

Galveston's Cruise Story

As early as 1990, the Port of Galveston began an intense effort to attract year-round, homeport cruise operations for Galveston Island. In 1999, the Board of Trustees of the Galveston Wharves entered into a five-year agreement with Carnival Cruise Lines to homeport the *M/S Celebration* at the Port of Galveston to offer four- and five-day cruises to the Mexican Riviera. Since that time, Galveston Island has become extremely attractive to other lines.

In 1999 and 2000 the Port of Galveston invested more than \$11.5 million, 50 percent from tax-exempt bonds and 50 percent from port net income from operations, to renovate its cruise terminal and to develop off-site parking for the high percentage of cruise passengers who would drive to a cruise vacation from Galveston Island. The Port of Galveston takes its role in the continued development of the island's cruise business very seriously as an accumulated investment of more than \$30 million is marked for the old Mallory Dock, Pier 25, the old bagging plant and Pier 27.

The popularity of the Port of Galveston as a high-volume cruise passenger drive-market has become well known throughout the United States cruise industry since the fall of 2000. Just four short years ago, there were no passengers moving through Galveston's Cruise Terminal. But, more than 148,000 chose Galveston for cruising in 2001, the first full year of operations. Totals rose to more than 266,000 in 2002 and estimates are that the Port will reach the 370,400-mark in 2003. Projections for next year are in the 384,000 cruise passenger range.

Homeported cruise operations greatly impacted economies last year. The International Council of Cruise Lines (ICCL) produces studies each year to determine the economic impact of cruise business. In August, ICCL announced that cruise lines contributed \$445 million to the Texas economy and created 7,061 jobs in 2002. During that time, the Port of Galveston had three homeported cruise operations and one seasonal operation. A neighboring port had one seasonal cruise operation. Therefore, it can be determined that the Port of Galveston was directly responsible for the majority of the benefit that the economy received from cruise operations.

Statistics based on 2002 figures also accounted for the Galveston's new ranking in the Top 20 World Cruise Ports. This ranking is determined by *Lloyd's Cruise International* each year. Galveston ranked number 18 in the world standings and number 6 in the rankings for the Leading Caribbean Base Ports and Destinations. This is the first time Galveston has been recognized in a World Cruise Ranking.

Galveston cruise operations have been touted in major national and international media outlets including *Lloyd's Cruise International*, *Cruise & Ferry Review*, *Cruise Week*, *New York Times*, *CNN.com*, *Cruise News Daily*, *Travel Weekly*, *Houston Chronicle*, *Austin American Statesman*, *San Antonio Express News*, *Dallas Morning News*, *Denver Post* and *The Times Picayune*.

Galveston is now homeport to three year-round cruise vessels including Carnival's *Celebration* and *Elation* and Royal Caribbean International's (RCI) *Rhapsody of the*

Seas, and one seasonal RCI vessel, *Splendour of the Seas*. In 2004, Princess Cruises will offer a seasonal itinerary on the *Grand Princess* and Celebrity Cruises will offer different seasonal packages on the *Galaxy*.

Port staff continues to market the cruise terminals to the cruise industry in order to maintain and enhance the number of cruise ships which call the Port of Galveston. The Port is putting the finishing touches on Terminal No. 1, planning the upgrade of Terminal No. 2 and planning the development of Terminal No. 3.