

PORT AUTHORITY OF GUAM

Citizen-Centric Report

OCT2019-SEPT2020

Fiscal Year 2020



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Nathan T. Taimanglo Vice Chairman
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Dorothy P. Harris Board Member

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General Manager
Dominic G. Muna
Deputy General Manager, Operations
Luis R. Baza
Deputy General Manager, Administration and Finance

45 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.

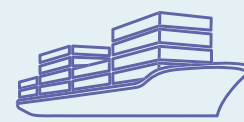
Our Employees



136 Administration



237 Operations



6 Major Shipping Agents



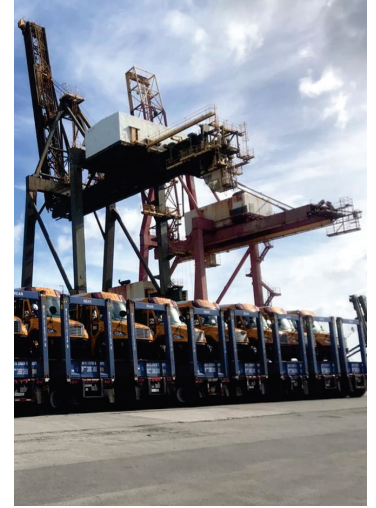
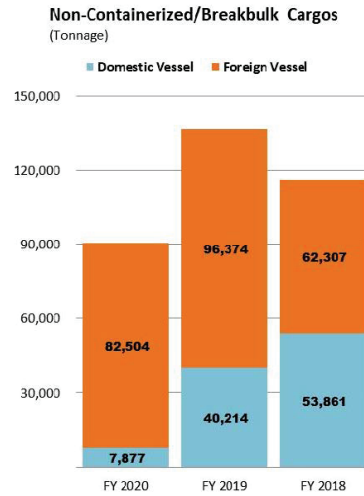
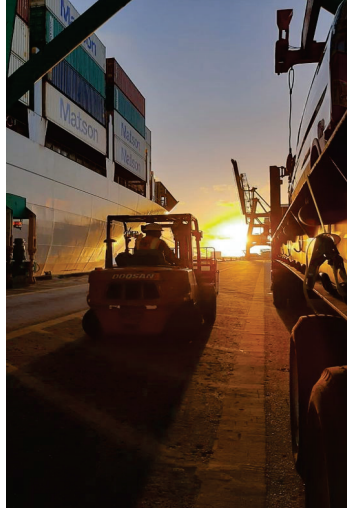
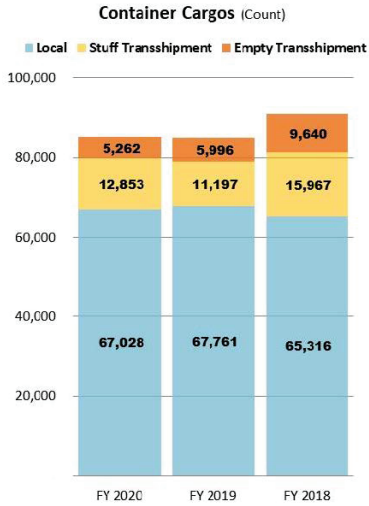
200 Other Customers



