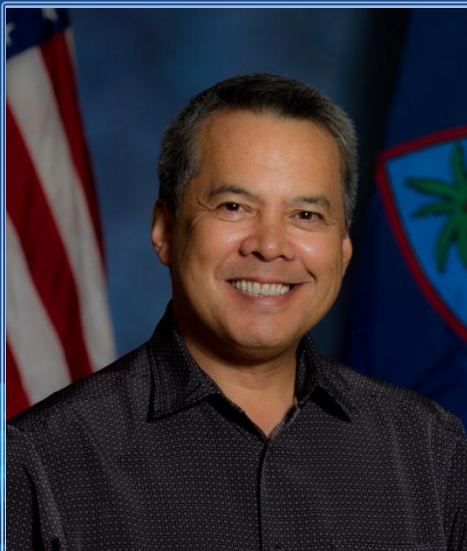




A PUBLIC - PRIVATE PARTNERSHIP FOR A BETTER FUTURE



Daniel Tydingco

Chairman of the Board, Port Authority of Guam

Our Port ...



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- History and Snapshot
- Our Vision – Port Modernization
- Guam Military Buildup Reset/What's Next
- Labor Force/Economic Impact and Jobs Analysis of Port Improvement Project
 - Near Term Construction Jobs and Impact
 - Jobs in Economically Distressed Areas
 - Long Term Jobs and Economic Impact of PAG Operations
- PAG Apprentice Program



History & Snapshot...



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- Port was Navy designed & put in service in late 1960's
- Has remained largely unchanged since 1960's
- Trans-shipment hub for CNMI, Micronesia, & Far East Markets
- Facilities are considerably deteriorated and are ***Out of Date*** for modern cargo operations

