

I'ESTORIA

FY2015 Citizen Centric Report



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ABOUT GVB

The Guam Visitors Bureau (GVB), a non-profit membership corporation, is the official tourism agency for the U.S. Territory of Guam. Among its responsibilities, GVB is charged with setting tourism policy and direction; developing and implementing Guam's tourism strategic and marketing plans; managing programs and activities that enhance and showcase Guam's people, place and culture in order to deliver an incomparable visitor experience; and coordinating tourism-related research, planning, events and outreach activities. GVB serves as a critical bridge linking government, the tourism industry, visitors and the local community, and aims to contribute successfully to a good quality of life for residents through tourism.



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JON NATHAN DENIGHT
General Manager



TELO TAITAGUE
Deputy General Manager

MESSAGE FROM THE GENERAL MANAGER

Hafa Ådai,

Guam's remarkable streak of record-breaking arrivals reached a pinnacle in 2015, when more tourists visited Guam than in any other year of the island's tourism history.

With a recorded 1,409,033 visitors stepping out to enjoy our Chamorro culture, hospitality and legendary beaches and sunsets, 2015 shattered the old record of 1.38M that was set 18 years ago.

While the work we have done and continue to do has translated into record-breaking visits, our efforts have also led to small business development, more employment opportunities and an overall better quality of life for our people.

I am confident 2016 will be equally outstanding, as we host top-level international events such as the PATA Annual Summit and the Festival of Pacific Arts, as well as our unique signature events that can be experienced only on Guam.

Guam's economy is driven by tourism and we remain steadfast in our commitment to develop, strengthen and diversify the industry. As we move forward with our mission, we invite you to join us in making Guam THE BEST place to live, work and visit.

Si Yu'os Ma'ase',

JON NATHAN DENIGHT



ROSE Q. CUNLIFFE
Controller

MESSAGE FROM THE GVB CONTROLLER

Hafa Ådai,

The Guam Visitors Bureau is pleased to provide the enclosed Fiscal Year 2015 Citizen Centric Report.

This report contains information on the various programs, special events and campaigns that were developed and executed by GVB in FY2015. The report also highlights the support the bureau has provided to numerous cultural groups, sports teams and government agencies.

As in previous years, GVB received an unqualified or “clean” FY2015 audit from the Office of Public Accountability. The clear financial policies instituted at GVB are a primary factor in the bureau receiving this honor for the sixth consecutive year.

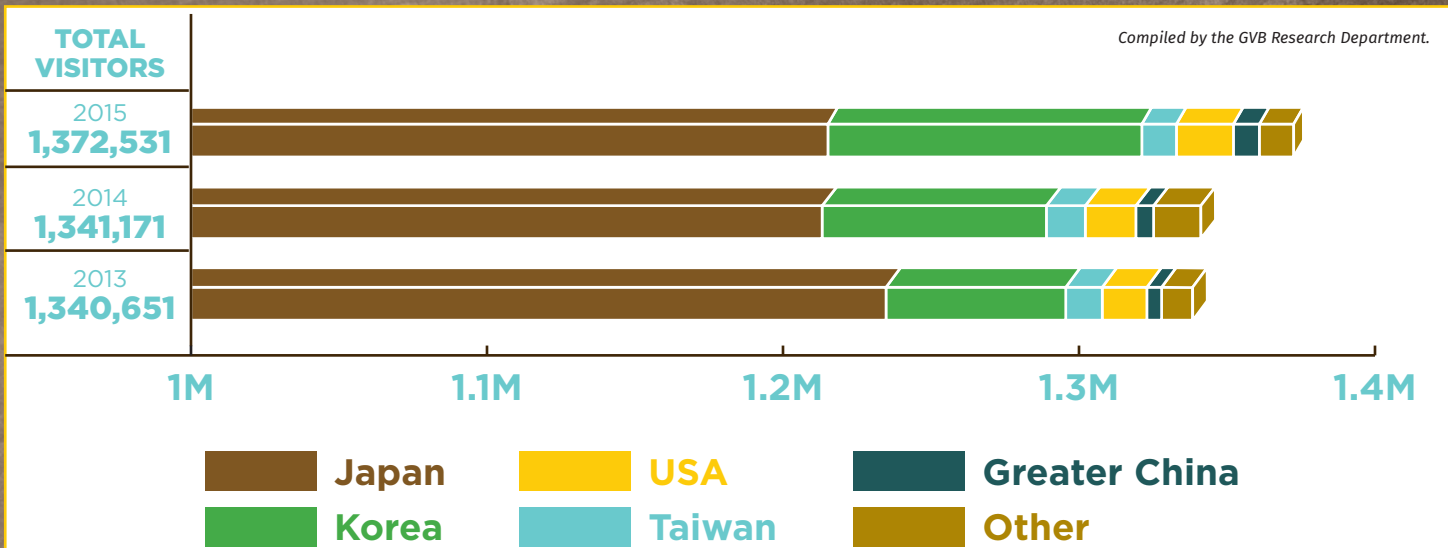
In Fiscal Year 2016, GVB pledges to remain committed to expending taxpayer funds responsibly and in the interest of the people of Guam.

