



Tuesday, November 12, 2024
PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

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

A. CALL TO ORDER

B. OPENING REMARKS BY CHAIRMAN AND COMMISSIONERS

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

C. STAFF REPORTS

1. Summary of selected financial and operational matters
2. Update regarding construction of the new office building for Port Authority employees located along Buffalo Bayou in the Greater Fifth Ward

D. APPEARANCES

1. Public Comment

E. EXECUTIVE

Staff Report – Selected agenda items – Tom Heidt, Chief Operating Officer

General

1. Approve and adopt the proposed Strategic Plan – 2025 Update.

F. COMMERCIAL

Staff Report – Selected agenda items – John Moseley, Chief Commercial Officer

Leases

1. Approve a 3% lease rate increase for eleven ratified Port Authority month-to-month leases and new month-to-month leases, effective no earlier than January 1, 2025.

Project 11

2. Approve a no-fee license agreement with Gulf Access Terminal LLC and TDWP Terminals 4 LLC granting the Port Authority access over approximately 0.599 acres within their properties located adjacent to the Beltway 8 property.

G. FINANCE

Staff Report – Selected agenda items – Tim Finley, Chief Financial Officer

General

1. Consideration and possible action regarding the proposed Fiscal Year 2025 Operating and Capital Budget.
2. Staff briefing, discussion, and possible action regarding the proposed Five Year Operating and Capital Plan.

H. OPERATIONS

Staff Report – Selected agenda items – Ryan Mariacher, Chief Port Operations Officer

General

1. Approve increases in Port Authority tariff charges, including dockage, wharfage, throughput charges, container storage rates, container crane and private crane rental rates, water hookup rates, freight handling rates, and miscellaneous other charges, and other amendments, as follows: (i) increases for Tariff 14 (Barbours Cut Terminal) and Tariff 15 (Bayport Container Terminal) equal to the sum of a 2.9% increase in the Consumer Price Index average for the 12-month period ending July 2024, as published by the U.S. Bureau of Labor Statistics, and a 2.5% increase based on the anticipated effects of the wage scale and working condition change contained in the labor contract(s) affecting those terminals, plus related rates for payroll taxes and assessment increases (a combined total of 5.4% increase total for Tariffs 14 and 15); (ii) increases generally equal to a 2.9% for Tariff 8 (Houston Ship Channel and Public Owned Wharves); (iii) amendment of Tariff 8, Subrule 142, item 3 to state that cargo loaded or unloaded from or to any conveyance will be subject to a minimum handling charge of \$37.00 and a minimum wharfage charge of \$15.00, and amendments to Tariff 8, Subrules 152 and 167, and Tariff 8, Subrule 134 and Subrule 201, to clarify and move the charge assessed for automobiles, vehicles, and trucks, (iv) increases equal to 2.9% for the Harbor Fee, (v) an increase in Tariff 8, Subrule No. 51 fees to \$75 per police escort and \$30 for a replacement entrance badge, and (vi) amendment of Tariff 8, Subrule Nos. 68 and 69, Tariff 14, Subrule No. 69, and Tariff 15, Subrule No. 69, to require adherence to the Port Authority Safety Manual, all such increased charges and amendments to be included and published in Port Authority Tariff Nos. 8, 14, and 15 effective January 1, 2025.

I. RECESS OPEN MEETING AND CONVENE EXECUTIVE SESSION

1. Consultation with Attorneys (Section 551.071, Texas Open Meetings Act), including consultations regarding (i) 33 U.S.C.A. §§5(b) and 2236 and (ii) proposed amendment to the agreement for legal services with Best Best & Krieger LLP
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

J. RECONVENE OPEN MEETING

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

K. CLOSING REMARKS BY CHAIRMAN AND COMMISSIONERS

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

L. ADJOURN MEETING

1. Next Meeting Requested - December 10, 2024

2. Adjourn Port Commission Meeting

E. EXECUTIVE

Subject	1. Approve and adopt the proposed Strategic Plan – 2025 Update.
Meeting	Nov 12, 2024 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its November 12, 2024 meeting, approve and adopt the proposed Strategic Plan – 2025 Update, and further authorize the Chief Executive Officer to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Category:

