PORT OF GALVESTON
REQUEST FOR DISCUSSION

BUSINESS ITEM

SUBJECT: Consider and Approve Galveston Wharves Strategic Master Plan

DISCUSSION: This item was placed on the agenda for discussion by the Port Director.
PORT WIDE VISION PLAN 2040

PORT WIDE PROJECTS
- Repair marine infrastructure
- Annual routine maintenance (RRO) such as terminals, gate complexes, buildings, etc.
- Ongoing USACE channel dredging
- Intermodal roadway development with recreational bike path running the length of the port to alleviate traffic congestion
- Portwide signage program
- Balancing and supporting cargo, cruise and commercial business through long-term leases and CRAs

WEST PORT PROJECTS
- Reassembly / remodelling of cargo operations to provide direct road and rail access and allow for growth (contiguous yards) and berth access
- New areas and berths for cargo operations through the fill of existing sites
- New gate option, expanded internal roadway and rail access
- Relocation from East Port some cargo operations and Free Trade Zone
- Maintenance yard relocation for an expanded cargo footprint
- Additional ~600 acres of new land for cargo and support areas

MID PORT PROJECTS
- Repair and enhance existing piers for larger vessels into the future
- Enhance cruise facility capacity by improving ground transportation areas and developing additional parking as demand dictates
- Addition of a boardwalk, flex parking space, and enhancements to Norbornside Drive to connect Mid Port with the Strand District
- Create space for alternative activities and an expanded commercial core

EAST PORT PROJECTS
- Redevelopment of Terminal 1 and 2 with cruise line demand and a financial partnership
- Addition of trolley rail station to promote continued connectivity with downtown core

PELICAN ISLAND PROJECTS
- Refurbish bridge development and improvements
- Development of an island-wide visitor roadway system
- Development of an astronauting Bio-fuel facility
- New developable industrial parcels in spoil area
- Potential development of LNG processing and fueling facilities
- Long-term development options for non-port industrial property development (not including the Port of Houston)

Movement of cargo and Free Trade Zone to West Port
- Addition of trolley station(s) for cruise passenger movement
- Reconfiguration of 14th St. gate
- Movement of Del Monte from the existing premises
- New cruise facilities / parking garage as demand dictates
- Commercial development (Herbontide Drive & Old Port Road)
- Development of a commercial marina with hotel footprint
- Long-term commercial development on the water’s edge
- "Flexible" green space for new activities and connectivity to the city and surrounding area
CAPITAL IMPROVEMENT BUDGET

<table>
<thead>
<tr>
<th></th>
<th>Port Investment</th>
<th>Other Funding</th>
<th>Total Dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td>West Port</td>
<td>$90,686,826</td>
<td>$63,882,356</td>
<td>$154,569,182</td>
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<tr>
<td>Mid Port</td>
<td>$148,233,935</td>
<td>$179,332,200</td>
<td>$327,566,134</td>
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<td>East Port</td>
<td>$399,775,432</td>
<td>$231,567,875</td>
<td>$631,343,307</td>
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<tr>
<td>Pelican RnD</td>
<td>$91,000,000</td>
<td>$0</td>
<td>$91,000,000</td>
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<tr>
<td>Annual RnD</td>
<td>$28,500,000</td>
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<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$918,227,797</strong></td>
<td><strong>$474,959,390</strong></td>
<td><strong>$1,393,187,187</strong></td>
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The entire capital plan should be paid by Port revenues and through partnership opportunities. The Port does not make enough in annual revenues to finance this effort in locally, but there are critical projects such as parking and cruise that have been identified that can be financed and provide revenues to not only pay back debt but also fund additional sustaining projects. Thus, financing will control the phasing of the projects. Projects have been identified that could be earmarked for state opportunities, grants, or other loan mechanisms that are on the state or federal level, and are included in the "Other Funding" column.

ECONOMIC IMPACTS

<table>
<thead>
<tr>
<th></th>
<th>Cargo</th>
<th>Crane</th>
<th>Pelican Island</th>
<th>Total</th>
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</thead>
<tbody>
<tr>
<td>Jobs</td>
<td>1,071</td>
<td>2,362</td>
<td>1,203</td>
<td>4,636</td>
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<tr>
<td>Personal Income</td>
<td>$87,562</td>
<td>$149,012</td>
<td>$104,833</td>
<td>$341,407</td>
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<tr>
<td>(1,000s)</td>
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<tr>
<td>Business Services</td>
<td>$40,474</td>
<td>$358,326</td>
<td>$152,705</td>
<td>$551,505</td>
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<tr>
<td>Revenue (1,000s)</td>
<td></td>
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<tr>
<td>Local Purchases</td>
<td>$6,782</td>
<td>$0</td>
<td>$19,965</td>
<td>$36,747</td>
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<tr>
<td>(1,000s)</td>
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<tr>
<td>State &amp; Local Taxes</td>
<td>$8,999</td>
<td>$13,715</td>
<td>$7,863</td>
<td>$29,777</td>
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<tr>
<td>(1,000s)</td>
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Incomes, Revenues, Purchases, and Taxes are annual figures. Totals may be rounded.

IMPLEMENTATION & NEXT STEPS

This Master Plan should be viewed with a very positive prism of opportunities and a heavy responsibility by its current stakeholders to take care of this asset in a judicious way allowing it to grow into the future. Key takeaways and next steps of the plan include the following:

- This plan should be used to guide the Port to grow within its existing footprint using cruise, parking, and at some point, commercial and industrial facilities to expanded and new growth in cargo.
- Each project should be evaluated at the time it is going to be executed.
- Short-term focus on critical infrastructure enhancement to support current port operations:
  - Deep water berths are the lifeblood of the port and must be prioritized moving forward.
  - Mid-term focus on now growth options through partnerships, grants, and loan funding that allows for further development.
- Keep the long-term direction in mind that allow the plan to progress within the forecasted vision.
- Growth is forecasted within the 20-year time horizon.
- Growth can be accommodated within the footprint of the Port through wise re-investment of revenues, carefully considered financing of key revenue-producing projects, and the development of critical partnerships to build and maintain infrastructure.

OVERVIEW

The Board of Trustees of the Galveston Wharves retained Bermello, Ajemel & Partners, Inc. (B&A) along with a team of experts to assemble a Strategic Master Plan. The Plan creates a vision that can be embraced by the community, with a future vision for the Port, based upon market demand and business acumen. The Plan has a proposed execution approach and sequences to achieve the vision in a financially responsible and sustainable way. The best and biggest uses for Port facilities including berths, terminals, and industrial properties, and prioritizing the development and expansion of those facilities were assessed and identified.

This Plan reflects the guidance of the following:
- Port Staff
- Board Members
- Community of Galveston Groups
- General Public
- Key Stakeholders of the Port and Surrounding Areas

The final Plan is focused on the Port first to provide for economic, job and social impacts for the City of Galveston and surrounds into the future. This vision is focused on all business lines for the Port, in addition to the Port’s connectivity and relationship to the City of Galveston and downtown Strand district. The preferred Plan defines a flexible vision to position the Port’s growth and development by defining a phased capital investment plan over the following time periods:

- Short-term (3 year)
- Mid-term (10 year)
- Long-term (20 year)

It is critical to note that due to the historic land and logistics characteristics of the Port, there are limited net revenues that can be used for large scale investment solely on behalf of the Port. A business emphasis must be placed on partnership investment models to drive growth in all areas of the port, cruise, and cargo, as well as supporting infrastructure such as roadways, berths, and land development.

PREPARED BY:
- Bermello Ajemel & Partners
- HDR Engineering
- Landscape Architects
- Atkins Engineering

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