

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

**BUSINESS ITEM – E - 4**

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**PREPARED BY:** Jeffrey Thomas      Junior Engineer      April 24, 2017

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**SUBJECT:** Discuss and Consider Increase to the Authorized Annual Amount for the Maintenance Dredging Contract for Port Facilities to Callan Marine, Ltd.

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**BACKGROUND:** In January 2017, the Board approved a five-year contract with Callan Marine, LTD and authorized Port staff to spend up to an annual maximum of \$877,500 for dredging expenses for the duration of the contract. The estimated total dredging cost during this cycle is greater than the current authorized amount of \$877,500 but is not expected to exceed \$1.3 M dollars. In FY 2017, \$100,000 is being accrued monthly (\$1.2 M annually) for dredging expenses and expenses relating to the Dredge Material Placement Area. In addition to the \$1.2 M accrued in FY 2017, an additional residual of \$114,000 is in the account from previous FY Accruals. Thus, approval of this agenda item will not have any long term financial impacts to the Port.

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**RECOMMENDATIONS:** The Board of Trustees is respectfully requested to listen to the briefing of the Interim Port Director and authorize an increase in the authorized annual amount for the Maintenance Dredging Contract, for Port facilities to \$1.3 M.

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**Respectfully Submitted By:**



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**Peter Simons, Interim Port Director**

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**DATE ACTION TAKEN:** \_\_\_\_\_

Approved: \_\_\_\_\_  
Disapproved: \_\_\_\_\_  
Deferred To: \_\_\_\_\_  
Incorporated into Minutes: \_\_\_\_\_

Motion By: \_\_\_\_\_  
Seconded By: \_\_\_\_\_  
Unanimous: Yes \_\_\_\_\_ No \_\_\_\_\_  
By: \_\_\_\_\_

## PORT OF GALVESTON

### Briefing

#### **DISCUSS AND CONSIDER INCREASE TO THE AUTHORIZED ANNUAL AMOUNT FOR THE MAINTENANCE DREDGING CONTRACT FOR PORT FACILITIES TO CALLAN MARINE, LTD.**

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#### **Background**

To allow for continuous operations at the Port of Galveston's berths, maintenance dredging must occur periodically to remove the naturally shoaling material. The amount of the shoaling varies by location, from berth to berth in the harbor along with the frequency the berth was utilized, and by time, based on the environmental conditions (mostly rain, wind, and tides) that occurred in a given year. Since 2010, the Port has successfully utilized a long term Maintenance Dredging contract with Callan Marine, Ltd., which had a duration of five years, to complete multiple dredging cycles. In January 2017, the Board approved a five-year contract with Callan Marine, LTD and authorized Port staff to spend up to an annual maximum of \$877,500 for dredging expenses for the duration of the contract.

#### **Current Situation**

On February 28<sup>th</sup>, Callan Marine started dredging at the Port's berths. Port Staff identified the following areas for dredging: Pier 35 (CHS), Pier 30-33 (ADM), Pier 34, Cruise Terminal 1, PISTI, and the northern section of the Turning Basin. The locations were selected because the areas had shoaled or were shoaling to depths that limited operations. The estimated total dredging cost at these locations is greater than the current authorized amount of \$877,500 but is not expected to exceed \$1.3 M dollars.

#### **Fiscal Impact**

The annual cost of the Maintenance Dredging Contract is not expected to exceed \$1.3M. Like the original authorization, the additional dredging expenses will also be paid using the Dredging Equalization Account. In FY 2017, \$100,000 is being accrued monthly (\$1.2 M annually) for dredging expenses and expenses relating to the Dredge Material Placement Area. In addition to the \$1.2 M accrued in FY 2017, an additional residual of \$114,000 is in the account from previous FY Accruals. Thus, approval of this agenda item will not have any long term financial impacts to the Port.

#### **Staff Recommendation**

The Board of Trustees is respectfully requested to listen to the briefing of the Interim Port Director and authorize an increase in the authorized annual amount for the Maintenance Dredging Contract, for Port facilities to \$1.3 M.