General

Department:

Executive

Staff Contact:

Jessica Shaver

Background:

Section 5007.221 of the Texas Special District Local Laws Code requires of the Port Authority that:

(a) Appropriate staff shall develop a long-range plan containing:

- (1) a mission and values statement;
- (2) an assessment of the authority's state as of the date of the plan;
- (3) an assessment of the projected operating environment over the course of the long-range plan;
- (4) a discussion of high-level goals, strategies, and priorities;
- (5) a scheme for ongoing evaluation of progress toward stated goals, including performance measures; and
- (6) other strategic planning elements, as considered appropriate by the staff or port commission.

(b) The Port Commission shall establish a planning horizon of at least 10 years for the long-range plan;

(c) The staff shall identify and collaborate with stakeholders to obtain input on the long-range plan; and

(d) The Port Commission may amend and shall adopt the plan and any updates to the plan in an open meeting.

By Minute No. 2020-0128-06, the Port Commission approved and adopted the 2020 Strategic Plan-Mission, Vision, Strategic Goals, and Objectives.

The Port Authority is also required, by Section 5007.221(f) of the Code, to re-evaluate its long-range and strategic plans every five years.

Since the 2020 plan's adoption, the Port Authority continues to execute its mission "To Move the World and Drive Regional Prosperity" and has made enormous progress toward its vision to become "America's Distribution Hub for the Next Generation." Several of the plan's goals and objectives have been completed and processes have been developed to support their long-term relevance for the Port Authority. At the same time, new challenges and opportunities have emerged that warrant recognition and inclusion in planning the Port Authority's future. In order to maintain a competitive advantage, the Port Authority must also address evolving market changes.

By Minute No. 2024-0229-33, the Port Commission approved a professional services contract with City and Sea Group LLC dba CAS Group LLC to support the development of the Port Authority's 2025 Strategic Plan and 2050 Plan. The development of the proposed Strategic Plan was led by a "Design Team" of seventeen staff members from across the entire organization, assisted by CAS Group.

Staff Evaluation/Justification:

The Port Commission was briefed on the final draft of the 2025 Strategic Plan at the October 22, 2024 Port Commission meeting. CAS Group and staff has also held focus groups for employees and external industry and community stakeholders to solicit input regarding the priorities identified in the plan. Feedback has been thoroughly evaluated and incorporated into this final draft of the Strategic Plan.

Staff recommends to the Port Commission that the proposed 2025 Strategic Plan-Mission, Vision, Strategic Goals, and Objectives be approved and adopted.

F. COMMERCIAL

Subject	1. Approve a 3% lease rate increase for eleven ratified Port Authority month-to-month leases and new month-to-month leases, effective no earlier than January 1, 2025.
Meeting	Nov 12, 2024 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its November 12, 2024, meeting, approve a 3% lease rate increase for eleven ratified Port Authority month-to-month leases and new month-to-month leases, effective no earlier than January 1, 2025, and further authorize the Chief Executive Officer 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:

John Moseley/Jarka Vochyan

Background:

The lease rates for the Port Authority's month-to-month leases are based on rates adopted by the Port Commission from time-to-time. There are currently fourteen month-to-month leases in effect, of which eleven have been in effect for more than one year and have been ratified by the Port Commission. Of the current fourteen month-to-month leases, three will not be affected by this requested lease rate increase because they have been in effect for less than one year.

Port Authority staff now seeks to increase lease rates on ratified month-to-month leases by 3%. New month-to-month leases would be subject to the proposed 3% increase and the lease rate structure in place based on property attributes which include the following lease rate categories: undeveloped surface rate, unimproved surface rate, semi-stabilized surface rate, stabilized surface rate, asphalt surface rate, and concrete surface rate.

