



PORT COMMISSION MEETING

December 7, 2021 – AGENDA



Tuesday, December 7, 2021
PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

9:15 a.m.
111 East Loop North
Houston, TX 77029
And Via WebEx

A. CALL TO ORDER

B. OPENING REMARKS BY CHAIRMAN AND COMMISSIONERS

1. Governance, legislative, policy, operational, and community matters

C. APPROVAL OF MINUTES

1. Port Commission Public Meeting - October 26, 2021 Meeting

D. STAFF REPORTS

1. Summary of selected financial and operational matters

E. APPEARANCES

1. Captain Jason Smith, U.S. Coast Guard Captain of the Port
2. Public Comment

F. EXECUTIVE

Awards, Amendments & Change Orders

1. Enter into a service agreement with the Greater Houston Port Bureau, Inc. to provide vessel traffic movement data (real-time and historical) for a one-year period in the amount of \$80,000, and subscribe to PortXchange Synchronizer for ten users in the amount of \$15,000, for a total of \$95,000.
2. Approve the Port Authority's membership in the National Association of Waterfront Employers and payment of dues for a period of one year in the amount of \$65,000.

General

3. Approve and adopt the proposed Internal Audit 2022 Annual Audit Plan.
4. Approve the Internal Audit Charter, effective December 7, 2021.

G. BUSINESS EQUITY

1. No items.

H. COMMERCIAL

Leases

1. Approve a lease for a three-year term with Houston Refining LP for approximately 24.7 acres at Block 1, Rosa Allen, effective no earlier than January 1, 2022, at an annual base rent of approximately \$993,532.80 subject to annual escalation of the greater of 3% or the increase in the Consumer Price Index.
2. Approve a lease for a one-year term with a one-year mutual renewal option with Cooper/Ports America, LLC for approximately 9.136 acres at Block 12, Industrial Park East, effective no earlier than January 1, 2022, at an annual base rent of approximately \$248,206.84, subject to annual base rent escalation of of 3%.
3. Approve a lease with Cooper/Ports America, LLC for approximately 7.62 acres, at Block 4, Turning Basin Terminal including 33,342 square feet of warehouse space for a one-year term with four consecutive one- year renewal options, effective no earlier than January 1, 2022, at an annual base rent of approximately \$246,116.40, subject to annual escalation of the greater of 3% or the increase in the Consumer Price Index.
4. Approve an amendment to the lease with R. Warehousing & Port Services, Inc. for approximately 8.32 acres at Block 20A, Clinton Drive, to extend the term for one year, effective no earlier than January 1, 2022, at an annual base rent of approximately \$199,601.64, subject to annual escalation of 3%.
5. Approve a revision to the previously-approved amendment to the lease with SESCO Terminals Corp. to change the term from five years to two years.
6. Approve the change of control of South Coast Terminals, LP, a tenant under a lease with the Port Authority.

I. FINANCE

Awards, Amendments & Change Orders

1. Award a five-year contract for third party administration services for the Port Authority's self-insured workers' compensation and liability claims program to AS&G Claims Administration, Inc., in an amount not to exceed \$542,438.

General

2. Authorize payment to the Harris County Appraisal District for appraisal services to be provided to the Port Authority for fiscal year 2022 in an amount not to exceed \$405,000, and authorize payment to the Harris County Tax Assessor-Collector for collection services for the 2021 tax year in an amount not to exceed \$1,100,000.

J. INFRASTRUCTURE

Awards, Amendments & Change Orders

1. Approve staff's ranking of vendors and award a professional services contract in an amount not to exceed \$422,775 for condition assessment and planning of water line replacement at South Turning Basin Terminal to the top-ranked proposer: staff ranking – first, RPS Group; second, Freese and Nichols, Inc.; and third, DE Corporation.

2. Award a construction contract to Dowley Security Systems, Inc. to construct security improvements in connection with the expansion of gate facilities at Barbours Cut Terminal in an amount not to exceed \$189,406.
3. Award a construction contract to Dowley Security System, Inc. to construct security improvements for Container Yard 2 South at Bayport Container Terminal in an amount not to exceed \$53,157.
4. Award a construction contract to Prestique Inc. dba Ranger Roofing for the rehabilitation of Transit Sheds 30-31 at Turning Basin Terminal in an amount not to exceed \$2,460,000.
5. Award a construction contract to Jerdon Enterprise, LP for annual pavement replacement at Barbours Cut Terminal and Bayport Container Terminal for 2021 and 2022 in an amount not to exceed \$2,700,000.
6. Amend the professional services contract with HDR Architecture, Inc. to perform services for the design of the maintenance complex at Barbours Cut Terminal in an amount not to exceed \$175,860.
7. Amend the professional services contract with Lockwood, Andrews, and Newnam, Inc. for additional Container Yard 1 design services at Bayport Container Terminal in an amount not to exceed \$308,763.
8. Approve a change order with McCarthy Building Companies, Inc. to perform additional work associated with the construction of Wharf 6 at Bayport Container Terminal in an amount not to exceed \$72,692.
9. Amend a professional services contract in an amount not to exceed \$60,000 to PricewaterhouseCoopers Advisory Services, LLC to provide continued strategic decision support and implementation planning for the Houston Ship Channel Expansion Channel Improvement Project.

General

10. Enter into a Memorandum of Understanding and a temporary license with the U.S. Army Corps of Engineers for the placement of maintenance-dredged material from berths at Woodhouse Terminal and Sims Terminal into a federally-managed dredged material placement area at a cost of \$312,000 and approve any over-dredge cost at \$3.12 per cubic yard in an amount not to exceed \$62,400.
11. Enter into a Memorandum of Understanding and a temporary license with the U.S. Army Corps of Engineers for the placement of maintenance-dredged material from berths at Barbours Cut Terminal into a federally managed dredged material placement area at an estimated cost of \$1,504,000 and approve any over-dredge cost at \$3.76 per cubic yard in an amount not to exceed \$300,800.

Project 11

12. Amend the pipeline relocation reimbursement agreement with Kinder Morgan Texas Pipeline LP (two pipelines) located in Segment 4 of the Houston Ship Channel Expansion Channel Improvement Project to add an additional \$1.9 million in estimated total cost, for which the Port Authority would be responsible for one half the cost, in an amount not to exceed an additional \$950,000.

Permits/Licenses/Pipeline Easements

13. Approve the transfer from ExxonMobil Pipeline Company to Enercoast Midstream LLC of a twenty-inch crude oil pipeline license under and across the San Jacinto River.
14. Issue a pipeline license to Intercontinental Terminals Company LLC for one 12-inch methanol pipeline under and across the Port Terminal Railroad Association's Southside Mainline railroad right-of-way.
15. Issue a transmission line license to Comcast of Houston, LLC for one fiber optic cable line inside Gate 18 near the Southside Wharves.
16. Issue a transmission line license to Comcast of Houston, LLC for one fiber optic cable line crossing over the Southside Turning Basin, Block 7, leased to Jacob Stern and Sons, Inc.
17. Issue a transmission line license to Comcast of Houston, LLC for one fiber optic cable line under and across the Port Terminal Railroad Association's Northside Mainline railroad right-of-way.
18. Amend a transmission line license to Level 3 Communications, LLC for one fiber optic cable line over the Port Authority's Southside Mainline railroad right-of-way.

Leases

19. Approve a ten-year Port Authority adjacency barge fleeting lease agreement and a marine construction permit to Albatross Industrial Houston Fund, LP for approximately 11.9 acres of submerged lands in Old River, at an initial monthly base rent of \$3,290, beginning at full operations no later than 18 months after the commencement date and subject to an annual increase of the greater of 3% or the Consumer Price Index.

K. OPERATIONS

Awards, Amendments & Change Orders

1. Approve staff's ranking of vendors and award a two-year contract in an amount not to exceed \$793,500 for purchase of structural inspection services for wharf cranes at Barbours Cut Terminal and Bayport Container Terminal to the top-ranked proposer: staff ranking – first, World International Testing, Inc.; and second, Sparrows Offshore, LLC.
2. Approve staff's ranking of vendors and award a two-year contract in an amount not to exceed \$500,000 for the purchase of machining services for Barbours Cut Terminal, Bayport Container Terminal, and Turning Basin Terminal to the top-ranked proposer: staff ranking – first, GearTec, Inc.; and second, Houston Pump and Gear (HPGR), LLC.
3. Award a two-year contract to Graco Mechanical, Inc. in an amount not to exceed \$160,000 for the purchase of heating, ventilation, air conditioning, plumbing services, and related parts for Barbours Cut Terminal and Bayport Container Terminal.
4. Award a two-year contract to A.J. Hurt, Jr., Inc. dba Reladyne for the purchase of unleaded gasoline and ultra-low sulfur diesel for Barbours Cut Terminal, Bayport Container Terminal, and Turning Basin Terminal in an amount not to exceed \$14,159,310.

5. Award a two-year contract to Southern Tire Mart for the purchase of rubber-tired gantry (RTG) crane tires and related items for Barbours Cut Terminal and Bayport Container Terminal in an amount not to exceed \$1,000,000.
6. Award a contract to Power Line Solutions to perform electrical repair services at Bayport Container Terminal in an amount not to exceed \$400,000.
7. Award a contract to Id Solutions, the sole source provider, for equipment, software licensing, and installation services to expand the Transportation Worker Identification Credential (TWIC) reader application to five additional lanes at Barbours Cut Terminal in an amount not to exceed \$122,000, inclusive of one-year maintenance and support.
8. Award a contract to Konecranes, Inc., the sole source provider, for purchase and installation of Konecranes DynAC/DynaHoist Vector II drives and control systems retrofit for four rubber-tired gantry (RTG) cranes at Bayport Container Terminal in an amount not to exceed \$2,152,824.
9. Approve an amendment with Kalmar, the sole source provider, to authorize payment for annual maintenance services for the Marine Terminal Position Detection Software System for Barbours Cut Terminal and Bayport Container Terminal in an amount not to exceed \$181,189.
10. Issue a purchase order to Rush Bus Centers for the purchase of one 26-passenger bus for Bayport Container Terminal, using the Houston-Galveston Area Council Cooperative Purchase Program, in an amount not to exceed \$108,776.

General

11. Reissue and amend Port Authority Tariff Nos. 8, 14, and 15 covering the Turning Basin Terminals, Barbours Cut Terminal, and Bayport Container Terminal, all effective January 1, 2022.
12. Recommendation to issue Stevedore Licenses for one-year terms commencing January 1, 2022, to Agri American Stevedores, LLC; APS Stevedoring, LLC; BBM Terminals Corp.; Ceres Gulf, Inc.; Cooper/Ports America; Gulf Stream Marine, Inc.; Jacintoport International, LLC; Kinder Morgan, Inc.; Marine Terminal Corporation East; Richardson Stevedoring, and Logistics Services, Inc.; Schroder Marine Service; and Suderman Contracting Stevedores, Inc., upon each applicant's satisfactory completion of all requirements and obligations for license issuance.

L. PEOPLE

Awards, Amendments & Change Orders

1. Authorize funding, in an amount not to exceed \$17,000,000 for calendar year 2022, for the payment of claims from the Port Authority's self-funded group medical benefits program for active employees, retirees who are not Medicare-eligible, and eligible dependents.
2. Authorize renewal of the agreement with PlanSource Benefits Administration, for employee and retiree benefits and payroll integration services, for an additional one-year period in an amount not to exceed \$75,000.
3. Authorize renewal of the agreement with LinkedIn Corporation, a sole source provider, to provide recruiting and trade marketing access and services for a three year period, in a total amount not to exceed \$99,429.

4. Enter into a one-year agreement with the Houston International Seafarers' Center to provide humanitarian services to seafarers whose vessels call at the terminals of the Port Authority, effective January 1, 2022, in an amount not to exceed \$90,000.

M. SECURITY AND EMERGENCY OPERATIONS

Awards, Amendments & Change Orders

1. Issue a purchase order to Motorola Solutions for the purchase of land mobile radio equipment including radios, batteries, chargers, related hardware, and accessories for the Operations Division and Port Security and Emergency Operations Division, using the Houston-Galveston Area Council's cooperative purchase program, in an amount not to exceed \$250,000.

N. TECHNOLOGY

Awards, Amendments & Change Orders

1. Issue a purchase order to Xennex LLC for purchase of Veeam licensing and software renewal, using the United States General Services Administration, an agency of the United States, in an amount not to exceed \$90,000.

2. Ratify an emergency purchase order to CDW Government LLC in the total amount not to exceed \$70,000 for the purchase of approximately forty printers for Bayport Container Terminal and Barbours Cut Terminal.

O. RECESS OPEN MEETING AND CONVENE EXECUTIVE SESSION

1. Consultation with Attorneys (Section 551.071, Texas Open Meetings Act), including consultations regarding proposed amendments to the agreements for legal services with (a) Ahmad, Zavitsanos, Anaipakos, Alavi & Mensing P.C. and (b) J. Kent Friedman

2. Real Estate (Section 551.072, Texas Open Meetings Act)

3. Economic Development Negotiations or Incentives (Section 551.087, Texas Open Meetings Act)

4. Employment and Evaluation of Public Officers and Employees (Section 551.074, Texas Open Meetings Act)

5. Security-Related Matters (Sections 418.175-418.183 of the Texas Government Code, and Section 551.076, Texas Open Meetings Act)

6. Adjourn Executive Session

P. RECONVENE OPEN MEETING

1. Announce any items from Executive Session requiring Port Commission action

Q. CLOSING REMARKS BY CHAIRMAN AND COMMISSIONERS

1. Governance, legislative, policy, operational, and community matters

R. ADJOURN MEETING

1. Next Meeting Requested - January 25, 2022

2. Adjourn Port Commission Meeting

F. EXECUTIVE

Subject 1. Enter into a service agreement with the Greater Houston Port Bureau, Inc. to provide vessel traffic movement data (real-time and historical) for a one-year period in the amount of \$80,000, and subscribe to PortXchange Synchronizer for ten users in the amount of \$15,000, for a total of \$95,000.

Meeting Dec 7, 2021 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its December 7, 2021 meeting, enter into a service agreement with the Greater Houston Port Bureau, Inc. to provide vessel traffic movement data (real-time and historical) for a one-year period in the amount of \$80,000, and subscribe to PortXchange Synchronizer for ten users in the amount of \$15,000, for a total of \$95,000, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Goals STRATEGIC GOAL #1 - PEOPLE AND ORGANIZATION (Be the Best Place to Work)

Category:

Awards, Amendments & Change Orders

Department:

Executive

Staff Contact:

Tom Heidt

Background:

By Minute No. 2020-1208-06, the Port Commission authorized a service agreement with the Greater Houston Port Bureau, Inc. (GHPB), which expires December 31, 2021.

The GHPB is the non-profit agency representing over 800 organizations in the Texas Gulf maritime community. The GHPB generally serves as one of the Port Authority's links to those member businesses, acts as an advocate on behalf of the Port Authority and its other members, and provides other services to its members.

Staff Evaluation/Justification:

Staff recommends that in 2022 the Port Authority continue to use GHPB services, by entering into a one-year contract to provide vessel traffic movement data (real-time and historical), and subscription services to PortXchange Synchronizer, and when appropriate, to assist the Port Authority in regulatory and economic development matters. These services may also include advice on safety, security, and environmental response issues provided by a prior U.S. Coast Guard Captain of the Port, who now heads up the GHPB.

Separately, staff proposes to continue as a member of the GHPB, and participate in other activities on an individual basis.

F. EXECUTIVE

Subject **2. Approve the Port Authority's membership in the National Association of Waterfront Employers and payment of dues for a period of one year in the amount of \$65,000.**

Meeting Dec 7, 2021 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its December 7, 2021 meeting, authorize the Port Authority's membership in the National Association of Waterfront Employers and payment of dues for a period of one year in the amount of \$65,000, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Category:

Awards, Amendments & Change Orders

Department:

Government and Public Relations

Staff Contact:

Kerrick Henny

Background:

The National Association of Waterfront Employers (NAWE) is the representative of U.S. marine terminal operators and the stevedoring industry in Washington, D.C., promoting marine cargo efficiency, security and health, a clean environment, international trade, and economic growth through advocacy, education, and industry cooperation. As a port authority and a marine terminal operator, our engagement and alignment with other port authorities and waterfront employers on common interests and issues through NAWE should strengthen needed advocacy at the federal level.

Staff Evaluation/Justification:

Staff recommends that the Port Commission approve a one-year membership in the organization to support the Port Authority's mission.

F. EXECUTIVE

Subject 3. Approve and adopt the proposed Internal Audit 2022 Annual Audit Plan.

Meeting Dec 7, 2021 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its December 7, 2021 meeting, approve and adopt the proposed 2022 Annual Audit Plan, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Category:

General

Department:

Internal Audit

Staff Contact:

Maxine Buckles

Background:

Section 5007.226(e) of the Texas Special District Local Laws Code requires that the Port Commission "create, approve, and make available on the Port Authority's website a risk-based annual audit plan."

