Port Authority of Guam

An Inside Look at the Port Authority of Guam

Presented to the:

United Nations Economic & Social Commission for Asia and the Pacific
High Level Meeting on Strengthening Inter-Island Shipping and Logistics in the Pacific Island Countries

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Deputy General Manager
July 23 - 25, 2013
Port Authority of Guam

Agenda

1. Overview of the Port
2. CIP Improvements & Ongoing Projects
3. Status of Port Modernization
4. Acquisition of Gantry Cranes
5. PAG Facilities, Infrastructure, & Real Estate
   • Marine Service Life Extension (MSLE)
   • Cementon Micronesia
   • Hotel Wharf
6. Domestic/International Shipping Information
Overview of the Port

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

• Goal
  o Increase capacity
  o Promote economic growth & opportunities for maritime related industries
  o Strengthen working relationships with the Port Users Group (PUG) and other Port tenants and stakeholders
  o Fast track infrastructure development to meet organic growth, DoD Strategic Seaport requirements, and military buildup relocation demands
## Port CIP Accomplishments

<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>FUNDING SOURCE</th>
<th>AMOUNT</th>
<th>STATUS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase of Gantry Cranes</td>
<td>USDA/ANZ Guam GL</td>
<td>$12,000,000.00</td>
<td>Completed</td>
</tr>
<tr>
<td>GDP Dock Repairs &amp; Pile Extensions</td>
<td>DOI/USFW/PA G</td>
<td>$744,106.00</td>
<td>Completed</td>
</tr>
<tr>
<td>AE Design GDP Marina</td>
<td>DOI/OIA</td>
<td>$484,000.00</td>
<td>Completed</td>
</tr>
<tr>
<td>Phase I – GDP Marina Renovation &amp; Site Improvements</td>
<td>DOI/OIA</td>
<td>$1,516,000.00</td>
<td>Completed</td>
</tr>
<tr>
<td>Interoperable Communications System</td>
<td>USDHS/FEMA</td>
<td>$573,614.00</td>
<td>Completed</td>
</tr>
<tr>
<td>3 Trailerable Fire Fighting Pumps</td>
<td>USDHS/FEMA</td>
<td>$540,000.00</td>
<td>Completed</td>
</tr>
<tr>
<td>Container Yard Lighting Upgrade</td>
<td>USDHS/FEMA</td>
<td>$834,016.00</td>
<td>Completed</td>
</tr>
<tr>
<td>Emergency Response Vehicle</td>
<td>GHS/OCD</td>
<td>$50,000.00</td>
<td>Completed</td>
</tr>
<tr>
<td><strong>TOTAL:</strong></td>
<td></td>
<td><strong>$16,741,736.00</strong></td>
<td></td>
</tr>
<tr>
<td>DESCRIPTION</td>
<td>FUNDING SOURCE</td>
<td>AMOUNT</td>
<td>STATUS</td>
</tr>
<tr>
<td>----------------------------------------------------------------------------</td>
<td>----------------</td>
<td>--------------</td>
<td>------------</td>
</tr>
<tr>
<td>10” Waterline Break Repair @ F5, Stations 15 + 45</td>
<td>PAG</td>
<td>$11,852.00</td>
<td>Completed</td>
</tr>
<tr>
<td>Troubleshoot Cathodic Protection System</td>
<td>PAG</td>
<td>$3,250.00</td>
<td>Completed</td>
</tr>
<tr>
<td>Electrical Upgrade on Secondary Distribution Sub-Panel Boards</td>
<td>PAG</td>
<td>$81,731.00</td>
<td>Completed</td>
</tr>
<tr>
<td>Wharf F1 Catwalk Repair</td>
<td>PAG</td>
<td>$413,419.00</td>
<td>Completed</td>
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<tr>
<td><strong>TOTAL:</strong></td>
<td></td>
<td><strong>$510,252.00</strong></td>
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## Port Ongoing Projects