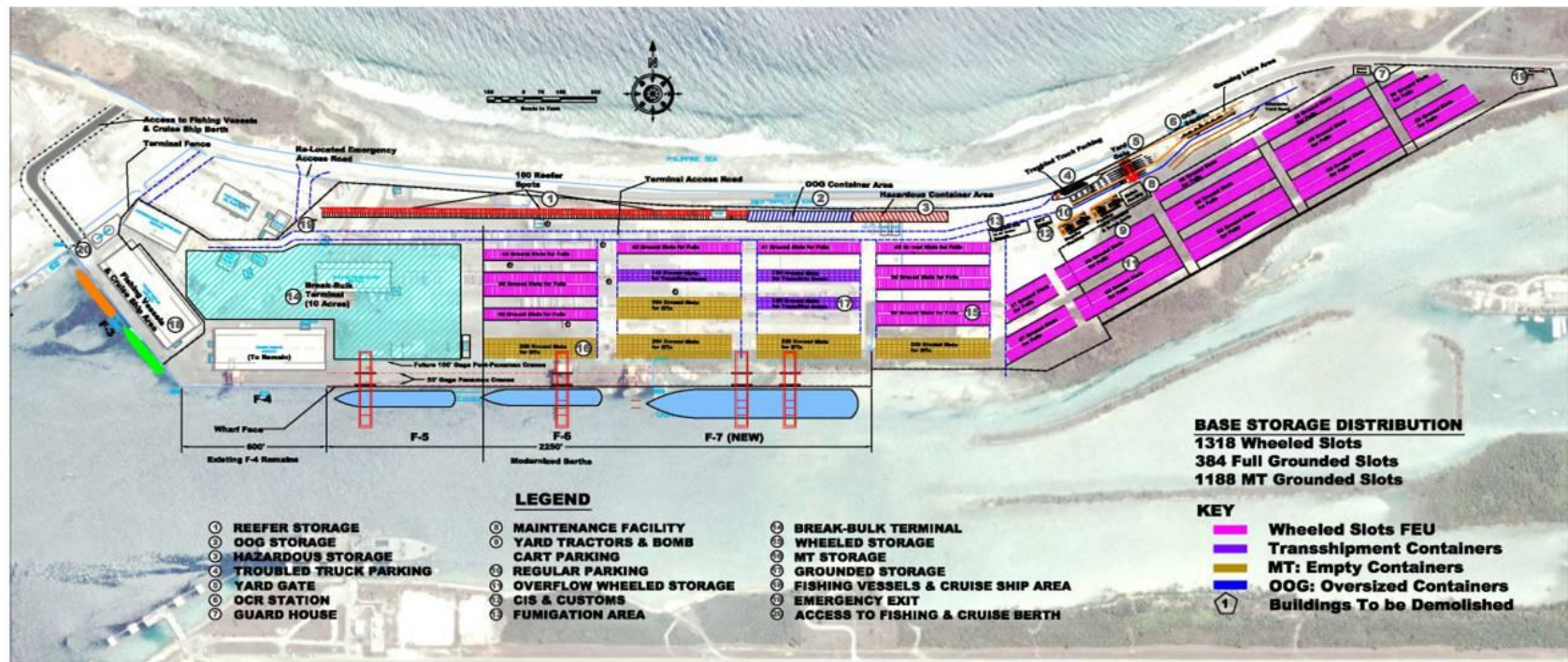


Our Vision in 2007 ...



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- The Port Modernization Program, as originally authorized by the Guam Legislature, spanned a 30-year planning horizon and was valued at a little more than \$260 Million. Phase I-A and Phase I-B of the program focused on critical maintenance and repair of waterfront facilities and the dredging and uplands expansion needed to handle near-term cargo demands of the military buildup. Phase II of the program was to occur 30 years into the future and focused on the expansion needed to address the cargo demands of the long-term organic growth of Guam and our neighboring islands



Our Vision ...



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In 2007:

- The Port engaged Parsons Brinckerhoff International to update its 1999 Port Master Plan in light of the 2006 US-Japan Force Realignment and announced relocation of US marines to Guam

- Projected Figures of thru-put in 2007:

Critical Capacity Constraints for Containers, Break-bulk & Cement Annual

Cargo:

Containers:

103,000 Boxes in 2007

Est. Capacity

120,000 (current trade pattern)

Peak Demand

190,000 (200,000 high peak)

Break-bulk:

155,000 Tons Peak in 2006

Est. Capacity

Close to Capacity

Peak Demand

320,000 Tons During Construction

Cement:

100,000 Tons in 2007

Est. Capacity

125,000 Tons

Peak Demand

250,000 Tons (Could range higher)

Cruise:

6 to 8 Vessels

Future Demand

25 Vessels if Successful

Liquid Fuels

Have Excess Capacity (Shell/Mobil)



Our Vision ...



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In 2008:

- Master Plan (MP) 2007 Update Report completed- based on organic growth and buildup
- MP conditionally approved by Guam Legislature
- Financial Feasibility Assessment completed- to determine if the projected cargo flows will support borrowing
- PAG-MARAD MOU executed contingent on Congressional Authorization



Our Vision ...



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In 2010:

- July of 2010 President Obama signed into law HR 4899 the “Supplemental Appropriations Act, 2010” which gave the Port a \$50 Million grant from the Department of Defense
- October of 2010 the USDA awards the Port \$54.5 Million in loans for the Modernization Program



In 2010 ... Unexpected Stumbling Block



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- Waterfront Inspection Conducted
- Damage to Berth F5 Discovered
- Temporary shutdown to conduct structural integrity tests
- Structural integrity report revealed Operations can resume but Port must address deficiencies
- Port and MARAD then began discussions on how to incorporate the repairs into Modernization Program



Guam Military Buildup Reset...



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In 2011

- Information being released by the Department of Defense indicated that the military buildup on Guam – due to numerous global reasons – would be adjusted downward.
- As such, there was a need to adjust our Modernization Program to reflect the changes while keeping the commitment to serve the needs of our people and the people of our entire region.
- The Port and MARAD then agreed upon a revised implementation plan and layout



2012 Recalibration

- January 2012 earthquake exacerbates deterioration.

Recommendations: Expeditious Repairs Are Needed

The concrete deck structure is clearly exhibiting signs of worsening conditions.

New Plan of Action: Balanced approach which considers uplands work now and fund critical wharf repairs through program which will move the construction forward at a faster pace.

