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MC Fwd: Port Authority of Guam FY-2017 Citizen Centric Report

1 message

BENJAMIN CRUZ <speaker@senatorbjcruz.com>
To: 34th Guam Legislature Clerks <clerks@guamlegislature.org>
Cc: Rennae Meno <rennae@guamlegislature.org>

Tue, Jun 5, 2018 at 3:49 PM

06/05/18	06/05/18	Port Authority of Guam	Port Authority of Guam FY-2017 Citizen Centric Report*	34-18-1956

---------- Forwarded message ---------
From: **Perry Perez** <paperez@portguam.com>
Date: Tue, Jun 5, 2018 at 3:38 PM
Subject: Port Authority of Guam FY-2017 Citizen Centric Report
To: speaker@senatorbjcruz.com
Cc: Marge Duenas <mduenas@portguam.com>, "Joann B. Conway" <jbconway@portguam.com>, "Alfred F. Duenas" <afduenas@portguam.com>

Hafa Adai, Speaker Cruz,
For your reference and in accordance with law, forwarding the Port Authority of Guam FY-2017 Citizen Centric Report. See attachment.
Thanks,
Perry

GL#34-18-1956
Speaker Benjamin J.F. Cruz

JUN 05 2018
Time: 349 [ ] AM [ ] PM File No. ____
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OFFICE OF SPEAKER BENJAMIN J.F. CRUZ

Committee on Appropriations and Adjudication

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Citizen Centric *Report*

2017

PORT OF GUAM

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Strategic Goals:



To modernize the Port as a first class facility in the region.

Provide cargo services in a safe, efficient and sustainable manner.

Promote economic growth and opportunities for maritime related industries.

Address the needs of Port Users.

About the Authority

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 1-2 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 Managers 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 Wharf 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.

Hotel-Wharf









Doc. No. 34GL-18-1956.*

Financial Highlights

The net position of the Authority as of September 30, 2017 was $91 million. Of this amount, $102.2 million is net investment in capital assets, $8.4 million is considered restricted and $(19.6) million is considered unrestricted.

The Port's net position increased by $4.1 million for fiscal year ended September 30, 2017.

The Port's total assets increased by $7.2 million during the fiscal year ended September 30, 2017. The major component of this change was an increase in current assets.

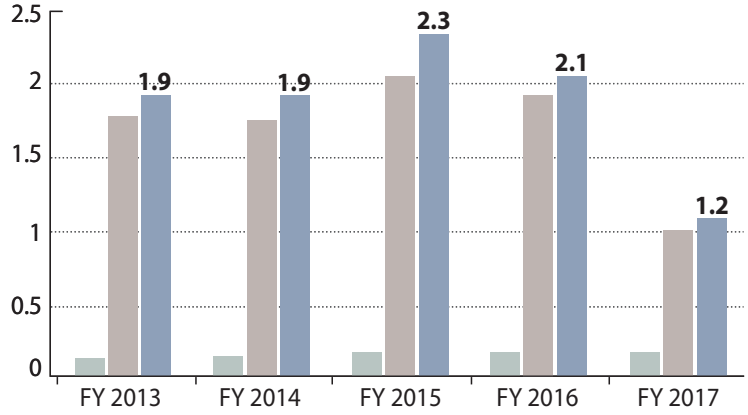
The total liabilities increased by $1.6 million during fiscal year ended September 30, 2017. The major component of this change was an increase in current liabilities.

Since Fiscal Year 2003, the Port's finances have consistently showed an increase in net position for 15 straight years.

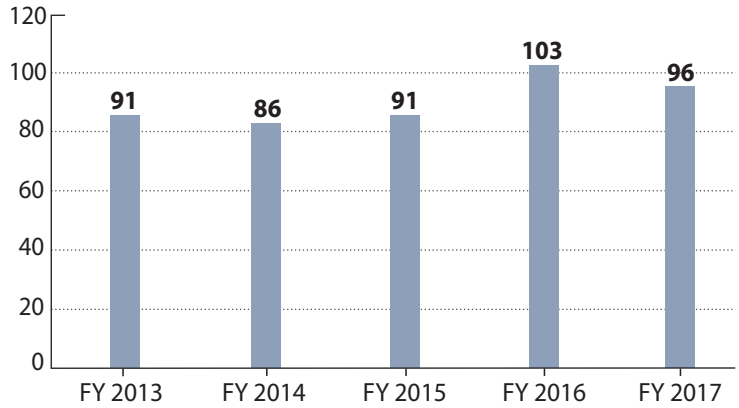
How Are We Doing – A Performance Report on Key Missions and Service

