

Pohnpei Port Authority

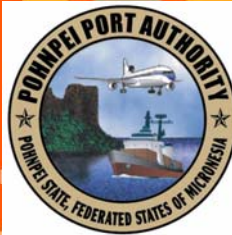
Five Year Strategic Plan: 2007-2011



Pohnpei Port Authority

AT A GLANCE

- Established in 1991 as a Statutory Authority of the State of Pohnpei, FSM.
- Oversees the operational management, development, use, and maintenance of Pohnpei State's ports (sea & air).
- Exclusive jurisdiction to regulate and protect ports.
- Became a semi-autonomous entity in 1994.
- Total Assets of \$6 million.
- Total Liabilities of \$0.5 million.
- Total Equity of \$5.5 million.
- 64 total number of employees.



Overview

Five Year Strategic Plan: 2007-2011

- Reaffirmation of commitment
- **Important Influences Guiding Planning Process:**
 - a. dynamic nature of trade and port authorities and growing importance of these industries in direct proportion with the globalized economy;
 - b. **streamline operation;**
 - c. enhance identity and image; and
 - d. **focus its dedication to mission**



Purposes of PPA's 5-Year Strategic Plan:

- A. Charts PPA's future direction in response to the opportunities and challenges faced in sustaining and advancing the quality and safety of ports services in a dynamic and globalized environment.**
- B. Sets priorities and outlines fundamental goals and objectives as well as the strategies for their achievement.**
- C. Translates strategies into programs to be implemented in a business framework.**
- D. Projects financial means to support program activities**



Scope of the PPA Strategic Plan

- **Five-year planning horizon.**
- Focus primarily on external and internal issues that require a thoughtful, forward-looking approach.
- **Develops a flexible medium- and long-term strategy and not necessarily a detailed long-term plan.**
- **Living Plan.**
- **Evolutionary.**



Methodology

SWOT Analysis was applied in the development of this plan.



Benefits to Pohnpei and FSM

- **Helps PPA increase capacity and improve service delivery to ensure exceptional customer satisfaction, enhanced public image, and improved quality of life in Pohnpei**
- **PPA's pivotal role: Gateway to the rest of the world and advance socio-economic development of Pohnpei and FSM.**
- **Enhances service delivery to allow greater movement of passengers and goods through its ports and allow increased trade and competitive business in a safe environment.**



Pohnpei Port Authority: Role, Vision and Mission



Role

- Gateway
- **Catalyst to Prudent Investment**
- Invigorate the Economy





Vision

“Premiere force serving as a safe, efficient, responsive commercial and transportation hub for the benefit of customers and stakeholders.”



Mission

“Promoting Pohnpei’s efforts toward socio-economic development through the providence of safe and cost-effective logistics facilities and infrastructure and by facilitating and expanding movement of cargo, passenger, and competitive commercial activities through its ports in the best interest of Pohnpei.”



Core Values and Philosophies

- **Customer Service**
- **Reputation**
- **People**
- **Accountability**
- **Financial Health**
- **Commitment**
- **Sustainability**



External Analysis

- **The Global Economy and Prospects**
- **FSM Socio-Economy**
- **Global Port Industry**
- **FSM Port Industry**
- **Political Considerations**
- **Policy and Regulation**
- **Technology**
- **Labor Force and Skills**
- **Infrastructure**
- **Health Facilities**
- **Environment**
- **Social Factors**



Internal Analysis

1. Values and expectations of stakeholders;
2. **Goals and objectives of management and the board; and**
3. Resources audit.



The resource audit encompasses 3 main dimensions:

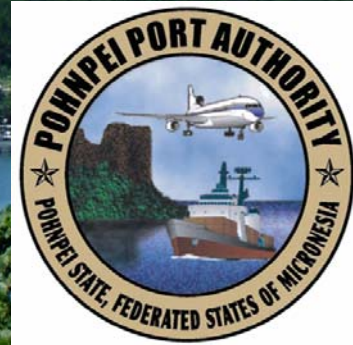
- **Operational**, focusing on what it takes to succeed in a particular business or market.
- **Financial**, focusing on assets, earnings, cash, and sources and uses of funds.
- **Management**, focusing on human resources, particularly the ability to plan and implement strategies.



