

# PORT AUTHORITY OF GUAM

Annual Report  
2011-2012



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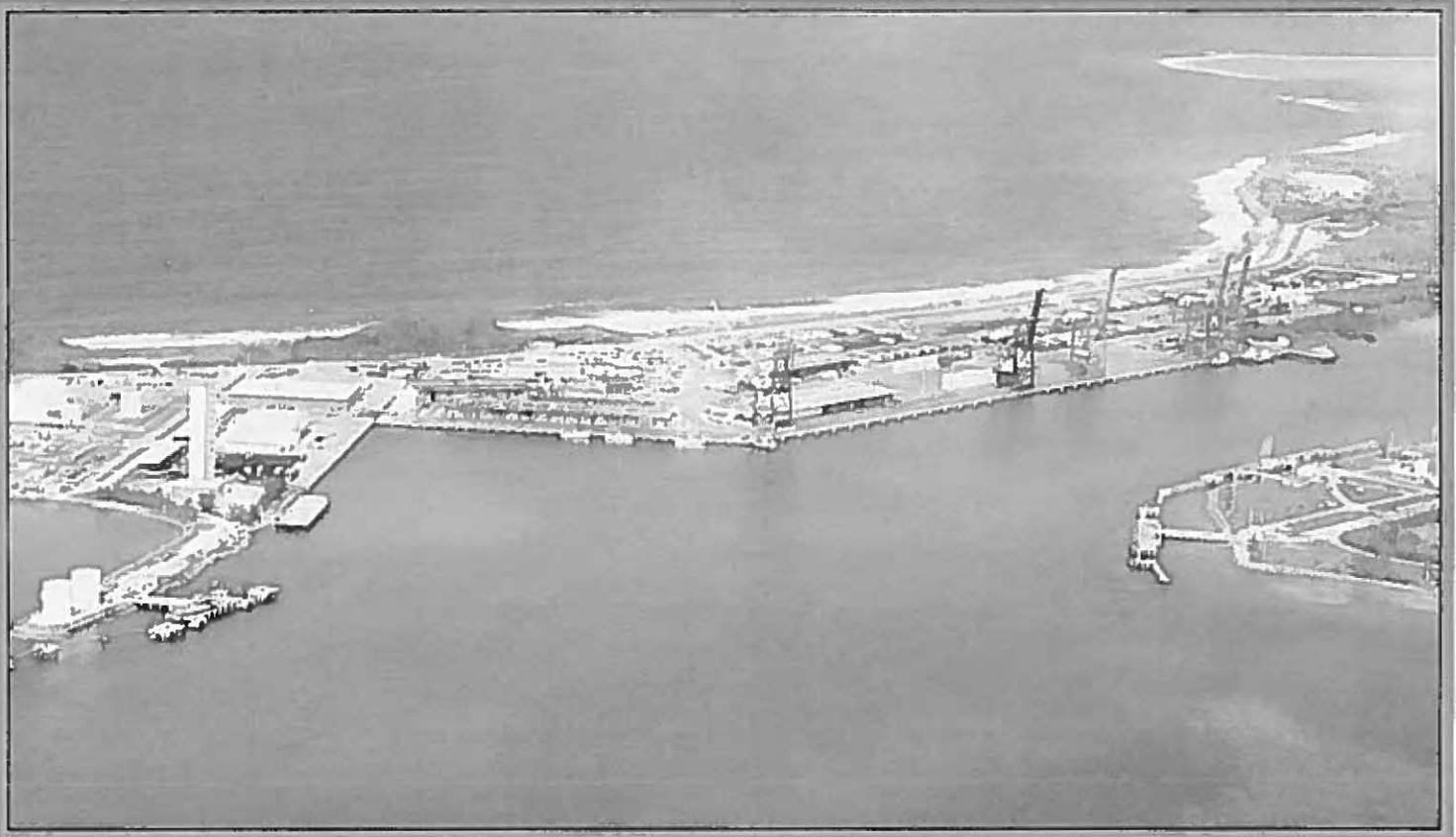
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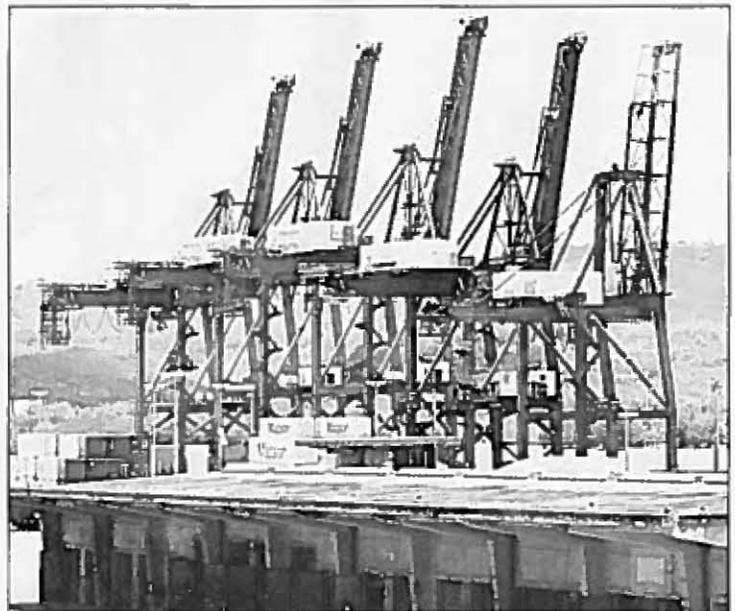
## > Introduction

