

# PORT OF GALVESTON PORT DIRECTOR'S REPORT

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March 27, 2018

# AT A GLANCE

The Port is up **29.81%** in total cargo from 2017

The Port is up **325.00%** in lay vessel port calls from 2017

The Port is up **19.64%** in total vessel calls from 2017

The Port is up **12.73%** in total cruise passengers

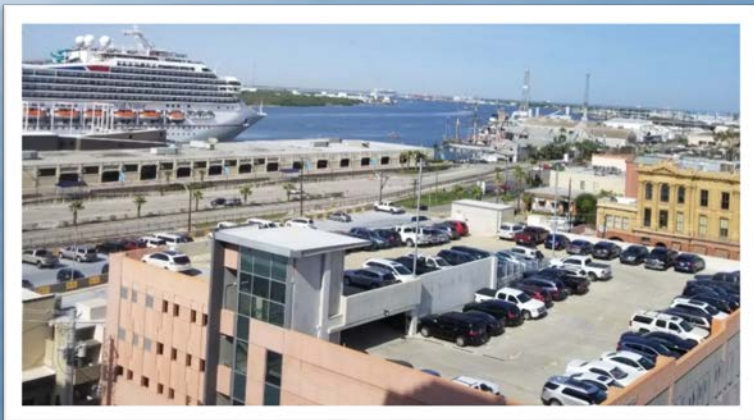
The Port is up **13.76%** in total cruise parking

The Port is down 95.48% from 2017 for general cargo. This is due to the lack of wind energy ships compared to last year. This will drastically increase in the upcoming months with 29 expected tower vessels from April to September.



# CRUISE STATISTICS

## PASSENGER MOVEMENTS

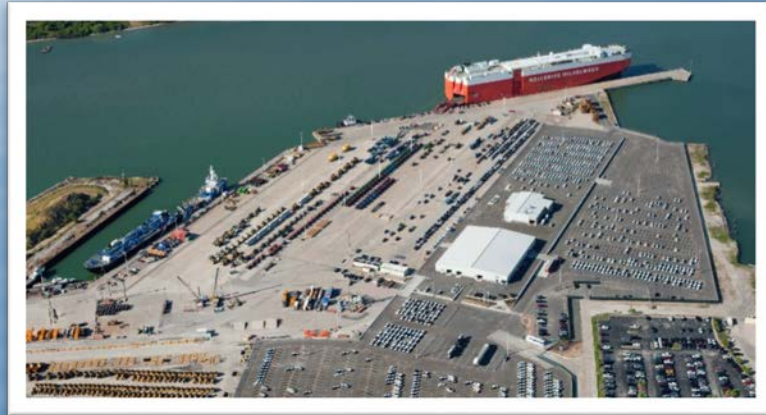


Passenger Movements and Parking Data - Year to Date 2018					
Cruise Ship	Feb '18 Actual	Feb '18 Budget	Jan '17 Actual	Over (Under) Budget %	Over (Under) Prior Year %
Carnival Breeze	67,409	66,400	76,920	1.52%	-12.36%
Carnival Valor	81,898	81,900	82,217	0.00%	-0.39%
Carnival Freedom	52,621	56,700	53,171	-7.19%	-1.03%
Royal Caribbean Liberty of the Seas	67,051	64,800	76,795	3.47%	-12.69%
Royal Caribbean Vision of the Seas	57,980	56,400	#N/A	2.80%	#N/A
Disney Wonder	10,258	9,000	15,286	13.98%	-32.89%
<b>Total</b>	<b>337,217</b>	<b>335,200</b>	<b>304,389</b>	<b>0.60%</b>	<b>10.78%</b>
<b>Parking</b>	<b>19,148</b>	<b>9,755</b>	<b>8,189</b>	<b>-4.04%</b>	<b>5.96%</b>