Staff Evaluation/Justification:

Staff reviewed the average CPI percentage for the last twelve months and recommends the Port Commission approve the lease rate increase of 3% for the existing eleven month-to-month leases and new month-to-month leases, effective no earlier than January 1, 2025.

F. COMMERCIAL

Subject	2. Approve a no-fee license agreement with Gulf Access Terminal LLC and TDWP Terminals 4 LLC granting the Port Authority access over approximately 0.599 acres within their properties located adjacent to the Beltway 8 property.
Meeting	Nov 12, 2024 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its November 12, 2024 meeting, approve a no-fee license agreement with Gulf Access Terminal LLC and TDWP Terminals 4 LLC granting the Port Authority access over approximately 0.599 acres within their properties located adjacent to the Beltway 8 property, and further authorize the Chief Executive Officer to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Category:

Project 11

Department:

Real Estate

Staff Contact:

Isaac Kyle

Background:

On April 28, 2020, the Port Commission approved a no-fee license agreement between the Port Authority, as licensee, and Gulf Access Terminal LLC (GAT) and TDWP Terminals 4 LLC (TDWP), to provide the Port Authority with access to its Beltway 8 property over approximately 0.599 acres owned by GAT and TDWP. The license agreement has expired and is no longer in effect.

In connection with Project 11, the Port Authority now desires to enter into a new no-fee license agreement with GAT and TDWP for similar purposes.

This access route has assisted, and would continue to assist, with activities directly in support of construction work relating to Project 11. Such activities would include ingress and egress of vehicles and other equipment for clearing and grubbing and site preparation work at the Port Authority's Beltway 8 property, to permit its use as a non-permanent dredged material placement area.

Staff Evaluation/Justification:

Staff recommends the Port Commission approve the license agreement on the terms described above.

G. FINANCE

Subject	1. Consideration and possible action regarding the proposed Fiscal Year 2025 Operating and Capital Budget.
Meeting	Nov 12, 2024 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its November 12, 2024 meeting, consider and take possible action regarding the proposed Operating and Capital Budget for Fiscal Year 2025, and further authorize the Chief Executive Officer to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Category:

General

Department:

Finance

Staff Contact:

David Jochnau/Tim Finley

Background:

The Texas Special District Local Laws Code includes the following requirements for the Port Authority:

Sec. 5007.223. BUDGET. The port commission shall annually adopt a budget for the authority in an open meeting.

Sec. 5007.224. ONE-YEAR CAPITAL PLAN.

- a. Appropriate staff shall develop a one-year capital plan, including associated financing that is integrated with the budget of the authority.
- b. The port commission shall adopt the one-year capital plan in an open meeting.
- c. The port commission shall establish and document a detailed process for the analysis and approval of a project proposed for inclusion in the one-year capital plan. A project may be included in the one-year capital plan only if it is approved in accordance with that process.

A proposed Operating Budget has been developed by staff to guide it in the operation and management of Port Authority facilities and activities for Fiscal Year 2025. In addition, staff has followed its standard process for review and analysis of capital projects and prepared a proposed 2025 Capital Budget to address the most urgent infrastructure needs in line with the Port Authority's strategic direction, and as required by law.

Staff Evaluation/Justification:

In accordance with its Strategic Planning Policy, the Port Authority has made available to the public by posting on its website the proposed Fiscal Year 2025 Operating and Capital Budget at least seventy-two hours prior to this meeting.

Staff recommends that the proposed Operating and Capital Budget be adopted for Fiscal Year 2025.

G. FINANCE

Subject	2. Staff briefing, discussion, and possible action regarding the proposed Five Year Operating and Capital Plan.
Meeting	Nov 12, 2024 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its November 12, 2024 meeting, conduct a staff briefing and discussion, and take possible action regarding the proposed Five Year Operating and Capital Plan, and further authorize the Chief Executive Officer to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Category:

General

Department:

Finance

Staff Contact:

David Jochnau/Tim Finley

Background:

The Texas Special District Local Laws Code includes the following requirements for the Port Authority:

Sec. 5007.222. MID-RANGE PLANNING.