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.

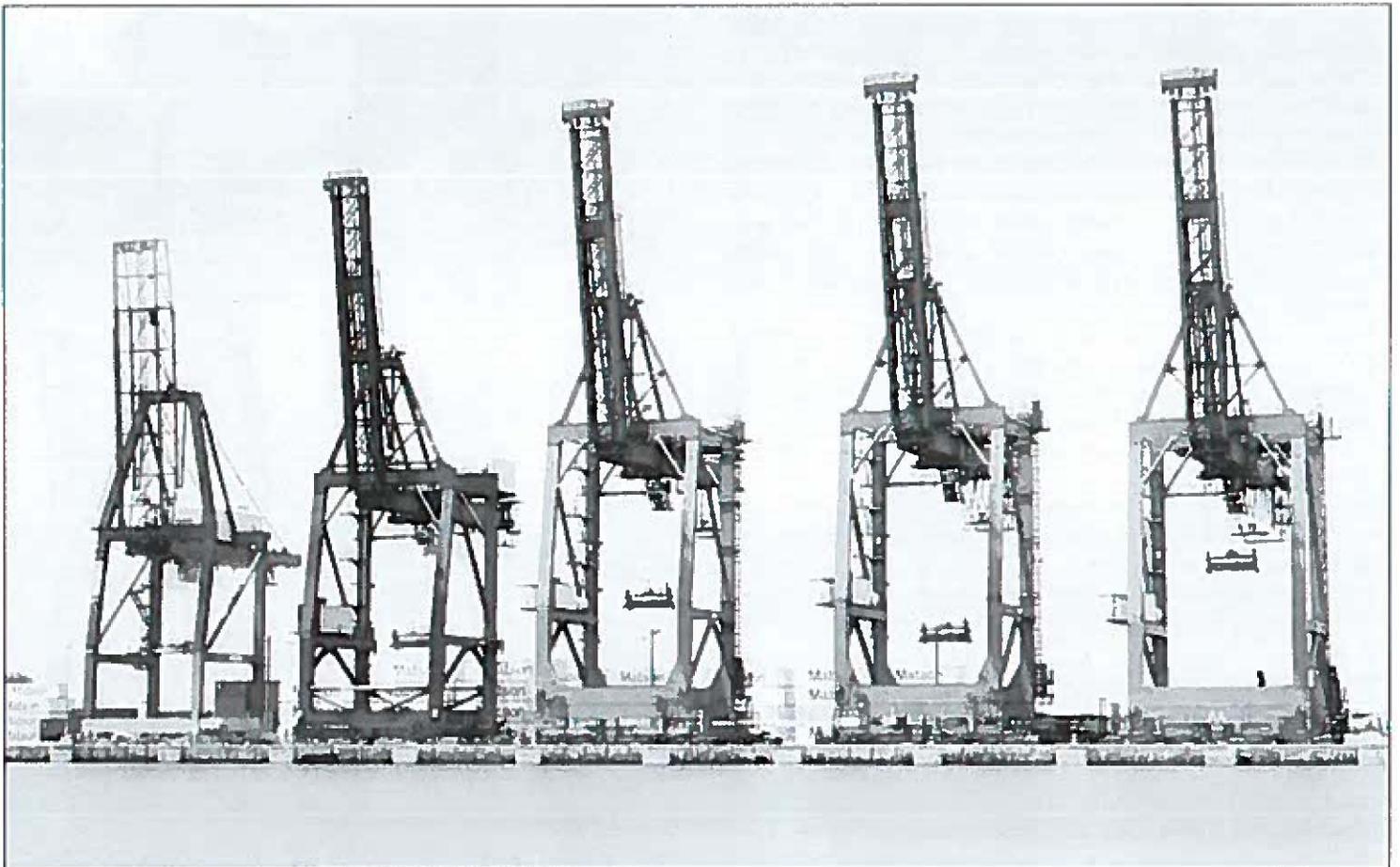
With more than 90% of the region's goods and supplies passing over its dock, the Port's impact on the quality and sustenance of life for residents of the region cannot be overstated. Primarily dependent on the importation of goods, the Port is truly the lifeline between the Western Pacific Region and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

