

Port of Galveston Supplemental Information For the 2021 Annual Budget



Operating
Budget

Renewal and
Replacement
Budget

Capital
Improvement
Budget



GALVESTON WHARVES

Overview of the 2021 Proposed Budget

The 2021 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 2021. Methodology for deriving anticipated Operating Revenues is detailed on the attached 2021 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 2021 Projects (Projected Spending > \$500K in 2021):

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

Compare Summary of 2020 9 + 3 Fcst to 2021 Proposed Budget

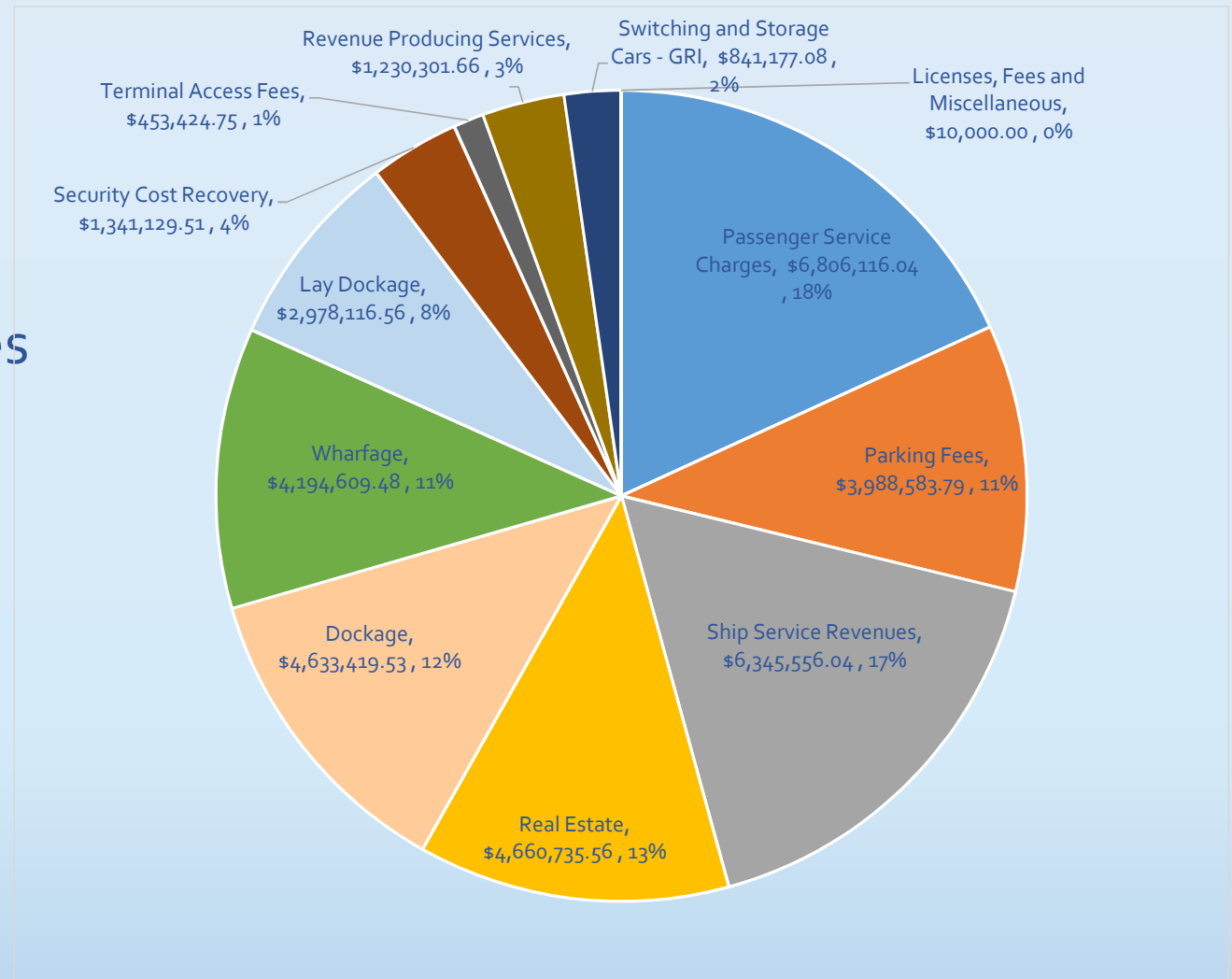
Compare Summary of 2020 9 Act + 3 Fcst to 2021 Proposed Budget				
	2020 9 Act + 3 Fcst	Proposed 2021 Budget	Increase/ (Decrease) \$	Increase/ (Decrease) %
Total Income From Operations	\$ 26,849,103	\$ 37,483,170	\$ 10,634,067	39.6%
Operating Expenses				
Total Salaries and Related Expenses	\$ 8,125,405	\$ 9,483,448	\$ 1,358,044	16.7%
Total Contract Services	\$ 4,746,106	\$ 10,388,945	\$ 5,642,839	118.9%
Total Repairs and Maintenance	2,487,537	3,145,392	657,855	26.4%
Total Other Operating Expenses	6,259,975	8,372,147	2,112,173	33.7%
Total Office & Sales Expenses	901,468	1,343,239	441,771	49.0%
Total Operating Expenses Before Depreciation and Amortization	\$ 22,520,490	\$ 32,733,172	\$ 10,212,681	45.3%
Net Operating Income (Loss) Before Depreciation and Amortization	\$ 4,328,613	\$ 4,749,998	\$ 421,385	9.7%
Depreciation Expense	\$ 6,769,669	\$ 7,270,900	\$ 501,231	7.4%
Net Operating Income (Loss) After Depreciation and Amortization	\$ (2,441,056)	\$ (2,520,902)	\$ (79,845)	3.3%
Total Non Operating Income	\$ 1,002,634	\$ 2,849,918	\$ 1,847,284	184.2%
Total Non Operating Expenses	\$ 1,706,803	\$ 1,385,442	\$ (321,361)	-18.8%
Net Income Before Grants, Contributions, Extraordinary Items, Special Items and Fema	\$ (3,145,226)	\$ (1,056,426)	\$ 2,088,800	-66.4%
Add: DEPRECIATION	\$ 6,769,669	\$ 7,270,900	\$ 501,231	7.4%
Less: BOND PRINCIPAL (ACCRUED)	\$ 3,831,718	\$ 4,197,749	\$ 366,031	9.6%
Ending Cash Flow from Operations	\$ (207,275)	\$ 2,016,725	\$ 2,224,000	-1073.0%

