



PORT OF GUAM
ATURIDATI PUETTON GUAHAN
Jose D. Leon Guerrero Commercial Port
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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, December 29, 2022
Virtual Board Meeting
3:00 p.m.

A G E N D A

- I. CALL TO ORDER
- II. APPROVAL OF MINUTES
 1. November 29, 2022 – Regular Board Meeting
- III. PUBLIC COMMENTS:
 - a. Public Comments
 - b. Employee Comments
 - c. PAGGMA Association
- IV. GENERAL MANAGER'S REPORT (deferred to Old/New Business Items)
- V. OLD BUSINESS
- VI. NEW BUSINESS
 1. Adoption of Resolution No. 2022-35 relative to establishing a payroll account at Bank of Guam for the Port Authority of Guam.
 2. Adoption of Resolution No. 2022-36 relative to authorizing the Port Authority of Guam to open a safe deposit box at Bank of Guam to secure Port sensitive hardware and property.
 3. Request authorization to create the positions of Chief Financial Officer and General Administration Manager.
 4. Acceptance of Performance Evaluation of Deputy General Manager with corresponding salary increment of Pay Grade/Step from QQ-4C at \$134,314 to QQ-5D at \$141,165.
 5. Re-hiring of Rory J. Respicio as Port General Manager from Pay Grade/Step RR-8B at \$169,968 to RR-10D at \$187,751.
 6. Re-hiring of Dominic G. Muna as Port Deputy General Manager from Pay Grade/Step QQ-4C at \$134,314 to QQ-7C at \$151,348.
 7. Re-hiring of Luis R. Baza as Port Deputy General Manager from Pay Grade/Step QQ-4C at \$134,314 to QQ-7C at \$151,348.
- VII. ADJOURNMENT



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**MINUTES OF THE
REGULAR MEETING OF THE BOARD OF DIRECTORS
Tuesday, November 29, 2022**

I. CALL TO ORDER

The Acting Chairperson called the regular meeting of the Board of Directors to order at 3:01 p.m., Tuesday, November 29, 2022. Present at the meeting were:

Dorothy P. Harris, Vice Chairperson
Dr. Judith P. Guthertz, Board Secretary
Rory J. Respicio, General Manager
Dominic G. Muna, Deputy General Manager, Operations
Luis R. Baza, Deputy General Manager, Admin/Finance
Atty. Christine C. Arriola, Port Counsel

Absent was Board Member Conchita S.N. Taitano. Also present was Port Staff.

In the absence of a quorum, the Acting Chairperson called for a motion to recess the meeting to Wednesday, November 30, 2022 at 3:00 p.m. to be held virtually. Motion was made by Dr. Guthertz with an amendment on the time to 3:30 p.m. instead due to other obligations. In calling for the vote on the motion to recess the meeting to Wednesday, November 30, 2022 at 3:30 p.m. to be held virtually as introduced by Dr. Guthertz and seconded by the Acting Chairperson, the motion on the floor unanimously passed.

Authority to Recess Absent Quorum

For the record, the Acting Chairperson stated that the authority for this action is pursuant to the Port Board of Directors Bylaws, Article III, that procedural matters are governed by Robert's Rules of Order insofar as such rules are not inconsistent with law, the Port Authority of Guam's enabling statute, the bylaws, or with board resolution. Under Robert's Rules, a meeting at which a quorum is not reached can still be called to order to recess the meeting in efforts to obtain a quorum. No substantive business to be discussed nor considered.

RECESSED: Without further discussion, the meeting recessed at 3:06 p.m.

RECONVENED: The meeting reconvened on Wednesday, November 30, 2022 at 3:35 p.m. Present at the meeting were:

Dorothy P. Harris, Vice Chairperson
Dr. Judith P. Guthertz, Board Secretary
Conchita S.N. Taitano, Board Member
Rory J. Respicio, General Manager
Dominic G. Muna, Deputy General Manager, Operations

Absent were Luis R. Baza, Deputy General Manager, Admin/Finance and Atty. Christine C. Arriola, Port Counsel. Also present was Port Staff.

II. APPROVAL OF MINUTES

a. **October 27, 2022 – Regular Board Meeting:** Director Guthertz made motion to approve the minutes of October 27, 2022, subject to correction. The motion was seconded by Director Taitano and was unanimously passed.

III. PUBLIC COMMENTS

- a. **Public Comments:** None.
- b. **Employee Comments:** None.
- c. **PAGGMA Association:** PAGGMA Association Vice President Steve Muna mentioned that the association continues to coordinate the final planning stages for the PAGGMA Christmas party that is scheduled on December 3, 2022 at the Tasi Ballroom, Hotel Nikko. Also, PAGGMA committee team continues on the planning coordination for the Atosscom 47th Annual Conference to be held on December 5-6, 2022 at Hotel Nikko.

IV. GENERAL MANAGER'S REPORT

1. **Incident during Crane Demolition Project.** An incident had occurred on Friday, November 25, 2022 during the demolition of the gantry crane project at the port waterfront area. This matter is currently under investigation led by the US Coast Guard.
2. **New Gate Booths Build Resiliency at the Port.** Progress continues at the Port Authority of Guam as we have completed the construction of the new concrete gate booths early part of this month. The two new state-of-the-art gate booths replace the smaller corroded metal booths and are a part of the Port's efforts to modernize the commercial seaport. The gate booths are the entry and exit points for all inbound and outbound cargo. Each booth has increased in size to improve functionality for operations with the expected lifespan of 20 to 30 years. The expansion of each gate booth and related adjustments include:

- Lengthening communication lines;
- Electrical wiring and conduit;
- Relocation of hose bib and associated plumbing;
- New lighting fixtures and new air-conditioning systems, 9K BTU mini split unit;
- New CCTV cameras; and
- New aluminum glass door & windows that can withstand a minimum of 170MPH sustained wind velocity.

Construction on a third gate booth is ongoing and is expected to be finished by the end of this month. The total cost to upgrade all three booths was \$159,557.00 and was entirely funded by the Port Authority of Guam. The project was contracted out to Pacific Federal Management, Inc.

- 3. Guam & CNMI RRAP/CISA Kickoff Meeting.** On November 14, 2022, the Port Authority hosted the Kickoff Meeting on the Guam/CNMI Regional Resiliency Assessment Report (RRAP). Both Guam and CNMI were recently designated by the US Department of Homeland Security Cybersecurity and Infrastructure Security Agency (CISA) to receive a comprehensive assessment of its facilities to reduce risk and vulnerabilities from natural and man-made incidents. The assessment will also result in initiatives that will build seaport resilience and sustainability to cyber and physical threats and their impact to the islands' critical infrastructure sectors. In attendance were various local, federal, military, and private sector partners. The success of this project depends on the input of all stakeholders whose operations would be degraded in the event of a catastrophic incident at the Port of Guam. The assessment will identify stakeholders with resources to augment a coordinated response and recovery to a catastrophic incident as well as identifying resource needs in order to provide and sustain critical services throughout Guam's impacted infrastructures and during the lifespan of the incident.
- 4. Guam Industry Forum - Society of American Military Engineers.** The Guam Industry Forum - Society of American Military Engineers was held on November 14-16, 2022 at the Dusit Thani Resort hotel. The Port was extended an invitation to be a Guest Speaker and Panel member addressing "Ports of Entry & Logistics" which was presented on November 15, 2022. Part of the panel included Guam Airport Authority, Customs & Quarantine and Shipping Companies (Matson and Seabridge). The focal point of the panel was to address Guam's capabilities for any and all expected transshipment of goods, inbound and outbound traffic created by the continuing federal construction.
- 5. DPHSS Vaccination & Booster Clinic.** On November 29, 2022, Department of Public Health and Social Services administered vaccination and booster shots at the Port Conference Room from 9:30am to 3:30pm. This outreach was extended to Port employees, port tenants, shipping agent/carriers and their families. There were 27 port employees and 8 non-port employees; totaling 35 individuals that were given the booster shots.

6. General Manager's Notes for YTD Finances. We are providing the following summary for October 31, 2022:

REVENUES AND CARGO THROUGHPUT:

- The Port's Total YTD Operating revenue for October 31, 2022, is \$4.8 million, 6.9% or \$353K lower than the YTD October FY 22 budget projection of \$5.1M.
- The total number of containers handled as of October 31, 2022, is 6,833, 14.9% or 1,193 containers lower than last year's October 2021 YTD total of 8,026. For the month of October, only 3 APL vessels came to the Port which resulted into lesser containers as compared to last year October.

OPERATING EXPENSES:

- Overall Operating expense, as of October 31, 2022, is \$4.0M, which is 8.5% lesser than the YTD budget for October of \$4.4M, or \$375K in cost avoidances.

OVERTIME EXPENSE AND DIRECT LABOR REVENUE:

- YTD Overtime for Divisions involved in Operations is \$169,697, 34.3% or \$43K higher than the overtime budget for October at \$126,375. The OT for the month of October is higher than the overtime for September by \$51K.

Direct Labor reimbursement is \$332K, 0.2% or \$571 higher than the FY23 budget of \$331K.

Here is the breakdown:

Direct Labor Revenue:	\$ 331,909
Operations Overtime:	<u>\$ 169,697</u>
Variance:	\$ 162,212

YTD OPERATING REVENUES MINUS YTD EXPENSES:

- Operating revenues minus operating expenses resulted in an operating income of \$722K. The final result for October is a net income of \$347K, after deducting the net of Other Income/Expenses totaling -\$375K.

Note: \$375K 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 October 31, 2022:

- The debt service ratio as of October 31, 2022, is 2.07. This is 66% higher than the Bond Indenture Debt service ratio requirement of 1.25.
- Days Cash on Hand is 1,025 days, 105% or 524 days higher than the 500 days requirement of Moody's Rating agency.

DEBT SERVICE RATIO - OCTOBER 2022

Projected Annual Debt Service Coverage	2.07
Debt Service Coverage Requirement	1.25
Variance	0.82
% Above the Indenture Requirement	66%

7. Grant Awards and Ongoing Grant Submissions.

- **Fuel Pipeline Connectivity Project.** Notice of Intent to Award sent to the highest qualified bidder on June 8, 2022.

Status update: The PAG has completed its review of the selected offeror's A&E Design cost estimate. The cost negotiation committee informed Management of its findings, and Management approved moving forward with negotiations with the offeror. Cost negotiations are ongoing.

- **Department of Agriculture Grant (DOAG).** U.S. Fish Wildlife Services approved a 12-month no-cost schedule modification of grant-funded projects actively listed below.
 - **Repair of Agat Marina's Boat Ramp Bumpers.** On September 12, 2022, the Contractor received the Building Permit for the catwalk repairs, followed by the mobilization of the crew to the project site. | **Next Steps:** (i) Actual catwalk repairs as defined on the Scope of Work; (ii) PAG to participate in weekly meetings with Contractor; (iii) Project status: 100% completed. On November 7, 2022, the PAG Engineers conducted their final inspection and are elated to report the project is complete. Invoice(s) will be processed for review and approval of final payment and grant drawdown. Total project cost \$80,000 (FWS/DOAG Grant funded \$40,000 | PAG Share \$40,000)
 - **Agat Marina Dock B Construction.** The Official NTP was issued to AIC International on August 4, 2022. Project completion is 243-calendar days from NTP issuance, including obtaining all permitting requirements. **Next Steps:** (i) Application of federal consistency/ concurrence and approval of local permits. (Minimum of three to five months). In progress - (ii) Estimated project completion date, 04/15/2023. (iii) Project Status: In progress - Contractor will submit 65% Design for PAGs review and comments. Other administrative submittals for PAGs review and comments will include: Construction progress

schedule; Phasing Plan; QC Plan; Accident Prevention Plan, and Activity Hazard Analysis by the Contractor and Subcontractor.

- o **Harbor of Refuge Repairs.** On August 5, 2022, the Official NTP was issued to ART Constructors, LLC. Project completion is 180-calendar days or 6 months from NTP issuance, including obtaining all permitting requirements. **Next Steps:** (i) Application of federal consistency/concurrence and approval of local permits (Minimum of three to five months). Approval of DPW Building Permits; (ii) Estimated completion date, 02/04/2023; (iii) Project Status: In progress - On November 17, 2022, PAG held a kick-off meeting with Contractor and Subcontractor. PAG identified a laydown and staging area for mooring material specific to the project. Mobilization by subcontractor commenced afterwards.
- **Gantry Crane Acquisition.**
 - o **Acquisition of an STS Gantry Crane by the PAG.** **Next Steps:** (i) Procurement Planning Meeting; (ii) Preparation of Bid Package; (iii) Advertisement of Bid. Requisition of one STS gantry crane has been submitted by Transportation Division and currently with Procurement.
 - o **USDA Direct Loan.** PAG Finance was assigned to develop a request for proposal to select a lender to provide commercial loan financing for replacing the PAG's Ship-to-Shore Gantry Cranes and acquiring additional cargo handling equipment, e.g., Tractors, Telescopic 150-Ton Crane, Top lifters, Forklifts. PAG will be guided by the USDA Communities Facilities Rural Development Leadership, PAG Legal Counsel, and PAG Procurement Team moving forward. *Status Quo.*
- **MARAD MEGA Grant Program.** The 3 STS Gantry Cranes application was submitted for MARAD's mega grant program on May 20, 2022. According to U.S. DOT website, the recipients of RURAL and Mega grants will be announced in the coming months.
- **MARAD Marine Highway Program.** **Status Update:** The Port was awarded \$5.7M for various container yard equipment. Planning Division is working with MARAD to schedule project kick-off meeting.
- **Office of Local Defense Community Cooperation (Formerly Office of Economic Adjustment-OEA).** \$1.2 Million OLDCC grant was awarded to the Port for a comprehensive two-phase in-water infrastructure feasibility study and a military support assessment for Area A and Hotel Wharf.

Status Update: Memorandum of Agreement for the in-water feasibility study was signed by the Governor on October 25, 2022 and the Notice to Proceed was issued on October 31, 2022. Work on the in-water infrastructure feasibility study is ongoing.

- **EPA Diesel Emissions Reduction Act (DERA) Program.** The operations, Procurement, and Planning Team have been working on procuring four (4) tractors.

Status Update: One offeror submitted a bid proposal; after negotiations with sole bidder concluded, PAG Procurement cancelled bid due to high price/budget concerns. Transportation Division re-entered requisition #20846 on October 24, 2022 for 4 tractors, per instruction from Procurement Division; requisition was subsequently approved. Project is in active procurement.

- **US DOT Rebuilding American Infrastructure with Sustainability and Equity (RAISE) Grant Program.** On August 10, 2022, MARAD approved PAG's request to incur up to \$635,700 in the project's pre-construction environmental/ architectural/ engineering fees (upgrade and rehabilitation of wharves F1-F6). PAG may incur costs for the following items:

- NEPA Environmental Compliance Activities
- Geotechnical Investigation
- Topographic Survey
- Updated Bathymetric Survey
- Coastal Engineering Analysis
- Permitting
- Develop Scope of Work and RFP for Repair Projects

Next Steps: (i) PAG's Owner Agent Engineer, WSP, will provide consulting services for the NEPA process and develop a design for the project; In Progress; (ii) MARAD and Guam EPA advised PAG that new marine surveys should be conducted; (iii) The marine surveys would then be used to update a previously completed 2012 Environmental Assessment that covered much of the Port; In Progress; (iv) Once the design and the surveys are complete, formal consultation letters will be sent to all federal and local regulatory agencies; (v) HABS/HAER Study mandated by SHPO. | On 09/22/2022, PAG attended a virtual kick-off meeting between WSP and EA Engineering. Scope of Services will include: (a) Survey and evaluate Port Structures; (b) Identify Port Historic Properties; (c) Develop a Determination of Eligibility Report; (d) Develop a Section 106 Assessment of Effect Letter; (e) Develop an agreement document. | On October 11 – 21, 2022, Jayne Aaron, Environmental Planner, Architectural Historian conducted a site assessment of the commercial port. Draft assessment will be developed within 3-4 months; In Progress. Status Quo.

- **Office of Insular Affairs Maintenance Assistance Program (MAP):** The PAG Welding Shop Phase 1 & 2 project (awarded in 2020 & 2021) is currently pending the HABS/HAER report prior to construction. Additionally, the PAG was awarded the FY22 MAP grant on June 29, 2022 for the Generator Maintenance Program. The NEPA review was conducted by the USACE from July 2022 to November 8, 2022

and OIA issued the Authorization to Proceed (ATP) on November 10, 2022. A site visit was conducted on November 16, 2022 with the MAP Grant Program Manager, local OIA representative, PAG Planning and Maintenance & Facilities divisions.

8. **Port Revenue Bonds Project Status.** As of November 23, 2022, the attachment provides information on the status of the revenue bond projects that consist of rehabilitation of the hotel wharf, golf pier repairs and improvements, waterline replacement/ relocation, EQMR building, and warehouse one repair/upgrades, new admin annex building, and other priority projects.

Director Guthertz asked the status of the FOIA request. The General Manager replied that the Port has been receiving FOIA requests from former Senator Robert Klitzkie and the Port provides documents that are available. He said the Freedom of Information Act does not allow or require an agency to produce documents that do not exist. The General Manager further stated that Senator Klitzkie has the tendency of emailing everybody and saying that, "General Manager, you are in violation of the Freedom of Information Act.", which is very disconcerting. He mentioned that this matter will be addressed with Port counsel in providing a response basically informing Senator Klitzkie to cease and desist as he is not the one who decides who is compliant and who is not. The General Manager appreciates the question raised as to the status on the FOIA request as Senator Klitzkie courtesy copied Director Guthertz on his email. Director Taitano wondered whether there is recourse the Port can take if it is proven that this is a form of 'harassment' because at some point the government cannot continue to waste its resources on comments that are untrue as it takes away time and effort from Port resources, there is a cost for that – it is not free. And, if this continues, recovering any cost associated with legal fees may be something for management to consider.

With respect to the DERA grant, Director Taitano asked whether there is a timeline to complete the grant as she noticed there was a pricing concern with the vendor. The General Manager replied that an extension has already been made on the grant which helps the Port cost negotiation team to continue to work with the vendor on the pricing that would be acceptable to both parties.

V. OLD BUSINESS

There were no old business discussed.

VI. NEW BUSINESS

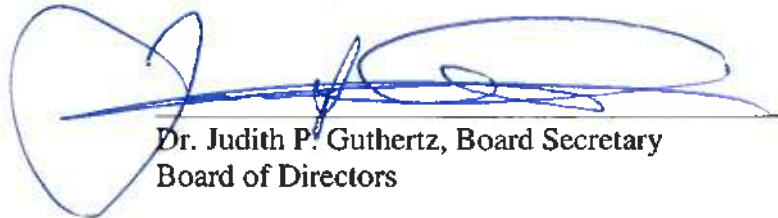
1. **Award of IFB-PAG-CIP-022-008 Supply & Install New 11 Each Cylindrical Fendering System at F3 and 15 Each Rubber Leg Arch Fenders at F4-F6.** The General Manager presented executive summary IFB-PAG-CIP-022-008 wherein eleven (11) firms obtained IFB packets, while only four (4) companies participated in the bid opening. During the bid opening process, a review of the required documents for bidding was conducted and it was determined that the responsible and responsive bidder with the lowest price was Cabras Marine Corporation with a bid amount of \$301,077.47. This procurement bid process has been reviewed by Port counsel and is now being brought before the Board for contract award approval.

Director Guthertz made motion to approve the award to Cabras Marine Corporation for IFB-PAG-CIP-022-008 for the Supply & Install New 11 Each Cylindrical Fendering System at F3 and 15 Each Rubber Leg Arch Fenders at F4-F6, who has been deemed to have met all the requirements and specifications set forth in the IFB, and is consistent with the Guam Procurement Regulations. Motion was seconded by Director Taitano and was unanimously approved.

2. **Resolution No. 2022-34 Buy American requirements.** Director Guthertz made motion to approve Resolution No. 2022-34 relative to concurring with Port management's approach to overcome issues surrounding the Hotel Wharf Project relative to the Buy American requirements. Motion was seconded by Director Taitano and was unanimously approved.


VII. ADJOURNMENT

There being no further business to discuss, the meeting adjourned at 4:13 p.m.



Dr. Judith P. Guthertz, Board Secretary
Board of Directors

APPROVED BY:



Dorothy P. Harris, Acting Chairperson
Board of Directors





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General Manager's Report for Board of Directors

December 29, 2022

- 1. Bill No. 298-36.** Bill 298-36 - *An Act to Amend Section 4(a) of Public Laws 34-70 and 35-44, Relative to the Financing or Refinancing Improvements and Capital Improvements of the Jose D. Leon Guerrero Commercial Port (Port), and Other Related Facilities and Operations of the Port, Through Revenue Bond Proceeds*; enacted into law on December 28, 2022 as Public Law 36-134.
- 2. Recognition of Board Member & Port Employees.**
Congratulations on your achievement!
 - **Board Member Conchita Taitano** – MIT Professional Education certification of an online program on *Sustainability: Strategies and Opportunities for Industry* for the course period of October 4 – November 29, 2022.
 - **POII Michael Franquez** – Graduate of Special Enforcement Tactics training on December 16, 2022. Training conducted by Airport Police.
 - **DGMA Luis R. Baza** – Recipient of an Honorary Doctor of Laws degree on December 18, 2022, University of Guam.
 - **POII Jonathan Aguon** – Graduate of Special Weapons And Tactics (SWAT) training cycle on December 23, 2022. Training conducted by Guam Police Department.
- 3. PAG Donates Christmas Holiday Gifts.** In the spirit of Christmas being the gift of giving, we would like to extend our gratitude to our port employees for their generosity in their gift donations to Harvest House and Toys for Tots. Thank you to the Human Resources and Finance divisions for spearheading this donation drive event.
- 4. Port Operations Manager Collateral Duty.** I appointed Mr. Glenn B. Nelson, Operations Manager, to serve as Maintenance Manager on August 23, 2021. This appointment comes with additional duties and responsibilities without any corresponding pay increase. This resulted from the retirement of the two top managers departing without a succession plan, leaving a void in the leadership for the entire Maintenance Division and the need to explore the possibility of merging

Operations with Maintenance to provide more effective communication and collaboration between these two critical divisions. As such, we are grateful for Mr. Nelson's willingness to step up and help bridge this gap operationally, albeit temporarily, but to help us identify and implement a long-term solution. Mr. Nelson has been the Operations Manager since December 21, 2020.

During the period of Mr. Nelson's oversight of both the Operations and Maintenance Division, which continues to this day, the following approach toward a long-term solution is being looked into:

- **Merging the Operations Division and EQMR Division.**
 - Realignment of functions in the form of merging the two divisions.
 - Streamlines the decision-making process as it relates to the use of equipment against vessel operations.
 - Ensures the availability of the equipment.
 - Direct connection between these two divisions as they are both interdependent of one another.
 - Provides for a structured maintenance of gantries that will be performed on a quarterly basis.
 - Facilitates the relationship between the two divisions.

In overseeing these two divisions, Mr. Nelson has repeatedly expressed that his continued success would not be possible if not for the efforts of the port professionals that surround him. We remain confident and will provide support to Mr. Nelson and his team.

5. **Cross-Training Program Initiative.** The cross-training program initiative started back in April 2020, at a time when Mr. Glenn B. Nelson was appointed as the Acting Operations Manager. The mindset of this program was to maximize the Port's ability and/or capability with its limited resources in the Operations division, where Stevedores were cross-trained as Tractor Operators and would be used as needed. Also, the crane operator certification extended to all port operations personnel.

Because of this success in the Operations division, the cross-training program extended onto the Maintenance Division where Fleet Mechanics were cross-trained in the Crane Mechanics section, just as much as the Corrosion section was trained in the Welding section.

6. 2021 Annual Report.

Port Performance:

- **Container Cargo.** The Port handled about 87 thousand (K) containers, which resulted in a 1.9% increase from FY 2020 container count of 85K. The container counts in FY 2021 consisted of 69K local containers, 12K full transshipment containers, and 5K empty transshipment containers.
- **Non-containerized/Breakbulk Cargo.** The Port handled 101K tons of non-containerized cargo, an increase of 11.8% from FY 2020.
- **Cargo Vessel Berth Hours.** Berth hours show the average time a vessel spends along the port waterfront PAG's objective is to reduce the turnaround time of ships calling at the terminal. From FY 2019 to FY 2021, the operation's average berth hours of all shipping vessels have improved compared to FY 2017 performance. The improvement for each vessel operator reflects a decrease as follows: Matson - 12 hours (hrs.) or -32%, APL - 15 hrs. or -41%, CTSI - 20 hrs. or -54% and MSA Kyowa - 3 hrs. or -8%.
- **Container Vessel Net Moves per Hour.** The container vessel net moves per hour (NMPH) shows the average total container movement divided by the operation hours. The Port aims for higher crane productivity per hour. From FY 2019 to FY 2021, the operation's average net moves per hour for all shipping vessels have improved as compared to FY 2017 performance. The improvement for each vessel operator reflects an increase as follows: Matson - 8 units or 47%, APL - 6 units or 35%, CTSI - 5 units or 29% and MSA Kyowa - 1 unit or 6%.
- **Revenues.** The Port's operating revenues increased by \$432 thousand (K), from \$54.6 million (M) in FY 2020 to \$55M in FY 2021. The revenue increase was significant because this was accomplished despite the challenges the Port faced during the period of the COVID 19 pandemic and the Port did not implement any tariff rate increases. The number of containers handled also increased by 1.9% or 1,651 containers, from 85,143 in FY 2020 to 86,794 in FY 2021.
- **Expenses.** The Port's total operating expenses increased by \$2.6M (or 4.6%) from \$55.7M in FY 2020 to \$58.3M in FY 2021. The overall increase in operating expenses is largely due to the recording of post-employment benefits and pension costs, resulting in higher retiree healthcare and other benefits and divisional expenses. Before depreciation (a non-cash expense), net operating revenues minus operating expenses in FY 2021 was \$3.1M operating income. After adding back the \$6.3M non-cash expense of depreciation, \$754K of net non-operating revenues, and \$219K of U.S. Government capital grants, Port concluded FY 2021 with a \$2.2M decrease in its net position. As of September 30, 2021, the Port's current assets

amounted to \$75.4M, which is an increase of \$3M. This is primarily due to the \$2.6M increase in total cash and cash equivalents, and \$648K in Accounts Receivable.

Also, included in the annual report are highlights on capital improvement projects, port modernization update, crane acquisition, federal grant awards and port revenue bonds. The full report of the 2021 Annual Report is made part of the General Manager's report.

7. General Manager's Notes for YTD Finances. We are providing the following summary for November 30, 2022:

REVENUES AND CARGO THROUGHPUT:

- The Port's Total YTD Operating revenue for November 30, 2022, is \$10.5 million, 2.7% or \$282K higher than the YTD November FY 23 budget projection of \$10.2M.
- The total number of containers handled as of November 30, 2022, is 15,044, 3.2% or 497 containers lower than last year's November 2021 YTD total of 15,541. In October, the total number of containers was lower by almost 15% or almost 1,200 containers down as compared to October 2021 numbers. As of November, the total number of containers is just 3.2% lower than last fiscal year's first two months, a 77% improvement from last month's variance.

OPERATING EXPENSES:

- Overall Operating expense, as of November 30, 2022, is \$8.7M, which is 2.1% lesser than the YTD budget for November of \$8.8M, or \$190K in cost avoidances.

OVERTIME EXPENSE AND DIRECT LABOR REVENUE:

- YTD Overtime for Divisions involved in Operations is \$327,785, 29.7% or \$75K higher than the overtime budget for YTD November at \$252,751. The OT for the month of November is lower than the overtime for October by \$12K.

Direct Labor reimbursement is \$705K, 6.4% or \$42K higher than the FY23 budget of \$663K.

Here is the breakdown:

Direct Labor Revenue:	\$ 704,908
Operations Overtime:	\$ 327,785
Variance:	\$ 377,123

YTD OPERATING REVENUES MINUS YTD EXPENSES:

- Operating revenues minus operating expenses resulted in an operating income of \$1.9M. The final result for November is a net income of \$1.6M, after deducting the net of Other Income/Expenses totaling -\$242K.

Note: \$242K 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 November 30, 2022:

- The debt service ratio as of November 30, 2022, is 2.40. This is 92% higher than the Bond Indenture Debt service ratio requirement of 1.25.
- Days Cash on Hand is 967 days, 93% or 467 days higher than the 500 days requirement of Moody's Rating agency.

