



Port E-News

Public Relations Department
 Port of Galveston
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Board of Trustees of the Port of Galveston January 2005 Meeting

December 2004 Financial Results

Port of Galveston and Galveston Port Facilities Corporation Combined Income Statement	Current Month - Dec 2004	2004 Year-to-Date	2003 Year-to-date	% Change
Operating Revenue	\$1,300,234	\$14,412,968	\$14,565,384	-1.1%
Operating Expense	\$1,056,292	\$ 9,933,441	\$ 9,221,391	7.7%
Net Operating Income (Loss)	\$243,942	\$ 4,479,527	\$ 5,343,993	-16.2%
Add - Other Income	\$221,660	\$ 1,487,470	\$ 1,446,693	2.8%
Deduct - Other Expense	\$326,932	\$ 3,803,545	\$ 4,036,568	-5.8%
Net Income (Loss) After Other Income and Expense	\$138,670	\$ 2,163,452	\$ 2,754,118	-21.5%
Deduct Depreciation and Amortization	\$241,514	\$ 2,897,953	\$ 2,522,256	14.9%
Net Income (Loss) for the Period	(\$102,844)	(\$ 734,501)	\$ 231,862	-416.8%

Budget Comparison

Revenues are on budget. Operating expenses are over budget due to the high cost of contract labor in cruise operations, cost of contract security at the former Todd Shipyard property, recording insurance expense on the shipyard property from October 25th to the end of the year and Tools & Vehicles, etc. cost of shuttle service operating two parking lots. Other expenses that were over budget were Direct Sales due to December employee-relations event and timing on Advertising and Professional Services due to the payment on agreements to review dredging costs and inspect and survey Port Property.

December 2004 Tonnage Results

Description	December 2004	Year-to-Date 2004	Year-to-Date 2003	% Change
Bulk Grains	188,791	2,524,994	2,761,611	-8.6%
Bulk Fertilizer	0	123,787	44,862	175.9%
Bulk Liquid	0	206,052	237,505	-13.2%
Bulk Cement	4,398	45,309	0	100.0%
Bananas/Fruit	15,021	221,165	189,621	16.6%
General Cargo	394	12,916	21,006	-38.5%
Ro-Ro Cargo	11,079	158,551	107,970	46.9%
Containerized - P10	0	10,707	1,305	720.5%
Containerized - Other	8,191	81,295	65,204	24.7%
Total Cargo	227,874	3,384,776	3,429,084	-1.3%
Disembarking PAX*	47,759	433,045	372,988	16.1%
Embarking PAX*	48,615	434,855	373,345	16.5%
Port-of-call PAX*	0	2,076	0	100%
*PAX - Passengers				

- Cargo Increases for the month of **December 2004** compared to the month of **December 2003** - The Port experienced a **gain over December 2003** in Bulk Cement and Containerized Cargo handled outside of the Pier 10 Container Terminal. Cargo decrease occurred in Bulk Grain Export Cargo, Miscellaneous Dry Bulk Cargo (Fertilizer), Bananas and Fruit, General Cargo and Roll On/Roll Off Cargo.
- **Year-to-Date tonnages for 2004** are down 1.29% over **2003** figures. Increases were recorded in Bulk Fertilizers, Bulk Cement, Bananas and Other Fresh Fruit, Roll On/Roll Off Cargo and Containerized Cargo. Decreases were recorded in Bulk Grains, Bulk Liquids and General Cargo.

Cruise Passenger Activity:

Year-to-Date Embarkations end-December 2004 vs. 2003: Up 16.48% (61,510 Passengers)

Year-to-Date Disembarkations end-December 2004 vs. 2003: Up 16.10% (60,057 Passengers)

Year-to-Date Port-of-Call Passengers end-December 2004 vs. 2003: Up 100% (2,076 Passengers)

Additional Reports

Port Use Permit - Tariff Circular No. 6, Item No. 111

The Port User Permit Tariff Item, which was approved by the Board of Trustees in November 2003 and incorporated into the Galveston Wharves Tariff Circular No. 6 is currently being implemented. Port staff conducted an in-depth survey during April and May 2004 of commercial entities accessing Galveston Wharves' property, specifically the Texas Cruise Ship Terminal on Galveston Island®. A total of thirty-four (34) companies were identified at that time. Hotel and motel operators sending shuttle buses to the Cruise Terminal accounted for approximately 30% (10 out of 34) of the commercial

entities picking up and dropping off passengers at the Cruise Terminal Complex. Four (4) bus lines and six (6) taxi operators were also identified. There were also a number of limousine services, rental car companies and off-Port parking lot operators with commercial vehicles.

