



NEWSLETTER

PORT AUTHORITY OF GUAM

DECEMBER 2023

Board of Directors

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Board Member

Conchita S.N. Taitano
Board Member

Port Management

Rory J. Respicio
General Manager

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*Deputy General Manager
Operations*

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*Deputy General Manager
Administration and Finance*



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Port Employee Survey

The Port Authority of Guam recently conducted its fourth annual employee survey, revealing an increase in overall work experience among its staff. Last month's anonymous survey, with an 84% participation rate (313 out of 372 employees), allowed for comprehensive input on various aspects of working at the Port.

The survey assessed the work environment, morale, and job satisfaction. Notably, 98% of the employees reported positive work experiences, marking a 1% increase from the previous year. However, there was a decrease in employee morale, dropping from 98% in 2022 to 91% in 2023.

Port General Manager Rory J. Respicio commented on the findings, "Although overall morale at the Port still hovers at 91%, this 7% dip in morale demands our attention and action. It's essential to understand that such shifts in sentiment are part of the dynamic work environment and may arise from multiple factors. Our focus now is on identifying and addressing these factors to enhance employee morale."

In response to the survey, Respicio immediately initiated employee focus groups led by division heads. These groups are responsible for collecting feedback and conducting regular pulse surveys to better understand employee sentiment, thus gaining deeper insight into their concerns and expectations.

Respicio added, "We introduced a new question in the survey for employees to rate their work-life balance, which is crucial for their well-being and job satisfaction. The positive response rate of 88% indicates that



most employees are satisfied with their balance, aligning with the directives from Governor Lou Leon Guerrero, Lt. Governor Josh Tenorio, and our board to prioritize employee well-being, even more so during recovery periods."

In light of the Port's recovery efforts following Typhoon MAWAR, 93% of the employees felt their work environment was safe, and a similar percentage felt well-informed throughout the recovery process. Furthermore, 91% reported having the necessary resources to perform their jobs safely, and 90% felt that management was concerned about their safety and well-being during these efforts.

Respicio concluded, "While we have made positive strides in overall work experience, the decrease in morale reminds us that our success is deeply connected to our employee's well-being and job satisfaction. Our commitment to addressing the factors affecting morale demonstrates our dedication to continuous improvement and fostering a workplace that not only excels in productivity, but also promotes a positive and supportive organizational culture suitable for all Port Strong employees!"

GM Meets with Operations on Employee Work Schedule



Port General Manager Rory J. Respicio held meetings with all employees of operations in an effort to address concerns and implement effective solutions as it relates to their work schedule and guided by the Collective Bargaining Agreement (CBA).

Three meetings were held on November 22, 2023, November 30, 2023 and December 1, 2023 to navigate the dynamics of our operational environment and align effective scheduling practices that ensure both productivity and the well-being of our workforce. With the goal of collaboratively developing guidance that not only optimizes our operations but also supports a healthy work-life balance, below is feedback from the General Manager regarding what was heard from all three meetings and viable solutions.

1. Regarding employees called in for weekend duty on their scheduled day off: If an employee DOES NOT receive a minimum 24-hour advance notice to work on their scheduled day off, I will authorize overtime for the total hours of work he performs of that workday. This is contingent upon there being documented evidence and a signed attestation confirming the effort made to provide the required 24-hour notice. We will develop these documents in collaboration with our legal staff.
2. Regarding the application of overtime (OT) earned on an employee's day off: If an employee is authorized OT due to the Port's failure to provide the required 24-hour notice, the OT earned on that day will count towards the employee's 40-hour threshold for OT

eligibility within that payroll workweek.

3. Regarding comments that overtime (OT) is being taken away. In hopes of putting to rest the continued mumblings regarding management's application of the CBA, legal staff provided a legal opinion guided by the CBA, Port Personnel Rules and Regulations and Controlling Law.

- A work schedule set 2 weeks in advance CAN be changed in the event that a previously schedule vessel arrival date/ time changes.
- An employee called in to work on a day that he was previously scheduled to be "off" may NOT be entitled to overtime pay for that day worked.
- A holiday in which an employee does not work is NOT counted toward the number of hours worked when calculating overtime pay for that work week.

The full legal opinion and analysis will be retained at my discretion and will remain a confidential attorney-client privileged communication should the issue progress toward any formal or informal grievance procedure.

Please be aware that any employee found willfully spreading misinformation, especially if such actions incite unrest within our workforce, will face disciplinary action as outlined in our rules and regulations. You have rights, including the option to pursue grievance procedures, should you choose not to discuss matters

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directly with the General Manager or your superiors. However, these rights also carry responsibilities. If you disagree with decision made at the Port, regardless of the level, it's crucial that you base your opinions on accurate information and avoid spreading falsehoods. Spreading misinformation only fosters a toxic work environment and undermines both employee morale and productivity.

In the meantime, be guided accordingly and recognize our commitment to upholding clear and fair policies. With your continued cooperation and PORT STRONG pride, we aim to sustain the high standard of excellence we have collectively strived for over the past five years.

4. Addressing the Frequently Asked Question, "What are my scheduled days off?": I have given considerable thought to this question in the context of our two-week scheduling structure. The arrangement, with "Gangs" working from Monday through Friday and "Priority Gangs" on the weekends, leads to misunderstandings about expected overtime during the workweek. Employees who choose to work on weekends often feel disadvantaged. They fulfill their 40-hour requirement earlier in the week, rendering their attendance unnecessary after completing these hours during regular operations.

Effective immediately, I am working with Deputy General Manager Dominic Muna, Operations Manager Glenn Nelson, Corporate Services Manager Vivian Leon, and former Judge Jamie Canto to guide and implement a new two-week scheduling system for vessel

operations. Under this new schedule, regular gangs, not priority gangs, will be assigned to Saturday and Sunday duties. Rather than dividing the six gangs into day and night shifts and rotating a priority gang for the weekend, we will arrange our labor force to ensure adequate coverage for both day and night shifts from Sunday through Thursday. The remaining workforce will then be scheduled from Tuesday through Saturday, also split into day and night shifts.

This new schedule means that for the Sunday through Thursday shift, employees will have Friday and Saturday off. Similarly, for the Tuesday through Saturday shift, their days off will also be Sunday and Monday. And, in the event Saturday or Sunday, or any part of that shift thereof becomes normal operations, employees will perform housekeeping duties in and outside of the yard, and will NOT be shifted to the following day.