During the third quarter of 2021, the Port Authority's Internal Audit group updated the Annual Risk Assessment (ARA) in accordance with applicable professional auditing standards. Based on the ARA results and input from the Audit Committee and Port Authority staff, Internal Audit drafted a proposed Annual Audit Plan to serve as the primary guide to carry out its audit responsibilities in an efficient manner for the 2022 fiscal year.

Staff Evaluation/Justification:

The proposed Annual Audit Plan was presented to the Audit Committee at its meeting on October 25, 2021.

The plan focuses on the following key areas:

- Infrastructure (e.g., project and construction management);
- Administration and governance (e.g., information security);
- Information Technology (e.g., cybersecurity governance, and inventory management);
- Finance and Accounting (e.g., OPEB, contract compliance, and investments);
- Procurement (e.g., policies and procedures, and interlocal co-op agreements); and
- Entity compliance (e.g., federal regulations, statutes, tariffs, and internal policies).

The plan is a flexible commitment and may be revised during the year with guidance and input from the Audit Committee, input from Port Authority staff based on audit results and findings, and consideration of internal control procedures and assessment of high-risk areas.

Following review of and discussion regarding the draft plan with the Audit Committee, staff recommends the Port Commission approve and adopt the proposed Internal Audit 2022 Annual Audit Plan.



PORT HOUSTON™
THE INTERNATIONAL PORT OF TEXAS

Annual Audit Plan Report Fiscal Year 2022

DRAFT

Prepared By:

Maxine N. Buckles
Chief Audit Officer

Approved By:

Port Commission, and
Audit Committee of the Port Commission

To: Port Commission of the Port of Houston Authority, and
Audit Committee of the Port Commission

Date: October 25, 2021

Subject: Annual Audit Plan Report – Fiscal Year 2022

Dear Commissioners:

I am pleased to submit to you the Fiscal Year 2022 Audit Plan Report. The basis of this year's Annual Audit Plan ("Audit Plan") was an Annual Risk Assessment ("ARA") performed by the Internal Audit Department as required by the applicable professional auditing standards (the ARA report is submitted under separately). Additional consideration is given to input from the Audit Committee, Executive Director, Chief Officers, and department directors. This document serves as a key reference and guide to perform the audit responsibilities in an efficient and effective manner. To enhance our effectiveness, our approach is balanced by conducting the audits using in-house staff, and where appropriate, by outsourcing some projects requiring certain technical or specialized skills.

This Audit Plan includes performance, compliance/contract, policies and procedures compliance consultative reviews and unannounced audits. The plan also provides for follow-up procedures and special projects. Data analytics and continuous auditing techniques are utilized where practical.

Updates will be provided to the Audit Committee of the Port Commission at least twice a year to review the status and progress of executing the Audit Plan and to discuss other pertinent audit issues.

Respectfully submitted,

/s/ Maxine N. Buckles
Chief Audit Officer

cc: R. Guenther, Executive Director
T. Heidt, Chief Operating Officer
T. Finley, Chief Financial Officer

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BACKGROUND AND AUTHORITY

The Internal Audit Department (“IAD”) provides independent, objective assurance and consulting services designed to add value and improve the operations of the Port of Houston Authority (“Port Authority”). Attribute Standard 1000 of the International Standards for the Professional Practice of Internal Auditing as issued by the Institute of Internal Auditors (“IIA”) requires that the IAD “... *be responsible and accountable for the Internal Audit function using a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management and controls processes, and incorporate a Code of ethics of the IIA by adopting an Internal Audit Charter*”. Audit results are issued, to the Audit Committee of the Port Commission (“Audit Committee”) and Port Authority Management.

AUDIT DEPARTMENT ORGANIZATION

The Internal Audit function is overseen by the Audit Committee of the Port Commission, as required by statute. In September 2021, IAD was reorganized to administratively report to the Chief Financial Officer, a change from the previous role held by the Executive Director.

During FY2021, the IAD had a total headcount of 5, consisting of one Chief Audit Officer, two audit managers, one internal auditor, and an administrative assistant. No headcount increases are planned for fiscal year 2022. However, the IAD will engage, as appropriate, certain third-party resources to conduct specialized auditing and supplement internal resources. As we receive additional training, certifications, and experience, we will continue to increase our ability to provide enhanced and value-added services.

APPROACH AND METHODOLOGY

The IAD adheres to: 1) the International Standards for the Professional Practice of Internal Auditing as issued by the Institute of Internal Auditors (IIA – known as the “Red Book”), and 2) the Government Auditing Standards (“GAS” – commonly referred to as the “Yellow Book”) as promulgated by the Government Accountability Office (“GAO”). To assure compliance with these professional standards, the IAD is required to undergo a peer review every 5 years, the first of which was completed during FY2018.

The Annual Audit Plan is a flexible commitment to perform engagements in accordance with the responsibility and authority noted in the Port of Houston Authority Internal Audit Charter. The Audit Plan, which is approved by the Audit Committee, serves as a working document that considers items such as the Annual Risk Assessment (“ARA”), input from the Audit Committee, Department Management, and results from previous audits where applicable. Due to the continual requests for audit services, the increasing demand for non-audit services, and the required testing for planned activities, the Audit Plan will be monitored and revised as necessary throughout the year.

The professional standards noted previously require that the Audit Plan be rooted in risk-based methodology. In FY 2021, the IAD updated the ARA and utilized an electronic risk assessment tool to gather annual updates to departmental risks and controls. This process should provide for incorporation of ongoing changes to the risks and controls database.

Evaluating the various factors provides the IAD with indicators for project prioritization and scope. We then identify the available resources to determine the volume of activity to include in our plan (see Audit Resource Allocation section below).

AUDIT RESOURCE ALLOCATION

The Audit Plan prioritizes the IAD's limited staffing resources and budgeted funds based on the previously referenced risk assessment supplemented by management input. Auditable areas with higher risk profile ratings, management concerns, and regulatory requirements will be prioritized during the year.

The number of planned projects is based on consideration and an evaluation of:

- Current IAD headcount
- The existence or absence of established procedures (written and/or informal)
- Engagement manpower requirements
- Other types of ongoing audits, analyses and reviews performed by other Port Authority areas
- Unplanned requests from the Audit Committee, Executive Director, Chief Financial Officer, or Port Authority Management

USE OF EXTERNAL CONSULTANTS

For projects that involve circumstances where: 1) the use of experts/specialists is required; 2) the independence of the Internal Audit Department as an organization is impaired; or 3) there is the potential for significant political sensitivity, the Chief Audit Officer may elect to use external consultants. NOTE: An estimated amount is included in the annual budget for the use of these types of resources.

AUDIT PROGRAMS

Following the Audit Committee's recommendation and the Port Commission's approval of the Audit Plan, specific audit programs will be developed for each audit activity for fiscal year ending December 31, 2022. The audit programs will be designed with consideration of business processes, compliance and other requirements, performance considerations, management input, and specialized skills in order to meet the specific audit objectives of each project. Audit programs, workpapers and reports will be prepared in accordance with:

- The Institute of Internal Auditor's International Standards for the Practice of Internal Auditing ("Red Book")
- Government Auditing Standards ("Yellow Book")
- Relevant standards issued by the American Institute of Certified Public Accountants

STATUS AND UPDATES TO THE ANNUAL AUDIT PLAN

The specific projects conducted throughout the year will support the guidance provided in the Audit Plan. The nature, extent and timing of audit activities may vary as a result of changes in operations, organizational structure, competing resource priorities and management needs.

The IAD will also provide any assistance to the Audit Committee, Executive Director, and Chief Financial Officer with special projects when requested (assuming the available resources exist and depending on the context and priority of the assignment as it relates to risk, exposure, fraud, waste and/or abuse). These special projects will normally be performed in addition to planned audit work. If the assistance requires the use of external consultants, additional funds may need to be provided by the appropriate departments and/or the Audit Committee. Executing the Audit Plan involves an update and status process that is performed regularly among the IAD, management and the Audit Committee.

ANTICIPATED BENEFITS OF AUDIT ACTIVITIES

- Compliance
- Improved Accountability
- Improved Risk Management and Internal Controls
- Improved Financial and Operational Reporting
- Improved Efficiency
- Cost Savings

FISCAL YEAR 2022 PLANNED ACTIVITIES (FOCUS AREAS)

The following summaries highlight areas of probable projects for the FY 2022 Annual Audit Plan which is subject to modification based on the needs of the organization. The audit process, while often tracked in a linear fashion, is truly dynamic and reacts to evidence, impact, and magnitude of discovery occurring during the entire engagement process. As such, the following project areas are considered a starting point from which to execute the Audit Plan and will provide a level of transparency and accountability for meeting goals and objectives.

COMPLIANCE AND/OR CONTRACT AUDITS

A compliance audit is a comprehensive review of an organization's adherence to regulatory guidelines. Independent accounting, security or IT consultants evaluate the strength and thoroughness of compliance preparations. Auditors may review policies, user access controls and risk management procedures over the course of a compliance audit. Planned audit areas include:

COMPLIANCE - CONSTRUCTION

DESCRIPTION: For the calendar years 2019 and 2020 the Port Authority has invested approximately \$ 115.6 million and \$ 228.9 million, respectively, in construction projects. Expenditures in this category represented approximately 99% of net cash used in capital financing activities during both calendar years 2019 and 2020. During 2021 a major ship channel expansion project was launched. As of September 30, 2021, the Port Authority expended approximately \$124 million on construction projects. IAD will review, these expenditures, on a test basis, for compliance with the Port Authority's agreements and established policies and procedures.

COMPLIANCE - U.S. FOREIGN TRADE ZONE ("FTZ")

DESCRIPTION: FTZs are designated areas where the U.S. government considers foreign merchandise trade outside U.S. Customs territory. Merchandise may be transported into an FTZ without formal customs entry, import quotas and other import restrictions. Duties and excise taxes are not assessed until the merchandise enters U.S. commerce. Currently the Port Authority manages FTZ #84, which includes many privately owned and port-owned sites located throughout Houston and Harris County, Texas. For the calendar years 2019 and 2020, the Port Authority collected FTZ related revenues totaling \$452 thousand and \$551 thousand, respectively. As of September 30, 2021, the Port Authority has billed \$ 370 thousand in FTZ related revenues. The IAD will review compliance with the U.S. Department of Commerce requirements for managing an FTZ.

COMPLIANCE- OFFICE OF FOREIGN ASSETS CONTROL ("OFAC")

DESCRIPTION: The Port Authority periodically hosts non-US delegations (or visitors) and participates in industry developmental activities with non-US entities. Foreign participants are screened via the Department of Treasury's Specially Designated Nationals ("SDN") list review prior to visiting the Authority's facilities. The IAD will review the OFAC process and procedures and will audit compliance with the requirements of the OFAC policy.

COMPLIANCE - CONTRACTS OTHER THAN CONSTRUCTION

DESCRIPTION: The Port Authority routinely engages third parties to perform a variety of services. As this area has not received a recent detailed process review or audit, IAD will review, these expenditures, on a test basis, for compliance with the Port Authority's agreements and established procedures.

COMPLIANCE - OTHER POSTEMPLOYMENT BENEFITS ("OPEB") TRUST

DESCRIPTION: In addition to retirement benefits, the Port Authority provides certain post-employment health and welfare benefits ("OPEB") to eligible retired employees and their dependents. In February 2015, the Port Authority established a new, stand-alone trust for the OPEB Plan with Compass Bank as trustee. In July 2015, the Commission approved a revised funding policy. On December 31, 2019 and 2020, there were 319 retirees who were eligible for these benefits. For the calendar years 2019 and 2020, the Port Authority assets held in

trust for OPEB were approximately \$82.3 million and \$95.1 million, respectively. IAD will review OPEB activities for compliance with applicable policies and procedures.

COMPLIANCE – ENVIRONMENTAL INTERNATIONAL STANDARDS ORGANIZATION (“ISO”) 14001

DESCRIPTION: The Port Authority is ISO 14001 certified which requires external periodic audits to verify continued conformance with the ISO 14001 standards. Currently, Det Norske Veritas (“DNV GL”) is the external audit firm engaged by the Port Authority to perform the 2022 ISO 14001 compliance audit. IAD will partner with the Environmental Affairs Department and DNV GL to support the recertification process through both internal and external reviews and audits.

COMPLIANCE- INVESTMENTS

DESCRIPTION: The Port Authority made investments in the Local Government Investment Cooperative (“LOGIC”), Texas Cooperative Liquid Assets Securities System Trust (“Texas CLASS”) and the Texas Local Government Investment Pool (“TexPool Prime”), which are subject to the Texas Public Funds Investment Act, Chapter 2256, Texas Government Code (“PFIA”). On December 31, 2019 and 2020, the Authority had invested \$310.6 million and \$219.6 million, respectively. IAD will review the compliance with the Texas Government Code reporting requirements and the Authority’s Investment Policy.

PROCESS REVIEWS

PROCESS REVIEW – OPERATIONS MAINTENANCE

DESCRIPTION: During FY2020, the Port Authority expended approximately \$21.7 million in purchases associated with the acquisition of operations maintenance equipment, supplies and services. As of September 30, 2021, the Port Authority has expended approximately \$16.3 million in operations maintenance equipment, supplies and services, which included \$2.2 million related to Covid-19 response. The Port Authority has maintenance processes that vary by department and location. IAD served in a consultative role in the 2019/2020 Maintenance Operations Controls Consulting Project and will continue to monitor and review the implementation of the process and control improvement recommendations provided.

PROCESS REVIEW – IT PROCUREMENTS

DESCRIPTION: During FY2020, the Port Authority expended approximately \$4.9 million in purchases associated with the acquisition of IT-related equipment, supplies and services. As of September 30, 2021, the Port Authority has expended approximately \$1.7 million in IT related equipment and supplies. The IAD will review, document and walkthrough several key business processes to evaluate compliance with procurement and other policies and assess tracking and control of high value items within IT Systems.

CYBER SECURITY

DESCRIPTION: Cyber security continues to be identified as a high-risk area for the Port Authority, which is consistent with most organizations. During 2020, the Information Technology Department’s (“IT”) response to the Covid-19 pandemic included implementation of systems and communications tools to facilitate access for telecommuters and stakeholders attending virtual meetings. These activities highlighted risks associated with a remote workforce and employees utilizing personal devices to connect with Port Authority systems. During 2021, IT, with the support of the Training and Development Department, implemented the fifth year of Cyber Security Awareness Training. IAD will continue to work in collaboration with the IT and other departments as needed to ensure that the Port Authority mitigates risks in this area.

MAJOR SYSTEM APPLICATIONS REVIEWS/MONITORING

DESCRIPTION: IAD will review IT governance processes and perform user access reviews of the Port Authority’s major system applications. Monitoring includes procedures to assess the effectiveness of IT internal

controls, adequacy of segregation of duties, system access and user access is appropriate for employees and compatible with assigned job duties. Application performance accuracy testing and any other procedure considered necessary to improve efficiency of the Port Authority's system applications may also be performed

SAP CONCUR

DESCRIPTION: In April 2021, the Accounts Payable department deployed SAP Concur, an automated expense management software system. This system improves various payables functions such as electronically capturing invoice and receipt details, streamlining the payment process to vendors and employees, and enhances and simplifies the reporting process. IAD will review the post implementation process, adequacy of segregation of duties, and user access to validate that SAP Concur control processes are operating effectively.

PROCESS REVIEW – GENERAL CARGO REVENUES

DESCRIPTION: During FY 2020, the Port Authority generated \$ 54.8 million in revenue associated with general cargo at its terminals, which is approximately 15.1% of total operating revenue. As of August 31, 2021, the Port Authority Turning Basin Terminals general cargo revenues were approximately \$39.3 million, or 14% of total operating revenues. A significant number of these transactions rely on manual processes. IAD will review a selection of general cargo customers to identify key business processes, confirm/verify reported volumes, test for approvals, billing, payment, and contract compliance (focus on “major customers” and “high risk customers”).

SPECIAL PROJECTS & ON-GOING MONITORING

SAFETY AND SECURITY

DESCRIPTION: The Port Authority owns and operates public facilities in the Houston Ship Channel region. The safety and security of Port Authority people and assets is an important mission for the Port Authority. Port police, fire and safety personnel continually execute strict processes and procedures in compliance with a facility security plan (“FSP”) filed with the US Coast Guard (“USCG”) to mitigate these risks, including engagement of 24-hour security details provided by Allied Universal. Several external audits conducted by the USCG, US Customs and Border Protection and professional consultants, as well as internal audits lead by Port Authority facility security officers are performed to ensure compliance with the FSP. The IAD receives routine updates related to safety and security audit activities, and will work in collaboration with safety, security and other departments as needed to ensure that the Port Authority mitigates risks in this area.

