

# Port E-News

Public Relations Department  
Port of Galveston  
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August 9, 2005

## Board of Trustees of the Port of Galveston July 2005 Meeting

### June 2005 Financial Results:

Port of Galveston and Galveston Port Facilities Corporation Consolidated Income Statement:

	June 2005 Actual	June 2004 Actual	Year-to-Date 2005
Operating Revenue	\$1,259,522	\$ 1,088,532	\$8,365,099
Operating Expense	\$ 846,222	\$ 794,596	\$5,339,011
<b>Net Operating Income (Loss)</b>	<b>\$ 413,300</b>	<b>\$ 293,936</b>	<b>\$3,026,088</b>
Security Cost Recovery	\$ 22,444	\$0	\$ 79,790
Add - Other Income	\$ 121,921	\$ 110,993	\$ 783,234
Deduct - Other Expense	\$ 288,472	\$ 284,837	\$1,754,993
<b>Net Income (Loss) After Other Income and Expense</b>	<b>\$ 269,193</b>	<b>\$ 120,092</b>	<b>\$2,134,119</b>
Deduct Depreciation and Amortization	\$ 239,142	\$ 241,514	\$1,434,850
<b>Net Income (Loss) for the Period</b>	<b>\$ 30,051</b>	<b>(\$121,422)</b>	<b>\$ 699,269</b>

Revenues were over Budget for June primarily due to additional passenger charges and parking fees generated by the Port's cruise business. For the month of June, switching was under budget due to a lack of grain movements; passenger charges were up due to strong summer passenger traffic; dockage was under budget due to lack of activity at ADM's grain elevator; and lay dockage was over budget due to ships stopping over for topside repairs and layovers. Revenue producing services are over budget due to increased water usage by the cruise lines. Parking fees are up due to the strong "drive-to" summer market. Expenses were slightly under budget in total. Salaries and related expenses, and maintenance and repairs were on budget. In Other Operating Expenses, utilities were over budget due to customer usage. Total Office and Sales Expense were under budget due to timing differences. Other income and Expenses were over budget due to lower than projected Security Cost Recovery billing on cargoes, deferring the results of Access Charge Recovery until the invoicing system is refined and expensing interest on construction advances in the Port Facilities Corporation.

### **June 2005 Cargo Results:**

Description	June 2005	June 2004	%	Year-to-date 2005	Year-to-date 2004	%
<b>Bulk Grains</b>	148,025	208,039	-28.85%	1,248,172	1,740,101	-28.27%
<b>Bulk Fertilizer</b>	0	0	0.0%	95,010	47,674	99.29%
<b>Bulk Liquid</b>	26,629	14,659	81.66%	57,394	113,214	-49.30%
<b>Bulk Cement - Pier 41</b>	3,798	0	100%	29,499	0	100%
<b>Bananas / Fruit</b>	16,566	17,920	-7.56%	112,001	116,011	-3.46%
<b>General Cargo</b>	392	2,192	-82.12%	3,634	9,714	-62.59%
<b>Ro-Ro Cargo</b>	19,468	16,934	14.96%	106,996	78,827	35.74%
<b>Containerized – Pier 10</b>	655	0	100%	1,397	9,526	-85.33%
<b>Containerized - Others</b>	2,502	6,961	-64.06%	29,446	34,260	-14.05%
<b>Total Cargo</b>	218,035	266,705	-18.25%	1,683,549	2,149,327	-29.56%
<b>Disembarking PAX</b>	34,667	30,397	14.05%	271,250	216,655	25.20%
<b>Embarking PAX</b>	34,623	30,426	13.79%	270,238	216,524	24.81%
<b>Cargo/Lay Ships</b>	28	24	16.66%	176	175	.57%
<b>Cruise Ships</b>	14	14	0%	120	113	6.19%
<b>Cargo/Lay Barges</b>	11	1	1000%	95	34	179.41%
<b>Research Vessels</b>	15	8	87.50%	85	64	32.81%
<b>Total Calls</b>	68	47	44.68%	476	386	23.32%

Definitions:

PAX - Passenger

**Additional Reports:**

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

On July 9, in response to events in London, the U.S. Coast Guard set Maritime Security Condition (MARSEC) 2 for certain Passenger Ferries. Locally the Coast Guard set conditions to support appropriate facility and vessel security measures. The Port of Galveston responded accordingly and upgraded-security conditions at the cruise terminals remain in effect.

*Galveston Channel and Port Maintenance Dredging*

The bid opening for the Port of Galveston Harbor Maintenance Dredging contract was held on June 27, 2005, concurrently with a Corps of Engineers bid opening for the Galveston Channel maintenance dredging. The low bidder on the Port contract was Kingfisher Marine Services, LP. The low bidder on the Corps contract was Mike Hooks, Inc. A timing concern exists for the actual dredging. Alternatives to expedite the dredging at the two Port of Galveston areas are being examined with the Corps and the two different contractors.

