

# Port E-News

Public Relations Department  
Port of Galveston  
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August 26, 2005

## Board of Trustees of the Galveston Wharves August 2005 Meeting

Meetings of the Board of Trustees of the Galveston Wharves  
are now televised on the City of Galveston's Channel 16.

### July 2005 Financial Results:

Port of Galveston and Galveston Port Facilities Corp. Consolidated Income Statement:	July 2005 Actual	July 2004 Actual	Year-to-Date 2005
Operating Revenue	\$1,355,007	\$1,045,073	\$9,720,106
Operating Expense	\$867,976	\$759,891	\$6,206,989
<b>Net Operating Income (Loss)</b>	<b>\$487,031</b>	<b>\$285,182</b>	<b>\$3,513,117</b>
Security Cost Recovery	\$41,171	-0-	\$120,961
Add - Other Income	\$97,333	\$108,053	\$880,567
Deduct - Other Expense	\$299,215	\$494,737	2,054,209
<b>Net Income (Loss) After Other Income and Expense</b>	<b>\$326,320</b>	<b>(\$101,502)</b>	<b>\$2,460,436</b>
Deduct Depreciation and Amortization	\$277,542	\$241,514	\$1,712,391
<b>Net Income (Loss) for the Period</b>	<b>\$48,778</b>	<b>(\$343,016)</b>	<b>\$748,045</b>

Revenues were on budget for July due to strong passenger charges and parking fees generated by the Port's cruise business and wharfage from Wallenius Wilhelmsen's roll-on, roll-off operation. The following items varied more than 10% from budget: 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 a lack of activity at ADM's grain elevator; and Lay Dockage was under budget due to reduced lay berth and grain inspection activity. Revenue Producing Services were over budget due to Galveston Port Facilities Corporation (GPFC) charges for terminal usage. Parking Fees were over budget due to a stronger than anticipated summer drive-to market. Expenses were slightly under budget in total. Salaries and related expenses were on budget. Facilities Maintenance was over budget because of unbudgeted operating expenses extending past the completion date of Terminal 2. In Other Operating Expenses, Insurance was under budget due to reimbursement by Gulf Copper for coverage provided by the Port under the terms of the lease option agreement. Utilities were over budget due to rate increases and increased usage at the cruise terminals. Office and Sales Expense were on budget. Other Income and Expenses were over budget due to lower than projected Security Costs Recovery billing on cargoes, deferring the results of Access Charge Recovery and expensing interest on construction advances in the GPFC. The Port received \$216,535 in grant monies during July.

**July 2005 Cargo Results:**

Description	July 2005	July 2004	%	Year-to-date 2005	Year-to-date 2004	%
<b>Bulk Grains</b>	163,174	190,655	-14.41%	1,411,346	1,930,756	-26.90%
<b>Bulk Fertilizer</b>	0	0	-0-	95,010	47,674	99.29%
<b>Bulk Liquid</b>	38,661	50,765	-23.84%	499,981	163,979	204.91%
<b>Bulk Cement - Pier 41</b>	3,284	6,272	-47.64%	32,783	19,546	67.72%
<b>Bananas / Fruit</b>	14,842	17,584	-15.59%	126,843	133,595	-5.05%
<b>General Cargo</b>	675	281	140.21%	4,309	9,995	-56.89%
<b>Ro-Ro Cargo</b>	18,264	14,388	26.94%	125,260	93,215	34.38%
<b>Containerized – Pier 10</b>	794	0	100%	2,191	9,526	-77.0%
<b>Containerized - Others</b>	2,736	6,075	-54.96%	32,182	40,335	-20.21%
<b>Total Cargo</b>	242,430	286,020	-28.76%	2,329,905	2,448,621	-4.85%
<b>Disembarking PAX</b>	42,160	32,528	29.61%	313,410	249,183	25.78%
<b>Embarking PAX</b>	42,346	32,601	29.89%	312,584	249,125	25.47%
<b>Cargo/Lay Ships</b>	26	29	-10.34%	202	204	-.98%
<b>Cruise Ships</b>	17	15	13.33%	137	128	7.03%
<b>Cargo/Lay Barges</b>	16	5	220%	111	39	184.62%
<b>Research Vessels</b>	17	8	112.50%	102	72	41.67%
<b>Total Calls</b>	76	57	33.33%	552	443	24.6%

Definitions:

PAX - Passenger

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

On August 12, the Department of Homeland Security lowered the Threat Level from "Orange" to "Yellow" for the mass transportation portion of the transportation sector. The Cruise Terminals returned to Maritime Security Condition 1 at that time. The upgraded security condition existed at the cruise terminals since July 9, 2005.

