

# **Public Port Finance Survey for FY 2000**

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November 2001

**U.S. Department of Transportation**  
**Maritime Administration**  
**Office of Ports and Domestic Shipping**

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## **FOREWORD**

This report is the result of a cooperative effort between the agency and the American Association of Port Authorities (AAPA). It was prepared by MARAD, using financial information furnished by AAPA.

This report has been compiled for over 20 years, first by AAPA or a member port and now, for the third year, by MARAD. It is the only report of its kind in the port industry covering U.S. (including U.S. territories) and Canadian ports. The report contains financial data on maritime activities at ports, including the income statement, balance sheet, outstanding bonds, debt service, sales offices, and cargo tonnage. Two additional sections cover (1) data on contributions, donations, and grants received in fiscal year (FY) 2000, and (2) ratio analyses. A special appreciation is extended to the 67 contributing ports.

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**PUBLIC PORT FINANCE SURVEY FOR FY 2000**

**PARTICIPATING PORTS [67 TOTAL]**

<p><b>UNITED STATES NORTH ATLANTIC PORTS [6 Ports]</b></p> <ul style="list-style-type: none"> <li>▪ Albany Port District Commission (NY)</li> <li>▪ Maryland Port Administration (Baltimore)</li> <li>▪ Massachusetts Port Authority (Boston, MA)</li> <li>▪ Port Authority of NY &amp; NJ</li> <li>▪ Port of Richmond (VA)</li> <li>▪ South Jersey Port Corporation (NJ)</li> </ul>	<p><b>UNITED STATES &amp; CANADA NORTH PACIFIC PORTS [12 Ports]</b></p> <ul style="list-style-type: none"> <li>▪ Port of Anchorage (AK)</li> <li>▪ Port of Bellingham (WA)</li> <li>▪ Port of Everett (WA)</li> <li>▪ Port of Kalama (WA)</li> <li>▪ Port of Longview (WA)</li> <li>▪ Port of Portland (OR)</li> <li>▪ Port of Seattle (WA)</li> <li>▪ Port of Tacoma (WA)</li> <li>▪ Port of Vancouver (WA) (USA)</li> <li>▪ Nanaimo Port Authority, BC (CAN)</li> <li>▪ Prince Rupert Port Authority, BC (CAN)</li> <li>▪ Vancouver Port Authority, BC (CAN)</li> </ul>
<p><b>UNITED STATES SOUTH ATLANTIC PORTS [9 Ports]</b></p> <ul style="list-style-type: none"> <li>▪ Georgia Ports Authority</li> <li>▪ Jacksonville Port Authority (FL)</li> <li>▪ Port of Miami (FL)</li> <li>▪ North Carolina State Ports Authority</li> <li>▪ Port of Palm Beach (FL)</li> <li>▪ Port Everglades (FL)</li> <li>▪ South Carolina State Ports Authority</li> <li>▪ Virginia Port Authority</li> <li>▪ Puerto Rico Ports Authority</li> </ul>	<p><b>UNITED STATES SOUTH PACIFIC PORTS [10 Ports]</b></p> <ul style="list-style-type: none"> <li>▪ Port of Hueneme (CA)</li> <li>▪ Port of Humboldt Bay (CA)</li> <li>▪ Port of Long Beach (CA)</li> <li>▪ Port of Los Angeles (CA)</li> <li>▪ Port of Redwood City (CA)</li> <li>▪ Sacramento/Yolo Port District (CA)</li> <li>▪ San Diego Unified Port District (CA)</li> <li>▪ Port of San Francisco (CA)</li> <li>▪ Port of Stockton (CA)</li> <li>▪ Commonwealth Ports Authority (Saipan)</li> </ul>
<p><b>UNITED STATES GULF PORTS [19 Ports]</b></p> <ul style="list-style-type: none"> <li>▪ Alabama State Docks Department</li> <li>▪ Greater Baton Rouge Port Commission (LA)</li> <li>▪ Port of Beaumont (TX)</li> <li>▪ Port of Corpus Christi Authority (TX)</li> <li>▪ Port of Freeport (TX)</li> <li>▪ Port of Galveston (TX)</li> <li>▪ Port of Gulfport (Mississippi State Port Authority)</li> <li>▪ Port of Houston (TX)</li> <li>▪ Greater Lafourche Port Commission (LA)</li> <li>▪ Lake Charles Harbor/Terminal District (LA)</li> <li>▪ Manatee County Port Authority (FL)</li> <li>▪ Port of New Orleans (LA)</li> <li>▪ Panama City Port Authority (FL)</li> <li>▪ Port of Pensacola (FL)</li> <li>▪ Port of Port Arthur (TX)</li> <li>▪ Port of Port Lavaca/Point Comfort (TX)</li> <li>▪ South Louisiana Port Commission</li> <li>▪ St. Bernard Port/Harbor/Terminal District (LA)</li> <li>▪ Tampa Port Authority (FL)</li> </ul>	<p><b>GREAT LAKES &amp; EASTERN CANADA [11 Ports]</b></p> <ul style="list-style-type: none"> <li>▪ Detroit/Wayne County Port Authority (MI)</li> <li>▪ Duluth Seaway Port Authority (MN)</li> <li>▪ Port of Green Bay (WI)</li> <li>▪ Indiana Port Commission</li> <li>▪ Halifax Port Authority, NS (CAN)</li> <li>▪ Hamilton Harbour Commissioners, Ontario (CAN)</li> <li>▪ Montreal Port Authority, Quebec (CAN)</li> <li>▪ Saint John Port Authority, NB (CAN)</li> <li>▪ Sept-Iles Port Authority, Quebec (CAN)</li> <li>▪ Toronto Port Authority, Ontario (CAN)</li> <li>▪ Transport Canada, Ontario (CAN)</li> </ul>