- Total cruise passengers up 10.8%
- Parking revenues up 6%



# CARGO STATISTICS



**Total Tonnage Up – 29.8%**

Port of Galveston						
Cargo Tonnage and Ro-Ro Units - February 2018						
Description	February 2018	February 2017	Percentage + / -	Y-T-D 2018	Y-T-D 2017	Percentage + / -
Bulk Grains	184,833	90,279	104.74%	241,304	158,097	52.63%
Bulk Fertilizer	34,857	96,897	-64.03%	112,019	121,145	-7.53%
Bulk Liquid	126,896	89,116	42.39%	259,557	173,196	49.86%
Bananas / Fruit	19,515	20,384	-4.27%	35,657	43,084	-17.24%
General Cargoes	342	7,566	-95.48%	742	14,328	-94.82%
Ro-Ro Cargo	26,015	19,233	35.26%	67,431	39,207	71.99%
New Cars Tons	1,447	1,570	-7.84%	2,985	2,780	7.37%
New Cars Units	801	1,061	-24.51%	1,626	1,744	-6.77%
Containerized	21,936	20,606	6.45%	47,347	39,062	21.21%
<b>Total Cargo</b>	<b>415,840</b>	<b>345,651</b>	<b>20.31%</b>	<b>767,041</b>	<b>590,899</b>	<b>29.81%</b>

