

Port of Galveston Supplemental Information For the 2020 Annual Budget



Operating
Budget

Renewal and
Replacement
Budget

Capital
Improvement
Budget



Overview of the 2020 Proposed Budget

The 2020 Proposed Budget is being presented utilizing the same format as the monthly forecasted results presented at the monthly Finance Committee and Board Meetings.

Port staff used realistically-estimated revenue and expense projections to support the related budgeted levels of activity for 2020. Methodology for deriving anticipated Operating Revenues is detailed on the attached 2020 Budgeted Revenue detail sheet. Cruise revenues include increased rate related to the release of Pier 10 for development of a potential third cruise terminal.

Major 2020 Projects (Projected Spending > \$500K in 2020):

Old Port Industrial Road - East (Rider 48)

Cruise Terminal 1 Walkway Circulation Improvements

Cruise Terminal 3 Wharf Improvements

East End Portside Road & Drainage Improvements

Pier 38 Slip Fill

Foreign Trade Zone Relocation and Improvements

Pier 25 Parking Garage



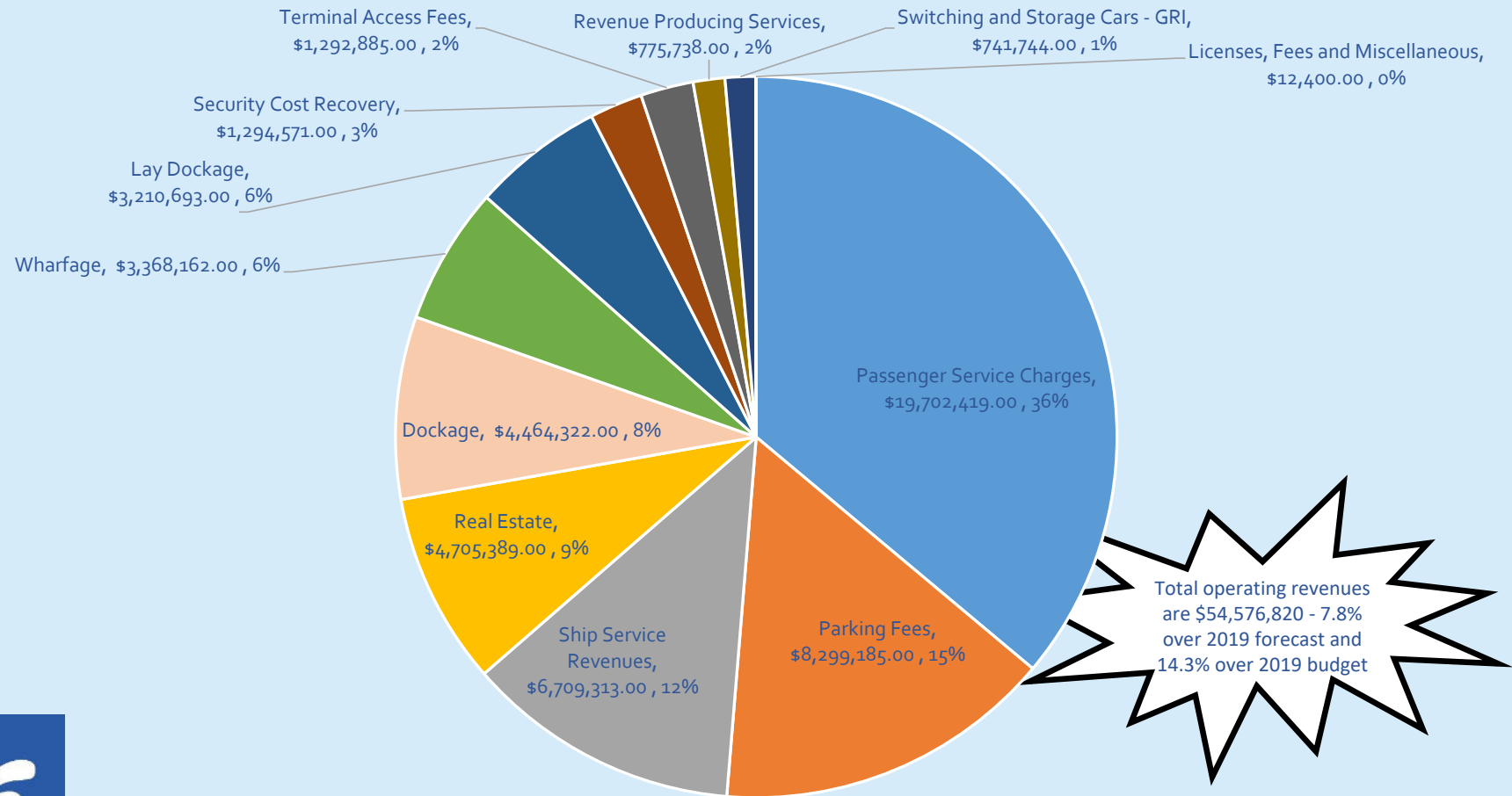
Compare Summary of 2019 Budget to 2020 Proposed Budget

	2019 Budget	Proposed 2020 Budget	Increase/ (Decrease) \$	Increase/ (Decrease) %
Total Income From Operations	\$ 47,768,780	\$ 54,576,820	\$ 6,808,040	14.3%
Operating Expenses				
Total Salaries and Related Expenses	\$ 8,301,379	\$ 9,549,907	\$ 1,248,528	15.0%
Total Contract Services	\$ 10,303,516	\$ 11,866,435	\$ 1,562,919	15.2%
Total Repairs and Maintenance	3,433,099	3,158,292	(274,807)	-8.0%
Total Other Operating Expenses	10,098,953	10,368,421	269,468	2.7%
Total Office & Sales Expenses	986,769	1,344,332	357,563	36.2%
Total Operating Expenses Before Depreciation and Amortization	\$ 33,123,716	\$ 36,287,387	\$ 3,163,671	9.6%
Net Operating Income (Loss) Before Depreciation and Amortization	\$ 14,645,064	\$ 18,289,433	\$ 3,644,369	24.9%
Depreciation Expense	\$ 6,899,458	\$ 7,095,733	\$ 196,275	2.8%
Net Operating Income (Loss) After Depreciation and Amortization	\$ 7,745,606	\$ 11,193,700	\$ 3,448,094	44.5%
Total Non Operating Income	\$ 846,093	\$ 1,126,270	\$ 280,177	33.1%
Total Non Operating Expenses	\$ 2,636,567	\$ 1,517,374	\$ (1,119,193)	-42.4%
Net Income Before Grants, Contributions, Extraordinary Items, Special Items and Fema	\$ 5,955,132	\$ 10,802,596	\$ 4,847,464	81.4%

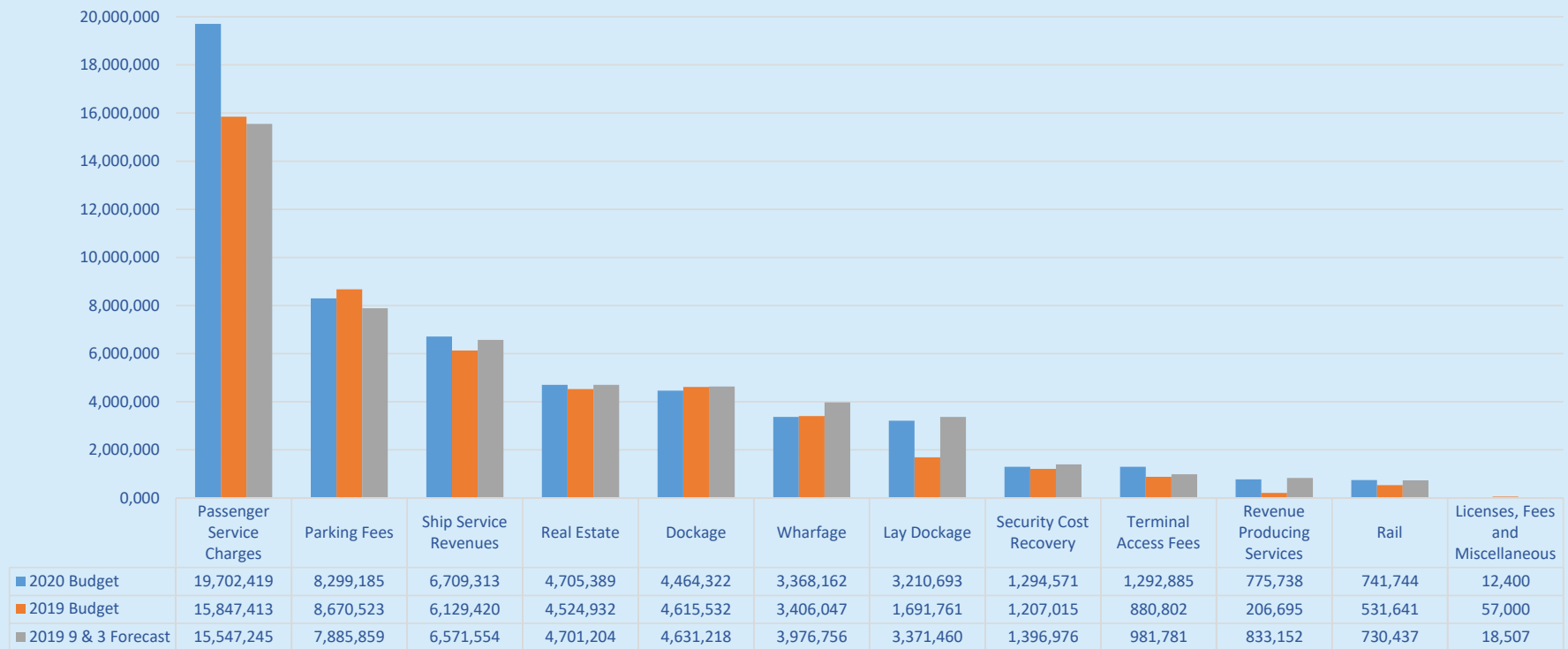
Compare Summary of 2019 Forecast to 2020 Proposed Budget

