

COMMONWEALTH PORTS AUTHORITY

PO Box 501055, Saipan, MP. 96950 Tel. (670) 237-6500

CITIZEN CENTRIC REPORT FISCAL YEAR 2024



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WHO WE ARE

The Commonwealth Ports Authority (CPA) is an autonomous government agency in the Commonwealth of the Northern Mariana Islands (CNMI) established in 1981 by Public Law 2-48 and is responsible for all airports and seaports on three islands in the Northern Marianas- Saipan, Tinian and Rota.

MISSION: To develop air and sea navigation to and from the CNMI to its fullest potential.

As the gateway to the Marianas, CPA will work on maintaining, improving and developing its ports, as well as, partnering up with local businesses and government agencies to sustain CNMI's major economic component - the tourism industry.



WHERE ARE WE



Leo B. Tudela
Executive Director

2024 MEDIAN HOUSEHOLD INCOME

\$41,171

Source: Google

2024 POPULATION

46,919

Source: worldpopulationreview.com

OFFICIAL LANGUAGE

ENGLISH

NATIVE LANGUAGES

CHAMORRO & CAROLINIAN

OFFICIAL CURRENCY

U.S. DOLLAR

LOCAL TIME

GMC +10
CHAMORRO STANDARD TIME

DEPARTMENTS

- Accounting/Procurement
- Admin/Human Resources/Lease Compliance /Engineering
- Aircraft Rescue & Fire Fighting
- Operations
- Custodial
- Terminal Maintenance
- CPA Rota
- CPA Tinian
- Port of Saipan
- Ports Police



EMPLOYEES

	AIRPORT	SEAPORT	TOTAL
SAIPAN	138	19	157
ROTA	23	1	24
TINIAN	20	3	23
TOTAL	181	23	204

BOARD OF DIRECTORS

Jose C. Ayuyu, Chairman

Antonio B. Cabrera, Vice Chairman

Dolores P. Kiyoshi, Secretary

Steve K. Mesngon, Treasurer

Joseph M. Diaz, Director

Ramon A. Tebuteb, Director

Thomas P. Villagomez, Director



Through a Covenant signed by President Gerald Ford in 1976, the CNMI was established as a commonwealth in political union with the United States (U.S.). Because of this, we are regulated by most laws set forth by the U.S. Government, entitled to all privileges and immunities of citizens in several U.S. States and are able to avail to programs, grants and receive aid and funding from the United States.

At the signing of the Covenant, U.S. Citizenship was given to:

- Those born in the CNMI preceding the signing date and domiciled in the CNMI, the U.S. or any territory/possession;
- Trust Territory citizens who domiciled in the CNMI continuously for 5 years after that date and those under age, registered to vote in the CNMI District Legislature or for any municipal election in the CNMI prior to January 1, 1975;
- Those domiciled in the CNMI preceding the signing date who were not Trust Territory citizens but were domiciled continuously in the CNMI prior to January 1, 1974.

And now, everyone born in the CNMI are citizens of the United States.



Our Progress

LEVEL UP *With* **TRAININGS**

While CPA's recovery rate post-Covid is sluggish, a change in direction to diversify revenue is being explored. Consequently, due to the decline of the tourism industry, focusing on military activities appealed to newly elected-chair Jose Ayuyu. This was in line with Governor Palacios' mission.

Additionally, to help CPA become financially sound, the Board agreed to pay off the airport bond. Doing so will ease the strain of meeting the debt ratio of 1.25. It also released \$8 million in reserves which helped fund projects. Funds from the American Rescue Plan Act (ARPA) Funds and the Coronavirus Aid, Relief and Economic Security (CARES) Act were exhausted by September 2024. Absent the operational grants, CPA's Fiscal Year (FY) 2024 budget mandated the continuation of austerity measures and an increase in airline rates. Additionally, CPA implemented aggressive collection efforts and cost cutting measures in order to stay afloat. An aim to collect overdue payments from the port tenants is being pursued to help relieve our cash-strapped agency. Therefore, aggressive collections would be beneficial to help carry the agency.

