



Port E-News

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

November 2004 Financial and Tonnage Results

Port of Galveston and GPFC Combined Income Statement November 30, 2004	POG GPFC November Combined Actual	POG GPFC November Combined Budget	Over (Under) Budget for October
Operating Revenue	\$1,223,078	\$1,391,214	(\$168,136)
Operating Expenses	\$923,268	\$936,348	(\$13,080)
Net Income (Loss) from Operations	\$299,810	\$454,866	(\$155,056)
Other Income	\$123,689	\$112,529	\$11,160
Other Expense	\$325,531	\$336,746	(\$11,215)
Net Income (Loss) After Other Income and Expense	\$97,968	\$230,649	(\$132,681)
Deduct Depreciation and Amortization	\$241,514	\$262,688	(\$21,174)
Net Income (Loss) for the Period	(\$143,546)	(\$32,039)	(\$111,507)

Cargo Report	October	November	Pct. +/-	November	Pct. +/-	Y-T-D	Y-T-D	Pct.
	2004	2004	Last Mo.	2003	Last Yr.	2004	2003	YTD +/-
Total Cargo	221,120	265,383	+20.00%	447,406	-40.68%	3,156,902	3,112,970	+1.41%

- ❑ **Cargo Increases for November 2004** - The Port experienced a **gain over November 2003** in Miscellaneous Dry Bulk Cargo (Fertilizer), Other Bulk (Cement), Ro-Ro Cargo and Incidental Containerized Cargo handled outside of the Pier 10 Container Terminal.
- ❑ The Port experienced a **gain over October 2004** in Miscellaneous Dry Bulk Cargo (Fertilizer), Liquid Bulk Cargo, Ro-Ro Cargo and Containers handled at the Pier 10 Container Terminal (Del Monte).
- ❑ **Cargo Decreases from November 2003** occurred in Bulk Grain Export Cargo (down by 210,306 Short Tons), Bulk Liquid Cargo, Refrigerated Cargo - Bananas and Fruit and General Cargo.

Cruise Passenger Activity:

Year-to-Date Embarkations end-November 2004 vs. 2003: Up 13.74% (46,671 Passengers)

Year-to-Date Disembarkations end-November 2004 vs. 2003: Up 13.32% (45,283 Passengers)

Year-to-Date Port-of-Call Passengers end-November 2004 vs. 2003: Up 100% (2,076 Passengers)

Additional Reports

Port Use Permit - Tariff Circular No. 6, Item No. 111

The Port User Permit Tariff Item, which was approved by the Board of Trustees in November 2003 and incorporated into the Galveston Wharves Tariff Circular No. 6, is currently being implemented. Port staff conducted an in-depth survey during April and May 2004 of commercial entities accessing Galveston Wharves' property, specifically the Texas Cruise Ship Terminal on Galveston Island®. A total of thirty-four (34) companies were identified at that time. Hotel and Motel operators sending shuttle buses to the Cruise Terminal accounted for approximately 30% (10 out of 34) of the commercial entities picking up and dropping off passengers at the Cruise Terminal Complex. Four (4) bus lines and six (6) taxi operators were also identified. There were also a number of limousine services, rental car companies and off-Port parking lot operators with commercial vehicles. Port staff is preparing to invoice for the Port access in October 2004.

Foreign-Trade Zone No. 36 - Update

Port staff scheduled an Informational/Education Briefing on September 29, 2004 outlining operational procedures and general information about the Foreign-Trade Zone program. Invitations were extended to Port tenants and prospective FTZ users. Representatives from Wallenius Wilhelmsen Line, Southern Warehousing Co., Deepsea Flexibles, Inc. and Galveston Economic Development Partnership (GEDP) attended the briefing. The Information Briefing was conducted by BYL International, which has been providing FTZ consulting services to the Port.

Port staff is currently revising the Zone Schedule for FTZ No. 36 (Rules, Regulations and User Fees) to reflect the changes authorized in the expansion and reorganization of FTZ

No. 36 approved by the Foreign-Trade Zones Board (FTZB) on August 27, 2004. The Annual Report has been submitted by Port Staff to the Foreign-Trade Zones Board in Washington, D.C., which is required by law.

Port staff met separately with the manager of Scholes International Airport to discuss the airport site that is now included in FTZ No. 36. Joint marketing with the airport was discussed.

Cruise Terminal 2 Renovations

The wharf work adjacent to the passenger loading area and behind the existing pier has been completed. All the concrete piles except two have been driven. The water station has been completed and is being used by the cruise ships. The passenger bridge was delivered November 27. Construction to accommodate the loading bridge and the vertical core necessary to support the bridge is in progress. Interior painting has begun and the studs for the insulated wall panels have been installed. At the November Board meeting, the Board approved the modification of the bridge loan from Southwest Bank of Texas to the Galveston Port Facilities Corporation for construction of improvements at Cruise Terminal No. 2 not to exceed \$14.5 million. The remaining building renovations include the restrooms and the Customs area development, electrical upgrades and other interior finishes. Final completion of all Terminal No. 2 work is scheduled for July 2005.