Port staff is preparing to invoice for access in October-December 2004. Port staff is also working to identify who the "unknown" users are and to notify them that they must obtain permits, and also to invoice them if possible. The outstanding issue remains regarding the invoicing of the User Fees to the hotel/motel shuttle vans that make pick-ups and drop-offs at the Cruise Terminal.

CY2004 End of Year Cruise Statistics

In 2004, average passenger numbers for all cruises with the exception of *Galaxy* (3% less) finished ahead of projections. The total number of embarking passengers for CY2004 was 434,289 or a 16% increase from CY2003.

Cruise Terminal 2 Renovations

On November 22 , 2004, a fourth amendment to the Design-Build Agreement relating to Terminal No. 2 was entered into between the Galveston Port Facilities Corporation and CH2M Hill Constructors, Inc. for \$4,261,898. This amendment was for Phase 2C-2, which included additional terminal renovation work not included in Phase 2C-1 such as electrical upgrades necessary to support the passenger loading bridge, escalator and elevator; installation of interior restrooms; Customs and Border Protection inspection areas; additional building finishes and mechanical work. Wharf work continues. All concrete and steel pipe piles have been driven and the scour repair in the vicinity of the underwater area affected by the cruise ship bow thrusters has been completed. 90% of the pier apron panels have been installed and the pier expansion should be completed by the first week of February. The water station has been completed and is being used by the cruise ships. The passenger bridge was delivered November 27. Construction of the concrete pedestals to support the loading bridge and the footings of the vertical core necessary to support the bridge has been completed. Ceiling painting has also been completed and the studs for the insulated wall panels installed. Final completion of all Terminal No.2 work is scheduled for July 1, 2005.

Perimeter Security Surveillance Camera Project (Federal Grant Project)

The bid opening for the surveillance camera project funded by Round 2 of the Federal security grants program was held on April 27, 2004. Johnson Control, Inc. was the low bidder at \$407,405. This includes the procurement, installation and integration of the cameras with the surveillance system being designed by L-3 Communications for the Port. 38 of the 40 cameras for the project have been installed. An Interim Progress Review for the project will be held on January 20. A month long intrusion vulnerability test is also scheduled to begin on January 20 to test certain detection aspects of the L-3 system. Transportation Security Lab representatives will be in attendance to observe the first phase of the test. The installation of the electrical system necessary to support the system is complete.

Relocation of Police Headquarters and Emergency Operations Center (EOC) Development (Federal Security Grant)

The Federally-funded project to build a new Port Police Headquarters and a secondary Emergency Operations Center was advertised for bid during the week of September 20. A bid opening was held October 21. All bids exceeded the grant amount provided for this project. On November 3, Port staff and the design engineer, CH2M Hill, met with the three lowest bidders to determine which elements of the bid specifications were causing the costs of the project to exceed the initial estimate. Based on the comments of the bidders, the Police Headquarters was redesigned in an attempt to get a bid within budget. The project was re-advertised on November 14 and the second bid opening held December 2. Six bids were received with the lowest bid submitted by Brazos Commercial Constructors (BCC), Inc. for \$588,000. This bid was within budget and a Notice of Acceptance was sent to BCC on December 28. The pre-construction meeting is scheduled for January 20 and work should begin by the first week of February. Final completion of the facility is estimated to be late summer 2005.

Fuel Cell Commissioning (Federal Security Grant)

The fuel cell became fully operational on January 12. There is an additional installation to the fuel cell that will ensure it does not feed into the power grid. This installation must be checked by CenterPoint after it is completed. The installation cost is \$133,961 and is payable through a Federal security grant.

Demolition of Plant No. 3 and Sections G and H at Piers 39 and 40

Demolition of Section G at Plant No. 3 is required to provide for a west end road capable of handling trucks and cargo in the west end of the Port in conjunction with the opening of the 40th Street Gate as the only entrance into the west end of the Port. Sections G and H at Piers 39 and 40 are safety hazards and should be demolished. Bids were opened on May 25. JTB Services, Inc. submitted the low bid of \$404,873. A Notice to Proceed was issued on August 19. The demolition of Plant No. 3 is 95% complete. The warehouse has been demolished and demolition on the floor at the south end has begun. This area must be cleared to accommodate the new roadway. Sections G and H of Piers 39 and 40 have been demolished and the site cleared. JTB has 180 days to complete the project.

