



PORT OF HOUSTON AUTHORITY

U.S. Army Corps of Engineers
ATTN: CECW-CE (Lisa Kiefel)
441 G Street NW
Washington, DC 20314-1000

December 2, 2014

Subject: Port of Houston Authority Submission in Response to August 5, 2014 Federal Register Request for Proposals for Feasibility Studies and Modifications to Authorized Water Resources Development Projects

Dear Ms. Kiefel,

The Port of Houston Authority submits the attached proposals for feasibility studies, modifications to project authorities, or other necessary modifications to law, all associated with and supporting the Houston Ship Channel and authorized tributary channels in Houston, Texas.

The Port Authority requests are provided in the attached documents:

1. Study for improvements, including widening and deepening, of the Houston Ship Channel system (LRR of 1986 feasibility study)
2. Study and modification of Bayport Ship Channel and Houston Ship Channel to relieve urgent navigation safety deficiencies
3. Authorization of improvements to Bayport, Barbours Cut, Jacintoport, and Greens Bayou channels; authorization to operate Houston Ship Channel and tributaries as a system
4. Authorization of channels for operation at the equivalent Mean Low Tide Datum depth
5. Requests for legislation changes related to navigation

If you have any questions regarding these requests, please feel free to contact me.

Sincerely,

A handwritten signature in black ink that reads "Mark Vincent". The signature is written in a cursive style.

Mark Vincent

Subject: Proposal for a study for improvements of the Houston-Galveston Navigation Channel system

- 1. Non-Federal Sponsor.** Port of Houston Authority of Harris County, Texas; additionally, the Port of Galveston (current project co-sponsor) and the Port of Texas City are likely to participate as additional non-federal sponsors.
- 2. Description of Request.**
 - a.** The non-federal sponsor requests a study of improvements to the Houston-Galveston Navigation Channels system, including the main ship channel and Bayport and Barbours Cut tributary channels, to include widening and deepening and other such improvements as are necessary to assure safe navigation, all to meet the requirements of Section 905(b) of the WRDA of 1986, as modified by Section 1002 of the WRRDA of 2014.
- 3. Project Purpose.** To improve channel efficiencies, productivity, and for navigation safety improvements for this nationally significant port. A reevaluation of the 1986 feasibility study, which recommended a 600-foot wide 50-foot deep (MLT) channel is warranted based on current navigation safety issues identified by the Corps of Engineers, and changes to maritime commerce that have occurred over the past several decades. The 1995 LRR recommended a 45-foot deep 530-foot wide channel, which was authorized by WRDA of 1996 and completed in 2005 (general navigation features).
- 4. Estimate Cost of Study:** \$6,000,000 total (federal cost of \$3,000,000).
- 5. Description of Anticipated Benefits.**
 - a.** The study is expected to result in a recommendation for improvement of the major channels of the port which ranks first in the nation in foreign commerce (tonnage), first in export value, and to which over 8,000 deep draft ships call annually. A subsequent construction project would be expected to result in net NED benefits of over \$100 million per year. By any standard, the Houston Ship Channel's potential and volume of commerce is restrained by both its width and depth.
 - b.** The study would likely result in recommendations to resolve current navigation safety deficiencies which has the potential to contribute to accidents which could shut down the nation's busiest waterway. The Houston Ship Channel currently receives commerce valued at over \$380 million per day. A short term stoppage of ship channel commerce has an immediate and potentially lasting impact to the national economy.
- 6. Statement of Local Support.** The Houston Ship Channel and its tributaries support the largest petrochemical complex in the United States, which is the backbone of the regional/U.S Gulf coast economy. The channels and associated industries have strong local and state support. The Port of

Houston has been described as “irreplaceable” because the security and vital industrial infrastructure are one of a kind. Federal authorization will be transparent to the general public.