The Port's Performance Report - How Are We Doing

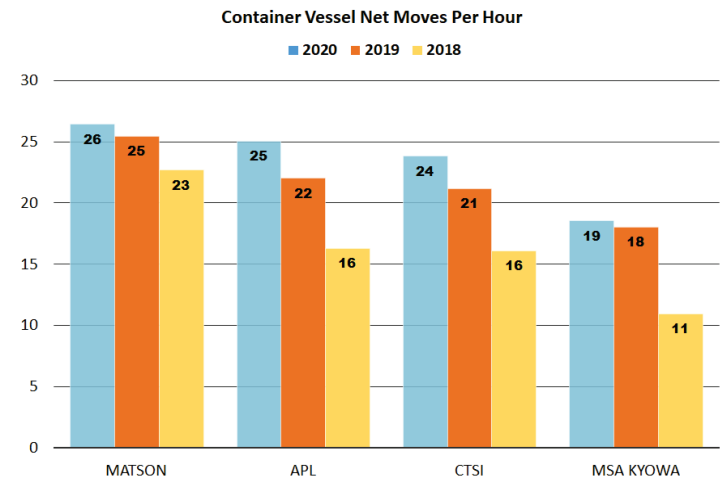
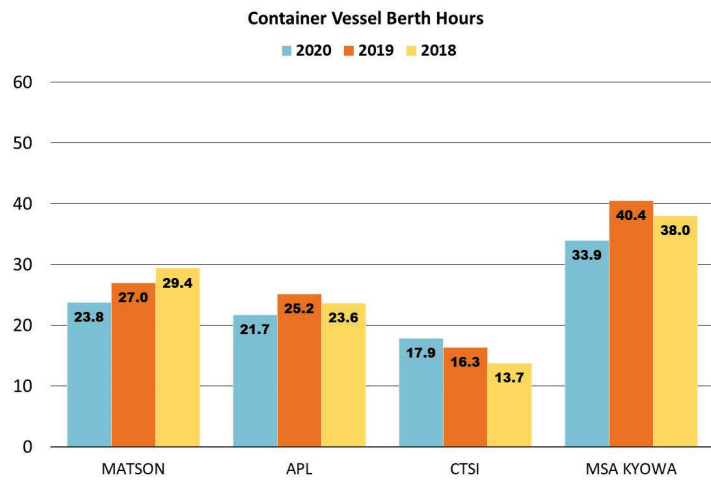
The Port Authority of Guam is the largest U.S. deep-water port in the region and currently handles about 1-2 million (M) tons of cargo a year. The Port owns five cargo handling piers and three marinas. The major basis in gauging annual revenue status of the Port is through the number of cargos it handles each year. Main classifications of cargos are container and non-container (breakbulk) cargos. Container cargos are broken down into local and transshipment. Non-containerized cargo is a cargo that cannot fit into containers and commodities that are more economically transported as breakbulk.

The efficiency performance on vessel operations is normally measured into two categories: Container Vessel Berth Hours and Container Net Moves Per Hour. Berth hours show the average time spent by a vessel along the port waterfront, while the container vessel net moves per hour (NMPH) shows the average total container movement divided by the operation hours. PAG's objective is to reduce the turn-around time of ships calling at the terminal and to aim for higher crane productivity per hour.



Despite the impact of the COVID-19 Pandemic, containers handled in FY20 resulted in an increase of 0.2% as compared to FY19. The slight rise in stuff transshipment container can be attributed to a shipping Agent's route change of containers that normally ship to neighboring islands in Guam.

In FY20, breakbulk cargo resulted in a decrease of 33.8%, from 136K in FY19 to 90K in FY20. Non-containerized cargo tonnage spiked in October of FY19 due to Super Typhoon Yutu which impacted the Mariana Islands that called for a growth in handling of cargo from relief goods to materials for infrastructure rebuilding.



In FY20, Matson, APL, and MSA Kyowa demonstrated a decreased dwelling time by 19%, 8%, and 11% respectively using FY18 as the base comparison. Improvement in performance can be attributed to operations' efficiency and employees' morale.

In FY20, an increase in NMPH shows 13%-Matson, 56%-APL, 50%-CTSI, and 73%-MSA Kyowa exhibiting an improvement in output using FY18 as the base comparison. Improvement in performance can be attributed to operations' efficiency and employees' morale.