- Part 139 Live Fire Trainings: (Re)Certified 169 Fire Fighters
- Ethics Training (Office of the Public Auditor)
- Cyber Security Training (KRS)
- Ports Police Fire Arm Certifications
- Procurement Training
- Part 139- Airport Inspections Training (Guam International Airport Authority)
- 988 Hotline (Community Guidance Center)

In the first quarter of Fiscal Year 2024, CPA met with the Marianas Visitors Authority to reinforce our partnership with the objective of promoting tourism for this destination while speaking with one voice.

PROJECTS

Airport

Ongoing Projects	Current Contracted Cost	Project Completion Date	Funding Source	Island
ARFF Rapid Refill Improvements	\$ 1,200,363	Pending	FAA	Saipan
Loading Bridges 1, 4, and 5 Replacement	\$ 8,254,177	06/18/25	CPA/FAA	Saipan
Runway Rehabilitation Repackaging	\$ 1,526,779	Pending	FAA	Saipan
Air Traffic Control Tower Renovations	\$ 3,697,475	11/30/24	CPA	Saipan
Commuter Terminal Building Construction	\$ 11,654,998	11/30/24	CPA	Saipan
ARFF Roll Up Doors Replacement	\$ 498,788	Pending	CPA	Saipan
Sewer System Project	\$ 75,560	Pending	CPA	Tinian
Federalization of Arrival and Departure Terminals	\$ 278,700	Pending	CPA-Divert	Tinian
Aircraft Parking Apron Rehabilitation	\$ 1,225,620	Pending	FAA	Rota
Roof Canopy Replacement	\$ 677,275	Pending	FAA	Rota
Perimeter Security Fence Replacement	\$ 300,000	Pending	FAA	Saipan

Note: "Pending" means that the project has yet to be advertised for bid. Therefore, costs are based on whatever services (Architectural & Engineering or Construction Management) are contracted to date.

Completed Projects	Total Contract Costs	Project Completion Date	Funding Source	Island
Typhoon Yutu Fence Repairs/Replacement Project	\$ 496,986	01/12/24	CPA	Saipan
Airport Master Plan	\$ 1,588,165	06/20/24	FAA	Saipan
Commuter Road Paving and Drainage Improvements	\$ 1,735,229	09/28/24	FAA	Saipan
Safety Management System Implementation	\$ 778,348	08/09/23	FAA	Saipan
Pavement Management Program	\$ 799,921	03/21/24	FAA	Saipan
EDS Replacement Project	\$ 13,968,795	09/04/23	TSA	Saipan
ARFF Training Facility Typhoon Yutu Repairs	\$ 1,615,416	12/04/23	CPA	Saipan
Taxiways A & G Emergency Repairs	\$ 905,271	04/08/24	CPA	Saipan
Parking Lot Expansion	\$ 2,405,998	03/08/24	CPA	Tinian
Airport Drainage Improvements	\$ 648,840	04/17/24	CPA	Rota

Let's Celebrate! ACCOMPLISHMENTS

Ports Police Academy: The Ports Police Academy kicked off with the signing of a Memorandum of Agreement (MOA) with the Northern Marianas College (NMC). The MOA allows for Ports Police cadets to take courses at NMC which will lead to them earning credits towards a degree in Criminal Justice. The completion of the academy provided a total of 40 credits, along with eleven new Ports Police Officers to augment the safety and security at our ports.

Military exercises: CPA has hosted various events to support the U.S. Military, such community outreach programs wherein the community was allowed to "Pet a Jet" and explore C-130s and KC-135s. The U.S. Marines also conducted the Agile Reaper exercise while the U.S. Air Force conducted Operation Cope North.

Triennial Disaster Drills: As mandated by Federal Aviation Administration, our airports conducted full-scale emergency drills at each of our airports to test our emergency response capabilities.