Compare Summary of 2019 Actuals to 2021 Proposed Budget

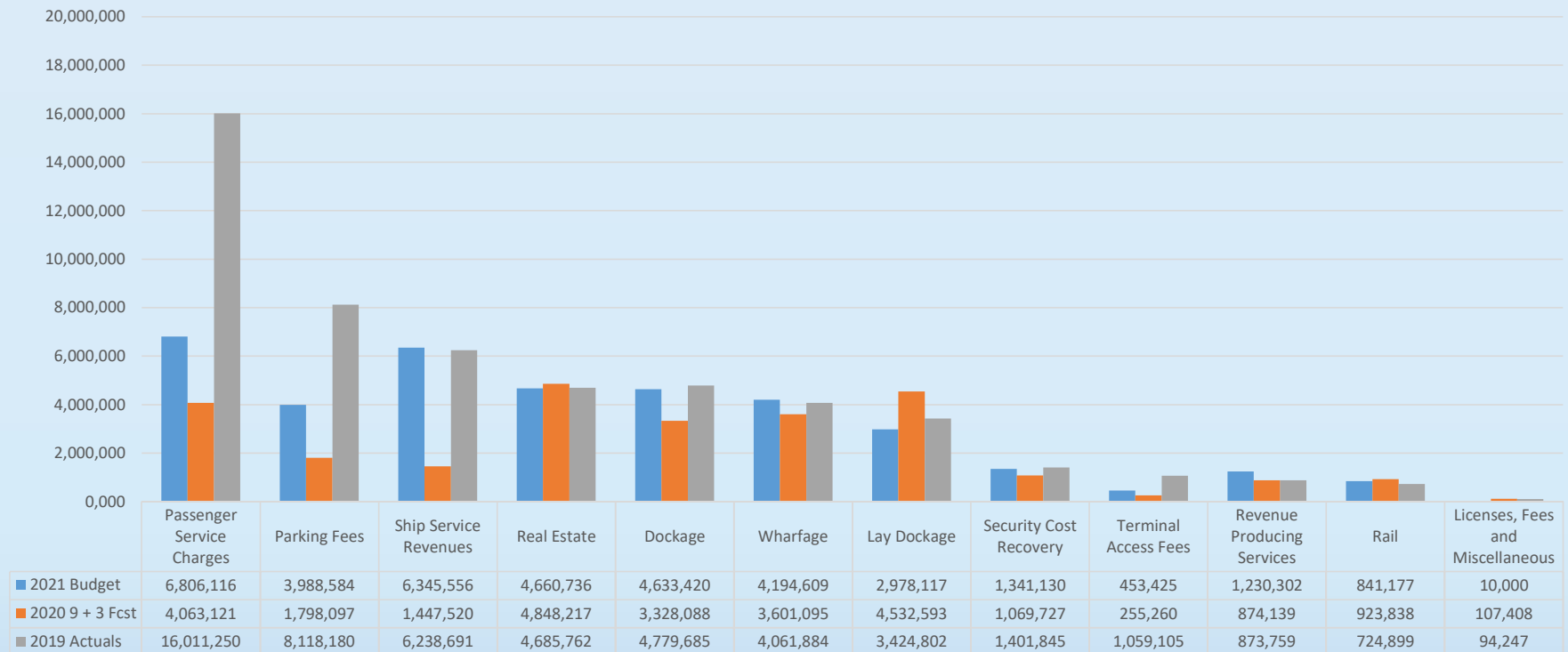
Compare Summary of 2019 Actuals to 2021-A4 Proposed Budget				
	2019 Actuals	Proposed 2021 Budget	Increase/ (Decrease)	Increase/ (Decrease) %
Total Income From Operations	\$ 51,474,110	\$ 37,483,170	\$ (13,990,940)	-27.2%
Operating Expenses				
Total Salaries and Related Expenses	\$ 7,942,250	\$ 9,483,448	\$ 1,541,198	19.4%
Total Contract Services	\$ 11,314,720	\$ 10,388,945	\$ (925,775)	-8.2%
Total Repairs and Maintenance	2,742,525	3,145,392	402,867	14.7%
Total Other Operating Expenses	9,954,308	8,372,147	(1,582,161)	-15.9%
Total Office & Sales Expenses	738,671	1,343,239	604,568	81.8%
Total Operating Expenses Before Depreciation and Amortization	\$ 32,692,474	\$ 32,733,172	\$ 40,698	0.1%
Net Operating Income (Loss) Before Depreciation and Amortization	\$ 18,781,636	\$ 4,749,998	\$ (14,031,637)	-74.7%
Depreciation Expense	\$ 6,370,852	\$ 7,270,900	\$ 900,048	14.1%
Net Operating Income (Loss) After Depreciation and Amortization	\$ 12,410,783	\$ (2,520,902)	\$ (14,931,685)	-120.3%
Total Non Operating Income	\$ 1,188,038	\$ 2,849,918	\$ 1,661,879	139.9%
Total Non Operating Expenses (includes new debt interest)	\$ 2,123,948	\$ 1,385,442	\$ (738,506)	-34.8%
Net Income Before Grants, Contributions, Extraordinary Items, Special Items and Fema	\$ 11,474,873	\$ (1,056,426)	\$ (12,531,299)	-109.2%
Add: DEPRECIATION	\$ 6,370,852	\$ 7,270,900	\$ 900,048	14.1%
Less: BOND PRINCIPAL (ACCRUED)	\$ 3,245,823	\$ 4,197,749	\$ 951,926	29.3%
Ending Cash Flow from Operations	\$ 14,599,903	\$ 2,016,725	\$ (12,583,178)	-86.2%



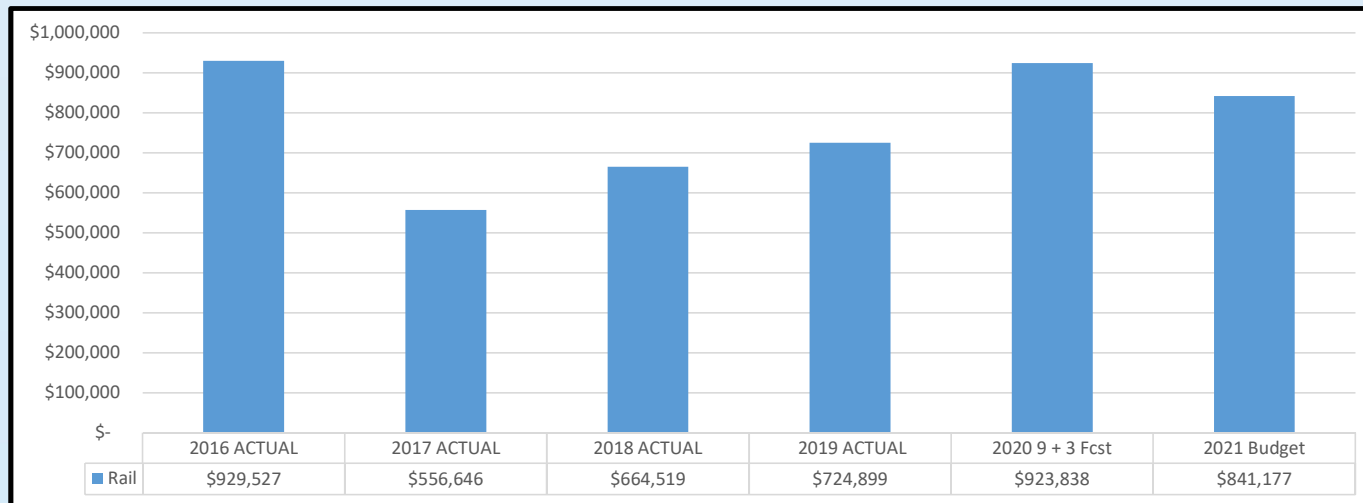
2021 Proposed Revenues from Operations by Major Categories



