

BOARD OF DIRECTORS

*Francisco G. Santos, Chairman
Nathan T. Taimanglo, Vice Chairman
Isa Marie C. Koki, Board Secretary
Dorothy P. Harris, Member*



Resolution No. 2021-11

RELATIVE TO AUTHORIZING THE GENERAL MANAGER TO PROCEED WITH THE PROCUREMENT ACQUISITION OF AT LEAST TWO (2) SHIP-TO-SHORE (STS) GANTRY CRANES UPON IDENTIFICATION OF THE FUNDING SOURCE SUBJECT TO PROCUREMENT AND PUBLIC UTILITIES STATUTORY REQUIREMENTS

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE PORT AUTHORITY OF GUAM:

WHEREAS, Public Law 30-57 mandated the Port Authority of Guam to purchase or lease to own two (2) Ship-to-Shore (STS) cranes by December 31, 2012; and

WHEREAS, Public Law 31-145 authorized the Port to enter into negotiations for the acquisition of the Port of Los Angeles (POLA) cranes and Gantry 3 with Matson Navigation and Horizon Lines; and

WHEREAS, on December 11, 2012, Guam Public Utilities Commission (PUC) approved the sales agreement and interim maintenance agreement related to the Port’s purchase of the POLA cranes owned by Matson and Horizon; and

WHEREAS, on December 11, 2012, PUC ordered the Port to establish a crane surcharge fee to support the acquisition price, loan financing, insurance, operation, crane accessories and upgrades, implementation of a sustainable structured maintenance program (including parts room and spare parts inventory), and implementation of a long term asset retirement, replacement and casualty management reserve; and

WHEREAS, in 2012 and 2016, PUC Consultants conducted an analysis and found that replacement for Gantry 3 and POLA cranes were as follows; and

Crane	2012 Analysis		2016 Analysis	
	Replacement Date	Cost (\$M)	Replacement Date	Cost (\$M)
Gantry 3	2031	\$13.86	2018	\$8.12
POLA 4	2025	\$10.53	2028 – 2029	\$11.3
POLA 5	2025	\$11.54	2029	\$11.7
POLA 6	2028	\$12.65	2030 – 2031	\$12.3

WHEREAS, based on the 2016 analysis, Gantry 3 has been out of service due to deteriorating conditions caused by poor maintenance practices and the former Port management’s determination that it is not repairable; and

WHEREAS, based on the above schedule, Gantry 3 was being proposed for replacement approximately 13 years ahead of estimates and cost estimate for replacement was at \$8.1 million; and

WHEREAS, the analysis showed POLA Cranes 4, 5 and 6 were experiencing accelerated deterioration because of the Port’s location which the equipment is facing a natural salty corrosive environment caused by the ocean combined with the high-sulfur diesel exhaust fumes from the adjacent Guam Power Plants and were in urgent need for maintenance work to ensure that they continue to operate a desired service levels and not degrade further until it has been replaced; and

WHEREAS, based on a recent assessment conducted by the Port’s Owner Agent Engineer this year, they found there is a dire need to replace of the POLA cranes because of its age of the cranes—originally built in 1983/1984 which was nearly 40 years old and although they were refurbished in 2009, they are reaching the end of that expected service life and would need to be replaced by 2024 instead of 2029 or 2031 as notated in the above schedule; and

WHEREAS, as part of the 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; and

WHEREAS, the 35th Guam Legislature unanimously agreed that an amendment to Public Law 34-70 would allow for the reprogramming of such revenue bond proceeds needed to address the deficiencies of the Port’s revenue-generating facilities and all remaining balances, if any, shall be allocated to provide for supplemental funding for the procurement of a new gantry crane; and

Relative to authorizing the General Manager to proceed with the procurement acquisition of at least two (2) Ship-to-Shore (STS) gantry cranes upon identification of the funding source subject to procurement and Public Utilities statutory requirements.

WHEREAS, because of the criticality and importance of the Port of Guam as the lifeline to sustained economic and DOD military buildup construction activities on Guam, Governor Lou Leon Guerrero has made the acquisition of new Ship-to-Shore (STS) gantry cranes to replace the Port's aging fleet one of her top priorities; and

WHEREAS, in 2020, the Port submitted a grant application to U.S. Department of Transportation Maritime Administration (MARAD) for acquisition of two (2) Ship-to-Shore (STS) Gantry Cranes but was unsuccessful due to the Port not meeting the stringent Buy American Act requirement of the MARAD program because there were no gantry crane manufactures in the United States and although the Port submitted a robust application, it did not make it to the final review; and

WHEREAS, the Port submitted 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 has developed a loan application to the U.S. Department of Agriculture for one (1) STS gantry crane as a back-up to its EDA application; and

WHEREAS, the Port is hopeful that the gantry crane applications will be favorably considered for its importance to not only Guam but also to the entire remotely isolated islands in the Marianas and Pacific Micronesian region that serves close to half a million people; and

WHEREAS, in 2020 Guam, along with the rest of the world, has been hit hard by the COVID-19 Pandemic, wreaking havoc on everything from education and tourism and in the midst of economic struggles caused by the logistical nightmare of a public health crisis, the Board of Directors recognize the last thing an isolated island community needs is a shortage of goods to compound the issue because of unreliable functioning equipment; and

WHEREAS, the Port has actively engaged with its Owner-Agent Engineer consultants in developing the crane specifications to prepare for procurement issuance to acquire, fabricate and install an STS gantry crane in the event funding is available; and

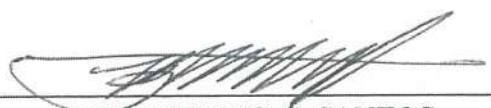
WHEREAS, because the STS gantry cranes are fabricated and assembled at the manufacturing facility located in the Asian countries and upon completion of assembly and testing, it is loaded onto a cargo ship and delivered to Guam and if the Port is to order the equipment in January 2022, it is expected to be installed on the Port piers by at least October 2023—approximately 1 year and 10 months, which such timeline does not include the procurement process, which could be another 10 months—bringing the total procurement process to 2 years and 8 months—which delivery on Port's piers may be October 2024; and

WHEREAS, the Board of Directors fully understands the dire need to replace at least two (2) STS gantry cranes and the procurement timeline to acquire such cranes to ensure that all businesses, residents and neighboring islands will not lose access to essential goods and will always have what they need to operate and survive; now therefore be it

RESOLVED, the Board of Directors authorize the General Manager to proceed with the procurement acquisition to fabricate, assembly and delivery at least two (2) STS gantry crane once funding has been identified, subjected to procurement and Public Utilities statutory requirements; and be it further

RESOLVED, the Chairman certify to, and the Secretary attest to, the adoption hereof and that copies of the same be transmitted to Governor Lou Leon Guerrero, Lt. Governor Joshua Tenorio, Speaker Therese Terlaje of the 36th Guam Legislature, and Port's Legislative Oversight Senator Telena Nelson of the 36th Guam Legislature.

PASSED AND ADOPTED UNANIMOUSLY BY THE BOARD OF DIRECTORS THIS 22nd DAY OF SEPTEMBER, 2021.


FRANCISCO G. SANTOS
CHAIRMAN, BOARD OF DIRECTORS
PORT AUTHORITY OF GUAM


ISA MARIE C. KOKI
SECRETARY, BOARD OF DIRECTORS
PORT AUTHORITY OF GUAM

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