

## ORDER CALLING HEARING ON ASSESSMENT PLAN

WHEREAS, the Houston Ship Channel Security District (the "District"), on petition of the owners of a majority of the facilities within the proposed District and the owners of a majority of the assessed value of the facilities within the proposed District, has been heretofore duly created and organized pursuant to the provisions of Chapter 68, Texas Water Code (the "Act"), and by an order of the Harris County Commissioners Court, dated June 9, 2009; and

WHEREAS, the primary purposes of the District are to plan, establish, develop, construct, renovate, maintain, repair, replace, operate or contract with other public or private persons for the joint use and implementation of security projects and security services which promote or aid security within the District; and

WHEREAS, Harris County ("County"), the City of Houston ("Houston"), the City of Baytown ("Baytown"), the Port of Houston Authority ("POHA") and other governmental entities, have heretofore secured and received federal grant funding and have developed and implemented a plan for enhanced security improvements and infrastructure for the Houston Ship Channel's waterside and landside facilities, as well as for associated supply chain and support industries supporting the Houston Ship Channel region; and

WHEREAS, the District and the County entered into that certain agreement dated March 8, 2011, as thereafter supplemented and amended (the "County Agreement"), pursuant to the authority of the Act, the Interlocal Cooperation Act, and the general and special laws of the State of Texas, whereby the County, in cooperation with the District, POHA, and other public and private entities, implemented several projects according to said plan for enhanced security improvements and infrastructure (the "County Projects") and is responsible for the ongoing operation and maintenance of same and providing ongoing security patrol services (collectively, the "County Security Services") for the joint use and benefit of the County, the District, and the facilities located within and adjacent to the District; and

WHEREAS, pursuant to the terms and conditions of the County Agreement, the District has heretofore provided local matching share grant funding for the County Projects and defray a portion of the operational and maintenance expenses the County Security Services; and

WHEREAS, the District and Houston entered into that certain Interlocal Agreement dated April 24, 2012, as superseded and replaced by that certain Interlocal Agreement dated June 27, 2014, and as supplemented by that certain Letter Agreement dated December 8, 2015, and as amended and restated by that certain First Amended and Restated Interlocal Agreement dated January 3, 2020 (the "Houston Agreement"), pursuant to the authority of the Act, the Interlocal Cooperation Act, and the general and special laws of the State of Texas, whereby Houston acquired certain communications, firefighting, air patrol and response, marine search and rescue, and radiation detection and explosive device prevention equipment for the purpose of securing the area within the District (the "Houston Projects") and is providing security marine patrols, security patrol flights and air support within the District and for the benefit of the facilities located therein (the "Houston Security Services"); and

WHEREAS, pursuant to the terms and conditions of the Houston Agreement, the District has heretofore provided local matching share grant funding for the Houston Projects and defray a portion of the operational and maintenance expenses the Houston Security Services; and

WHEREAS, the District and Baytown entered into that certain Fifth Amended and Restated Interlocal Agreement dated effective as of January 1, 2021 (the "Baytown Agreement"), pursuant to the authority of the Act, the Interlocal Cooperation Act, and the general and special laws of the State of Texas, whereby Baytown acquired certain equipment to ensure rapid deployment of and enhance the capabilities of Baytown's Type I Bomb Squad, Underwater Search and Rescue Team, HazMat Team, and Structural Collapse and Technical Rescue Team (the "Baytown Projects"); and

WHEREAS, pursuant to the terms and conditions of the Baytown Agreement, the District has heretofore provided local matching share grant funding and/or direct funding for the Baytown Projects in exchange for Baytown's agreement to make such personnel and assets available for deployment in response to threats and incidents within the District (the "Baytown Security Services"); and

WHEREAS, the District and the Texas Department of Public Safety ("DPS") entered into that certain Interlocal Cooperation Contract dated effective January 26, 2018, as amended by that certain First Amendment thereto dated August 11, 2020 (the "DPS Agreement"), pursuant to the authority of the Act, the Interlocal Cooperation Act, and the general and special laws of the State of Texas, for the initial funding during the term of the DPS Agreement of two (2) maritime sector specific intelligence analysts to enhance security, resiliency, and continuity of operations within the District and other areas within the State of Texas (the "State Intelligence Services"); and