DEBT SERVICE RATIO - NOVEMBER 2022

Projected Annual Debt Service Coverage	2.40
Debt Service Coverage Requirement	1.25
Variance	0.92
% Above the Indenture Requirement	92%

8. Grant Awards and Ongoing Grant Submissions.

- **Fuel Pipeline Connectivity Project.** Notice of Intent to Award sent to the highest qualified bidder on June 8, 2022. *Status update:* After initial cost negotiation meeting with offeror, PAG Procurement set stipulation for resubmission of cost proposal by December 23, 2022. Cost negotiations are ongoing.
- **Department of Agriculture Grant (DOAG).** U.S. Fish Wildlife Services approved a 12-month no-cost schedule modification of grant-funded projects actively listed below.
 - **Repair of Agat Marina's Boat Ramp Bumpers.** The PAG Engineers conducted their final inspection and are elated to report the project is complete. *Status Update:* Invoices have been reviewed and going through grant drawdown process. Total project cost \$80,000 (FWS/DOAG Grant funded \$40,000 | PAG Share \$40,000).
 - **Agat Marina Dock B Construction.** The Official NTP was issued to AIC International on August 4, 2022. Project completion is 243-calendar days from NTP issuance, including obtaining all permitting requirements. *Status Update:* Pre-construction activities ongoing; PAG awaiting Design and other required submittals for review and comments.
 - **Harbor of Refuge Repairs.** On August 5, 2022, the Official NTP was issued to ART Constructors, LLC. Project completion is 180-calendar days or 6 months from NTP issuance, including obtaining all permitting requirements. Estimated completion date, 02/04/2023. *Status Update:* Project ongoing; initial invoices have been submitted to include project related work that has been performed.
- **Gantry Crane Acquisition.**
 - **Acquisition of an STS Gantry Crane by the PAG.** *Status Update:* Requisition for one (1) crane has been entered. WSP submitted additional information to include Liftech update to the STS crane specification and the Wharf Periods of Vibration Report. This update will be incorporated into the crane procurement specifications.

- o **USDA Direct Loan.** PAG Finance was assigned to develop a request for proposal to select a lender to provide commercial loan financing for replacing the PAG's Ship-to-Shore Gantry Cranes and acquiring additional cargo handling equipment, e.g., Tractors, Telescopic 150-Ton Crane, Top lifters, Forklifts. PAG will be guided by the USDA Communities Facilities Rural Development Leadership, PAG Legal Counsel, and PAG Procurement Team moving forward. *Status Update:* Status quo
- o **MARAD MEGA Grant Program.** The 3 STS Gantry Cranes application was submitted for MARAD's mega grant program on May 20, 2022. According to U.S. DOT website, the recipients of RURAL and Mega grants will be announced in the coming months. *Status Update:* MARAD has not released its grant award announcement as of 12/22/2022.
- **MARAD Marine Highway Program.** The Port was awarded \$5.7M for various container yard equipment. *Status Update:* Grants Management Specialist informed Planning staff that reduced scope was approved (reduced tractor count from 11 to 9) and removed Admin and Legal funding request due to CatEx documentation finished by MARAD. Planning, Operations, and Procurement staff discussed procurement strategy and determined separate contracts and timelines would be best to ensure project proceeds without unnecessary delays. Planning relayed procurement strategy to MARAD on December 16, 2022.
- **Office of Local Defense Community Cooperation (Formerly Office of Economic Adjustment–OEA).** \$1.2 Million OLDCC grant was awarded to the Port for a comprehensive two-phase in-water infrastructure feasibility study and a military support assessment for Area A and Hotel Wharf. Memorandum of Agreement for the in-water feasibility study was signed by the Governor on October 25, 2022 and the Notice to Proceed was issued on October 31, 2022. *Status Update:* Port's OAE is currently working on the infrastructure feasibility study.
- **EPA Diesel Emissions Reduction Act (DERA) Program.** Requisition was entered on October 24, 2022 for 4 tractors. *Status Update:* Procurement is drafting written determination for legal counsel/Management review. Project is still in active procurement.

- **US DOT Rebuilding American Infrastructure with Sustainability and Equity (RAISE) Grant Program. *Status Update:*** The Port will be working with USACE through the MOA established between the Government of Guam and the USACE whereby technical and professional support will be provided to the Port on NEPA requirements.

On August 10, 2022, MARAD approved PAG's request to incur up to \$635,700 in the project's pre-construction environmental/ architectural/engineering fees (upgrade and rehabilitation of wharves F1-F6). PAG may incur costs for the following items: NEPA Environmental Compliance Activities, Geotechnical Investigation, Topographic Survey, Updated Bathymetric Survey, Coastal Engineering Analysis, Permitting, Develop Scope of Work and RFP for Repair Projects. **Next Steps:** (i) PAG's Owner Agent Engineer, WSP, will provide consulting services for the NEPA process and develop a design for the project; In Progress; (ii) MARAD and Guam EPA advised PAG that new marine surveys should be conducted; (iii) The marine surveys would then be used to update a previously completed 2012 Environmental Assessment that covered much of the Port; In Progress; (iv) Once the design and the surveys are complete, formal consultation letters will be sent to all federal and local regulatory agencies; (v) HABS/HAER Study mandated by SHPO. On 9/22/2022, PAG attended a virtual kick-off meeting between WSP and EA Engineering. Scope of Services will include: (a) Survey and evaluate Port Structures; (b) Identify Port Historic Properties; (c) Develop a Determination of Eligibility Report; (d) Develop a Section 106 Assessment of Effect Letter; (e) Develop an agreement document. On October 11-21, 2022, Jayne Aaron, Environmental Planner, Architectural Historian conducted a site assessment of the commercial port. Draft assessment will be developed within 3-4 months; In Progress.

- **Office of Insular Affairs Maintenance Assistance Program (MAP).** The PAG Welding Shop Phase 1 & 2 project (awarded in 2020 & 2021) is currently pending the HABS/HAER report prior to construction. ***Status Update:*** EA Engineering, Science, and Technology, Inc., a sub-contractor under WSP, is currently developing a Determination of Eligibility Report as part of this process. The anticipated delivery date of the report is February 2023 with a draft to be ready for Port review on January 2023.

- **Office of Insular Affairs Maintenance Assistance Program (MAP).** The PAG was awarded the FY22 MAP grant on June 29, 2022 for the Generator Maintenance Program. OIA issued the Authorization to Proceed (ATP) on November 10, 2022. *Status Update:* Planning and Facilities are working towards finalizing the procurement packet for the Generator maintenance contract.
9. **Port Revenue Bonds Project Status.** As of December 23, 2022, the attachment provides information on the status of the revenue bond projects that consist of rehabilitation of the hotel wharf, golf pier repairs and improvements, waterline replacement/ relocation, EQMR building, and warehouse one repair/upgrades, new admin annex building, and other priority projects.
 10. **Transition Report Status & Port Accomplishments.** I will present this item to the Board through powerpoint presentation. The full Transition Report is made part of the General Manager's report.
 11. **Organizational Climate Survey.** The Port employees were invited once again to anonymously speak their truths in an organizational survey. The organizational climate survey was conducted earlier this month by the agency's Human Resources Division. The survey provided employees an opportunity to anonymously rate different levels of our agency. It assessed what they value most in their employment and provided them an opportunity to make positive suggestions for improvement. I will also present this item to the Board through powerpoint presentation.

Respectfully submitted,


Rory J. Respicio
General Manager

2018 Port Revenue Bonds Status Report As of December 23, 2022

Bond Project	Total Award Amount	Total Draw Down	Total Remaining Balance	PROCUREMENT IFB/RFP/PO Number	Status
Rehabilitation of "H" Wharf (Federal Share & Port Share)	\$10,000,000.00 \$45,066,435.00	\$0.00 \$1,232,944.01	\$10,000,000.00 \$43,833,490.99	PO No. 17003-OF for \$2,249,945.54 awarded to GHD Inc. New Contract Amount: \$2,656,621.37	The PAG is awaiting MARAD's review of its Construction Materials waiver request from Buy American Act requirements. In addition, the PAG also requested MARAD's concurrence to delink the Access Roadway component of the project due to its exorbitant cost. Weekly virtual meetings are held between the PAG, WSP, Construction Manager GHD, and Contractor Sumitomo Construction Company (SMCC). SMCC has provided a proposed alternative design to the PAG and WSP for review and approval. WSP will review and incorporate this design into the original pending a final agreement on the scope of the Task Order.
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	Reliance of IFB to be determined by management. WSP performed an underwater assessment of Golf Pier. Draft Damage Summary Report submitted to the PAG and is currently under internal review.
Waterline Replacement and Relocation	\$6,000,000.00	\$319,065.18	\$5,680,913.82	RFP No. 2019-03: A&E Design for \$1,406,427.48 awarded to NC Macario	SIPO has approved the building permit. PAG has received and is processing an invoice for material's purchased.
EQMR Building Repairs and Upgrades	\$3,628,800.00	\$447,013.13	\$3,181,786.87	RFP No. 2019-03: A&E Design for \$1,406,427.48 awarded to NC Macario	A requisition has been entered and the procurement packet is being developed prior to announcement.
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	A requisition has been entered and the procurement packet is being developed prior to announcement.
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 and Integration of TOS	\$4,980,745.00	\$0.00	\$4,980,745.00	See status	1. Please refer to MARAD RAISE - Wharves Service Life Extension Hardening of Wharves F1-F6 for more information. 2. Final TOS documents have been completed by WSP and are being reviewed by PAG IT.
Other Priority Projects - EnterprisedOne Financial Management System	\$2,500,000.00	\$2,365,568.22	\$134,431.78	See status	Job costing for CIP and ACH payments in use. Module updates are ongoing, including work on Job order modules for vessels and SSRS.
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	\$86,620,980.00	\$5,183,772.60	\$81,437,207.40		

Transition Report Status

Port's Accomplishments Over the Past Four Years



Port Modernization

- Board of Directors and PUC Approved the rehabilitation of Phase I & II of Hotel Wharf.
- Procurement solicitations issued for (1) structural repairs to Golf Pier, (2) expand and repair EQMR building, (3) repair Warehouse 1, and (4) replacement and relocation of water lines.
- MARAD RAISE grant for \$17.9 million to upgrade wharves F1-F6.
- Guam Shipyard began dismantling inoperable gantry cranes and other Port inoperable assets on the Terminal Yard.



Port Master Plan Update

- July 2020 - Engaged with Owner Agent Engineer (OAE) to update 2013 Master Plan.
- Final draft is expected by January 2023.



Employee Issues

- January 2020 - Union contract signed as promised to be completed within the first 100 days of the Leon Guerrero Tenorio Administration.
- 8-hour work schedule for Operations.
- Two-week work schedule for Maintenance employees.
- Significant improvements in employee morale and reduction of overall vessel berth times.



Gantry Purchase and Maintenance

- Governor and Board of Directors support equipment acquisition.
- \$15 Million from American Rescue Plan (November 2021) with the promise that the Port will not raise tariff for the two fiscal years.
- Grant applications to US EDA for two gantry cranes and to US Department of Agriculture for one gantry crane as a backup to the EDA application.
- Acquisition of a new STS gantry cranes would be a first for the Port.



Procurement Delegation

- Close working relationship with Chief Procurement Officer.
- Restored full delegation of procurement authority since May 2020 to current after losing procurement delegation for 14 years.
 - FY 2021: 511 Purchase Orders, 11 IFBs, 4 RFPs, 7 IFBs for goods and services material.
 - FY 2022: 831 Purchase orders, 15 IFBs, 5 RFPs, 9 IFBs for goods and services material.
- Port Insurance: Board approved premium balance payment.
 - Averting potential cancellation of coverage.



Legal Counsel

- Creation of Position & Recruitment of in-house legal counsel- Filled in January 2021.
- 51 cases litigated
 - 1 In favor of the Port by the Supreme Court;
 - 9 Employee adverse action appeals settled;
 - 1 Employee adverse action in favor of the Port by CSC;
 - 1 Civil case settled; and
 - 1 Employee appeal in settlement phase.
- Port MOU with the Office of Attorney General for assistance on complex legal matters.



Real Estate

- Customs Satellite Inspection Facility
 - 4-acres of land at Cabras Island given to Customs & Quarantine Agency (CQA) for the inspection facility.
 - Port Master Plan Update to include the inspection facility feasibility study.
 - Port consultants provided a proposed facility design which CQA is using to obtain funding.
- Fuel Facility
 - Amended its management agreement with Mobil to carve out Area A.
 - RFI issued and received one proposal.
 - Port continues to work with consultants to identify incentives to develop fuel capacity to include a tiered-fee tied to volume for transshipment of fuel for petroleum companies.
 - Port applied for federal funding through USDOT to rehabilitate the facility. Funding was not approved.
 - Port continues to market property to prospective tenants, including the DOD.



Real Estate

- Recycling Enterprise Zone
 - Port in discussions with an interested party who requested land space to process scrap metal for export.
- Other Leases
 - Aqua World: Port legal counsel is working with Aqua World counsel to resolve.
 - Fuel Pier (F1) Management and Operation Agreement with Tristar.
 - Standardized terms for lease agreements: Commercial staff amended the lease application form and issued renewal leases.
- Commercial Cargo Activity - Written Procedures
 - Written procedures developed to capture commercial cargo activities occurring at the marinas.
 - Result of which increased revenue.



Public Private Partnership

- Micronesian Cruise Ship Development - In May 2018, Guam Visitors Bureau (GVB) issued RFI in compliance with Public Law 34-75 to determine public interest to develop a cruise ship homeport at the Port Authority of Guam.
- Port will work with Guam Economic Development Authority (GEDA) and (GVB) on identifying potential Port property for the development of a cruise facility.



Finances

- **Income Statements/Audits**
- **Crane Surcharge Reserve Account**
 - In 2019, BOD approved establishing a crane surcharge reserve account. Estimated increase in earning approximately \$60,000.
- **Facility Maintenance Fee Investment Account**
 - In 2019, BOD approved establishing an account similar to Crane Surcharge reserve acct.
- **Port Enterprise Fund Close-out Report**
 - Close-out report showed \$2 million residual funds.
 - MARAD authorized purchasing two top-loaders at a purchase price of \$1.1 million.
 - Reprogrammed remaining \$900,000 to support other Port projects.



Finances

- **Low-Risk Auditee Designation for the Past Three Consecutive Years**
 - Resolution of Past Audit Findings. Issues concerning commercial leases, interest capitalization of qualifying assets, fixed register assets and completed the Port modernization plan and turnover documents that were flagged since 2015.
- **Removal from Credit Watch**
 - Moody's Investor Service credit report removes the Port from credit watch.
- **S&P Global Rating**
 - Upgraded outlook for the Port from negative to stable.
 - Affirmed its "A" long-term rating.
- **Financial Policy Amendment**
 - BOD amends petty cash disbursement, adjusting limit from \$50.00 to \$400.00 due to inflation.



Finances

- **Tariff Simplification**
 - Port staff working with consultants to identify tariff charges to separate from cargo handling rates, determine flat rates or common charges, and evaluate and minimize the impact on smaller shippers.
 - Draft suggestions sent to shippers for input.
 - Port to make recommendation to BOD and submit to PUC for review and disposition.
- **Oracle Enterprise 1 Migration Phase**
 - Launched in August 2020. This is twenty years in the making.
- **RSM Project**
 - Digitize cargo tracking with PUGG and CQA.
 - Proposal given to CQA to seek grant funding to establish and integrate IT systems.



Human Resources

- **Merit System Compliance and Protection**
 - In 2021, a complaint to CSC was made regarding the Port's hiring practices.
 - In June 2021, CSC voted 5-0 affirming no employee was hired in violation.
- **Training**
 - Port Reinstates Certification Training for Crane Operators, Hazardous Waste Operations, Incident Response to Terrorist Training, and Prevention and Response to Suicide Incidents.
 - Port Police: Annual refresher training, CPR training, Law Enforcement Training to include the safe use of Taser and OC-Baton and firearms certification.
 - In-House Training for Managers and Supervisor: Basic Supervisory, Procurement Processes, and Progressive Disciplinary Action.
 - GUARNG trained Port staff to use air monitoring devices to detect volatile, toxic and combustible gasses and radiation and how to read and identify airborne hazards as a result of the Port's proximity to GPA's power plant.



Human Resources

- Training
 - In-house workshop on how to deal with upset and irate customers.
 - Crane mechanic staff received PMT sponsored training on the basic understanding of crane maintenance station, ABB crane modernization - an introduction to ABB drive systems and how it works, programmable logic controls and how to use the CMS for crane monitoring and troubleshooting.
- Implement Aggressive Successive Planning
 - Implemented Crane Operator Certification Program.



Human Resources

- Worker's Compensation and Light Duty Accommodations
 - We identified in 2019 more than 20 employees on extended absence or on light duty accommodations.
 - Extensive review was conducted and case count reduced to five.
 - Several employees on light duty due to non-work related injury.
 - Port taking measures to ensure light-duty accommodations are limited to job-related injuries.
- Employment Practical Test Reinstated
 - Port reinstates skills assessment test to help management evaluate the practical competence of job candidates.
- Applying USDOL Rules to Define New and Non-Exempt Positions
 - Updated and approved listing of exempt and non-exempt positions.



Human Resources

- **Premium Pay for Operations and Maintenance Employees**
 - 2020 Found that certifications for hazardous premium pay had expired five years prior and renewal certifications were not submitted to DOL. Also found that Hazardous premium pay was not provided to Terminal and Fleet Maintenance employees.
 - Port worked with DOL to submit recertifications and new certifications and acquired approval.
- **Holiday Work Schedule**
 - Labor Day added to the "No Vessel Operations" holiday listing.
- **Port's PRR and Board Policy on Salary Increment Sub-Steps**
 - BOD Reverses the reduced increment sub-step action from 2018.
 - BOD Reinstates Policy on Salary Increment Sub-step for employees who obtain certification licenses or education achievements during the performance period related to their current position.



Interpersonal Relationship

- **Internal**
 - Familiarization of Operations: Bridged Administration staff with waterfront operations to understand and appreciate the work put into the movement of cargo.
 - Port Week Celebrations: Virtual events and ceremonies due to COVID-19 broadcasted on social media platforms (Facebook, Instagram, Twitter), all video were filmed and produced by Marketing Division.
 - Marketing Division: Revived monthly newsletter, established social media platforms, launched annual photo contest, manage Port's website, assist with numerous inhouse publications (Citizen-Centric Report), coordinate Port events and ceremonies, in-house production of Port videos.
- **External**
 - Securing our Borders: Ensure borders are protected, new security systems, enhanced regulations for marina cargo operations and installed surveillance cameras.
 - CQA: committed to the interdiction of illicit drugs, invasive species and counter-terrorism, working toward improving relationships with CQA.



Interpersonal Relationship

- Department of Public Works (DPW): MOA for use of Federal Highway Administration funds for expansion of automobile and chassis staging lots and shared entrance for CQA.
- Guam EPA & Guam Power Authority (GPA): Worked with agencies for the removal of 13 abandoned derelict vessels assisted by U.S. Navy divers and U.S. Army Reserves.
- Guam Zero Waste Working Group: Port participated with the Biosolids Compost Pilot Project to determine the viability of processing bio solids into a recyclable usable product.
- Department of Parks and Recreation: Worked with DPR and the Guam Police Department to offer the Motorized Water Recreational Course to tenants for commercial and private recreational jet ski operations.
- MOU-Agat Marina Rescue Base 2: Established an MOU with Guam Fire Department (GFD) to continue using a portion of the Agat Small Boat Marina Administration Annex to house and support the operation of the Rescue Base Station 1.



Interpersonal Relationship

- MOU - GPA: Established a partnership with GPA and ensured the motorists utilizing the road would have easy access to both properties; Port to pay for its share of repair work.
- MOU – U.S. Coast Guard (USCG): Established procedures for the Port and Coast Guard to work together to enhance the safety and security of the waters of concurrent jurisdiction.
- Federal Partnerships: Strengthened relationships with Federal partners in pursuit of funding opportunities, resulted in numerous grant awards from various federal agencies (U.S. Department of Agriculture (USDA), U.S. Department of Economic Development Administration (EDA), U.S. Army Corps of Engineers, U.S. Department of Interior Office of Insular Affairs, and the Federal Emergency Management Assistance (FEMA).
- Port Users Group Guam (PUGG): Improved communication and productivity levels for vessel operations and have enhanced the relationship between Port and PUGG.



Interpersonal Relationship

- Marina User Group: Similar to the PUGG, established to provide a forum to better serve our marina tenants, users and the Island's recreational, sustenance, commercial boating communities.
- Port Police Jurisdiction: Superior Court decision established Port Police's jurisdiction to execute traffic laws in the areas between Cabras Island and Dry Dock Island, including Marine Corps Drive.
- Federal Case – Environment Pollution: Port Stevedores reported illegal oil discharging in Apra Harbor which resulted in violators being charged and held accountable under the law.
- Adopt-A-School Program: Helped JP Torres Success Academy and Southern High School prepare for the opening of the school year and assist with yard maintenance.
- COVID-19 Support: Assisted Department of Education (DOE) with food drive by coordinating with the shipping agencies to use their refrigerated containers and assisted DPHSS at their COVID-19 testing sites.



Interpersonal Relationship

- Association of Government Accountants Guam Chapter: Receive awards from the Association of Government Accountants Guam Chapter for the 1st place Platinum "Excellence in Citizen-Centric Reporting Award" and the "Accountability and Transparency in Citizen-Centric Award." These national and local recognitions were the first-time awards for the Port.
- Historic Visit of Navy Ship Juan Sebastian De Elcano: Spanish navy training ship, Juan Sebastian De Elcano, stopped on Guam in late February 2021 on its journey to retrace the first circumnavigation of the globe 500 years ago, commemorative ceremony was held at F3 symbolizing historical ties to the Chamorro and Spanish people.
- GCC Summer Program Tour: Participated in the National Summer Transportation Institute (NSTI) Program under USDOT which exposes participants to different transportation sectors to generate interest and develop a career path in the field.



Federal Grants and Opportunities

- **US Department of Agriculture**
 - \$870,000 Allocated for the Harbor of Refuge Repair.
 - \$1.4M Allocated for the Agat Marina Dock B re-construction.
 - In August 2022 a NTP was issued to AIC International with an estimated completion date of April 2023.
- **US DOT: MARAD**
 - \$17.9M was awarded via the RAISE Grant to upgrade wharves F1 through F6.
 - In August 2022 MARAD approves the Port's request to incur up to \$635,700 in pre-construction environmental/architectural/engineering fees associated with the project.
 - \$5.7M received from America's Marine Highway Program.
 - October 2022 - Port to expand its fleet of specialized container yard equipment with: two 40-ton loaded container handlers, three 10-ton empty container handlers, five 5.5-ton forklifts, one 180-foot boom lift, nine container yard tractors, and two 40-plug mobile refer generators.



Federal Grants and Opportunities

- **US DOD Office of Local Defense Community Cooperation, formerly OEA**
 - \$800,000 - 2020 Port Master Plan Update, Deep draft and fill improvements project feasibility study, Customs inspection facility feasibility study, and conceptual design and revised scope for the new administration building annex and renovation for the existing administration building.
 - \$1.5 M received for the construction technical oversight services for the OAE.
 - \$1.2 M received for the comprehensive two phase in-water infrastructure feasibility study and military support assessment for Area A and Hotel Wharf.
- **US DHS**
 - \$160,867 received for the Port's CCTV System Replacement to Digital IP Cameras.
- **US Economic Development Administration**
 - \$2.4 M received to install Fuel Pipeline System for F1 and Golf Pier Connectivity.



Federal Grants and Opportunities

- **FEMA**
 - \$564,218 received for UAV and Communications System Upgrades.
 - \$366,251 received for the acquisition of Radar Intrusion and Vessel Tracking Systems.
 - \$165,001 received for TWIC Readers and Credentialing System.
 - \$179,550 received for Prime Power Generators, Maintenance and Sustainment Contract.
 - \$184,459 received for the refurbishment and Hardening of Load Center Building Housing Generators
 - \$56,250 received for USCG Multi-Agency National Association of State Boating Law Administration Training for Port Police.
 - Fendering System Repair for Phase 1 and 2, Warehouse 1 Repair.
- **Office of Insular Affairs**
 - \$356,175 received for Welding Shop Repair.
- **US EPA Diesel Emissions Reduction Act (DERA)**
 - \$126,609 received for the purchase of four tractors.



Facility Upgrades

- **CMU Walls Repaired at Warehouse 1**
- **Harbor Master's Office Upgrade**
 - Wall repair and replacing windows and frames.
- **Port Police Relocation**
 - Consolidated Port Police operations to a centralized area.
- **Operations Relocation**
 - Operations staff moved into former Port Police Building.
 - 2021 Terminal Gatehouse renovation and expansion.
 - All three gate booths replaced and expanded with state-of-the-art concrete structures.
- **Engineering and Safety Offices Relocation**
 - Now at Annex A. Old offices at Warehouse 1, demolished.



Facility Upgrades

- **Seawall**
 - Trees and shrubs removed from seawall by maintenance and facility employees.
- **Pedestrian Gate**
 - Turnstile installed at pedestrian gate to control entry to the Port Terminal Facility.
- **Canteen and Retaining Wall Demolition**
 - May 2022 - Demolition of unpermitted canteen built atop a fuel pipeline.



COVID-19 Pandemic

- **Vaccination Clinics**
 - Worked with DPHSS to hold vaccination clinics at the Port.
 - Established in-house Contact Tracing Team.
- **Dockside Vaccination Clinic**
 - Shipping agents request Port to setup with DPHSS, FHP, US Immigration and CQA for crew members to receive vaccination dockside.





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Governor of Guam
Joshua F. Tenorio
Lieutenant Governor

TRANSITION REPORT STATUS & PORT ACCOMPLISHMENTS

Rory J. Respicio

Submitted by: Rory J. Respicio, General Manager

Date: December 29, 2022

A. PORT MODERNIZATION

1. Port Facilities

The Port of Guam's Modernization Program is designed to meet the island's growth, including expanding the military and growing tourism market. The key project initiatives justified to investors for the bond market were:

- Expansion of wharf space to accommodate larger vessels and increase vessel handling capacity;
- Upgrade the terminal operating system to allow for automated invoicing, cargo and container tracking, financial management and maintenance management;
- Expansion of existing facilities to support fishing and cruise line industries; and
- Replacement of gantry cranes at the end of useful life to maintain continuous, uninterrupted cargo movement.

As part of the modernization program, the Port of Guam obtained \$71.44 million in revenue bonds to pay for improvements at the Port, and refinanced some of its existing debt at a lower interest rate. This was also accomplished through legislation. The bonds for capital improvement projects include:

- The rehabilitation of Hotel Wharf and access road;
- Relocation of water lines;
- Repair of the Equipment Maintenance & Repair Building and Warehouse 1; and
- Replacement of Port Administration Building and repair of Golf Pier, which is one of the two Port-owned fuel piers.

The only project that has a local share of a federal grant (TIGER) is Hotel Wharf and access road, totaling \$24 million. The Port will be using the revenue bond proceeds to fund its share of the Tiger grant for \$14.2 million.

Port Authority of Guam's Accomplishments

January 8, 2019 to December 29, 2022

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The Port contracted in July 2018 a company to conduct a post-seismic assessment of the wharves and F1 fuel pier. Based on their assessment, repairs to the F1 fuel pier and wharves F3 to F6 are highly recommended. Although deficiencies of the waterfront facilities were pointed out, cost estimates to address are unknown at this time.

Recommendation: To ensure that the cargo operations are not severely hampered, the administration will pursue all options to begin the rehabilitation of Hotel Wharf and access road immediately. Upon commencement of this project, the Port will address the much-needed repairs of F1 and Port's operational waterfront in parallel.

Update:

- **Hotel Wharf Rehabilitation and Reconstruction Project:** In March 2019, the USDOT Maritime Administration (MARAD) informed the Port that its September 2019 deadline to obligate the \$10 Million TIGER grant was moved up to July 2019. In addition, the Port was also required to revise its environmental plan of action due to changes in National Environmental Policy Act (NEPA) regulatory requirements. MARAD officials told the Port that prior management was informed of this environmental plan of action 3 years prior. MARAD emphasized that all environmental requirements must be completed and submitted by April 2019 or risk losing the \$10 million TIGER grant. Subsequent to the Port submission, MARAD reviewed, approved, and issued the project's Environmental Assessment and Findings of No Significant Impact (FONSI). A major mitigation requirement was a coral relocation work that was completed in 2020. Having met all MARAD conditions, the TIGER grant was obligated and a notice to proceed was issued in September 2019.
- In March 2021, the Port awarded the Construction Management contract for the Hotel Wharf and Route 11 Access Roadway project.
- In June 2022, Port Board of Directors and the PUC approved the bid award for Phase I and II of the rehabilitation of Hotel Wharf to Sumitomo Mitsui Construction Company in the amount of \$46,331,895. In July 2022, a groundbreaking ceremony was held. The project is ongoing.
- **Revenue Bond and Budget Funded Projects:** We were informed in 2019 that a connectivity line between Golf Pier and F1 wharves would need to be installed to ensure the fuel import/export is not disrupted while the fuel piers' repair work is

done. We were also told that improvements to the Port's information technology system—Terminal Operating and Financial Management systems—were needed in order for the Port to realize the actual expenditures and revenues received for vessel operations. These two projects were not funded by prior management.

Public Law 34-70 which authorized the Port to issue revenue bonds to provide funding for capital improvement projects and refinance all or portions of outstanding loans, was specific in nature and did not allow latitude in reprogramming such revenues to fund critical projects that would have an adverse impact on the Ports' cash flow. We discussed with Bond Counsel and the Guam Economic Development Agency (GEDA) regarding projects not included in the revenue bond and they were amenable to amendments to the current legislation and were receptive to the fact that the Port was looking after its revenue-generating facilities. After reviewing what projects in the legislation could be downsized, it was noted that the 2013 Master Plan had recommended an annex building be constructed, connecting it to the existing administration building. The Master Plan indicated the existing building is structurally safe, and its infrastructure would need to be upgraded. Rather than constructing a new administration building at the cost of \$17 million, the Board of Directors approved management's recommendation to instead construct an annex building and pursue an amendment to Public Law 34-70 to reprogram funds earmarked for construction of the new building and use such proceeds to fund other critical projects. On October 16, 2019, the Governor signed Bill 149-35, now Public Law 35-44, which amended Public Law 34-70 and authorized increased funding of the Port's share of the TIGER grant, construction of an annex building, repair of the Port's waterfront facilities, installation of a connectivity fuel line, and upgrade of Port's information technology system.

