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## Strategic Goals:



To modernize the Port as a first class facility in the region.

Provide cargo services in a safe, efficient and sustainable manner.

Promote economic growth and opportunities for maritime related industries.

Address the needs of Port Users.



## About the Authority

The Port Authority of Guam was established as a public corporation and autonomous agency of the government by Public Law 13-87 in October 1975. The Port operates the only commercial seaport in the Territory and, as the primary seaport in Micronesia, serves as a transshipment point for the entire Western Pacific region. It operates the largest U.S. deepwater port in the region and currently handles about 2 million tons of cargo a year. The Port owns 5 cargo-handling piers along with two fuel piers and three marinas. The cost for operations and capital improvements are funded largely from the Authority's own revenues.

The Authority is presided over by five board members appointed by the Governor of Guam with the advice and consent of the Legislature. The Board of Directors appoints the General Manager and Deputy General Manager who are responsible for maintenance, operation and development of the Port and the agency's business affairs.

With more than 90% of the region's goods and supplies passing over its dock, the Port's impact on the quality and sustenance of life for residents of the region cannot be overstated. Primarily dependent on the importation of goods, the Port is truly the lifeline between the Western Pacific Region and the rest of the world.

The Port facilities were designed in the 1960s and put into service in 1969. The facilities have remained unchanged since its construction in 1969 with the exception of the repair of F5 in 1999. This is in contrast to most modern mainland ports which have undergone two or more cycles of technological and maintenance improvements during this same period of time.



## Mission Statement

The Port Authority of Guam is dedicated to providing full services to ocean vessels in support of loading and unloading cargo for Guam and Micronesia. PAG is the main lifeline of consumer goods into the island, and as such, recognizes its responsibility to deliver these goods in a timely and efficient manner. In support of this mission, the Port Authority also provides land and infrastructure to private interests to further develop the maritime industries on Guam. As a public corporation, the Port Authority dedicates all of its profits to the upgrading of equipment and facilities and the continued growth of the island's seaport.

## Financial Highlights

The net assets of the Authority as of September 30, 2011 were \$69.2 million. Of this amount, \$64.4 million was invested in capital assets and \$4.8 million was considered unrestricted.

For Fiscal Year 2011, the Port's net assets increased by \$2.5 million and the Port's total assets increased by \$4.6 million. The major components of this change were an increase in current assets by \$1.6 million and increase in capital assets by \$3.0 million. The total liabilities increased by \$2.1 million during Fiscal Year 2011. The major component of this change was due to the long-term debt of \$3.5 million which commenced in the beginning of FY 2011.

Since Fiscal Year 2003, the Port's finances have consistently showed an increase in net assets for 9 straight years.

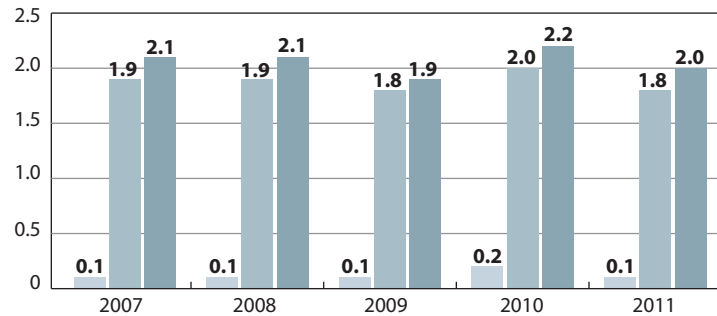


## How Are We Doing – A Performance Report on Key Missions and Service

In 2011, the total tonnage of cargos handled by the Port reflects a decrease in all cargo types. Breakbulk (non-container) cargos resulted in a 33% decrease as compared to 2010, while total tonnage for containerized cargos likewise decreased by 11% as compared to 2010. The total tonnage decrease is 13%, from 2.2 million tonnage in 2010 to 2 million tonnage in 2011.