- a. Appropriate staff shall develop a mid-range plan consistent with the long-range plan. The mid-range plan must include:
 1. a five-year financial forecast addressing the financial needs and financing options of the authority for the five-year period, with information about the relative cost of the options;
 2. a five-year capital plan, including a preliminary analysis and prioritization of projects; and
 3. other detailed action plans as the port commission or staff finds necessary to achieve the goals of the mid-range plan or long-range plan.
- b. The staff shall present the mid-range plan in an open meeting of the port commission. The port commission is not required to adopt a mid-range plan.

A proposed Five-year Operating and Capital Plan has been developed by staff for the years 2025-2029 as required by law

Staff Evaluation/Justification:

In accordance with its Strategic Planning Policy, the Port Authority has made available to the public by posting on its website the proposed Five-Year Operating and Capital Plan at least seventy-two hours prior to this meeting.

Staff requests that the Port Commission conduct a staff briefing and discussion regarding this matter.

H. OPERATIONS

Subject	1. Approve increases in Port Authority tariff charges, including dockage, wharfage, throughput charges, container storage rates, container crane and private crane rental rates, water hookup rates, freight handling rates, and miscellaneous other charges, and other amendments, as follows: (i) increases for Tariff 14 (Barbours Cut Terminal) and Tariff 15 (Bayport Container Terminal) equal to the sum of a 2.9% increase in the Consumer Price Index average for the 12-month period ending July 2024, as published by the U.S. Bureau of Labor Statistics, and a 2.5% increase based on the anticipated effects of the wage scale and working condition change contained in the labor contract(s) affecting those terminals, plus related rates for payroll taxes and assessment increases (a combined total of 5.4% increase total for Tariffs 14 and 15); (ii) increases generally equal to a 2.9% for Tariff 8 (Houston Ship Channel and Public Owned Wharves); (iii) amendment of Tariff 8, Subrule 142, item 3 to state that cargo loaded or unloaded from or to any conveyance will be subject to a minimum handling charge of \$37.00 and a minimum wharfage charge of \$15.00, and amendments to Tariff 8, Subrules 152 and 167, and Tariff 8, Subrule 134 and Subrule 201, to clarify and move the charge assessed for automobiles, vehicles, and trucks, (iv) increases equal to 2.9% for the Harbor Fee, (v) an increase in Tariff 8, Subrule No. 51 fees to \$75 per police escort and \$30 for a replacement entrance badge, and (vi) amendment of Tariff 8, Subrule Nos. 68 and 69, Tariff 14, Subrule No. 69, and Tariff 15, Subrule No. 69, to require adherence to the Port Authority Safety Manual, all such increased charges and amendments to be included and published in Port Authority Tariff Nos. 8, 14, and 15 effective January 1, 2025.
Meeting	Nov 12, 2024 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Access	Public
Type	Action
Recommended Action	The Port Commission, at its November 12, 2024 meeting, approve increases in Port Authority tariff charges, including dockage, wharfage, throughput charges, container storage rates, container crane and private crane rental rates, water hookup rates, freight handling rates, and miscellaneous other charges, and other amendments, as follows: (i) increases for Tariff 14 (Barbours Cut Terminal) and Tariff 15 (Bayport Container Terminal) equal to the sum of a 2.9% increase in the Consumer Price Index average for the 12-month period ending July 2024, as published by the U.S. Bureau of Labor Statistics, and a 2.5% increase based on the anticipated effects of the wage scale and working condition change contained in the labor contract(s) affecting those terminals, plus related rates for payroll taxes and assessment increases (a combined total of 5.4% increase total for Tariffs 14 and 15); (ii) increases generally equal to a 2.9% for Tariff 8 (Houston Ship Channel and Public Owned Wharves); (iii) amendment of Tariff 8, Subrule 142, item 3 to state that cargo loaded or unloaded from or to any conveyance will be subject to a minimum handling charge of \$37.00 and a minimum wharfage charge of \$15.00, and amendments to Tariff 8, Subrules 152 and 167, and Tariff 8, Subrule 134 and Subrule 201, to clarify and move the charge assessed for automobiles, vehicles, and trucks, (iv) increases equal to 2.9% for the Harbor Fee, (v) an increase in Tariff 8, Subrule No. 51 fees to \$75 per police escort and \$30 for a replacement entrance badge, and (vi) amendment of Tariff 8, Subrule Nos. 68 and 69,

