



Port E-News

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Board of Trustees of the Port of Galveston March 2005 Meeting

February 2005 Financial Results:

Port of Galveston and Galveston Port Facilities Consolidated Income Statement:

***The Port reports a net income for February 2005.**

A net income was also reported for January 2005, the first time since April 2004.*

	February 2005 Actual	February 2004 Actual	February 2005 Budget
Operating Revenue	\$1,433,158	\$1,365,955	\$1,407,442
Operating Expense	867,045	705,030	946,761
Net Operating Income (Loss)	566,113	660,925	460,681
Add - Other Income	120,256	103,774	106,142
Deduct - Other Expense	310,493	319,187	304,431
Net Income (Loss) After Other Income and Expense	375,876	445,512	262,392
Deduct Depreciation and Amortization	239,142	241,021	239,142
Net Income (Loss) for the Period	\$136,734	\$204,491	\$23,250

Increased grain movements caused switching and regular and lay-dockage revenues to be over budget for the month. A decrease in import break bulk cargo caused wharfage revenues to be down for the period. Passenger charges were on budget for the month. Parking revenues were under projection, which shows that passengers continue the extensive use of busses and shuttles to reach the cruise terminals. Increased cotton storage caused rental revenues to be up for the month. Operating expenses were under budget in the area of salaries due to unfilled positions. Contract labor is over budget due to the continued operation of two parking lots and furnishing security at the Pelican Island shipyard location. Maintenance and repair expense is under budget due to timing. Professional services are under budget due to a reduction in consulting fees for cruise operations.

February 2005 Cargo Results:

Description	February 2005	February 2004	Percentage + / -
Bulk Grains	372,136	381,353	-2.42%
Bulk Fertilizer	41,709	0	1000%
Bulk Liquid	16,353	14,334	14.09%
Bulk Cement - Pier 41	4,409	0	1000%
Bananas / Fruit	14,030	14,793	5.16%
General Cargo	418	2,632	84.12%
Ro-Ro Cargo	16,138	12,640	27.67%
Containerized – Pier 10	0	1,289	-1000%
Containerized - Others	6,777	2,699	151.09%
Total Cargo	471,970	429,740	9.83%
Cargo/Lay Ships	32	31	3.23%
Cruise Ships	21	20	5%
Cargo/Lay Barges	19	2	850%
Research Vessels	17	6	183.33%
Total Calls	89	59	50.85%

Cruise Passenger Activity:

Year-to-date - February 2005 vs. February 2004 embarkation statistics - Up 46.40% from 67,154 in 2004 to 98,314 in 2005.

Year-to-date - February 2005 vs. February 2004 disembarkation statistics - Up 45.61% from 68,241 in 2004 to 99,365 in 2005.

Additional Reports:

Cruise Terminal 2 Renovations

The wharf work is complete except for the installation of a fender panel and a bull rail and the completion of punch list items. Interior terminal work continues. The pad for the vertical core area on the west end of the terminal has been poured and the elevator shaft is complete. The structural steel frame is 70% complete. The FMT passenger loading has been assembled. Operator training is scheduled for the week of April 11 in anticipation of using the loading bridge for the April 14-call of Celebrity Cruises *Galaxy*. Final completion of Cruise Terminal No. 2 work is scheduled for July 1, 2005.

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

The federally funded project to build a new Port Police Headquarters and a secondary Emergency Operations Center was awarded to Brazos Commercial Constructors Inc. This bid was within budget and a Notice of Acceptance was issued in December 2004. Site work began in late February. The footings and stem wall have been poured. Final completion of the facility is estimated by late summer 2005.

Fuel Cell Commissioning (Federal Security Grant)

The fuel cell became fully operational on January 12, 2005. 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 Energy after it is completed. The installation cost is \$133,961 and is payable through a federal security grant.

Cruise Terminal Security Perimeter Improvements (Federal Security Grant)

Four crash-proof gates are to be constructed at Pier 23, Pier 26, Pier 28 and Pier 29. This project is funded by a federal grant. Work began on March 22 and final completion is expected by April 30, 2005.

Pier 34 Upland Development

Work is being finalized at Pier 34 for the development of 6.4 acres into a terminal to handle roll-on, roll-off equipment. Funds were budgeted in the FY2005 Capital Improvements Budget to cover paving, the installation lighting and the improvements to the drainage system in the area. The work is being managed by the port's engineering staff using a mixture of contract labor and port construction & maintenance personnel.

Board of Trustees Agenda Items

- The Board of Trustees authorized the Port Director to engage The RETEC Group under the current Environmental Services Consulting Agreement to complete initial work plans for the assessment of the Leaking Petroleum Storage Tank (LPST) site at the Pier 19 Charter Area.
- The Board of Trustees authorized port staff to enter into a Concession Agreement with the Crew Connection Corporation to provide pay phones and other services at various locations on port property.
- The Board of Trustees ratified proposed changes to The Board of Trustees of the Galveston Wharves Tariff Circular No. 6, Item No. 101, effective April 1, 2005 dealing with housekeeping items pertaining to the Gulf Seaports Marine Terminal Conference.
- The Board of Trustees authorized a Feasibility Study License with Port Power Inc. to allow for inquiries, tests and studies on port property on Pelican Island.
- The Board of Trustees authorized the Vice Chairman, the Port attorney and the Port Director to engage in further discussion and negotiate an agreement with Gulf Copper and Manufacturing Corporation to bring back to the Board of Trustees at the next board meeting.
- Port staff briefed the Board of Trustees on a proposed amendment to the Promissory Note and Development Agreement and additional loan and construction documents with Carnival Corporation relating to improvements to the front of the cruise terminal complex, relocation of the Mallory Yard and construction of circulation roadways and staging areas related to cruise operations. Port staff was instructed to have further conversations with Carnival Corporation and Galveston Railroad concerning the proposed improvements. Port staff was also instructed to develop a more definitive cost estimate before further action could be taken by the Board of Trustees.
- The Board of Trustees instructed staff to write a letter to the original interested parties in the development of Pier 19/20 and if no responses are received by the next board meeting, a new Request for Interest for the development of Pier 19/20 will be issued.

Next Meeting

The next regular meeting of the Board of Trustees of the Galveston Wharves is scheduled for Monday, April 25, 2005 at the main offices of the Port of Galveston located at 123 Rosenberg, 8th floor. Agendas are scheduled to be posted on the Port of Galveston website at www.portofgalveston.com on the Friday before the meeting on Monday.

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