Supplemental Information For the 2023 Annual Budget

 $\mathbf{I}(\mathbf{I})$

THE PORT OF EVERYTHING

Operating I Renewal & Replacement I Capital Improvements

Board of Trustees I November 15, 2022



THE PORT OF EVERYTHING 1

Overview of the 2023 Proposed Budget

The 2023 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 2023. Cargo and Cruise revenues include increased rates.

Major 2023 Projects (Projected Spending > \$500K in 2023):

- Port Vehicle Fleet Upgrade
- Pier 19 Pile Repair
- CT 25 Jubilee Improvements and PBB
- CT 28 Wharf Repair
- CT 25-28 Walkway
- Express Lot Expansion
- Pier 39-40 Pavement Repair

- Pier 41 Pavement Repair
- Rider 37
- CT 28 PBB
- Slip 38 Fill: FEMA
- Slip 41 Fill: RRIF
- Pier 39-40 Bulkhead Replacement
- CT 25 Walkway

THE PORT OF EVERYTHING 2 2023 Budget

Compare Summary of 2022 8+4 Forecast to 2023 Proposed Budget



Compare Summary of 202	22 8+4 Fc	st to 2023 Pro				
	2022 8+4 Fcst		Proposed 2023 Budget		Increase/ (Decrease) \$	Increase/ (Decrease) %
Total Revenue From Operations	\$	43,430,724	Ś	54,126,419	\$ 10,695,695	24.6%
	Υ Υ	10,100,721	Υ 	0 1,120,120	<i>ϕ</i> 20,000,000	2
Operating Expenses						
Total Salaries and Related Expenses						
Salaries, Payroll Taxes, and Pension	\$	7,999,706	\$	10,240,127	\$ 2,240,421	28.0%
Health & Welfare		1,471,374		2,032,054	560,679	38.1%
Related Employee Expenses		319,631		481,212	161,582	50.6%
Total Contract Services						
Contract Services		5,418,343		5,817,664	399,321	7.4%
Ship Service Expense		-		-	-	0.0%
Total Repairs and Maintenance		2,988,481		3,321,677	333,196	11.19
Total Other Operating Expenses		7,075,576		8,662,077	1,586,501	22.49
Total Office & Sales Expenses		1,275,496		1,378,342	102,846	8.19
Total Operating Expenses Before Depreciation and Amortization	\$	26,548,606	\$	31,933,152	\$ 5,384,546	20.3%
Net Operating Income (Loss) Before Depreciation and Amortization	\$	16,882,117	\$	22,193,267	\$ 5,311,149	31.5%
Depreciation Expense	\$	7,828,792	\$	9,837,831	\$ 2,009,038	25.7%
Net Operating Income (Loss) After Depreciation and Amortization	\$	9,053,325	\$	12,355,436	\$ 3,302,111	36.5%
Total Non Operating Income	\$	5,016,200	\$	1,408,292	\$ (3,607,908)	-71.9%
Total Non Operating Expenses	\$	478,283	\$	330,068	\$ (148,215)	-31.09
Net Income Before Grants, Contributions,						
Extraordinary Items, Special Items and Fema	\$	13,591,242	\$	13,433,660	\$ (157,582)	-1.29
Add: DEPRECIATION	\$	7,828,792	\$	9,837,831	\$ 2,009,038	25.7%
Less: BOND PRINCIPAL (ACCRUED)	\$	5,195,494	\$	4,561,783	\$ (633,711)	-12.29
Ending Cash Flow from Operations	\$	16,224,540	\$	18,709,708	\$ 2,485,168	15.3%

