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# BUSINESS OPPORTUNITIES IN GUAM FOR PRIMARY INFRASTRUCTURE

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DOI Investment Conference April 2009





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# ***PORT AUTHORITY OF GUAM***



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## **Modernization Program**





Route 1

Piti Channel

Route 11

Commercial Port

Piti

Apra Harbor

Lockwood Terrace

# Location





# Government of Guam



## Port Authority of Guam Overview

- **Civilian Port, Owned & Operated by the Port Authority of Guam (PAG)**
- **PAG is an Autonomous GovGuam Agency**
- **Revenues Derived from Tariffs, Leases & User Fees**
- **Commercial Cargo, Liquid Bulk & Cement Terminals, Fisheries, Marinas & Tenant Facilities**
- **Over 90% of Goods & Supplies Used or Consumed on Guam come through PAG Facilities**
- **Constituencies**
  - **People of Guam**
  - **Military Bases**
  - **Population of Micronesia Region – Transshipment Hub**
- **Commercial Cargo Terminal –**
  - **Critical for Military Base Relocation Program**





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## Existing Facilities Footprint



- Commercial Cargo Terminal (1969 Vintage) Needs Major Improvements to Support Military Program



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## PAG Steps to Achieve "Port Readiness"

- **Procurement for Master Plan Study** Apr 07
- **Master Plan 2007 Update for Port Readiness** Feb 08
- **Completed Financial Feasibility** Aug 08
- **U.S. Public Law 417-110 & Guam "Port Enterprise Fund" to Effect Improvements** Oct 08
- **Maritime Administration (MARAD) Lead Agency to Administer Federal Funds for Improvements** Oct 08
- **Licensed 3 Container Cranes per Master Plan** Jan 09
- **Contracted Owner's Agent / Engineer (PBI)** Feb 09
- **Start Field Studies & Specific Facility Definition** May 09
- **Federal Funding & Financing Effort** Ongoing



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## Master Plan Findings Overview

- **Constructed in 1969 & Needs Major Rehabilitation**
- **Cargo Demand Basis**
  - **JGPO/NAVFAC 2007 Projections of Military Related Cargo**
  - **Plus PAG Consultant Projections of Regional Organic Growth**
- **Insufficient Capacity to Support Base Relocation for:**
  - **Containers**
  - **Break & Dry Bulks**
  - **Cement**
  - **Capacity OK for Liquid Bulks**