7. **NFS Statement of Financial Capability.** The Port of Houston Authority is the non-federal sponsor of the Houston Ship Channel (part of the Houston-Galveston Navigation Channels project), and the Bayport and Barbour's Cut Ship Channels, and has the financial capability for continued support of the waterways as described by the existing project agreements for each channel, and the Project Cooperation Agreement for the Houston-Galveston Navigation Channels project. Additionally, the Ports of Galveston and Texas City, which share the use of the Houston Ship Channel entrance reach, are likely to participate as additional non-federal sponsors for the project, and bring additional financial capability to the program.
8. **Statement of Support.** The Port of Houston Authority fully supports a specific federal feasibility study for improvements to the Houston-Galveston Navigation Channel system.

Subject: Proposal for authorization to correct navigation safety deficiencies in the Bayport Ship Channel and Houston Ship Channel

- 1. Non-Federal Interest. Port of Houston Authority of Harris County, Texas**
- 2. Description of Request.**
 - a. The Corps of Engineers determined that the alignment of the Houston Ship Channel in the vicinity of the Bayport Ship Channel (a major tributary channel), and the configuration of the Bayport channel entrance channel flare together create an unsafe operating condition for deep draft vessels.**
 - b. This project requires urgent resolution, and should be considered for the most expeditious process should Corps discretionary operational procedures be unsuitable for use.**
 - c. The Houston Ship Channel reach, in the vicinity of Bayport, sees over 16,000 deep draft vessel transits annually, with over 6,000 ship and barge moves into the tributary Bayport Ship Channel. Past accidents of concern have been catastrophic with loss of life. Accidents have the potential to shut down the Houston Ship Channel, which would have an immediate, adverse effect on the national economy.**
 - d. The most recent six-year study effort that was to result in a discretionary O&M correction by the Corps has failed.**
- 3. Project Purpose. Improve navigation safety to an acceptable level at the Houston Ship Channel in the vicinity of the Bayport Channel and to the entrance to the Bayport Channel ("flare")**
- 4. Estimate of Cost. \$20 million-\$35 million total (federal and non-federal)**
- 5. Description of Anticipated Benefits.**
 - a. This project will relieve the serious and unacceptable navigation safety situation that exists with the current alignment of the Houston Ship Channel at Bayport, combined with the short radius of the Bayport Ship Channel flare. The Houston Ship Channel moves more than \$380 million of waterborne commerce daily. Shutdown of the channel as a result of the navigation safety deficiencies could totally interrupt this flow commerce, with huge impacts to the national economy.**
 - b. The project will also enable economic efficiencies of the Bayport Ship Channel improvements made by the non-federal sponsor in accordance with Section 204(f), WRDA 1996. The significant economic benefits of that project are compromised by the safety deficiencies of the Houston Ship Channel alignment and Bayport Flare configuration.**
- 6. Statement of Local Support. The Port of Houston Authority fully supports the proposed modification of the project(s). Additionally, this request has the highest level of support from the maritime industry.**

- 7. NFS Statement of Financial Capability.** The Port of Houston Authority is the non-federal sponsor of the Houston Ship Channel (part of the Houston-Galveston Navigation Channels project) and its tributary channels, and has the financial capability for continued support of the waterways as described by the existing project agreements for each channel, and the Project Cooperation Agreement for the Houston-Galveston Navigation Channels project and Memorandum of Agreement.
- 8. Statement of Support.** The Port of Houston Authority fully supports the resolution of this critical navigation safety situation as soon as possible, intends to participate as required by law, and understands the potential cost-sharing responsibilities of studies and the resulting project.
- 9. Specific Request.**
 - a. Navigation safety modifications of the Houston Ship Channel near Bayport and the Bayport Ship Channel projects including the Bayport Flare are authorized to be constructed and at the authorized and maintained depth of the Houston-Galveston Navigation Channels.**

Subject: Proposal for authorization of improvements of federally-maintained channels, Houston Ship Channel system