5. Regarding the "one for one" shift exchange: I will continue to uphold the courtesy we have consistently extended. This practice permits employees who cannot commit to their assigned schedule to arrange a shift swap with a willing coworker.
6. Standby status for line handling: Effective immediately, employees will no longer be rescheduled for any Special Service Request (SSR) for line handling that specifies a vessel's arrival time. This change is in response to the excessive burden caused by frequent schedule adjustments due to the agent's alterations of the vessel's arrival times. Going forward, we will recover standby times and line handling charges from the agents. Additionally, employees who are not already on duty will be called to work to align with the time indicated on the SSR.
7. Vessel operations for Saturday and Sunday work: We have noted that, particularly on Sundays, vessel operations require employees to report at 1300 hours, coinciding with the vessel's berthing time. This scheduling does not provide employees with sufficient preparation time for the vessel's arrival and contradicts the collective bargaining agreement that establishes shift schedules for vessel

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operations. Furthermore, our tariff stipulates billing the agent for the completion of vessel operations, rounded to the nearest half or full shift. Therefore, shifts should begin at 7:00 AM, not at 1300 hours. Effective immediately, this practice will be discontinued, and the relevant agents will be billed accordingly.

8. On workplace pride and employee morale: I am pleased that our meeting concluded with a strong reaffirmation (at least from a majority of attendees) of our PORT STRONG spirit, recognizing that the Port operates 24/7. As Port employees, your daily contributions during vessel operations are essential in maintaining the seamless operation and efficiency of activities such as cargo handling and vessel management. Your dedication and acknowledgment of your value to our local and regional communities are crucial in keeping our Port fully operational. We must sustain our high employee morale and productivity in our workplace from all divisions at the Port in order that the Port, as an autonomous agency, promotes economic growth and regional stability but also positions us as a key player in national security, especially in light of current geopolitical dynamics.
9. Regarding employees who complete their 40 hours during ongoing vessel operations, resulting in overtime: We have not concerned ourselves with any overtime (OT) charged to vessel operations. If an employee's OT is legitimately billed to vessel operations, such instances have never been a concern for me. Given our current staffing limitations, any employee whose time is legitimately charged for working on a vessel should not be disrupted mid-shift.
10. Managing conflicts and fostering professional interpersonal relationships in the workplace. As your General Manager, I deeply understand the importance of handling conflicts with care and building strong, professional relationships among us. It's clear to me that a workplace humming with harmony, where we tackle disagreements constructively and uphold mutual respect, isn't just about getting along - it's about creating a vibrant, productive environment we all enjoy being part of. I want each of you to feel genuinely respected and



heard, knowing that your concerns are met with fairness. This kind of environment nurtures our sense of belonging and dedication, boosting morale and satisfaction in our jobs. Let's keep fostering a culture rich in open dialogue, empathy, and teamwork, where each of us feels valued and driven to succeed together. Remember, my door is always open, and I encourage you to feel comfortable approaching me or if you prefer to please address your concerns with anyone else up your chain of command, at any time. We're here for you, ready to listen and support.

We believe the items above captures our discussions and presents reasonable resolutions from our meetings and highlights our commitment to addressing your concerns and implementing effective solutions. Our decisions reflect a collective effort to enhance workplace efficiency, uphold our PORT STRONG spirit, and foster a supportive and collaborative environment. Your role in this process is invaluable, and your feedback has been instrumental in shaping these changes. As we move forward, let's continue to work together with openness and mutual respect, always aiming for the betterment of our Port and the community it serves. Your dedication and engagement are the pillars of our success, and I look forward to our continued progress.

Should there be any issue that we haven't captured or if a new or completely different issue arises, let's stay engaged and utilize this collaborative process. Our aim is to build consensus and achieve a win-win situation, balancing your individual needs with the Port's role as critical infrastructure and your vital role as an essential worker.

Fenders Recovered along F4



In a synchronized dance of maritime precision, the Port Authority of Guam's dive team recently executed a daring mission to recover sunken fenders beneath the wharf, their efforts augmented by the strategic deployment of Bumuchâcho, gantry 5. Submerged at a depth of 40 feet, this daring operation highlighted the skill and dedication of all participating teams to include stevedoring, harbor master's office, safety, and transportation as the dive team navigated the underwater challenges to retrieve essential equipment and surface teams worked to recover and secure the equipment for the safety and efficiency of port operations.

"The fenders, which had sunk as a result of Typhoon Mawar earlier this year, posed a potential threat to incoming vessels and the overall functionality of the port," said Port General Manager Rory J. Respicio. "Recognizing the urgency of the situation, we swiftly mobilized our highly trained workforce to address the issue."

With the recovery location at a depth of 40 feet, the mission presented a formidable challenge that demanded a multi-faceted approach. As the divers skillfully navigated the underwater terrain, they located and secured the fenders with meticulous care. The arrival of the crane marked a crucial juncture in the operation, as it lent its strength to the extraction process. Working in tandem, the dive team and the crane operators executed a seamless collaboration, ensuring the fenders were safely lifted from the depths and brought to the surface. This combination of underwater expertise and mechanical power not



only expedited the recovery operation, but also showcased the synergy between human skill and technological assistance in overcoming complex maritime challenges.

The recovered fenders are integral to the safety of vessels docking at the port. Fenders act as protective buffers, absorbing the impact between the ship and the wharf during berthing. By retrieving the sunken fenders, the Port Authority of Guam not only mitigated potential risks, but also ensured the continued smooth operation of port activities.

"This successful recovery stands as a testament to the Port's commitment to maintaining the highest standards in maritime safety as well as the adaptability and resourcefulness of the Port Strong Team in ensuring the continued safety and efficiency of port operations," Respicio added.