<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>FUNDING SOURCE</th>
<th>STATUS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Portwide CCTV Security Surveillance System</td>
<td>USDHS/FEMA</td>
<td>Ongoing</td>
</tr>
<tr>
<td>Access Control/Secured Credentialing System &amp; TWIC Readers</td>
<td>USDHS/FEMA</td>
<td>Ongoing</td>
</tr>
<tr>
<td>Security &amp; Communications Duct Bank Work</td>
<td>USDHS/FEMA</td>
<td>Ongoing</td>
</tr>
<tr>
<td>Emergency Command Center</td>
<td>USDHS/FEMA</td>
<td>Ongoing</td>
</tr>
<tr>
<td>Command and Control Integration System</td>
<td>USDHS/FEMA</td>
<td>Ongoing</td>
</tr>
<tr>
<td>Emergency Backup Generators</td>
<td>USDHS/FEMA</td>
<td>Ongoing</td>
</tr>
<tr>
<td>Mobile Container/Vehicle Screening System</td>
<td>USDHS/FEMA</td>
<td>Ongoing</td>
</tr>
<tr>
<td><strong>TOTAL:</strong></td>
<td></td>
<td><strong>$7,340,997.00</strong></td>
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## Port Ongoing Projects

<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>FUNDING SOURCE</th>
<th>STATUS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Phase II – GDP Marina Renovation &amp; Site Improvements</td>
<td>DOI/OIA</td>
<td>Ongoing</td>
</tr>
<tr>
<td>Replacement of Welded Steel Petroleum Distribution Piping</td>
<td>PAG/FHWA</td>
<td>Ongoing</td>
</tr>
<tr>
<td>Guam Commercial Port Improvement Program (Project 1)</td>
<td>USDOD</td>
<td>Ongoing</td>
</tr>
<tr>
<td>GDP Marina New Water Line System</td>
<td>PAG</td>
<td>Ongoing</td>
</tr>
<tr>
<td>Installation of Motorized Operational Valves at Golf Pier Fuel Pipelines</td>
<td>PAG</td>
<td>Ongoing</td>
</tr>
<tr>
<td><strong>TOTAL:</strong></td>
<td></td>
<td><strong>$6,343,000.00</strong></td>
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</tbody>
</table>
Status of Port Modernization

**Background**

- **2010**
  - $50 Million DOD funding for Phase 1A received
  - Phase 1A Preliminary Design completed
  - PAG Implementation Plan completed
  - MARAD/PMT Engagement
    - Reviewed Preliminary Designs, Implementation Plan, and Cost Estimates
    - Began Value Engineering work on Phase 1A to fit within expected budget constraints

- **2011 - 2012**
  - Congressional call for military buildup Re-set
  - PAG implements internal Program Re-set
  - Changes in Implementation Plan
    - Modified approach to the military buildup
    - Cargo projections reduced
    - Geotechnical assessment of waterfront
  - Environmental Site Assessment completed
  - Crane inspection finalized/crane purchase completed
Status of Port Modernization

Initial Plan:
Port Modernization Program
($206 Million)
Status of Port Modernization

Guam Commercial Port Improvement Program ($50 Million)

Diagram of Port Improvement Projects

- Project 1
- Project 2
- Project 3
Status of Port Modernization

Phase I: CFS Building Modifications Project

- Construction Ongoing
  - Scope of Work
    - Single story office building build out
    - Enclosure of existing doorways
    - Installation of large roll up doors
    - Securing of cargo storage area
Status of Port Modernization

Phase II: Selected Break Bulk Yard Modifications

- Contractor selection process ongoing
  - Scope of Work
    - Paving repairs to increase break bulk staging area
    - Demolition of Warehouse 2 and selected structures
Status of Port Modernization

Phase III: PAG Facility Expansion

- Proposed RFP Issuance – 4th Quarter 2013
  - Scope of Work
    - New 4.6 acre container yard
    - High Mast Lighting
    - New terminal gate complex and runway
    - Installation of oil water separators
Status of Port Modernization

Port Command Center/
Security Enhancements Project

• Construction Ongoing
  ○ *Scope of Work*
    ▪ State-the-Art Command & Control Center
    ▪ Advanced Security System that includes CCTV, Access Control, Air Blown Fiber Micro-ducting Infrastructure, and TWIC Readers
Status of Port Modernization

Proposed 2013 Port Security Grant Program Project

- CMU Wall Expansion and Heavy Duty Chain Link Perimeter Security Fence
  - Construct 2000 LF of CMU Wall (Red)
  - Replace/Install 4500 LF Heavy Duty Chain Link Security Perimeter Fence (Yellow)
  - Replace 20 LF Double Swing Gate (Yellow)
  - Replace 2000 LF damaged barbed wire (Blue)
Acquisition of Gantry Cranes

