

Port E-News

Public Relations Department
Port of Galveston
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October 24, 2005

Board of Trustees of the Galveston Wharves October 2005 Meeting

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

September 2005 Financial Results:

Port of Galveston and Galveston Port Facilities Corp. Consolidated Income Statement:	September 2005 Actual	September 2004 Actual	Year-to-Date 2005
Operating Revenue	\$1,333,065	\$ 988,374	\$12,203,583
Operating Expense	\$ 874,736	\$ 867,374	\$ 7,973,759
Net Operating Income (Loss)	\$ 458,329	\$ 121,000	\$ 4,229,824
Security Cost Recovery	\$ 25,262	\$0	\$ 168,570
Add - Other Income	\$ 101,639	\$ 115,014	\$ 1,161,581
Deduct - Other Expense	\$ 295,563	\$ 325,525	\$ 2,637,938
Net Income (Loss) After Other Income and Expense	\$ 289,667	(\$ 89,511)	\$ 2,292,037
Deduct Depreciation and Amortization	\$ 277,542	\$ 241,514	\$ 2,267,475
Net Income (Loss) for the Period	\$ 12,125	(\$ 331,025)	\$ 654,562

Actual year-to-date operating revenues are \$12,203,583 compared to an amended-budget amount of \$12,180,009. Year-to-date revenues are currently \$105,925 ahead of the projected revenues in the FY2005 Amended Budget.

Revenues exceed the budgeted amount for September due to: Increased grain movements, additional lay dockage from cruise ships berthing under terms of Carnival's FEMA contract following Hurricane Katrina and higher than average sales under the GPM lease. Parking revenues were under budget due to the loss of two Sunday cruises during Hurricane Rita. Expenses were on budget in total, with electricity over budget for Terminal 2 because of a lack of historical data in operating costs as the project was just completed in July 2005. Direct sales expenses were over budget due to the timing of ad placements and professional services was under budget due to reduced parking revenues which reduced the consulting fee on parking operations. The dues and publications category and the travel expenses category were under budget.

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September 2005 Cargo Results:

Description	September 2005	September 2004	%	Year-to-date 2005	Year-to-date 2004	%
Bulk Grains	253,493	38,993	550.1%	1,885,632	2,007,215	-6.06%
Bulk Fertilizer	16,476	7,482	120.21%	147,580	79,399	85.87%
Bulk Liquid	83,501	21,457	289.16%	640,871	185,436	246.6%
Bulk Cement - Pier 41	2,941	7,213	-59.23%	39,631	32,137	23.32%
Bananas / Fruit	12,589	16,383	-23.16%	157,033	174,458	-9.99%
General Cargo	186	119	56.3%	4,561	10,150	-55.06%
Ro-Ro Cargo	19,675	3,806	416.95%	154,901	115,848	33.71%
Containerized – Pier 10	0	0	0	3,175	9,526	66.67%
Containerized - Others	4,750	5,686	-16.46%	42,427	56,183	24.48%
Total Cargo	393,611	101,139	289.18%	3,075,811	2,670,352	15.18%
Disembarking PAX	34,949	29,801	2.88%	382,330	313,751	21.86%
Embarking PAX	30,831	28,490	8.22%	376,677	311,529	20.91%
Cargo/Lay Ships	31	29	6.9%	261	255	2.35%
Cruise Ships	17	17	0	168	160	5.0%
Cargo/Lay Barges	12	13	-7.69%	130	61	113.11%
Research Vessels	9	13	-30.77%	130	90	44.44%
Total Calls	69	72	-4.17%	689	566	21.73%

Definitions:

PAX - Passenger

Additional Reports:

Galveston Channel and Port Maintenance Dredging

The bid opening for the Port maintenance dredging contract was held on June 27, 2005 concurrently with a Corps of Engineers (Corps) bid opening for the Galveston Channel maintenance dredging. The Corps maintenance dredging for the federal channel began August 8, 2005. The Port must wait until the Corps completes the Galveston Channel maintenance dredging before Port slip and pier maintenance dredging can begin. The Corps should complete the federal channel maintenance dredging by the end of October and the Port’s maintenance dredging should begin my mid-November.

Pier 35 Wharf Repairs

As part of the lease agreement with Agriliance, the Port is obligated to perform such repairs or replacements as identified in a pier engineering survey and if necessary rectify any unsafe condition, condition endangering equipment and/or condition preventing or severely delaying the loading or unloading of vessels. The amount of \$100,000 was budgeted in the FY2005 Capital Improvement Budget for these repairs. Bid opening was held September 22, 2005. Two bids were received, one of which was not responsive to the solicitation. However, both bids exceeded the amount budgeted for this project. Port engineering staff is considering alternatives including discussions with potential bidders for less costly solutions.

Cruise Terminal Access Road

Work has begun on the cruise terminal access road in front of Terminal No. 1. One rail line, east of 25th Street, has been removed and reinstalled at the old Elevator “B” site. Work to establish a new main line to the east end of the Port will be completed by October 15. Once this line is completed, it will allow the removal of the old main line next

to the retaining wall at Terminal No. 1. This area is the new site for the bus and public transportation staging area, a critical component to this project, along with the new bypass road to Terminal No. 2. CH2M Hill has the contract to complete this entire project with the exception of removing and relocating the rail. The estimated completion date for this project is early December 2005.

Liability Insurance Program Renewal

Effective October 1, 2005, the Port of Galveston Liability Insurance Program was renewed for the period of October 1, 2005 to October 1, 2006. The Port of Galveston is included with 37 other ports by Aon Risk Services, the Port's Insurance Agent of Record, in marketing the liability insurance program. As a matter of background information, Aon Risk Services has a business relationship with Galveston Insurance Associates (GIA) through which GIA places the Workers' Compensation and Police Professional Liability coverage.

Items

- Item E-1 - The Board of Trustees of the Galveston Wharves accepted the Defined Benefit Pension Plan Earnings and Assets Quarterly Report for the period ended September 30, 2005.
- Item E-2 - The Board of Trustees of the Galveston Wharves authorized the Port staff to negotiate the operational specifics for shuttle bus services and luggage handlers with AMPCO Parking Systems at a rate not to exceed \$49.39 per hour.
- Item E-3 - The Board of Trustees of the Galveston Wharves approved the extension of the agreement with Unlimited Security for security services for port-owned Cruise Terminal Parking Lots.
- Item E-4 - The Board of Trustees of the Galveston Wharves approved the changes to the Board of Trustees of the Galveston Wharves Tariff Circular No. 6, related to Dockage charges, to be effective January 1, 2006.
- Item E-5 - Discuss and consider terminal services and rate agreement with Wallenius Wilhelmsen Lines, Americas LLC for a cargo handling terminal Pier 34 and Plant No. 14 at the Port of Galveston - Was withdrawn.

Next Meeting

The next regular meeting of the Board of Trustees of the Galveston Wharves is scheduled for Monday, November 21, 2005 at the main offices of the Port of Galveston located at 123 Rosenberg, 8th floor. Agendas are scheduled to be posted on the Port of Galveston website at www.portofgalveston.com prior to the meeting.

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