2021 Proposed Budgeted Revenue from Operations

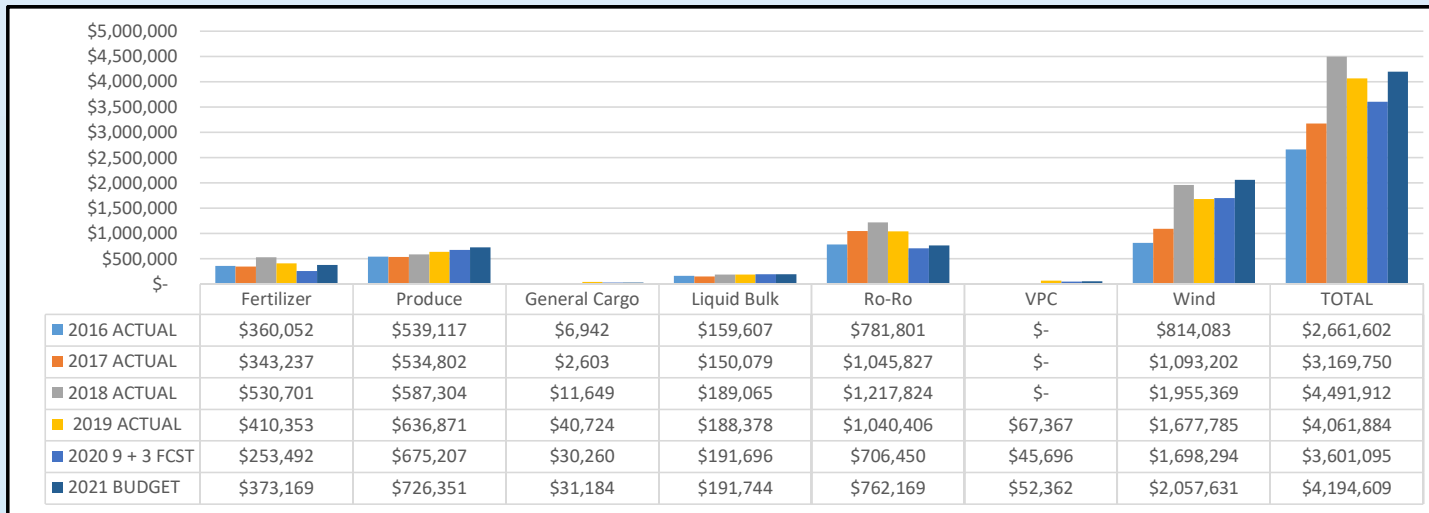


Switching / Rail Revenue Trend

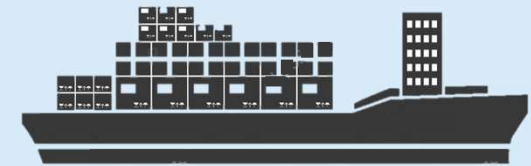


Consists Mainly of
Wind, Produce, and
Grain Products in 2021

Wharfage Revenue Trend

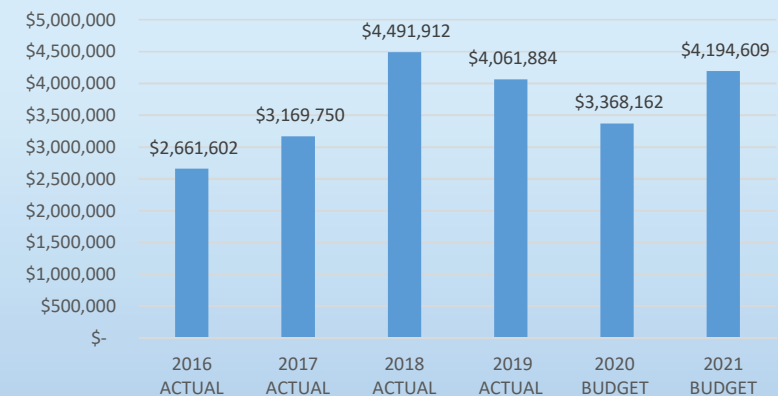


Fees Charged for
Cargo Passing Over
the Docks

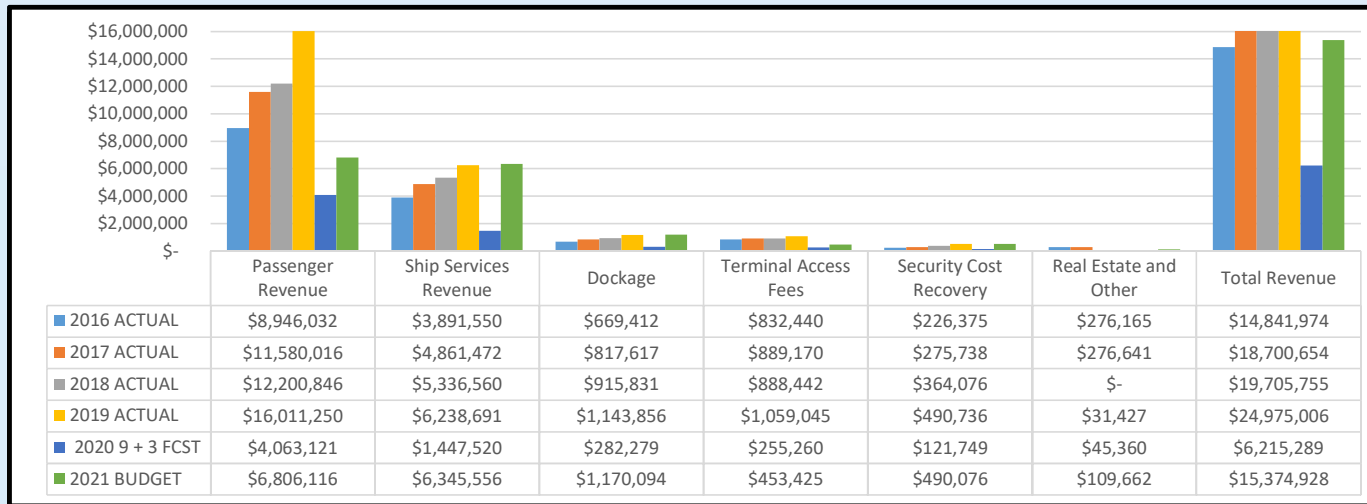


Total Proposed 2021
Budgeted Wharfage is
\$4,194,609

Total Revenue



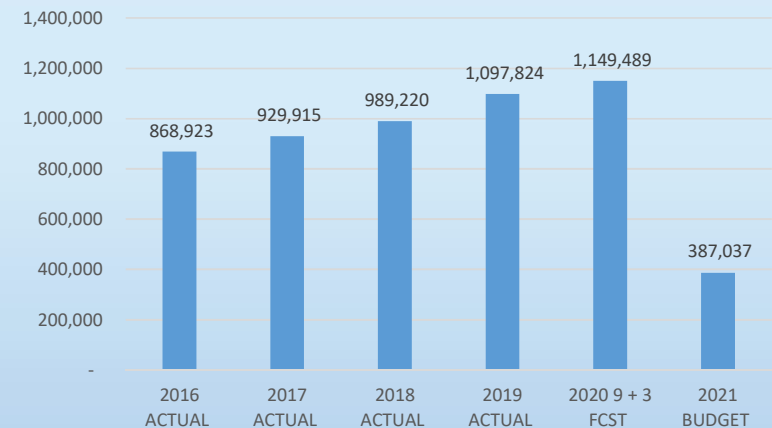
Cruise Terminal Revenue Trend and Passengers



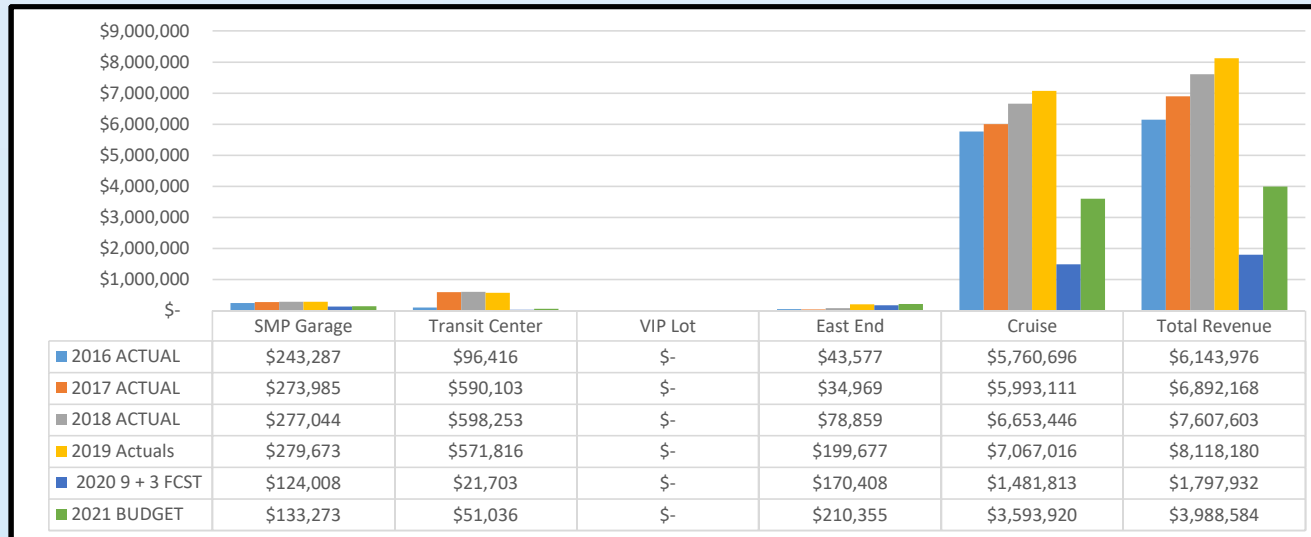
Total cruise revenue is \$15,374,928, which is 38.4% under 2019 actuals