When we issued the procurement solicitations on the architectural and engineering (A&E) designs for the revenue bond projects and based on the engineering estimates provided in the designs, the construction costs associated with the repairs exceeded the allocations outlined in Public Laws 34-70 and 35-44. Because the laws specifically identified the revenue bond project costs to be funded by the revenue bond proceeds, it did not allow the Port to reallocate the proceeds to address the anticipated shortfalls of the construction costs. Upon knowledge of this, the Port actively submitted federal grant applications to fund some of these projects, such as the fuel connectivity line, which the U.S. Economic Development Authority (EDA) awarded \$2.4 million for this project and allowed the Port to free a portion of the proceeds. In July 2021, through a

resolution, the Board authorized the General Manager to use Port revenues, unrestricted Port funds, and other revenues and federal grants to supplement the shortfall funding for these projects.

During the latter part of 2021, procurement solicitations were issued for the structural repairs to the Golf Pier, repair and expansion of Equipment Maintenance & Repair Building, repair of Warehouse 1, and replacement and relocation of water lines.

- **Port Wharves Assessment and Upgrades:** In 2020, the consultants reviewed the diving reports on the wharves' condition, which provided a realistic condition of what piers would need immediate repair. Based on their review, the dolphins for F1 were in a more serious condition than what was originally assessed. The consultants are to provide an analysis on the berthing and mooring of vessels at F1. This will provide proper guidance to the fuel managers on the safe capacity of berthing at the pier. Simultaneously, Port continues to work closely with its consultants on the assessment of the Port wharves; Tristar's subcontractor on F1 dolphins and pier; and Mobil's subcontractor on the bathymetric surveys for the fuel piers. These reports will provide the Port and its fuel pier managers a realistic picture of the condition of the piers and dolphins and the depth of the pier to safely berth vessels for mooring and berthing.

MARAD announced that it had approved the Port's Rebuilding America Infrastructure with Sustainability and Equity (RAISE) grant application for \$17.9 million. The project, estimated at over \$22 million, will upgrade wharves F1 through F6 to support STS gantry crane operations. It will specifically address sheet piles and concrete cap spalling at the face of the Port's F2, F3, F4, and F6 wharves and the deteriorating structure of the F1 Pier.

- **Removal of Port Inoperable Assets:** For over a decade, the Port has attempted to dispose of inoperable equipment situated on the waterfront docks and in the terminal facility. To ensure the Port can stage the increase of cargo due to the military build-up and accommodate the additional vessels calling Port, we were able to award the demolition and removal of Port inoperable assets to Guam Shipyard and acquire the Public Utilities Commission's (PUC) approval of the award. Upon removal of these assets, the Port will be able to expand the use of its container yard, access the terminal, and free up the wharf and waterfront area thereby increasing its Wharfage and dockage revenues.

2. Port Master Plan Update

The Port Master plan was updated in 2013 to take into consideration the re-set of the military build-up which was pushed back from 2020 to 2026. However, in the 2015 National Defense Authorization Act (NDAA), a four-year freeze was lifted on the spending of the Marine relocation. In Fiscal Year 2017, the NDAA authorized \$253 million in new military construction projects. In 2018, the NDAA authorized \$354.6 million in new military construction projects for Guam. Based on expected aggregate population increase statistics, Guam should expect to see increases in Department of Defense (DOD) military personnel and dependents to the island between 2018 and the highest peak increase in 2023.

The 2013 Port Master Plan summarized the evolution of change in the Port Modernization Program, identified 55 improvement and sustainability projects to be funded by revenue bond proceeds and Port revenues, and authorized a financial feasibility assessment based on the assumption the military build-up was pushed back. Out of the 55 projects, 23 are not completed.

Recommendation: To provide an updated roadmap to guide the Port in its future development over the next 20 years, it is recommended the 2013 Master Plan be updated to reflect developments which have occurred regarding the military build-up since 2013.

Update: In July 2020, the Port engaged with its Owner Agent Engineer (OAE) consultants in updating the 2013 Master Plan. The purpose of the update is to assist the Port in defining its near-term and long-term approach to modernization, maintain fiscally sustainable operations and promote increased awareness and consensus on its approach among all affected stakeholders and ratepayers of Guam. In August 2021, OAE consultants briefed management, Governor, Lt. Governor and several senators who participated in a zoom conference on the master plan status, project planning and analysis, demand forecast, port modernization – build back better, current and new OAE contract, transshipment task force and diversification of commercial activities and revenues. The final draft of the Master Plan Update is expected to be submitted to the Port by March 2023.

We worked closely with our consultants on the feasibility of installing a solar panel photovoltaic (PV) system on several of the Port building rooftops to reduce power consumption. Options were explored, including the direct purchase of a PV system,

leasing a PV system, and a partnership with the Guam Power Authority (GPA) to integrate the system into the grid. The final report will be provided along with the Master Plan Update.

B. EMPLOYEE ISSUES

Mutual trust and greater understanding between management and employees would need to be built and created. The key elements in any organization's operation are cooperation and not confrontation between management and employees. Port employees have expressed the desire for the following:

- ✓ Improved communication;
- ✓ Management awareness of employee job-related concerns;
- ✓ Personal growth and development;
- ✓ Enhanced decision-making skills;
- ✓ Increased individual power;
- ✓ Improved motivation; and
- ✓ Opportunities for recognition of individual improvement.

The union contract negotiated between the Guam Federation of Teachers on behalf of the Port Operations and Maintenance employees and the Port was approved by the Port Board in 2012. However, the contract was stalled because of a lack of authorized signatories in order for the union and the Port to implement the contract's provisions.

The Port implemented a quality circle concept in 1990's aimed at developing employees and allowing them the opportunity to use their wisdom, creativity, and experience to improve their work environment. The program saw successful results. During this period, the Port's gantry cranes' productivity moves went from 18 moves per hour to 40 moves per hour, surpassing Japan's productivity moves. The concept also instilled a sense of belonging amongst the employees and made them feel that they have an important role in the organization.

Recommendations:

1. **Union Contract:** One of the issues that would need to be addressed is the union contract for Port Operations and Maintenance employees, which the former Board of Directors approved in 2012. It is recommended that the union and new Port

management return to the negotiation table to augment the current contract provisions to improve the work-life of the employee.

Update: The first union contract was approved by the prior Board in 2012. The contract stalled due to a lack of signatures by the Governor and Attorney General. In February 2019, the Port and union representatives returned to the negotiation table to augment the current contract provisions to improve the employee's work-life at the Port. The guiding principles centered around the agreement were consistent with the rule of law, fairness, transparency, and a structure that promotes a healthy employee/management relationship for all employees and the Port as a whole. The Board of Directors approved the union contract on July 30, 2019. The contract was reviewed by the Attorney General on January 9, 2020, and approved by Governor Lou Leon Guerrero on January 20, 2020. The term of the contract is five years.

In June 2019, the Port implemented a new schedule of 8 hours for Operations employees in the day and night shifts which were agreed upon in the union contract. Despite critics who opposed the new schedule and voiced that it would increase overtime expenditures, the comparison between old and new schedules showed that overtime had dropped by 14.6%.

In 2021, Management implemented a two-week work schedule for Maintenance employees as agreed upon in the union contract provisions and as mandated by the Port's Personnel Rules and Regulations.

2. Quality Circle Concept: It is recommended this concept be revitalized to improve communication between management and employees.

Update: One important achievement was establishing mutual trust and understanding with the employees, Port customers and stakeholders—both federal and local. Communication improved, productivity increased, and discussions on decisions affecting the Port and its users are being held regularly with good participation. The last two years were tough for the employees due to the COVID-19 pandemic. Port management wanted to gauge the relationship between the Port organization and its employees to determine if management was moving in a better direction as an agency. Two climate surveys were initiated, and 98% of the employees participated in the surveys. The outcomes showed overwhelmingly positive results in job satisfaction and revealed that employees believe that morale is at an all-time high.

C. GANTRY PURCHASE AND MAINTENANCE

In the PUC's report of Docket 17-01, crane replacement schedule and replacement costs for 2012 and 2016 were as follows:

Crane	2012 Analysis		2016 Analysis	
	Replacement Date	Cost (\$M)	Replacement Date	Cost (\$M)
Gantry 3	2031	\$13.86	2018	\$8.12
POLA 4	2025	\$10.53	2028-2029	\$11.3
POLA 5	2025	\$11.54	2029	\$11.7
POLA 6	2028	\$12.65	2030-2031	\$12.3

Based on the above schedule, Gantry 3 is proposed for replacement approximately 13 years ahead of the estimates. In PUC's report, it was stated Gantry 3 is out of service due to deteriorating conditions caused by poor maintenance practices and the Port has determined that it is not repairable. The replacement of Gantry 3 is estimated at the cost of \$8.1 million, of which \$2.4 million would have been funded by the revenue bond proceeds.

The report mentioned, "based on a recent condition assessment, the existing Gantry 4, 5 and 6 are in urgent need of maintenance to ensure they can continue to operate the desired service levels and not degrade further until replaced. The estimated cost of this maintenance is \$5 million in total. This cost will be paid from general PAG revenue and does not impact the crane surcharge analysis."

After reviewing the Fiscal Year 2019 Budget, the acquisition of the new gantry crane was not listed in the approved Budget Capital Improvement Projects.

However, in the Port's transition report, it was noted that discrepancies found in OSHA's annual inspection will be the subject of discussion to determine if the crane is to be surveyed or refurbished. The Port did not provide a cost estimate on addressing the discrepancies for Gantry 3 if they proceed in refurbishing the crane.

On September 28, 2018, the Board awarded the Performance Management Contract to Matson Navigation Company, Inc. to provide maintenance and certification to the Ports' gantry cranes. The contract will be forwarded to Guam Public Utilities Commission for review and concurrence.

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UPDATE: After the initial transition report was submitted, the transition committee was informed the Port had the Performance Management Contract returned from Guam Public Utilities Commission. It was noted Port staff wished to include additional tasks under the scope of work. Instead, the Port extended the option year with Matson Navigation Company on the technical services contract they had with the Port.

Recommendation: The administration will begin the process to determine the type of rail-mounted gantry cranes the Port should pursue and develop the specifications for procurement. Port will engage in discussions with Matson Navigation Company regarding the technical services on the crane and maintenance plan they are recommending, ensuring the cranes continue to operate at the desired service levels.

Update: Port's OAE consultants provided a recent assessment and found a dire need to replace the Port of Los Angeles (POLA) cranes. The POLA cranes were originally built in 1983/1984 and were refurbished in 2009. They will reach the end of their expected service life and will need to be replaced by 2024.

The Port Authority of Guam sustains the economies of the Western Pacific Region as the lifeline to the rest of the world. This, along with impending military buildup in Guam, Governor Lou Leon Guerrero has made the acquisition of new Ship-to-Shore (STS) gantry cranes one of her top priorities. The Port's Board of Directors also understood the dire need to replace Guam's cranes and approved management to proceed. Port planning staff submitted a grant application to the U.S. EDA for the acquisition of 2 gantry cranes under the Cares Act Funded Recovery Assistance Program and developed a loan application to the U.S. Department of Agriculture for one gantry crane as a backup to its EDA application.

Port management is working with its OAE to develop the STS gantry cranes specifications for procurement. Governor Leon Guerrero allotted the Port \$15 million in American Rescue Plan Funds on November 23, 2021. This will fund the Port's capital projects and the shortfall on bond projects. Funding the Port's capital projects will free the Port's reserve fund and allow the Agency to purchase one brand new gantry crane. The Board understood the dire need to replace these cranes and approved a resolution authorizing the General Manager to procure at least two gantry cranes. This will ensure that all businesses, residents, and neighboring islands will have access to essential goods.

The acquisition of a new STS gantry crane would be the first new crane the Port would procure in its 47 years of autonomy as past and current cranes have been second-hand equipment owned by other American ports.

Public Law 31-145 enacted in 2011 required the Port to contract the services of a Performance Contractor to manage the performance, operation, and maintenance of the Port's gantry cranes and other cranes utilized in Port operations. When the Leon Guerrero and Tenorio administration came on board in 2019, the 2012 contract had expired. In 2021, the Port successfully negotiated a contract with Matson Navigation Company. The PUC has approved the procurement award.

D. PROCUREMENT DELEGATION

In 2006, the Port was not granted procurement delegation by the Chief Procurement Officer of the General Services Agency (GSA). Since this date, the Port has been assigning its Procurement and Supply staff to undergo on-the-job training with GSA.

Public Law 32-13 required all government of Guam personnel tasked with purchasing or procuring goods, services or construction to receive training, continuing education, and certification by October 1, 2016.

It is understood that the Port has complied with Public Law 32-13 and Port personnel who are involved in the procurement process have completed the certification training with Guam Community College. However, Port personnel continue to be assigned to the GSA for on-the-job training.

Recommendation: Meet with the Chief Procurement Officer to determine the expectations she wants from the Port, so procurement authority can be granted for the Port to purchase vital materials, supplies and services needed for daily operations.

Update: The Port has complied with Public Law 32-131, and our personnel who are involved in the procurement process have completed the certification training with Guam Community College. However, Port personnel continue to be assigned to GSA for on-the-job training.

Management's close working relationship with the Chief Procurement Officer restored the full delegation of procurement authority in May 2020. Since then, she has granted full delegation of procurement authority to the Port for subsequent Fiscal Years 2021 and 2022.

- **Procurement Solicitations:** For Fiscal Year 2021 and 2022, through management's guidance to the Procurement/Supply staff and technical guidance from Port Legal Counsel, the Agency in 2021 issued 511 purchase orders, 11 construction invitations for bids, four professional services request for proposals (RFPs) and seven goods and services materials. For Fiscal Year 2022, the Agency issued 831 purchase orders, 15 invitations for bid (small purchases), nine IFBs for construction, materials and supply, and five request for proposals for professional service. This was the most solicitations the Port issued over the last five years.
- **Port Insurance:** Board approval was obtained to pay the premium balance, which satisfied the requirements of the continuing insurance coverage by carriers thereby averting the potential cancellation by insurance carriers as a result of unpaid premiums. Because the insurance contract is for five years at an accrual amount and to ensure the Port complies with PUC's contract protocol, guidance was sought with PUC as to whether insurance premium increases for each fiscal year would require approval from PUC. PUC advised that the Port provide them with a notice of the total premium cost for each fiscal year for their review.

Legal Counsel: Since 2010, there were 51 cases referred to Port Legal Counsel to pursue litigation. Out of the 51 cases, 16 are pending—3 civil and 13 employee adverse action appeals. The Port expended nearly \$6 million in legal fees to pursue litigation over the span of 8 years.

With the amount of costs incurred by the Port for legal counsel, alternatives should be looked at to determine if it would be beneficial for the agency to employ a staff attorney to be involved in port transactions, including commercial leases, landlord-tenant disputes, government procurement, claims, accounts receivable collection, human resources, Sunshine Act compliance, etc. If a complex legal issue arises, the Port may wish to retain a lawyer who has expertise in the maritime industry.

Recommendation: Port should begin the creation of the position process in establishing a staff attorney position within its Classification and Compensation Plan. For legal issues involving complex maritime industry, Port could consider issuing a procurement package for such legal expertise service.

Update:

- **Creation of Position & Recruitment:** The transparency and disclosure process on creating the Port Staff Attorney position was completed in April 2019 and filled in January 2021.
- **Litigation:** Out of the 51 cases litigated, one was ruled in favor of the Port by the Supreme Court; 9 employee adverse action appeals have been settled; 1 employee adverse action appeal was found in favor of the Port by Civil Service Commission and is in the appeal process with the judicial court; one civil case was settled, and one employee appeal is in the settlement phase.
- **Other Legal Services:** To assist in the complex legal matters, the Port entered into a Memorandum of Understanding with the Office of Attorney General. They provided legal services to the Port as we went through the in-house attorney recruitment process.

E. REAL ESTATE

1. Customs & Quarantine Location

In 2007, U.S. legislators passed a law requiring 100% scanning of U.S. bound containers by 2012; however, the effective date for implementation was moved to 2009. The Customs and Quarantine Agency (CQA) acquired a mobile x-ray scanning machine through a federal grant to comply with the federal mandate. CQA staff conduct their inspections either at the consignee's location or within the Port facility.

In July 2017, Public Law 34-112 was signed, reserving four (4) acres of land to construct a new customs inspection, holding, and securing facility on Cabras Island. The agency will use the proposed facility to conduct inspections to identify, isolate and mitigate threats at the border.

Since the passage of the law, Port and Customs officials have not agreed on an ideal location for the facility. Customs officials believe that such a facility should be located within the Port terminal yard. Port officials' perspective if the facility is located within the Port terminal yard, the inspections can take several hours to include unloading, examining, and stuffing the contents back into the container, and may be disruptive to its operations.

Reviewing the Port Master Plan and recommended expansion of the terminal facility, both Port and Customs officials should look at placing such a facility near the Weight Scale House, located near Port Gate House. This location could be ideal for both parties and allow Customs officials to thoroughly scan and inspect incoming and outgoing containers and secure those cargoes found to be suspicious or threaten the island's security.

Recommendation: Meet with Customs & Quarantine officials to determine if a potential site identified by the Port would be feasible for Agency. If not, identify alternative strategic locations that would allow the Customs & Quarantine facility to be placed conducive to drug interdiction, anti-terrorism efforts, and seizure of all other suspicious cargoes.

Update: Customs and Port officials agreed upon an ideal location consisting of 4 acres of land on Cabras Island to construct a new customs inspection and holding facility and secure the area as mandated by Public Law 34-112. The property was surveyed. The map and deed were recorded with the Department of Land Management in 2019.

As part of the Port Master Plan Update, we included the Guam Customs Inspection Facility feasibility study, which the Office of Economic Adjustment funded. Our consultants provided proposed facility design layouts on the 4-acre parcel adjacent to the main terminal facility, to which Guam Customs agreed with the layouts. The preferred design's objective was twofold: (1) allowed Customs to conduct the privacy operations inside the facility and (2) mandated the use of the Department of Public Works' weigh station by the truckers. The design will be used by Customs to obtain financing for the facility's construction.

2. Fuel Facility

Guam's port has been referred to as the hub of Micronesia because it transships virtually everything through Guam's Port to the rest of Micronesia. In the last couple of years, the Port has decreased transshipment cargoes. This is attributed to the direct port calls from domestic and foreign carriers to the Micronesian ports. Based on CNMI's master plan for their ports and proposed expansion, a further decrease in transshipment cargoes may occur.

A review of the Port's facilities shows that Area A Tank Farm, included in the Golf Pier Management Agreement, which Mobil Petroleum used to store fuel, has not been used since 2010. Such a decision was based on a federal consent decree, which mandated Mobil to either bring the facility into compliance with federal regulations or discontinue use. The cost associated with rehabilitating the fuel tanks was over \$10 million. Since then, Area A has been idle, and no revenues have been generated.

Based on the Port Master Plan, it is estimated the liquid bulk cargo should increase from 6.96 million barrels in 2013 to 8.42 million barrels in 2033. The petroleum companies review the island's current storage capacity to accommodate the increase. It is assumed that petroleum companies would prefer storage tanks near the fuel piers to allow quicker transport of transshipment onto their vessels.

Discussions have been held for fuel petroleum companies regarding removing the Business Privilege Tax waiver on the transshipment of fuel. After in-depth review and consideration, such removal would create hardship for our Micronesian neighbors. Rather than removing the tax exemption, Port should establish a tiered-fee tied to transshipment volumes. This may provide incentives to current and prospective petroleum providers to continue to store transshipment fuel on the island.

Recommendation: Issue an RFI to generate interest to lease Area A and use the area to either rehabilitate the existing tanks or build new storage tanks. Port should pursue incentives to develop fuel capacity at Area A. The administration should oppose any effort to remove the Business Privilege Tax waiver on the transshipment of fuel. Port should develop a tiered-fee tied to volume for transshipment of fuel for the petroleum companies.

Update: Mobil and Port amended its management agreement to carve out Area A, which has not been used to store fuel products since 2010 because of a federal consent decree. Management continues to work with the consultants in identifying incentives to develop fuel capacity at Area A and proposed a tiered-fee tied to volume for transshipment of fuel for petroleum companies. An RFI was issued, and Port received one proposal. The discussion has stalled because of differences in the lease rental rates that both parties proposed. In May 2022, the Port applied for federal funding through the U.S. Department of Transportation (USDOT) to rehabilitate the facility. The Port continues to market the property to prospective tenants, including the DOD.

3. Recycling Enterprise Zone

Public Law 28-92 signed into law on December 12, 2005, created a Recycling Enterprise Zone at Cabras Island. The law provided eligibility requirements for companies to be qualified for incentives as outlined in the law. Currently, there is no on-island company who has met the eligibility requirements. The Guam Legislature reserved land on Cabras Island for a center to recycle automobiles, which is one of the major environmental concerns for the island. The Port has identified an area in the vicinity of Route 18, ideal for this type of activity. However, the site has not been surveyed to determine the number of acres available.

Recommendation: The Port should begin surveying its properties surrounding Route 18 and identify the number of acres available for the recycling facility. Once this is completed, the administration may consider issuing a solicitation of interest on and off-island to entice potential eligible companies that would like to establish such a facility.

Update: Port is currently discussing with a company that requested land space at the Old Hawaiian Rock facility to process scrap metal for export.

4. Other Leases

- a. Aqua World Lease: In 2001, the court found the acreage in the lease agreement between Aqua World and the Port should have been 1 acre instead of 11 acres. The acres reflected on the lease were a typographical error the court stated in their decision. In 2008 to 2010, discussions were held with Aqua World on the amendment of their lease agreement to reflect 1 acre instead of 11 acres,

returning 10 acres and identifying the exact 1 acre they intend to keep under their leasehold. A draft amendment to the lease agreement was made, however, the execution of the amendment was delayed because of the passing of the Aqua World owner and a change of legal representations for both parties. The issue has been assigned to Port's current Legal Counsel to proceed with the Port's desire to terminate the lease.

Recommendation: A determination needs to be made if the Port wishes to continue its lease arrangement with Aqua World or pursue terminating such leasehold. Suppose the determination is to continue the relationship with Aqua World. In that case, both parties should hold discussions and identify what properties they wish to keep under their lease and amend the lease agreement.

Update: Port Legal Counsel is in discussions with Aqua World legal counsel toward resolving.

b. Pending Leases and Current Lease with Options Years: The transition report did not provide the type of lease, whether long-term or annual, and option year, if any, nor did it provide any issues Port is encountering on pending leases or if disputes have occurred during negotiations with current tenants on their option years.

Recommendation: For current lease negotiations, Port should review the disputed issue and determine if an agreeable resolution can be negotiated with the tenant. For pending leases, determine if it is in the best interest of the Port and its future plans to proceed with the execution of such lease.

Update: After 11 years of operating under expired lease options, the Port approved renewed lease agreement options with Mobil, South Pacific Petroleum Corporation, and Hanson Permanente Cement of Guam, Inc. The option executions resulted in \$3 million for the next ten years. This milestone was huge and addressed the deficiencies by our auditors from 2015 to 2019.

- **Fuel Pier Management & Operation Agreement:** Port worked diligently on the issuance of the management and operation of F1 Fuel Pier and was able to negotiate with Tristar a new management and operation agreement successfully.

- **Standardized Terms for Lease Agreements:** For the past 12 years, the leases for office, marina, open, and antenna space have been on a month-to-month basis. As a result of legal opinion in clarifying the lease terms, the lease agreement was standardized. Commercial staff amended the lease application form to reflect the desire of the prospective tenant if they wish to pursue below or over 5-term and issued renewal leases to tenants to reflect a new term.
- **Commercial Cargo Activity Written Procedures:** It was brought to management's attention that commercial cargo activities occurring at the Gregorio D. Perez Marina and cargoes being loaded and unloaded from vessels were not captured by the Port and Guam Customs. In order to ensure standard operating instructions for the import and export of commercial cargo and identify those areas to support such activity, written procedures were developed with input from law enforcement entities. As a result of these procedures, revenues are now being received on the import/export of cargoes at the marina.

5. Public-Private Partnership

Micronesia Cruise Ship Development: The Port of Guam receives an average of 5 cruise ships a year calling Guam. In 2017, efforts were being encouraged by our lawmakers to explore a public-private partnership to develop Guam as a homeport for the Micronesia region.

Public Law 34-75, passed in 2017, directed Guam Visitors Bureau (GVB) to develop and publish a request for information (RFI) relative to developing Guam as a homeport for cruise ships at the Jose D. Leon Guerrero Commercial Port. The RFI included solicitation of information as to what is needed to engage in a public/private collaboration in the renovations needed at the Port in an area suitable for a cruise ship industry. The concept involved having cruise ships visit various port stops in the Commonwealth of the Northern Marianas (CNMI) islands, Palau, Republic of the Marshall Islands, and the Federated States of Micronesia (FSM).

In May 2018, GVB issued the RFI to determine public interest and the desired direction that public policymakers may take relative to Guam's development, management, and operation of a cruise ship industry.

Recommendation: Port will work with Guam Economic Development Authority (GEDA) and GVB on identifying potential Port property for the development of a cruise facility.

Update: In July 2019, the Governor established a working group for the cruise ship industry through executive order, in which the Port is appointed as a member. The group is to develop a strategy for a regional small-cruise industry and the import element of the plan is the Port's Hotel Wharf. Because of the COVID-19 pandemic, the project has been placed on hold. The goal is for Guam to gain a larger share of the growing cruise industry, including homeporting a small cruise ship creating more local jobs to support it.

F. FINANCES

1. **Income Statement/Audits:** As a result of austerity measures implemented, management was able to turn the finances around from a loss of \$103,000 in Fiscal Year 2018 to earning nearly \$7.5 million in just one year for Fiscal Year 2019. The Port realized a positive net income of \$5 million irrespective of the fact that the initial Fiscal Year 2018 Budget did not include the calculated cost of the 2018 compensation plan, expenditures incurred during the preparation and post Typhoons Yutu and Wutip and OSHA certification inspection costs. Despite the unfunded expenses, the Port continued to operate within the total approved budget expense and met the requirements of its bond indenture.

For Fiscal Year 2020, the Port recognized operating revenues of \$54.6 million. The number of containers handled was 85,143, increasing .02% compared to Fiscal 2019's container count of 84,954. In comparison to Fiscal Year 2019, we experienced a decrease in revenues by 1% (\$608K) from \$55.2M in Fiscal Year 2019 to \$54.5M in Fiscal Year 2020. The drop in proceeds was from the Ports' primary source of revenue—cargo thru-put charges—as well as crane surcharge, Wharfage charges, special service requests and other operating income. However, the Port experienced an increase in equipment and space rental revenues compared to the prior fiscal year.

The Port experienced an increase in our operating expense by 15% (\$7.3M) from \$48.4M in Fiscal Year 2019 to \$55.7M in Fiscal Year 2020. The increase in operating expenses includes management and administration expenses, equipment maintenance, transportation services, stevedoring services, retiree healthcare, and other benefits, terminal services, insurance, and facility maintenance. A decrease was recognized compared to the Fiscal Year 2019 for expenses in depreciation (\$405K), general expenses (\$182K), and utilities (\$208K).

The net operating expenses minus operating expenses in Fiscal Year 2020 was \$5.9 million income from operations before depreciation. After adding depreciation expenses, non-operating expenses, and federal grant revenues, the Port's net position decreased by \$919K primarily due to recognizing other post-employment benefits and pension expenses as required by the Government Accounting Standards Board (GASB) regulations.

2. **Crane Surcharge Reserve Account:** On December 11, 2012, PUC approved the Port's petition for a crane surcharge fee and recommended the revenues be separated in two accounts—crane operating account and crane reserve account. When reviewing the potential funding for a new crane, it was discovered that the Port was maintaining only one saving account for all crane surcharge revenues. In 2019, the Board approved establishing a crane surcharge reserve account which allowed the Port to obtain an estimated increase in earnings of about \$60,000.

3. **Facility Maintenance Fee Investment Account:** On January 29, 2010, PUC approved the Port's petition for a Facility Maintenance fee. It was recommended to the Board, which they approved in August 2019, to open an account in which revenues deposited will accrue a higher interest income—similar to the crane surcharge reserve account.

4. **Port Enterprise Fund Close-Out Report:** The audit reports for Fiscal Years 2015 to 2019 notated the Port modernization plan have been completed. MARAD has not submitted the final turnover documents. Port held discussions with MARAD regarding the residual funds of \$2 million. As a result of these discussions, MARAD authorized the purchase of two (2) top-loaders at a purchase amount of \$1.1 million—leaving a remaining balance of \$900,000. MARAD reprogrammed the remaining funds to support other Port projects.

5. **Office of Public Accountability (OPA) Designation of Low-Risk Auditee:** The Port achieved in Fiscal Years 2019 through 2022 a Low-Risk Auditee status during the annual financial audit, which revealed clean audits with no deficiencies.

6. **Resolution of Past Audit Findings:** The Fiscal Year 2020 audit recognized that the Port resolved some issues with several commercial leases, interest capitalization of qualifying assets, fixed register assets, Port modernization plan complete and final turn over documents that had been flagged as audit findings since 2015.

