Consulting Report

Regarding

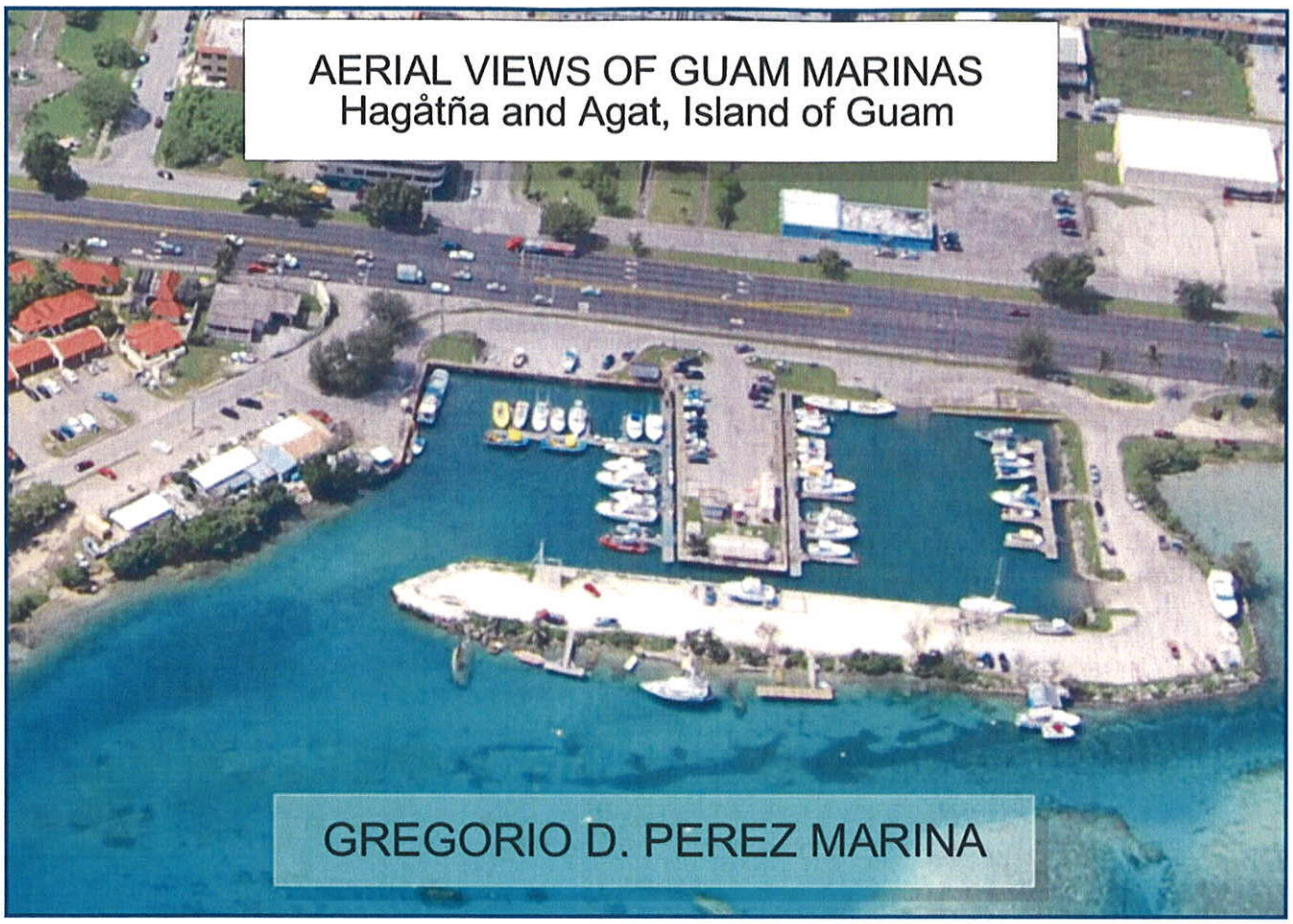
Analysis of Alternate Management Regimes Gregorio D. Perez Marina and Agat Marina Island of Guam, USA

For

Port Authority of Guam
Piti, Guam

May 2011

AERIAL VIEWS OF GUAM MARINAS
Hagåtña and Agat, Island of Guam



GREGORIO D. PEREZ MARINA

AGAT MARINA

May 26, 2011

Mr. Pedro A. Leon Guerrero
General Manager
Port Authority of Guam
Jose D. Leon Guerrero Commercial Port
1026 Cabras Highway, Suite 201
Piti, Guam 96915

Dear Mr. Leon Guerrero:

Subject: Consulting Report Regarding Analysis of Alternate Management Regimes for the Gregorio D. Perez and Agat Marinas, Island of Guam, United States of America

In response to your request, we have completed this Consulting Report regarding an Analysis of Alternate Management Regimes for the Gregorio D. Perez and Agat Marinas, Island of Guam. Under Government of Guam ownership, the Port Authority of Guam ("PAG") controls the Gregorio D. Perez and Agat Marinas. PAG's core business is to oversee the Guam Commercial Port, which provides the people of Guam with ocean commerce, shipping, recreational and commercial boating as well as sea vessel navigation. PAG provides a critical role with a reported 90 percent of the day-to-day goods and supplies consumed by Guam residents passing through the Port. Control of Guam's marinas was transferred to PAG in 1984, partially because of its expertise in managing harbors, ship docking and implementing harbor safety.

Guam's marinas provide a gateway to the island's vast oceanic resources. The marinas support Guam's boater population, which reportedly includes over 300 offshore subsistence, recreational and commercial fisherman and boaters. The marinas are also critical to Guam's visitor industry, with estimates of more than 250,000 visitors annually using the marinas. For many years, Guam's marinas have suffered from neglect and both marinas are in overall poor condition. However, most recently, marina-related concerns are being addressed and major repair work has recently commenced. Considering the importance of focusing on its core mission and other factors, PAG is studying the viability of alternate management regimes for the marinas.

The Port Authority of Guam recently retained Captain, Hutapea & Associates, Inc. to complete this analysis of alternate management regimes for Guam's marinas. Our assignment was to prepare a Consulting Report including an analysis of alternate management regimes for Guam's marinas. The function of this consulting report is to provide informed market based analyses and conclusions, in addition to relevant supporting data, upon which internal, marina management-related decisions may be based. The intended users of our report include the client, its authorized representatives and any auditors or regulators that may be involved with oversight. This report is subject to the Assumptions and Limiting Conditions contained in a following section. The effective date of this consulting assignment is May 15, 2011. Our analyses included a detailed study of the following management regime options.

Version	Alternate Management Regimes
1	Public Sector Operation (As-is)
2	Public Sector Operation (As-improved)
3	Privatization
4	Joint Public-Private Partnership

The Public Sector option reflects maintaining PAG or other government agency control. Our analyses indicate that PAG remains the best Government of Guam agency to control the marinas. PAG includes trained, experienced staff, internal systems and good relationships with critical local and federal government agencies whose support is critical to the long-term success of Guam's marinas. We completed Public Sector Operation analyses under as-is (no change) and as-improved scenarios. The Privatization model assumes a complete transfer to a private entity. The joint Public-Private Partnership option was analyzed considering both for-profit and community based not-for-profit partnership scenarios.

For each management structure analyzed, we reviewed the status of marketing, and indentified present and potential market sectors. We identified potential new services, amenities and facilities. We reviewed marina recommended operational policies and procedures as well as financial programs. Our financial program analysis included a detailed cash flow projection including public subsidy (operational loss on cash flow, exclusive of CAPEX) requirements and identification of alternate funding sources as previously detailed herein.

Based on our research and analyses completed herein, we recommend that the client pursue a combination of alternate management regimes including Public Sector As-Improved in the near term, with a mid-term transition to Public-Private Partnership. Although the Public-Private Partnership allows for a combination of public and private sector strengths, our analyses suggest that such a partnership should be explored after internal management changes are implemented. A phased process will allow for a

better understanding of operations that will support fair, transparent negotiations with a future private partner. Our recommended alternate management regime implementation strategy involves a multi-step process as further detailed herein, with the ultimate goal of entering into a Public-Private Partnership for management of Guam's marinas.

Details regarding our research and analyses are contained in the body of this report. An Executive Summary is contained in a following section. W. Nicholas Captain, CRE has completed numerous consulting reports regarding port and/or harbor front properties on Guam and Hawaii and has further experience with wharfage fee structures in the Republic of Palau. He completed significant research into the subject operations as well as marina management options for purposes of this report. He is competent to complete this consulting report.

The undersigned hereby certifies that, to the best of my knowledge and belief:

- the statements of fact contained in this report are true and correct;
- the reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions;
- I have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved;
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment; our engagement in this assignment was not contingent upon developing or reporting predetermined results;
- we have not provided prior consulting assistance to the client regarding the subject properties;
- our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined conclusion that favors the cause of the client, the attainment of stipulated results, or the occurrence of a subsequent event directly related to the intended use of this report;
- this report is subject to the Code of Professional Ethics of The Counselors of Real Estate;
- I made prior personal inspections of the subject properties;
- no one provided real property consulting assistance to the person signing this report.

Thank you for the opportunity to complete this marina consulting assignment for you. We sincerely appreciate the support we received from your Commercial Division in completing this study. We appreciate your patience in the delivery of this report, which was delayed due to various circumstances that were beyond our control.

Sincerely,

CAPTAIN, HUTAPEA & ASSOCIATES

W. Nicholas Captain, CRE
President

WNC/nj

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Addenda

MAPS, TABLES, PHOTOGRAPHS AND EXCERPTS

MAPS, TABLES, PHOTOGRAPHS AND EXCERPTS (CONTINUED)

ACRONYMS

CAPEX	Capital Expenditures
CNMI	Commonwealth of the Northern Mariana Islands
DJ	Dingell-Johnson (Sport Fish Restoration Program)
DLNR	Department of Land and Natural Resources
DOA	Department of Agriculture (Guam)
DOI	U.S. Department of Interior
GDP	Gregorio D. Perez (Marina)
GEDCA	Guam Economic and Development Authority
GEPA	Guam Environmental Protection Agency
GFCA	Guam Fisherman's Cooperative Association
GFD	Guam Fire Department
GPD	Guam Police Department
GRT	Gross Receipts Tax
GVB	Guam Visitors Bureau
IMI	International Marina Institute
NOAA	National Oceanic and Atmospheric Administration
NOI	Net Operating Income
PAG	Port Authority of Guam
PDD	Planned Development District
PMC	Preliminary Cash Flow
PPP	Public Private Partnership
RFI	Request for Information
RFP	Request for Proposal
USEPA	US Environmental Protection Agency
USFW	US Fish and Wildlife

1.0 INTRODUCTION

The U.S. Territory of Guam is located in the Western Pacific, approximately 7.5 hours flight west of Honolulu. A regional map of Guam's location is provided as following insert Map 1.1. Under Government of Guam ownership, the Port Authority of Guam ("PAG") controls the Gregorio D. Perez ("GDP Marina") and Agat Marinas. PAG's core business is to oversee the Guam Commercial Port, which provides the people of Guam with ocean commerce, shipping, recreational and commercial boating as well as sea vessel navigation. PAG provides a critical role with a reported 90 percent of the day-to-day goods and supplies consumed by Guam residents passing through the Port. Control of Guam's marinas was transferred to PAG in 1984, partially because of its expertise in managing harbors, ship docking and implementing harbor safety.

1.1 Assignment

Guam's marinas provide a gateway to the island's vast oceanic resources. The marinas support Guam's boater population, which reportedly includes over 300 offshore subsistence, recreational and commercial fisherman and boaters. The marinas are also critical to Guam's visitor industry, with estimates of more than 250,000 visitors annually using the marinas. For many years, Guam's marinas have suffered from neglect and both marinas are in overall poor condition. However, most recently, marina-related concerns are being addressed and major repair work has recently commenced. Considering the importance of focusing on its core mission and other reasons, PAG is studying the viability of alternate management regimes for the marinas.

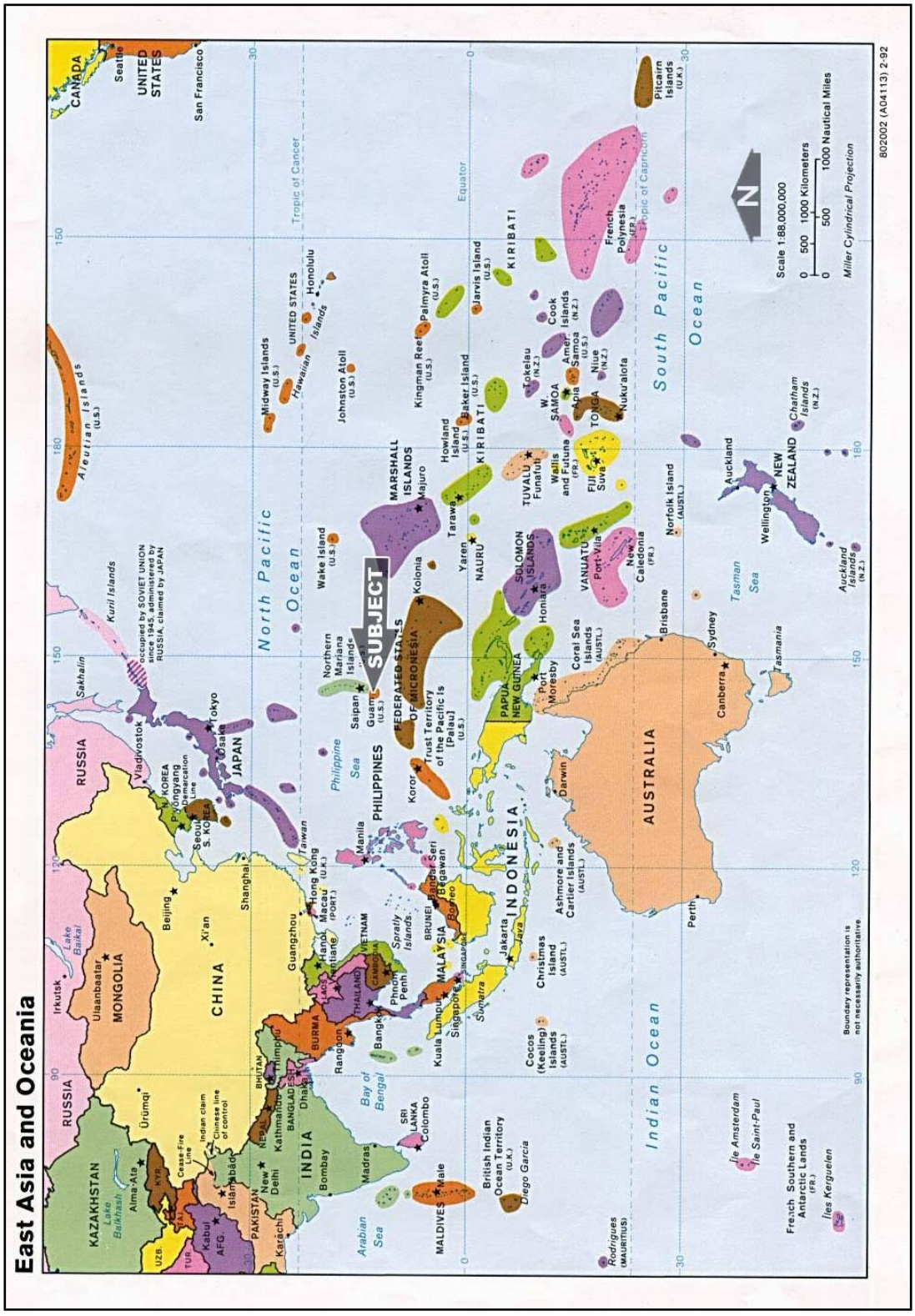
The Port Authority of Guam recently retained Captain, Hutapea & Associates, Inc. to complete this analysis of alternate management regimes for Guam's marinas. You represent PAG in these matters and require consulting services including an analysis of alternate management regimes for Guam's marinas.

Our assignment was to prepare a Consulting Report including an analysis of alternate management regimes for Guam's marinas. The function of this consulting report is to provide informed market based analyses and conclusions, in addition to relevant supporting data, upon which internal, marina management-related decisions may be based. The intended users of our report include the client, its authorized representatives and any auditors or regulators that may be involved with oversight. This report is subject to the Assumptions and Limiting Conditions contained in a following section. The effective date of this consulting assignment is May 15, 2011.

1.2 Background of Study

The lack of suitable and functional infrastructure, according to PAG, has long been identified as the major impediment to the successful growth and expansion of Guam's

Map 1.1 – East Asia and Oceania Map



small scale commercial fishery and charter operations to enhance Guam's tourism plant and overall economic base, as well as the sustainability of traditional and cultural activities associated with the marine environment.

To assist in the development of domestic small boat, commercial, sport, recreational, and subsistence to fisheries, the Government of Guam facilitated the construction of two public small boat facilities to serve as the islands off-shore boaters. The Gregorio D. Perez Marina in Hagåtña, and the Agat Marina, which together currently support the island's estimated 300-plus boaters.

The original Hagåtña facility was built in the pre-WWII era, and then expanded and upgraded to its present form in 1977. The Agat Marina was completed in 1990. Both existing facilities are relatively small, compared to mainland standards, with overall berthing capacity totaling a little over 200 slips. The addition of Agat Marina allowed for improved access to new and under-utilized fishing grounds in the south, addressed the demand for permanent dockage space, providing additional safe harbor in bad weather, and facilitated search and rescue activities for the area.

The Port Authority of Guam was delegated with administrative authority over the GDP Marina in the early 1980s and oversaw the Agat facility from the onset. The GDP Marina prior to 2011, had not received any major infusion of capital improvement funds since it was turned over to PAG two decades ago. The Agat Marina has not received capital improvement funds since its completion. According to the client, this is primarily the result insufficient funding levels from marina revenues to sustain the marina operations. PAG claims to highly subsidize the marina operations and repairs. However, there are no cost accounting systems in place to support these claims. Repair and upgrade of the facilities has reached a critical point, and has already caused the closure of slips at the Agat marina for safety reasons.

1.3 Goals

The Port Authority of Guam retained Captain, Hutapea & Associates to assist in identifying and analyzing alternatives to the existing management structure that will serve to adequately meet the needs of Guam's expanding marina user base. The primary objectives of the project are to promote long-term economic diversification and enhance the capabilities of Guam's people to reap the benefits of the island's marine resources within a fiscally responsible and sustainable program by:

1. Supporting the retention and growth of over 300 off-shore fisherman (commercial charter, recreational, subsistence, traditional) presently participating in the industry.
2. Instituting maintenance to prevent the shutdown of the marinas.
3. Increasing opportunities for accessing ocean resources and under-utilized fishing grounds.
4. Increasing import substitution capabilities of Guam's fisheries from 5 percent of all the island's total annual fisheries imports of $32 million.

5. Increasing the share of tourists participating in marine-related tour options available at the marina.
6. Mitigating potential navigational hazards and personal safety issues for marina users.
7. Identifying revenue flows from user fees and other sources that will support facilities.
8. Contribute to the overall function and appeal of the facilities via repairs and upgrades.

1.4 Scope of Work

The purpose of this project is to develop an alternative management regime implementation strategy. The recommendations herein were based on the results obtained from the analyses completed. We identified short and long term problems with the operation and management of Port Authority of Guam's Marina program to include:

Management Structure and Programs

- Management structure alternatives evaluated.
- Marketing program – targeting present and potential market sectors.
- Potential new services, amenities, facilities.
- Operational policies and procedures.
- Financial program – public subsidy requirements, identification of alternative funding services.

