PORT OF GUAM
ATURIDAT I PUETTON GUAHAN
Jose D. Leon Guerrero Commercial Port
1026 Cabras Highway, Suite 201, Piti, Guam 96915
Telephone: 671-477-5931/5 | Facsimile: 671-477-2689
Website: www.portofguam.com

Lourdes A. Leon Guerrero
Governor of Guam
Joshua F. Tenorio
Lieutenant Governor

September 9, 2026

Memorandum

To: Deputy General Managers
Equipment Maintenance Division
Operations Division
Terminal Division
Transportation Division
Planning Division
Procurement Division
Finance Division
Human Resources Division
Safety Division
Port Staff Attorney

From: Rory J. Respicio, General Manager

Subject: Development of Cargo Handling Equipment Performance Management Contract

The Port Authority of Guam Board of Directors, through the FY2027 Budget Act, delegated authority to the General Manager to proceed with the procurement of a Performance Management Contract for cargo handling equipment. Consistent with that authorization, I am directing that we begin development of the Scope of Work and supporting procurement requirements necessary to move this initiative forward.

Authority for this procurement is established under Article 4, Chapter 10, Title 12, Guam Code Annotated. Section 10401 specifically authorizes the Port Authority of Guam to solicit a Performance Management Contract for the management, operation, and maintenance of cargo handling equipment, subject to the procurement laws of Guam. The statute requires the Scope of Work to address, at a minimum, daily operation and maintenance, repairs including parts and labor, performance monitoring, and preventive maintenance of cargo handling equipment and directly associated facilities. It further requires performance standards intended to minimize equipment downtime and maximize equipment availability and useful life. Section 10402 establishes the permissible contract term and requires annual performance reviews together with appropriate termination and penalty provisions based upon performance.

This will be a Port wide effort. Equipment Maintenance will serve as the lead division and primary end user, but development of an effective PMC will require operational, technical, procurement, financial, safety, workforce, planning, and legal input from across the Port.

For purposes of this initiative, responsibility for leading and coordinating the Equipment Maintenance Division's work shall be shared equally between the Equipment Maintenance Manager and Assistant Equipment Maintenance Manager. Both shall have equal responsibility for organizing the Division's participation, developing and reviewing its requirements, coordinating with the other participating divisions, and advancing development of the Scope of Work. This shared responsibility shall continue throughout development of the PMC notwithstanding temporary acting assignments or the temporary absence of either official.

For all other participating divisions, the respective Division Head shall serve as the central organizing authority for that division. Division Heads shall organize their personnel, identify employees whose knowledge or experience can contribute to this effort, and consolidate their division's input.

I am intentionally addressing this memorandum to the participating divisions as a whole. We have employees throughout the Port who operate, maintain, troubleshoot, procure for, support, supervise, and depend upon this equipment every day. I encourage employees who are willing and able to contribute relevant experience, technical knowledge, ideas, research, or drafting assistance to step forward through their respective divisions. We should cast widely for that knowledge while maintaining clear accountability through our established divisional structure and chain of command.

We are also not starting from zero. The Port previously issued RFP-PAG-010-003 for a Performance Management Contract involving cargo terminal operations and maintenance of cargo handling equipment. For this initiative, the cargo handling equipment components of that procurement should be reviewed for requirements, qualifications, evaluation concepts, and lessons that remain useful. We are not, however, developing a procurement for management of Terminal Operations.

That distinction should not be confused with operation of cargo handling equipment itself. Section 10401 expressly contemplates the operation and maintenance of cargo handling equipment as part of the PMC. The Scope of Work must therefore address equipment operation to the extent required by statute and determined appropriate for the PMC without transferring management or control of Terminal Operations to the contractor.

The Port's existing Gantry Crane Performance Management Contract shall also serve as a principal source document. We should identify what has worked, what has not, what remains useful, and what should be strengthened, modified, or expanded for a PMC encompassing cargo handling and associated yard equipment.

Neither prior procurement should simply be copied. We should use our own institutional experience to develop a better procurement responsive to the Port's current and anticipated needs.

REQUIRED INITIAL WORKING PACKAGE

The Equipment Maintenance Manager and Assistant Equipment Maintenance Manager shall be equally responsible for coordinating development of a consolidated initial working package containing the following five components.

1. **Equipment Baseline**

   Equipment Maintenance, with assistance from the appropriate divisions, shall develop a current baseline of the cargo handling and associated yard equipment contemplated under the PMC.

   The baseline should identify equipment types, general condition, existing maintenance arrangements, recurring maintenance or reliability concerns, known technical support needs, and anticipated additions or replacements where known.

   The baseline is intended to inform development of the procurement, not permanently restrict the PMC to a fixed inventory. The Scope of Work should retain sufficient flexibility to address equipment added, replaced, modernized, or otherwise placed into service during the contract term.

2. **Review of Existing Port Experience**

   Equipment Maintenance, Planning, Procurement, and the appropriate operating divisions shall review the equipment related provisions of the 2010 PMC procurement and the existing Gantry Crane PMC.

   The review should identify what should be retained, modified, strengthened, expanded, or eliminated, together with recurring problems, gaps, and lessons from actual Port experience that should be addressed in the new procurement.