WHEREAS, the District has heretofore provided funds to DPS and has committed to continue to provide funds to DPS pursuant to the DPS Agreement for a term expiring August 31, 2023; and

WHEREAS, the County has identified additional training, enhancements and capital improvements which will: (i) increase and enhance maritime patrol and response capabilities, (ii) provide additional marine subsurface response and recovery capabilities, and (iii) allow for the continued development, revitalization, recapitalization and maintenance of the County's existing fiber network and security camera system, as well as necessary upgrades and repairs to more effectively optimize the use of the County Projects (the "County Improvements"); and

WHEREAS, the County has secured more than \$1,350,000 of federal grant funding out of the 2021 Port Security Grant Program for the County Improvements; and

WHEREAS, the County has requested that the District provide financial assistance to defray portions of the local matching share of the County Improvements for which federal grant funding has been or will be received and defray a portion of certain operational costs of the County Security Services; and

[WHEREAS, the County has further requested that the District provide financial assistance to defray all or a portion of the cost of replacing video monitoring equipment located at the United States Coast Guard Command Center and utilized as part of the County's existing security camera system (the "County/USCG Video Assets"); and]<sup>1</sup>

WHEREAS, Houston has identified additional equipment, enhancements and capital improvements which will: (i) enhance marine patrol and response capabilities, (ii) improve marine

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<sup>1</sup> Include only if funding all or a portion of the video wall

fire-fighting capabilities, and (vi) provide continuity of marine operations during power interruptions (the "Houston Improvements"); and

WHEREAS, Houston has applied for and secured more than \$1,000,000 of federal grant funding out of the 2021 Port Security Grant Program for the Houston Improvements; and

WHEREAS, Houston has requested that the District provide financial assistance to defray portions of the local matching share of the Houston Improvements and a portion of fuel expenses incurred in continued provision of the Houston Security Services; and

WHEREAS, Baytown has identified additional specialized equipment and training necessary in connection with marine firefighting and the operation of its Underwater Search and Rescue/DIVE Team and its Bomb Squad Team (the "Baytown Improvements"); and

WHEREAS, Baytown has requested that the District provide financial assistance to defray the cost of the Baytown Improvements; and

WHEREAS, pursuant to the terms of the DPS Agreement, the District has committed to fund the State Intelligence Services for 2021-2022; and

WHEREAS, the District has entered into that certain Agreement with the Port of Houston Authority of Harris County (the "Port Authority") dated effective November 1, 2020 (the "POHA Agreement"), whereby: (i) the POHA has established and is operating an information-sharing hub focused on enhancing awareness of physical and cyber security related threats to the Houston Ship Channel region (the "POHA Project"); (ii) the POHA contributes certain funds to the District to facilitate the carrying out of the District's purposes and functions; and (iii) the District utilizes a portion of such funds in support of the POHA Project; and

WHEREAS, it is anticipated that the POHA Agreement will be extended and renewed to cover the period from November 1, 2021 to October 31, 2022; and

WHEREAS, the Board of Directors (the "Board") of the District has heretofore reviewed and considered in detail the estimated costs to the District of the County Improvements, the Houston Improvements, [the County/USCG Video Assets,]<sup>2</sup> and the Baytown Improvements (collectively, the "Security Project"), and the County Security Services, the Houston Security Services, the State Intelligence Services, and the POHA Project (collectively, "Security Services"); and

WHEREAS, the Board has heretofore adopted that certain Resolution Adopting Security Plan and Establishing Procedures for the Disposition of Excess Funds dated March 13, 2012 (the "Excess Funds Resolution"), whereby the District established procedures for the use or refund of excess assessment funds in accordance with Section 68.307(f), Texas Water Code; and

WHEREAS, the Board has developed a plan, amount and method of assessments to finance the District's share of the costs of the Security Project, Security Services, and District administrative expenses, which plan includes the use of a portion of the remaining funds from the District's prior

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<sup>2</sup> Include only if funding all or a portion of the video wall.

assessments to be applied to the District's share, all in accordance with the Excess Funds Resolution; and