Operational Facility Costs and Fees Analysis

- Budget and cost accounting analysis (with identification of potential areas of cost savings)
- Fees/charge structure

Identification of the Role and Opportunities of Marinas

- Economic contribution
- Preservation of Traditional/Cultural use of marine resources
- Public/Social resource
- Regulatory/Safety support
- Resource management and utilization

Repair Strategy

- Identify deficiencies in the condition of the marinas.
  - Public health and safety issues
  - Facility infrastructure repair
    Slips, docks, utilities, navigation issues, etc.
    Estimate costs for repairs

1.5 Executive Summary

1.5.1 Role and Operations of Marinas

Marinas provide a gateway connecting land and sea. Marinas typically involve a boat basin that provides dockage and other services to pleasure craft. A wide range of services and activities are provided at modern marina facilities. The services and activities provided are frequently determined by an individual marina's characteristics. The GDP and Agat marinas involve recreational marina facilities.

Marinas are usually affected by the same macro and microeconomic forces that affect commercial real estate. The factors include population growth and aging patterns, disposable income and other factors. Marinas can be affected by legislation and changes in regulations. It is widely expected that demand for marina facilities on Guam will grow along with the economic and population growth associated with the pending military build-up. Guam is a unique market where there is no competitive supply.

Management of marinas is highly specialized and it is important that management has knowledge of basic business practices, understands the labor-intensive nature of the job, and liability issues. Quality management must be aware of the boaters needs and provide improvements or services to meet these needs. Specialized knowledge is required for most labor assignments at marinas. Management must also emphasize safety, as docks and ships must be periodically inspected. Proactive damage containment is critical for marinas that may be impacted by severe wind and high waves. Management must monitor trash removal, cleanliness, mechanical equipment and safeguards for gasoline pumps, tanks and other facilities.

1.5.2 Historic Materials and Document Review

As part of the scope of our assignment, we reviewed historic materials and documents pertaining to the Guam marinas. We obtained numerous documents from the client and other sources. The documents reviewed include public laws, master plans, leases, testimony, opinions and other documents. Under U.S. Public Law 86-664, Guam – Land Grants, a portion of Paseo De Susana (including GDP Marina) was granted to the Government of Guam. The property conveyed shall be subject to the condition that the property shall be used:

- Soley for Civic, Park, and Recreational Purposes

If use of the conveyed property does not comply with the restrictions, or if the Government of Guam should ever sell or otherwise dispose of such land, title shall revert to the United States.

By Guam Public Law 17-071 dated October 1984, the authority for Guam's public harbors, small boat marinas and facilities were transferred from the Department of Parks and Recreation to the Port Authority of Guam.

The PAG Marina Rules and Regulations were adopted in September 2007. The purpose is to:

- Ensure the safe and efficient control and management of vessels using Guam Marinas in order that the public may enjoy safe, orderly, and convenient water-related recreation activities consistent with all applicable lows.

Fees and charges relative to the marinas, according to the rules and regulations, should be:

- Based on the expenses of the operation, maintenance, and improvements at the marina.
- Reasonable
- Fixed with due regard to the primary purposes of providing public recreational facilities and promoting the fishing industry.

1.5.3 Guam Marinas Overview

The Guam marinas that are subject to this study involve the Gregorio D. Perez Marina in Hagåtña, and the Agat Marina in Agat. These marinas generally serve the needs of small boaters on Guam. Both marinas are owned by the Government of Guam and administered by the Port Authority of Guam. There is currently no Marina Manager for the properties, and the assigned PAG staff has worked for years without the funds required to maintain the properties. The marinas currently suffer from years of neglect and services and amenities offered have continued to decline. The marinas are 100 percent occupied and demand for slips at Guam's marinas is projected to increase along with the population and economic growth associated with the proposed military buildup. Guam's marinas are potentially great assets, but require a massive infusion of money to repair docks, replace sheet pilling, dredge, repair, and add services and other items. Various improvement projects commenced in 2011.

The GDP marina, also commonly known as Agana Boat Basin or Hagåtña Marina, benefits from a prime location on the waterfront of Guam's capital city, Hagåtña. The GDP Marina improvements were originally built in the pre-World War Two era. The existing improvements were mostly constructed by the US Army Corps of Engineers in 1977 at a cost of $1.2 Million. The marina consists of two small lagoons formed by a series of breakwaters consisting of earth fill retained by steel sheet piles. The marina contains 8.23 acres of fast and submerged land and includes 61 slips, 45 at the inner basin and 16 at the outer basin.

The Agat Marina is located along Route 2 and the oceanfront in Agat. The Agat Marina was built by the U.S. Army Corps of Engineers under the authority of Section 107 of the Rivers and Harbors Act of 1960. The project was completed and dedicated in March 1989, and construction of shore-side facilities by the Government of Guam was

completed in September 1990. This marina is comprised of over two acres of shoreside facilities and approximately nine acres in the basin. The original design included a total of 154 slips including accommodations for 9 sixty foot vessels, 30, forty five foot vessels, and 115 twenty five foot vessels or less.

1.5.4 Comparable Marina Operations

Hawaii and CNMI both involve island communities with cultural and historic subsistence fishing traditions, as well as significant economic reliance on tourism. These locations involve U.S. jurisdictions and were considered most comparable to the subject Guam marinas. In addition to these locations, we further completed marina research inclusive of aggregate market data compiled for the entire industry in the U.S. Our CNMI and Hawaii research included a detailed review of organizational documents, rules and regulations and other data. In Saipan, non-commercial slip fees reflect $3.50 to $8.00 per foot, depending on vessel length. Commercial rates at this marina reflect $5.00 to $15.00 per foot, depending on vessel length.

Hawaii marina mooring fees were increased in 2009 to account for the increased cost of operations. The new rates were based upon a study completed to determine the cost of gross small boat harbor operations solely based upon mooring fees collected. Currently, mooring fees are set by boating facility category and applied individually. Commercial mooring rates reflect the greater of double non-commercial rates, or three percent of gross receipts. Additional charges apply for utilities and other services. Both Hawaii and CNMI marinas are owned and operated by the local governments.

1.5.5 Repair Strategy

The subject marinas have suffered from neglect for many years. Dangerously poor floating docks, rusting sleet piling, shallow waterways, damaged bathrooms and fueling facilities, deteriorating utilities and generally poor maintenance have resulted in a poor quality product provided to marina users. Fortunately, new management has pushed forward with badly needed repair work in Agana. Phase I repairs commenced in May 2011 and include 461 linear feet of removal and installation of new bollards, new sheet piles, walkway, railings and other work. Funding for the renovations is from two grant awards from the US Department of Interior under the Capital Improvement Program. A third application has been submitted to fund Phase II, which involves $640,000 to repair docks. The Guam Fisherman's Cooperative Association ("GFCA"), along with other private sector commercial operators, provided PAG with a list of priority projects and estimated costs for the GDP and Agat marinas.

The total estimated GDP and Agat marina repair cost reflects over $12 million. In addition to providing the cost estimate, the GFCA and private firms identified possible funding sources. Repair strategy for the Guam marinas has evolved over the years, and has taken on an increasing level of importance under the new administration. Due

to the current accounting system and procurement requirements, funds allocated for the repair work are depleted quickly. Due to the nature of marina properties, which involve high capital improvement costs, sinking funds or reserves accounts are necessary in theory, but are difficult to effectuate.

A comprehensive repair strategy should ultimately be developed by the Marina Manager, in conjunction with available and projected funding. The repair strategy would list items to repair by priority, with safety issues considered most important. Repair strategies should consider the impact on marina users, and the implementation of repairs could be structured to minimize negative impacts, based on input from the Marina Users Group and GFCA. Due to the significant costs associated with marina repairs, it is critical that an experienced, transparent and efficient management structure be implemented for Guam marinas, inclusive of a financial reporting and accountability framework. Quality management will likely result in additional federal grants to improve Guam's marinas. Federal grants are critical considering the high costs of these projects. Once quality management is in place, and major marina repairs are completed, it is unlikely that Guam's marinas will again deteriorate to the current levels.

1.5.6 Cost and Fee Analysis

In order to implement an alternate management regime for Guam's marinas, it is critical that all parties benefit from a detailed, accurate representation of historic financial operations. This data, along with other information, serves as the basis for future projections. Marina operations should generate a small profit or break even, before capital expenditure costs. In Hawaii, slip rental rates are periodically adjusted to cover the increasing cost of operations. The Guam Marina Rules and Regulations provide that the fees and charges shall be based on the expenses of operation, maintenance and improvements (among other requirements). In order to analyze the subject marina financial operations, we requested historic and income expense data from the client. Currently, there is no separate cost accounting for the marina operations with PAG. Income and expense data was compiled by the client via separate account reports and significant manual input into spreadsheets created for this effort. It is difficult to assess the reported historic figures with confidence due to the current accounting, compiling and reporting process.

Considering the poor condition of the marinas, it is widely recognized that significant costs for capital improvements would be required in the near term. In May 2011, a $2.0 million upgrade project was announced for the GDP Marina. Additional projects are anticipated for Agat. As previously reviewed in detail herein, total required capital expenditures for Guam's marinas exceed $10.0 million. Additional funding would be required to complete the GDP Marina Master Plan.

A common user complaint regarding fees is that the commercial rates in Agana are cheaper that the non-commercial rates in Agat. It is further noted that the Marina Rules and Regulations provide (under the Commercial Activities section) that, "No regular or

extensive use of any Port Authority property or facilities at a Marina for private gain or private purposes shall be permitted without corresponding and reasonable benefits and returns to the Port Authority and to the public." These reflect important factors in assessing future potential marina revenue growth.

The current accounting process for Guam's marinas does not allow for critical analysis of operations. For alternate management operations to be seriously considered, we recommend that separate cost accounting be implemented by PAG. Accurate, historic income and expense figures for the subject marinas will allow for open, transparent negotiations with future prospective management partners. The cost accounting should include an allocation for personnel expenses, insurance and other indirect PAG expenses, which will allow for an overall analysis of the marinas as a standalone profit (or loss) center for PAG. In order to comply with the Rules and Regulations requirement that fees and charges shall be based on the expenses of operation, maintenance and improvements at the marinas, it is essential that such cost figures be accurate and easily obtained.

PAG is currently subsidizing marina operations at a level that is difficult to assess due to accounting and expense allocation issues. Further, the subsidy will likely increase because repairs and expenses have been inadequate for many years. Increased fees, along with marina improvements, will reduce the required subsidy. An alternate management regime would also likely reduce the required PAG subsidy in the near term. Over time, it will be possible to accurately identify (through cost accounting) and minimize or eliminate the subsidy on marina operations. However, major capital expenditures, including federal and local government components, will likely continue to be part of PAG long term marina operations on Guam.

It is noted that neither revenues nor net income estimates are the primary components of analyzing alternate management regimes. However, projected financial operations were analyzed, within the context of the alternate management regimes studied herein.

1.5.7 Alternate Management Regime Analyses

In order to complete alternate management regime analyses, we completed detailed research regarding marina management and alternate management regimes throughout the U.S. We completed interviews with existing management and marina users. We studied national marina market data, obtained specialized marina industry materials, and identified alternate management regimes. We completed SWOT (strengths, weaknesses, opportunities, and threats) analyses including a detailed evaluation of operations and management, including an identification of short and long term problems associated with each alternate management regime. We completed cash flow projections under the alternate management regimes studied. We identified and evaluated the following management structure and program alternatives.

Version	Alternate Management Regimes
1	Public Sector Operation (As-is)
2	Public Sector Operation (As-improved)
3	Privatization
4	Joint Public-Private Partnership

The Public Sector option reflects maintaining PAG or other government agency control. Our analyses indicate that PAG remains the best Government of Guam agency to control the marinas. PAG includes trained, experienced staff, internal systems and good relationships with critical local and federal government agencies whose support is critical to the long-term success of Guam's marinas. We completed Public Sector Operation analyses under as-is (no change) and as-improved scenarios. The Privatization model assumes a complete transfer to a private entity. The joint Public-Private Partnership option was analyzed considering both for-profit and community based not-for-profit partnership scenarios.

For each management structure analyzed, we reviewed the status of marketing, and indentified present and potential market sectors. We identified potential new services, amenities and facilities. We reviewed marina recommended operational policies and procedures as well as financial programs. Our financial program analysis included a detailed cash flow projection including public subsidy (operational loss on cash flow, exclusive of CAPEX) requirements and identification of alternate funding sources as previously detailed herein.

Overall, the Public-Private Partnership framework was concluded as the best long-term alternate management regime for Guam's marinas. However, the client is advised to complete recommended near-term internal changes prior to soliciting for a private partner. Pushing forward too quickly to change management, before PAG has the opportunity to improve, could negatively impact negotiations and possibly result in liability issues for the client.

1.5.8 Conclusions and Suggested Implementation Strategy

Based on our research and analyses completed herein, we recommend that the client pursue a combination of alternate management regimes including Public Sector As-Improved in the near term, with a mid-term transition to Public-Private Partnership. Although the Public-Private Partnership allows for a combination of public and private sector strengths, our analyses suggest that such a partnership should be explored after internal management changes are implemented. A phased process will allow for a better understanding of operations that will support fair, transparent negotiations with a future private partner. Our recommended alternate management regime implementation strategy involves a multi-step process with the ultimate goal of entering into a Public-Private Partnership for management of Guam's marinas.

We developed a framework for the recommended alternate management regime implementation process. This framework includes risk mitigation considerations as well as near-term, mid-term and long-term recommendations. In order to minimize risk associated with management change, the client is advised to study and identify unknown factors that would impact negotiations including:

- Dredging Issues
- Future CAPEX
- Increased Fees Potential
- Framework for PPP
- Typhoon risk mitigation (GDP Marina piles?)

Our Alternate Management Regime Implementation Plan includes suggestions that the client incorporate into this process. This framework could be modified based on PAG priorities and commitment to change. Our framework summary is detailed as follows.

Near Term Recommendations (0-12 months)

- Commitment to maintain & improve marinas
- Fund health and safety required repairs (docks, bathrooms, pump, fueling, siltation issues, navigation, fire suppression and security)
- Recognize marinas as business unit
- Modify accounting to include separate marina cost accounting (including allocations for hidden costs)
- Complete cost accounting and determine actual level of marina subsidy
- Revise Commercial Manager Job Description to include separate line item for marinas
- Analyze Master Plan for GDP – commit to completion or revise as necessary
- Plan to complete Phase II of GDP Master Plan within 36 months.
- Expand Grant writing program for Guam marinas
- ID and secure additional grant funding (NOAA etc.)
- Request US DOI to designate PAG as recipient for majority (or all) of DJ Sport Fish grant for use in improving and maintaining Guam's marinas
- Hire Marina Manager (considering community-based input) with intent to transfer to private firm under PPP
- Allow Commercial Division flexibility to solve marina problems and complete repairs
- Commence AAA Fee Review process (requires accurate cost accounting to support fee increases)
- Plan user and community outreach/update meetings
- Coordinate with federal and local partners to obtain dredging approvals and seek funding
- Charge GFD and GPD fair rent and utility costs

- Analyze utilities and costs (investigate water lines and charges at GDP Marina)
- Restore user confidence in PAG management and plan for transition to Public-Private Partnership
- Adopt best practices program
- Review and improve operational layout of marinas including Loading Zones and parking management
- Review and renew Jan Z's tenant lease
- Review and update compliance with 2008 Master Plan

Mid-Term Recommendations (12 to 24 months)

- Study successful PPP marina models
- Identify specific goals of PPP
- ID Partner requirements
- Determine allocation of partnership (Equal?)
- Solicit input via RFI
- Detail PAG CAPEX Commitments
- Determine required insurance cost allocation/reimbursement
- Complete AAA process and revise fees including possible commercial user fee (and exemptions)
- Analyze potential loan guaranty commitment for partner to allow additional development, if desired
- Develop short list of potential partners
- Develop controls for oversight of partner
- Develop PPP RFP Materials
- Review and update compliance with 2008 Master Plan

Long-Term Recommendations (24 to 36± months)

- Solicit interest from potential partners
- Negotiate agreement
- Transition operations
- Regular reporting and oversight
- Public and user outreach
- PAG manages CAPEX and long term development
- Partner manages operations
- Review and update compliance with 2008 Master Plan

1.6 Assumptions and Limiting Conditions

As a matter of necessity, the conduct of any study is guided by, and its results influenced by, the scope and terms of the assignment as well as the assumptions forming the basic principles of the study. The following assumptions and conditions, together with those of lesser importance contained in the report, establish the structure of our analyses and conclusions.

1.6.1 Extraordinary Assumptions and Limiting Conditions

- Financial Projections – All financial projections herein are preliminary in nature and reflect fee increase assumptions in order to minimize PAG's (and/or their hypothetical partner) subsidy of Guam's marinas. We further assumed that necessary repair projects at the marinas are completed utilizing capital expenditures. Capital expenditures were not included on the cash flow projections and should be developed separately based on PAG priorities, access to funding and other factors.

- Legal and Regulatory Framework – We assume that all of the alternate management regimes studied herein, as well as the assumed fee increases, are in compliance with all applicable laws and regulations. In some cases, certain existing laws and regulations would require change to accommodate our assumptions.

1.6.2 Standard Assumptions and Limiting Conditions

- Legal Considerations and Title – We assume no responsibility for matters of a legal nature that may affect the property nor for the legal descriptions which are assumed to be accurate. We have not rendered any opinion as to the status of title which is assumed to be good and marketable unless otherwise stated herein. It is assumed that the properties comply with all zoning, setback, access, permitting, building code (if applicable) and other legal requirements, unless specifically identified herein.

- Government Records and Utilities – We typically, but not always, research government records regarding zoning, ownership history, property taxes, and other matters to the extent practicable. We are not responsible for errors, omissions or inaccuracies contained in government records. We were not provided with an engineering report regarding utilities. We assume that existing utilities are adequate to support maximum potential development of the subject unless otherwise noted herein.

- Encumbrances – It is assumed that ownership of the subject property is free and clear of any and all encumbrances and liens unless otherwise stated herein.

- Soil Conditions – We assume that soil conditions are adequate to support appropriate existing and/or future development of the subject property unless

otherwise described in this report. We are not responsible for engineering studies which may be required to discover potential soil inadequacies.

- Maps – All maps, sketches, renderings and floor plans that may be included in this report are intended to assist the reader in visualizing the property. We have not completed a property survey and we are not responsible for architectural, cartographic or other related errors.

- Reliable Sources – During the course of our investigations, we typically rely upon information, estimates and/or opinions provided by knowledgeable market participants such as marina users, government representatives, and others. It is assumed that this market data is reliable and correct, unless stronger evidence discounts such voluntary contributions. We cannot be held responsible for misleading or inaccurate contributions.

- Litigation Support – Unless prior arrangements have been made with the person signing this report, we are not required to provide testimony or appear in court solely based on completion of this assignment.

- Publication – This report, nor any portion of this report, shall not be published in any manner without the written consent of Captain, Hutapea and Associates.

- Disclosure Requirements – Disclosure of the contents of this report may be governed by the Code of Professional Ethics of The Counselors of Real Estate. Neither all, nor any part of the contents of this report (including any conclusions, the identity of the consultant(s) or Captain, Hutapea and Associates) shall be disseminated to the public through advertising, public relations, news, sales or any other media, without the prior written consent and approval of the consultant(s). The contents of this report may be subject to review, upon request of The Counselors of Real Estate, by duly constituted committees or individual members thereof when such committees or members are acting within the scope of their authority under the applicable regulations.

- Hazardous Materials and Mold – Unless otherwise stated in this report, the existence of hazardous materials, which may or may not be present on the property, was not observed by the consultant. We have no knowledge of the existence of such materials on or in the property. However, we are not qualified to detect such substances. The presence of substances such as PCB, asbestos, urea-formaldehyde foam insulation, used petroleum products, mustard gas, mold, unexploded ordinance or other potentially hazardous materials may affect the repair and maintenance of the property. Our conclusions assume that no such condition would affect the subject properties. No responsibility is assumed for any such conditions or for any expertise or engineering knowledge required to discover them. All clients are typically recommended to retain an expert in this field, if desired.