7. **Removal from Credit Watch:** More good financial news for the Port during Fiscal Year 2021 and 2022. Moody's Investor Service issued a credit report that removed the Port from credit watch based on strong finances with financial stability expected to grow over the next year. The report indicated that despite the COVID-19 pandemic, the Port continued to have the same rating since 2018. The credit watch was issued in 2021 due to COVID-19 pandemic's potential impact on Port's finances.

8. **S&P Global Rating:** Upgraded its outlook for the Port to stable from negative and affirmed its "A" long-term rating on the Agency's outstanding series 2018 Port Revenue Bonds. This outlook revision reflects the Port's view that despite the economic disruption caused by the global COVID-19 pandemic, volume levels at the Port have remained relatively stable and resilient from 2019 to 2020 and continue into 2021 and 2022.

9. **Policy on Financials:** The Board amended the policy on petty cash disbursement to adjust the limit from \$50.00 to \$400.00 due to inflation of goods and services and be in line with the procurement rules for small purchases.

10. **Tariff Simplification:** One of the Office of Economic Administration's grant tasks was to have the Port's consultants provide the Agency with future tariff support. Management saw the need to restructure the terminal tariff using the guiding principles below:

- o Revenue neutral: ensure the revisions will result in neither a material increase nor decrease in Port revenues;
- o User-friendly: present schedule of rates tables in front of the tariff to allow customers to calculate fees quickly and easily;

- **Transparent:** itemized details, rules, and regulations associated with combined rates via a hyperlink in latter sections of the tariff;
- **Streamlined:** consolidate charges to align with all-inclusive port services and performance reports;
- **Modernized:** support the integration of the Port's Terminal Operating System and Financial Management System;
- **Time savings:** minimize/eliminate manual data entry of charges and provide invoices to users expeditiously; and
- **Cost-effective:** reduce administrative costs, manual entry errors, disputes, and delayed payments.

The consultants have met with Port staff to identify tariff charges to separate from the cargo handling rates; determine flat rates or common charges, and evaluate and minimize the impact on smaller shippers. We have provided the draft suggestions to the shippers and their inputs. Once this task has been completed, the recommendation will be submitted to the Board for approval and then the PUC for their review and disposition. We believe this task will ultimately allow the terminal operating and financial management systems to communicate and streamline the invoices.

11. Oracle Enterprise 1 Migration Phase: In 2019, we initiated a project to upgrade the Port's JDE World Management Financial Management System to a more robust and technological system. To steer this huge undertaking, the Port created a team of Finance and IT personnel, who worked closely with the Oracle project team. After successfully getting through the proof of concept and procurement stages, Enterprise 1 was launched in August 2020.

This system will have the ability to fully implement a job costing and work order system that integrates to the Port's General Ledger and other financial modules. These functions, i.e., special service request invoicing, operations time entry, check printing W2 processing, requisition and purchase order processing for local GSA transactions, tax table update, and required financial reports into the new system, were all impossible with the previous system. Upon full implementation, the system aims to improve reporting capabilities and will have the ability to streamline a process that reduces non-value activity. Examples include paper filing, spreadsheet reconciliations, manual calculation of interest and collection of late payments, manual inventory processes, and manual financial document delivery.

12. RSM Project: One of the participative discussions held with the Port Users Group Guam (PUGG) was the initiative to digitize cargo tracking, which would provide for greater efficiencies for fee capture and revenue retention for the Port, as well as developing a robust, user-friendly shared interaction that is instantaneously accessible to the Port, Guam Customs and PUGG. The project would address the safety and security policies of the Port, and the objectives by the parties involved are:

- Port: Improved efficiencies in operations, billings, collections, going paperless and meeting PUGG's operational needs.
- PUGG: Going paperless, pre-clearing cargo containers, improving operational efficiencies and digital sharing of the manifest.
- Guam Customs: Automation, going paperless, advance clearing of cargo containers, significantly reduce front-facing clearances, searchable bill of lading, digitized manifest, interdiction of drugs, bio securities, terrorism, and improved collections of use tax.

The proposal has been given to Guam Customs to seek federal grant funding to establish and integrate the IT systems.

G. HUMAN RESOURCES

1. Protection of the Merit System: In 2021, Civil Service Commission received a complaint from one of the Senators to conduct a post-audit into the hiring practices utilized by the Port and to confirm whether these practices are in accordance with the laws of Guam and the Government of Guam rules and regulations. On June 15, 2021, the Commission voted 5-0 and affirmed that no employee was hired in violation of any statutory prohibition.

2. Training: After several years of non-compliance, the Port reinstated the certification training for crane operators, hazardous waste operations, incident response to terrorist training, and prevention and response to suicide incidents. Through a review, it was noted that there would be the number of crane operators who were eligible for retirement, and if all were separated at the same time, a decrease in productivity might occur. To ensure the flow of goods are not disrupted, the Port reinstated the on-the-job training for crane operators. Employees were identified

within the other Operations divisions who were willing to be cross-trained which enabled them the opportunity for upward mobility.

It was also discovered that Port Police personnel had not received annual refresher training as required by our enabling act. In 2021 and 2022, Port Police personnel received CPR and mandated law enforcement training to include the safe use of Taser & OC-Baton and firearms certification.

Additionally, the Port conducted in-house training on basic supervisory, procurement processes, and progressive disciplinary action to all managers and supervisors.

Port also solicited assistance from the Guam Army National Guard to train Port personnel on the use of the air monitoring devices that detects volatile, toxic and combustible gasses and radiation and how to read and identify airborne hazards on these devices. This training was necessary because of the proximity of the Port facilities with the power plants, which have occasionally released harmful gasses into the air.

Our very own Deputy General Manager of Administration and Finance, Mr. Luis Baza, conducted a workshop on how to deal with upset and irate customers on August 18, 2022. The focus of the workshop was to provide better customer service to the community by understanding service, why customers become upset, how to calm upset customers, identifying the psychology of anger and self-awareness, and developing an action plan for improvement.

In conjunction with the Port's Performance Maintenance Contractor, crane mechanic staff received training in September 2022 which covered the basic understanding of crane maintenance station, ABB crane modernization, an introduction to ABB drive system and how it works, programmable logic controls and how to use the CMS for crane monitoring and troubleshooting.

3. Workers' Compensation Program & Light Duty Accommodations: When the administration came on board in 2019, we inherited more than 20 employees who were either on extended absence or on light duty accommodations supposedly due to work-related injuries. An extensive review was conducted and we were able to decrease these cases to 5.

We also identified several employees on light duty status for many years because of a non-work-related injury. As each case was reviewed and whenever applicable, the employee was placed in positions for which they qualify and can physically perform such duties and responsibilities. These actions have resulted in a demotion, separation through retirement, long-term disability with the Retirement Fund, or medically cleared to return to their official positions. The Port is now ensuring that light-duty accommodation is only limited to job-related injuries.

4. Employment Practical Test Reinstated: Individuals applying for Port positions were evaluated and hired based solely on the information provided on the employment applications submitted, a practice that was done more than ten years ago. The Port reinstated the skills assessment test to help management evaluate the practical competence of job candidates. In the hiring process, the Port's skill assessment tests narrow down their list of candidates and allow management to make well-informed, data-backed decisions, which the past administration discontinued.

5. Application of U.S. Department of Labor Rules in Defining New and Non-Exempt Positions: On August 23, 2004, Governor's Executive Order 2005-28 took effect, and 1 cited all bonafide exempt positions in the executive, administrative, professional, and other categories within the Executive Branch. With the guidance of the U.S. Department of Labor Wage & Hour Division, tests were conducted and determined that certain supervisory, administrative and professional positions were found to be non-exempt.

In 2012, new federal regulations were issued on the exempt status and the U.S. Department of Labor Wage & Hour Division advised the Port to conduct tests to determine if the non-exempt positions previously identified continue to be non-exempt. Before Human Resources staff could finalize their review, one of the Finance supervisors converted those non-exempt positions to be exempt. Since then, Port employees occupying these positions were paid straight time status for actual hours worked over 40 hours instead of overtime rate. When Human Resources staff completed their review in 2013 and presented it to the former General Manager, no action was taken to provide fairness, parity, and proper implementation of the Governor's executive order.

In 2021, the staff presented their findings to management and provided an updated listing of exempt and non-exempt positions, which was approved, and division heads were informed that such implementation would be prospectively.

6. **Premium Pay for Operations & Maintenance Employees:** In 2020, we were advised that the certifications for the hazardous premium pay had expired five years prior, and renewal certifications were not submitted to the Department of Labor. We also discovered that all hazardous premium pays were not provided to Terminal and Fleet Maintenance employees despite being exposed to such hazards. The Port worked closely with the Department of Labor in submitting the re-certifications and new certifications and was able to acquire approval.

7. **Holiday Work Schedule:** The Port added Labor Day onto the approved list of holidays observing "No Vessel Operations" to recognize employees' value and contributions to the strength, prosperity, and well-being of the island on this federal holiday.

8. **Port's Personnel Rules and Regulations and Board Policy on Salary Increment Sub-Steps:** On August 27, 2019, the Board reversed their action of September 26, 2018, which reduced the increment sub-steps from 6 to 3 because such reduction would require legislative statutory amendments to the Personnel Rules and Regulations, which was not done. Additionally, the Board reinstated its Policy on Salary Increment Sub-step for those employees who obtained certifications licenses or education achievements during the performance period related to their current position. Such policy was arbitrarily stopped by prior management without any explanation.

H. **INTERPERSONAL RELATIONSHIPS**

1. **Internal**

- **Familiarization of Operations:** To enhance the working relationship from the administration, operations, and maintenance, management allowed employees to see first-hand cargo operations and movement of containers/breakbulk as processed. This activity bridged the administration folks with the waterfront employees so each division could continue to appreciate the labor force and human resources put into cargoes' movement.

- Port Week Celebrations: The 45th and 46th anniversaries were unlike past celebrations in which all of the events were held virtually due to the COVID-19 pandemic. The events were broadcasted on the Port's Facebook and YouTube and allowed our customers, employees, and the public to view its opening ceremonies consisting of flag-raising ceremonies followed by a parade of trucks, proclamation signing by the Governor and Lt. Governor, resolution presentation by the Legislature senators and ending with videos honoring the front-liners. Virtual town hall celebrations and employee incentive awards ceremonies took place with Port employees joining in on zoom meetings to watch live via Facebook and YouTube page. The Port also premiered live videos, the "Port Modernization - We Keep Guam Moving" and "The Port in the Pandemic," which honored the Agency's men and women. Such videos were very emotional. We are proud to say that all the videos were filmed, compiled and produced by the reinstated staff of the Marketing Division.

- Marketing and Public Relations: When we came on board, it was stressed that an organization's marketing and public relations components go hand-in-hand. One strengthens the other, making them both more effective and beneficial to management and employees, and plays a vital role in promoting the business and mission of the Agency. Since the return and expansion of Marketing personnel, we have seen the division accomplish the following:
 - Revived the Port's monthly newsletter, which has not been produced or published in years;
 - Issued more news releases than the previous ten years combined;
 - Established Port social media pages on Facebook, Twitter, and Instagram, and publishing hundreds of posts with more than 2,000 followers combined;
 - Launched the first annual Port Photo contest for our employees;
 - Published hundreds of updates on the Port's website; and
 - Helped create, together with the Finance Division, the award-winning Citizen-Centric Report.

The most challenging accomplishment was successfully planning and coordinating two virtual Port week celebrations, including in-house production of videos and tributes focusing on the Port.

2. External

- Securing our Borders: The Port continues to work hard to ensure our borders are protected at all entries that fall within the jurisdiction of the island's only commercial port. The work has been non-stop in all areas, including the new security systems, enhanced regulations for those wanting to conduct commercial cargo operations at the marinas, meeting with Port users, and bringing together local and federal law enforcement to address the safety issues of our borders. Through Port's efforts to secure our borders from any potential drug and human trafficking and to provide for the safety of everyone who uses the Port marinas, the Port acquired and installed surveillance cameras at the Gregorio D. Perez marina. Additionally, we installed a temporary container for Port Police and other law enforcement use at the GDP marina. Port Police officers can now monitor the activity at the marina through the Port Command Center located at Cabras Island.

- Customs & Quarantine Agency: Management through the Governor, Lt. Governor, and Board's unwavering commitment to doing whatever is necessary to advance the interdiction of illicit drugs, invasive species, and counter-terrorism at our island's entry ports, worked diligently toward improving the working relationship with Guam Customs through the following:
 - Entered into a memorandum of understanding with Customs regarding the new office space at the Port. Customs will occupy 2,700 square feet of office space located at the former Horizon Building and vacate their current office in the Port Administration Building;
 - Granted Customs Officers an all-access pass within the Port terminal facilities to carry out its mandates;
 - Included in its 2020 master plan update a Customs Inspection Feasibility Study, which was recently completed and will be used to assist the Agency in obtaining funding for construction of the building;
 - Our consultants worked with Customs to validate their requirements and confirmed the planned facilities would integrate with the current traffic flow;
 - Ensured Customs is directly involved in discussions to its initiative for Systems Integration that will provide an improved information sharing/reporting between stakeholders involved in the cargo supply chain;
 - Dedicated a gated secured area in CFS warehouse for Customs inspection;

- Dedicated area at Seaplane Ramp for the Maritime Interdiction Task Force (MITF) office and boathouse;
 - Allowed shared use of the Port's equipment wash down station; and
 - Provided an office space at the GDP marina to be co-shared with Port Police and access to Port's surveillance cameras at the marina and terminal yard.
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- Department of Public Works Federal Highway Administration Funds: The Port and Department of Public Works executed a memorandum of agreement for the use of the remaining Federal Highway Administration seawall project funds. The funds will be used to expand the automobile lot expansion and paving of the shared entrance for Customs & Quarantine and the Port chassis staging lots.
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- Guam EPA and Guam Power Authority - Removal of Abandoned Derelict Vessels: Management worked closely with the Guam Environmental Protection Agency and the Guam Power Authority in the removal of 13 abandoned derelict vessels within or near the navigational channel, which pose significant threats to commercial and natural resources in Apra Harbor. With the assistance of U.S. Navy divers and U.S. Army Reserves, the Government removed and staged remnants of approximately 13 abandoned derelict vessels. The removal has now allowed safe travel for vessels in the inner part of Apra Harbor.
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- Guam Zero Waste Working Group - Biosolids Compost Pilot Project: Executive Order 2019-28 named the Port as a partner and member of the Zero Waste Working Group (ZWG). The group is responsible for developing, making recommendations, adopting, implementing and overseeing all aspects of any ZWG initiatives and projects. The initial project adopted as the Biosolids Composting Demonstration Project will determine the viability of processing bio solids into a recyclable usable product. The project is located on a small portion of the Old Hawaiian Rock site.
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- Department of Parks and Recreation - Motorized Water Recreational Course (MWRC) and Recreational Water Use Management Plan Permit (RWUMPP): Representatives of the Department of Parks and Recreation advised the Port of its need to submit a Motorized Water Recreational Course and ensure our tenants acquire permits from their department for commercial and private recreational Jet Ski operators. The Port worked closely with Parks and Recreation staff and Jet Ski tenants on the proposed course within Apra Harbor and hours of

operation, which was approved. The Port, in conjunction with the Guam Police Department, offers the Water Safety Certification Course periodically throughout the year and posts the event on their Facebook account making the course accessible to all interested parties to include the public.

- MOU-Agat Marina Rescue Base 2: On June 26, 2019, the Board approved an MOU with Guam Fire Department (GFD) to continue using a portion of the Agat Small Boat Marina Administration Annex to house and support the operation of the Rescue Base Station 1. The MOU formalized the relationship with GFD and justified the need to repair and upkeep the facility within their budget allocations.
- MOU – Guam Power Authority (GPA): The road to GPA's bulk storage tank is shared access for GPA and Port tenants and users traversing to Harbor of Safe Refuge. The coral road throughout the years has deteriorated and affected the motorists accessing GPA and Port properties. To address this, GPA issued a bid to repair the road, and on April 30, 2019, the Port agreed to pay its share of the repair work. The end result of this MOU established a partnership with GPA and ensured the motorists utilizing the road would have easy access to both properties.
- MOU – U.S. Coast Guard: An MOU with the U.S. Coast Guard was signed with the Port regarding ports, waterways, and coastal security. The agreement's purpose was to set the framework and procedures which the Port and Coast Guard will work together to enhance the safety and security of the waters of concurrent jurisdiction.
- MOU – U.S. Army Reserve 797 Engineer Company (Vertical): A memorandum of agreement was entered into with U.S. Army Reserve 797 Engineer Company (Vertical) outlining the scope of work to be performed by the military, at no cost to the Port, for removal and disposal of the partition wall at Warehouse 1, Port Beach demolition and miscellaneous work at Family Beach.
- Federal Partnerships: The Port met with the following Federal partners to re-establish a relationship held with them and determined what funding opportunities were available to the Port—the outcome of the meetings was positive:

- U.S. Department of Agriculture (USDA): Discussed potential loan to purchase 1 STS gantry crane.
- U.S. Department of Economic Development Administration (EDA): Port held meetings with EDA representatives to leverage public work programs, \$200 million disaster recovery, and annual \$100 million funding opportunities. A grant application was submitted for the F1 and Golf Fuel pier connectivity line, which was approved.
- U.S. Army Corps of Engineers: Discussions were held with the representatives of the U.S. Army Corps of Engineers regarding potential mitigation and capital funding for Agat marina and shoreline deterioration. Work began by the Army Corps in 2021 to survey the channel for maintenance dredging purposes.
- U.S. Department of Interior Office of Insular Affairs: Explored what technical assistance program, maintenance, assistance programs, and funding opportunities are available for the Port. In 2020, the Port was awarded a Maintenance Assistance Program (MAP) grant to rehabilitate the Welding Shop. The Port was awarded again in 2021 to expand the scope of the Welding Shop repair project and purchase equipment for the welders. In 2022, the Port continued its success with the MAP grant, receiving funding to maintain the existing Load Center and gantry crane generators. On November 16, 2022, Port staff hosted OIA officials during their trip to visit various project sites.
- Federal Emergency Management Assistance (FEMA): Provided an update with FEMA officials on ongoing and newly awarded projects. In September 2022, the Port was awarded the following Port Security Grant Program (PSGP) awards:
 - Acquisition of Unmanned Aerial Vehicles (UAV);
 - Primary Communications Replacement of Motorola Radio Units; and
 - Integrated Digital Enhanced Network (iDEN) Technology Redundant Interoperable Communications System Service.
- Port User Group (PUGG): Meetings with Port User Group (PUGG) were held to improve communication and return ownership of the meeting to them. The results of the meetings have improved productivity levels for vessel operations and have enhanced the relationship between Port and PUGG.
- Marina User Group: The Port created a marina user group, similar to the Port User Group, to provide a forum to better serve our marina tenants, users and

the Island's recreational, sustenance, commercial boating communities by enabling all marina users the opportunity to address their concerns or ideas to the Port. The users disseminated a user survey that speaks of the marina's strengths/weaknesses, pressing needs, opinion on fee structure, dock replacement, etc. The marina users also have a dedicated link on the Port's website created to provide them with a wealth of information.

- **Port Police Jurisdiction:** In April 2021, a suit was filed stating Port Police only had jurisdiction over a small area between Cabras and Dry Dock islands and did not include Marine Corps Drive. In a Superior Court decision, it was reiterated and established that the Port Police's jurisdiction did include Marine Corps Drive, a facility necessary for the development and operation of the Port. A Superior Court judge ruled that Port Police were well within their statutory authority to execute traffic stops and issue citations to motorists found to violate the Vehicle Code of Guam.
- **Federal Case – Environment Pollution:** In January 2021, the U.S. Attorney General and U.S. Coast Guard thanked Port Stevedores for their assistance in a federal environmental case in October 2019. Specifically, a vessel operating company was sentenced in January in the federal court for illegal discharging oil into Apra Harbor and for maintaining false and incomplete records relating to the discharge of oil bilge water from Kota Harum vessel. Out of the \$3 million environmental fine assessed to the company, the federal judge allocated a portion of \$2 million to the Port to fund projects in Apra Harbor and surrounding areas for direct remedial action against future pollution by seafarers. Port Stevedores reported the oil discharge to U.S. Coast Guard and proper authorities. The Port employees' involvement in reporting such discharge ensured that polluters who threatened the Island's natural resources were held fully accountable under the law.
- **Adopt-A-School Program:** The Port helped JP Torres Success Academy school relocate their office materials, classroom furniture, supplies, and electronic equipment due to the deterioration of its facility in Santa Rita to Southern High School and Tiyan and continues to assist with yard maintenance at the start of the school year.

- COVID-19 Support: The Port aided the Department of Education in the food drive by coordinating with the shipping agencies to use their refrigerated containers. Support was also provided to the Department of Public Health at their COVID-19 testing sites.
- Association of Government Accountants Guam Chapter: The most prestigious accomplishment was the Accountability and Transparency Award the Port received under our external relationships. The Port was humbled and honored to receive awards from the Association of Government Accountants Guam Chapter for the 1st place Platinum "Excellence in Citizen-Centric Reporting Award" and the "Accountability and Transparency in Citizen-Centric Award." These national and local recognitions were the first-time awards for the Port.
- Historic Visit of Navy Ship Juan Sebastian De Elcano: The Spanish navy training ship, Juan Sebastian De Elcano, stopped on Guam in late February 2021 on its journey to retrace the first circumnavigation of the globe 500 years ago. This expedition took the training ship across the Atlantic to Argentina through the Straits of Magellan and across the Pacific Ocean, passing Guam and the Philippines on their way back to the *Spanish Port of Adiz*. Before sailing off to the Philippines, the ship made a quick visit to the Port and berthed at F3 for a commemorative ceremony in honor of the 500th anniversary, which was a symbolic visit at the Port and remembrance of historical ties to the Chamorro and Spanish people.
- GCC Summer Program Tour: NSTI program is a federally funded program sponsored by USDOT Federal Highway Administration. The purpose of the program is to expose participants to different transportation sectors to generate interest and develop a career path for these individuals in the field. After a short hiatus due to funding issues and the pandemic, the program was back for the 7th year, allowing 28 students and two teachers to get a dockside view of the Port's cargo handling equipment and wharves, and different sections within the terminal facilities.

I. FEDERAL GRANTS AND OPPORTUNITIES

Port management and Planning staff worked closely with the division heads on the following grants:

1. Department of Agriculture

- A memorandum of understanding was entered into with the U.S. Department of Agriculture's Fish and Wildlife Service for \$870,000 to support Harbor of Refuge's repair work and \$1.4M for the Agat Marina Dock B construction and Restroom Facility.
 - Contract was awarded to Art Constructors, LLC in June 2022 and on August 5, 2022 the NTP was issued. Estimated project completion is February 04, 2023.
 - Agat Marina's Dock B and New Restroom Facility project cost is funded with the FWS grant of \$500,000 and a Port cost share of \$994,750. A NTP was issued to ProPacific Builders Corporation for the Marina's Boat Ramp Bumpers (April 2022) and Restroom Facility (July, 2022) as well as to AIC International for the construction of Dock B (August 2022). The estimated project completion date is April 15, 2023.

2. U.S. Department of Transportation Maritime Administration

- MARAD announced that it approved the Port's Rebuilding America Infrastructure with Sustainability and Equity (RAISE) grant application for \$17.9 million. The project, estimated at over \$22 million, will upgrade wharves F1 through F6 to support STS gantry crane operations. It will specifically address sheet piles and concrete cap spalling at the face of the Port's F2, F3, F4, and F6 wharves and the deteriorating structure of the F1 Pier.
 - On August 10, 2022, MARAD approved PAG's request to incur up to \$635,700 in pre-construction environmental/architectural/engineering fees associated with the project (upgrade and rehabilitation of wharves F1-F-6).
- MARAD announced the designation of 6 new Marine Highway Projects and a new Marine Highway Route as part of America's Marine Highway Program. These programs encourage America's navigable waterways to move freight and people as an alternative to land-based transportation. This new route and project designation included Guam and the Commonwealth of Northern Marianas (CNMI) Route Designation. They allowed the expansion of existing containerized freight service between Guam and CNMI and designed to expand and promote inbound cargo within the islands. The designation also allowed both islands to be eligible for grants when funding is available.

- The Port was awarded \$5,703,560 on October 7, 2022 to expand marine highway service on our nation's navigable waterways to reduce congestion, alleviate supply chain bottlenecks and move goods more quickly from ships to shelves. Specifically, expanding the Port's fleet of specialized container yard equipment: two 40-ton loaded container handlers, three 10-ton empty container handlers, five 5.5-ton forklifts, one 180-foot boom lift, nine container yard tractors, and two 40-plug mobile refer generators.

3. U.S. Department of Defense Office of Economic Adjustment (OEA) renamed as Office of Local Defense Community Cooperation

- Awarded \$800,000 grant to fund the following projects: (1) 2020 Port Master Plan Update, (2) deep draft and fill improvements project feasibility study; (3) Customs Inspection feasibility study; (4) conceptual design and revised scope for the new administration building annex and renovation of the existing administration building.
- Awarded \$1.5 million for the construction technical oversight services for the Owner's Agent Engineer.
- Awarded \$1.2 million for a comprehensive two phase in-water infrastructure feasibility study and a military support assessment for Area A and Hotel Wharf.

4. U.S. Homeland Security: Awarded \$160,867 to replace CCTV system existing analog cameras with digital IP cameras.

5. U.S. Economic Development Administration: Awarded the Port \$2.4 million grant to make disaster-resilient infrastructure improvements needed to ensure the continuity of operations. The EDA grant will be matched with \$603K in Port investment, bringing the total funding to more than \$3 million and will fund the installation of a fuel pipeline system for the F1 and Golf Pier connectivity project.

6. Federal Emergency Management Agency

- PAG awarded \$564,218 on September 8, 2022 in federal funds from its FY2022 Port Security Grant Program for the purchase of drones and communication system upgrades. Acquisition of these assets will provide aerial surveillance of landside and harbor threats to critical assets and human like, upgraded radio communications to modern and reliable units to allow seamless real-time and

on-demand communication within the Apra Harbor and with Government, military and first responder partners, and provide an Integrated Digital Enhanced Network (iDEN) Technology Redundant Interoperable Communication Systems Service to allow the Port direct access and link to the DOD components, federal agencies and private sector partners that deploy the same system.

- The Port was notified that FEMA allocated \$366,251 in federal grants for the FY 2021 Port Security Grant Program to fund the acquisition of radar intrusion and vessel tracking systems. The system will protect against unauthorized vessels entering Apra Harbor.
- The Port was also awarded \$165,001 funding to acquire the Transportation Workers Identification Card (TWIC) readers and credentialing system. The Port's share of this award is \$55,000, bringing the total project to \$220,001. The TWIC readers and credentialing system will allow the Port to leverage the full security benefit by electronically verifying individuals' identities with existing databases. The acquisition will upgrade the Port's existing assets as they are outdated and have gone through several repairs and ensure compliance with the TWIC program mandated by U.S Congress through the Maritime Transportation Security Act.
- Awarded \$179,550 for the maintenance and sustainment contract for prime power generators.
- Awarded \$184,459 for refurbishment and hardening of load center building housing prime power generators.
- Awarded \$56,250 for U.S. Coast Guard Multi-Agency National Association of State Boating Law Administration training for Port Police.
- Fendering system repair – phases 1 and 2; warehouse 1 repair.

7. **Office of Insular Affairs:** Awarded \$204,325 for Phase 1 and \$151,850 for Phase 2 for the repair of the Welding Shop.

8. **U.S. EPA Diesel Emissions Reduction Act (DERA):** Awarded funding of \$126,609 for purchase of 4 tractors.

J. **FACILITY UPGRADES**

During the last three years, the Port focused more on prevention rather than treatment, allowing us to address areas of concern before they arise. As a result, we have

experienced fewer issues/problems which has saved the Port significantly on cost to maintain its facility. Facility upgrades include:

1. **Repair of CMU Walls at Warehouse 1:** The Port was able to avert a potential disaster with a structural failure in a wall inside Warehouse 1. In July 2021, the tenant noticed that one of the CMU walls was leaning. Port Engineering staff and the Department of Public Works conducted an on-site inspection of the wall. Public Works deemed that the wall and its associated support columns showed signs of structural failure and recommended immediate removal. Through an emergency procurement solicitation, the structure was addressed and resolved the imminent threat to public safety quickly and efficiently. The Port also coordinated with U.S. Army Reserves to remove the debris from the warehouse at no cost to the Port.
2. **Harbor Master's Office:** The upgrade of the Harbor Master's office was critical to avoid huge electrical safety hazards and prevent flooding in the office due to heavy inclement weather and replace the deteriorated and corroded doors and windows. The upgrade included repairing walls, replacing windows, and frames. A FEMA grant funded this project.
3. **Port Police:** Consolidated Port Police operations in a centralized area. Port Police Dispatcher, Supervisors, Officers, and lounge offices were relocated from the Port Police Building to the former Horizon Building.
4. **Operations:** The Operations administrative staff, superintendents, managers, and Transportation dispatchers relocated to the former Port Police building. The Terminal Gatehouse was initially slated to be demolished by the last administration, and operations were to be consolidated elsewhere in the terminal facility. However, the current administration felt a need to keep the gatehouse at its current location to provide a smooth check and balance process for the truckers and Terminal personnel. Port Operations and Engineering staff worked with Procurement to issue the solicitation to renovate and expand the facility. The project was completed in 2021.
 - o Two of three new state-of-the-art gate booths have been completed, replacing the smaller corroded metal booths as part of the Port's efforts to modernize the commercial port. The project contractor was Pacific Federal Management, Inc. and the cost to upgrade all three booths was \$159,557 which was entirely funded by the Port.

