March 2022

Board of Directors

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Port Management

Rory J. Respicio *General Manager*

Dominic G. MunaDeputy General
Manager, Operations

Luis R. Baza

Deputy General Manager, Administration & Finance



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Notices

Guam continues to be in Pandemic Condition of Readiness 1 (PCOR1). Anyone entering the Port must wear a mask at all times. COVID-19 remains to be a clear threat to our safety and our community. Latest guidelines and information relating to the PAG and COVID-19 can be obtained by visiting our website at: https://www.portofguam.com/covi d-19-quidelines-and-information

Progress at the Port Continues with Demolition of Inoperable Assets

The Leon Guerrero-Tenorio Administration kicked off a project on March 23, 2022 that prioritizes Guam's business development and economic initiatives at the Jose D. Leon Guerrero Commercial Port. The \$2.5 million demolition project will dismantle and properly dispose of massive inoperable assets at the Port Authority of Guam (PAG) to free up valuable dock space and generate increased revenue by acquiring new cranes as early as 2026. The Port will safely demolish two ship to shore gantry cranes, two rubber-tired gantry cranes, one mobile harbor crane, and two barges, which have been inoperable for decades.

"When we first came into office, we committed to removing this equipment to provide space for additional business activity and revenue-generating opportunities at our Port," said Governor Lou Leon Guerrero. "This milestone is yet another achievement for the hardworking and dedicated Port Strong family. We will continue to support the Port Authority and provide critical assistance to help move modernization plans forward."

"So much of Guam's growth will be gained through the world-class gateway of our Port. This project is 20 years in the making, but is also part of recovery," said Lt. Governor Josh Tenorio. "As the harbor of all things coming to Guam, our administration is proud of the progress made by our Port Strong team. Their collective contributions have secured our readiness to date and will serve



to protect the progress we make moving forward."

This \$2.5 Million project will safely demolish inoperable PAG Assets, which includes two gantry cranes, two rubber-tired gantry (RTG) cranes, one mobile Harbor (MH) crane and two barges. Guam Shipyard is the main contractor doina the work along with subcontractor Smithbridge. Removal of these inoperable, deteriorated assets will eliminate conditions unsafe working for Port employees and Port Users and the demolition of the two gantry cranes will present the Port with financial opportunities to generate revenue creating additional berthing space for ships along the wharfs. The demolition also will allow the Port to expand the use of its container yard and cargo storage capabilities and will allow for a much smoother process as the Leon Guerrero Tenorio Administration begins major infrastructure upgrades such as the waterline relocation and repairs to wharves.



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The Rubber Tire Gantry Cranes were decommissioned in September 2011, Gantry 2 and 3 in 2013 and 2016 and the Mobile Harbor Crane in 2014. The barges have been inoperable for decades.

Port General Manager Rory J. Respicio thanked the Governor and Lt. Governor for making the demolition a priority when they first came into office

"This is a celebration of the support given to us by Gov. Leon Guerrero and Lt. Gov. Tenorio over the past three years," Respicio said. "Today's ceremony is about perseverance, innovation, risk-taking, coalition, and team-building internally and externally, including the Port Users Group and our local and federal partners."

Worthy to note is that every speck of metal will be containerized and sent off-island for recycling. Not one piece of scrap metal will be left on Guam.



History of Assets

Project: Demolition Removal & Proper Disposal of 5 Inoperable Port Cranes

Project Description: The intent of this \$2.5 Million project is to safely demolish several inoperable PAG Assets, which includes two gantry cranes, two rubber-tired gantry (RTG) cranes, one mobile Harbor (MH) crane and two barges. Guam Shipyard with the assistance of Smithbridge are the contractors and they will be disassembling and/or cutting the cranes into manageable pieces and transporting them offsite to an approved salvage or disposal facility. Not a single piece of metal taken from these cranes or any debris from the barges will stay on Guam as all of it will be shipped off island for recycling.