RISK MANAGEMENT

DESCRIPTION: Risk management continues to be an area of focus for the Port Authority. Periodically, the Risk Management department engages with external resources to review and evaluate the claims handling practices of the Port Authority's third-party administrator. In addition, an annual insurance coverage audit is planned to assist with identifying potential gaps in insurance coverage. It is anticipated that these or similar efforts will be utilized to optimize costs while mitigating risks to the Port Authority. IAD will continue to work in collaboration with Risk Management as needed.

ANNUAL RISK ASSESSMENT (“ARA”)

DESCRIPTION: Each year the IAD develops the Audit Plan based upon risks (primarily business, financial and operational). Professional auditing standards (IIA and GAS) require that audit resources be allocated to projects supported by a continuous risk assessment methodology. Risk assessments will be performed as needed on a recurring basis to ensure a systematic review of risks and potential risks to the Port Authority.

REGULATORY COMPLIANCE

DESCRIPTION: The Port Authority is subject to several regulatory requirements. The Legal department monitors the multitude of regulatory requirements to which the Port Authority must comply. IAD will continue to work in collaboration with Legal as needed to ensure potential compliance gaps are identified and appropriately

addressed.

FOLLOW-UP PROCEDURES

DESCRIPTION: As issues are identified while conducting audits/engagements, they are documented and reported accordingly. To help initiate change and continued improvement, our follow-up procedures will effectively monitor progress on implementation of management responses to our recommendations. IAD will communicate with responsible management at regular intervals to monitor progress on implementation of corrective actions. These communications will be documented and published accordingly. Additionally, a sample of items will be tested on a periodic basis, depending on the magnitude, impact, and estimated cost-benefit.

QUALITY ASSURANCE PROCEDURES

DESCRIPTION: Professional standards require that the audit function have a system of quality control/assurance in place to ensure all necessary elements are in place and operating effectively. Each audit is reviewed by a professional staff member not directly assigned to the audit. The goal is to verify that sufficient, appropriate evidence is gathered and documented to adequately support conclusions based on procedures that are designed to test relevant audit objectives (this includes consideration of fraud, professional judgment, competency, and supervision).

FRAUD HOTLINE/REPORTING

DESCRIPTION: The IAD provides two primary vehicles for reporting fraud, waste and/or abuse: (1) A Fraud Hotline answered by EthicsPoint, a subsidiary of Navex Global, a third-party hired by the Authority to independently gather and report fraud and/or misconduct to the IAD and (2) links to report fraud available from both the Port Authority SharePoint Homepage and EthicsPoint website. The IAD also provides auditing support based on requests from the Port Security and/or other authorities. Each reported concern must be addressed. This may require performing substantive procedures, such as an audit, or may be referred to an outside agency or department for follow-up. The initial contact, work performed, conclusions and/or referral are documented to support disposition of the reported issues. In some instances, this may also require subsequent follow-up or monitoring to adequately resolve.

DATA ANALYTICS & CONTINUOUS MONITORING

MONITORING REVIEW – Promotion & Development (“P&D”) Fund

DESCRIPTION: During FY2020, the Port Authority disbursed approximately \$3.6 million, or 0.9% of gross operating revenues, on P&D activities. As of August 31, 2021, the Port Authority incurred approximately \$2.5 million, or 0.8% of gross operating revenues, in P&D activities. The IAD will monitor the authority's compliance with statutory requirements governing use of the P&D fund, pursuant to Section 5007.219(a), Texas Special District Laws Code.

DATA ANALYTICS

DESCRIPTION: IAD utilizes data analytics to gain a better understanding of monetary, transactional, and other numerical data and compares that data to internal and/or external criteria to assess reasonableness. Professional and industry tools and techniques are applied to support a systematic and standard approach for data reliability and consistency. Data analytics are included in audit and review reports, where practical, to communicate results.

BEST PRACTICES

DESCRIPTION: The IAD maintains awareness of significant Port Authority transactions and events as well as significant events which occur external to the Port Authority. This is accomplished by attending professional conferences and seminars, internal meetings and by participating in various roundtable events. Financial transactions are periodically reviewed to detect anomalies. Special monitoring reviews or audits may be generated as a result of these activities.

UNANNOUNCED AUDITS

DESCRIPTION: The IAD may perform audits on an unannounced basis during the year. These may include:

- Payroll
- Purchase Orders
- Charge Card Purchases
- Petty Cash

F. EXECUTIVE

Subject 4. Approve the Internal Audit Charter, effective December 7, 2021.

Meeting Dec 7, 2021 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its December 7, 2021 meeting, approve the Internal Audit Charter, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Category:

General

Department:

Internal Audit

Staff Contact:

Maxine Buckles

Background:

The Audit Committee Charter requires that the Audit Committee conduct an annual review of the Internal Audit Charter supporting the Audit Committee and the Port Authority Internal Audit function.

By Minute No. 2021-0928-06, the Port Commission last approved the Port Authority's Internal Audit Charter.

The Internal Audit Charter sets forth the purpose, authority, and responsibilities of the Internal Audit department relating to Port Authority systems and business processes, risk management practices, interaction with the Port Authority's independent auditor, internal control structure, accounting policy, and internal Audit matters, compliance, and reporting.

During the year the incumbent Chief Audit Officer transitioned to a new position within Port Houston. In connection with that, and in conjunction with the process of identifying a new Chief Audit Officer, the Executive Director determined that an administrative reporting change to the Chief Financial Officer (CFO) was prudent. The draft charter reflects that change.

Staff Evaluation/Justification:

The Audit Committee completed its review of the Internal Audit Charter during the October 25, 2021 meeting. The proposed change to the Internal Audit Charter updates the administrative reporting change for the Chief Audit Executive from the Executive Director to the CFO.

The Audit Committee and staff request that the Port Commission approve this modification to the Internal Audit Charter, to reflect this administrative reporting change.



PORT HOUSTONSM
THE INTERNATIONAL PORT OF TEXAS

PORT OF HOUSTON AUTHORITY

INTERNAL AUDIT CHARTER

December 7, 2021

A. INTRODUCTION

Attribute Standard 1000 of the 2017 International Standards for the Professional Practice of Internal Auditing (*"The Standards"*) as issued by the *Institute of Internal Auditors ("IIA")* requires the Audit Organization to define the mission, scope, authority, responsibility, and accountability of the Internal Audit (IA) function using a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management and control processes, and incorporating a Code of Ethics of the IIA by adopting an Internal Audit Charter.

The IIA Standards require adherence to the mandatory elements of the International Professional Practices Framework, which consist of Core Principles for the Practice of Internal Auditing, the Definition of Internal Auditing, the IIA Code of Ethics, and International Standards for the Professional Practice of Internal Auditing. The Internal Audit Department ("IAD") Charter is the commitment by all relevant parties to support and execute these activities correlated to items specified within this document and as expressed in the Mission and Vision Statement of the Port of Houston Authority ("PHA").

B. MISSION STATEMENT AND SCOPE OF WORK

1. The *Mission Statement* of the IAD is to perform the Internal Audit ("IA") function for the PHA as Audit Organization. This includes provision of independent, objective assurance and consulting services designed to add value and improve the PHA's operations. In doing so, we use Generally Accepted Governmental Auditing Standards ("GAGAS") and *The Standards*. The IAD helps divisional and departmental management of the PHA accomplish their objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of various processes (*i.e. risk management, control, and governance*).

2. The *Scope of Work* of the IA function is to determine whether the organization's strategic design, implementation, documentation, and reporting of various processes are adequate and operating in a manner as represented by management. This should ensure that:

- a. Risks are identified, communicated, documented, and managed
- b. Interaction with the various governance groups occurs as needed
- c. Significant financial, managerial, and operational information is accurate, relevant, reliable, and timely
- d. Employees' actions are in compliance with policies, standards, procedures, and applicable laws and regulations
- e. Resources are acquired economically, used efficiently, and adequately safeguarded/maintained
- f. Programs, plans, and objectives are achieved as committed and/or budgeted
- g. Quality and continuous improvements are fostered within the PHA's control processes
- h. Significant legislative and regulatory issues impacting the PHA are identified, recognized, and addressed appropriately
- i. Opportunities for improving management control, accountability, and the PHA's image that are identified will be communicated to the proper level of management

C. RESPONSIBILITY

1. The IAD, which includes the PHA chief audit executive (“CAE”) and staff, has responsibility to:

a. Develop a flexible Annual Audit Plan using appropriate risk-based methodology, including any risk or control concerns expressed by Audit Committee of the Port Commission (“Audit Committee”) and/or PHA management, and submit that plan to the Port Commission for review and approval. The flexible Annual Audit Plan includes the latitude for adequate follow-up on any issues identified during the engagement process and includes relevant resource limitations and their impact on *Scope of Work*;

b. Implement the Annual Audit Plan as approved by the Port Commission, including any special tasks or projects requested by the Audit Committee and/or PHA management;

c. Provide periodic reports to the Audit Committee summarizing the results of each engagement that identify audit findings, commendations, best practices, recommendations, conclusions, and Departmental Management responses. These reports are issued by the IAD and distributed to the Port Commission and PHA divisional and departmental management. Final Reports are also made available to the external auditor, to enhance reliability, facilitate communication, and reduce costs of the overall audit process;

d. Maintain a staff with sufficient knowledge, skills, experience, and professional certifications to meet requirements of *The Standards*. This includes adequate continuing professional education (“CPE”) to maintain licensure and/or certifications and apply relevant GAGAS;

e. Establish and maintain an IAD Policies and Procedures Manual that contains specific guidelines for operations of the IA function and serves as a reference for design, execution, and assessment of the audit activities;

f. Establish and maintain a Quality Assurance Program, to provide reasonable assurance regarding the operations of the IAD in relationship to its compliance with professional standards, this Charter, and the IAD Policies and Procedures Manual. This will include internal and external review and reporting of periodic results in performance to the Port Commission, Audit Committee and/or PHA management, along with a feedback mechanism of measurable value for assessment that will be provided to the PHA;

g. Perform relevant consulting services related to control and process implementation and optimization to assist PHA divisional and departmental management in meeting their objectives and foster synergies within the organization, while leveraging resource utilization that promotes development of professional staff with skill sets valuable to operational effectiveness and efficiencies. The IAD may provide assurance services where it had previously performed consulting services, provided the nature of the consulting did not impair objectivity and provided individual objectivity is managed when assigning resources;

h. Establish and maintain sufficient and adequate levels of relevant and dynamic knowledge base, by evaluating and monitoring new or emerging services, computer hardware and software systems, processes, functions, operations, and controls coincident with the development, implementation and/or expansion of the PHA’s operations;

i. Assist in the investigation of alleged fraudulent activities within the PHA as requested by the PHA’s General Counsel, PHA security, any law enforcement agency or judiciary, and notify the Audit Committee, Executive Director, and General Counsel of the results; and

j. Consider the scope of work of the external auditors and regulators, as appropriate, for the purpose of providing optimal coverage, avoiding duplication of effort, building professional rapport, and further developing reliance on credibility and validity of the internal audit function.

D. ACCOUNTABILITY

The CAE, in performing the IA function, shall be accountable to the Audit Committee of the Port Commission. This will be measured by:

1. Preparing a Risk-based Annual Audit Plan and providing periodic updates to the Audit Committee regarding its status and related matters, including resources;
2. Providing a periodic assessment on the adequacy, effectiveness, status of the PHA's divisions and departments, and/or component processes for controlling their activities and managing their risks, as set out in the *Mission Statement and Scope of Work* and supported by projects that the IAD has performed;
3. Reporting scope of work, results, conclusions, significant issues (including unmitigated risks and control deficiencies as expressed in engagement-level assessments), potential improvements (*i.e. recommendations*), and the status of follow-up procedures performed;
4. Maintaining adequate documentation to support conclusions in the form of workpaper files that can also be reviewed for efficiency, relevance to audit plan and program, future audit work, and quality assessment purposes; and
5. Coordinating with and providing assessments of the other control and monitoring functions (*i.e. risk management, compliance, security, ethics, environmental, etc.*)

E. INDEPENDENCE

1. Because of the unique nature of the IA function and the potential for ambiguity and conflicting interests, the independence of the IA function is critical to its success. Independence is vital both in substance and perception, in order to build a foundation of integrity upon which the efficacy and reliability of the IA function can be established and sustained.

2. To provide for the independence of the IA function, IAD personnel report to the CAE who reports functionally to the Audit Committee and administratively to the Chief Financial Officer.

3. In the event the IA function must investigate serious concerns identified under the GAGAS or The Standards (e.g. external impairments, fraud, etc.), IAD personnel shall be provided unrestricted access to the PHA Finance & Administration Department, PHA's Legal Department (subject to the maintenance of appropriate privileges), and appropriate Law Enforcement. If the IA function encounters interference in determining the scope of internal auditing, performing work, or communicating results, the CAE must disclose such interference to the Audit Committee of the Port Commission.

F. AUTHORITY

1. In order for the IAD to fulfill its responsibilities, provide adequate accountability, and maintain independence, it shall have:

a. Continual unrestricted access to all functions, records, property, and personnel of the PHA in meeting its specific audit objectives (subject to the maintenance of appropriate legal privileges and confidentiality). This includes full access to all systems that input, process, store, and report any and all information of the operations of the PHA which are not limited or otherwise restricted;

b. Full and unrestricted access to the Port Commission, management, and appropriate law enforcement (subject to the maintenance of appropriate legal privileges and confidentiality);

c. The ability to allocate audit resources, set audit frequencies, select subjects, determine scope of work, and apply audit techniques required to accomplish audit objectives, without external impairments; and

d. The necessary assistance and/or cooperation of personnel in relation to performance of engagement activity. This includes all PHA divisions and departments where cost efficient and where outsourced functions are procured for the PHA's business.

2. To further maintain independence, reliability, and integrity, the IA function, as performed by the IAD, expressly excludes:

a. Responsibility for any operational duties of the PHA, including those circumstances where the CAE certifies or attests to the effectiveness and conformity to organizational policies, procedures, and applicable laws and regulations of such operations;

b. The authority to initiate or approve transactions that are outside of the direct operations of the IA function and its activities; and

c. The authority to direct the activities of the PHA's employees outside the IA function.

G. PROFESSIONAL STANDARDS

1. As indicated in the *Introduction* and *Mission Statement and Scope of Work* sections, the IA function within the IAD will conform and adhere to GAGAS and *The Standards* or provide appropriate disclosure when exception or limitation exists or occurs.

2. As part of providing assurance to continued adherence, the IAD will undergo a Peer Review engagement every five years, which will render an independent opinion on conformance to the professional standards and requirements reference above.

3. In addition, after a successful IIA peer review, for all audits or engagements where the IAD applies GAGAS or The Standards, the IAD will provide positive assurance, in its report or other deliverable, as to its adherence to them and its application of them in its report or other deliverable.

H. AMENDMENT OF THE INTERNAL AUDIT CHARTER

The CAE is responsible for ensuring that the Charter of the IAD is periodically reviewed and updated or revised as necessary. Any amendment and/or revision shall be signed and approved by the CAE, Executive Director, and the Chair of the Audit Committee.

EXECUTIVE ENDORSEMENT

This Internal Audit Charter of the PHA is the formal document that specifies the *Mission Statement, Scope of Work, Responsibility, Accountability, Authority, and Independence* of the *IA* function. This Charter is a binding commitment and is vital to all stakeholders of the PHA. The endorsements below of this Internal Audit Charter underscores the importance of the *IA* function in relationship to the PHA's operations and confirms their continued cooperation in fulfillment of their obligation to carry out the *IA* function.

Chief Audit Executive
Port of Houston Authority

12/07/2021
Approval Date

R. Timothy Finley
Chief Financial Officer
Port of Houston Authority

12/07/2021
Approval Date

Thomas J. Heidt
Chief Operating Officer
Port of Houston Authority

12/07/2021
Approval Date

Roger Guenther
Executive Director
Port of Houston Authority

12/07/2021
Approval Date

Ric Campo
Chair, Audit Committee
Port Commission of the Port of Houston Authority

12/07/2021
Approval Date

RELEVANT PROFESSIONAL STANDARDS -

GAGAS Chapters 1-3; IIA *Standards* (all, but emphasis on): 1000; 1000.A1; 1000.C1 ; 1010; 1110; 1110.A1 ; 1111; 1112; 1130; 1320; 2000; 2100; 2600 and related IIA Practice Advisories: 1000-1 ; 1000.C1-2; 2060-2; 2100-3; 2330.A1-2; 2500.A1 -1

H. COMMERCIAL

Subject 1. Approve a lease for a three-year term with Houston Refining LP for approximately 24.7 acres at Block 1, Rosa Allen, effective no earlier than January 1, 2022, at an annual base rent of approximately \$993,532.80 subject to annual escalation of the greater of 3% or the increase in the Consumer Price Index.

