

SPECIAL PORT COMMISSION MEETING

November 10, 2026 – AGENDA

Tuesday, November 10, 2026
SPECIAL PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY

11:00 A.M.
2960 Riverby Rd.
Houston, TX 77020
First Floor Boardroom
And Via Microsoft Teams

A. CALL TO ORDER

B. OPENING REMARKS BY CHAIRMAN AND COMMISSIONERS

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

C. STAFF REPORT

1. Overview and presentation regarding an ordinance setting out the need for and levying of a user fee on vessels and providing penalties – Jordan Frisby, Chief of Staff

D. APPEARANCES

1. Public comment regarding Houston Ship Channel user fee ordinance

E. DELIBERATION, PUBLIC COMMENT, AND POSSIBLE ACTIONS BY CHAIRMAN AND COMMISSIONERS

1. Port of Houston Authority of Harris County, Texas, User Fee Ordinance: An Ordinance Setting Out the Need for and Levying of a User Fee on Vessels and Providing Penalties (the "Ordinance")

F. RECESS OPEN MEETING AND CONVENE EXECUTIVE SESSION

1. Consultation with Attorneys (Section 551.071, Texas Open Meetings Act), including consultations regarding 33 U.S.C.A. §§5(b) and 2236.

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 OpenMeetings 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

G. RECONVENE OPEN MEETING

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

H. CLOSING REMARKS BY CHAIRMAN AND COMMISSIONERS

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

I. ADJOURN MEETING

E. DELIBERATION, PUBLIC COMMENT, AND POSSIBLE ACTIONS BY CHAIRMAN AND COMMISSIONERS

Agenda Item Details

Meeting	November 10, 2026 - PORT COMMISSION OF THE PORT OF HOUSTON AUTHORITY
Category	DELIBERATION, PUBLIC COMMENT, AND POSSIBLE ACTIONS BY CHAIRMAN AND COMMISSIONERS
Subject	Port of Houston Authority of Harris County, Texas, User Fee Ordinance: An Ordinance Setting Out the Need for and Levying of a User Fee on Vessels and Providing Penalties (the *"Ordinance"*)
Access	Public
Type	Action
Recommended Action	The Port Commission, at its November 10, 2026 meeting:

(1) approve the proposed "Port of Houston Authority of Harris County, Texas, User Fee Ordinance: An Ordinance Setting Out the Need for and Levying of a User Fee on Vessels and Providing Penalties" for transmittal to the U.S. Secretary of the Army for publication in the Federal Register, which would assess a User Fee on Subject Vessels (as defined in the Ordinance) to finance the Port Authority's non-federal share of certain construction costs of the Houston Ship Channel Expansion Channel Improvement Project, Harris, Chambers, and Galveston Counties, Texas, authorized by Public Law 116-260, division AA, Section 401(1), No. (7) of the Water Resources Development Act (WRDA) of 2020 (commonly referred to as *"Project 11"*) (including the Port Authority's non-federal share of those costs under 33 U.S.C. 2211, the costs of Segment 1C under 33 U.S.C. 2232, related financing costs, and the reasonable costs of administering and collecting the User Fee);

(2) find that Segment 1 and Segment 2 are each a completed usable increment of the Project within the meaning of 33 U.S.C. 2236(a)(1), and that the vessels subject to the User Fee are vessels used to justify Segments 1, 2, and 3, or are at least comparable in size to those vessels, within the meaning of 33 U.S.C. 2236(a)(3);

(3) find that the User Fee is fair, equitable, necessary, lawful, and within the authority conferred by 33 U.S.C. 2236 and the Port Authority's powers under Texas law, and does not exceed amounts necessary under 33 U.S.C. 2236; and

(4) further authorize the Chief Executive Officer to do any and all things in his opinion reasonable or necessary to give effect to the foregoing, including publishing notice of the Ordinance and satisfying the filing, notice, and submission requirements of 33 U.S.C. 2236.

Public Content

Category:
General

Department:
Executive

Staff Contact:
Jordan Frisby

Background:

The Port of Houston and the Houston Ship Channel

The Port of Houston is a unique inland port with no natural harbor. It sits miles from the U.S. Gulf, and is served by the 52-mile, man-made, dredged, deep-draft Houston Ship Channel, which runs from Bolivar Roads near Galveston Island to the Turning Basin near downtown Houston.[1] The Houston Ship Channel has been improved incrementally through dredging and related projects for more than a century. Since the channel opened to deep-draft vessels in 1914, the Port of Houston has grown into the largest port in the United States by waterborne tonnage and the home of the nation's largest petrochemical complex, much of it located along the Houston Ship Channel. The port includes over 200 private marine terminal facilities and eight public marine terminals operated by the Port Authority.

The Houston Ship Channel is essential to the economies of the United States, the State of Texas, and the Houston region. It handles more than 18,700 vessel transits and 200,000 barge movements every year, more than the ports of Los Angeles, Long Beach, and New York combined, making Houston the busiest port in the United States. The Houston Ship Channel is also distinctive in the diversity of vessel types and sizes that use it, from small inland barges to ocean-going tankers to ultra-large container ships.

The Houston Ship Channel supports 1.89 million jobs throughout the state of Texas and 3.53 million jobs in the United States. Its economic activity helps generate more than $530 billion in

statewide economic value and over $980 billion in nationwide economic value and contributes over $15 billion in state and local tax revenue and over $88 billion in national tax revenue.

Origins of Project 11

After the last widening and deepening project in 2005, the Houston Ship Channel remained narrower and shallower than channels serving competing United States and global ports. As modern vessel design evolved and regional economic activity continued to expand, the vessels transiting the Houston Ship Channel grew larger and traffic overall increased, so the industries served by the channel needed improvements to remain globally competitive and to improve the safety of transiting vessels.

The Port Authority began conceptualizing the next improvement to the Houston Ship Channel after the 2005 project and began planning it in or around 2010. The effort became known as the Houston Ship Channel Expansion Channel Improvement Project (the "Project" or "Project 11," a reference to the eleventh major expansion of the Houston Ship Channel). Widening the channel is the principal feature of Project 11: it widens the Bay reach from 530 to 700 feet and the Bayport and Barbours Cut Channels each to 455 feet, and it also deepens the channel in some locations, eases bends, and improves turning basins. The Project's central purposes are to improve the safety and efficiency of two-way vessel traffic, to accommodate growing vessel traffic, cargo demand, and larger vessels, and to strengthen the Houston Ship Channel's long-term competitiveness.

Channel width matters because it controls how many vessels, of every type and size, can safely pass or overtake one another. Put simply, a wider channel is a safer and more efficient channel that benefits all vessels transiting it. The events of 2018 and 2019 illustrate the point. In 2018, for safety reasons, the Houston Pilots Association ("Houston Pilots") adopted a one-way-only traffic restriction for a new, larger class of container ships ("Very Large Container Ships") that had begun transiting the channel. Because the restriction limited the two-way passing on which other users depend, it created operational and logistical bottlenecks for industries served by the Houston Ship Channel. In 2019, the Texas Legislature responded by limiting the size of vessels permitted to use the channel.[2] By facilitating two-way traffic and increasing nighttime transits, a wider channel reduces delays, and the demurrage, operating, and other economic costs such restrictions and delays cause, for vessels and cargo interests.

Federal Authorization and the Locally Preferred Plan

In December 2019, the U.S. Army Corps of Engineers ("*USACE*") issued its final feasibility report. The report identified a "National Economic Development" ("*NED*") plan that limited widening to an approximately 11-mile portion of lower Galveston Bay, but recommended the more extensive "Locally Preferred Plan" ("*LPP*"), which the Port Authority had committed to construct and which would widen the Houston Ship Channel to the north headwaters of Galveston Bay near Morgan's Point.[3] The NED analysis evaluated only the federal interest, and did not address the needs of the State of Texas or Houston-area industry, particularly the marine terminal facilities on the upper Houston Ship Channel, miles from lower Galveston Bay.