Project History: Although it has been critical to the Port to remove these inoperable PAG assets from our facility, this equipment sat on our property for decades causing a safety hazard and consuming valuable dock space that was then unable to be utilized to generate revenue. Prior to assuming office, Governor Lou Leon Guerrero and Lt. Governor Josh Tenorio identified this project as a priority and even included it as a part of their commitment to the people of Guam in their Leon Guerrero Tenorio Transition Report. Because the Governor and Lt. Governor were focused on making this much-needed project a reality, the new Port management immediately began work on this when they began their first day here on January 9, 2019.



Equipment History

Equipment	Make	Manufactured Year	Port Commission	Decommissioned
Gantry Crane 2	Paceco	1978	1979	February 2013
Gantry Crane 3	Hitachi	1987	1993	September 2016
Mobile Harbor Crane (MHC)	Leibherr	2001	2007	May 2014
Barge	Moore Equipment	1944	1995	*Not available
Rubber Tired Gantry Crane(RTG)	Mitsui-Paceco	1991	1991	September 2011

General Manager Rory J. Respicio along with his deputy general managers and with the guidance of the Board of Directors got right to work and began to assess the procurement needs, safety issues and vendor interest. The Port was then able to issue the procurement on this project, select the winning contractor and begin the work. On March 23, 2022 the Governor and Lt. Governor, along with the Port Board, Management and Employees, held a Demolition and Cutting Ceremony to kick off this project. The execution of this massive undertaking is truly a testament to the perseverance, innovation, risk-taking coalition and internal and external team building that was required with the guidance of Governor Lou Leon Guerrero and Lt. Governor Josh Tenorio that included the Port Users Group as well as our local and federal partners.

Ship-To-Shore (STS) Gantry Cranes

STS Gantry Crane #2 was manufactured by PACECO in 1978, and commissioned at the Port Authority of Guam in 1979. STS Gantry Crane #3 was manufactured by Hitachi in 1987, and acquired by the Port Authority of Guam in 1993 from Subic Bay, Philippines. Both cranes had a lifting capacity of 40-long tons and was taken off-line due to periodic breakdowns. The unavailability of spare parts on island resulted in constant off island special orders delaying required repair work. The average downtime for the cranes was 3 to 4 hours per week and in general was caused by failure of non-major components such as limit switches, motors, etc. In addition, corrosion was a major problem for the electrical and structural integrity of the cranes. STS Gantry Crane #2 was decommissioned in February 2013 and STS Gantry Crane #3 was decommissioned in September 2016.

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Barge

The Barge was manufactured by Moore Equipment in 1944 and was engaged in military service with the United States government up to 1995. Ownership was transferred as part of the military handover of the Naval Ship Repair Facility. The PAG acquired the Barge through donation from the General Services Administration to be utilized as a breasting barge and served as additional berthing space in 1995. The barge went through repairs in 1997 and 1998. Decommissioned date is uncertain. In August 2018 the PAG attempted to remove the barge at F6 pier and was placed out on a procurement bid, but later rejected.

Mobile Harbor Crane

The Mobile Harbor Crane was manufacturer by Leibherr in 2001, and commissioned at the Port Authority of Guam in February 2007. The 104-ton Mobile Harbor Crane was purchased from Jurong Port in Singapore. The crane was used as an interim replacement for STS Gantry Crane #1, which was decommissioned in March 2007. The Mobile Harbor Crane was decommissioned in May 2014.

Rubber Tired Gantry Cranes (RTG)

The RTG Cranes Echo and Foxtrot was manufacturer by Mitsui-Paceco in November 1991, and commissioned at the Port Authority of Guam in November 1991. The RTGs had limited stacking width and stacking height consistent with first generation RTGs. The RTG's electrical and mechanical components were also obsolete and incompatible with modern grounded yard operation which resulted in the grounding of the cranes. The RTGs were decommissioned in September 2011.



Need for equipment to be demolished/removed

Removal of these inoperable, deteriorated assets and partially sunken barge will eliminate unsafe working conditions for our employees and Port Users. Demolition of gantry #2 and #3 would present the Port with financial opportunities to generate revenue by creating additional berthing space for ships along the wharfs. Demolition will allow the Port to expand the use of its container yard and cargo storage capabilities. Removal will allow for a much smoother process as we begin major infrastructure upgrades such as the waterline relocation and repairs to the wharves.

Past attempts at demolition procurement

In the past, the General Services Agency (GSA and the Port had made several attempts to demolish these aged assets; however, those attempts were unsuccessful.

