

Public Port Finance Survey for FY 2001

April 2003

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

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INTRODUCTION

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

The report has been compiled for 24 years, first by AAPA or a member port and now, for the fifth 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 data on ratio analyses and contributions, donations, and grants received in fiscal year (FY) 2001.

The survey data were obtained by AAPA from its U.S. and Canadian corporate membership. The U.S. members, public port agencies, represent virtually all the major U.S. deep-draft coastal and Great Lakes ports.

This year's response rate for U.S. ports (including territories) was 65 percent – namely, 57 responded out of a total of 87 AAPA U.S. members. To put the response rate in context, the 57 respondents represented –

- 21 out of the top 25 U.S. container ports in 2001, and
- 17 out of the top 25 U.S. ports in 2001 handling foreign and domestic waterborne cargo.

A special appreciation is extended to this year's 66 contributing ports, of which 53 were U.S., 4 were U.S. territories, and 9 were Canadian.

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This report also is available electronically on MARAD's website, www.marad.dot.gov.

PUBLIC PORT FINANCE SURVEY FOR FY 2001

66 PARTICIPATING PORTS

<p>NORTH ATLANTIC</p> <ul style="list-style-type: none"> ▪ Maryland Port Administration (Baltimore) ▪ Massachusetts Port Authority (Boston, MA) ▪ Port Authority of NY & NJ ▪ Philadelphia Regional Port Authority (PA) ▪ Port of Richmond (VA) ▪ Port of Wilmington (DE) 	<p>U.S. & CANADA NORTH PACIFIC</p> <ul style="list-style-type: none"> ▪ Port of Bellingham (WA) ▪ Port of Coos Bay (OR) ▪ Port of Everett (WA) ▪ Port of Kalama (WA) ▪ Port of Longview (WA) ▪ Port of Olympia (WA) ▪ Port of Portland (OR) ▪ Port of Seattle (WA) ▪ Port of Tacoma (WA) ▪ Port of Vancouver (WA) (USA) ▪ Prince Rupert Port Authority, BC (CAN) ▪ Vancouver Port Authority, BC (CAN)
<p>SOUTH ATLANTIC</p> <ul style="list-style-type: none"> ▪ Georgia Ports Authority ▪ Jacksonville Port Authority (FL) ▪ Port of Miami (FL) ▪ North Carolina State Ports Authority ▪ Port Everglades (FL) ▪ South Carolina State Ports Authority ▪ Virginia Port Authority ▪ Port of Ponce (PR) ▪ Puerto Rico Ports Authority ▪ Virgin Islands Port Authority 	<p>SOUTH PACIFIC</p> <ul style="list-style-type: none"> ▪ Hawaii Department of Transportation ▪ Port of Hueneme (CA) ▪ Port of Long Beach (CA) ▪ Port of Los Angeles (CA) ▪ Port of Redwood City (CA) ▪ San Diego Unified Port District (CA) ▪ Port of Stockton (CA) ▪ Port Authority of Guam
<p>GULF</p> <ul style="list-style-type: none"> ▪ Alabama State Docks Department ▪ Greater Baton Rouge Port Commission (LA) ▪ Port of Beaumont (TX) ▪ Port of Corpus Christi Authority (TX) ▪ Port of Freeport (TX) ▪ Port of Galveston (TX) ▪ Port of Gulfport (Mississippi State Port Authority) ▪ Port of Houston (TX) ▪ Greater Lafourche Port Commission (LA) ▪ Lake Charles Harbor/Terminal District (LA) ▪ Manatee County Port Authority (FL) ▪ Port of Orange (TX) ▪ Panama City Port Authority (FL) ▪ Port of Pascagoula (MS) ▪ Port of Pensacola (FL) ▪ Port Lavaca/Point Comfort (TX) ▪ Port of Shreveport-Bossier (LA) ▪ South Louisiana Port Commission ▪ St. Bernard Port/Harbor/Terminal District (LA) ▪ Tampa Port Authority (FL) 	<p>GREAT LAKES & EASTERN CANADA</p> <ul style="list-style-type: none"> ▪ Port of Green Bay (WI) ▪ Indiana Port Commission ▪ Toledo-Lucas County Port Authority (OH) ▪ Belledune Port Authority, NB (CAN) ▪ Halifax Port Authority, NS (CAN) ▪ Hamilton Port Authority, Ontario (CAN) ▪ Quebec Port Authority, Quebec (CAN) ▪ Saint John Port Authority, NB (CAN) ▪ St. John's Port Authority, NF (CAN) ▪ Toronto Port Authority, Ontario (CAN)

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.