The Port Authority commissioned AECOM to review the USACE's economic analysis, including the safety impact of a wider channel,[4] because, in the Port Authority's view, the USACE's economic modeling understated the benefits of widening.[5] AECOM used the same HarborSym

model and node network as the USACE, with variable values provided by USACE staff, but made three principal changes. First, it updated the commodity and fleet forecasts with more recent data and modeled the daylight-only restrictions on large tankers, LPG carriers, and containerships that were in effect at that time. Second, it evaluated widening the entire Bay reach from Bolivar Roads to Barbours Cut as a single improvement, rather than in separate increments, because the Port Authority and the Houston Pilots maintain that a partially widened channel cannot be used effectively in practice. Third, it quantified safety benefits (avoided vessel damage, spill cleanup, and delay from channel closures), which the USACE's analysis did not quantify. On that basis, AECOM estimated that full widening of the Galveston Bay reach, beyond the NED plan, would produce net benefits of about $33.5 million per year.[6] AECOM also identified at least 12 incidents in the Galveston Bay reach between 2011 and 2019, about 1.3 per year, that a wider channel could have helped avoid. On May 1, 2020, the Port Authority submitted a white paper asking the federal government to include the full Galveston Bay widening in the NED plan or, at a minimum, assume maintenance of the LPP.

The USACE estimated average annual benefits to the nation of approximately $114.7 million under the NED plan, and approximately $133.6 million under the LPP.[7] The Chief of Engineers recommended the LPP, closing his report with a handwritten note calling it a "Phenomenal project for the nation."[8] Industry stakeholders and the Houston Pilots supported the LPP.[9] In December 2020, Congress authorized construction of the LPP in Section 401(1) of the Water Resources Development Act of 2020, Pub. L. No. 116-260, div. AA, with the Port Authority to pay the non-federal share.[10] The LPP also expedited construction and shaved years off the completion time.

Construction and Completion of the Widening Segments

Construction of the widening features in Galveston Bay Segments 1A (Bolivar Roads to Redfish Reef), 1B (Redfish Reef to Bayport Ship Channel), 1C (Bayport Ship Channel to Barbours Cut Channel) (collectively, "*Segment 1*"), and Segment 2 (the Bayport Channel) began several years ago and have been completed. These segments were officially accepted by USACE on March 7, 2023 (Segment 1A), January 24, 2025 (Segment 1B), September 11, 2025 (Segment 1C) and December 20, 2023 (Segment 2) respectively. Each of Segments 1A, 1B, 1C, and 2 is a usable increment of the Project.[11] Together, the completed Segment 1 has widened the Galveston Bay reach of the Houston Ship Channel from Bolivar Roads to Morgan's Point from 530 feet to 700 feet. Segment 2 widened the Bayport Ship Channel on its north side to 455 feet.

Segment 3 will widen the Barbours Cut Channel on its north side to 455 feet and widen the Barbours Cut Channel flare on its north and south sides to create an 1,800-foot diameter turning basin. Construction of Segment 3 is underway and expected to be completed no sooner than 2028.

Benefits of Project 11

The User Fee proposed by the Ordinance is based on the widening features of Segments 1, 2, and 3 (the "Widening Segments") and is not charged on the basis of any deepening feature of the Project (which are confined to Segments 4, 5, and 6). The USACE has emphasized that, without completing the Houston Ship Channel expansion, the nation's busiest port cannot safely accommodate modern vessels, creating a bottleneck that threatens national energy security and economic stability.

Section 2236(a)(3) provides that, for project features that widen channels, ease bends, or enlarge turning basins, only vessels at least comparable in size to those used to justify the features may be charged. The USACE used a "fleet forecast" covering a wide range of sizes and types of vessels that use the Houston Ship Channel in modeling the USACE's feasibility studies and cost/benefit analysis for each Segment of the Project.[12] The Widening Segments were designed to benefit the fleet of diverse vessels that use and transit the Houston Ship Channel, and the Port Authority has applied the User Fee to vessels with design drafts exceeding 20 feet. The Port Authority has determined that the vessels used to justify the Widening Segments include all such vessels, that each is at least comparable in size to those vessels, and that all of them benefit from the Widening Segments through improved safety, increased efficiency, and reduced delays. Certain types of vessels also benefit from the relaxation of daylight-only restrictions and the increased vessel size now allowed to transit the channel.

To further analyze the Project's benefits, the Port Authority commissioned three studies in 2025: AECOM (safety), Drewry Shipping Consultants (navigation and shipping benefits), and the Perryman Group (overall economic benefits). Their findings include the following:

- **Safety (AECOM).** Based on historical collisions, widening the Galveston Bay reach has the potential to decrease channel accidents by approximately one incident per year. Annualizing the avoided direct and indirect accident costs, and dividing by annual vessel calls, AECOM estimates an average safety benefit of $1,271 per vessel call (in 2025 dollars).[13] The Flat Rate Component of the User Fee ($1,177 per Entry) is based on AECOM's safety study. [14]

- **Direct benefits of relaxed restrictions (Drewry).** Drewry estimates direct benefits to shippers of approximately $19.9 million per year from relaxing daylight-only transit restrictions, and approximately $2.1 million per year from relaxing vessel meeting restrictions, for a total of about $22 million per year.[15]

- **Indirect benefits of relaxed restrictions (Drewry).** Relaxing the daylight-only and meeting rules also adds effective berth capacity valued at $9 to $12 million per berth, and reduces inventory holding costs by about $2 million. It further reduces the risk of channel congestion, saving 4 to 18 hours per vessel and $50,000 to $116,000 for each congestion event avoided. For energy shippers, the added system capacity is valued at $0.4 to $1.8 million per additional vessel handled.[16]

- **Larger container vessels (Drewry).** The channel improvements also allow the container shipping industry to use larger vessels, saving up to $1.6 million per round trip for a 14,500 TEU vessel sailing to and from Asia.[17]

- **Economic benefits (Perryman).** Perryman estimates that, by 2040, Project 11 as a whole will support more than $116 billion in annual gross product and over 820,500 jobs in Texas, and more than $40 billion in annual gross product and almost 279,082 jobs in the Houston area, including multiplier effects. Perryman notes that, while not all projected future industrial expansion can be attributed solely to the improved infrastructure, Project 11 plays a key role in accommodating anticipated increases in activity, and Perryman concludes that his values offer a reasonable assessment of the economic contribution supported by Project 11.[18]

- **Benefits that vary with vessel size.** Section 2236 permits the Port Authority, in developing dues for project features, to consider criteria that include safety of passage, elapsed time of passage, vessel speed, and vessel economy of scale. 33 U.S.C. § 2236(a)(3)(B). The USACE's economic analysis assumed that larger tankers and containerships transit the widened Galveston Bay reach 1–2 knots faster than in the existing 530-foot channel.[19] The Port Authority considered each:

- the **Flat Rate Component** of $1,177.00, which applies to each Entry by a Subject Vessel, reflects the safety benefits realized by every Subject Vessel transiting the Houston Ship Channel. AECOM found that the avoided cost of collisions in the Galveston Bay reach is nearly the same for every vessel call and found too few incidents to robustly estimate accident likelihood by vessel type or size. The Port Authority therefore does not rely on safety to differentiate among vessels by type or size.