Total embarking passengers is 387,037, which is 64.7% under 2019 actuals

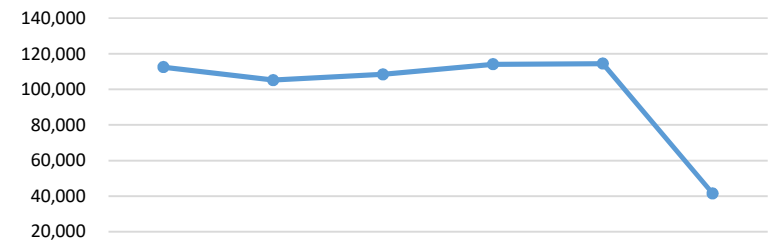
Embarking Passengers



Parking Revenue Trend and Vehicles Parked

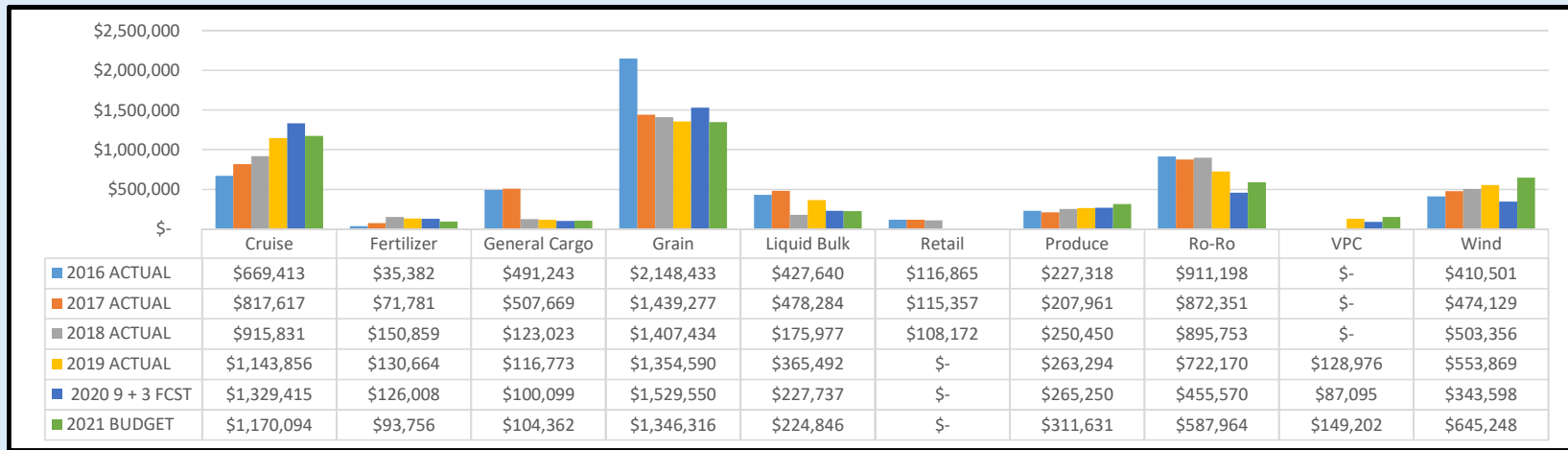


Vehicles Parked



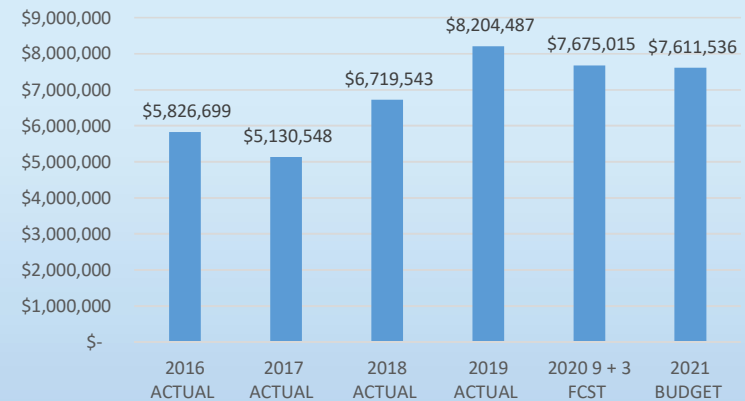
	2016 ACTUAL	2017 ACTUAL	2018 ACTUAL	2019 Actuals	2020 9 + 3 FCST	2021 BUDGET
Vehicles Parked	112,363	105,108	108,343	114,042	114,399	41,342

