



Port E-News

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

SEPTEMBER 2004 FINANCIAL RESULTS

Port of Galveston and GPFC Combined Income Statement September 30, 2004

	POG and GPFC September Combined Actual	POG and GPFC September Combined Budget	Over (Under) Budget for September
Operating Revenue	\$988,374	\$1,463,650	(\$475,276)
Operating Expenses	<u>\$867,378</u>	<u>\$950,412</u>	<u>(\$83,034)</u>
Net Income (Loss) from Operations	\$120,996	\$513,238	(\$392,242)
Other Income	\$115,014	\$112,529	\$2,485
Other Expense	<u>\$325,526</u>	<u>\$336,746</u>	<u>(\$11,220)</u>
Net Income (Loss) After Other Income and Expense	(\$89,516)	\$289,021	(\$378,537)
Deduct Depreciation and Amortization	<u>\$241,514</u>	<u>\$262,688</u>	<u>(\$21,174)</u>
Net Income (Loss) for the Period	<u>(\$331,030)</u>	<u>\$26,333</u>	<u>(\$357,363)</u>

Reduced revenues due to slow grain movements, lack of activity in offshore exploration, reduced area for cotton storage and overstating passenger revenues from Carnival resulted in a significant variance from budgeted revenues for the month.

*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	August	September	Pct. + / -	September	Pct. + / -	Y-T-D	Y-T-D	Pct.
	2004	2004	Last Mo.	2003	Last Yr.	2004	2003	YTD + / -
Total Cargo	120,958	101,139	-16.38%	437,060	-76.86%	2,670,718	2,432,212	9.81%

SEPTEMBER TONNAGE RESULTS

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

The Port experienced a **gain over August 2004** in Bulk Grain Export Cargo, Bulk Liquid Cargo, Other Bulk (Cement) and General Cargo.

- **Cargo Decreases from September 2003** occurred in Bulk Grain Export Cargo (-345,388 Short Tons), General Cargo, Ro-Ro Cargo and Containers handled at the Pier 10 Container Terminal.

CRUISE PASSENGER ACTIVITY:

Year-to-Date Embarkations end-September 2004 vs. 2003: *Up* 12.45% (34,484 Passengers)

Year-to-Date Debarkations end-September 2004 vs. 2003: *Up* 12.92% (35,905 Passengers)

Additional Reports

Port Receives National Award

The Port of Galveston Cruise Terminal Development Project received National Council for Public-Private Partnerships 2004 Infrastructure Award in recognition of the Port of Galveston, CH2M HILL, Royal Caribbean International and Carnival Cruise Lines use of a public-private partnership approach to stimulate the local economy and tax base by expanding cruise operations and redeveloping existing port facilities. This was the first time that a Public-Private partnership was used for a port project in Texas, and the first time that the Port of Galveston used design-build project delivery.

New Bulk Cargo Terminal Tenant - Agriliance LLC

Agriliance LLC received its first ship on August 29 with 24,243 short tons of urea. The company is currently scheduling regular shipments to the terminal, between 25,000 and 33,000 short tons per month, which 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 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 is primarily related to work on the west end of the terminal to accommodate the new passenger loading bridge and the elevator and escalator vertical core. The anticipated completion date of this work is April 15, 2005.

The failing bulkhead at Terminal 2 has been stabilized by the installation of concrete pile caps in the western section of the unfinished wharf and additional bracing. In order to maximize project funds, the Construction and Maintenance Department will be completing other projects supporting the terminal renovation.

Perimeter Security Surveillance Camera Project (Federal Grant Project)

This project includes the procurement, installation and integration of the cameras with the surveillance system being designed by L-3 Communications for the Port. Cameras at Cruise Terminal No. 1 were installed the week of August 30. Camera installation for the east end of the Port has started. Installation is approximately one week behind schedule due to delays in receiving equipment. The majority of the perimeter security cameras for the Port should be installed by the end of October. An intrusion vulnerability test is scheduled for December to test certain detection aspects of the L-3 system.

Demolition of the Pier 35 Warehouse

The bid opening for this project was on July 31, 2003. The low bid was \$49,900 by JTB Services, Inc. The Board awarded the contract to JTB Services, Inc. at the August 2003 meeting. Demolition of the warehouse is complete, the crushed concrete is cleared and the old footings and walls are concrete grouted. The job is complete. This will be the last report for this item.