- the **Unit Rate Component** is based on the Port Authority's view that larger vessels benefit more from reduced transit times due to vessel economies of scale. It is equal to the Subject Vessel's "Vessel Units" (length overall (in feet) *multiplied by* beam (in feet), divided by 100) *multiplied by* the applicable Unit Rate in Table 1 of the Ordinance, which is a graduated scale that rises from $0.999 per Vessel Unit for vessels of up to 400 Vessel Units, to $5.349 per Vessel Unit for vessels of 2,401 Vessel Units or more, using the band structure of the Houston Pilots' 2025 unit rate table reduced by a uniform 56.3%, so that larger vessels pay higher fees. The first planning objective of the USACE feasibility study was to reduce navigation transportation costs by increasing economies of scale for vessels calling at the Houston Ship Channel.[20] On that basis, as well as by taking into consideration industry feedback and the results of the various studies that have analyzed the benefits of the Widening Segments, the Port Authority finds that apportioning part of the User Fee by vessel size, measured by length overall multiplied by beam, is a reasonable and equitable way to allocate cost among Subject Vessels. The Port Authority uses the Houston Pilots' rate table as an established, reasonable gradient of vessel size. It does not treat the table as a measure of the value of pilotage services, and later changes to the Houston Pilots' tariff do not change Table 1.

- the **Vessel Type Component**, set forth in Table 2 of the Ordinance, applies to certain types of container ships, gas carriers, crude tankers, and products carriers. The vessels set forth in Table 2 receive disproportionate benefits from the Widening Segments, including the relaxation of Houston Pilots' restrictions: daylight-only transit for larger vessels, limits on the combined beam of vessels meeting, and one-way traffic for the longest vessels.[21] Table 2 allocates costs to the vessels that benefit most from the lifting of those restrictions.

Initial Values and Adjustment. The Flat Rate Component, the Unit Rate values in Table 1, the Vessel Type values in Table 2, are starting points, subject to escalation and adjustment over time.

Staff Evaluation/Justification:

Development of the User Fee

The Port Authority advanced Project 11 quickly, with alignment from key industry stakeholders on the urgency of the work, and a shared expectation that those who benefit would help fund the investment through a user fee.

Section 2236 of Title 33 of the United States Code authorizes a non-federal interest, like the Port Authority, to levy port or harbor dues on vessels (in the form of fees) in conjunction with a port or harbor navigation project (or a usable increment of which) whose construction is complete. Those dues may finance only the non-federal share of the project's construction, operation, and maintenance costs under 33 U.S.C. 2211, or the cost of a project carried out by the non-federal interest under 33 U.S.C. 2232, and only in amounts not exceeding those necessary for those purposes Such a fee is consistent with the Port Authority's mission under Texas law to maintain and develop the Port of Houston and the Houston Ship Channel to promote and enhance commerce, and with the requirement that its revenue streams be reasonable, equitable, and sufficient.

Accordingly, the goal of the User Fee is to recover a portion of the Port Authority's Project 11 investment, limited to its costs of constructing Segments 1A, 1B, 1C, 2, and 3 and related financing and administrative and collection costs, in an amount not exceeding those costs, and by allocating that recovery among Subject Vessels by reference to the benefits that improved safety and overall efficiency confer on vessels using the Houston Ship Channel. Because the USACE has assumed operation and maintenance of the improved channel, the Port Authority does not seek to recover channel operation and maintenance costs. In establishing the proposed amount of the User Fee, the Port Authority considered the AECOM, Perryman, and Drewry studies, together with the Houston Pilots' reports and analysis, staff's work on the Project since 2019, staff's interactions with the USACE, the Coast Guard, and industry stakeholders, as well as staff's own expertise in maritime commerce and the use of the Houston Ship Channel. The process of designing the proposed User Fee has been iterative, reflecting the diverse interests of the vessels that would pay it. Staff has also conducted outreach to various industry stakeholders and other users of the Houston Ship Channel to explain the proposed User Fee, and to receive their feedback.

Statutory Factors Considered

Section 2236(a)(4) requires the Port Authority to consider four factors in formulating the fee. The Port Authority considered each.

(A) Direct and indirect costs. As of September 30, 2026, the Port Authority had incurred or contracted approximately $707.3 million in costs for the Widening Segments and had paid approximately $53.7 million in cash contributions to the USACE under the Project Partnership Agreement, for a total of approximately $761.0 million. That is about 88 percent of the Port Authority's total Project 11 costs and contributions of approximately $859.8 million. The remaining approximately $98.8 million relates to Segments 4, 5, and 6, which include deepening features and are excluded from the User Fee's cost base. The fee does not seek to recover the federal share of Project costs. The Ordinance caps total collections at the Port Authority's construction and financing costs of the Widening Segments and administrative and collection costs

and ends the fee on the earlier of twenty-six (26) years from the date that the User Fee is first assessed or the Port Authority's Recovery (as defined in the Ordinance) of those costs.

(B) Value of the facilities and services to the vessel and cargo. The Widening Segments give vessels and cargo:

- **Safer passage**, with an average safety benefit of $1,271 per call.[22]
- **Fewer restrictions.** The widened Galveston Bay reach has effectively eliminated daylight-only transit requirements and eased vessel-meeting restrictions. Drewry estimates direct benefits of about $19.9 million per year from relaxing daylight-only restrictions, and about $2.1 million per year from relaxing vessel-meeting restrictions, with greater savings per call for the classes that carry a Vessel Type Component.[23]
- **Avoided delay**, which industry estimates at $25,000 to $50,000 per day in demurrage depending on the ship.[24]
- **Access to larger container vessels**, saving up to $1.6 million per voyage for a 14,500 TEU vessel.[25]

The Port Authority considered these values to apportion the fee among vessels. The Flat Rate Component reflects AECOM's per-call safety benefit. The Vessel Type Component considers Drewry's per-call daylight savings and other efficiencies for each vessel class. The Unit Rate Component reflects vessel size.

(C) The public policy or interest served. The fee serves several interests:

- **Safety and environmental protection.** Between 2011 and 2025, there were 13 collisions in the Galveston Bay reach. A 2014 barge collision discharged fuel oil into the Bay and closed the channel for two days, and a 2019 collision spilled more than 11,000 barrels of gasoline blend and delayed nearly 100 vessels.[26]
- **Reliable two-way traffic for the energy and export economy.** No alternative route exists for the pipeline, refining, and petrochemical infrastructure connected to the channel, making an efficient waterway critical to United States energy security, exports, and manufacturing.[27]
- **A national interest recognized by Congress and the USACE.** The USACE found the LPP economically justified.[28] Congress authorized it in WRDA 2020, and the USACE has approved federal maintenance of Segments 1C and 1B.[29]
- **Cost sharing as federal policy.** Federal law makes local sponsors share project costs and lets them recover part from the vessels and cargo that benefit.

(D) Other pertinent factors. The Port Authority also considered:

- **The permissive statutory criteria**: safety of passage, elapsed time of passage, vessel speed, and vessel economy of scale (§ 2236(a)(3)(B)).
- **The statutory and structural limits on the fee.** It applies only to Subject Vessels, exempts government, towing, dredging, intra-port, and small vessels, is not levied in conjunction with deepening features, and cannot exceed recoverable costs.
- **Stakeholder views.** As described above, the Port Authority conducted industry outreach regarding the Project, the Widening Segments, and plans to pay for and recover the costs

of the Port Authority's non-federal share. The Houston Pilots and industry stakeholders strongly supported the Project.

- **Administrability.** The fee is assessed once per Entry using objective vessel data and does not depend on cargo information.