Meeting Dec 7, 2021 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its December 7, 2021 meeting, approve a lease for a three-year term with Houston Refining LP for approximately 24.7 acres at Block 1, Rosa Allen, effective no earlier than January 1, 2022, at an annual base rent of approximately \$993,532.80, subject to annual escalation of the greater of 3% or the increase in the Consumer Price Index, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Goals STRATEGIC GOAL #2 - INFRASTRUCTURE (Optimize Infrastructure and Channel Capacity to Serve the Region)
STRATEGIC GOAL #4 - STEWARDSHIP (Create Greater Value for the Region)
STRATEGIC GOAL #3 - PARTNERSHIPS (Develop and Strengthen External Partnerships)

Category:
Leases

Department:
Real Estate

Staff Contact:
R.D. Tanner

Background:
Houston Refining LP has requested that the Port Authority lease approximately 24.7 acres at Block 1, Rosa Allen for a three-year term. Houston Refining LP plans to lease the property for parking of employee and contractor vehicles and staging of equipment related to plant turnaround improvements.

Staff Evaluation/Justification:
Staff recommends the Port Commission approve the proposed lease with Houston Refining LP under the terms described above.

H. COMMERCIAL

Subject 2. Approve a lease for a one-year term with a one-year mutual renewal option with Cooper/Ports America, LLC for approximately 9.136 acres at Block 12, Industrial Park East, effective no earlier than January 1, 2022, at an annual base rent of approximately \$248,206.84, subject to annual base rent escalation of 3%.

Meeting Dec 7, 2021 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its December 7, 2021 meeting, approve a lease for a one-year term with a one-year mutual renewal option with Cooper/Ports America, LLC for approximately 9.136 acres, which does not include or permit the access or use of Building 55, at Block 12, Industrial Park East, effective no earlier than January 1, 2022, at an annual base rent of approximately \$248,206.84, subject to annual escalation of 3%, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Goals STRATEGIC GOAL #2 - INFRASTRUCTURE (Optimize Infrastructure and Channel Capacity to Serve the Region)
STRATEGIC GOAL #4 - STEWARDSHIP (Create Greater Value for the Region)
STRATEGIC GOAL #3 - PARTNERSHIPS (Develop and Strengthen External Partnerships)

Category:
Leases

Department:
Real Estate

Staff Contact:
R.D. Tanner

Background:
Cooper/Ports America, LLC has requested that the Port Authority lease approximately 9.136 acres at Block 12, Industrial Park East without access or use of Building 55 for a one-year term with a one-year mutual renewal option. Cooper/Ports America, LLC has leased this property since October 1, 2021 under a month-to-month lease, for storage and handling of FAK (Freight All Kinds) cargoes and general cargoes. Cooper/Ports America, LLC plans to use this property for the same purpose under the proposed term lease.

Staff Evaluation/Justification:
Staff recommends the Port Commission approve the proposed lease with Cooper/Ports America, LLC under the terms described above.

H. COMMERCIAL

Subject **3. Approve a lease with Cooper/Ports America, LLC for approximately 7.62 acres, at Block 4, Turning Basin Terminal including 33,342 square feet of warehouse space for a one-year term with four consecutive one-year renewal options, effective no earlier than January 1, 2022, at an annual base rent of approximately \$246,116.40, subject to annual escalation of the greater of 3% or the increase in the Consumer Price Index.**

Meeting Dec 7, 2021 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its December 7, 2021 meeting, approve a lease with Cooper/Ports America, LLC for approximately 7.62 acres, at Block 4, Turning Basin Terminal including 33,342 square feet of warehouse space for a one-year term with four consecutive one-year renewal options, effective no earlier than January 1, 2022, at an annual base rent of approximately \$246,116.40, subject to annual escalation of the greater of 3% or the increase in the Consumer Price Index, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Goals [STRATEGIC GOAL #4 - STEWARDSHIP \(Create Greater Value for the Region\)](#)
[STRATEGIC GOAL #3 - PARTNERSHIPS \(Develop and Strengthen External Partnerships\)](#)

Category:
Lease

Department:
Real Estate

Staff Contact:
R.D. Tanner

Background:

Cooper/Ports America, LLC has requested that the Port Authority lease approximately 7.62 acres, with 33,342 square feet of warehouse space, at Block 4, Turning Basin for a one-year term with four consecutive one-year renewal options to be exercised at the discretion of Cooper/Ports America, LLC. Cooper/Ports America, LLC has leased this property since August 6, 2021 under a month-to-month lease for storing and handling of cement sacks and general cargo and desires to convert to a term lease. Cooper/Ports America, LLC plans to use this property for the same purpose under the proposed term lease and has agreed to invest a minimum of \$500,000 in improvements to this property, including grading, stabilization materials, asphaltting of transit buildings floors, building roof, and transit building siding repairs.

Staff Evaluation/Justification:

Staff recommends the Port Commission approve the proposed lease with Cooper/Ports America, LLC under the terms described above.

H. COMMERCIAL

Subject **4. Approve an amendment to the lease with R. Warehousing & Port Services, Inc. for approximately 8.32 acres at Block 20A, Clinton Drive, to extend the term for one year, effective no earlier than January 1, 2022, at an annual base rent of approximately \$199,601.64, subject to annual escalation of 3%.**

Meeting Dec 7, 2021 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its December 7, 2021 meeting, approve an amendment to the lease with R. Warehousing & Port Services, Inc. for approximately 8.32 acres at Block 20A, Clinton Drive, to extend the term for one year, effective no earlier than January 1, 2022, at an annual base rent of approximately \$199,601.64, subject to annual escalation of 3%, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Goals STRATEGIC GOAL #4 - STEWARDSHIP (Create Greater Value for the Region)
STRATEGIC GOAL #3 - PARTNERSHIPS (Develop and Strengthen External Partnerships)

Category:
Leases

Department:
Real Estate

Staff Contact:
R.D. Tanner

Background:
By Minute No. 2020-1208-10, the Port Commission authorized a one-year lease with R. Warehousing & Port Services, Inc. for approximately 8.32 acres at Block 20A, Clinton Drive. The current lease expires December 31, 2021. The property is used for steel storage and handling.

Staff Evaluation/Justification:
Staff recommends the Port Commission approve the proposed lease amendment and extension.

H. COMMERCIAL

Subject **5. Approve a revision to the previously-approved amendment to the lease with SESCO Terminals Corp. to change the term from five years to two years.**

Meeting Dec 7, 2021 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its December 7, 2021 meeting, approve a revision to the previously-approved amendment to the lease with SESCO Terminals Corp. to change the term from five years to two years, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Goals STRATEGIC GOAL #2 - INFRASTRUCTURE (Optimize Infrastructure and Channel Capacity to Serve the Region)
STRATEGIC GOAL #4 - STEWARDSHIP (Create Greater Value for the Region)
STRATEGIC GOAL #3 - PARTNERSHIPS (Develop and Strengthen External Partnerships)

Category:
Leases

Department:
Real Estate

Staff Contact:
R.D. Tanner

Background:
By Minute No. 2021-0223-07, the Port Commission authorized a one-year lease with SESCO Terminals Corp. (Sesco) for approximately 20,817 square feet out of the Wharf 1 warehouse located at Turning Basin West. The warehouse is used for storage of cement in super sacks or other bagged cement.

By Minute No. 2021-1026-10, the Port Commission authorized an amendment to the lease with SESCO to (i) increase the leased premises to approximately 41,634 square feet and (ii) extend the term for an additional five years. Following the Port Commission's authorization of the amendment, the requested term changed from five years to two years. Due to this change, the amendment did not take effect and staff is re-submitting this recommended action to reflect the change in the requested term.

This amendment with the revised term of two years continues to provide for the new monthly base rent of \$6,939 to retroactively begin on November 1, 2021, which was the effective date of the prior authorized amendment described above.

Staff Evaluation/Justification:
Staff recommends the Port Commission approve the proposed lease amendment to extend the term for an additional two years.

H. COMMERCIAL

Subject **6. Approve the change of control of South Coast Terminals, LP, a tenant under a lease with the Port Authority.**

Meeting Dec 7, 2021 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its December 7, 2021 meeting, approve the change of control of South Coast Terminals, LP, a tenant under a lease with the Port Authority, which commenced January 25, 2015, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Category:

Leases

Department:

Real Estate

Staff Contact:

R.D. Tanner

Background:

By Minute No. 2015-0127-35, the Port Commission authorized a fifteen-year lease with South Coast Terminals, LP, a Delaware limited partnership (SCT), which commenced January 25, 2015, for approximately 3.14 acres total, consisting of approximately 1.12 acres out of Block 5 and 2.02 acres out of Blocks 5A and 6 at the Manchester Terminal.

SCT proposes to enter into a transaction whereby, among other things, all of the equity interests in SCT will be acquired by South Coast Terminals Holdings LLC, a Delaware limited liability company (Purchaser). Purchaser will be controlled by parties to be identified prior to the Port Commission meeting. Additionally, prior to the closing of the transaction, SCT will convert to a Delaware limited liability company and change its name to S C Terminals LLC. Following the closing of the transaction, Purchaser will be the sole and managing member of SCT

Staff Evaluation/Justification:

Staff has reviewed the terms of the change of control of SCT, including the pro forma financials of SCT, and expects to recommend approval of the change of control or request that the Port Commission table other actions in this matter.

I. FINANCE

Subject **1. Award a five-year contract for third party administration services for the Port Authority's self-insured workers' compensation and liability claims program to AS&G Claims Administration, Inc., in an amount not to exceed \$542,438.**

Meeting Dec 7, 2021 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its December 7, 2021 meeting, award a five-year contract to AS&G Claims Administration, Inc. for third party administration (TPA) services for the Port Authority's self-insured workers' compensation and liability claims program, in an amount not to exceed \$542,438, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Goals Strategic Objective 3b. - Demonstrate transparency and accountability
Strategic Objective 4b. - Prepare for disruptive events and mitigate their impact
STRATEGIC GOAL #4 - STEWARDSHIP (Create Greater Value for the Region)

Category:

Awards, Amendments & Change Orders

Department:

Risk Management

Staff Contact:

Norma Essary

Background:

By Minute No. 2014-1216-24, the Port Commission awarded a contract to AS&G Claims Administration, Inc. (AS&G) to provide TPA services for the Port Authority's self-insured workers' compensation and liability claims program. Services provided under the contract include: (1) administration of workers' compensation, liability, subrogation, and litigation management programs, (2) acting as the Port Authority's workers' compensation agent in Austin for purposes of complying with Chapter 406 of the Texas Labor Code, and (3) risk management, loss prevention, and safety consulting services.

The Port Authority notified vendors regarding its request for proposals (RFPs) for the Port Authority's self-insured workers' compensation and liability claims program using the Port Authority's BuySpeed Eprocurement System and the project was advertised on the Port Authority's website and in a local newspaper. Five vendors downloaded the project materials from BuySpeed.

Staff Evaluation/Justification:

On October 20, 2021, three RFP responses were received and opened. The responses were reviewed and evaluated by staff in accordance with the selection criteria published in the RFP. Two out of the three proposals only provided proposals for Medical Cost Containment services, and the pricing provided was not comprehensive, and only included a pre-authorization review nurse.

Staff identified the following vendors, listed in order of ranking, as most qualified to provide the required services:

- AS&G Claims Administration, Inc. (Full Services - Third Party Administration and Medical Cost Containment)
- Innovative Claims Strategies, LLC (Medical Cost Containment Only)
- MedicusRX (Medical Cost Containment Only)

Following staff Executive Committee review, staff recommends that the Port Commission award a contract to AS&G Claims Administration, Inc. for third party claims administration services for the Port Authority's self-insured workers' compensation and liability program, and act as otherwise described above. AS&G Claims Administration, Inc. is also the incumbent.

I. FINANCE

Subject **2. Authorize payment to the Harris County Appraisal District for appraisal services to be provided to the Port Authority for fiscal year 2022 in an amount not to exceed \$405,000, and authorize payment to the Harris County Tax Assessor-Collector for collection services for the 2021 tax year in an amount not to exceed \$1,100,000.**

Meeting Dec 7, 2021 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its December 7, 2021 meeting, (a) authorize payment to the Harris County Appraisal District for appraisal services to be provided to the Port Authority for fiscal year 2022 in an amount not to exceed \$405,000, (b) authorize payment to the Harris County Tax Assessor-Collector for tax collection services for the 2021 tax year in an amount not to exceed \$1,100,000, and (c) further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Goals [STRATEGIC GOAL #4 - STEWARDSHIP \(Create Greater Value for the Region\)](#)

Category:

General

Department:

Controller

Staff Contact:

Curtis Duncan

Background:

The Harris County Appraisal District provides appraisal services to the Port Authority in connection with its ad valorem taxes. As provided in Section 6.06(d), Texas Property Tax Code, "each taxing unit [e.g., the Port Authority] participating in the [appraisal] district is allocated a portion of the amount of the budget equal to the proportion that the total dollar amount of property taxes imposed in the [appraisal] district by the unit for the tax year in which the budget proposal is prepared bears to the sum of the total dollar amount of property taxes imposed in the [appraisal] district by each participating unit for that year."

In addition, pursuant to statute, the Harris County Tax Assessor-Collector is charged with the assessment and collection of taxes levied on behalf of the Port Authority within the Port Authority's jurisdiction, and receives compensation for such services as agreed to by the Port Commission and Harris County Commissioners Court. In July 2007, the Harris County Commissioners Court adopted a fee schedule, which remains in use at the present time, such that each taxing unit is charged property tax collection fees at the rate of \$1.10 per parcel plus \$0.0275 per hundred dollars of taxable valuation.

Staff Evaluation/Justification:

The Harris County Appraisal District has indicated that the estimated cost allocation to the Port Authority for appraisal services to be provided for fiscal year 2022 is under \$405,000. Staff recommends that the Port Commission authorize payment of such expense, which is usually invoiced and paid in four quarterly installments, the first of which is due by December 31, 2021, in the not to exceed amount referenced above.

The Harris County Tax Assessor-Collector notified the Port Authority that the estimated preliminary property tax collection fees for the 2021 tax year is under \$1,100,000. This fee is normally withheld at the rate of 2.5% from all Port Authority tax collections starting July 2021 until the full amount is collected.

Staff recommends Port Commission authorization of such collection fees, in the not to exceed amount referenced above.

J. INFRASTRUCTURE

Subject **1. Approve staff's ranking of vendors and award a professional services contract in an amount not to exceed \$422,775 for condition assessment and planning of water line replacement at South Turning Basin Terminal to the top-ranked proposer: staff ranking – first, RPS Group; second, Freese and Nichols, Inc.; and third, DE Corporation.**

Meeting Dec 7, 2021 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its December 7, 2021 meeting:

- (a) approve staff's ranking of the most qualified vendor, based on the selection criteria, in the following order – first, RPS Group; second, Freese and Nichols, Inc.; and third, DE Corporation;
- (b) award a professional services contract to RPS Group for condition assessment and planning of water line replacement at South Turning Basin Terminal in an amount not to exceed \$422,775;
- (c) grant authority, if a contract cannot be negotiated with the first-ranked vendor, to formally, and in writing, end negotiations with that vendor and proceed to the next vendor in the order of ranking until a contract is reached or all proposals are rejected; and
- (d) further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Category:

Awards, Amendments & Change Orders

Department:

Project and Construction Management

Staff Contact:

Roger H. Hoh, P.E.

Background:

The scope of work for this project includes:

- Comprehensive review and evaluation of the existing water distribution system along the Southside wharves at Turning Basin Terminal;
- Modeling, field-testing, and engineering analysis to provide design recommendations and construction cost estimates for the Port Authority's consideration; and
- Other specialized tasks to support rehabilitation of the water system, to achieve adequate potable water services and fire protection needs at the wharves.

Staff may request Port Commission authorization at a later date to amend this contract to include detailed design and construction phase services.

The Port Authority notified vendors regarding its request for qualifications (RFQs) using the Port Authority's BuySpeed Eprocurement System and the project was advertised on the Port Authority's website and in a local newspaper. Twenty-four vendors downloaded the project materials from BuySpeed.

Staff Evaluation/Justification:

On September 22, 2021, eight RFQ responses were received and opened. The responses were reviewed and evaluated by staff in accordance with the selection criteria published in the RFQ. Staff identified the following vendors, listed in order of ranking, as most qualified to provide the required analysis and design services:

- RPS Group
- Freese and Nichols, Inc.

- DE Corporation

Following staff Executive Committee review, staff recommends that the Port Commission award a contract to RPS Group for the planning and design of water line replacement at South Turning Basin Terminal, and act as otherwise described above.

J. INFRASTRUCTURE

Subject **2. Award a construction contract to Dowley Security Systems, Inc. to construct security improvements in connection with the expansion of gate facilities at Barbours Cut Terminal in an amount not to exceed \$189,406.**

Meeting Dec 7, 2021 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its December 7, 2021 meeting, award a construction contract to Dowley Security Systems, Inc. to construct security improvements in connection with the expansion of gate facilities at Barbours Cut Terminal in an amount not to exceed \$189,406, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Goals **STRATEGIC GOAL #2 - INFRASTRUCTURE (Optimize Infrastructure and Channel Capacity to Serve the Region)**

Category:

Awards, Amendments & Change Orders

Department:

Project & Construction Management

Staff Contact:

Roger H. Hoh, P.E.

