clerks@guamlegislature.org

From: Committee on Rules 36GL <cor@guamlegislature.org>
Sent: Wednesday, June 15, 2022 10:02 AM
To: Clerks; Rennae Meno
Cc: Speaker Therese M. Terlaje
Subject: Messages and Communications for Doc. No. 36GL-22-2138*
Attachments: 36GL-22-2138.pdf

Håfa Adai Clerks,

Please see attached M&C Doc. No. 36GL-22-2138 for processing:

36GL-22-2138	FY2021 Citizen-Centric Report*	Port Authority of Guam

Si Yu'os Ma'åse',

COMMITTEE ON RULES
Vice Speaker Tina Rose Muña Barnes
36th Guam Legislature
I Mina'trentai Sais Na Liheslaturan Guåhan
163 Chalan Santo Papa Hågatña Guam 96910
Email: cor@guamlegislature.org

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---------- Forwarded message ---------
From: **Speaker Therese M. Terlaje** <speaker@guamlegislature.org>
Date: Wed, Jun 15, 2022 at 9:36 AM
Subject: Messages and Communications for 36GL-22-2138
To: Legislative Secretary Amanda Shelton <officeofsenatorshelton@guamlegislature.org>, Committee on Rules 36GL <cor@guamlegislature.org>

Håfa Adai,

Please see attached M&C Doc. No. 36GL-22-2138*

36GL-22-2138	FY2021 Citizen-Centric Report*	Port Authority of Guam

Si Yu'os Ma'åse',

Marie Cruz
Community Relations Liaison

Office of Speaker Therese M. Terlaje
Committee on Health, Land, Justice and Culture
I Mina'trentai Sais na Liheslaturan Guåhan
36th Guam Legislature
Guam Congress Building, 163 Chalan Santo Papa, Hagåtña, Guam 96910
T: (671) 472-3586 F: (671) 989-3590 Email: senatorterlajeguam@gmail.com
website: www.senatorterlaje.com

---------- Forwarded message ---------
From: **Jessi Santos-Torres** <jjsantos-torres@portofguam.com>
Date: Tue, Jun 14, 2022 at 4:54 PM
Subject: Port News: Port Issues Citizen-Centric Report
To: <rjrespicio@portofguam.com>, <dgmuna@portofguam.com>, <lrbaza@portofguam.com>

PORT AUTHORITY OF GUAM

JosE D. Leon Guerrero Commercial Port

1026 Cabras Highway, Suite 201 Piti, GU 96915

Phone: (671) 477-5931 Fax: (671) 477-2689

Website: www.portguam.com

NEWS RELEASE

Port Issues Citizen-Centric Report

Piti, Guam, June 14, 2022: The Port Authority of Guam (PAG) has released the agency's annual Citizen-Centric Report.

"This report gives the public a glimpse into the Port's FY 2021 progress in comparison to previous years and provides an overall performance review to include our current challenges and future outlook. With it we aim to provide transparency of the Port to our stakeholders and the community we serve," said the Port Authority of Guam's General Manger Rory J. Respicio.

According to the report, operating revenues increased 0.7% in FY2021 by $432K, from $54.7M in FY 2020 to $55.1M in FY 2021. Total operating expenses also increased by $2.6M, from $55.7M in FY 2020 to $58.3M in FY 2021 or 4.6%. This increase was largely due to a rise in post-employment benefits and pension costs.

Despite the struggles brought on by the COVID-19 pandemic, the Port showed an increase in handling container cargo and non-containerized cargo at 1.9% and 11.8%, respectively. Other improvements reflected in the report include a reduction of time spent by a vessel at the port's waterfront and higher crane productivity.

In FY 2021, the Port received a low-risk auditee designation for the third consecutive year. Moody's Investors Service also raised its outlook for the PAG from negative to stable, pointing to low leverage, strong liquidity, and the Port's ability to remain fully operational during the coronavirus pandemic.

