

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

**BUSINESS ITEM**

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**PREPARED BY:**         Brett B Milutin                     Deputy Port Director                     June 28, 2022

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**SUBJECT:   Discuss And Consider Authorization For Port Director/CEO To Execute  
              And Negotiate An Agreement For Dredging Needed For The Turning Basin  
              In The Galveston Channel, As Required By The Ground Lease Dated  
              December 12, 2019 Between The Board Of Trustees And Galveston Cruise  
              Terminal LLC, In An Amount Not To Exceed \$2,000,000**

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**BACKGROUND:**   In 2019, the Board of Trustees of the Galveston Wharves and the Galveston Cruise Terminal LLC approved a ground lease agreement that requires the Wharves to widen the current turning basin to accommodate the Oasis class vessels. The arrival of the Allure of the Seas in November will require a wider turning basin from 1,400 feet to 1,500 feet. According to the U.S. Army Corps of Engineers, Hydraulic Design of Deep-Draft Navigation Projects, dated May 2006, the minimum diameter to accommodate a vessel of the Oasis class is 1.2 to 1.5 times the vessels total length. That formula establishes that the turning basin should be between 1,417 feet and 1,772 feet. In December of 2019, the Galveston-Texas City Pilots issued a letter to their commissioners that the 1,400-foot turning basin is insufficient. Port staff met with the Pilots and discussed on several occasions that a 1,500-foot turning basin would be sufficient under normal weather and current conditions. Subsequent pilot training simulations confirmed that the 1,500-foot diameter is adequate.

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**RECOMMENDATIONS:**   The Board of Trustees of the Galveston Wharves is respectfully requested to review the attached information, to listen to the briefing by the Deputy Port Director, and to approve the Authorization For Port Director/CEO To Execute And Negotiate An Agreement For Dredging Needed For The Turning Basin In The Galveston Channel, As Required By The Ground Lease Dated December 12, 2019 Between The Board Of Trustees And Galveston Cruise Terminal LLC, In An Amount Not To Exceed \$2,000,000

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**ADDITIONAL INFORMATION ATTACHED:**   X   Yes   No

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**Respectfully Submitted By:**

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**RODGER REES, Port Director/CEO**

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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 AUTHORIZATION FOR PORT DIRECTOR/CEO TO EXECUTE AND NEGOTIATE AN AGREEMENT FOR DREDGING NEEDED FOR THE TURNING BASIN IN THE GALVESTON CHANNEL, AS REQUIRED BY THE GROUND LEASE DATED DECEMBER 12, 2019 BETWEEN THE BOARD OF TRUSTEES AND GALVESTON CRUISE TERMINAL LLC, IN AN AMOUNT NOT TO EXCEED \$2,000,000**

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#### **Background**

In 2019, the Board of Trustees of the Galveston Wharves and the Galveston Cruise Terminal LLC approved a ground lease agreement that requires the Wharves to widen the current turning basin to accommodate the Oasis class vessels. The arrival of the Allure of the Seas in November will require a wider turning basin from 1,400 feet to 1,500 feet. According to the U.S. Army Corps of Engineers, Hydraulic Design of Deep-Draft Navigation Projects, dated May 2006, the minimum diameter to accommodate a vessel of the Oasis class is 1.2 to 1.5 times the vessels total length. That formula establishes that the turning basin should be between 1,417 feet and 1,772 feet. In December of 2019, the Galveston-Texas City Pilots issued a letter to their commissioners that the 1,400-foot turning basin is insufficient. Port staff met with the Pilots and discussed on several occasions that a 1,500-foot turning basin would be sufficient under normal weather and current conditions. Subsequent pilot training simulations confirmed that the 1,500-foot diameter is adequate.

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#### **Current Situation**

Port staff began discussions in March 2022, with our current maintenance contractor (Callan Marine) as well as the contractor performing the Federal Harbor project (Orion Marine) to get estimates for the expansion of the turning basin. The material to be removed is considered new-work and is denser than the typical maintenance material dredged annually and requires a specific size and equipped dredge-boat to perform the work. Port staff understood that there are only two available placement areas for dredge spoil materials from this project to be placed. Callan Marine began the Port's annual maintenance dredging in early May 2022, and has exclusive rights for the Port's placement area through late July. Orion Marine began the Federal Harbor dredging project in May of 2021 and has exclusive rights to the U.S. Corps Pelican Island placement area through August of 2022. Due to the timing of the turning basin's required completion date of September

1, 2022 and the exclusivity of the Port's and Federals placement areas, Port staff focused on those contractor's proposals. Port staff also reached out to a third company, Weeks Marine, who ultimately determined that they are unable to submit a proposal.

Callan Marine's and Orion Marine's proposals are still in discussion as this situation fluctuates based on the Port's current maintenance dredging operation and the management of our placement area as well as Orion Marine's private contracts and the Federal placement area capacities. It is imperative that the Port have the ability to negotiate an agreement with a contractor to ensure the new turning basin is completed by September 1, 2022.

While staff had hoped to have a final proposal to recommend to Trustees at the June 28, 2022 Regular Monthly meeting, staff recently learned that the U.S. Army Corps of engineers has scheduled a temporary halt to the Federal Harbor Project. Staff is concerned that if Orion Marine turns out to be the only company that can do the work, and their dredge-boat could be relocated to another project before June 28, 2022, the timely completion of this project could be put at risk.

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### **Fiscal Impact**

### **Staff Recommendation**

The Board of Trustees of the Galveston Wharves is respectfully requested to review the attached information, to listen to the briefing by the Deputy Port Director, and to approve the Authorization For Port Director/CEO To Execute And Negotiate An Agreement For Dredging Needed For The Turning Basin In The Galveston Channel, As Required By The Ground Lease Dated December 12, 2019 Between The Board Of Trustees And Galveston Cruise Terminal LLC, In An Amount Not To Exceed \$2,000,000.