General Manager Rory J. Respicio Remarks at Demolition and Cutting Ceremony

Good morning, Governor Leon Guerrero, Lt. Governor Tenorio, Chairman Santos, Director Harris and all other honored guests.

I also would like to recognize and thank Father Richard Kidd for being here, too.

This demolition project to dismantle and properly dispose of the two STS Gantry Cranes, the two Rubber Tire Gantry Cranes, the Mobile Harbor Crane we refer to as Big Blue, and the sunken barge at F-6 was a commitment made by Governor Leon Guerrero and Lt. Governor Tenorio, even before they officially started their first day on January 8, 2019. This meant that on January 8, 2019, our first day here at the Port, we had to hit the ground running.



Through the support of our Chairman Frank Santos, Vice Chairman Nathan Taimanglo, and then came more support when the Governor appointed Director Isa Koki, Tony Chargualaf, who is now Mayor of Inahalan, former Port Chief Planner Dot Harris, and former Senator Judi Guthertz. Governor and Lt. Governor, you have given us five board members who share your guiding principles of creating a fair, safe, compassionate, and prosperous government.

And today's ceremony is a celebration of the support given to us by Gov. Leon Guerrero and Lt. Gov. Tenorio over the past three years. Today's ceremony is about perseverance, innovation, risktaking, coalition, and team-building internally and externally, including the Port Users Group and our local and federal partners.

Three and half years ago, when the Governor and Lt. Governor declared that these cranes would come down and the sunken barge would be lifted, we knew we had work to do. We asked our team to tell us what was the reason why this project couldn't move forward. We heard an agreement was reached with a local company to lift the barge, but there was no arrangement through procurement to bring it out of the water and dispose of it.

In the case of these gantry cranes, the bid was split into two parts – one part to cut up the crane and the other part to dispose of it. There was interest in the demolition but no interest in the disposal. I knew right away the problem with having two separate bids. We insisted that it be one bid – one contract to demolish the cranes and dispose of them.

This way, the money made on the demolition will be used to somewhat offset the money lost with its disposal. We also grouped all of these projects to take advantage of any costs savings realized from the economies of scale. We further required that every speck of

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metal be containerized and sent off-island for recycling.

There was also an issue with GSA – this is where our innovation played a part – in the past, the Port management could not get GSA to release the inoperable equipment, insisting that GSA get 10% of the value in scrap metal. I told Chief Claudia Acfalle that she could have 100%, all of it, and all she had to do was take it down and remove it from the yard. She laughed and said, "okay, I will survey all of it back to the Port."

No problem, right? Easy right? This is what it is like to work for Governor Lou and Lt. Governor Josh. They encourage all of us to think big and demand excellence from all of us... they ask all of us, at every level of our government, to do things that will go well beyond four years, or even eight years.

Well, being the overachievers that we are here at the Port, Governor and Lt. Governor, what is being removed from our terminal yard will be gone from Guam forever, not just four years, eight years, or even 16 years... not a single piece of metal taken from these cranes, and debris from the barge will be buried anywhere on Guam. How's that for our commitment to excellence!

I want to recognize our contractor, Mathews Pothen from the Guam Ship Yard. Mat is also our temporary tenant at Hotel Wharf. Temporary! Governor Lou asked us to consider if it'll be feasible to moor Mat's barges at H-Wharf because the Navy required that they be immediately relocated, and if not relocated from the Navy Pier, then Mat's employees will not have base access, which meant that all 130 Guam Shipyard employees could not access the job site on the Navy base. They would, as a matter of consequence, be terminated.

We consulted our Chairman, who is the former Harbor Master, and our current Harbor Master, Chris Flores, and other Port personnel. The Governor was very clear: She wanted to save private-sector jobs! Knowing how important these floating cranes are to both the Navy and Port (today's cutting ceremony is a case in point), we allowed for this temporary situation at H-Wharf because it met the Governor's requirement of being safe, kept Guam Shipyard solvent so their cranes will be available in times of need, and it also generated significant revenue for the Port, revenue that we would have not even realized given the current state of H-wharf.