Future initiatives outline in the report include F1 to Golf Pier fuel pipeline connectivity, welding shop renovations, tractor replacements, harbor of refuge moorage repairs, port security updates, wharves service life extension, the construction of dock B at the Agat Marina, repair of boat ramp bumpers at the Agat Marina, and acquiring gantry cranes.

A copy of the report is attached.

-30-

Sincerely,

Jessi Santos-Torres

Program Coordinator II

Port Authority of Guam

1026 Cabras Highway, Suite 201, Piti, Guam 96915

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Speaker Therese M. Terlaje <speaker@guamlegislature.org>

Port News: Port Issues Citizen-Centric Report

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To: rjrespicio@portofguam.com, dgmuna@portofguam.com, lrbaza@portofguam.com

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Phone: (671) 477-5931 Fax: (671) 477-2689

Website: www.portguam.com

Doc Type: 36GL-22-2138
OFFICE OF THE SPEAKER
THERESE M. TERLAJE

06 14 2022

Time: 4:54pm
Received:

PORT OF GUAM

COMMITTEE ON RULES
RECEIVED:
June 15, 2022
9:39 A.M.

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Program Coordinator II

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2 attachments

Press Release CCR 2021.pdf
87K

FY2021 CCR.pdf
2936K

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-30-

PORT AUTHORITY OF GUAM
Citizen Centric Report

FISCAL YEAR 2021 **OCT. 2020 - SEPT. 2021**

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Page 2 - Port's Performance
Page 3 - Port's Finances
Page 4 - Port's Future

GOVERNANCE & LEADERSHIP
BOARD OF DIRECTORS

Francisco G. Santos
Chairman
Dorothy P. Harris
Board Member
Dr. Judith P. Guthertz
Board Member
Conchita S.N. Taitano
Board Member

EXECUTIVE LEADERSHIP

Rory J. Respicio
General Manager
Dominic G. Muna
Deputy General Manager
Operations
Luis R. Baza
Deputy General Manager
Administration & Finance

47 years of Service to Guam and the Region

ABOUT US

The Port Authority of Guam (PAG, Authority, or the Port) 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.

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. The Port Authority of Guam 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 of Guam also provides land and infrastructure to private interests to further develop the maritime industries on Guam. As a public corporation, the Port Authority of Guam dedicates all of its profit to the upgrading of equipment and facilities and the continued growth of the island's seaport.

OUR VISION

To modernize the Port as a first class facility in the region providing cargo handling services in a safe, efficient and sustainable manner. To promote economic growth and opportunities for maritime related industries and address the needs of port users.

OUR EMPLOYEES

Department	2021	2020	2019
Administration	146	136	123
Equipment Maintenance	55	53	55
Transportation Services	65	62	62
Stevedoring Services	50	59	49
Facility Maintenance	29	25	28
Terminal Services	40	38	39
Total	**385**	**373**	**356**

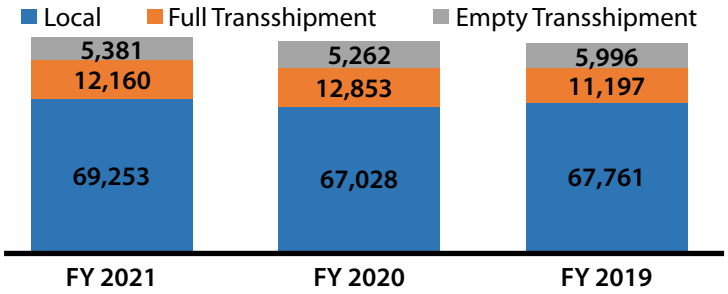
OUR CUSTOMERS

146 Administration
55 Equipment Maintenance
29 Facility Maintenance
65 Transportation
50 Stevedoring
40 Terminal
6 Major Shipping Agents
30 Space Lease
109 Marina
147 Others