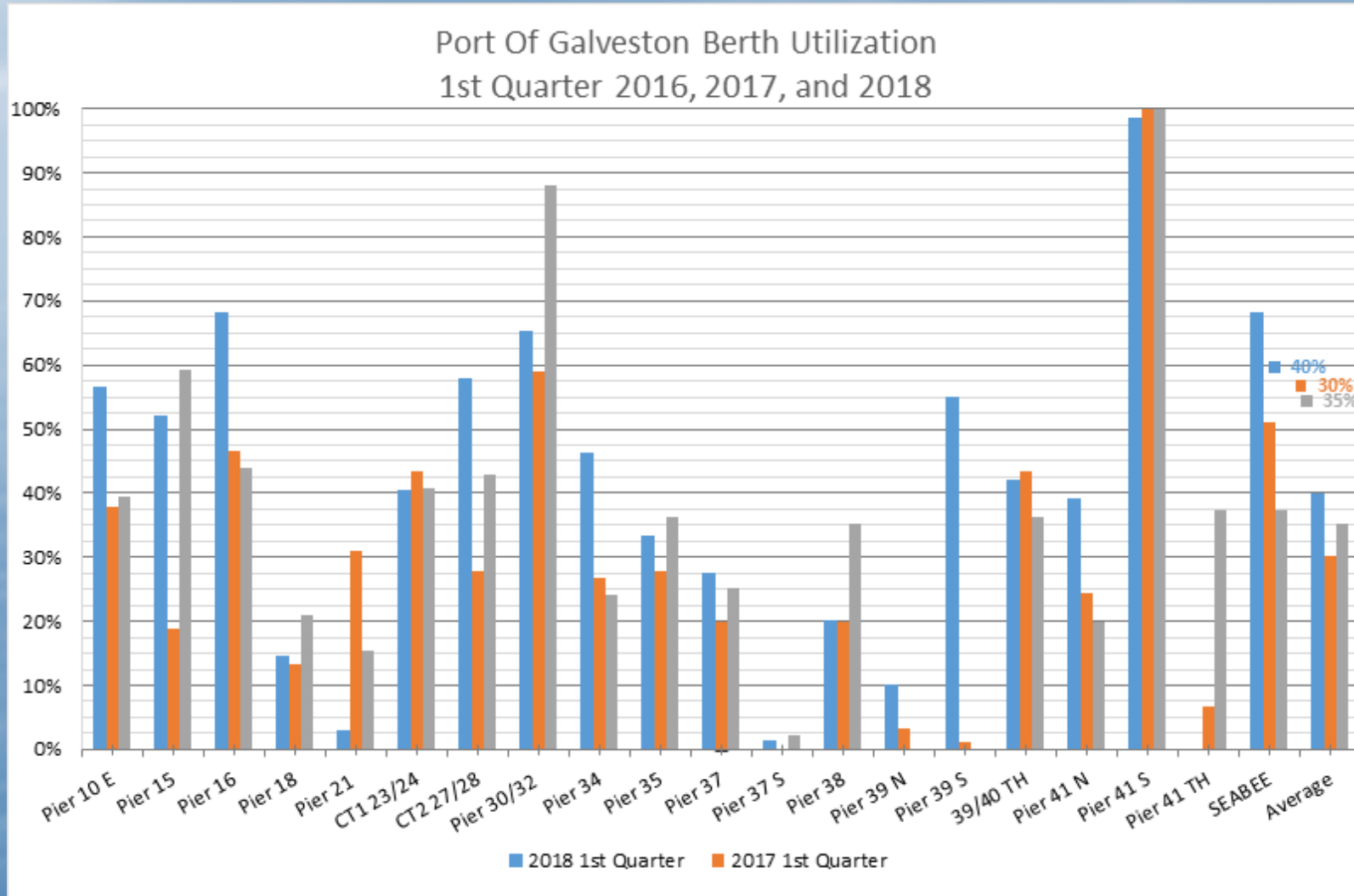
# SHIP CALLS

Port of Galveston/GPFC			
Ship Calls - February 2018			
Ship Type	Feb '18 Actual	Feb '17 Actual	Over (Under) Prior Year %
Cargo	27	26	3.85%
Cruise	24	18	33.33%
Lay and Rigs	10	-	0.00%
<b>Total Ships and Rigs</b>	<b>61</b>	<b>44</b>	<b>38.64%</b>
Barges (Cargo)	-	-	N/A
Barges (Lay)	6	4	50.00%
<b>Total Barges</b>	<b>6</b>	<b>4</b>	<b>50.00%</b>
Research Vessels	2	5	-60.00%
<b>Total Calls</b>	<b>69</b>	<b>53</b>	<b>30.19%</b>



Total Ships and Rigs Up - 38.7%  
 Barge Traffic Up - 50%  
**TOTAL Up – 30.2%**

# BERTH UTILIZATION





# UPCOMING CARGO PROJECTS

- Port of Galveston West End Terminals at Piers 33-41
- Starts April 2018 through approximately September 2018
- DSV Air & Sea / ACCIONA-Nordex Wind Turbine Components
- 2 Projects totaling more than 1,560 individual pieces of cargo
- Transport from the Port to destination via truck and railroad
- Project #1 – Destination near Salina, Kansas - The project area encompasses approximately 55,000 acres
- Project #2 – Destination in Dixon County, Nebraska - The project area encompasses approximately 32,000 acres
- Largest number of wind turbine components handled by the Port
- Up to 29 vessels



# PARKING CHANGES – ITEM E-7

Port staff is proposing two changes to the Port's parking policy.

- Staff is proposing to increase the rates charged for parking in the Port's lots. The table below summarizes the proposed changes.

Location of parking and duration	Current rate	New rate
Port surface lots, 4-day	\$45.00	\$55.00
Port surface lots, 5-day	\$50.00	\$60.00
Port surface lots, 7-day	\$70.00	\$85.00
Transit Terminal, 4-day	\$52.00	\$62.00
Transit Terminal, 5-day	\$65.00	\$75.00
Transit Terminal, 7-day	\$90.00	\$105.00

- Staff is proposing to clarify the qualification of disabled veterans free parking:
  - Provide state vehicle registration receipt with a disabled veteran or Purple Heart designation or
  - Drivers license or state-issued identification card that matches the vehicle registration information