WHEREAS, the Board has determined that, given the nature of the harms and risks they are intended to mitigate, the Security Project and Security Services are and will be of a benefit to all persons and facilities located within the District; and

WHEREAS, the Board has determined that an equitable apportionment of the costs of the Security Project and the Security Services should take into account and compare both the particular costs associated with the protection of human life and the employees, contractors and other personnel of the owners of facilities within the District, as well as the particular costs associated with waterside land areas within the District having direct or indirect water access to the Houston Ship Channel and/or subject to the Maritime Transportation Security Act of 2002; and

WHEREAS, pursuant to Section 68.302 of the Act, before the District may finance its share of the costs of the Security Project and Security Services under the County Agreement, the Houston Agreement, the Baytown Agreement, the DPS Agreement, or other agreements, the Board must first call and conduct a public hearing on the advisability of the Security Project and Security Services and the proposed assessments to finance same; Now, therefore,

BE IT ORDERED BY THE BOARD OF DIRECTORS OF THE HOUSTON SHIP CHANNEL SECURITY DISTRICT, THAT:

Section 1: A public hearing is hereby called for and shall be held and conducted on Tuesday, October 26, 2021, at 2:00 p.m., at the offices of the Greater Houston Port Bureau, 4400 HWY 225, Deer Park, Texas 77536, within the boundaries of the District, to consider the advisability of the proposed Security Project and Security Services of the District, and the proposed assessments to be made by the District to finance the Security Project and Security Services. Such hearing shall be open to the public and shall be conducted by the Board. Any interested person, including, without limitation, any owner of any facility within the District, or any such owner's representative(s), shall have the right to appear and offer testimony or documentary evidence for, against or on the advisability of the District's proposed Security Project and Security Services and the District's proposed assessments to finance such Security Project and Security Services.

Section 2: Not later than the thirtieth (30th) day before the date of such public hearing, notice shall be provided of such hearing by certified mail, return receipt requested, to each owner of a facility within the District at the current address of each facility, according to the appraisal record maintained by the Harris County Appraisal District for such facility under Section 25.02, Texas Tax Code, or, if the appraisal records do not accurately reflect that address or do not show the physical location of a particular facility, at the facility's physical location as reflected by any other information available. Such notice shall be in substantially the form set forth in Exhibit "A" attached hereto.

Section 3: Such public hearing may be adjourned from time to time by the Board. Upon the conclusion of such hearing, the Board by resolution will make its findings relating to the nature, advisability and estimated costs of the proposed Security Project and Security Services, the facilities within the District to be benefitted, the method of assessment to finance such costs and the method and time for payment of such assessments. In accordance with such findings, the Board may

impose an assessment against all facilities within the District or against any portion of the facilities within the District.

Section 4: At or upon conclusion of such public hearing, the Board will hear and rule upon all objections to each proposed assessment.

PASSED and ADOPTED this 21<sup>st</sup> day of September, 2021.

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Chair, Board of Directors

ATTEST:

\_\_\_\_\_  
Secretary, Board of Directors

(SEAL)

DRAFT

# EXHIBIT "A"

## NOTICE OF PUBLIC HEARING

Notice is hereby given that the Board of Directors (the "Board") of the Houston Ship Channel Security District (the "District") has called and will hold and conduct a public hearing on Tuesday, October 26, 2021, at 2:00 p.m., at the offices of the Greater Houston Port Bureau, 4400 HWY 225, Deer Park, Texas 77536, within the boundaries of the District, on the advisability of the District's proposed Security Project and Security Services and the proposed assessments to be made by the District against facilities within the District to finance the costs of same. Such hearing shall be open to the public and shall be conducted by the Board. Any interested person, including, without limitation, any owner of any facility within the District, or any such owner's representative(s), shall have the right to appear and offer testimony or documentary evidence for, against or on the advisability of the District's proposed Security Project and Security Services and the District's proposed assessments to finance such Security Project and Security Services.

The general nature of the Security Project and Security Services are described in Attachment I hereto, which is hereby incorporated by reference and made a part hereof for all purposes.