Background:

This project consists of installation of surveillance cameras, data cabling, and support hardware on high mast poles at the new entry gate and Transportation Worker Identification Credential (TWIC) areas, as well as installation of access security controls in connection with the expansion of gate facilities at Barbours Cut Terminal.

The Port Authority notified vendors regarding its request for competitive sealed proposals (CSPs) using the Port Authority's BuySpeed Eprocurement System and the project was advertised on the Port Authority's website and in a local newspaper. Nine vendors downloaded the project materials from BuySpeed.

Staff Evaluation/Justification:

On November 3, 2021, one CSP was received, opened, and publicly read. The response was reviewed and evaluated by staff in accordance with the published selection criteria.

Following staff Executive Committee review, staff recommends that the Port Commission award a contract to Dowley Security Systems, Inc. and as described above.

J. INFRASTRUCTURE

Subject	3. Award a construction contract to Dowley Security System, Inc. to construct security improvements for Container Yard 2 South at Bayport Container Terminal in an amount not to exceed \$53,157.
Meeting	Dec 7, 2021 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its December 7, 2021 meeting, award a construction contract to Dowley Security System, Inc. to construct security improvements for Container Yard 2 South at Bayport Container Terminal in an amount not to exceed \$53,157, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.
Goals	STRATEGIC GOAL #2 - INFRASTRUCTURE (Optimize Infrastructure and Channel Capacity to Serve the Region)

Category:

Awards, Amendments & Change Orders

Department:

Project & Construction Management

Staff Contact:

Roger H. Hoh, P.E.

Background:

This project consists of installation of surveillance cameras, fiber optic cables, and support hardware on existing poles along the east side of Container Yard 2 South at Bayport Container Terminal.

The Port Authority notified vendors regarding its request for competitive sealed proposals (CSPs) using the Port Authority's BuySpeed Eprocurement System and the project was advertised on the Port Authority's website and in a local newspaper. Six vendors downloaded the project materials from BuySpeed.

Staff Evaluation/Justification:

On October 27, 2021, one CSP was received, opened, and publicly read. The response was reviewed and evaluated by staff in accordance with the published criteria.

Following staff Executive Committee review, staff recommends that the Port Authority award a contract to Dowley Security System, Inc., as described above.

J. INFRASTRUCTURE

Subject **4. Award a construction contract to Prestique Inc. dba Ranger Roofing for the rehabilitation of Transit Sheds 30-31 at Turning Basin Terminal in an amount not to exceed \$2,460,000.**

Meeting Dec 7, 2021 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its December 7, 2021 meeting, award a construction contract to Prestique Inc. dba Ranger Roofing for the rehabilitation of Transit Sheds 30-31 at Turning Basin Terminal in an amount not to exceed \$2,460,000, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Goals **STRATEGIC GOAL #2 - INFRASTRUCTURE (Optimize Infrastructure and Channel Capacity to Serve the Region)**

Category:

Awards, Amendments & Change Orders

Department:

Project & Construction Management

Staff Contact:

Roger H. Hoh, P.E.

Background:

This project consists of repairing damaged and replacing missing sections of roof, and installing an overlay roofing system to the existing roof.

The Port Authority notified vendors regarding its request for competitive sealed bids (CSBs) using the Port Authority's BuySpeed Eprocurement System and the project was advertised on the Port Authority's website and in a local newspaper. Seven vendors downloaded the project materials from BuySpeed.

Staff Evaluation/Justification:

On October 27, 2021, four CSBs were received, opened, and publicly read. The responses were reviewed and evaluated by staff in accordance with the published criteria.

Staff recommends that the Port Authority award a contract to Prestique Inc. dba Ranger Roofing, the responsible bidder submitting the lowest and best bid, for the rehabilitation of Transit Sheds 30-31 at Turning Basin Terminal.

J. INFRASTRUCTURE

Subject **5. Award a construction contract to Jerdon Enterprise, LP for annual pavement replacement at Barbours Cut Terminal and Bayport Container Terminal for 2021 and 2022 in an amount not to exceed \$2,700,000.**

Meeting Dec 7, 2021 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its December 7, 2021 meeting, award a construction contract to Jerdon Enterprise, LP for annual pavement replacement at Barbours Cut Terminal and Bayport Container Terminal for 2021 and 2022 in an amount not to exceed \$2,700,000, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Goals [STRATEGIC GOAL #2 - INFRASTRUCTURE \(Optimize Infrastructure and Channel Capacity to Serve the Region\)](#)

Category:

Awards, Amendments & Change Orders

Department:

Project and Construction Management

Staff Contact:

Roger H. Hoh, P.E.

Background:

This project consists of replacing damaged and deteriorating concrete at Barbours Cut Terminal and Bayport Container Terminal for 2021 and 2022.

The Port Authority notified vendors regarding its request for competitive sealed bids (CSBs) using the Port Authority's BuySpeed Eprocurement System and the project was advertised on the Port Authority's website and in a local newspaper. Eight vendors downloaded the project materials from BuySpeed.

Staff Evaluation/Justification:

On October 20, 2021, four CSBs were received, opened, and publicly read. The responses were reviewed and evaluated by staff in accordance with the published criteria.

Staff recommends that the Port Authority award a contract to Jerdon Enterprise, LP, the responsible bidder submitting the lowest and best bid, for annual pavement replacement at Barbours Cut Terminal and Bayport Container Terminal for 2021 and 2022

J. INFRASTRUCTURE

Subject **6. Amend the professional services contract with HDR Architecture, Inc. to perform services for the design of the maintenance complex at Barbours Cut Terminal in an amount not to exceed \$175,860.**

Meeting Dec 7, 2021 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its December 7, 2021 meeting, approve an amendment to the professional services contract with HDR Architecture, Inc. to perform services for the design of the maintenance complex at Barbours Cut Terminal in an amount not to exceed \$175,860, and authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Goals **STRATEGIC GOAL #2 - INFRASTRUCTURE (Optimize Infrastructure and Channel Capacity to Serve the Region)**

Category:

Awards, Amendments & Change Orders

Department:

Project and Construction Management

Staff Contact:

Roger H. Hoh, P.E.

Background:

By Minute No. 2019-0129-15, the Port Commission awarded a professional services contract with HDR Architecture, Inc. to perform services for the design of building program development of the maintenance and administration complex at Barbours Cut Terminal. The option to amend for full design of the maintenance complex was awarded by Minute No. 2019-1022-14 in the amount of \$1,867,017.

This proposed amendment would consist of:

- Additional design services to support the maintenance complex including facility reduction, floor plan modifications, guardhouse and entry gate modifications, fire suppression water tank, and other associated items

Staff Evaluation/Justification:

Staff has reviewed HDR Architecture, Inc.'s proposal and found it to be fair and reasonable and recommends that the Port Commission approve the proposed amendment.

J. INFRASTRUCTURE

Subject 7. Amend the professional services contract with Lockwood, Andrews, and Newnam, Inc. for additional Container Yard 1 design services at Bayport Container Terminal in an amount not to exceed \$308,763.

Meeting Dec 7, 2021 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its December 7, 2021 meeting, approve an amendment to the professional services contract with Lockwood, Andrews, and Newnam, Inc. for additional Container Yard 1 design services at Bayport Container Terminal in an amount not to exceed \$308,763, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Goals STRATEGIC GOAL #2 - INFRASTRUCTURE (Optimize Infrastructure and Channel Capacity to Serve the Region)

Category:

Awards, Amendments & Change Orders

Department:

Project and Construction Management

Staff Contact:

Roger H. Hoh, P.E.

Background:

By Minute No. 2018-0925-26, the Port Commission awarded a professional services contract to Lockwood, Andrews & Newnam, Inc. for the plan and design of the construction of the East End at Bayport Container Terminal.

This third amendment of \$308,763 represents an increase of 5.2% over the original contract value.

This proposed amendment would consist of:

- Design services for an additional 15.5 acres at Container Yard 1

Staff Evaluation/Justification:

Staff has reviewed Lockwood, Andrews & Newnam, Inc.'s proposal and found it to be fair and reasonable.

Staff recommends the Port Commission approve the amendment of the professional services contract with Lockwood, Andrews & Newnam, Inc.

J. INFRASTRUCTURE

Subject	8. Approve a change order with McCarthy Building Companies, Inc. to perform additional work associated with the construction of Wharf 6 at Bayport Container Terminal in an amount not to exceed \$72,692.
Meeting	Dec 7, 2021 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its December 7, 2021, meeting, approve a change order with McCarthy Building Companies, Inc. to perform additional work associated with the construction of Wharf 6 at Bayport Container Terminal in an amount not to exceed \$72,692, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.
Goals	STRATEGIC GOAL #2 - INFRASTRUCTURE (Optimize Infrastructure and Channel Capacity to Serve the Region)

Category:

Awards, Amendments & Change Orders

Department:

Project and Construction Management

Staff Contact:

Roger H. Hoh, P.E.

Background:

By Minute No. 2021-0223-16, the Port Commission awarded a construction contract to McCarthy Building Companies, Inc. for the construction of Wharf 6 at Bayport Container Terminal.

This is the third change order to this contract for a total change order value to date of \$72,692, 0.98% of the total contract value.

This change order addresses demolition of a discovered concrete drainage swale, compensation for a force majeure event (Hurricane Nicholas), and a constructability issue, by using permanent casing.

Staff Evaluation/Justification:

Port Authority staff has reviewed the proposal submitted by McCarthy Building Companies, Inc. and found it to be fair and reasonable. Therefore, staff recommends that the Port Commission authorize this change order.

J. INFRASTRUCTURE

Subject **9. Amend a professional services contract in an amount not to exceed \$60,000 to PricewaterhouseCoopers Advisory Services, LLC to provide continued strategic decision support and implementation planning for the Houston Ship Channel Expansion Channel Improvement Project.**

Meeting Dec 7, 2021 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its December 7, 2021 meeting, amend a professional services contract in an amount not to exceed \$60,000 for a total of \$429,547 to PricewaterhouseCoopers Advisory Services, LLC to provide continued strategic decision support and implementation planning for the Houston Ship Channel Expansion Channel Improvement Project, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Category:

Awards, Amendments & Change Orders

Department:

Channel Improvement

Staff Contact:

Lori Brownell, PE

Background:

Project 11 is the eleventh major Houston Ship Channel (HSC) improvement project and is referred to as the Houston Ship Channel Expansion Channel Improvement Project (HSC ECIP).

By Minute No. 2020-0730-26, the Port Commission authorized the Port Authority to award a professional services consulting contract to provide strategic decision support and implementation planning for the HSC ECIP to PricewaterhouseCoopers Advisory Services, LLC (PWC) in an amount not to exceed \$324,547. An additional amount of \$45,000 for continued services was added to the contract on June 9, 2021, for a total of \$369,547.

Staff Evaluation/Justification:

In the judgment of Port Authority staff, PWC is the most highly qualified consultant to provide continued strategic decision support and implementation planning during the procurement phase for the HSC ECIP to maintain dynamic bidder response framework evaluation, prepare bidder response comparisons and summary level reports, and support project and procurement teams, as needed.

Staff recommends the Port Commission amend the contract in amount not to exceed \$60,000 to PWC.

J. INFRASTRUCTURE

Subject **10. Enter into a Memorandum of Understanding and a temporary license with the U.S. Army Corps of Engineers for the placement of maintenance-dredged material from berths at Woodhouse Terminal and Sims Terminal into a federally-managed dredged material placement area at a cost of \$312,000 and approve any over-dredge cost at \$3.12 per cubic yard in an amount not to exceed \$62,400.**

Meeting Dec 7, 2021 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its December 7, 2021 meeting, authorize the Port Authority to enter into a Memorandum of Understanding and a temporary license with the U.S. Army Corps of Engineers for the placement of maintenance-dredged material from berths at Woodhouse Terminal and Sims Terminal into a federally-managed dredged material placement area at a cost of \$312,000 and approve any over-dredge cost at \$3.12 per cubic yard in an amount not to exceed \$62,400, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing

Category:

General

Department:

Channel Operations

Staff Contact:

Garry McMahan

Background:

The U.S. Army Corps of Engineers (Corps) is expected to perform maintenance dredging of the Houston Ship Channel adjacent to Woodhouse Terminal and Sims Terminal in late 2021. Berths at these terminals also require maintenance dredging, to remove siltation since the last maintenance dredging was completed in 2019. The Corps is authorized to perform berth dredging for the Port Authority on a reimbursable basis.

By Minute No. 2021-0525-22, the Port Commission authorized the Port Authority to enter into a Memorandum of Agreement with the Corps to perform this maintenance dredging. The action now requested is to authorize the placement of that dredged material into a dredged material placement area and pay the appropriate fees. The dredged material is expected to be placed into Rosa Allen at a cost of \$312,000. Dredged quantities are estimated and may differ from the actual quantity at the time dredging occurs, due to additional siltation and processing time of the Corps application. This request for Port Commission action is also to authorize the cost, at 3.12 per cubic yard, for quantities over the initial estimated quantity, in an amount not to exceed 62,400.

Staff Evaluation/Justification:

Section 217(b) of the Water Resources Development Act of 1996 (33 U.S.C. 2326a(b)) authorizes the Secretary of the Army to permit the use of dredged material placement facilities under the Secretary's jurisdiction by "Non-Federal Interests" and to impose fees to recover capital, operation, and maintenance costs associated with such use. Use of the Corps dredged material placement area under section 217(b) would significantly reduce placement area federal fees and allow federal fees collected to be returned to the Corps for use on the Houston Ship Channel placement areas.

Staff recommends that the Port Commission authorize this agreement and license.

J. INFRASTRUCTURE

Subject **11. Enter into a Memorandum of Understanding and a temporary license with the U.S. Army Corps of Engineers for the placement of maintenance-dredged material from berths at Barbours Cut Terminal into a federally managed dredged material placement area at an estimated cost of \$1,504,000 and approve any over-dredge cost at \$3.76 per cubic yard in an amount not to exceed \$300,800.**

Meeting Dec 7, 2021 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its December 7, 2021 meeting, authorize the Port Authority to enter into a Memorandum of Understanding and temporary license with the U.S. Army Corps of Engineers for the placement of maintenance dredged material from berths at the Barbours Cut Terminal into a federally managed dredged material placement area at a cost of \$1,504,000 and approve any over-dredge cost at \$3.76 per cubic yard in an amount not to exceed \$300,800, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Category:

General

Department:

Channel Operations

Staff Contact:

Garry McMahan

Background:

The U.S. Army Corps of Engineers (Corps) is expected to begin maintenance dredging of the Bayport to Morgan's Point reach of the Houston Ship Channel in late 2021. Berths at Barbours Cut Terminal also require maintenance dredging, to remove siltation that has occurred since the last maintenance dredging was completed in 2019. The Corps is authorized to perform berth dredging for the Port Authority on a reimbursable basis.

By Minute No. 2021-0525-21, the Port Commission authorized the Port Authority to enter into a Memorandum of Agreement with the Corps to perform this maintenance dredging. The action now requested is to authorize the placement of that dredged material into a dredged material placement area and pay the appropriate fees. The material is expected to be placed into Placement Area 14 at a cost of \$1,504,000. Dredged quantities are estimated and may differ from the actual quantity at the time dredging occurs, due to additional siltation and processing time of the Corps application. This request for Port Commission action is also to authorize the cost, at \$3.76 per cubic yard, for quantities over the initial quantity, in an amount not to exceed \$300,800.

Staff Evaluation/Justification:

Section 217(b) of the Water Resources Development Act of 1996 (33 U.S.C. 2326a(b)) authorizes the Secretary of the Army to permit the use of dredged material placement facilities under the Secretary's jurisdiction by "Non-Federal Interests" and to impose fees to recover capital, operation, and maintenance costs associated with such use. Use of the Corps dredged material placement area under 217(b) would significantly reduce placement area federal fees and allow federal fees collected to be returned to the Corps for use on the Houston Ship Channel placement areas.

Staff recommends that the Port Commission authorize these agreements.

J. INFRASTRUCTURE

Subject **12. Amend the pipeline relocation reimbursement agreement with Kinder Morgan Texas Pipeline LP (two pipelines) located in Segment 4 of the Houston Ship Channel Expansion Channel Improvement Project to add an additional \$1.9 million in estimated total cost, for which the Port Authority would be responsible for one half the cost, in an amount not to exceed an additional \$950,000.**

Meeting Dec 7, 2021 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its December 7, 2021 meeting, authorize the Port Authority to amend the pipeline relocation reimbursement agreement with Kinder Morgan Texas Pipeline LP (two pipelines) located in Segment 4 of the Houston Ship Channel Expansion Channel Improvement Project to add an additional \$1.9 million, for which the Port Authority would be responsible for one half the cost, in an amount not to exceed an additional \$950,000 in estimated total cost, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Category:

Project 11

Department:

Channel Operations

Staff Contact:

Garry McMahan

Background:

As part of Houston Ship Channel Expansion Channel Improvement Project (HSC ECIP), pipelines in conflict with upcoming dredging must be removed and relocated (generally by a lower placement in the channel) in order to meet U.S. Army Corps of Engineers safety requirements. Federal requirements obligate the Port Authority, as the local sponsor, to pay half of the costs of these pipeline relocations.