# FINANCIAL SUMMARY

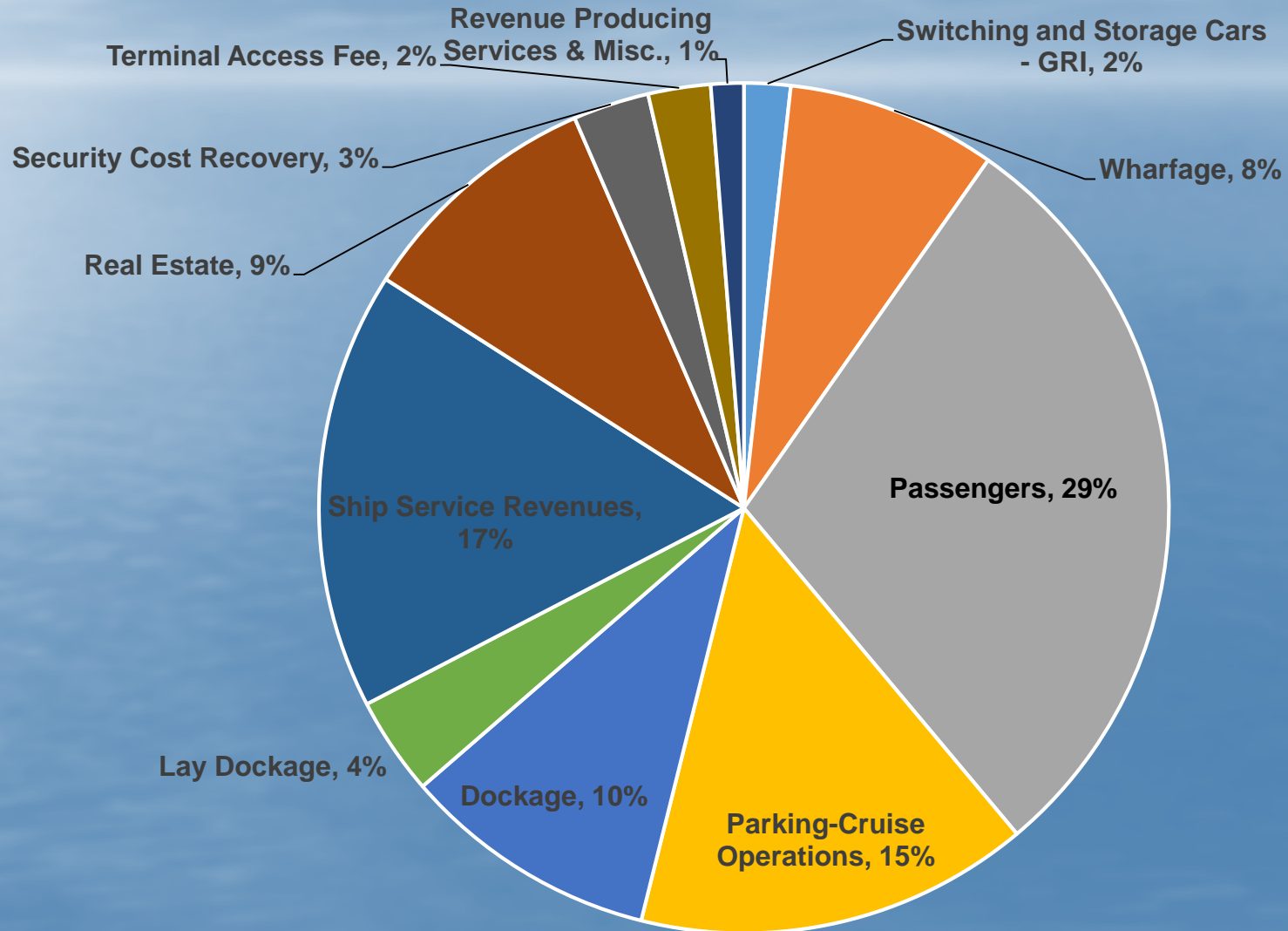
Port of Galveston/GPFC					
Year-To-Date Income as of 2/28/2018					
	Feb '18 YTD Actual	Feb '18 YTD Budget	Feb '17 YTD Actual	Over (Under) Budget %	Over (Under) Prior Year %
<b>Operating Income</b>	6,879,503	6,284,089	5,768,389	9.5%	19.3%
<b>Operating Expenses</b>	5,892,911	6,109,486	5,453,675	-3.5%	8.1%
<b>Net Income (Loss)</b>	986,592	174,603	314,714	465.0%	213.5%
<b>Non-Operating Income</b>	20,636	21,044	11,639	-1.9%	77.3%
<b>Non-Operating Expenses</b>	279,513	283,754	297,035	-1.5%	-5.9%
<b>Net Income before Grants, Contributions, Extraordinary Items, Special Items and FEMA</b>	727,715	(88,107)	29,318	-925.9%	2382.1%

