

May 16, 2024

**NOTICE OF SPECIAL MEETING**  
**OF THE**  
**PORT COMMISSION**  
**OF THE**  
**PORT OF HOUSTON AUTHORITY**

In accordance with the official practice of the Port Commission of the Port of Houston Authority, there is attached hereto a copy of the Agenda of the Special meeting to be held on Tuesday, May 21, 2024. A quorum of the Port Commission is intended to meet at 10:30 a.m., or thereafter, immediately following the adjournment of the regular Port Commission meeting, at the Port of Houston Authority Executive Office Building, 111 East Loop North, Houston, Texas 77029. The member of the Port Commission presiding over the meeting is intended to be present at that location, which shall be open to the public during the open portions of the meeting.

In addition, pursuant to Government Code Sec. 551.127 permitting a governmental body to hold a public meeting by videoconference call, the meeting may also be accessed via Webex webinar, as provided on the following page.

PORT OF HOUSTON AUTHORITY  
of  
HARRIS COUNTY, TEXAS

Erik Eriksson  
Secretary



## **Additional Public Meeting Notifications.**

1. In accordance with the Port Commission's usual practice:
  - a. Members of the public may speak during the posted public comment section.
    - Please register to speak no later than an hour before the meeting by emailing Liana Christian [lchristian@porthouston.com](mailto:lchristian@porthouston.com) or Erik Eriksson [eeriksson@porthouston.com](mailto:eeriksson@porthouston.com). They may also be reached by telephone at (713) 670-2615 or (713) 670-2614, and by mail at 111 E. Loop N, Houston, Texas 77029.
    - Please provide name and the organization the speaker represents, if applicable.
    - Comments are limited to three minutes.
  - b. An audio recording of the meeting is being made, and will be available to the public, as will written minutes after Port Commission approval.
2. To request accommodations under the Americans with Disabilities Act or language access services, please contact Liana Christian or Erik Eriksson at least three days prior to the meeting.
3. This meeting will offer the options to participate by videoconference (see next page) or in-person. Restrictions regarding allowable room capacity and seating arrangements may be in place at the meeting.



**When it's time, join your Webex meeting here.**

**Join meeting**

**More ways to join:**

**Join from the meeting link**

<https://porthouston.webex.com/porthouston/j.php?MTID=me2dea54fa0d1f76ba700a7da54d94d18>

**Join by meeting number**

Meeting number (access code): 2489 431 1018

Meeting password: SpecPC

**Tap to join from a mobile device (attendees only)**

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You can also dial 173.243.2.68 and enter your meeting number.

If you are a host, [click here](#) to view host information.

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**SPECIAL MEETING  
PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY**

**May 21, 2024  
10:30 a.m.  
111 East Loop North  
Houston, TX 77029  
Fourth Floor Boardroom  
And Via WebEx**

**A. CALL TO ORDER**

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**B. OPENING REMARKS BY CHAIRMAN AND COMMISSIONERS**

Governance, legislative, policy, operational, and community matters

**C. STAFF REPORT**

Overview and presentation regarding Houston Ship Channel user fee proposal for funding "Project 11," the Houston Ship Channel Expansion - Channel Improvement Project – Jordan Frisby, Director Technical & Business Analytics

**D. APPEARANCES**

Public comment regarding Houston Ship Channel user fee proposal

**E. CLOSING REMARKS BY CHAIRMAN AND COMMISSIONERS**

Governance, legislative, policy, operational, and community matters

**F. ADJOURN MEETING**

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**Summary of Terms - Proposed Houston Ship Channel Project 11 User Fee**

The Port of Houston Authority is considering implementing a Houston Ship Channel user fee based on federal law\* to fund the construction of Project 11

Timing

**Public Input Period:** 2024  
**User Fee Start Date:** Early-mid 2025 (following completion of Galveston Bay reach)  
**Term:** Est. 30 year; assessments would end when lifetime collections recover project costs and revenue debt interest

Projected Collections

**Calculation:** Est. actual and projected local project cost (i.e., \$860 million)  
+ Est. revenue debt interest (\$652 million)  
**Total Projected Collections:** = Est. \$1.51 billion over fee lifetime + Admin. cost (TBD)  
**Annual Projected Collections** Est. \$36.8 million in year 1