	2019 9+3 Forecast	Proposed 2020 Budget	Increase/ (Decrease)	Increase/ (Decrease) %
Total Income From Operations	\$ 50,646,150	\$ 54,576,820	\$ 3,930,670	7.8%
Operating Expenses				
Total Salaries and Related Expenses	\$ 7,807,772	\$ 9,549,907	\$ 1,742,135	22.3%
Total Contract Services	\$ 10,888,104	\$ 11,866,435	\$ 978,331	9.0%
Total Repairs and Maintenance	2,961,037	3,158,292	197,255	6.7%
Total Other Operating Expenses	9,916,145	10,368,421	452,276	4.6%
Total Office & Sales Expenses	811,185	1,344,332	533,147	65.7%
Total Operating Expenses Before Depreciation and Amortization	\$ 32,384,243	\$ 36,287,387	\$ 3,903,144	12.1%
Net Operating Income (Loss) Before Depreciation and Amortization	\$ 18,261,907	\$ 18,289,433	\$ 27,526	0.2%
Depreciation Expense	\$ 6,454,149	\$ 7,095,733	\$ 641,584	9.9%
Net Operating Income (Loss) After Depreciation and Amortization	\$ 11,807,758	\$ 11,193,700	\$ (614,058)	-5.2%
Total Non Operating Income	\$ 1,217,208	\$ 1,126,270	\$ (90,938)	-7.5%
Total Non Operating Expenses (includes new debt interest)	\$ 1,915,857	\$ 1,517,374	\$ (398,483)	-20.8%
Net Income Before Grants, Contributions, Extraordinary Items, Special Items and Fema	\$ 11,109,109	\$ 10,802,596	\$ (306,513)	-2.8%

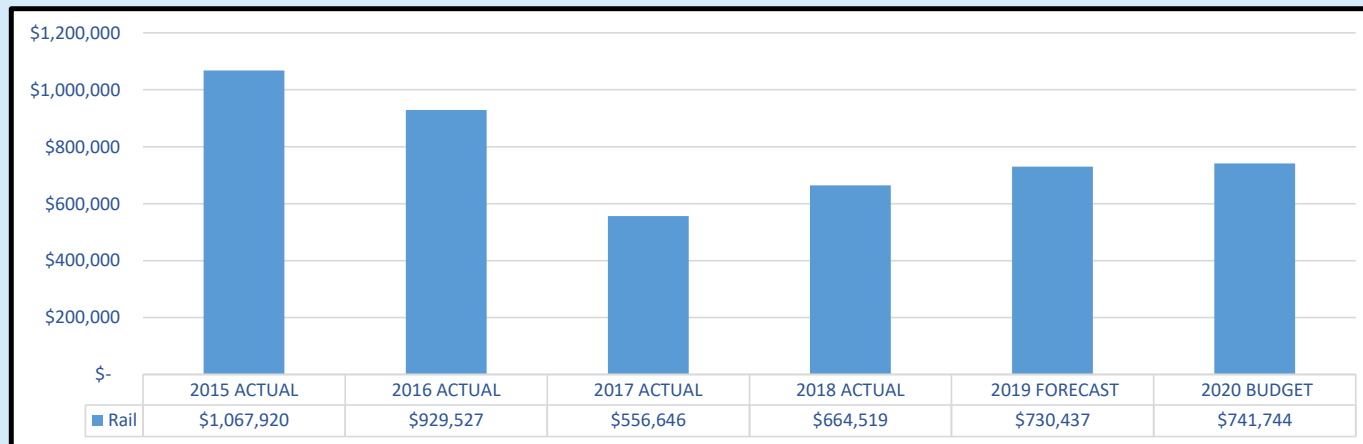
2019 Proposed Budgeted Revenues from Operations by Major Categories