   This need not become a lengthy report. Its purpose is to ensure that the new Scope of Work reflects what the Port has already learned.

3. **Draft Scope of Work**

   Equipment Maintenance shall lead development of the technical requirements, with Planning assisting in research, drafting, organization, and consolidation.

   The Scope of Work should establish a comprehensive framework for cargo handling and associated yard equipment, including daily operation and maintenance as applicable, preventive and predictive maintenance, troubleshooting and diagnostics, repairs, emergency response, parts and materials, OEM and specialized technical support, inspections and certifications, training and knowledge transfer, equipment records and data, maintenance

management systems, lifecycle support, overhaul and refurbishment, and other services necessary to support equipment reliability and availability.

We should not prematurely prescribe the same level of contractor involvement for every piece or category of equipment. The PMC should provide sufficient flexibility for the Port to utilize contractor capability as required based upon operational requirements, equipment condition, available Port resources, technical complexity, and other circumstances.

4. **Performance Framework**

Because this is a Performance Management Contract, measurable performance and accountability must be built into the Scope of Work.

Equipment Maintenance, Operations, Terminal, Transportation, Safety, and the other appropriate divisions shall develop proposed performance standards addressing equipment availability, downtime, response to failures, preventive maintenance completion, repair turnaround, emergency response, parts support, reporting, training, documentation, and other appropriate measures.

The objective is not simply to procure labor or maintenance services. We must be able to determine whether the contractor is improving the reliability, availability, support, and useful life of Port equipment. Performance requirements should therefore be measurable, reportable, reviewable, and, where appropriate, tied to contractual remedies and accountability.

5. **Issues Requiring Management Decision**

As development proceeds, questions will arise concerning procurement structure, pricing, contractor and Port responsibilities, workforce implications, contract administration, performance remedies, statutory requirements, and other matters.

Those questions should not stop development of the working package.

Equipment Maintenance and Planning shall maintain a consolidated list of unresolved matters requiring management determination. Procurement, Finance, Human Resources, Safety, Legal Counsel, and the other participating divisions shall identify issues within their respective areas as they arise.

Where statutory, legal, procurement, policy, or contract questions require resolution, they should be elevated to me. I will work directly with Legal Counsel, Procurement, the Deputy General Managers, and the appropriate Division Heads as necessary so that development can continue.

DIVISIONAL RESPONSIBILITIES

Equipment Maintenance shall serve as the lead division and primary end user. The Equipment Maintenance Manager and Assistant Equipment Maintenance Manager shall share responsibility equally for leading this effort and ensuring completion of the consolidated working package.

Planning shall provide research, organization, coordination, and drafting support and assist Equipment Maintenance in converting the participating divisions' requirements into a coherent Scope of Work.

Operations and Terminal shall establish operational requirements, including equipment availability, response requirements, operating conditions, and the consequences of equipment downtime on cargo operations.

Transportation shall address applicable fleet and equipment requirements and maintenance interfaces within its area of responsibility.

Procurement shall assemble the available 2010 procurement documents and the existing Gantry Crane PMC solicitation, executed contract, amendments, renewal documentation, current scope, and available pricing information. Procurement shall also advise on solicitation development and applicable procurement requirements.

Finance shall address funding, pricing, financial controls, cost accountability, and appropriate compensation structures.

Safety shall address applicable safety, inspection, certification, training, and contractor compliance requirements.

Human Resources shall identify workforce, training, classification, and other personnel implications requiring consideration.

Legal Counsel shall provide legal review and work directly with me on matters requiring management and legal determination.

The Deputy General Managers shall provide management oversight within their respective areas and assist in resolving matters requiring coordination between divisions.

DELIVERABLE AND TIMEFRAME

The Equipment Maintenance Manager and Assistant Equipment Maintenance Manager shall be equally responsible for ensuring that the consolidated initial working package is completed and submitted to the General Manager within 30 calendar days of this memorandum.

The work should begin immediately. A preliminary organizational meeting is not required before the participating divisions begin their respective assignments. Division Heads should organize their contributions, Equipment Maintenance and Planning should begin assembling the working package, and unresolved issues should be identified and elevated as the work progresses.

Once the initial package is submitted, I will review it with the Deputy General Managers and appropriate Division Heads. We will then convene a focused management working session to identify gaps, resolve outstanding policy and management issues, determine necessary revisions, and establish the next steps toward completion of the procurement package.

The objective of this first 30 days is not to produce a final RFP. It is to move us from authorization to an actual working procurement framework that management can evaluate, refine, and advance.

Although Equipment Maintenance is the lead end user, achieving the intended result will require Port wide ownership. Reliable cargo handling equipment affects vessel operations, terminal productivity, maintenance, transportation, safety, procurement, finances, our workforce, and ultimately our ability to serve our customers.

The PMC should provide additional expertise, capability, flexibility, and accountability, but the contractor cannot provide the institutional ownership necessary to make the system work. That responsibility remains with us.

We have the statutory authority, the Board's authorization to proceed, prior procurement work, an existing PMC from which we can learn, and considerable knowledge within our workforce. We should now put those resources to work and develop a procurement that meets the Port's operational needs today while providing sufficient flexibility to support the equipment and requirements we will have in the years ahead.

Cc: Board of Directors (for information only)