By Minute No. 2021-0928-30, the Port Commission authorized a reimbursement agreement for pipeline relocation construction with multiple pipeline companies for pipelines in Segment 4 of the HSC ECIP. That action included an amount of \$5.5 million for the estimated cost of relocation construction of two pipelines owned by Kinder Morgan Texas Pipeline LP (Kinder Morgan); the Port Authority would be responsible for half this cost. Additional due diligence and evaluation by Kinder Morgan has resulted in a revised estimate of the construction relocation costs for these two pipelines in an additional \$1.9 million, of which the Port Authority is responsible for half, or an additional \$950,000. Because this amount is an estimate of the construction costs, if the actual amount is higher, Port Authority staff will seek approval for the higher amount, and the Port Authority would be responsible for a smaller amount if the cost is lower than the estimate.

Staff Evaluation/Justification:

Channel Operations department staff recommends the Port Commission approve this amendment of the Kinder Morgan pipeline relocation reimbursement agreement to facilitate continued accelerated progress on the HSC ECIP project.

J. INFRASTRUCTURE

Subject **13. Approve the transfer from ExxonMobil Pipeline Company to Enercoast Midstream LLC of a twenty-inch crude oil pipeline license under and across the San Jacinto River.**

Meeting Dec 7, 2021 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its December 7, 2021 meeting, authorize the Port Authority to approve the transfer from ExxonMobil Pipeline Company to Enercoast Midstream LLC of a twenty-inch crude oil pipeline license under and across the San Jacinto River, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Category:

Permits/Licenses/Pipeline Easements

Department:

Channel Operations

Staff Contact:

Garry McMahan

Background:

Enercoast Midstream LLC has applied to the Port Authority for transfer from ExxonMobil Pipeline Company of a twenty-inch crude oil pipeline license, Port Authority File No. 2004-0332, under and across the San Jacinto River, in the Josiah T. Harrell Survey, A-330 and the Nathaniel Lynch Survey, A-44.

Staff Evaluation/Justification:

The application was reviewed and approved by the Port Authority's Channel Operations department. The license is subject to the Port Authority's usual terms and conditions and no additional license fee will be charged for this project. The \$675 application fee has been paid.

Staff recommends approval.

J. INFRASTRUCTURE

Subject **14. Issue a pipeline license to Intercontinental Terminals Company LLC for one 12-inch methanol pipeline under and across the Port Terminal Railroad Association's Southside Mainline railroad right-of-way.**

Meeting Dec 7, 2021 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its December 7, 2021 meeting, authorize the Port Authority to issue a pipeline license to Intercontinental Terminals Company LLC for one 12-inch methanol pipeline under and across the Port Terminal Railroad Association's Southside Mainline railroad right-of-way, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Category:

Permits/Licenses/Pipeline Easements

Department:

Channel Operations

Staff Contact:

Garry McMahan

Background:

Intercontinental Terminals Company LLC, Port Authority File No. 2021-0077, has applied for a pipeline license for one 12-inch methanol pipeline under and across the Port Terminal Railroad Association's Southside Mainline railroad right-of-way, west of Independence Parkway, in the George Ross Survey, A-646.

Staff Evaluation/Justification:

The application was reviewed and approved by the Port Authority's Channel Operations department and the Port Terminal Railroad Association. The license is subject to the Port Authority's usual terms and conditions and at a fee of \$52,494.50. The \$675 application fee and the \$2,500 as-built deposit have been paid.

Staff recommends approval.

J. INFRASTRUCTURE

Subject **15. Issue a transmission line license to Comcast of Houston, LLC for one fiber optic cable line inside Gate 18 near the Southside Wharves.**

Meeting Dec 7, 2021 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its December 7, 2021 meeting, authorize the Port Authority to issue a transmission line license to Comcast of Houston, LLC for one fiber optic cable line inside Gate 18 near the Southside Wharves, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Category:

Permits/Licenses/Pipeline Easements

Department:

Channel Operations

Staff Contact:

Garry McMahan

Background:

Comcast of Houston, LLC, Port Authority File No. 2021-0264, has applied for a transmission line license for one fiber optic cable inside Gate 18 near the Southside Wharves, in the John R. Harris Survey, A-27.

Staff Evaluation/Justification:

The application was reviewed and approved by the Port Authority's Channel Operations department and the Port Terminal Railroad Association. The license is subject to the Port Authority's usual terms and conditions and at a fee of \$1,709. The \$675 application fee and the \$2,500 as-built deposit have been paid.

Staff recommends approval.

J. INFRASTRUCTURE

Subject **16. Issue a transmission line license to Comcast of Houston, LLC for one fiber optic cable line crossing over the Southside Turning Basin, Block 7, leased to Jacob Stern and Sons, Inc.**

Meeting Dec 7, 2021 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its December 7, 2021 meeting, authorize the Port Authority to issue a transmission line license to Comcast of Houston, LLC for one fiber optic cable line crossing over the Southside Turning Basin, Block 7, leased to Jacob Stern and Sons, Inc, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Category:

Permits/Licenses/Pipeline Easements

Department:

Channel Operations

Staff Contact:

Garry McMahan

Background:

Comcast of Houston, LLC, Port Authority File No. 2021-0319, has applied for a transmission line license for one fiber optic cable line crossing over the Southside Turning Basin, Block 7, leased to Jacob Stern and Sons, Inc, in the John R. Harris Survey, A-27.

Staff Evaluation/Justification:

The application was reviewed and approved by the Port Authority's Channel Operations department and the Port Terminal Railroad Association. The license is subject to the Port Authority's usual terms and conditions and at a fee of \$1,709. The \$675 application fee and the \$2,500 as-built deposit have been paid.

Staff recommends approval.

J. INFRASTRUCTURE

Subject	17. Issue a transmission line license to Comcast of Houston, LLC for one fiber optic cable line under and across the Port Terminal Railroad Association's Northside Mainline railroad right-of-way.
Meeting	Dec 7, 2021 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its December 7, 2021 meeting, issue a transmission line license to Comcast of Houston, LLC for one fiber optic cable line under and across the Port Terminal Railroad Association's Northside Mainline railroad right-of-way, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Category:

Permits/Licenses/Pipeline Easements

Department:

Channel Operations

Staff Contact:

Garry McMahan

Background:

Comcast of Houston, LLC, Port Authority File No. 2021-0360, has applied for a transmission line license for one fiber optic cable line under and across the Port Terminal Railroad Association's Northside Mainline railroad right-of-way, east of Federal Road, in the William P Harris & Robert Wilson Survey, A-31.

Staff Evaluation/Justification:

The application was reviewed and approved by the Port Authority's Channel Operations department and the Port Terminal Railroad Association. The license is subject to the Port Authority's usual terms and conditions and at a fee of \$1,709. The \$675 application fee and the \$2,500 as-built deposit have been paid.

Staff recommends approval.

J. INFRASTRUCTURE

Subject **18. Amend a transmission line license to Level 3 Communications, LLC for one fiber optic cable line over the Port Authority's Southside Mainline railroad right-of-way.**

Meeting Dec 7, 2021 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its December 7, 2021 meeting, authorize the Port Authority to amend a transmission line license to Level 3 Communications, LLC for one fiber optic cable line over the Port Authority's Southside Mainline railroad right-of-way, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Category:

Permits/Licenses/Pipeline Easements

Department:

Channel Operations

Staff Contact:

Garry McMahan

Background:

Level 3 Communications, LLC (Level 3), Port Authority File No. 2021-0026, has applied to amend a transmission line license for one fiber optic cable line over the Port Authority's Southside Mainline railroad right-of-way, at Channel City Road, in the Thomas Earle Survey, A-18. This project was previously approved by the Port Commission by Minute No. 2021-0323-20. This amendment would shift the proposed line slightly eastward and elevate the line over the railroad right-of-way.

Level 3 was founded in 1985 and is a communications service provider delivering network and media over a fiber optic content delivery network. Staff is informed that Level 3 ranks as the third (out of six) internet traffic carrier in the world, and is one of the largest internet protocol transit networks in North America and Europe.

Staff Evaluation/Justification:

The application was reviewed and approved by the Port Authority's Channel Operations department and the Port Terminal Railroad Association. The license is subject to the Port Authority's usual terms and conditions and at no additional fee. The \$675 application fee and the \$2,500 as-built deposit have been paid.

Staff recommends approval.

J. INFRASTRUCTURE

Subject **19. Approve a ten-year Port Authority adjacency barge fleeting lease agreement and a marine construction permit to Albatross Industrial Houston Fund, LP for approximately 11.9 acres of submerged lands in Old River, at an initial monthly base rent of \$3,290, beginning at full operations no later than 18 months after the commencement date and subject to an annual increase of the greater of 3% or the Consumer Price Index.**

Meeting Dec 7, 2021 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its December 7, 2021 meeting, authorize the Port Authority to approve a ten-year Port Authority adjacency barge fleeting lease agreement and a marine construction permit to Albatross Industrial Houston Fund, LP for approximately 11.9 acres of submerged lands in Old River, at an initial monthly base rent of \$3,290, beginning at full operations no later than 18 months after the commencement date and subject to an annual increase of the greater of 3% or the Consumer Price Index, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Category:

Leases

Department:

Channel Operations

Staff Contact:

Garry McMahan

Background:

Albatross Industrial Houston Fund, LP (Albatross), Port Authority File No. 2021-0150 (lease), and Port Authority File No. 2020-0151 (marine construction permit), submitted a proposal for a Port Authority adjacency submerged lands lease and marine construction permit to lease 11.9 acres of submerged lands for barge fleeting in Old River, adjacent to the Lost Lake Dredged Material Placement Area.

Albatross proposes a ten-year lease with estimated improvement costs of \$2,700,000 for dredging and mooring structures. Albatross has owned upland property in the vicinity for approximately two years and is currently leasing its upland property to Orion Construction.

Staff Evaluation/Justification:

The application was reviewed and approved by the Port Authority's Channel Operations department. The lease would be entered into pursuant to the Port Authority's submerged lands lease terms and conditions for an initial rental amount of \$3,290 per month for a ten-year term for the Port Authority adjacency lease (negotiated fees). The permit is to be issued subject to the Port Authority's usual terms and conditions.

Staff recommends approval.

K. OPERATIONS

Subject **1. Approve staff's ranking of vendors and award a two-year contract in an amount not to exceed \$793,500 for purchase of structural inspection services for wharf cranes at Barbours Cut Terminal and Bayport Container Terminal to the top-ranked proposer: staff ranking – first, World International Testing, Inc.; and second, Sparrows Offshore, LLC.**

Meeting Dec 7, 2021 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its December 7, 2021 meeting:
(a) approve staff's ranking of the most qualified vendor, based on the selection criteria, in the following order – first, World International Testing, Inc.; and second, Sparrows Offshore, LLC;
(b) award a two-year contract to World International Testing, Inc. for structural inspection services for wharf cranes at Barbours Cut Terminal and Bayport Container Terminal in an amount not to exceed \$793,500;
(c) grant authority, if a contract cannot be negotiated with the first-ranked vendor, to formally, and in writing, end negotiations with that vendor and proceed to the next vendor in the order of ranking until a contract is reached or all proposals are rejected; and
(d) further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Goals **STRATEGIC GOAL #2 - INFRASTRUCTURE (Optimize Infrastructure and Channel Capacity to Serve the Region)**

Category:

Awards, Amendments & Change Orders

Department:

Maintenance

Staff Contact:

Paulo Soares

Background:

By Minute No. 2018-0925-40, the Port Commission awarded a two-year contract to World International Testing, Inc., in the amount not to exceed \$505,000 for structural inspection services for seventeen wharf cranes at Barbours Cut Terminal and Bayport Container Terminal. This contract expired on September 30, 2021.

The Port Authority owns a total of twenty-five wharf cranes currently operating at Barbours Cut Terminal and Bayport Container Terminal that must undergo periodic structural inspections as recommended by the manufacturers: Shanghai Zhenhua Heavy Industries Co. Ltd. (ZPMC), Paceco Corp., and Konecranes. These inspections are intended to ensure the overall integrity and readiness for container handling operations of the crane. A total of twenty-three cranes will be inspected twice during this contract.

The Port Authority notified vendors regarding its request for competitive sealed proposals (CSP) for structural inspection services for wharf cranes at Barbours Cut Terminal and Bayport Container Terminal using the Port Authority's BuySpeed Eprocurement System and the project was advertised on the Port Authority's website and in a local newspaper. Eight vendors downloaded the project materials from BuySpeed.

Staff Evaluation/Justification:

On August 4, 2021, two CSP responses were received and opened. The responses were reviewed and evaluated by staff in accordance with the selection criteria published in the CSP. Staff identified the following vendors, listed in order of ranking, as most qualified to provide the required services:

- World International Testing, Inc.
- Sparrows Offshore, LLC

Following staff Executive Committee review, staff recommends that the Port Commission award a two-year contract to World International Testing, Inc. and act as otherwise described above.

K. OPERATIONS

Subject	2. Approve staff's ranking of vendors and award a two-year contract in an amount not to exceed \$500,000 for the purchase of machining services for Barbours Cut Terminal, Bayport Container Terminal, and Turning Basin Terminal to the top-ranked proposer: staff ranking – first, GearTec, Inc.; and second, Houston Pump and Gear (HPGR), LLC.
Meeting	Dec 7, 2021 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its December 7, 2021 meeting: (a) approve staff's ranking of the most qualified vendors, based on the selection criteria, in the following order - first, GearTec, Inc.; and second, Houston Pump and Gear (HPGR), LLC; (b) award a two-year contract to the top-ranked proposer for the purchase of machining services for Barbours Cut Terminal, Bayport Container Terminal, and Turning Basin Terminal in an amount not to exceed \$500,000; (c) grant authority, if a contract cannot be negotiated with the first-ranked vendor, to formally, and in writing, end negotiations with that vendor and proceed to the next vendor in the order of ranking until a contract is reached or all proposals are rejected; and (d) further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.
Goals	STRATEGIC GOAL #2 - INFRASTRUCTURE (Optimize Infrastructure and Channel Capacity to Serve the Region)
Category: Awards, Amendments & Change Orders	
Department: Maintenance	
Staff Contact: Paulo Soares	

Background:

By Minute No. 2020-0623-38, the Port Commission awarded a two-year contract to GearTec, Inc. in the amount not to exceed \$150,000 for the purchase of machining services for Barbours Cut Terminal, Bayport Container Terminal, and Turning Basin Terminal. Contract funds have been depleted.

The Port Authority owns one hundred and sixteen rubber-tired gantry (RTG) cranes and twenty-five wharf cranes in operation at Barbours Cut Terminal and Bayport Container Terminal, and other large equipment located at Turning Basin Terminal. Additionally, three wharf cranes are expected to arrive at Bayport Container Terminal in January 2022. This new two-year contract for machining services would be used as needed to fabricate replacement gears and pinions and provide heat treatment to minimize equipment downtime.

The Port Authority notified vendors regarding its request for competitive sealed proposals (CSPs) for the purchase of machining services for Barbours Cut Terminal, Bayport Container Terminal, and Turning Basin Terminal using the Port Authority's BuySpeed Eprocurement System and the project was advertised on the Port Authority's website and in a local newspaper. Ten vendors downloaded the project materials from BuySpeed.

Staff Evaluation/Justification:

On October 27, 2021, two CSP responses were received and opened. The responses were reviewed and evaluated by staff in accordance with the selection criteria published in the CSP. Staff identified the following vendors, listed in ranking order, as most qualified to provide the required service:

- GearTec, Inc.
- Houston Pump and Gear (HPGR), LLC

Following staff Executive Committee review, staff recommends that the Port Commission award a two-year contract to GearTec, Inc. and act as otherwise described above.

K. OPERATIONS

Subject **3. Award a two-year contract to Graco Mechanical, Inc. in an amount not to exceed \$160,000 for the purchase of heating, ventilation, air conditioning, plumbing services, and related parts for Barbours Cut Terminal and Bayport Container Terminal.**

Meeting Dec 7, 2021 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its December 7, 2021 meeting, award a two-year contract to Graco Mechanical, Inc. in an amount not to exceed \$160,000 for the purchase of heating, ventilation, air conditioning, plumbing services, and related parts for Barbours Cut Terminal and Bayport Container Terminal, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Goals [STRATEGIC GOAL #2 - INFRASTRUCTURE \(Optimize Infrastructure and Channel Capacity to Serve the Region\)](#)

Category:

Awards, Amendment & Change Orders

Department:

Maintenance

Staff Contact:

Paulo Soares

Background:

The Port Authority owns over eight hundred air conditioning and heating units in operation at Barbours Cut Terminal and Bayport Container Terminal. They are installed on buildings, wharf and RTG cranes, gate services, and stevedoring support buildings. Occasionally, assistance from outside contractors is needed to expedite repairs and minimize disruption to staff and customers.