2020 Proposed Budgeted Revenue from Operations



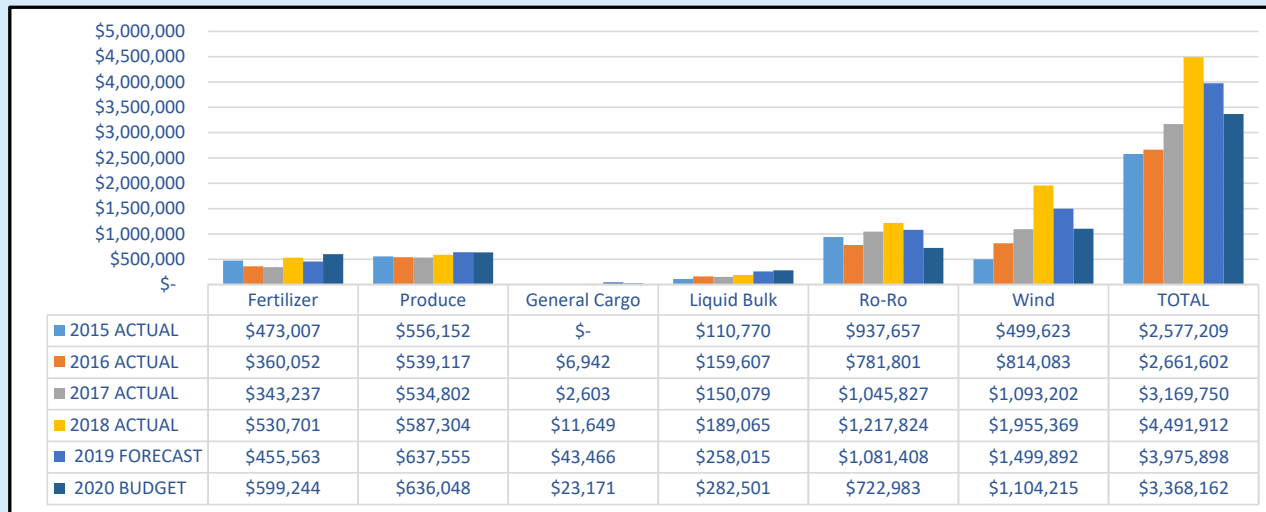
Switching / Rail Revenue Trend



Consists
Mainly of
Grain,
Fertilizer, and
Wind Products
in 2020

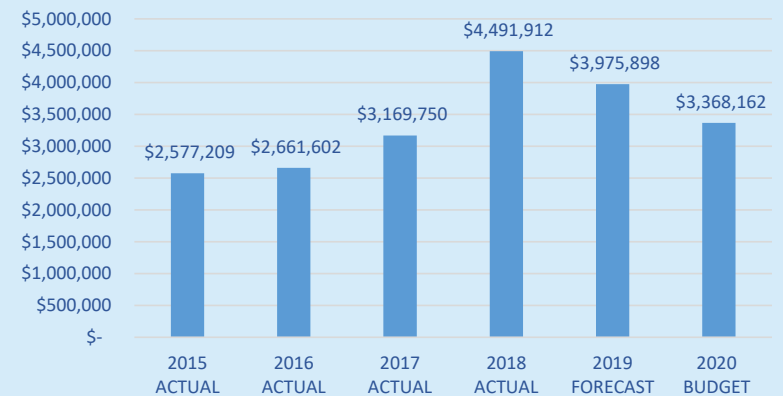


Wharfage Revenue Trend

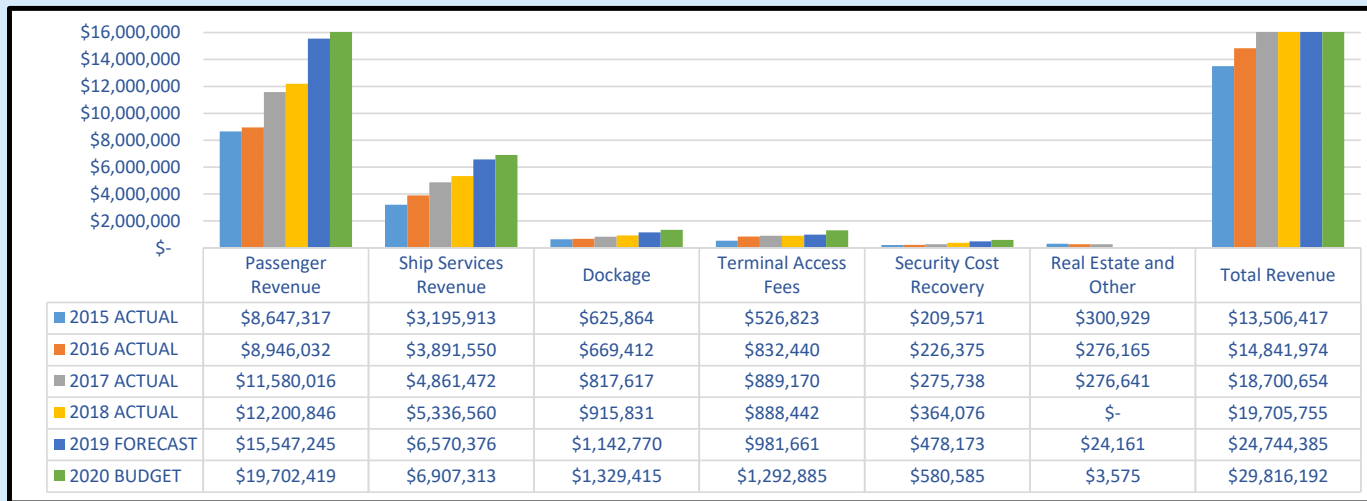


Total Proposed 2020
Budgeted Wharfage is
\$3,368,162

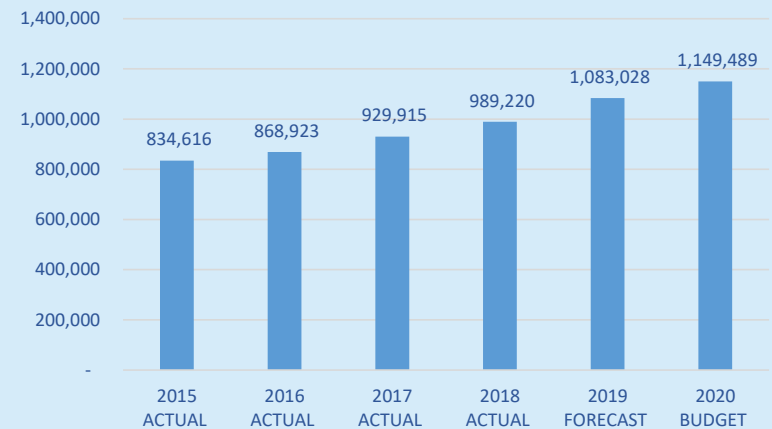
Total Revenue



Cruise Terminal Revenue Trend and Passengers



Embarking Passengers

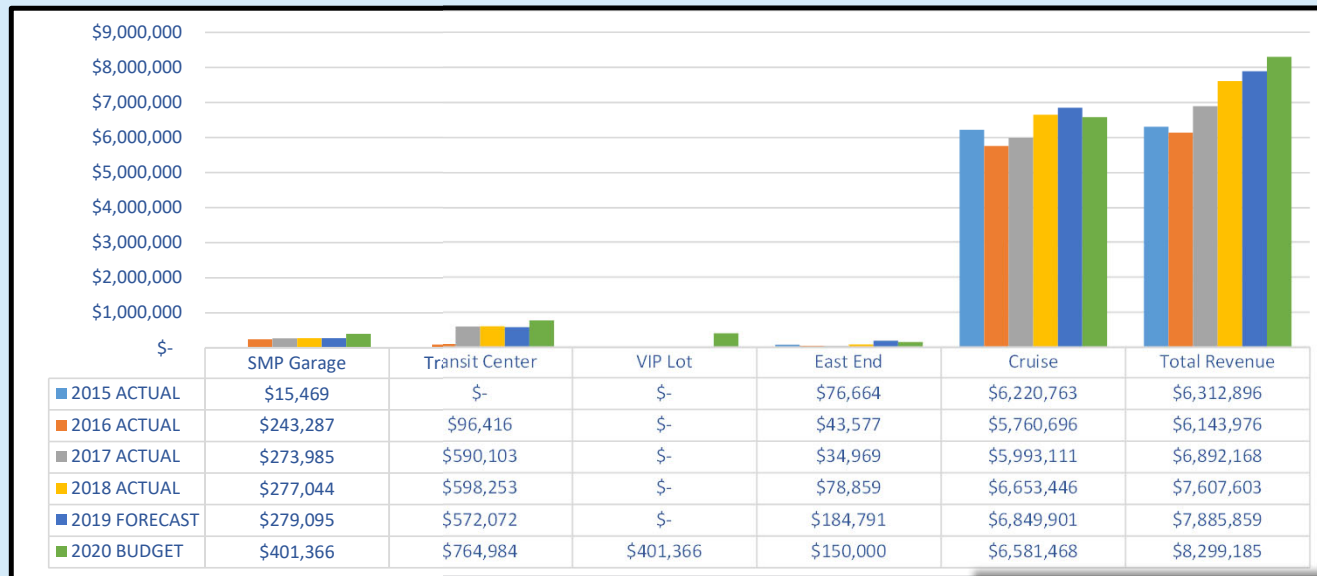


Total cruise revenue is \$29,816,192, which is 20.5% over 2019 forecast

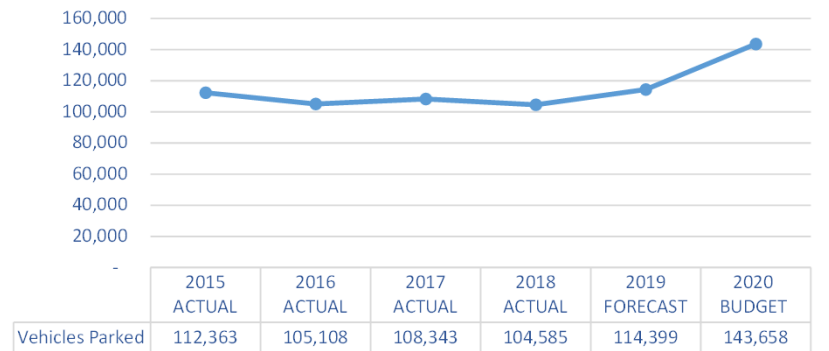
Total embarking passengers is 1,149,489, which is 6.1% over 2019 forecast



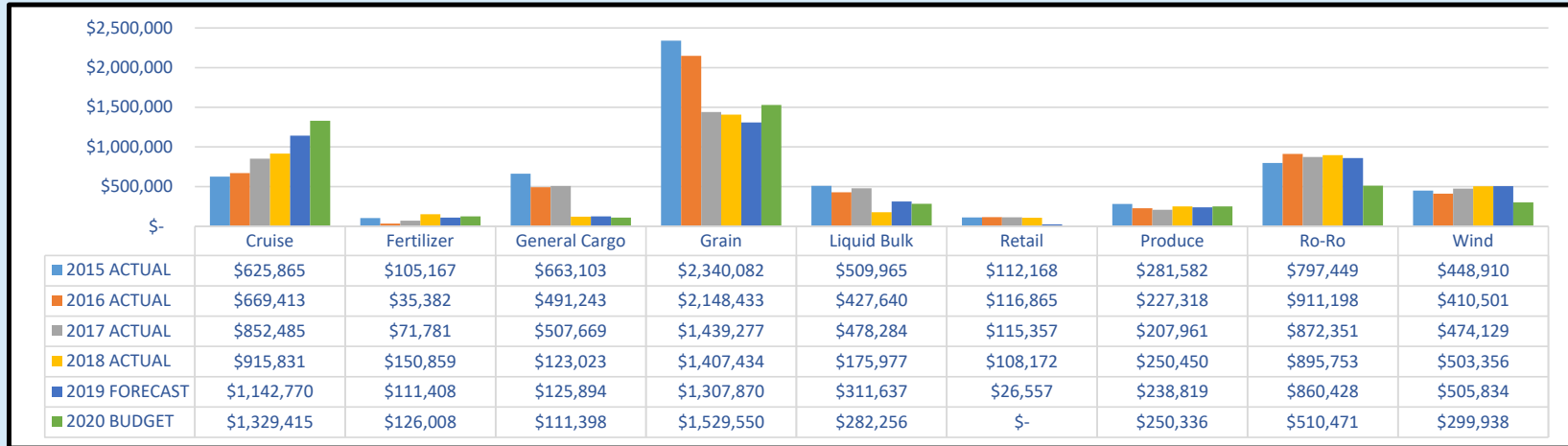
Parking Revenue Trend and Vehicles Parked