# FINANCIAL- REVENUES

## Year-To-Date Operating Revenues as of 2/28/2018

	Feb '18 YTD Actual	Feb '18 YTD Budget	Feb '17 YTD Actual	Over (Under) Budget %	Over (Under) Prior Year %
<b>Switching and Storage Cars - GRI</b>	121,493	118,770	118,770	2.3%	2.3%
<b>Wharfage</b>	548,937	430,040	442,889	27.6%	23.9%
<b>Passengers</b>	2,005,370	1,870,527	1,855,844	7.2%	8.1%
<b>Parking-Cruise Operations</b>	1,031,382	1,056,704	932,973	-2.4%	10.5%
<b>Dockage</b>	671,105	636,054	573,932	5.5%	16.9%
<b>Lay Dockage</b>	256,734	113,832	111,773	125.5%	129.7%
<b>Ship Service Revenues</b>	1,147,109	1,075,863	801,550	6.6%	43.1%
<b>Real Estate</b>	648,965	639,983	600,911	1.4%	8.0%
<b>Security Cost Recovery</b>	199,211	155,092	138,929	28.4%	43.4%
<b>Terminal Access Fee</b>	163,350	148,800	163,480	9.8%	-0.1%
<b>Revenue Producing Services &amp; Misc.</b>	85,847	38,424	27,338	123.4%	214.0%
<b>Total Income From Operations</b>	6,879,503	6,284,089	5,768,389	9.5%	19.3%

