

# PORT AUTHORITY OF GUAM

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## NEWS RELEASE

### Port Pleased with Outcome of Informational Hearing

**Piti, Guam, January 25, 2021:** The Port Authority of Guam general manager said he is pleased with the outcome of today's legislative Informational Hearing which highlighted the success of the agency and the work the employees have done to keep the seaport 100% operational during the pandemic.

The virtual public hearing was held at 3pm today by the Committee on Education and Infrastructural Advancement, Border Protection and Maritime Transportation, Guåhan Preservation and Self-Determination, and Federal and Foreign Relations.

"Committee Chair Senator Telen Cruz Nelson and Vice-Chair Senator Mary Camacho Torres were very receptive to our presentation and we thank them for giving us the opportunity to showcase everything the Port employees have been able to accomplish under the Leon Guerrero Tenorio Administration and our current Board of Directors," said Port General Manager Rory J. Respicio. Committee members had positive reactions and words for the Port and all the employees during the hearing. Committee Chair Senator Nelson thanked the employees for their dedication to the people of Guam and for staying 100 percent operational through the pandemic. Vice-Chair Senator Torres, who also is a previous Port general manager, expressed her love and concern for the employees and indicated she was pleased with all of the Port's accomplishments. Senator Joe S. San Agustin had a message to all Port Authority of Guam employees. "Stay strong," he said.

#### ***Significant Milestones (January 2019 to present)***

Respicio reported to senators the significant milestones and accomplishments the agency has achieved since January 2019. "The former general manager neglected to address numerous critical issues facing the agency and we immediately got to work to address and fix the mess left behind by the previous management team," Respicio said.

- **Averting the Loss of Port Insurance:** Averted the potential cancellation action by the insurance carriers to cancel the Port's insurance coverage if payment of premiums were not made.
- **Averting the Loss of \$10M TIGER Grant on the Rehabilitation of Hotel Wharf:** Submitted the environmental plan of action to MARAD and prevented the risk of Port losing the \$10 million TIGER grant.
- **Revenue Bond Legislation and Projects:** Amended prior legislation to increase the Port's share of TIGER grant; construct an annex building, repair of the waterfront facilities, install a connectivity fuel line connecting Golf Pier and F-1 and upgrade the Port's information

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technology system and integrate the terminal operating and financial management systems. A&E design and consulting services were awarded in 2020 for the first four projects: 1) structural repairs for Golf Pier, 2) repair and expansion of EQMR Building, 3) repair of Warehouse 1, and 4) replacement and relocation of waterlines in terminal facilities.

- **Negotiated Union Contract within 100 Days:** The union contract was approved by the Board on July 30, 2019 after being stalled by previous management in 2013.
- **Stabilizing Operations & Maintenance Employee Work Schedule:** Implemented a new work schedule of 8 hours for employees in day and night shifts—resulting in 14.6% decrease in overtime costs.
- **Procurement Delegation:** After 14 years of losing its procurement delegation, the Chief Procurement Officer restored the full delegation of procurement authority in May 2020.
- **2020 Port Master Plan Update:** Collaborative efforts between the Port and the Governor's Office resulted in the award of \$1.6 million from the Office of Economic Adjustment (OEA) to update the Port's 2013 Master Plan.
- **Guam Customs Inspection Facility:** Area within Cabras Island agreed upon to construct a customs inspection facility. This happened in the first 30 days.
- **Golf Pier Management Agreement and Area A:** Amended the management agreement to remove Area A under the operation of the Manager.
- **Training:** Port ensured that employees possess the necessary certifications as mandated by federal OSHA, U.S. Department of Transportation and U.S. Coast Guard after years of such certifications being expired.
- **Port Finances:** Turned around the finances from a loss of \$103,000 in Fiscal Year 2018 to earning nearly \$7.5 million for Fiscal Year 2019. Despite the pandemic, the Port posted a projected income of \$4.1 million for Fiscal Year 2020.
- **Income Statement & Fiscal Year 2018 Budget:** In 2019, through austerity measures, the Port realized a positive net income of \$3.5 million irrespective despite the fact the FY 2018 Budget did not include the cost of the 2018 compensation plan, expenditures incurred during the preparation and post operations of Typhoons Yutu and Wutip and OSHA certification inspections, and past liabilities.
- **Removal of Port's Inoperable Assets:** Since 2016, the Port has attempted to remove inoperable assets from its facilities to accommodate the military build-up peak but to no avail. We expect an award to occur this first quarter of this year to remove the assets.
- **Organizational Structure:** Rescinded the May 30, 2018 prior Board action reverting Finance Division to its original structure and reflecting the Financial Affairs Controller as the head of the division.
- **Crane Surcharge Reserve Account:** Established a crane surcharge reserve interest bearing account which allowed the Port to obtain an estimated increase in earnings of about \$60,000.
- **Facility Maintenance Fee Investment Account:** Opened an interest bearing account which revenues deposited will accrue a higher interest income similar to the crane surcharge reserve account.
- **Policies:** Added onto the approved list of holidays for no vessel operations—Labor Day—to recognize the value of employees and their contributions they made to the strength, prosperity and well-being to the island. Reinstated the Board's policy on salary increment sub-steps for educational achievements, training certifications and licenses which was arbitrarily stopped by prior management.
- **Interpersonal Relationships:** Established a mutual trust and understanding with Port customers, federal and local stakeholders and employees, which resulted in cargo operation productivity increasing and regular participative discussions affecting the Port and its users being held.
- **Legal Services:** Entered into a memorandum of understanding with the Attorney General on assigning an attorney to the Port to review the procurement solicitation packages. In