1.7 Definition of Terms and Concepts

This report includes various terms and concepts. We included the following definitions in order to assist the reader in comprehending this esoteric vocabulary.

Real Estate Counseling[1]

The act of providing advice or guidance to clients which significantly impacts their real estate decisions.

Marina[2]

A small harbor or boat that receives more than 50% of its primary income by providing dockage, moorage or storage of pleasure boats in or out of the water. A marina may also have other revenue streams such as sales of supplies and fuel, boat repairs and other water related income.

Riparian Rights[3]

The right of the owner of land bordering nonnavigable lake or stream to the use and enjoyment of the water that flows across their land or is contiguous to it. Under the riparian rights doctrine, all owners of land underlying or abutting the water have equal rights to all owners of land underlying or abutting the water.

Dock[4]

A structure extending from the shore into the water that permits the mooring of vessels; a wharf. A slip or waterway that extends between two piers to receive ships; such a waterway, closed or open, and any surrounding piers and wharves.

Absorption[5]

The process whereby any specific commodity is occupied, leased, and/or sold to an end user.

Demand[6]

The desire and ability to purchase or lease goods and services; in real estate, the amounts of a type of real estate desired for purchase or rent at various prices in a given market for a given period of time.

[1] The Counselors of Real Estate
[2] International Marina Institute
[3] Appraisal Institute, *The Dictionary of Real Estate,* 5th ed. (Illinois: Appraisal Institute, 2010): page 173.
[4] 2007 Marina Rules and Regulations
[5] Appraisal Institute, *The Dictionary of Real Estate,* 5th ed. (Illinois: Appraisal Institute, 2010): page 1.
[6] Ibid, page 55.

Risk[7]

The probability that foreseen events will not occur.

Berth[8]

A mooring, and includes any place where a vessel lies at anchor or is made fast or is aid alongside.

Commercial Vessel[9]

A vessel or vessel operator that receives cash, credit or any other form of valuable consideration for activities including, but not limited to, carrying passengers for hire, boat rental, with or without a pilot, parasailing, tow-boating, water skiing, or other trade or business where the vessel owner or operator must obtain a business license.

Recreational Vessel[10]

A vessel used primarily for recreational purposes where no profit or payment is requested by or paid to the Vessel operator or owner.

Dock Length[11]

The length of mooring slip or finger pier from the start of the main dock.

Marina Manager[12]

The person assigned by the Port Manager to manage the day-to-day affairs of a designated Marina.

Slip[13]

Navigable water space between two piers; generally used for small boat storage.[14]

[7] Appraisal Institute, *The Dictionary of Real Estate,* 5th ed. (Illinois: Appraisal Institute, 2010): page 173.
[8] 2007 Marina Rules and Regulations
[9] Ibid
[10] Ibid
[11] Ibid
[12] Ibid
[13] Appraisal Institute, *The Dictionary of Real Estate,* 5th ed. (Illinois: Appraisal Institute, 2010): page 182.

2.0 ROLE AND OPERATIONS OF MARINAS

Marinas provide a gateway connecting land and sea. Marinas typically involve a boat basin that provides dockage and other services to pleasure craft. A wide range of services and activities are provided at modern marina facilities. The services and activities provided are frequently determined by an individual marina's characteristics. Marinas with deep water ships can accommodate commercial fishing boats and yacht moorings. Marinas with shallow water access, as on Guam, are typically restricted to pleasure crafts. Marinas usually offer utilities to users, and services including restrooms, wash down areas and may include restaurants, boat repair and other services. Generally, marinas can be categorized as:

- Recreational Marinas
- Yacht Clubs
- Boatyards

A recreational marina is the type of facility that caters to boaters who use their boats for pleasure or only incidental, non commercial activities. A yacht club is a large recreational marina that usually has one or more large buildings offering various amenities to its members. A boatyard is a marina that offers significant repairs and services for both yachts and commercial fishing vessels. The GDP and Agat marinas involve recreational marina facilities. The most basic facilities typically found at recreational marinas include:

- Slips
- Gasoline Pumps
- Management Office

As demands from boaters have increased, it is not common to also find restaurants, boat supply stores, on-site storage facilities and dock utilities at recreational marinas. Yacht clubs typically offer more services and members pay fees accordingly. Boatyards are primarily commercial facilities. Most marinas are managed by small business concerns, family owners and large marina management groups.

Marinas are usually affected by the same macro and microeconomic forces that affect commercial real estate. The factors include population growth and aging patterns, disposable income and other factors. Marinas can be affected by legislation and changes in regulations. A growing, aging and more affluent population results in increasing demand for marina facilities. It is widely expected that demand for marina facilities on Guam will grow along with the economic and population growth associated with the pending military build-up.

Marinas in large, competitive markets must compete to stay in business. Key factors include competitive supply, site and building characteristics, quality of management, potential for ship sales, dry rack storage potential, and business factors. Guam is a

unique market where there is no competitive supply. The lack of competition removes incentive for quality management.

Various site and building characteristics affect marina operations. These factors include the amount of submerged land (the basin), visibility, location, utilities available, type of improvements and other factors.

Management of marinas is highly specialized and it is important that management has knowledge of basic business practices, understands the labor-intensive nature of the job, and liability issues. Quality management must be aware of the boaters needs and provide improvements or services to meet these needs. Specialized knowledge is required for most labor assignments at marinas. Management must also emphasize safety, as docks and ships must be periodically inspected. Proactive damage containment is critical for marinas that may be impacted by severe wind and high waves. Management must monitor trash removal, cleanliness, mechanical equipment and safeguards for gasoline pumps, tanks and other facilities.

3.0 HISTORIC MATERIALS AND DOCUMENT REVIEW

As part of the scope of our assignment, we reviewed historic materials and documents pertaining to the Guam marinas. We obtained numerous documents from the client and other sources. The documents reviewed include public laws, master plans, leases, testimony, opinions and other documents. A categorized, chronological summary of documents reviewed is included in following paragraphs.

3.1 Laws and Legal Opinions

1960 Guam Land Grants – Under U.S. Public Law 86-664, Guam – Land Grants, all of the right, title and interest of the United States, in and to all of those lands, including filled and submerged lands constituting a portion of Paseo de Susana (including GDP Marina), containing 106,560 square meters (26.33 acres), along with all improvements and structures, was granted to the Government of Guam. The property conveyed shall be subject to the condition that the property shall be used:

- Soley for Civic, Park, and Recreational Purposes

If use of the conveyed property does not comply with the restrictions, or if the Government of Guam should ever sell or otherwise dispose of such land, title shall revert to the United States.

The federal law included a second grant for all of those lands (including filled, submerged and tidelands and all structures and improvements) known as Agana Boat Basin containing 33,635.52 square meters or 8.23 acres with the same restricted use and reversion provisions. The grants and public law were approved July 14, 1960. The document was recorded at Guam's Department of Land Management as No. 44682.

1982 Memorandum on Commercial Use – By Government of Guam Memorandum dated May 4, 1982, the Attorney General issued an opinion to the Director of the Department of Land Management regarding the ability to conduct certain commercial activities within the Agana Boat Basin. The question arose due to the "Civic, park, and recreational purposes" use restriction included in the grant under US Public Law 86-664.

The Attorney General referenced two memorandums issued by officials from the Department of the Interior. One memorandum stated that commercial activity may be permitted provided that it is small and limited mainly to charter boats and other recreational boats. The other memorandum allowed from construction and operation of a fuel station, ice plant and cold storage facility as integral components of an efficiently operated boat basin. The Attorney General concluded that:

- Any commercial activity taking place at Agana Boat Basin must be limited to those which serve a public function and add to the enjoyment of these areas.

1984 Transfer to Port Authority of Guam – By Guam Public Law 17-071 dated October 1984, the authority for Guam's public harbors, small boat marinas and facilities was transferred from the Department of Parks and Recreation to the Port Authority of Guam. The law referred to Port Authority of Guam's expertise in the area of managing harbors, ship docking and implementing harbor safety as well as its financial ability to take on additional responsibilities in the development of marine resources. Notably, the intent of the legislature was to:

- Have Port Authority of Guam apply its successful management techniques to the long neglected areas of development, construction and operation of small craft facilities to serve the needs of the small, commercial and recreational boaters on Guam.

1989 Rezoning – The Guam Land use Commission on July 27, 1989, rezoned Hagåtña Lot No. A-4, containing 36.75 acres and known as Paseo de Susana, to Planned Development District.

1999 Department of the Interior Solicitor's Opinion Letter – In response to two Guam Senators questions, the DOI's Acting & Associate Solicitor responded to issues including:

- Whether proposed development of Agana Marina conflicts with use restrictions in Federal transfer to Government of Guam

The late 1990s proposals to develop the boat basin included dredging, increased number of slips, fill land for building facilities, launch ramps, utilities for sewer, water and electricity, restaurants, specialty and gift shops, terminal for tour boats, yacht club, marina sales shop, chandlery, fish market, fuel and loading dock, boat repair facility, restrooms with showers, parking and picnic areas, hotel and harbormaster building. The facilities would be open to the general public. The letter concluded that the proposed development:

- Is consistent with its use as a recreation area and boat basin.

2003 Law Authorizing Lease to GFCA – By Public Law 27-24 dated 2003, the Guam Legislature allowed for the Guam Fishermen's Cooperative Association ("GFCA") to expand its current facilities by amending its lease and clarifying the Paseo De Susana Planned Development District. The public law approved the GFCA lease agreement extension.

The law authorized a $1 per year land lease of up to two acres to the GFCA and recognized the GFCA as the only authorized commercial fueling station at the Gregorio D. Perez Marina. The land lease was authorized to reflect a 65 year term.

The document included a revised definition of open areas (in order to comply with zoning) noted that:

- All facilities, uses or activities not put to use for civic, park and recreational purposes but appurtenant, subsidiary, complimentary, supportive or secondary towards the unified Planned Development District shall be made to be an accessory use or accessory structure as provided by law.

3.2 Plans and Master Plans

1973 Plan – We understand that in 1973, the US Army Corps of Engineers, in conjunction with the Government of Guam and US EPA developed a plan entitled "Agana Harbor for Light – Draft Vessels" for the main structural improvements at the marina. We were not able to obtain a copy of this 1973 document.

1976 Plan– We understand that in November 1976, the Agana Marina Development Plan proposed phased development activities within the marina. These phases are detailed under the 2003 Master Plan. We were not able to obtain a copy of the 1976 document.

1981 Fisheries Development and Management Plan – This Government of Guam plan established the development and management objectives for reef fisheries, small boat fisheries, large scale harvesting, transshipment and processing. The plan stated:

- Development of fueling, ice making, freezing and marketing facilities at the Agana Marina would greatly assist local commercial fishermen.

The document included references to the improvement at Merizo pier, the proposed marina in Agat, development of the Harbor of Refuge, and the establishment of small boat repair facilities that would encourage development of local small boat fisheries.

1990's Commercial Port Master Plan Documents (incomplete) – These documents included an assessment of the then existing port conditions. The document included background information on the Agana and Agat Marinas. At that time, The Agana Marina was considered sound and major repairs were not needed. The Agat Marina required dredging and shoreline protection.

1999 Guam Fisherman's Co-operative Association Proposal – In 1999, it was noted that GFCA had proposed to either lease or manage the Agat and Agana Marinas. It was noted that the GFCA Objectives were to:

- Equalize the slip fees at both Marinas
- Power fees for recreational boaters
- Increase fees for commercial users
- Improve maintenance

- Correct surge problem at north end of Agat Marina
- Construct improvements at Agana to exceed Agat in number of slips and amenities
- Fund improvements via $3.5 million loan amortized by revised fee schedule

3.3 Master Plan Documents

The most important document regarding future development at the GDP Marina involves the 2003 Master Plan. This document is summarized as follows.

Paseo De Susana Master Plan - The Paseo De Susana Planned Development District Master Plan was prepared in December 2003 pursuant to Public Law 27-24. The master plan includes the Gregorio D. Perez Marina, Guam Fishermen's Cooperative Association, Paseo Stadium, Chamorro Village and other areas. The approximate boundaries of the areas included within the master plan are shown on the following insert Map 3.1 and include 127.96 acres of which 50.9 acres are fast land and the remainders are submerged. The area is characterized by low intensity development.

The master plan was developed in partial and preliminary consultation with regulatory agencies including:

- Guam Environmental Protection Agency
- Guam Coasted Management Program (Bureau of Statistics and Plans)
- Historic Preservation Office (Department of Parks and Recreation
- Building Permit Division (Department of Public Works)

The plan notes that implementation must comply with all applicable regulatory entities. In addition, the plan should be coordinated with the Hagåtña Restoration and Redevelopment Authority, and the Hagåtña Foundation. Federal law conditioned the transfer of Paseo de Susana on its continued use "solely for civic, park, and recreational purposes and if it shall ever cease to be used for such land or part thereof, title thereto shall revert to the U.S., which shall have the right of immediate entry thereon."

The master plan notes that various legal opinions prepared by the U.S. Department of the Interior, have held that use of the areas for commercial purposes will not trigger the reversionary clause, so long as the "rights of the public to enjoy the Agana Boat Basin and the Paseo de Susana are not interfered with. Any commercial activity taking place in these areas must be limited to those which serve a public function and add to the enjoyment of these areas. "

Map 3.1 – Paseo De Susana Master Planned Development District

The Paseo de Susana Planned Development District ("PDD") Master Plan states that it is consistent with the transfer conditions of the land because the property will be used for civil, park, recreational, commercial and boat basin purposes and because there are no uses in the plan that would adversely affect the public's right to benefit from the area's development.

The 2003 Master Plan notes that the Gregorio D. Perez Marina was initially developed in the early 70's. The marina was noted to contain 8.23 acres of fast and submerged land including 61 slips for parking of recreational and commercial boats, 16 at the outer basin and 45 at the inner basin.

The Master Plan notes that on June 28, 1984, Public Law 17-71 transferred management over Guam's public harbors, small boat marinas and facilities from the Department of Parks and Recreation to the Port Authority of Guam. The intent of the law was to provide the boating public the expertise that PAG has in managing harbors, ship docking and implementing harbor safety, and to enhance fishing resources, charter boat activities for tourists and to increase recreation activities for the residents of Guam.

2003 Marina Development Plan Investment Opportunity - By Marina Development plan for Agat small boat harbor, the Port Authority of Guam sought funding to renovate and improve boating facilities at the Agat Marina. The proposed project included the construction of a riveted mole breakwater north of D-dock, dredging and other work. The estimated project cost was $1.5 million and the annual budget to operate and maintain the project was estimated at $15,000 per year. The funding source identified was revenue from the Agat marina boat slip leases. The document noted that:

- Unless the proposed improvements and repairs are instituted, the structural integrity of the berths, and maneuverability for boats, will continue to deteriorate to the extent that the facility will pose a hazard to both personal and navigational safety.

The document further noted that maintenance dredging had not been conducted for over a decade and those changes in the original depth of 20 feet in 1990 to the then present depth of 6 feet made D-dock unstable. The dock was designed for vessels that require a minimum draft of 10 feet.

2008 Master Plan- The 2008 Master Plan for the Commercial Port included a section on Guam's marinas. The 2008 Master Plan noted that:

- The condition of the marina facilities does not allow the public to benefit fully from the amenities.

A summary of the master plan recommendations for Guam's marinas is shown as follows.

- Improve and maintain safety to contemporary modern codes and standards.

- Improve and maintain security control including gates, lighting, restrooms, and patrols.
- Standardize utility services at the floats.
- Provide reliable sanitary sewage disposal facilities at each marina.
- Place the management of marinas under the control of one marina manager.
- Provide timely response to tenant requests and complaints and maintain a log of all issues that are addressed.
- Prioritize capital improvements.
- Develop and implement a standardized slip vacancy filling procedure.

Further, the 2008 master plan provided recommendations on general marina rates as follows:

- Implement the rates proposed in the amended Marina Rules and Regulations of the Port Authority of Guam as adopted by the Port Authority Board of Directors on March 19, 2004 with the exception that the marina rates for the Gregario D. Perez Marina should be the same as those proposed for the Agat Marina. While the condition of the Gregario D. Perez Marina is poorer than that of Agat, it has a better location. The rate increase for the marinas should be concurrent with capital improvements discussed therein.
- Open space storage fees should be increased.
- Re-evaluate and increase the rate structure for commercial vessels. Commercial vessel rates a Gregorio D. Perez should not be less than recreational rates at Agat.
- Businesses that use marinas for tourist related or other activities should be charged additional fees consistent with traffic and usage.

The master plan provided recommendations on general marina repairs as follows:

The plan noted that the Gregorio D. Perez Marina was in the worst condition of the marina facilities. Safety repairs should be made immediately or the unsafe marina areas should be placed off limits to personnel until safety corrections are made. The estimated cost of replacing the marina docks in the same configuration was approximately $3.5 million.

The 2008 master plan stated that while the safety repairs stated in the condition survey need to be accomplished, the long term goal of the facility should not be merely repair the existing facility “as is”. As part of this replacement the marina should be expanded and reconfigured with a different mix of slip lengths and fairway widths. The marina should be a magnet for recreational, charter, and local fishing boats. The marina should emphasize and support the local recreational, tourist and fishing economy. Current law states that the marina should emphasize recreational uses. The language should be re-evaluated and changed to emphasize recreational, tourism, and fishing equally. All are important to the local citizens of Guam.

A realistic expansion under the master plan would include increasing the size of the West Basin by excavation and expanding to the west toward the sewage treatment plant access road. Specific recommendations are provided in the study.

Estimated Capital Cost of Expanded Alternative: $4.8 Million

The master plan concluded that the Gregorio D. Perez Marina has great potential, but it will also cost the most to realize that potential. The marina should be improved and/or expanded with the funding coming from increased slip lease rates. Depending on the final configuration, rental rates, cost or improvements, financing framework and the demand, some form of funding or subsidies may be necessary.

The master plan included specific recommendations for the Agat marina as follows:

- Replace existing slips at A dock with larger boat slips and floats that can accommodate larger and heavier boats.
- Remove sunken boats and chains attached to the breakwater.
- Improve security.
- Repair the refueling pier and boat ramp boarding piers.
- Dredge the marina, near D dock.
- Evaluate enclosing the boat basin by extending the existing breakwater around D dock and connect to shore. Water circulation within the marina must be taken into account and designed for. This is an expensive improvement and should only be undertaken if the marina occupancy increases above 80 percent.

The estimated cost of these improvements, including extending the breakwater was estimated as follows:

Estimated Capital Cost: $2.3 Million

3.4 Rules and Regulations

1975 Rules and Regulations – Originally published in 1975 and revised in 1981, Title 16 – Natural Resources and Recreation, included Agana marina rules and regulations. The policy regarding use was noted for the purpose of accommodating vessels used for:

- Recreational Boating Activities

The rules and regulations included provisions for use permits, renewal, application, salvage, sanitation, age restrictions, safety, fueling and miscellaneous other rules and regulations. Berthing rates for assigned slips ranged from $10 to $40 per month and varied by season (April to November vs. December to March).

2007 Marina Rules and Regulations – The PAG Marina Rules and Regulations were adopted in September 2007. The purpose is to:

- Ensure the safe and efficient control and management of vessels using Guam Marinas in order that the public may enjoy safe, orderly, and convenient water-related recreation activities consistent with all applicable laws.

The document includes sections on definitions, use, environment, health and safety, fire safety, and vessel equipment requirements, maintenance and storage, boat operation, severe weather procedures, public use of marinas, and fees and charges. The marinas are primarily used for the purpose of:

- Providing moorings for vessels for recreational boating activities involving transportation on water, or for the landing of fish.