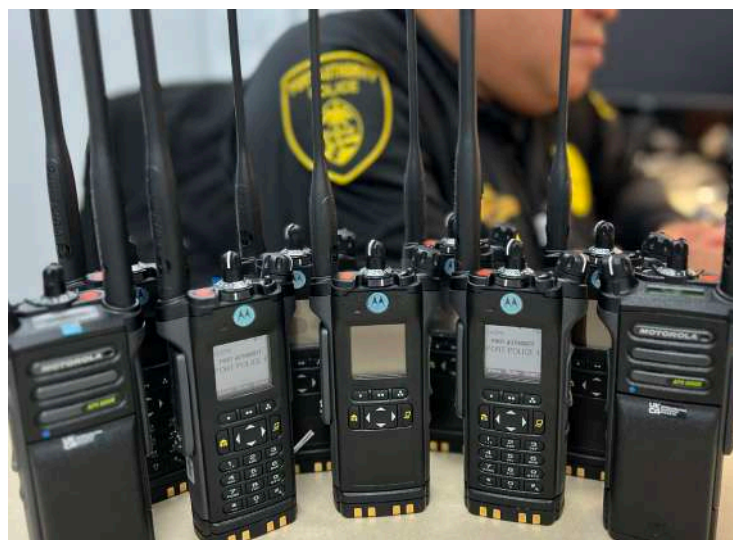
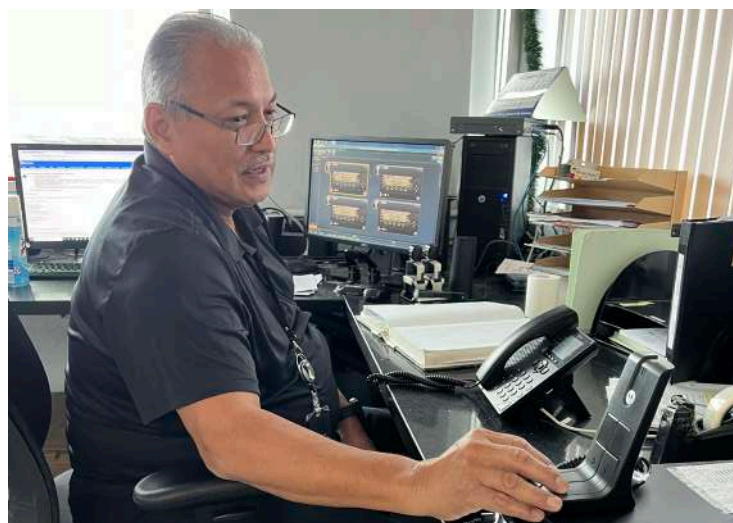
Advancing Maritime Safety: Port Receives New Radio Devices

In a significant leap forward for maritime security, the Port Authority of Guam embraces cutting-edge technology with the acquisition of modern radio communication units. The Port Police Division, which operates 24/7 to ensure port security and response readiness, received a boost with the addition of 72 Motorola radios, including accessories. This strategic move is aimed at modernizing communication tools by replacing obsolete 800 MHz Interoperable Communications Radio units, providing seamless compatibility with the existing Government of Guam 911 Smartnet Emergency Communications System.

With a diverse array of responsibilities ranging from overseeing the free flow of commerce to responding to natural and man-made incidents, the Port Police Division serves as the backbone of the Port's security infrastructure. Collaborating closely with the U.S. Coast Guard Sector Guam, the Division acts not only as first responders, but also as a preventive force, deterring potential threats and mitigating risks at all Port Facilities and jurisdictional areas between.

"The significance of this investment extends beyond the Port Police Division though," said Port General Manager Rory J. Respicio. "The new radios will not only facilitate effective communication, but also establish a direct line with key regulatory agencies such as the U.S. Coast Guard and the Guam Customs and Quarantine Agency. This inter-agency interoperability, which is in line with the Leon Guerrero-Tenorio Administration's push for a more resilient maritime industry, enhances our collective ability to prevent, prepare for, respond to, and recover from potential incidents, including typhoons, earthquakes, marine disasters, and potential terrorist threats."

"By fostering seamless communication among government agencies, first responders, and facility security officers, the Port's investment contributes to a more resilient and prepared community. This commitment reflects the Port's dedication to maintaining a secure and resilient environment for the benefit of Guam and the broader Western-Pacific region," Respicio adds.



Governor to DC: Port is Key to National Security

Governor Lou Leon Guerrero met with top US officials in Washington, D.C., in December to emphasize that national security and defense, aligned with the military's Indo-Pacific Strategy and Pacific Deterrence Initiatives, relies on more than military might. On this federal mission, she met with Dr. Kurt Campbell, currently serving as the National Security Council Coordinator for the Indo-Pacific and chief architect of the Biden Administration's Asia Strategy; various officials from the White House, including Gretchen Sierra-Zorita, the Director for Puerto Rico and the Territories at the White House Office of Intergovernmental Affairs, along with Erika Moritsugu and Ting Wu; Guam Congressman James Moylan, Congressman Rob Wittman, Secretary of the Navy Carlos Del Toro, DOI Acting Deputy Secretary Laura Daniel-Davis, Secretary of the Army Christine Wormuth, and Department of Veterans Affairs Under Secretary for Health Dr. Shereef Elnahal.

"We must work to ensure that we have an integrated One Guam approach to the Guam Buildup that provides comprehensive healthcare for both civilians and military personnel, including streamlined services for veterans in terms of healthcare and claims benefits processing, a skilled workforce supplemented by the H-2B visa waiver program, and robust infrastructure. This infrastructure planning must consider how defense access roads are to be constructed in conjunction with planned civilian projects, such as the future site of the public hospital. Military spending should also address civilian needs like the medical complex, port readiness, and cybersecurity protections, which are just a few of the critical initiatives directly tied to national security and the defense of our nation," stated Governor Leon Guerrero.

Lt. Governor Joshua Tenorio added, "This has been the foundation of our Team Guam approach since the beginning of the Leon Guerrero-Tenorio Administration. I can attest that each time the Governor and I see any opportunity, even the slightest, to push for a win-win situation or to advance a resolution addressing historical injustices, such as war reparations for the island's manåmko', full reimbursement of the Earned Income Tax Credit (EITC), and permanently securing the enhanced



Federal Medical Assistance Percentage (FMAP), we have done so and realized positive results. I am fully committed to continuing this kind of effective leadership beyond 2026, ensuring that the people of Guam remain the beneficiaries of all our negotiations with the federal government."

"Although there is more dialogue and a willingness to extend the military buildup funding outside the fence, it will take continued innovation, forward-thinking, and persistence to make the case that more defense spending on Guam, outside the military fence, is necessary to fund the plans that our administration has been presenting and to meet the military's objectives in Guam and the Indo-Pacific region," said Governor Leon Guerrero.