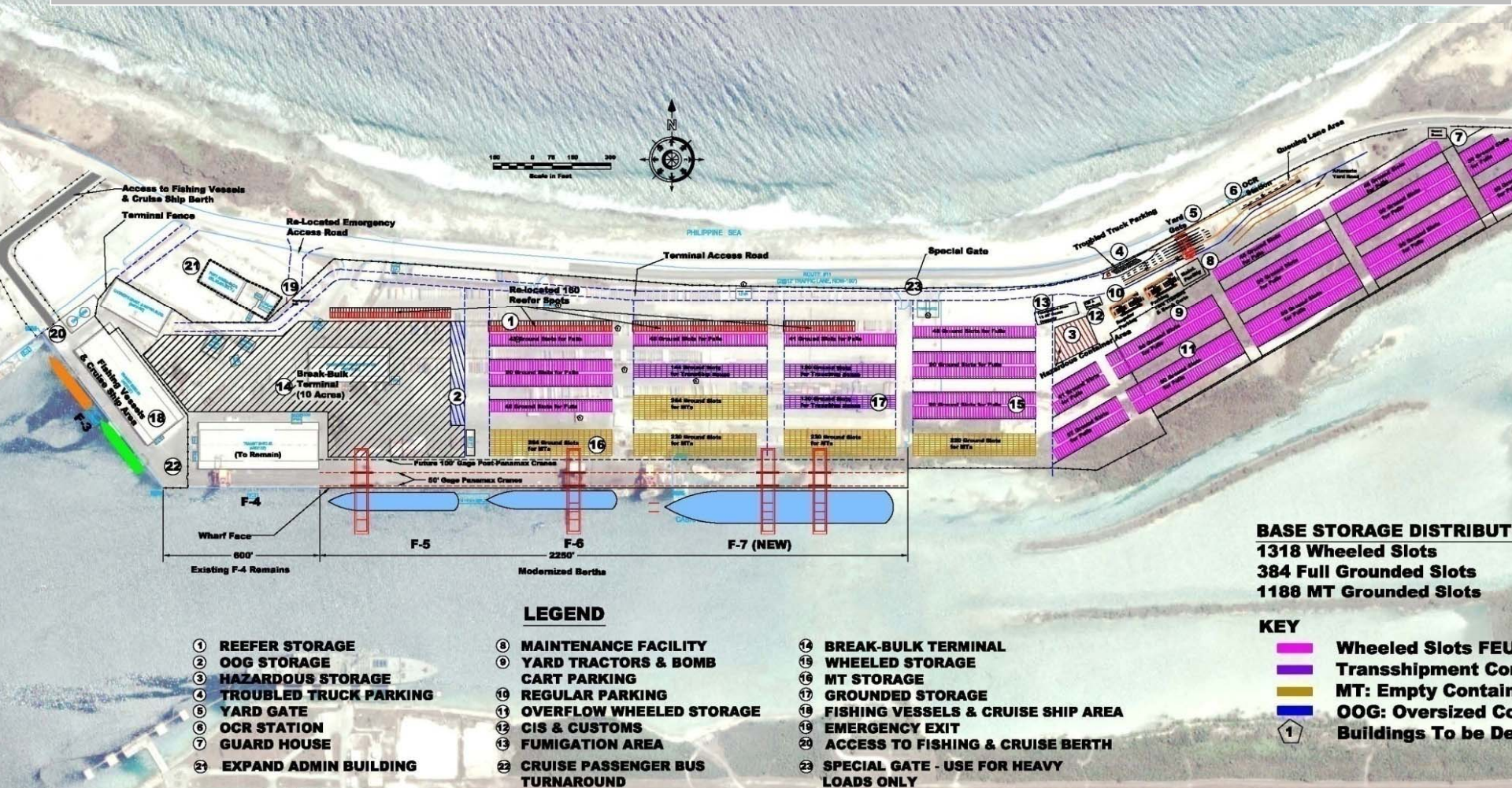




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## Aerial Depiction of Preferred Master Plan Alternate





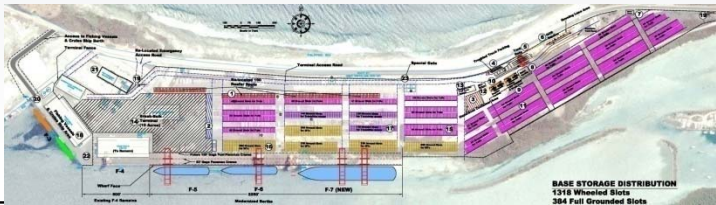


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## Cargo Terminal Preferred Concept

- Structural Rehabilitation of Existing Bulkheads
- Extension of Berths to the West & Dredging
- Three Refurbished PANAMAX Class Container Cranes
- Expansion of Terminal Yard to East
- New Truck Gates
- Terminal Operating, Gate, Security & Other Systems
- Break Bulk Terminal Area
- Paving, Upland Utilities & Civil Infrastructure
- Cargo Handling Equipment
- Demolition, New Buildings & Tenant Relocation
- Estimated Capital Cost: \$195 Million (in 2008\$)



*Based on 2007  
Master Plan  
Update*



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## Other Related Port Improvements

- **Customs, Fumigation Facilities (by Others)**
- **Improvements to Route 11 by DPW/FHWA**
- **Truck Scale Facility (WIMS) along Route 11 by DPW/FHWA**

### *Other Port Areas*

- **Shortfall in Cement Import Capacity**
  - **Hanson Cement Improvements to Leased Facilities**
  - **Awarded Option for Additional Cement Imports at Golf Pier**
- **Maintenance Improvements to Liquid Bulk Facilities by Tenants**





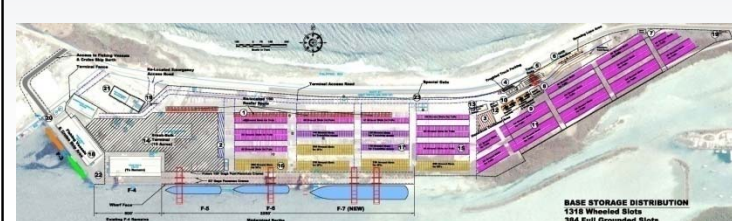
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## Cargo Terminal Tentative CF Requirements