Si Yu'os Ma'ase',

ROSE Q. CUNLIFFE

PERFORMANCE

FISCAL YEAR ARRIVALS • CIVILIAN/ARMED FORCES AIR & SEA



FISCAL YEAR ARRIVALS • BY PLACE OF RESIDENCE

	JAPAN	KOREA	TAIWAN	U.S.A.	GREATER CHINA	OTHER
2015	779,405	384,112	42,315	69,745	31,752	42,017
2014	825,830	293,437	50,924	66,151	23,152	61,899
2013	912,093	235,836	47,904	58,546	19,320	49,534

ARRIVALS SUMMARY

Visitor Arrivals in fiscal year 2015 soared to a 2.3% increase over FY2014. FY2015 is the second top fiscal year in Guam's tourism history, beating out arrivals from almost 20 years ago. Guam achieved another fiscal year milestone welcoming 1,372,531 visitors, making this the top arrivals in a year this century, and the second highest in nearly 20 years. In fact, August and March 2015 were recorded as the third and sixth best months respectively for arrivals ever. This also marks three consecutive years that we have broken the 1.3 million mark. Guam's top banner year was FY1997 with 1,411,447 visitors recorded. The increase in arrivals was primarily due to the increased air capacity coming from Korea. In FY2015, Guam saw the inaugural flight of Air Busan as well as T'way Air. Additionally, Jeju Air, which has been servicing the Incheon - Guam route for several years expanded their gateway cities to include Busan, Korea's second largest city.

GVB SUPPORTED ORGANIZATIONS

- Pa'a Taotao Tano'
- Tourism Education Council
- Historic Inalahan Foundation
- Haya Cultural Preservation Foundation
- FESTPAC & Folklife Festival Trust
- Micronesian Cruise Association
- Guam International Film Festival
- Pacific War Museum Foundation
- Humatak Foundation
- Amot TaotaoTano Farm
- Traditions Affirming our Seafaring Ancestry
- Duk Duk Goose, Inc.
- Hurao Academy, Inc.
- Inetnon Gef Pago' Cultural Arts Program, Inc.
- Breaking the Cycle, Inc.
- Micronesian Chefs Association
- Manhita Chamorro
- Guam Humanities Council
- Guam Symphony Society
- Guam Unique Merchandise and Arts
- Ina Kuttura, Inc.
- I Fanlalai'an
- Ayuda Foundation, Inc.
- Traditions Affirming Our Seafaring Islands
- Guampedia Foundation
- University of Guam
- Guam Council on the Arts & Humanities
- Department of Administration
- Department of Parks & Recreation
- Mayor's Council of Guam
- Guam Community College
- Guam Environmental Protection Agency
- Department of Chamorro Affairs
- Guam Police Department
- Guam Museum Foundation