She also emphasized the importance of port readiness, which is crucial for military operations, advocating for military support to replace the Port of Guam's three aging STS gantry cranes. She highlighted the need for necessary investments by the military to ensure the Port of Guam does not become a choke point in the buildup.

Governor Leon Guerrero's delegation included Port Authority of Guam General Manager Rory J. Respicio and Guam Economic Development Authority (GEDA) CEO & Administrator Melanie Mendiola.



The U.S. Department of Interior's Assistant Secretary for Insular and International Affairs made a visit to the Port Authority of Guam on December 5, 2023.

Assistant Secretary Carmen G. Cantor came to the Port to get a first-hand look at the facilities and the aging gantry cranes. Port officials briefed Cantor on the 2023 Port of Guam Master Plan. The Plan which will assist the Port in defining its near-term and long-term approach to improving the port by maintaining fiscally sustainable operations, and promoting increased awareness and consensus on its approach among all affected stakeholders and the rate payers of Guam. Port officials explained to the Assistant Secretary the work being done to ensure the future readiness and resiliency of a modernized facility through the hardening of the Port of Guam's assets and resources to address national security concerns in light of the current and anticipated geopolitical environment.

Discussion also centered on the need to replace the Port's aging gantry cranes and efforts by the Port to seek funding support from the federal government to acquire three new STS Gantry Cranes.

Following the meeting, Cantor said she was going to Joint Region Marianas to discuss with them the results of her meeting with the Port and our needs with regard to federal funding.

Cantor most recently served as U.S. Ambassador Extraordinary and Plenipotentiary to the Federated States of Micronesia. Throughout her three decades of public service, she has served in various roles within the Department of State, at Office of Civil Rights for the Foreign Agricultural Service, and the Office of Equal Employment Opportunity at the Federal Maritime Commission. Carmen was born in Puerto Rico and raised in the city of Mayagüez, where she earned a B.A. from the University of Puerto Rico and then an M.A. from the Inter-American University of Puerto Rico.





Dear Port Strong Family,

As we come together to celebrate the joyous Christmas season, we want to extend our warmest wishes to you and your loved ones. We are incredibly grateful for your hard work and dedication throughout the year, which has played a vital role in the ongoing success of the Port Authority of Guam - the only deep-water seaport in our region. You are truly remarkable!

Our hope is that this holiday season fills your homes with happiness, your hearts with love, and your lives with laughter. May the spirit of the holidays bring us closer together and provide a fresh start for the upcoming year.

We want to express our heartfelt gratitude for your unwavering efforts in maintaining the efficiency of our port's operations, overcoming obstacles each and every day. Your presence is a gift to all of us.

Wishing you a Merry Christmas and a prosperous New Year!

Sincerely,

Handwritten signatures of various staff members, including names like Ramon, Martin, and others.

As we stand on the threshold of a new year, it is with great joy and gratitude that we reflect upon the remarkable journey of the Port Authority of Guam throughout the past year. In the spirit of progress, resilience, and community, the Port Authority has navigated challenges and embraced triumphs, leaving an indelible mark on the maritime landscape of Guam. Join us as we embark on a journey through our milestones and achievements, and the unwavering commitment to excellence that define the remarkable year that was for the Port Authority of Guam. As we celebrate the collective efforts, innovation, and dedication that have propelled us forward, let this review serve as a testament to the boundless potential and promising future that lies ahead for the Port Authority and the vibrant community it serves.

January

Oversight Chair Pays Courtesy Visit to Port

Senator Amanda Shelton, Oversight Chair for Maritime Transportation, and Senator Jesse A. Lujan met with General Manager Rory J. Respicio on January 19, 2023. The courtesy visit and tour were to brief the Senators on Port Operations, ongoing projects and future initiatives to garner their support as the agency's new oversight chair and co-chair.

Areas of discussion touched on the Port's importance and significance to the region, current capacity, federal partners and funding resources. Management shared a list of completed projects from 2007 to 2018 as well as ongoing projects.



Port Acquires Laser Cleaning Machine

A new piece of equipment is making work performed by the EQMR Division more efficient and productive.

The Port Authority of Guam recently acquired a LaserMen machine which is a continuous fiber laser cleaning device mainly used for metal rust removal. It also can be used for the cleaning of large molds, weld seam pre-treatment, pre-coating surface preparation/contaminant removal, pre-treatment to enhance adhesive bonding, fast removal of rust/oxides, oil, grease & production residues.

The hand-held cleaning gun is flexible and convenient, with a long cord allowing for distance range cleaning. The machine can be used to clean various metallic materials, like carbon steel, stainless steel, titanium, aluminum, and brass.

February

Port Wins Another Transparency Award

The Port Authority of Guam was awarded the First Place Platinum Award for the Fiscal Year 2021 Citizen-Centric Report (CCR).

This is the second time the Port has received the First Place “Excellence in Citizen-Centric Reporting Award” from the Association of Government Accountants (AGA), Guam Chapter.

The award was presented during the 2023 AGA Guam Professional Development Conference held at the Westin Resort Guam.

Guam Welcomes First Cruise Liner Since the Covid-19 Pandemic Began

The first cruise ship to come to Guam since the beginning of the COVID-19 pandemic sailed into Apra Harbor in the early morning hours of February 24, 2023.

The MS Amadea had 523 passengers and 302 crew members on board and were disembarking by later morning for tours of the island returning by the evening for their scheduled departure.

March

Port Breaks Ground on Waterline Project

The Port Authority of Guam held a groundbreaking ceremony on March 9, 2023 for the Waterline Replacement and Relocation Project which is a part of the agency’s Modernization program.

The relocation of the main 16-inch diameter feeder line will run from Route 11 along the perimeter of the terminal yard and will minimize any impact to on-going terminal operations when repairs are required. Redundant feed lines for each major area within the terminal yard will ensure the availability of fire water service in the event of a break to any main or secondary feed waterline and the shutoff and isolation valves will allow for proper system testing, servicing, and maintenance.

The new waterlines will relocate the main service feed line and address water leaks identified in the past three years, will provide redundancy and are intended to improve pressure to meet local building codes and fire protection requirements.

This project will have minimal impact to on-going terminal operations. The \$4.8 million project, fully funded through the Port’s 2018 Revenue Bonds, was awarded to BME & Sons, Inc. and will take approximately one year to complete.