SWOT Analysis

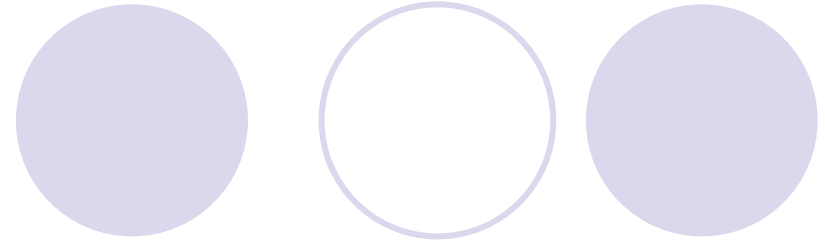
External Analysis

- **Global Economy Outlook**
- **FSM Socio-Economy**
- **Global Port Industry/Market**
- **FSM Port Industry/Market**
- **Political Considerations**
- **Legal, Policy and Regulations**
- **Technology**
- **Labor Force and Skills**
- **Infrastructure**
- **Health Facilities**
- **Environment**
- **Social Factors**



SWOT Analysis

Internal Analysis



- **Ownership Structure**
- **Board and Management**
- **Human Resources**
- **Organization**
- **Financial**
- **Marketing**
- **Land Use and Facilities**
- **Information Technology**



The PPA Strategic Plan: 2007-2011

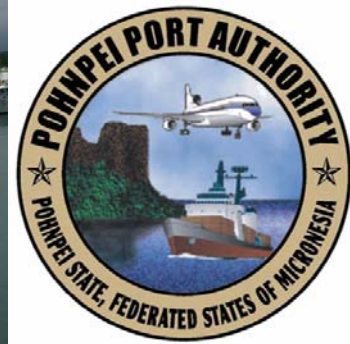
Planning Assumptions and Scenarios

Planning Assumptions

1. **Sluggish economic activities within the next 5 years.**
2. **Personal consumption declines by as much as 25%.**
3. **Entry of major international organizations in FSM offsets much of the adverse impact of the trinalfall.**
4. **The port industry will peak at present level.**

Scenarios

- **Pessimistic**
- **Realistic**
- **Optimistic**



The PPA Strategic Plan: 2007-2011

PPA Thrust for the 2007-2011 Period

PPA needs strategic direction

- ✦ Achieve a productive fit with its external environment by implementing programs to expand market opportunities through trade and domestic productivity growth.
- ✦ PPA is the gateway, catalyst, and driver for economic growth and development of Pohnpei.
- ✦ Continuously watch for changes and trends of strategic significance.
- ✦ Forecasting those changes.



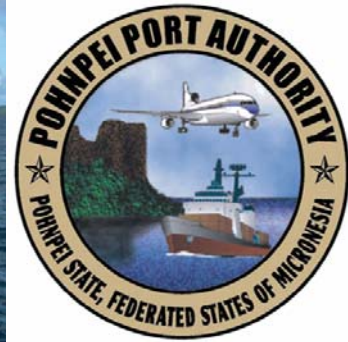
Priorities and Goals

Priorities	Goals
Strengthen Image, Reputation, and Dedication to Mission	<ol style="list-style-type: none"> 1. Strengthen PPA's image and integrate its role within Pohnpei social and economic development context. 2. Improve the efficiency and effectiveness of PPA organizational structures, activities and processes.
Strengthening Human Resource Capacity	<ol style="list-style-type: none"> 1. Attract, recruit, and retain outstanding employees. 2. Improve safety and health in the workplace. 3. Create a stimulating, challenging, and professional workplace. 4. Promote sound human resource management throughout all levels.
Building Sustainable Financial Capacity	<ol style="list-style-type: none"> 1. To increase revenue necessary to remain self-supporting and to fund current and future improvements, maintenance, and prudent reserves. 2. To maximize value for money in all PPA services through cost-effective and efficient services. 3. To prepare and maintain accurate and reliable financial records and reports.
Creating Economic Value through Competitive Business	<ol style="list-style-type: none"> 1. To improve customer service to PPA tenants, lessees, customers, and the public. 2. To operate the airport and seaport in a secure and safe manner.



