

# 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](http://www.portguam.com)



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## NEWS RELEASE

### Board Unanimously Approves FY24 Budget

**Piti, Guam, August 31, 2023:** The Port Authority of Guam Board of Directors unanimously approved the agency's budget for Fiscal Year 2024 during today's monthly board meeting.

The board members approved the new budget, projecting total revenues of \$52,479,716, which is \$1,277,451 less than the previous year's projected revenues of \$53,757,167 and FY 2024's total expenses of \$51,199,336.

To arrive at a feasible revenue forecast, the Port Authority utilized a formula considering Guam's economic growth to project an added 2.5% increase in cargo-related proceeds to arrive at a realistic revenue projection for the agency. Using fiscal prudence, the Port's total expenses were based on the needs of each division and annual obligations to include yearly debt service of \$5.7 million, maintaining a Debt-Service Coverage Ratio (DSCR) of 1.25, days cash on hand – 500, and funding for capital improvement projects from bond, federal and local funding sources.

"We continue to use a 'bottom-up zero-based budgeting' approach which focuses on financial accountability and sensible spending strategies while identifying cost-saving alternatives, which has proven successful for FY 2021, FY 2022, and FY 2023," said Port General Manager Rory J. Respicio. "Along with this, we secured new federal funding opportunities for the Port's equipment acquisition and yard expansion program. I thank our Board of Directors for their support and for recognizing that this FY 2024 Budget demonstrates our best estimation of the upcoming fiscal year's resources, operational, and capital requirements. These numbers provide realistic valuations for the Port's financial position for FY 2024."

With the projected numbers on revenue and expense, the funds available for debt service will result in a debt ratio of 1.51%, which is .25 or 20% higher than the required debt service ratio of 1.25 for FY 2024.

Also Included in this budget are the vacancy pool of \$1.2 million, CIP pool of \$1.4 million, and equipment pool of \$900K, allowing the General Manager the flexibility to prioritize spending for each category with final approval from the Board of Directors for the procurement process.

"We have been spot-on achieving our revenue projections while spending significantly less than what we have been authorized to spend, and our decisions are prudent and transparent," said Respicio.

Additionally, the Board of Directors passed a survivability clause that states, "in the event that no new and superseding annual budget is promulgated by the Port Board

of Directors at the conclusion of Fiscal Year 2024 or at any time after that, even for subsequent fiscal years, this herein Port Authority of Guam FY2024 annual budget shall be the continuing decree of the Board until otherwise superseded. In this event, the General Manager is commanded to continue to administer the Port Authority of Guam FY2024 annual budget in the absence of any supplanting annual budget or official edict of the Board to the contrary, except that the General Manager is authorized to exercise discretion to increase spending in any form over and above that provided by this Port FY2024 annual budget by an amount calculated at up to three percent (3%) compounded for each consecutive fiscal year after FY2024."

"With two remaining board members, whose terms are in a holdover status, and two of the Governor's nominees awaiting confirmation, and without a quorum because of pending legislative confirmation, we had to find a legal way for the Port to remain solvent, providing uninterrupted services to the community and to remain operational," said Respicio. "We thank Governor Lou Leon Guerrero and Lt. Governor Josh Tenorio for their timely appointments, and our Legislative Oversight Chair, Senator Amanda Shelton, for continuing to support the Port by putting the Governor's nominees on the Legislative floor and working to secure a full board for the Port Authority of Guam."

The Board also approved a provision allowing the General Manager to go before the Guam Public Utilities Commission if in the event the Board does not have enough members to make a quorum due to insufficient constitution of its members.

A copy of the approved FY 2024 budget will be uploaded on the Port's website at [www.portofguam.com](http://www.portofguam.com).