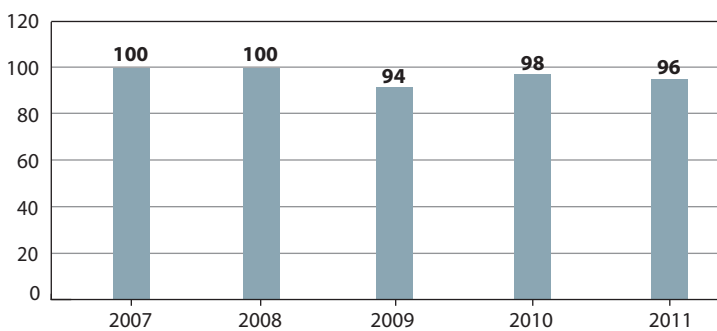
■ Breakbulk ■ Container ■ Total Cargo Revenue Tons

Total Revenue Tons (in Millions)



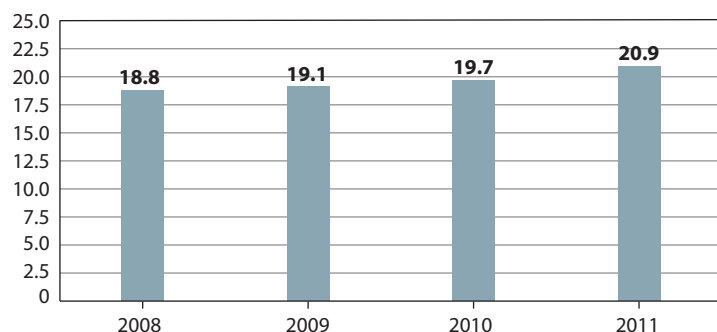
The number of containers handled in 2011 decreased by 2% as compared to the total containers handled in 2010. Since the worldwide economic downturn in 2008, the Port has not bounced back from its previous average of 100 thousand containers each fiscal year.

Total Containers Handled (000)



One measurement used in Ports operational productivity is by measuring container moves. Gross Moves per Hour (GMPH) means containers moved to/from a ship/divided by the total hours between first and last lift (period). The average gross moves per hour for domestic vessels improved by 6% compared to last year, from 19.7 moves in 2010 to 20.9 moves in 2011. Since 2008, the average gross moves per hour in 2011 has improved 11%

Average Gross Moves Per Hour – Domestic Vessels





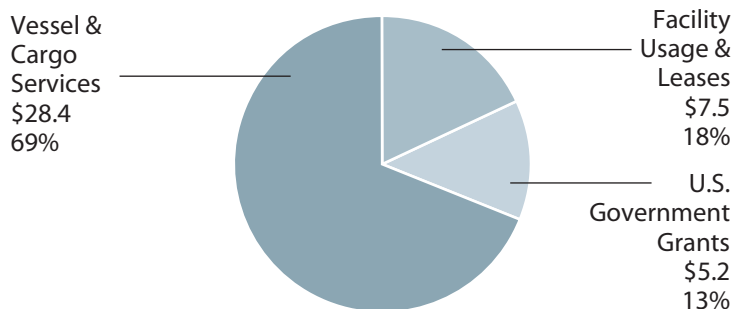
## The Port's Finances – Revenues and Expenses

An independent audit resulted in a clean audit opinion. Complete financial information can be found at [www.portguam.com](http://www.portguam.com)

### Revenue by Source (000)

	2011	% of Total	2010
Vessel & Cargo Services	28,398	69%	29,191
Facility Usage & Leases	7,453	18%	7,365
U.S. government grants	5,152	13%	6,090
Miscellaneous	—	0%	170
<b>Total</b>	<b>41,002</b>	<b>100%</b>	<b>42,816</b>

