



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

REGULAR MEETING OF THE BOARD OF DIRECTORS
Jose D. Leon Guerrero Commercial Port
Thursday, October 31, 2024
Virtual Board Meeting
3:00 p.m.

A G E N D A

- I. CALL TO ORDER
- II. APPROVAL OF MINUTES
 1. September 26, 2024 – Regular Board Meeting
- III. PUBLIC COMMENTS:
 - a. Public Comments
 - b. Employee Comments
 - c. PAGGMA Association
- IV. GENERAL MANAGER'S REPORT
- V. OLD BUSINESS
- VI. NEW BUSINESS
 1. Request for \$15K; Employee Incentive Events: Thanksgiving and Christmas Holiday.
 2. Approval of Board Resolution No. 2024-15 relative to requesting for creation of position of an Equipment Maintenance Manager and approval to not merge the Operations and Equipment Maintenance Divisions.
 3. Approval of Board Resolution No. 2024-16 relative to authorizing the General Manager to issue a multi-step invitation for bid for the procurement of STS Gantry Cranes.
- VII. ADJOURNMENT



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**MINUTES OF THE
REGULAR MEETING OF THE BOARD OF DIRECTORS
Thursday, September 26, 2024**

I. CALL TO ORDER

The Chairperson called the regular meeting of the Board of Directors to order at 3:20 p.m., Thursday, September 26, 2024. Present at the meeting were:

Dorothy P. Harris, Chairperson
Conchita S.N. Taitano, Vice Chairperson
Fe R. Valencia-Ovalles, Board Secretary
Rory J. Respicio, General Manager
Dominic G. Muna, Deputy General Manager, Operations
Pacifico R. Martir, Deputy General Manager, Admin/Finance
Atty. James L. Canto, Port Staff Attorney
Atty. Jessica Toft, Port Staff Attorney

Also present was Port Staff.

II. APPROVAL OF MINUTES

a. **August 30, 2024 – Regular Board Meeting:** The Vice Chairperson made motion to approve the minutes of August 30, 2024, subject to correction. The motion was seconded by Director Valencia-Ovalles and was unanimously passed.

III. PUBLIC COMMENTS

- a. **Public Comments:** None.
- b. **Employee Comments:** None.
- c. **PAGGMA Association:** None.

IV. GENERAL MANAGER'S REPORT

1. **WSP's Review of Port's Tariff – Interim Analysis on Revenue Opportunities.** As part of our ongoing commitment to optimizing revenue collection and operational efficiency, we initiated a comprehensive review of the Port's terminal tariff in collaboration with WSP. This review, part of WSP Task 14.6: TOSS & Tariff Implementation Support, is designed to ensure that all potential revenue under Tariff #1 (effective October 1, 2020) is being captured before we move forward with the implementation of a Simplified Tariff.

WSP's initial findings and recommendations have provided key insights, which we have already begun to integrate into our operations:

- **Service Standards:** In response to the review, WSP, in collaboration with operations, finance, and stakeholders are actively developing clear service standards to ensure consistent application of crane and manpower resources for vessel servicing. Currently, the Tariff lacks specific service standards, which has made it critical to develop these guidelines. By doing so, we will avoid undercharging and ensure that all potential revenue is captured. These standards will set expectations for crane and manpower requirements based on vessel size and schedules.
- **Operational Alignment:** The review emphasized the importance of aligning our weekly operating plan with the revenue opportunities outlined in the Tariff. The operating plan will reflect the optimal number of cranes and resources needed for efficient vessel servicing. Any carrier-requested additional resources will require General Manager approval to ensure the Port's financial interests are prioritized.
- **Billing Practices:** We have begun formalizing documentation and billing practices in line with WSP's recommendations. While an SSR (Special Service Request) is not required for billing, we are encouraging it to improve documentation accuracy. To be clear, the Port reserves the right to bill for additional services, such as extra crane usage, based on the operational log, even in the absence of an SSR. We are ensuring all requested services are properly documented and billed transparently.
- **Ongoing Review and Best Practices:** As part of our proactive efforts, WSP is conducting a comprehensive review of billing records from the past five years to ensure we are capturing all potential revenue. This review is aimed at identifying best practices, and any necessary changes to the billing process will be implemented prospectively. We have already adjusted our billing processes based on WSP's guidance and will continue refining them based on the full review.
- **Recommendations:** WSP has provided several actionable recommendations to enhance revenue collection and operational efficiency. These include the proactive use of SSRs, establishing formal processes for documenting charges when an SSR is not submitted, and conducting regular reviews of the Tariff and billing practices to ensure all potential revenue is captured.

Next Steps:

We will continue working closely with WSP to implement these recommendations and finalize the review of past operational reports and billings. These steps will ensure that the Port is aligned with best practices in tariff implementation and revenue optimization, while maintaining operational efficiency, safety and security.

2. **Meeting with Carriers/Agent – Port Tariff Implementation & Billing Practices.** On September 11, 2024, we met with carriers, agents, and WSP to present their analysis of the Port's Terminal Tariff and discuss billing practices. It was generally understood that we would provide accurate billing moving forward and charge for all services rendered by the Port. I informed them that they could contest any charges if they disagreed. There seemed to be general consensus and agreement in our approach to implementing WSP's findings.

- 3. Port Celebrates Labor Day.** *Setbisio – Together, We Serve* was the theme for this year's Government of Guam Labor Day picnic, which was held at the Gov. Joseph Flores Memorial Park in Tumon. The annual celebration honors and recognizes the vital role that workers play in shaping society and driving economic growth.

The Department of Integrated Services for Individuals with Disabilities (DISID) joined the Port Authority for the second year, and employees from both agencies, along with their families, showed up in full force and participated in the day's activities, which included the rock-climbing wall, kids' train ride, animal petting, musical chairs, and volleyball competition. The highlight of the day was the notorious tug-of-war competition, where the Port defended its championship title from 2023 in true Port Strong spirit. With lots of strength and heart, the Port team walked away with the winning tug-of-war trophy for 2024. The Port Authority also took the third-place title in the table decoration competition. Shout out to the divisions who chaired this year's Labor Day event (Stevedore, EQMR, IT/MIS, Commercial), who did a fantastic job in coordinating the event's logistics, food, decorations, and raffle prizes. Thank you to all who attended and helped to make the Labor Day festivities a huge success.

- 4. Record-breaking Ninth Cruise Ship of the Year Sailed into Guam.** On September 7, 2024, the Port Authority welcomed its record-breaking 9th passenger vessel of the year, marking a significant achievement for the island's only commercial seaport as well as Guam's tourism industry. The MV Seabourn Pursuit, making its second voyage to Guam this year, arrived with 183 passengers and 233 crew members. The cruise ship departed on September 8, 2024. The arrival of the MV Seabourn Pursuit not only boosts Guam's reputation as a premier luxury cruise destination but also sets a new record for the most passenger vessels to visit the island in one year. This historic event highlights the growing appeal of Guam as a must-see cruise destination for travelers seeking unique experiences in the Pacific, with more than 17,000 passengers and crew members welcomed to our shores this year.

This significant achievement highlights the increasing recognition of Guam as a top-tier premier luxury cruise destination. The record-breaking arrival of the MV Seabourn Pursuit is a testament to our island's draw and the Port Authority's dedication to supporting our tourism industry. The fact that many passengers are choosing to extend their stay in Guam or connect to further destinations showcases the island's appeal. This achievement strengthens our tourism industry and aligns with Governor Lou Leon Guerrero and Lt. Governor Josh Tenorio's vision for the Port of Guam as a vital contributor to our local and regional economies. The Port's ability to accommodate a high volume of luxury vessels speaks to the strength of our Port Strong team. The Port Authority of Guam anticipates welcoming two more passenger vessels before the end of the year: the Carnival on October 22nd and the MS Asuka II on December 30, 2024.

- 5. Port Family Bids Farewell to the Late Stevedore Superintendent Reed Topasna.** On September 9, 2024, the Port Authority of Guam held a tribute to bid a final farewell to the late Stevedore Superintendent Reed Topasna, who tragically passed away on August 24, 2024, during a hiking expedition at Mount Taene in Santa Rita-Sumai. Reed was hiking with a group when he fell into a 35-foot hole, leading to his untimely death.

Prior to his funeral, the hearse carrying Reed arrived at the Port, where it was greeted with a Salute of Trucks and a line of Port employees paying their respects. Upon reaching the Administration Building, Reed's family received heartfelt presentations honoring his life and contributions. I, along with Governor Lou Leon Guerrero, Lt. Governor Josh Tenorio, Board of Directors members Dorothy P. Harris and Conchita Taitano, and Deputy General Managers Dominic G. Muna and Pacifico R. Martir, gave presentations recognizing Reed's dedication and service to the Port.

Reed significantly contributed to the agency's growth, particularly in safeguarding Guam's supply chain. He consistently upheld the highest standards of integrity, treating fellow employees and Port customers with respect. His outstanding performance in fulfilling his duties is truly commendable. We extend our deepest condolences and prayers to Reed's children, parents, siblings, and extended family, as well as his Port Strong family and members of his hiking community. He will always be remembered for his positive demeanor, dedication, and love for the Port Authority of Guam. Rest in Heavenly Peace, Reed Topasna.

6. **Tropical Storm Spares Guam.** Tropical Storm Bebinca threatened the island during the second week of September but spared us from any major damage.

As the storm was approaching, we ensured that employees secured their work areas the Friday before the storm's passage. On the equipment maintenance side, Port employees diligently strapped down the cranes and secured equipment. On the operations side, empty containers in the terminal yard were trimmed down. Everyone, including admin, did housekeeping in their areas to prepare for whatever might come as a result of the developing weather system. Our Port Strong team is amazing, leaving nothing to chance!

Guam was declared in Condition of Readiness 3 late in the afternoon on September 10, 2024. The U.S. Coast Guard Captain of the Port (COTP) Guam established PHWC YANKEE effective at 3 p.m. that same day. Bebinca passed over the island as a tropical depression in the early morning hours of September 11, 2024, and all storm warnings were canceled by the NWS in Tiyan as of 2:17 p.m. that afternoon. At 4 p.m., the Coast Guard declared PHWC ZULU. Despite the tropical storm, work remained uninterrupted.

7. **Active Recruitment for 13 Port Police Personnel.** We are pleased to announce the active recruitment of 13 new Port Police personnel to strengthen our port security operations. The positions include:
 - 1 Port Police I
 - 5 Port Police II
 - 7 Security Guards

This recruitment effort reflects our ongoing commitment to enhancing the safety and security of our port operations and facilities. We thank the Board of Directors for approving a budget that makes these important actions possible to support our Port operations.

8. **Port Wellness Program.** The Port Wellness Program is ongoing, and I am proud to see that divisions have stepped up their events. Employees are enjoying taking part in diverse wellness activities. The Operations Division held a Smoking Cessation class on September 5, 2024. The Planning Division hosted two events focused on healthy eating, featuring Boka Box and SDA, on September 12, 2024, and September 13, 2024. The Terminal Division organized a Walk, Run, or Hop event along the seawall on September 20, 2024, and the Harbor Master's Office successfully held a Bike Ride event on September 25, 2024. Congratulations to all divisions for their excellent coordination and to all Port Strong employees for participating!

9. **Guam Receives Federal Awards to Protect Marine and Environmental Resources.** On September 24, 2024, Governor Lou Leon Guerrero and Lt. Governor Josh Tenorio announced the award of \$497,846 from the Office of Insular Affairs under the Bipartisan Infrastructure Law. This funding will support the Department of Agriculture's Guam Coral Reef Initiative (GCRI) project titled "Surveillance, Planning, Rapid Response, and Community Education for Marine Invasive Species Project in Apra Harbor." Governor Leon Guerrero emphasized the importance of protecting natural resources to preserve what makes Guam special. The project will help identify, monitor, and respond swiftly to marine invasive species, ensuring the long-term health of Apra Harbor and surrounding ecosystems.

GCRI was also awarded \$293,511 from the Office of Insular Affairs under the Coral Reef and Natural Resources Program. This funding will expand GCRI's efforts to effectively manage, conserve, and restore Guam's coral reef ecosystems. The award provides crucial funding for staff positions, including the Coral Reef Policy and Communications Coordinator, two Reef Restoration Biologists, and a new Administrative Assistant to support GCRI's growing administrative needs. It also supports the expansion of GCRI's coral reef restoration project and Guam's continued participation in the U.S. Coral Reef Task Force and the Micronesia Challenge. In addition, \$50,000 has been allocated to the University of Guam for the Guam On-Island Biosecurity Training initiative. This initiative aims to enhance local capacity to manage invasive species, reinforcing Guam's biosecurity infrastructure through education and hands-on training.

Lt. Governor Tenorio highlighted the importance of these projects in safeguarding Guam's unique environmental heritage. By investing in the protection of land and waters, we are investing in the future of Guam's people and the continued vitality of the island's ecosystems. These initiatives reflect our ongoing efforts to protect Guam's natural environment and educate the community about the importance of biosecurity.

10. **EQMR Implements New Dashboard.** The Equipment Maintenance and Repair (EQMR) Division is now utilizing a new system for recording and tracking the status of all Port equipment and vehicles. The EQMR Dashboard, set up by Equipment Maintenance Superintendent Shine San Agustin with support from the Maintenance Division, is a centralized interactive digital interface that provides real-time updates about the status, performance, and maintenance needs of each piece of equipment at the Port Authority of Guam.

Raw data is collected from E1 and manually downloaded and integrated into the Dashboard, which automatically processes and displays relevant insights based on predefined settings. This system saves the Planning team three hours daily compared to the previous reporting process. The information provided includes details about vehicles or equipment that are down, how long they have been out of service, estimated completion times, current asset status, and whether parts are on order, including details about the parts ordered.