All stakeholders awaiting addition geotechnical seismic reports due in April 2012

Q4 ground breaking announced by MARAD



Port's Desired Action in the event of further delays



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Risk Mitigation Approach:

- De-link M&R from Port Modernization Program which will significantly speed up the repair of F5
- Treat the work as separate M&R that can be cleared under a Nation-wide Permit



Marine work – Service Life Extension



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■ General Scope of Work involved with the Service Life Extension

• Berth 5 Repairs:

- Concrete cutting and drilling
- Blasting of exposed rebar and concrete
- Formwork
- Concrete placement
- Cutting and installing steel rebar
- Sealing concrete surfaces
- Placing booms and tarps to protect against material dropping in water
- Operating skiffs/ flat barges
- Operating Surface Equipment (trucks, payloaders, drilling machines, generators, saw cutters, concrete trucks, concrete pumper, welding machines, compressors)
- Demo and hauling

• Installing Cathodic Protection:

- Divers
- Welders
- Electricians
- Helpers
- Surface crew tending hoses and compressors

• Repairing/Replacing Fenders:

- Cleaning and Examining Concrete
- Removing/Replacing bolts and chains
- Drilling bolt holes and installing epoxy around cracks and new bolts
- Fabricating Fenders – Fender are to be manufactured outside of the country including steel frames. Local labor is limited to installation.
- Operating Lifting Equipment
- Welding of chain brackets etc.
- Demolition and Hauling
- Divers and dive crew for removal of fender remnants from mudline



Marine work – Service Life Extension



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■ General Scope of Work involved with the Service Life Extension

• Installing Stone Columns:

- Concrete Removal
- Excavation/drilling
- Stone Placement
- Steel rebar replacement
- Pavement Placement
- Operating Lifting Equipment
- Operating stone column equipment
- Stone supply quarry ops and transport trucks from quarry to site
- Demolition and Hauling

• General Support:

- Supervising Construction Trades
- Overseeing Safety and QA/QC
- Performing Job Inspection
- Managing Projects & Admin Support
- Hooking Up Temporary Utilities
- Traffic Control
- Storage/Staging and Security

• General Trades Involved:

- Electricians
- Carpenters
- Plasterers
- Bricklayers
- Cement Finishers
- Welders
- Equipment Operators
- Vehicle Operators
- Laborers
- Rodmen
- Painters
- Divers
- Apprentices/Helpers
- PM's
- Job Foremen
- Safety Specialist
- QA/QC Specialist
- Inspectors



Labor Force/Economic Impacts

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■ Near Term Construction Jobs and Impacts

- Based on study conducted by BST Associates in August 2009
- Direct economic impacts are from Project related sales, income and jobs
- Indirect economic impacts from purchase of supplies, materials, and labor force from firms that receive direct Project funding
- Induced jobs created by the additional spending generated by additional employment earnings
- Port Improvement Project is expected to create 1,600 jobs, \$209 millions in economic output, \$68 million in employee wages
- Significant portion of supplies are expected to come from United States
- ***Before being downsized the program was expected to do this. Program has been reduced by a third (33%) near-term, so these figures will only play out if real cargo flow and completion of original program happen...this is conceivable, but would be spread out over several more years given the delays we are seeing in the military buildup***

Category	Direct Impact	Total Impact	Direct Impact on US	Total Impact on US
Economic Output millions	\$99.4	\$119.3	\$99.4	\$208.5
Wages/Income \$millions	\$19.3	\$20.0	\$33.2	\$68.4
Employment	656	804	708	1,599

Other ongoing progress ...



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- **Container Yard Lighting.** The Port was awarded a \$834,016 grant for Container Yard Lighting by the US Department of Homeland Security/FEMA and a Notice to Proceed has been issued to DCK Pacific Guam for the project. The ground breaking ceremony will be held on March 22, 2012 at 10:00am at the project site.
 - Electricians, engineers, equipment operators, suppliers and associated contractor jobs

- **Marina Repairs.** Just recently, on February 28th, Governor Calvo received notification of the award of \$2.5 Million from the Office of Insular Affairs for renovations to the Gregorio D. Perez Marina (Hagatna). Our staff will now begin the process of preparing the scope of work and putting project out to bid for Phase II of the upgrades and repairs. Phase I was recently completed and we will be proceeding with the second phase.
 - Electricians, engineers, equipment operators, suppliers, underwater related fields and associated contractor jobs



Other ongoing progress ...