In addition, Section 2236(a)(4) provides that dues "may be levied only on a vessel entering or departing from a harbor and its cargo on a fair and equitable basis." The User Fee will be assessed when a vessel makes Entry to the Houston Ship Channel at Buoy 18 (shown in Appendix 2 of the Ordinance), a point on the channel that vessels bound for Houston area terminals pass. Vessels that do not pass Buoy 18, such as those calling only at Galveston or Texas City, do not pay the fee. Moreover, the Port Authority has endeavored to structure the User Fee on a fair and equitable basis. The User Fee is based only on the widening features of Segments 1, 2, and 3 and does not rely on the costs of Segments 4, 5, and 6 (which include deepening features). The User Fee is fair because the total is limited to the costs that the User Fee may recover, and its allocation among Subject Vessels reflects the benefits that the Widening Segments confer on them, and it is equitable because it applies to all vessels with design drafts exceeding 20 feet (other than exempt vessels) and is therefore non-discriminatory. Based on the foregoing, staff recommends that the Port Commission find that the User Fee is levied on a fair and equitable basis within the meaning of 33 U.S.C. 2236(a)(4), having considered each of the factors in § 2236(a)(4)(A) through (D).

In staff's view, the User Fee is also necessary to finance part of the Port Authority's non-federal share of the costs of constructing the Project under Section 2236(a)(1). Section 2211 requires a sponsor to pay its share of the general navigation features during construction and to agree in its cooperative agreement to pay the non-federal share of all other construction costs. Congress authorized the LPP in WRDA 2020 on that basis, and the Port Authority agreed to carry the incremental cost of the Segment 1B widening and built Segment 1C at its own cost under 33 U.S.C. 2232. The Port Authority has carried that obligation, or is in the process of carrying out that obligation, for every Widening Segment. As of September 30, 2026, the Port Authority had incurred or contracted approximately $761.0 million for the Widening Segments, including approximately $53.7 million in cash contributions to the USACE. The fee is limited to the amounts necessary to finance construction and related financing costs of the Widening Segments and recover related administrative and collection costs. It excludes the federal share, channel operation and maintenance, and Segments 4, 5, and 6, which include deepening features. Total collections cannot exceed those costs, and the fee ends after twenty-six (26) years or the Port Authority's Recovery of those costs, whichever is earlier. The fee also recovers only part of the Port Authority's Project 11 investment, so the Port Authority bears the remainder from its own revenues. For these reasons, staff recommends that the Port Commission find that the User Fee does not exceed the amounts necessary within the meaning of 33 U.S.C. 2236(a)(1).

Financial Model. The User Fee is estimated to initially generate approximately $30 million per year in cost recovery, subject to annual adjustments described in the Ordinance. The Port Authority intends to apply the User Fee to the non-federal share of the construction costs (and associated financing and administration costs) that the Port Authority has incurred for the Widening Segments. The Port Authority will not use the User Fee to fund any other purpose. Staff also confirms that any and all User Fees assessed pursuant to the Ordinance constitute fees and charges of the kind that will generate "Excluded Fee and Charge Revenues", as defined in the Port of

Houston Authority of Harris County, Texas Master Resolution dated September 28, 2021, as amended.

Conclusion. For the reasons stated herein, staff recommends that the Port Commission find that the User Fee is fair, equitable, necessary, lawful, and within and does not exceed amounts necessary under the authority conferred by 33 U.S.C. 2236 and the Port Authority's powers under Texas law, including Section 5007.006 of the Texas Special District Local Laws Code, and approve the proposed Ordinance for transmittal to the U.S. Secretary of the Army for publication in the Federal Register.

Attachments:

Proposed User Fee Ordinance (with Appendix 1, Map of the Project, and Appendix 2, Entry Point)

---

[1]As used in the Ordinance, the Houston Ship Channel means the channel extending from Bolivar Roads at the Galveston Entrance Channel (Mile 0) to the Houston (Main) Turning Basin (Mile 50.2), together with the Bayport Ship Channel (Mile 21.4) and the Barbours Cut Channel (Mile 26.3), as described in Table 2-1 of the Economic Index to USACE, Houston Ship Channel Expansion Channel Improvement Project, Harris, Chambers, and Galveston Counties, Texas, Final Integrated Feasibility Report and Environmental Impact Statement (Dec. 2019) ("Final Feasibility Report" and "Economic Appendix").

[2] *See* Tex. Transp. Code § 66.0172 (added by Act of 2019, 86th Leg., R.S., ch. 1347 (S.B. 2223), § 4, effective Sept. 1, 2019).

[3]Final Feasibility Report at 6-2 to 6-3 (Tables 6-1 and 6-3), 8-38.

[4]AECOM, "Review and Update to the Widening Economic Analysis" (Apr. 13, 2020), ("AECOM 2020 Report").

[5]Port Authority, "Houston Ship Channel — Expansion Channel Improvement Project Non-Federal Sponsor's Perspectives and Position" (May 1, 2020) ("PA 2020 Whitepaper").

[6] AECOM 2020 Report, at iv (Table ES1), 10-21, 24 (Table 16).

[7]Final Feasibility Report at 6-7 (Table 6-6).

[8]Report of the Chief of Engineers, Houston Ship Channel Expansion Channel Improvement Project, Harris, Chambers, and Galveston Counties, Texas (Apr. 23, 2020), at 1, 7 ("Chief's Report").

[9]*E.g.,* Letter from Greater Houston Port Bureau to Pres. Donald Trump (Dec. 22, 2020); Greater Houston Port Bureau, "Houston Ship Channel Expansion – Project 11: Expediting the expansion of one of the world's most strategic waterways economic powerhouses" (undated brochure); Greater Houston Port Bureau, "A Strategic Waterway and Economic Powerhouse," White Paper-G03421 (2021) ("GHPB White Paper").

[10]Federal law requires a binding project partnership agreement with USACE for projects funded in part by the federal government. 42 U.S.C. 1962d-5b (Section 221 of the Flood Control Act of 1970). The Port Authority and USACE entered the Project Partnership Agreement between the Department of the Army and the Port of Houston Authority for the Houston Ship Channel Expansion Channel Improvement Project, Harris, Chambers, and Galveston Counties, Texas (July 26, 2021), as amended by Amendment No. 1 (Sept. 4, 2025) ("PPA"), which provides for construction of the Project, including the LPP.

[11] PPA art. I.A.

[12] Economic Appendix at 7-6 to 7-7 (Tables 7-7 and 7-8).

[13]AECOM, "Safety Benefits of Project 11," Table 7 (Oct. 23, 2025) ("AECOM 2025 Study").

[14]AECOM 2025 Study, Table 6.

[15]Drewry Shipping Consultants, "Houston Ship Channel Expansion Benefits Summary," slide 7 (Mar. 31, 2026) ("Drury 2026 Summary"); *see also* Drewry Shipping Consultants, "Houston Ship Channel Expansion Benefits Analysis Draft Report" (Aug. 2025) ("Drewry 2025 Study").

[16]Drewry 2026 Summary, slides 4 and 8; *see also* Drewry 2025 Study.

[17]Drewry 2026 Summary, slide 9.

[18]The Perryman Group, "The Potential Economic and Fiscal Benefits of the Houston Ship Channel Expansion Project 11," at 10, 14-15 (July 2025) ("Perryman Report").

[19] Economic Appendix, at 4-10 (Table 4-4).

[20] Final Feasibility Report at 4-5 (planning objectives).

[21] Drewry 2025 Study; Drewry 2026 Summary; Final Feasibility Report at 4-2 (530-foot channel designed for two-way passage by vessels with a combined beam of 280 feet); Economic Appendix, at 4-9 to 4-10 (Table 4-4) (pilot rules).

[22] AECOM 2025 Study, Table 7.