Breakbulk **Container** **Total Cargo Revenue Tons**

Total Revenue Tons (in millions)



Total Containers Handled (in thousands)

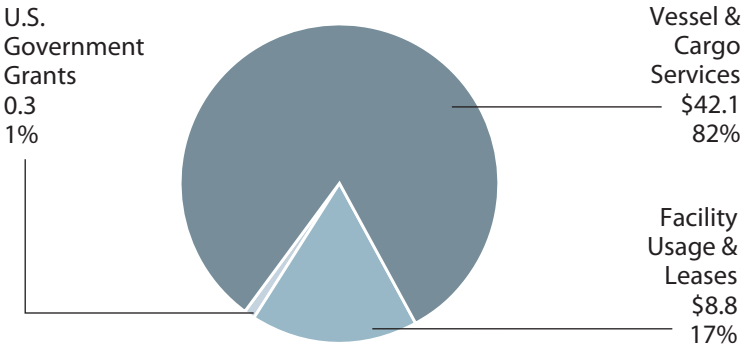


Golf Pier



The Port's Finances – Revenues and Expenses

Primary Sources of Port Revenues — FY 2017

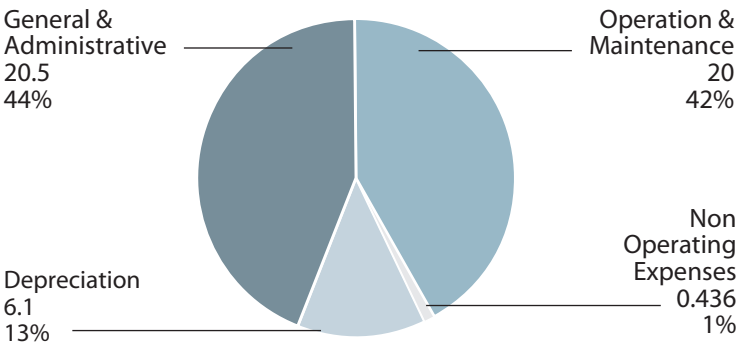


Vessel and cargo services revenues in FY 2017 decreased by $1.4 million. The decrease was primarily due to 7% decrease in containers handled and 16% decrease in Breakbulk compared to FY2016.

Facility usage and leases increased by $16 thousand, from FY 2016 to FY 2017.

Federal contributions in FY 2017 decreased by $1.1 million, from $1.4 million in FY 2016 to $310 thousand in FY 2017. Decrease was a result of the completed federal projects in FY 2016.

Primary Uses of Port Expenses — FY 2017



In Fiscal Year 2017, total operating expenses were $40.5 million and non-operating expenses were $436 thousand. Operating expense increased by $1.3 million and non-operating expenses decreased $2.4 million compared to fiscal year 2016. Operating expenses for General Expense decreased $797 thousand, Management & Administration increased $783 thousand, Operations increased by $758 thousand. Non-operating expenses decreased by $2.4 million, due to loss on asset disposal in 2016. The major asset surveyed in fiscal year 2016 was Gantry 3.

Key Project Initiatives

The following are the courses of action that the Port aims to accomplish or complete in FY 2018:

■ Bond Financing

PAG plans to issue revenue bonds in 2018 to provide funds for the purpose of financing or refinancing improvements and/or working capital relating to the Jose D. Leon Guerrero Commercial Port. The following are the capital projects under the 2013 Port Master Plan update and other projects identified by management to replace aging facilities.

- Rehabilitation of H-Wharf and Access Road (local share)
- Replacement of the Administration Building
- Waterline Relocation
- Warehouse I Building Repairs/Upgrades
- Equipment Maintenance & Repair (EQMR) Building
- Golf Pier Repairs

■ Facility Maintenance Fee Projects

Through the Facility Maintenance Fee, the Authority plans the following projects:

- A/E Services for Wheel Stopper, Storm Drainage System Repair & Gate House Repair
- Concrete Storm Drain Channel System Upgrade
- Container Yard Water Line Valves
- Container Yard Asphalt Pavement Repairs
- Installation of 61 Additional Reefer Outlets
- Replacement of 4,000 Gallon Surface Diesel Fuel Tank with an 8,000 Gallon Tank

■ Port Security Grant Program (PSGP)

Through the Port Security Grant Program of the U.S. Department of Homeland Security, the Authority proceeded with the following projects:

- PAG was awarded the 2015 PSGP for two projects:
  1) Procure maintenance and sustainment contract for its CCTV and Access Control Systems
  2) Install additional security lights at various strategic port locations, specifically 4 new container yard security light poles and exterior high output lighting fixtures at the Warehouse I and Cabras Marine buildings.
- PAG was awarded the 2016 PSGP for two projects:
  1) Procurement of additional cameras for Hagatna Marina, Agat Marina, and the Port, and
  2) Phase III supplemental lighting project for Industrial Road, roadway heading to H-Wharf, and other strategic Port locations.
- PAG was recently awarded the 2017 PSGP for three projects:
  1) Refurbishment and Hardening of Load Center Buildings Housing Prime Generators,
  2) Maintenance and Sustainment Contract for Prime Power Generators
  3) U.S. Coast Guard-endorsed NASBLA Tactical Operator's Course for Port Police.

PAG's financial statements for fiscal year 2017 received a clean opinion from the auditors of Deloitte & Touche. This is the Port's 15th consecutive year the finances showed an increase in net position. To view the Annual Audit Report or for more information visit: www.portguam.com

Give us your opinion, please tell us what you think about our report by contacting webmaster at (671)477-5931/5.

■ **Other Marina and Harbor of Refuge Project**

- Agat Marina demolition of B Dock under the Department of Agriculture Sport Fish Restoration Program. The Port anticipates to complete this project by September 2018.
- Renovation of the Guam Harbor of Refuge-Architectural and Engineering Design including Environmental Study Phase for the moorings was completed on September 2015 under Boating Infrastructure Grant Program Tier1. U.S. Wildlife Fisheries Service requested an additional site assessment be performed to the actual moorage system, this was completed in November 2016. Architectural and Engineering Design of the pump-out system with shelter was completed in February 2017. Procurement and construction of pump out facility is anticipated to commence in mid-2018.

■ **Hotel-Wharf**

On July 29, 2016, PAG was awarded $10 Million under the FY 2016 Transportation Investment Generating Economic Recovery (TIGER) Grant, the remaining balance will be funded by PAG for the reconstruction, and expansion of H-Wharf built in 1948, including a new sheet pile bulkhead retaining wall and upgrades to an access road. The project also includes demolition of surface facilities and construction of additional structural components. TIGER grants are one of the few federal funding programs available to public port authorities to help pay for critical infrastructure to move and handle freight more efficiently. $61.8 million are going to six (6) commercial seaports. The Port was one of the six ports in the nation to receive TIGER grant to help pay for critical infrastructure. The Port plans to use bond funding for its matching share. PAG anticipates project to commence in mid-2018.

The Port's Future

Projects	Funding Source	Estimated Cost
Hotel Wharf and Access Road Revitalization and Upgrades	2018 Bonds & $10M Grant Award	$23,774
New Administration Building	2018 Bonds	$17,500
Waterline Replacement and Relocation	2018 Bonds	$7,140
EQMR Building Repairs and Upgrades	2018 Bonds	$3,629
F-1 Fuel Pier Upgrades	Authority Revenues	$3,000
Warehouse 1 Repairs and Upgrades	2018 Bonds	$2,999
Gate Operating System	Authority Revenues	$2,525
Golf Pier Repairs and Improvements	2018 Bonds	$2,440
Hagåtña Marina Phase III	Grant Application	$2,200
Financial Management System	Authority Revenues	$2,000
Agat Marina Loading Dock Structural Repair	Authority Revenues	$1,500
Pre-Disaster Mitigation Hardening of Port Facilities	Authority Revenues & $1.125M Grant Application	$1,500
Terminal Operating System	Authority Revenues	$1,000
Agat Marina Dock B Repairs	Grant Application	$900
Load Center Refurbishment and Hardening	Authority Revenues & $385K Grant Award	$513
Harbor of Refuge Renovations	Authority Revenues & $400K Grant Award	$500
Data Warehousing Systems	Authority Revenues	$350
LAN Infrastructure Upgrades	Authority Revenues	$300
Maintenance and Sustainment of Prime Power Generators	Authority Revenues & $180K Grant Award	$240
Port Police Security Upgrade	Authority Revenues & $150K Grant Award	$200
GDP Marina / Agat Marina Wi-Fi Digital Connectivity	Authority Revenues & $131K Grant Award	$150
Agat Marina Demolition Dock B	Grant Award	$99
	TOTAL	**$74,459**

[(1)]Representative list and may not include all potential projects

The Port currently estimates that approximately $74 million will be needed to fund its 2018-2022 Five Year Capital Improvement Plan. These infrastructure upgrades will be funded through various sources including 2018 bonds, Federal Government grants and the PAG's revenues.