Objectives

Identified and flowing from each Goal (strategic initiative) are more specific objectives that define a methodology for achieving the respective goal. These are time-bound and measurable.



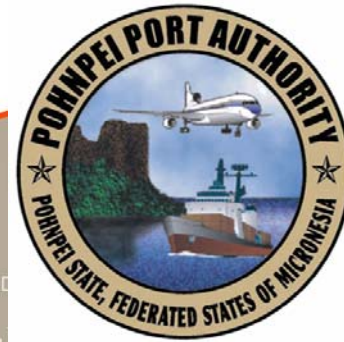
Financial Projections

1. **Funding Strategy**
2. **Uses and Sources of Funds**
3. **Operating Budget**
4. **Financing Strategy**



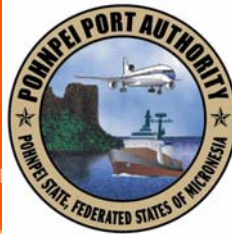
Sources of Funds

Sources	2005	2006	2007	2008	2009	2010	2011	Total
Internal		(Annualized FY 2006 Figures)						
Seaport Charges	\$ 992,291	\$ 1,707,523	\$ 2,134,403	\$ 2,668,004	\$ 3,335,005	\$ 4,168,757	\$ 5,210,946	\$19,224,638
Land leases & Space	\$ 332,744	\$ 350,274	\$ 385,301	\$ 423,832	\$ 466,215	\$ 512,836	\$ 564,120	\$ 2,702,578
Departure fees	\$ 191,890	\$ 180,013	\$ 198,015	\$ 217,816	\$ 239,598	\$ 263,558	\$ 289,913	\$ 1,388,913
Landing fees	\$ 87,263	\$ 83,541	\$ 91,895	\$ 101,085	\$ 111,193	\$ 122,312	\$ 134,544	\$ 644,570
Others	\$ 16,546	\$ 5,909	\$ 6,500	\$ 7,150	\$ 7,865	\$ 8,651	\$ 9,517	\$ 45,592
External								
Compact II			\$ 7,500,000	\$ 3,000,000	\$ 3,000,000	\$ 3,000,000	\$ 2,500,000	\$19,000,000
Others			\$ 8,200,000	\$ 8,000,000	\$ 4,500,000	\$ 1,500,000		\$22,200,000
Total	<u>\$ 1,620,734</u>	<u>\$ 2,327,260</u>	<u>\$18,516,114</u>	<u>\$14,417,886</u>	<u>\$11,659,876</u>	<u>\$ 9,576,114</u>	<u>\$ 8,709,039</u>	<u>\$65,206,290</u>