FINANCIALS

(Fiscal Year Ended September 30, 2015)

REVENUES:

Other income	\$428,610
In-kind contributions from members and others	409,087
Consumption tax refund	465,565
Memberships	70,710

Total operating revenues **1,373,972**

EXPENSES:

Professional services	13,647,257
Personnel	2,477,382
Pass through appropriations	942,000
Travel	865,235
Promotional in-kind contributions	409,087
Grants	204,300
Rent/lease	201,253
Material and supplies	173,133
Utilities	124,122
Repairs and maintenance	95,508
Depreciation	87,531
Advertising	57,517
Equipment	48,364
Community programs	-
Miscellaneous	1,601,723

Total operating expenses **20,934,412**

Operating revenues net of operating expenses (19,560,440)

Nonoperating revenues (expenses):

Grants-in-aid from Government of Guam:	
Operations	20,960,088
Pass through	942,000
Federal revenues	215,561
Other nonoperating expense	(27,809)
Interest income	14,865

Total nonoperating revenues (expenses), net **22,104,705**

Change in net position **2,544,265**

Net position at beginning of year **13,235,217**

Net position at end of year **15,779,482**

An 11% hotel occupancy tax funds the Bureau's operations, authorized through the Legislature's annual budget appropriations. In fiscal year 2015, Public Law 32-181 appropriated \$22,612,696; \$20,115,000 for GVB operations, \$1,085,000 for Special Projects, and \$1,412,696 for Capital Improvement Projects. The Bureau was able to recognize \$19,380,088 of its appropriation for Operations, of which \$73,313 was from FY2014 appropriations; \$1,053,624 for Special Projects, of which \$50,000 was from FY2014 appropriations; and \$1,317,042 for Capital Improvement Projects.

PL 32-181 also appropriated \$835,000 to the Guam Visitors Bureau for pass-thru entities, \$200,000 to the Rainy Day Fund, and \$200,000 for FESTPAC. The Bureau was able to recognize \$942,000 for pass-thru appropriations, of which \$155,000 was for FY2014 appropriations; \$220,000 for the Rainy Day Fund, of which \$20,000 was for FY2014 appropriations; and \$1,190,000 for FESTPAC, of which \$1,020,000 was for FY2014 appropriations.

In FY2015, four other public laws appropriated additional monies to the GVB from the FY2014 unappropriated, unallotted fund balance of the Tourist Attraction Fund and the HOT (Hotel Occupancy Tax) Surplus Fund. PL 33-10 created the Cultural and Sports Ambassador Fund and appropriated \$200,000 to it; PL 33-43 appropriated an additional \$2,000,000 to FESTPAC; PL 33-49 appropriated \$900,000 for operations and to help with the cost of hosting the PATA Annual Summit, which will be held on Guam in May of 2016; and PL 33-73 appropriated \$200,000 for the upkeep of the village parks and murals.

Total uncollected appropriations as of 09/30/15 were \$4,193,655: \$808,625 for Operations, \$81,376 for Special Projects, \$95,654 for Capital Improvement Projects, \$48,000 for Pass-thru entities, \$2,030,000 for FESTPAC, \$30,000 for the Cultural and Sports Ambassador Fund, all of the Operations & PATA appropriation of \$900,000, and all of the parks appropriation of \$200,000.

The Bureau also recognized \$215,561 in Federal revenues, of which \$210,184 was part of an MOU with the Department of Public Health and Social Services to host the WHO (World Health Organization) conference, held October 12 - 16, 2015. The remaining \$5,377 was FEMA reimbursement related to Typhoon Halong.

The FY15 TAF collections were 6.2% higher than the previous year, totaling \$36,589,070. While hotel occupancy fell to 74% in FY2015, the increase in TAF collections was mainly due to average room rates increasing from \$146 in FY14 to \$157 in FY15. For FY16, the increasing room rate is projected to continue while occupancy is expected to increase over FY15 as well. Moreover, the June 2015 Employment Report from Department of Labor noted that the hotel industry added 670 additional jobs compared to the previous year, a good sign of a growing tourism industry.