Information collected from the Dashboard is used in various ways by different users:

- EQMR Parts Team: Uses the report to track items awaiting parts and update E1 with any received parts.
- Maintenance Control: Monitors work orders with long dwell times, tracking those that exceed 30, 60, and 90 days.
- Shops: Relies on the report for daily priority planning and to identify work orders that, although initially a low priority, have become urgent due to delays. It reduces the risk of human error in managing the large volume of work orders.

The Dashboard has proven to be a valuable tool, delivering daily updates to Port users on their assigned assets, ensuring data integrity, and maintaining transparency with the EQMR Division. It helps prioritize maintenance work by tracking key metrics such as equipment downtime, parts availability, and estimated completion times. This ensures that maintenance decisions are data-driven and based on operational necessity, reducing delays and human error.

11. **Port Week Planning is Underway.** Opening Ceremony scheduled for Monday, October 21, 2024, 9:30 a.m., at the Port Admin Building. Port Finale is scheduled for Friday, November 8, 2024, 6 p.m. at the Top of the Mar.

Theme for 49th and 50th Anniversary Celebrations

As part of our strategic buildup to the Port's 50th Anniversary, we are implementing a unified theme for both the 49th and 50th anniversary celebrations. This approach allows us to create a strong, consistent narrative that honors our past while building anticipation for the significant milestone ahead.

49th Anniversary Theme (2024):

Port Strong: Nearly Half a Century of Grit, Resilience, and Service Fueling Local and Regional Economies, Partnerships, and National Security.

50th Anniversary Theme (2025):

Port Strong: 50 Years of Grit, Resilience, and Service Fueling Local and Regional Economies, Partnerships, and National Security.

This unified theme reflects the Port's enduring legacy and its pivotal role in supporting Guam and the broader region. The phrase "Nearly Half a Century" for the 49th anniversary creates momentum and anticipation, leading into the full celebration of 50 years of service. The theme emphasizes our commitment to fueling local and regional economies, fostering strategic partnerships, and supporting national security.

It also serves as a tribute to the hard work and dedication of the Port Authority of Guam's employees, past and present, who have been instrumental in our success. Additionally, it recognizes the leadership and support of Governor Lou Leon Guerrero, Lt. Governor Josh Tenorio, and the Board of Directors, including Chairperson Dot Harris, Vice Chairperson Conchita Taitano, and Board Secretary Fe R. Valencia-Ovalles. By focusing on the Port's critical contributions to Guam's economic growth, its role in strengthening both local and federal partnerships, and its readiness to support military preparedness amid rising geopolitical tensions, we underscore the importance of the Port of Guam in shaping a sustainable and prosperous future for our island and region.

Through this consistent theme over two years, we reinforce the Port's ongoing mission to remain a vital hub for economic and strategic interests, ensuring the continued prosperity and sustainability of Guam and the region.

12. **Update on New Desk Audit Policy Implementation.** We are pleased to inform the Board about the implementation of our new Desk Audit Policy, which will take effect on October 1, 2024. This policy is designed to ensure that our employees' job classifications accurately reflect their current duties and responsibilities, promoting fairness, transparency, and alignment with the Port's operational needs.

Purpose of the Desk Audit Policy:

- **Accurate Job Classifications:** Ensures that employees are classified appropriately based on their actual duties.
- **Employee Empowerment:** Provides a formal process for employees to request a review if they believe their role has expanded beyond their current classification.
- **Fairness and Transparency:** Maintains equity across the organization while supporting professional growth.

Key Features of the Policy:

1. **Eligibility:**

- Applicable to employees whose duties have significantly changed and no longer align with their current job description.
- Employees must have performed the expanded duties for at least **three (3) months**, and the changes should not be temporary, **in accordance with PRR Rule 5.011(A)**.

2. **Desk Audit Request Process:**

- **Employee Submission:** Employees submit a formal desk audit request to the General Manager, detailing their current and expanded duties, time commitments, and how their role has evolved. The request must include:
 - The position description of the role they believe they are performing.
 - A breakdown of their time spent on duties listed in their job description versus new or expanded duties.
 - A review of the Knowledge, Skills, and Abilities (KSAs) required for the job they believe they are performing and whether they meet those requirements.

- **Supervisor Endorsement:** Immediate supervisors must endorse the request by certifying:
 - **Confirmation of Expanded Duties:** That the employee is performing the expanded duties as claimed.
 - **Relevance to the Division:** That these expanded duties are critical to the division's needs and operations.
 - **Justification for Allowing Expanded Duties:** An explanation of how and why these expanded duties were allowed.
 - **Oversight of Expanded Duties:** Affirmation that the supervisor approved the expanded duties before they were assigned, or an explanation of any oversight.
 - **Documentation:** The supervisor's endorsement must be submitted as a formal certification, signed and attached to the employee's desk audit request. The certification must clarify the expanded duties' relevance to the division and justify their necessity in the organizational structure, **in accordance with PRR Rule 5.011(B).**
3. **Initial Screening by Human Resources:**
- **Review Timeline:** HR conducts an initial screening within **twenty (20) calendar days, as per PRR Rule 5.011(B).**
 - **Assessment Criteria:** Completeness of the request, significant deviations from the current job description, employee qualifications, and supervisor input.
 - **Communication:** HR notifies the employee in writing of the outcome within this timeframe. If the request is denied at this stage, the employee will receive communication with HR's reasons.
4. **Full Desk Audit Process:**
- **Thorough Evaluation:** If the initial screening warrants it, HR will conduct a full desk audit, verifying the scope of new responsibilities, alignment with higher classifications, and comparing duties with similar positions.
 - **Compliance Check:** Ensures adherence to the Port's Personnel Rules and Regulations and applicable Guam laws, **as required by PRR Rule 5.011(B).**
 - **HR Recommendation:** HR compiles findings and submits a recommendation to the General Manager for final decision.
5. **Opportunity for Improvement (Pro-Employee Provision):**
- **Improvement Period:** Employees not meeting the minimum requirements of their current position are given a formal **six-month improvement period** before considering reclassification to a lower position.
 - **Support and Monitoring:** Employees receive support and clear performance expectations, with regular evaluations during this period.
 - **Policy Reference:** This provision aligns with the new policy enhancements and supports employee development.

6. Final Decision and Communication:

- **General Manager Review:** The General Manager will consider HR's recommendation, alignment with organizational goals, budgetary considerations, compliance, and operational needs.
- **Decision Timeline:** The Division Head and the employee will be notified of the classification study results within **twenty (20) working days** of completing the audit, **in accordance with PRR Rule 5.011(B)**.
- **Effective Date:** If reclassification is approved, it will follow the provisions of **PRR Rule 5.012(A)** for positions reclassified to a higher grade and **PRR Rule 5.012(B)** for positions reclassified to a lower grade.

7. Appeal Process:

- **Administrative Review:** If an employee disagrees with the classification decision made by the General Manager, they may request an administrative review, **in accordance with PRR Rule 5.014(A)-(D)**.
- **Timeline for Appeal:** Requests must be submitted within **twenty (20) calendar days** of the classification notice.
- **Further Appeal:** Employees may appeal to the Commission within **fifteen (15) calendar days** of receiving the General Manager's decision, **as per PRR Rule 5.014(F)**.

8. Confidentiality and Training:

- **Confidential Process:** All information during the desk audit is kept confidential to encourage honesty and openness.
- **Training Sessions:** HR will provide training to supervisors and HR personnel to ensure consistency and compliance.

Benefits of the Policy:

- **Enhances Employee Engagement:** Recognizes and rewards employees for expanded roles, boosting morale.
- **Supports Organizational Efficiency:** Aligns job classifications with actual duties, optimizing resource allocation.
- **Promotes Equity:** Establishes a transparent process that applies uniformly across the organization.

Implementation Plan:

- **Policy Availability:** Employees can request a copy from the HR Department.
- **Communication:** A memorandum will be issued tomorrow, September 27, 2024 to all employees outlining the new policy and its benefits.
- **Informational Meetings:** HR will hold sessions to explain the policy and answer questions.
- **Supervisor Training:** Ensures supervisors understand their role in endorsing requests and supporting employees.

Conclusion:

The implementation of the new Desk Audit Policy is more than just an administrative update—it's a testament to our commitment to fostering a fair and supportive work environment rooted in the values of our Port Strong culture. With the support of Governor Lou Leon Guerrero, Lt. Governor Joshua Tenorio, and our Board of Directors led by Chairperson Dot Harris, Vice Chairperson Conchita Taitano, and Board Secretary Fe R. Valencia-Ovalles, we are dedicated to empowering our employees and recognizing their invaluable contributions. This policy reflects our belief that when team members are accurately recognized for their expanded roles and responsibilities, it not only enhances their professional growth but also strengthens the entire organization. I will personally review all desk audit recommendations, as I have done so in the past, to ensure that each employee's hard work is acknowledged, aligning with our commitment to fairness, transparency, and integrity.

Our dedication to implementing such policies stems from understanding that our employees are the backbone of the Port Authority. Their hard work and dedication keep the Port Strong, and it's our responsibility to provide them with the support and recognition they deserve. This approach not only boosts morale but also prepares us to meet future challenges with a resilient and motivated workforce. By embracing this policy, we reaffirm why we do what we do: to build a collaborative environment where every team member feels valued and empowered to contribute to our shared success. This not only aligns with our operational needs but also with our mission to serve the people of Guam effectively.

Appreciation:

We appreciate the Board's acknowledgment and support in implementing this policy. We would like to express our sincere gratitude to Chairperson **Dot Harris** for her thorough review of the draft policy and the insightful discussion we had regarding a particular item. Her perspective helped us realize that the item wasn't necessary, as it would be addressed through our standard procedures. As a result, we removed it entirely, streamlining the policy for greater effectiveness. This is the kind of guidance and collaboration that embodies the values that lead our organization and is integral to maintaining a motivated and efficient workforce dedicated to keeping the Port Strong.

13. **General Manager's Notes for YTD Finances.** We are providing the following summary for August 31, 2024:

REVENUES AND CARGO THROUGHPUT:

- The Port's total year-to-date (YTD) operating revenue as of August 31, 2024, is \$54.5 million, which is 1.7% or \$922K lower than the YTD revenue budget of \$55.4 million for FY24.
- The total number of containers handled by August 31, 2024, is 78,306, a slight decrease of 0.1% or 104 containers compared to last year's YTD total of 78,410 as of August 2023. However, the total tonnage for non-containerized cargo stands at 195K revenue tons, a 2.1% increase from last year's August total of 191K revenue tons. This increase is mainly driven by domestic Roll-on/Roll-off (Ro-ro) cargo.

The addition of two container/roll-on, roll-off vessels (“con-ro”) by Matson to its weekly schedule is the primary driver behind the 112% increase in domestic non-containerized cargo. As of August, total Roll-on/Roll-off (Ro-ro) revenue stands at \$1.2 million, reflecting a 101% increase, or \$588K.

OPERATING EXPENSES:

- Overall operating expenses as of August 31, 2024, total \$53.2 million, which is 4.9%, or \$2.5 million, higher than the year-to-date (YTD) budget of \$50.6 million. Current expenses are at 93% of the total approved FY2024 budget of \$57.0 million. In October 2023, the anticipated passage of Typhoon Bolivar near Guam resulted in \$326K of unforeseen typhoon-related expenses.

OVERTIME EXPENSE AND DIRECT LABOR REVENUE:

- Year-to-date (YTD) overtime for divisions involved in operations is \$1.4 million, which is 24%, or \$279K, higher than the YTD overtime budget of \$1.3 million for August. However, FY 2024 YTD overtime as of August is 13% lower compared to last year's YTD total of \$1,670,879. The decrease in overtime would have been more significant, but the annual employee salary increase also raised the overtime rate for each employee in FY 2024.
- The total Direct Labor revenue as of August is \$3.57M, 2% or \$69K higher than the FY24 budget of \$3.5M.

Here is the breakdown:

Direct Labor Revenue:	\$ 3,570,775
Operations Overtime:	<u>\$ 1,447,993</u>
Variance:	\$ 2,122,782

YTD OPERATING REVENUES MINUS YTD EXPENSES:

Operating revenues minus operating expenses resulted in an operating income of \$1.3 million. After accounting for net Other Income/Expenses totaling \$2.3 million, the final result for August is a net income of \$3.6 million.

Note: \$2.3M is a net balance of Other Income and Expense composed of Interest Income, Interest Expense, Federal Reimbursements, Federal Expenses, Retirees COLA, Supplemental, Medical and Dental, and Other Non-Operating Income & Expenses.

Other Financial Highlights, as of August 31, 2024:

- The debt service ratio as of August 31, 2024, is 1.55. This is 24% higher than the Bond Indenture Debt service ratio requirement of 1.25.

Annual Debt Service Coverage	1.55
Required Debt Service Coverage	1.25
Variance	0.30
% Variance	24%

14. Port Insurance for Fiscal Year 2025. Insurance Premium and Property Appraisal Update.

In FY 2024, the insurance premium for Port properties was \$4,491,649.45, representing a 45% increase, or \$1.4 million, compared to the FY 2023 premium of \$3.1 million. Although the property value submitted for FY 2024 increased by 13% (from \$245,748,336 in FY 2023 to \$277,803,815 in FY 2024), underwriters raised concerns for several reasons: the Port's property values had not been appraised in roughly 20 years, the global COVID-19 pandemic in FY 2020–2021 led to rising costs, and Typhoon Mawar struck Guam in May 2023, causing significant damage and requiring a multimillion-dollar insurance claim. These factors contributed to the \$4.5 million insurance premium in FY 2024 and the requirement from underwriters for the Port to conduct a new professional appraisal of its properties.

The Port hired Milo Appraisal Company, and based on their appraisal, the updated property value submitted for insurance was \$435,758,201, a 57% increase from the initial FY 2024 value. Despite this significant increase in property value, the insurance premium for the Replacement Cost Option (full property value) is \$5,145,991.90, with a \$7.6 million deductible. This represents a 15%, or \$654,000, increase from the FY 2024 premium. Our brokers have consistently demonstrated prudence in representing the Port's best interests, as affirmed by the Public Utility Commission's (PUC) Orders whenever the PUC commissioners review our insurance case dockets for approval.