Dockage Revenue Trend

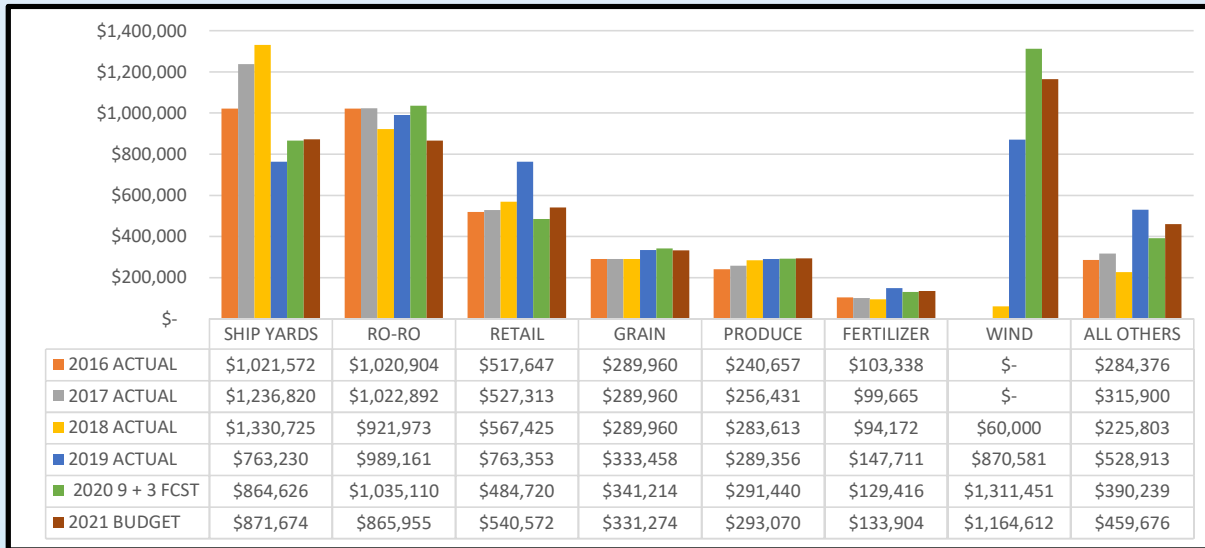


Fees Charged for
Berthing Ships at
the Docks

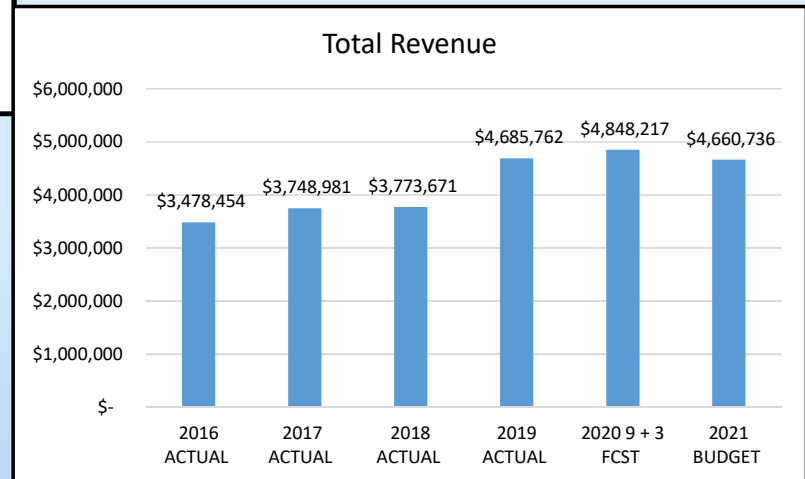
Dockage Revenue



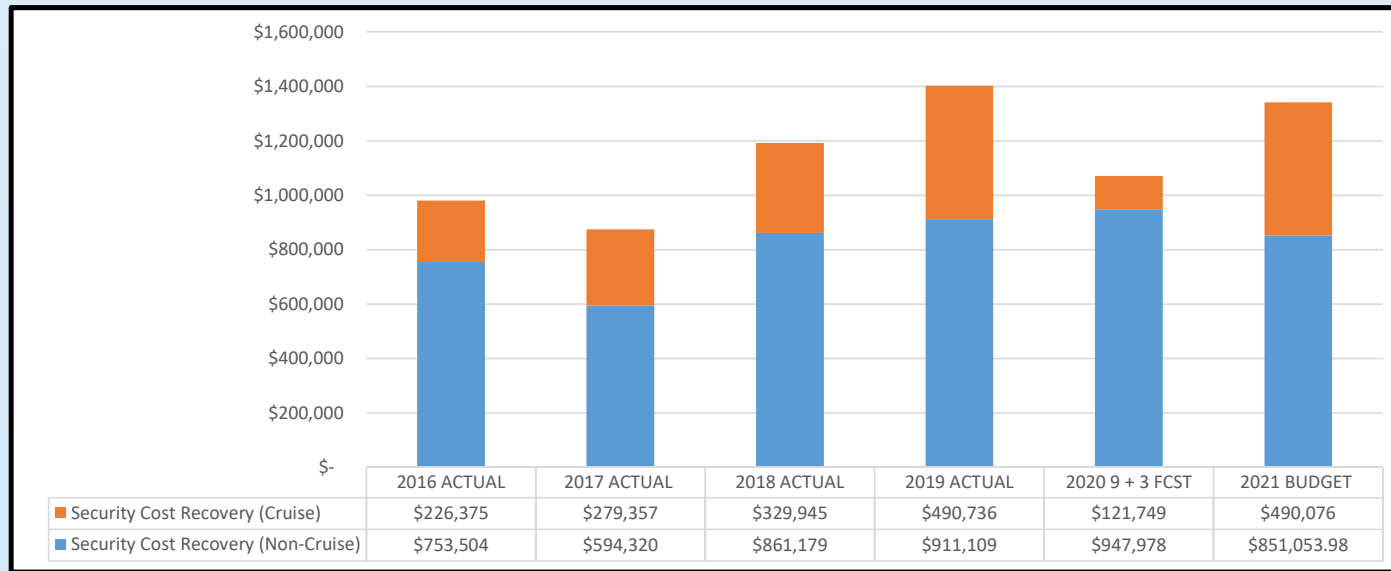
Real Estate Revenue Trend



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



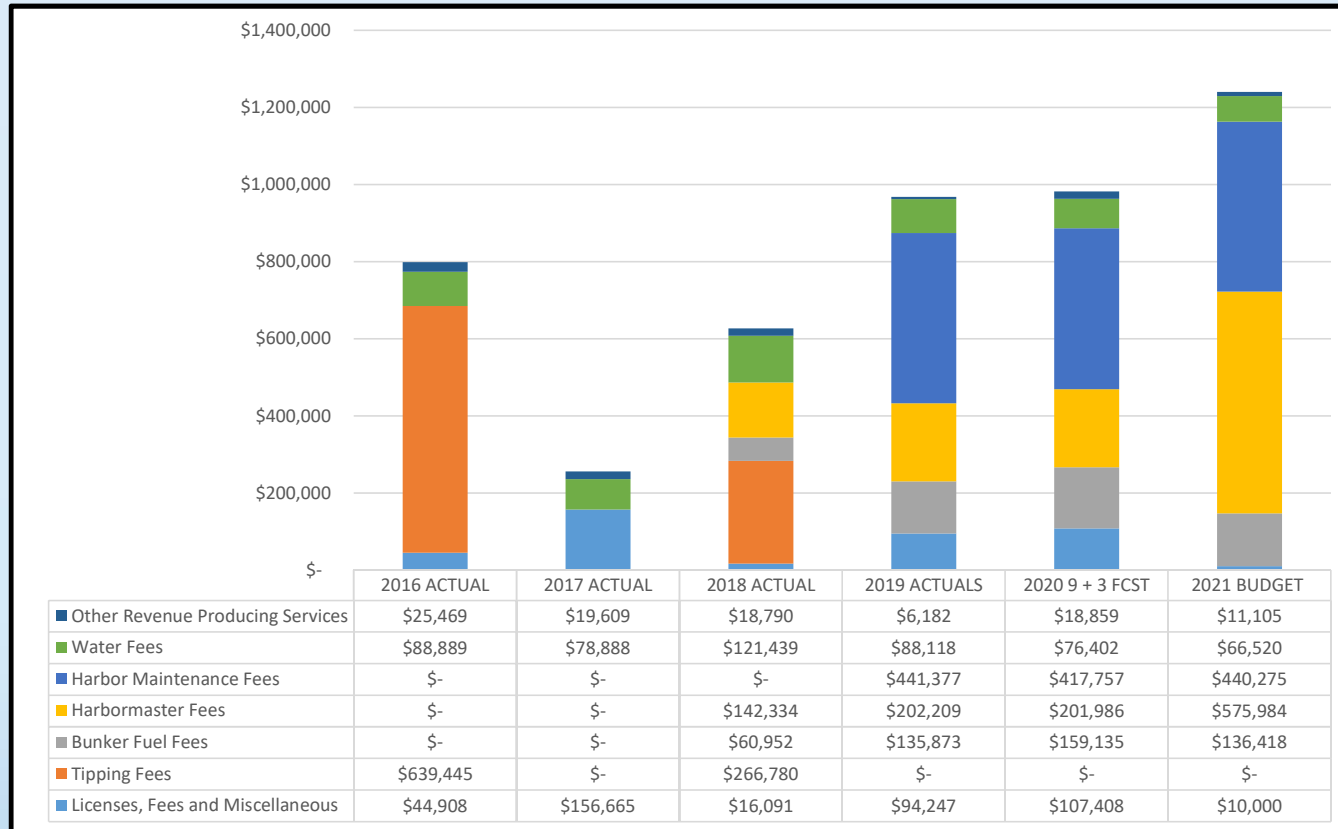
Security Cost Recovery Revenue Trend



Fees Placed on Dockage and Cargo
Tonnage for Security Services

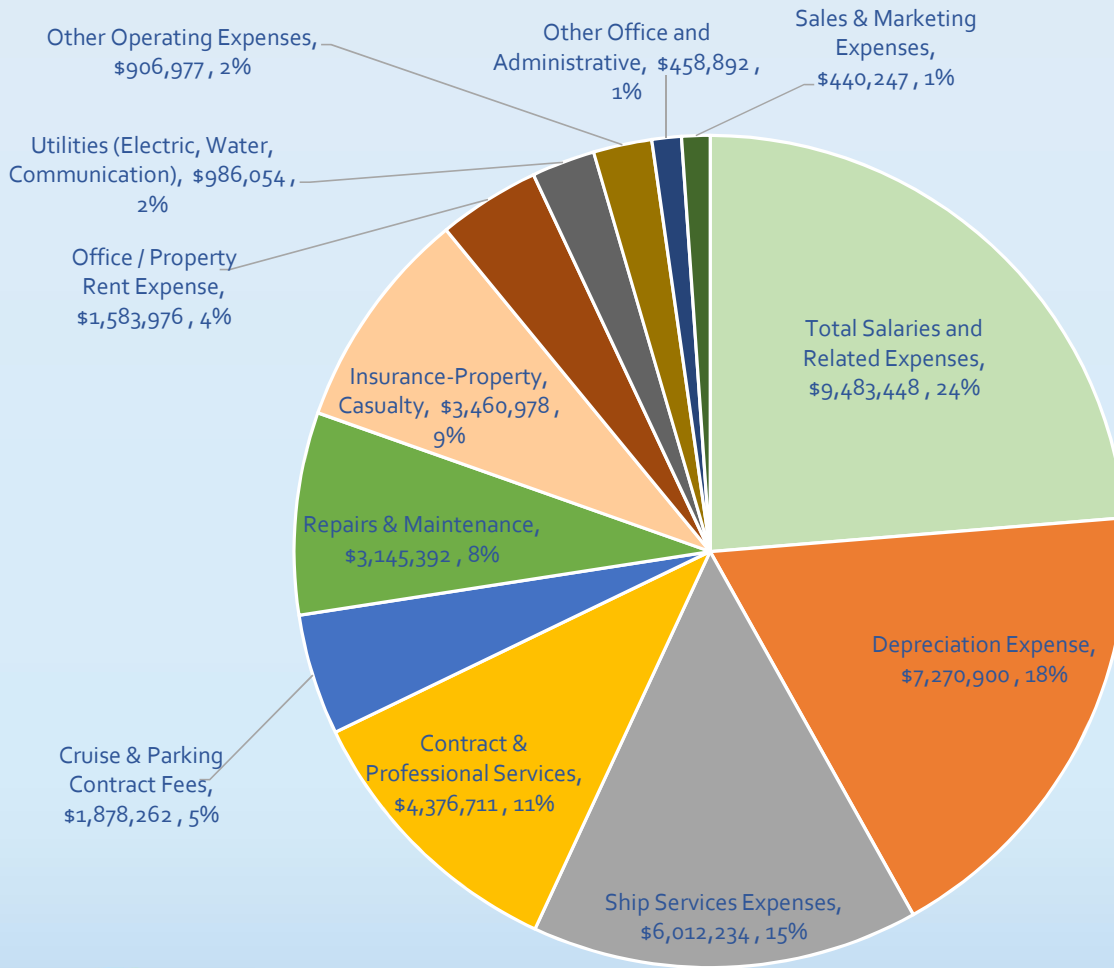