Pier 39 and 40 Development

In addition, to the demolition of Sections G and H at Pier 39 and 40, a Request for Proposals for the demolition of the remainder of Pier 39 and 40 was issued and bids opened on August 17. Five companies submitted bids ranging from approximately \$817,000 to \$343,000 with one bid at \$198,000 that did not include a price for crushed concrete. At the August 20, 2004 Board meeting, the Board approved award of a contract to the lowest bidder, demolition only. However, since that Board meeting, the scope of the project changed, with fewer warehouses to be demolished and the possibility of the Port obtaining additional crushed material with Galveston Railroad LP paying for it. A second Request for Proposals was issued and bids received on December 7. Three bids were received ranging from \$209,266 to \$219,200 to include demolition of Pier 39 Warehouse, Sections E and F and Pier 40 Warehouse, Sections A through F. Han-Padron Associates also completed a Conceptual Planning Report that included developing Pier 39 and 40 for ro-ro cargo. Their Engineer's Estimate of Probable Construction Cost was \$17.5 million for development of this area. Of this cost approximately \$7 million was for a 120,000 square foot warehouse and \$6 million for bulkhead repairs, fendering and moorings. Port engineering staff estimates that a useable facility could be developed for this area for approximately \$1 million including demolition costs. Costs would include

repair of the pier apron as the area below the apron has washed out leaving it unsafe for any traffic. These repairs will be done in-house using some contract labor. Board of Trustees approval on any funds expenditure will be obtained.

Pier 34 Upland Development

Based on Board direction, plans to improve Pier 34 and the uplands area have been initiated to accommodate ro-ro cargo in this area. Engineering design work at Pier 34 by Goldston Engineering has resumed and a draft plan for this facility is expected by the first week of February. The Board has directed that Wallenius Wilhelmsen be back at this site by April 1, 2005. \$600,000 has been budgeted in the FY2005 Capital Improvements Budget to pave the 6.4 acres and install lighting.

Cruise Terminal Security Perimeter Improvements (Federal Security Grant)

An Invitation to Bid Proposal was advertised on November 7 and 14 and a pre-bid conference held on November 16. The project is to construct four crash proof gates at the various vehicle entrances to the cruise terminals at Pier 23, Pier 26, Pier 28 and Pier 29. This project is funded by a Federal grant. The bid opening was held December 2. Two companies submitted bids and the low bidder was Commercial Fence Co., Inc of Pasadena. Their bid was \$264,645. A pre-construction meeting was held on January 5. Work should begin in mid-February and final completion is expected by April 30, 2005.

Board of Trustees Agenda Items

- The Board of Trustees accepted the quarterly report on the Galveston Wharves Defined Benefit Pension Plan as presented by Frost Bank.
- The Board of Trustees authorized funds not to exceed \$600,000 for improvements to Pier 34 and the upland area for a Roll-On, Roll-off terminal.
- The Board of Trustees authorized a 15-day extension of current stevedore licenses to February 15, 2005.
- The Board of Trustees approved the retention of Tony Buzbee and Craig Eiland as legal counsel to handle litigation for a suit involving a customer that failed to meet the terms of their lease with the Port of Galveston.
- The Board of Trustees accepted the FY2005 Capital Expenditures Budget.
- The Board of Trustees approved the resolution providing for an increase in the amount of funds pledged to collateralize a note to the Galveston Port Facilities Corporation to finish Cruise Terminal 2 by \$2,400,000 to a total of \$12,400,000.
- The Board of Trustees approved the Concession Agreement between the Galveston Port Facilities Corporation and The Hertz Corporation for rental car counter space and a kiosk at the cruise terminals.
- The Board of Trustees approved the ratification of changes to the Galveston Wharves Tariff Circular No. 6 effective February 1, 2005 relating to fees for the use of electrical hook-ups for RVs at port-operated parking lots.
- The Board of Trustees approved the reappointment of the Chairman of the Board, the Port Director and one member of the Port's senior staff to serve as members of the Board of Directors of Port Power, Inc.

- The Board of Trustees approved the renewal of the Electric Sales Agreement with the Texas General Land Office effective February 1, 2005.
- The Board of Trustees authorized the Port Director to enter into a Maintenance Services Contract with Logan Energy for the fuel cell located at the Cruise Terminal Complex.
- The Board of Trustees approved emergency dredging at the Pelican Island Storage Terminal, Inc. to increase the depth at that facility to 28 feet along side their berth providing sufficient water depth to continue business until full maintenance dredging to 40 feet is done by the Corps and the Port in June 2005.
- The Board of Trustees approved travel for two members of the Board of Trustees to the annual Seatrade Cruise Convention in Miami provided in the FY2005 Operating Budget. Staff travel is at the discretion of the Port Director.
- The Board of Trustees had no discussion on the appointment, employment, evaluation, reassignment, or duties of a public officer or employee including without limitation the Port Director.

Next Meeting

The next regular meeting of the Board of Trustees of the Galveston Wharves is scheduled for Monday, February 28, 2005 at the main offices of the Port of Galveston located at 123 Rosenberg, 8th floor. Agendas are posted on the Port of Galveston website at www.portofgalveston.com on the Friday before the meeting on Monday.

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