Employee Survey

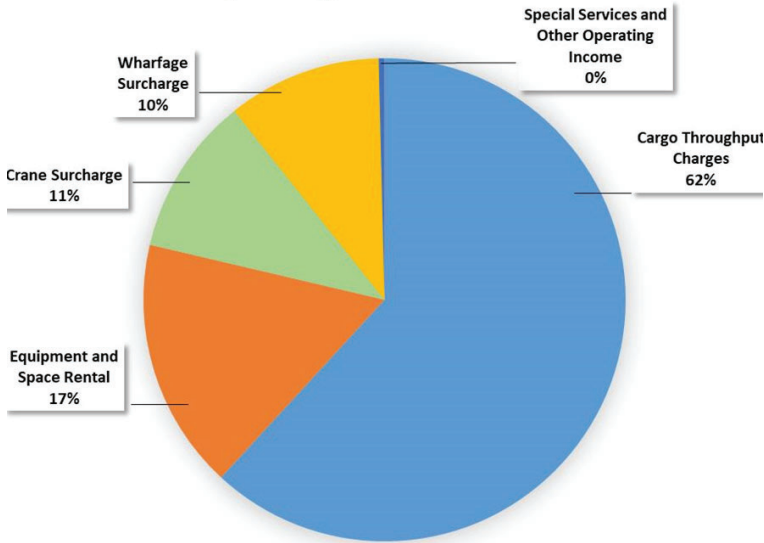
The Port Authority of Guam conducted an organizational climate survey inviting employees to anonymously speak their truths about working at the agency. Employees were encouraged to anonymously take the survey and 317 out of 356 personnel submitted a response which is an 89 percent response rate.

The results showed overwhelming positive results in the areas of job satisfaction and revealed that employees believe that morale is at an all-time high. The survey showed that 99% felt positive that they are proud to work for the Port Authority of Guam and that 97% felt positive that management is accessible and approachable. An amazing 98% of all employees who took the survey felt positive that management has an open-door policy and that the Port is a great place to work. Results showed that 91% felt positive that management is fair, 93% were positive that management was transparent and 92% were positive that management is accountable.

The Port's Finances – Revenues and Expenses

The Port revenues are derived primarily from various fees and tariffs charged to users and tenants of Port facilities and to agents, carriers 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 FY2020, the result of revenues minus expenses was a \$5.9 million operating income before depreciation. The total depreciation expense was \$6.4 million and the non-operating expense was \$2.3 million, which resulted in a loss of \$3.4 million before capital contribution. The Port's federal grants revenue in FY20 was \$2.5 million, which is a 256% increase as compared to FY19. The main reason for the increase was the purchase of two top lifter equipment, funded by MARAD, in the amount of \$1.6 million. The overall result is a decrease in net position of \$990 thousand.

Operating Revenues FY2020



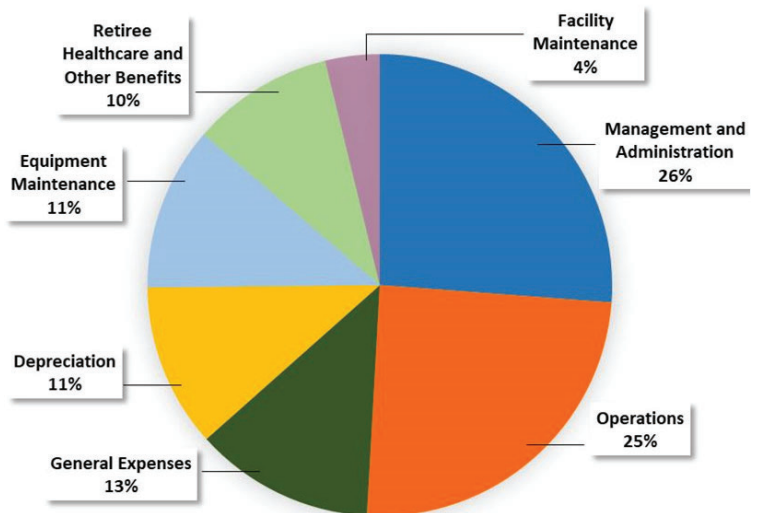
The Port's total operating revenues decreased by 1.1% or \$586 thousand, from \$55.3 million in FY19 to \$54.7 million in FY20. Despite the impact of the COVID-19 pandemic on the economy, the total containers that the Port handled is .2% higher than in 2019 and a decrease in the total operating revenues was 1.1%, which is within the fluctuation of revenues in a normal condition.