Vehicles Parked

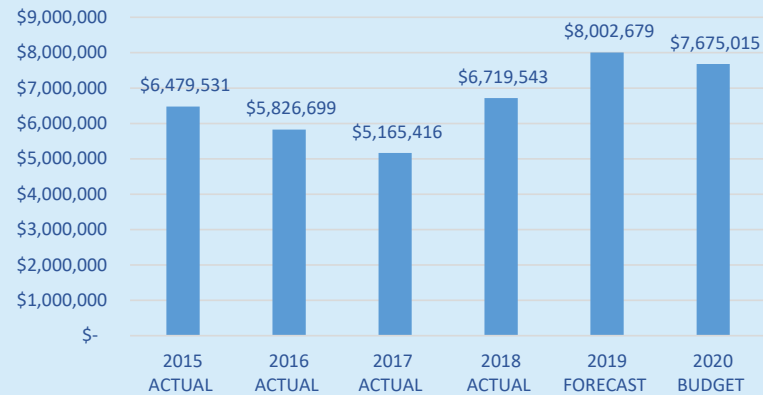


Dockage Revenue Trend

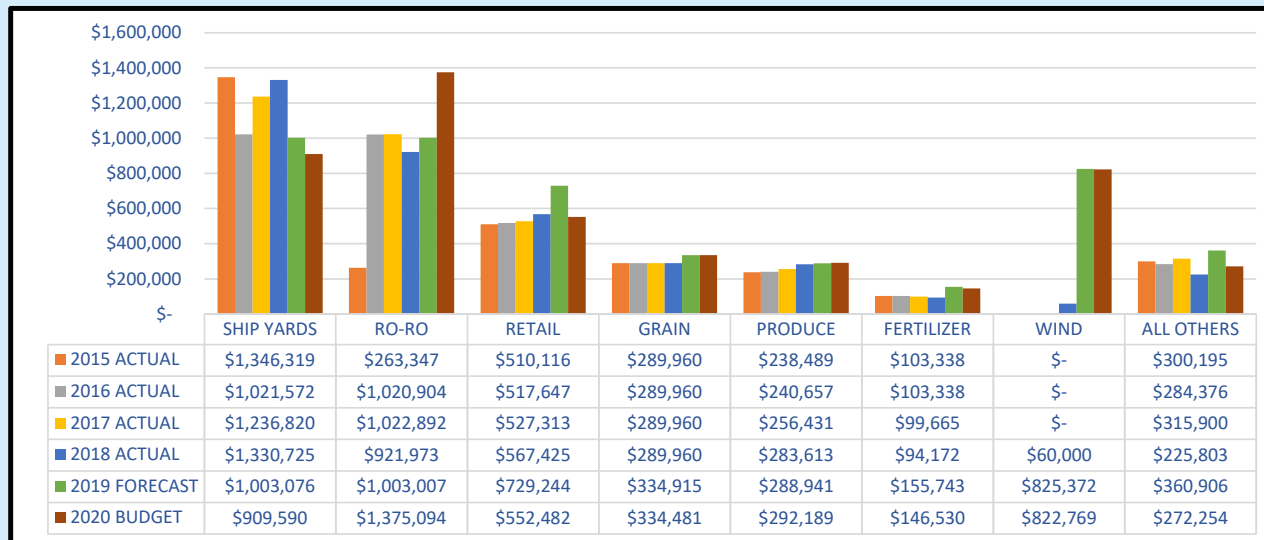


Fees Charged for
Berthing Ships at
the Docks

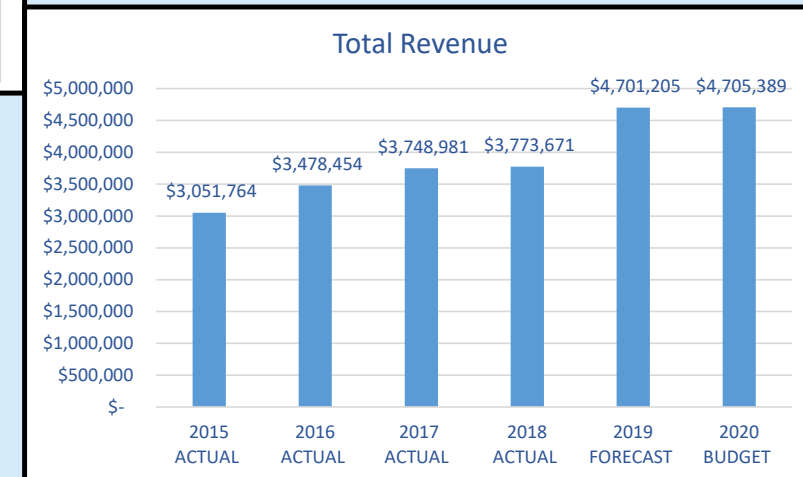
Dockage Revenue



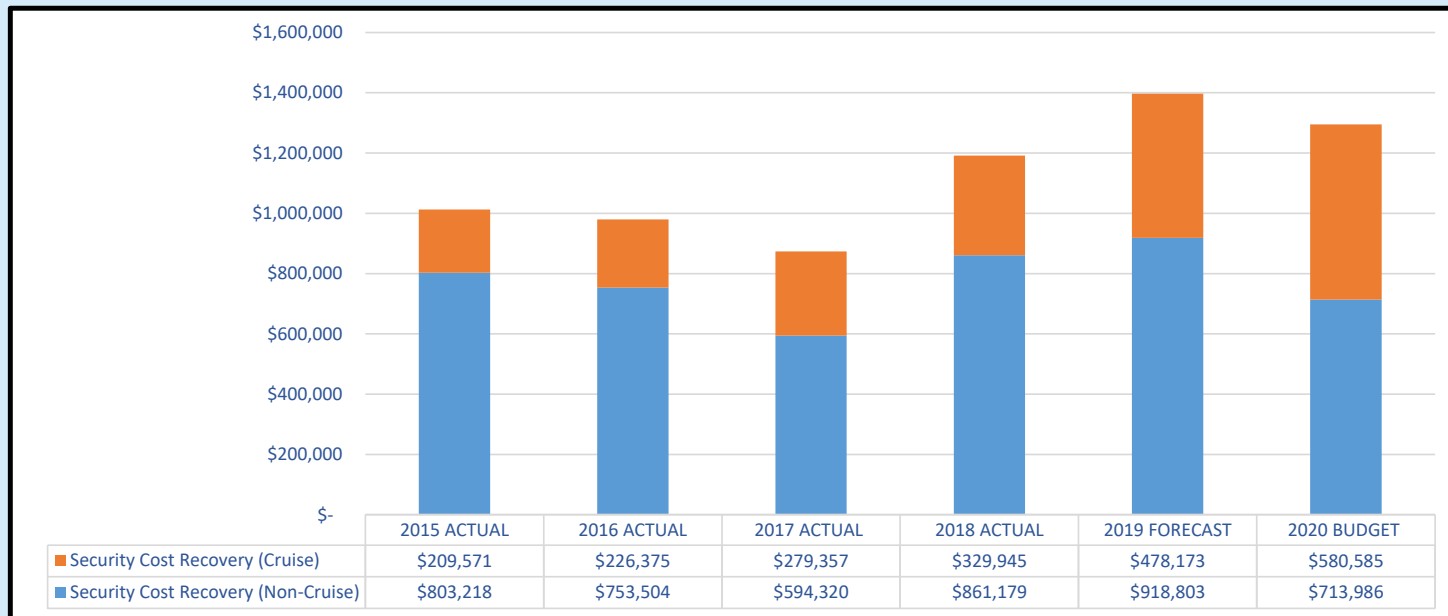
Real Estate Revenue Trend



Fixed Rate Rents on Upland
Facilities and Percentage Rents
from Tenants such as Gulf
Copper and Del Monte