THE PORT'S PERFORMANCE

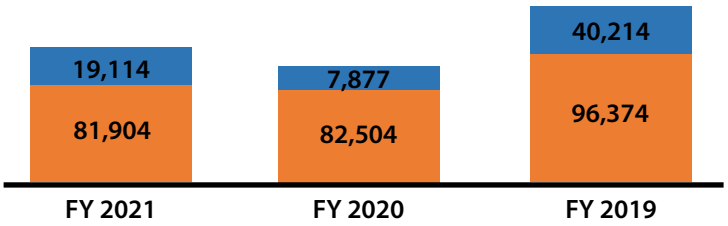
In FY 2021, the COVID-19 pandemic continued to have negative effects on Port's operations causing lengthier cargo vessel berth hours and a decline in container vessel net moves per hour as compared to FY 2020. The main basis for gauging the annual revenue status of Port is through the number of cargos it handles each year. Container cargos are broken down into local and transshipment categories. Local containers contain goods destined specifically for Guam's economy. Transshipment containers are unloaded cargo at the Port destined for another vessel to be transported to the final port of discharge. Despite the struggles brought by COVID-19, the Port showed an increase in container cargos and non-containerized cargos in FY 2021.

CONTAINER CARGO (Count)



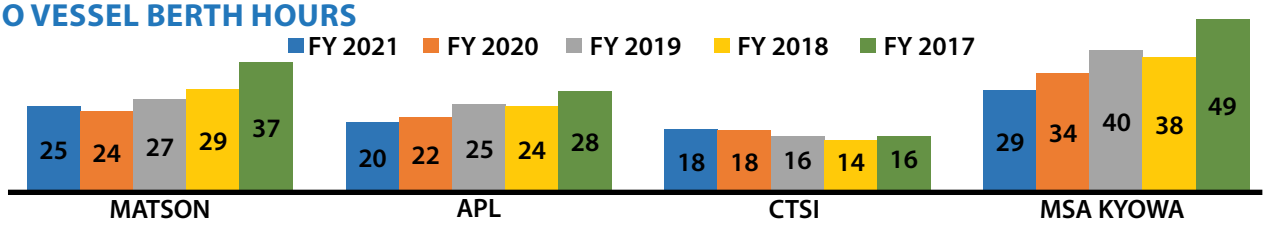
In FY 2021, Port handled about 87 thousand (K) containers, which resulted in a 1.9% increase from FY 2020 container count of 85K. The container counts in FY 2021 consisted of 69K local containers, 12K full transshipment containers, and 5K empty transshipment containers.

NON-CONTAINER/BREAKBULK CARGO (Tonnage)



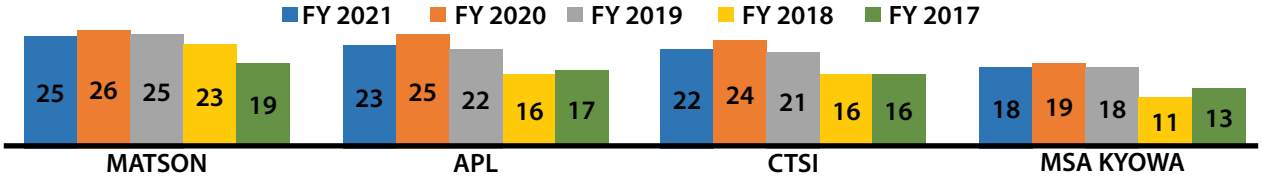
Non-containerized cargo is a cargo that cannot fit into containers and commodities that are more economically transported as breakbulk cargo. In FY 2021, Port handled 101K tons of non-containerized cargos, an increase of 11.8% from FY 2020.

CARGO VESSEL BERTH HOURS



Berth hours show the average time spent by a vessel along the port waterfront. PAG's objective is to reduce the turn-around time of ships calling at the terminal. From FY 2019 to FY 2021, the operation's average berth hours of all shipping vessels have improved as compared to FY 2017 performance. The improvement for each vessel operator reflects a decrease as follows: Matson - 12 hours (hrs.) or -32%, APL - 15 hrs. or -41%, CTSI - 20 hrs. or -54% and MSA Kyowa - 3 hrs. or -8%.