The Fiscal Year 2025 budget authorized an appropriation of \$4.9 million for insurance. However, due to the premium shortfall, I will need to transfer funds, utilizing the authority granted to me by the board. I am making this report on the record because, in addition to the selected option of full replacement value with a \$7.6 million deductible and a \$5.15 million premium, there was also a second option: a \$4.6 million annual premium with a \$5.7 million deductible, based on depreciated value. After thorough discussions with Board Secretary Fe Ovalles, who took a leadership role due to her extensive experience in the insurance industry, we agreed that option 1—full replacement value—is in the Port Authority of Guam's best interest. This approach addresses the long-standing issue of outdated property valuations and ensures our insurance coverage reflects the Port's current property value.

The challenges we faced—including high premiums, market conditions, Typhoon Mawar, and global cost increases—complicated the process of securing coverage. However, under the strong leadership of Director Ovalles, our brokers worked diligently to ensure that underwriters were willing to insure the Port. Their careful approach allowed us to navigate these difficult market conditions and secure the necessary coverage to protect the Port's assets.

Next, we will consult with the Public Utilities Commission (PUC) to confirm whether this action requires their approval, as the premium increase exceeds 10%. We are also determining if the 10% threshold applies in the aggregate or to individual line items. Should PUC approval be necessary, we will petition for ratification, as the Port requires continuous insurance coverage, with this policy taking effect on October 1, 2024. Should ratification be required, we will return to the Board next month with a resolution seeking your authorizing to seek PUC approval. In summary, proceeding with full replacement value coverage, despite the higher premium and deductible, provides the Port with comprehensive insurance that accurately reflects its asset value. This is crucial given the Port's responsibility for handling 90% of all goods coming into

Guam and its vital role in supporting both the local and regional economies. Ensuring proper insurance safeguards our critical infrastructure and operations, especially in the face of natural disasters, evolving market conditions, and the Port's significance to the regional economy and national security.

We recognize Director Ovalles' persistent and relentless leadership in addressing an issue that has persisted at the Port for almost 20 years. Thanks to her efforts, and the Board's commitment to making things right, we have successfully resolved this longstanding challenge within just one fiscal year.

15. **Port Authority Submits Grant Proposal for Digital Equity Initiative.** The Port Authority of Guam is excited to announce the submission of a grant proposal for the 2024 National Telecommunications and Information Administration (NTIA) Digital Equity Competitive Grant Program offered by the U.S. Department of Commerce. This significant initiative aims to bridge the digital divide by ensuring all communities have access to the internet and the necessary skills to participate fully in the digital world, regardless of their background or circumstances.

Under the leadership and guidance of Port Board Vice Chairperson Conchita Taitano, who is actively involved in our sustainability and resilience initiatives, the Port's Planning team collaborated with WSP (the Port's Owner Agent), and Jacobs to develop and submit the proposal on September 23, 2024. The project seeks to build a robust and resilient digital ecosystem that promotes digital equity and inclusion, catalyzing growth in underserved shoreline communities.

Key Components of the Project

- **Community Anchor Institution**
 - The Port has been designated as a Community Anchor Institution to provide broadband services to five surrounding communities.
- **Community Resource Centers/Digital Equity Hubs**
 - Establishing centers at the Hagåtña and Agat Marinas to serve as hubs for digital access and education.
- **Terminal Operating System (TOS) Upgrade**
 - Upgrading and integrating the Port's TOS to enhance operational capacity, efficiency, accessibility, and inclusivity.

Project Significance

By connecting underserved shoreline communities, the project aims to stimulate economic growth and provide equitable access to digital resources. Integrating our TOS with digital equity initiatives positions the Port at the forefront of technological advancement, enhancing our operational efficiency and service delivery.

Financial Overview

- **Total Project Cost Estimate: \$12 million**

Collaboration and Leadership

This project, if awarded, is a major addition to our sustainability portfolio and exemplifies our commitment to environmental stewardship and community engagement. The successful

submission of the grant application was made possible through the leadership of Vice Chairperson Conchita Taitano and the collaborative efforts of our Port team, WSP, and Jacobs.

Looking Ahead

We anticipate that this project, if awarded, will significantly contribute to our mission of serving the people of Guam and strengthening our regional partnerships. It underscores our dedication to fostering sustainability, resilience, and community development.

Appreciation

We acknowledge Vice Chairperson Conchita Taitano for her leadership and all team members involved in this important endeavor. Their dedication and hard work have advanced our efforts to bridge the digital divide and enhance the quality of life for our communities.

- 16. Net Zero at the Port of Guam Goal Moving Closer to Reality.** Work continued throughout September to bring the Port Authority of Guam closer to its goal of achieving Net Zero. Net Zero refers to balancing the greenhouse gases emitted into the atmosphere with those removed. Achieving this requires reducing emissions from energy, transportation, and industry to near-zero levels while offsetting remaining emissions through methods such as reforestation, carbon capture, or CO2 removal technologies. The goal is to prevent further global warming by ensuring human activities do not increase the overall concentration of greenhouse gases.

The PAG recently secured a grant through the Office of the Governor from OLDCC to fund its Owner's Agent/Engineer for conducting a Port Resiliency and Sustainability Study, and WSP (the Port's Owner's Agent) brought on Jacobs as a subcontractor to deliver this project. On September 12, 2024, via a Teams meeting, Jacobs presented feasible solutions to help PAG achieve 'Net Zero' by a target date. Attendees included Vice Chairperson Conchita Taitano, WSP (the Port's Owner's Agent), members of the Planning Division, and myself. The presentation covered the goals and objectives of the Zero Emissions (ZE) Strategy, greenhouse gas (GHG) emission results, and carbon reduction strategies. We acknowledge Vice Chairperson Conchita Taitano for her leadership, along with the contributions of all team members involved in this important endeavor. Their dedication and hard work have significantly advanced our efforts to improve sustainability and enhance the quality of life for our communities.

The Port Sustainability Plan aligns with the Administration of Governor Lou Leon Guerrero, Lt. Governor Josh Tenorio, and First Gentleman Jeff Cook's Zero Waste Task Force, which is focused on minimizing our ecological footprint, mitigating environmental impacts, and promoting sustainability. The plan focuses on preserving natural resources through zero-emission initiatives, zero-waste efforts, the establishment of a recycling enterprise zone at the Port, and the use of recycled plastic to rebuild Family Beach Road. It will integrate these principles into the Port's operational framework through strategies aimed at enhancing energy efficiency, reducing emissions, managing waste, and conserving natural resources.

The Port Sustainability Plan is also a key component of the Port's 2024 Look Ahead, which aligns with the Governor and Lt. Governor's Strategic Framework and the One Guam approach to the military buildup, with a strong emphasis on National Security.

17. Status of Ongoing Awarded Grant Activities and Updates on Planned Grant Acquisitions.

Grant Updates

1. USDHS/FEMA Port Security Grant Program

The Port received \$124,779 from the 2023 Port Security Grant Program (PSGP), which includes the following projects:

- **Acquisition of Two Port Police Boat Trailers**
 - **Update:** Trailers have been delivered to Port Police.
- **Acquisition of Port Police Laptops and Accessories**
 - **Update:** Distribution to Port Police is ongoing as IT completes configuration of units.
- **Acquisition of Port Police Personal Protective Equipment (PPE)**
 - **Update:** Procurement process is ongoing.

2. U.S. Economic Development Administration (EDA) Fuel Pipeline Connectivity Project

- **Update:** AM Orient received the geotechnical report from Marianas Geotech Services and is working with PAG staff to finalize components of the 90% Design Submittal.

3. Gantry Crane Acquisition

- **PAG Procurement Bid**
 - Port's procurement and legal teams, in collaboration with WSP and Lift Tech, are currently working on the procurement bid packet.
- **USDA Direct Loan**
 - PAG Finance is developing a Request for Proposal (RFP) to select a lender for commercial loan financing to replace the PAG's ship-to-shore gantry cranes.
 - The Port team is working with the local USDA office to complete the application process.
 - USDA guidance has been provided regarding the type of procurement the Port will execute.
 - **Update:** Status quo.

4. MARAD Marine Highway Program

- The Grant Agreement for MARAD FY 2022 America's Marine Highway was effectuated on **August 4, 2023**, for the purchase of:
 - Nine terminal yard tractors and two refrigerated container (reefer) generators – *Delivery is anticipated by March 2025*
 - Five 5.5-ton forklifts – *Procurement is currently conducting Market Research*
 - One telescopic boom lift – *Delivery is anticipated by November 2024*

5. Office of Local Defense Community Cooperation

- The PAG's recent grant application totaling **\$1.45 million** for its Owner's Agent/Engineer to conduct a Port Resiliency and Sustainability Study was granted by OLDCC through the Office of the Governor.
- **Update:** On September 12, 2024, via a Teams meeting, Jacobs presented to Vice Chairperson Conchita Taitano and the General Manager feasible solutions for the PAG to achieve 'Net

Zero' by a target date—addressing goals and objectives of the Zero Emissions (ZE) Strategy, greenhouse gas (GHG) emission results, and carbon reduction strategies.

- *Direct Actions* (for a potential >20% reduction of emissions) include: hybridization of the STS gantry cranes, electrification of passenger fleet, energy conservation measures, employee training programs, and sub-metering;
- *Collaborative Actions* (for a potential >50% reduction) include: engagement and collaboration with GPA; and
- *Nature-based Actions* (for an estimated >7% reduction) include: restoration of mangroves, forested areas of Port property, and engaging with wider initiatives, including potential watershed strategy

6. EPA Diesel Emissions Reduction Act (DERA) Program

- A purchase order for four terminal yard tractors was issued to American Material Handling, Inc. on **May 2, 2023**.
- The four units were accepted by the PAG on **April 18, 2024**.
- **Update:** PAG Procurement issued PO No. 20063-OS on **August 27, 2024**, for the purchase of two additional units to complete the grant program. *Delivery is anticipated by May 2025*

7. US DOT Rebuilding American Infrastructure with Sustainability and Equity (RAISE) Grant Program

- PAG requested a no-cost scope modification to the original F1 Pier and Wharves F2–F6 repairs under the RAISE grant, shifting funding from F1 Pier to supplement funding for Wharves F2–F6. The request is undergoing the approval process at the Office of the Secretary of Transportation.
- **Update:** The USDOT Office of the Secretary, via MARAD, approved the Port's no-cost scope modification. Environmental assessment is ongoing, along with documentation for the HABS/HAER effort.

8. Office of Insular Affairs Maintenance Assistance Program (MAP)

- **Port Welding Shop Phase 1 & 2 Project**
 - Awarded in 2020 and 2021.
 - Aims to repair concrete spalling and cracks on the building's exterior and apply protective coating once repairs are complete.
 - Includes acquiring specialized equipment for the Welding Section to support maintenance of gantry cranes and other heavy-duty equipment.
 - **Update:** Bid opening held on **September 6, 2024**. The next step is to issue a Notice of Award, pending confirmation of price with the lowest qualified bidder.
- **Generator Maintenance Program**
 - Awarded on **June 29, 2022**.
 - Hawthorne Pacific Corporation signed the purchase order on **May 8, 2023**.
 - On **June 28, 2023**, requisitions were entered, and a total of eight purchase orders were awarded on **October 23, 2023**, to three vendors: Landscape Management Systems, Inc., Far East Equipment Co. LLC, and Hawthorne Pacific Corporation.
 - Genset maintenance/services and parts deliveries are ongoing.
 - **Update:** Maintenance services are ongoing monthly.

9. New Grant Proposal – U.S. EPA Clean Ports Program: Climate and Air Quality Planning Competition

- The U.S. EPA Clean Ports Program aims to reduce air pollution and greenhouse gas emissions at ports by supporting projects that adopt cleaner technologies and practices.
- PAG submitted a **\$2,410,415** grant proposal to fund the Net Zero Emissions Strategy Update and Implementation Plan.
- The U.S. EPA will announce selection decisions between August and September 2024 and plans to issue awards by December 2024.
- **Update:** Status quo.

10. New Grant Opportunity – U.S. EPA Environmental and Climate Justice Community Change Grants Program / Inflation Reduction Act Community Change Grants Program

- The Port Authority of Guam (PAG), as a potential collaborator, transmitted intake forms and documents for the following projects to the lead applicant, Community First Guam Federal Credit Union, via CBO Financial, on September 9, 2024: PAG Lighting Fixture, Ceiling Tiles, and Window Shutters Replacement Project; PAG Installation of a Solar Photovoltaic (PV) System and Batteries Project; PAG Microgrid Feasibility Study Project; and PAG Route 11 Seawall Improvement Project.
- PAG is awaiting notification of its selection to participate as a collaborator under the Community First application, which has a submission deadline of November 21, 2024.

V. OLD BUSINESS

There were no old business discussed.

VI. NEW BUSINESS

1. **Approval to amend Board Policy Memorandum No. 2018-01 Working capital-reserve for O&M.** The purpose of this policy is to provide a source of cash or funding to satisfy the known operational and maintenance contingencies where the specific timing and amount are uncertain; unforeseen O&M contingencies not anticipated at the time of the annual budget approval; liquidity in the event of a short-term disruption to the Authority's revenue or expenditure cycle; and establishment and maintenance of a unified reserve account to ensure financial stability and operational sustainability. The Vice Chairperson made motion to approve Board Policy Memorandum No. 2018-01 working capital and general reserve fund policy for financial stability and operational continuity, as amended, seconded by Director Valencia-Ovalles. Motion was unanimously approved.

2. **Adoption of Board Resolution No. 2024-11 Reed K. Topasna.** The Vice Chairperson made motion to adopt Board Resolution No. 2024-11 relative to honoring the life and service of Port Authority of Guam employee Reed K. Topasna and extending our heartfelt deep sympathy and condolences to the bereaved family members, seconded by Director Valencia-Ovalles. Motion was unanimously approved.

