

PORT AUTHORITY OF GUAM

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NEWS RELEASE

Port Pursues DOD Funding for Three Gantry Cranes, Averting Chinese Options

Piti, Guam, April 26, 2024: The Port Authority of Guam Board of Directors unanimously approved procuring up to three new cranes during its monthly board meeting held on April 25, 2024.

The board approved Resolution No. 2024-01 "RELATIVE TO AUTHORIZING THE PORT AUTHORITY OF GUAM GENERAL MANAGER TO TEMPORARILY PAUSE H-WHARF CONSTRUCTION, PROCURE ADDITIONAL GANTRY CRANES, AND ESTABLISH COMPREHENSIVE STRATEGIC MEASURES FOR PORT OPERATIONAL ENHANCEMENT AND FINANCIAL REALLOCATION."

"This will be the first new cranes in the Port Authority of Guam's history," said Port General Manager Rory J. Respicio. "Our current cranes are more than 40 years old and based on consultant reports, they will reach the end of their expected service life and will need to be replaced by 2029. Our efforts to replace the cranes have included an aggressive approach by Governor Lou Leon Guerrero and Lt. Governor Josh Tenorio in national forums and in face-to-face meetings with federal partners in past years."

Respicio said that securing these cranes is imperative for our national security. With the Biden administration's heightened concerns, he said that it is crucial to secure funding aligned with U.S. security policies to prevent reliance on China-manufactured equipment.

The acquisition of new STS gantry cranes would be the first new cranes the Port would procure in its 48 years of autonomy as past and current cranes have been second-hand equipment owned by other American ports.

Respicio added, "We have all been proactively communicating with the Department of Defense, Department of Transportation (MARAD), FEMA, INDOPACOM, key House and Senate members, and the Joint Region Marianas to assist in purchasing these cranes as a matter of commerce, economic growth and now, more than ever, national security with growing geopolitical tensions and avoid Chinese options. This is a critical step forward for our island and region's nexus to the global supply chain, throughput capacity and military readiness programs."

The Port previously submitted a grant application to the U.S. Department of Transportation/MARAD through its Port Infrastructure Development Program (PIDP) for two STS gantry cranes and although the application was well written, it was not awarded due to its nonconformance to the Buy American Act Requirements. Subsequently, in August of 2023 the PAG once again submitted a grant application to the USDOT/MARAD's PIDP and was likewise unsuccessful due to the non-approval of the PAG's Build America, Buy America (BABA) waiver request. Due to the aging cranes and the critical need to procure, the Board authorized the pause of construction activities at H-Wharf and the redirecting of those resources and additional funds toward the purchase of up to three new STS gantry cranes.

The Board also tasked the General Manager with leading a comprehensive procurement strategy that emphasizes engagement with global suppliers, leverages technological innovation for cost-effective operations, and aligns with the highest standards of operational readiness and national security priorities. The Board also authorized Respicio to reallocate budgetary resources, negotiate with suppliers, and adjust project timelines accordingly, all in accordance with the Guam Procurement Law.

"The General Manager shall pursue all available funding avenues, including but not limited to federal grants, loans, and partnerships, to ensure the timely acquisition of these gantry cranes in alignment with U.S. national security policies and the strategic interests of the PAG and its stakeholders, however, if Port funds or any funds whereby no geographical restrictions exists, i.e., Buy American or Do Not Engage with the Enemy Clause, then the General Manager is statutorily bound to proceed accordingly," stated Board of Directors Resolution No. 2024-01.

BACKGROUND ON THE PORT'S GANTRY CRANES

The Port's gantry cranes are more than 40 years old. They were manufactured in 1983/1984 and belonged to the Port of Los Angeles. The Port of Guam acquired the used cranes from the Port of LA and they were refurbished and brought to Guam in 2009. Based on consultant reports, they will reach the end of their expected service life and will need to be replaced by 2029. Meanwhile, the Port recently completed the demolition and removal of Gantry 2 and the agency is currently in the process of removing demolished Gantry 3.

OTHER BOARD ACTION TAKEN

Meanwhile, the Board of Directors also passed Resolution No. 2024-02 Relative to adopting the "2024 Look Ahead" Plan: A resolution for sustainability, security, and strategic growth at the Port Authority of Guam, Resolution No. 2024-03 Relative to advancing sustainable energy by formally requesting the Consolidated Commission on Utilities (CCU) to facilitate strategic LNG integration and ESG-focused collaboration work sessions between the Port Authority of Guam and the Guam Power Authority, Resolution No. 2024-04 Relative to petitioning the Public Utilities Commission (PUC) for the approval of the award to American Material Handling for the purchase of nine (9) terminal yard tractors, Board Policy Memorandum No. 2014-01 Credit Card Policy (revised), and Board Policy Memorandum No. 2019-01 Travel Rules & Regulations (revised). The Board also was given an update by the General Manager on Resolution No. 2023-15 Relative to authorizing the General Manager to proceed with realignment of the PAG's organizational structure and to amend classified job specifications and to retire vacant, obsolete positions to streamline roles and responsibilities and optimize organizational effectiveness.

The Board also voted to give authorization to proceed with the request for the creation of the position of Environmental Compliance Administrator and they voted to accept the Performance Evaluations of General Manager Rory Respicio and Deputy General Manager Dominic Muna with corresponding increments based on rating and accepted the Performance Evaluation of Deputy General Manager Pacifico Martir.