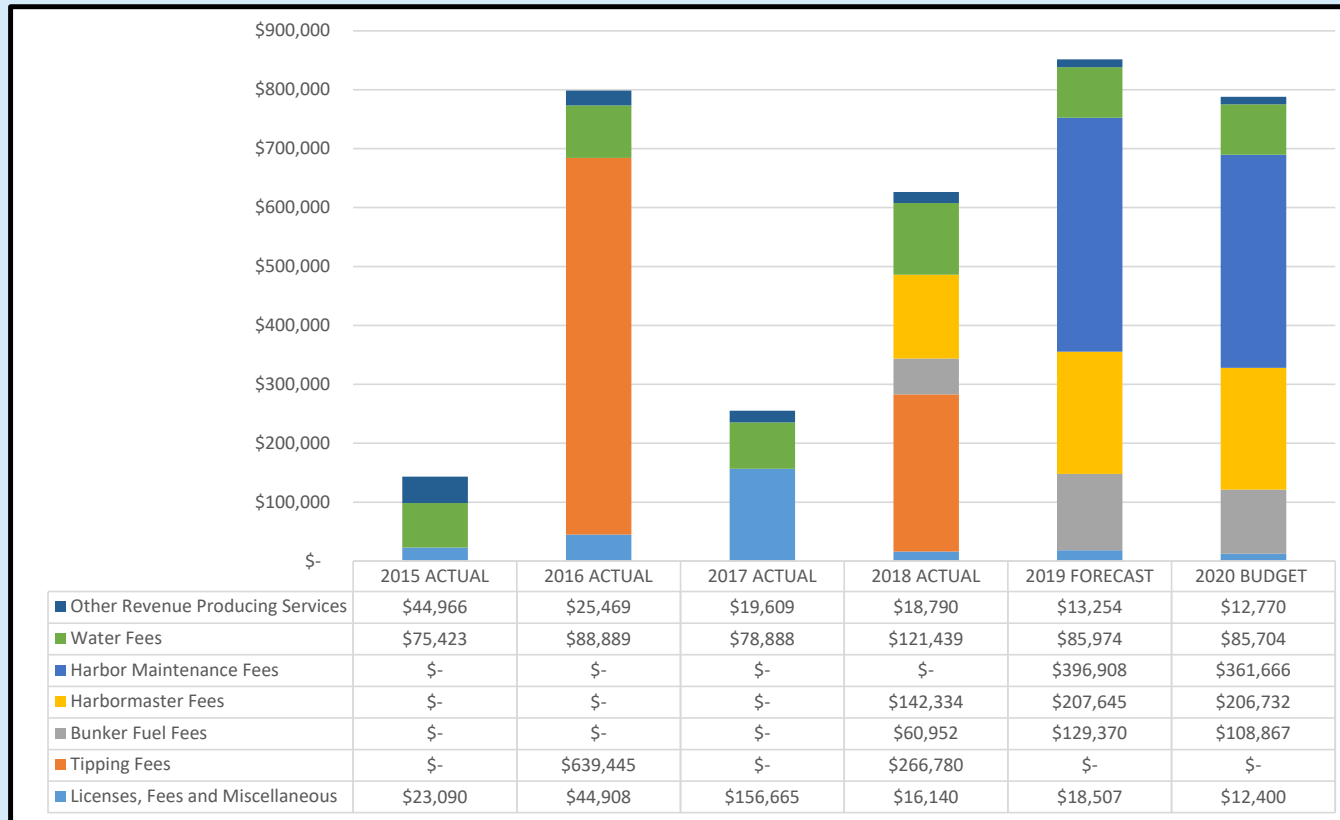
Security Cost Recovery Revenue Trend



Fees Placed on Dockage and Cargo
Tonnage for Security Services



Other Revenue Trend

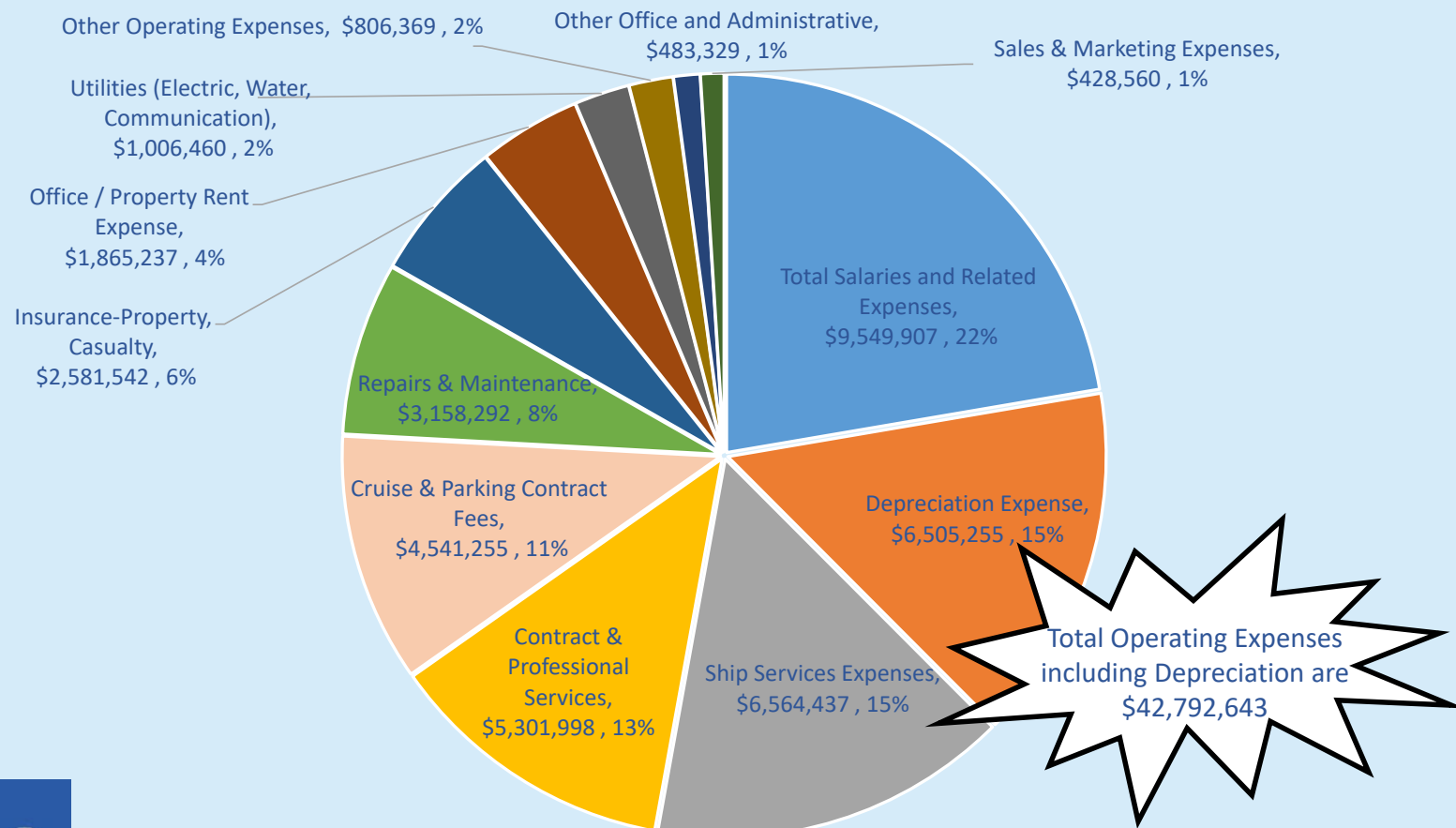


2020 Annual Budget Operating Expenses

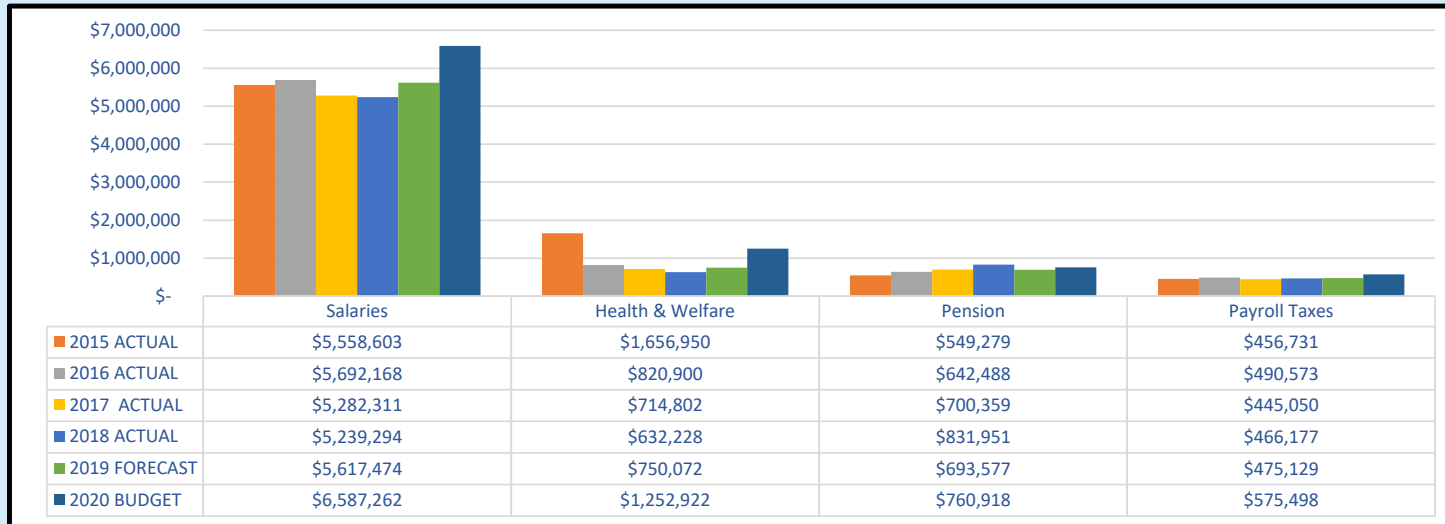
Operating Expenses consist of those costs incurred in the normal course of business and the general operations of the Port including Personnel, Contract Services, Facility and General Maintenance, Equipment Maintenance, General Liability, Property and Casualty Insurance, Utilities, Fuel, Administrative, Sales, and Other Costs, as required