3. **Adoption of Board Resolution No. 2024-12 Disposal of Excess Supplies and Surplus Equipment.** Public Law 32-081 added a new §5404 to Article 8, Chapter 5 of Title 5, GCA, relative to the proceeds derived from the disposal of excess or surplus supplies and equipment that are the property of the Port. The law stipulates when the Port disposes its excess or surplus supplies and equipment that were purchased with funds generated from rates, tariffs, or other sources of the Port and not from the General Fund, ninety percent (90%) of the total proceeds from the sale, lease, or disposal shall revert to the PAG and the remaining ten percent (10%) of the total proceeds shall be deposited into the Guam Procurement Advisory Council Support Fund, and shall be administered in accordance with §5906 of Article 2, Chapter 5 of Title 5, GCA. The law further stipulates that the Port shall not transfer, sell, trade-in, or otherwise dispose of supplies and equipment owned by the Port without the authorization of the Port's Board of Directors. The resolution provides for the Board to grant the authority to the General Manager to administer the disposal of PAG's excess or surplus supplies and equipment accordingly. The Vice Chairperson made motion to adopt Board Resolution No. 2024-12 relative to authorizing the General Manager to administer the disposal of Port Authority excess supplies and surplus equipment in compliance with 5 GCA, Chapter 5, Section 5404. Motion was seconded by Director Valencia-Ovalles and was unanimously approved.

4. **Adoption of Board Resolution No. 2024-13 Public-Private Partnership.** The Port Authority's enabling legislation of Title 12, Guam Code Annotated, Chapter 10, Section 10404, authorizes the Board of Directors to enter into public-private partnerships through performance management contracts for various Port operations provided that the processes outlined in Article 4 of Chapter 10 are followed. The 2019 Transition Report issued by the Governor and Lt. Governor discussed the need for rehabilitation repairs to the Golf Fuel Pier and Foxtrot Fuel Pier 1, based on post-seismic assessments and damage sustained by these piers, as well as the storage fuel tanks located at Area A on Cabras Island. The Port's Master Plan Update projected liquid bulk cargo to increase from 6.96 million barrels in 2013 to 8.42 million barrels by 2033, with petroleum companies assessing the island's current storage capacity to accommodate this growth.

On May 23, 2023, Typhoon Mawar, a Category 4 storm with wind speeds of up to 155 miles per hour and gusts estimated at 190 miles per hour, made direct landfall on Guam, causing significant damage. The typhoon caused Guam Shipyard's floating cranes (YD223 and YD120) to break loose, with YD223 grounding at Golf Fuel Pier and YD120 grounding near Foxtrot 1, resulting in further damage to the piers. In October 2023, conditional assessments by Port Engineering staff and Owner Agent Engineers consultants determined that Golf Fuel Pier sustained severe damage, rendering it structurally unsound and unusable and the assessment report also found that while Foxtrot Fuel Pier 1 sustained serious damage, it could be used with certain restrictions, including reduced berthing velocities and limits on large vessels. The estimated engineering cost to repair Golf Fuel Pier is \$15,636,974, while replacing it would cost \$82,959,868. Foxtrot Fuel Pier 1 is \$3,567,940 estimated cost repair, while replacement would be \$64,286,061. The annual revenue that the Port generates from throughput at Golf Pier and Foxtrot Fuel Pier 1 will not be sufficient to cover the annual debt service, management fees for fuel pier, and operational costs associated with the repairs and improvements to these facilities, making it necessary to seek this kind of common-sense business model for the Port. Public-private partnerships have been successfully implemented by other Government of Guam autonomous agencies, such as the Guam Power Authority and Guam Waterworks Authority.

The Port currently operates with only one working fuel pier, which poses a critical risk to its resiliency in both local and regional fuel supply operations. This limitation affects the Port's ability to support military readiness, civilian fuel demands, and emergency responses in the event of disruptions. With the upcoming military build-up, it is crucial for the Port to explore solutions to repair its fuel piers and increase fuel storage capacity to ensure uninterrupted fuel operations for Guam and the Micronesian region. The Port continues to aggressively pursue all available programmatic funds from FEMA for damages sustained at Golf Fuel Pier and Foxtrot Fuel Pier 1 from Typhoon Mawar, as these additional funds will enhance the financial viability of the public-private partnership package by reducing the overall capital burden and contributing to a more favorable financial outcome for the Port.

In light of this, Board authorization is requested for the General Manager to explore and pursue the benefits of issuing a procurement solicitation for a public-private partnership to manage, operate, and maintain the Port's fuel piers—specifically, Golf Pier, Foxtrot Fuel Pier 1, and the fuel tank farm at Area A. The solicitation shall include, but not only limited, to scope of services; evaluation; legal, environmental, and safety compliance; port ownership of assets remains port assets; local and regional economic benefits and support for military readiness; and statutory process. The statutory process includes compliance with one of the following options for the solicitation and execution of a long-term lease for the Port's fuel piers and related facilities – Section 5127 of Subarticle C, Article 2, Chapter 5, Division 1, Title 5, Guam Code Annotated, which governs the commercial leasing of public real property; or seeking the Governor's support or through legislative sponsorship to introduce legislation.

The Vice Chairperson made motion to adopt Board Resolution No. 2024-13 relative to authorizing the General Manager to issue a procurement solicitation for a Public-Private Partnership to manage, operate, and maintain the Golf Fuel Pier, Foxtrot Fuel Pier 1, and Area A Fuel Tank Farm, subject to legislative and Governor approval as provided for herein. Motion was seconded by Director Valencia-Ovalles and was unanimously approved.

5. Adoption of Board Resolution No. 2024-14 Hold in Abeyance the Merger of Operations and Equipment Maintenance Divisions. The Equipment Maintenance division developed systems to streamline processes and integrated work orders with the E1 Financial Management System, demonstrating its capacity to operate as a standalone division. On July 8, 2024, an Acting Maintenance Manager was appointed and introduced a policy to address the balance between vessel operations and yard equipment maintenance. The policy grants the Equipment Maintenance Division authority over yard equipment downtime, ensuring alignment between maintenance and operations for the overall efficiency of the Port's equipment. The resolution further provides for Board approval:

- To hold in in abeyance the merger of the Operations and Equipment Maintenance divisions, allowing the General Manager to further assess whether the merger would provide additional benefits to the Port's operations or whether the succession plan should be amended to allow for the Maintenance Manager position to be amended to the Equipment Maintenance Manager position, reflecting the current organizational structure.

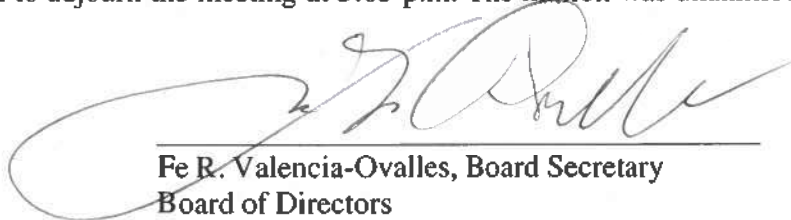
- To maintain the current salary structure for the Operations Manager and Maintenance Manager positions, with no salary increases, as the merger of the Operations and Equipment Maintenance Manager positions will be held in abeyance.
- To retain the Operations Manager and Maintenance Manager positions, without abolishing them, and to continue filling the Maintenance Manager position in an acting capacity pursuant to the Port's Personnel Rules and Regulations.
- Supports the General Manager's continued assessment of the operational needs of the Port Authority, specifically regarding the potential merger of the Operations and Equipment Maintenance Manager positions and the General Manager will provide periodic updates to the Board on the assessment and make recommendations if any significant changes to the organizational structure are warranted.

Additionally, the resolution provides the authority of the General Manager to finalize the decision, after completing the assessment, regarding whether to maintain the current organizational structure or implement the realignment of the Operations and Equipment Maintenance divisions, and present the recommendation to the Board for final approval.

The Vice Chairperson made motion to adopt Board Resolution No. 2024-14 relative to holding in abeyance the merger of Operations and Equipment Maintenance divisions, the amendment of the Operations and Equipment Maintenance Manager and address the impact of the realignment on the organizational structure. Motion was seconded by Director Valencia-Ovalle and was unanimously approved.

VII. ADJOURNMENT

There being no further business to discuss, it was moved by Director Valencia-Ovalles and seconded by the Vice Chairperson to adjourn the meeting at 5:05 p.m. The motion was unanimously passed.



Fe R. Valencia-Ovalles, Board Secretary
Board of Directors

APPROVED BY:



Dorothy P. Harris, Chairperson
Board of Directors





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

General Manager's Report for Board of Directors
October 31, 2024

- 1. Welcoming U.S. Coast Guard Forces Micronesia/Sector Guam's New Commander.** On October 4, 2024, the Port Authority of Guam had the pleasure of welcoming Capt. Jessica Worst as the new commander of U.S. Coast Guard Forces Micronesia/Sector Guam during a formal Change of Command ceremony at Naval Base Guam. This transition marks an exciting new chapter for our valued partners at the U.S. Coast Guard, who play an essential role in maintaining the safety and security of our waters.

We are excited to work with Capt. Jessica Worst as she takes on this critical role. Capt. Worst brings a wealth of experience, having recently served at U.S. Northern Command, and is no stranger to our region, previously commanding USCGC Sequoia right here in Guam and Micronesia. We are confident that her experience and passion for maritime safety, security, and environmental stewardship will continue to strengthen our partnership and protect our shared waters.

The Port Authority of Guam values its partnership with the U.S. Coast Guard, and we look forward to collaborating with Capt. Worst and her team in our joint efforts to ensure the safety and security of the Pacific region.

- 2. Port Authority of Guam: Supporting School Readiness Across the Island.** The Port Authority of Guam is proud to be part of Governor Lou Leon Guerrero's School Opening Readiness Team (SORT), contributing our resources and expertise to help prepare Inarajan Middle School for an upcoming inspection by public health officials. Our involvement in this vital initiative reflects our commitment not only to our community's economic needs but also to its well-being, especially the safety and education of Guam's children.

Southern High School passed inspection on October 7, 2024 with the help of our Port Strong Team. This milestone was a result of a dedicated, multi-agency effort to address the school's most pressing issues, made possible through the work of SORT and the strong support of the school and local community. Inarajan Middle School was the final school pending its public health inspection results and it passed on October 9, 2024. Leading up to its inspection, skilled workers from across the government of Guam worked tirelessly through the weekends to bring the campus up to safety standards.

SORT had been working tirelessly, day in and day out, including weekends, to ensure Inarajan Middle School meets safety standards. Our Port Strong team has contributed manpower and equipment, assisting with tasks like removing outdated AC ducts, structural repairs, installing new air conditioning units, and addressing electrical needs. The collaborative spirit among SORT members is evident as each agency, including the Port Authority of Guam, works

towards the common goal of making the school safe and ready for students. Governor Lou Leon Guerrero and Lt. Governor Josh Tenorio have stressed the importance of ensuring our schools are safe, clean, and conducive to learning, and we wholeheartedly support that mission. Lt. Governor Tenorio also emphasized the need for ongoing maintenance by the Guam Department of Education to maintain these standards, a sentiment we echo as a partner in these efforts.

The SORT initiative has been instrumental in reopening numerous schools over the past month, including J.M. Guerrero Elementary School, Vicente Benavente Middle School, and George Washington High School, among others. The Port Authority of Guam remains dedicated to playing our part in making sure that Guam's students and educators have the best possible environment for learning. Our involvement in the Governor's SORT highlights the wide-reaching impact of our agency, extending beyond cargo operations to directly contributing to the strength and resilience of our community. As we continue to work alongside other agencies—including the Guam Waterworks Authority, the Department of Parks and Recreation, the Guam Environmental Protection Agency, and more—we look forward to seeing students and staff return to Inarajan Middle School with confidence in the safety and readiness of their campus. The Port Strong isn't just about fueling the economy—it's about supporting the community, and we are honored to be part of the team that's helping prepare Guam's schools for a successful year ahead.

- 3. Port Celebrates 49 Years of Service with a Memorable Port Week 2024.** The Port Authority of Guam marked its 49th Port Week from October 21-25, embracing the theme "Port Strong: Nearly Half a Century of Grit, Resilience, and Service Fueling Local and Regional Economies, Partnerships, and National Security," celebrating nearly fifty years of dedication and impact on Guam and the region.

An Inspiring Opening Ceremony

The celebrations began with a powerful opening ceremony, where Governor Lou Leon Guerrero's keynote underscored the Port's vital role in Guam's economy. Reflecting on the impact of the Port's employees, she told the crowd, "You keep Guam's economy and daily life thriving. Your work feeds families, supplies hospitals, and powers businesses. Remember, every task you do contributes to the well-being of our people." The Governor's words highlighted the importance of every Port employee in sustaining Guam's strength and resilience.

During the ceremony, I expressed pride in the Port's achievements over nearly five decades. Recognizing the dedication of the "Port Strong" employees, telling them that, "Your grit—passion and perseverance—is the driving force behind our accomplishments." Each employee has been instrumental in overcoming challenges, including the global pandemic and Typhoon Mawar, when the Port reopened just three days after the storm—a testament to their strength and unity.

Chairperson Dot Harris, also celebrated the contributions of Port employees, saying, "You are the backbone of this organization, and your grit and resilience continue to inspire us all, which is why the Port is among the best organizations in the Government of Guam!" The Chairperson's heartfelt remarks at the Opening Ceremony honored the resilience and dedication of every team member, reflecting the pride and respect the community holds for the Port's workforce.

A Week Filled with Unity and Celebration

The celebrations extended throughout the week, bringing employees and the community together through a series of events that strengthened camaraderie and showcased the spirit of Port Strong. Employees took part in lively competitions, including ping pong, billiards, volleyball, and cornhole. A spirited softball game, dart tournament, tractor pull, basketball competition, and "Spirit Week" added to the excitement, with each event celebrating both individual skill and teamwork.

