

PORT AUTHORITY OF GUAM

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NEWS RELEASE

Port moves forward on critical fuel infrastructure with Public-Private Partnership Initiative

Piti, Guam, September 26, 2024: In a major step toward improving the resiliency and capacity of Guam's fuel supply operations, the Board of Directors of the Jose D. Leon Guerrero Commercial Port Authority of Guam voted today in favor of issuing a procurement solicitation for a Public-Private Partnership.

The Port Authority of Guam's Board of Directors passed Resolution No. 2024-13 today, authorizing the General Manager to pursue a public-private partnership for the management, operation, and maintenance of the Golf Fuel Pier, Foxtrot Fuel Pier 1, and Area A Fuel Tank Farm. This move addresses the critical infrastructure needs of these facilities after damage from Typhoon Mawar and aims to improve Guam's fuel supply chain resilience.

General Manager Rory J. Respicio emphasized the critical nature of the board's decision, stating, "This partnership is a pivotal step in securing Guam's fuel infrastructure for both civilian and military needs. With the extensive damage to our piers and the growing demand for fuel, a public-private collaboration is not just a practical solution—it is an essential investment in our island's future resilience and security. Plus, it just makes sense because the Port is currently not in the fuel business, and we have two fuel piers and a fuel storage tank farm in dire need of replacement. The revenue from these fuel piers versus the capital investment required is a practical consideration that needs to be top of mind for anyone involved in the development and approval of this public-private partnership."

The resolution also ensures that the Port retains full ownership of its fuel facilities before, during, and after the partnership. While the private sector will be involved in managing, operating, and maintaining these assets, control over these critical facilities will always remain with the Port. This guarantees that public ownership of Guam's vital infrastructure is preserved, even as the partnership brings private sector expertise and resources.

Respicio further highlighted the alignment of the project with national defense priorities, particularly as Guam plays a vital role in regional military readiness. "We are taking a proactive approach to ensuring that Guam's infrastructure remains strong, and this partnership will bring much-needed expertise and capital for long-term success," he said.

The resolution outlines a procurement solicitation for the partnership, focusing on day-to-day operations, safety, environmental compliance, and capital improvements. It ensures that the Port retains full ownership of its fuel facilities while benefiting from private sector efficiencies.

This resolution aligns with the Port's strategic plan to address infrastructure vulnerabilities, especially following significant damage to the piers from Typhoon Mawar. With the port serving as a critical hub for fuel transshipment across Guam and the wider Micronesian region, upgrading and maintaining these assets is vital to both local needs and military readiness within the Indo-Pacific region.

The resolution further provides that the Port Authority's Board and management will continue collaborating with federal agencies, including FEMA, to resolve cost estimate discrepancies, secure the necessary funding, and ensure the continuity of fuel operations during the repair and restoration of critical infrastructure. Respicio expressed his confidence in the Board's decision, stating, "This Public-Private Partnership ensures the long-term sustainability of our critical fuel infrastructure while maintaining public ownership of these assets. By leveraging private sector resources and expertise, we can more efficiently manage repairs, make necessary upgrades, and increase our resilience in the face of future disruptions."

In other news from today's meeting, the Board passed several additional resolutions. Resolution No. 2024-11 honors the life and service of Port Authority employee Reed K. Topasna, extending the Board's heartfelt sympathy and condolences to his family. Resolution No. 2024-12 authorizes the General Manager to oversee the disposal of excess supplies and surplus equipment in compliance with 5 GCA, Chapter 5, Section 5404. Resolution No. 2024-14 holds in abeyance the merger of the Operations and Equipment Maintenance divisions, amends the position of Operations and Equipment Maintenance Manager, and addresses the impact of the realignment on the organizational structure. The Board also approved an amendment to Board Policy Memorandum No. 2018-01 regarding working capital reserves for Operations and Maintenance.