, contact Membership Director Harriet Lukee at 832.536.3250. Bay Area Houston Economic Partnership 18045 Saturn Lane Houston, TX 77058 832.536.3255 "Like" us on Facebook: BayAreaHoustonEcon Follow us on Twitter: @BAHEP