Other Revenue Trend



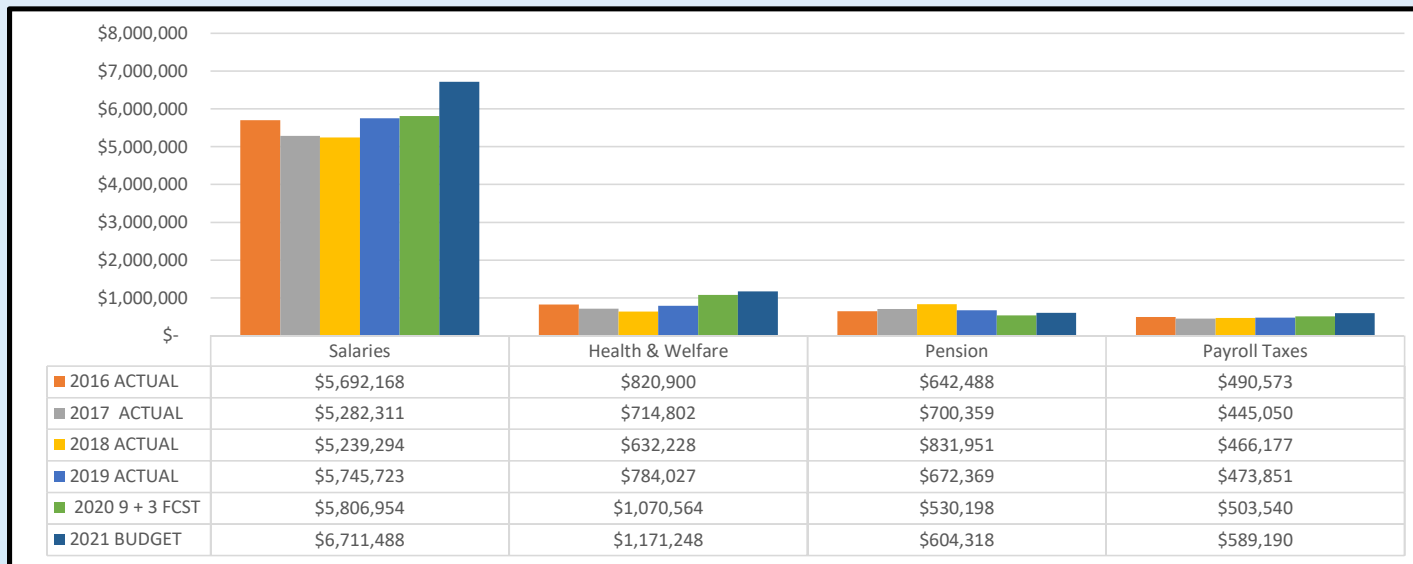
2021 Annual Budget Operating Expenses

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

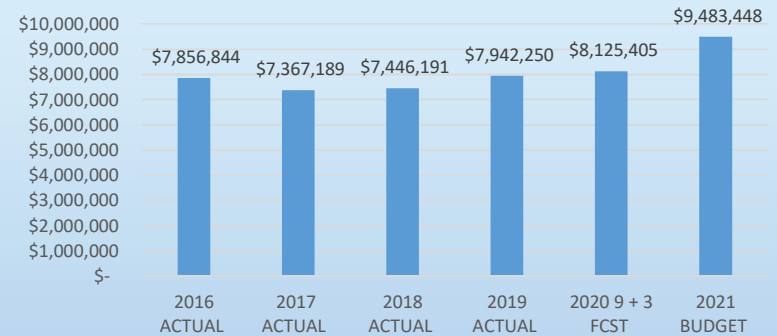


2021 Proposed Expenses from Operations Including Depreciation

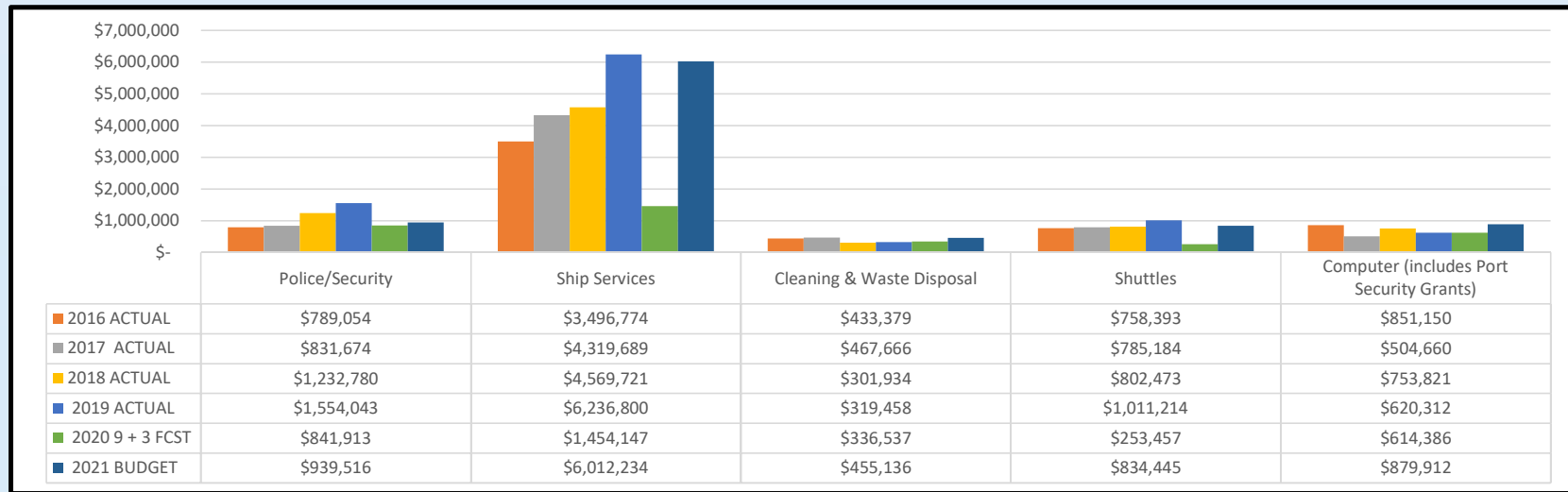
Salaries and Related Trend



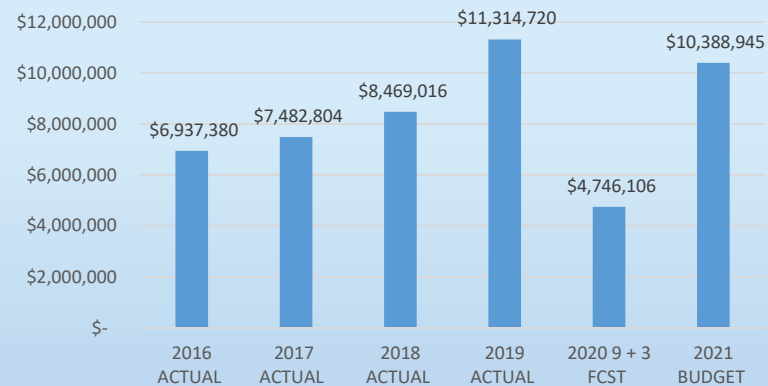
Total Employee Expenses



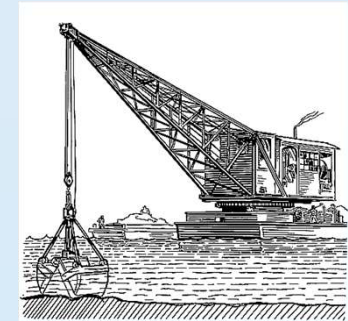
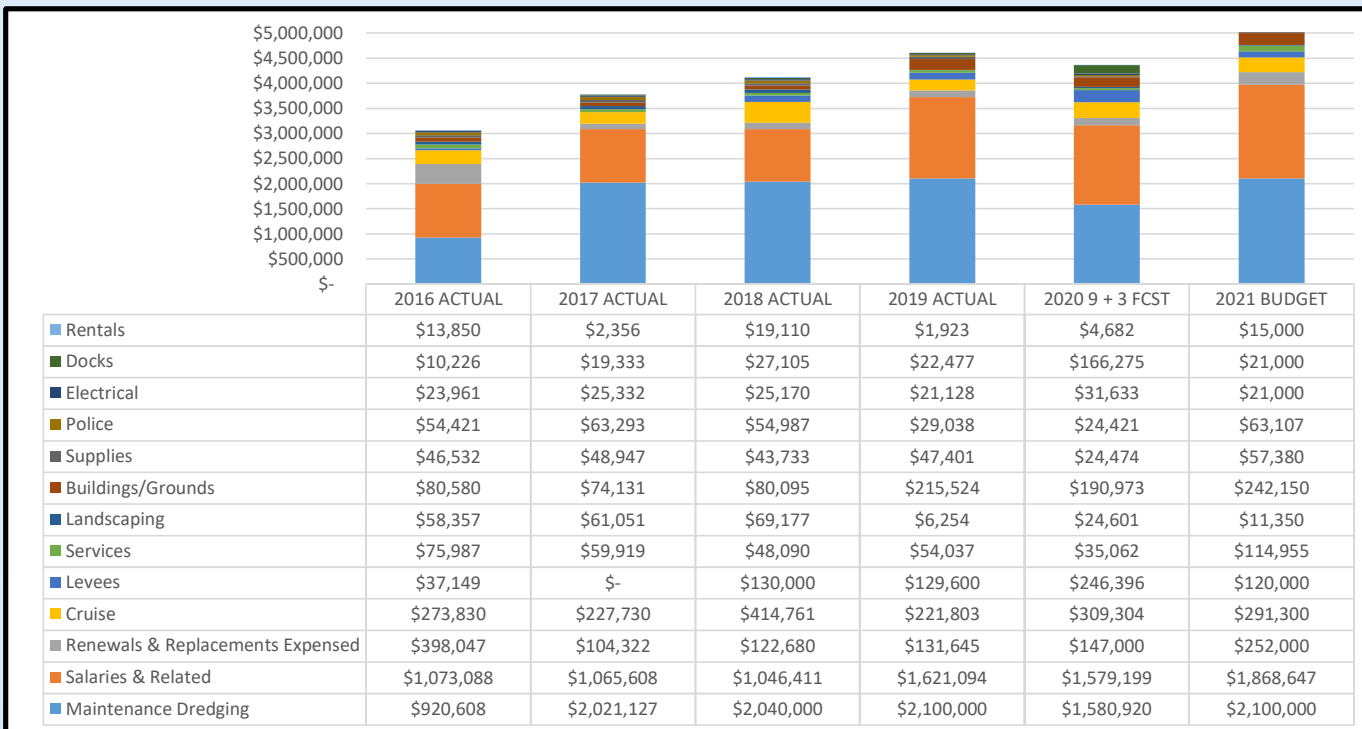
Contract Labor Trend