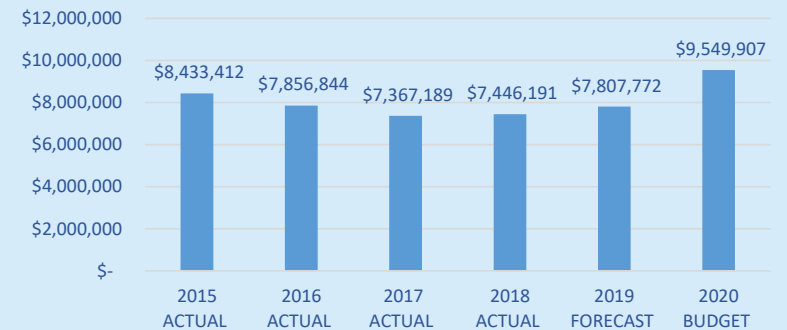
2020 Proposed Expenses from Operations Including Depreciation



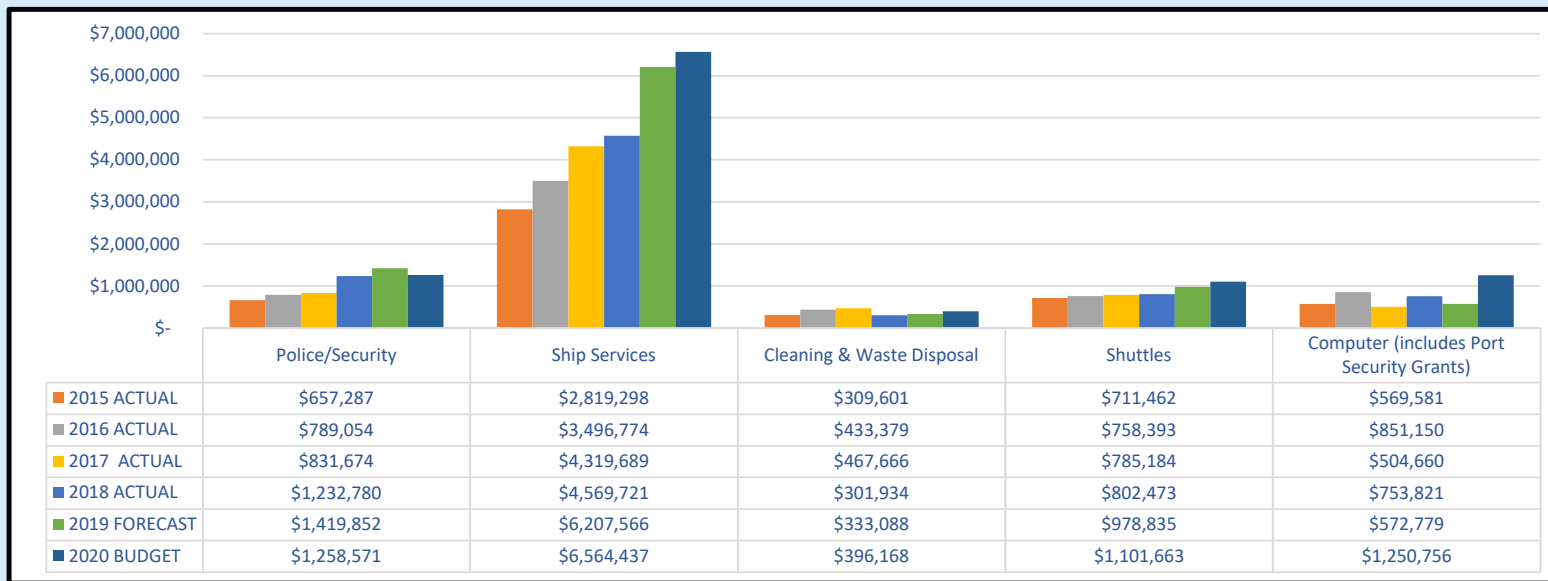
Salaries and Related Trend



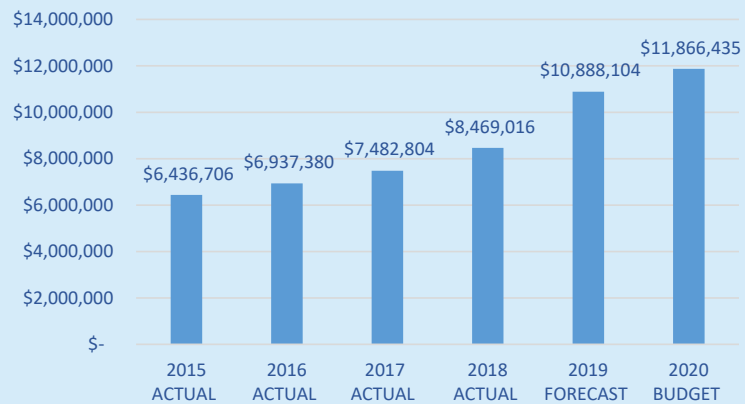
Total Employee Expenses



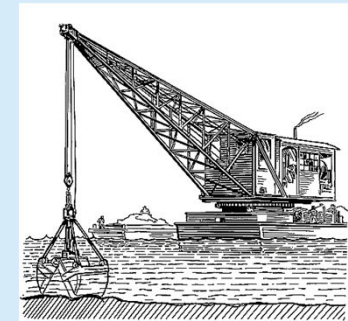
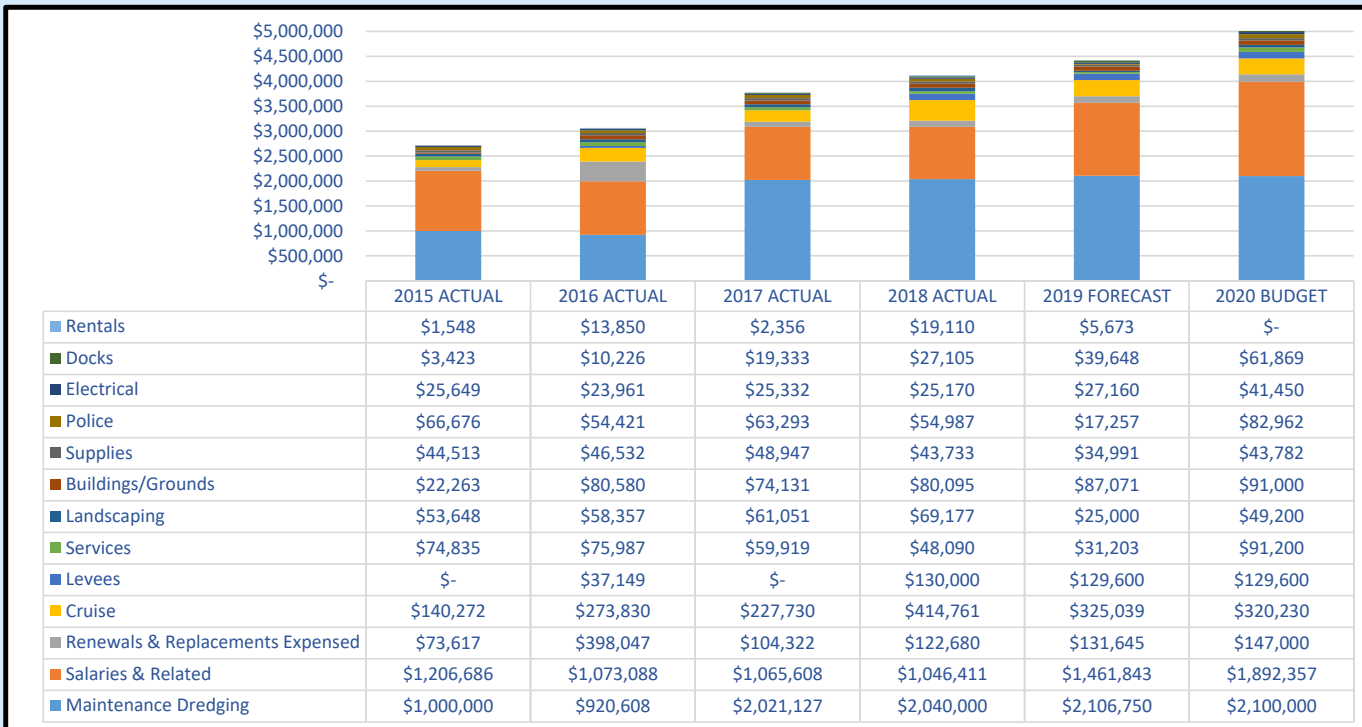
Contract Labor Trend