Direct appropriations from the Tourist Attraction Fund increased about 2% in FY2015, from \$10,150,774 in FY2014 to \$10,330,357. In PL 32-181, TAF revenue projections for FY2015 was \$34,500,000 and total appropriations from the TAF were \$34,178,053. Comparing the total FY2015 appropriation from the TAF (\$34,178,053) and the actual unaudited collections (\$36,589,070), there was a surplus of \$2,411,017.

Membership dues increased almost 100% to \$70,710 from \$35,400 in FY2014. This large increase was due to the January 2015 membership election. In-kind contributions increased about 22% to \$409,087 from \$335,736 in FY2014.

Marketing was the largest expenditure at \$13.6 million in Professional Services, with Japan and Hong Kong/China representing the largest share at a combined \$7.6 million. At \$2,477,382, personnel salaries and benefits increased 14% over last year largely due to the addition of one unclassified position and one FTE, but still only 12% of total expenditures.

GVB IS A PROUD MEMBER OF

U.S. TRAVEL
ASSOCIATION



FUTURE OUTLOOK

The Bureau's efforts to diversify were clearly apparent in 2015, with the Korean market now a strong number two market representing 28% of total arrivals to Guam. Moderate growth of around 2% is expected for FY2015 with an increase in flights from the Philippines and opening of new gateway cities in Korea, which is important, since total outbound travel from Japan is expected to decline in 2016. While Guam has traditionally been a leisure destination for Japanese, GVB is working to attract higher yield segments such as the MICE (meetings, incentives, conferences, exhibitions), weddings and the silver (senior) markets.

In addition to all the efforts in our primary source markets, the GVB Board is committed to improving the destination and has several projects planned in 2016, foremost of which is a Tumon surveillance system that will provide video to the Frankie Smith Precinct. Other major planned improvements include bus shelters, landscape improvements, lighting and sidewalk renovations and graffiti removal. In order for Guam to improve its image and attract higher yield visitors, we must improve our brand and that starts at home.

GVB's TAF projection for FY2016 is \$38,623,119, a conservative 5.6% increase over the previous year. This is certainly achievable, especially with the opening of the Dusit Thani Guam Resort.



THE HOT BOND

What is the HOT Bond?

HOT stands for Hotel Occupancy Tax, which was created to fund the operations and functions of the Guam Visitors Bureau. HOT Bond Projects are Capital Improvement Projects that use proceeds from HOT Revenue Limited Obligation Bonds to fund the building of Guam's first permanent and comprehensive cultural and educational museum as well as upgrade and refurbish some of our island's historic sites, tourist attractions and community projects. The HOT Bond Projects were established by Public Law 30-228.



FANOHE CHAMORRO PUT I TANO'-TA
KANTA I MATUNA-NA GI TODU I LUGAT
PARA I ONRA, PARA I GLORIA
ABIBA I ISLA SINPARAT
TODU I TIEMPO I PAS PARA HITA
YAN GINEN I LANGET NA BENDISION
KONTRA I PILIGRU NA' FANSAFO' HAM
YU'OS PRUTEHI I ISLAN GUAM

"TI TA NISISITA AYUDUN SANHIYONG
PARA TA FANMAOLEK GUINI GI
TANO'-TA, TAYA' TA'LO GINAGAGAO-TA."
SATISFIED WITH WHAT OUR ISLANDS FURNISH US, WE
DESIRE NOTHING ELSE.
"MAN METGOT-NA HIT KI I TA HONGGE
YA SINA TA APATTA HIT GINEN INI NA
TAOTAO HIYONG SIHA YA TA NA' TA' LO
TATTE I MINAGOF YAN I MINAOLEK
LINA' LA' -TA."
WE ARE STRONGER THAN WE THINK! WE MUST REGAIN
OUR FORMER FREEDOM.

CHIEF HURAO
1671

GUAM MUSEUM
DEPARTMENT OF CHAMORRO AFFAIRS