Jose D. Leon Guerrero Commercial Port of Guam

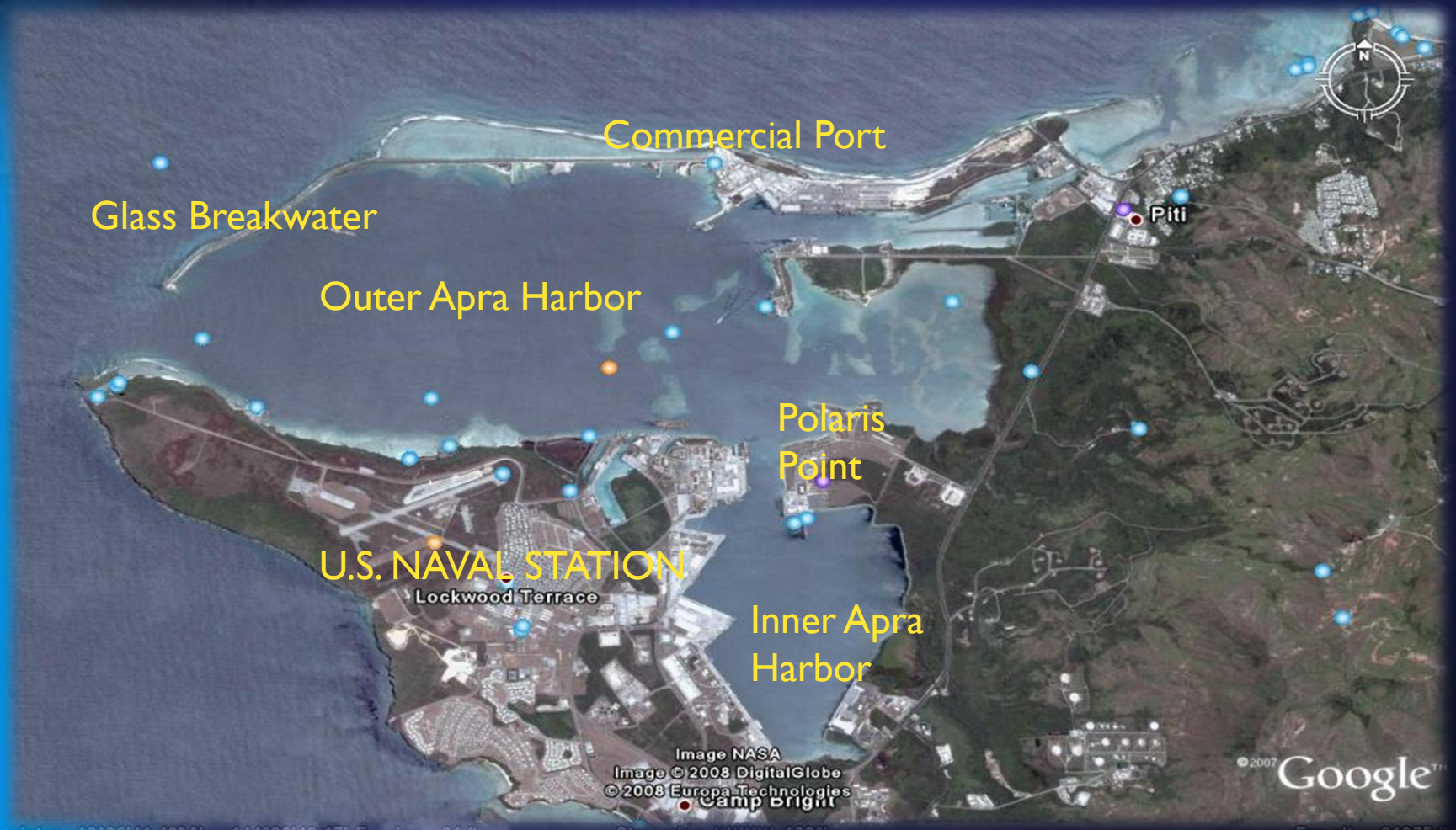
Modernization Plan

Briefing for RADM Charles Ray

U.S. Coast Guard, District 14

July 26, 2011

Aerial Photo



Overview of the Port

Vision

- Modernize the Port as a world class facility in a safe, efficient & sustainable manner for Guam and the Western Pacific Region