CONTAINER VESSEL NET MOVES PER HOUR



The container vessel net moves per hour (NMPH) shows the average total container movement divided by the operation hours. Port aims for higher crane productivity per hour. From FY 2019 to FY 2021, the operation's average net moves per hour for all shipping vessels have improved as compared to FY 2017 performance. The improvement for each vessel operator reflects an increase as follows: Matson - 8 units or 47%, APL - 6 units or 35%, CTSI - 5 units or 29% and MSA Kyowa - 1 unit or 6%.

HIGHLIGHTS

- Handles 1-2 Million (M) tons of cargo a year.
- Owns five cargo handling piers, two fuel piers, and three marinas.
- Largest U.S. deep-water seaport in the region.
- More than 90% of the region's local goods and supplies passing through its doorway.

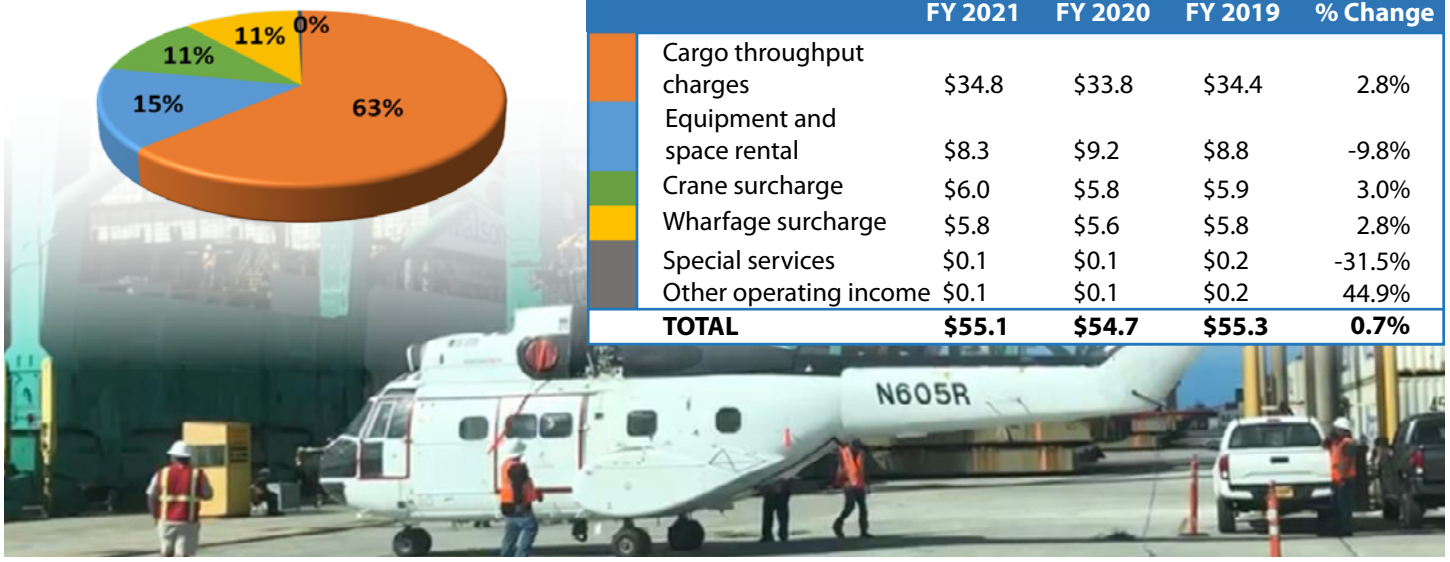
What would you like to see reported on this page? Please let us know by contacting Jose B. Guevara at (671) 477-5931 or email webmaster@portofguam.com.

THE PORT'S FINANCES

The Port revenues are derived primarily from various fees and tariffs charged to users and tenants of Port facilities and to agents, carrier shippers for the movement of cargo through the Port. The cost of operations and capital improvements are funded largely from the Authority's own revenues.