5. **Engineering & Safety Offices:** The offices of Engineering and Safety, formerly located at Warehouse I, were again infested with mold. After assessing these offices, we deemed that they should be demolished and rebuilt. To ensure the daily activities of Engineering and Safety are not disrupted, their offices have been relocated to Annex A adjacent to the Port's fuel tank farm.

6. **Seawall:** To protect the integrity of the seawall and to truly beautify Port properties, trees and shrubs at the seawall were removed. This project was done in-house by the Port's maintenance and facility workers. The clearing of the seawall allowed residents who walk the pavement or ride their bikes to view the ocean and its surroundings.

7. **Pedestrian Gate:** A turnstile was installed at the pedestrian gate to control who can enter and exit the Port terminal facility.

8. **Canteen and Retaining Wall Demolition:** The demolition of a pre-existing unpermitted canteen which suffered a fire in October 2021 and was built atop a pipeline was commissioned by the Port and the pipeline owner (Tristar Terminals Guam, Inc.) to be demolished. The NTP was received on May 13, 2022, with a project amount of \$16K, and the building and adjacent retaining wall was demolished on May 25, 2022.

K. **COVID-19 PANDEMIC**

The biggest accomplishment the Port achieved was managing the pandemic and ensuring that the Port continued to operate 24 hours 7 days a week, so delivery of goods is not disrupted to the people of Guam.

Two months into 2020, international news media was reporting on the rise of the Coronavirus, also known as COVID-19, into the Asia Pacific Region, which the U.S. President declared the virus a public health emergency. Immediately after the President's declaration, Port issued guidelines to all shippers, agents, and Port staff providing appropriate measures to reduce the COVID-19 risk to our tenants and employees. Additionally, the Port's guidelines provided the shipping agents with a process outlining what to do if a crew member was ill and suspected to have COVID-19 and guidance to employees on what they are prohibited from doing when on a vessel during operations.

Then in March 2020, the Governor declared a public health emergency pandemic because of the positive COVID-19 cases in Guam.

Management sprang into action, taking every step possible to protect the employees, tenants, and customers who have business with the Port. Employees were encouraged to exercise these precautionary measures at work and at home, which forced them to adopt different working, learning, and connecting ways quickly.

Through the Governor and Director of Public Health's approval, a Port Clinic was established and staffed with nurses from Public Health and the Department of Education. From 2020 to 2021, the Port Clinic had more than 55,555 visits, serviced Port employees, transiting vessel crew members, Port tenants, users, and the communities nearby.

While this crisis brought unprecedented challenges for our employees, management was able to alleviate the fear by implementing the following initiatives to help safeguard the employees, our partners, and valued customers:

- Guidance on prevention (good hygiene practice, social distancing and require employees who returned from off-island to self-quarantine).
- Established with the Governor and Director of Public Health's approval, a Port clinic staffed by healthcare professionals 24/7 on Port premises. The Port Clinic staff provided temperature screening monitoring of Port employees, tenants, agents, and anyone concerned about being exposed to COVID-19.
- Updated the Port's Pandemic Plan on Influenza and distributed it to all employees.
- Created a group of emails to reduce face-to-face contact between employees, agents, and tenants to minimize face-to-face interaction.
- Procured hand washing stations around the Port premises.
- Generated Port E-advisories on:
 - Dispel misinformation of employees who allegedly tested positive;
 - Protocol procedures for healthcare professionals at the Port on fever, signs and lower respiratory illness symptoms;
 - Mandatory social distancing;
 - If symptoms are being experienced to immediately self-quarantine and notify the physician and supervisor;

Port Authority of Guam's Accomplishments

January 8, 2019 to December 29, 2022

Page 39 of 40

- o Employees report to their regular duty station unless they are seen and cleared by a nurse at the Port clinic; and
- o Encouraged employees to be checked at the Port clinic daily.

Port saw how employees worked tirelessly to remain 100 percent operational to ensure the flow of goods and supplies into our community and throughout the region was not interrupted.

In August 2020, the Port experienced an increase in employees exposed to COVID-19. A Port's Contact Tracing Team with employees who volunteered to take on additional duties and become certified was established. This team helped ease the burdens placed on the Department of Public Health and Social Services by conducting their contact tracing, planning for testing, and keeping employees updated and informed through the consistent circulation of the Port E-advisories. The mental anguish experienced by those employees who had to isolate themselves because of the exposure to the disease was minimized through the Port delivering care packages consisting of sanitization and health monitoring products and communicating with them daily.

The threat of COVID-19 became a reality when one of our front-line employees, +Mr. Henry San Nicolas, passed away in November 2020 because of this disease. We also saw immense grief among the Port employees who lost their immediate family members and friends to this disease. Through Port's coordination, Guam Behavioral Health & Wellness Center counselors were available to talk to our employees about grief and anxiety brought by this pandemic.

In December 2020, the Port submitted a recommended vaccination plan to Department of Public Health and Social Services, which listed the following priorities: (1) Operations & Maintenance departments; (2) employees at high risk for severe COVID-19 illness due to an underlying medical condition, or high-risk group and (3) less high-risk group of employees at Administration & Finance and Compliance & Control departments.

Executive Order 2021-17 mandated all Government of Guam employees to be vaccinated no later than September 24, 2021—which to date, 100% of the employees have been vaccinated. In 2021, as we thought there was some normalcy returning to our lifestyles, another strain was identified, causing us to take appropriate measures to reduce the risk to our tenants and employees. During 2021, we held:

1. **Vaccination Clinics:** As the number of positive cases rose amongst our employees, the Port sprang into action to take every step possible to protect the employees, tenants, **and** people of Guam. Aside from the Port Clinic and establishment of the Port Contact Tracing Team, we coordinated with the Department of Public Health and Social Services and Guam National Guard to set up vaccination clinics so our employees, their families, and tenants receive the COVID-19 vaccinations. Guam National Guard was pleased with the set-up for the clinics and informed the Port that we set the bar high for any government agency or business on how they run a successful vaccination clinic at their job site.

2. **Dock-side Vaccination Clinic:** At the request of the shipping agents, the Port set up a vaccination clinic with the assistance of the Department of Public Health, FHP Clinic, U.S. Immigration, and Guam Customs so crew members could receive their dose of vaccination on Port docks.

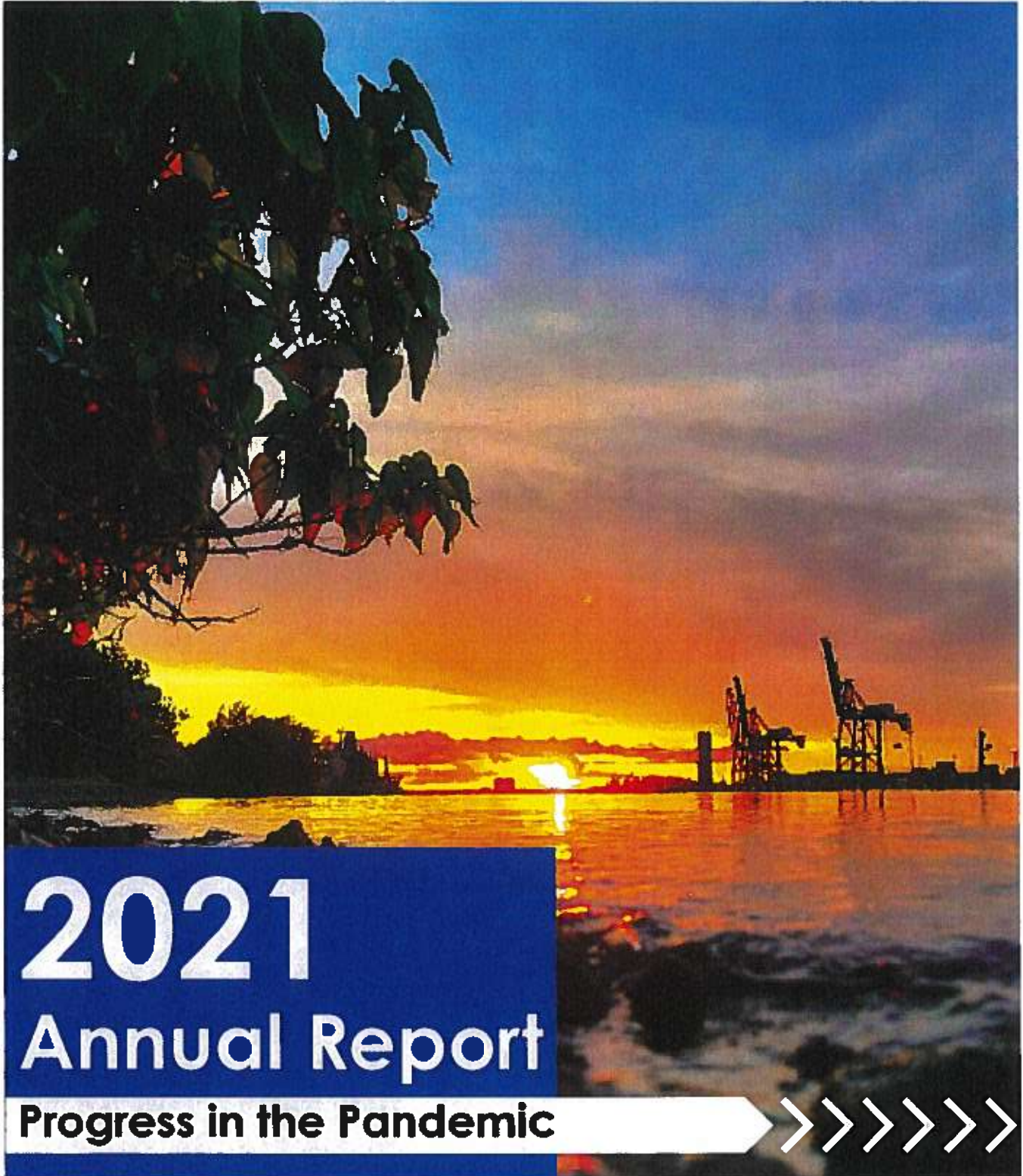
Through 2020 to present, employees worked tirelessly during the pandemic to remain 100% operational and ensure that the flow of goods and supplies into our community and our neighbor islands in the Micronesian Region was not disrupted.

CC: Hon. Lourdes A. Leon Guerrero, Governor of Guam
Hon. Joshua F. Tenorio, Lt. Governor of Guam
Dorothy P. Harris, Acting Chairperson, PAG Board of Directors
Dr. Judith P. Guthertz, PAG Board Secretary
Conchita S.N. Taitano, PAG Board Member



PORT AUTHORITY OF GUAM

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2021 Annual Report

Progress in the Pandemic



Introduction



47 years of Service to Guam and the Region

ABOUT US

The Port Authority of Guam (PAG, Authority, or the Port) was established as a public corporation and autonomous agency of the government by Public Law 13-87 in October 1975. The Port operates the only commercial seaport in the Territory and, as the primary seaport in Micronesia, serves as a transshipment point for the entire Western Pacific region.



MISSION STATEMENT

The Port Authority of Guam is dedicated to providing full services to ocean vessels in support of loading and unloading cargo for Guam and Micronesia. The Port Authority of Guam is the main lifeline of consumer goods into the island, and as such, recognizes its responsibility to deliver these goods in a timely and efficient manner. In support of this mission, the Port Authority of Guam also provides land and infrastructure to private interests to further develop the maritime industries on Guam. As a public corporation, the Port Authority of Guam dedicates all of its profit to the upgrading of equipment and facilities and the continued growth of the island's seaport.

OUR VISION

To modernize the Port as a first class facility in the region providing cargo handling services in a safe, efficient and sustainable manner. To promote economic growth and opportunities for maritime related industries and address the needs of port users.



Governance and Leadership



Governor of Guam

The Honorable Lourdes "Lou" Aflague Leon Guerrero

Lt. Governor of Guam

The Honorable Joshua "Josh" Franquez Tenorio



"You remained strong and endured despite the COVID-19 pandemic, and you remained fully operational to ensure our community and economy persevered... and remain a critical element in the prosperity of our local and regional economies."

Governor Lou Leon Guerrero

Port Board of Directors

Francisco G. Santos, Chairman of the Board

Dorothy P. Harris, Vice Chairperson

Dr. Judith P. Gultertz, Board Secretary

Conchita S.N. Tailano, Board Member

Port Executive Leadership

Rory J. Respicio, General Manager

Dominic Muna, Deputy General Manager Operations

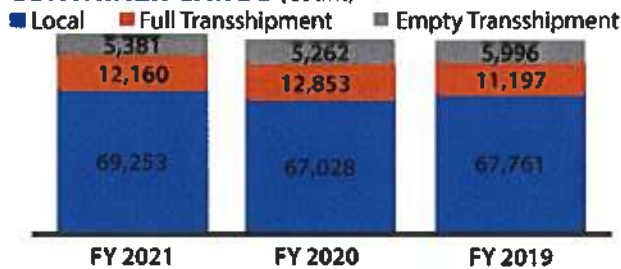
Luis R. Baza, Deputy General Manager Administration and Finance



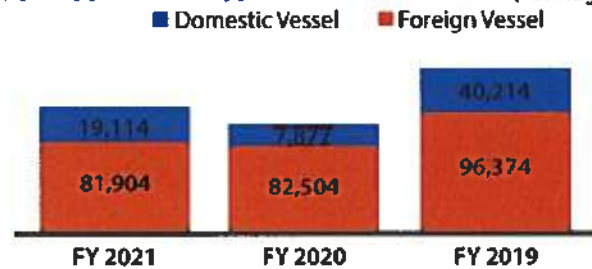
Our Performance



CONTAINER CARGO (Count)



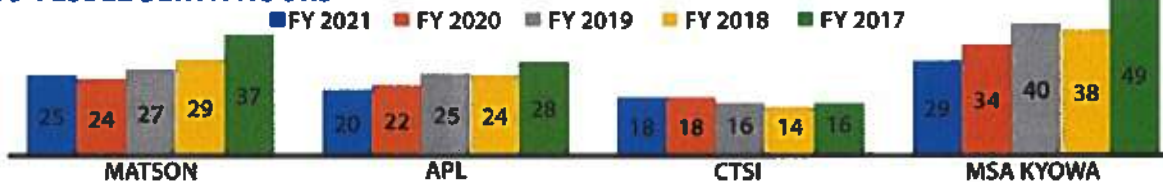
NON-CONTAINER/BREAKBULK CARGO (Tonnage)



In FY 2021, the Port handled about 87 thousand (K) containers, which resulted in a 1.9% increase from FY 2020 container count of 85K. The container counts in FY 2021 consisted of 69K local containers, 12K full transshipment containers, and 5K empty transshipment containers.

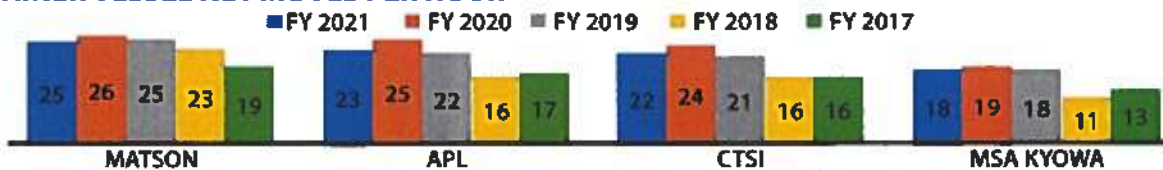
Non-containerized cargo is a cargo that cannot fit into containers and commodities that are more economically transported as breakbulk cargo. In FY 2021, the Port handled 101K tons of non-containerized cargos, an increase of 11.8% from FY 2020.

CARGO VESSEL BERTH HOURS



Berth hours show the average time spent by a vessel along the port waterfront. PAG's objective is to reduce the turn-around time of ships calling at the terminal. From FY 2019 to FY 2021, the operation's average berth hours of all shipping vessels have improved as compared to FY 2017 performance. The improvement for each vessel operator reflects a decrease as follows: Matson - 12 hours (hrs.) or -32%, APL - 15 hrs. or -41%, CTSI - 20 hrs. or -54% and MSA Kyowa - 3 hrs. or -8%.

CONTAINER VESSEL NET MOVES PER HOUR

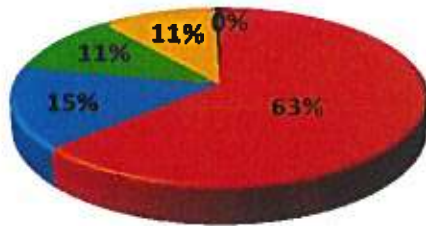


The container vessel net moves per hour (NMPH) shows the average total container movement divided by the operation hours. The Port aims for higher crane productivity per hour. From FY 2019 to FY 2021, the operation's average net moves per hour for all shipping vessels have improved as compared to FY 2017 performance. The improvement for each vessel operator reflects an increase as follows: Matson - 8 units or 47%, APL - 6 units or 35%, CTSI - 5 units or 29% and MSA Kyowa - 1 unit or 6%.

Our Performance

With more than 90% of the region's goods and supplies passing over its dock, the Port's impact on the quality and sustenance of life for residents of the region cannot be overstated. Primarily dependent on the importation of goods, the Port is truly the lifeline between the Western Pacific Region and the rest of the world.

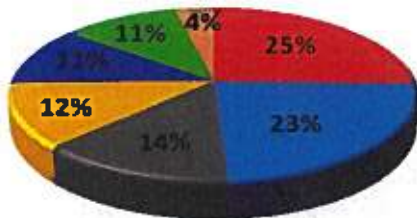
REVENUES



Operating Revenues (In millions)				FY 2021 vs FY 2020
	FY 2021	FY 2020	FY 2019	% Change
Cargo throughput charges	\$34.8	\$33.8	\$34.4	2.8%
Equipment and space rental	\$8.3	\$9.2	\$8.8	-9.8%
Crane surcharge	\$6.0	\$5.8	\$5.9	3.0%
Wharfage surcharge	\$5.8	\$5.6	\$5.8	2.8%
Special services	\$0.1	\$0.1	\$0.2	-31.5%
Other operating income	\$0.1	\$0.1	\$0.2	44.9%
TOTAL	\$55.1	\$54.7	\$55.3	0.7%

For FY 2021, the Port's operating revenues increased by \$432 thousand (K), from \$54.6 million (M) in FY 2020 to \$55M in FY 2021. The revenue increase was significant because this was accomplished despite the challenges the Port faced during the period of the COVID 19 pandemic and the Port did not implement any tariff rate increases. The number of containers handled in FY 2021 also increased by 1.9% or 1,651 containers, from 85,143 in FY 2020 to 86,794 in FY 2021.

EXPENSES



Operating Expenses (In millions)				FY 2021 vs FY 2020
	FY 2021	FY 2020	FY 2019	% Change
Management and administration	\$14.9	\$14.6	\$11.9	2.0%
Operations	\$13.7	\$13.8	\$11.8	-0.7%
General expenses	\$7.9	\$7.0	\$6.9	13.9%
Retiree healthcare and other benefits	\$7.0	\$5.5	\$3.0	26.3%
Equipment maintenance	\$6.4	\$6.4	\$6.1	0.6%
Depreciation	\$6.3	\$6.4	\$6.8	-1.6%
Facility maintenance	\$2.1	\$2.1	\$2.0	1.2%
TOTAL	\$58.3	\$55.7	\$48.4	4.6%

LOW-RISK AUDITEE STATUS

In 2021 the Port Authority of Guam once again achieved low-risk auditee status. This was the third consecutive year in a row that the Port received this designation since the time that it failed to get this designation in Fiscal Years 2017 and 2018.

"This audit affirms that we have been on-target with the directives put in place by Governor Lou Leon Guerrero, Lt. Governor Josh Tenorio, Board Chairman Frank Santos, and our board," Port General Manager Rory J. Respicio said.

"PAG is commended for qualifying as a low-risk auditee for the third consecutive year," Public Auditor Benjamin J.F. Cruz stated in the Office of Public Accountability Financial Audit.

The Port's total operating expenses increased by \$2.6M (or 4.6%) from \$55.7M in FY 2020 to \$58.3M in FY 2021. The overall increase in operating expenses is largely due to the recording of post employment benefits and pension costs in FY 2021, resulting in higher retiree healthcare and other benefits and divisional expenses.

Before depreciation (a non-cash expense), net operating revenues minus operating expenses in FY 2021 was \$3.1M operating income. After adding back the \$6.3M non-cash expense of depreciation, \$754K of net non-operating revenues, and \$219K of U.S. Government capital grants, Port concluded FY 2021 with a \$2.2M decrease in its net position.

As of September 30, 2021, the Port's current assets amounted to \$75.4M, which is an increase of \$3M. This is primarily due to the \$2.6M increase in total cash and cash equivalents, and \$648K in Accounts Receivable.

Our Highlights



PORT MODERNIZATION UPDATE

We continue to push on with the modernization program by leveraging federal funding resources, enhancing revenue generation by deploying a more robust financial management system, and efficiently working toward completing legislatively approved capital improvement projects funded by its 2018 Port Revenue Bonds. A monumental accomplishment is the recent award by the US Department of Transportation's Maritime Administration (MARAD) of \$17.9 Million to the Port Authority of Guam's (PAG) Rebuilding America Infrastructure with Sustainability and Equity (RAISE) Program.

The Project, estimated at more than \$22 Million, will upgrade wharves F1 through F6 to support ship-to-shore gantry crane operations. It will specifically address sheet

piles and concrete cap spillings at the face of the port's F2, F3, F4 and F6 wharves as well as the deteriorating structure of F1 Fuel Pier. This initiative will ensure the sustainability of Guam's vital port infrastructure, securing the island's capacity to continue to receive more than 90% of all imported goods.

Another achievement is the collaborative efforts between the Port and the Governor's Office, resulting in \$1.6 million from the Office of Economic Adjustment (OEA) to update the Port's 2013 Master Plan. This funding allowed the Port to work with its Owner's Agent Engineer (OAE), WSP, on a massive initiative to update the plan and layout the framework for the Port's near and long-term vision to modernize its facilities, infrastructure, systems, and operations.



CUSTOMS INSPECTION FACILITY

The Port worked closely with the Customs and Quarantine Agency's (CQA) representatives in identifying the site where the new customs inspection, holding, and securing area will be located. The Port coordinated with the Department of Land Management on the survey and transfer of the property from the Port to Customs and the Department of Public Works to clear the property. Our OAE consultant provided proposed facility design layouts on the 4-acre parcel adjacent to the main terminal gate, which Customs has agreed on one of the layouts. The preferred layout design's objective is two-fold: (1) allows Customs to conduct their privacy operations inside the secured facility and (2) mandates the use of the Department of Public Works' weigh stations by truckers.

Our Highlights

HOTEL WHARF

The procurement for the rehabilitation of Hotel Wharf and Route 11 Reconstruction is ongoing. The rehabilitation project is being funded through a \$10 million federal grant along with local port funds and work will include reinforcing the old wharf and building, a security fence, installing lighting and constructing other surface work.

Additional funds will be used to upgrade the access road on the Glass Breakwater leading to the wharf. The upgrades to Hotel Wharf will bring it into compliance with the U.S. Coast Guard criteria to regain certification as a designated waterfront facility and also will expand wharf capacity to alleviate any congestion at the main cargo terminal due to Guam being a major transshipment port for the region.

\$1.2M CCTV/ACCESS CONTROL SYSTEM FOR TERMINAL YARD AND MARINAS

General Manager Rory J. Respicio signed the Notice to Proceed for California Pacific Technical Services (CalPac) to begin the work to replace the Port's CCTV and Access Control Systems. The signing followed a Kickoff Meeting for the \$1,221,418.00 project during which parties discussed project timelines, safety guidelines, staging sites, permitting and other critical matters related to the work that will be performed. This project is for the acquisition, installation, and upgrade of the Port's CCTV and Access Control Systems to enhance maritime and security screening and monitoring. It is being funded through a combination of Port and USDHS / FEMA PSGP and U.S. Department of Transportation (DOT) Maritime Administration (MARAD) Grant Cooperative Program funds.



Our Highlights



GANTRY CRANES

The Board of Directors has authorized Port management to proceed with a grant application to the Economic Development Administration for the acquisition of two (2) STS gantry cranes under its \$1.5 billion Cares Act-Funded Recovery Assistance Program and a loan application to the U.S. Department of Agriculture for one (1) STS gantry crane as a back-up to its EDA application, recognizing the dire need to replace aged POLA cranes to ensure that service to Guam and the entire Marianas and Pacific Micronesian region goes uninterrupted.

MARAD DESIGNATION

MARAD recently announced the designation of a new US Marine Highway Route as part of America's Marine Highway Program (AMHP) as well as a new Project Designation. Under this program, Guam received both designations, making the island eligible for grants that it would not otherwise qualify for. The new Route and Project Designations include: Guam and the Commonwealth of the Northern Mariana Islands Route Designation (M-GNMI) This Route Designation allows the expansion of existing containerized freight service between Guam and the Commonwealth of the Northern Mariana Islands' (CNMI) main islands of Rota, Tinian, and Saipan.

PROCUREMENT DELEGATION

Chief Procurement Officer Claudia S. Acfalle has renewed the full delegation of procurement authority granted to Port Authority of Guam General Manager Rory J. Respicio to serve as a purchasing agency pursuant to the Guam Administration Rules and Regulations and 5GCA of the Guam Procurement Law. After 14 years of losing its right to procure goods and services on its own, the Port was granted full delegation of procurement authority as allowed by Guam laws.

"We are working very hard to replace the Port's aging gantry cranes, rehabilitate the wharves to ensure resiliency and replace our aging facilities, so that the Port does not become a choke point for discharging and deploying military assets and commodities."

Rory J. Respicio, General Manager



CLIMATE SURVEY

PAG Management solicited employee's voluntary participation in the Organizational Climate Survey which showed overwhelmingly that Port employees are happy with the high morale at the agency and are satisfied with their jobs and that they support management in the work being done at the island's only commercial seaport.

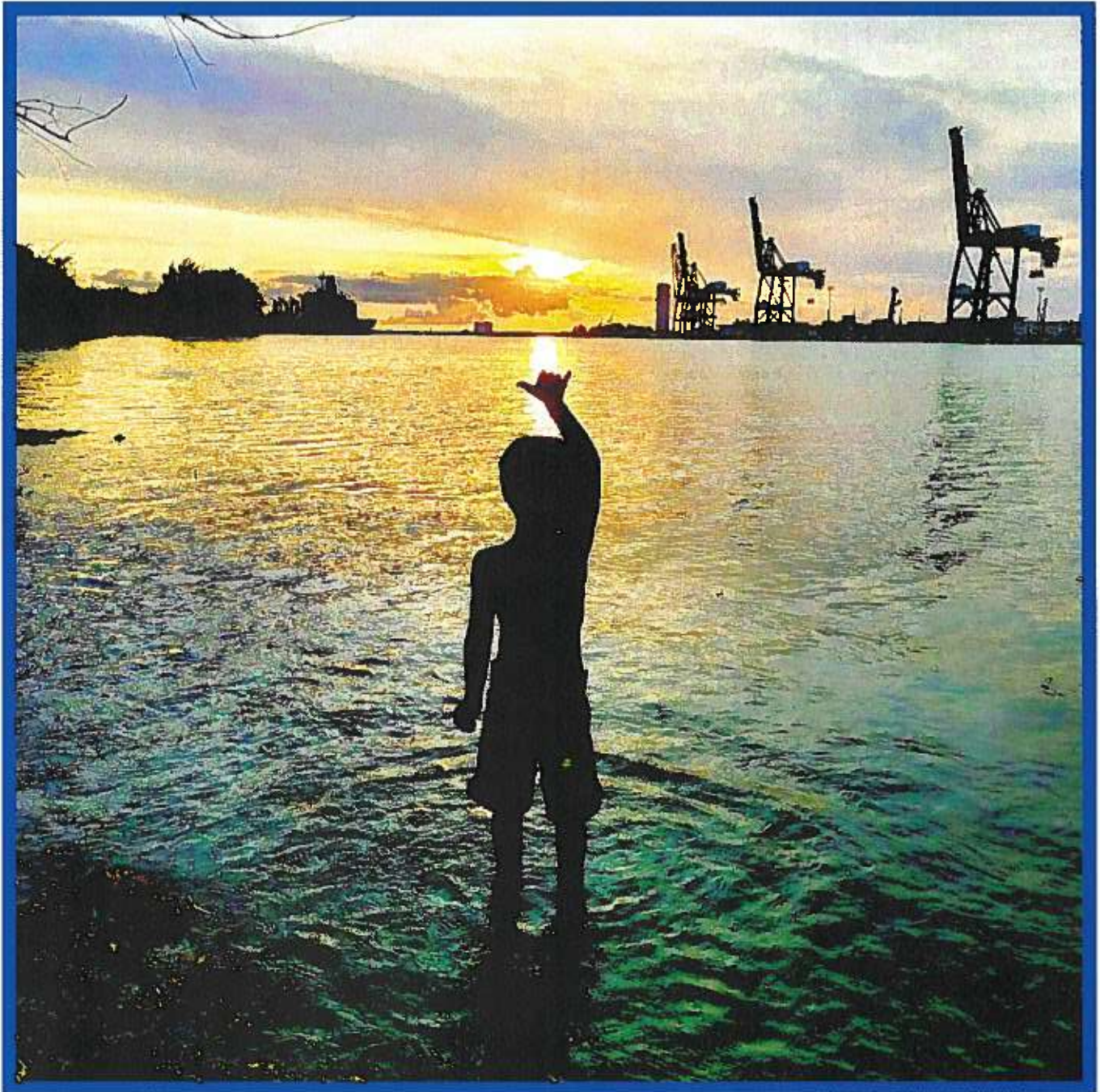
Our Highlights

FEDERAL GRANT AWARDS AND PORT REVENUE BONDS

Completed and ongoing milestones during FY2021 include numerous projects funded by federal grant awards and Port revenue bonds:

- Economic Development Administration (EDA): installation of a fuel pipeline connectivity between Pier F1 and Golf Pier. This infrastructure mitigation initiative will ensure that Guam's fuel distribution system will not be compromised in the event that either pier is impacted by a man-made or natural disaster;
- Office of Local Defense Community Cooperation (OLDCC): commissioning of an Owner's Agent Engineer (OAE) for Construction Technical Oversight Services as the Port continues with its modernization efforts;
- US Department of Homeland Security (DHS) /FEMA Port Security Grant Program (PSGP): acquisition of a Vessel Tracking/Radar Intrusion System and Transportation Worker Identification Credentialing System;
- US DHS / FEMA PSGP: Installation of CCTV System at the Hagatna Marina. This added capability will allow Port Police personnel to monitor the facility from the Port's Command Center located in Cabras Island;
- USDHS / FEMA Public Assistance (PA) Program: repair and upgrade of wharves F3 – F6 fendering system and renovation and replacement of roll up and security doors at the Port's Warehouse 1 building;
- USDHS / FEMA PSGP and US Department of Transportation (DOT) Maritime Administration (MARAD) Grant Cooperative Program: acquisition, installation, and upgrade of the Port's CCTV and Access Control Systems to enhance maritime and security screening and monitoring;
- US Department of Interior / Office of Insular Affairs (DOI / OIA): repair and renovation of the Port's Welding Shop;
- US Environmental Protection Agency (USEPA) Diesel Emissions Reduction Act (DERA) Program: acquisition of four (4) heavy duty container yard tractors to replace tractors that have surpassed their useful lives at the Port Authority of Guam. USEPA's DERA program funds grants and rebates to jurisdictions such as Guam that protect human health and improve air quality by reducing harmful emissions from diesel engines;
- US Department of Agriculture (DoAG) Sport Fish Restoration and Boating Infrastructure Program: repair and upgrade of the Port's Harbor of Refuge to include its mooring system providing transient boaters with safe and available berthing; and
- US DoAG Division of Aquatic and Wildlife Resources (DAWR) Sport Fish Restoration Boating Access Program: renovation and upgrade of Dock B at the Agat Marina.