The document notes that the charge for usage of electricity and water is included in the flat rate of the slip. Water is provided at the boat ramps for the use of the boating public to rinse their vessels and maritime equipment only. Fueling is restricted to the existing (GFCA) facility.

Fees and charges relative to the marinas, according to the rules and regulations, should be:

- Based on the expenses of the operation, maintenance, and improvements at the marina.
- Reasonable
- Fixed with due regard to the primary purposes of providing public recreational facilities and promoting the fishing industry.

A summary of mooring fees is included in a following section of this report. Dry storage fees and other fees are also included within the Marina Rules and Regulations document.

3.5 Other Documents

1990 Written Testimony on Agat Marina – In October 1990, Port Authority of Guam General Manager David Tydingco provided written testimony regarding Agat Marina Rules and Regulations as well as Bill No. 1647. The testimony included comments to public hearing related issues and concerns. Public testimony concerns and General Manager Comments included:

- Slip Usage
- Storage areas for commercial operators

- Commercial space to support fishing and boating activities including ice house, retail shop, fuel dock, and restaurant.
- Recreational use discount
- Present fees $5.50 per foot recreational and $8.50 per foot commercial.
- Subleasing and daily rates
- Live-a-board regulations
- Projected expenses $160,000 per year

Notably, the General Manager stated that rates should be subsidized by the Legislature to assure that the Agat Marina does not look like the Agana Marina five years hence, and Mr. Tydingco emphasized the need to properly fund the maintenance, operation and capital improvements of the Agat Marina facility.

Other Documents Reviewed- We further reviewed other documents including lease agreements, a report on the economic value of Guam's coral reefs, forecasts for passenger and recreational craft, a Marina Operations Manual, marina best practices, marina finance, industry articles, and other documents. These documents are retained in our files.

4.0 GUAM MARINAS OVERVIEW

The Guam marinas that are subject to this study involve the Gregorio D. Perez Marina ("GDP Marina") in Hagåtña, and the Agat Marina in Agat. An island of Guam map with the location of the subject marinas is included on the following insert Map 4.1. These marinas generally serve the needs of small boaters on Guam. Both marinas are owned by the Government of Guam and administered by the Port Authority of Guam ("PAG"). There is currently no Marina Manager for the properties, and the assigned PAG staff has worked for years without the funds required to maintain the properties.

The marinas currently suffer from years of neglect and services and amenities offered have continued to decline. The marinas are 100 percent occupied and demand for slips at Guam's marinas is projected to increase along with the population and economic growth associated with the proposed military buildup. Guam's marinas are potentially great assets, but require a massive infusion of money to repair docks, replace sheet pilling, dredge, repair, and add services and other items. Various capital improvement projects commenced in 2011.

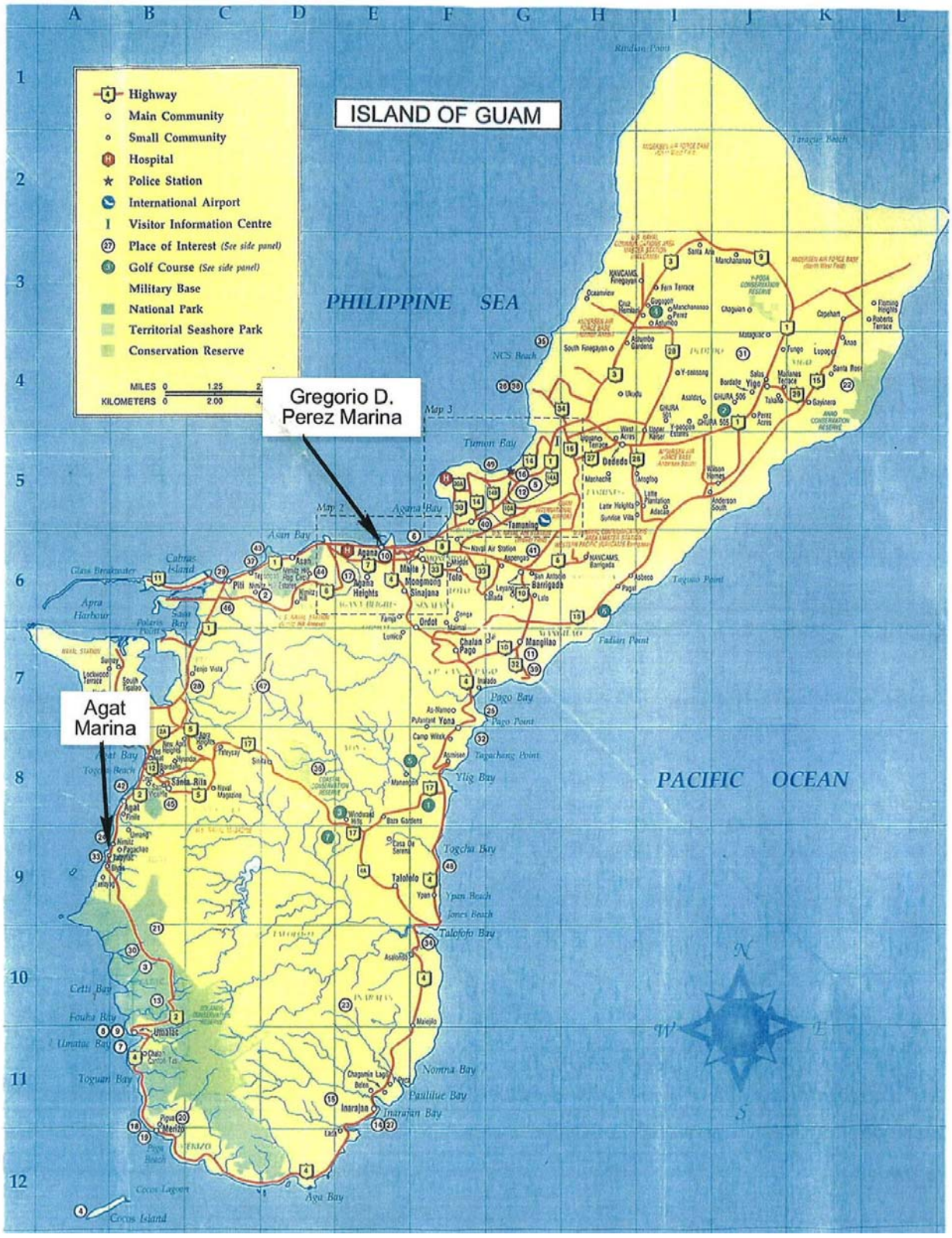
PAG and its marina partners including the Guam Department of Agriculture (DOA), US Department of the Interior (DOI), US Army Corps of Engineers (ACE), US Fish and Wildlife (USFW) and others have recently moved in a positive new direction of planning and cooperation. Various capital improvement projects are now underway or have been approved. Guam's marinas have the potential to provide safe, reasonable services to fishermen as well as to showcase the unique beauty of the island to the numerous visitors that enjoy boating related experiences. Guam's marinas are unique and serve as a bridge connecting the land and sea.

4.1 Guam Background Data

The United States territory of Guam is the largest and most populous island in the group of islands known as the Marianas. The Marianas are strategically located in the Western Pacific Ocean, south of Japan and east of the Philippines. Guam is situated about 900 miles north of the equator.

The Island of Guam is nearly footprint-shaped. Guam is approximately 30 miles long and ranges from approximately 4 to 8 miles in width. The island contains a total land area of about 212 square miles. Guam's soil mass is a mixture of weathered volcanic rock and raised coral. The northern half of the island is a high, coralline limestone rolling plain, reaching a height of up to 850 feet with steep cliffs abruptly forming the coastline. Hagåtña (also known as Agana), the capital, is located in the central portion of the island. The central portion of the island includes relatively level areas and rolling hills. The southern portion of the island is volcanic in origin and includes peaks of up to about 1,300 feet. Apra Harbor, one of the largest deep draft harbors in the Pacific, is located on the western side of the island. Apra Harbor is one of the few major deep draft harbors located in the Western Pacific Ocean between Honolulu and the Philippines or Japan.

Map 4.1 – Island of Guam Map



The climate of Guam is tropical with temperatures ranging from about 70° to 90° Fahrenheit with a mean annual temperature of 81° F. The warmest months are May and June. Most of the average yearly precipitation of 80 to 100 inches falls from July to October. The island enjoys tradewinds from December to April and is periodically subject to typhoons.

Guam today is the regional center of Micronesia for transportation, education, government, communication and commerce. It is frequently referred to as “America and Asia”. As an unincorporated U.S. territory, the United States federal government retains some control over its affairs. For many years, the local government has periodically attempted to readdress its political status with the United States.

The 2000 census indicates that Guam's population (including civilian and military) totals about 154,805 and current estimates approximate 172,500. The island's natural population is anticipated to increase at an annual rate of approximately one percent. However, the proposed military build-up could result in significant population growth.

Today, the most significant income-producing public sectors of Guam's economy include federal government expenditures (which includes military expenditures) and local Government of Guam activity. Regarding the private sector, tourism is the dominant income-producing component of Guam’s economy. Other private sectors that have the potential to play an increasing role in Guam's growth include services, fisheries, agriculture and manufacturing.

4.2 Gregorio D. Perez (GDP) Marina

The GDP Marina, also commonly known as Agana Boat Basin or Hagåtña Marina, benefits from a prime location on the waterfront of Guam’s capital city, Hagåtña. Tamuning, Guam's major area of commercial-related development borders Hagåtña to the northeast. Primary access to Hagåtña is via Marine Corps Drive (Route 1), Route 4 and Route 8. Marine Corps Drive is the primary roadway on Guam and connects Dededo with Hagåtña and areas southwest. Major bridge and other infrastructure projects are proposed for these primary roadways. The character of Hagåtña is primarily a mixture of commercial and government-related development, with public facilities scattered throughout the village. The primary public facility involves Paseo De Susanna, including the subject marina, Chamorro Village, ballpark and other public uses. A map of the location is included as following insert Map 4.2. An aerial view of the property and vicinity is included as following insert Photo 4.3. The subject location benefits from excellent visibility and close proximity to Guam’s population and tourism centers.

The GDP Marina improvements were originally built in the pre-World War Two era. The existing improvements were mostly constructed by the US Army Corps of Engineers in 1977 at a cost of $1.2 Million. The marina consists of two small lagoons formed by a

Map 4.2 – Map Locating Gregorio D. Perez Marina

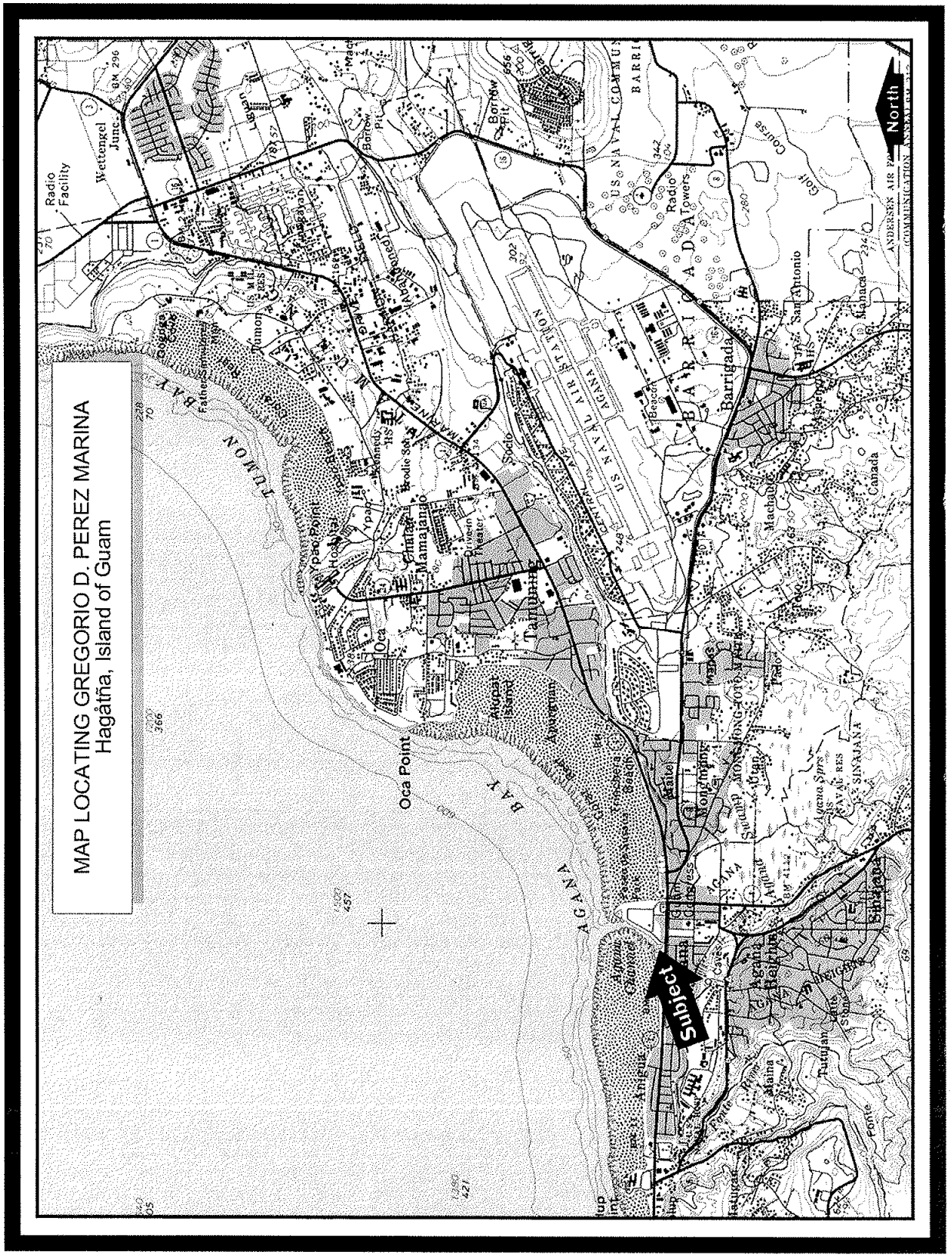
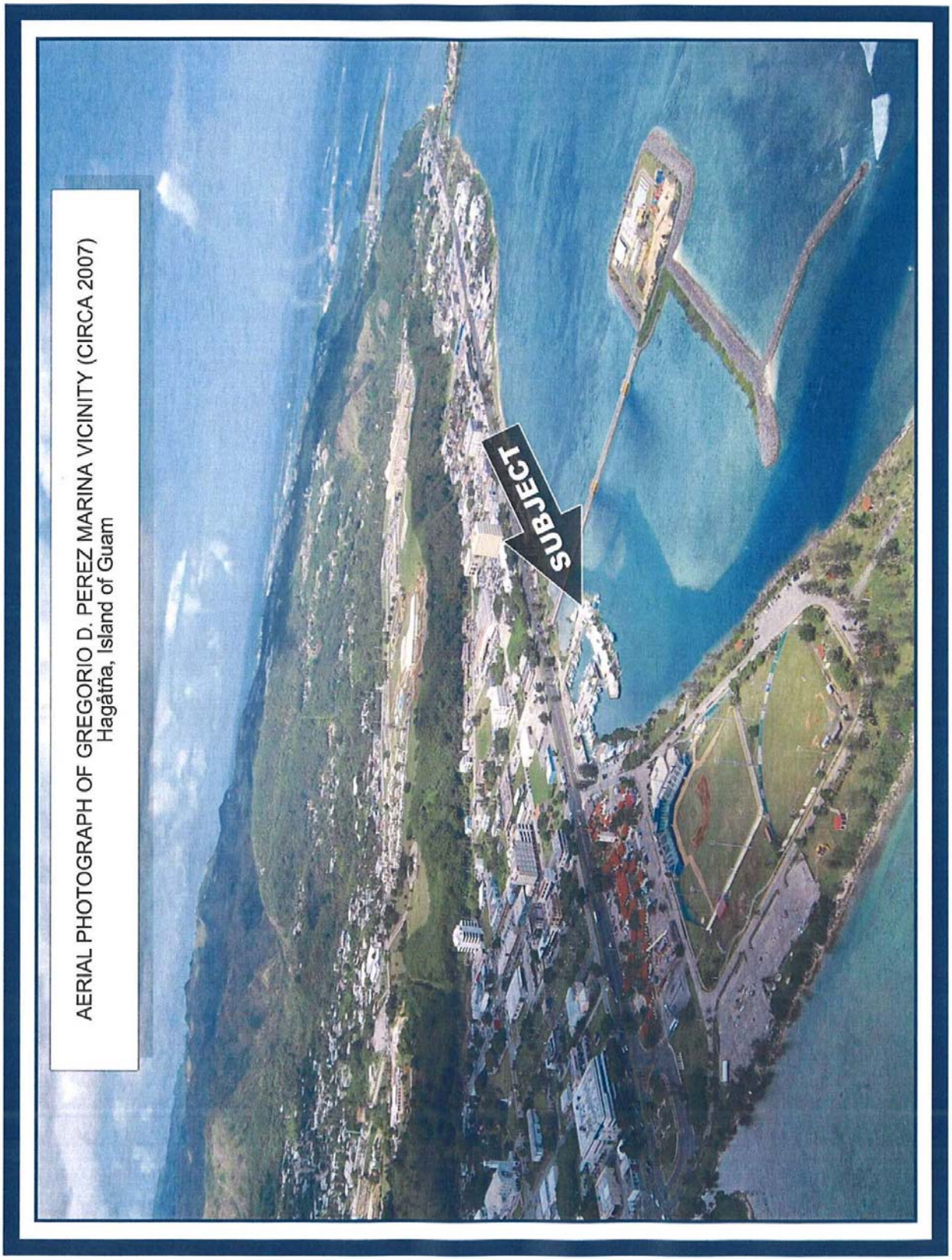


Photo 4.3 – Aerial Photograph of Gregorio D. Perez Marina Vicinity (Circa 2007)



series of breakwaters consisting of earth fill retained by steel sheet piles. The marina contains 8.23 acres of fast and submerged land and includes 61 slips, 45 at the inner basin and 16 at the outer basin. A property data sheet is included on the following page as insert Table 4.4.

The marina includes an entrance channel that is 860 feet long, 120 feet wide, and 12 to 15 deep; a 1.2 acre turning basin 12 feet deep; a main access channel that is 540 feet long, 80 feet wide, and 10 feet deep; a revetted mole 1,135 feet long, an east breakwater 200 feet long; a west breakwater 525 feet long; a 250-foot long wave absorber; three circulation channels; and navigation aids. The lagoon contains floating slips and moorings and has a total capacity reported at about 122 boats. Other boats are on blocks or are on trailers for storage or maintenance/repairs.

The marina serves both recreational and commercial boats. The marina includes two boat ramps and a wash down rock as wells as parking and dry storage facilities. A fuel dock is operated by the adjacent Guam Fisherman's Cooperative Association ("GFCA"). Improvements also include a concrete building that houses Guam Police Department. There are public restrooms and a small marina manager's office. The marina features adequate upland area for dry boat storage, auto and trailer parking, but prime parking areas fill quickly during periods of peak use. A satellite image of the GDP Marina and key features is included on following pages as insert Map 4.5. A dated (no more recent map available) marina layout map (Map 4.6), current tenant list (Table 4.7) and photographs of the GDP Marina are included on following pages.

The GDP Marina currently serves 63 users and reportedly operates at 100 percent occupancy. Almost 60 percent of users reflect recreational use while 35 percent reflect commercial use. Total annual income reflects almost $50,000 in slip fees. There are 14 applicants currently on the waitlist for slips, as shown on the table on a following page (Table 4.8).