Seaport

Ongoing Projects	Current Project Costs	Project Completion Date	Funding Source	Island
South Seaplane Ramp Paving and Drainage	\$ 570,460.00	Pending	CPA	Saipan (SPN)
Berth 103 Repairs	\$ 4,571,971.00	11/04/2024	CPA	Saipan
Office Building Leaks	\$ 158,500.00	Pending	CPA	Saipan
Charlie Dock Extension	\$ 1,429,973.00	Pending	RAISE - MARAD	Saipan
Saipan Harbor Dredging Improvements	Pending	Pending	RAISE - MARAD	Saipan
Ports Police Harbor Response Truck	\$ 129,000.00	2024	CPA	Saipan
Radio Equipment	\$ 88,035.00	2025	PORT SECURITY GRANT	SPN/Tinian (TIQ)/ROTA
CCTV Surveillance System	\$ 271,584.00	2026	PORT SECURITY GRANT	SPN/TIQ/ROTA
Generator Upgrades	\$ 183,600.00	2027	PORT SECURITY GRANT	Saipan
Marina Beautification Project	\$ 1,163,695.00	08/08/2023	Divert	Tinian
Tinian Main Port Fencing	\$ 173,251.00	2024	PORT SECURITY GRANT	Tinian
Small Boat Marina Office Fencing	\$ 54,950.00	2024	CPA	Rota
Rota Harbor Navigation Improvement Plan	\$ 1,200,000.00	Pre-Award Phase/2028	RAISE-MARAD	Rota
50' Telescopic Conveyor Belt Acquisition	\$ 77,063.00	Ongoing	OFFICE OF INSULAR AFFAIRS	Rota



CPA is a self-sustaining, autonomous agency that generates revenues from port users to fund operating expenses, capital projects and debt service requirements. CPA also receives grants from the Federal Aviation Administration (FAA), U.S. Maritime Administration (MARAD), Department of Homeland Security (DHS), and the Department of Interior (DOI) to fund improvements throughout the ports.

Airport Revenue	FY 2022	FY 2023	FY 2024	% Change from FY23 to FY24
Aviation Fees	\$1,212,891	\$4,463,903	\$8,387,908	88%
Concession & Lease Income	\$2,884,048	\$3,512,983	\$3,479,461	-9%
TOTAL	\$4,096,939	\$7,976,886	\$11,867,369	48%
Seaport Revenue	FY 2022	FY 2023	FY 2024	% Change from FY23 to FY24
Harbor Fees	\$5,119,141	\$5,202,117	\$5,629,351	8%
Concession & Lease Income	\$1,464,314	\$2,314,658	\$2,415,334	4%
TOTAL	\$6,583,455	\$7,516,775	\$8,044,685	7%



Aviation fees include landing fees and terminal rental rate charges.

Harbor fees are collections for dockage, wharfage entry and homeporting.

Concessions are retail, food and beverage, advertising and car rentals.



Operating Revenues include revenues earned for operational activities and do not include federal grant funding.

AIRPORT- FY 2024 operating revenues for the airports increased by 48% as compared to FY 2023. The increase was due in part by the return to operations of limited international flights and the continued implementation of new rate methodology. Aviation fees include landing fees and terminal rental rate charges. Other sources of revenue include parking fees, permit fees, and citation and training fees.

SEAPORT - FY 2024 operating revenues remained steady with a 7% overall increase as compared to FY 2023. Harbor fees also remained fairly consistent, with concession & lease income increasing by 4%. Harbor fees include wharfage fees, docking fees, special services, berthing fees and port entry fees. Other revenues include permit fees, citations and security service fees.

EXPENSES

Operating Expenses



Airport & Seaport- Other expenses include (but are not limited to) fuel, travel, communications, subscription, advertising, postage, promotions, trainings and bad debts.

AIRPORT- Overall FY 2024 operating expenses were decreased with a 9% overall reduction. Although personnel costs were reduced due to the implementation of austerity measures, the savings were negated by an increase in property and casualty insurance costs.

SEAPORT - Overall operating expenses for the seaports decreased by 14% as compared to FY 2023. This decrease is due to the implementation of austerity measures, and the implementation of cost containment measures.

Airport Expenses	FY 2022	FY 2023	FY 2024	% Change from FY23 to FY24
Personnel Costs	\$7,059,367	\$6,162,511	\$5,308,219	-14%
Utilities	\$2,664,497	\$2,955,170	\$2,901,949	-2%
Insurance	\$2,256,093	\$2,261,859	\$2,380,951	5.27%
Contractual Services	\$807,789	\$950,828	\$880,482	-7%
Supplies, Repairs & Maintenance	\$1,046,861	\$1,059,179	\$1,089,398	3%
Other	\$931,455	\$1,602,966	\$1,068,754	-33%
TOTAL	\$14,766,062	\$14,992,513	\$13,629,753	-9%
Seaport Expenses	FY 2022	FY 2023	FY 2024	% Change from FY23 to FY24
Personnel Costs	\$1,601,432	\$1,456,074	\$1,210,890	-17%
Utilities	\$397,185	\$298,849	\$262,668	-12%
Insurance	\$1,267,081	\$1,333,441	\$1,431,133	7%
Contractual Services	\$119,139	\$57,476	\$39,697	-31%
Supplies, Repairs & Maintenance	\$153,182	\$70,840	\$78,064	10%
Other	\$358,110	\$453,132	\$129,168	-71%
TOTAL	\$3,896,129	\$3,669,812	\$3,151,620	-14%

Note: The FY2023 & FY2024 financial data provided above are unaudited.