- 1. Non-Federal Sponsor. Port of Houston Authority of Harris County, Texas**
- 2. Description of Request.**
 - a. Authorization of improvements to federally-maintained ship channels and the constructed and federally operated depth:**
 - (1) Bayport Ship Channel, Texas**
 - (2) Barbours Cut Ship Channel, Texas**
 - (3) Jacintoport Ship Channel, Texas**
 - (4) Greens Bayou Channel, Texas**
 - b. Operation of authorized tributaries or reaches of the Houston Ship Channel as a system together with the Houston-Galveston Ship Channel Project, Texas:**
 - (1) Bayport Ship Channel, Texas**
 - (2) Barbours Cut Ship Channel, Texas**
 - (3) Jacintoport Ship Channel, Texas**
 - (4) Greens Bayou Channel, Texas**
 - (5) Houston Ship Channel, Sims Bayou to Turning Basin, including turning points at Hunting Bayou and Brady Island**
- 3. Project Purpose. Facilitate management and future planning activities for tributary channels of the Houston Ship Channel and operation of the channels**
- 4. Estimate of Cost. None**
- 5. Description of Anticipated Benefits.**
 - a. Authorization of the projects enables the USACE to better operate, budget, and otherwise manage the projects.**
 - b. Authorization facilitates and potentially streamlines future planning activities for channel improvements.**
 - c. Authorization to operate the main channel reaches and tributary channels as a system would facilitate reduced administration, improved management of placement areas (now covered by seven agreements or authorities), and generally lower operating costs.**
- 6. Statement of Local Support. The cited tributary channels to the Houston Ship Channel (HSC) and the HSC itself are key components of the maritime infrastructure which collectively and specifically have strong local and state support. The Port of Houston has been described as "irreplaceable" because the security and vital industrial infrastructure are one of a kind. Federal authorization will be transparent to the general public.**

- 7. NFS Statement of Financial Capability.** The Port of Houston Authority is the non-federal sponsor of the Houston Ship Channel (part of the Houston-Galveston Navigation Channels project), and the Bayport, Barbours Cut, Jacintoport Ship Channels and has the financial capability for continued support of the waterways as described by the existing project agreements for each channel, and the Project Cooperation Agreement for the Houston-Galveston Navigation Channels project.
- 8. Statement of Support.** The Port of Houston Authority fully supports federal authorization of the projects to enable full and proper management of the channels by the USACE.
- 9. Specific Requests.**
 - a.** Request that improvements performed in accordance with Section 204(f) of the following projects be deemed formally authorized, and further that the channels be managed as a component of the Houston-Galveston Navigation Channels project.
 - (1) Bayport Ship Channel, Texas
 - (2) Barbours Terminal Ship Channel, Texas
 - (3) Jacintoport Ship Channel, Texas
 - b.** Request that improvements for Greens Bayou, Texas with maintenance assumed by the Federal Government in accordance with Section 819, PL 99-662 be deemed as fully authorized, and further that the channel shall be managed as a component of the Houston-Galveston Navigation Channels project.
 - c.** Request that the following reaches of the Houston Ship Channel be operated as a component of the Houston-Galveston Navigation Channels project:
 - (1) Channel from Sims Bayou to the main turning basin in Houston, Texas, including turning points at Hunting Bayou and Brady Island, as authorized by H. Doc 561, 80th Cong., 2nd Session.
 - (2) Channel from Greens Bayou to Sims Bayou in Houston, Texas (Deepen to 40' from Bolivar Roads to Brady Island, construct Clinton Island turning basin (H. Doc 350. 85th Cong., 2nd Session)

Subject: Proposal for Authorization to Operate Houston-Galveston Navigation Channels, Texas and Federally-maintained tributaries of Houston Ship Channel, Texas system at the studied Mean Low Tide equivalent depth