*Ship service revenue and expense is unbundled in 2023 Budget

THE PORT OF EVERYTHING 3 2023 Budget

SUMMARY OF 2023 BUDGET

(
-	Operation	• \$3.4M better than 2019 Actuals
¢00.4M	Operating	• \$16.5M better than 2020 Actuals
\$22.1M	Income	• \$12.1M better than 2021 Actuals
		• \$5.3M better than 2022 8+4 Fcst
3	Oneration	•\$27.5M above 2020 Actuals- Favorable variance due to Cruise (\$29.1M), offset by the elimination (unbundling) of Ship service revenues (\$1.5M)
\$54.1M	Operating	•\$24.2M above 2021 Actuals- Favorable due to cruise related categories (\$27.3M), Security Cost Recovery fees (\$0.5M) offset by Wharfage (\$1.4M), and Lay Dockage (\$1.9M)
	Revenue	
		•\$10.7M above 2022 8+4 Fcst- Increase is due to cruise related categories (\$11.4M), Rail (\$0.3M), and Wharfage (\$0.2M), offset by Dockage (\$0.3M), Lay Dockage (\$0.9M), and Security Cost Recovery fees (\$0.4M).
C24 014	Operating	 \$10.9M over 2020 Actuals- Due to cruise parking related contract fees (\$4.8M), shuttle fees (\$1.2M), health and welfare (\$0.7M), salaries & wages (\$1.1M), insurances (\$1.1M), and repairs and maintenance (\$1.2M).
\$31.9M	Expenses	 \$12.1M over 2021 Actuals- Due to unbundling of ship service expenses (\$6.2M), health & welfare (\$0.8M), salaries & wages (\$1.1M), insurances (\$1.4M), sales & marketing (\$0.4M), dredging (\$0.7M), and shuttles (\$0.5M), and cruise parking related contract fees (\$1.0M).
Befo	re Depreciation	 \$5.4M over 2022 8+4 Fcst- Due to employee expenses (\$2.9M), repairs & maintenance (\$0.3M), insurances (\$0.4M) and cruise parking related contract fees (\$1.0M).
GALVESTON WHA	ARVES	THE PORT OF EVERYTHING 4

THE PORT OF EVERYTHING 4 2023 Budget

2023 PROPOSED REVENUES FROM OPERATIONS

TOTAL \$54,126,419





2023 PROPOSED BUDGETED REVENUE FROM OPERATIONS



- Cruise ship calls projected are 361, 11% increase over 2022
- Ground transportation projected cars are 241,008, 79% increase over 2022



THE PORT OF EVERYTHING 6 2023 Budget

CARGO WHARFAGE REVENUE TREND

Fees Charged for Cargo Passing over Docks







- Includes 3.5% proposed tariff escalation
- RORO subject to WWL MAG

THE PORT OF EVERYTHING 7 2023 Budget

\$5,000,000 - \$4,500,000 - \$3,500,000 - \$3,500,000 - \$2,500,000 - \$2,000,000 - \$1,500,000 - \$1,000,000 - \$500,000 - \$500,000 - \$500,000 -							ı.	ľ
φ-	Fertilizer	Produce	General Cargo	Liquid Bulk	Ro-Ro	VPC	Wind	TOTAL
2018 ACTUAL	\$530,701	\$587,304	\$11,649	\$189,065	\$1,217,824	\$-	\$1,955,369	\$4,491,912
2019 ACTUAL	\$410,353	\$636,871	\$40,724	\$188,378	\$1,040,406	\$67,367	\$1,677,785	\$4,061,884
2020 ACTUAL	\$216,776	\$656,624	\$92,231	\$182,336	\$686,483	\$47,734	\$1,673,542	\$3,555,727
2021 ACTUAL	\$316,120	\$620,632	\$54,203	\$266,890	\$782,834	\$65,055	\$2,432,463	\$4,538,197
2022 8 + 4 Fcst	\$99,186	\$696,807	\$77,522	\$283,818	\$926,619	\$47,570	\$811,565	\$2,943,087
2023 Budget	\$80,869	\$815,371	\$30,699	\$280,108	\$1,018,719	\$53,890	\$898,117	\$3,177,772



CRUISE TERMINAL REVENUE TREND AND

PASSENGER MOVEMENTS

Total Cruise Revenue of \$16,216,805, is 71.7% over 2022 8 + 4 Fcst

 Due to contract changes, Ship Services Revenue & Expenses are no longer applied effective in 2021 post Covid.