PORT AUTHORITY OF GUAM

Jose D. Leon Guerrero Commercial Port



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PAG Organizational Climate Survey

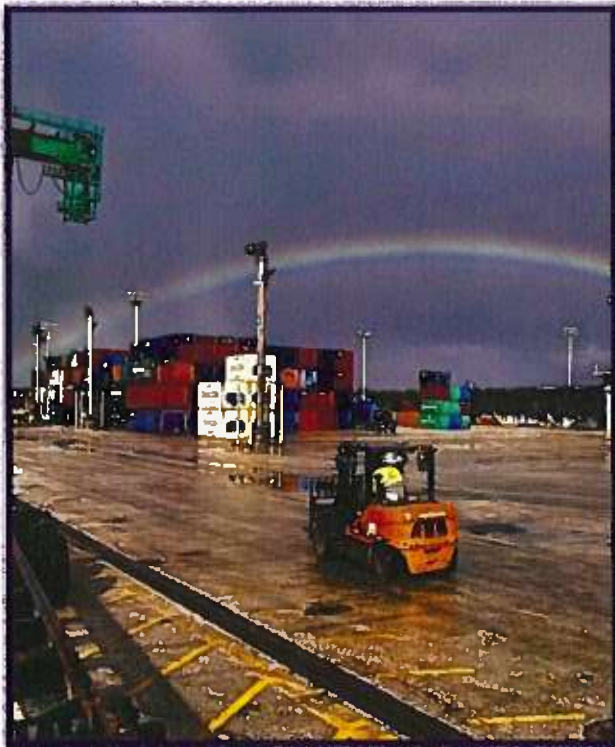


December 2022 Report **PAG Board of Directors Meeting**

Presented by Rory Respicio, General Manager
December 29, 2022



Climate Survey Participation



Total Surveys Issued	Total Responses
346	306

Total Participation

88%



Definitions

- Positive/Neutral – includes Strongly Agree, Agree, Unsure, Excellent, Good, and Average
- Negative – includes Strongly Disagree, Disagree, and Poor
- No Answer – survey did not have a response for a question
- Invalid – conflicting answers chosen (e.g. Agree & Strongly Disagree)



Job Satisfaction Results

Question	Positive/Neutral	Negative	No Answer	Invalid
I receive the information that I need to do my job.	93%	5%	2%	0%
I get a sense of personal accomplishment from my work.	97%	2%	1%	0%
I am proud to work for the Port Authority of Guam.	98%	1%	1%	0%
The Port Authority of Guam is a great place to work.	98%	1%	1%	0%
Employee morale at the Port Authority of Guam is good.	95%	4%	1%	0%



Job Performance Results

Question	Positive/Neutral	Negative	No Answer	Invalid
My supervisor communicates to me on how I can improve my job performance.	95%	3%	2%	0%
My supervisor knows his/her job well.	96%	2%	2%	0%
Management knows his/her job well.	96%	3%	1%	0%
Management recognizes Port Authority of Guam Employees for their good work performance.	93%	5%	1%	1%
My supervisor recognizes me for my good work performance.	95%	4%	1%	0%



Pandemic Results

Question	Positive/Neutral	Negative	No Answer	Invalid
Management makes my work environment a safe place to be during the COVID-19 Pandemic.	94%	4%	2%	0%
Management ensures that I am well informed during the COVID-19 Pandemic.	96%	3%	1%	0%
Management provides me with all of the resources I need to safely do my job during the COVID-19 Pandemic.	98%	4%	1%	0%
Management made it clear to me that they cared about my safety and well being during the COVID-19 Pandemic.	94%	5%	1%	0%



Career Development Results

Question	Positive/Neutral	Negative	No Answer	Invalid
Training Opportunities at the Port Authority of Guam are offered to everyone?	87%	11%	2%	0%
My superiors share their knowledge and skills on how to handle situations and how to become more effective and efficient.	95%	4%	1%	0%
I believe that I will have promotional opportunities at the Port Authority of Guam.	94%	4%	2%	0%



Communication Results

Question	Positive/Neutral	Negative	No Answer	Invalid
My supervisors provide clarification and guidance on the job to help me carry out my work?	97%	2%	1%	0%
Management provides me with regular updates on current events and advisories?	95%	4%	1%	0%
My supervisor communicates frequently and honestly about issues that may affect me.	95%	4%	1%	0%
Management supports two-way communication between managers and employees?	94%	4%	2%	0%

Most effective communication method:

Type	Total
Face-to-face	129
Email	123
Whatsapp	103
Written Memo	70
Telephone	59
Social Media	10
No Answer	10

Who do you seek to help resolve problems that prevent you from doing your work?

Source	Chosen
Supervisor	61%
Co Workers	22%
MGMT	10%
Human Resources	6%
Union Steward	1%
No Answer	0%



Employee Relations Results

Question	Positive/Neutral	Negative	No Answer	Invalid
I believe that Port Authority employees have a good relationship with each other?	96%	3%	1%	0%
I am able to go to my supervisor if I have a problem?	97%	2%	1%	0%
I am able to go to Management if I have a problem?	98%	3%	2%	0%
My co-workers are always willing to help each other?	97%	2%	1%	0%



Teamwork Results

Question	Positive/Neutral	Negative	No Answer	Invalid
I make an effort to be a part of the team?	98%	1%	1%	0%
In my department/division, we work as a team?	97%	2%	1%	0%
I support Gov. Lou Leon Guerrero and the Port's Board of Directors' vision for the Port.	94%	3%	3%	0%



Organizational Culture Results

Question	Positive/Neutral	Negative	No Answer	Invalid
I show fairness and respect in my interactions with fellow employees.	98%	1%	1%	0%
I can adjust quickly to new situations?	97%	1%	2%	0%
Management has an open-door policy.	96%	2%	2%	0%
Management is accessible and approachable.	96%	2%	2%	0%



General Survey Results

Question	Positive/Neutral	Negative	No Answer	Invalid
How would you rate your overall work experience at the Port?	98%	0%	2%	0%
How would you rate your overall morale at the Port Authority?	98%	0%	2%	0%
How would you rate Management in the area of fairness?	96%	1%	3%	0%
How would you rate Management in the area of transparency?	96%	2%	2%	0%
How would you rate Management in the area of accountability?	96%	2%	2%	0%



Year to Year...

- Overall Improvement
 - Average increase of **1.8%** in the positive/neutral responses from last year's survey.
- General Survey Questions
 - Increase in positive/neutral responses across all five questions from last year's survey.
 - Experience at the Port – 98% positive (slight increase of 0.2%)
 - Morale at the Port – 98% positive (2% increase)
 - Management fairness – 96% positive (4% increase)
 - Management transparency – 96% positive (4% increase)
 - Management accountability – 96% positive (2% increase)



Questions?

Please feel free to ask any questions.



BOARD OF DIRECTORS

*Dorothy P. Harris, Vice Chairperson
Dr. Judith P. Guthertz, Board Secretary
Conchita S.N. Taitano, Member*



Resolution No. 2022-36

**RELATIVE TO AUTHORIZING THE PORT AUTHORITY OF GUAM
TO OPEN A SAFE DEPOSIT BOX AT BANK OF GUAM TO
SECURE PORT SENSITIVE HARDWARE AND PROPERTY**

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

WHEREAS, the Port Authority of Guam was created by Public Law 13-87 on October 31, 1975; and

WHEREAS, through its enabling legislation of 12 GCA, Chapter 10, had established the Port Authority of Guam as a public corporation and autonomous instrumentality of the government of Guam, which shall provide for the needs of ocean commerce, shipping, recreational and commercial boating, and navigation of the territory of Guam; and

WHEREAS, the Port Authority of Guam is the facility owner and operator of the lone seaport in the territory of Guam; and

WHEREAS, as the lone seaport, the facility owner and operator must ensure the facility operates in compliance with the security requirements of 33 CFR 105.230 Maritime Security; and

WHEREAS, pursuant to 33 CFR § 1.01-30, US Coast Guard Captain of the Ports shall enforce within their respective areas port safety and security and marine environmental protection regulations, including, without limitation, regulations for the protection and security of vessels, harbors, and waterfront facilities; anchorages; security zones; safety zones; regulated navigation areas; deepwater ports; water pollution; and ports and waterways safety; and

WHEREAS, the Port Authority, through its Information Technology division, shall adhere to and comply with the US Coast Guard Cyber Security Annex that is made part of its Maritime Security protocols; and

WHEREAS, the maritime security requirement mandates the Port's Information Technology division to ensure the physical security of system and network hardware are safe from outside or malicious access; and

WHEREAS, any terminal operating system/network are to be backed-up to an external drive and stored in an off-site location; now therefore be it

RESOLVED, the Port Board of Directors authorizes the Port Authority to open a safe deposit box at Bank of Guam in order to ensure compliance with the maritime security protocols by keeping Port sensitive hardware and property in a secured location; and be it further

RESOLVED, that the Port's Information Technology division is designated as the "Holders" of the safe deposit box for the Port Authority of Guam for this specific purpose; and be it further

RESOLVED, that the Chairperson certify to, and the Secretary attest to, the adoption hereof, and that a copy of this resolution be provided to the financial institution(s).

**PASSED AND ADOPTED UNANIMOUSLY BY THE BOARD OF
DIRECTORS THIS 29th DAY OF DECEMBER, 2022.**

DOROTHY P. HARRIS
Acting Chairperson, Board of Directors
Port Authority of Guam

DR. JUDITH P. GUTHERTZ
Secretary, Board of Directors
Port Authority of Guam



BOARD OF DIRECTORS
Dorothy P. Harris, Vice Chairperson
Dr. Judith P. Guthertz, Board Secretary
Conchita S.N. Taitano, Member



Resolution No. 2022-36

**RELATIVE TO AUTHORIZING THE PORT AUTHORITY OF GUAM
TO OPEN A SAFE DEPOSIT BOX AT BANK OF GUAM TO
SECURE PORT SENSITIVE HARDWARE AND PROPERTY**

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

WHEREAS, the Port Authority of Guam was created by Public Law 13-87 on October 31, 1975; and

WHEREAS, through its enabling legislation of 12 GCA, Chapter 10, had established the Port Authority of Guam as a public corporation and autonomous instrumentality of the government of Guam, which shall provide for the needs of ocean commerce, shipping, recreational and commercial boating, and navigation of the territory of Guam; and

WHEREAS, the Port Authority of Guam is the facility owner and operator of the lone seaport in the territory of Guam; and

WHEREAS, as the lone seaport, the facility owner and operator must ensure the facility operates in compliance with the security requirements of 33 CFR 105.230 Maritime Security; and

WHEREAS, pursuant to 33 CFR § 1.01-30, US Coast Guard Captain of the Ports shall enforce within their respective areas port safety and security and marine environmental protection regulations, including, without limitation, regulations for the protection and security of vessels, harbors, and waterfront facilities; anchorages; security zones; safety zones; regulated navigation areas; deepwater ports; water pollution; and piers and waterways safety; and

WHEREAS, the Port Authority, through its Information Technology division, shall adhere to and comply with the US Coast Guard Cyber Security Annex that is made part of its Maritime Security protocols; and

WHEREAS, the maritime security requirement mandates the Port's Information Technology division to ensure the physical security of system and network hardware are safe from outside or malicious access; and

WHEREAS, any terminal operating system/network are to be backed-up to an external drive and stored in an off-site location; now therefore be it

RESOLVED, the Port Board of Directors authorizes the Port Authority to open a safe deposit box at Bank of Guam in order to ensure compliance with the maritime security protocols by keeping Port sensitive hardware and property in a secured location; and be it further


RESOLVED, that the Port's Information Technology division is designated as the "Holders" of the safe deposit box for the Port Authority of Guam for this specific purpose; and be it further

RESOLVED, that the Chairperson certify to, and the Secretary attest to, the adoption hereof, and that a copy of this resolution be provided to the financial institution(s).

**PASSED AND ADOPTED UNANIMOUSLY BY THE BOARD OF
DIRECTORS THIS 29th DAY OF DECEMBER, 2022.**



DOROTHY P. HARRIS
Acting Chairperson, Board of Directors
Port Authority of Guam



DR. JUDITH P. GUTHERTZ
Secretary, Board of Directors
Port Authority of Guam





PORT OF GUAM
ATURIDAT / PUEYTON GUAHAN
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Lourdes A. Leon Guerrero
Governor of Guam
Joshua F. Tenorio
Lieutenant Governor

December 21, 2022

MEMORANDUM

TO: Board of Directors

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

SUBJECT: Request Authorization to Begin the Transparency Process to Create Chief Financial Officer and General Administration Manager Positions

Hafa Adai! Your approval is being requested to authorize management to begin the creation of position for the Chief Financial Officer and General Administration Manager to present such creation packages to the Board for approval to begin the transparency process based on the following:

1. **Chief Financial Officer:** In 1983, the Port Authority of Guam, with the approval of Civil Service Commission, created the Financial Affairs Controller position. The nature of the work for the Financial Affairs Controller was to administer the financial affairs and administrative programs and operations relative to revenue generation.

Since the establishment of this position, the main emphasis of the position's role was typically as the guardian of the financial health of the Port, overseeing and implementing adequate financial control infrastructure. Since then, the range of responsibilities have expanded, driven by complexity as a result of globalized capital and markets, regulatory and business drivers, growth in information and communications and changing expectations of the role of the Financial Affairs Controller. In addition to being the financial gatekeeper, the position has evolved from a transactional and cost efficiency focus to an increasingly value-added strategic focus.

2. **General Administration Manager:** When the General Administration Division was established in 2006, the position supervising the clerical support services is the Administrative Services Officer. At that time, the division provided records management, telephone receptionist and mail distribution services to all divisions at the Port. Today, the position is functionally responsible for planning, directing, and coordinating administrative and clerical services for the Port, such as, records and information management, mail distribution and installation, maintenance and repair of telecommunication machinery, equipment and electrical and mechanical systems and other office support services.

Memo to Board of Directors

Subject: Request Authorization to Begin the Transparency Process to Create Chief Financial Officer and General Administration Manager Positions

December 21, 2022

Page 2

The responsibility of the record management function, now known as records and information management, under this position has also increased and is functionally responsible to ensure the creation and maintenance of a system throughout the Port's lifecycle from the creation of a record to its disposal. The position is responsible to ensure that all records are electronically copied, digitally filed and retained in accordance with the Port's Official Records/Retention/Disposal Schedule.

As indicated above, the duties and responsibilities of these positions have increased and new job specifications should be created to reflect their current nature of work. We are, therefore, requesting your approval to allow management to proceed with the transparency process of creating Chief Financial Officer and General Administration Manager positions.

Your approval on this request is greatly appreciated. I am available for any questions you may have. *Si Yu'os Ma'ase.*



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

DEPUTY GENERAL MANAGER PERFORMANCE AND DEVELOPMENT EVALUATION FORM

Name of Deputy General Manager, Administration & Finance Luis R. Baza	Name of Reviewer/Title: Rory J. Respicio, General Manager
Period Covered: From: December 13, 2021 To: December 12, 2022	Date of Review: December 20, 2022

GENERAL INSTRUCTIONS:

1. This form is to be used for initial and bi-annual performance evaluation for the Deputy General Manager. The performance evaluations are to occur six (6) months into the Deputy General Manager's employment with the Port Authority of Guam and every twelve (12) months thereafter.
2. The ratings to be assigned by the Rater for each individual factor are indicated in Part I; for each individual Performance Objective in Part II; and for the Overall Rating in Part III.
3. The Performance Objectives and factors may be weighted at the Rater's discretion.
4. The Reviewer is the General Manager.

PART I: CORE PERFORMANCE FACTORS

1. The General Manager evaluates the Deputy General Manager's proficiency in the following performance factors using a single rating on the following scale:

A = Exceptional Performance
B = Superior Performance
C = Average Performance
D = Acceptable Performance
E = Needs Improvement

Performance Factors	Rater's Rating
<p>1. Leadership Displays courage, passion and caring in work. Sets a professional example. Motivates other to work toward common goals. Uses authority responsibly. Addresses problems proactively. Gains support and seeks buy-in-through participation of others. Demonstrates interest in professional growth of others. Shows good judgment and accepts ownership for decisions in areas of responsibility.</p> <p>Supportive Information:</p> <p><i>Please refer to attached memorandum.</i></p>	<p style="text-align: center;">A</p>
<p>2. Commitment to the Port's Mission, Vision and Values Articulates or shows appreciation for the importance of shared vision. Demonstrates civility in relations with others. Requires supervised employees to show civility in their relations toward others. Participates regularly in activities beyond immediate areas of responsibility which support the mission of the Port. Demonstrates consideration of the Port's values when making decisions. *(Diversity and civility are examples of University values to be considered.)</p> <p>Supportive Information:</p> <p><i>Please refer to attached memorandum</i></p>	<p style="text-align: center;">A</p>
<p>3. Management Practices</p> <p>Demonstrates commitment to good customer services. Demonstrates competency in labor-management relations activities necessary to effectively manage the areas of responsibility. Questions existing practices for continued relevancy. Effectively initiates and promotes necessary change in the areas of responsibility. Sets and enforces performance standards effectively. Recognizes and rewards good performance. Plans effectively and shows good project management skills. Shows awareness of "good practices" for areas of responsibility. Encourages employees to improve performance and grow by actively supporting and encouraging employees to participate in training and development activities.</p> <p>Supportive Information:</p> <p><i>Please refer to attached memorandum</i></p>	<p style="text-align: center;">A</p>

Performance Factors	Rater's Rating
<p>4. Relational Skills Works effectively with others. Works collaboratively and negotiates effectively. Maintains confidentiality. Accepts constructive criticism without offense. Demonstrates sensitivity to the rights and opinions of others, even in disagreement. Presents a positive image of the Port to external publics. Respects cultural differences and embraces activities which support a diverse community.</p> <p>Supportive Information: <i>Please refer to attached memorandum</i></p>	<p>A</p>
<p>5. Commitment to Diversity Respects cultural differences and embraces activities which support a diverse community. Utilizes recruitment strategies designed to attract diverse applicant pools. Actively engages in diversity initiatives, such as, mentoring, training and employee networks. Displays a commitment to diversity.</p> <p>Supportive Information: <i>Please refer to attached memorandum</i></p>	<p>A</p>
<p>6. Resource Management Recruits, selects and retains capable, productive employees. Effectively deploys staff, equipment and technology to accomplish work. Shows good stewardship of financial resources. Demonstrates knowledge of budget and use of financial reporting systems. Displays creativity/innovative in managing resources.</p> <p>Supportive information: <i>Please refer to attached memorandum</i></p>	<p>A</p>
<p>7. Communication Skills Shares appropriate information with internal and external audiences in a timely and responsible manner. Manages meetings effectively. Possesses effective listening skills. Articulates clearly and writes effectively. Displays effective presentation skills.</p> <p>Supportive information: <i>Please refer to attached memorandum</i></p>	<p>A</p>

Performance Factors	Rater's Rating
<p>8. Accountability</p> <p>Takes responsibility for fulfilling job duties. Meets attendance and punctuality guidelines. Demonstrates accuracy and thoroughness. Completes work on time. Follows instructions and directions.</p> <p>Supportive Information</p> <p><i>Please refer to attached memorandum</i></p>	<p style="text-align: center;">A</p>
<p>9. Responsiveness/Customer Service</p> <p>Consistently demonstrates respect, responsiveness and professionalism. Provides each customer with the same high quality services. Fosters and models a commitment to customer service. Builds customer and confidence and increases customer satisfaction. Makes customers and their needs a primary focus. Developing and sustaining productive customer relationship.</p> <p>Supportive Information:</p> <p><i>Please refer to attached memorandum</i></p>	<p style="text-align: center;">A</p>
<p>10. Decision Making/Problem Solving</p> <p>Identifies and understands issues, problems and opportunities. Make timely and rational decisions based on analysis of relevant information/data Accepts responsibility for decisions and takes proper action when necessary. Uses effectively approaches for choosing a course of action or developing appropriate actions. Takes action that is consistent with available facts, constraints, and probable consequences.</p> <p>Supportive information: Please refer to attached memorandum</p>	<p style="text-align: center;">A</p>
<p>11. Work Environment/Safety</p> <p>Promotes and supports a respectful workplace; comply with laws, policies and procedures. Models ethical behavior and decision making and ensures compliance.</p> <p>Supportive information:</p> <p><i>Please refer to attached memorandum</i></p>	<p style="text-align: center;">A</p>

PART II: JOB SPECIFIC PERFORMANCE OBJECTIVES


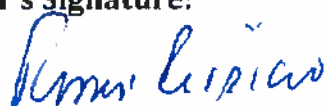
Instructions: Part II creates the performance deliverable which will be measured. The Deputy General Manager and General Manager should identify below between 5 and 8 significant deliverable in the form of major initiatives or projects. They may include annual program objectives or project-related work. The intent is that there should be some collaboration between the Deputy General Manager and General Manager when assigning the deliverables and they should be prioritized if at all possible, with the most important in block 1, next most important in block 2, etc. If more than 8 deliverables require listing, those in excess of 8 may be listed in the back of the last page. (NOTE: It is typical for some priorities to change over the course of the year, and it also foreseeable that some objectives set at the beginning of the cycle may prove unachievable for reasons outside the Deputy General Manager’s control.)

Job Specific Performance Objectives	Rater’s Rating
<p>1. Objective:</p> <p><i>Please refer to attached memorandum</i></p>	
<p>Expected Results:</p>	
<p>Actual Results:</p>	
<p>2. Objective:</p>	
<p>Expected Results:</p>	
<p>Actual Results:</p>	
<p>3. Objective:</p>	
<p>Expected Results:</p>	
<p>Actual Results:</p>	

Job Specific Performance Objectives	Rater's Rating
4. Objective:	
Expected Results:	
Actual Results:	
5. Objective:	
Expected Results:	
Actual Results:	
6. Objective:	
Expected Results:	
Actual Results:	
7. Objective:	
Expected Results:	
Actual Results:	

Job Specific Performance Objectives	Rater's Rating
8. Objective:	
Expected Results:	
Actual Results:	

The Deputy General Manager and the General Manager have met, discussed and agreed to the above initiatives as measurable deliverables for the performance cycle.

Employee' Signature: 	Date: December 20, 2022
General Manager's Signature: 	Date: December 20, 2022

PART III: SUMMARY OF OVERALL PERFORMANCE:

The space below is provided for a narrative summary of the Deputy General Manager's performance over the immediate cycle to be completed by the General Manager (Rater).

Please refer to attached memorandum

PART IV: OVERALL PERFORMANCE EVALUATION RATING: (Please checkmark ✓)

Exceptional Performance

Superior Performance

Average Performance

Acceptable Performance

Needs Improvement

PART V: PERFORMANCE DEVELOPMENT PLAN:

In the blocks below, the General Manager should make specific recommendations designed to identify strategies to enhance the Deputy General Manager's current competencies (first block) or correct performance issues (second block).

Professional Growth Strategies:



Please refer to attached memorandum


Remedial Strategies:

Please refer to attached memorandum

PART VI: SIGNATURES:

The Deputy General Manager and General Manager are required to sign the instrument after completing it and concluding the performance interview. The Deputy General Manager is only attesting to having been afforded the opportunity to review the evaluation and discuss the evaluations with the General Manager. The Deputy General Manager's signatures does not necessarily indicate that he/she agrees with the General Manager's measurement of his/her performance. Employee's comments are optional.

General Manager's Signature: 	Date: December 20, 2022
Employee' Signature: 	Date: December 20, 2022

Employee comments:	Date:
I would like to discuss with the General Manager: <input type="checkbox"/> Yes <input type="checkbox"/> No	
General Manager's Signature: 	12/20/22




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

December 20, 2022

MEMORANDUM

TO: Luis R. Baza, Deputy General Manager for Administration & Finance
FROM: Rory J. Respicio, General Manager 
SUBJECT: Performance Evaluation – December 13, 2021 to December 12, 2022

Hafa Adai! Title 12, Guam Code Annotated, Chapter 10, Section 10111(c), authorizes the Board of Directors to employ and compensate under the terms and conditions fixed by the board for the Deputy General Manager position. Title 5, Guam Code Annotated, Government Operations, Chapter 43, Boards and Commissions, Article 2, Performance Evaluation of Agency Heads required that the Board issue performance reviews of the General Manager six (6) months after employment and every twelve (12) months thereafter.

Policy Memorandum 09-04, Subject: Policy on Performance Evaluation for Deputy General Manager, states it is the intent of the Board and general policy to extend the application of the law to the Deputy General Manager. The policy stipulates performance goals for the Deputy General Manager will be established and agreed upon at the beginning of the employment.

On January 20, 2022, the Board of Directors concurred to the performance evaluation for your second year as Deputy General Manager for Administration & Finance. The following goals and objectives for your third year of employment were outlined in your evaluation as follows:

- Revenue bond projects
- Integration of financial management system and terminal operating system
- Finance revenues and payables
- Update of the Personnel Rules and Regulations
- Update of standard operating procedures
- Real estate issues
- Port finances, staffing, and manpower requirements
- Cybersecurity
- Port finances, staffing, and manpower requirements
- Information technology
- Human resources issues

Reviewing your performance goals and objectives, Board minutes, and correspondence, you and the divisions under your purview were able to achieve during your performance period:

1. **Revenue Bond Projects:** In 2021, the Port began to issue procurement on the architectural and engineering (A&E) designs for the Ports' revenue bond projects and based on the engineering estimates, the construction costs associated with the repairs exceeded the amounts listed in Public Laws 34-70 and

35-44 which was the revenue bond mandates. The engineering cost estimates outlined in the revenue bond mandates were obtained in 2014 and the reality was that the construction costs for these projects were severely underfunded. Because the mandates specifically identified the revenue bond project costs to be funded by the revenue bond proceeds, it did not allow the Port to reallocate revenue bond proceeds to address the anticipated shortfall of the construction costs for those which has specific cost associated in the mandates.

With management's guidance, Strategic Planning staff actively submitted federal grant applications to fund some of the revenue bond projects, which the Port was awarded \$2.4 million by U.S. Economic Development Administration, freeing up a portion of the revenue bond proceeds for the fuel connectivity line.

Realizing the dilemma the Port was in identifying additional funding sources to ensure the Port's modernization program is not further delayed as a result of the legislative funding caps tied in the revenue bond mandates, the Board in July 2021 authorized the General Manager via a passage of a Board resolution to utilize Port revenues, unrestricted Port funds and/or other revenues and federal grants to supplement the short-fall funding of the revenue bond projects, all of which shall remain subjected to procedure and PUC statutory requirements.

Subsequently, we worked closely with our Port Oversight Legislative Chair to remove the funding caps associated with the Port revenue bond projects.