# REVENUES

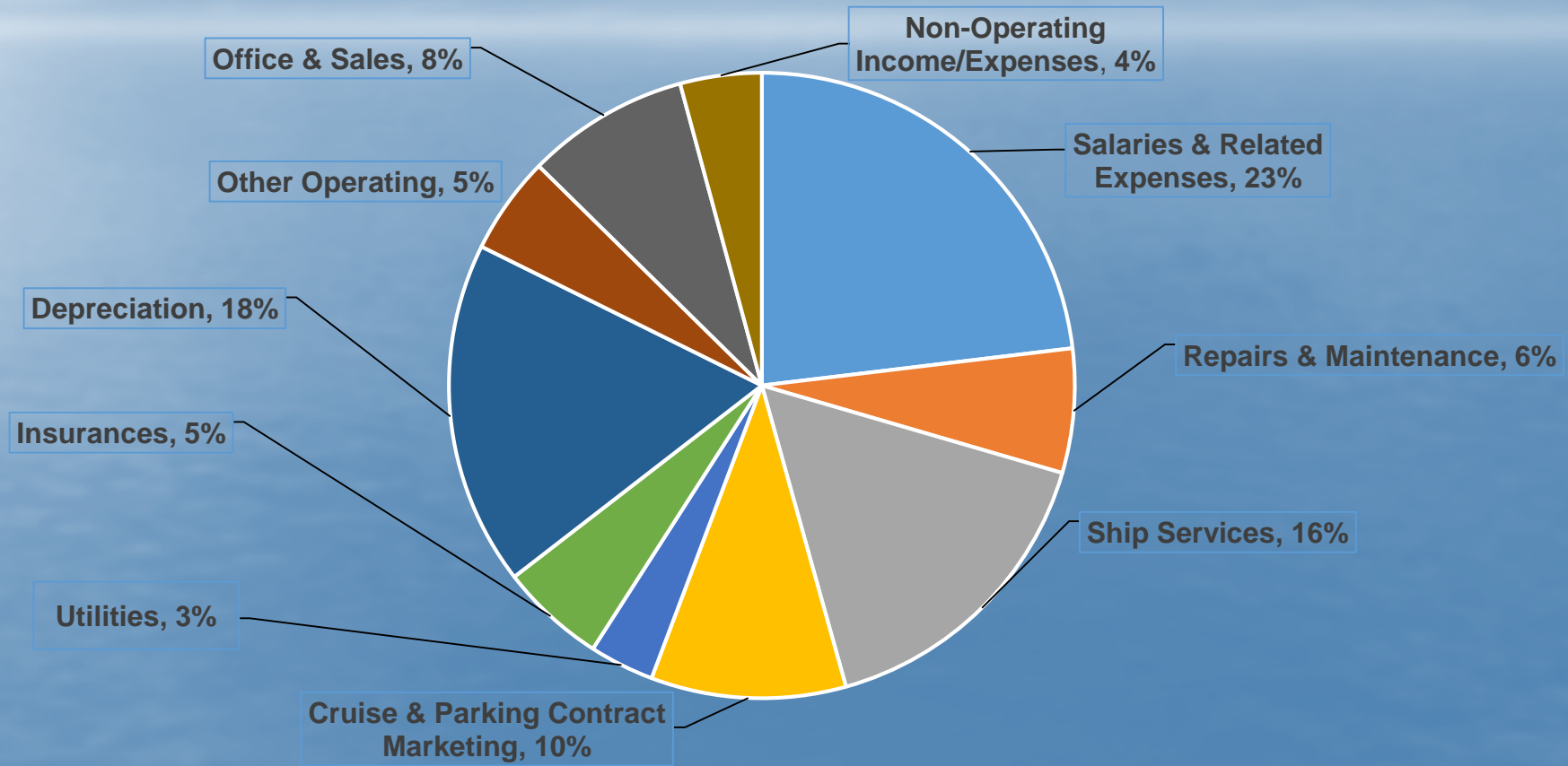




# EXPENSES

<b>Port of Galveston/GPFC</b>					
<b>Year-To-Date Expenses as of 2/28/2018</b>					
	<b>Feb '18 YTD Actual</b>	<b>Feb '18 YTD Budget</b>	<b>Feb '17 YTD Actual</b>	<b>Over (Under) Budget %</b>	<b>Over (Under) Prior Year %</b>
<b>Salaries &amp; Related Expenses</b>	1,420,859	1,537,747	1,350,693	-7.6%	5.2%
<b>Repairs &amp; Maintenance</b>	394,731	499,823	269,563	-21.0%	46.4%
<b>Ship Services</b>	993,745	982,015	726,526	1.2%	36.8%
<b>Cruise &amp; Parking Contract Marketing</b>	619,282	555,176	639,744	11.5%	-3.2%
<b>Utilities</b>	205,580	203,010	201,268	1.3%	2.1%
<b>Insurances</b>	335,068	340,294	343,673	-1.5%	-2.5%
<b>Depreciation</b>	1,095,166	1,088,089	1,121,359	0.7%	-2.3%
<b>Other Operating</b>	310,785	360,816	303,431	-13.9%	2.4%
<b>Office &amp; Sales</b>	517,695	542,516	497,418	-4.6%	4.1%
<b>Total Operating Expenses</b>	<b>5,892,911</b>	<b>6,109,486</b>	<b>5,453,675</b>	<b>-3.5%</b>	<b>8.1%</b>
<b>Non-Operating Income/Expenses</b>	258,877	262,710	285,396	-1.5%	-9.3%