Looking Toward a Bright Future

This 49th celebration is more than a milestone; it is a promise of what is to come. As the Port looks ahead to its 50th anniversary, it reaffirms its commitment to resilience, innovation, and service. Plans to modernize equipment and improve infrastructure, including the procurement of essential gantry cranes, signal the Port's dedication to meeting future demands and ensuring Guam's readiness to support local, federal, and military needs. The Port remains a cornerstone of Guam's economy, driving both growth and prosperity for the island and its people.

The Port Week festivities will conclude on a high note with the Grand Finale and Employee Recognition Ceremony on November 8, 2024, at Top O' The Mar, where employees, partners, and community members will gather once again to celebrate the Port's remarkable journey. This event will honor not only the achievements of the past but the vision and strength guiding the Port into the future.

With gratitude for its employees and leadership, the Port Authority of Guam embraces its legacy while looking forward to many more years of fueling the economies of Guam and the Pacific region. Together, we are—and will always be—Port Strong.

- 4. Port Wellness Program Continues.** In the next coming months through February 2025, each division will yet again have an opportunity to share their unique ideas in the type of wellness activity for all port employees to participate in and enjoy. The recent wellness programs held June-October 2024 provided positive feedback, which included sea wall walk, free-form exercise, nutrition education, smoking cessation presentation, boka box, bike ride, run-walk-hop, volleyball, Z strength & nutrition, grief & loss in the workplace, and body composition assessment.

We look forward to participating in the next round of wellness fun and physical fitness events that helps to make life-changing decisions, leading healthier lives, and brings positive mindful changes in our daily routines.

- 5. Port Authority of Guam Engages at ATOSSCOM 49th Annual Conference.** The Port Authority of Guam recently joined regional port leaders at the 2024 ATOSSCOM 49th Annual General Membership Conference in Saipan, a platform fostering collaboration to enhance efficiency in Micronesian ports. Founded in 1974, the Association of Terminal Operators, Stevedoring and Shipping Companies of Micronesia or ATOSSCOM, fosters collaboration among Terminal Operators, Stevedoring, and Shipping Companies, strengthening waterborne commerce across the region.

During the event held October 15-18, 2024 in Saipan, I had presented key developments at the Port of Guam, emphasizing the theme: "Building a Secure, Resilient, and Sustainable Port of Guam through Local, Regional, and Federal Partnerships." I expressed gratitude for being part of the event, noting, "In the face of numerous challenges over the past 5.5 years, the Port of Guam has emerged stronger and more resilient than ever before, thanks to the power of partnerships and strategic foresight." Guided by the "One Micronesia" approach championed by Governor Lou Leon Guerrero and Lt. Governor Josh Tenorio.

Updates were provided on the modernization projects such as replacing aging gantry cranes and upgrading fuel piers, which are vital to ensuring Guam's role as a strategic hub. Emphasis was placed on the Port's commitment to strengthening the fuel supply chain through a Public-Private Partnership (PPP) to safeguard Guam's energy resources: This partnership will ensure that Guam's fuel supply chain is resilient, leveraging private sector expertise while maintaining public ownership of assets. Security was another key focus, as I had shared our advancements in Terminal Operating Systems and vessel tracking to enhance efficiency and mitigate risks. I also talked about the Port's environmental goals, including a \$2.4 million proposal to support its Net Zero Emissions Strategy, positioning Guam as a leader in sustainability. The Port has also prioritized digital access, submitting a \$12 million proposal to bridge connectivity gaps in underserved areas.

Reflecting on Guam's strategic role in the U.S. Indo-Pacific Strategy, it was expressed that the Port's position in the Indo-Pacific is pivotal, and the progress we make today will directly influence the region's ability to respond to both economic opportunities and security challenges. We are committed to continuing collaborations with ATOSSCOM members and dedicated to share the mission of maintaining a resilient and efficient port network across Micronesia: Together, we are Port Strong.

This engagement at ATOSSCOM underscores the Port of Guam's vital role in regional growth and stability, strengthening partnerships that ensure a sustainable future for all.

- 6. Port Authority of Guam's Urgent Call for Crane Replacement at AAPA Annual Convention.** In a powerful address at the AAPA 2024 Annual Convention in Boston, Port Authority of Guam's Vice Chairperson Conchita Taitano delivered a powerful address that underscored the urgency of replacing the Port's aging gantry cranes.

Speaking at the Executive Working Roundtable on Cargo Handling Equipment on October 28, 2024 before federal officials, crane manufacturers, and U.S. port representatives, she highlighted Guam's critical need for updated crane infrastructure to maintain regional stability and operational readiness. She emphasized that the current cranes, which were second-hand units acquired from the Port of Los Angeles in 2009 and now over 40 years old, are beyond their serviceable life. Our cranes have served their purpose but are now past their prime. Every delay in replacement brings greater risk of operational disruptions that impact not just Guam, but U.S. interests in the Indo-Pacific.

As the only U.S. port leader to speak at the session, the Vice Chairperson reflected on the strategic importance of Guam's port, and noted a Department of Defense Gap Analysis Report that identified Guam's infrastructure as essential for military logistics and regional security. Without immediate federal support, we may face critical procurement decisions that could compromise our security standards.

In a pointed remark, the Vice Chairperson addressed potential reliance on Chinese-manufactured cranes if federal support is delayed. If forced to consider foreign-made equipment, we face significant cybersecurity and operational risks that compromise our alignment with U.S. security priorities. She advocated for federal funding and Buy American waivers to avoid this risk and secure cranes that align with U.S. defense standards.

Hosted at the Westin Boston Seaport District, the roundtable focused on reshoring U.S. manufacturing for next-generation cargo equipment and maximizing public and federal funding. Industry leaders, including RADM Ann Phillips from MARAD, members of the National Security Council, and manufacturers like Konecranes and Liebherr, discussed the strategic importance of modernizing U.S. port equipment for supply chain resilience and national security. The Port Authority of Guam has made extensive efforts to secure funding, including a shift of resources from the Hotel Wharf construction project to support crane procurement. However, current funds may cover only one crane, a concern the Vice Chairperson brought to the forefront: Securing these cranes aligns with our national security interests and is essential for Guam to remain a reliable logistics hub in the Indo-Pacific.

As the only U.S. port representative to speak, the Vice Chairperson's call for urgent action resonated strongly, underscoring the Port Authority of Guam's commitment to resilience, security, and regional leadership.

- 7. Port Introduces New Draft Temporary Out-of-Position Assignments Policy for Employee Growth and Flexibility.** The Port Authority of Guam is moving forward with a policy designed to benefit and empower employees through opportunities with the draft of the new Temporary Out-of-Position Assignments Policy. With this forward-thinking policy, our Port employees will have the chance to step into roles outside of their typical job classifications, earning compensation for higher-level work or retaining current pay in lower-level assignments. This initiative—championed by Governor Lou Leon Guerrero, Lt. Governor Josh

Tenorio, and the Port's Board of Directors—is intended to support employee growth, flexibility, and fair treatment as we continue to uphold operational excellence.

The core goal of the policy is focused on meeting the Port's needs while also investing in our most valuable resource—our people. This policy is designed to provide opportunities for career growth and allow employees to contribute in new and meaningful ways, all with fair compensation and respect for their role.

Key Aspects of the Temporary Out-of-Position Assignments Policy

The new policy sets a framework that allows employees to take on temporary roles outside of their usual scope, benefiting both the Port's operational continuity and individual career development.

Voluntary Participation with Fair Pay

Employees are encouraged to participate on a voluntary basis, filling critical gaps within the organization. Should they accept a higher-level assignment, they will immediately receive either a 5% pay increase or the difference between their current pay and that of the new position—whichever is greater. For those in lower-level roles, employees will retain their current pay rate. Fairness is at the heart of this policy; we believe in compensating our team members equitably for their contributions.

Flexibility in Emergency Situations

While this policy is generally voluntary, employees may be asked to assist in out-of-position roles during emergencies to ensure that the Port remains fully operational. These assignments will be compensated from the first hour worked and are temporary, lasting only as long as the emergency requires. Emergencies are defined as unexpected events like natural disasters or safety concerns. In times of need, our Port Strong family steps up to support each other, and this policy ensures they are recognized for doing so.

Streamlined Approval and Transparency

To maintain transparency and operational efficiency, each assignment under the policy must be approved by the Personnel Services Administrator, the Chief Financial Officer, and the General Manager. This ensures that decisions are based on qualifications, divisional needs, and fair distribution of opportunities. Regular audits by HR and Finance departments will help to prevent favoritism and ensure compliance with the policy's guidelines.

Employee-Driven Feedback and Growth

Shaped by employee input, this draft policy has been crafted with the understanding that feedback from the Port team is invaluable. We are committed to creating policies that work for everyone at the Port. Employee feedback is instrumental in helping us refine this policy to make it as beneficial as possible.

What's Next?

A survey was distributed to all employees this month to gather further input on the draft policy. Feedback collected will be instrumental in finalizing the policy to best meet the Port's and employees' needs. This policy represents a significant step toward enhancing career growth, operational flexibility, and fair treatment for all employees. It reaffirms the Port Authority of Guam's commitment to supporting each member of our Port Strong family, helping us work together more effectively to serve our community and uphold our essential role in the region.

FAQs: Temporary Out-of-Position Assignments Policy

General Overview and Policy Scope

- What is the Temporary Out-of-Position Assignments Policy? It lets you take on a temporary job outside your regular role to fill important gaps. These assignments could be at a higher or lower level, depending on what's needed.
- How is this different from the Detail Assignment Policy? The Detail Assignment Policy applies to leadership positions open for 30 days or more. This policy applies to any role and starts pay immediately, not after 29 days.
- Does this policy apply to all divisions at the Port? Yes, it covers all divisions and any role based on the need.
- Does this General Manager's policy need board approval? No, the General Manager has authority to create policies for efficient Port services, including temporary out-of-position assignments.
- Is this policy designed to avoid hiring more people or make employees take on extra tasks? No, it's not a substitute for hiring or a way to increase workload. It's a tool for addressing immediate needs with fair pay for out-of-position work.

Purpose and Impact

- How does this policy impact the Port's finances and overtime pay? The policy is cost-effective for short-term needs, and it does not avoid overtime pay, which is still provided for work beyond regular hours.
- Is the goal of this policy to optimize staffing levels and promote internal opportunities? Yes, it helps the Port run efficiently and offers staff more chances for growth.

Eligibility, Selection, and Participation

- How are decisions made about which employees are chosen for out-of-position assignments? Decisions are based on who is best qualified, the division's needs, and employee availability. If more than one is qualified, they try to share opportunities fairly.
- How will I know if I am fully qualified for an out-of-position assignment? Your division head will check if you have the required skills, experience, and qualifications for the role.
- Can I apply for an out-of-position assignment, or must I wait to be selected? You can express interest to your supervisor or HR, but assignments are based on division needs.

- Is this policy voluntary, and can I continue my usual role if I choose not to participate? Yes, it's entirely voluntary. If you don't accept an assignment, there's no impact on your current role or future opportunities.
- How does this policy handle situations where my current workload conflicts with an out-of-position assignment? Speak to your supervisor if you're concerned about managing both roles. They'll work with you to balance tasks.
- How does the Port ensure fair distribution and qualification standards for out-of-position assignments? Assignments are based on qualifications, division needs, and balanced distribution. HR and division heads ensure fair tracking, and employees can ask for clarification from HR if needed.

Assignment Duration and Approval Process

- How long can these temporary assignments last?
 - Higher-level roles: Up to 180 days
 - Lower-level roles: Up to 29 days, with possible extensions.
- Who approves these assignments? They must be approved by the Personnel Services Administrator, the Chief Financial Officer, and the General Manager.
- What if I'm asked to do a different role for just one day? Daily out-of-position assignments need prior approval and cannot last more than 3 days without full approval.
- What should I do if I believe my out-of-position assignment has exceeded the allowed duration? Contact HR or your supervisor to check on the assignment duration and confirm if an extension is needed.
- Who is responsible for ensuring that my core responsibilities are covered while I'm in an out-of-position assignment? Your division head and supervisor coordinate with you to manage both your main duties and your temporary assignment.
- What if I believe I've been assigned out-of-position duties without proper approvals? Contact HR or your supervisor immediately if you think approvals weren't in place.
- What happens if the same people keep getting selected for temporary out-of-position assignments? If the same people are chosen repeatedly, HR reviews this to ensure fairness. If you feel it's unfair, raise it with HR.
- Can I request to return to my primary role if I find the out-of-position assignment challenging? Yes, discuss this with your supervisor, who can arrange a return to your primary role if needed.

Compensation and Pay Adjustments

- When will I get paid if I take on a temporary out-of-position role? You'll start getting paid from the first hour, provided the assignment was approved beforehand.
- Will I get a raise if I'm assigned to a higher-level job? Yes, you'll receive either a 5% increase or the difference in pay between your role and the higher role—whichever is greater.
- What happens if I'm assigned to a lower-level job? You'll keep your current pay even if the assignment is at a lower level.

- How long will it take for the pay adjustment to show up in my paycheck if I accept an assignment? It should show up in the next payroll cycle once the assignment is approved.
- Will I retain my out-of-position pay if an assignment is cut short due to changing needs? You'll be paid for the hours or days worked in the out-of-position role up until the assignment ends.
- Does this policy affect my eligibility for other benefits, such as retirement contributions or healthcare? No, it doesn't affect any of your existing benefits.
- Will temporary assignments affect my eligibility for leave or other time-off requests? No, but time-off requests during an out-of-position assignment are subject to operational needs. Talk to your supervisor early about planned leave.

Emergency Assignments

- What qualifies as an emergency under the Temporary Out-of-Position Assignments Policy? Emergencies are unexpected events like natural disasters, safety crises, or urgent regulatory deadlines that could disrupt operations.
- Who decides if a situation qualifies as an emergency? The General Manager can certify emergencies and document the reasons.
- How does compensation work for emergency out-of-position assignments? You're paid from the first hour. Emergency approval and documentation are required each day of the assignment.
- Can I refuse an emergency assignment if I feel it's unsafe? Yes, you can refuse if you believe it's unsafe, without any retaliation.
- How long can emergency assignments last? They are reviewed daily and are temporary, with daily re-approval by the General Manager if the emergency continues.

