



Port E-News

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

Year-to-Date Financial Results

March financials show a *net income* of \$1,289 which represents a decrease over the net profit for the February 2004 of \$180,947 and a decrease from March 2003 when the port experienced a net income of \$3,044, but was \$88,645 *over* the projected loss of \$87,356 for the month.

If these net financial results were combined with the revenues generated from port operations that are accrued to the Galveston Port Facilities Corporation (GPFC) to pay for cruise terminal improvements, the combined *net income* from March 2004 operations would have been \$218,528 compared to a *net income* of \$204,107 for February 2004.

Operating revenue for the month of March 2004, *not* including Cruise Terminal-related revenue accruing to the GPFC, was \$1,138,005, *down* 7.41% from February 2004 and *up* 14.4% from March 2003.

March revenues were over budget primarily due to increased dockage, passenger service charges, rentals, and parking fees. Wharfage charges were under budget due primarily to lower than projected dry and liquid bulk imports and exports for the month. Lay dockage was also under budget.

Year-to-Date Cargo Results

Total cargo for March 2004 was 395,563 short tons, less than last month when cargo totaled 429,740 short tons and 71.05% more than the month of March 2003. Total cargo for the first quarter of 2004 was 1,274,524 short tons, which is 129.25% more than the 555,961 short tons moved through the Port over the first quarter of 2003.

Year-to-Date Cruise Results

The passenger count for March 2004 was 42,545 disembarking and 43,038 embarking passengers (85,583 revenue passengers). This represents an increase of 26.32% over February 2004 when there were 33,881 embarking and 33,869 disembarking passengers

and an increase of 51.3% over March 2003 when 28,407 passengers disembarked and 28,156 embarked on cruise ships at Galveston's cruise terminals.

Additional Reports

Cruise Terminal Security Condition: The Port and cruise terminals are currently in Maritime Security Condition I. The Port of Galveston Port Security Plan has entered Stage II of three stages of the Coast Guard's review process. The requirement from the Maritime Security Act of 2002 is to have the Port Security Plan approved and in place by July 1, 2004. The Port's Facility Security Officer is working closely with Port tenants to ensure they understand the Plan's requirements and have provided input to their particular section of the Port's plan.

Cruise Terminal No. 2 Renovations: \$7 million will be invested in Cruise Terminal No. 2 - Phase 2 renovations. CH2M Hill Constructors, Inc. planned and designed the renovations and J.W. Kelso Company, Inc. will make the improvements. On March 18, 2004, the Port signed an agreement with FMT of Trelleborg, Sweden to design and build a mobile telescopic passenger bridge system for Terminal 2. The completion is scheduled in the last quarter of the year.

29th Street Parking Lot Expansion: Work on the extension of the 29th Street Parking Lot began on February 19, 2004. Additional drains have been added to the original specifications to provide better drainage on Old Port Industrial Road. The completion date is projected for mid-July.

Demolition of Elevator B: Demolition of Elevator B began on June 17, 2003. Project cost is \$1.8 million. The site is cleared and graded with the exception of the rail car dump. Concrete from this demolition site will continue to be crushed at Pier 34 through the summer.

Demolition of Pier 35: The demolition of the Pier 35 warehouse is 40% complete and should be completed by the first week of May. 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 project deadline was extended and is scheduled to be completed by the end of May, 2004. Upon completion, the west end of the Port of Galveston will be fenced, lighted and secured to meet new guidelines of the Federal Government.

Board of Trustees Agenda Items

- The Board of Trustees approved the Annual Audit as submitted by the accounting firm of Null-Lairson, P.C. containing an unqualified opinion and financial statements that show a positive change in Net Assets of \$231,862, total assets of \$102,887,483, the Federal Single Audit Report, the Status of Prior Findings, and the Corrective Action Plan.
- The Board of Trustees approved taking bids for maintenance dredging for several docks and slips. The last maintenance dredging was completed in April 2003.

- The Board of Trustees approved the extension of the contract with J.W. Kelso Company, Inc. for security improvements to the west end of the Port. The approved project was for a west end security checkpoint including a guard house and restroom, improved lighting, camera coverage and perimeter fencing along the southern and western boundary of the Port from Pier 29 through Pier 41. The project will be funded through grant money from the Federal government and the Transportation Security Administration has granted an extension on completion of this project until May 31, 2004.
- The Board of Trustees disapproved an expenditure for a video production with Pat Summerall Productions.
- The Board of Trustees ratified the increases of dockage charges in Galveston Wharves Tariff Circular No. 6. Dockage rates for the Port of Galveston have not increased since November 2001 and the Ports of Houston, Beaumont, Port Arthur and other ports have already instituted these increases for 2004. Additionally barge dockage rates for inland barges are not competitive with those rates charges by terminals that compete for cargo with the Port of Galveston.
- The Board of Trustees approved a month-to-month lease agreement with Laredo Construction for property on Pelican Island known as “Old Navy Dock.”

Next Meeting

The next regular meeting of the Board of Trustees of the Galveston Wharves is scheduled for Monday, May 24, 2004 at the main offices of the Port of Galveston located at 123 Rosenberg, 8th floor.

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