Goal

- Increase capacity
- Promote economic growth & opportunities for maritime related industries
- Strengthen working relationship with Port Users Group and other Port Tenants
- Fast track infrastructure development to meet DoD requirements and Marine base relocation demands

Overview of the Port

- Largest U.S. deepwater port in the Western Pacific
- Only commercial seaport and main lifeline of all cargo entering Guam
- Handles 90% of the island's total imports (civilian & military)
- USWC carriers Matson & Horizon call on Port of Guam
- Transshipment hub for the entire Western Pacific Region

Facility Constraints

- Berths
  - Insufficient Dredge Depths (-35’ to -37’ for container ships – ships must light load)
  - Wharves in Poor Condition
  - Sheet-pile Bulkheads Deteriorating
- Container Cranes are a MAJOR Concern
  - 2 Operating Port Owned/Acquired (Prone to Breakdown)
  - Do only 15-18 Lifts/Hour (25+ USWC, higher in Asia)
  - Cannot Handle Post-PANAMAX Ships in Future
  - Maintenance Costs Extremely High

Facility Constraints (Cont'd)

- Other Equipment – Insufficient, Old & Need Replacement
- Truck Gates Inefficient, Manual Processing & Slow
- Yard Area Constrained for a Wheeled Operation
- Mix of Commercial Port, Indirect and Unrelated Use
- Security – bring to 21st century
- No Automation – Inadequate Terminal Operating System
- Fuel Line Runs through Container & Storage Yard
- Limited Land Availability for Marine Transportation
- Marinas need upkeep and Maintenance