1.097.824

2019

ACTUAL

989.220

2018

ACTUAL

1,600,000

1.400.000

1,200,000

1,000,000 800,000 600.000

400,000

200.000

Passenger Movements

225.643

2020

ACTUAL



*Sub-total excludes Ship Services Revenue

1.369.616

2023

Budaet

1.031.795

2022 8

Fcst

290,550

2021

ACTUAL

Total Passenger Movements are 1,369,616, which is 33% over 2022 8 + 4 Fcst

Average Occupancy Projections

- Royal 74% occupancy
- Carnival 84% occupancy
- Disney 62% Occupancy



THE PORT OF EVERYTHING 8 2023 Budget

PARKING REVENUE TREND AND VEHICLES PARKED





\$14,000,000 - \$12,000,000 - \$8,000,000 - \$6,000,000 - \$4,000,000 - \$2,000,000 -	_		_			L	u
\$-	SMP Garage	Transit Terminal	Express Lot	East End	CT10 Parking Areas	Surface Lots	Total Revenue
2018 ACTUAL	\$277,044	\$598,253	\$-	\$78,859	\$-	\$6,653,446	\$7,607,603
2019 ACTUAL	\$279,673	\$571,816	\$-	\$199,677	\$-	\$7,067,016	\$8,118,180
2020 ACTUAL	\$200,185	\$79,909	\$-	\$216,969	\$-	\$1,380,832	\$1,877,896
2021 ACTUAL	\$829,068	\$94,949	\$363,600	\$296,357	\$-	\$2,024,529	\$3,608,502
2022 8 + 4 Fcst	\$1,321,174	\$214,109	\$878,491	\$316,706	\$604,432	\$7,510,186	\$10,845,099
= 2022 0 T 4 FUSL							

Total Parking Revenues is \$12,203,215, which is 12.5% over 2022 8 + 4 Fcst

> THE PORT OF EVERYTHING 9 2023 Budget



REAL ESTATE REVENUE TREND



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

• 2022 Includes two months of Royal Caribbean rent due to the opening of Cruise Terminal 10

GALVESTON WHARVES





THE PORT OF EVERYTHING 11 2023 Budget

OTHER REVENUE TREND







2023 Annual Budget Operating Expenses

Operating Expenses consists of those costs incurred in the normal course of business and the general operations of the Port.

Personnel

Contract Services

Facility & General Maintenance

Equipment Maintenance

General Liability

Property & Casualty Insurance

Utilities



THE PORT OF EVERYTHING 13 2023 Budget

2023 PROPOSED EXPENSES FROM Including Depreciation

OPERATIONS Other Operating Other Office and Sales & Marketing Expenses, 1,478,694, Administrative, Expenses, 654,771, 3% 533,811,1% 2% Utilities (Electric, Water, Communication), 1,078,084 , 3% Office / Property Rent Expense, 1,672,491, 4% Insurance-Property, **Total Salaries and** Casualty, Related Expenses, 3,701,811,9% 12,753,393,30% Repairs & Maintenance, 3,321,677,8% TOTAL \$41,770,983 Depreciation Expense, **Contract & Professional** Services, 5,817,664 9,837,831,24% Parking Contract Fees, 14% 920,757,2%

GALVESTON WHARVES

THE PORT OF EVERYTHING 14 2023 Budget

SALARIES AND RELATED TREND



- Total positions budgeted are 120; 6 2022 Open Positions and 16 New Positions.
- Defined benefit plan contribution is \$430K, up from the \$400K contribution in 2022, total increase of 7.5%





Staffing Levels (in \$000)



THE PORT OF EVERYTHING 15

2023 Budget

CONTRACT LABOR TREND



0

portofgalveston.com



Total Contract Labor is \$5,817,664, which is 7.4% above 2022 8+4 Fcst

- Due to contract changes, Ship Services Revenue & Expenses are no longer applied effective in 2021 post Covid.
- Increase in Contract Police/Security (\$460K)
- Computer services are mainly comprised of Port Security Grant maintenance (\$370K) and IT related expenses (\$254K) THE PORT OF EVERYTHING 16 2023 Budget 16

REPAIRS & MAINTENANCE EXPENSE TREND

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 2023 Budget includes \$399,390 of Renewal, Replacement, and Repair expense items shown in the R&R budget.

\$5.000.000





Total Repairs & Maintenance



THE PORT OF EVERYTHING 17 2023 Budget

2023 EXISTING DEBT SERVICE

Debt Service	2023 Beginning Balance	2023 Interest	2023 Principal	2023 Ending Balance	Comments
Series 2021 A&B	\$ 14,652,364	\$ 163,403	\$ 4,555,664	\$ 10,096,700	Annual Interest 1.3%
USA Corp Engineers 10% Payback	\$ 3,533,316	\$ 1,089	\$ 130,367	\$ 3,402,950	Annual Interest .03%
Debt Service	\$ 18,185,680	\$ 164,492	\$ 4,686,031	\$ 13,499,650	





THE PORT OF EVERYTHING 18 2023 Budget

2023 ANNUAL R&R BUDGET AND CAPITAL IMPROVEMENT PLAN

The 2023 R&R Budget and Capital Improvement Plan and Capital Improvement Budget is presented as a separate section in the 2023 Proposed Budget Book.