Total Contracted Services



Repairs & Maintenance Expense Trend



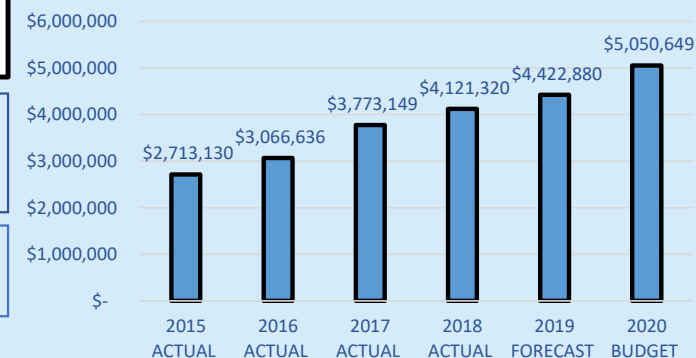
Dredging expense is 42% of the 2020 Repairs & Maintenance budget

The Construction & Maintenance (C&M) department is responsible for the facilities and equipment maintenance programs – they address both planned and unplanned maintenance issues. Annual results will vary.

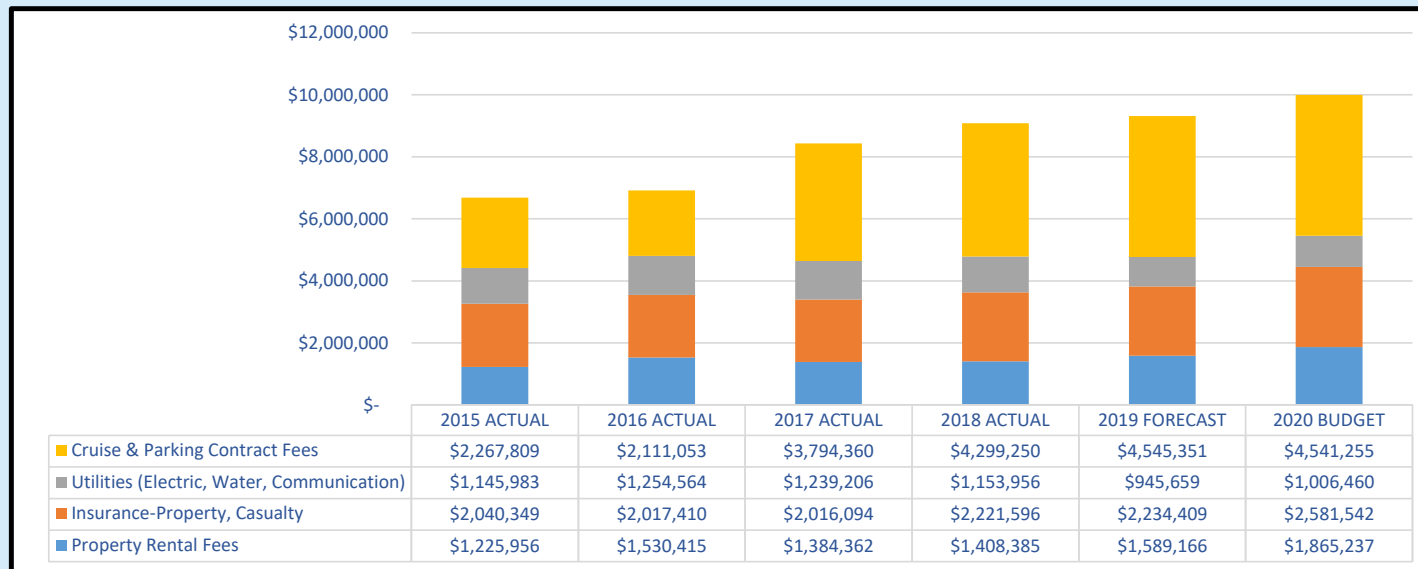
The 2020 budget includes \$147,000 of Renewal, Replacement, and Repair expense items shown in the R&R budget.