The Port Users Group, headed by Chairman Joe Cruz, has been very supportive of this project and even asked for safeguards to ensure that the Port would be protected during this project. PUGG members requested that the contract have a performance bond, that the demolition plan be reviewed by our consultant WSP and Engineer Manager Masoud, and that liquidated damages be imposed for any delays.





Our board agreed and adopted these requirements. We issued the multi-step bid, and Mat teamed up with Smithbridge and submitted one proposal. There was only one proposal submitted. Our procurement and evaluation team and legal counsel reviewed this proposal, deemed it responsive and responsible, negotiated the contract for us to present to the board. It met the board's approval and was subsequently adopted by the Public Utilities Commission.

I point all of this out because it takes a lot of administrative work to push through these projects, not to mention the \$2.5M needed to fund this project. It also takes private sector stakeholders to come together and team up and share in the work and in whatever profit is to be made in these projects.

I can tell you that Mat did this to show his commitment to the shipping industry and supply chain. He did this to be a part of the solution to bringing these cranes down by Guam Shipyard and Smithbridge before mother nature took down these cranes and created a problem like what we saw in the Suez Canal.

The area in front of the two gantry cranes will, once again, be revenue-generating. And the area by F-6, once the sunken barge is lifted and the other remaining barge next to it, will also be lifted by Guam Ship Yard at no cost to the Port. This area by F-6 also will be revenue-generating.

More importantly, when these two inoperable cranes come down, it will mean we have space for new cranes. The Governor and Lt Governor have been working hard on making this a reality, but that exciting announcement can be shared once we finalize all the plans and options we are pursuing at their direction, to replace these three existing STS gantry cranes. I will say this could come as early as 2026 for at least one gantry crane, as we are almost ready to issue an IDIQ to purchase gantry cranes.

The Port's Readiness is critical to the Military's Readiness and the entire Indo-Pacific Strategy. And now, more than ever with the global situations in Ukraine and China, the Department of Defense has been very supportive in allocating more resources to our Hospital, the Port, the Airport, and our roads. Even DOD recognizes how successful both the Governor and Lt. Governor have been in bringing these federal resources to Guam to assist with our needs while continuing to serve as America's tip of the spear in our region.

Many things are happening here at the Port and throughout our island. It is only the beginning, and we must stay the course, and we will continue to be Port Strong!

On behalf of our DGMs Dominic and Louie, our management and our staff, I want to thank you for joining us at today's cutting ceremony and also thank you for the support you have given us throughout the years. Si Yu'os ma'ase!

Board Authorizes GM to Seek Legislative Solution to Revenue Bond Issue



The Port Authority of Guam Board of Directors on March 24, 2022 passed a resolution authorizing management to present to the Governor of Guam and 36th Guam Legislature Oversight Committee chairperson a request to introduce proposed legislation to amend Public Law 35-44 relative to projects funded by revenue bonds.

As part of the Port's modernization program, the Port through Public Law 34-70 obtained \$71,445,000 in revenue bonds to finance certain capital improvements and to refinance all or a portion of outstanding loans of the Port Authority. Public Law 35-44 authorized the reprogramming of the Port Authority revenue bond proceeds and amending the capital improvement projects, however the construction cost associated with the repairs exceeded those outlined in Public Laws 34-70 and 35-44 and the engineering cost estimates outlined in the revenue bond mandates obtained back in 2014 are have always been severely underfunded. The Port tried different avenues, but have been unable to move forward with the projects due to the constraints in the law. Today, the Board indicated that they do not want the Port's modernization program to be further delayed nor jeopardized as a result of the legislative funding caps strictly tied to the 2018 Revenue Bond funds outlined in Public Law 34-70 and 35-44 and they adopted Resolution No. 2022-10 which authorizes the General Manager to engage with Guam Economic Development Authority, members of the Guam Legislature, and Governor Leon Guerrero on any possible legislative remedies to remove the funding caps associated with the project created by Public Laws 34-70 and 35-44.