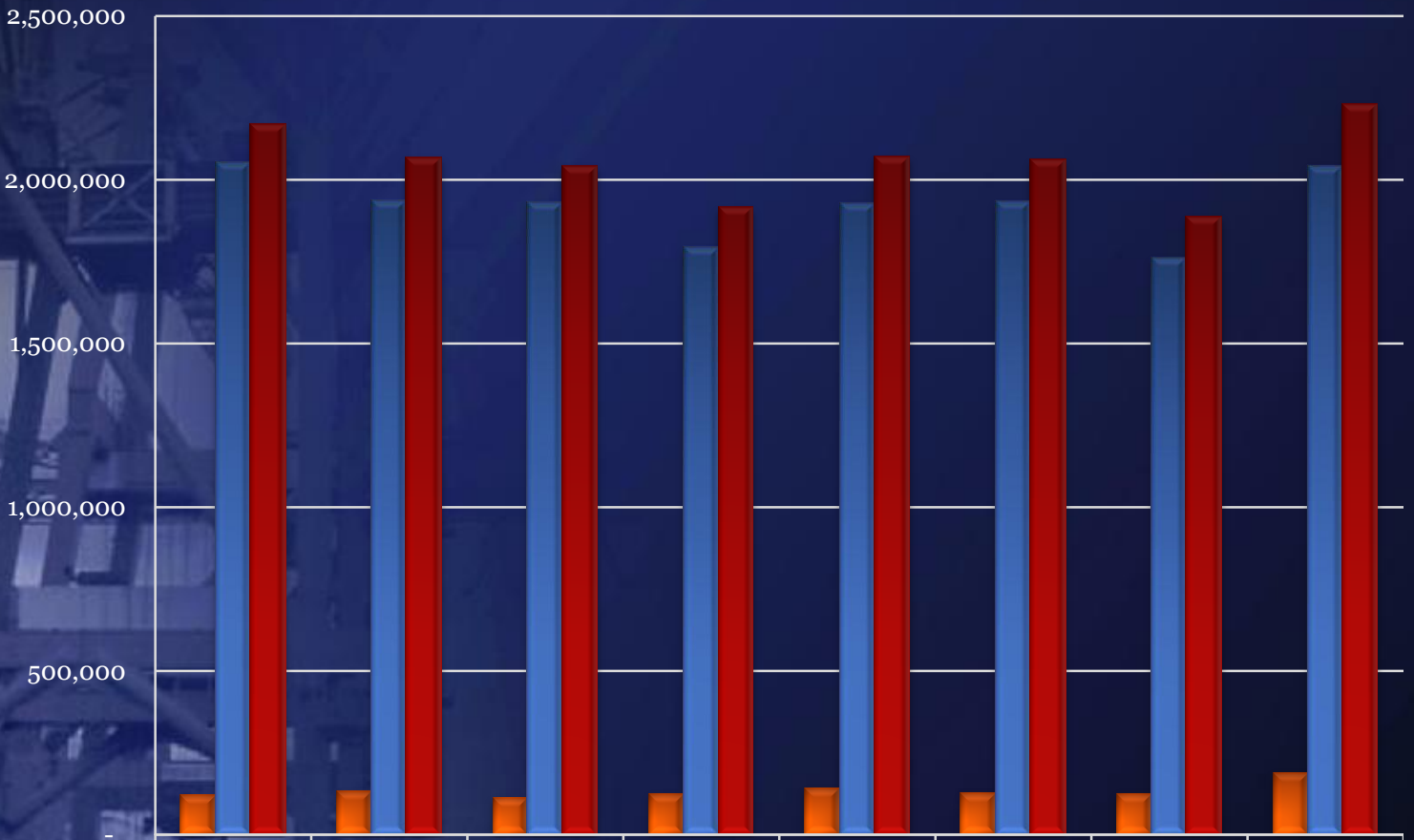
Containers, Breakbulk & Cement

Annual Cargo

Containers:	103,000	Boxes in 2007
Estimate Capacity	120,000	(Current trade pattern)
Peak Demand	**190,000**	**(200,000 high peak)**
Breakbulk:	155,000	Tons Peak in 2006
Estimate Capacity	Close to Capacity	
Peak Demand	**320,000**	**Tons During Construction**
Cement:	100,000	Tons in 2007
Estimate Capacity	125,000	Tons
Peak Demand	**250,000**	**Tons (could range higher)**
Cruise:	6 to 8	Vessels
Future Demand	**25**	**Vessels if successful**
Liquid Fuels		**Have excess capacity (Shell/Mobil)**