In FY 2021, PAG is commended for qualifying as a low-risk auditee for the third consecutive year. Moody's Investors Service also raised its outlook for the Port Authority of Guam from negative to stable, pointing to low leverage, strong liquidity, and the Port's ability to remain fully operational during the coronavirus pandemic.

REVENUES

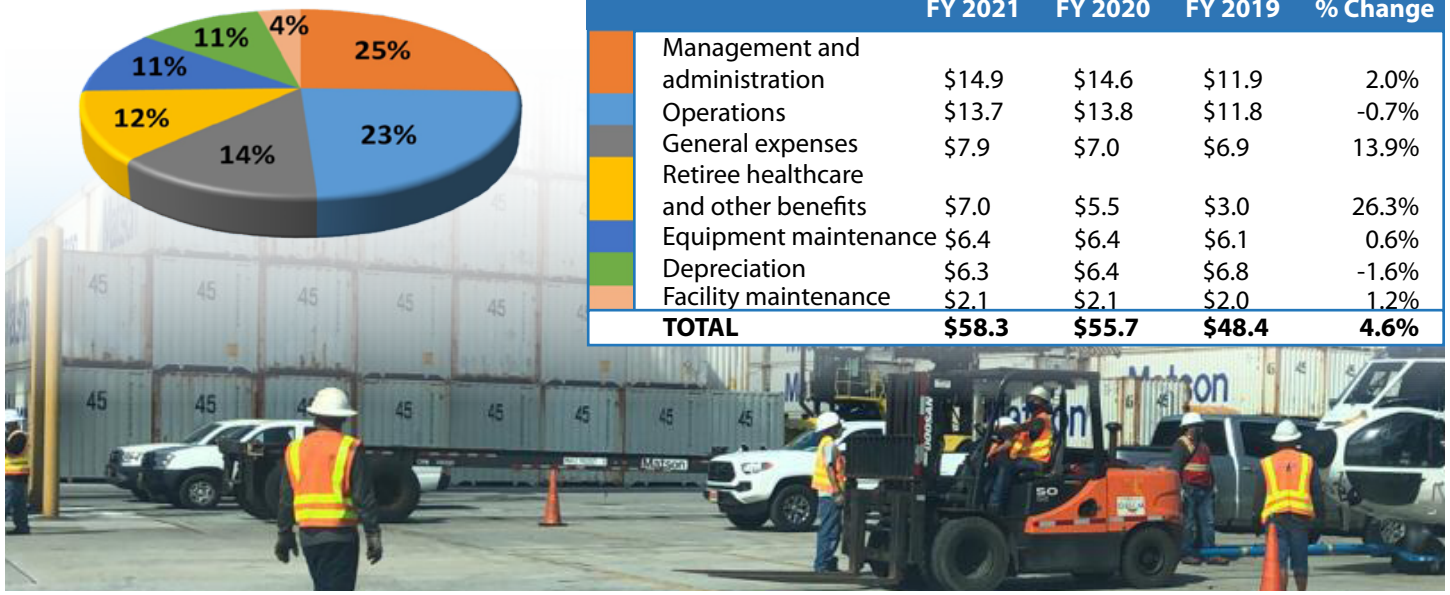


Operating Revenues (In millions)	FY 2021	FY 2020	FY 2019	FY 2021 vs FY 2020 % Change
Cargo throughput charges	$34.8	$33.8	$34.4	2.8%
Equipment and space rental	$8.3	$9.2	$8.8	-9.8%
Crane surcharge	$6.0	$5.8	$5.9	3.0%
Wharfage surcharge	$5.8	$5.6	$5.8	2.8%
Special services	$0.1	$0.1	$0.2	-31.5%
Other operating income	$0.1	$0.1	$0.2	44.9%
TOTAL	**$55.1**	**$54.7**	**$55.3**	**0.7%**

Operating revenues increased by $432K, from $54.7M in FY 2020 to $55.1M in FY 2021. This resulted in revenue increases of cargo throughput charges by $956K, crane surcharge by $172K, and wharfage charges by $160K.