## Definitions of Terms

### OPERATING STATUS

Ports can be categorized by their type of operation: non-operating, operating, and limited-operating ports.

*Non-Operating Ports* Basically landlord ports with all port facilities generally leased or preferentially assigned with the lessee or assignee responsible for operating the facilities.  
*[NONOP]*

*Operating Ports* Generally provide all port services except stevedoring with their own employees including, but not limited to, loading and unloading of rail cars and trucks and the operation of container terminals, grain elevators, and other bulk terminal operations.  
*[OP]*

*Limited-Operating Ports* Lease facilities to others, but continue to operate one or more facilities with port employees. These operated facilities may be specialized terminals, such as grain elevators, bulk terminals, container terminals, etc.  
*[LTDOP]*

### PORT TYPE: U.S. vs. Canadian.

#### U.S.

U.S. public ports generally fall into the following categories: Bi-State Authority; State Department, Agency, or Authority; County Department or Authority; Municipal Agency; or Special Purpose Port/Navigation District or Authority. The classification of the ports into these categories is based on their current ownership and status. For the purpose of this report, special purpose port/navigation districts and authorities are separate local government organizations that generally are granted separate taxing authority with some statutory limitations.

#### Canada

The Canadian port industry experienced significant changes in FYs 1998 and 1999 with the passage of the Canada Marine Act (Act). Changing the relationship of ports with the Crown, the Act now requires the designated Canada Port Authorities (CPA) to pay annual stipends to the federal government and payments in lieu of taxes to local governments, in addition to becoming subject to greater public scrutiny and accountability. Unlike many of their U.S. counterparts, CPAs neither have taxing authority unto themselves nor do they have access to any federal funding. They are financially self-sufficient entities governed by a board of directors comprised of nominees from port user groups and the three levels of government (municipal, provincial, and federal). CPAs operate port facilities as agents of the Crown for core business activities and are independent of the Crown for non-core activities.

[Definitions continued on next page]

## **RATIOS USED IN REPORT**

The ratios presented in this report are among the major categories of ratios used in financial statement analysis and measure operating performance, short-term liquidity, return on investment, capital structure, and asset utilization. Since there are no established benchmark industry standards, the ratios presented can best be interpreted by comparison with past ratios of the same port or comparison with other ports having the same characteristics of operation and financing.

Ratios which measure operating performance include operating ratio, operating margin, net income to operating revenue (gross sales), and operating income to operating revenue (gross sales). Although not formally adopted as a benchmark in MARAD's 1997 publication, *An Analysis of U.S. Public Port Profitability and Self-Sufficiency (1985-1994)*, it was found that "...it appears that a port could at the present time maintain a profitable status if it could maintain an operating ratio of 85%, provided the interest from its debt load and other expenses did not exceed its operating income plus interest income."