### Primary Sources of Port Revenues — FY 2011

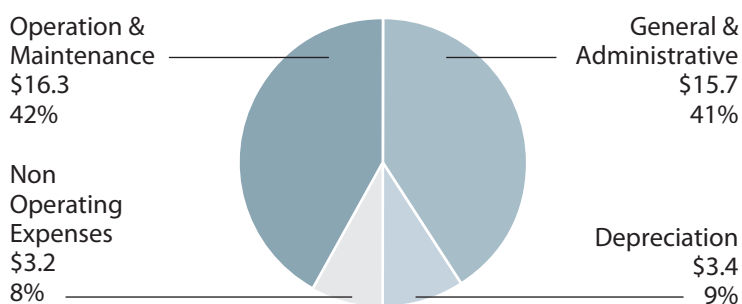


Vessel and cargo services revenues in FY 2011 decreased by 4% as compared to FY 2010, due to the 2% decrease in the number of containers handled and a 40% decrease in breakbulk (non-container) revenues. Facility usage and leases increased by 1% as compared to FY 2010. U.S. Government grants decreased by 15% as compared to FY 2010.

### Expense by Use (000)

	2011	% of Total	2010
Operation & Maintenance	16,269	42%	15,110
General & Administrative	15,653	41%	16,408
Depreciation	3,351	9%	2,808
Non-Operating Expenses	3,230	8%	1,428
<b>Total</b>	<b>38,502</b>	<b>100%</b>	<b>35,754</b>

### Primary Uses of Port Expenses — FY 2011



In FY 2011, the Operations and Maintenance expenses increased by 8% primarily due to annual employee increments, increase in fuel cost and newly hired employees. General and Administrative expenses in FY 2011 decreased by 5% due to decreases in insurance and utility costs. Management and Administration expenses increased by 4% due to annual salary increments and newly hired employees. Depreciation expense increased by 20% due to the reclassification of completed construction in progress projects and procurement of new assets.