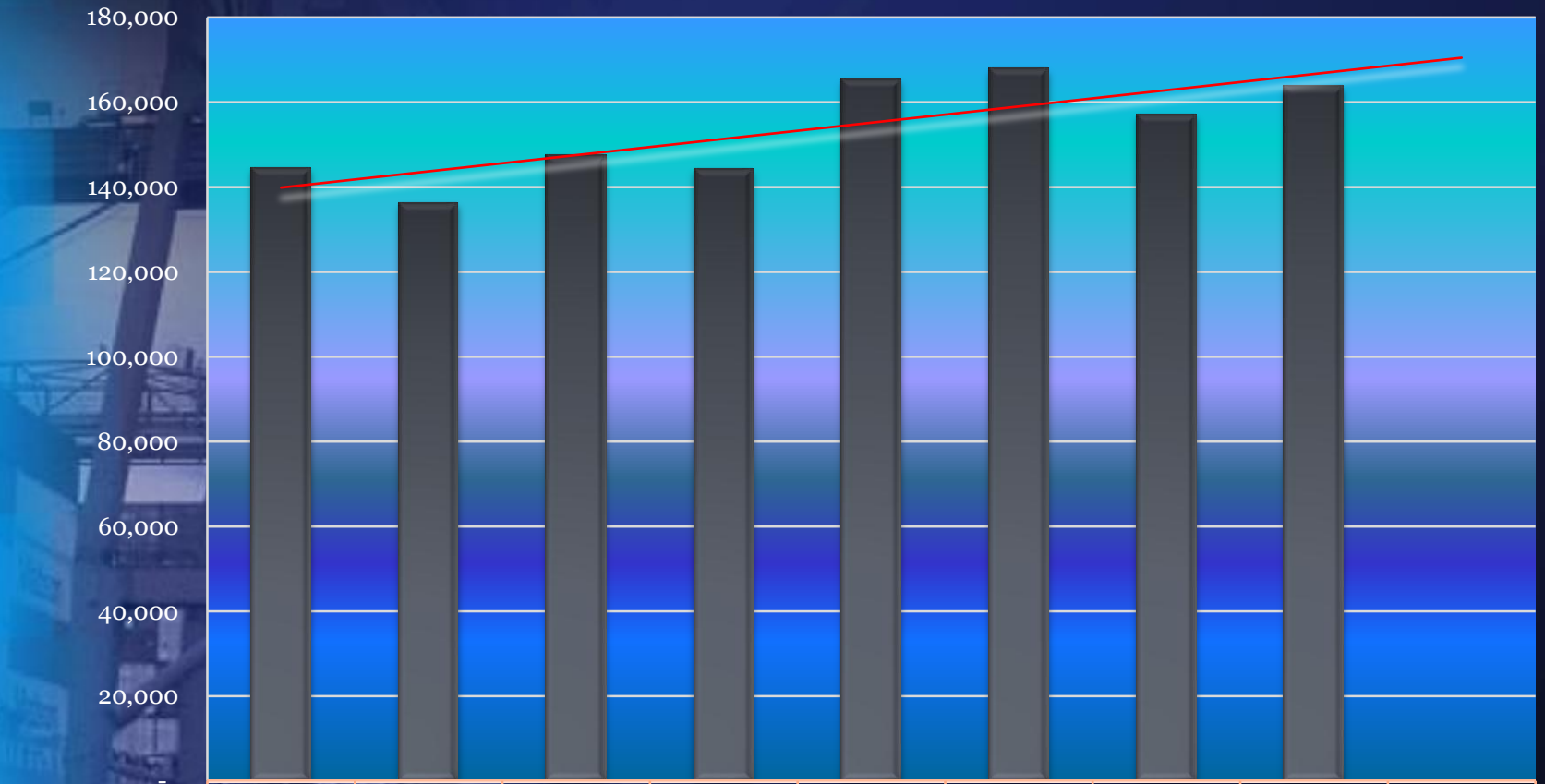
Cargo Statistics – Revenue Tons

REVENUE TONNAGE FY 2003- FY 2010



	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Breakbulk Tonnage	118,617	132,788	111,327	123,037	141,098	126,521	125,192	186,523
Containerized	2,050,94	1,934,74	1,930,48	1,790,90	1,927,67	1,933,29	1,760,71	2,041,92
Total Breakbulk and Containerized	2,169,56	2,067,52	2,041,80	1,913,94	2,068,77	2,059,81	1,885,90	2,231,45

TEU's Handled FY 2003- FY 2010



	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	
TEU's Handled	144,541	136,165	147,306	144,194	165,429	167,784	157,096	163,696	

Significance to Region

- PAG is the only commercial seaport in the Territory and as the primary seaport in Micronesia
- It serves as a transshipment point for the entire Western Pacific Region affecting a population of a half million people
- Equipped to handle the diversified interests of containerized, break bulk, bulk, fuel, oil tankers, fish, tourist related activities, as well as passenger traffic
- PAG provides direct service to Hawaii, Asia, and Micronesia

Significance to Region - DoD

- Recently designated by DoD as the 16th Commercial Strategic Seaport
- Listed among the nation's top 55 Militarily and Economically Significant (MES) ports
- Continue to coordinate with the DoD in preparations for the Guam military build-up program

Significance to Region - DoD

- In a letter to the Government of Guam, dated May 9, 2007, the Department of Navy, Ret. Major General David F. Bice identified the Guam Commercial Port as a critical lynchpin for support of the proposed Guam Military Build-up Program and sustained DoD operations after the construction phase is complete
- Currently, DoD traffic represents a significant portion of the commercial Port's overall operations

Current Capacities

- Five (5) rail mounted Gantry Cranes on 1,980 linear feet of gantry rails
- 105T Mobile Harbour Crane
- Cargo Handling Equipment – Top-lifters, Side-lifers, Tractors, Forklifts, etc.

G2 (79) G3 (83) 3-Refurbished POLA Cranes MAT/HOZ (2009)

Current Capacities (cont.)