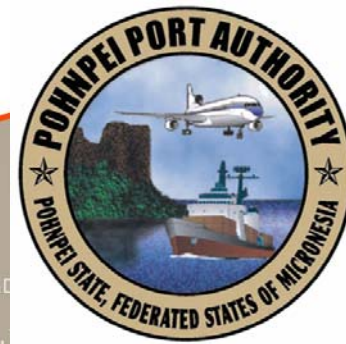
Uses of Funds

Uses	2005	2006	2007	2008	2009	2010	2011	Total
On-going		(Annualized FY 2006 Figures)						
Operating Expenses	\$ 1,243,470	\$ 1,319,773	\$ 1,226,349	\$ 1,348,984	\$ 1,483,882	\$ 1,632,271	\$ 1,795,498	\$ 8,806,756
Capital Expenditure	\$ 165,571	\$ 196,336	\$ 8,200,000			\$ 228,000		\$ 8,624,336
Programs								
Board of Directors			\$ 5,750	\$ 6,000	\$ 6,250	\$ 6,500	\$ 6,750	\$ 31,250
International Relations			\$ 8,250	\$ 8,500	\$ 8,750	\$ 9,000	\$ 9,250	\$ 43,750
Government Relations			\$ 3,250	\$ 3,500	\$ 3,750	\$ 4,000	\$ 4,250	\$ 18,750
Public & Customer Relations			\$ 5,750	\$ 6,000	\$ 6,250	\$ 6,500	\$ 6,750	\$ 31,250
Staff Relations			\$ 5,000	\$ 5,250	\$ 5,513	\$ 5,788	\$ 6,078	\$ 27,628
Safety & Security			\$ 90,000	\$ 10,000	\$ 250,000	\$ 50,000	\$ 10,000	\$ 410,000
Compliance			\$ 600	\$ 600	\$ 600	\$ 600	\$ 600	\$ 3,000
Emergency Response & Disaster Recovery			\$ 24,300	\$ 84,300	\$ 14,300	\$ 14,300	\$ 14,300	\$ 151,500
Infrastructure & Facilities Development & Maintenance			\$ 700,000	\$ 750,000	\$ 600,000	\$ 75,000	\$ 75,000	\$ 2,200,000
Main Office Building			\$ 923,349					\$ 923,349
Airport Runway Expansion			\$ 5,000,000	\$ 5,000,000	\$ 3,000,000	\$ 3,000,000	\$ 2,000,000	\$18,000,000
Commercial Dock Expansion			\$ 2,500,000	\$ 5,000,000	\$ 3,000,000	\$ 3,000,000	\$ 3,000,000	\$16,500,000
Turning Basin & Channel Deepening/Widening				\$ 1,000,000	\$ 2,500,000	\$ 1,000,000	\$ 1,000,000	\$ 5,500,000
Training & Development			\$ 40,000	\$ 44,000	\$ 48,400	\$ 53,240	\$ 58,564	\$ 244,204
Strategic Planning			\$ 250	\$ 250	\$ 250	\$ 250	\$ 250	\$ 1,250
Accounting & Financial Systems			\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 25,000
Marketing Campaign			\$ 35,000	\$ 35,000	\$ 35,000	\$ 35,000	\$ 35,000	\$ 175,000
Website Update			\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 2,500
Integrated Management Information System			\$ 40,000	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 50,000
System Administration Maintenance & Upgrades			\$ 10,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 30,000
Policy Manuals Update			\$ 15,000	\$ 500	\$ 500	\$ 500	\$ 500	\$ 17,000
Annual Report			\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 2,500
Outer Islands Airports			\$ 195	\$ 500,000	\$ 250,000	\$ 195	\$ 195	\$ 750,585
Pricing & Tariffs			\$ 10,000	\$ 1,500	\$ 1,500	\$ 1,500	\$ 25,000	\$ 39,500
Total Expenditure		\$ 1,516,109	\$18,849,043	\$13,817,884	\$11,228,445	\$ 9,136,144	\$ 8,061,484	\$62,609,109
Total Operating Expenses	\$ 1,243,470	\$ 1,319,773	\$ 1,411,199	\$ 1,468,584	\$ 1,609,145	\$ 1,763,649	\$ 1,956,989	\$ 9,519,339



Net Earnings & Reserve

Table 17: Projected Net Earnings	2005	2006	2007	2008	2009	2010	2011	Total
Funds Shortfall	\$ 377,264	\$ 1,007,487	\$ (332,929)	\$ 600,003	\$ 431,431	\$ 439,970	\$ 647,555	\$ 2,597,181
Reserves Minimum Balance Allocation	\$ -	\$ -	\$ -	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000
Cumulative Reserve	\$ -	\$ -	\$ -	\$ 150,000	\$ 300,000	\$ 450,000	\$ 600,000	\$ 750,000
Excess/Shortfall	\$ 377,264	\$ 1,007,487	\$ (332,929)	\$ 450,003	\$ 281,431	\$ 289,970	\$ 497,555	\$ 2,447,181
Cumulative Balance of Disposable Funds	\$ 377,264	\$ 1,384,751	\$ 1,051,822	\$ 1,501,825	\$ 1,783,256	\$ 2,073,226	\$ 2,570,781	\$ 5,017,963
Profitability	\$ 377,264	\$ 1,007,487	\$ 1,404,915	\$ 1,949,303	\$ 2,550,731	\$ 3,312,465	\$ 4,252,050	\$ 14,486,951



Implementation and Control: Monitoring Progress and Measuring Performance

- **Implementation and Control**
- **Organizational Chart**
- **Allocating and Focusing Resources on Strategic Objectives and Goals**
- **Galvanizing Organization-wide Commitment to Strategic Plan**
- **Installing Internal Administrative Support Systems**
- **Strategic Leadership**



Organizational Chart

