

**PORT OF GALVESTON
REQUEST FOR DISCUSSION AND TRUSTEES ACTION**

BUSINESS ITEM

PREPARED BY: Brett B Milutin Director of Port Operations July 23, 2019

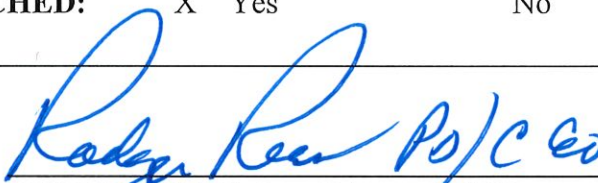
SUBJECT: **Consider and Approve Amendment of Wharfage Security Charges and the Amendment of Dockage Security Surcharges, to the Board of Trustees of the Galveston Wharves Tariff Circular No. 6**

BACKGROUND: A recent review of the Board of Trustees of the Galveston Wharves Tariff Circular No. 6 (the "Tariff") along with the Gulf Seaports Marine Terminal conference revealed that the Ports current security rate fees are below the industry standard. The Port's growth will demand expansion of the security infrastructure that will have a direct correlation with the rising cost of security system maintenance, engineering designs and implementation.

RECOMMENDATIONS: The Board of Trustees of the Galveston Wharves is requested to review the attached information, listen to the briefing from the Port Director/CEO, and to approve the proposed amendments and additions to the Tariff.

ADDITIONAL INFORMATION ATTACHED: X Yes No

Respectfully Submitted By:



RODGER REES, Port Director/CEO

DATE ACTION TAKEN: _____

Approved: _____

Motion By: _____

Disapproved: _____

Seconded By: _____

Deferred To: _____

Unanimous: Yes No

Incorporated into Minutes: _____

By: _____

PORT OF GALVESTON

Briefing

Consider and Approve Amendment of Wharfage Security Charges and the Amendment of Dockage Security Surcharges, to the Board of Trustees of the Galveston Wharves Tariff Circular No. 6

Background

A recent review of the Board of Trustees of the Galveston Wharves Tariff Circular No. 6 (the “Tariff”) along with the Gulf Seaports Marine Terminal conference revealed that the Ports current security rate fees are below the industry standard. The Port’s growth will demand expansion of the security infrastructure that will have a direct correlation with the rising cost of security system maintenance, engineering designs and implementation.

Current Situation

The Port proposes to amend the Tariff in accordance with the Gulf Seaports Marine Terminal Conference, FMC Agreement No. 224-200163 (the “FMC Agreement”) The Port is requesting and proposing four amendments to the Tariff, as outlined below.

I. Amendment of Dockage Security Surcharge Rates (Item No. (I)(GS) 485

The Port recommends that the Tariff be amended, effective October 1, 2019, to reflect an increase of the dockage security surcharge from the current 9.53% to 10% and remain consistent with the Gulf Seaports Marine Terminal Conference fee schedule.

II. Amendment of Security Surcharges for Wharfage (Item No. (I)(GS) 485

The Tariff provides for a security surcharge in accordance with the FMC Agreement. As of May 2, 2019, the Gulf Seaports Marine Terminal Conference proposed an increase of the wharfage security surcharges to be effective October 1, 2019.

The Port recommends that the Tariff be amended, effective October 1, 2019, to reflect the 2019 wharfage security surcharges as provided for and in accordance with the FMC Agreement.

	<u>Current Rate</u>	<u>Proposed Rate</u>	<u>Unit</u>
Breakbulk:	\$.20	\$.21	per ton
Dry/liquid bulk:	\$.046	\$.048	per ton
Containers:	\$2.27 to	\$3.25	per box

GULF SEAPORTS MARINE TERMINAL CONFERENCE

May 2, 2019

Current Fee Schedule for 2018-2019:

Vessels & Barges:

9.82% of total dockage per port call

Cargo:

Break bulk: \$ 0.206 cents per ton

Dry bulk: \$ 0.047 cents per ton

Liquid bulk: \$ 0.047 cents per ton

Containers: \$ 4.34 per box

Vehicles: \$ 1.00 per vehicle

Passengers: \$ 1.00 per passenger

Proposed fee schedule, effective October 1, 2019 and no later than January 1, 2020:

Vessels & Barges:

- 10.11 % of total dockage per port call

Cargo:

- Break bulk: \$ 0.21 cents per ton
- Dry bulk: \$ 0.048 cents per ton
- Liquid bulk: \$ 0.048 cents per ton
- Containers: \$ 4.47 per box
- Vehicles: \$ 1.00 per vehicle
- Passengers: \$ 1.00 per passenger