

PORT AUTHORITY OF GUAM

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NEWS RELEASE

Virtual Port Week Celebration Begins Tomorrow

Piti, Guam, October 17, 2021: The Jose D. Leon Guerrero Commercial Port of Guam is celebrating its 46th anniversary this week and will hold a series of virtual events starting tomorrow.

The first event begins tomorrow morning with a virtual opening ceremony, consisting of a flag-raising ceremony followed by a parade of trucks, proclamation signing by Gov. Lou Leon Guerrero and Lt. Gov. Josh Tenorio, and resolution presentation by the Guam Legislature. The entire opening ceremony can be viewed live on the Governor's Facebook page as well as on the Port's Facebook page.

"As we celebrate 46 years as an autonomous agency, we recognize the backbone of this agency - the employees who work around the clock to keep goods and supplies flowing from our docks to the community and the accomplishments we've made this past year as a team," said Port General Manager Rory J. Respicio. "Now, more than ever, we can see why the Port employees are proudly recognized as 'Port Strong.' As the lifeline to Guam's economy and the neighboring region, the Port has remained 100% operational in spite of the struggles brought about by the global pandemic."

Events for Port Week 2021 also include a Virtual Employee Awards Ceremony, a Virtual Tribute to our fallen COVID hero Henry San Nicolas, and a series of video premieres celebrating the Port and the men and women behind the Jose D. Leon Guerrero Commercial Seaport. The virtual events can all be seen on the Port's Facebook and YouTube pages as well as the agency's Port Week 2021 Website Page at portofguam.com/news/port-week-2021.

Background on the Jose D. Leon Guerrero Commercial Port

On October 31, 1975, the Commercial Port of Guam was established as a public corporation and autonomous instrumentality naming it the Port Authority of Guam. This year marks the 46th anniversary, with a total of 368 employees committed to ensuring the uninterrupted flow of commerce through its wharves. The PAG operates the largest U.S. deep water port in the region and currently handles approximately 2 million tons of cargo a year. More than 90 percent of the island's goods and supplies pass over the port's docks and approximately 30 percent of the total cargo is military related and forecasted to increase due to the buildup. These sustained activities account for millions of dollars in commodities flowing into Guam's economy and connecting island residents with global products.

Celebrating this year's successes of the Jose D. Leon Guerrero Commercial Port

COVID

From the onset of the global COVID-19 pandemic, the Port Authority has remained 100% fully operational as a critical agency, recognizing the vital role it plays in delivering goods and supplies to the island community. Swift and aggressive measures were put in place to mitigate the spread of the virus within the Port compound and educating employees of the Center for Disease Control and Prevention (CDC) Coronavirus-related safety practices for Critical Infrastructure Workers through the consistent issuance of Port E-Advisories. The Port Clinic was immediately stood up in March 2020 and to date 55,555 employees, tenants and port users have visited the clinic. The agency 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. The Port Authority hosted two successful Vaccination Clinics in coordination with the Guam National Guard and the Department of Public Health and Social Services with almost 200 employees, family members, Port tenants and users receiving their first or second dose of the vaccine. Nineteen months and 33 positive cases later, the Port has refined its response to COVID-19 and has remained 100% operational throughout the global crisis. The Port Family continues to mourn the loss of our brother +Henry San Nicolas, who is a frontline hero and COVID warrior and for the other COVID-related deaths here on Guam and throughout the world.

FINANCES

The Port has turned around its 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 reported an income of \$4.1 million for Fiscal Year 2020, projected \$2.3 million for Fiscal Year 2021 and continues to focus on financial discipline along with realistic spending plans while identifying new opportunities to begin a very aggressive yard equipment acquisition and replacement program. For the second consecutive year, PAG achieved the designation as a Low-Risk Auditee during the annual financial audit, which revealed a clean audit with no deficiencies. Independent auditors Deloitte and Touch, LLP rendered clean opinions of PAG's FY 2020 financial statements and compliance over major federal programs. In addition, no material weaknesses and significant deficiencies in internal controls were identified by the auditors.

Moody's Investors Service raised PAG's bond rating of Baa2 negative in May 2020 to Baa2 stable in April 2021 pointing to low leverage, strong liquidity and primarily due to the Port remaining 100% operational during the global pandemic, along

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with the stability of cargo handled and management demonstrating sound fiscal control.

S&P Global Ratings also upgraded its outlook for the Port Authority of Guam to stable from negative and affirmed its 'A' long-term rating on the agency's outstanding series 2018 Port Revenue Bonds.

PAG received the first ever local and national award for transparency and accountability. For FY 2020, the Association of Government Accountants Guam Chapter (AGA) presented PAG with the First Place Platinum "Excellence in Citizen-Centric Reporting Award" and also presented the "Accountability and Transparency in Citizen-Centric Reporting Award." These national and local recognitions are first-time awards for the Port Authority of Guam.

The Port has upgraded its financial management system from JD Edwards to Enterprise I, a significant accomplishment which has not been done in the past 20 years. PAG anticipates the ultimate benefits of better financial capabilities, better security, better features and functionalities, better efficiency with business processes and greater reliability with the new system.

PORT MODERNIZATION PROGRAM/PORT MASTER PLAN UPDATE

We continued 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. One of the milestone achievements 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.

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.

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.

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):** kickoff of a fuel pipeline connectivity project 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. USEPA's DERA program funds grants and rebates to jurisdictions 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
- **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

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GUAM CUSTOMS INSPECTION FACILITY

The Port worked closely with Customs 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 Port to Customs and Department of Public Works on the clearing of 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) allowed Customs to conduct their privacy operations inside the facility and (2) mandated the use of the Department of Public Works' weigh stations by the truckers.

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-GNM1) This Route Designation will allow 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.

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.