- Gangs work TWO 12-hour shifts
- Lifted 94,000 containers in FY 2009
- Productivity – 21 gross moves per hr./per gantry

Current Capacities (cont.)

- Four berths with 2,700 linear feet of wharf space alongside dredged depths of 28 to 37 feet
- Each of these four berths can service container vessels with a maximum width of 100 feet
- Additional berths (Pier F-1 and Golf Pier) are managed by private counterparts for fuel tankers

Current Capacities (cont.)

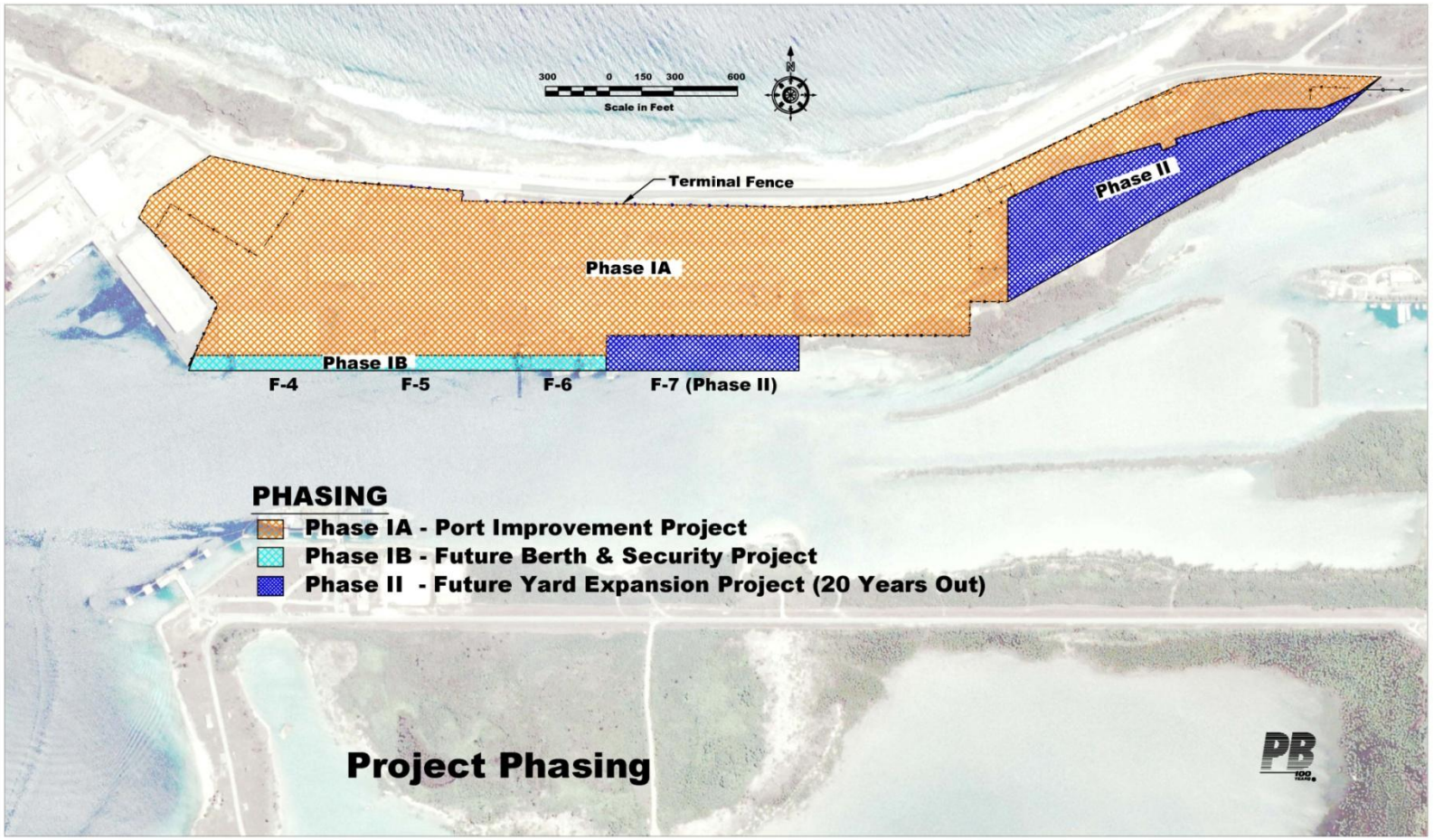
- Current Maximum container space if on wheels – 1,553 TEUs
- Current Maximum Capacity if grounded and stacked 4 high/ 5 wide - 2,240 TEUs