Total Contracted Services



Repairs & Maintenance Expense Trend

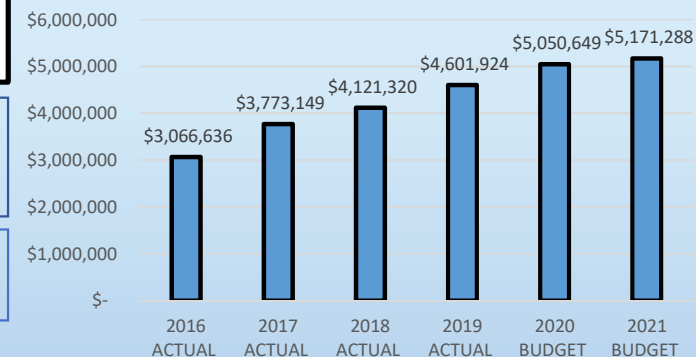


Dredging expense is 41% of the 2021 Repairs & Maintenance budget

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.

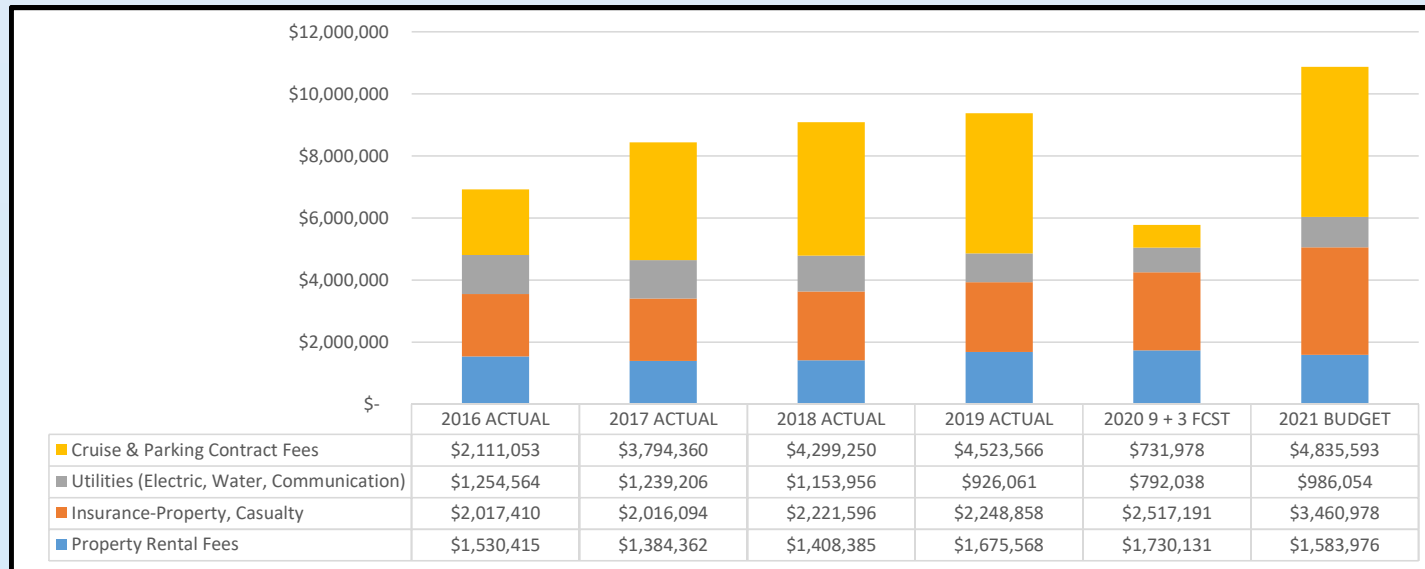
The 2021 budget includes \$252,000 of Renewal, Replacement, and Repair expense items shown in the R&R budget.