The adjacent land to the east is controlled by the not-for-profit Guam Fisherman's Cooperative Association ("GFCA"), currently lead by Mr. Manny Duenas. The GFCA must be considered with respect to any major GDP Marina decisions, as they are effectively partners serving users of the facility. GFCA controls nearly 2 acres of upland, and was granted a monopoly regarding fuel services at the marina. A lot map and a summary of the GFCA commercial lease agreement is included on the following pages as insert Map 4.9 and Table 4.10.

Protection from Storms, Waves, and Wind – Marinas are typically more susceptible to damage from elements and are typically located in protected coves or inlets. The GDP Marina consists of two small lagoons formed by a series of breakwaters. Major typhoons typically damage Guam's marinas.

Table 4.4 – Subject Gregorio D. Perez Marina Property Data Sheet

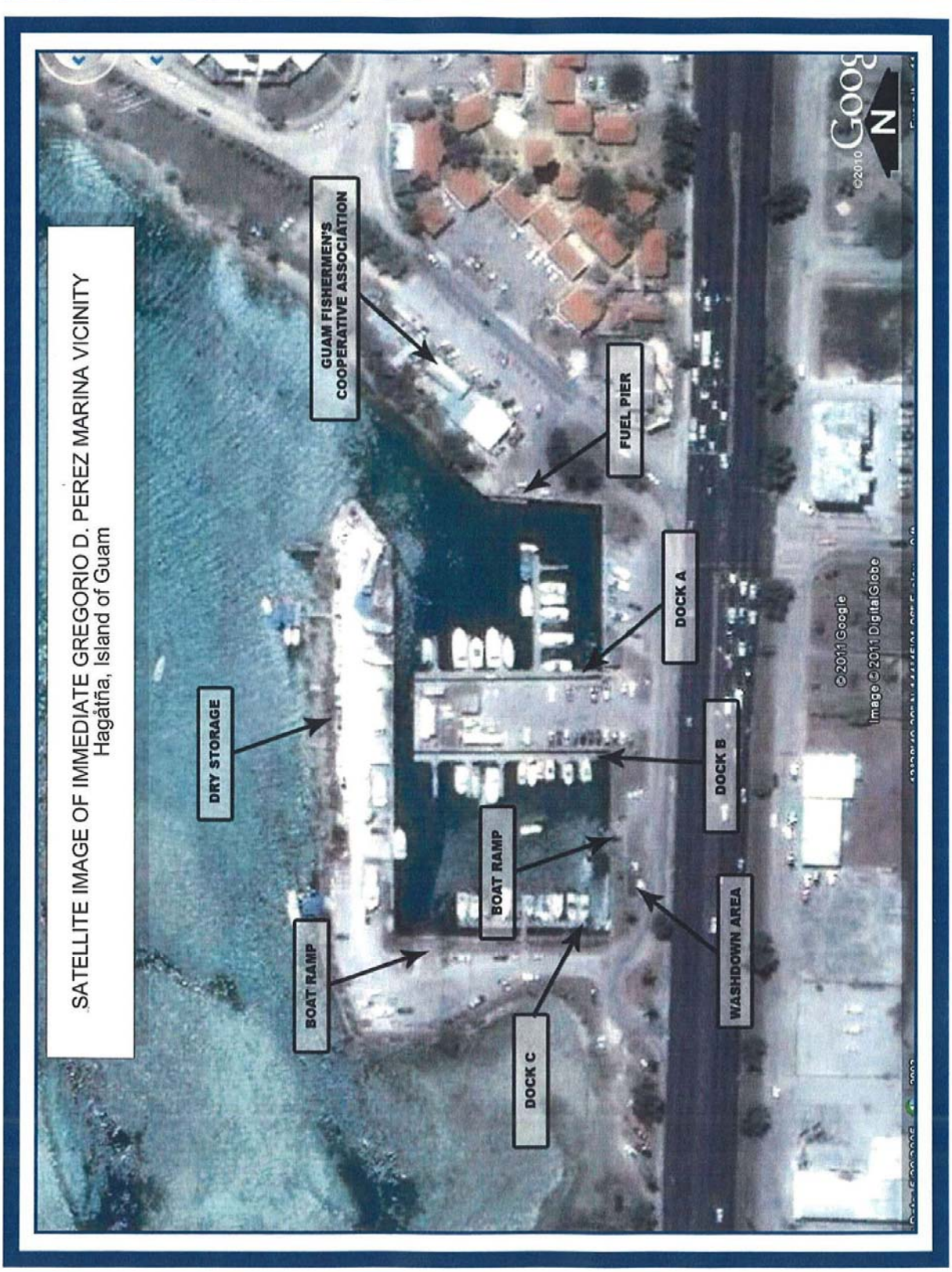
SUBJECT GREGORIO D. PEREZ MARINA PROPERTY DATA SHEET
Hagåtña, Island of Guam

Location:	Marine Corps Drive, between Chamorro Village and Agana Sewage Treatment Plant, Municipality of Hagåtña, Island of Guam
Lot No:	Portion of Paseo de Susana, Guam, Estate No. 11675
Land Area:	8.23± acres (fast and submerged)
Marina Improvements	
No. of Slips:	16 Outer Basin 45 Inner Basin 61 Total Slips
Entrance Channel:	860 ft. long, 120 ft. wide, 12 to 15 ft. deep
Turning Basin:	1.2 acres, 12 ft. deep
Main Access Channel:	540 ft. long, 80 ft. wide, 10 ft. deep
Revetted Mole:	1,135 ft. long
East Breakwater:	200 ft. long
West Breakwater:	525 ft. long
Wave Absorber:	250 ft. long
Total Capacity:	122 boats
Draft Capacity:	Unknown – varies
Boat Ramp:	Two boat ramps
Parking:	Coral lot and paved areas
Fuel:	Available (GFCA controlled)
Dry Storage:	Available
Other Improvements:	Restrooms, marina manager office, police and other improvements
Access:	Paved road
Utilities:	All public utilities available at site
Topography:	Mostly fairly level (fastland)
Fee Simple Owner:	Government of Guam
Ordinances Affecting Land Use and Development:	
Current Zoning:	Planned District Development
Proposed Zoning:	Zoning District 1: Parks
Flood Zone:	Zone VE Special Flood Hazard Areas Subject to Inundation by the 1% Annual Chance Flood [Coastal flood zone with velocity hazard (wave action); Base Flood Elevations determined between 10 feet]
Natural & Man-Made Constraints:	Affected by Flood Hazard Areas and Seashore Reserve

Total Current Department of Revenue and Taxation Appraised Values and Real Property Tax:

Not applicable due to Government ownership

Map 4.5 – Satellite Image of Immediate Gregorio D. Perez Marina Vicinity



Map 4.6 – Dated Marina Layout Map of Gregorio D. Perez Marina

Table 4.7 – Summary of Port Authority of Guam GDP Marina Tenant List

SUMMARY OF PORT AUTHORITY OF GUAM GREGORIO D. PEREZ MARINA TENANT LIST
Hagåtña, Island of Guam

No.	Slip	Boat	Use	Slip Size (ft.)	Boat Size (ft.)	Beam (ft.)	Draft (ft.)	Annual Fee
DOCK A								
1	A-01	Rescue	Government	NA	40	NA	NA	$0
2	A-02	Rescue	Government	NA	40	NA	NA	$0
3	A-03	Island Girl II	Commercial	NA	35	NA	NA	$1,680
4	A-04	Customs Boat	Government	NA	NA	NA	NA	$0
5	A-04	Rosemarie	Recreation	NA	40	NA	NA	$960
6	A-05	Island Girl	Commercial	NA	40	NA	NA	$1,680
7	A-06	Big Bird I	Recreation	NA	32	NA	NA	$960
8	A-04	Full Count	Recreation	40	28.6	11	2.8	$960
9	A-07	Beacon II	Recreation	NA	35	NA	NA	$1,500
10	A-08	Skyrider I	Commercial	62.5	29	12	5	$1,313
11	A-08	Skyrider III	Commercial	62.5	27.5	12.1	4.6	$1,313
12	A-09	Sea Spinner	Commercial	25	34	8	3	$1,050
13	A-10	Marine Six	Recreation	25	22	8	2	$600
14	A-11	Kika Dora	Recreation	25	27	9	3	$600
15	A-12	Trimmer	Recreation	25	28	10	2	$600
16	A-13	Mamulan	Commercial	25	31	11.3	5.5	$1,050
17	A-14	NA	Recreation	25	22	8	3	$600
18	A-15	Mamulan II	Commercial	25	35	13	6	$1,050
19	A-16	Cesca Lea	Recreation	NA	28	10	2	$600
20	A-17	Flying Dutchman	Recreation	25	31	11.4	3.4	$600
DOCK B								
21	B-01	Lucky Strike	Commercial	40	31	11	3	$1,680
22	B-02	Querida	Recreation	NA	40	NA	NA	$960
23	B-03	Consolacion	Recreation	40	21	6	3	$960
24	B-04	Gerfy	Recreation	40	34	NA	NA	$960
25	B-05	Ten II	Commercial	NA	40	NA	NA	$1,680
26	B-06	Maranatha	Recreation	40	20	8	3.5	$960
27	B-07	Boonie Dog	Recreation	20	22	8.6	11	$480
28	B-08	Wasabi	Recreation	NA	23	8	3	$480
29	B-09	Flying Proa	Recreation	20	21	6	2	$480
30	B-10	Hayi Baba	Recreation	NA	8	8	2.5	$480
31	B-11	Anna Bella	Recreation	NA	20	NA	NA	$480
32	B-12	Boston Whaler	Commercial	20	18	6.5	3.5	$480 [1]
33	B-13	Bedoch	Recreation	NA	23	7	3.5	$480
34	B-14	Nordic	Commercial	NA	28	10	2	$840
DOCK C								
35	C-01	Headshaker	Commercial	25	25	NA	NA	$1,050
36	C-02	Hafa Dude	Recreation	25	25	NA	NA	$600
37	C-03	Miss Annie	Recreation	25	22	8	3	$600
38	C-04	Lady Maria	Recreation	25	20	6.5	2	$600
39	C-05	Tao Tasi	Recreation	25	31	12	3	$600
40	C-06	M&M	Recreation	25	24.1	NA	NA	$600
41	C-07	I Nara Guam	Recreation	25	28	NA	NA	$600
42	C-08	Bill Buster	Recreation	25	25	NA	NA	$600
43	C-09	Fishing Paul III	Recreation	25	27	9	3	$600
44	C-10	GFCA	Recreation	25	25	NA	NA	$600

[1] $480 annual fee included, not allocated in provided rent roll.

Table 4.7 – Summary of Port Authority of Guam GDP Marina Tenant List (Continued)

SUMMARY OF PORT AUTHORITY OF GUAM GREGORIO D. PEREZ MARINA TENANT LIST (CONTINUED)
Hagåtña, Island of Guam

No.	Slip	Boat	Use	Slip Size (ft.)	Boat Size (ft.)	Beam (ft.)	Draft (ft.)	Annual Fee
FD								
45	FD	Galaide	Government	NA	51	NA	NA	$0
IW								
46	IW	Hammerhead	Commercial	IW	29	12	5.4	$720
47	IW	Ocean Pro-31	Commercial	IW	31	11	2.1	$930
48	IW	OP-II	Commercial	IW	31	11	2.5	$930
49	IW	OP-1	Commercial	IW	31	11	2.5	$930
50	IW	Ten	Commercial	NA	36	NA	NA	$1,080
OB								
51	OB	Maria	Recreation	OB	40	8	2	$720
52	OB	Skyrider II	Commercial	OB	29	12	5	$870
53	OB	Skyrider IV	Commercial	OB	27.5	12.1	3.2	$870
54	OB	Skyrider V	Commercial	OB	29	12	6	$870
55	OB	Big Bird I	Recreation	NA	32	NA	NA	$576
56	OB	Big Bird	Recreation	NA	15	6	1.5	$270
57	OB	Julio	Recreation	NA	35	9	4	$630
58	OB	Sea Fantasy	Commercial	NA	42	16	3	$1,260
59	OB	Toninos	Commercial	OB	46	16	7	$1,380
60	OB	Temple Dawn	Recreation	NA	NA	NA	NA	$960
Subs								
61	Sub-B-12	NA	Recreation	NA	17.6	NA	NA	$480
62	Sub-B-07	Maria Christina	Recreation	NA	24	NA	NA	$480
63	Sub-A-04	Full Count	Recreation	NA	28	NA	NA	$960
Summary							Total:	$49,882

No. of Slips:	63
Current Use:	100%

Use/Fee Allocation

Recreation Use:	37 (59%)	Recreation Fees:	$25,176 (50%)
Commercial Use:	22 (35%)	Commercial Fees:	$24,706 (50%)
Government Use:	4 (06%)		

Source: Port Authority of Guam

PHOTOGRAPHS OF GREGORIO D. PEREZ MARINA AND VICINITY
Hagåtña, Island of Guam

Easterly view along marina service road just off of Marine Corps Drive (to right). The subject is located to the left.

Southwesterly view near the northern boundary of the Guam Fisherman's Cooperative Association leased premises (at the back middle of the photograph). Paseo Loop is to the left and the marina entrance channel is to the right.

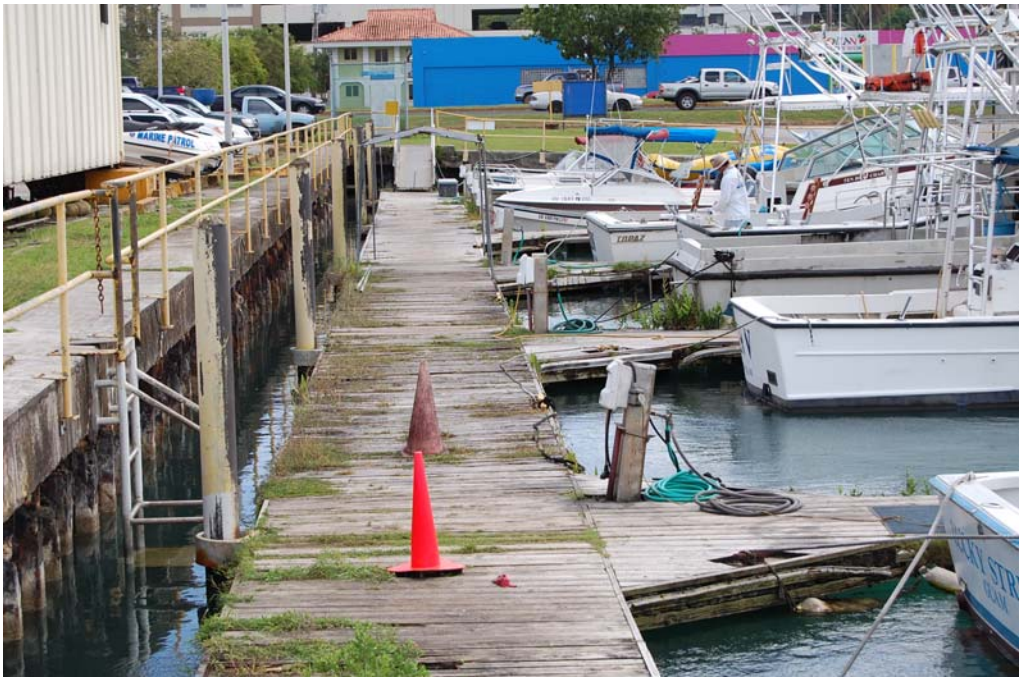
Northeasterly view at Guam Fisherman's Cooperative Association improvements. Note the metal butler style building construction.

Westerly view along subject marina dry dock area. The outer basin area is to the right.

Northerly view along “C” Dock.

Easterly view along subject property dock.

Easterly view at “condemned” dock area due to deterioration of improvements.



Southerly view along marina “A” Dock. Note the poor condition of the wood dock and rusting sheet piling. Dock and sheet piling improvements commenced in May 2011.

View of the nearby Guam Fishermen's Cooperative Association fuel pier.

View of marina boat ramp.

View of marina boat ramp.

Northwesterly view across east and west breakwater from a point along east breakwater improvements.

Table 4.8 – Summary of Port Authority of Guam GDP Marina Wait List

SUMMARY OF PORT AUTHORITY OF GUAM MARINA WAIT LIST[1]
Gregorio D. Perez Marina, Island of Guam

No.	Date	Usage
1	08/18/10	Recreation
2	05/04/10	Recreation
3	01/29/10	Commercial
4	01/13/10	Commercial
5	01/11/10	Commercial
6	01/11/10	Recreation
7	08/26/09	Recreation
8	08/26/09	Recreation
9	08/18/09	Recreation
10	08/14/09	Recreation
11	08/14/09	Recreation
12	08/13/09	NA
13	08/12/09	Recreation
14	07/01/09	Recreation

[1] Source: Port Authority of Guam

Map 4.9 – Lot Map of Guam Fishermen's Cooperative Association Leased Land

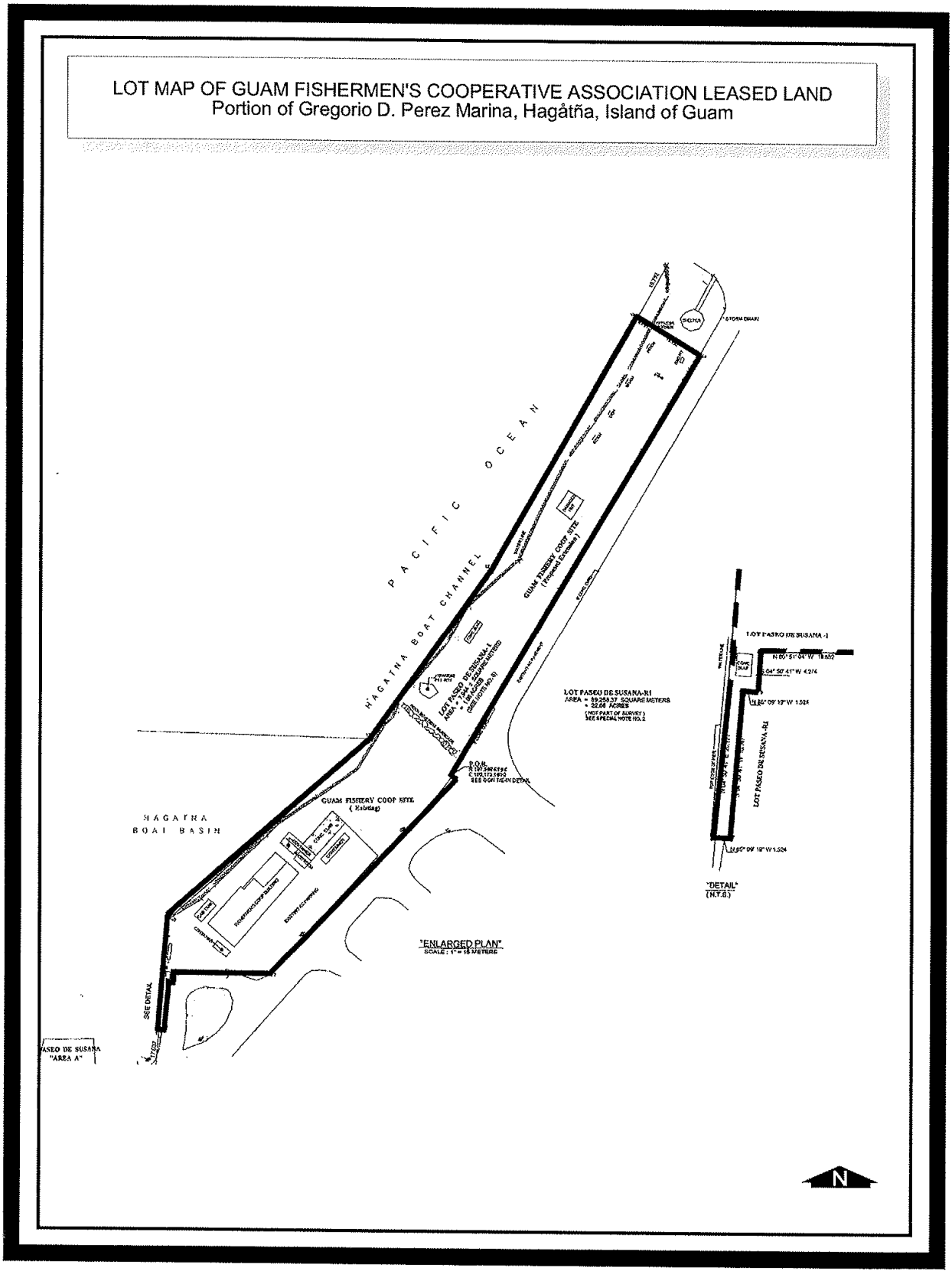


Table 4.10 – Summary of GFCA Commercial Lease Agreement

SUMMARY OF GFCA COMMERCIAL LEASE AGREEMENT
Portion of Gregorio D. Perez Marina, Hagåtña, Island of Guam

Document Title:	Commercial Lease Agreement
Document Date:	May 11, 2010
Recorded:	Instrument No. 806519
Lessor:	Government of Guam
Lessee:	Guam Fishermen's Cooperative Association ("GFCA")
Leased Premises:	Lot No. Paseo de Susana-1, Guam, containing a land area of 7,944± square meters (1.96± acres)
Lease Term:	65 years from May 11, 2010 through May 10, 2075
Option to Extend:	N/A; at beginning of the last year of the lease, Lessor and Lessee may negotiate the terms of a new lease; provided that Lessee gives notice by registered mail of desire to enter into new lease.
Ground Rent:	$2.00 per year (payable on or before November 30 of each year),
Use:	To construct a facility complimentary and accessory to overall development plan of Paseo de Susana Planned Development District in accordance with Public Law 27-24, Section 7.
Improvements:	All improvements constructed on premises by Lessee shall be owned by Lessee until expiration or termination of Lease term. Lessee shall not remove improvements until normal expiration of Lease term. Lessee is responsible to keep and maintain all improvements.
Sublease:	Lessee shall not sublease property or assign the leasehold; however, Lessee may enter into tenant leases for no greater than 25 years for spaces or rooms within the property where tenants may operate retail, service or restaurant business consistent with purpose of master plan.
Taxes, Assessments and Other Charges:	Lessee shall pay all real and personal property taxes, general and special assessments, and other charges of every description levied on or assessed against the premises, improvements or any sublease hold estate.
Other:	This lease contains other covenants regarding default, mortgage, indemnification, insurance, etc.

