



## Port E-News

Public Relations Department  
Port of Galveston  
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### **Board of Trustees of the Port of Galveston July 2004 Meeting**

#### **FINANCIAL RESULTS**

Revenue generated from the operations of the Port of Galveston for the first six months of 2004 was \$6,330,716. This represents an increase of \$228,069 or 3.74% *over* revenues from operations for the first six months of last year which were \$6,102,647. Operating revenue for 2004 continues to remain ahead of last year's outstanding level when revenues were the second highest in the last ten years.

While the Port's immediate short term revenue projections show a loss, a turn around is expected in October when Port revenues will be bolstered by new crop grain movements and scheduled increased cruise business. Consolidated cruise parking operations will also be in effect at that time.

Monthly financials for June 2004 show a *net loss* of (\$214,576). However, revenues from the Port's cruise operations at Piers 25 and 27 are not included as they are accrued to the Galveston Port Facilities Corporation (GPFC) to pay for cruise terminal improvements. If the net financial results for June 2004 were combined with these net revenues generated by the Port of Galveston's cruise operations, the combined *net loss* from all June 2004 port operations would have been (\$121,422).

June revenues were down for several reasons: Switching, Dockage and Wharfage due to a lack of grain movements and fertilizer imports; Dockage and Lay Dockage due to a drop in oil-related marine activity in the area; and last, the inclusion of revenues expected from the acquisition of parking lots that has not yet taken place.

For the first six months of 2004, financials show a *net loss* of (\$136,610) compared to a net profit for the first six months of 2003 of \$60,514.

The Port of Galveston's subsidiary, the Galveston Port Facilities Corporation, is having a good year, earning a \$93,000 profit for June 2004. The 2004 six month's total for the GPFC is a profit of \$666,000 from the port's cruise operations.

Also during the first six months of FY2004, the Port has internally financed \$716,000 in capital expenditures while keeping its cash reserve position intact.

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## **CARGO RESULTS**

Total cargo for June 2004 was 272,626 short tons.

Total cargo for the first six months of 2004 increased 55.58% over the same period in 2003 as 2,162,601 tons were handled so far this year and 1,390,047 tons were handled last year.

## **CRUISE RESULTS**

The passenger count for June 2004 was 30,397 disembarking and 30,426 embarking passengers (60,823 revenue passengers).

Passenger count for the first six months of 2004 increased 18.31% over the same period in 2003 as 216,524 embarked and 216,655 disembarked so far this year as compared to 183,020 embarked and 183,120 disembarked last year.

## **Additional Reports**

**Foreign Trade Zone No. 36 Update:** The local Customs and Border Protection Director has issued a “Letter of Concurrence” to the Foreign Trade Zones Board in Washington, C.D. for final review of the proposed reorganization and expansion of Foreign Trade Zone. No. 36.

**Cruise Terminal No. 2 Renovations:** On April 6, 2004, a second amendment to the Design-Build agreement was entered into between the Galveston Port Facilities Corporation (GPFC) and CH2M Hill Constructors, Inc. for the wharf improvements at Cruise Terminal No. 2 for \$3.1 million. The improvements will be done by J. W. Kelso Company, Inc. Kelso began the wharf work during the week of May 10, 2004. The anticipated completion date for this work is November 5, 2004. On March 18, 2004, the GPFC signed an agreement with FMT of Trelleborg, Sweden, the manufacturer of the passenger loading bridge at Terminal No. 1, to design and build a mobile telescopic bridge system for Terminal No. 2 at a cost of \$1,514,000. The passenger bridge is now scheduled to be delivered and installed in October. The delayed delivery will ensure the terminal improvements necessary to accommodate the passenger loading bridge are completed. The Port’s maintenance department is taking a larger role in the redevelopment of Terminal No. 2 in order to maximize project funds.

**29<sup>th</sup> Street Parking Lot (Lot A) Expansion:** The extension of Parking Lot A located at 29<sup>th</sup> street began in February. Mullen Asphalt Paving Co., Inc. of Bacliff, Texas continues this project which is estimated for completion in August.

**Perimeter Security Surveillance Camera Project:** The bid opening for the surveillance camera project funded by Round 2 of the Federal Security Grants Program was held on April 27 as part of the new Homeland Security measures. Johnson Control, Inc. was the low bidder. This includes the procurement, installation and integration of the cameras with the surveillance system being designed for the Port by L-3 Communications. The engineering planning stage is currently in progress and the camera installation is expected in August and will take approximately 3 months. CH2M Hill is managing the installation of the electrical system necessary to support the system.

**Demolition of the Pier 35 Warehouse:** Demolition of this warehouse is complete and the rubble is being cleared, crushed and placed off-site. The crushed material will be used as a base for the relocation of rail tracks in the future.

**West End Mitigation Project/West End Security Gate:** Funded by Federal security grant funds, the gate opened on July 7, 2004 and is manned 24 hours a day, seven days a week. Early traffic counts through the gate indicate approximately 500 vehicles per day enter the gate for business on the west end of the Port. A ribbon cutting is planned for mid-August.

#### **Board of Trustees Agenda Items**

- The Board of Trustees approved the Defined Benefit Pension Plan Earnings and Assets Report presented by Frost Bank.
- The Board of Trustees approved the amendment of the River Materials, L.L.C. lease and its assignment to Agriliance LLC, a Fortune 500 company jointly owned by Land O'Lakes, Inc. and Cenex Harvest States, Inc.
- The Board of Trustees approved the Interlocal Agreement with the Port of Houston Authority for police protection, security services and detention services at the East End Container Terminal.
- The Board of Trustees approved the disposal/sale of surplus equipment.
- The Board of Trustees approved hiring temporary personnel to monitor parking areas on port property in the Pier 19/20 area.
- The Board of Trustees discussed and approved minimal attendance at the annual meeting of the American Association of Port Authorities
- The Board of Trustees authorized the contribution of \$348,879 to the Galveston Wharves Pension Trust.
- The Board of Trustees approved the Galveston Wharves Defined Benefit Pension Plan Annual Audit submitted by the accounting firm of Null-Lairson, P.C.
- The Board of Trustees approved the contract for carpet cleaning between the Galveston Port Facilities Corporation and All Care Products.
- The Board of Trustees approved a contract with Goldston Engineering for engineering services for inspection and analysis of Pier 12.
- The Board of Trustees discussed customers and potential customers interested in doing business with the Port of Galveston over the past 12 months. No action was required.
- The Board of Trustees discussed conflicts of interest by members of the Board of Trustees doing work for tenants or customers of the Port of Galveston. The Port Attorney is to make a recommendation.

#### **Next Meeting**

The next regular meeting of the Board of Trustees of the Galveston Wharves is scheduled for Monday, August 30, 2004 at the main offices of the Port of Galveston located at 123 Rosenberg, 8<sup>th</sup> floor.