



PORT AUTHORITY OF GUAM

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2021 Annual Report

Progress in the Pandemic



Introduction



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.



Governance and Leadership



Governor of Guam

The Honorable Lourdes "Lou" Aflague Leon Guerrero

Lt. Governor of Guam

The Honorable Joshua "Josh" Franquez Tenorio



"You remained strong and endured despite the COVID-19 pandemic, and you remained fully operational to ensure our community and economy persevered... and remain a critical element in the prosperity of our local and regional economies."

Governor Lou Leon Guerrero

Port Board of Directors

Francisco G. Santos, Chairman of the Board
Dorothy P. Harris, Vice Chairperson
Dr. Judith P. Guthertz, Board Secretary
Conchita S.N. Taitano, Board Member

Port Executive Leadership

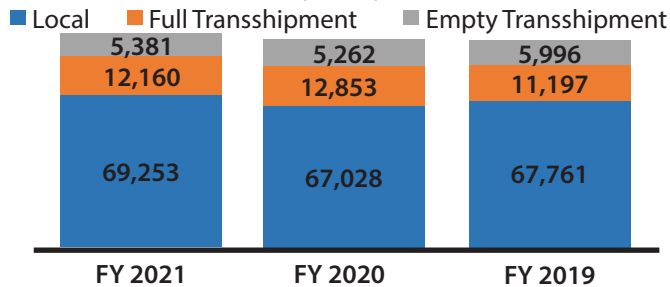
Rory J. Respicio, General Manager
Dominic Muna, Deputy General Manager Operations
Luis R. Baza, Deputy General Manager Administration and Finance



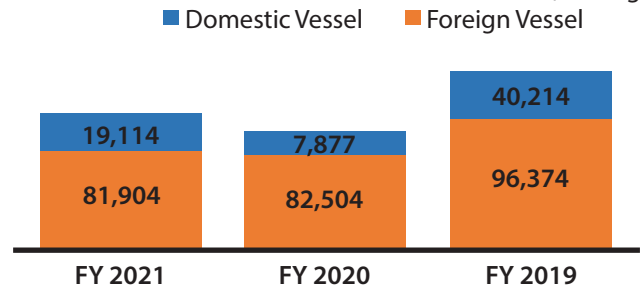
Our Performance



CONTAINER CARGO (Count)



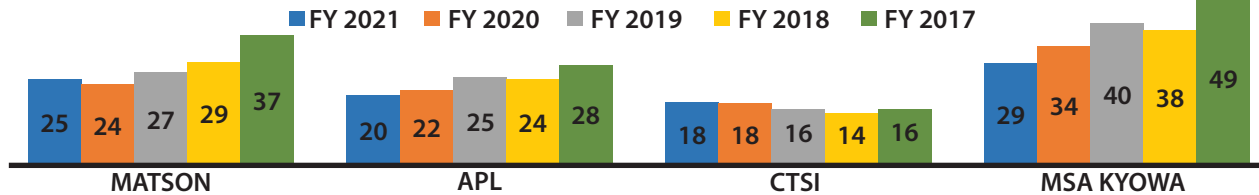
NON-CONTAINER/BREAKBULK CARGO (Tonnage)



In FY 2021, the 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.

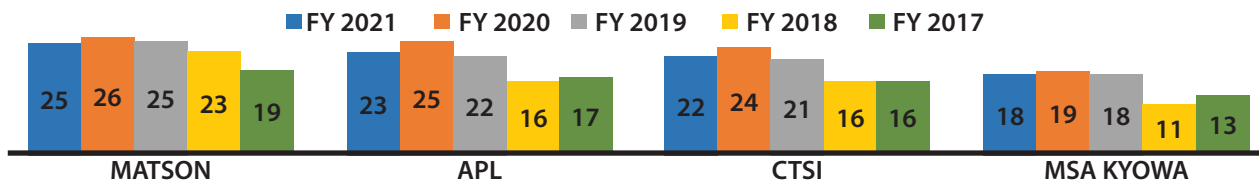
Non-containerized cargo is a cargo that cannot fit into containers and commodities that are more economically transported as breakbulk cargo. In FY 2021, the Port handled 101K tons of non-containerized cargoes, an increase of 11.8% from FY 2020.