Utilities – Modern mainland marinas typically offer a wide range of utilities including water for liveaboards, sewer, electricity, bottled gas, gasoline, cable TV, sanitary sewage and waste removal. Marinas providing water, electrical, and sewer are classified as full-service marinas. The GDP Marina offers water and power services. A fuel dock is operated by GFCA. A new pump-out sewage service remains inoperable, but is expected to be in service by the GFCA in the near future.

On-Site Services – By providing services, marinas can derive additional revenues. The most common service is boat storage. Boat storage includes wet slips, open air ground storage and dry rack storage. Boat repair and washing is another common service found at marinas. Wet slips and dry storage (no racks) are available at the GDP Marina. Fuel is available from the GFCA controlled fuel dock. Police services are available on-site, and a marina management office and restrooms are also located at the marina.

Water Frontage, Depth and Land Area – The generally acceptable minimum depth for marinas at dockside is 6 to 7 feet. The GDP Marina provides an adequate minimum depth, although some dredging and removal of obstacles in the marina is required. Ideally, marina upland areas must be adequate for parking, dry boat storage and future expansion. The subject marina has adequate parking areas, but the prime areas fill quickly during periods of peak demand.

Breakwaters – Marina properties can be threatened by strong water currents and waves. A breakwater is typically constructed to protect marinas from these forces. A breakwater is a barrier structure that stops or slows water currents and waves. Guam breakwaters involve rocky mounds.

Although breakwaters provide necessary protection, they can cause problems. They can reduce natural basin flushing or impede the flow of water, causing sedimentation build-up. The GDP Marina breakwaters are adequate, except during some typhoons, and certain areas require dredging as noted.

Docks – Marinas usually have floating or fixed docks. Guam's marinas are affected by significant differences between high and low tides and floating docks are required. Of the wood, metal, or concrete floating dock options, Guam's marinas feature wood, although plans are underway to replace certain docks with materials that last much longer than wood. Wood floating docks are typically designed in a lattice structure to provide additional strength with flotation devices underneath and wood decking above. The ancillary items including utilities, flotation, decking, protection cleats, connectors, and anchorage attach to the frame.

The GDP Marina docks are currently in poor condition and are pending replacement. Dock A will be replaced with wood and the other docks are proposed for replacement with aluminum.

Retaining Walls – Sheet pile retaining walls are designed to prevent waves from eroding the site. Anchored walls provide a number of support points that will counterbalance the wave forces generated against them. The GDP Marina includes rusting sheet piles that are scheduled for replacement.

Slip Length and Turning Radius –The GDP Marina features adequate slip lengths and turning radius for the needs of most of Guam's boating community.

Dredging – Most marina owners dredge periodically to prevent excessive buildup of siltation. Siltation builds up as currents flow in and out, carrying sediment to an area where there is relatively little water movement. As sediment builds up, the slips become shallower. Most pleasure boats need a minimum of one to two feet of water below their propellers during low tide.

Dredging may include excessive costs, protracted periods to obtain permits, the possibility of pollutants embedded in dredged material, and a lack of places that accept dredged material. The GDP Marina requires various dredging of the access channel and the entrance to outer marina. We are not aware of approvals or any formal plans to complete this work.

Flood Zone – Marinas are usually located within the most severe flood zones. The GDP Marina is located in flood Zone VE, coastal flood zone with velocity hazard (wave action).

Deep Water Slips – Deep water slips involve those that accommodate 40 foot boats. The GDP Marina has limited ability to accommodate boats over 40 feet in length.

Other Building Improvements – Marina buildings are usually constructed of low quality materials and basic in design due to flood zone issues. It is rare for a marina to not have a lift or crane. The GDP marina includes improvements that house the marina managers office, police department and other improvements.

Expenses to Repair – Marine repair work to docks, piles, bulkheads, sheet piling, and other items is typically very expensive. Further, regulatory agency approvals may take years to complete necessary paperwork. Wood docks can deteriorate rapidly and lead to unsafe conditions if not repaired quickly.

Fortunately, the docks at the GDP Marina facility will be replaced and the replacement of sheet piling has also been funded. Regarding additional required repair and capital improvements, the GFCA completed a preliminary study of necessary upgrades and estimated costs, and a summary of immediate needs is provided as follows:

Item	GFCA
Extend all Dock Pilings by 5'	$150,000
Fire suppression	$100,000
Limited dredging of access channel, entrance to outer marina, removal of obstacles	$400,000
Immediate Needs Total	$650,000

Long-term needs identified by GFCA for the GDP Marina reflect approximately $7.5 million and include:

- Raise dry storage area and extend 50 feet towards outer basin with steel sheet piles. Provide concrete covering, sump for collecting containments and utilities.
- Construct boat ramp and parking areas between Inner Marina and Sewer treatment access road
- Replace fuel dock
- Construct fire rescue and harbor police building
- Construct 75 slips in Outer Marina
- Sheet piling work

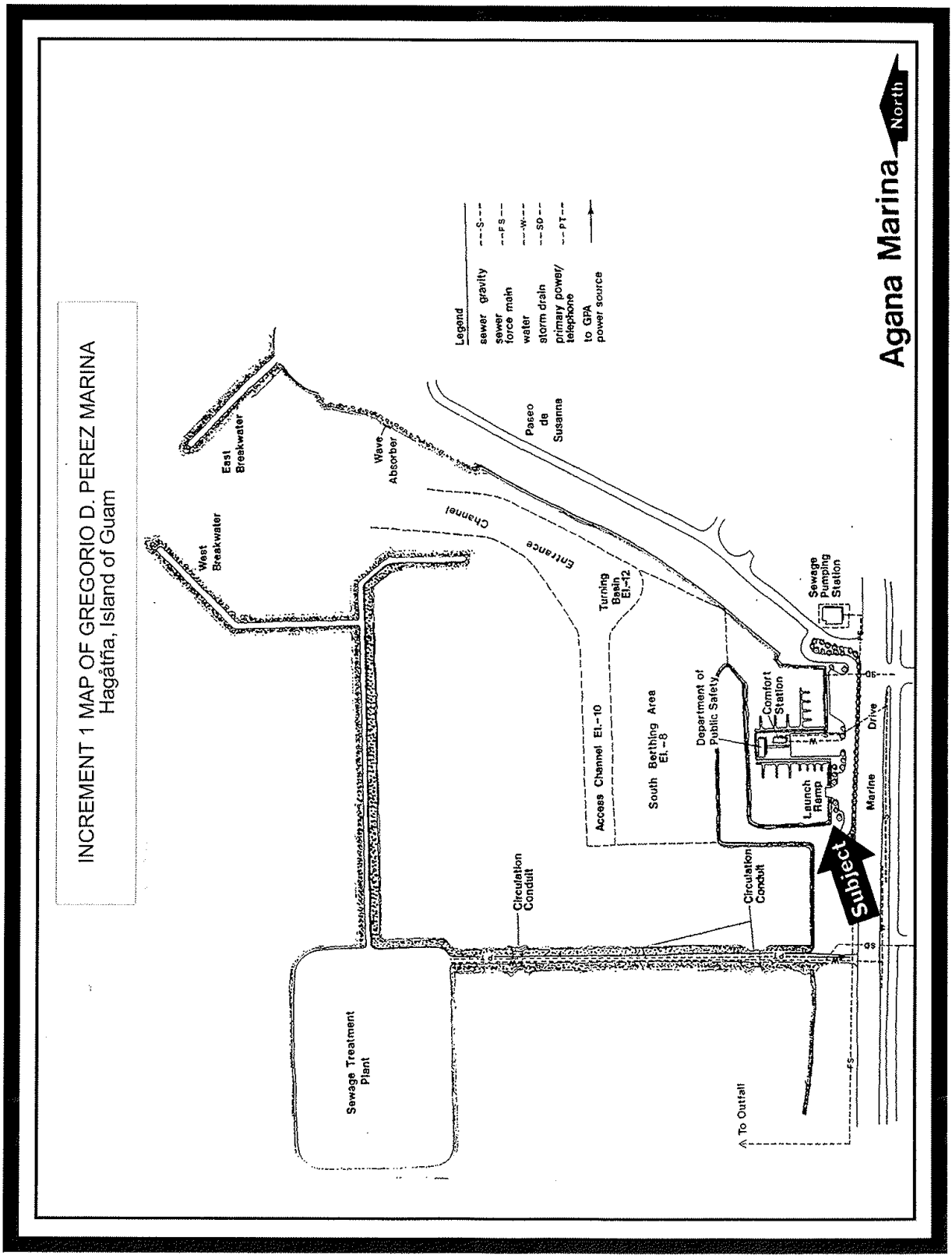
Further details regarding repair costs and strategy are included in a following section of this report.

Marina Master Plan – Details to the Paseo De Susanna Master Plan were previously included herein. Regarding future development plans, the Master Plan notes that the Agana Marina Development Plan in November 1976 phased the specific development activities within the marina. Maps showing these phases, or increments are included on the following pages as inserts Map 4.11 to 4.14. Phase 1 consisted of the development of the marina plus dredging of sufficient material from the entrance channel, access channel and south berthing area to construct. Phases 2, 3, and 4 include a wide range of improvements, expansion, fill work and other improvements detailed as follows. The master plan reports that only Phase I was completed after 30 years. The document stated that total Fiscal Year 2002 revenue from rental slips was less than $20,000. Additional Master Plan details were previously included herein.

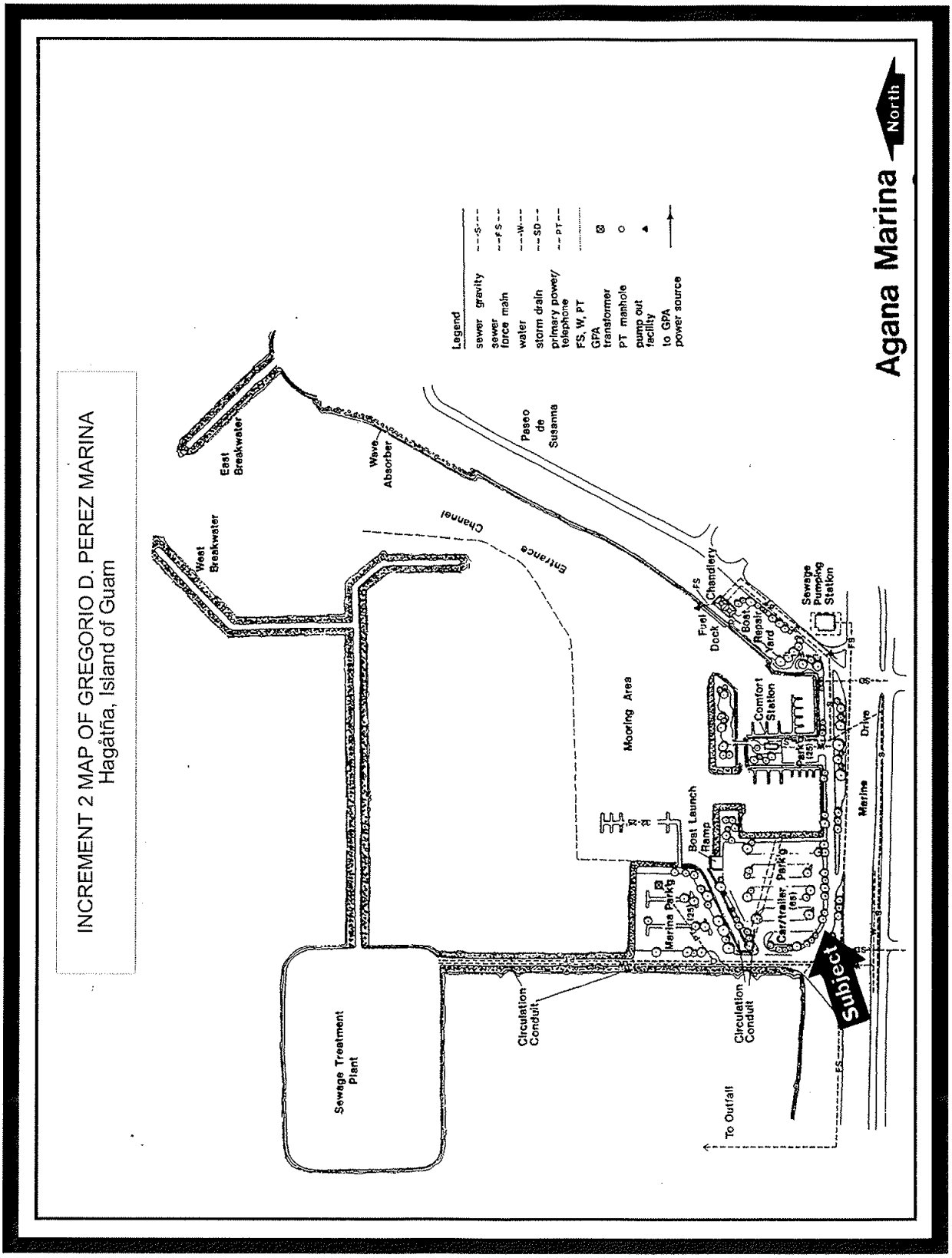
Details to future proposed development phases under the Master Plan is included as follows.

Phase	Proposed Projects
2	• 32 floating slips • 30 moorings at southerly berthing area • Boat launch ramp • Fuel dock and chandlery • Boat Repair yard • Parking area
3	• 78 floating slips in southerly berthing area • 16 new slip in existing west basin • Berthing dock in easterly basin • Harbor police building • Comfort Station • Utilities
4	• Dredge northerly berthing area • Construct offshore mole • Complete westerly fill area • Install 40 moorings in usable water that was created

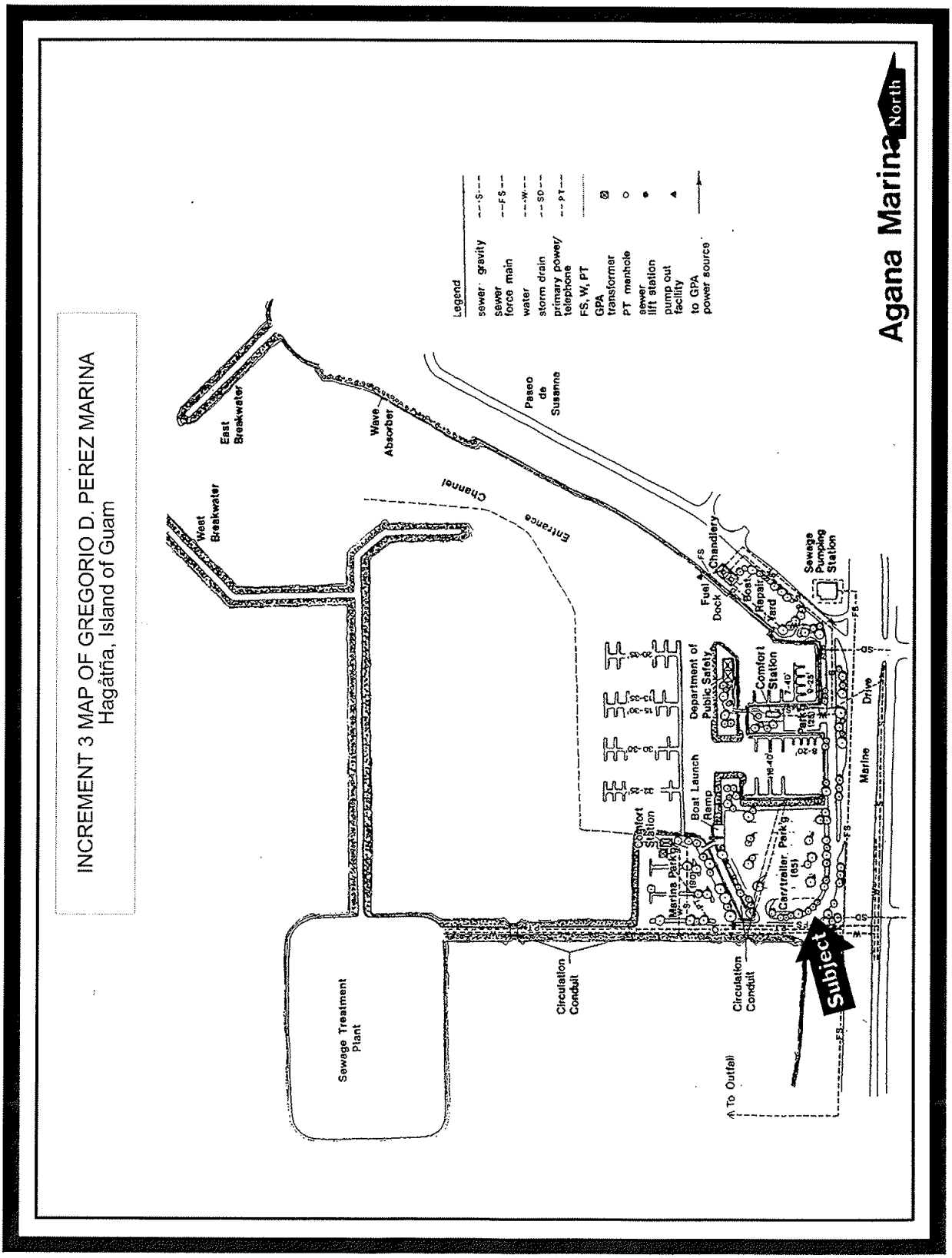
Map 4.11 – Increment 1 Map of Gregorio D. Perez Marina