[23] Drewry 2026 Summary, slide 7.

[24] GHPB whitepaper at 4.

[25] Drewry 2026 Summary, slide 9; Drewry 2025 Study.

[26] AECOM 2025 Study, Table 2; AECOM 2020 Report at 18 (§5).

[27] PH 2020 Whitepaper, § 1.2, at 7.

[28] Chief's Report at 1, 5.

[29] Water Resources Dev. Act of 2020, Pub. L. No. 116-260, div. AA, § 401(1), No.(7).

Proposed Ordinance

Port of Houston Authority of Harris County, Texas User Fee Ordinance: An Ordinance Setting Out the Need for and Levying of a User Fee on Vessels and Providing Penalties

A. Whereas, the Port of Houston Authority of Harris County, Texas ("Port Authority") is the non-federal sponsor of the Houston Ship Channel Expansion Channel Improvement Project, Harris, Chambers, and Galveston Counties, Texas, authorized by Public Law 116-260, division AA, Section 401(1), No. (7) of the Water Resources Development Act (WRDA) of 2020, as depicted in Appendix 1 (the "Project");

B. Whereas, the Project includes the elements known as "Segment 1A" (Bolivar Roads to Redfish Reef), "Segment 1B" (Redfish Reef to Bayport Ship Channel), "Segment 1C" (Bayport Ship Channel to Barbours Cut Channel) (collectively, "Segment 1," which as used in this Ordinance extends from Bolivar Roads to the Barbours Cut Channel), "Segment 2" (the Bayport Ship Channel), and "Segment 3" (the Barbours Cut Channel) (Segments 1, 2, and 3, collectively, the "Widening Segments"), which consist of four bend easings on the main channel and widening of the main channel from 530 feet to 700 feet, with associated relocation of barge lanes (Segment 1); widening of the Bayport Ship Channel on its north side to 455 feet (Segment 2); and widening of the Barbours Cut Channel on its north side to 455 feet and widening of the Barbours Cut Channel flare on its north and south sides to create an 1,800-foot diameter turning basin (Segment 3);

C. Whereas, the Port Authority is responsible for funding its required cost share of the Project and the locally preferred plan incremental costs of the Project, as set out in the Project Partnership Agreement for the Project ("Project Partnership Agreement") dated July 26, 2021, as amended by Amendment Number 1 dated September 4, 2025, between the United States Army Corps of Engineers ("USACE") and the Port Authority, and in 33 U.S.C. 2211;

D. Whereas, the Port Authority has carried out Segment 1C itself pursuant to 33 U.S.C. 2232 and the Agreement between the Department of the Army and the Port Authority for Federal Assumption of Operation and Maintenance of Improvements to the Project (Bayport Ship Channel to Barbours Cut Channel) dated April 8, 2022 (the "Assumption of Maintenance Agreement");

E. Whereas, 33 U.S.C. 2236 authorizes a non-federal interest (like the Port Authority) to levy port or harbor dues, in the form of tonnage duties or fees, on vessels engaged in trade entering or departing a harbor, in conjunction with a harbor navigation project whose construction is complete, including a usable increment of the project (like the Project), only for specified purposes and in amounts not to exceed those necessary to finance (i) the non-federal share of the construction and operation and maintenance costs of the project under 33 U.S.C. 2211 or (ii) the costs of construction and operation and maintenance of a project carried out by a non-federal interest under 33 U.S.C. 2232;

F. Whereas, Segment 1A, Segment 1B, and Segment 2, which are separable elements of the Project referenced in the Project Partnership Agreement, and Segment 1C, a separable element of the Project referenced in the Assumption of Maintenance Agreement, in each case as described in the Final Integrated Feasibility Report and Environmental Impact Statement dated December 2019

and recommended in the Report of the Chief of Engineers dated April 23, 2020 (the "Final Report"), are usable increments of the Project and have been completed and were accepted by the USACE as complete on or about March 7, 2023 (Segment 1A), January 24, 2025 (Segment 1B), September 11, 2025 (Segment 1C), and December 20, 2023 (Segment 2); Segment 3 is under construction and expected to be completed no sooner than 2028;

G. Whereas, in developing the user fee to be charged on vessels, the Port Authority has considered matters such as safety of passage, elapsed time of passage, vessel economy of scale, and vessel speed, the direct and indirect costs of construction of the Widening Segments, the value of those facilities and services to vessels and cargo transiting the Houston Ship Channel, and the public policy and interests served;

H. Whereas, the Widening Segments confer benefits on all vessels transiting the Houston Ship Channel, including improved safety (with the completed widening features of Segment 1 estimated to reduce channel accidents, with a quantified safety benefit per vessel call), together with reduced channel congestion and transit times, and overall improved efficiency conferred by all Widening Segments, with the greatest benefits conferred on larger vessels by reason of vessel size (length overall and beam), including the effective elimination of the former daylight-only vessel transit restrictions and the relaxation of the prior maximum-beam vessel meeting restrictions;

I. Whereas, by increasing the overall efficiency, safety, and capacity of the Houston Ship Channel, the Project serves substantial public interests, and plays a key role in generating regional and statewide economic benefits estimated at over $40 billion in annual gross product in the Houston region and over $116 billion in annual gross product in the State of Texas by 2040 (including multiplier effects), and results in the creation of approximately 841,819 jobs;

J. Whereas, 33 U.S.C. 2236(a)(3) permits the user fee to be charged only on vessels at least comparable in size to those used to justify the Widening Segments, and the USACE modeled the benefits of the Widening Segments using a fleet forecast covering the full range of diverse vessels that use and transit the Houston Ship Channel, from small bulkers, chemical tankers, and general cargo vessels to the largest tankers and Post-Panamax containerships;

K. Whereas, the Widening Segments were designed to benefit that modeled fleet, and the Port Authority has determined that the vessels used to justify the Widening Segments are the vessels in that fleet, including all such vessels whose design draft exceeds 20 feet, that each is at least comparable in size to those vessels and benefits from the improved safety and efficiency of channel traffic that the Widening Segments provide, and that the user fee, as set out below, reflects those benefits; and

L. Whereas, the Port Commission finds that, having considered the factors in 33 U.S.C. 2236(a)(4)(A) through (D), the user fee established by this Ordinance is fair and equitable, and not in excess of the amounts necessary to finance the costs of constructing the Widening Segments (and related financing costs and costs of administration and collection), and is authorized by and consistent with 33 U.S.C. 2236 and the Port Authority's powers under Texas law;

Be It Ordained by the Port Commissioners of the Port of Houston Authority of Harris County, Texas.