Diamond Princess Makes a Call to Guam

The M/V Diamond Princess is the second cruise ship to come to Guam since the beginning of the COVID-19 pandemic.

The M/V Diamond Princess brought 1,545 passengers and 1,097 crew members who disembarked by 8 a.m. and returned to the ship later in the afternoon for a 6 p.m. departure.

Passengers were greeted dockside by cultural dancers and will be able to experience a taste of Guam straight off the ship at various local food trucks staged at the Port for the day. The cultural performance was coordinated with the assistance of Guam Visitors Bureau President and CEO former Governor Carl T.C. Gutierrez.



April

Port Board Unanimously Adopts 2023 Master Plan

The Board of Directors of the Port Authority of Guam unanimously adopted the Port 2023 Master Plan during the monthly regular board meeting held on April 6, 2023.

The purpose of the 2023 Port of Guam Master Plan is to assist the Port in defining its near-term and long-term approach to improving the port by maintaining fiscally sustainable operations, and promoting increased awareness and consensus on its approach among all affected stakeholders and the rate payers of Guam.

The 2023 Master Plan for the Jose D. Leon Guerrero culminates with a Port Improvement Program (PIP) comprising of two categories – the Port Readiness Plan (PRP) and the Sustainability Plan (SP). The PRP is subdivided into capital improvement projects and other port readiness projects, while the SP addresses continued professional and technical services oversight and support to address port sustainability and resiliency, environmental initiatives to reduce the



port's carbon footprint and reduce its greenhouse effects, and strategic goals toward zero waste improvements. The PIP is focused on ensuring the future readiness and resiliency of a modernized facility through the hardening of Port of Guam assets and resources to address national security concerns from the current and anticipated geopolitical environment.

Port holds Groundbreaking Ceremony: EQMR and Warehouse I



The Port Authority of Guam, along with the Governor of Guam, held a Groundbreaking Ceremony on April 19, 2023 for the rehabilitation and upgrade of the Equipment, Maintenance and Repair (EQMR) Building and Warehouse 1 as a part of the Port Modernization Program.

The event was held at the EQMR Building within the Port terminal yard.

Repairs and upgrades to the project sites will harden 79,000 square feet of warehouse space. Structural repairs will address existing cracks and spalling affecting the overall structural integrity of the EQMR Building and Warehouse 1 that pose hazards to personnel working within the facilities.

The project also includes repairs to the mechanical and electrical systems within the EQMR Building, upgrades to the fire protection system and inspection and replacement of corroded reinforced steel in Warehouse 1. The total cost for all projects is \$3,149,776.53 which includes \$2,599,999.00 in Port funds and \$549,777.53 funded by a combination of Hazard Mitigation Program Grant, federal funds, and Port funds. The contractor for the EQMR and Warehouse I repair and upgrades is JJ Global Services. The contractor for the Warehouse I hardening project is IAN Corporation.

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Port Wins Another National Transparency Award

The Port Authority of Guam has again been recognized on a national level for transparency and communication with the public regarding how the agency spends ratepayer dollars.

AGA Chief Executive Officer Ann M. Ebberts wrote in a letter sent to the Port Authority of Guam, “AGA applauds your commitment to good government and responsible fiscal action reflected in the Citizen-Centric Report (CCR) you produced on behalf of the Port Authority of Guam. AGA welcomed the opportunity to review your fiscal year 2021 report, and we are pleased to present you with the Certificate of Excellence in Citizen-Centric Reporting.” The National Association of Government Accountants first awarded the Port Authority of Guam with this prestigious recognition

in October 2020 for the 2019 CCR report.

The team of AGA reviewers commended the Port Authority on the outstanding aspects of the CCR – the report is well-organized and the layout and format make the report easy to read; excellent use of photos and charts for illustration and data comparison; detailed information provides descriptions of the Port Authority’s services, goals, results, and outlook for the future.

The Port’s Citizen-Centric Report is produced by the Financial Affairs Division under the direction of Financial Affairs Controller Jojo Guevara with the assistance of the Port’s Marketing Division. The Port Authority’s CCR may be viewed at the Port’s website at https://www.portofguam.com/sites/default/files/fy2021_ccr.pdf

May

Mawar Hits the Port: Recovery Efforts Ongoing

Typhoon Mawar hit Guam in May and left behind a massive trail of destruction.

Merely one day after Typhoon Mawar devastated Guam and the island’s only commercial seaport, employees of the Port Authority of Guam worked tirelessly to get the Port back up and fully operational.

The Port weathered Typhoon Mawar with visible damage to Piers F3, F4, F5 and F6, particularly the Bull Rail. Portions of the Fender System were also damaged or broke off. The storm also caused damage to the Hågat and Hagåtña Marinas.

Port Police Rescue Cabras Marine Crew

Three fuel barges took refuge from the storm along F4 and F5 and were supported by three tug boats from Cabras Marine with crew members aboard the vessels. At the height of the storm, the Harbor Master’s Office received a distressed call from the Tugboat Polaris that their engine was down. In response, six Port Police Officers battled strong winds to rescue four crew members aboard the vessel that was tied up to F4 Pier. Lt. James Sandlin and Police Officers Alex Tithingrad, Jacob Iriarte, David Untalan, Kylie Maurer, and Kyler Candoleta rescued the four-man crew safely from the storm surge battered vessel.



June

Typhoon Mawar Recovery Continues

The Port Authority of Guam continues to show the true Port Strong support with recovery efforts exceeding everyone's expectations.

Typhoon Mawar left a massive path of destruction across the island and the Port was not spared. Estimates reveal \$8 million dollars in damages to the island's only commercial seaport.

"Despite millions of dollars in damage, we were able to get the Port open and fully operational only 3 days after the storm passed," said Port General Manager Rory J. Respicio. "This was possible because of the amazing Port Strong spirit of our employees as well as the support of Governor Lou Leon Guerrero, Lt. Governor Josh Tenorio and our Board of Directors."



July

GM Addresses Concerns from Confirmation Hearing

The General Manager of the Port Authority of Guam, during the monthly board of directors meeting held on July 6, 2023, addressed issues recently brought up by senators at a confirmation hearing for two potential board members.

A legislative confirmation hearing was held on May 3, 2023 for the Governor's re-appointment of Mr. Frank Santos and appointment of Mr. Luis Baza to serve on the Port Authority Board. Legislative action on the confirmation has yet to be determined.

