

Port E-News

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Port of Galveston
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Port Director's Report February 2004 Meeting Board of Trustees of the Port of Galveston

Year-to-Date Financial Results

January financials showed a *net income* of \$91,156, a substantial increase over the projected net profit for the month of almost \$51,000.

If these net financial results were combined with the finances from port operations that are accrued to the Galveston Port Facilities Corporation (GPFC) to pay for cruise terminal improvements, the combined *net income* from January 2004 operations would have been \$114,220.

Operating revenue for the month of January 2004, *not* including Cruise Terminal-related revenue accruing to the GPFC, was \$1,163,712, *up* 7.31% from December 2003 and *up* 20.27% from January 2003.

January revenues were greater than budgeted-revenues due to increased grain exports, increased revenues from cruise passenger fees, a favorable timing difference in cruise terminal expenses vs. revenues, and additional port areas leased for cotton storage. These favorable variances offset reduced projected-revenues from wharfage for breakbulk and dry bulk imports and a drop in cruise parking revenues.

Year-to-Date Cargo Results

Total cargo for January 2004 was 449,221 short tons or 213.81% more than the month of January 2003 and 41.19% more than December 2003.

Year-to-Date Cruise Results

The passenger count for January 2004 was 34,360 disembarking and 33,285 embarking passengers (67,645 revenue passengers). This represents a slight decrease from January 2003 when 35,265 passengers disembarked and 32,689 embarked from cruise ships at Galveston's cruise terminals. The January 2004 figure was 1.79% *above* the passenger count for December 2003.

Additional Reports

Demolition and Cleanup of Elevator B: Cleanup work continues on schedule from the demolition of Grain Elevator B by JTB Services. The \$1.8 million project is scheduled for completion by the end of March 2004. The Port is using the recycled crushed concrete from the demolition to provide the fill needed at the demolition site and at other locations on Port property. Approximately 99% of the material will be recycled, rather than being placed in a landfill.

Demolition of Pier 35: The demolition of the Pier 35 warehouse began in the last week of February. It is expected to be completed by April 2004. The concrete rubble will be combined with the rubble from Elevator B, crushed and used by the Port at other sites.

West End Gate and Security Improvements: This project is being funded by grants from the Federal Government. The site has been graded, rail crossing-improvements installed and concrete roadway poured. The project is scheduled to be completed by the end of March, 2004.

Board of Trustees Agenda Items

- The Board of Trustees approved the extension of Stevedores Licenses for seven of the eight companies that applied for license renewal. Staff will meet with the eighth stevedore company to request that required information be provided.
- The Board of Trustees denied the Third Amendment to the Option Agreement with MBP Corporation on the Pier 19/20 channel front development area.
- The Board of Trustees approved an amendment to the Human Resources Policy Manual of the Port of Galveston, clarifying Overtime Rules for non-exempt employees and adding compensatory leave for exempt employees.
- The Board of Trustees approved an extension of the contract with J.W. Kelso Construction for improvements to the West End Mitigation Project.
- The Board of Trustees approved a contract for the purchase of four marine fenders for Cruise Terminal No. 2 as part of the Phase 2 Renovation Plans.
- The Board of Trustees authorized the execution of the Asset Purchase and Pledge Agreement, the Security Agreement and other transaction-documents relating to the purchase of the leasehold interest and improvements for Cruise Terminal No. 2, and approved the loan from the Southwest Bank of Texas to the Galveston Port Facilities Corporation (GPFC) to refinance the outstanding balance of the GPFC's note payable to Royal Caribbean and to provide funds for the construction of Phase 2 improvements at Cruise Terminal No. 2
- The Board of Trustees adopted a Resolution approving the adoption of an ordinance authorizing the issuance of City of Galveston, Texas Wharves and Terminal Revenue Refunding Bonds, Series 2004A and City of Galveston, Texas Wharves and Terminal Revenue Refunding Bonds, Series 2004B. These refunding bonds do not provide new funds or add to the total indebtedness of the Port of Galveston; these bonds reduce the annual debt service payments of the Port of Galveston.
- The Board of Trustees approved solicitation of and award of a professional services contract for terminal development to assist staff in the redevelopment of port facilities.

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