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

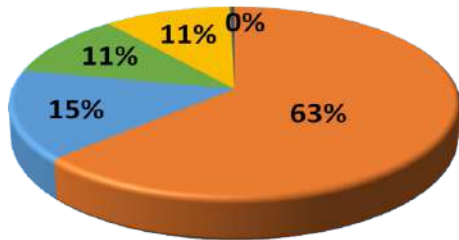


The container vessel net moves per hour (NMPH) shows the average total container movement divided by the operation hours. The Port aims for higher crane productivity per hour. From FY 2019 to FY 2021, the operation's average net moves per hour for all shipping vessels have improved as compared to FY 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%.

Our Performance

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.

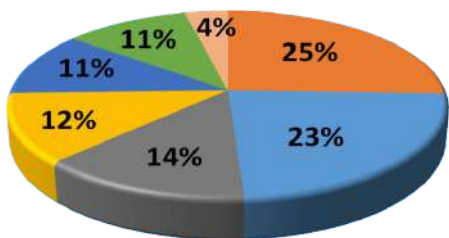
REVENUES



Operating Revenues (In millions)	FY 2021 vs FY 2020			
	FY 2021	FY 2020	FY 2019	% 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%

For FY 2021, the Port's operating revenues increased by \$432 thousand (K), from \$54.6 million (M) in FY 2020 to \$55M in FY 2021. The revenue increase was significant because this was accomplished despite the challenges the Port faced during the period of the COVID 19 pandemic and the Port did not implement any tariff rate increases. The number of containers handled in FY 2021 also increased by 1.9% or 1,651 containers, from 85,143 in FY 2020 to 86,794 in FY 2021.

EXPENSES



Operating Expenses (In millions)	FY 2021 vs FY 2020			
	FY 2021	FY 2020	FY 2019	% 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%

LOW-RISK AUDITEE STATUS

In 2021 the Port Authority of Guam once again achieved low-risk auditee status. This was the third consecutive year in a row that the Port received this designation since the time that it failed to get this designation in Fiscal Years 2017 and 2018.

"This audit affirms that we have been on-target with the directives put in place by Governor Lou Leon Guerrero, Lt. Governor Josh Tenorio, Board Chairman Frank Santos, and our board," Port General Manager Rory J. Respicio said.

"PAG is commended for qualifying as a low-risk auditee for the third consecutive year," Public Auditor Benjamin J.F. Cruz stated in the Office of Public Accountability Financial Audit.

The Port's 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 largely due to the recording of post employment benefits and pension costs in FY 2021, resulting in higher retiree healthcare and other benefits and divisional expenses.

Before depreciation (a non-cash expense), net operating revenues minus operating expenses in FY 2021 was \$3.1M operating income. After adding back the \$6.3M non-cash expense of depreciation, \$754K of net non-operating revenues, and \$219K of U.S. Government capital grants, Port concluded FY 2021 with a \$2.2M decrease in its net position.

As of September 30, 2021, the Port's current assets amounted to \$75.4M, which is an increase of \$3M. This is primarily due to the \$2.6M increase in total cash and cash equivalents, and \$648K in Accounts Receivable.