"During the recent Legislative Confirmation Hearing for our two Board of Directors nominees, numerous misstatements and allegations were made by a few lawmakers regarding the Port," said Port Authority of Guam General Manager Rory J. Respicio. "I was not provided the opportunity to properly respond during the hearing so I would

like to take this time to clear up the issues that were raised."

Respicio provided members of the Port Board of Directors with clarifications on misstatements and allegations regarding numerous matters including the two nominees, Port 7 issue, YTK, Port debt service ratio, number of Port employees, storage of the GPA generators, the Port's work to interdict drugs and the training assignment of the Port's Procurement and Supply Manager.

We welcome Mr. Baza to the Board as he brings a wealth of institutional knowledge of the Port due to his service as deputy general manager. In fact, the senator who brought this issue up knows what a benefit this can be as her previous deputy general manager also left active service and then was appointed as one of her board members during her tenure.

September

S&P Global Ratings Maintains Port's Outlook at Stable

On September 28, 2023, Standard and Poor's (S&P) Global Ratings maintained its outlook for the Port Authority of Guam at stable and affirmed its 'A' long-term rating on the agency's outstanding series 2018 Port Revenue Bonds.

"We consider the authority's management and governance strong, reflecting our view of the port's strategic positioning, risk and financial management, and organizational effectiveness," the ratings report by Standard and Poor's Global Ratings stated. "Our assessment of the authority's financial risk profile as strong reflects our view of its strong financial performance, strong debt and liabilities capacity, and adequate liquidity and financial flexibility."

According to the report, "the stable outlook reflects our expectation that fiscal 2023 and 2024 port activity will continue to demonstrate resiliency in the aftermath of Typhoon Mawar, and that key financial metrics will remain sound, the port's debt capacity will remain strong, and cargo volumes will remain near current levels."

Board Unanimously Approves Realignment

The Port Authority of Guam Board of Directors unanimously approved realignment efforts during the monthly board meeting held on September 28, 2023.

The board approved Resolution No. 2023-15 "RELATIVE TO AUTHORIZING THE GENERAL MANAGER TO PROCEED WITH REALIGNMENT OF THE PORT AUTHORITY OF GUAM'S ORGANIZATIONAL STRUCTURE AND TO AMEND CLASSIFIED JOB SPECIFICATIONS AND TO RETIRE VACANT, OBSOLETE POSITIONS TO STREAMLINE ROLES AND RESPONSIBILITIES AND OPTIMIZE ORGANIZATIONAL EFFECTIVENESS."

"The current organizational structure, established in 2006, has its limitations, and therefore an organizational realignment would better enhance and promote teamwork between the divisions, increase resource visibility, and manifest an improved sense of self-governance by its employees," the resolution states. "It is recommended that the current organizational structure be realigned to merge Operations and Equipment Maintenance divisions into one division;



establish Facility Maintenance as a discrete division; merge Capital Improvement Projects and Engineering divisions into one division; and separate Occupational Safety and Environmental Compliance into two singular divisions."

The realignment will not displace nor have any adverse effect upon any classified employees within the divisions and will realize nearly \$750,000 in cost savings.

Port Receives New Specialized Yard Equipment

The Port has secured four of five new specialized container yard equipment as part of the Biden-Harris Administration's \$39 Million in Grants for America's Marine Highways Program to Strengthen Supply Chains. The U.S. Department of Transportation's Maritime Administration (MARAD) awarded the Port Authority of Guam via the Guam Marine Transportation Enhancement Initiative \$5,703,560 toward expanding the Port's Fleet.

On September 5, 2023, the Port Authority of Guam received two of the three Taylor-made side-loaders as part of this initiative with a third to follow. These side-loaders, with a 10-ton capacity lift, will be deployed within the terminal yard to handle empty container movement. Each side-loader unit costs \$687,000.00.

Additionally, the Port received two new top-loaders also manufactured by Taylor, which will be assembled by Taylor upon arrival. With a 40-ton capacity lift, the top-loaders will be used to handle filled containers within the yard. Each top-loader unit costs \$1,247,000.00.

The AMH grant further provides for the purchase of five 5.5-ton forklifts; one 180-foot boom lift; nine container yard tractor trailers; and two 40-plug mobile reefer generators. This expands the Port's fleet of specialized container yard equipment. All equipment under this grant program is subject to the Build America, Buy America Act (BABAA) requirements.

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August

4th Consecutive Year Designation as Low-Risk Auditee

The Port Authority of Guam has once again achieved low-risk auditee status. This is the fourth consecutive year in a row that the Port got this designation since the time that it failed to get this designation in Fiscal Years 2017 and 2018.

Independent auditors Ernst & Young (EY), rendered the unmodified (clean) opinion of the Port for FY 2022 financial statements and compliance over major federal programs. Also, no material weaknesses and significant deficiencies in internal controls were identified by the auditors.

“These clean, low risk status audits for the past four years demonstrate strong leadership and management from the GM and his team of dedicated, qualified, and Port-strong employees,” Public Auditor Benjamin J.F. Cruz said. “The Port’s level of professionalism and attention to the Rule of Law, transparency, and accountability is admirable.”

PAG Achieves Net Position Growth of 12.6M

PAG concluded FY 2022 with a net position of \$26.4 million (M), marking an increase of \$12.6M (or 91%), from FY 2021’s net position of \$13.8M. These were due to significant increases in net nonoperating revenues by \$14M (or 1892%), from \$754 thousand (K) in FY 2021 to \$15.0M in FY 2022. The increase in net nonoperating revenues is primarily due to the \$15M grant received from the American Rescue Plan Act of 2021 Fiscal Recovery Funds as a reimbursement for COVID-related expenses. PAG also received contributions from U.S. Government capital grants of \$560K in FY 2022, specifically from the U.S. Department of Transportation Maritime Administration for construction deficiencies and equipment purchases. These increases were offset by the loss from operations of \$3.0M in FY 2022.