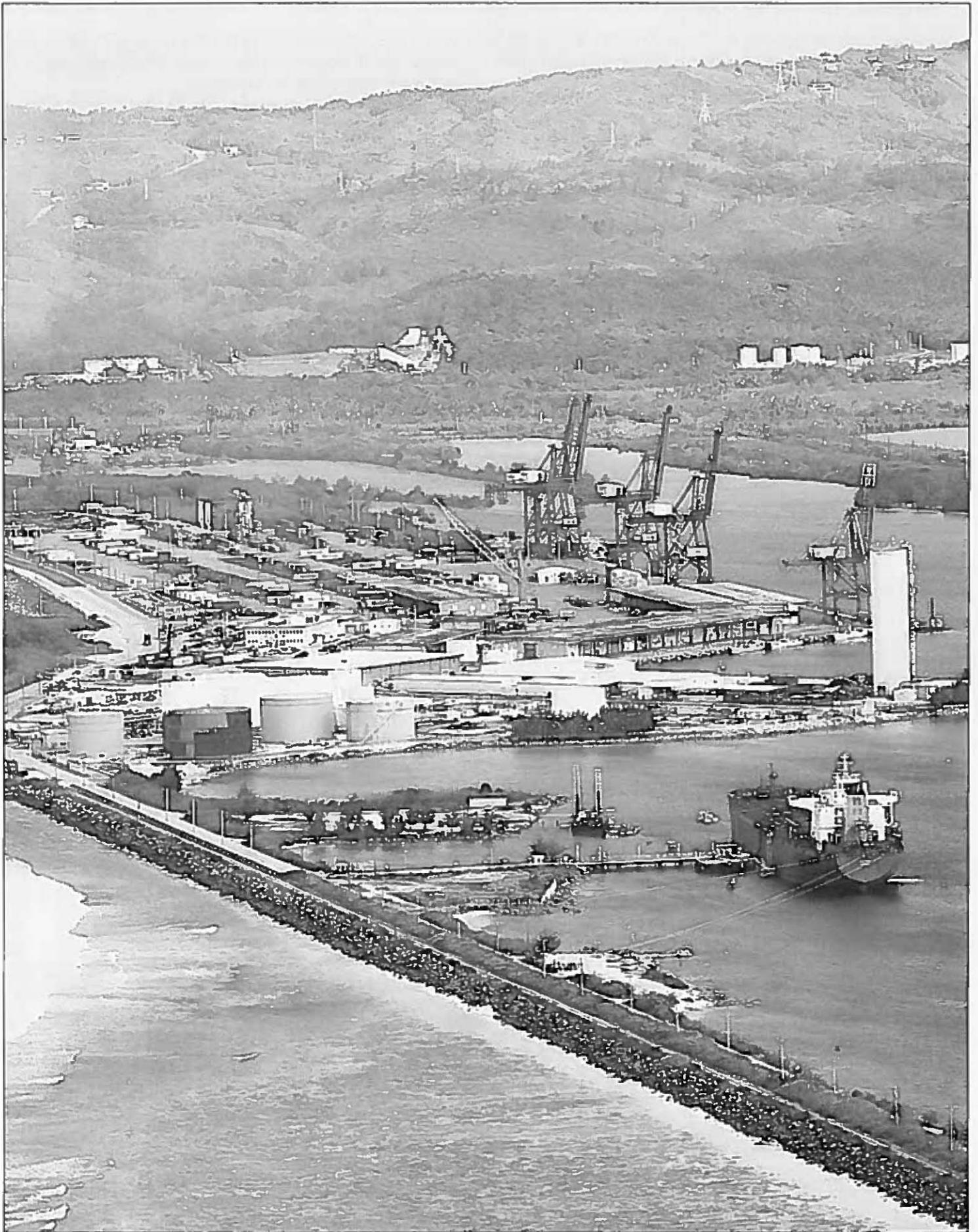
The Port facilities were designed in the 1960s and put into service in 1969. The facilities have remained unchanged since its construction in 1969 with the exception of the repair of F5 in 1999. This is in contrast to most modern mainland ports which have undergone two or more cycles of technological 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, 2012 are \$71.2 million. Of this amount, \$62.2 million is invested in capital assets and \$9.0 million is considered unrestricted.