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. Further engineering design work at Pier 34 by Goldston Engineering has been put on hold pending a final determination of usage for this site.

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

Bids for this project 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 second floor and 50% of the first floor of Plant 3 have been demolished. Asbestos abatement in Sections G and H of Piers 39 and 40 has been completed.

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. Wallenius Wilhelmsen has indicated to Port staff that they would need sections B and C of Pier 39 as warehouse space and also the development of an additional large clear span warehouse at Pier 40 in order to satisfy their immediate requirements. Galveston Railroad, L.P. (GRLP) has expressed an interest in obtaining the crushed concrete from the demolition to be used as ballast for their tracks. 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 has changed with less warehouses to be demolished and the possibility of the Port obtaining additional crushed with GRLP paying for it. Han-Padron Associates is also working on a preliminary site

layout and initial cost estimates for developing this area. The pier apron in this area must be repaired, as the area below the apron has been washed out leaving it unsafe for any traffic. These repairs will be done in house using some contract labor. However, Capital Improvement funds budgeted for the development of the Pier 34 area could be reprogrammed to offset the costs of the apron repair.

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 was 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 was October 21. Final completion of the facility is estimated to be March 25, 2005.

Fuel Cell Commissioning

The fuel cell was received with damage to the cooling coils. The Port's electrician was able to repair these coils after an initial inspection by outside contractors indicated the coils were not repairable and a replacement would cost between \$9,000 and \$15,000. The contractor is on site conducting maintenance and preparing the unit for a November 18 commissioning. CH2M Hill is managing the installation of the fuel cell. The installation cost is \$133,961 and is payable through a Federal security grant.

Board of Trustees Agenda Items

- The Board of Trustees agreed to revisit the assumptions of the Wharves Defined Benefit Pension Plan.
- The Board of Trustees approved the ratification of the proposed changes to the Board of Trustees of the Galveston Wharves Tariff Circular No. 6, effective November 1, 2004. One change increases the Passenger Service Charge for ships not having a negotiated operating agreement from \$4.25 to \$4.60 for each embarkation and disembarkation and from \$4.00 to \$4.33 for passengers in transit. Additionally, changes to the tariff have been made to reflect charges for the use of covered parking spaces in the Port's cruise parking lots. An additional charge of \$10.00 will be assessed for each vehicle using covered parking on four, five and seven-day cruises. A charge of \$15.00 will be added to the total daily parking rate for each vehicle parking on cruises in excess of nine days. A final amendment to the tariff changes daily parking rates for non-passenger vehicle parking on Galveston Wharves' property from \$5.00 per day to \$8.00 per day, and from \$25.00 per week for vessel crew and cruise ship staff to \$35.00 per week.
- The Board of Trustees approved a month to month lease arrangement with Suderman Contracting Stevedores, Inc. until a lease analysis is complete.
- The Board of Trustees approved a short-term lease arrangement with Marine Spill Response Corporation (MSRC) based on existing tariff rates until a lease analysis is complete.
- The Board of Trustees ratified the renewal of the Liability Insurance Program at a total premium not to exceed \$395,000 for the period October 1, 2004 to October 1, 2005.

- The Board of Trustees authorized the staff to instruct Lloyd Engineering to proceed with the Condition Inspection and Asset Evaluation of the First Wave-New/Park Shipyard for a sum not to exceed \$50,000.
- The Board of Trustees ratified the ADM Grain Co. Elevator Tariff No. 1. The first change reflects the acquisition of the Farmland Industries, Inc. interest in the elevator, the assumption of the lease with the Galveston Wharves and the resulting name change of the grain export terminal to ADM Grain Co. The second major change is the consolidation of the ADM Grain Company's operations on the Texas Gulf Coast into one tariff.
- The Board of Trustees approved a settlement with Newpark Shipbuilding-Pelican Island, Inc. effective 10-25-04 subject to the payment of outstanding rent charges.

Next Meeting

The next regular meeting of the Board of Trustees of the Galveston Wharves is scheduled for Monday, November 22, 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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