Increases in Containers Handled and Rental Revenue Drive Growth in Operating Revenues

PAG’s operating revenues increased by \$2.6M, from \$55.1M in FY 2021 to \$57.7M in FY 2022. The increase in operating revenues was primarily due to the increases in equipment and space rental and cargo throughput charges. Specifically, PAG had an increase of \$1.3M in equipment and space rental revenue, due to an increase in the demurrage fees charged



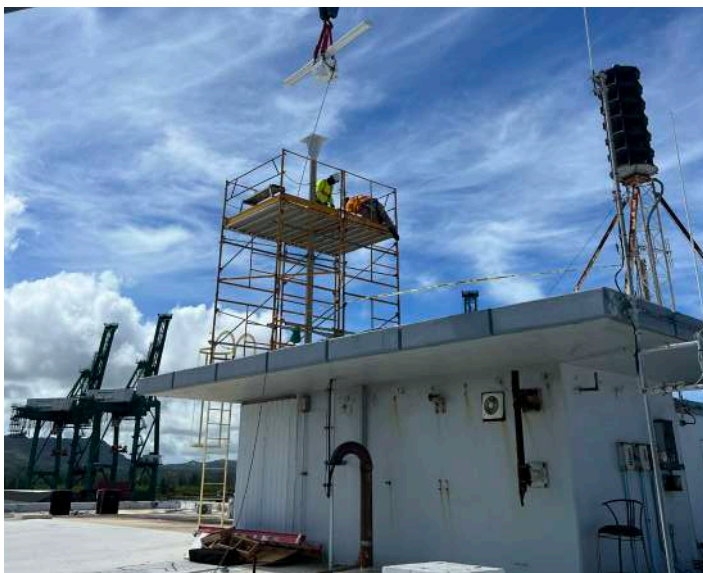
to shipping agents for storing cargo on PAG’s terminal facilities. During FY 2022, PAG handled 89K containers, reflecting a 3% increase from FY 2021’s container cargo count of 87K. Additionally, PAG handled 141K tons of non-containerized cargo, a 30% rise from FY 2021’s 109K tons of non-containerized cargo. These cargo increases resulted in increases for certain revenue categories, notably a \$1.2M increase in cargo throughput charges, climbing from \$34.8M in FY 2021 to \$36.0M in FY 2022. The increase in operating revenues is also attributable to the increases in wharfage charges by \$218K and crane surcharges by \$43K. These increases are offset by the decreases in other operating income by \$81K and special services revenue by \$3K.

Board Unanimously Approves FY24 Budget

The Port Authority of Guam Board of Directors unanimously approved the agency’s budget for Fiscal Year 2024 during the monthly board meeting held on August 31, 2023.

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.



Radar Intrusion and Vessel Tracking System Gearbox Installed

On September 13, 2023, G4S was able to hoist and install the Port's Radar Intrusion and Vessel Tracking System gearbox atop an 18-foot pole located above the Harbor Master's Office.

The addition of this modern radar and vessel tracking system will promote enhanced monitoring of Apra Harbor and the ability to track vessels from the territorial baseline to beyond 24 nautical miles out. Completion of this project will grant the Harbor Master's Office real-time vessel identification with vessels equipped with Automated Information System (AIS) and increase vessel accident prevention critical to the continuity of operations and commerce.

The implementation of this project will enable the Port to conduct effective surveillance of both outer and inner Apra Harbor and adjacent approaches from the sea. It adds the ability to detect and identify potential Improvised Explosive Devices (IED) or conventional threats delivered by small craft and surfaced swimmers in sufficient time for timely classification and identification of the threat. This added capability allows for deliberate and measured deterrent and denial strategies to be implemented to protect critical Port infrastructure, private sector facilities, military assets and personnel that make up the Port community.

The project was funded by a FY2021 Port Security Grant Program award and is matched with local Port funds. The award for the project was given to G4S Security Systems in the amount of \$347,000.00.

October

Moody's Issues Baa2 Credit Rating for Third Year in a Row

On October 5, 2023, the Port Authority of Guam received positive financial news as Moody's Investors Service issued a Baa2 credit rating for FY 2022.

This rating was based on the Port's credit strengths for the fiscal year. Moody's report highlighted the following:

- **Very Stable Revenue Profile:** The port's credit is supported by a very stable revenue profile, which has proven resilient through the coronavirus pandemic. Despite an effective closure of the island's tourism economy, the port's operating revenue between 2020 and 2022 averaged \$55.8 million, in-line with pre-pandemic figures.
- **Healthy Liquidity:** The port authority's liquidity position is healthy. Fiscal 2022 financials show unrestricted cash and cash equivalents of more than \$33 million, with unrestricted and discretionary reserves of \$57.5 million; days cash on hand for 2022 was 429 days, above the 361 in 2021. The port has held more than 300 days cash on hand since 2016, a trend we expect will continue at least through the outlook period.
- **Solid Debt Service:** The debt service coverage for the Port is solid and expected to remain around 2.7x on the net revenue basis.
- **Credit Strength:** The port derives credit strength from its role as the sole commercial port in Guam, handling around 90% of the territory's imported cargo and a significant portion of military cargo. The Port of Guam is the only port in the Micronesia region that has the infrastructure and equipment required to service container vessels with a capacity of up to 4,000 TEUs (twenty-foot equivalent units). The port faces limited restrictions to accommodate future growth related to the military build-up. The port's capacity limit is around 200,000 containers; in fiscal 2022, the port handled just over 89,000 containers, in-line with volumes over recent years
- **Quick Mawar Recovery:** We have noted in prior reports that the port is exposed to weather-related events that could affect revenue-

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generating activities. In late May, Typhoon Mawar shut down port activities for several days, though early and prudent preparations

limited the extent of damage, with sustained damage quickly remediated by the port.

November



GFT Union Upholds Administration of CBA

The Port Authority of Guam (PAG) proudly reaffirms its steadfast commitment to the Collective Bargaining Agreement (CBA) established with the Guam Federation of Teachers (GFT) on January 20, 2020. This reassertion follows an in-depth dialogue with Robert Koss, GFT Union Representative, Dan Del Priore, GFT Chief Negotiator, several GFT stewards (observers), and Port management on November 16, 2023. The meeting centered on the operation of Port personnel and shift workers as stipulated under Section 4.B of the CBA.

This critical section of the CBA delineates the workweek for personnel directly engaged in cargo loading and unloading, contingent on vessel arrival and departure schedules. It specifies twelve-hour workdays during vessel operations and mandates providing a two-week work schedule in advance, ensuring a guaranteed forty-hour workweek for all employees.