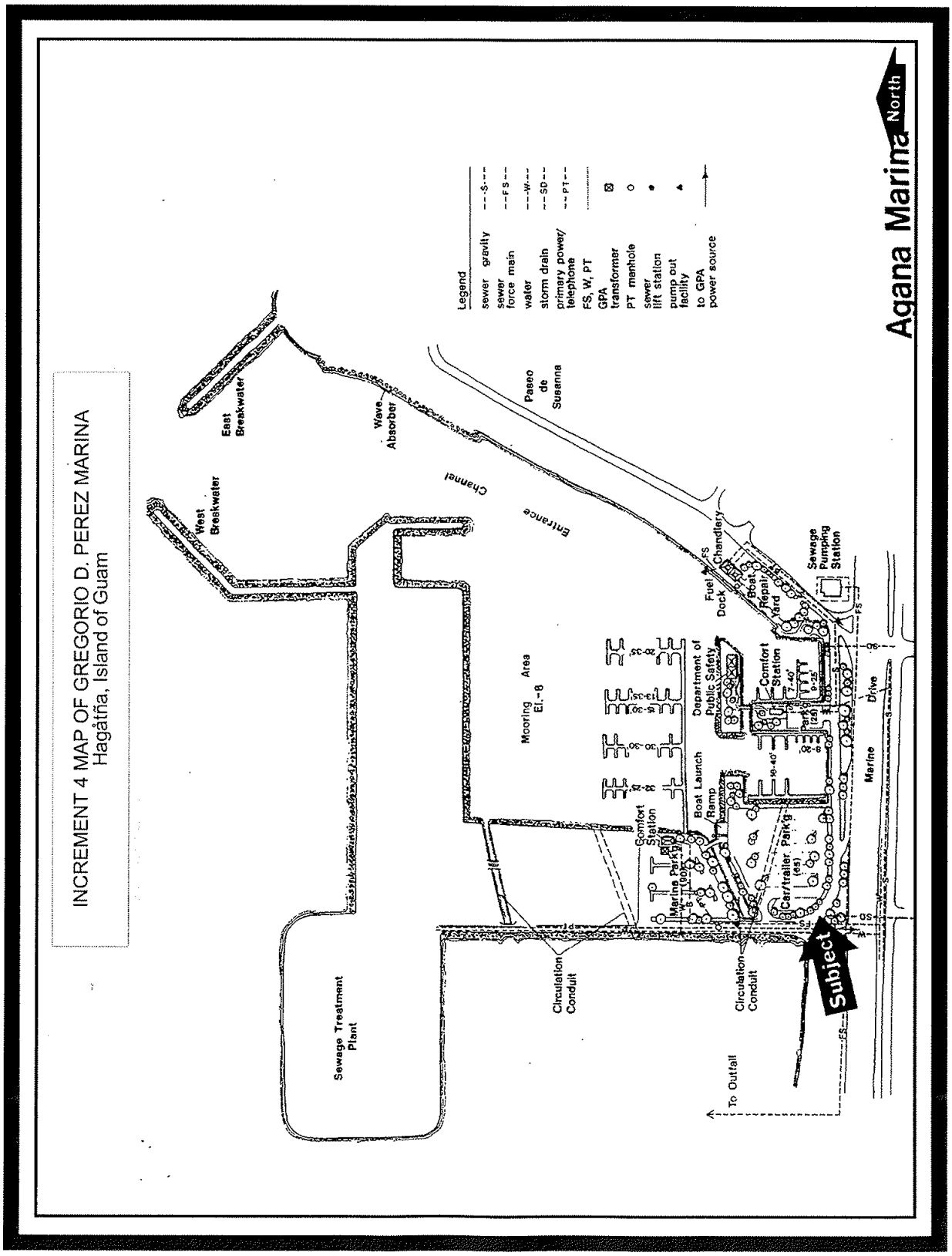
Map 4.12 – Increment 2 Map of Gregorio D. Perez Marina



Map 4.13 – Increment 3 Map of Gregorio D. Perez Marina



Map 4.14 – Increment 4 Map of Gregorio D. Perez Marina



4.3 Agat Marina

The Agat Marina is located along Route 2 and the oceanfront in Agat. A map of the location is included on following insert Map 4.15. The property is located along the southern portion of the west coast of the Island of Guam. Agat is bordered to the north by Naval Station, Apra Harbor and Piti. Umatac borders Agat to the south. Santa Rita, the War in the Pacific National Historical Park (Mount Alifan Unit) and the United States Naval Magazine border Agat to the east. Agat Bay and the Philippine Sea border Agat to the west. The capital of Guam, Hagåtña, is located approximately eight miles northeast of Agat.

Agat is primarily residential and rural in character, although commercial development exists along primary roadways. Most of the commercial development in Agat is located along Route 2. Route 2 is the primary access road serving Agat. This two-lane roadway provides for traffic flow in generally north and south directions. Route 2 abuts the subject property to the east. An aerial photograph of the marina and vicinity are included on following insert Photo 4.16.

The Agat Marina was built by the U.S. Army Corps of Engineers under the authority of Section 107 of the Rivers and Harbors Act of 1960. The project was completed and dedicated in March 1989, and construction of shore-side facilities by the Government of Guam was completed in September 1990. Reportedly, the facility cost $7.6 million, with PAGs contribution of $5.5 million. A property data sheet is included on following insert Table 4.17.

This marina is comprised of over two acres of shoreside facilities and approximately nine acres in the basin. The original design included a total of 154 slips including accommodations for 9 sixty foot vessels, 30, forty five foot vessels, and 115 twenty five foot vessels or less. Each slip has power and water facilities available. Electronic security lock systems were installed on the gangways to each dock.

The Agat marina consists of an entrance channel 930 feet long, 120 feet wide, 14 feet deep; a turning basin 120 feet long, 150 feet wide, 7 to 11 feet deep; a main access channel 500 feet long, 75 feet wide, 9 feet deep; two breakwaters 985 feet long and 50 feet long, respectively; and two revetted moles 180 feet long and 300 feet long. A drawing of these areas taken from the Commercial Port Master Plan is shown on following insert Map 4.18.

The marina was designed to accommodate 162 boats with supporting shoreside facilities for fuel, loading, car and trailer parking, water hookups, and pump-out facilities. The marina also has a full-service restaurant for approximately 40 customers and an outdoor dining area. The marina's draft capacity was originally 7 feet. However, the area adjacent to D-Dock remains undredged. A master development plan of the marina is included on following insert Map 4.19.

Map 4.15 – Map Locating Agat Marina

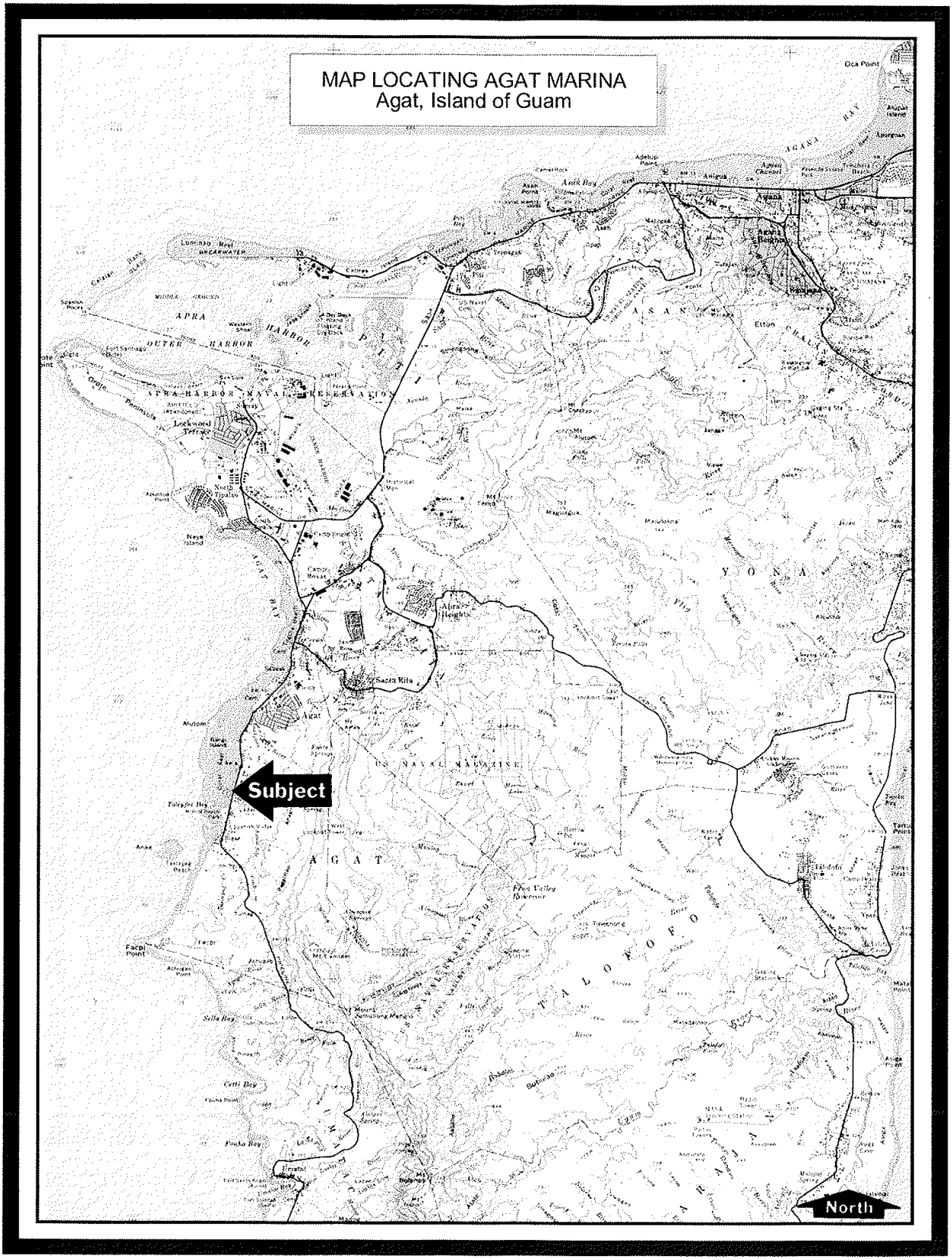


Photo 4.16 – Aerial Photograph of Agat Marina Vicinity (Circa 2007)

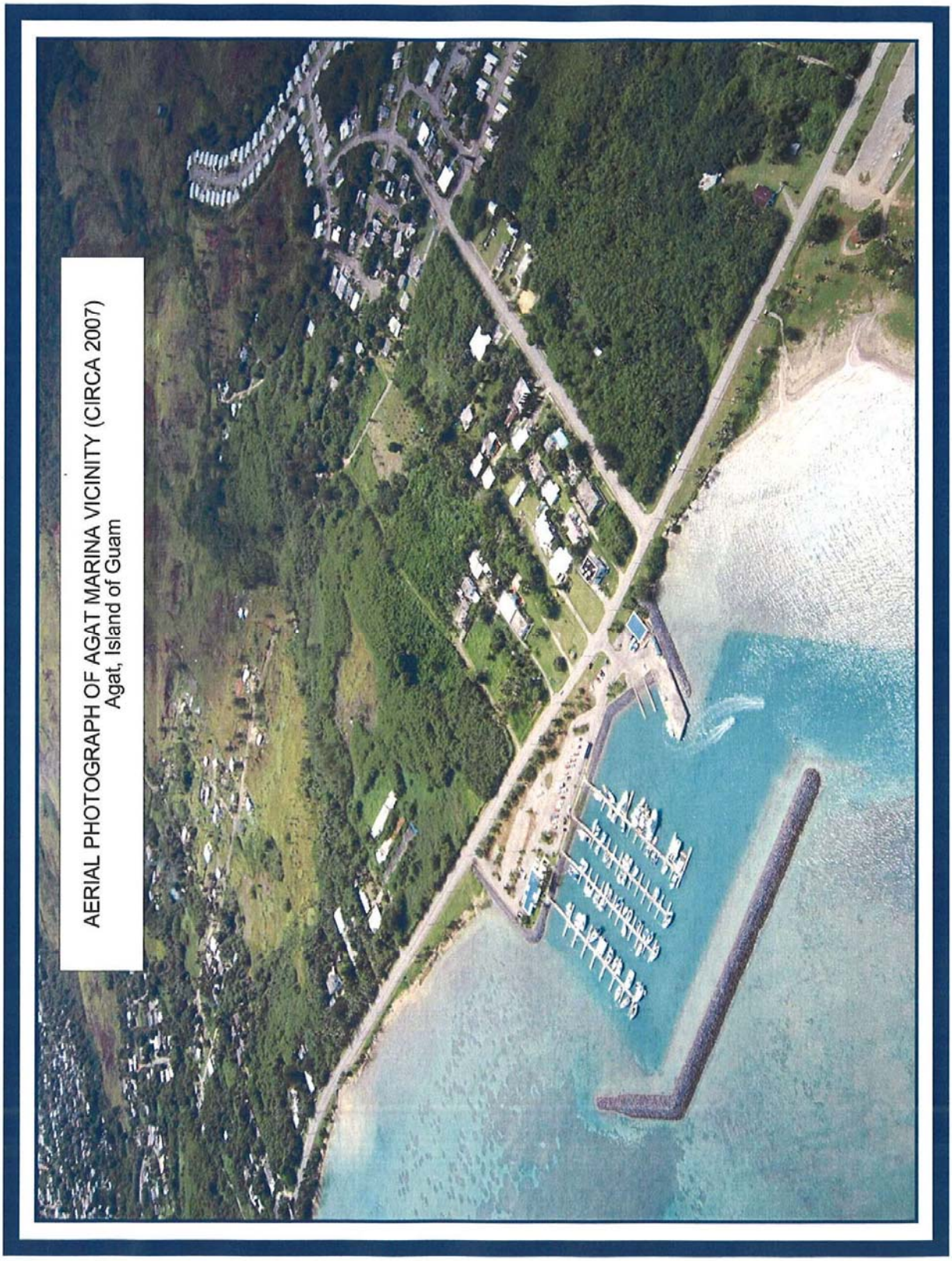


Table 4.17 – Subject Agat Marina Data Sheet

SUBJECT AGAT MARINA DATA SHEET
Agat, Island of Guam

Location:	Oceanfront and Route 2, Municipality of Agat, Island of Guam
Lot No:	Unknown
Land Area:	2.0± acres fastland 9.0± acres submerged 11.0± acres total
Marina Improvements No. of Slips:	9 - 60 ft. vessels 30 - 45 ft. vessels 115 - 25 ft. vessels 154 total slips with berthing area depth 7 to 9 ft.
Entrance Channel:	930 ft. long, 120 ft. wide, 14 ft. deep
Turning Basin:	120 ft. long, 150 ft. wide, 7 to 11 ft. deep
Main Access Channel:	500 ft. long, 75 ft. wide, 9 ft. deep
Revetted Mole:	Two, 180 ft. long and 300 ft. long
Breakwaters:	Two, 985 ft. long and 50 ft. long
Wave Absorber:	N/A
Total Capacity:	162 boats
Draft Capacity:	7 ft.
Boat Ramp:	One, allows dual use
Parking:	65 automobile stalls, 20 trailer parking stalls and 3 bus parking areas
Fuel:	Fuel dock facility no longer operational
Dry Storage:	None
Restrooms:	No longer operational
Other Improvements:	One concrete commercial building with a gross building area of 3,000± square feet constructed in 1990. The building is in fair condition and a portion is leased to Jan Z's. A second building houses Guam Fire Department and includes management office and former icehouse (change to restrooms – now closed).
Access:	Paved road
Utilities:	All public utilities available at site
Topography:	Fairly level (fastland)
Fee Simple Owner:	Government of Guam
Ordinances Affecting Land Use and Development:	
Current Zoning:	A, Agricultural Zone
Proposed Zoning:	Zoning District 3: Moderate Intensity
Flood Zone:	Zone VE Special Flood Hazard Areas Subject to Inundation by the 1% Annual Chance Flood [Coastal flood zone with velocity hazard (wave action); Base Flood Elevations determined between 12 feet]
Natural & Man-Made Constraints:	Affected by Flood Hazard Areas, Coral Reef and Seashore Reserve
Total Current Department of Revenue and Taxation Appraised Values and Real Property Tax:	