Perimeter Security Surveillance Camera Project (Federal Grant Project)

All cameras are installed with the exception of those at Pier 36 and 37. The electrical work is complete. Completion of the system is expected by the end of December. An intrusion vulnerability test is scheduled for January to test certain detection aspects of the L-3 Communications system. An Interim Progress Review for the project was held on December 14. In attendance was the Technical Director for the Transportation Security Laboratory. Follow-on phases for the project were discussed. L-3 conducted a demonstration of the installed system.

Pier 34 Upland Development

Based on Board direction, plans to improve Pier 34 and the uplands area have been initiated to accommodate Ro-Ro cargo in this area. Engineering design work at Pier 34 by Goldston Engineering has resumed and a draft plan for this facility is expected by the first week of January. A reprogramming request to fund these improvements was presented to the Board at the December meeting. It is estimated that \$600,000 will be needed to pave the 6.4 acres and install lighting.

Cruise Terminal Security Perimeter Improvements (Federal Security Grant)

On December 14, a construction contract was awarded to Commercial Fence Co., Inc. for \$276,255 for Cruise Terminal Security Enhancements, specifically improvements to perimeter security. The project is to construct four crash proof gates at the various vehicle entrances to the cruise terminals. This project will be funded by a Federal grant. Construction should begin in January and final completion is expected by April 30, 2005.

Pier 39 and 40 Development

A second Request for Proposals for the demolition of Sections G and H at Piers 30 and 40 was issued and bids received on December 7. These bids are currently being evaluated. Han-Padron Associates is working on a preliminary site layout and initial cost estimates

for developing this area. Additionally, the pier apron in this area must be repaired as the area below the apron has washed out leaving it unsafe for any traffic. These repairs will be done in-house using some contract labor. Board of Trustees approval on any funds expenditure will be obtained.

Fuel Cell Commissioning

The fuel cell was operational the week of November 28. However, there are minor problems with the fuel cell and it was shut down until the parts were procured. The repairs were made the week of December 20 and the system restarted. CH2M Hill is managing the installation of the fuel cell. The installation cost is payable through a Federal security grant.

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 bid opening was held October 21. Six bids were submitted ranging from \$774,000 to \$1,182,730. All bids exceeded the grant amount provided for this project. On November 3, Port staff and the design engineer, CH2M Hill, met with the three lowest bidders to determine which elements of the bid specifications were causing the costs of the project to exceed the initial estimate. Based on the comments of the bidders, the Police Headquarters was redesigned in an attempt to get a bid within budget. The project was re-advertised on November 14 and the second bid opening held December 2. A review of the bid packages is being conducted and there are bids that appear to be within budget. Award is expected by the end of the year. Final completion of the facility is estimated to be April 30, 2005.

Board of Trustees Agenda Items

- The Board of Trustees approved all items on the Consent Agenda upon recommendation from the Finance Committee.
- The Board of Trustees approved the FY2005 Combined Operating, Renewal and Replacement and Capital Expenditure Budgets.
- The Board of Trustees deferred action on the improvements to Pier 34 and the upland area.
- The Board of Trustees approved changes to the Galveston Wharves Tariff Circular No. 6 regarding Port Security Surcharges effective April 1, 2005.
- The Board of Trustees approved changes to the Galveston to the Galveston Wharves Tariff Circular No. 6 regarding new charges for the use of parking spaces in Port of Galveston Cruise Parking Lots.
- The Board of Trustees authorized staff to renew stevedore licenses for those in compliance, to grant a provisional license until January 31, 2005 and issue a 30-day license to those not in compliance, and to send letters to customers to encourage their stevedore to adhere to the rules and regulations of the Galveston Wharves and its tariff.
- Port staff withdrew Agenda Item F-6 – Discuss and Consider Proposal for Pelican Island Shipyard Property and Authorize Execution of Appropriate Agreements.

- The Board of Trustees deferred Agenda Item F-7 to give staff time to negotiate a settlement within 30 days.
- The Board of Trustees approved a Third Amendment to the Berthing Agreement with Riverbarge Excursions Lines, Inc. for a period of one year beginning January 1, 2005 and ending December 31, 2005 with an option to extend an additional year from January 1, 2006 to December 31, 2006.

Next Meeting

The next regular meeting of the Board of Trustees of the Galveston Wharves is scheduled for Monday, January 24, 2005 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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