

BOARD OF DIRECTORS

Dorothy P. Harris, Chairperson

Conchita S.N. Taitano, Vice Chairperson

Fe R. Valencia-Ovalles, Board Secretary

Mark B. Mendiola, Board Member



Resolution No. 2025-25

RELATIVE TO APPROVING UPDATED LEASE RATES FOR PORT AUTHORITY OF GUAM TENANTS BASED ON CERTIFIED APPRAISALS AND STATUTORY COMPLIANCE WITH PUBLIC LAW 30-19, AND AFFIRMING THAT SUCH ADJUSTMENTS DO NOT REQUIRE REVIEW BY THE PUBLIC UTILITIES COMMISSION.

BE IT RESOLVED BY BOARD OF DIRECTORS OF THE JOSE D. LEON GUERRERO COMMERCIAL PORT:

WHEREAS, Public Law 30-19 requires the Port Authority of Guam to assess the value of its properties at least once every three years and to set lease rates at either ten percent above the current rate or at the appraised value, whichever is greater; and

WHEREAS, the Milo Appraisal Group submitted certified appraisals for various Port lease areas, including open space parcels, the trucker's lot, rooftop telecommunications sites, and office and warehouse facilities; and

WHEREAS, the Port's Commercial Division, in consultation with the Chief Financial Officer and General Accounting Supervisor, conducted a revenue impact analysis confirming that the proposed lease adjustments comply with Public Law 30-19 and reflect fair market value; and

WHEREAS, the Milo Appraisal Group's analysis identified that the trucker's lot functions differently from other open space areas due to its intensive and high-turnover use as a chassis staging area; and

WHEREAS, to account for this distinction, the appraisal recommended replacing the square-foot billing model with an activity-based rate of \$300 per chassis per month, which reflects a more accurate and equitable valuation of the space; and

WHEREAS, this revised billing structure results in an effective rate of approximately \$1.07 per square foot, a 94 percent increase from the current \$0.56 rate, providing greater billing transparency and alignment with actual usage while protecting the Port's asset value; and

WHEREAS, the Port concurs with this activity-based approach for the trucker's lot and agrees it better reflects operational realities, tenant fairness, and statutory compliance, as it charges tenants based on the actual number of chassis stored rather than a fixed land area, ensuring that those with fewer units are not overpaying, and those with higher volume are paying in proportion to their operational footprint; and

WHEREAS, for general open space parcels, the Milo Appraisal Group determined that market conditions support a ten percent increase, but not more, with higher rates risking tenant displacement and breaching market tolerance; and

WHEREAS, the Port will adopt a flat ten percent increase for open space lease parcels, raising the rate from \$0.56 to \$0.62 per square foot in accordance with the statutory minimum and market alignment; and

WHEREAS, the appraisal also provided updated recommendations for telecommunications leases, including both rooftop and ground-mounted antenna sites; and

WHEREAS, the Port currently leases only small rooftop antenna space at \$500 per unit, but the appraisal recommends an increase to \$1,000 to reflect market value; and

WHEREAS, for categories not currently leased, the appraisal recommends adjustments as follows: large rooftop sites from \$750 to \$1,000, and ground-mounted sites from \$1,000 to \$1,250 per unit; and

WHEREAS, these adjustments ensure telecommunications tenants are billed consistent with market-based appraisals and that all infrastructure-use leases comply with statutory requirements; and



WHEREAS, the Milo Appraisal Group also reviewed current rates for office and warehouse leases, with the current office rate at \$1.97 and the warehouse rate at \$0.92 per square foot; and

WHEREAS, although the appraised office rate (\$1.67) is lower than current and the warehouse rate (\$0.95) is only marginally higher, neither meets the threshold for adjustment based solely on appraisal; and

WHEREAS, Public Law 30-19 still requires lease rates to be adjusted by at least ten percent every three years unless the appraised value is higher, and the Port will therefore apply a uniform ten percent increase to all office and warehouse leases, bringing them to \$2.17 and \$1.01 per square foot respectively; and

WHEREAS, the Port's internal review, conducted by the Commercial and Finance Divisions, the General Manager, and the staff attorney, supports the adoption of the following lease rate adjustments:

1. Open Space: Increase from \$0.56 to \$0.62 per square foot (ten percent increase);
2. Trucker's Lot: Adopt an activity-based rate of \$300 per chassis per month in place of square-footage billing;
3. Telecommunications: Update small rooftop rates from \$500 to \$1,000 per unit, and adopt new rates for large rooftop (\$1,000) and ground-mounted (\$1,250) antenna sites;
4. Office and Warehouse: Apply a ten percent increase, raising office rates to \$2.17 and warehouse rates to \$1.01 per square foot; and

WHEREAS, these changes are projected to increase annual lease revenue by approximately twenty percent, from \$575,217.53 to \$685,648.85, and establish a cadence for the Port and its tenants to ensure lease values are reviewed and updated consistently and responsibly, using either certified appraisals or the statutory formula; and

WHEREAS, the Port affirms that Public Law 30-19 applies to lease agreements that are: (1) subject to renewal, (2) operating under holdover provisions, or (3) structured with periodic rate reviews; and does not apply to fixed-term leases with locked rates and durations, except upon expiration or renegotiation of said agreements; and

WHEREAS, the Board affirms that these lease rate adjustments are governed by Public Law 30-19 and are not subject to review by the Guam Public Utilities Commission under Public Law 30-52, as they do not involve tariffed services or result in a reduction of regulated revenues; and

WHEREAS, Public Law 30-19 requires that the Port Authority of Guam publish the terms of any lease and use rate adjustments applied under the statute within sixty (60) days of execution in a newspaper of general circulation, to ensure transparency and public accountability in the management of public lands;

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of the Port Authority of Guam hereby:

1. Approves the finalized lease rate appraisals submitted by Milo Appraisal Group for open space, office, warehouse, telecommunications, and the trucker's lot;
2. Adopts the following as the Port's official lease rate schedule, effective upon completion of the tenant notice process:
 - Open Space: \$0.62 per square foot;
 - Trucker's Lot: \$300 per chassis per month;
 - Office: \$2.17 per square foot;
 - Warehouse: \$1.01 per square foot;
 - Telecommunications:
 - Rooftop antenna (small or large): \$1,000 per unit
 - Ground-mounted antenna: \$1,250 per unit



3. Affirms that these adjustments comply with Public Law 30-19 and are not subject to review or approval by the Guam Public Utilities Commission;
4. Authorizes the General Manager to:
 - Finalize and maintain all supporting appraisal records;
 - Issue required written notices to affected tenants;
 - Coordinate legal review and execution of updated lease agreements; and

BE IT FURTHER RESOLVED, that the Port shall apply the provisions of Public Law 30-19 at the time of lease renewal, expiration, or renegotiation for fixed-term leases, and will not apply mid-term rate adjustments unless explicitly provided for in the lease agreement; and

BE IT FURTHER RESOLVED, that the Board of Directors of the Port Authority of Guam affirms that the adoption of updated lease rates for open space, the trucker's lot, telecommunications sites, office space, and warehouse facilities is governed solely by Public Law 30-19 and does not require review or approval by the Guam Public Utilities Commission, as these leases do not involve tariffed services, do not reduce regulated revenues, and have historically not been subject to PUC jurisdiction or oversight; and

BE IT FURTHER RESOLVED, that the Board of Directors of the Port Authority of Guam directs the General Manager to ensure compliance with Public Law 30-19 by publishing the terms of all lease and use rate adjustments in a newspaper of general circulation within sixty (60) days of execution, as required by law; and

BE IT FURTHER RESOLVED, that the Board affirms these lease rate adjustments protect the Port's public assets, ensure transparency and consistency in lease administration, and secure long-term revenue sustainability through compliance with certified market data and statutory requirements; and

BE IT FURTHER RESOLVED, that the Chairperson certify to, and the Secretary attest to, the adoption hereof.

**PASSED AND ADOPTED UNANIMOUSLY BY THE BOARD OF
DIRECTORS THIS 14th DAY OF JULY, 2025.**

DOROTHY P. HARRIS
Chairperson, Board of Directors
Port Authority of Guam

FE R. VALENCIA-OVALLES
Secretary, Board of Directors
Port Authority of Guam