To review the FY2022 audit report, visit: <https://cnmiports.com/financial.asp>

PUBLIC LAW 19-62 WHARFAGE WAIVERS

Public Law 19-62 waives wharfage for interisland cargo shipments. This was done with the intent to help alleviate the burden of the rising cost of commodities to the Tinian and Rota communities. However, even without these wharfage charges, price increases continue.

This is a significant loss of revenue for CPA.

TOTAL LOSS OF REVENUE

\$384,462.96

FROM PUBLIC LAW 19-62

OUTLOOK



Challenges

Government procurement: The intent of government procurement practices is to ensure accountability and fairness. However, the process is cumbersome and often delays services and goods needed to keep our ports operational.

Low visitor arrivals: The CNMI has not fully recovered from the COVID pandemic. We have not reached our pre-pandemic levels. Because of that, along with the departure of Asiana Airlines, CPA revenues remain critically low, which puts us in dire financial constraints.

External Factors:
(Annex VI): Geopolitical tensions between the United States and China has caused travel restrictions to the CNMI. The imposition of U.S. Department of Transportation's (DOT) order to limit flights between the US and China to 24 is causing a strain to visitor arrivals from China. In the past, China has provided almost 200,000 visitors to the CNMI which equates to over \$124 million in revenues. Because of this, CPA has written to the U.S. DOT requesting for exemption for the CNMI and is encouraging efforts to support the CNMI Economic Vitality & Security Travel Authorization Program or EVS-TAP, which will enhance the screening of visitors from China.

Other factors affecting the CNMI's tourism market is the Japanese economy. With Japan's weak Yen value, the CNMI may appear as a costly trip.

Geographical location: Our islands are isolated, so due to limited resources (materials and labor), we have a hard time procuring goods and services which, sometimes, must be imported. This results in high [shipping] costs and prolongs the repair or service. Thus, we have to stock up on supplies and train more of our local people to fill in much needed jobs.

Aged facilities: Millions of dollars are being pumped into much-needed repairs of our dated facilities. The Saipan airport, which was built in 1976, and Tinian Harbor's breakwater and wharf, which are pre-World War 2 era, to name a few, have been battered and beaten by various super typhoons and exposed to the elements. The current master plans include the development of facilities which we hope the federal government could help fund.

Retention & Recruitment: CPA is facing the difficulty of retaining and recruiting people. Employees have not received salary increases in over eight years. And job vacancies are hard to fill because salaries are low and unattractive compared to what other agencies and companies offer. Thus, staffing is spread thin and employees are overwhelmed and stressed, causing many employees to quit. Thankfully, on top of annual and sick leave, CPA continues to maintain a wellness program which provides Self-care Leave (eight hours quarterly) and Physical Fitness Leave (up to three hours a week) to support the employees' mental health and well being.

Concession Opportunities: Request for Proposals will continue for retail, car rentals, food and beverage and advertising concessions on Saipan, Tinian and Rota.

New Airlines: The CNMI Government and CPA continue to meet with airline investors who wish to serve the CNMI by providing both international and domestic flights.

WHAT'S NEXT

Owner Engineer Agent: This service will open better opportunities for project management, broader grant opportunities to relieve some financial burden and assist with infrastructure assessments, improvements and recommendations.

Military Activities: Our relationship with the U.S. Military continues to grow with the Tinian Divert Airfield activities and continued military trainings and exercises on Saipan, Tinian. There have been discussions on expanding exercises to Rota.



Stay Connected!

Mailing Address:
 PO Box 501055
 Saipan, MP 96950

Website: www.cnmiports.com
 Email: cpa.admin@pticom.com

Saipan: Tel. (670) 237-6500
 Tinian Tel.: (670) 433-9294
 Rota Tel.: (670) 532-9497



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