Fairness, Compliance, and Audits

- Will there be audits to make sure this is fair? Yes, HR and Finance conduct regular audits and spot checks for fairness and compliance.
- Will this lead to favoritism, with the same people getting more pay and assignments? No, the policy includes audits to ensure fair distribution and avoid favoritism.
- Is this just management's way of avoiding promotions? No, this policy is separate from promotions and applies only to temporary assignments.
- Could this policy result in temporary assignments becoming permanent without a formal promotion process? No, these assignments are short-term solutions and don't replace formal promotion processes.
- Can I receive feedback or performance evaluation on my out-of-position assignment? Yes, you can request feedback from your supervisor on your performance in the role.

8. **Commercial Division Sets Course for Enhanced Operations and Growth.** The Port Authority of Guam's Commercial Division is entering an exciting new phase that outlines key priorities for aligning the Commercial Division with the Port's broader goals, particularly as Port management develops the "Look Ahead 2025" initiative.

Strategic Alignment for Growth

The framework is designed to ensure the Commercial Division operates efficiently and in sync with other divisions and able to move forward efficiently to meet the Port's strategic objective for the proposed 'Look Ahead 2025' initiative. This initiative sets a clear path for continued growth, with a focus on improved productivity and cross-divisional collaboration.

Key Directives for Success

Aimed at streamlining operations and enhancing the division's performance, these include conducting an inventory of staff responsibilities, fostering cross-divisional collaboration, and implementing automation for efficiency. Another important focus is the management of leases, with specific steps outlined for addressing non-compliant leases, renewing agreements, and ensuring clear communication with tenants. The Commercial Division will also prioritize the launch of a Marina Management and Users Group initiative, as well as the creation of a Commercial Lease Management System.

Tackling Challenges and Building Trust

The Commercial Division is implementing strategies that include improved collaboration and enhanced communication across teams. Weekly meetings have already been introduced to facilitate this, with quarterly team-building sessions planned for the near future. By requiring improved teamwork and trust as core values, this will lead to a stronger sense of purpose at the Port and improved camaraderie among employees. These changes are not just about increasing efficiency but also about fostering a supportive and positive work environment.

Positive Impact on Port Operations

The anticipated changes are set to have a far-reaching impact on both day-to-day operations and the Port's growth. By tightening cross-divisional collaboration and introducing more efficient processes, employees and tenants alike will experience improved productivity and streamlined operations. This engagement with other divisions will help mitigate potential errors and motivate other divisions to do the same. For Port Strong employees, these changes represent an opportunity to be part of something greater. Change is always difficult, but if this change is implemented in a positive and supportive work environment, it can be accomplished. Employees are encouraged to embrace the new framework, as it will contribute not only to the Port's growth but also to personal and professional development.

Looking Ahead to a Bright Future

Many of the directives outlined are already being implemented, with the review of leases and other priorities well underway. It is envisioned that these improvements will drive a significant growth over the next year, both in terms of revenue and operational efficiency. The Commercial Division's dedication to a gold-standard approach ensures that the Port will continue to be a regional leader in maritime industries.

9. S&P Global Ratings Affirms Port's Long-Term 'A' Rating, Maintains Stable Outlook.

S&P Global Ratings has reaffirmed the Port Authority of Guam's long-term 'A' rating on its series 2018 Port Revenue Bonds and maintained its outlook at stable, as per the latest

assessment. As stated in the S&P Global Ratings report, "The stable outlook reflects our expectation that port activity will continue to demonstrate resilience in the aftermath of Typhoon Mawar, and remain near current levels. The outlook also reflects our expectation that key financial metrics will remain sufficient for the rating and the port's debt capacity will remain strong."

The stable outlook reflects S&P's expectation that the Port will continue to demonstrate resilience in port activity and maintain sound financial metrics, especially following the impact of Typhoon Mawar in 2023. The Port's debt capacity and coverage ratios have also remained strong, which is essential for continued operations and funding future infrastructure projects.

According to the S&P Global Ratings, "The rating reflects our opinion of an island port that has relatively stable container volumes given its role as sole provider of maritime facilities and services in Guam and stabilizing military presence due to its strategic importance to the U.S. military, despite relatively high shipping carrier concentration and being located in a region prone to severe weather events. The rating also reflects our expectation that the authority's DSC (as per our calculations), debt burden, and liquidity will remain at levels we consider strong, low, and adequate, respectively."

Our high rating reflects prudent management and the dedication of our Port Strong employees, whose hard work and commitment I am deeply proud to be a part of as a member of the Port Strong family. This achievement aligns with the vision set by Governor Lou Leon Guerrero, Lt. Governor Josh Tenorio, and our Board of Directors, underscoring the importance of the Department of Defense addressing its *Guam DoD Master Plan (Part 1B: Government of Guam Gap Analysis and Execution Plan, 10/2024)* to realize its commitment to building Guam's resilience and strategic capacity in the Indo-Pacific.

According to the S&P report, key credit strengths include: Relatively stable container volumes given its virtual monopolistic position as the sole provider of maritime facilities and services in Guam and its strategic importance to the U.S. military; strong coverage (S&P Global Ratings-calculated) that S&P expects will be maintained above 1.25x; robust liquidity, with days cash on hand exceeding 200 days the past two fiscal years, that S&P expects to remain and a low debt burden and anticipated low additional debt needs.

Our high rating is proof positive of the strong management and dedicated leadership at the Port, and it's a direct reflection of our Port Strong team's commitment to Guam's future. For anyone trying to distract from our mission, here's the message: we're here, we're focused, and this administration continues to deliver results. This positive rating from S&P Global reinforces the strides we're making toward operational excellence and fiscal health, positioning the Port as a reliable logistics hub for Guam's commercial and military stakeholders alike.

- 10. Port receives \$2.4 Million through EPA's Clean Ports Program.** The Port Authority of Guam has been awarded \$2,410,415 from the U.S. Environmental Protection Agency's Clean Ports Program under the Climate and Air Quality Planning Competition. The grant selection

process was extensive, with EPA funding only 55 projects from 27 states and territories for zero-emission equipment and climate planning. This award reflects the collective dedication of the Port team, with WSP serving as the Port's owner agent and Jacobs as its subgrantee, along with the steadfast leadership of Vice Chairperson Conchita Taitano.

Governor Lou Leon Guerrero, and Lt. Governor, Joshua Tenorio, were clear when they appointed Vice Chair Conchita to the Board, as her 30-plus years with Guam EPA and government service make her uniquely qualified to develop and drive sustainability goals together with our planning team headed by Chief Strategic Planner Joe Javellana. In conjunction with her role on the Port Board, she has completed certification through Massachusetts Institute of Technology (MIT) Sustainability Program and worked alongside First Gentleman Jeff Cook on the island's Zero Waste Task Force, and those initiatives have directly influenced the Port's sustainability efforts.

The Port Authority also acknowledges EPA Administrator Michelle Lastimoza and her team for their collaborative approach, working to support a more sustainable and resilient port. This funding aligns with the vision of Governor Leon Guerrero, Lt. Governor Tenorio, and the Port Board as outlined in the 2023 Master Plan and the "Look Ahead 2004" framework.

The awarded funds will support the Port's Net Zero Emissions Strategy Update and Implementation Plan, an initiative that will enhance efforts to reduce emissions, strengthen climate resilience, and improve air quality for the community. This project reflects the Port's commitment to the goals of its Sustainability and Resiliency Plan and its dedication to innovative environmental stewardship.

Key objectives of the Net Zero Emissions Strategy Update and Implementation Plan include:

- Conducting a mobile emissions inventory,
- Updating the Net Zero Emissions Strategy,
- Preparing a workforce development plan,
- Developing a resiliency strategy to assess climate risks and vulnerabilities, and
- Creating an implementation plan to outline actionable steps for decarbonizing and electrifying Port operations.

The Port Authority of Guam will also conduct community engagement to support this initiative and future projects, reinforcing a shared vision for a cleaner, sustainable future for Guam. This funding is a step forward in turning that vision into action.

11. General Manager's Notes for YTD Finances. We are providing the following summary for September 30, 2024:

REVENUES AND CARGO THROUGHPUT:

- The Port's total year-to-date (YTD) operating revenue as of September 30, 2024, is \$58.6 million, which is 3.1% or \$1.9M lower than the YTD revenue budget of \$60.1 million for FY24.

- The total number of containers handled by September 31, 2024, is 85,285, a slight decrease of 0.4% or 369 containers compared to last year's YTD total of 85,627 as of September 2023. However, the total tonnage for non-containerized cargo stands at 211K revenue tons, a 2.0% decrease from last year's September total of 214K revenue tons.

The addition of two container/roll-on, roll-off vessels ("con-ro") by Matson to its weekly schedule is the primary driver behind the 112% increase in domestic non-containerized cargo. As of September, total Roll-on/Roll-off (Ro-ro) revenue stands at \$1.2 million, reflecting a 101% increase, or \$588K.

OPERATING EXPENSES:

- Overall operating expenses as of September 31, 2024, total \$56.6 million, which is 2.7%, or \$1.5 million, higher than the year-to-date FY24 annual budget of \$55.2 million. In October 2023, the anticipated passage of Typhoon Bolivar near Guam resulted in \$326K of unforeseen typhoon-related expenses.

OVERTIME EXPENSE AND DIRECT LABOR REVENUE:

- Year-to-date (YTD) overtime for divisions involved in operations is \$1.6 million, which is 25%, or \$317K, higher than the FY24 overtime budget of \$1.3 million for September. However, FY 2024 YTD overtime as of September is 10% lower compared to last year's YTD total of \$1,767,886. The decrease in overtime would have been more significant, but the annual employee salary increase also raised the overtime rate for each employee in FY 2024.
- The total Direct Labor revenue as of September is \$3.9M, 1.5% or \$55K higher than the FY24 budget of \$3.8M.

Here is the breakdown:

Direct Labor Revenue:	\$ 3,876,057
Operations Overtime:	<u>\$ 1,591,717</u>
Variance:	\$ 2,284,340

YTD OPERATING REVENUES MINUS YTD EXPENSES:

- Operating revenues minus operating expenses resulted in an operating income of \$2.0 million. After accounting for net Other Income/Expenses totaling \$6 million, the final result for September is a net income of \$7.9 million.

Other Financial Highlights, as of September 31, 2024:

- The debt service ratio as of September 31, 2024, is 1.94. This is 55% higher than the Bond Indenture Debt service ratio requirement of 1.25.
- The total days cash on hand is 864 days. The total number of days is higher by 73% or 364 days as compared to Moody's requirement of 500 days.

FY 2024 DSCR	1.94
Bond Indenture DSCR	<u>1.25</u>
Variance	.69
% Variance	55%

12. Status of Ongoing Awarded Grant Activities and Updates on Planned Grant Acquisitions.

- **USDHS/FEMA Port Security Grant Program.** Acquisition of Port Police Personal Protective Equipment (PPE). *Update:* Awarded Vendor - Code1; Estimated Delivery - week of December 16, 2024
- **U.S. Economic Development Administration (EDA) Fuel Pipeline Connectivity Project.** AM Orient anticipates submission of all deliverables for the 90% Design by November 2024.
- **Gantry Crane Acquisition**

USDA Direct Loan – Status Quo

- PAG Finance is developing a Request for Proposal (RFP) to select a lender for commercial loan financing to replace the PAG's ship-to-shore gantry cranes.
- The Port team is working with the local USDA office to complete the application process.
- USDA guidance has been provided regarding the type of procurement the Port will execute.
- **MARAD Marine Highway Program – Status Quo**
 - Nine terminal yard tractors and two refrigerated container (reefer) generators – *Delivery is anticipated by March 2025*
 - Five 5.5-ton forklifts – *Procurement is currently conducting Market Research*
 - One telescopic boom lift – *Delivery is anticipated by November 2024*
- **Office of Local Defense Community Cooperation.** The PAG's recent grant application totaling **\$1.45 million** for its Owner's Agent/Engineer to conduct a Port Resiliency and Sustainability Study was granted by OLDCC through the Office of the Governor.

Status Quo:

- *Direct Actions (for a potential >20% reduction of emissions) include: hybridization of the STS gantry cranes, electrification of passenger fleet, energy conservation measures, employee training programs, and sub-metering;*
- *Collaborative Actions (for a potential >50% reduction) include: engagement and collaboration with GPA; and*

- *Nature-based Actions (for an estimated >7% reduction) include: restoration of mangroves, forested areas of Port property, and engaging with wider initiatives, including potential watershed strategy*
- **EPA Diesel Emissions Reduction Act (DERA) Program.** PAG Procurement issued PO No. 20063-OS on August 27, 2024, for the purchase of two additional units to complete the grant program. *Delivery is anticipated by May 2025.*
- **US DOT Rebuilding American Infrastructure with Sustainability and Equity (RAISE) Grant Program.** The USDOT Office of the Secretary, via MARAD, approved the Port's no-cost scope modification, reallocating funds from F1 Pier to support repairs for Wharves F2-F6.

Update:

- The environmental assessment is ongoing, with the draft Biological Survey Report currently under internal review.
- As part of the Section 106 HABS/HAER process, SHPO has concurred with the proposed photos for the Port's Pier F1 and Wharves F2-F6. On October 18, PAG also issued a public notice inviting comments on the designation of the Commercial Port as Historic District and the mitigation measures for planned upgrades and replacements. The deadline for submitting comments is Monday, November 18, 2024.
- **Office of Insular Affairs Maintenance Assistance Program (MAP)**
 - **Port Welding Shop Phase 1 & 2 Project** - The Notice of Award has been issued to Guam Evergreen and is currently pending the 100% performance and labor and material bonding.
 - **Generator Maintenance Program** - Maintenance services are ongoing monthly.
- **New Grant Proposal – U.S. EPA Clean Ports Program: Climate and Air Quality Planning Competition.** The U.S. EPA Clean Ports Program aims to reduce air pollution and greenhouse gas emissions at ports by supporting projects that adopt cleaner technologies and practices. PAG submitted a **\$2,410,415** grant proposal to fund the Net Zero Emissions Strategy Update and Implementation Plan.