During this period, we were successfully able to award three (3) procurement solicitations for the revenue bond projects.

2. **Procurement:** Through your diligence in working closely with Procurement staff and Legal Counsel, we were able to acquire approval from the Board of Directors and Public Utilities Commission on the following procurement awards:

A. Delivery of Ultra-low sulfur diesel fuel for Port's load centers, above ground storage tank and gantry cranes at a cost of \$468,690 per year to South Pacific Petroleum Corporation for contract term of 3 years with options to renew for 2 additional years—not to exceed 5 years.

B. Waterline replacement project to BME & Sons Inc. in the amount of \$4,856,581.91.

C. Renovation of EQMR Building to JJ Global Services in the amount of \$2,500,000.

D. Construction of Agat Marina Dock B to AIC International in the amount of \$1,494,750 which \$500,000 will be funded by a U.S. Fish & Wildlife Service grant.

E. Construction Rehabilitation of Hotel Wharf and Highway 11 Roadway Reconstruction to Sumitomo Mitsui Construction Company in the amount of \$46,331,895. Ground breaking ceremony was held in July 2022 and is ongoing.

F. Insurance Coverage to AM Insurance in the amount of \$3,545,119.30 for the initial annual premium—contract award is for 5 years.

G. Owner's Agent Engineer services for a contract term of 5 years.

Through your close working relationship with the Chief Procurement Officer, the Port was again granted full delegation of procurement authority for Fiscal Year 2023. The leadership guidance you provided to Procurement and Supply staff and technical guidance from Port Legal Counsel as the Special Assistant Attorney General designation; the Agency was able to:

- A. process 899 purchase orders;
- B. minimized the overstocking of parts and supplies which lessened the cost overruns and waste;
- C. issued the following procurement solicitations:
 - i. 9 construction invitation for bids;
 - ii. 5 professional services requests for proposals; and
 - iii. 15 goods and service materials

This again was just as much solicitations the Port had issued over the past years. The staff under your supervision ensured the division's needs are not delayed in order for them to fulfill their mission.

During the performance period, one of the major changes made in Procurement & Supply Division was to establish supply rooms for the Equipment Maintenance Division. This would allow the mechanics to have immediate access to parts, materials and tools needed so downtime on equipment especially against operations are minimal. In the beginning, we saw the staff was hesitant about relinquishing this responsibility, as well as, how such costs are to be expensed. However, through management's guidance the Procurement & Supply and Equipment Maintenance staff worked closely with Finance Division to accurately receive and expense such inventory so the Port's expenses are not overstated.

3. Office of Public Auditor:

a. Unclassified Employees' Pay Raises & Bonuses: On July 15, 2020, the Public Auditor issued its report relative to unclassified employees' pay raises and bonuses at the Port after receiving a request from the Attorney General to review potential violations of the Open Government Law regarding employee compensation within the autonomous agencies. You were tasked to provide the necessary documents so the Public Auditor can determine if violations had occurred. Based on their findings, it appeared salary adjustments for the former General Manager were in violation of Title 4.

b. Terminated Employees Litigation Settlements: You were tasked to work closely with Legal Counsel and the Office of Public Auditor to provide the necessary documents needed to produce their audit results. According to the Public Auditor, the results revealed the Port handled these very complicated settlement agreements regarding the wrongful terminations of these employees and was pleased the Port handled it properly. Recommendations made by the Public Auditor were approved by the Board of Directors in January 2022 and ratified managements' methodology on the reconstruction of the reinstated employees' salaries. As a result of your involvement in settling these outstanding litigation, the Port realized a total savings of more than \$1.5 million and brought justice to these wrongfully terminated employees who endured almost 8 years of tiring and costly litigation which resulted in both personal and financial hardships.

c. Low Risk Auditee Status: The Port has once again achieved low-risk auditee status for Fiscal Year 2021. The independent auditors rendered the unmodified (clean) opinion for Fiscal Year 2021 financial statements and compliance over major federal programs. They also found no material weaknesses and significant deficiencies in internal controls. This is the third consecutive year in a row that

the Port got this designation since the time that it failed to get this designation in Fiscal Years 2017 and 2018. Under your guidance, the Finance team's work ensured the audit affirmed that we were on-target with the directives put in place by the Governor, Lt. Governor and Board of Directors.

4. **Port's Credit Rating:** We again received positive financial news as Moody's Investors Service issued a Baa2 credit rating for Fiscal Year 2021. This rating was based on the Port's credit strengths for the fiscal year. Moody's report highlighted the following:

- Port's credit is supported by a very stable revenue profile. The stable outlook reflected our expectation that operating revenue will remain healthy and continue to support solid debt service coverage and liquidity levels.
- Port is the sole commercial port in Guam. Although the coronavirus pandemic has had deleterious effects on the island's economy, the port's financial profile remains solid, with stable operating revenue supporting sound levels of debt service coverage and liquidity.
- Despite the extremely negative effects of the coronavirus pandemic that effectively closed the island's tourism, the Port's operating revenue in 2020 and 2021 were \$56.4 million and \$55.1 million, respectively in line with the \$54.0 million average since 2016; and
- The debt service coverage for the Port is solid and expected to remain around two times on the net revenue basis.

5. **Port Fiscal Year 2023 Budget:** Through your guidance, the Finance Division was able to compile a budget which the Board of Directors approved. The new budget projected total revenues of \$53,757,167 revenues and expenses of \$49,067,576. To arrive at this revenue forecast, we surveyed our main customers on their 2023 income estimations and added a 2.2% increase on cargo related proceeds. Using fiscal prudence, the Port's total expenses were based on the needs of each division and annual obligations to include: annual debt service of \$5.7 million, maintaining a debt-service coverage ratio of 1.25, days cash on hand – 500 and funding for capital improvement projects from bond, federal and local funding sources. We continued to use a bottom up zero based budgeting approach which focused on financial accountability and sensible spending strategies which identified cost saving alternatives.

6. **Human Resources Litigation:** You worked closely with Legal Counsel on three (3) employee appeals before Civil Service Commission (CSC) and judicial court. The Port entered into settlement discussions, which was approved by the Board of Directors, for two (2) employees and prevailed in one of the case.

7. **Port Classification and Compensation Plan:** During our review of the Port Classification and Compensation Plan, we saw that a lack of a succession plan left a void of leadership within the Port as a result of retirement of managers and supervisors. To ensure that we continue to keep the Port 100% operational, there was a need to establish a Port Terminal Supervisor position to assist the Terminal Superintendent in the day-to-day activities of the division. To prepare for the demands of increased cargo movement as a result of the military build-up, we created a Port Terminal Worker position. This position is to allow the Port to be flexible in assigning employees who meet the qualification requirements for the positions of equipment operators, stevedores and cargo checkers to ensure there is no bottleneck in servicing our customers and the public during this peak period.

To reflect what is properly the actual duties and responsibilities of the positions in line with the objectives of the Port, we established two positions--Chief Engineer and Capital Improvement Projects

Manager. The establishment of these positions allowed the Port to distinctly identify the objectives and goals the Engineering and CIP divisions are responsible for.

Through your guidance, the positions were approved by the Board of Directors, Department of Administration and acknowledged by Guam Legislature in compliance with the transparency process.

8. **Climate Survey Participation:** The Port issued an organizational climate survey which provided the employees an opportunity to anonymously rate different levels of our Agency as it assessed what they value most in their employment and gave them the opportunity to make positive suggestions for improvements. The results again showed high employee morale, job satisfaction and support for management.

9. **COVID-19 Response:** At the beginning of your performance period, we saw another surge of positive COVID-19 cases. You worked closely with Procurement, Safety and Human Resources staff to install thermometers in the buildings, issued to divisions hand sanitizers, sanitizing guns and safety industrial kits. You successfully coordinated with Department of Public Health and Guam National Guard to host vaccination clinics for Port and tenant employees, and the public who are eligible for vaccination and booster shots.

10. **Demolition of Port Assets:** In the beginning of this administration, we kicked off a project that will prioritize Guam's business development and economic initiatives. The \$2.5 million demolition project will dismantle and properly dispose of massive inoperable assets at the Port to free up valuable dock space and generate increased revenue by acquiring new cranes as early as 2026. During this period, the contractor safely dismantled the rubber-tired gantry cranes (also known as straddle hoist), and the stick crane (referred to as Big Blue Crane). The removal of these assets from the Port terminal yard allowed the Operations division to expand the use of its container yard and cargo storage capabilities.

11. **Real Estate Issues:** During this performance period, you worked closely with the Commercial staff and Legal Counsel on the renewal of lease terms with Marianas Yacht Club and issued notice of availability for lease of properties located along Routes 11 and 18. The Commercial staff, through your guidance, is working closely with these companies who have expressed interest in developing certain properties.

In September 2021, an electrical fire broke out at the Sunriser canteen located across the Port Administration Building, which destroyed the building and all of its contents. We were not aware that fuel pipelines were located under the building, which could have caused a catastrophic event to the island if the pipelines were impacted by the fire. We partnered up with Tristar in sharing the costs to demolish the building, two concrete walls behind the structure, stabilize the hill's slope and remove/dispose of debris.

In the past, liberation day parade spots were provided to employees and the public through a "first come, first serve" basis. This year, we gave all employees an equal chance to attend and pick one of the 11 available slots by way of lottery.

12. **Education Programs:**

a. **Summer Youth Employment Program:** The Port participated in the Department of Education Youth Employment Internship Program 2021. Thirty-one (31) summer interns were assigned to different Division, which ranged from finance to law enforcement. They were exposed to different career

pathways, taught various practical skills and learned financial literacy and management. The feedback received from the interns were positive and hopeful the program will continue next summer.

b. Guam Community College's National Summer Transportation Institute (NSTI): Seventeen (17) students participated in GCC's NSTI program. The program funded by Federal Highway Administration gave students the opportunity to visit transportation industry partners and expose them to possible employment opportunities.

13. **Training:**

a. **Internal:** The Port continued to ensure that certification and awareness training was provided to its employees. During this period, you coordinated with Human Resources and Procurement staff for:

- (1) Marine Terminal and Longshoreman Forklift: 63 employees attended;
- (2) Procurement Process for Small Purchases awareness which managers and supervisors attended;
- (3) OSHA forklift: 79 employees participated
- (4) Hoisting, Rigging & Signaling Safety: 28 employees attended;
- (5) Confined Space: 29 employees participated
- (6) Water safety certification which the public and Port interns attended
- (7) Facility Security which Facility security officers from the Port and tenants attended.
- (8) How to Deal with Upset & Irate Customers which you conducted and 39 employees participated.
- (9) Cardiopulmonary Resuscitation/Automated External Defibrillator: 46 employees attended.
- (10) Government Accounting Standards Board Statement 87: 9 Finance employees attended.

b. **External:** We collaborated with U.S. Coast Guard and:

(1) U.S. Department of Agriculture in a 3-day Multi-Agency Strike Force Operation to enhance the safe movement of cargo while deterring and detecting contraband and the brown tree snake from moving through the Port. During this operation, the Port arrested a private trucking company employee who attempted to enter the terminal yard with a small amount of drugs and drug paraphernalia.

(2) Department of Public Health & Social Services for a full-scale 3-day Ebola Response Exercise at Hotel Wharf. The exercise tested Guam's first responder's incident response and unified command approach and execution at the presence of a suspected infection disease arriving at the Port. Incident responders also included Port Police, Guam Fire Department, Guam Homeland Security and Guam Police Department.

(3) Guam Homeland Security, Customs & Quarantine Agency, and U.S. FBI in a tabletop exercise on Port operations became disrupted by a threat of a bomb destroying Port infrastructure and accessways, which Port division heads participated.

14. **Marketing/Public Relations:** We saw the strengths that the marketing and public relation components and impact it has on the employees and management. The division continued to issue the Port's monthly newsletter; maintained the Port's social medias on Facebook, Twitter and Instagram and uploading hundreds of posts; published updates on the Ports' websites; issued news releases; and published the Port's annual report which has not been produced or published in years.

This Division's most challenging accomplishment was successfully producing in-house production of videos and tributes focusing on the Port.

15. **Border Protection:** One of the challenges we faced during this year was the arrival of migrants who illegally made their way to Guam through the Gregorio D. Perez marina. We, together with U.S. Coast Guard, Customs & Quarantine Agency and GPD's Maritime Division implemented policies over a year ago to require all boats coming from the CNMI to submit a notice of arrival to the Harbor Master before embarking to Guam. Upon arrival, these boats and their attendant passengers were inspected for clearance by Customs. Unfortunately, we saw the growing number of migrants arriving into Guam by boat. We immediately worked with federal and local agencies to explore ways to prevent illegal entry into Guam and through close monitor by law enforcement entities at all port of entries, this illegal activity decreased.

In addition to the above accomplishments, you were able to continue to address day-to-day work activities in such an excellent manner to ensure divisions under your purview are not disrupted.

As a result, the overall evaluation for this year is **Exceptional Performance**.

This memorandum will be attached to your performance evaluation to justify your Exceptional Performance's overall evaluation and provide specific performance objectives for the next rating period.

Si Yu'os Ma'ase for a job well done.




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 ATURIDAT / PUETTON GUAHAN
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Lourdes A. Leon Guerrero
 Governor of Guam
 Joshua F. Tenorio
 Lieutenant Governor

December 22, 2022

MEMORANDUM

TO: Board of Directors
 FROM: 
 Luis R. Baza, Deputy General Manager of Admin/Finance
 SUBJECT: Salaries for General Manager and Deputy General Managers

Hafa Adai! On January 19, 2022, Board member Dorothy Harris inquired on the past and current methodology used to migrate the former and current General Manager and Deputy General Manager incumbents in the Port's Classification and Compensation Plan. Board member Harris shared this matter with the Board members at its meeting held on January 20, 2022 and was made part of the meeting record.

As I oversee the Human Resources division, I respectfully would like to take this opportunity to further present this matter to the Board members for consideration.

The Human Resources staff conducted an analysis to determine the step in the allocated pay grade the General Manager or Deputy General Manager will be slotted to. The analysis consists of the following methodology:

- Work Experience: A maximum of 3 points.
- Past Performance Evaluations (at least three (3) performance evaluations): A maximum of 9 points.
- Education: Possession of High school, Bachelor and/or Master's degree. A maximum of 4 points.
- Certification: A maximum of 2 points. (1 point – Non-National; Non-recertifying; 2 points – National Certification; 2 points – Apprenticeship certificate).

The total number of points will be used to slot the General Manager and Deputy General Manager in the allocated pay grade and step.

For the current General Manager and Deputy General Manager incumbents, the Board of Directors in 2019 and 2020 approved the salaries based on what their former counterparts were earning. Had the above methodology been used, the initial salaries of the General Manager and Deputy General Managers would be as follows:

Name	Position Title	Current Pay Grade/Step & Salary	Total Points	Allocated Pay Grade/Step & Salary
Rory J. Respicio	General Manager	RR-8B \$169,968.00	17	RR-10D \$187,751.00
Dominic G. Muna	Deputy General Manager	QQ-4C \$134,314.00	14	QQ-7C \$151,348.00
Luis R. Baza	Deputy General Manager	QQ-4C \$134,314.00	14	QQ-7C \$151,348.00

Please be advised that the Board of Directors accepted the annual performance evaluations of the General Manager and Deputy General Managers in 2019, 2020 and 2021, however, corresponding salary increments were not provided. Had correct methodology been used and the salary increments provided to the General Manager and Deputy General Managers as a result of their annual performance evaluations, the salaries would be as follows:

Name	Position Title	Current Pay Grade/Step & Salary	Migration Salary	Salary with Corresponding Salary Increments
Rory J. Respicio	General Manager	RR-8B \$169,968.00	RR-10D \$187,751.00	RR-14C \$217,973.00 (3 annual performance evaluations – outstanding)
Dominic G. Muna	Deputy General Manager	QQ-4C \$134,314.00	QQ-7C \$151,348.00	QQ-11B \$175,711.00 (3 annual performance evaluations – outstanding)
Luis R. Baza	Deputy General Manager	QQ-4C \$134,314.00	QQ-7C \$151,348.00	QQ-10A \$167,183.00 (2 annual performance evaluations – outstanding)

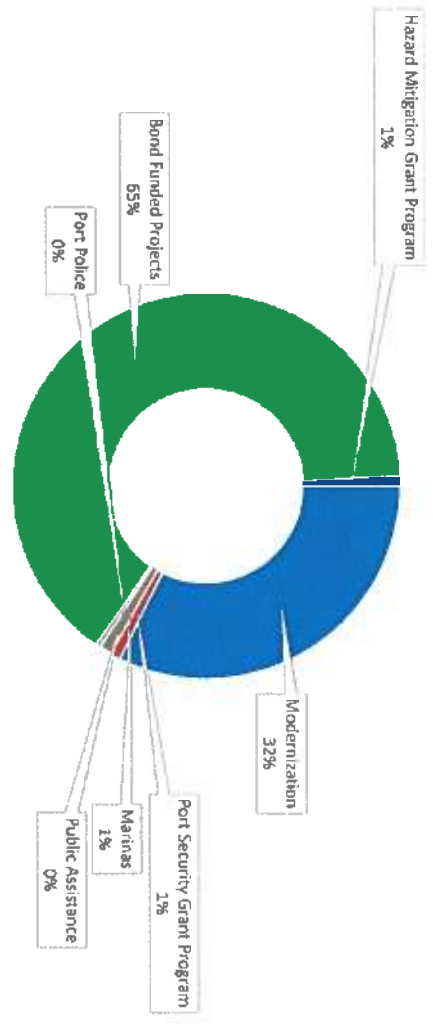
If the General Manager and Deputy General Managers were to be re-hired in their current positions, it is recommended their initial salaries be allocated as follows:

Name	Position Title	Current Pay Grade/Step & Salary	Total Points	Allocated Pay Grade/Step & Salary
Rory J. Respicio	General Manager	RR-8B \$169,968.00	17	RR-10D \$187,751.00
Dominic G. Muna	Deputy General Manager	QQ-4C \$134,314.00	14	QQ-7C \$151,348.00
Luis R. Baza	Deputy General Manager	QQ-4C \$134,314.00	14	QQ-7C \$151,348.00

I am available for any questions you may have. *Si Yu'os Ma'ase.*

**FY 2022 Port Modernization Plan
Grant/Bond Strategy - Monthly Update
As of December 23, 2022**

PAG Federal and Bond Funding Percentage



Grant Program	Total Award Amount	Total Draw Down	Total Reimburse	PROCUREMENT (FBI, RFP) PO Number	Status
Modernization DTNAG-61600007 - Rehabilitation of "Y" Wharf	\$38,483,777.00	\$4,609,044.53	\$32,746,732.08	PO No. 17043-0F for \$3,249,948.54 awarded to QHD Inc. New Contract Amount: \$3,656,621.37	The PAG is awaiting MARAD's review of its Construction Materials waiver request from Bay American and requirements. In addition, the PAG also requested MARAD's concurrence to delete the Access Roadway component of the project due to its exorbitant cost. Weekly virtual meetings are held between the PAG, WSP, Construction Manager/CM, and Contractor Sankoma Construction Company (SMCC). SMCC has provided a proposed alternative design to the PAG and WSP for review and approval. WSP will review and incorporate this design into the original pending a final agreement on the scope of the Task Order.
GR882-19-04 - 2020 Master Plan Update	\$1,500,000.00	\$1,525,268.95	\$74,130.05		No cont. one-year grant extension approved. New end date is Sept. 30, 2023. MOA to reflect new grant end date is currently being reviewed and processed. PAG has reviewed the OAHF Hazard Plan and provided comments to WSP.
GR882-20-06 - OAE Supplemental Support Services	\$1,500,000.00	\$1,500,000.00	\$0.00		Continued professional and technical assistance is being provided by the PAG's Owner's Agent Engineer (OAE) WSP under Task Order 11.
GR882-21-08 - PAG Construction Technical Oversight Services	\$1,500,000.00	\$320,244.97	\$1,179,755.03	P.O. No. 17424-0S for \$1,500,000.00	Grant award modification was received on August 5, 2022. MOA signed by the Governor on 10/25/2022. PO# August 1, 2022, January 31, 2024. The In-Water Infrastructure Study consists of: 1) Phase 1 - above-water and underwater inspection, facility condition report, and concept development and report, and 2) Phase 2 - Military Readiness component which will evaluate real and virtual wharf and how it can support DOD's military readiness. An assessment report will also be an important deliverable. Task Order #12 services are ongoing.
GR882-22-02 - Growth Port Authority of Guam In-Water Infrastructure Study	\$1,200,000.00	\$0.00	\$1,200,000.00		Project 6 - Acquisition of Additional Digital Cameras - All cameras have been installed and the system is pending final adjustments and optimization. The final invoice for PO# 17509905 is being processed for payment.
Port Enterprise Fund - Port of Guam Construction Deficiencies and Equipment Purchases	\$2,844,530.00	\$2,844,530.00	\$0.00	Project 6 & 7 - The Purchase Orders were separated by funding source. The POs are as follows: PO No. 1750905 for \$703,934.19 - MARAD - \$673,009.45 & PAG Share - \$30,924.74 PO No. 1751005 for \$209,739.81 - P9GP - \$10,146.08 & PAG Share - \$59,593.73 PO No. 1751105 for \$307,744.00 - PAG Share TOTAL - \$1,221,438.00	Project 7 - Upgrade Port's IMAITECH Access Control and Web-Ready Security Management System - See Project 6
07-79-07618 - F1 Pier to Golf Pier Fuel Connectivity Project	\$2,413,091.00	\$0.00	\$2,413,091.00		Cost negotiations with the highest qualified offerer are ongoing. After initial cost negotiation meeting on December 7, 2022, PAG Procurement stipulated December 23, 2022 for revised cost proposal submission.

**FY 2022 Port Modernization Plan
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Grant Program	Total Award Amount	Total Draw Down	Total Remaining Balance	PROCUREMENT (S&M)/FF/PO Number	STATUS
030A000186 - Phase 1 Port Authority of Guam Welding Shop	\$340,335.00	\$0.00	\$340,335.00		
031A000143 - Phase 2 Port Authority of Guam Welding Shop	\$351,850.00	\$0.00	\$351,850.00		
032A00012400 - Port Authority of Guam's Generator Maintenance and Sustainment Program	\$165,375.00	\$0.00	\$165,375.00		
037A000101 - Diesel Emissions Reduction Act (DERA) - Tractor Replacement	\$376,609.00	\$0.00	\$376,609.00		
MAABD BAISE - Wharves Service Life Extension Handing of Wharves F1-6	\$17,941,097.00	\$0.00	\$17,941,097.00	PAG's O&M Task Order 11, Subtask 11.9 - P.O. issued to WSP to conduct the HABES/HAER Study mandated by State Historic Preservation Officer (SHPO).	
MAABD BAISE - Harbor of Refuge Moorage Repairs - 1. Repair Plan of Mooring System and Anchor Block - 2	\$64,484.00	\$14,755.40	\$49,728.60		
MAABD BAISE - Harbor of Refuge Moorage Repairs	\$200,000.00	\$13,185.00	\$186,815.00		
MAABD BAISE - Harbor of Refuge Moorage Repairs	\$200,000.00	\$20,048.00	\$179,952.00		
MAABD BAISE - Guam Wharves Development Construction of Agat Marina's Deck 8	\$522,759.00	\$12,739.00	\$510,020.00		
F16A000351 - Harbor of Refuge Moorage Repairs	\$200,000.00	\$11,895.00	\$188,105.00		
F17A000465 - Harbor of Refuge Moorage Repairs	\$200,000.00	\$13,184.00	\$186,816.00		
F18A000394 - Harbor of Refuge Moorage Repairs	\$200,000.00	\$20,048.00	\$179,952.00		
F19A001189 - Guam Wharves Development Construction of Agat Marina's Deck 8	\$522,759.00	\$12,739.00	\$510,020.00		
F19A001210 - Repair of Agat Marina Boat Ramp Bumpers - 100%	\$40,000.00	\$40,000.00	\$0.00		
Port Security Grant Program	\$1,044,215.00	\$674,538.48	\$369,676.52		
EMW-2012-PU-00141-501 - ICEN Technology Redundant Interoperable Communications System	\$94,944.00	\$94,304.28	\$639.72		
EMW-2012-PU-00141-502 - Maintenance and Sustainment Contract for FEMA-acquired ASB&ZBY	\$195,689.00	\$139,537.07	\$56,151.93	PO No. 17626-05 - American Science & Engineering 70,724,04.	
EMW-2012-PU-00141-501 - Replacement CCTV System Existing Analog Cameras with Digital IP	\$150,867.00	\$150,867.00	\$0.00	17626-05 - Caterpillar, Inc. \$208,807.00 PO No. 1749205 - Bagley Enterprises, Inc. - \$21,811.39 PO No. 1749205 - Toshiba America Electronic S. S. TM 00	
EMW-2012-PU-00295-501 - Acquisition & Installation of Prime Power Generator & Components for	\$226,484.00	\$226,484.00	\$0.00		
EMW-2012-PU-00295-501 - Acquisition of Vessel Tracking/Radar Intrusion System	\$701,350.00	\$9,562.50	\$191,887.50		

LA Engineering, Science, and Technology, Inc., a subcontractor under WSP, is currently developing a Determination of Eligibility Report as part of this process. The anticipated delivery date of the Determination of Eligibility is February 2023 with a draft to be ready for Port review on the 2nd or 3rd week of January 2023.

See above line item.
Grant award notification was received on **June 19, 2022**. **PO# 1749205 - September 30, 2025**. Authorization to Proceed (ATP) was given to the PAG on **November 10, 2022** and a site visit was conducted on **November 16, 2022** with the **Grant Program Manager and local O&M representative**. A planning procurement meeting was held and a budget modification was requested within the grant scope of work and was approved by the grantor. A procurement packet is currently in progress for submission to the procurement division.

Transportation Division re-entered requisition #2086-0N on **October 24, 2022** for 8 tractors, per instruction from Procurement Division; requisition was subsequently approved. Procurement to draft written determination for Legal/Management review.

The PAG will provide a copy of the pre-construction NEPA activities/expenditures to the USACE that needs to be completed before the PAG/MAABD Grant Agreement can be finalized. The USACE is an added resource that the Port can avail due to the MOA that was signed by both the Governor and the USACE.

Next Steps: (i) Application of federal consistency/concurrence and approval of local permits (Minimum of three to five months) | Approval of OPW Building Permits; (ii) Estimated completion date: 02/04/2023; (iii) Project Status: in progress - On 11/17/2022, PAG held a kick-off meeting with Contractor and Subcontractor. PAG identified a laydown and staging area for mooring material specific to the project. Mobilization by subcontractor commenced afterwards. Project is ongoing. Initial invoices have been submitted to include project-related work that has been performed to include being held items that have been purchased.

See above line item.
See above line item.
See above line item.

Next Steps: (i) Application of federal consistency/concurrence and approval of local permits. (Minimum of three to five months) | In progress; (ii) Estimated project completion date: 04/15/2023; (iii) Project Status: In progress - Contractor will submit 65% Design for PAGs review and comments. Other administrative submittals for PAGs review/comments will include: Construction progress schedule, Phasing Plan, QC Plan, Accident Prevention Plan and Activity Hazard Analysis by the Contractor and Subcontractor. Pre-construction activities are ongoing. PAG awaiting Design and other required submittals for review and comments.

On 11/07/2022, PAG Engineers conducted a final inspection and we are elated to report the project is complete. | Involvement has been processed and is going through grant drawdown process. | Total project cost: \$80,000 | DOAG/DAWR Grant funded \$40,000 | PAG Share \$40,000 |

Project complete, pending grant close out on **May 31, 2023**
Year 3 services has been executed and Purchase Order issued to AS&E. Request for 9-month extension has been approved. New POP End date is **May 31, 2023**.
See Port Enterprise Fund - Project 6.

Project completed. Close out report was submitted on **November 23, 2022** and was subsequently approved by FEMA on **December 7, 2022**.

F&B-PAG-013-22 published on **August 15, 2022**. Bid opening held on **10/24/2022** with one (1) submission. A budget request to utilize remaining U R2 funding to cover any shortfall of U R1 has been submitted and is pending review and approval by FEMA.