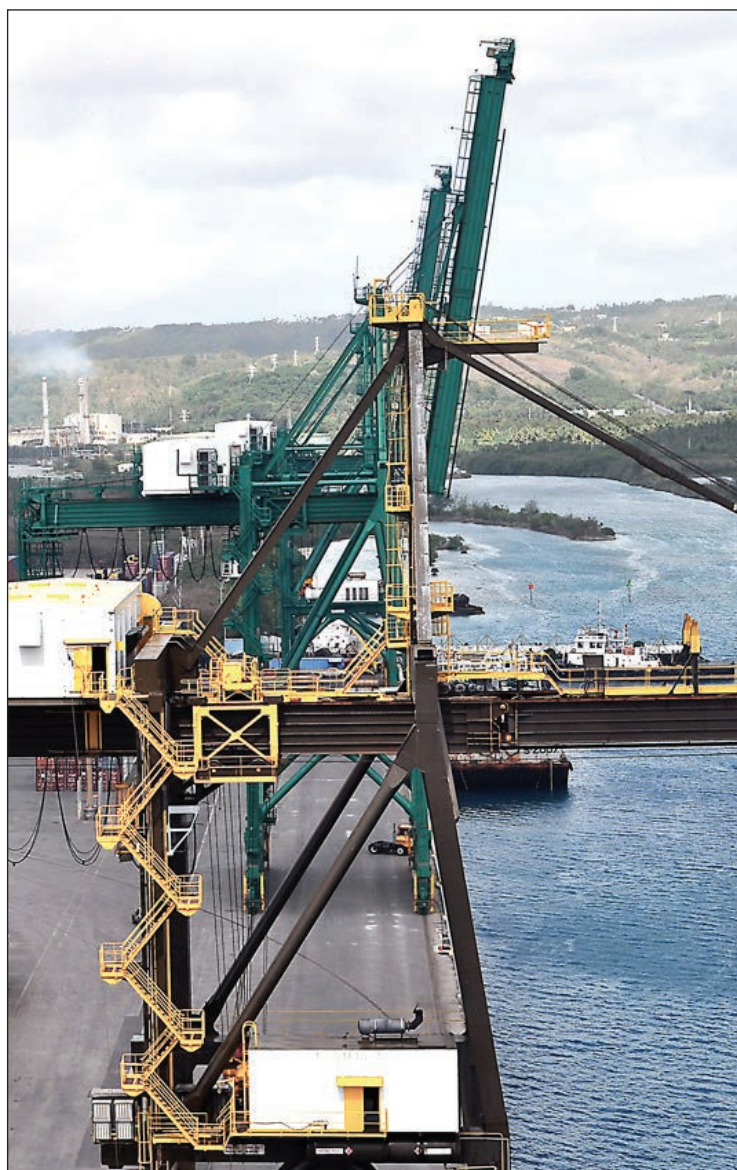
## Key Project Initiatives

### Some of the key initiatives in 2012 are:

**Acquisition of Gantry Cranes-** The Port has been unsuccessful for several years in its attempt to purchase its own gantry cranes. Public Law 30-100 required the Port to acquire gantry cranes by December 2012. The Governor of Guam recently signed Public Law 31-145, which authorizes PAG to enter into negotiations for the acquisition of the POLA gantry cranes owned by Matson/Horizon or its successor. The Port Board of Directors are required to review the acquisition terms recommended by the negotiation team and through a majority vote, ratify or not ratify the terms.

**Port Security Grant Program (PSGP)-** In August 2011, the Authority was awarded \$2.3 million in federal security grants to help secure our island's only commercial sea port. The Port will use \$867 thousand to purchase a 1500 KW Emergency Backup Generator for the Port's Load Center and the remaining \$1.5 million will be used to acquire a Mobile Containerized X-Ray Screening System for the use of Guam Customs and Quarantine Agency.

Other PSGP projects that are currently on-going for 2012 are the Maritime and Port Security Operations Center, Container Yard Lighting and Command and Control Integration systems.



**Implementation of New Port Tariff Rules, Regulations and Rates-** The Port was mandated by Public Law 30-52 to submit to the Guam Public Utilities Commission the results of a study of existing rates, charges and cost of services provided by the Port no later than December 31, 2010. PAG filed a Final Report on the Comprehensive Tariff Study on December 30, 2010. In October 2011, the ALJ held public hearings in the villages of Hagåtña, Asan and Dededo. The petition for tariff rate relief by the Port was approved by the PUC in January 2012. The new terminal tariff was implemented on March 1, 2012.

**Marina Renovations-** In April of 2010 the Port was awarded \$1.8 million in federal grants by the U.S. Department of Interior for renovations and site improvements to the Gregorio D. Perez Hagåtña Marina. The renovations will include the repair of 1,660 linear feet of the deteriorated steel sheet pile bulkhead to prevent further deterioration of the existing bulkhead and erosion of the fill behind the bulkhead.

Other improvements at the Marina include the placement of a concrete slab on the north side of the entrance channel, removal and replacement of steel ladders along the face of the piers, removal and replacement of steel pipe railings on the piers and stabilizing the surrounding areas. This will be the second time major renovations have occurred at this marina.

**Challenges Moving Forward**

**Procurement Delegation-** The Port’s procurement delegation is critical to the operations’ efficiency and the modernization projects identified in the Master Plan. The Port will work on obtaining the delegation approval from the Chief Procurement Officer so it may purchase materials, supplies and services that are vital to the daily operations of the Port and also the Modernization Program Military Build-up.

**The Port’s Future — Challenges Ahead**

**Modernization Plan**

Since its construction in 1969 the Port has remained largely unchanged. The modernization of the Port is long overdue. With many areas near capacity, congested or unusable, the expansion of the Port's facilities and equipment upgrades will enable PAG to create operational efficiencies and maximize Port capacity.

In August 2007, Parsons Brinckerhoff International, Inc. (PBI) began its work to update the agency's 1999 Master Plan. The recommendations and updates addressed future PAG expansion and development based on typical commercial growth, as well as the impending military buildup.

**Layout of Yard**

**Storage Area Key**

- MT: Empty Containers
- Full Wheeled Reefer Chassis
- Full Wheeled Chassis
- Grounded Containers

**STORAGE AREA SIZES**

- 884 Full Top-Pick TEU Grounded Slots
- 1015 Full Wheeled TEU Chassis Slots
- 431 Empty TEU Grounded Slots

**TOTAL THROUGHPUT CAPACITY**

- 3-4 High = 245,000 TEU/YR
- 4-5 High = 293,000 TEU/YR