***Perimeter Security Surveillance Camera Project (Federal Security Grant)***

All cameras for the project except one have been installed. A change order for additional cameras at the west end gate has been approved. Installation of these cameras should occur in September.

***Fuel Cell Commissioning (Federal Security Grant)***

The fuel cell became fully operational on January 12, 2005. The Board granted staff a six-month period to explore efficiencies in running the fuel cell that would result in no net expense or possible positive cash flow to the Port from the operation of the fuel cell. The installation cost for the fuel cell was \$133,961 and is payable through a federal security grant. Maintenance and operational costs are not covered through this federal grant.

***Galveston Channel and Port Maintenance Dredging***

The bid opening for the Port maintenance dredging contract was held on June 27, 2005 concurrently with an Army Corps of Engineers (ACOE) bid opening for the Galveston Channel maintenance dredging. The Port received two bids for the slip and pier maintenance dredging - \$1,208,780 and \$1,867,000. The low bidder was Kingfisher

Marine Services, LP. The actual cost to the Port, when considering a prorated cost share for the mobilization/demobilization, will be approximately \$1,085,500. The low bidder for the ACOE contract was Mike Hooks, Inc. The ACOE maintenance dredging for the federal channel began August 8. The Port must wait until ACOE completes the Galveston Channel maintenance dredging before Port slip and pier maintenance dredging can begin. Waiting for the Corps to complete their work will delay the Port's ability to perform critical dredging until October 2005 at the PISTI berth and the Pier 37 slip used by "K" Line. This is not acceptable and alternatives to expedite the dredging at the two Port of Galveston areas are being examined with the Corps and the two different contractors. The Port maintenance dredging contract requires Board approval since the contract price exceeds what was approved in the FY2005 budget. This was presented to the Board at the August meeting. The contract should be awarded immediately after Board approval.

### Items

- Item E-1 - The Board of Trustees of the Galveston Wharves approved the amendment to the Galveston Wharves Pension Plan to terminate the Cash Balance Plan and to modify actuarial assumptions.
- Item E-2 - The Board of Trustees of the Galveston Wharves approved the award of the Depository Services Contract to Moody National Bank effective September 1, 2005.
- Item E-3 - The Board of Trustees of the Galveston Wharves approved second quarter amendments to the FY2005 Operating and Capital Budgets.
- Item E-4 - The Board of Trustees of the Galveston Wharves authorized the Port Director to engage The Gerald A. Teel Company, Inc. under the Real Estate Appraisals and Consultation Services Agreement.
- Item E-5 - The Board of Trustees of the Galveston Wharves authorized the Port Director to settle the windstorm property damage insurance claim in the amount of \$31,104 or greater, and to authorize the expenditure of \$57,120 to allow the properties to be repaired.
- Item E-6 - The Board of Trustees of the Galveston Wharves approved the second amendment to the lease with Agriliance LLC that modified their lease area to accommodate construction of their new storage facility.
- Item E-7 - The Board of Trustees of the Galveston Wharves ratified the ADM Grain Co., Elevator Tariff No. 2 upon approval of the port's legal counsel to correct administrative errors in the current tariff.
- Item E-8 - The Board of Trustees of the Galveston Wharves approved the adoption of the National Incident Management System (NIMS).
- Item E-9 - The Board of Trustees of the Galveston Wharves approved the port's attendance at the American Association of Port Authorities annual convention in Tampa, Florida in October, 2005.
- Item E-10 - The Board of Trustees of the Galveston Wharves discussed the delegate and alternate to the American Association of Port Authorities annual convention with the determination for the delegate and alternate made by who attends.
- Item E-11 - The Board of Trustees of the Galveston Wharves approved the award of the contract for maintenance dredging to King Fisher Marine Services, L.P.
- Item E-12 - Discuss and Consider Terminal Services and Rate Agreement with Wallenius Wilhelmsen Lines, Americas LLC - was withdrawn.

- Item E-13 - Discuss and Consider the appointment, employment, evaluation, reassignment, or duties of a public officer or employee, including without limitation of the Port Director - was tabled.

**Next Meeting**

The next regular meeting of the Board of Trustees of the Galveston Wharves is scheduled for Monday, September 26, 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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