Impact Due to Military Build-up

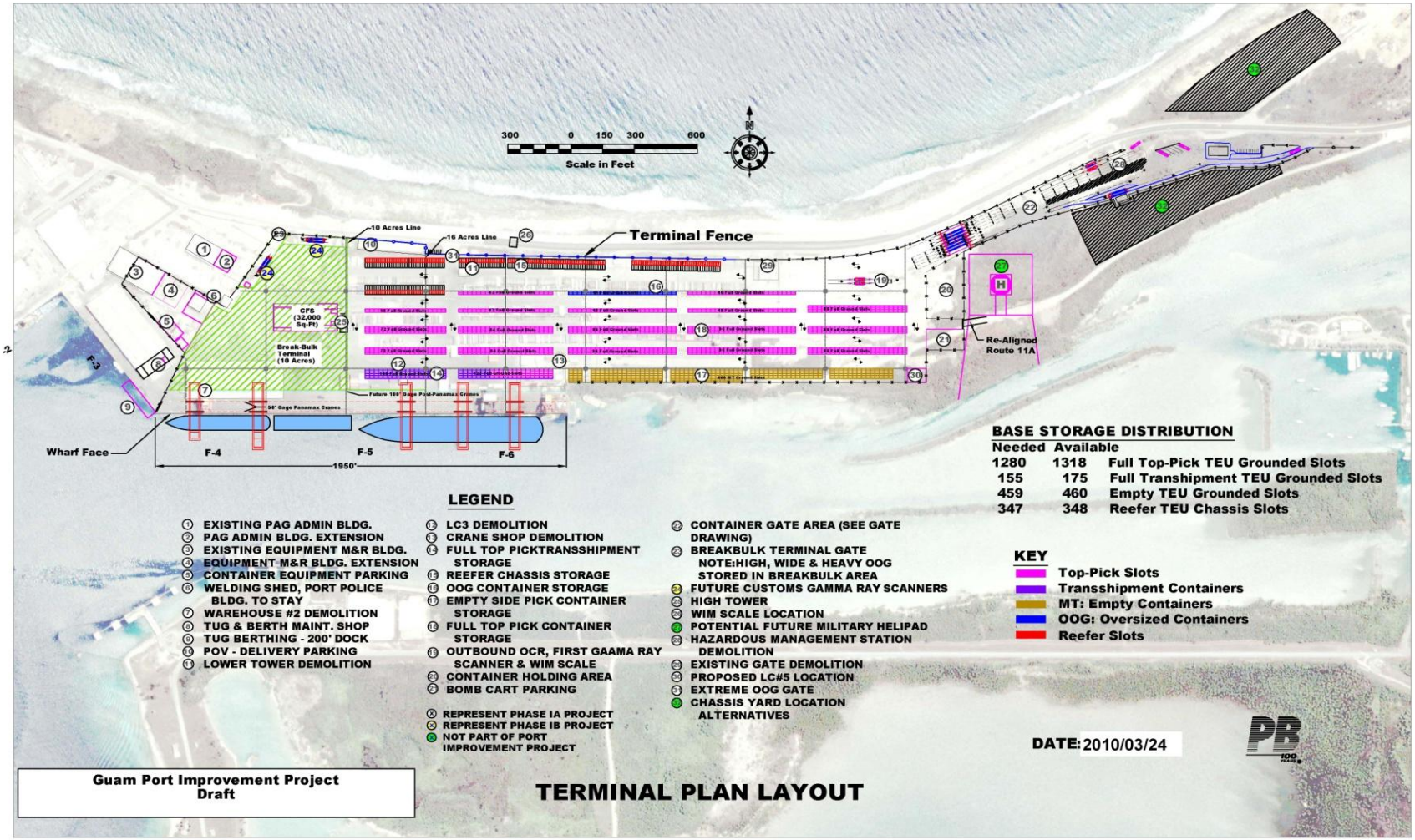
- DoD is projecting a proposed population change which includes active military, dependents, and associated support personnel **Source Final Environmental Impact Statement Executive Summary July 2010 JGPO*