Operating Revenues (In millions)	FY2020	FY2019	FY2018	FY20 vs FY19 % Change
Cargo Throughput Charges	\$33.8	\$34.4	\$33.5	-1.6%
Equipment and Space Rental	\$9.2	\$8.8	\$9.0	4.1%
Crane Surcharge	\$5.8	\$5.9	\$6.0	-1.1%
Wharfage Surcharge	\$5.6	\$5.8	\$5.4	-2.3%
Special Services	\$0.1	\$0.2	\$0.2	-30.7%
Other Operating Income	\$0.1	\$0.2	\$0.1	-65.8%
TOTAL	\$54.7	\$55.3	\$54.2	-1.1%



Operating Expenses (In millions)	FY2020	FY2019	FY2018	FY20 vs FY19 % Change
Management and Administration	\$14.6	\$11.9	\$10.4	23.0%
Operations	\$13.8	\$11.8	\$11.1	16.1%
General Expenses	\$7.0	\$6.9	\$8.2	1.3%
Depreciation	\$6.4	\$6.8	\$6.2	-6.0%
Equipment Maintenance	\$6.4	\$6.1	\$6.1	5.2%
Retiree Healthcare and Other Benefits	\$5.5	\$3.0	\$6.8	85.9%
Facility Maintenance	\$2.1	\$2.0	\$1.9	7.9%
TOTAL	\$55.7	\$48.4	\$50.7	15.2%

Operating Expenses FY2020



The total operating expenses for the Port before depreciation in FY20 was higher by 18.6% or \$7.7 million as compared to FY19, from \$41.6 million in FY19 to \$49.3 million in FY20.

One of the major factors for the increase is the recording of the OPEB and pension expenses in FY20 that resulted in a higher total for retiree health care and other benefits; and divisional expenses.

The Port's Future – Outlook and Challenges

Outlook

The Port updated its FY2018-2022 Capital Improvement Plan (CIP) to include new modernization initiatives that have been scheduled during FY2020-2025. This enhanced Port Improvement Program (PIP) amounted to \$62 Million funded by federal grants, Port revenues, and proceeds from the 2018 Bond. Supplementing the PIP is over \$108 Million in new grant applications that have been leveraged to several Port federal partners' funding programs. Capping the Port's historic year is the 2020 Master Plan Update that will build upon completed CIP projects in support of the Port's strategic and economic vision. In addition to the Port's 5-Year CIP, grant applications representing \$82 Million in proposed modernization and sustainment projects have been submitted in FY2021 alone. These Initiatives include wharf repairs - both ground and water side, acquisition of new Ship-to-Shore (STS) gantry cranes, development of digital customer tools, cyber security improvements, solar power energy and the rehabilitation of the Agat Marina.



Fuel Facilities Upgrade



Derelict Vessel Removal



Challenges

The global COVID-19 pandemic highlighted the Port Strong Spirit, willpower and strength of the Port employees to always persevere in times of crisis. Remaining 100 percent operational, employees worked tirelessly to ensure that the flow of goods and supplies into our community was not interrupted. From the beginning of the crisis, the Port sprang into action to take every step possible to protect the employees, tenants and the people of Guam. The Port Clinic was stood up, Plexiglas dividers were set up in all the offices and frequent Port E-Advisories were circulated to keep employees informed and updated about the pandemic. The Port Contact Tracing Team was established and employees became nationally certified volunteers that helped ease some of the burdens placed on the Department of Public Health and Social Services by conducting their own contact tracing and making arrangements for testing. Despite the real and present threat COVID-19 posed on the Port's operations, all of the divisions remained open throughout this pandemic.