# EXPENSES



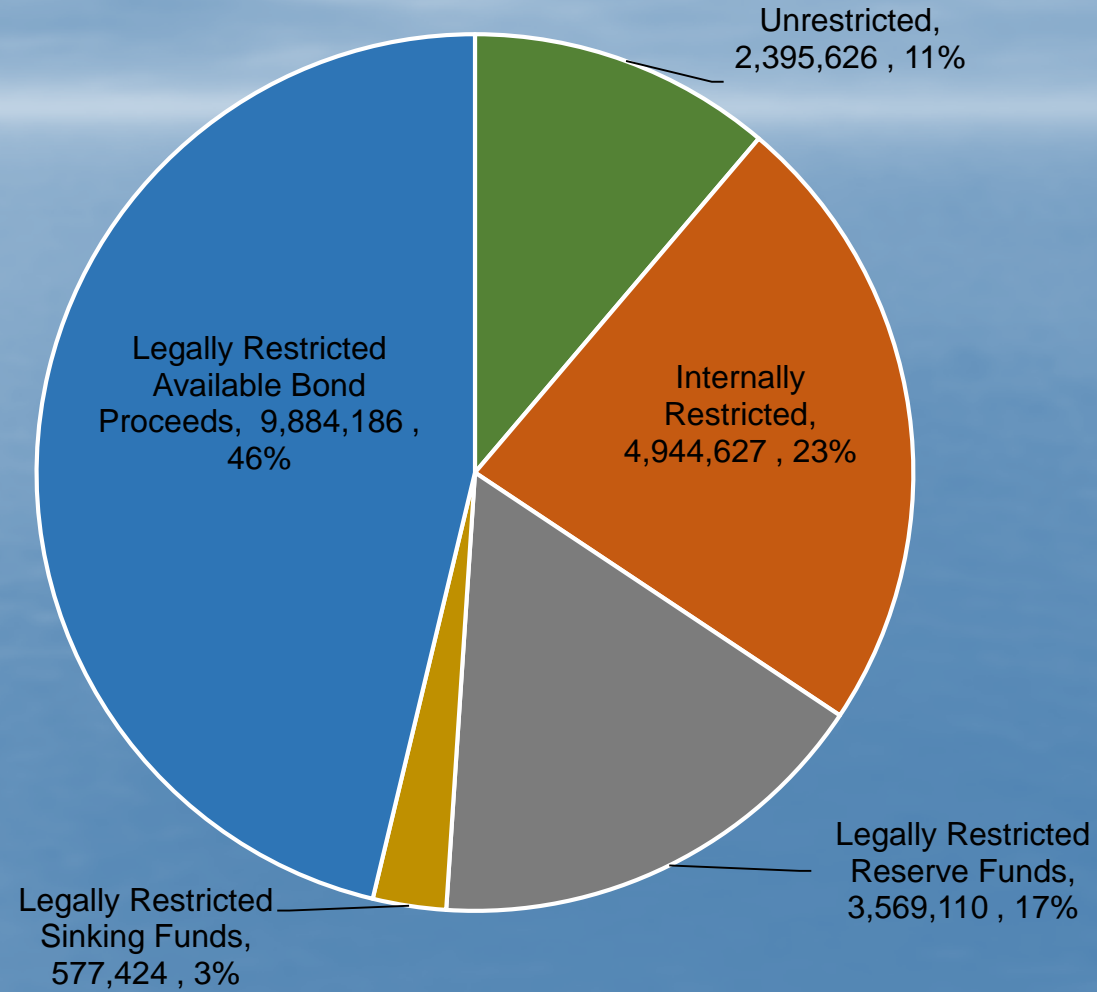
# FINANCIAL – A/R AGING

Port of Galveston/GPFC					
A/R Aging Analysis as of 3/19/2018					
	0-30 Days	31-60 Days	61-90 Days	> 90 Days	Comments
<b>Cruise</b>	1,545,938	240,258	63,453	-	
<b>Parking Lots</b>	11,887	19,461	22,516	720,984	Includes disputed amount
<b>Other</b>	1,640,429	349,633	307,874	96,046	
<b>Total</b>	3,198,254	609,352	393,842	817,030	
<b>% of Total</b>	64%	12%	8%	16%	
<b>% of Total w/o Disputed</b>	74%	14%	9%	2%	



# FINANCIAL – CASH

## Cash Analysis as of 2/28/2018



Total Cash \$21,427,444

# BUSINESS ITEM E3

## CHANGE TO BANKING AUTHORIZATION

- Each time the Port / GPFC has a change to the list of persons authorized to conduct banking and investment activity, an approved Board resolution is required
- This includes adding or deleting authorized persons
- Revised list is Rodger Rees, Peter Simons, Mark Murchison, and Erika Barragan

# CURRENT STATUS - RFPs

RFP/RFQ	Status
“Parking Solutions” Terminal Access and Revenue Control	Evaluation Committee Selected, Initial meeting Thursday, March 29 <sup>th</sup> with evaluations due April 3 <sup>rd</sup> . CEO not on committee but will serve in oversight position
“Infrastructure Assessment” Marine Condition Surveys of Piers and Waterfront Facilities	Reissued as part of Master plan solicitation, final document under final review by CEO
“Broker of Record”	Two proposals received, committee selection in process
“Master Plan”	In final review by CEO



# PTO OPTIONS UNDER REVIEW

- Police – Comp Time

- Option 1: Remains the same
- Option 2: Accumulate annually 10/1-9/30, use before 12/15 or payout
- Option 3: No additional comp time, use bank prior to 12/1/2019, or paid out

- Employees

- Option 1: Prospectively no sick time used as pensionable wages, 1/2019
- Option 2: Vacation capped at 160 hours, > 160 pay out 12/15/2019, vacation included in pensionable wages

Recommend 3-5% COLA this year. Future years based on merit, based on preset Board approved criteria: organization, department and individual goals.

