



Port E-News

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 Port of Galveston
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Board of Trustees of the Port of Galveston September 2004 Meeting

AUGUST 2004 FINANCIAL RESULTS

Port of Galveston and Galveston Port Facilities Corp (GPFC)* - Combined Income Statement - August 31, 2004	POG and GPFC August Combined Actual	POG and GPFC August Combined Budget	Over (Under) Budget for August
Operating Revenue	\$1,096,268	\$1,422,608	(\$326,340)
Operating Expenses	<u>\$862,213</u>	<u>\$1,055,157</u>	<u>(\$192,944)</u>
Net Income (Loss) from Operations	\$234,055	\$367,451	(\$133,396)
Other Income	\$114,975	\$109,529	\$5,446
Other Expense	<u>\$188,012</u>	<u>\$297,970</u>	<u>(\$109,958)</u>
Net Income (Loss) After Other Income and Expense	\$161,018	\$179,010	(\$17,992)
Deduct Depreciation and Amortization	<u>\$241,514</u>	<u>\$262,688</u>	<u>(\$21,174)</u>
Net Income (Loss) for the Period	<u>(\$80,496)</u>	<u>(\$83,678)</u>	<u>\$3,182</u>

Despite reduced revenues due to slow grain movements and a delay in the acquisition of additional parking operations, **August combined financial results were on Budget.**

*The Galveston Port Facilities Corporation (GPFC) was formed pursuant to the provision of Subchapter D of Chapter 431, Texas Transportation Code and Chapter 394, Texas Local Government Code. It is organized for the purpose of aiding and assisting the Board of Trustees of the Galveston Wharves, a utility of the City, in building, constructing, purchasing, acquiring, leasing, improving, enlarging, extending, repairing, maintaining, replacing, developing, operating and leasing any and all property, improvements, and facilities under the management and control of the wharves or otherwise necessary or convenient for the proper operation of the ports or harbors of the City of Galveston.

Cargo Report	July	August	Pct. + / -	August	Pct. + / -	Y-T-D	Y-T-D	Pct.
	2004	2004	Last Mo.	2003	Last Yr.	2004	2003	YTD + /
Total Cargo	286,019	120,591	-55.46%	302,846	-60.18%	2,569,212	1,995,152	28.77%

AUGUST TONNAGE RESULTS

- **Cargo Increases for August 2004** - The Port experienced a **gain over August 2003** in Miscellaneous Dry Bulk Cargo (fertilizer), Other Bulk (Cement), Refrigerated Bananas & Fruit, Ro-Ro Cargo and Incidental Containerized Cargo handled outside of the Pier 10 Container Terminal.

The Port experienced a **gain over July 2004** in Miscellaneous Dry Bulk Cargo (fertilizer), Refrigerated Bananas & Fruit, Ro-Ro Cargo and Incidental Containerized Cargo handled outside of the Pier 10 Container Terminal.

- **Cargo Decreases from August 2003** occurred in Bulk Grain Cargo exports, Bulk Liquid Cargo, General Cargo and Containers handled at the Pier 10 Container Terminal.

CRUISE PASSENGER ACTIVITY:

Year-to-Date Embarkations end-August 2004 vs. 2003: *Up 13.31%* (33,250 Passengers)

Year-to-Date Disembarkations end-August 2004 vs. 2003: *Up 13.4%* (33,550 Passengers)

Additional Reports

New Cargo Terminal Tenant - Agriliance LLC

Agriliance LLC received its first ship following assumption of the River Materials, LLC lease in early August. The *M/V Golden Eye* arrived on August 29 and sailed on September 1 and discharged 24,242.9 short tons of urea. The company is lining up regular shipments to the terminal between 25,000 and 33,000 short tons per month. Shipments will increase following future construction of additional warehouse capacity on Pier 36 under terms of the recent lease assignment from River Materials, LLC.

Cruise Terminal Security Condition, Area Maritime Security Committee and Security Related Issues

The Port and Cruise Terminals are currently in Maritime Security (MARSEC) Condition I. The Port of Galveston Port Security Plan has entered Stage III of three stages of the Coast Guard’s review process. The Port will meet with the Coast Guard to discuss finalizing the plan.

FY2004 Projected Cruise Revenues

In 2004, average passenger numbers for all cruises are ahead of projections. Vehicle counts for *Elation* and *Celebration* were down approximately 22% and 5% respectively from the numbers projected in the budget. Vehicle counts for *Rhapsody* are on budget.

Cruise Terminal 2 Renovations

On August 16, a third amendment to the Design-Build Agreement was entered into between the Galveston Port Facilities Corporation and CH2M Hill Constructors, Inc. relating to Terminal No. 2. This amendment was for Phase 2C-1 which included terminal renovation, but is primarily associated with work on the west end of the terminal to accommodate the new passenger loading bridge and the elevator and escalator vertical core. The contract price for Phase 2C-1 is guaranteed not to exceed \$2,378,567. The anticipated completion date of this work is April 15, 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. 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. Four cameras on Cruise Terminal No. 1 were installed the week of August 30. A demonstration of the system was made on September 2 for a representative from the Transportation Security Laboratory. The camera technology is impressive and the capabilities far exceed those currently installed at the terminal.

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 handle trucks and cargo in the west end of the Port. Sections G and H at Piers 39 and 40 are safety hazards and should be demolished. A Notice to Proceed was issued on August 19. The asbestos abatement at Plant No. 3 is complete and the abatement in Sections G and H of Piers 39 and 40 is in progress. The demolition of Section D of Plant No. 3 has begun.

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. Han-Padron Associates is working on a preliminary site layout and initial cost estimates for developing this area.

Pier 34 Upland Development

Port representatives have initiated discussions with Del Monte concerning the development of refrigerated facilities and truck and container staging at Pier 34 and the uplands area. The Port's Port Planning Consultant, Han-Padron Associates, has developed some preliminary site layouts and initial cost estimates for this project.

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

The Federally-funded project to build a new Port Police Headquarters and a secondary Emergency Operations Center is being advertised for bid during the week of September 20. A floor plan that is estimated to be within budget has been agreed upon by Port staff in consultation with the design engineers at CH2M Hill, Inc. Bid opening is scheduled for mid-October. Final completion of the facility is estimated to be March 25, 2005.

Board of Trustees Agenda Items

- The Board of Trustees approved a motion to allow for consultation with an attorney to move forward with enforcement of the conditions of the Lease Agreement between the Port of Galveston and C-Port Galveston, L.P.
- The Board of Trustees voted to defer action on the Newpark Shipbuilding – Pelican Island, Inc. lease.
- The Board of Trustees approved the amendments to the FY2004 Operating Budget with an amendment to include an additional amount of \$50,000 for Professional Services.
- The Board of Trustees voted to accept the Port Security Grant funds awarded in Round 4 in the amount of \$1,071,000 for the installation of a multi-faceted ID card access control system and a vehicle license plate recognition system. The grant was 100% fully funded and no matching funds are required.

Note: All funds received from the Port Security Grant Program are mandated for security projects ONLY and cannot be used for operations of the Port of Galveston or for development projects.

- The Board of Trustees authorized port staff to advertise, receive bids and allow for the disposal/sale of the Cantilever Drill Deck and associated structures and fittings presently located at Pier 34.
- The Board of Trustees approved an option agreement with BP Energy Company for the development of a Liquid Natural Gas (LNG) facility on the north side of Pelican Island.

Next Meeting

The next regular meeting of the Board of Trustees of the Galveston Wharves is scheduled for Monday, October 25, 2004 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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