The Port's net assets increased by \$2.0 million for fiscal year ended September 30, 2012.

The Port's total assets increased by \$1.4 million during the fiscal

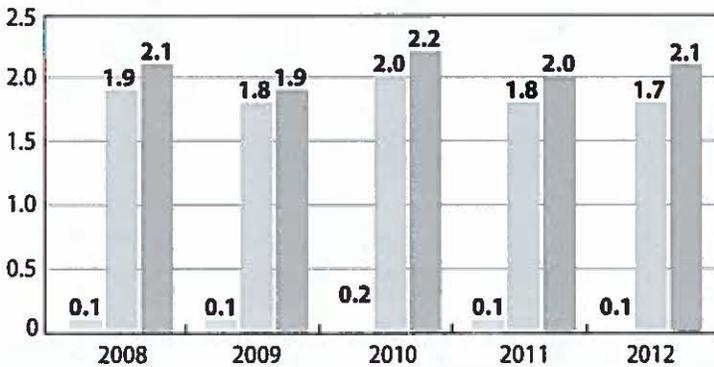
year ended September 30, 2012. The major component of this change was an increase in current assets by \$365 thousand and an increase in capital assets by \$1 million.

The total liabilities decreased by \$636 thousand during fiscal year ended September 30, 2012. The major component of this change was due to decrease in accounts payable trade of \$605 thousand.

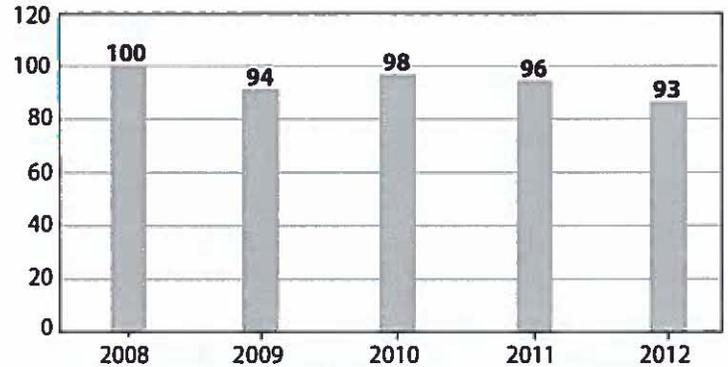
## How Are We Doing – A Performance Report on Key Missions and Service

■ Breakbulk ■ Container ■ Total Cargo Revenue Tons

Total Revenue Tons (in millions)



Total Containers Handled (in thousands)