Short-term liquidity ratios include the current ratio and two measures of the quality and liquidity of accounts receivable – (1) the percentage of accounts receivable reserved as bad debts and (2) the collection period for accounts receivable.

Three ratios measure return on investment. They are return on total assets; return on net investment in plant, property, and equipment after depreciation; and return on investment in plant, property, and equipment before depreciation.

Asset utilization is measured by the relationship of operating income to the net investment in plant, property, and equipment.

Capital structure is measured by the relationship of long-term debt to total equity.

## FY 2000 PUBLIC PORT FINANCE SURVEY<sup>1</sup>

### Summary (U.S. Ports Only<sup>2</sup>)

As can be seen in Figure 1, net income varies considerably among regions, ranging from -\$21.3 million in the North Atlantic to \$177.7 million in the South Pacific. In looking more closely at the North Atlantic to understand why that region alone experienced an aggregate net loss, we see that four (of six) ports reported net losses and two reported minor profits. Contributing factors to net losses in this region are operating losses and bond interest expenses.

Contrast the above with the South Pacific region, where seven (of eight) ports reported net income. In addition, six ports showed operating profits.

**Figure 1** FY 2000 Net Income (By Region)

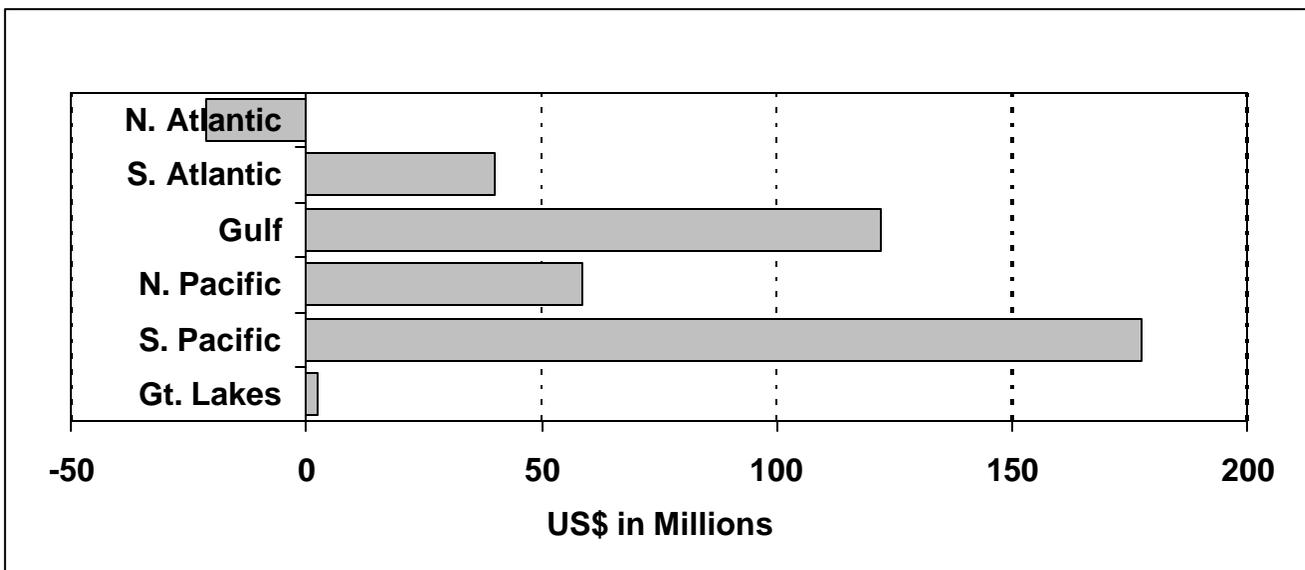
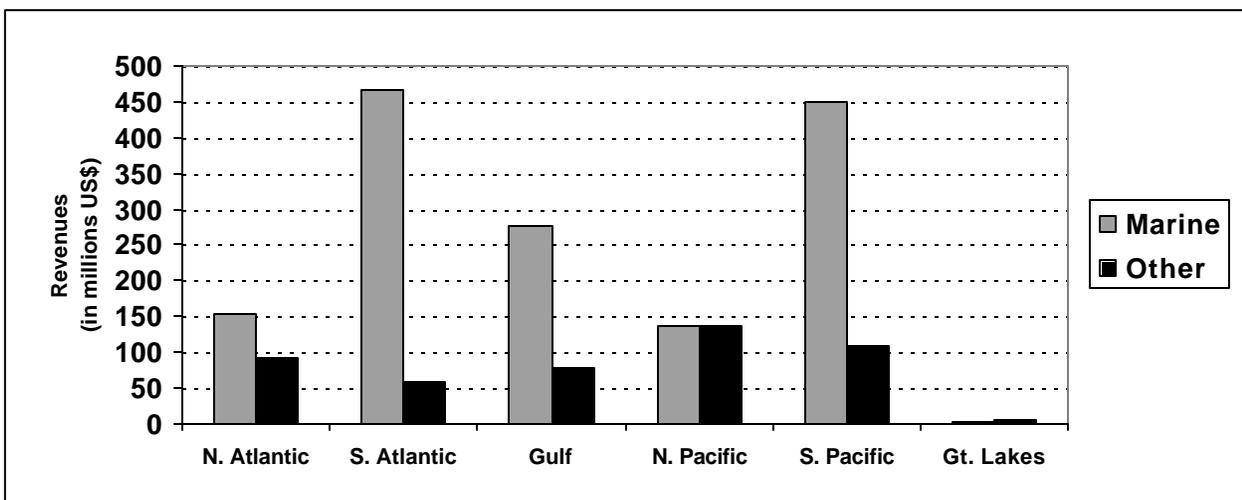