By Minute No. 2016-0726-31, the Port Commission awarded a two-year contract in the amount not to exceed \$100,000 for the purchase of the required heating, ventilation, and air conditioning services and parts for Bayport Container Terminal. This contract has expired.

The Port Authority notified vendors regarding its request for proposals (RFPs) for the purchase of heating, ventilation, air conditioning, plumbing services, and related parts for Barbours Cut Terminal and Bayport Container Terminal using the Port Authority's BuySpeed Eprocurement System, and the project was advertised on the Port Authority's website and in a local newspaper. Five vendors downloaded the project materials from BuySpeed.

Staff Evaluation/Justification:

On October 27, 2021, three RFP responses were received and opened. The responses were reviewed and evaluated by staff in accordance with the criteria published in the RFP. Two responses were deemed non-responsive.

Following staff Executive Committee review, staff recommends that the Port Commission award a two-year contract to Graco Mechanical, Inc. and act as otherwise described above.

K. OPERATIONS

Subject **4. Award a two-year contract to A.J. Hurt, Jr., Inc. dba Reladyne for the purchase of unleaded gasoline and ultra-low sulfur diesel for Barbours Cut Terminal, Bayport Container Terminal, and Turning Basin Terminal in an amount not to exceed \$14,159,310.**

Meeting Dec 7, 2021 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its December 7, 2021 meeting, award a contract to A.J. Hurt, Jr., Inc. dba Reladyne for the purchase of unleaded gasoline and ultra-low sulfur diesel for Barbour Cut Terminal, Bayport Container Terminal, and Turning Basin Terminal in an amount not to exceed \$14,159,310, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Goals [STRATEGIC GOAL #2 - INFRASTRUCTURE \(Optimize Infrastructure and Channel Capacity to Serve the Region\)](#)

Category:

Awards, Amendments & Change Orders

Department:

Maintenance

Staff Contact:

Paulo Soares

Background:

By Minute No. 2018-1212-28, the Port Commission awarded a two-year contract to A.J. Hurt, Jr. Inc. dba Reladyne in the amount not to exceed \$11,500,000 for the purchase of unleaded gasoline and ultra-low sulfur diesel fuel for Barbours Cut Terminal, Bayport Container Terminal, and Turning Basin Terminal; this contract expires on December 31, 2021. A new two-year contract will be used by all departments port-wide to fulfill their daily demand for fuel.

The Port Authority notified vendors regarding its request for competitive sealed bids (CSBs) for the purchase of unleaded gasoline and ultra-low sulfur diesel for Barbours Cut Terminal, Bayport Container Terminal, and Turning Basin Terminal using the Port Authority's BuySpeed Eprocurement System and the project was advertised on the Port Authority's website and in a local newspaper. Fifteen vendors downloaded the project materials from BuySpeed.

Staff Evaluation/Justification:

On October 27, 2021, seven CSB responses were received and opened. The responses were reviewed and evaluated by staff in accordance with the selection criteria published in the CSB. One response was deemed non-responsive.

Following staff Executive Committee review, staff recommends that the Port Authority award a two-year contract to A.J. Hurt Jr., Inc. dba Reladyne, the responsible bidder submitting the lowest and best bid, for the purchase of unleaded gasoline and ultra-low sulfur diesel fuel for Barbours Cut Terminal, Bayport Container Terminal, and Turning Basin Terminal.

K. OPERATIONS

Subject	5. Award a two-year contract to Southern Tire Mart for the purchase of rubber-tired gantry (RTG) crane tires and related items for Barbours Cut Terminal and Bayport Container Terminal in an amount not to exceed \$1,000,000.
Meeting	Dec 7, 2021 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its December 7, 2021 meeting, award a two-year contract to Southern Tire Mart for the purchase of rubber-tired gantry (RTG) crane tires and related items for Barbours Cut Terminal and Bayport Container Terminal in an amount not to exceed \$1,000,000, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Category:

Awards, Amendments & Change Orders

Department:

Maintenance

Staff Contact:

Paulo Soares

Background:

By Minute No. 2019-0521-28, the Port Commission awarded a two-year contract to Southern Tire Mart in the amount not to exceed \$1,000,000 for the purchase of RTG crane tires for Barbours Cut Terminal and Bayport Container Terminal. Contract funds have been depleted. The Port Authority currently owns one hundred and sixteen RTG cranes in operation at these facilities. A total of 1,856 tires would be maintained during this two-year contract to meet terminal demands.

The Port Authority notified vendors regarding its request for competitive sealed bids (CSBs) for RTG crane tires and related items for Barbours Cut Terminal and Bayport Container Terminal using the Port Authority's BuySpeed Eprocurement System and the project was advertised on the Port Authority's website and in a local newspaper. Eight vendors downloaded the project materials from BuySpeed.

Staff Evaluation/Justification:

On October 20, 2021, three CSB responses were received and opened. The responses were reviewed and evaluated by staff in accordance with the selection criteria published in the CSB.

Following staff Executive Committee review, staff recommends that the Port Authority award a two-year contract to Southern Tire Mart, the responsible bidder submitting the lowest and best bid, for the purchase of RTG crane tires and related items for Barbours Cut Terminal and Bayport Container Terminal.

K. OPERATIONS

Subject **6. Award a contract to Power Line Solutions to perform electrical repair services at Bayport Container Terminal in an amount not to exceed \$400,000.**

Meeting Dec 7, 2021 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its December 7, 2021 meeting, award a contract to Power Line Solutions to perform electrical repair services at Bayport Container Terminal in an amount not to exceed \$400,000, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Category:

Awards, Amendments & Change Orders

Department:

Maintenance

Staff Contact:

Paulo Soares

Background:

Terminal lighting is critical to vessel operations and an adequate level of illumination must be maintained to ensure compliance with certain regulatory standards. Third-party assistance is also needed occasionally to repair crane power and ground cables before problems occur, and terminal operation is affected. Since most of the electrical infrastructure in this facility is underground, specialized equipment is needed to pull and replace long cable runs. Contractors own and maintain this specialized equipment and can assist maintenance staff with their work. Ensuring power to high-mast poles also ensures power to wireless networks and cameras for operations and security use. This work requires a dedicated work force to minimize disruptions to operations.

By Minute No. 2020-0128-45, the Port Commission awarded an annual contract to Power Line Solutions in the amount of \$150,000 to perform the required electrical repair services to high mast poles at Bayport Container Terminal. Contract funds have been depleted.

The Port Authority notified vendors regarding its request for competitive sealed bids (CSBs) using the Port Authority's BuySpeed Eprocurement System and the project was advertised on the Port Authority's website and in a local newspaper. Nine vendors downloaded the project materials from BuySpeed.

Staff Evaluation/Justification:

On October 27, 2021, one CSB was received and opened. The response was reviewed and evaluated by staff in accordance with the selection criteria published in the CSB.

Following staff Executive Committee review, staff recommends that the Port Authority award an annual contract to Power Line Solutions, a responsible bidder, to perform electrical repair services at Bayport Container Terminal.

K. OPERATIONS

Subject **7. Award a contract to Id Solutions, the sole source provider, for equipment, software licensing, and installation services to expand the Transportation Worker Identification Credential (TWIC) reader application to five additional lanes at Barbours Cut Terminal in an amount not to exceed \$122,000, inclusive of one-year maintenance and support.**

Meeting Dec 7, 2021 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its December 7, 2021 meeting, award a contract to Id Solutions, the sole source provider, for equipment, software licensing, and installation services to expand the Transportation Worker Identification Credential (TWIC) reader application to five additional lanes at Barbours Cut Terminal in an amount not to exceed \$122,000, inclusive of one-year maintenance and support, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Category:

Awards, Amendments & Change Orders

Department:

Operations

Staff Contact:

Jeff Davis

Background:

This application enables the automation of the Transportation Worker Identification Credential (TWIC) verification process and is considered a security enhancement. IdSoftware uses facial matching as the primary biometric measure, fingerprinting as secondary, and remote vetting via live camera feed as a final method.

By Minute 2018-1030-40, the Port Commission awarded a contract to Id Solutions for a TWIC Reader Software Application to be used at Bayport Container Terminal and Barbours Cut Terminal Truck Gates. The original contract provided equipment for a total of five truck lanes at Bayport Container Terminal and two at Barbours Cut Terminal. The Barbours Cut Terminal gate has recently undergone an expansion and additional TWIC reader lane equipment is needed to provide for a total of five lanes at Barbours Cut Terminal that would utilize the TWIC Reader Software at its truck gates.

Section 60.412 of the Water Code provides that a purchase for an item that can be obtained only from one source is exempt from certain procurement requirements of the Water Code. Port Authority staff has received a written statement from the manufacturer confirming that Id Solutions is the sole source for equipment, software licensing, and installation services to expand the TWIC reader application.

Staff Evaluation/Justification:

The use of the TWIC Reader Software Application provides an automated process to validate a TWIC card and/or the ability to manually validate from a remote location, thereby eliminating the need to have a physical guard in each TWIC truck lane. In addition, the software provides additional security checks resulting in an enhanced TWIC screening process.

Staff recommends the Port Commission approve a contract with Id Solutions for equipment, software licensing, and installation services to expand the TWIC reader application.

K. OPERATIONS

Subject **8. Award a contract to Konecranes, Inc., the sole source provider, for purchase and installation of Konecranes DynAC/DynaHoist Vector II drives and control systems retrofit for four rubber-tired gantry (RTG) cranes at Bayport Container Terminal in an amount not to exceed \$2,152,824.**

Meeting Dec 7, 2021 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its December 7, 2021 meeting, award a contract to Konecranes, Inc., the sole source provider, for purchase and installation of Konecranes DynAC/DynaHoist Vector II drives and control systems retrofit for four rubber-tired gantry (RTG) cranes at Bayport Container Terminal in an amount not to exceed \$2,152,824, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Goals **STRATEGIC GOAL #2 - INFRASTRUCTURE (Optimize Infrastructure and Channel Capacity to Serve the Region)**

Category:

Awards, Amendments & Change Orders

Department:

Maintenance

Staff Contact:

Paulo Soares

Background:

The Port Authority currently owns a total of one hundred and sixteen Kone RTG cranes, including sixty-six at Bayport Container Terminal and fifty at Barbours Cut Terminal. The motor control drives for hoist, gantry, and trolley functions on thirty-five of these units, commissioned between 2003 and 2009, have been discontinued. These older motor control drives are becoming more costly to repair and replacement parts are no longer available. As a result, RTG cranes may experience longer downtime for repairs.

Staff recommends that four RTG cranes at Bayport Container Terminal be retrofitted with new DynAC/DynaHoist Vector II drives and control systems, which is expected to extend the useful life of the cranes. Ten RTG cranes have been successfully retrofitted in this way since 2015, improving RTG performance. The reclaimed drives are retained as well to provide spare parts for remaining units operating with older technology.

Section 60.412 of the Water Code provides that a purchase for an item that can be obtained only from one source is exempt from certain procurement requirements of the Water Code. Port Authority staff has received a written statement from the manufacturer confirming that Konecranes, Inc. is the sole source for purchase of DynAC/DynaHoist Vector II drives and control systems in the United States.

Staff Evaluation/Justification:

Staff recommends the Port Commission approve a contract with Konecranes, Inc. for purchase and installation of Konecranes DynAC/DynaHoist Vector II drives and control systems on four RTG cranes at Bayport Container Terminal.

K. OPERATIONS

Subject **9. Approve an amendment with Kalmar, the sole source provider, to authorize payment for annual maintenance services for the Marine Terminal Position Detection Software System for Barbours Cut Terminal and Bayport Container Terminal in an amount not to exceed \$181,189.**

Meeting Dec 7, 2021 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its December 7, 2021 meeting, authorize payment to Kalmar for annual maintenance & support services for the Marine Terminal Position Detection Software System for Barbours Cut Terminal and Bayport Container Terminal pursuant to the current contract between Kalmar and the Port Authority, for a one-year term beginning Jan 1, 2022 in an amount not to exceed \$181,189, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Category:

Awards, Amendments & Change Orders

Department:

Operations

Staff Contact:

Jeff Davis

Background:

By Minute No. 2019-0924-45, a contract was awarded to Kalmar to provide for the implementation and maintenance of a marine terminal position detection software system for use at Port Authority Container terminals. The Position Detection Software System improves operator efficiency by automating container location position updates, eliminating the need to stop operating the crane and manually input container position updates. Ongoing maintenance and support of the Kalmar Position Detection System can only be provided by Kalmar and therefore the procurement method is sole source.

Section 60.412 of the Water Code provides that a purchase for an item that can be obtained only from one source is exempt from certain procurement requirements of the Water Code. Port Authority staff has obtained a written statement from Kalmar confirming that it is the sole source for these services.

Staff Evaluation/Justification:

The contract describes the year-to-year maintenance services that are required to be performed and sets forth the maintenance fee for each one-year maintenance term. The maintenance fee for each one-year term is based upon total amount of cranes using the Position Detection System. The maintenance fee for Jan 1, 2022 through December 31, 2022 would be in an amount not to exceed \$181,189.

Staff recommends the Port Commission approve this amendment with Kalmar.

K. OPERATIONS

Subject **10. Issue a purchase order to Rush Bus Centers for the purchase of one 26-passenger bus for Bayport Container Terminal, using the Houston-Galveston Area Council Cooperative Purchase Program, in an amount not to exceed \$108,776.**

Meeting Dec 7, 2021 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its December 7, 2021 meeting, issue a purchase order to Rush Bus Centers for the purchase of one 26-passenger bus for Bayport Container Terminal, using the Houston-Galveston Area Council Cooperative Purchase Program, in an amount not to exceed \$108,776, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Goals **STRATEGIC GOAL #2 - INFRASTRUCTURE (Optimize Infrastructure and Channel Capacity to Serve the Region)**

Category:

Awards, Amendments & Change Orders

Department:

Maintenance

Staff Contact:

Paulo Soares

Background:

The Port Authority currently owns one 26-passenger bus and one 12-passenger bus in operation at Bayport Container Terminal. A new unit, purchased in May 2021, will arrive later this month. Additionally, the Port Authority is currently renting two 26-passenger buses. These units are used daily to transport longshoremen to and from parking lots and wharves. This new 26-passenger bus is needed to replace the 2001 model 12-passenger bus. Once this new unit has been delivered one rental unit will be returned.

Staff Evaluation/Justification:

Staff has compared prices for passenger buses obtained from non-Houston-Galveston Area Council local dealerships and Houston-Galveston Area Council (H-GAC) providers. The Director of Procurement Services has determined that procuring this vehicle through the H-GAC cooperative purchase program is the method that both satisfies competitive purchase requirements and provides the best value to the Port Authority.

The H-GAC website lists several pre-approved vendors. Staff has reviewed the passenger bus specifications from H-GAC providers and determined that Rush Bus Centers is the vendor with the best price for this unit that meets the Port Authority's requirements. Rush Bus Centers pricing for the selected model was reviewed and approved by H-GAC.

Accordingly, staff requests the Port Commission approve this best value determination and purchase.

K. OPERATIONS

Subject **11. Reissue and amend Port Authority Tariff Nos. 8, 14, and 15 covering the Turning Basin Terminals, Barbours Cut Terminal, and Bayport Container Terminal, all effective January 1, 2022.**

Meeting Dec 7, 2021 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its December 7, 2021 meeting, authorize the re-issuance and amendment of Port Authority Tariff Nos. 8, 14, and 15, to amend certain subrules, including subrules relating to:

- (a) Import storage free time charges;
- (b) Requirements for loaded reefers on terminal;
- (c) Import units required to re-export;
- (d) Exports containing hazardous cargo;
- (e) Definitions for "Terminal Services Fee" and "Through Containers"; and
- (f) further authorize the Executive Director to do any and all things reasonable or necessary to give effect to the foregoing.

Category:

General

Department:

Operations

Staff Contact:

Jeff Davis

Background:

The Port Authority has reissued its Tariff Nos. 8, 14, and 15 each calendar year since 2008 and staff requests that these tariffs be again reissued effective on or about January 1, 2022.

Staff Evaluation/Justification:

Recommended revisions to Tariff Nos. 8, 14, and 15 include amending subrules relating to:

- Import Storage free time charges
- Requirements for Loaded Reefers on Terminal
- Import Units required to re-export
- Exports containing Hazardous cargo
- Definitions for "Terminal Services Fee" and "Through Containers"

The recommended revisions also include other minor clarifications, corrections, and updates of Tariff Nos. 8, 14, and 15.

Staff proposes that these changes become effective as set forth above, and therefore recommends that the Port Commission approve this item.