Update: The U.S. EPA announced on October 30, 2024 the recipients of the grant award program. Shared the news with WSP/Jacobs/Planning/Engineering Teams.

Next Steps – update of the Port's Workplan and Budget.

- **New Grant Opportunity – U.S. EPA Environmental and Climate Justice Community Change Grants Program / Inflation Reduction Act Community Change Grants Program**

- The Port Authority of Guam (PAG), as a potential collaborator, transmitted intake forms and documents for the following projects to the lead applicant, Community First Guam Federal Credit Union, via CBO Financial, on September 9, 2024: PAG Lighting Fixture, Ceiling Tiles, and Window Shutters Replacement Project; PAG Installation of a Solar Photovoltaic (PV) System and Batteries Project; PAG Microgrid Feasibility Study Project; and PAG Route 11 Seawall Improvement Project.
- PAG is awaiting notification of its selection to participate as a collaborator under the Community First application, which has a submission deadline of November 21, 2024.

Update: On October 16, 2024, PAG was selected as a Collaborating Entity; on October 21, 2024, PAG submitted its revisions to the draft narrative for three of four projects selected by the lead applicant, which will be included in CFGFCU's application submission to U.S. EPA on or by November 21, 2024. The three projects selected are (1) the PAG Installation of a Solar Photovoltaic (PV) System and Batteries Project, (2) the PAG Microgrid Feasibility Study Project, and (3) the PAG Route 11 Seawall Improvement Project.

- **New Grant Opportunity- 2024 NOAA Marine Debris Program- BoatUS Foundation Abandoned and Derelict Vessel (ADV) Removal Grant Program.**

- On August 13, 2024, PAG submitted its Letter of Intent to BoatUS via the GLM portal for proposal consideration for the Port Authority of Guam Harbor Restoration and Resilience Initiative (PAGHRRI). The initiative aims to recover and salvage thirteen (13) abandoned, derelict, and sunken vessels from PAG properties, advancing the work initiated by the Guam ADV Removal Group, aligning with the Government of Guam's efforts to remove ADVs from waters around Guam that pose risks to the environment, public health, and waterway navigation. The total project costs are \$818,781.00, which includes the PAG's voluntary cost share of \$204,695.00. BoatUS Foundation will notify qualified applicants to submit a proposal by September 30, 2024.

Update: On October 2, 2024, BoatUS invited PAG to submit a grant proposal. PAG staff, along with the technical support of WSP and Jacobs, are working together on the grant application and acquisition of letters of support for submission by or before the due date of December 2, 2024.

- **New Grant Opportunity – Dept. of Commerce National Telecommunications and Information Administration (NTIA) Digital Equity Competitive Grant Program**

- The Port's initiative aims to bridge the digital divide by ensuring all communities have access to the internet and the necessary skills to participate fully in the digital world, regardless of their background or circumstances. By connecting underserved shoreline communities, the project aims to stimulate economic growth and provide equitable access to digital resources. In addition, integrating the Port's Terminal Operating System (TOS) with digital equity initiatives positions the Port at the forefront of technological advancement, enhancing our operational efficiency and service delivery.

Update: The Port has submitted its application and currently awaiting NTIA review and subsequent announcement.

- **New Grant Award - PAG Secures Federal Grants for Marina Repairs and Harbor of Refuge Improvements**

- On October 1, 2024, PAG was awarded \$120,000 for the Agat Marina Southern Walkway Repairs under the assistance title 15.605 Sport Fish Restoration. Additionally, PAG received \$275,000 for the Pre-construction Planning Grant for a Gangway and Courtesy Dock at the Guam Harbor of Refuge under the assistance title 15.622 Sport fishing and Boating Safety Act. Both grants were provided by the U.S. Fish and Wildlife Service through the Guam Department of Agriculture.

13. **Port Revenue Bonds Project Status.** As of October 29, 2024, the attachment provides information on the status of the revenue bond projects, which include the rehabilitation of the hotel wharf, repairs and improvements to the golf pier, waterline replacement/relocation, upgrades to the EQMR building, repairs and upgrades to warehouse one, construction of a new admin annex building, and other priority projects.

Respectfully submitted,



Rory J. Respicio
General Manager

**2018 Port Revenue Bonds Status Report
As of October 29, 2024**

Bond Project	Total Award Amount	Total Draw Down	Total Remaining Balance	PROCUREMENT IFB/RFP/PO Number	Status
Rehabilitation of "H" Wharf	\$46,331,895.00	\$1,578,245.59	\$44,753,649.41	PO No. 17043-OF for \$2,249,945.54 awarded to GHD Inc. New Contract Amount: \$2,656,621.37 PO No. 18140-OS was issued to Sumitomo Mitsui Construction Company, Ltd. for \$46,331,895.00	Resolution No. 2024-01 authorized the PAG GM to temporarily pause H-Wharf construction, procure additional gantry cranes, and establish comprehensive strategic measures for port operational enhancement and financial reallocation. WSP is in the process of updating the design to meet the current engineering codes.
Golf Pier Repairs and Improvements	\$2,000,000.00	\$372,147.93	\$1,627,852.07	RFP No. 2019-02: A&E Design for \$484,000.17 awarded to NC Macario	Golf Pier was rendered inoperable after Typhoon Mawar. The PAG along with its OAE have developed cost estimates that are currently under review by FEMA. This review is ongoing.
Waterline Replacement and Relocation	\$6,000,000.00	\$3,563,088.06	\$2,436,911.94	PO No. 17790OS for \$4,856,568.91 awarded to BME & Sons Inc.	Pipe installation at Warehouse 1 is complete and work along wharves F4 to F5 is ongoing. The project's estimated completion date is December 2024.
EQMR Building Repairs and Upgrades	\$3,628,800.00	\$2,630,976.94	\$997,823.06	PO No. 18007OS for \$3,980,000.00 awarded to JJ Global Service	The repair & paint work is ongoing. Lead based paint abatement has been completed and electrical work has begun. The next step is installation of the fire sprinkler system.
Warehouse 1 Repairs	\$2,000,000.00	\$447,013.13	\$1,552,986.87	RFP No. 2019-03: A&E Design for \$1,406,427.48 awarded to NC Macario	The procurement packet is under legal review. Once complete, the project will be advertised.
Other Priority Projects 1. Repair of F-1 Fuel Pier and wharves F-2, F-3, F-4, F-5, and F-6 waterfront facilities 2. Upgrade of the Port's IT system	\$4,980,745.00	\$222,668.79	\$4,758,076.21	See status	1. Please refer to MARAD RAISE - Wharves Service Life Extension Hardening of Wharves F1-F6 for more information. 2. The TOS Upgrade scope of services is under Procurement and Legal review. Status Quo.
Other Priority Projects - EnterpriseOne Financial Management System	\$2,500,000.00	\$2,497,129.65	\$2,870.35	See status	Multifactor authentication and Vertex upgrades have been completed. Module updates are ongoing for vessels and SSRs. An RFP for joint comprehensive support services with GPA, GAA, and the lead agency GWA is ongoing. The PAG is also exploring additional applications such as employee self serve and dashboards. Status Quo.
New Admin. Annex Building	\$10,445,000.00	\$0.00	\$10,445,000.00	See status	Project is currently on hold pending Management decision.
Grand Total	\$77,886,440.00	\$11,311,270.09	\$66,575,169.91		



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

October 28, 2024

MEMORANDUM

TO: Board of Directors

FROM: Rory J. Respicio, General Manager *Rory Respicio*

SUBJECT: Request for \$15K; Employees Incentive Events – Thanksgiving & Christmas Holiday

Hafa Adai! This year's holiday season is fast-approaching.

We would like to take this opportunity during these joyous occasions to extend our appreciation and recognize our employees for their unwavering commitment and dedication to the Port Authority of Guam, the island community, especially the services they provide to our brothers and sisters in the Micronesia islands. It is with these special times that we pause and take a moment to pay tribute to our port strong men and women for their contribution throughout the year and let it be known that they are deeply valued.

In doing so, and as part of the employee incentive program, it is being respectfully requested for Board approval to allocate and authorize the transfer of \$15,000.00 to PAGGMA Association who will handle the disbursement of funds for purposes of planning and coordinating the Thanksgiving and Christmas holiday luncheon festivities. Source of funds will be through the Port Incentive Award account.

A financial expense report will be submitted to the Finance Division that accounts for the expenditures. Any unused funds will be remitted back to the Port Authority.

Your favorable response is greatly appreciated. I am available for any questions you may have.

BOARD OF DIRECTORS

*Dorothy P. Harris, Chairperson
Conchita S.N. Taitano, Vice Chairperson
Fe R. Valencia-Ovalles, Board Secretary*



Resolution No. 2024-15

RELATIVE TO REQUESTING FOR CREATION OF POSITION OF AN EQUIPMENT MAINTENANCE MANAGER AND APPROVAL TO NOT MERGE THE OPERATIONS AND EQUIPMENT MAINTENANCE DIVISIONS.

BE IT RESOLVED BY BOARD OF DIRECTORS OF THE JOSE D. LEON GUERRERO COMMERCIAL PORT:

WHEREAS, On September 26, 2024, the Board of Directors passed Resolution 2024-14, Relative to Holding in Abeyance the Merger of Operations and Equipment Maintenance Divisions, the Amendment of the Operations and Equipment Maintenance Manager and Address the Impact of the Realignment on the Organizational Structure; and

WHEREAS, Resolution No. 2024-14, approved the following:

1. Approved to hold in abeyance only the merger of the Operations and Equipment Maintenance divisions, allowing the General Manager to further assess whether the merger would provide additional benefits to the Port Authority of Guam's operations or whether the succession plan should be amended to allow for the Maintenance Manager position to be amended to the Equipment Maintenance Manager position, reflecting the current organizational structure; and
2. Approved maintaining the current salary structure for the Operations Manager and Maintenance Manager positions, with no salary increases, as the merger of the Operations and Equipment Maintenance Manager positions will be held in abeyance; and
3. Authorized the General Manager to retain the Operations Manager and Maintenance Manager positions, without abolishing them, and to continue filling the Maintenance Manager position in an acting capacity pursuant to the Port's Personnel Rules and Regulations; and
4. Supported the General Manager's continued assessment of the operational needs of the Port Authority, specifically regarding the potential merger of the Operations and Equipment Maintenance Manager positions. The General Manager will provide periodic updates to the Board on the assessment and make recommendations if any significant changes to the organizational structure are warranted.

WHEREAS, in the 2018 Leon Guerrero Transition Report identified a lack of succession planning, which created leadership continuity challenges within key departments, including Operations and Equipment Maintenance. The merger of the Operations and Maintenance was originally proposed to balance the need for preventative maintenance of yard equipment with the continued operations of vessels, both critical to the Port's efficiency; and

WHEREAS, on September 28, 2023, the Board passed Resolution No. 2023-15, authorizing the realignment of the Port's organizational structure, including the merger of the Operations and Equipment Maintenance divisions, the establishment of Facility Maintenance as a standalone division, the merger of the Capital Improvement Projects and Engineering divisions, and the separation of Occupational Safety and Environmental Compliance into two divisions; and

WHEREAS, in late 2021, the retirement of two senior managers without a succession plan caused a leadership void in the Maintenance Department and to address this gap, the Operations Manager assumed the responsibilities of the Maintenance Manager without additional compensation, ensuring stability in maintenance operations during this period; and

WHEREAS, on April 25, 2024, the Board authorized the transparency and disclosure process related to the realignment and job specification amendments, followed by the approval of the realignment on May 31, 2024, and the filing of amended job standards with the 37th Guam Legislature on June 4, 2024; and



WHEREAS, since the realignment was approved, the General Manager reported significant improvements in the efficiency and effectiveness of the Port's maintenance division. Despite the merger of operations and maintenance, the maintenance division developed systems to streamline processes and integrated work orders with the E1 Financial Management System (E1), demonstrating its capacity to operate as a standalone division; and

WHEREAS, the realignment plan strengthened the Port's ability to manage cargo-handling equipment and maintain operational integrity, with the maintenance division building a robust structure, including the creation of Facility Maintenance as a separate division, further proving its capacity to function independently within the overall organizational restructuring; and

WHEREAS, the development of the EQMR Maintenance Dashboard, which began in 2021 and was officially implemented on August 28, 2024, reinforced the maintenance division's capabilities. By integrating data from the E1 system and tracking key metrics such as equipment downtime, parts availability, and estimated completion times, the dashboard streamlined operations and improved transparency across divisions, enabling the maintenance division to balance ongoing maintenance needs with the Port's operational requirements; and

WHEREAS, on July 8, 2024, the General Manager appointed an employee as Acting Maintenance Manager, which he introduced a policy to address the balance between vessel operations and yard equipment maintenance. The separation of the roles of Operations Manager and Maintenance Manager was supported by the EQMR Maintenance Dashboard, which provides real-time data to enable more precise scheduling and prioritization of preventative maintenance. The policy grants the Maintenance Division authority over yard equipment downtime, ensuring alignment between maintenance and operations for the overall efficiency of the Port's equipment; and

WHEREAS, the goal has always been to strike a harmonious balance between operations and maintenance, improving operational efficiency by reducing equipment failures and downtime. The EQMR Maintenance Dashboard supports this balance by ensuring that maintenance is prioritized based on operational needs, preventing delays from external factors; and

WHEREAS, these policies, combined with the data-driven approach of the EQMR Maintenance Dashboard, have resulted in significant operational improvements, ensuring that yard equipment remains in optimal condition while balancing the needs of vessel operations and administrative functions; and

WHEREAS, the EQMR Maintenance Dashboard integrates data from E1 system to offer transparency and accountability, providing insights to the EQMR Parts Team, Maintenance Control and Shop Leaders, allowing for efficient prioritization of work orders, monitoring delays and streamline repairs, while ensuring all stakeholders are kept informed; and

WHEREAS, these improvements are led by the Equipment Maintenance team, headed by the Equipment Maintenance Superintendent, with support from all sections in the division, this approach, reinforced by policies approved by the General Manager, prioritizes critical maintenance tasks, including preventive maintenance and corrosion control, focusing on operational needs and improving efficiency while preventing maintenance delays; and

WHEREAS, based on the assessment conducted by the General Manager, it would be beneficial to the Port to not merge the Operations Division and Equipment Maintenance Division into one division and maintain the divisions as separate as indicated in the current organizational structure; and

WHEREAS, to ensure a succession plan is in place for the Equipment Maintenance Division, it is recommended that an Equipment Maintenance Manager position be created in the classified service; and

WHEREAS, the Board of Directors supports the General Manager's capability to lead the Authority through the strategic transitions to create the capacity needed for sustained strong performance, so that the end results forge the organization's long-term success; now therefore, be it



RESOLVED, that the General Manager is authorized:

1. To proceed with the creation of the Equipment Maintenance Manager position in the classified service and comply with the transparency and disclosure processes as outlined in Section 6303(d) of Title 4 of the Guam Code Annotated and Rule 5.015 of the Personnel Rules and Regulations; and
2. To not merge the Operations and Equipment Maintenance divisions into one division and continue to operate it as separate divisions under the Authority's current organizational structure; and be it further

RESOLVED, that the Chairperson certify to, and the Secretary attest to, the adoption hereof.