During the meeting, PAG reassured the GFT of its ongoing compliance with both the Port's Personnel Rules and Regulations and the CBA since its inception. The Port's interpretation of the CBA, particularly regarding work hours, is designed to prevent employees from working beyond 40 hours in weeks without vessel operations. This approach is in line with the original intent of the CBA's drafters to minimize unnecessary overtime and operational costs.



Respicio Urges Reconsideration Vote for Board Nominee

Port Authority of Guam General Manager Rory J. Respicio is expressing grave concern over the failed confirmation of former Senator Dr. Judith P. Guthertz to the Port's Board of Directors.

Sen. Guthertz received seven votes. Voting in her favor were Vice Speaker Tina Muna Barnes, Port Oversight Chair Senator Amanda Shelton, Senator Joe S. San Agustin, Senator Roy Quinata, Senator William Parkinson, Senator Dwayne San Nicolas, and Senator Chris Duenas.

Respicio wrote a letter to the senators, on November 13, 2023, who did not vote in favor of Guthertz and noted that this legislative rejection comes at a crucial time for the Port. They include Speaker Therese Terlaje, Senator Sabina Perez, Senator Chris Barnett, Senator Jesse Lujan, Senator Frank Blas Jr., Senator Telo Taitague, Senator Thomas Fisher and Senator Joanne Brown.

Judith P. Guthertz is recognized for her extensive experience in public administration and ethics, and her involvement in Guam's educational institutions, qualities that make her an exceptional candidate for the Board.

The General Manager raised concerns that those voting against former Senator Guthertz seemed influenced by another sitting senator's agenda, prioritizing political considerations over the welfare of the Port and the community.

All Three Cranes Offline for Repair, Highlighting Need for New Cranes

On November 14, 2023, the Port Authority of Guam announced the successful repair and return to service of all three gantry cranes. These vital pieces of critical infrastructure equipment are back online after Gantry 4 was out of service for three days (November 8th - 11th) to replace a faulty after-cooler, Gantry 5 was offline for eight days (November 3rd – 11th) due to mechanical issues that have been addressed with a genset replacement and Gantry 6 was offline for four hours (November 8th) after an electrical cable shorted and blew a fuse.

These incidents underscore the Port's pivotal role in supporting not only our island and region's commercial and economic activities, but also its critical role in military readiness in the face of looming geopolitical threats.

December

GM Meets with Operations on Employee Work Schedule

Port General Manager Rory J. Respicio held meetings with all employees of operations in an effort to address concerns and implement effective solutions as it relates to their work schedule and guided by the Collective Bargaining Agreement (CBA).

Three meetings were held on November 22, 2023, November 30, 2023 and December 1, 2023 to navigate the dynamics of our operational environment and align effective scheduling practices that ensure both productivity and the well-being of our workforce.

Governor to DC: Port is Key to National Security

Governor Lou Leon Guerrero met with top US officials in Washington, D.C., in December to emphasize that national security and defense, aligned with the military's Indo-Pacific Strategy and Pacific Deterrence Initiatives, relies on more than military might.

"We must work to ensure that we have an integrated One Guam approach to the Guam Buildup that provides comprehensive healthcare for both civilians and military personnel, including streamlined services for veterans in terms of healthcare and claims benefits processing, a skilled workforce supplemented by the H-2B visa waiver program, and robust infrastructure. This



infrastructure planning must consider how defense access roads are to be constructed in conjunction with planned civilian projects, such as the future site of the public hospital. Military spending should also address civilian needs like the medical complex, port readiness, and cybersecurity protections, which are just a few of the critical initiatives directly tied to national security and the defense of our nation," stated Governor Leon Guerrero.

Assistant Secretary of Interior Visits the Port

The U.S. Department of Interior's Assistant Secretary for Insular and International Affairs made a visit to the Port Authority of Guam on December 5, 2023.

Assistant Secretary Carmen G. Cantor came to the Port to get a first-hand look at the facilities and the aging gantry cranes. Port officials met with Cantor and briefed her on the 2023 Port of Guam Master Plan. The Plan will assist the Port in defining its near-term and long-term approach to improving the port by maintaining fiscally sustainable operations, and promoting increased awareness and consensus on its approach among all affected stakeholders and the rate payers of Guam. Port officials explained to the Assistant Secretary the work being done to ensure the future readiness and resiliency of a modernized facility through the hardening of Port of Guam assets and resources to address national security concerns from the current and anticipated geopolitical environment.

Discussion also centered on the need to replace the Port's aging gantry cranes and efforts by the Port to seek funding support from the federal government to acquire three new STS Gantry Cranes.

Port Christmas Luncheon



December Photo Highlights



CONGRATULATIONS TO Elected Officers

- #1. Gussieannmarie "Nikki" Diaz
- #2. Steven Muna
- #3. Jennifer Leon Guerrero
- #4. Raymond Santos
- #5. Kevin Sanchez
- #6. Teresa Taitano





PORT OF
GUAM

HAPPY *New Year* 2024

Port Strong, our symbol of hope and unity, embodies our strength and dedication to duty. This powerful emblem has withstood challenges, past and present, including a global pandemic and a major typhoon.

For 2024, we are committed to enhancing teamwork at every level, aiming to maintain our Port's excellence and operational readiness.

Here's to another year of innovation, deeper understanding, and achievements. Wishing joy and prosperity to you, your loved ones, and our entire Port Strong Family!

#PORTSTRONG



Happy *Birthday* to you!

BRENDA ANN T. ATALIG
DARRELL HARRIS
GABRIELLE SAN GIL-CHARGUALAF
JUAN C. BORJA
BERNADETTE STERNE
PAUL A. CRUZ
MELCHOR B.D. PEREZ
ALAN I. CALIP
DAVID B. ESPLANA, JR.
IAN D. WAKI, JR.
JEROME C. VALDEZ
BENNY G. CRUZ
PETE P. SALAS
JERIC LAWRENCE A. NAVARRO

KENNETH A. SANTOS
AMOS JUDE T. TAIJERON
KIANA MARIE M. SANTOS
CLARENCE V. LAGUTANG
JASMIN K. SANTOS
NOREEN B. BABAUTA
JACQUELINE A. CRUZ
PAUL B. SANTOS
JEROME L. CASTRO
JARED J. ANDERSON
JACOB RICO JR. I. PAUNTE
SHANNON T. QUENGA
CHRISTOPHER D. WAKI
DA'OK H. CHARFAUROS