Per Vessel Proposal

**Formula:** Vessel Charge = Vessel Units x Unit Rate x Annual Escalator  
**Vessel Units Definition:** (LOA x Beam)/100 (cf. Houston Pilots tariffs)  
**Unit Rate:** Based on a positive slope (cf. 2020 industry proposal) (see p. 2)  
**Estimated Average Fee:** \$4,725 per vessel transit in year 1 (see p. 2)  
**Annual Escalator:** User fee escalates 3% per year

Assessment Structure

**Vessels subject to fee:** Deep-draft vessels and ATBs entering project area, including vessels calling public terminals  
**Vessels exempt from fee:** Vessels with design drafts of 20 feet or less – most barges, harbor tugs, dredging vessels, and government vessels  
**When is fee assessed:** Once – on vessel entry into HSC Galveston Bay/Project 11 project area, i.e., passing HSC Buoy 18 (north of Texas City “Y”)  
**Intra-port movements:** Vessels can make unlimited intra-port movements without assessment of any additional user fees  
**Short-term reentry:** *Special user fee provisions remain under consideration*

Additional Details

**Third Party Collections:** Administrator would calculate, collect, deposit, and/or account for user fee funds  
**Dedicated Account:** Collections would be deposited into account established by the Port Authority  
**Use of Funds:** Exclusively applied to pay Project 11 costs  
**Reporting:** Annual report of yearly/total collections, etc.  
**Third Party Review:** Periodic review by external auditor  
**Noncompliance:** Defaults subject to remedies under fee ordinance and statute  
**Rebates/Credits:** Terminals may rebate/credit user fee payments to customers  
*Potential Port Authority rebates remain under consideration*

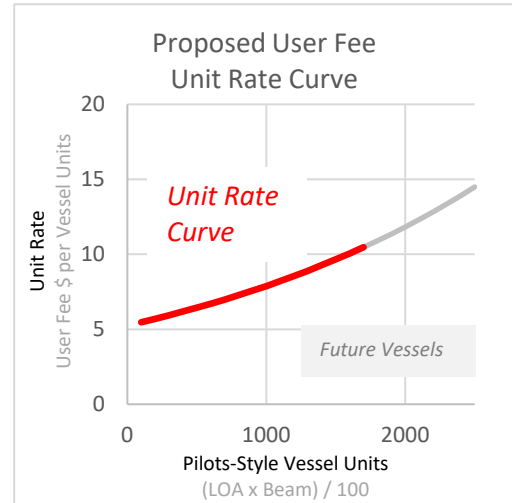
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\* See 33 USCA §2236 Port or harbor dues

Supplemental Information

**Unit Rate Formula**

- Formula is based on proposal from Industry "Houston Ship Channel Project 11: An Introductory Financial Analysis, February 12, 2020, Vincent J. DiCosimo"
- Unit Curve Formula =  $S_1 C_1 e^{C_2(\frac{x}{1000})}$ 
  - Where:
  - S1 = Scaling Factor = 2.372
  - C1 = Coefficient 1 = 2.214
  - C2 = Coefficient 1= 4.061
  - X = Vessel Units
  - Excel: “=S1\*C1\*(EXP(C2\*(X/1000)))”
- Additional Discussion:
  - When S1 is set to 1, the formula is the same as the 2020 industry proposal, e.g. formula structure and values for C1 and C2 come from the industry proposal
  - S1 was set to hit the target collections level based on project costs, representing a linear scaling of industry’s proposed unit rate curve
  - Larger vessels pay proportionally higher user fees
  - Based on actual HSC vessel arrivals 2018-2023, the minimum units for a vessel is 27, and the maximum is 1720



**Estimate of Year 1 User Fee Levels by Vessel Type**

Based on Actual 2018-2023 Vessel Arrivals

Vessel Type	2018-2023 Vessel Arrivals	Year 1 Average	Year 1 Minimum	Year 1 Maximum
Grand Total	46,724	\$4,725	\$255	\$18,197
Tanker	14,069	\$5,665	\$885	\$15,036
Chemical Tanker	11,455	\$2,321	\$255	\$13,657
LPG	6,284	\$4,671	\$897	\$7,111
Container	6,062	\$8,893	\$1,957	\$18,197
Bulk	4,659	\$4,285	\$1,160	\$10,330
General Cargo	3,156	\$2,234	\$960	\$5,659
Other	1,039	\$4,043	\$663	\$9,176