**FY 2022 Port Modernization Plan
Grant/Bond Strategy - Monthly Update
As of December 23, 2022**

Grant Program	Total Award Approved	Total Draw Down	Total Remaining Balance	PROCUREMENT #/B/RFP/PO Number	Status
EMW-2021-PU-00230-001 - Acquisition of Transportation Worker Identification Credentialing (TWIC) System	\$183,000.00	\$46,799.00	\$136,201.00	PO No. 18213-05 - Competitive \$51,012.00	Award issued to Contractor and equipment was delivered on September 29, 2022. Project Completed. A budget request of the left over funds are being requested for reprogramming to cover any shortfall with the Radar U.
EMW-2021-PU-00149 - Acquisition of Unmanned Aerial Vehicle (UAV)	\$74,290.00	\$0.00	\$74,290.00		Grant was awarded on September 1, 2022. The Port Police division is currently working on their UAV Policy for submission to FEMA. This policy must be approved by FEMA prior to commencing the procurement process.
EMW-2022-PU-00119 - Primary Communications Replacement of Motorola Radio Units	\$405,478.00	\$0.00	\$405,478.00		Grant was awarded on September 1, 2022. Port Police division is currently working on the required procurement documents for the replacement of these units.
EMW-2022-PU-00149 - Integrated Digital Enhanced Network (IDEN) Technology Redundant Interoperable Communications System Service	\$84,450.00	\$0.00	\$84,450.00	PO No. 18297-05 TIRE \$35,033.36	Grant was awarded on September 1, 2022. IDEN Services are being provided by I&E (Period of October 1, 2022 - September 30, 2023.)
Public Assistance 49310R - Typhoon Manghuth #66352	\$586,837.96 \$830,817.90	\$87,718.14 \$87,718.14	\$442,804.76 \$442,804.76		Funding project was completed on September 30, 2022. Requested no-cost time extension for the Management & Admin. project (CAT 2) Project #99994 up to March 1, 2023.
Hazard Mitigation Grant Program Funding System Hardening Project	\$893,569.00 \$603,699.00	\$0.00	\$893,569.00 \$603,699.00		I&E/PAG-CIP-022-006 posted on August 26, 2022. Pre-bid conference held on Sept 7, 2022 and Site visit conducted on Sept. 9, 2022. Bid opening held on Oct. 27, 2022, 2:00 pm. Recommendation to award lowest qualified, responsible bidder was approved during the November Board Meeting. Contract has been finalized and routed for Civilian Marine. Once all signatures are obtained, the PO will be secured and CIP will schedule the pre-construction meeting. Grant Period of Performance end date is November 4, 2023.
Warehouse 1 Hardening Project	\$385,875.00	\$0.00	\$385,875.00		I&E/PAG-CIP-022-009 posted on Sept. 13, 2022. Pre-bid conference held on Sept. 20, 2022 and Site visit scheduled for Sept. 23, 2022. Bid opening was completed on October 20, 2022. There were two (2) bid submissions received by the deadline. Both bids were opened and the documents were reviewed by the Port Staff Attorney as well as the Procurement and Engineering divisions. Meeting held on December 7, 2022 with lowest bidder to discuss submission and specifications. Grant Period of Performance end date is November 4, 2023.
Port Police PRT3-03-03PPD - Operation Aduhai He Heo	\$90,000.00 \$50,000.00	\$0.00	\$90,000.00 \$50,000.00		Pending the signature of the final Project Agreement, the PAG was awarded \$20,000 for Overtime to conduct speed enforcement activities and \$30,000.00 for Travel to attend the 2023 Lifesavers Conference in Seattle, Washington.
Bond Funded Projects New Administration Building	\$76,620,980.00	\$5,183,772.60	\$71,437,207.40		Project is currently on hold pending Management decision.
Warehouse Replacement and Relocation	\$10,445,000.00 \$6,000,000.00	\$0.00 \$319,086.18	\$10,445,000.00 \$5,680,913.82	RFP No. 2019-03 - A&E Design awarded to NC Macario	SHPO has approved the building permit. PACI has received and is processing an invoice for materials purchased.
EDMR Building Repairs and Upgrades	\$3,628,800.00	\$447,013.13	\$3,181,786.87	RFP No. 2019-03 - A&E Design awarded to NC Macario	A change order is pending final signature by the PAG. This will be followed by a pre-construction meeting and issuance of NTP.
Warehouse 1 Repairs and Upgrades	\$3,000,000.00	\$447,013.13	\$2,552,986.87	RFP No. 2019-03 - A&E Design awarded to NC Macario	A requisition has been entered and the procurement packet is being developed prior to announcement.
Golf Pier Repairs and Improvements	\$2,000,000.00	\$372,147.99	\$1,627,852.07	RFP No. 2019-02 - A&E design for \$484,000 awarded to NC Macario	Restatement of FB to be determined by management. WSP performed an underwater assessment of Golf Pier. Draft Damage Summary Report submitted to the PAG and is currently under internal review.
Rehabilitation of "H" Wharf (Port Share)	\$45,066,485.00	\$1,293,844.01	\$43,833,490.99	PO No. 17043-01 for \$2,249,945.54 awarded to GHD Inc. New Contract Amount \$2,856,621.37	The PAG is awaiting MARAD's review of its Construction Materials waiver request from Buy American Act requirements. In addition, the PACI also requested MARAD's concurrence to delink the Access Roadway component of the project due to its exorbitant cost. Weekly virtual meetings are held between the PAG, WSP, Construction Manager GHD, and Contractor Sunlomo Construction Company (SMACC). SMACC has provided a proposed alternative design to the PAG and WSP for review and approval. WSP will review and incorporate this design into the original pending a final agreement on the scope of the Task Order.

**FY 2022 Port Modernization Plan
Grant/Bond Strategy - Monthly Update
As of December 23, 2022**

Grant Program	Total Award Amount	Total Draw Down	Total Remaining Balance	PROCUREMENT (B/S/P/P) Number	Status
Other Priority Projects	\$4,980,745.00	\$0.00	\$4,980,745.00		<p>1. Phase refer to M&B&D RATE - Vitarves Service Life Extension Hardening of Wharves F1,F6 for more information</p> <p>2. Final TOS documents have been completed by WSP and are being reviewed by PAG IT.</p>
Other Priority Projects - EnterpriseOne Financial Management System	\$2,500,000.00	\$2,355,568.22	\$134,431.78		<p>Job costing for CP and ACH payments in use. Module updates are ongoing. Including work on job order modules for vessels and SSAs.</p>
Grand Total	\$11,854,297.50	\$10,746,705.91	\$1,081,577,591.59		

PORT AUTHORITY OF GUAM
CONTRACT SUMMARY UPDATE

No.	Consultant/Vendor	Type of Service	Solicitation Method Reference No.	Division	Contract Term	Initial Term	Expiration After Options	Next Renewal Due Date	Annual Amount (Comments / Notes)
PROFESSIONAL SERVICES									
1	A1 - Guam WEBZ	Web Development, Hosting, Support and Maintenance Svcs	IFB-002-20	IT	3 years w/2 1 yr options	04/01/2020 to 03/31/2023 w/ 2 1yr options	03/31/25	03/31/23	Fees based on rates
2	AM Insurance	Insurance Coverages	GSA/PAG-015-22	Finance	5 years	10/01/2022 to 09/30/2023	09/30/27	09/30/23	Premium Based/Annual renewal
3	AM Insurance	Workers Compensation Coverages	IFB-PAG-008-19	Finance/Safety	3-years	3/20/20 to 3/19/23	03/19/23	03/19/23	
4	Matson	PMC for Gantry Cranes	RFP-020-005	EQMR	5 years with options to 20 years	11/05/21 to 11/05/26		11/05/26	\$200K per annum
5	Bank of Guam	Banking Services	RFP-020-004	Finance	5 years	5/14/21 to 5/13/26	05/14/26	05/14/26	
6	Mobil Oil Guam	Management and Operations of Golf Pier	RFP-PAG-021-002	Commercial	5 years				Currently in cost negotiations
7	OMEGA Safety	OSHA Training & Certification Services for Maritime Terminal Operations	RFP-017-003	Human Resources	3yr w/ 2- 1yr options NTE 5 years	8/13/2018 to 8/13/2021	08/13/23	08/13/22	
8	Pacific Human Resources, Inc.	Drug Free Workplace Program	RFP-020-003	Human Resources	Initial 3yr term with 2 add'l one year options, not to exceed 5 yrs	06/15/20 to 6/14/2023	06/15/25	06/15/23	
9	Milo Appraisals	Real Estate Appraisal Services	RFP-021--004	Commercial	3yrs w/ 2 option	10/06/21 to 10/05/24	10/05/26	10/05/24	Task Order based
10		Medical Examination Services	RFP-022-005	Human Resources	3 yr. w/ 2 options NTE 5 years				Currently in cost negotiations
11	Tristar Terminal Guam	M & O of F-1 Fuel Pier Facility	RFP-019-004	Commercial	5 years	04/03/21 to 03/31/26	04/01/21	03/31/26	
12	Ernst & Young	Annual Independent Audit Services	RFP-022-004	Fiscal	3 years w/2 1 yr option	FY22, FY23, FY24, (FY25 Option)	2025	2024	
13	WSP USA Inc.	OAE - Owner Agent Engineer	RFP-021-003	Planning	2 yr w/ 3 options NTE 5 yrs	10/22/21 to 10/21/23	10/22/26	10/21/23	\$1.5M
14	M.C. Maccario & Associates	A/E Design and Consulting Services Golf Pier	RFP-019-002	Engineering	3 years w/2 1 yr options	11/20/19 to 11/19/22	11/19/2024	11/20/2022	did not renew

PORT AUTHORITY OF GUAM
CONTRACT SUMMARY UPDATE

No.	Consultant/Vendor	Type of Service	Solicitation Method Reference No.	Division	Contract Term	Initial Term	Expiration After Options	Next Renewal Due Date	Annual Amount (Comments / Notes)
15	N.C. Macario & Associates	A/E Design and Consulting Services EOMR, Warehouse No.1, Waterline Relocation	RFP 019-003	Engineering	3 years w/2 1 yr options	02/05/20 to 02/04/23	2/5/2025	2/5/2023	\$1,406,427.48
16	GHD	Construction Management Services	RFP 020-002	Engineering	Initial 2 years with 3 add'l One year options not to exceed 5 yrs	3/15/21 to 3/14/23	3/15/2025	3/15/2023	Contract signed 3/15/2021
17	AM Orient	A&E Design of Fuel Pipeline System	RFP 022-003	Planning/CIP					Currently in cost negotiations
CONSTRUCTION CONTRACTS									
No.	Consultant/Vendor	Type of Service	Solicitation Method Reference No.	Division	Contract Term	Initial Term	Expiration After Options	Next Renewal Due Date	Annual Amount (Comments / Notes)
1	Sumitomo Mitsui Construction Company	Rebid of the Construction Rehabilitation of H-Wharf and Highway 11 Roadway Reconstruction	IFB-022-002	CIP/Planning	730 Calendar days from NTP				\$47M approx.
2	Guam Shipyard	Design Demolition of 5 inoperable Port Cranes and One Barge at F-6	N/S IFB 021-002	CIP/EOMR	410 calendar days				\$2,573,155.00
3	Guam Shipyard	Supply and Install of Fendering system at F-3	IFB 021-001	CIP	243 calendar day from NTP				\$297K NTP was Issued
4	Cal Pac	Installation of CCTV Surveillance sys and ACS control replacement	IFB 003-21	Planning / CIP	210 days from NTP				\$1.2 million
5	Propacific Builders Corp.	Replacement of 125 each Reefer Receptracles	IFB -21-007	CIP	182 days from NTP				\$600,000.00
6	Pacific Federal Management Inc.	Design Build and Replacement Of 3 Metal Gatebooths	IFB-0021-11	CIP	275 days from NTP				\$157,557.00
7	BME and Sons	Waterline Replacement Project	IFB -021-005	CIP	365 calendar days from NTP				\$4.8M
8	SPPC	Ultra Low Sulfur Diesel Fuel Bid	IFB-022-002	Trans/Ops	3 years with 2 options				\$450K approx.
9	ART Construction	Renovation and Repairs of the Harbor of Refuge Phases 2 thru 5	IFB 022-001	CIP/Planning	180 from NTP				\$870,000.00

PORT AUTHORITY OF GUAM
CONTRACT SUMMARY UPDATE

No.	Consultant/Vendor	Type of Service	Solicitation Method Reference No.	Division	Contract Term	Initial Term	Expiration After Options	Next Renewal Due Date	Annual Amount (Comments / Notes)
10	Pro Pacific	Design Build Agat Marina Bathrooms	IFB 022-006	CIP	360 calendar days from NTP				\$345,000.00
11	AIC International Inc.	Construction of Agat Marina Dock B	IFB 022-004	CIP/Planting	242 Calendar days from NTP				\$1.5M
12	RN Builders	Painting of Exterior, Interior, Roof Coating of PAG CFS Building.	IFB-022-007	CIP	180 Calendar days from NTP				\$390,000.00
13	Cabras Marine Corp	Supply and install New 11 ea. Cylindrical Fendering System at F3 and 15 ea Rubber Leg Arch Fenders at F4 to F6	IFB 022-008	CIP	243 Calendar Day from NTP	Contract currently routing for approval.			\$301,077.47

**Port Authority of Guam
Active Project Status
Engineering Division**

As of December 22, 2022

Fact Sheet No. 121

Project: A/E Services for Golf Pier Repair
Project No.: RFP-PAG-019-002
Project Amount: \$484,017.13
Amount Paid to date \$372,237.93 remaining balance of \$111,779.20 is to be paid as post design services.
Funding Source: PAG Bonded Project
Designer: N.C. Macario and Associates
Construction Manager: PAG Engineering Division
Notice to Proceed to Designer January 6, 2020
Design Completion: Performed within 6 months (July 5, 2020)
Work Status: Related documents such as Drawings, Specifications, Scope, Bid Schedule, Requisition Process, Determination of Need Letter were completed and were submitted to the Procurement as IFB Documentation. On June 10, 2022 an alternate scope of work was transmitted based on a conceptual design of a pier with similar capacity by the Engineering Division as requested by the Procurement Division that involves demolition and a design-build IFB at an estimated cost of nearly \$12, 500,000 dollars now.

Project Golf Pier Repair and Improvements (Construction Phase)
Project No.: IFB -PAG-CIP-021-006
Project Amount: TBD
Amount Paid to date: None
Funding Source: PAG Bonded Project
Contractor: TBD.
Designer: N.C. Macario and Associates
Construction Manager: PAG Engineering Division
Notice to Proceed: TBD
Project Completion: TDB.
Work Status: Scheduled Bid openings so far have not produced any bidders (no Contractors participation). At this juncture, the Engineering Division suggests a two-step Design-Build Procurement approach involving several contractors. PAG Management has currently suspended the existing IFB until further notice. Engineering Division Preliminary Estimate for demolition and reconstruction is now provided at \$12,500,000 Dollars or higher

Project: A/E Services EQMR, WH I, Bldgs. & Relocation of PAG Water Line (Design Phase)
Project No.: RFP-PAG-019-003
Project Design Fees: \$1,406,427.48
Amount Paid to date: \$1,187,186.76, Remaining Balance of EQMR and Warehouse #1 is (\$91,537.19) The Waterline Replacement Project balance to NC Macario is (\$81,777.86) are to be paid as post design services for all three design projects.
Funding Source: PAG Bonded Projects
Designer: NC Macario and Associates
Construction Manager: PAG Engineering Division
Notice to Proceed to Designer: February 17, 2020
Project Completion: 8 months (October 16,2020 was the initial deadline. However, due to COVID, POP was extended to December 4, 2020) Project design was completed by December 4, 2020.

Work Status: On May 20, 2022, PAG Engineering and N.C. Macario and Assoc. conducted a meeting in regards to reduction of scope of works for Warehouse #1 and EQMR Building. On June 10, 2022, N.C. Macario and Assoc. submitted a cost proposal for the Reduction of the SOW for Wh.1 and EQMR Building Maintenance reflecting life and safety concerns only. Final Reduced design construction documents have been completed and is turned over to the Procurement Division.

Project Warehouse I Building Maintenance (Construction Phase)

Project No.: IFB-PAG-CIP-021-009

Project Amount: TBD

Amount Paid to date: None

Funding Source: PAG Bonded Project

Contractor: TBD.

Designer: N.C. Macario and Associates

Construction Manager: PAG Engineering Division

Notice to Proceed: TBD

Project Completion: TDB.

Work Status: On January 18, 2022. PAG Management issued a rejection of Bids to all contractors participated in the Invitation for Bid no. IFB-PAG-CIP-021-009 until further notice. The construction documents with the reduced scope have been turned over to the Procurement Division to advertise via an IFB.

Project EQMR Building Maintenance (Construction Phase)

Project No.: IFB-PAG-CIP-021-010

Project Amount: Initial Bid \$3,984,676.84 Final Negotiated including change order - \$2,500,000.00

Amount Paid to date: None

Funding Source: PAG Bonded Project

Contractor: JJ.Global Services

Designer: N.C. Macario and Associates

Construction Manager: PAG Engineering Division

Notice to Proceed: December 2022

Project Completion: March 2023

Work Status: JJ Global Services submitted their performance bond to PAG Procurement. Contractor is currently reviewing construction contract prior to execution and issuance of Purchase Order by PAG Procurement Division. A PAG internal meeting with participation of the Procurement, Legal, Finance and Engineering Divisions is arranged on June 15, 2022 to discuss NC Macario's (designer of the record) proposal to design a reduced scope involving life and safety concerns only. The decision to change the scope for EQMR was discussed with the JJ Global principals in the spirit of cooperation and partnership on June 21, 2022. The designer of the records completed the redesign with reduced scope limited to life and safety (reduced cost). Contractor JJ Global provided a revised price as per the newly revised scope of work at \$2,984,676.84. The Price was further negotiated down by the Engineering Division to \$2,500,000.00

Project PAG Waterline Replacements (Construction Phase)

Project No.: IFB-PAG-CIP-021-005

Project Amount: \$4,856,568.91

Amount Paid to date: None

Funding Source: PAG Bonded Project
Contractor: BME and Son's
Designer: N.C. Macario and Associates
Construction Manager: PAG Engineering Division
Notice to Proceed: March 22, 2022
Project Completion: 365 calendar days after issuance of DPW Building Permit
Work Status: Contractor BME & Sons is in the process of obtaining the building permit. The contractor has mobilized his purchased material on the Port Property at the old Hawaiian Rock Quarry Site. The contractor has invoiced PAG for the initial costs to include materials, mobilization, and Bond.

Project: New Administration Building
Project No.: TBD
Project Amount: TBD
Amount Paid to date: None
Funding Source: PAG Bonded Project-Pending
Contractor: TBD
Construction Manager: TBD
Notice to Proceed: TBD
Project Completion: TBD
Work Status: Pending funding source amount

Projects: Harbor of Refuge Installation of Mooring Blocks
Project No.: IFB-PAG-CIP-022-001
Project Amount: \$870,000.00
Amount Paid to date: N/A
Funding Source: Dept. of Agriculture Fish and Wildlife Boating Infrastructure Grant
Contractor: TBD
Construction Manager: PAG Engineering Division
Notice to Proceed: TBD
Project Completion: TBD
Work Status: On May 26, 2022. A negotiation was conducted by the PAG Procurement, Engineering, Planning, Commercial, Port Legal Division and Art Construction LLC (the sole bidder). ART Construction has completed the at 30% approximately.

Project: Rehabilitation of H-Wharf and Access Road (Construction Phase IFB)
Project No.: Rebid IFB-PAG-022-002
Project Amount: \$23,000,000
Amount Paid to date: N/A
Funding Source: Tiger Grant and PAG Revenue Bond
Contractor: TBD
Construction Manager (CM): GHD Engineering
Notice to Proceed: TBD
Project Completion: TBD
Work Status: Three invitations for bids were conducted by the Procurement Division, two of which produced no bids. However, the third bid opened on January 28, 2022. Produced one bid by the Sumitomo Construction in the amount \$59,683,065. This amount was negotiated down. The present design in our opinion is not conducive to bring the project cost near the

Initial budget of \$23,000,000, unless the structural scope is revised to reflect repair or replacement of some sheet piles rather than full reconstruction by virtue of driving all new piles. It is the Engineering understanding that the project will perhaps move forward in phases.

Project: Replacement of 125 Each Reefer Outlets Receptacles

Project No.: IFB No. PAG-CIP-021-007

Project Amount: \$600,000.00

Amount Paid to date: N/A

Funding Source: PAG Budget 2021 and FY-2022 Budget

Contractor: PRO PACIFIC Builders Corporation (PPBC)

Construction Manager: PAG Engineering Division

Notice to Proceed: TBD

Project Completion: TBD

Work Status: Pro-Pacific Builders Corporation has completed replacing all new 65 EA 480 volt 3-Phase outlets and 60 each 240 volts 3-phase outlets. due to supply chain issues, arrival of the customized electrical panel boards and circuit breaker boxes has been postponed. The new completion date for this project would most likely be in March 2023.

Project: Remove/Replace 3 Each Metal Gate Booths with Reinforced Concrete Structures

Project No.: IFB-PAG-CIP-021-011

Project Amount: \$159,557.00

Amount Paid to date: \$74,776.54

Funding Source: PAG CIP Internally Funded Projects

Contractor: Pacific Federal Management

Construction Manager: PAG Engineering Division

Notice to Proceed: December 6, 2021

Project Completion: 243 calendar days is the POP from the NTP date.

Work Status: On June 15, 2022 a coordination meeting was held with the Pacific Federal Management to discuss permitting, mobilization and the required documents prior to construction. The 3 pre-cast booths have been delivered to the PAG laydown area. The No. 3 Precast Booth has been installed on the extended foundation. The work was progressing slowly due to the complexity of the work and the coordination required between the designer of the record, General and the pre-casting contractors, DPW inspections, soils and concrete testing, the In-house Facility Maintenance, Operations, and the CCTV contractor. The Project is now completed and all 3 Booths are fully operational.

Project: Design-Build Repair the Northside Catwalk by the Agat Marina Boat Ramp

Project No.: IFB-PAG-CIP-022-003

Project Amount: \$80,000

Amount Paid to date: N/A

Funding Source: PAG Budget 2022

Contractor: ProPacific Builders

Construction Manager: Port Engineering Division

Notice to Proceed: TBD

Project Completion: 180 Calendar Days

Work Status: Pro Pacific Builders completed the final design. The building permit was obtained. Hence, Construction began. Due to the lengthy permitting process beyond the contractor's control, the POP was extended for an additional 42 days. This project has now been fully completed.

Project: Design, Demolition, Removal & Proper Disposal of 5 Inoperable Cranes and Optional Removal/Disposal of one Barge YFN 816
Project No.: IFB. -PAG-CIP – 021-002
Project Amount: \$2,573,155.00
Funding Source: PAG
Contractor: Guam Ship-Yard "GSY" (Guam Industrial Services Inc.)
Construction Manager: PAG ENGINEERING
Notice to Proceed: February, 2022
Project Completion: October, 2023
Work Status: The demolition of the STS Gantry Cranes is progressing slowly. The Gantry Crane #2 boom was lowered for cutting purposes. Gantry #3 has not been worked on yet. The removal of Barges YFN 816 and the Guahan remain pending according to the GSY, some off-island disposal of the removed RTGs and MHC has already taken place. Deadline for the project completion may most likely be extended beyond February 2023. the May 2023. PAG Engineering requested GSY to provide a revised schedule and cutting sequence.

Project: Painting of Exterior, Interior and Roof Coating of the CFS Building
Project No.: IFB
Project Amount: \$390,000.00
Amount Paid to date: TBA
Funding Source: PAG Budget FY 2022
Contractor: TBD
Construction Manager: Port Engineering Division
Notice to Proceed: TBD
Project Completion: 180 Calendar Days
Work Status: Procurement Division advertised via an IFB on July 12, 2022. RN Builders was the lowest bidder. The RN Builders has received its NTP and the crew is processing their TWIC security clearance to enable them to commence their work at CFS Building within the secured PAG Yard. CIP Division is charged with conducting CM on this job.

Project: Installation of Dock "B" Agat Marina
Project No.: TBD
Project Amount: \$1,494,750.00
Amount Paid to date: N/A
Funding Source: Dept. of Interior, Dept. of Agri. Fish and Wildlife, DOA/WR and PAG 2021 Budget Share
Contractor: AIC International Inc. (AIC)
Construction Manager: PAG Engineering Division
Notice to Proceed: TBD
Project Completion: TBD
Work Status: Procurement conducted a bid opening on May 19, 2022. Two contractors submitted their bids. AIC International Inc. was the lowest bidder in the amount of \$1,494,750.00 Procurement issued the contract to AIC. AIC following its receipt of a NTP from Engineering Division is completing its design in order to apply for the building permit.

Project: Design-Build Agat Marina Bathrooms
Project No.: IFB-PAG-CIP-022-006
Project Amount: \$345,000

Amount Paid to date: N/A
Funding Source: PAG Budget 2022
Contractor: Pro-Pacific Construction Company (PPBC)
Construction Manager: Port Engineering Division
Notice to Proceed: July 18, 2022
Project Completion: 360 Calendar Days (July 18, 2023)
Work Status: On March 29, 2022, PAG Procurement and Engineering Division conducted a bid opening. The lowest bidder determined to be the ProPacific Builders in the amount of \$345,000. PAG Engineering requested a supplemental budget in the amount of \$95,000 that was approved on May 5, 2022. PAG Procurement has awarded the contract to PPBC. Design is currently at 100% complete. It is anticipated that obtaining a building permit while being processed by the SHPO may face some SLOW-DOWN.

Project: Agana Marina Clean Exist. OWS & Retrofit Double Barrel Outfalls with Check Valves
Project No.: RFQ
Project Amount: TBD
Amount Paid to date: N/A
Funding Source: PAG Budget 2022
Contractor: TBD
Construction Manager: Port Engineering Division
Notice to Proceed: TBD
Project Completion: 120 Calendar Days
Work Status: PAG Engineering has submitted the bid package to Procurement Division for a Request for Quotation. Engineering is of the opinion that due to the unreasonably high quotes received, PAG Facility Maintenance section could purchase the check valves and install them in-house in order to reduce cost to PAG.

Project: HMO Roof Radar Intrusion, Installation of two Cameras, one at the HMO Roof Top and Other at the High Mast.
Project No.: IFB
Project Amount: TBD
Amount Paid to date: N/A
Funding Source: Grant Funded
Contractor: TBD
Construction Manager: Port Engineering Division
Notice to Proceed: TBD
Project Completion: TBD
Work Status: Procurement received one bid that was over the budget. Planning is contacting the Grantor to determine if additional funds could be obtained through the Grant.

Project: HMGP FENDERING 11 CYLINDRICAL AND 15 RUBBER LEG ARCH FENDERS F3 -F6
Project No.: IFB
Project Amount: TBD
Amount Paid to date: N/A
Funding Source: Grant Funded
Contractor: TBD
Construction Manager: Port Engineering Division
Notice to Proceed: TBD
Project Completion: TBD
Work Status: Procurement has opened bids and the lowest apparent bidder is the Cabras Marine.

Project:	HMGP 18 ROLLUP PLUS 1 SWING ALLUMINUM DOORS AT WAREHOUSE #1 NORTH
Project No.:	IFB
Project Amount:	TBD
Amount Paid to date:	N/A
Funding Source:	Grant Funded
Contractor:	TBD
Construction Manager:	Port Engineering Division
Notice to Proceed:	TBD
Project Completion:	TBD
Work Status:	Procurement has received two bids for the Job. Since the bid opening the second lowest bidder has withdrawn its bid and the lowest bidder has issues meeting the scope.

Project:	CCTV Agat Marina Project Pole and Associated Trenching & Wiring
Project No.:	IFB
Project Amount:	TBD
Amount Paid to date:	N/A
Funding Source:	Port Funded
Contractor:	CALPAC
Construction Manager:	Port Engineering/Planning Divisions
Notice to Proceed:	TBD
Project Completion:	TBD
Work Status:	CALPAC is performing this job as an added option to the original Main Paq Yard CCTV Upgrade. It is anticipated that obtaining a building permit for this job may be a lengthy process considering the pole height and the deep foundation requirements. Engineering Division has submitted its comprehensive comments regarding the design to the Planning Division for implementation.

Port Authority of Guam
Operations Division Report
November 2022

I. OVERVIEW

Vessel Calls	22
Cans Handled	9,019
Special Service(s)	92

a. Productivity

Vessel Op	Avg NMPH	TOP GANG	M/Hr
Matson			
Domestics	22.7	1	27.7
Feeder			
MSA			
Barges	20.7	6	25.6
Kyowa	18.3	2	24.2
Ambyth			
Mariana	13.9	4	14.2
MELL			
Kotas	22.3	1	25.6
APL			
Herodote/Dakar	22.1	2	28.5

b. Equipment Status

As of : 11/30/2022	ON HAND	UP	RM	Repair
GANTRYS	3	3		
TOP LIFTERS	9	3	6	
20T FORKLIFT	2	2		
10T FORKLIFT	4	2	2	
5T FORKLIFT	8	7	1	
TRACTORS	23	17	6	

II. YEAR TO DATE

a. Vessels_YTD 44

b. Can_Cnt YTD

November	FY22		FY23		Variance	
	I	E	I	E	I	E
Local	6165	6133	6050	5765	-2%	-6%
TS	1052	1196	1068	1019	2%	-15%
TSMT	504	491	576	566	14%	15%
TTL	7721	7820	7694	7350	0%	-6%

CY-22 WORK INJURY REPORT
(01/01/22 to 12/31/22)

<u>Divisions</u>	<u>*Lost-time</u>	<u>**Recordable</u>	<u>*** Refused Treatment</u>
Stevedoring	2	0	1
Transportation	1	1	1
Terminal	0	0	1
EQMR	0	0	0
Port Police	0	0	0
Admin	3	0	1
Total:	0	0	0

Work Injury Summary for this reporting period: 12/22/2022

Total Injuries for CY-22 to date: 11–Injuries

6-- Lost-time

1– Recordable

4– Refused Medical Attention

Last disabling work injury was on: 09/27/22

Number of days since last disabling work injury: 34-days

Note: PAG best record was 222 days or 7 months w/o a disabling work injury

***Lost-time = If an employee was injured on the job and medical doctor sent him/her home, his/her injury is considered a lost-time.**

****Recordable = If an employee was injured on the job and medical doctor treated him/her and released him/her back to work on the same day (Recordable because of medical charges).**

*****Refused Medical Attention: Filed WC Forms 201 & 202 for record purposes only.**