1. *Authority and Jurisdiction*

a. The Port Authority is authorized by Article III, Section 52 and Article XVI, Section 59 of the Constitution of the State of Texas, Chapters 60, 61, and 62 of the Texas Water Code, and Chapter 5007 of the Texas Special District Local Laws Code to act as the non-federal sponsor for the Project and enact this user fee ordinance ("Ordinance").

b. The geographical boundaries of the Port Authority include the area that is co-extensive with Harris County, Texas, and the Port Authority exercises jurisdiction over that area and the adjacent waterways, including the Houston Ship Channel in Harris, Chambers, and Galveston Counties, Texas, and all Vessels using the Houston Ship Channel, where "Vessels" shall mean every type of water craft or other artificial contrivance engaged in trade, whether self-propelled or non-self-propelled, used, or capable of being used, as a means of transportation on water, and "Houston Ship Channel" shall mean the approximately 52-mile deep water ship channel extending from Bolivar Roads at the Galveston Entrance Channel (Mile 0) to the Houston (Main) Turning Basin (Mile 50.2), together with the Bayport Ship Channel (intersecting at Mile 21.4) and the Barbours Cut Channel (intersecting at Mile 26.3), as described in Table 2-1 of the Final Report;

c. The Port Authority has the power and authority to fix, prescribe, assess, and collect from Vessels using the Houston Ship Channel fees and charges for the use of the Houston Ship Channel as permitted by 33 U.S.C. 2236.

d. Except as expressly exempted herein, all Vessels using the Houston Ship Channel shall conform to this Ordinance, which establishes a user fee ("User Fee") to finance the Port Authority's costs of constructing the Widening Segments (including the non-federal share of such costs under 33 U.S.C. 2211, the costs of Segment 1C constructed by the Port Authority under 33 U.S.C. 2232, and related financing costs), together with the reasonable costs of administering and collecting the User Fee, in each case in amounts not to exceed those necessary for such purposes, all as provided herein and under 33 U.S.C. 2236. For purposes of this Ordinance, "Subject Vessels" shall mean all Vessels subject to this Ordinance and shall not include (and the User Fee authorized by this Ordinance does not apply to): (i) vessels owned, chartered, or operated by the United States Government, a foreign country, a State, or a political subdivision of a country or State, unless engaged in commercial services; (ii) vessels engaged in towing, dredging, or channel maintenance activities; (iii) vessels engaged in intra-port movements; or (iv) vessels with design drafts of twenty (20) feet or less. The User Fee is levied in conjunction with the Project, two usable increments of which (Segment 1 and Segment 2) are complete, to recover the costs of constructing the widening and bend-easing features of the Widening Segments and is not levied to recover the costs of any deepening feature of the Project.

e. The basis for the User Fee is the benefits conferred on Subject Vessels by the Widening Segments, including safety and efficiency benefits realized by all vessels transiting the Houston Ship Channel, and the relaxation of size-based transit restrictions realized principally by larger vessels, as further provided in Section 3 hereof.

f. Refusal or failure to comply with this Ordinance may result in any action deemed appropriate or advisable by the Port Authority in consultation with any relevant authorities, including the Port Authority's exercise of any remedy available under 33 U.S.C. 2236.

g. The Port Authority may employ all legal means within its power to impose penalties and collect fees including the use and recovery of liens as permitted by 33 U.S.C. 2236.

2. *Acceptance of the User Fee*

The use of the Houston Ship Channel by a Subject Vessel constitutes an acceptance by the Subject Vessel of all charges, rules, and regulations published in this Ordinance, as adopted or amended from time to time in accordance with Section 3 hereof and 33 U.S.C. 2236.

3. *Terms of the User Fee*

a. Subject Vessels shall be assessed a fee in the amount of the User Fee upon entrance into the Houston Ship Channel at its southern-most boundary (an "Entry"), as shown in the map depiction which is attached hereto as Appendix 2 and as of the date hereof corresponds to Houston Ship Channel Entrance Lighted Buoy "18", light list nos. 23900/36055 at approximately 29°21′05″ N., 094°46′59″ W. (NAD 83).

b. The assessment of the User Fee hereunder shall commence once the Port Authority has satisfied all conditions precedent under 33 U.S.C. 2236, including the notice and hearing requirements of 33 U.S.C. 2236(a)(5), the filing requirements of 33 U.S.C. 2236(a)(6), and the completion of a usable increment of the Project as required by 33 U.S.C. 2236(a)(1) (which the Port Authority has determined is satisfied by the completion of Segments 1 and 2). The User Fee authorized by this Ordinance shall expire the earlier of twenty-six (26) years from the date that the User Fee is first assessed pursuant to this Ordinance, or upon the Port Authority's Recovery. "Recovery" means the first date on which cumulative User Fees collected by the Port Authority equal the sum of the Port Authority's costs of constructing the Widening Segments, related financing costs, and the reasonable costs of administering and collecting the User Fee, as determined by the Port Authority's chief financial officer.

c. Each User Fee shall equal the sum, in whole United States dollars rounded up to the nearest dollar, of (1) the Flat Rate Component plus, as applicable, (2) the Unit Rate Component and (3) Vessel Type Component (each as defined below), subject to annual escalation and other adjustments as provided in this Ordinance. The Flat Rate Component applies to each Subject Vessel entering the Houston Ship Channel on the basis of the quantified safety benefit per vessel call attributable to the completed widening features of Segment 1, which benefit accrues to all vessels transiting the Houston Ship Channel but is charged hereunder only to Subject Vessels. The Unit Rate Component (which is modeled upon a formulation based upon vessel size utilized by the Houston Pilots Association in assessing a portion of its rates for pilotage services provided to vessels in the Houston Ship Channel) applies a graduated scale of units (determined by a Subject Vessel's overall length and its maximum width) on the basis that greater benefits of the Widening Segments are conferred on larger vessels, including the relaxation of size-based restrictions on

two-way channel traffic. The Vessel Type Component applies to certain Subject Vessels based upon their specific vessel type, with the greatest benefits of the Widening Segments conferred on these specific types of vessels, including the effective elimination of daylight-only vessel transit restrictions.

i. "Flat Rate Component" means one thousand, one hundred and seventy-seven United States dollars ($1,177.00).

ii. "Unit Rate Component" means the applicable Vessel Units multiplied by the applicable Unit Rate.

a. "Vessel Units" means the product of the Subject Vessel's Length Overall in feet multiplied by the Subject Vessel's Beam in feet, divided by 100.

i. "Length Overall" means the distance between the forward-most and after-most hull of the Subject Vessel.

ii. "Beam" means the maximum width of the hull of the Subject Vessel.

"Unit Rate" means the applicable Unit Rate Value from Table 1.

iii. "Vessel Type Component" means the applicable Vessel Type Value from Table 2. If a Subject Vessel is not listed in Table 2, then the value of the Vessel Type Component for the Subject Vessel is zero.

Table 1 – Unit Rate Values for Unit Rate Component

Units	Unit Rate Value (in U.S. Dollars)	Units	Unit Rate Value (in U.S. Dollars)	Units	Unit Rate Value (in U.S. Dollars)
0-200	0.999	1101-1150	2.732	1651-1700	4.159
201-300	0.999	1151-1200	2.742	1701-1750	4.217
301-400	0.999	1201-1250	3.634	1751-1800	4.276
401-500	1.332	1251-1300	3.693	1801-1850	4.334
501-600	1.332	1301-1350	3.751	1851-1900	4.392
601-700	1.332	1351-1400	3.809	1901-2000	4.450
701-800	1.995	1401-1450	3.867	2001-2100	4.629
801-900	1.995	1451-1500	3.924	2101-2200	4.809
901-1000	1.995	1501-1550	3.984	2201-2300	4.989
1001-1050	2.066	1551-1600	4.042	2301-2400	5.169
1051-1100	2.494	1601-1650	4.101	2401-over	5.349