Tariff 14, Subrule No. 69, and Tariff 15, Subrule No. 69, to require adherence to the Port Authority Safety Manual, all such increased charges and amendments to be included and published in Port Authority Tariff Nos. 8, 14, and 15 effective January 1, 2025, and further authorize the Chief Executive Officer to do any and all things in his opinion reasonable or necessary to give effect to the foregoing.

Category:

General

Department:

Operations

Staff Contact:

Ryan Mariacher

Background:

Port Authority operations must remain cost-effective to meet the increasing demands of the maritime trade. Staff anticipates that the cost of operations, including third-party expenses, would in general continue to increase in 2025, as reported by the change in the Consumer Price Index (CPI) for All Urban Consumers (CPI-U), United States city average, measured over a twelve-month period.

Given escalating costs and expense increases and recognizing the need to keep Port Authority terminals competitive and operating at compensatory levels to meet the ever-increasing demands of the maritime trades, staff has determined that it is advisable to implement increases in certain tariff charges, including dockage, wharfage, throughput charges, container storage rates, container crane and private crane rental rates, water hookup rates, freight handling rates, and miscellaneous other rates.

Separately, staff periodically reviews other tariff provisions to maintain safe, effective, and efficient operations and conduct at Port Authority facilities and is recommending other tariff changes as a result of these reviews.

Staff Evaluation/Justification:

Staff is requesting container terminal increases based on the anticipated wage scale and working conditions contained in the prevailing labor contract(s) in effect at the terminals in light of the ongoing negotiations between the International Longshoremen's Association and the United States Maritime Alliance regarding their master contract. These 5.4% increases for the container handling facilities, equal to the CPI increase and the effect of the anticipated wage scale and working conditions change, and 2.9% increases for certain other Tariff 8 fees, including those applicable to the multi-purpose facilities, should enable the Port Authority to maintain its facilities and services as a competitive port and continue to meet the needs of its customers.

Staff also recommends amending Tariff 8, Subrule 142, item 3 to state that cargo loaded or unloaded from or to any conveyance will be subject to a minimum handling charge of \$37.00 and a minimum wharfage charge of \$15.00 (increased from a minimum wharfage charge of \$10.00), amending Tariff 8, Subrule 152 and 167 to make clarifications to Subrules 152 and 167, and Tariff 8 Subrule 134 and Subrule 201, to clarify and move the charge assessed for automobiles, vehicles and trucks from Subrule 134 to Subrule 201, and clarify that the charge is assessed by the Port Authority and not a freight handler.

Staff is also requesting a 2.9% increase in the Harbor Fee per vessel charge provided for in Tariff 8, to continue to permit a fee that is reasonable and compensates the Port Authority for its administrative expenses relating to safety, fire prevention and suppression, and emergency response.

Staff also recommends an increase the fees set forth in Tariff 8, Subrule No. 51 for police escort and badges, from \$50 to \$75 per escort, and from \$20 to \$30 for a replacement badge.

Finally, staff further recommends amendment of Tariff 8, Subrule Nos. 68 and 69, Tariff 14, Subrule No. 69 and Tariff 15, Subrule No. 69, to require users to adhere to the Port Authority Safety Manual, including corrective actions as provided for in the Port Authority Safety Manual.

Staff recommends the Port Commission approve the above tariff charge increases and amendments to take effect January 1, 2025.