The estimated costs of the Security Project and Security Services are set forth in Attachment II hereto, which is hereby incorporated by reference and made a part hereof for all purposes.

The proposed method of assessment against facilities within the District to finance the costs of the Security Project and Security Services is set forth in Attachment III hereto, which is hereby incorporated by reference and made a part hereof for all purposes.

Any documentary evidence for, against, or on the advisability of the District's proposed Security Project and Security Services and the District's proposed assessments to finance such Security Project and Security Services should be provided to the District via its administrator, the Greater Houston Port Bureau, at 4400 Highway 225, Suite 200, Deer Park, Texas 77536 at least three (3) days before the date of the hearing so that same may be provided to the Board.

YOU WILL THEREFORE TAKE NOTICE OF THE FOREGOING.

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Secretary, Board of Directors  
Houston Ship Channel Security District

# ATTACHMENT I

## GENERAL NATURE OF SECURITY PROJECT AND SECURITY SERVICES

Includes intruder detection, incident mitigation, response and recovery, and enhanced security coverage for waterside and landside facilities along the Houston Ship Channel and the associated supply chain and support industries located within the boundaries of the Houston Ship Channel Security District.

Deliverables include: (i) increased air patrols and incident management through fuel support; (ii) increased waterside patrol and response capabilities through (a) fuel support, (b) acquisition of communications equipment to enhance incident prevention and response capabilities of the City of Houston's Port Patrol unit, (c) specialized marine firefighting and dive team training, (d) acquisition of dive equipment and expendables in connection with dive team training, (e) acquisition of an emergency generator to ensure interrupted operations of the Interagency Marine Operations Center serving the area within the District, (f) enhancement of shipboard firefighting training assets, (g) acquisition of an underwater remote operated vehicle and associated generator, and (h) acquisition of panoramic night-vision optics for low-light marine operations; (iii) increased landside patrols and incident management by virtue of fuel support; (iv) recapitalization, enhancements, expansions, upgrades, maintenance and repairs to existing wireless and fiber optic-wired communications system that features closed circuit video cameras and radar detection systems along waterways, roadways and bridges and associated monitoring center; (v) enhanced intelligence, threat detection and communications capabilities and interoperability among first responders and law enforcement partners through provision of dedicated maritime sector specific analyst positions within the State fusion center; (vi) provision of access for stakeholders to an information-sharing hub focused on enhancing awareness of physical and cyber security related threats to the Houston Ship Channel Region; and (vii) training programs to promote or aid in security within the District, including, but not limited to, programs addressing incident prevention, management and response.

## ATTACHMENT II

### ESTIMATED COSTS

The total estimated costs of the Security Project are approximately \$[3,225,013]<sup>3</sup>[3,334,852]<sup>4</sup> for infrastructure, improvements, equipment and training course materials and costs. The estimated District share of such infrastructure, improvements, equipment and materials is \$[811,537]<sup>5</sup>[921,376]<sup>6</sup>. The estimated District share of the Security Services, including operations, maintenance, upkeep, and training, is \$1,236,797. The balance of the Security Project and Security Services costs, if any, will be funded by federal grant funds or other sources, persons or agencies. The total estimated District administration costs are \$309,758.

The Security Project and the Security Services will be deliverable in a single phase, as follows:

<b>Income (\$1,000's):</b>	<b>2021-2022<sup>7</sup></b>	<b>2021-2022<sup>8</sup></b>
Assessments	\$ 2,369.0	\$ 2,369.0
Use of Surplus Funds /Carry Forward	\$ 32.5	\$ 0.0
Interest Earnings	\$ 4.8	\$ 4.8
Contract Revenue	\$ 61.7 <sup>9</sup>	\$ 61.7 <sup>10</sup>
<i>Subtotal</i>	<i>\$ 2,468.0</i>	<i>\$ 2,435.5</i>
<b>Expenses (\$1,000's):</b>		
Security Project (Equipment, Infrastructure, Improvements, and Training Materials and Programs)	\$ 921.4	\$ 811.5
Security Services (O&M)	\$ 1,236.8	\$ 1,236.8
District Administration	\$ 309.8	\$ 309.8
<i>Subtotal</i>	<i>\$ 2,468.0</i>	<i>\$ 2,358.1</i>
<b>Net (\$1,000's)</b>	<b>\$ 0.0</b>	<b>\$ 77.4</b>