Figure 2 below compares operating revenues by region, distinguishing marine revenues from other types of operating revenues. Please note the importance of non-traditional sources of income to the North Atlantic, North Pacific, and Great Lakes. The North Pacific earns as much from non-traditional sources as from marine sources.

**Figure 2** FY 2000 Operating Revenues (By Region)

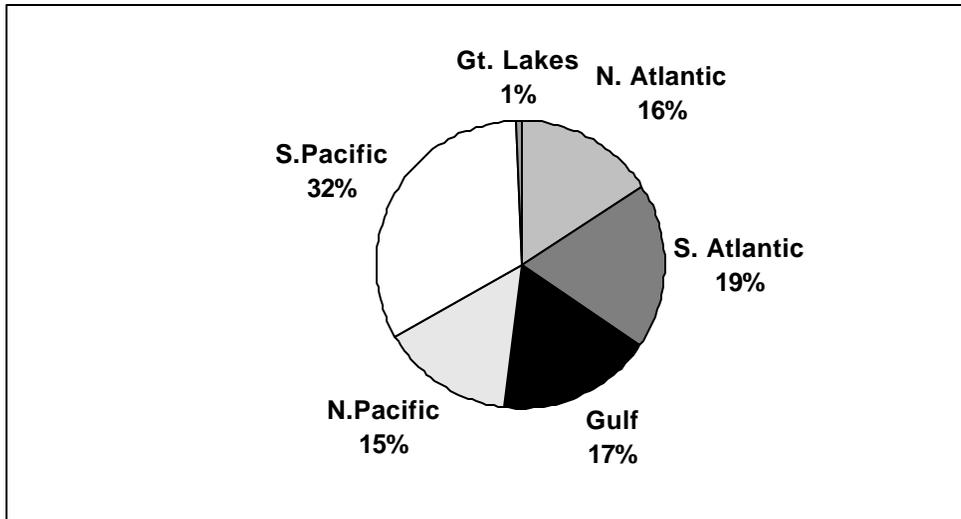


<sup>1</sup> The *Public Port Finance Survey* was compiled by the American Association of Port Authorities or a member port for nearly 20 years and the last 4 years by the Maritime Administration.

<sup>2</sup> Ports in U.S. territories (Puerto Rico, Saipan) are not included in this analysis.

Figure 3 examines the gross investment in plant, property, and equipment (PP&E) by region. In FY 2000, all regions together reported gross investments of \$18.3 billion, with 32 percent occurring in the South Pacific. At \$6.1 billion, the value of South Pacific PP&E investments is 1.8 times greater than the next highest region, the South Atlantic.

**Figure 3 FY 2000 Gross Investment in Plant, Property, & Equipment (By Region)**



The next figure, Figure 4, shows some interesting aspects of the U.S. port industry.