*Agriliance LLC - Construction of New Bulk Storage Warehouse on Pier 36*

The former Imperial Sugar warehouse facility was leased to Agriliance LLC on August 3, 2004. As part of the lease assumption agreement, the company agreed to invest at least \$6 million in new facilities and upgrades to the existing facilities. A new bulk materials storage warehouse at Pier 36 is part of the new improvements to be constructed by Agriliance. Upon completion, the warehouse will be an 89,600 sq. ft. dry bulk, fertilizer warehouse with 50,000 ton storage capacity. The facility will be able to receive 1,200 short

tons of product per hour from vessels at the pier and to load product to rail cars at a rate of 800 short tons per hour.

### ***Cruise Passenger Milestones***

The 1,500,000<sup>th</sup> passenger boarded a cruise ship in Galveston with the June 9 sailing of Carnival's *Ecstasy*. The Cruise Industry Trade News reported that..."The feat is even more impressive when you consider that they just reached their millionth passenger on May 30, 2004." Cruise growth has helped move Galveston from number nine in the list of Top Twenty Ports compiled by the U.S. Maritime Administration in 2003 to number seven in 2004.

### ***Special Recognition***

The Board of Trustees recognized Andrew L. Laws, Sr. for his dedication and six years of service to the Board and the Port of Galveston.

### **Board of Trustees Agenda Items**

- The Board of Trustees of the Galveston Wharves accepted the Defined Benefit Pension Plan Earnings and Assets Plan for the period ended June 30, 2005 as furnished by Frost Bank.
- The Board of Trustees of the Galveston Wharves board instructed staff to negotiate with the consultant to determine a staged approach in performing appraisals due to the large estimated cost of the appraisal for the entire port and to identify mechanisms to update appraisals in the future.
- The Board of Trustees of the Galveston Wharves approved the ratification of the amendments to the ADM Grain Co. Elevator Tariff No. 1 to be effective September 1, 2005.
- The Board of Trustees of the Galveston Wharves approved the ratification of the changes to the Galveston Wharves Tariff Circular No. 6, Item 485 related to the Port Security Surcharge.
- Port staff withdrew item E-5 pertaining to the lease of property on Pelican Island to develop dry stack marina at the Old Navy Dock property.
- The Board of Trustees of the Galveston Wharves approved the first amendment to the agreement between the Galveston Port Facilities Corporation and Kone, Inc. for elevator and escalator maintenance at the cruise terminal complex.
- The Board of Trustees of the Galveston Wharves approved the lease between Shore to Sea Services and the Galveston Port Facilities Corporation for office space in Cruise Terminal No. 2.
- The Board of Trustees of the Galveston Wharves approved the Interlocal Agreement with the Port of Houston Authority for security services at the East End Container Terminal.
- The Board of Trustees of the Galveston Wharves tabled Item E-6 relating the employment of an Emergency Operations Center Supervisor/Security Trainer.
- The Board of Trustees of the Galveston Wharves approved the decision of the Galveston Port Facilities Corporation (GPFC) to ratify a first amendment to the Operating Agreement to extend the primary term of the Agreement to 14 years and second amendments to the Development Agreement and Promissory Note between the Facility Corporation and Carnival Corporation for improvements to Terminal No. 1 at a cost not to exceed \$2,000,000 with the principal of the note not to exceed \$10,500,000. Additionally, the Board approved GPFC's decision to

ratify a third amendment to the Design-Build Agreement between GPFC and CH2M Hill for a contract price guaranteed not to exceed \$1.4 million.

- Port staff withdrew Item E-11 relating to the Terminal Services and Rate Agreement with Wallenius Wilhelmsen Lines.
- The Board of Trustees of the Galveston Wharves approved the complimentary action of the Galveston Port Facilities Corporation involving the legal action with Earl Nash, Jr.
- The Board of Trustees of the Galveston Wharves will address the extension to the agreement with the Port Director at a future meeting.
- The Board of Trustees of the Galveston Wharves approved the Tender and Release Agreement and other related documents with SureTec Insurance Company regarding the Port Police Station Headquarters and Emergency Operations Center TSA Grant.
- The Board of Trustees of the Galveston Wharves discussed its support of Chairman Benny Holland Jr.

### **Next Meeting**

The next regular meeting of the Board of Trustees of the Galveston Wharves is scheduled for Monday, August 22, 2005 at the main offices of the Port of Galveston located at 123 Rosenberg, 8<sup>th</sup> floor. Agendas are scheduled to be posted on the Port of Galveston website at [www.portofgalveston.com](http://www.portofgalveston.com) prior to the meeting.

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