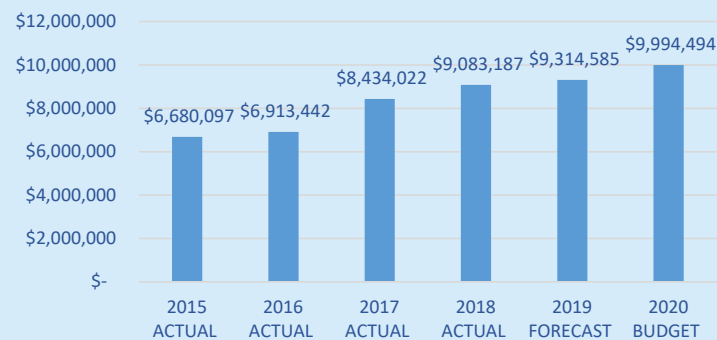
Total Expense



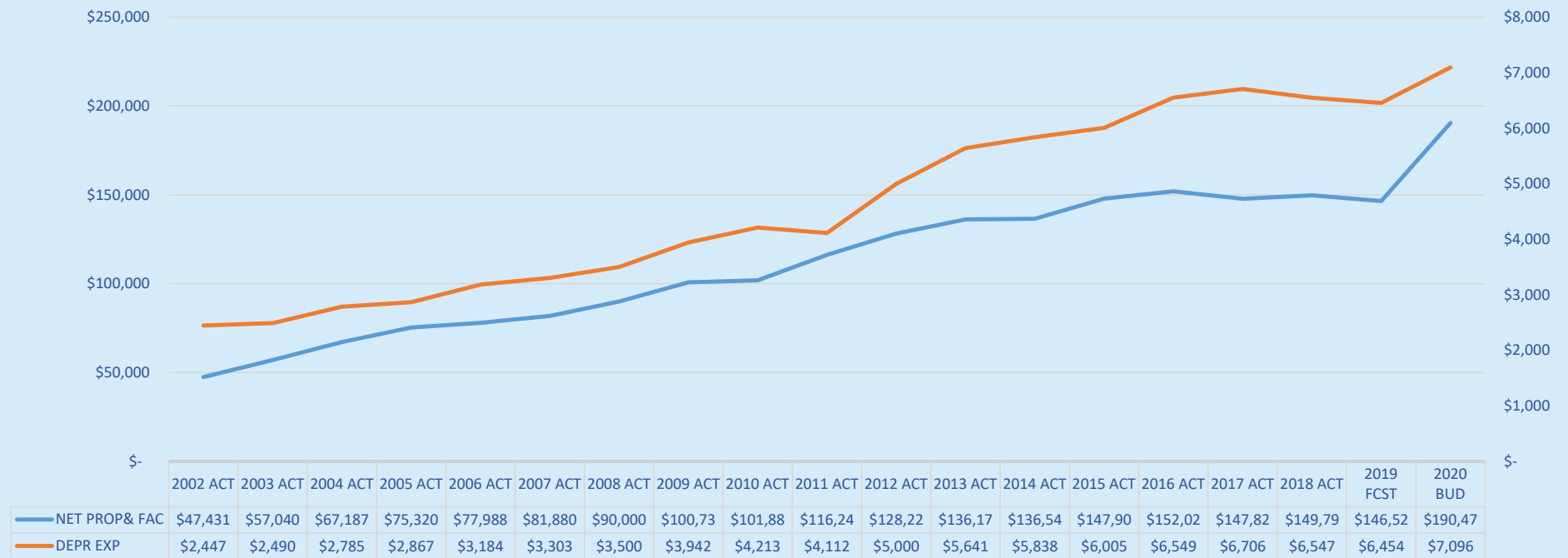
Select Major Expenses Trend



Total Expenses



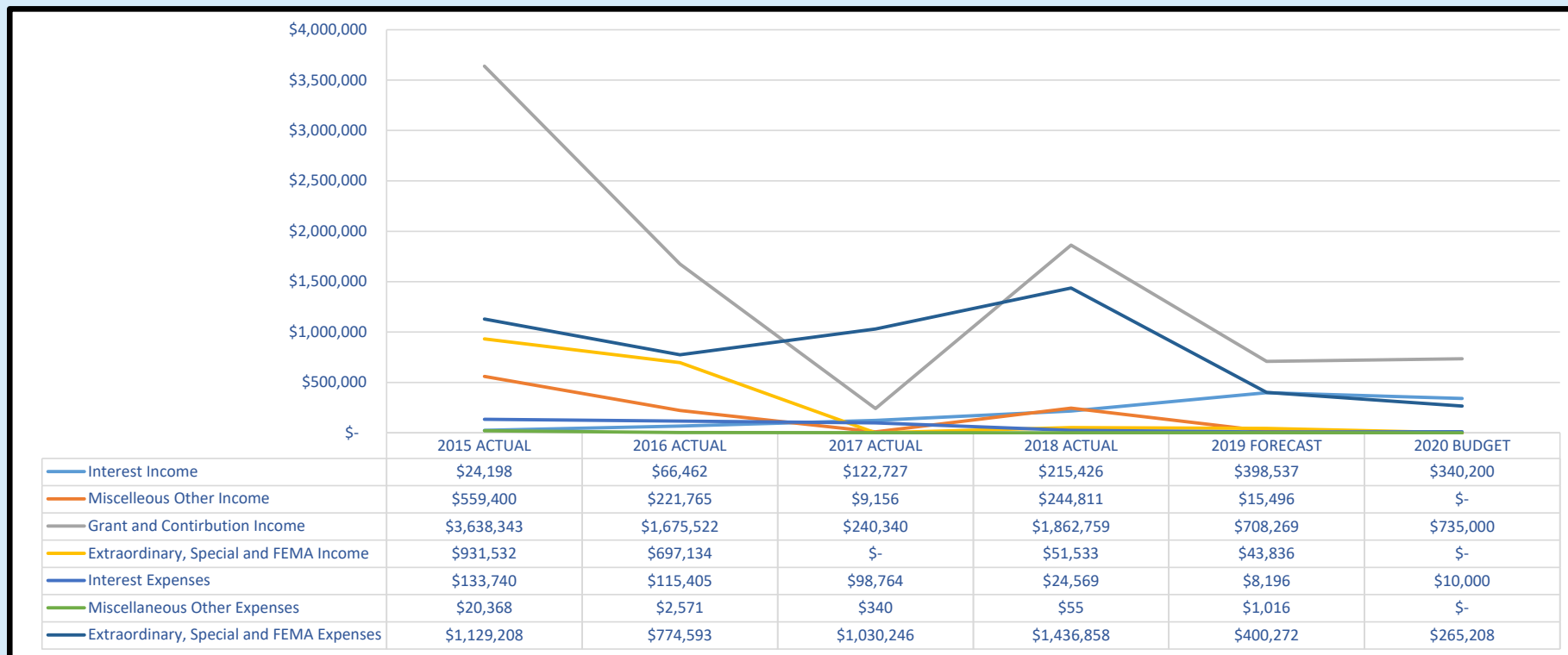
2002-2020 Net Property and Facilities and Depreciation Expense Trend (in \$000)



Depreciation includes fixed assets Funded by Grants, Insurance, FEMA, Debt, and Operations



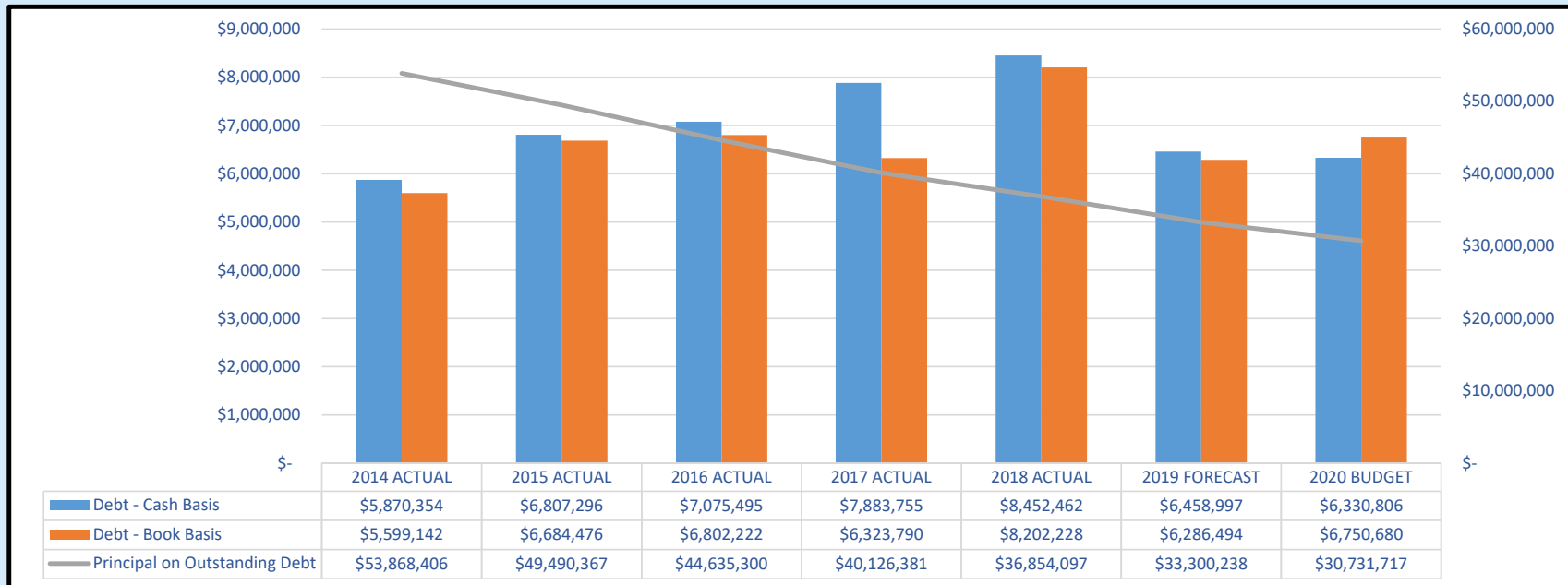
Non-Debt, Non-Operating Related, Other Income/Expense Trend



2020 Debt Service

Port of Galveston Cash Restrictions For Debt							
Debt Service	2020 Interest	2020 Principal	2020 Debt - Cash Basis (Paid in 2020)	Bond Premium/ Deferred Gain	Remove Prior Year Accretion that Impacts Cash but Not Book	2020 Debt - Book Basis	Comments
Series 2011; Final Installment January 2026	\$ 651,523	\$ 1,942,083	\$ 2,593,606	\$ (51,070)		\$ 2,591,544	Restricted monthly from operating revenue
Series 2004 B Prior Year Accretion of Zero Coupon Bond Installment 2/1/2020	\$ 1,769,379	\$ 1,390,621	\$ 3,160,000		\$ (1,761,677)	\$ 1,398,323	Final Accretion total due 1/31/2020 is \$3,160,000
Series 2014 Revenue Notes; Final Installment January 2026	\$ 577,200		\$ 577,200			\$ 2,512,200	Restricted monthly from operating revenue
USA Corp Engineers 10% Payback	\$ 117,764	\$ 130,849	\$ 248,613	\$ -	\$ -	\$ 248,613	Assumed Annual Interest 3%
Debt Service	\$ 3,115,866	\$ 3,463,553	\$ 6,330,806	\$ (51,070)	\$ (1,761,677)	\$ 6,750,680	

2020 Debt Service and Principal on Outstanding Debt



Decrease in Book Basis Debt from 2014 through 2018
is Due to Payments and Accretion for Debt Payments

2020 Annual Budget Annual Renewals and Replacements

Annual Renewal and Replacement items are normally smaller cost capital items. The budgeted cost related to these items expires at the end of the budget year unless they are specifically requested to be carried forward to the next calendar year.

Once approved, each of these 2020 requests will be assigned project identification numbers which are tracked on the master project sheet.

The total 2020 R&R request is \$2,098,500, comprised of Capital projects totaling \$1,898,500 and Expense projects totaling \$200,000.

All R&R items are reviewed and prioritized based on availability of funds.



2020 Annual Budget Annual Renewals and Replacement Schedule

Project Type	Expense	Capital
Utility	10,000	-
Equipment Acquisition	19,000	51,000
Other	126,000	1,712,000
IT Hardware and Software	45,000	135,500
Total	200,000	1,898,500
Major Capital R&R Includes:		Capital
Pavement Repairs & Striping		300,000
Dock Repairs		200,000
Replace PLC's in both FMT's at CT2		150,000
Building Repairs		150,000
Replace AC units in all FMT's both CT1 and CT2		120,000

2020 Annual Budget Capital Improvement Plan

The 2020 Capital Improvement Plan and Capital Improvement Budget is presented as a separate section in the 2020 Proposed Budget Book.