Total Expense

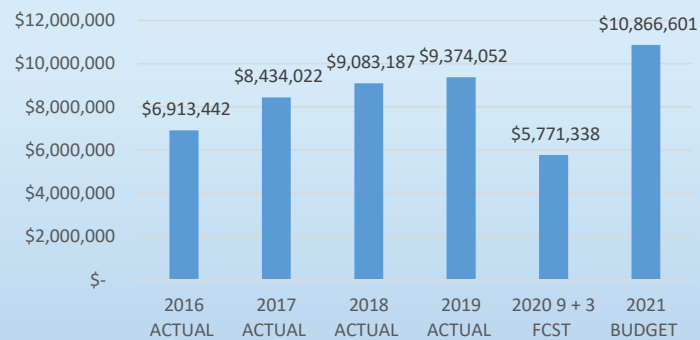


GALVESTON WHARVES

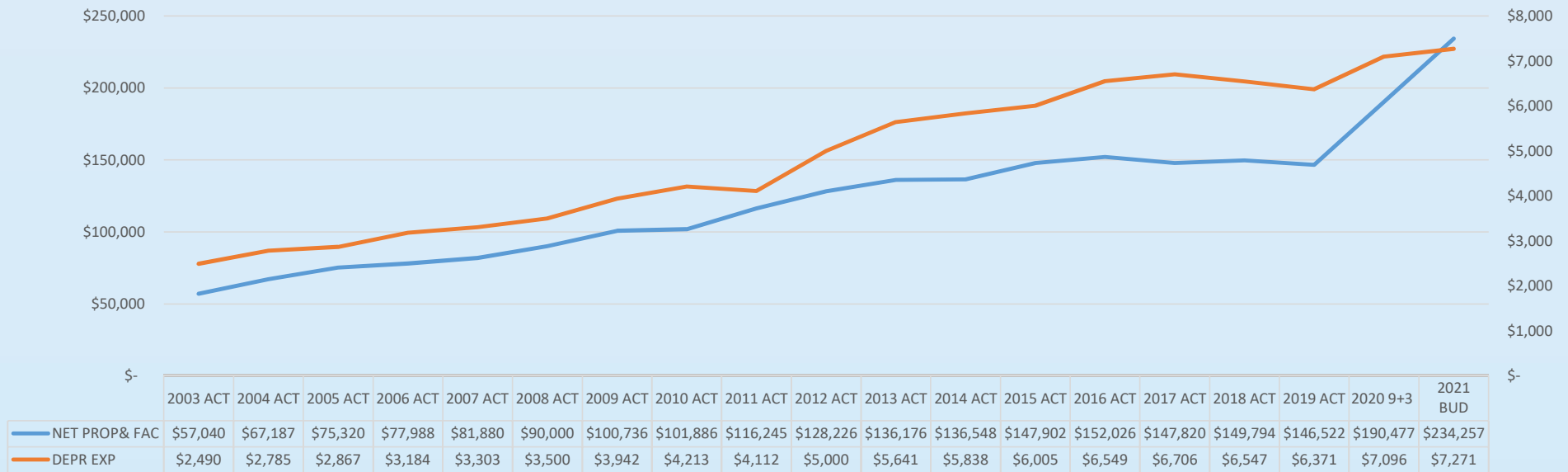
Select Major Expenses Trend



Total Expenses

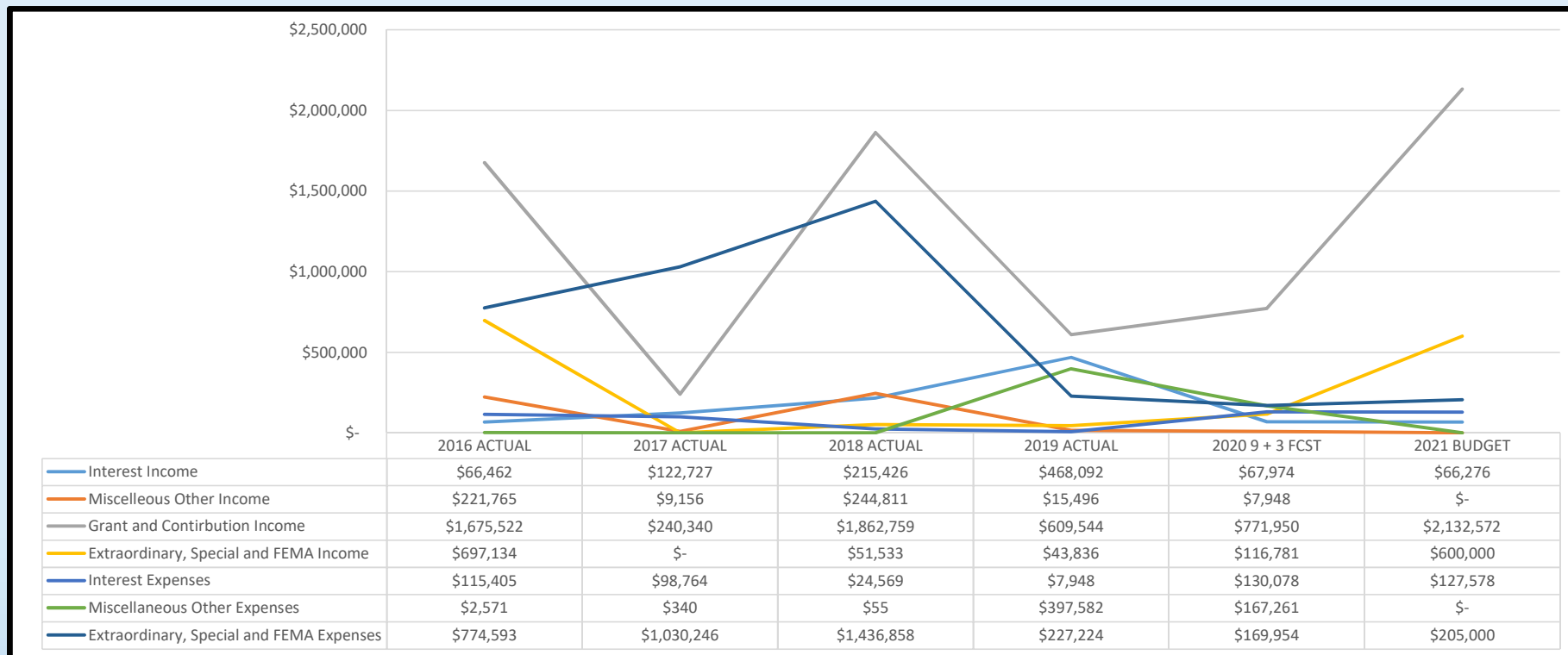


2003-2021 Net Property and Facilities and Depreciation Expense Trend (in \$000)



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

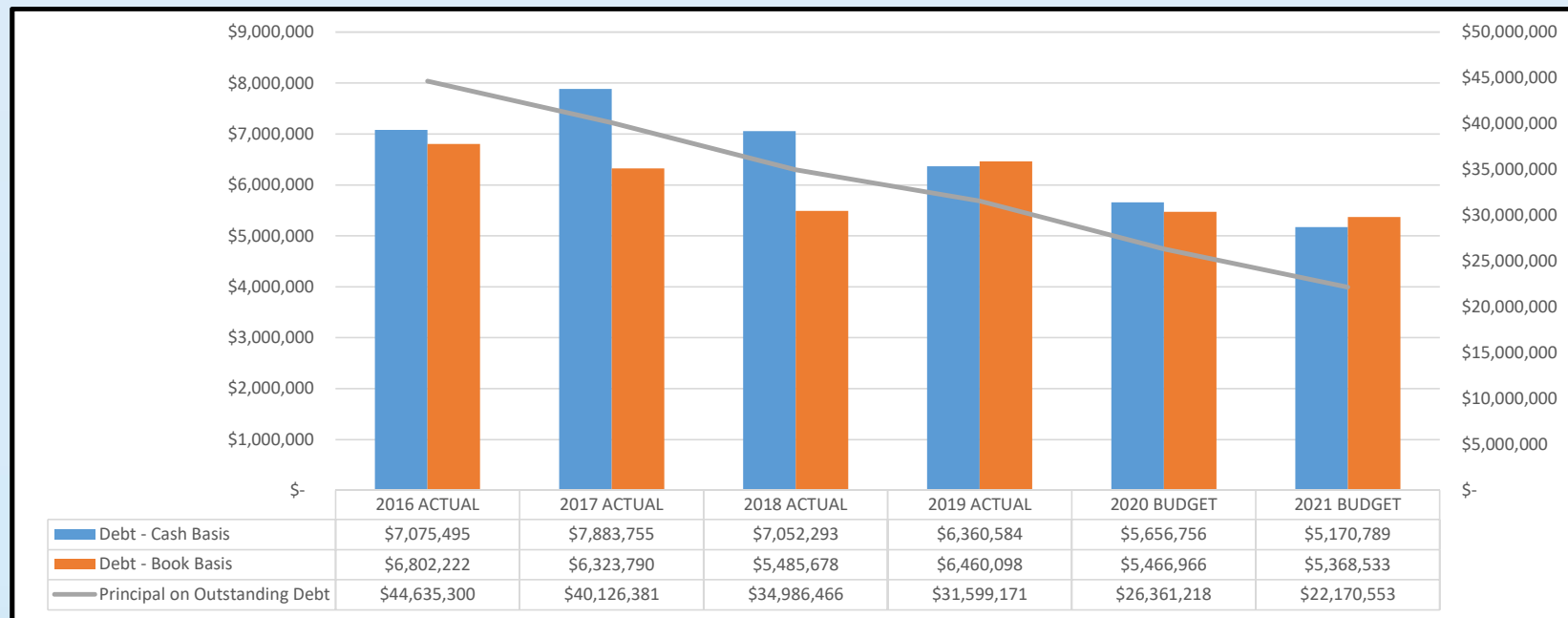
Non-Debt, Non-Operating Related, Other Income/Expense Trend



2021 Debt Service

Debt Service	2021 Interest	2021 Principal	2021 Debt - Cash Basis (Paid in 2021)	Bond Premium/Deferred Gain	Remove Prior Year Accretion that Impacts Cash but Not Book	2021 Debt - Book Basis	Comments
Series 2011; Final Installment January 2026	\$ 554,419	\$ 2,046,250	\$ 2,600,669	\$ (51,070)		\$ 2,574,419	Restricted monthly from operating revenue
Series 2014 Revenue Notes; Final Installment January 2026	\$ 491,286	\$ 2,020,000	\$ 2,511,286			\$ 2,426,286	Restricted monthly from operating revenue
USA Corp Engineers 10% Payback	\$ 125,003	\$ 131,499	\$ 256,502	\$ -	\$ -	\$ 256,502	Assumed Annual Interest 3.25%
Debt Service	\$ 1,170,708	\$ 4,197,749	\$ 5,368,457	\$ (51,070)	\$ -	\$ 5,257,207	

2021 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

2021 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 2021 requests will be assigned project identification numbers which are tracked on the master project sheet.

The total 2021 R&R request is \$1,704,645, comprised of Capital projects totaling \$1,452,645 and Expense projects totaling \$252,000.

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

2021 Annual Budget Annual Renewals and Replacement Schedule

Project Type	Expense	Capital
Safety	25,000	-
Utility	6,000	100,000
Equipment Acquisition	26,200	246,451
Other	178,000	991,000
IT Hardware and Software	16,800	115,194
Total	252,000	1,452,645
Major Capital R&R Includes:		
Utility Repairs (Water, Sanitary Sewer, Storm Sewer)		100,000
Dock Repairs		100,000
C.T. #1 & #2 HVAC system repair		100,000
Building Repairs		100,000
Safety-Security replacement of (3) police vehicles		100,451
Pavement and Roadway Repairs		150,000

2021 Annual Budget Capital Improvement Plan

The 2021 Capital Improvement Plan and Capital Improvement Budget is presented as a separate section in the 2021 Proposed Budget Book.