Table 2 - Vessel Types for Vessel Type Component

Group	Vessel Type	Characteristics	Vessel Type Value (in U.S. Dollars)
Container Ships	Container Ship	15,000+ TEUs	$21,000.00
	Container Ship	12,000 – 14,999 TEUs	$15,000.00
	Container Ship	10,000 – 11,999 TEUs	$9,000.00
	Container Ship	5,300 - 9,999 TEUs	$3,000.00
Gas Carriers	Gas Carrier	55,000+ cubic meters	$7,000.00
	Gas Carriers	30,000 - 54,999 cubic meters	$3,000.00
Crude Tankers	Suezmax	125,000 - 199,999 DWT	$10,000.00
	Aframax	85,000 - 124,999 DWT	$6,000.00
Product Carrier	LR2	85,000 - 124,999 DWT	$2,000.00

d. Beginning on the first anniversary of the date that the User Fee is first assessed pursuant to this Ordinance, and each subsequent annual anniversary thereof ("One-Year Adjustment Date"), the User Fee shall be adjusted by adjusting the Flat Rate Component, each Unit Rate Value in Table 1, and each Vessel Type Value in Table 2 to equal the product of (a) such amount, unrounded, as in effect for the year immediately preceding the applicable One-Year Adjustment Date multiplied by (b) the lesser of (i) one hundred seven percent (107%) or (ii) a fraction, the numerator of which shall be the CPI published in the month that is three months prior to the One-Year Adjustment Date (the "Adjustment Index Date") and the denominator of which shall be the CPI published in the same corresponding month in the prior year (for example, if the One-Year Adjustment Date is January 1, the numerator would be the CPI published in October of the current year and the denominator would be the CPI published in October of the prior year), provided that in no event shall a One-Year Adjustment decrease the User Fee as a result of the process set forth in this Section 3(d) (without limiting Section 3(e)). Such adjustments are referred to herein as "One-Year Adjustments." The formula set forth in this Section 3(d), including the maximum annual adjustment of one hundred seven percent (107%), is part of the text of this Ordinance submitted for publication in the Federal Register in accordance with 33 U.S.C. 2236(a)(5), and the Port Authority shall file the schedule of User Fees resulting from each One-Year Adjustment with the Secretary of the Army and the Federal Maritime Commission in accordance with 33 U.S.C. 2236(a)(6)(A) not less than thirty (30) days before the One-Year Adjustment takes effect. "CPI" means the Consumer Price Index for All Urban Consumers, published by the U.S. Bureau of Labor Statistics of the United States Department of Labor (the "Bureau"), South Urban Area, All Items (1982–1984=100) (final version, not seasonally adjusted) (Series ID CUUR0300SA0). In the event that, (a) the Bureau ceases to use the 1982–1984 average of 100 as the basis of calculation, (b) a substantial change is made in the number or character of "market basket" items used in determining

the CPI, (c) the Port Commission determines that the CPI does not accurately reflect the purchasing power of the U.S. dollar, or (d) the CPI is discontinued for any reason, the Port Authority shall use (y) any subsequent comparable index furnished by the Bureau together with any and all information required to make possible the conversion to the new index in computing the adjusted User Fee or (z) such other index or comparable statistics on the cost of living for Harris County, Texas, as shall be computed and published by an agency of the United States or by a responsible financial periodical of recognized authority then to be selected by the Port Commission.

e. The User Fee may be reviewed by the Port Authority at three (3) year intervals and be adjusted up or down on a fair and equitable basis, or remain unchanged, based upon (i) Subject Vessel traffic counts or composition, (ii) the costs of constructing the Widening Segments (and related financing costs), or (iii) the costs of administering the User Fee. Such adjustments are referred to herein as "Third-Year Adjustments."

i. Any proposed Third-Year Adjustment to the User Fee as provided for in this Section 3(e) shall be subject to the consideration and approval of the Port Commission in public session.

ii. The first such Third-Year Adjustment, if any, shall take effect no sooner than the third anniversary of the date that the User Fee is first assessed pursuant to this Ordinance. Each subsequent Third-Year Adjustment shall take effect no sooner than each subsequent third anniversary of the date that the User Fee is first assessed pursuant to this Ordinance.

iii. Any Third-Year Adjustment that would result in a User Fee greater than the User Fee otherwise resulting from Section 3(d) constitutes a modification of port or harbor dues for purposes of 33 U.S.C. 2236(a)(5) and shall not take effect until the Port Authority has complied with 33 U.S.C. 2236(a)(5) and (a)(6). Any other Third-Year Adjustment approved by the Port Commission shall be filed with the Secretary of the Army and the Federal Maritime Commission in accordance with 33 U.S.C. 2236(a)(6)(A) before it takes effect.

f. The Port Authority shall have the right, upon Port Commission action, to temporarily waive imposition of the User Fee on a fair and equitable basis in the event of a public calamity, emergency, or disruption affecting the Houston Ship Channel.

g. Any and all User Fees assessed pursuant to this Ordinance shall constitute fees and charges of the kind that will generate "Excluded Fee and Charge Revenues", as defined in the Port of Houston Authority of Harris County, Texas Master Resolution dated September 28, 2021, as amended.

4. *Collection and Provision of Information and Documents*

a. The Port Authority may designate officers and authorized representatives, which may include one or more third parties, to collect and receive such information and documents as it may by law, regulation, or this Ordinance, require for User Fee imposition, computation, collection, administration, and related matters.

b. To enable the computation and collection of the User Fee and to satisfy 33 U.S.C. 2236(c), (i) upon the arrival of a vessel that may be subject to the User Fee, the master shall, within forty-eight (48) hours after arrival and before any cargo is unloaded, deliver to the Port Authority's authorized representative a tonnage certificate for the vessel and a manifest of the cargo aboard the vessel, or if the vessel is in ballast, a declaration to that effect; and (ii) the shipper, consignor, or terminal operator having custody of any cargo to be loaded on board a vessel while it is in the port shall, within forty-eight (48) hours before departure, deliver to the Port Authority's authorized representative an export declaration specifying the cargo to be loaded.

c. The Port Authority may enter into agreements with vessel owners, operators, charterers, and/or agents, or others, individually or collectively, to facilitate the efficacious provision of records, including by agreeing on the form, timing, and method (including electronic delivery) of providing them; provided that no such agreement shall waive any requirement of 33 U.S.C. 2236(c).

5. *Responsibility for Payment of User Fee*

a. The Subject Vessel and its Responsible Parties are responsible for payment of the User Fee to an officer or representative authorized and designated by the Port Authority. "Responsible Party" means, with respect to a Subject Vessel, its owner, disponent owner, and operator.

b. Subject to procedures memorialized in rules and regulations duly authorized by the Port Commission, or other agreements, if applicable, invoices for payment of the User Fee shall be delivered to (i) Subject Vessels from which User Fees are due, or (ii) Responsible Parties. Those invoices will contain payment instructions. The Port Authority will not make any duplicate collection of the User Fee.

6. *Payment Procedures*

a. "Due Date" means date the invoice is sent to the party responsible for the payment of the User Fee. The party receiving such invoice shall pay the User Fee to the Port Authority or its designated officer or representative.

b. All Subject Vessels and Responsible Parties (or their respective agents) shall permit Port Authority representatives reasonable access to their books, records, documents, and correspondence with respect to the User Fees computed, assessed, owed, or paid hereunder ("Records").

c. Subject Vessels and Responsible Parties (or their respective agents) shall keep such Records for a period of three (3) years following the date of remittal of the applicable User Fee.

d. The Port Authority shall have the right, upon reasonable notice and during normal business hours, at any time and from time to time, to conduct inspections and audits of the Records of Subject Vessels and Responsible Parties (or their respective agents). Subject Vessels and Responsible Parties (or their respective agents), and the respective employees and agents of all of the foregoing, shall fully cooperate in connection with any such audit.

e. The Port Authority shall have the right, upon Port Commission action, to adopt rules and regulations with respect to the imposition, computation, collection, administration, and other matters related to the User Fee; provided that, except as otherwise provided for in this Ordinance, no rule or regulation that would modify the amount of the User Fee, the Subject Vessels to which it applies, or the provisions of this Ordinance for its administration, collection, or enforcement shall take effect until the Port Authority has complied with 33 U.S.C. 2236(a)(5) and (a)(6).