Meanwhile in other Board action, the Board recognized and honored a court decision by former port police officer Eddie Castro putting to end a nine-year legal battle. The General Manager reminded the Board that this was not a settlement, but the enforcement of the court orders. Castro was fired and appealed his termination to the Civil Service Commission and the CSC ruled in favor of Management, but voted to modify Castro's termination into a demotion to a "Guard (unarmed)" position. Former Port management and legal counsel spent years appealing and fighting the case throughout the courts and then on June 24, 2021, the Supreme Court issued its Opinion ruling in favor of Castro. The Supreme Court held that the trial court should have granted the Port's petition only in part, remanding to the CSC for the limited purpose of correcting the appropriate position for Employee's "severest demotion," and thus, vacated the Superior Court's decision upholding the CSC's decision to terminate Castro. Subsequently, the Supreme Court remanded the matter back to the Superior Court for further proceedings consistent with its Opinion and also remanded the matter to the Superior Court to determine attorney fees and costs. On December 23, 2021, the Port Board passed and adopted a resolution which gave the General Manager the authority to enter into a Stipulated Judgment resolving all litigation. Today, the Board passed Resolution No. 2022-09 which agrees to satisfy the judgment with \$208,370.94 in back wages, reinstatement of sick leave hours and annual leave hours owed, reasonable legal fees and to remit to Retirement Fund retirement benefits owed to employee.

Governor and Lt. Governor Surprise General Manager with Award

Governor Lou Leon Guerrero and Lt. Governor Josh Tenorio made a surprise presentation to General Manager Rory J. Respicio during the Mes CHamoru Finale held on Friday, March 25, 2022.

The award was given to honor our General Manager for being the first-ever Port GM to attain his certification as a MARITIME PORT MANAGER (MPM) and MARITIME PORT EXECUTIVE (MPE) by the International Association of Maritime and Port Executives.

The award from the Governor and Lt. Governor of Guam reads: "On behalf of the People of Guam, we congratulate Port Authority of Guam General Manager Rory J. Respicio on becoming the first certified MARITIME PORT MANAGER (MPM) and MARITIME PORT EXECUTIVE (MPE) by the International Association of Maritime and Port Executives.



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Rory J. Respicio became the first Port Authority of Guam General Manager to become a certified Maritime Port Manager (MPM) after graduating from the International Association of Maritime and Port Executives Maritime Port Manager (MPM) Educational Course. The program covered all aspects of the port industry and focused on how port facilities operate as integral intermodal connections in the worldwide transportation industry. His training included a comprehensive look at the fundamentals of port



management as well as the global transportation system. Topics covered in the MPM program included an overview of the transportation industry, current global industry trends, port governance, port finance, port operations, safety and security, and more. The program also included a management case study that applies port fundamentals to a real-world situation. Through his educational training in this course, Respicio received a professional certification as a Maritime Port Manager (MPM) and 16 CEU credits. Additionally, Respicio became the first Port Authority of Guam General Manager to become a certified Maritime Port Executive (MPE) after graduating from the International Association of Maritime and Port Executives Maritime Port Executive (MPE) Educational Course. The MPE Course is the flagship course of the International Association of Maritime and Port Executives and an intensive educational program that covered all aspects of port management in detail, providing Respicio with a deep macro-level understanding of how the port industry fits in the global transportation system, as well as comprehensive knowledge of all the day-to-day functions required for a successful port. In order to be accepted into the Maritime Port Executive program, Respicio graduated from the Maritime Port Manager (MPM) Educational Course. Respicio's training under the Maritime Port Executive (MPE) covered the specifics of how ports and marine terminals fit into communities; waterway, road and rail access; property and risk management; logistics from the shippers' perspective including care, control and custody of cargo and the pricing of transportation services; tariffs and operational documents; business development; public and media relations; and strategic/master/logistics and cargo planning. The program incorporated three case studies and was capped off by a half-day port planning exercise that incorporated all the content discussed in the MPM/MPE program. Through his educational training in this course, Respicio received a professional certification as a Maritime Port Executive (MPE), 4 Academic Credits, and 36 hours of CEU credits."

Congratulations to our General Manager for this prestigious award from the Governor and Lt. Governor and for obtaining his certifications. BIBA!

Port Silibrasion Gupot Chamoru 2022



Every Friday in the month of March the Port employees were treated to an amazing Mes CHamoru event.