Our Highlights

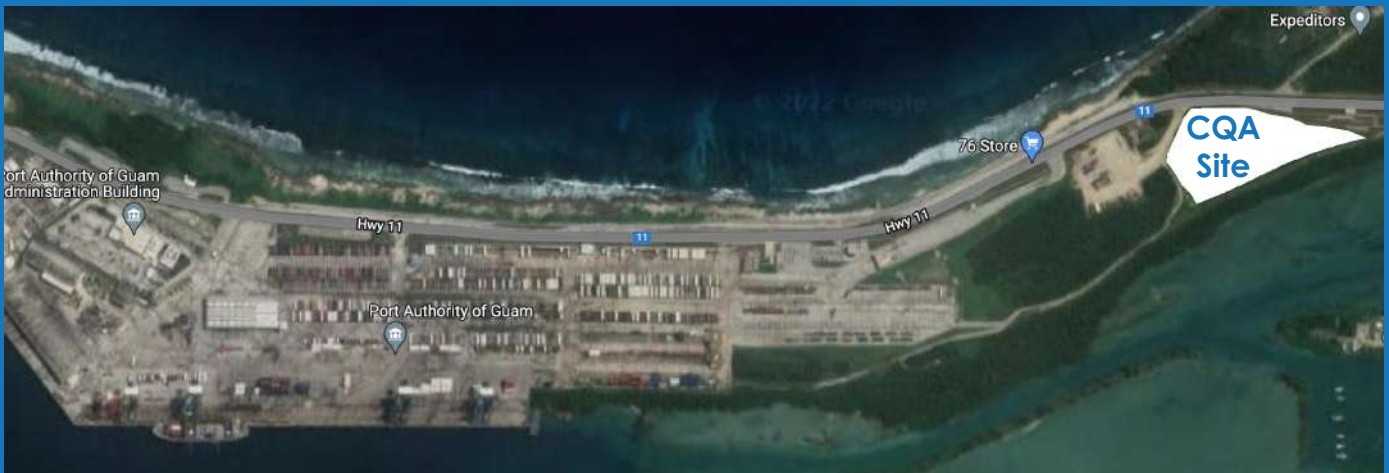
PORT MODERNIZATION UPDATE

We continue to push on with the modernization program by leveraging federal funding resources, enhancing revenue generation by deploying a more robust financial management system, and efficiently working toward completing legislatively approved capital improvement projects funded by its 2018 Port Revenue Bonds. A monumental accomplishment is the recent award by the US Department of Transportation's Maritime Administration (MARAD) of \$17.9 Million to the Port Authority of Guam's (PAG) Rebuilding America Infrastructure with Sustainability and Equity (RAISE) Program.

The Project, estimated at more than \$22 Million, will upgrade wharves F1 through F6 to support ship-to-shore gantry crane operations. It will specifically address sheet

piles and concrete cap spillings at the face of the port's F2, F3, F4 and F6 wharves as well as the deteriorating structure of F1 Fuel Pier. This initiative will ensure the sustainability of Guam's vital port infrastructure, securing the island's capacity to continue to receive more than 90% of all imported goods.

Another achievement is the collaborative efforts between the Port and the Governor's Office, resulting in \$1.6 million from the Office of Economic Adjustment (OEA) to update the Port's 2013 Master Plan. This funding allowed the Port to work with its Owner's Agent Engineer (OAE), WSP, on a massive initiative to update the plan and layout the framework for the Port's near and long-term vision to modernize its facilities, infrastructure, systems, and operations.



CUSTOMS INSPECTION FACILITY

The Port worked closely with the Customs and Quarantine Agency's (CQA) representatives in identifying the site where the new customs inspection, holding, and securing area will be located. The Port coordinated with the Department of Land Management on the survey and transfer of the property from the Port to Customs and the Department of Public Works to clear the property. Our OAE consultant provided proposed facility design layouts on the 4-acre parcel adjacent to the main terminal gate, which Customs has agreed on one of the layouts. The preferred layout design's objective is two-fold: (1) allows Customs to conduct their privacy operations inside the secured facility and (2) mandates the use of the Department of Public Works' weigh stations by truckers.

Our Highlights

HOTEL WHARF

The procurement for the rehabilitation of Hotel Wharf and Route 11 Reconstruction is ongoing. The rehabilitation project is being funded through a \$10 million federal grant along with local port funds and work will include reinforcing the old wharf and building, a security fence, installing lighting and constructing other surface work.

Additional funds will be used to upgrade the access road on the Glass Breakwater leading to the wharf. The upgrades to Hotel Wharf will bring it into compliance with the U.S. Coast Guard criteria to regain certification as a designated waterfront facility and also will expand wharf capacity to alleviate any congestion at the main cargo terminal due to Guam being a major transshipment port for the region.

\$1.2M CCTV/ACCESS CONTROL SYSTEM FOR TERMINAL YARD AND MARINAS

General Manager Rory J. Respicio signed the Notice to Proceed for California Pacific Technical Services (CalPac) to begin the work to replace the Port's CCTV and Access Control Systems. The signing followed a Kickoff Meeting for the \$1,221,418.00 project during which parties discussed project timelines, safety guidelines, staging sites, permitting and other critical matters related to the work that will be performed. This project is for the acquisition, installation, and upgrade of the Port's CCTV and Access Control Systems to enhance maritime and security screening and monitoring. It is being funded through a combination of Port and USDHS / FEMA PSGP and U.S. Department of Transportation (DOT) Maritime Administration (MARAD) Grant Cooperative Program funds.



