



Port E-News

Public Relations Department
Port of Galveston
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Board of Trustees of the Port of Galveston June 2004 Meeting

Financial Results

May financials show a *net loss* from operations of (\$168,304) which represents an *increase* over the *net loss* for the April 2004 of (\$27,521) and a *decrease* from May 2003 when the port experienced a *net profit* from operations of \$6,151.

If these net financial results were combined with the revenues generated by the Port of Galveston from port operations that are accrued to the Galveston Port Facilities Corporation (GPFC) to pay for cruise terminal improvements, the combined *net loss* from May 2004 operations would have been (\$ 35,335) compared to a *net income* of \$150,387 for April 2004.

Operating revenue for the month of May 2004, *not* including Cruise Terminal-related revenue accruing to the GPFC, was \$887,721, *down* 14.22% from April 2004 and *down* 12.48% from May 2003.

May revenues were *under* budget primarily due to decreased Lay-Dockage, Rentals, Equipment, Rentals, Revenue Producing Services and a write-down of Dockage related to Galveston Bulk Terminal. Wharfage charges were *under* budget. Dockage was *under* budget due primarily to lower than projected grain and liquid bulk exports for the month. Rail switching revenue was also *under* budget due to grain exports under projected tonnage.

Cargo Results

Total cargo for May 2004 was 346,588 short tons, 31.5% *more* than last month when cargo totaled 263,528 short tons and 77.77% *more* than the month of May 2003 total of 194,968. Total cargo year-to-date through May 2004 was 1,889,975 short tons, which is 85.26% *more* than the 1,020,172 short tons moved through the Port over the first five months of 2003.

Cruise Results

The passenger count for May 2004 was 34,667 disembarking and 35,543 embarking passengers (70,210 revenue passengers). This represents a decrease of 13.5% over April

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2004 when there were 40,805 disembarking and 40,363 embarking passengers and an increase of 6.73% over May 2003 when 32,490 passengers disembarked and 33,294 embarked on cruise ships at Galveston's cruise terminals.

Additional Reports

1,000,000th Embarking Cruise Passenger: On Sunday, May 30, 2004, the Port of Galveston welcomed the 1,000,000th cruise passenger to embark on a cruise ship since cruises commenced from the renovated Texas Cruise Ship Terminals on Galveston Island in September 2000. This was a significant milestone for the Port of Galveston and it underscores the impact that the cruise business has on the City of Galveston and the State of Texas.

Fuel Cell at Cruise Terminal No. 1: On June 16, 2004, a fuel cell was received at the Port and installed at Cruise Terminal No. 1. Current plans call for the fuel cell to be operational by the end of July.

Cruise Update: The Port of Galveston has repaid Royal Caribbean Cruises Ltd. (RCCL) for the loan given by RCCL to the Galveston Port Facilities Corporation for improvements to Cruise Terminal No. 2.

Tariff Update and Review: The Port is currently undertaking a review of Tariff Circular No. 6 to ascertain if it is appropriate at this time to include a component to allow for recovery of significantly increased security costs. While the Port has been successful in obtaining grant funding for capital infrastructure, these improvements will result in increased operating costs. Other ports are currently implementing tariff charges to offset the additional expenses incurred due to port security.

Port Security Grants: The Department of Homeland Security has opened an additional round of Port Security Grant Funding, with approximately \$49 million in funds, a significant decrease from the \$179 million funding available in Round 3. The Port of Galveston has submitted four projects for this round of funding. They include:

1. Port access control & command communications
2. Command center with video surveillance
3. Command center with CRISIS management planning
4. Long range night vision surveillance system.

Board of Trustees Agenda Items

- The Board of Trustees approved the award of a contract to demolish all of Plant No. 3 near 37th and Wharf Road and sections G & H of Pier 39 and Pier 40 warehouses and crush and stockpile the concrete from these demolitions. The low bidder was JTB Services of Houston, Texas.
- The Board of Trustees approved the lease agreement with the Shearn Moody Plaza Corporation for office space and parking for a primary term of ten years with two additional five-year renewal options.
- The Board of Trustees authorized staff to award a contract with Gahagan & Bryant Associates, Inc. for professional services for assistance with Project Cooperation Agreement (PCA) negotiations in the channel deepening project.

- The Board of Trustees deferred an agenda item concerning the lease and development of Pier 19/Pier 20 channel-front property.
- The Board of Trustees tabled an agenda item concerning the amendment and re-assignment of the lease with River Materials, L.L.C.
- The Board of Trustees approved the change orders to the construction contract with Mullen Asphalt Paving Co., Inc. of Bacliff, Texas and the budget adjustment in the FY 2004 Capital Improvement Budget to accommodate additional expenses for unforeseen conditions at the 29th Street parking lot extension.

Next Meeting

The next regular meeting of the Board of Trustees of the Galveston Wharves is scheduled for Monday, July 26, 2004 at the main offices of the Port of Galveston located at 123 Rosenberg, 8th floor.