- 1. Non-Federal Sponsor. Port of Houston Authority in Harris County, Texas**
- 2. Description of Request.**
 - a. The Houston-Galveston Ship Channels project was studied, designed, and authorized as a 45' channel with a depth determined according to Mean Low Tide datum. The USACE has a requirement to convert the datum to Mean Lower Low Water, which would result in a different reported depth than that authorized by WRDA 1996.**
- 3. Project Purpose. Facilitate operations and future planning activities for the Houston Ship Channel and its tributary channels.**
- 4. Estimate of Cost. None**
- 5. Description of Anticipated Benefits.**
 - a. This request restates the intent of Congress to authorize the Houston-Galveston Navigation Channels project (WRDA 1996) and clarifies the project depth in relation to the currently mandated datum.**
 - b. Authorization facilitates and potentially streamlines future planning activities for channel improvements.**
- 6. Statement of Local Support. This request is expected to have strong local and maritime industry support.**
- 7. NFS Statement of Financial Capability. The Port of Houston Authority is the non-federal sponsor of the Houston Ship Channel (part of the Houston-Galveston Navigation Channels project) and its tributary channels, and has the financial capability for continued support of the waterways as described by the existing project agreements for each channel and the Project Cooperation Agreement for the Houston-Galveston Navigation Channels project.**
- 8. Statement of Support. The Port of Houston Authority fully supports this clarification of the intent of Congress regarding project depth.**
- 9. Specific Request.**
 - a. The Houston-Galveston Navigation project is authorized and shall be operated at the equivalent depth to the studied and authorized depth of 45' Mean Low Tide, with that equivalent depth henceforth reported according to the Mean Lower Low Water or such other datum as directed.**

Summary of Submission, Corps Request for Projects, Studies, and Legislative changes

1. Study for improvements, including widening and deepening, of the Houston Ship Channel system (potential split from current 216 study)
2. Study and modification of Bayport Ship Channel and Houston Ship Channel to relieve urgent navigation safety deficiencies
3. Authorization of Bayport, Barbours Cut, Jacintoport, and Greens Bayou Channels (all AOM); plus authorization to operate the Houston Ship Channel and tributaries as a system (all reaches of the HSC and all PHA-sponsored tributaries)
4. Authorization of channels for operation at the equivalent Mean Low Tide Datum depth (just in case)
5. Requests for legislative changes related to navigation:
 - a. Revise 50/50 cost-share percentage threshold for new work construction from a depth of 45' to 50'. (Section 101 (a) (C) of the WRDA of 1986)
 - b. Change the "donor" port designation with regard to HMTF excess funds returned to a port or harbor from the limit of 25% of O&M compared to gross HMTF receipts to a more equitable 35% level of return. (Section 2106 (a)(2)(C) of the WRRDA of 2014)
 - c. Direct that user fees collected for federal disposal facilities shall be retained by the Corps District for use on subsequent O&M projects. (Section 217 of the WRDA of 1996)
 - d. Allow the Assistant Secretary of the Army for Civil Works to delegate to the District Engineer the authority to receive funds for non-federal use of federal placement areas, when such use does restrict use of placement areas for federal use, material to be placed is determined to be suitable and acceptable for placement. (Section 217 of the WRDA of 1996)
 - e. Authorize a non-federal interest, at its request, to assume responsibility for O&M of placement areas for work in accordance with Federal standards, on a reimbursable basis.
 - f. Authorize a non-federal interest, at its request, to perform O&M of authorized navigation projects and be eligible for reimbursement of the federal share of the cost subject to appropriations.
 - g. For navigation projects, authorize the District Engineer to include Section 14 (33 U.S.C. 408) considerations together with Section 10 (33 U.S.C. 403) determinations and the issuance of permits.