K. OPERATIONS

Subject **12. Recommendation to issue Stevedore Licenses for one-year terms commencing January 1, 2022, to Agri American Stevedores, LLC; APS Stevedoring, LLC; BBM Terminals Corp.; Ceres Gulf, Inc.; Cooper/Ports America; Gulf Stream Marine, Inc.; Jacintoport International, LLC; Kinder Morgan, Inc.; Marine Terminal Corporation East; Richardson Stevedoring, and Logistics Services, Inc.; Schroder Marine Service; and Suderman Contracting Stevedores, Inc., upon each applicant's satisfactory completion of all requirements and obligations for license issuance.**

Meeting Dec 7, 2021 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission at its December 7, 2021 meeting, grant authority to issue Stevedore Licenses for one-year terms commencing January 1, 2022, to Agri American Stevedores, LLC; APS Stevedoring, LLC; BBM Terminals Corp.; Ceres Gulf, Inc.; Cooper/Ports America; Gulf Stream Marine, Inc.; Jacintoport International, LLC; Kinder Morgan, Inc.; Marine Terminal Corporation East; Richardson Stevedoring and Logistics Services, Inc.; Schroder Marine Service; and Suderman Contracting Stevedores, Inc., upon each applicant's satisfactory completion of all requirements and obligations for license issuance, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Category:

General

Department:

Operations

Staff Contact:

Jeff Davis

Background:

By Minute No. 2020-1208-36, the Port Commission awarded certain stevedore licenses for one-year terms expiring December 31, 2021.

Staff Evaluation/Justification:

Staff is currently receiving stevedore license applications from companies interested in being licensed to work at Port Authority facilities during 2022 and is in the process of reviewing those applications.

Staff recommends that the Port Commission authorize licenses to be issued to the applicants as set forth above for such Port Authority facilities as determined by staff; provided however, that issuance be conditioned upon the applicant's satisfactory completion of outstanding license requirements and obligations, if any, and satisfaction of current license requirements.

L. PEOPLE

Subject 1. Authorize funding, in an amount not to exceed \$17,000,000 for calendar year 2022, for the payment of claims from the Port Authority's self-funded group medical benefits program for active employees, retirees who are not Medicare-eligible, and eligible dependents.

Meeting Dec 7, 2021 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its December 7, 2021, meeting, authorize funding in an amount not to exceed \$17,000,000 for calendar year 2022, for the payment of claims from the Port Authority's self-funded group medical benefits program for active employees, retirees who are not Medicare-eligible, and eligible dependents, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Goals [STRATEGIC GOAL #1 - PEOPLE AND ORGANIZATION \(Be the Best Place to Work\)](#)

Category:

Awards, Amendments & Change Orders

Department:

Human Resources

Staff Contact:

Roger Walter

Background:

By Minute No. 2018-0130-43, the Port Commission awarded a five-year contract to Lockton Companies LLC (Lockton), to serve as the Port Authority's broker of record and provide consulting services relating to the Port Authority's group health and welfare benefits.

In September 2018, after having reviewed proposals and analyzed the costs of a self-funded program compared to a fully insured medical program, the Port Authority proceeded with the implementation of a self-funded group medical benefits program administered with Aetna as the Third-Party Administrator (TPA).

The Pension & Benefits Committee reviewed a report on the status of the 2021 medical program including the comparison to the 2019 and 2020 medical program at its September 21, 2021 meeting. Lockton and staff recommended, and the Pension and Benefits Committee concurred, that the Port Authority continue with the self-funded program for calendar year 2022.

Staff Evaluation/Justification:

The Port Authority's open enrollment period for calendar year 2022 occurred from November 1 – November 15, 2021. Based upon the enrollment information and the review of historical claims data, staff and Lockton recommends that \$17,000,000 be reserved for the self-insurance account to pay for all covered claims for calendar year 2022 from the Port Authority's self-funded group medical insurance program for active employees, retirees who are not Medicare-eligible, and their dependents.

The payment of covered claims from the dedicated funds would be administered by Aetna pursuant to its third-party administration services agreement with the Port Authority.

Staff recommends the Port Commission approve the above funding request.

L. PEOPLE

Subject **2. Authorize renewal of the agreement with PlanSource Benefits Administration, for employee and retiree benefits and payroll integration services, for an additional one-year period in an amount not to exceed \$75,000.**

Meeting Dec 7, 2021 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its December 7, 2021 meeting:
 (a) authorize renewal of the agreement with PlanSource Benefits Administration, Inc., for employee and retiree benefits and payroll integration services, for an additional one-year period in an amount not to exceed \$75,000;
 (b) authorize renewal negotiations with the PlanSource Benefits Administration, Inc. prior to contract expiration; and
 (c) further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Goals STRATEGIC GOAL #1 - PEOPLE AND ORGANIZATION (Be the Best Place to Work)

Category:

Awards, Amendments & Change Orders

Department:

Human Resources

Staff Contact:

Roger Walter

Background:

By Minute No. 2019-07-29-55, the Port Commission authorized an agreement with PlanSource Benefits Administration, Inc. for employee and retiree benefits and payroll integration services. The technology and services provided under this contract assist the Port Authority with benefits enrollment, administration, and reporting (including federal reporting requirements under the Affordable Care Act (ACA), including the Form 1095-C employee documents and electronic Internal Revenue Service reporting).

The initial term of the contract with PlanSource Benefits Administration, Inc. was from August 6, 2019 until December 31, 2020 for an amount not to exceed \$87,460. It provided for two one-year renewals, at the option of the Port Authority, at an estimated amount of \$75,000 per year. By Minute No. 2020-1028-49, the Port Commission authorized renewal of the first of two one-year renewal agreements with PlanSource Benefits Administration, Inc. for employee and retiree benefits and payroll integration services.

Staff Evaluation/Justification:

PlanSource Benefits Administration, Inc. has continually met its obligations under the agreement and exceeded expectations since the start of the contract.

Staff recommends the Port Commission approve the second one-year option with PlanSource Benefits Administration.

L. PEOPLE

Subject **3. Authorize renewal of the agreement with LinkedIn Corporation, a sole source provider, to provide recruiting and trade marketing access and services for a three year period, in a total amount not to exceed \$99,429.**

Meeting Dec 7, 2021 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its December 7, 2021 meeting:
 (a) authorize the renewal of the agreement with LinkedIn Corporation, a sole source provider, to provide recruiting and trade marketing access and services for a three year period in an amount not to exceed \$99,429;
 (b) authorize renewal negotiations with the LinkedIn Corporation prior to contract expiration; and
 (c) further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Goals **STRATEGIC GOAL #1 - PEOPLE AND ORGANIZATION (Be the Best Place to Work)**

Category:

Awards, Amendments & Change Orders

Department:

Human Resources

Staff Contact:

Roger Walter

Background:

By Minute No. 2017-1023-48, the Port Commission authorized a two-year agreement with LinkedIn Corporation for recruiting and trade marketing access and services. By Minute No. 2020-0128-49, the Port Commission authorized the renewal of a two-year agreement with LinkedIn Corporation for recruiting and trade marketing access and services.

LinkedIn provides visibility to what it claims to be the world's largest professional network, with over 740 million users worldwide.

The Port Authority has utilized LinkedIn for the past eight years as a personnel outreach and recruitment tool. The Port Authority has received thousands of applications through LinkedIn, resulting in approximately 40% of its professional hires through this network.

The Port Authority's existing agreement with LinkedIn allows the Port Authority to post jobs, customize content on the Port Authority's LinkedIn webpage, and use recruiting tools for finding, connecting with, and managing candidates. The Port Authority currently has over 28,000 LinkedIn Followers.

Section 60.412 of the Water Code provides that a purchase for an item that can be obtained only from one source is exempt from certain procurement requirements of the Water Code. Port Authority staff has received a written statement from LinkedIn confirming that it is the sole source for access to LinkedIn's professional network.

Staff Evaluation/Justification:

LinkedIn Corporation is offering through its platform and services Career Pages (Enterprise Basic Package) custom content on the LinkedIn profile page and preferred placement on company page, seven preferred Job Slots at a time, and Corporate Recruiter, which allows for 150 InMails per month and unlimited network searches.

In comparing LinkedIn Corporation results with the results of other recruiting sites, staff believes LinkedIn Corporation has performed very well and is well worth the investment.

Staff recommends the Port Commission approve renewal of the contract with LinkedIn Corporation.

L. PEOPLE

Subject **4. Enter into a one-year agreement with the Houston International Seafarers' Center to provide humanitarian services to seafarers whose vessels call at the terminals of the Port Authority, effective January 1, 2022, in an amount not to exceed \$90,000.**

Meeting Dec 7, 2021 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its December 7, 2021 meeting, enter into a one-year agreement with the Houston International Seafarers' Center to provide humanitarian services to seafarers whose vessels call at the terminals of the Port Authority, effective January 1, 2022, in an amount not to exceed \$90,000, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Goals [STRATEGIC GOAL #4 - STEWARDSHIP \(Create Greater Value for the Region\)](#)
[STRATEGIC GOAL #3 - PARTNERSHIPS \(Develop and Strengthen External Partnerships\)](#)

Category:

Awards, Amendments & Change Orders

Department:

Community Relations & Events

Staff Contact:

Maria Aguirre

Background:

The Houston International Seafarers' Center (Seafarers' Center) is internationally recognized for its outstanding services and facilities for visiting seafarers. By providing a positive social, recreational, and ecumenical spiritual environment, the Seafarers' Center is an asset to both the Port Authority and the communities surrounding the port.

This agreement with the Port Authority would permit the Seafarers' Center to continue to provide the following services on a non-discriminatory basis to seafarers from all commercial vessels that call on the public and private terminals in the Port of Houston: operations, transportation services, safety functions, communications, banking, emergency accommodations, recreational facilities, commissary facilities, a restaurant, mail and courier services, counseling services, and other services mutually deemed necessary. In addition, the Port Authority will also continue to invoice vessels docking at Port Authority terminals for the \$98 voluntary fee supporting the operations of the Seafarers' Center and further remit that payment within thirty days upon receipt to the Seafarers' Center. The current service agreement with the Seafarers' Center expires December 31, 2021.

Staff Evaluation/Justification:

Staff recommends that the Port Commission authorize a new agreement with the Seafarers' Center for one year. Pursuant to the services agreement, the Seafarers' Center would submit its annual report for the past year, along with support materials, as requested by the Port Authority.

M. SECURITY AND EMERGENCY OPERATIONS

Subject 1. Issue a purchase order to Motorola Solutions for the purchase of land mobile radio equipment including radios, batteries, chargers, related hardware, and accessories for the Operations Division and Port Security and Emergency Operations Division, using the Houston-Galveston Area Council's cooperative purchase program, in an amount not to exceed \$250,000.

Meeting Dec 7, 2021 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its December 7, 2021 meeting, issue a purchase order to Motorola Solutions for purchase of land mobile radio equipment including radios, batteries, chargers, related hardware, and accessories for the Operations Division and Port Security and Emergency Operations Division, using the Houston-Galveston Area Council's cooperative purchase program, in an amount not to exceed \$250,000, determine that this procurement method provides the best value to the Port Authority, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Goals

- STRATEGIC GOAL #4 - STEWARDSHIP (Create Greater Value for the Region)
- Strategic Objective 4d. - Support sustainable growth of Port Houston and the greater Port
- Strategic Objective 4b. - Prepare for disruptive events and mitigate their impact
- Strategic Objective 2c. - Enhance efficiency and resilience through innovative technology and other means

Category:

Awards, Amendments & Change Orders

Department:

Emergency Management

Staff Contact:

Colin Rizzo

Background:

Motorola Land Mobile Radio (LMR) equipment, including handheld, mobile, and base stations, are used daily by Operations Division maintenance and operations personnel, crane operators, and clerks to help accomplish their tasks in a safe and efficient manner. The Port Security and Emergency Operations Division, including the Police Department, Fire Department, Emergency Management, and contract security personnel, also use Motorola LMR equipment to help maintain security at all terminals and respond to incidents and other emergencies. As the vast majority of the approximately 1,400 radios are Motorola products, Motorola parts and accessories are required to service the LMR equipment.

Staff Evaluation/Justification:

By Minute No. 99-1129-29, the Port Commission authorized the Port Authority to enter into an Interlocal Agreement with the Houston-Galveston Area Council (H-GAC) to participate in its cooperative purchasing program, and the Director of Procurement Services has determined that procuring these items through the H-GAC cooperative purchase program is the method that both satisfies competitive purchase requirements and provides the best value to the Port Authority.

Accordingly, staff recommends that the Port Commission approve this best value determination and contract.

N. TECHNOLOGY

Subject **1. Issue a purchase order to Xennex LLC for purchase of Veeam licensing and software renewal, using the United States General Services Administration, an agency of the United States, in an amount not to exceed \$90,000.**

Meeting Dec 7, 2021 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its December 7, 2021 meeting, issue a purchase order to Xennex LLC for purchase of Veeam licensing and software renewal, using the United States General Services Administration, an agency of the United States, in an amount not to exceed \$90,000, determine that this procurement method provides the best value to the Port Authority, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Category:

Awards, Amendments & Change Orders

Department:

Information Technology

Staff Contact:

Charles Thompson

Background:

The Port Authority is seeking to obtain the renewal of Veeam licensing (software) currently utilized to back up the Ports Server and Virtual Desktop Infrastructure (VDI) at both Data Centers.

Staff Evaluation/Justification:

The Director of Procurement Services has determined that procuring the renewal of Veeam licensing (software) currently utilized to backup the Ports Server and VDI at both Data Centers through the United States General Services Administration (GSA), an agency of the United States, is the method that both satisfies competitive purchase requirements and provides best value to the Port Authority. The Port Authority, as a political subdivision of the State of Texas, is authorized to use GSA for the procurement of certain items (primarily technology, security, and fire/police items).

The Information Technology Department has determined that the best availability, price, and contract term for the item needed is provided by Xennex LLC under the pricing schedule obtained from that vendor's contract with the GSA, and is therefore recommending this purchase.

Accordingly, staff recommends that the Port Commission approve this best value determination and contract.

N. TECHNOLOGY

Subject **2. Ratify an emergency purchase order to CDW Government LLC in the total amount not to exceed \$70,000 for the purchase of approximately forty printers for Bayport Container Terminal and Barbours Cut Terminal.**

Meeting Dec 7, 2021 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

Access Public

Type Action

Recommended Action The Port Commission, at its December 7, 2021 meeting, ratify an emergency purchase order to CDW Government LLC in the total amount not to exceed \$70,000 for the purchase of approximately forty printers for Bayport Container Terminal and Barbours Cut Terminal, and further authorize the Executive Director to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Category:

Awards, Amendments & Change Orders

Department:

Information Technology

Staff Contact:

Charles Thompson

Background:

The operation of the Port Authority's container terminal truck lanes require complex software, specific to the terminal operating system, and they operate in conjunction with specialized printers. These printers go out of service and require replacement on a regular basis due to the industrial environment and high ticket volume.

- Printer failure reduces the number of truck lanes available at the terminals and leads to congestion and delays, which in turn places increased strain upon the region and its infrastructure, at a time when the supply chain at large and the maritime transport industry is experiencing unprecedented conditions.
- These delays may impact the distribution of consumer goods needed for medical care, public health, and to address the ongoing COVID-19 pandemic.

Currently, the Port Authority has four printers in reserve in case of printer failure. In the past several weeks staff has encountered significant difficulty in sourcing printer replacements. As a result, staff is concerned that the supply chain may degenerate into a worse condition, making the purchase of printers in coming months increasingly slow and difficult, risking multiple extended lane closures and the effects described above.

Accordingly, Port Authority staff has concluded that it was in the best interest of the Port Authority and the region to make an emergency purchase of approximately forty printers while a formal solicitation is prepared, advertised, evaluated, and awarded as a longer term solution (mindful that printers purchased by a formal award may not arrive for many months after the award, due to the unpredictability of the supply chain).

Water Code Section 60.4035 permits the Executive Director and authorized officers to make emergency purchases and contracts in amounts that exceed \$50,000 without the customary competitive procedures or prior to Port Commission approval if necessary to, among other things, (1) preserve or protect the public health and safety of the residents of the district; (2) preserve the property of the district in the case of a public calamity; or (3) repair unforeseen damage to the property of the district, provided that staff has endeavored to notify the Port Commission within forty-eight hours of such purchases as required.

The Port Commission was initially notified of this emergency procurement by an email that named a different vendor; on Monday, November 8, the Legal Division was made aware of this error and a subsequent notification to the Port Commission identified the correct vendor. This did not result in any unpermitted delay with respect to the notification timing requirements set forth in Water Code Section 60.4035.

Staff Evaluation/Justification:

Staff informs the Port Commission that a purchase order to CDW Government LLC in the amount not to exceed \$70,000 has been issued in accordance with Water Code Section 60.4035, and requests that the Port Commission ratify this purchase.