Events included presentations on Rosette making (Chamorro Pretzel), Talåya (Net Casting), Kinacha'/ Kinamyon (Coconut Husking/Grating), as well as many sports to include Huegon Bolan Tåsi (Beach Volleyball), Kareran Niyok (Coconut Relay), Bátu, (coin throw), (Båton Mai'es Hoyu) Corn Hole and Huegon Hållan Tåli (Tug Of War).

A big THANK YOU goes out to Ray Santos and Steve Muna along with the Port Authority of Guam Goodwill and Morale Association (PAGGMA) for putting the events together!

During the Mes CHamoru Finale held on Friday, March 25, 2022, the winners of the events were announced. The placement of winners was based on an accumulation of points from all events: 1st- EQMR Maintenance; 2nd- Operations; 3rd- Compliance and Control and GM's office; 4th- Administration.

Meanwhile, Port Authority of Guam Board Member

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Dot Harris gave the opening remarks at the Mes CHamoru Finale held on Friday, March 25, 2022.

The following are Board Member Harris' remarks:

"Hafa Adai Port Strong Family!! We are so excited to be here this morning for Gupot Chamoru 2022! The Huegon Chamoru events in celebration of Guam's heritage and culture have been amazing to watch and I am so proud of all the work you all have done to make this Mes CHamoru month celebration one for the history books!

Today's MES CHAMORU HÅF A DAY BETNES AKTIBIDÅT SIHA promises to be the perfect event to finish of this month-long celebration of our heritage, our people and our Port Strong family!

This event today follows some exciting things happening at our agency including this week's Demolition and Cutting Ceremony. There is so much progress happening at the port and people are always telling me how amazed they are at what the men and women of the Port Authority of Guam can do no matter what the circumstances. I always tell them that what they are seeing is that unwavering Port Strong Spirit. It's here today and we can all feel it. Thank you again for putting together this amazing event and thank you to the Governor and Lt. Governor for always giving us the support and encouragement that we need to continue our Port Strong Progress.

BIBA MES CHAMORU! BIBA PORT FAMILY! BIBA PORT STRONG!"

















Employees from Team Finance participated in AGA Guam Chapter's Toiletries Donation Drive for Sanctuary Incorporated which took place throughout the month of March 2022. Thank you to all those who donated.

Oil Spill at Gregorio D. Perez Marina

During a site inspection by the Commercial Division at the Gregorio D. Perez Marina on March 24, 2022 it was discovered that an oily sheen was located along Dock C and the South West Ramp adjacent to the inner wall where the cargo loading activity is conducted.

Commercial Division then notified the Port's Safety Division and the Port's safety personnel arrived on site to begin containing the sheen with oil pads and booms. The Port also notified the Guam Environmental Protection Agency (GEPA) and they arrived on scene.

Unitek was called on-site due to extent the sheen had spread and they began work to clean the spill. The United States Coast Guard also was notified and responded. The spill was deemed contained and controlled by that afternoon.

Meanwhile, On March 4, 2022, an Annual Inspection was conducted by US Coast Guard on the Port's Security and Facility compliance with the 33 Code of Federal Regulations. During the inspection of the port compound, inspectors found that one fire extinguisher equipment was not properly maintained. Our safety personnel immediately replaced the defective fire extinguisher with a new one. Coast Guard cited no other discrepancies.



Port Employees Celebrate April Birthdays



Cepeda, Frank S.N.
Cruz, Joseph P.
Duenas, Gerard M.
Akima, Rodney F.
Leon Guerrero, Vincent Q.
Leon Guerrero, John L.
Candoleta, Justin A.
Pinaula, Joseph P.
Guerrero, Jerome Peter P.

Chargualaf, Edward Q.
Siatan, Julie Aida Y.
Guerrero, Peterson F.
Topasna, Loretta Lynn T.
Muna, Steven P.
Gutierrez, Iremar C.
Untalan, David John, D.
Salas, Peter A.
Flores, Roy Jr.

Aquiningoc, Joey Q.
Buenviaje, Antonio C.P.
Respicio, Rory J.
Perez, Jared N.C.
Khalaj-Teimoury, Masoud
Brillante, Michele Snaer
Alvarez, Kyle S.
Tajalle, Geraldo E.
Palero, Ira Marie P.