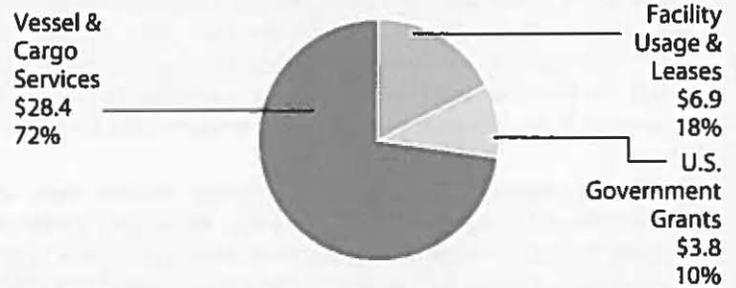
## The Port's Finances – Revenues and Expenses

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

Primary Sources of Port Revenues — FY 2011



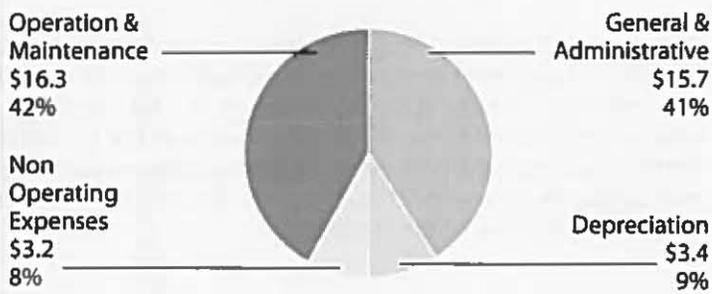
Primary Sources of Port Revenues — FY 2012



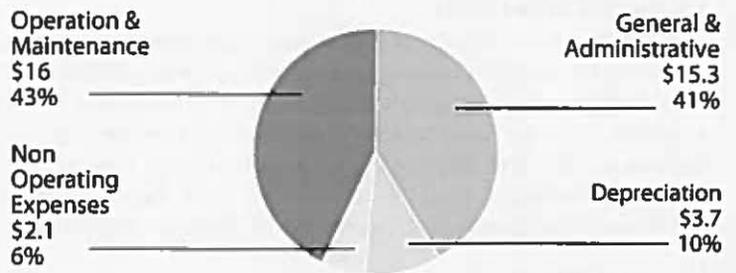
Vessel and cargo services revenues in FY2012 decreased by \$43 thousand. This was due to decreased total containers handled of 3 thousand or 3%, from 96 thousand containers in FY 2011 to 93

thousand containers in FY 2012. Due to the tariff increases, the impact on vessel and cargo revenues resulting from a decrease in the number of containers handled was minimal.

Primary Uses of Port Expenses — FY 2011



Primary Uses of Port Expenses — FY 2012



In Fiscal Year 2012, the total operating expenses were \$34.9 million and non-operating expenses were \$2.1 million. Operating expense decreased by \$266 thousand and non-operating expenses decreased by \$1.1 million compared to fiscal year 2011. Operation and maintenance salaries and benefits increased due to 10 new employees hired during the fiscal year; however, the overall expense of operation and maintenance decreased by \$300

thousand as a result of reduced operational supplies. General and administrative expenses decreased by \$302 thousand due to decreases in professional services of 37%, other contractals of 27%, and supplies of 25%. Depreciation expense increased by \$369 thousand or 11% due to the reclassification of the completed construction in progress project on GDP renovation phase 1 and purchase of new assets in FY 2012.