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- **Security Upgrades.** Our Strategic Planning, Engineering, and Procurement Divisions, in coordination with the Port's Owner Agent Engineer (OAE) Parsons Brinckerhoff, is currently in the process of finalizing the scope of work for the issuance of an RFP for \$4,037,470 Million in US DHS/FEMA funded maritime and port security upgrades in mid April 2012 (Access Control System, TWIC Readers, Command & Control Integration Systems, Surveillance Systems, Radar /Intrusion Detection System , Maritime and Port Security Operation Center) . In addition, the recent release of an FY2011 award amount of \$2,392,941 will be used to purchase backup generators and a Mobile Container/Vehicle X-Ray Screening System in mid April 2012.
 - ~Electricians, engineers, equipment operators, suppliers and associated contractor jobs, underwater related fields, software related fields
- **Tariff .** With the Public Utilities Commission oversight and approval, the Port was able to make a case for investment in new equipment, facilities and cost recovery allowing the Port to adjust its rates effective March 1, 2012. This was only the **second time in 18 years** that the tariff was adjusted. In January of 2010 the PUC approved an interim tariff adjustment to help recover operating costs and fund portions of the Modernization Plan.



Other ongoing progress ...



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■ **Tariff Funded CIPs**

- | | |
|--|---|
| •Mobil Pipeline Repairs million) | \$1.3 mil (PAG share, DPW share \$2.7 |
| •F1(Tristar) Catwalk Replacement | \$413 thousand |
| •Container Yard Storm Drain Repair | \$400 thousand |
| •Warehouse I CMU walls & Concrete Rep | \$120 thousand |
| •Agana Marina Waterline Upgrade | \$75 thousand |
| •Electrical Upgrade Admin Building | \$75 thousand |
| •Water pit repair F3-F6 | \$40 thousand |
| •LC 3 Concrete Cover Repair | \$15 thousand |
| •GDP Dock C Design and Build \$180K Federal) | \$32 thousand (PAG Share, Total Project |
| •GDP Dock A & B Pile Extension Federal) | \$13 thousand (PAG Share, Total Project \$75K |
- Electricians, engineers, equipment operators, suppliers and associated contractor ~ jobs, underwater related fields



■ Long Term Jobs After Construction

- Port Improvement Project will enable increased employment in Guam
- Project will also have positive impact on Gross Domestic Product and personal incomes in Guam and U.S.
- After construction, Project will generate ongoing Port/transportation-related jobs
- Direct revenues associated with Port charges (cargo handling) and other private firms engaged in the Port-related services (tugs, warehousemen, truckers etc) were estimated at \$51.6 million in 2009.
- Average revenues after construction are estimated at \$74.8 million; \$23.1 million more than in 2008.
- This is a 44.8% increase over existing operations.

Labor Force/Economic Impacts



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Economic Impact of PAG Operations	Existing	Average Year After Project Construction	% Increase
Output (\$Millions) Direct	\$51.6	\$74.8	44.8%
Employment (Jobs)			
Direct	655	857	30.8%
Total	1,053	1,377	30.8%
Income (\$Millions)			
Direct	\$21.6	\$28.6	32.8%
Total	\$39.0	\$57.7	32.8%



PAG Apprenticeship Program



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■ Apprenticeship Program

- Established in November 2007 for Port to enhance employee skill sets
- Program approved by U.S. Department Labor, recognized by Federal Government
- 34 Participants to date; 12 have graduated; 3 completed in 2011/2012 school year
- PAG intends to enhance employees' skills in trades that will be in demand in the future



PAG Apprenticeship Program



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* Trades that will be in demand at PAG & during construction

Automobile Body Repair

Carpenter

Computer Operator

Computer Programmer

*Construction Equipment Mechanic

*Heavy Equipment Mechanic

*Diesel Mechanic

*Electrician

*Heavy Mobile Equipment Mechanic

*Maintenance Mechanic

Maintenance Repairer Building

Office Manager/Administrative Services

*Operating Engineer (Heavy Equipment Operator)

Painter

Plumber

Refrigeration Mechanic

Rigger

*Truck Driver – Heavy

*Welder





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