December, an attorney accepted the Port's offer for employment as its in-house counsel, who will be reviewing business development matters that have been on hold for the last 10 years and assisting in the review of procurement related issues.

- **Port's Compensation and Classification Plan:** Developed and implemented the Key performance indicators and work performance appraisal system, which were held in abeyance since 2013 by former management. The new evaluation system will be used for Fiscal Year 2021.

### ***Ongoing Projects***

Meanwhile, Respicio also gave senators an update on ongoing projects including the Port/PUGG/Customs collaboration on systems integration, Tariff Simplification, Gantry Crane Purchase, Micronesian Cruise Ship Development, Recycling Enterprise Zone and Leases.

### ***Port 2020 Masterplan Update***

Discussion also centered on the Port 2020 Masterplan Update which will assist the Port in defining its near-term and long-term approach to modernization while maintaining fiscally sustainable operations and promoting increased awareness and consensus on its approach among all affected stakeholders and the rate payers of Guam.

### ***PAG Organizational Climate Survey***

General Manager Respicio also showed senators the results of the Port's 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.

### ***The Port in the Pandemic***

Senators this afternoon also got to hear about the Port Strong Spirit and the willpower and strength of the Port employees to always persevere in times of crisis. General Manager Respicio reminded lawmakers that each and every employee of the Port has worked tirelessly since the Pandemic began to remain 100 percent operational to ensure that the flow of goods and supplies into our community was not interrupted. He told the oversight committee about the support the agency received from Governor Lou Leon Guerrero and Lt. Governor Josh Tenorio to stand up the Port Clinic which has had more than 44,000 visits by employees, tenants and customers. The general manager also told those in attendance at the beginning of this crisis, the Port sprang into action to take every step possible to protect the employees, tenants and the people of Guam. Besides the Port Clinic, the agency even established their own Port Contact Tracing Team with the members volunteering to take on additional duties and becoming nationally certified. Their work helped to ease some of the burdens placed on the Department of Public Health and Social Services by conducting their own contact tracing, making arrangements for testing and keeping the employees updated and informed through the consistent circulation of the Port E-Advisories. Despite the real and present threat COVID-19 posed on the Port's operations, to

include the loss of a front liner and COVID-19 warrior Henry San Nicolas, all of the Port divisions remained open throughout this pandemic.

“We are not resting on those accomplishments and in the true Port Strong Spirit, our work for the people of Guam continues at the seaport,” Respicio said.

Following the presentation discussion began on the Port’s Drug Free Workplace Policy. The hearing will continue at 9am on February 2, 2021.

***Photo Cutlines: Many employees of the Port Authority of Guam watched the live broadcast of the Guam Legislature’s Informational Hearing this afternoon focusing on their agency.***