- ♦ The distribution of income tends to cluster fairly closely around breakeven, suggesting minimal profits.
- ♦ The majority of U.S. ports (82%) were profitable; 18% reported losses.

**Figure 4 Distribution of FY 2000 Net Income**

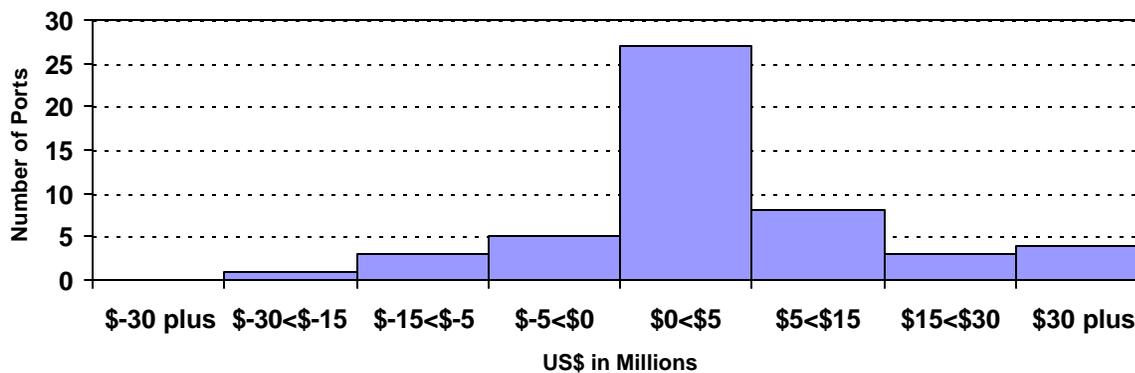


Figure 5 shows that the top 10 U.S. public port authorities accounted for 92 percent of all net income in FY 2000. Of the 10 ports listed here, half are located on the West Coast, three in the Gulf, and two on the East Coast (South Atlantic).

**Figure 5 Top 10 Port Authorities by Net Income - FY 2000**  
(\$ in 000s)

Rank	Port Authority	Net Income
1	Port of Los Angeles (CA)	\$83,452
2	Port of Long Beach (CA)	83,144
3	Port of Houston (TX)	54,651
4	Port Everglades (FL)	33,701
5	South Carolina State Ports Authority	20,834
6	Port of Tacoma (WA)	20,833
7	Port of Seattle (WA)	18,853
8	Tampa Port Authority (FL)	12,164
9	Port of San Francisco (CA)	11,527
10	Port of Gulfport (Miss. State Port Authority)	9,727
	<b>Total Top 10 Ports</b>	<b>\$348,886</b>
	<b>Total Net Income</b>	<b>\$379,959</b>
	<b>Percent of Total</b>	<b>91.8%</b>

Figure 6 looks at trends by summarizing data by geographical region for three fiscal years, 1998-2000. The rankings remain generally consistent throughout, with the following results: (1) South Pacific, (2) Gulf, (3) South Atlantic, (4) North Pacific, and (5) North Atlantic. The one exception is in 2000, when the North Pacific and South Atlantic switched rankings. There is one caveat to remember when examining the data in this figure: ports self-select when responding to the AAPA survey, resulting in different response rates from year to year.

**Figure 6 U.S. Ports Only: Net Income for FYs 1998-2000**  
(\$ in 000s)

Region	1998		1999		2000	
	\$	%	\$	%	\$	%
North Atlantic	-52,400	-16.4%	-41,024	-15.4%	-21,333	-5.6%
South Atlantic	69,353	21.8%	43,268	16.3%	39,886	10.5%
Gulf	113,736	35.6%	98,816	37.1%	122,200	32.2%
North Pacific	53,206	16.7%	42,756	16.1%	58,841	15.5%
South Pacific	135,355	42.4%	121,313	45.6%	177,728	46.8%
Great Lakes	-202	-0.1%	902	0.3%	2,637	0.7%
<b>Total</b>	<b>\$319,048</b>	<b>100%</b>	<b>\$266,031</b>	<b>100%</b>	<b>\$379,959</b>	<b>100%</b>
<b># U.S. Ports Reporting</b>	<b>62</b>		<b>55</b>		<b>55</b>	

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