POLA Cranes

In addition to Gantry 3, since the Port’s acquisition of the 3 cranes, immediate impact was recorded in its usage for both Domestic and Foreign vessels

- Capacity
- Productivity
- Reliability
PAG Facilities, Infrastructure, & Real Estate

Marine Service Life Extension (MSLE)

• Public Law signed by Governor on June 26, 2013
  ○ $10 Million Port loan from Bank of Guam
  ○ Scope of Work
    ▪ Berth/Wharf repairs estimated at over $6 Million
    ▪ Procurement of new Port Financial Management System
    ▪ Procurement of new equipment
PAG Facilities, Infrastructure, & Real Estate

Cementon Microneisa

• PAG – Cementon Micronesia lease agreement for new cement operation
• Total Area: 53,640 square feet
• Public Law 30-209: approval of 20 year lease + 10 year option for a total of 30 years
Hotel Wharf Background

- Hotel Wharf is a 500 ft. long structure constructed in 1948
- Former Navy ammunition wharf that was transferred to the Government of Guam in October 1989
- Water depth is approximately between 28 to 29 feet
- Used by the Port for commercial activities, exports of scrap metal, import of vehicles, and passenger/cruise ship berthing
PAG Facilities, Infrastructure, & Real Estate

Hotel Wharf Potential Uses

• Military: Supplemental staging site for DOD activities when pre-designated sites are not available
• Project Cargo: bulk, aggregate, and construction materials
• Tourism: cruise ships and excursion vessels
• Fisheries: fishing industry
• Research: foreign and domestic research vessels
Domestic/International Shipping Information

635 Port Calls for Fy2012
### Domestic/International Shipping Information

#### FY2012 Operational Activities

<table>
<thead>
<tr>
<th>Passenger Vessels</th>
<th>RO-RO Autos</th>
<th>Dry-Bulk</th>
<th>Break-Bulk</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vessels 7</td>
<td>Inbound 5,086</td>
<td>Total: 54,750 (short tons)</td>
<td>Inbound 154,938</td>
</tr>
<tr>
<td>Passenger Count</td>
<td>Outbound 142</td>
<td></td>
<td>Outbound 175,503</td>
</tr>
<tr>
<td>Total: 5,510</td>
<td></td>
<td></td>
<td>Total: 330,441 (short tons)</td>
</tr>
<tr>
<td>Total Units: 5,228</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>TEUs</th>
<th>BOXES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inbound Loaded: 78,153</td>
<td>Inbound Loaded: 46,478</td>
</tr>
<tr>
<td>Outbound Loaded: 77,883</td>
<td>Outbound Loaded: 46,269</td>
</tr>
<tr>
<td>Empties: 17,053</td>
<td>Empties: 11,287</td>
</tr>
<tr>
<td>Total TEU’s: 173,089</td>
<td>Total Lifts: 104,034</td>
</tr>
</tbody>
</table>
Domestic/International Shipping Information

Fleet Size, Age, and Type

Matson: Operates with 6 containerized vessels:
3 ships – 10 years
1 ship – 11 years
2 ships – 13 years

CTSI: Operates with 5 containerized vessels:
3 ships – 3 years
1 ship – 6 years
1 ship – 1 year

Marianas Steamship Agency: Operates with 3 break bulk vessels:
Average age – 12 years
Domestic/International Shipping Information

Shipping Service Network

Route Map

- Matson Ships
- Kyowa/Matson Feeder
- Saipan Shipping
Because Guam is a U.S. Port, it follows the rules and regulations of the Jones Act. The Merchant Marine Act of 1920 (P.L. 66-261) is a United States federal statute that regulates maritime commerce in U.S. waters and between U.S. ports.

The Jones Act (Section 27), deals with cabotage rights (i.e. coastal shipping) and requires that all goods transported by water between U.S. ports be carried in U.S. –flag ships, constructed in the United States, owned by U.S. citizens, and crewed by the U.S. maritime industry.
Guam’s major challenge is the fact that other Pacific Islands are upgrading their terminals to receive larger ships. For the Port of Guam, this is a marketing challenge for transshipment.

Guam is not within the shipping lanes. It currently does not have an export market. Majority of the backloads are empties. There is an opportunity for a second market as Matson Navigation is currently our main and only domestic provider.