**PASSED AND ADOPTED UNANIMOUSLY BY THE BOARD OF
DIRECTORS THIS 31st DAY OF OCTOBER, 2024.**

**DOROTHY P. HARRIS
CHAIRPERSON, BOARD OF DIRECTORS
PORT AUTHORITY OF GUAM**

**FE R. VALENCIA-OVALLES
BOARD SECRETARY, BOARD OF DIRECTORS
PORT AUTHORITY OF GUAM**



BOARD OF DIRECTORS

*Dorothy P. Harris, Chairperson
Conchita S.N. Taitano, Vice Chairperson
Fe R. Valencia-Ovalles, Board Secretary*



Resolution No. 2024-16

**RELATIVE TO AUTHORIZING THE GENERAL MANAGER
TO ISSUE A MULTI-STEP INVITATION FOR BID FOR THE
PROCUREMENT OF STS GANTRY CRANES.**

**BE IT RESOLVED BY BOARD OF DIRECTORS OF THE JOSE D. LEON GUERRERO
COMMERCIAL PORT:**

WHEREAS, after the passage of Public Law 30-57 in September 2009, which approved the 2007 Port Master Plan Update and mandated the Port Authority of Guam (PAG) to acquire two gantry cranes by December 31, 2012, the Port successfully acquired and deployed POLA cranes as mandated. However, since these cranes were purchased used (originally manufactured in 1983-1984), they are nearing the end of their second service life, necessitating urgent replacements to maintain operational capacity and national security; and

WHEREAS, the Board acknowledges the crucial role of the Port's Ship-To-Shore (STS) Gantry Crane infrastructure in maintaining operational efficiency and supporting national security amidst rising geopolitical tensions in the Indo-Pacific region; and

WHEREAS, the procurement of three new STS gantry cranes is critical to enhancing the Port's cargo handling efficiency and operational readiness in Guam's local and regional maritime industry. The Guam DoD Master Plan Part 1B Government of Guam Gap Analysis and Execution Plan (hereafter referred to as the "DoD's Gap Analysis Report") underscores the urgent need for these cranes to support U.S. Department of Defense (DoD) operations, prevent delays in military activities, and address potential bottlenecks as the military buildup continues; and

WHEREAS, the specifications for these new STS gantry cranes will include technical features to meet the Port's operational demands, including Panamax crane capabilities, storm tie-downs, and rail and wharf integration to ensure optimal efficiency and resilience during extreme weather events; and

WHEREAS, given the pressing need for crane replacements, the Board of Directors of the Port Authority of Guam, through the adoption of Board Resolution 2024-01, authorizes the Port to pause its Hotel Wharf construction project to prioritize the procurement of these critical assets, reallocating resources as necessary to ensure the Port remains operationally resilient; and

WHEREAS, while federal funding for domestic crane manufacturing is part of President Biden's long-term infrastructure plan, the Port of Guam's need for new gantry cranes is immediate and cannot wait for the full realization of these initiatives; and

WHEREAS, the Buy American provisions under President Biden's executive orders emphasize sourcing equipment with significant domestic content, promoting the purchase of American-made or trusted-partner-manufactured cranes to support U.S. economic and security interests; and

WHEREAS, although the US Department of Transportation (USDOT) issued a temporary general applicability public interest waiver of the Build America, Buy America (BABA) preferences for iron, steel, manufactured products, equipment, and construction materials for Pacific Island Territories funded by USDOT or Maritime Administration (MARAD) grant programs, the waiver did not apply to purchases of STS gantry cranes; and

WHEREAS, recent U.S. Coast Guard regulations and President Biden's cybersecurity executive orders highlight the vulnerabilities of foreign-manufactured cranes, particularly Chinese-made cranes, due to risks of cyber exploitation. These orders mandate strict cybersecurity controls, including forensic analysis, to ensure that any new cranes meet these enhanced security requirements; and

WHEREAS, the Port has actively collaborated with WSP, the Port's Owner Agent, and its subcontractor Lift Tech, along with personnel from the Equipment Maintenance Division and management, over the past two years to develop specifications for the new gantry cranes, including a detailed tie-down plan in coordination with the Port's CIP/Engineering Division to ensure the cranes meet the operational and environmental demands of the Port; and

WHEREAS, the Port's staff attorneys, Procurement & Supply division, and Planning division, along with General Manager Rory J. Respicio, Governor Lou Leon Guerrero, and Lt. Governor Joshua Tenorio, continue to actively pursue federal funding opportunities, including from the U.S. Department of Defense (DoD), to support the acquisition and infrastructure needs associated with the procurement of new gantry cranes; and



WHEREAS, the DoD's Gap Analysis Report continues to emphasize the urgent need to replace aging gantry cranes at the Port of Guam, identifying these projects as essential to maintaining the Port's operational capacity and preventing delays in DoD activities; and

WHEREAS, the report further emphasizes the importance of overall port readiness and identifies the need for a fourth gantry crane and additional yard space to support increased throughput and avoid bottlenecks as the military buildup continues, highlighting that the Port's infrastructure improvements are essential for both military and commercial operations; and

WHEREAS, ongoing efforts to secure necessary waivers—such as those related to Buy American requirements and restrictions on purchasing from China—from the DoD and other federal partners must continue, as this resolution does not suggest that the Port of Guam is free from these funding and regulatory challenges; and

WHEREAS, the Port is actively coordinating with FEMA and the DoD, while continuing to pursue alternative federal funding options. The financial burden of these critical infrastructure upgrades cannot be placed solely on the Port, and the DoD must take an active role in securing funding. Failure to replace the three STS gantry cranes would have catastrophic consequences for both military and commercial operations, as outlined in the DoD's Gap Analysis Report; and

WHEREAS, to be clear, any representations made by FEMA regarding crane replacement in the aftermath of Typhoon Mawar did not come with any funding, but rather strong advocacy, which was reflected in the DoD's Gap Analysis Report and may have given the DoD the impression that FEMA would be able to provide the funding; a coordinated funding approach is essential; and

WHEREAS, for reporting and documentation purposes, the Port has actively pursued federal funding through various agencies, including the U.S. Department of Transportation's MARAD, the DoD, and the Office of Local Defense Community Cooperation's DCIP program, but has so far faced challenges in securing funds due to non-conformance with Buy American requirements; and

WHEREAS, the Port of Guam plays an essential role in the U.S. military's Indo-Pacific Strategy, serving as a critical logistics hub in the region. The successful replacement of the aging gantry cranes is vital to maintaining Guam's strategic position and ensuring the continued support of military and commercial operations across the Indo-Pacific; and

WHEREAS, the multi-step invitation for bids for the procurement of these cranes shall be structured to include pricing packages for one crane plus shipping, two cranes plus shipping, and three cranes plus shipping. A fourth crane is identified as necessary for increased capacity and future-proofing, as highlighted in the DoD's Gap Analysis Report. This structure will allow the Port to assess how many cranes it can afford based on available funding while ensuring scalability for future needs; and

WHEREAS, it is recognized that the Port may have funding constraints that could limit its ability to purchase more than one crane; should the bid process identify a crane supplied by a manufacturer in the People's Republic of China (PRC) as the most responsive, responsible, and lowest bidder, the Port would need to evaluate such a bid in accordance with applicable statutes and funding requirements; however, if the Department of Defense were to provide the funds for purchasing three gantry cranes, it is anticipated that federal funding restrictions would preclude the Port from acquiring any PRC-made cranes; and

WHEREAS, it would be both reckless and a dereliction of duty not to pursue every possible option to purchase at least three, and potentially four, Ship-To-Shore (STS) gantry cranes at once, as failing to do so would critically undermine the Port's operational resilience and strategic importance, potentially leading to:

- Reduced operational capacity during peak cargo seasons or increased military activity, leading to delays in commercial and military operations.
- Increased maintenance costs from continued reliance on aging cranes, offsetting short-term savings.
- Lost economies of scale, with staggered purchases resulting in higher individual costs for cranes, shipping, and installation.
- Vulnerability to future price fluctuations for materials and manufacturing, potentially increasing costs if cranes are procured later.
- Strategic risk to national security, diminishing the Port's capacity to meet military readiness demands and support the U.S. military's Indo-Pacific Strategy.
- Dependence on a fragile global supply chain, which could delay future crane procurement if disruptions occur.
- Risk of incompatibility in crane make, model, and software systems if not all three cranes are purchased together, complicating maintenance and operations.
- Challenges in ensuring compatibility with the existing gantry rail system, requiring costly adjustments if future cranes are from different manufacturers; and



WHEREAS, the Record of Decision (ROD) for the military buildup in Guam, signed on September 20, 2010, outlines essential infrastructure improvements for the relocation of U.S. Marine Corps forces from Okinawa, highlighting the Port of Guam's strategic importance in supporting military operations in the Indo-Pacific region; and

WHEREAS, in response to this need, the U.S. Department of Defense allocated \$50 million for the Port's terminal expansion and modernization as part of the FY 2010 Supplemental Appropriations Act, with funds transferred to the Maritime Administration (MARAD) for necessary improvements. The Guam Legislature established the Port Enterprise Funds at that time to administer these federal resources; and

WHEREAS, the modernization program is critical for enhancing the Port's operational capacity to meet military readiness and commercial shipping demands; and

WHEREAS, had the military buildup progressed as initially planned, the Port would have been better positioned to support military and commercial operations, as the STS gantry cranes were in better condition 14 years ago; and

WHEREAS, the actions previously taken by the Department of Defense reflect a commitment to the Port's strategic role, and this resolution seeks to replicate similar actions to ensure the ongoing support and investment needed to address current challenges effectively; and

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of the Port Authority of Guam hereby empowers the General Manager to issue a multi-step invitation for bid for the procurement of Ship-To-Shore (STS) gantry cranes, ensuring compliance with all applicable local and federal procurement regulations. The Buy American requirements shall apply only if the procurement is federally funded, such as through the DoD or other federal agencies, including any necessary waivers from Buy American requirements or prohibitions on purchasing from China; and

BE IT FURTHER RESOLVED, that efforts to secure necessary funding and accompanying waivers—such as those related to Buy American requirements and sourcing restrictions—from the DoD and other federal partners must continue. The financial burden of these critical infrastructure upgrades cannot rest solely on the Port and the people of Guam. A coordinated funding approach, with active support from the DoD, is essential to ensure the timely replacement of the three, and possibly four, STS gantry cranes, as outlined in the DoD's Gap Analysis Report; and

BE IT FURTHER RESOLVED, that the Chairperson certify to, and the Secretary attest to, the adoption hereof; and that the Port Authority Board of Directors respectfully requests that this resolution be transmitted by the Governor of Guam, Honorable Lou Leon Guerrero, and the Lt. Governor, Honorable Joshua Tenorio, to the following: Congressman Hon. James Moylan, Guam's Delegate to Congress, Hon. Alejandro Mayorkas, Secretary of the U.S. Department of Homeland Security, Hon. Lloyd J. Austin III, Secretary of the U.S. Department of Defense (DoD), Rear Admiral Michael B. DeVore, Commander of Joint Region Marianas, Rear Admiral Gregory Huffman, Commander of Joint Task Force - Micronesia, Admiral Samuel Paparo, Commander of U.S. Indo-Pacific Command (USINDOPACOM), Hon. Pete Buttigieg, Secretary of the U.S. Department of Transportation, Admiral Ann Phillips, Administrator of the U.S. Department of Transportation's Maritime Administration (MARAD), Hon. Deanne Criswell, Administrator of the Federal Emergency Management Agency (FEMA), Robert Fenton, Regional Administrator of FEMA, and Janet Yocum, Deputy Regional Administrator of FEMA, to ensure proper coordination and alignment in the efforts to secure the necessary funding and waivers required to support the procurement process for the replacement of the Port's three, 40-year-old STS gantry cranes.

PASSED AND ADOPTED UNANIMOUSLY BY THE BOARD OF DIRECTORS THIS 31st DAY OF OCTOBER, 2024.

DOROTHY P. HARRIS
CHAIRPERSON, BOARD OF DIRECTORS
PORT AUTHORITY OF GUAM

FE R. VALENCIA-OVALLES
BOARD SECRETARY, BOARD OF DIRECTORS
PORT AUTHORITY OF GUAM