Subject: Legislative changes related to navigation

- 1. Non-Federal Sponsor. Port of Houston Authority of Harris County, Texas**
- 2. Description of Requests. The following are requested changes to law with regard to navigation projects. Requested changes include those developed by the AAPA-Corps Quality Partnership Initiative committee.**
 - a. Revise 50/50 cost-share percentage threshold for new work construction from a depth of 45' to 50'. (Section 101 (a) (C) of the WRDA of 1986)**
 - b. Change the "donor" port designation with regard to HMTF excess funds returned to a port or harbor from the limit of 25% of O&M compared to gross HMTF receipts to a more equitable 35% level of return. (Section 2106 (a)(2)(C) of the WRRDA of 2014)**
 - c. Direct that user fees collected for federal disposal facilities shall be retained by the Corps District for use on subsequent O&M projects. (Section 217 of the WRDA of 1996)**
 - d. Allow the Assistant Secretary of the Army for Civil Works to delegate to the District Engineer the authority to receive funds for non-federal use of federal placement areas, when such use does restrict use of placement areas for federal use, material to be placed is determined to be suitable and acceptable for placement. (Section 217 of the WRDA of 1996)**
 - e. Authorize a non-federal interest, at its request, to assume responsibility for O&M of placement areas for work in accordance with Federal standards, on a reimbursable basis.**
 - f. Authorize a non-federal interest, at its request, to perform O&M of authorized navigation projects and be eligible for reimbursement of the federal share of the cost subject to appropriations.**
 - g. For navigation projects, authorize the District Engineer to include Section 14 (33 U.S.C. 408) considerations together with Section 10 (33 U.S.C. 403) determinations and the issuance of permits.**
- 3. Purpose. Renormalize cost sharing provisions established by WRDA 1986 and WRRDA 2014; enable funds collected to offset Corps costs for O&M improvements at projects to be retained at the district level and used for those same projects; and enable greater flexibility for non-federal sponsor performance of projects with reimbursement of federal share. Requested changes also provide more realistic designation of donor ports for possible HMTF revenue return and distribution at the port or harbor level.**
- 4. Estimates of Cost. Cost of initiatives varies.**
 - a. Raising the 50/50 cost share has the potential to increase federal project cost, but maintains the same relative burden for the maritime community as existed when the cost share requirements were introduced.**
 - b. Donor Port definition—no net increase, as a port can only be an energy transfer or donor port; some current energy transfer ports could become donor ports, which could provide for a more equitable distribution of funds returned to the port.**

- c. Direct user fees are used on local projects—no cost increase.
 - d. Delegation of authority – no cost increase.
 - e. (and f) Authority for performance of work, with reimbursement of the federal cost – no cost increase.
 - g. Combining 408 with Section 10 permits – no cost increase.
5. Description of Anticipated Benefits, by request:
- a. Extending the 50/50 cost share threshold from 45' to 50' for new work is consistent with WRRDA 2014's threshold modification for O&M costs to the similar 50' depth. This modification does not impact the benefit cost ratio, but better enables non-federal interests to pay for complementary and necessary industrial and transportation infrastructure that remains the non-federal interest's responsibility.
 - b. Provide for a more equitable distribution of excess HMTF revenues to the strongest donor ports and industries.
 - c. This request proposes to update and improve legislation to reflect the significant changes in maritime transportation operations (including increasing size of vessels); changes will facilitate modernization of infrastructure and keep America internationally competitive.
 - d. The changes streamline administration of placement area use by delegating to the District Commander decisions related to and the authority to collect fees and apply funds received for O&M purposes to the general navigation feature impacted.
 - e. (and f) Provides for greater responsiveness to urgent requirements for O&M of navigation features by enabling qualified non-federal interests to contract for requirements with an opportunity for partial reimbursement.
 - g. Including consideration of Sections 10 and 14 of RHA 1899 and allowing for concurrent permit decisions at the district level will streamline administration and accelerating processing times for permits and permissions and reduce both federal and non-federal costs.
6. Description of Local Support. This request is expected to have strong support by the navigation district, port authority community, and maritime industry support.
7. NFS Statement of Financial Capability. The Port of Houston Authority is the non-federal sponsor of the Houston Ship Channel (part of the Houston-Galveston Navigation Channels project) and its tributary channels, and has the financial capability for continued support of the waterways as described by the existing project agreements for each channel and the Project Cooperation Agreement for the Houston-Galveston Navigation Channels project.
8. Statement of Support. The Port of Houston Authority fully supports modifications to federal law that result in improvements to navigability of ports and channels, facilitate growth in trade, and increase national economic development benefits. The Port of Houston Authority intends to support its projects as required by law and understands the cost-sharing implications of the recommended changes to law.