The increases were offset by the $901K decrease in equipment and space rental revenues. Additionally, special services requests decreased and several leases were terminated due to the pandemic's negative impact on businesses.

EXPENSES



Operating Expenses (In millions)	FY 2021	FY 2020	FY 2019	FY 2021 vs FY 2020 % Change
Management and administration	$14.9	$14.6	$11.9	2.0%
Operations	$13.7	$13.8	$11.8	-0.7%
General expenses	$7.9	$7.0	$6.9	13.9%
Retiree healthcare and other benefits	$7.0	$5.5	$3.0	26.3%
Equipment maintenance	$6.4	$6.4	$6.1	0.6%
Depreciation	$6.3	$6.4	$6.8	-1.6%
Facility maintenance	$2.1	$2.1	$2.0	1.2%
TOTAL	**$58.3**	**$55.7**	**$48.4**	**4.6%**

Total operating expenses increased by $2.6M (or 4.6%) from $55.7M in FY 2020 to $58.3M in FY 2021. The overall increase in operating expenses is primarily due to the recording of other post-employment benefits (OPEB) and pension costs in FY 2021, which resulted in higher retiree healthcare and other benefits and divisional expenses.

General expenses grew due to increases in contractual and maintenance expenses. Insurance premiums rose for property, automobile, and workers' compensation due to the market conditions amidst the pandemic. The increase in divisional expenses were primarily due to the recording of pension costs, benefits payout to employees who separated in FY 2021, and other annual legal obligations.

PAG's financial statements for Fiscal Year 2021 received a clean opinion from the auditors of Deloitte & Touche. To view the Independent Audit Report or for more information visit our website or www.opaguam.org.

THE PORT'S FUTURE

The Port Authority of Guam remains resilient, moving forward through challenges with the implementation of its modernization initiatives. This is evident in Management's proactive approach in elevating the Port's strategic importance to key policy makers in Washington, D.C. in pursuit of funding opportunities. Additionally, the Port continues to network with other port jurisdictions facing similar challenges to strengthen the Port's voice.

CHALLENGES

Since 2020, the world has been impacted by the COVID-19 pandemic. The Port is experiencing the domino effect of the world-wide shortages of materials and supplies and delays in production. These setbacks pose a challenge to the Port's ability to procure necessary supplies and equipment to complete Port projects. Other challenges include:

- Delays in the demolition of inoperable and decommissioned assets: two (2) ship-to-shore (STS) cranes, rubber tire gantry (RTG) crane, and the mobile harbor crane.
- Buy American Act (BAA) provisions on the acquisition of new STS cranes. Presently there are no STS crane manufacturers in the United States.
- Grant cost share match. The Port has aggressively pursued $116 million of federal grant funds in FY 2022, these have the potential to commit the Port to a cost share of $42.5 million.

OUTLOOK

In year three of the five-year Port Improvement Program (PIP), PAG, along with its Owner Agent Engineer (OAE) are nearing the completion of the Port's new master plan. The update of the 2013 Master Plan will further enhance the PAG's core capabilities in achieving resiliency and new implementation strategies based on the agency's financial, operational and sustainability needs. The 2022 PAG Master Plan Update will include the Port Wharves Assessment and Upgrade, Customs Inspection Feasibility Study and the Solar Power Energy Feasibility Study. Projects identified through these assessments will be financed through funds from federal grants, the 2018 bond funds and Port revenues.

These initiatives include:

- F1 Pier to Golf Pier Fuel Pipeline Connectivity
- Welding Shop Renovations
- Tractor Replacements
- Harbor of Refuge Moorage Repairs
- Port Security Updates
- Wharves Service Life Extension
- Construction of Agat Marina Dock "B"
- Repair of Agat Marina's Boat Ramp Bumpers
- Acquisition of STS Gantry Cranes
- Hagåtña Marina Improvements
- Completion of the Port's 2018 Bond Projects.