<sup>3</sup> Without Video Wall

<sup>4</sup> With Video Wall

<sup>5</sup> Without Video Wall

<sup>6</sup> With Video Wall

<sup>7</sup> With Video Wall

<sup>8</sup> Without Video Wall

<sup>9</sup> Reflects funds expected to be received from the Port of Houston Authority (the "Port Authority") pursuant to a contract between the District and the Port Authority. Such funds may be used to pay any legally authorized expenses or other obligations of the District, and are not restricted to items specifically set forth in this Plan of Assessment or any other Plan of Assessment heretofore or hereafter adopted by the District.

<sup>10</sup> Reflects funds expected to be received from the Port of Houston Authority (the "Port Authority") pursuant to a contract between the District and the Port Authority. Such funds may be used to pay any legally authorized expenses or other obligations of the District, and are not restricted to items specifically set forth in this Plan of Assessment or any other Plan of Assessment heretofore or hereafter adopted by the District.



# ATTACHMENT III

## PROPOSED PLAN AND METHOD OF ASSESSMENT

The security and protection of human life, including employees, contractors and other personnel of the owners of facilities within the District, may require different methods, equipment, tactics and technology, implemented at different cost levels, than the security and protection of facility sites with direct or indirect water access from the Houston Ship Channel and/or subject to the Maritime Transportation Security Act (“MTSA”). Similarly, the costs of protection of personnel may increase disproportionately in areas of higher population concentration, while the costs of protecting such facility sites with water access may decrease disproportionately with the size of the land area. Equitable apportionment of the costs of the proposed Security Project and Security Services, taking into account these varying circumstances, requires a comparison of these factors to determine the benefits to each facility and, therefore, the proper resulting allocation of costs proportionate to the benefits to be realized. Accordingly, the proposed method and plan of assessment apportions costs to a facility based upon the greater of the costs incurred and benefits received through each approach, as follows:

## Landside Facility Assessment Table

Employees/Contract Personnel	Assessment
<40	2,000
<100	6,175
<250	10,200
<500	18,550
<1000	26,725
<1500	38,950
<2500	61,675
<3500	82,075
>3499	102,500

## MTSA/Waterside Facility Assessment Table

		Acreage							
		<10	<25	<50	<150	<500	<1000	<5000	>5000
Headcount	<40	2,000	6,175	10,200	18,550	26,725	38,950	61,675	82,075
	<100	6,175	6,175	10,200	18,550	26,725	38,950	61,675	82,075
	<250	10,200	10,200	10,200	18,550	26,725	38,950	61,675	82,075
	<500	18,550	18,550	18,550	18,550	26,725	38,950	61,675	82,075
	<1000	26,725	26,725	26,725	26,725	26,725	38,950	61,675	82,075
	<1500	38,950	38,950	38,950	38,950	38,950	38,950	61,675	82,075
	<2500	61,675	61,675	61,675	61,675	61,675	61,675	61,675	82,075
	<3500	82,075	82,075	82,075	82,075	82,075	82,075	82,075	82,075
	>3499	102,500	102,500	102,500	102,500	102,500	102,500	102,500	102,500

- Multiple facilities within the District under one ownership or holding company shall be aggregated by number of personnel and acreage by the District for purposes of assessment and/or security and collection of such assessment.
- The number of personnel associated with each facility will be determined by the District on the basis of the best and most reliable information available to the District, including information from self-reporting by owners, and other sources or estimates.
- The acreage of facility sites within the District will be determined by the District on the basis of the best and most reliable information available to the District, including information from self-reporting by owners, public records and/or the Harris County Appraisal District.
- The **Landside Facility Assessment Table** will be applied to facilities or aggregated facilities in which no portion of any of the facility or facilities are located on a site with access to the Houston Ship Channel or its navigable tributaries and waterways and/or a “facility” as defined in §70101 of MTSA. All other facilities or aggregated facilities shall be assessed per the **MTSA/Waterside Facility Assessment Table**.