Our Highlights

GANTRY CRANES

The Board of Directors has authorized Port management to proceed with a grant application to the Economic Development Administration for the acquisition of two (2) STS gantry cranes under its \$1.5 billion Cares Act-Funded Recovery Assistance Program and a loan application to the U.S. Department of Agriculture for one (1) STS gantry crane as a back-up to its EDA application, recognizing the dire need to replace aged POLA cranes to ensure that service to Guam and the entire Marianas and Pacific Micronesian region goes uninterrupted.

MARAD DESIGNATION

MARAD recently announced the designation of a new US Marine Highway Route as part of America's Marine Highway Program (AMHP) as well as a new Project Designation. Under this program, Guam received both designations, making the island eligible for grants that it would not otherwise qualify for. The new Route and Project Designations include: Guam and the Commonwealth of the Northern Mariana Islands Route Designation (M-GNM1) This Route Designation allows the expansion of existing containerized freight service between Guam and the Commonwealth of the Northern Mariana Islands' (CNMI) main islands of Rota, Tinian, and Saipan.

PROCUREMENT DELEGATION

Chief Procurement Officer Claudia S. Acfalle has renewed the full delegation of procurement authority granted to Port Authority of Guam General Manager Rory J. Respicio to serve as a purchasing agency pursuant to the Guam Administration Rules and Regulations and 5GCA of the Guam Procurement Law. After 14 years of losing its right to procure goods and services on its own, the Port was granted full delegation of procurement authority as allowed by Guam laws.

"We are working very hard to replace the Port's aging gantry cranes, rehabilitate the wharves to ensure resiliency and replace our aging facilities, so that the Port does not become a choke point for discharging and deploying military assets and commodities."

Rory J. Respicio. General Manager



CLIMATE SURVEY

PAG Management solicited employee's voluntary participation in the Organizational Climate Survey which showed overwhelmingly that Port employees are happy with the high morale at the agency and are satisfied with their jobs and that they support management in the work being done at the island's only commercial seaport.

Our Highlights

FEDERAL GRANT AWARDS AND PORT REVENUE BONDS

Completed and ongoing milestones during FY2021 include numerous projects funded by federal grant awards and Port revenue bonds:

- Economic Development Administration (EDA): installation of a fuel pipeline connectivity between Pier F1 and Golf Pier. This infrastructure mitigation initiative will ensure that Guam's fuel distribution system will not be compromised in the event that either pier is impacted by a man-made or natural disaster;
- Office of Local Defense Community Cooperation (OLDCC): commissioning of an Owner's Agent Engineer (OAE) for Construction Technical Oversight Services as the Port continues with its modernization efforts;
- US Department of Homeland Security (DHS) /FEMA Port Security Grant Program (PSGP): acquisition of a Vessel Tracking/Radar Intrusion System and Transportation Worker Identification Credentialing System;
- US DHS / FEMA PSGP: Installation of CCTV System at the Hagatna Marina. This added capability will allow Port Police personnel to monitor the facility from the Port's Command Center located in Cabras Island;
- USDHS / FEMA Public Assistance (PA) Program: repair and upgrade of wharves F3 – F6 fendering system and renovation and replacement of roll up and security doors at the Port's Warehouse 1 building;
- USDHS / FEMA PSGP and US Department of Transportation (DOT) Maritime Administration (MARAD) Grant Cooperative Program: acquisition, installation, and upgrade of the Port's CCTV and Access Control Systems to enhance maritime and security screening and monitoring;
- US Department of Interior / Office of Insular Affairs (DOI / OIA): repair and renovation of the Port's Welding Shop;
- US Environmental Protection Agency (USEPA) Diesel Emissions Reduction Act (DERA) Program: acquisition of four (4) heavy duty container yard tractors to replace tractors that have surpassed their useful lives at the Port Authority of Guam. USEPA's DERA program funds grants and rebates to jurisdictions such as Guam that protect human health and improve air quality by reducing harmful emissions from diesel engines;
- US Department of Agriculture (DoAG) Sport Fish Restoration and Boating Infrastructure Program: repair and upgrade of the Port's Harbor of Refuge to include its mooring system providing transient boaters with safe and available berthing; and
- US DoAG Division of Aquatic and Wildlife Resources (DAWR) Sport Fish Restoration Boating Access Program: renovation and upgrade of Dock B at the Agat Marina.





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