7. *Late Payment Charges*

Any User Fee invoice not paid by its Due Date shall bear interest as follows, calculated on the unpaid balance of each invoice separately: (a) from the thirty-first (31st) day after the Due Date through the sixtieth (60th) day, at twelve percent (12%) per annum, calculated daily on the basis of a 365-day year; and (b) from the sixty-first (61st) day until paid in full, at eighteen percent (18%) per annum, calculated daily on the basis of a 365-day year. Interest is simple, not compounded. The higher rate applies prospectively to the period beginning on the sixty-first (61st) day and does not recalculate interest accrued at the lower rate. Any partial payment shall be applied first to accrued interest and then to outstanding principal, and interest shall thereafter accrue only on the remaining unpaid principal. The Port Authority shall have the right, upon Port Commission action, to modify the Due Date provisions of Section 6 and the late payment charge provisions of Section 7 of this Ordinance; provided that any such modification that reduces the time by which interest begins to accrue on an unpaid User Fee, or that increases the rate or rates of interest payable on an unpaid User Fee, shall not take effect until the Port Authority has complied with 33 U.S.C. 2236(a)(5) and (a)(6).

8. *Venue*

a. Should it become necessary for the Port Authority to file suit to collect any delinquent User Fees or to enforce any provision of this Ordinance, the party obligated herein to pay such User Fees and the party against whom enforcement of the User Fee is sought consents to such suit being filed in the appropriate United States District Court in Harris County, Texas.

b. Pursuant to 33 U.S.C. 2236(e), the User Fee levied against a Subject Vessel constitutes a maritime lien against that Subject Vessel, which may be recovered in an action in the United States District Court in which the Subject Vessel is found.

c. The Port Authority shall be entitled to seek all relief permitted by 33 U.S.C. 2236.

9. *Consent to Jurisdiction*

The Port Authority hereby consents to the exclusive exercise of Federal jurisdiction under 33 U.S.C. 2236(a)(6)(D). The Port Authority further agrees to be governed by the provisions of 33 U.S.C. 2236 in the imposition, computation, collection, and enforcement of the User Fee, as required by 33 U.S.C. 2236(a)(5)(A)(iv).

10. *Severability*

If any provision of this Ordinance or its application to any person or circumstance is held invalid, the invalidity does not affect other provisions or applications of this Ordinance that can be given effect without the invalid provision or application, and to this end the provisions of this Ordinance are severable.

11. *Compliance with Applicable Law*

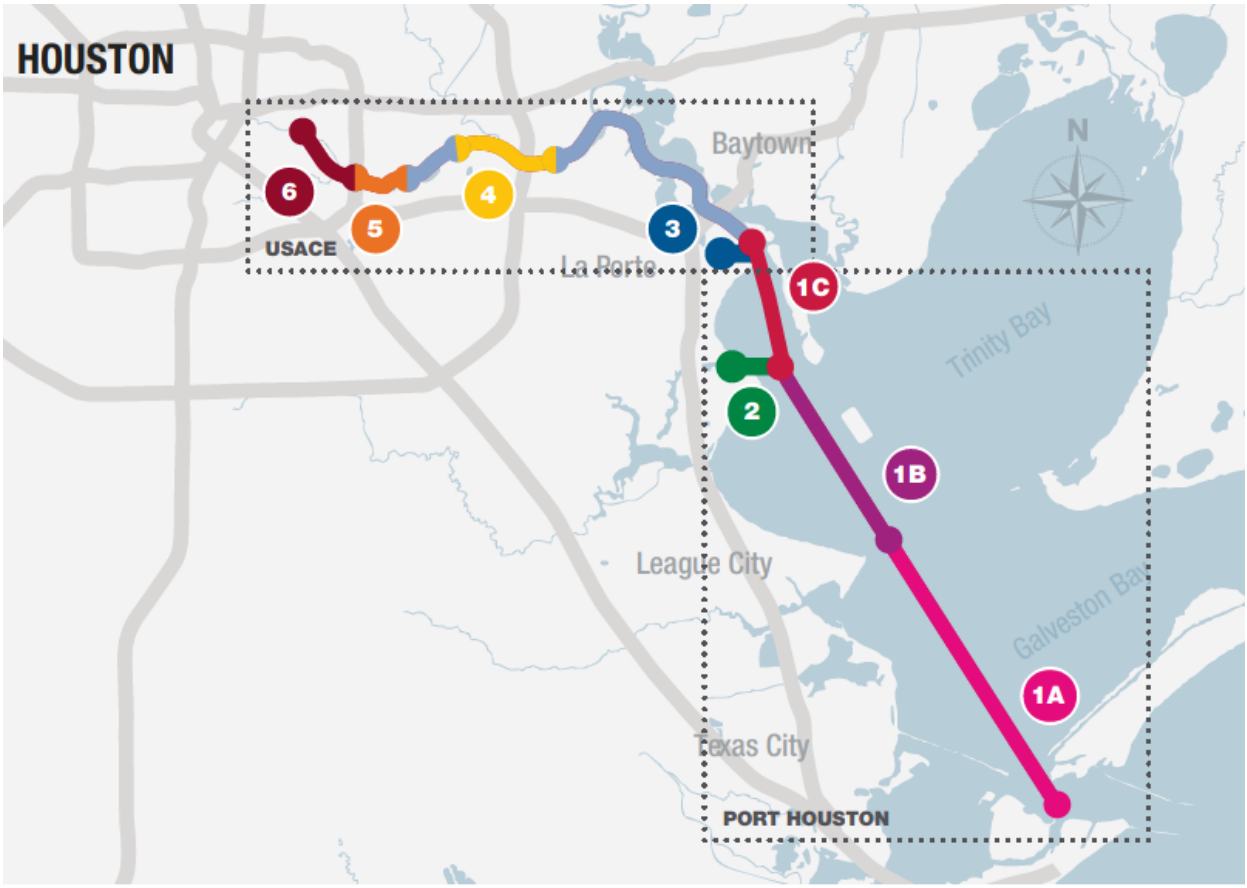
The Port Authority shall implement, administer, assess, adjust, modify, collect, and enforce the User Fee and this Ordinance only to the extent, and in the manner, permitted by applicable law, including 33 U.S.C. 2236, the other provisions of federal law referenced herein, and the Texas constitutional and statutory authority under which the Port Authority acts. Nothing in this Ordinance authorizes, requires, or shall be construed to authorize or require the Port Authority to take any action, or to impose, adjust, modify, or enforce the User Fee in any manner that is not permitted by applicable law. To the extent any provision of this Ordinance, or any application of it, would otherwise exceed what applicable law permits, that provision or application shall be given effect only to the maximum extent permitted by applicable law, and the remainder of this Ordinance shall continue in full force and effect in accordance with Section 10 (Severability).

12. *Publication of Notice*

Pursuant to §60.075(c) of the Texas Water Code, a descriptive caption stating the purpose of this Ordinance and penalty for its violation will be published for a ten (10) day period following its passage in every issue of the *Houston Chronicle*, a newspaper of general circulation within the jurisdiction of the Port Authority.

This Ordinance was approved for transmittal to the Secretary of the Army for publication in the Federal Register on November 10, 2026, and finally adopted at a Regular Meeting of the Port Commission of the Port of Houston Authority of Harris County, Texas on _____ ___, 202_____.

Appendix 1
Map of the Project



Bolivar Roads to Redfish — 1A
Redfish to Bayport Ship Channel — 1B
Bayport Ship Channel to Barbours Cut — 1C
Bayport Ship Channel — 2
Barbours Cut Ship Channel — 3
Boggy Bayou (BW 8) to Sims Bayou — 4
Sims Bayou to IH 610 — 5
IH 610 to Turning Basin — 6

Appendix 2
Entry Point