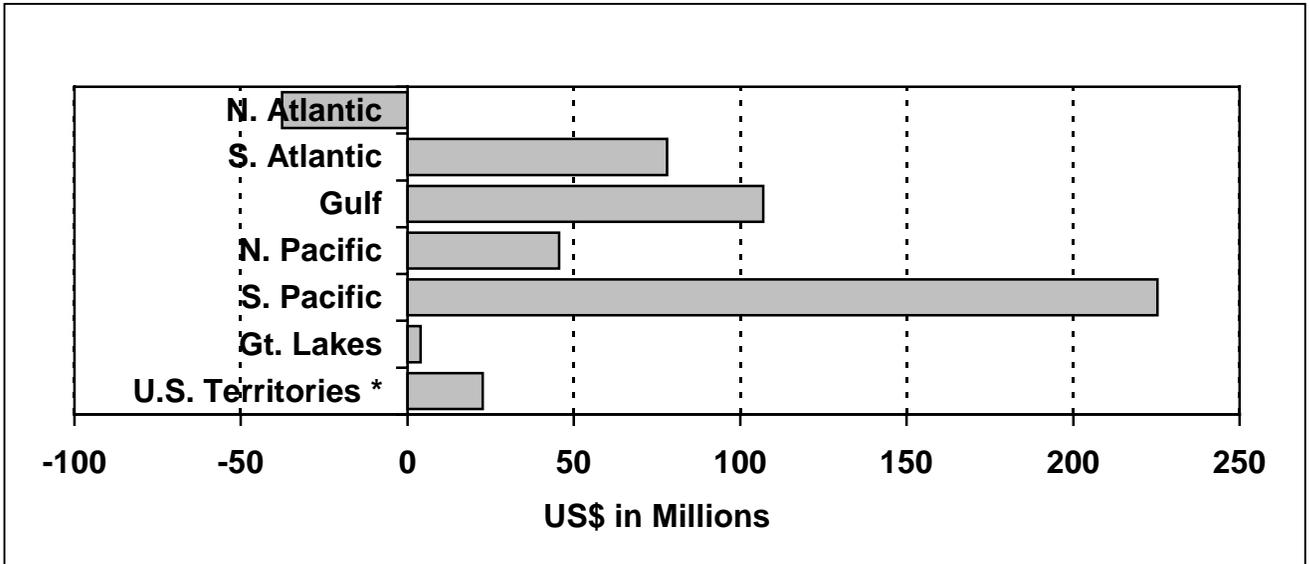
Capital structure is measured by the relationship of long-term debt to total equity.

FY 2001 PUBLIC PORT FINANCE SURVEY

U.S. Summary¹

This section highlights aspects of the financial nature of the U.S. port industry in FY 2001.²