# PTO OPTIONS UNDER REVIEW

**New terms**  
**Same services, No fees**

**ICMA-RC Review**



*Based on our dollar value of assets in the plan and time the Port has been with ICMA-RC, we have moved to “premier” status with no fees.*

ICMA-RC is Not-for-Profit

# SECURITY UPDATES

- Police staff have initiated and supervised the relocation of the fencing in front of Cruise Terminal 2 and the placement of new signage along this fencing, designating areas for taxis and TNC's to pick up passengers.
- Police staff have also initiated and supervised the placement of new signage at the gravel lot at 33<sup>rd</sup> and Port Industrial Blvd. Police staff will begin enforcing towing at this location to remove junk cars. Once the cars have been removed the lot will be utilized to stage semi-trucks picking up and dropping off cargo at the Port.
- Port Officers have participated in the security force for several special events at Pier 21 this past month and are preparing for two additional events in April. One of these events is the Tall Ship Festival and the other is the christening of the M/V Lester Fulfer.





# TARIFF ITEM – AGENDA ITEM E-5 & E-6

- Request removal of Warehouse Rental and Passenger Vehicle Pricing
  - Rates for warehouse rental are subject to fluctuation
  - Staff needs ability to negotiate market rates vs. tied to tariff rental rates
  - Similar to warehouse rentals
  - Staff is restricted to parking rates in tariff
  - Does not allow for special events and rate increases
  - Request increase in Passenger Service Charges
  - Does not affect current contracts
  - Because of this, rates have not been increased in several years, need new baseline

# PORT LEGISLATIVE WEEK

- Attended AAPA Spring Conference
  - Thanks to City of Galveston Legislative Coordinator Sally Bakko, Consultant Mike Warner and CLIA President Michael McGarry for assistance in meetings with:
    - Senator John Cornyn and held a separate meeting with his staff
    - Senator Ted Cruz's Chief of Staff
    - Legislative Directors for Representatives Kay Granger and Brian Babin
    - Representative Randy Weber
    - Senator Inhofe's staff – Chairman of the subcommittee on Transportation and Infrastructure
    - Staff of Chairman of Subcommittee on Energy and Water Development

# PORT LEGISLATIVE WEEK

- Attended meeting of the Texas-Cuba Trade Alliance to discuss potential trade with Cuba, met with:
  - Jose Cabanas – Ambassador to the US
  - Earnesto Vinas – Trade officer to the US
  - Members from the State of Texas Farm Bureau, Port of Beaumont, Texas A & M University, Policy Specialist from the Texas Grain Sorghum Association, representative of the Weststar Food Company and Tridimension Strategies (Consulting firm involved in promoting trade with Cuba)



# PORT LEGISLATIVE WEEK

- Port Chairman Ted O'Rourke and Vice Chairman Albert Shannon, Mayor Jim Yarbrough and the Port Director testified before the House Select Committee on Texas Ports held yesterday at Texas A & M Galveston on:
  - Pilot board representative issues
  - Structure and duties of Port Authority Advisory Committee (PAAC) – TxDot
  - Viability of Public-Private Partnerships for financing Port projects.
- Port hosted luncheon and water tour of the Galveston Wharves attended by Senator Larry Taylor, Representative Mayes Middleton and Vice Chairman Dennis Paul and Committee members, Wayne Faircloth, Zack Johnson and Chris Noonan along with Melissa Quevedo, legislative director
- Also attending were Councilmember Frank Maceo, Chamber President Gina Spagnola and Chairman Fred Raschke, Dale Lane representing CLIA and Mike Warner and Mark Seale representing the City of Galveston
- The Port would like to express a special thanks to Representative Joe Deshotel

# FUTURE EVENTS

March 28, 2018 Galveston Regional Chamber of Commerce Meet and Greet