Service	*Permanent Military Personnel*	*Dependents*	*Transient Military Personnel*	*DoD Civilian Workers from off island*	*Subtotals by Service*
Marines	8,552	9,000	2,000	1,710	21,262
Navy	0	0	7,222*	0	7,222*
Army	630	950	0	126	1,706
Subtotals by Population Type	9,182	9,950	9,222*	1,836	Total Proposed Actions Population = 30,190*

Master Plan To Address Increased Cargo



Proposed Terminal Layout



Start Dates & Capital Improvement Projects

2009-2010	Ongoing	Field Data, Environmental & Preliminary Engineering
2011-2013	Phase I-A Available Budget $105 Million	Add Efficiency, Capacity for "Port Readiness" ✓Site Development & Paving ✓Utilities (Storm, Sewer, Fire, Electrical, etc.) ✓Security Infrastructure Site Work & Paving ✓Gate & Yard Automation, Equipment & Buildings
2013-2015	Phase I-B Projected Budget $110 Million	Longer Lead Wharf & Berth Site Improvements ✓Structural Rehab of Berths F-4, F-5, & F-6 ✓Dredging ✓Purchase of Equipment
2031	Phase II Cost TBD	Wharf Expansion •New F-7 Wharf & Berth •Extend Yard

Cargo Terminal Capital Budget (2010$)

ITEM DESCRIPTION		BUDGET Estimate
Mobilization and Demobilization	$	7,672,260
All Other Contract Work not stated below	$	2,300,000
Demolition	$	12,002,829
Berth F-5 to F-6 Modernization	$	27,624,542
Buildings	$	9,155,644
Terminal Paving	$	14,600,000
Power, Lighting & Electrical	$	9.342,600
Site Utilities	$	14,964,800
Security	$	9,083,624
Container Cranes	$	16,690,000
Top-Picks & Spreaders	$	3,337,966
Side-Picks	$	1,720,000
Other Yard Equipment	$	3,700,000
Terminal Operating System	$	3,450,000
Gates	$	3,110,000
CAPITAL COST ESTIMATE TOTAL	$	138,774,265
Contingency	29% $	40,562,809
Engineering/Permits/CM	19% $	27,582,926
TOTAL		$206,920,000*

* Subject to change upon completion of Design Build component of Port Modernization

Milestones in Anticipation of Build-up

MARAD - Federal Lead Agency	Oct 2008
Port Selects Owners Agent/ Engineer	Feb 2009
PUC Tariff Review	Jul 2009
Port Compensation Study (Implemented Oct 2009)	Jul 2009
Master Plan Passed in to Law	Sep 2009
ARRA TIGER I $50M Grant Request – Denied	Sep 2009
USDA Loan $50M Application	Sep 2009
Strategic Port Designation	Sep 2009
MARAD Announces PMT selection	Apr 2010
President signs H.R. 4899, the 2010 Supplemental Appropriations Act $50 million funding for the Port of Guam	**July 2010**
USDA $50 million loan financing awarded	October 2010
Finalization of Implementation Plan	May 2011

Recent Events

- Communication between federal agencies continues
  - Bi-Weekly telecons for updates and action items
- Development of Protocol Manual
  - Funded by Office of Economic Adjustment
  - Outline roles and responsibilities of all players involved in the Modernization Program
- 30% Preliminary Design for Phase IA
  - Completed by Owner's Agent/Engineer
  - Working with MARAD / PMT EA for transition into design and construction

Recent Events

- F-5 Status

  Berth F-5 was recently placed back into service after concerns were raised as to structural integrity

  Further investigations revealed damages that were limited to the gantry spur rail tie support structure

  Although F-5 was placed back into service the Port realizes the this spur rail will require removal

OPEN DISCUSSION

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