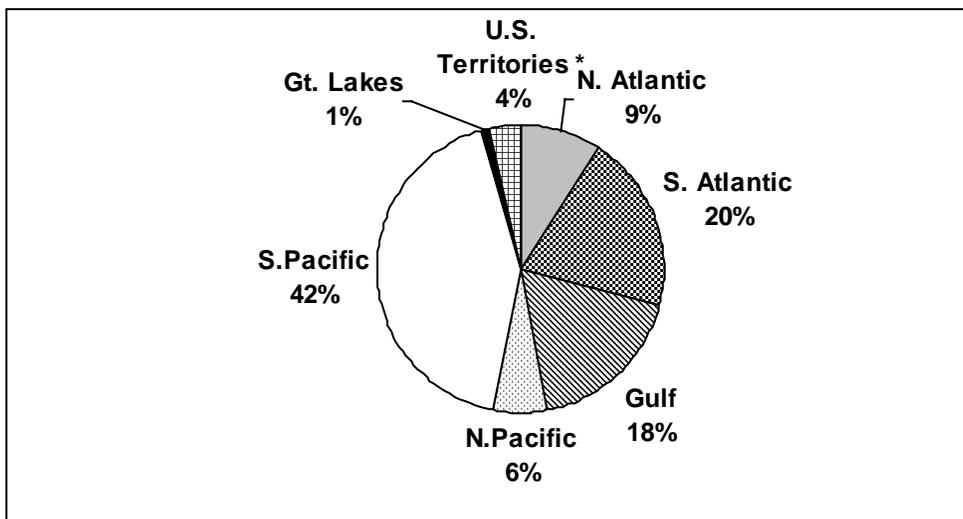
Figure 1 **FY 2001 Net Income**



* Puerto Rico, Virgin Islands, and Guam.

- At \$225.4 million, the South Pacific accounts for just over 50 percent of total U.S. FY 2001 net income (of \$444.8 million). The Gulf represents the second largest contributor at 24 percent (or \$106.9 million).

Figure 2 **FY 2001 Net Investment in Plant, Property, & Equipment³**



* Puerto Rico, Virgin Islands, and Guam.

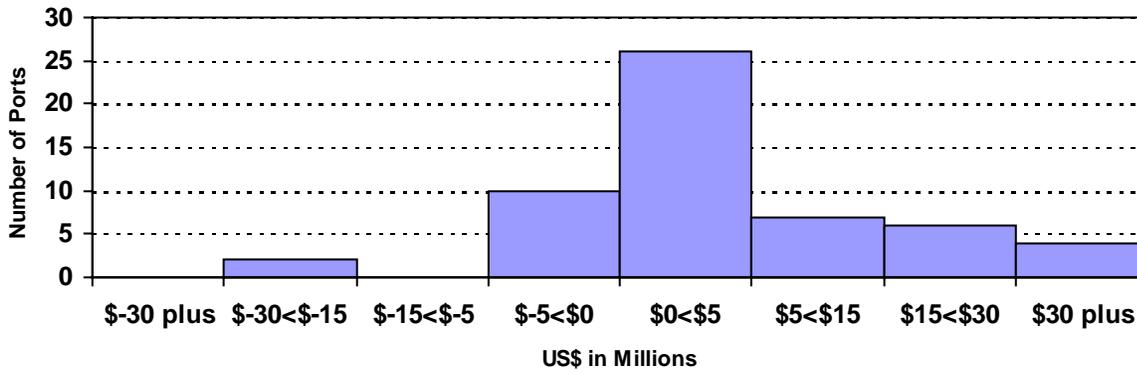
- At \$5.6 billion, the value of South Pacific PP&E net investments is 2.1 times greater than that of the next highest region, the South Atlantic.

¹ Includes those U.S. territories that responded to the survey: Puerto Rico, Virgin Islands, and Guam.

² Please remember when examining the survey data that port responses are voluntary, resulting in different response rates and port samples from year to year.

³ Note: Due to incomplete reporting, the following ports' net PP&E are not included – Massport, NY/NJ, Bellingham, Olympia, Portland, and Seattle.

Figure 3 Distribution of FY 2001 Net Income



- The distribution of income tends to cluster fairly closely around breakeven, suggesting minimal profits. Most reporting U.S. ports were profitable (78 percent); 22 percent reported losses.

Figure 4 Top 10 U.S. Port Authorities by Net Income - FY 2001 (\$ in 000s)

Rank	Port Authority	Net Income
1	Port of Los Angeles (CA)	\$97,743
2	Port of Long Beach (CA)	86,769
3	Port of Houston (TX)	47,999
4	Port Everglades (FL)	30,502
5	Hawaii Dept. of Transportation	22,715
6	Puerto Rico Ports Authority	22,331
7	South Carolina State Ports Authority	18,394
8	Tampa Port Authority (FL)	17,902
9	Port of Stockton (CA)	16,661
10	Port of Tacoma (WA)	15,935
	Total Top 10 Ports	\$376,951
	Total U.S. Net Income (FY 2001 Survey)	\$444,795
	Percent of Total	84.7%

- Of the 10 ports listed, half are located on the West Coast, two in the Gulf, and three on the East Coast (South Atlantic).

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