## > Key Project Initiatives

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

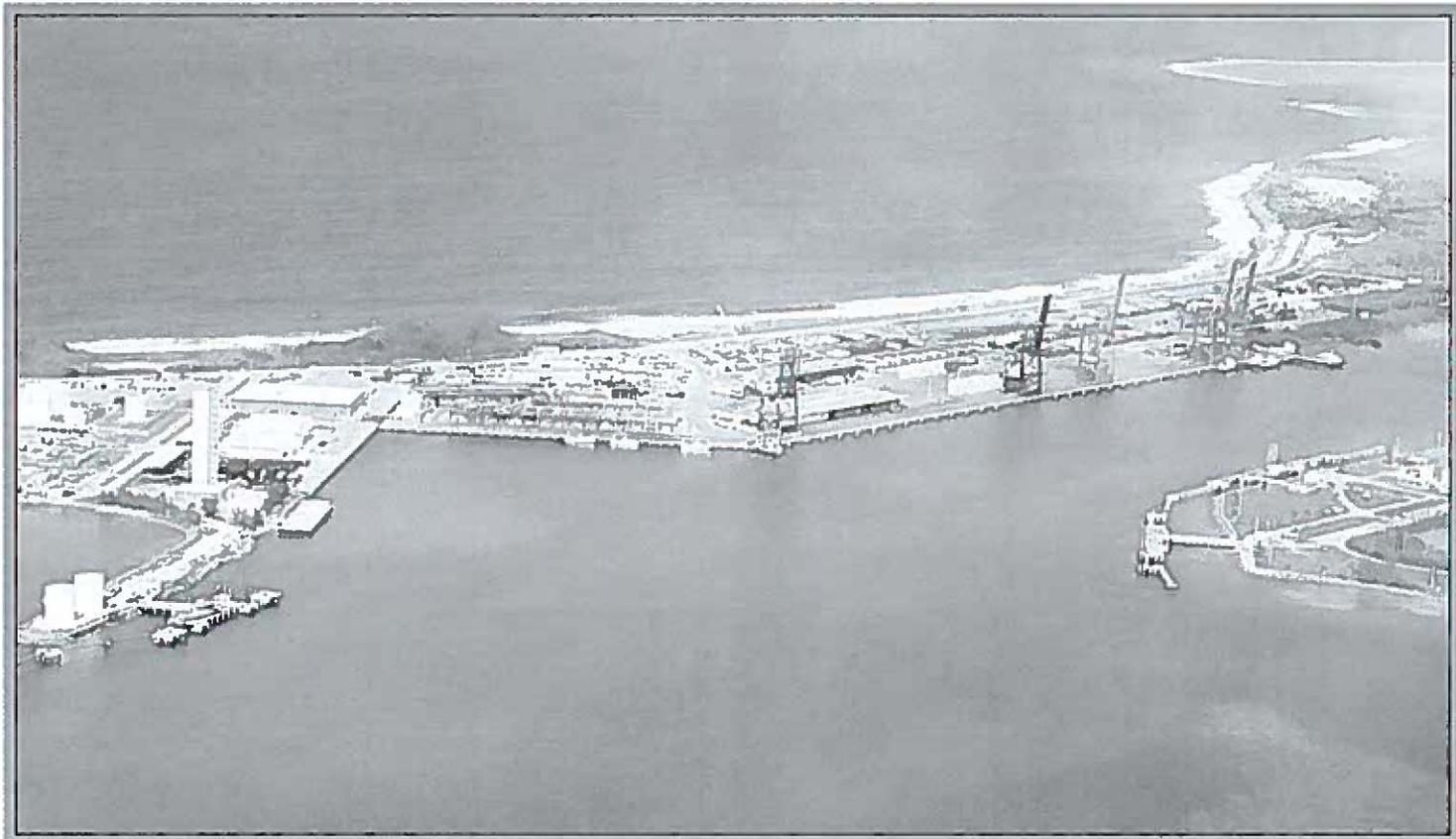
**Acquisition of Gantry Cranes-** Following the Port Board of Directors' approval of the purchase of 3-POLA cranes and Gantry 3 from Matson & Horizon, Port management submitted to the Public Utilities Commission (PUC) a petition to approve the Sales Agreement and Interim Maintenance Agreement. In August 2012, the PUC approved the Sales and Interim Maintenance Agreements. The official signing of these Agreements for the Acquisition of the Gantry Cranes was completed on December 20, 2012.

**Port Security Grant Program (PSGP)-** As part of the Security Grant Program of US Department of Homeland Security, the Authority was awarded over \$5 Million in federal security grants to help secure the commercial port. Through this program, the Authority proceeded with the following projects:

- **Container Yard Lighting Project:** The construction work to upgrade of the existing lights at the container yard was awarded in January 2012 and is expected to be completed in November 2012.
- **Maritime and Security Operations Center and Integration of Communications Systems Project:** The construction work to build a centralized emergency operations center, as well as, the integration of all communications and security systems was awarded in October 2012 with a projected completion date by December 2013.
- **Procurement of Mobile Containerized X-Ray Screening System, 2-Emergency Backup Generators and Harbor Master's Communication System** are other funded projects that are expected to be completed within fiscal year 2013.



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