

**PORT OF GALVESTON  
REQUEST FOR DISCUSSION AND  
TRUSTEES ACTION**

**BUSINESS ITEM**

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**PREPARED BY:** Mark Murchison CFO April 28, 2020

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**SUBJECT:** Discuss and Consider Amendment to the 2020 Budget Due to Covid-19 Impact

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**BACKGROUND:** At the direction of the Board of Trustees of the Galveston Wharves, staff prepared various 3 and 9 forecast scenarios based on possible dates when cruise activity resumes along with changes to additional assumptions for discussion and consideration. The basic assumptions include three months actual results along with new projections for the remaining 9 months April through December 2020.

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**ADDITIONAL INFORMATION ATTACHED:** No \_\_\_\_\_ Yes  X

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**RECOMMENDATIONS:** The Board of Trustees of the Galveston Wharves is respectfully requested to listen to the briefing of the Port Director / CEO and the CFO and adopt one of the scenarios presented as the Amended 2020 Operating Budget.

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**Respectfully Submitted By:**

  
Rodger Rees, Port Director/CEO

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**DATE ACTION TAKEN:** \_\_\_\_\_

Approved: \_\_\_\_\_  
Disapproved: \_\_\_\_\_  
Deferred To: \_\_\_\_\_  
Incorporated into Minutes: \_\_\_\_\_

Motion By: \_\_\_\_\_  
Seconded By: \_\_\_\_\_  
Unanimous: Yes \_\_\_\_\_ No \_\_\_\_\_  
By: \_\_\_\_\_

**PORT OF GALVESTON**  
**Briefing**

**Discuss and Consider Amendment to the 2020 Budget Due to Covid-19 Impact**

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**Background**

At the direction of the Board of Trustees of the Galveston Wharves, staff prepared various 3 and 9 forecast scenarios based on possible dates when cruise activity resumes along with changes to additional assumptions for discussion and consideration. The basic assumptions include three months actual results along with new projections for the remaining 9 months April through December 2020.

**Current Situation**

The current Galveston Wharves 2020 Operating Budget was approved in October of 2019. Due to the impact COVID-19 is having on Cruise and related Parking product lines, staff is presenting three 3&9 forecast scenarios for Board consideration. Attached is an assumption page describing changes from the original 2020 budget. Best case is AF4, followed by mid-range scenario AF5, and worst case scenario AF6.

**Fiscal Impact**

The financial impact varies base on the scenario.

**Staff Recommendation**

The Board of Trustees of the Galveston Wharves is respectfully requested to listen to the briefing of the Port Director / CEO and the CFO and adopt one of the scenarios presented as the Amended 2020 Operating Budget.

## Assumptions for Discussion 4/22/2020

As of 4/20/2020 Carnival announced no sailings until June 27. Our Best case pushes out 3 weeks past that date to July 21 which is about the 100 day mark from 4/10/2020.

Lay ship revenues reflected at \$375K per month. Actual year-to-date lay revenues are \$426K per month.

1. Version AF-4 (Best Case Cruise returns July 21)
  - a. No Cruise mid-March through July 20
  - b. July 21- September 30 - 40% levels for Cruise
  - c. October 1 – EOY normal levels 60%
  - d. Wind Product increase for April 15 – December 31, 2020 Includes increased rents
  - e. Lay at \$375,000 monthly for remainder of year
  - f. Remaining Cargo unchanged
  - g. Include salary and hiring freeze
  - h. Remove \$2,500 to JD Land plus \$16,275 Church Street (UP) June - Dec
  - i. Reduced reserve for Dredging \$45K month April - December
  - j. Eliminated travel for April - June
  
2. Version AF-5 (Cruise back October 1)
  - a. No Cruise mid-March through September 30
  - b. October 1- October 31 - 40% levels for Cruise
  - c. November 1 – EOY normal levels 60%
  - d. Increase wind product April 15 – December 31. 2020 including additional rents
  - e. Lay at \$375,000 monthly for remainder of year
  - f. Remaining Cargo unchanged
  - g. Include salary and hiring freeze
  - h. Remove \$2,500 to JD Land Plus \$16,275 Church Street (UP) June - Dec
  - i. Reduced reserve for Dredging \$45K month April - December
  - j. Eliminated travel for April - June
  
3. Version AF-6 – No additional Cruise in 2020
  - a. No Cruise mid-March through EOY
  - b. Increase wind product through EOY including additional rents
  - c. Lay at \$375,000 monthly for remainder of year
  - d. Remaining Cargo unchanged
  - e. Include salary and hiring freeze
  - f. Remove \$2,500 to JD Land plus \$16,275 Church Street (UP) June - Dec
  - g. Reduced reserve for Dredging \$45K month April - December
  - h. Eliminated travel for April - June



Other Income									
7200 - INTEREST INCOME	374,168	340,200	33,968	374,168	340,200	33,968	374,168	340,200	33,968
7300 - DEFERRED BOND PREMIUM	51,070	51,070	-	51,070	51,070	-	51,070	51,070	-
7350 - MISC OTHER INCOME	-	-	-	-	-	-	-	-	-
8100 - GRANT AND CONTRIBUTION REVENUE	673,563	735,000	(61,437)	673,563	735,000	(61,437)	673,563	735,000	(61,437)
Total - Other Income	1,098,801	1,126,270	(27,469)	1,098,801	1,126,270	(27,469)	1,098,801	1,126,270	(27,469)
Other Expense									
7400 - MISCELLANEOUS OTHER INCOME	(898)	-	(898)	(898)	-	(898)	(898)	-	(898)
7500 - INTEREST AND FINANCING EXPENSES	7,500	10,000	(2,500)	7,500	10,000	(2,500)	7,500	10,000	(2,500)
7600 - BOND EXPENSES	1,244,088	1,242,166	1,922	1,244,088	1,242,166	1,922	1,244,088	1,242,166	1,922
7700 - MISCELLANEOUS OTHER EXPENSES	8,080	-	8,080	8,080	-	8,080	8,080	-	8,080
8600 - EXTRAORDINARY, SPECIAL, AND FEMA EXPENSE	245,786	265,208	(19,422)	245,786	265,208	(19,422)	245,786	265,208	(19,422)
Total - Other Expense	1,504,556	1,517,374	(12,817)	1,504,556	1,517,374	(12,817)	1,504,556	1,517,374	(12,817)
Net Other Income	(405,756)	(391,104)	(14,652)	(405,756)	(391,104)	(14,652)	(405,756)	(391,104)	(14,652)
Net Income	2,065,157	10,802,596	(8,737,439)	(508,727)	10,802,596	(11,311,323)	(3,951,632)	10,802,596	(14,754,228)
Add: Depreciation and Amortization	7,007,192	7,095,733	(88,541)	7,007,192	7,095,733	(88,541)	7,007,192	7,095,733	(88,541)
Subtract: Debt Principal	(3,831,718)	(3,831,718)	-	(3,831,718)	(3,831,718)	-	(3,831,718)	(3,831,718)	-
Cash Flow from Operations	5,240,631	14,066,610	(8,825,980)	2,666,747	14,066,610	(11,399,864)	(776,159)	14,066,610	(14,842,769)