<b>2009</b>	<b>\$12.6 Mill</b>	<ul style="list-style-type: none"><li>• <b>Engineering &amp; Procurement</b></li></ul>
<b>2010</b>	<b>\$49.7 Mill</b>	<ul style="list-style-type: none"><li>• <b>Terminal Expansion East &amp; Buildings</b><ul style="list-style-type: none"><li>• Site Development &amp; Paving</li><li>• Utilities (Storm, Sewer, Fire, Electrical etc.)</li><li>• New Truck Gates &amp; Terminal Buildings</li></ul></li></ul>
<b>2011</b>	<b>\$ 96.9 Mill</b>	<ul style="list-style-type: none"><li>• <b>Modernize Existing Terminal Area</b><ul style="list-style-type: none"><li>• Utilities (Storm, Sewer, Fire, Electrical etc.)</li><li>• Structural Rehab of Existing Berths</li><li>• Cargo Handling Equipment</li><li>• Port Security</li></ul></li></ul>
<b>2012</b>	<b>\$ 60.4 Mill</b>	<ul style="list-style-type: none"><li>• <b>Expand Wharf &amp; Berth</b><ul style="list-style-type: none"><li>• New Wharf &amp; Berth Extension</li><li>• Associated Utilities &amp; Improvements</li><li>• Cargo Handling Equipment</li></ul></li></ul>

*(\$195 Mill 2008\$ with escalation – Master Plan Basis)*





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## 2008 Financial Feasibility Findings

- **Basis for Scenario Studies (Aug-2008)**
  - Master Plan Preferred Concept
  - JGPO/NAVFAC 2007 Military Cargo Projections
- **Requires Tariff Increases over 20 Years to maintain cash flow & borrowing capacity**
- **Impact of DOD Capacity Needs: \$140+ million range**
- **PAG Borrowing capacity was in the \$50±million range**
  - Will vary depending on a number of factors such as final interest rates, scenario, volume etc.
- **Borrowing to capacity exposes PAG to risk**
- **Significant Portion of Funding would have to come from Federal Funding Sources**

*Note: Analysis and findings based on Preferred Master Plan Concept Performed before Sep-08 Financial Market Events*





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## Project Delivery

### ***Port***

- **Contract Owner's Agent/Engineer**
- **Engineering, Environmental Data Collection & Field Studies**
- **Terminal Operations Planning, Phasing & Facilities Definition**
- **Preliminary Engineering & Technical Specifications**
- **Monitor and Accept Facilities to Meet Requirements**
- **Procurements Governed by Guam Regulations**

### ***MARAD***

- **Lead Agency for Environmental Process**
- **Award Contract to PMT Contractor**
- **Procure & Deliver Facilities Governed by FAR Requirements**



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## Anticipated Funding Sources

Planning, Engineering & Environmental Work	Amount	Status	Type
Office of Insular Affairs	\$ 2,000,000	Allocated	Grant
Port Authority of Guam	\$ 2,300,000	Allocated	Grant
Economic Development Administration	\$ 2,000,000	Application	Grant
Office of Insular Affairs	\$ 2,000,000	Approved	Grant
Office of Economic Adjustment	\$ 500,000	Ongoing	Grant
Office of Economic Adjustment	\$ 2,000,000	Application	Grant
<b>Total Planning, Engineering</b>	<b>\$ 10,800,000</b>		
<b>Capital Improvement Program</b>			
Department of Transportation ARRA Title XII Discretionary Funds	\$ 130,000,000	To be Applied	Grant Funding
U.S. Department of Agriculture Low Interest Loans	\$ 50,000,000	Applied	Low Interest Loan
Department of Homeland Security	\$ 2,400,000	Approved	Grant
Department of Homeland Security	\$ 4,900,000	Application	Grant
<b>Total Capital Improvements</b>	<b>\$ 187,300,000</b>		





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## Other Port Initiatives in Progress

- **Working with GovGuam to Identify & Obtain Funding**
- **Assessing Options for Loan Financing**
- **Initiative to Solicit PMC Proposals for Cargo Terminal**



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## Upcoming Challenges

- **Engineering/Environmental Data Collection yet to Begin**
- **JGPO/NAVFAC Anticipate Increases to Military Cargo**
- **Capacity & Cost Impact of Above Yet to Analyzed and Addressed**
- **Facility Planning, Analysis & Definition to Follow**
- **Process for Environmental Clearances yet to be Determined**
- **PAG will Select Implementation Alternative after Above**
- **Phasing to Avoid Operational Delays During Construction**
- **Limitations to Port Authority Loan Financing**
- **Remainder from Federal Funding Sources**
- **Federal Funding is not yet in Place for 2010, 2011, 2012**





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## Summary – Port of Guam Modernization





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Questions?

Port website: [www.portguam.com](http://www.portguam.com)