Not applicable due to Government ownership

Map 4.18 – Agat Small Boat Harbor As Constructed

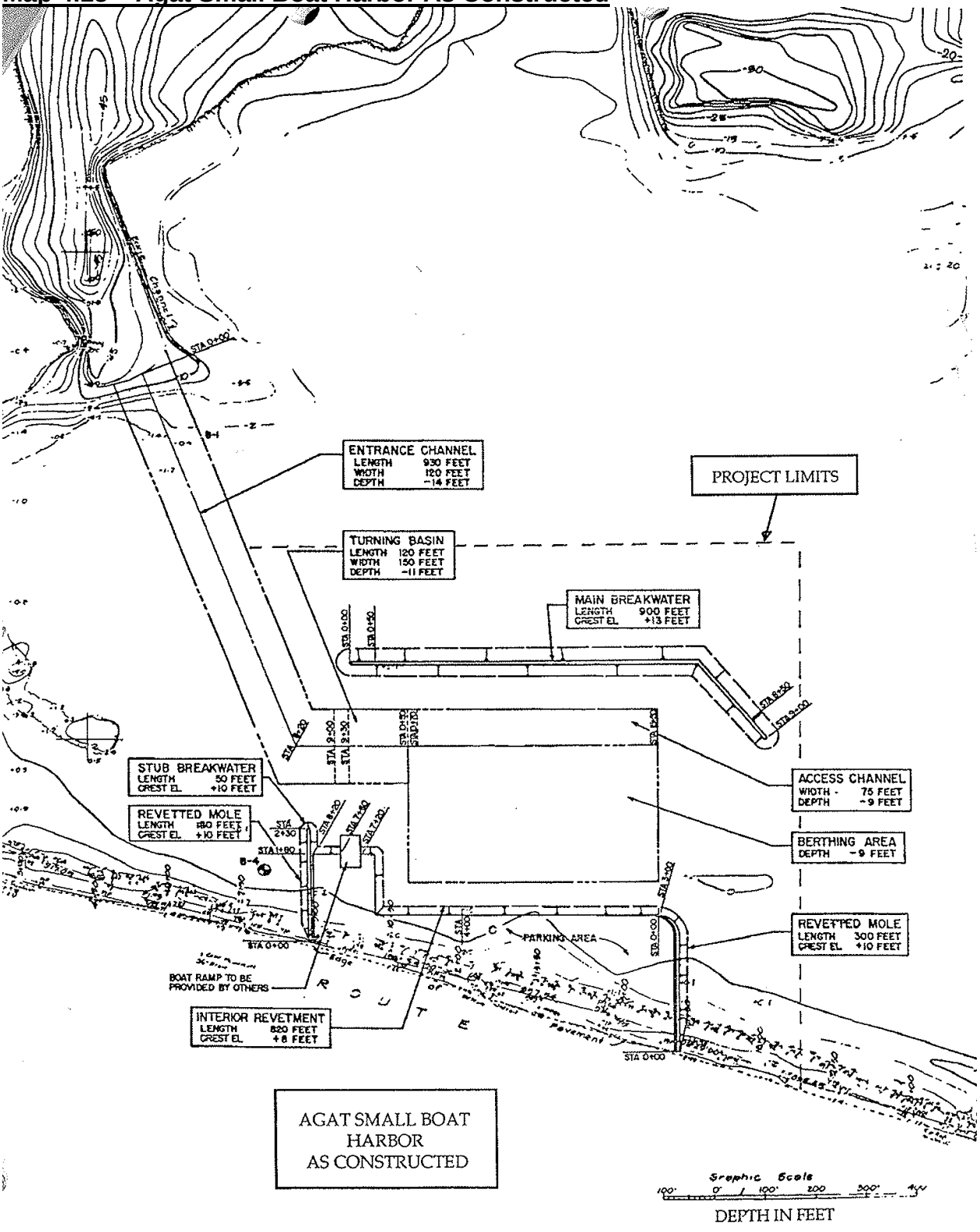


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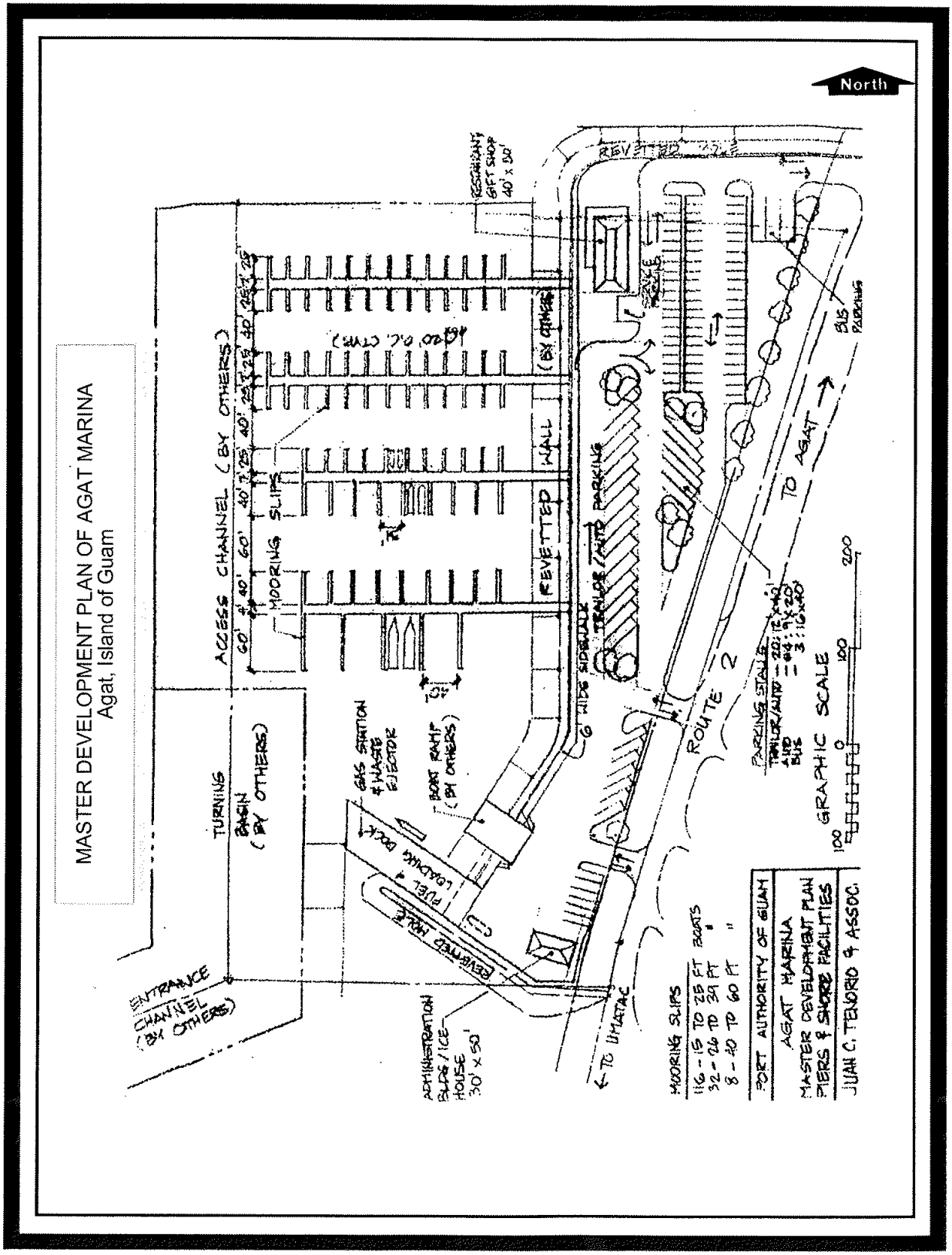
FIGURE 2

Map 4.19 – Master Development Plan of Agat Marina



Following the marina construction, it was discovered that wave setup from 10 to 15 foot surf on the reef edge would cause high velocity currents to enter the marina in a north to south direction. This led to two problems for the marina: (1) the first row of berths became unusable; and (2) a shoal developed on the north side of the berthing area. In response the Corps of Engineers developed a corrective scheme to reduce the current velocities and shoaling.

The marina serves both recreational and commercial boats. There is a boat ramp that allows two vessels to load/unload simultaneously. The administration building houses the Guam Fire Department and the other building includes Jan Z's restaurant. Parking was designed to accommodate 20 trailers, 64 cars and 3 buses.

There are currently 83 registered users and 4 commercial boats are on the wait list. A summary of the current tenant list of registered users (Table 4.20) as well as the waitlist (Table 4.21) are shown on following pages. Approximately 80 percent of users involve recreational vessels, with approximately 18 percent involving commercial vessels. The total income reflects over $210,000 from slip rentals. A satellite image (Map 4.22) and photographs of the Agat Marina are included on following pages.

Since construction, the facility has slowly deteriorated and docks require replacement. Further, the public restrooms are closed and the fueling facilities are no longer operational. There have been security issues and marina users complain about parking and other management issues.

Protection from Storms, Waves, and Wind – Marinas are typically more susceptible to damage from elements and are typically located in protected coves or inlets as previously noted. The Agat Marina includes a main breakwater, revetment, revetted moles and a stub breakwater to limit negative impacts from storms. However, major typhoons typically cause damage to Guam's marinas.

Utilities – Full service marinas offer a wide range of utilities including water for liveaboards, sewer, electricity, bottled gas, gasoline, cable TV, sanitary sewage and waste removal. The Agat Marina offers water and power services. A fuel dock is no longer operational.

On-Site Services – By providing services, marinas can derive additional revenues. The most common service is boat storage. Boat storage includes wet slips, open air ground storage and dry rack storage. Boat repair and washing is another common service found at marinas. Wet slips are available at the Agat Marina. Additional on-site services include the restaurant.

Water Frontage, Depth and Land Area – The generally acceptable minimum depth for marinas at dockside is 6 to 7 feet. The Agat marina was designed to provide an adequate minimum depth, although extensive Dock D area dredging and removal of obstacles in the marina is required. Ideally, marina upland areas must be adequate for parking, dry boat storage and future expansion. The subject marina has adequate parking areas, but parking management is lacking.

Table 4.20 – Summary of Port Authority of Guam Agat Marina Tenant List

SUMMARY OF PORT AUTHORITY OF GUAM AGAT MARINA TENANT LIST
Agat, Island of Guam

No.	Slip	Boat	Use	Size (ft.)	Annual Fee
DOCK A					
1	A-01	Ten I	Commercial	46	$6,120
2	A-02	Mid Summer	Commercial	48	$6,120
3	A-03	Sea Odyssey II	Commercial	45	$6,120
4	A-04	Dalores	Recreation	43	$3,300
5	A-05	Azuma	N/A	NA	$0
6	A-08	Oz-II	Commercial	40	$6,120
7	A-10	Margarita	Recreation	53	$6,120
8	A-10	Delphinus	Commercial	42	$6,120
9	A-11	Andromeda I	Commercial	43	$6,120
10	A-11	Oceanus	Commercial	35	$6,120
11	A-11	Zephyrus	Commercial	34	$3,468
12	A-14	Second Chance	Recreation	20	$1,650
13	A-16	Pluto	Commercial	30	$2,550
14	A-17	Flyer I	Commercial	28	$2,550
15	A-18	Flyer II	Commercial	25	$2,550
16	A-22	Heavy Metal	Recreation	24	$1,650
17	A-26	Esperanza	Recreation	23	$1,650
18	A-30	Unknown	Recreation	20	$1,650
19	A-32	Isana	Commercial	23	$2,586
20	A-A	Sunchaser	Commercial	42	$6,120
DOCK B					
21	B-01	Alexis Rae	Recreation	33	$1,650
22	B-02	Unknown	Recreation	18	$1,650
23	B-04	Unknown	Recreation	18	$1,650
24	B-04	Damn Boat	Recreation	21	$1,650 [1]
25	B-07	Unknown	Recreation	18	$1,650
26	B-10	Lucky Lady	Recreation	34	$1,650
27	B-16	Wild Cat	Recreation	26	$1,650
28	B-21	Earendil	Recreation	20	$1,650
29	B-23	Unknown	N/A	NA	$0
30	B-24/25	Si Sirena	Recreation	50	$6,120
31	B-32	Great Fisher	Recreation	25	$1,650
32	B-38	Marine Six	Recreation	19	$1,650
33	B-39	May Fly	Recreation	24	$1,650
34	B-40	The Boat Shop	Recreation	14	$1,650
35	B-43	Unknown	Recreation	19	$1,650
36	B-45	Ehu Girl	Recreation	24	$1,650
37	B-46	Joe Bennet	Recreation	18	$1,650
38	B-48	Si Helen	Recreation	29	$1,650

[1] $1,650 annual fee included, not allocated in provided rent roll.

Table 4.20 – Summary of Port Authority of Guam Agat Marina Tenant List (Continued)

SUMMARY OF PORT AUTHORITY OF GUAM AGAT MARINA TENANT LIST (CONTINUED)
Agat, Island of Guam

No.	Slip	Boat	Use	Size (ft.)	Annual Fee
ILLEGAL PARKER					
39	B-38	Unknown	Recreation	21	$1,650
DOCK C					
40	C-01	Boys Toy	Recreation	26	$1,650
41	C-02	Dayenu	Recreation	24	$1,650
42	C-04	Heritage	Recreation	28	$1,650
43	C-06	Nisa K	Recreation	24	$1,650
44	C-08	JQ Kobayashi Maru	Recreation	20	$1,650
45	C-12	Finisterre	Recreation	35	$1,650
46	C-15	Ono	Recreation	20	$1,650
47	C-16	Unknown	Recreation	30	$1,650
48	C-19	MacGregor	Recreation	26	$1,650
49	C-21	Loke Lani	Recreation	29	$1,650
50	C-22	Unknown	Recreation	30	$1,650
51	C-24/25	Clipper 1	Recreation	50	$4,680
52	C-27	Unknown	Recreation	25	$1,650
53	C-28	Rubicon	Recreation	34	$1,650
54	C-30	Discovery	Recreation	32	$2,550
55	C-32	Blow Me Again	Recreation	35	$1,950
56	C-35	Southern Cross	Recreation	32	$1,650
57	C-39	For Moore	Commercial	28	$2,550
58	C-40	Showtime	Recreation	29	$1,650
59	C-46	Unknown	Recreation	25	$1,650
60	C-47	Genesis	Recreation	33	$1,650
61	C-48	Vida Loca	Recreation	34	$1,650
DOCK D					
62	D-01	Potluck	Recreation	33	$2,640
63	D-02	Hana Pa'a	Recreation	27	$2,640
64	D-03	Bertram 31	Recreation	31	$2,640
65	D-04	Volans III	Recreation	42	$2,640
66	D-06	Joss	Recreation	40.5	$2,640
67	D-07	Bulldog	Recreation	33.5	$2,640
68	D-09	Unknown	Recreation	48	$2,640
69	D-10	Rozinante	Recreation	38	$2,640
70	D-11	Persephone	Recreation	37	$2,640
71	D-11	Hallux	Recreation	33	$2,640
72	D-12	Galaxie	Recreation	38	$2,640
73	D-13	Morning Star	Recreation	36	$2,640
74	D-14	Remedy	Recreation	38	$2,640

Table 4.20 – Summary of Port Authority of Guam Agat Marina Tenant List (Continued)

SUMMARY OF PORT AUTHORITY OF GUAM AGAT MARINA TENANT LIST (CONTINUED)
Agat, Island of Guam

No.	Slip	Boat	Use	Size (ft.)	Annual Fee
DOCK D (CONTINUED)					
75	D-15	The Sun Chaser	Recreation	41	$2,640
76	D-16	Earth	Recreation	42	$2,640
77	D-17	Makena	Recreation	50	$2,640
78	D-17	Crystal Shelter	Recreation	42	$2,640
79	D-18	Mystic Moon	Recreation	38.8	$2,640
80	D-26	Sundowner	Recreation	31.7	$440
81	D-29	Sea Duce	Recreation	42	$2,640
82	D-31	Marauder 2	Recreation	33	$2,640
FUEL DOCK					
83	Fuel Dock	Alii Nui	Commercial	54	$5,508

Summary Total: $211,382

No. of Slips:	83		
Current Use:	100%		
Use/Fee Allocation			
Recreation Use:	66 (80%)	Recreation Fees:	$142,310 (67%)
Commercial Use:	15 (18%)	Commercial Fees:	$70,722 (33%)
Government Use:	0 (0%)		
N/A Use:	2 (2%)		

Source: Port Authority of Guam

Table 4.21 – Summary of Port Authority of Guam Agat Marina Wait List

SUMMARY OF PORT AUTHORITY OF GUAM MARINA WAIT LIST [1]
Agat Marina , Island of Guam

No.	Date	Usage
1	10/13/10	Commercial
2	01/28/10	Commercial
3	07/10/09	Commercial
4	10/23/08	Commercial

[1] Source: Port Authority of Guam

Map 4.22 – Satellite Image of Immediate Agat Marina Vicinity

PHOTOGRAPHS OF AGAT MARINA
Agat, Island of Guam

Northeasterly view along Route 2. The subject Agat Marina is located to the left.

Northeasterly view across paved parking area on the subject property.

Southwesterly view at Jan Z's By the Sea restaurant building located on the subject property.

View of closed restrooms one-story concrete building.

Southwesterly view along subject property ocean frontage.

Southerly view along interior revetment rock wall and marina water frontage.

Easterly view along typical dock. Note the poor condition of the dock and the slips.

Westerly view along typical dock.

View of gangway area with security gate.

Interior view of Jan Z's By the Sea restaurant.

Breakwaters – Marina properties can be threatened by strong water currents and waves. A breakwater is typically constructed to protect marinas from these forces. A breakwater is a barrier structure that stops or slows water currents and waves. Guam breakwaters involve rocky mounds. As previously noted, although breakwaters provide necessary protection, they can cause problems. They can reduce natural basin flushing or impede the flow of water, causing sedimentation build-up. The Agat Marina breakwater has resulted in serious water flow and sedimentation problems.

Docks – Marinas usually have floating or fixed docks. Guam's marinas are affected by significant differences between high and low tides and floating docks are required. Of the wood, metal, or concrete floating dock options, Guam's marinas feature wood, although plans are underway to replace certain docks with materials that last much longer than wood. Wood floating docks are typically designed in a lattice structure to provide additional strength with flotation devices underneath and wood decking above. The ancillary items including utilities, flotation, decking, protection cleats, connectors, and anchorage attach to the frame. The Agat Marina docks are currently in poor condition and require replacement.

Slip Length and Turning Radius –The Agat Marina features adequate slip lengths and turning radius for the needs of most of Guam's boating community, although the Dock D area requires dredging to allow proper use.

Dredging – Most marina owners dredge periodically to prevent excessive buildup of siltation. Siltation builds up as currents flow in and out, carrying sediment to an area where there is relatively little water movement. As sediment builds up, the slips become shallower. Most pleasure boats need a minimum of one to two feet of water below their propellers during low tide.

Dredging may include excessive costs, protracted periods to obtain permits, the possibility of pollutants embedded in dredged material, and a lack of places that accept dredged material. The Agat Marina requires various dredging of the Dock D area as noted. We are not aware of approvals or any formal plans to complete this work.

Flood Zone – Marinas are usually located within the most severe flood zones. The Agat Marina is located in flood Zone VE, coastal flood zone with velocity hazard (wave action).

Deep Water Slips – Deep water slips involve those that accommodate 40 foot boats. The Agat Marina was originally designed to accommodate 39 vessels over 40 feet in length.

Other Building Improvements – Marina buildings are usually constructed of low quality materials and basic in design due to flood zone issue. It is rare for a marina to not have a lift or crane. The Agat marina includes improvements that house the restaurant, fire department, restrooms (closed) and other improvements.

We reviewed a government report indicating that a revetted mole breakwater is required north of Dock D to prevent storm surge from entering this part of the marina. This work would also eliminate or reduce silt deposits. The Guam Economic and Development Authority previously estimated the cost at $1.5 million.

According to the GFCA and others, priority repair projects for the Agat Marina are as follows:

Immediate Needs	Estimated Cost
Replacement of Docks including Fuel Pier dock	$1,300,000
Security cameras	$ 100,000
Fishing platform	$ 300,000
Channel markers added to channel entrance	$ 100.000
Dock D area sediment mitigation	$ 350,000
Subtotal	$2,150,000
Long Term Needs	
Repair or Replace Concrete Fuel Pier	$ 500,000
Dredging Marina	$1,200,000
Subtotal	$1,700,000
Total	$3,850,000

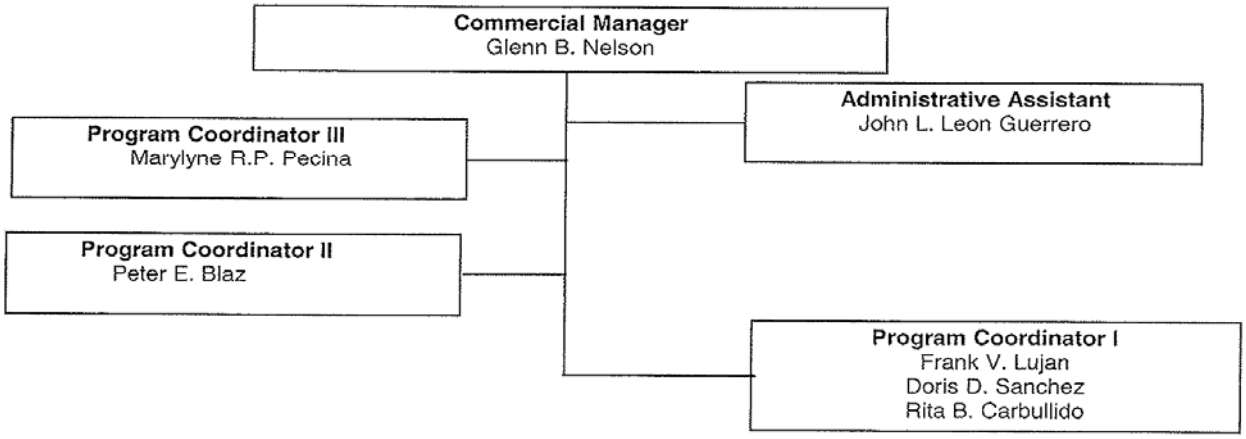
As shown, the total repair costs estimated by GFCA for the Agat Marina reflect $3,850,000.

4.4 Marina Management

Guam's marinas are owned by the Government of Guam, and administered by the Port Authority of Guam (PAG), under leadership of its General Manager, Mr. Pedro A. Leon Guerrero. Within PAG, the Commercial Division is responsible for marina management. The Commercial Manager is Mr. Glenn B. Nelson, and he is supported by six staff members. Contact personnel for marina management include Mr. Nelson, Ms. Marylyne Pecina and Ms. Rita Carbullido, Program Coordinators III and I, respectively. The Commercial Manager reports to the Corporate Services Manager who reports to the General Manager. An organizational chart for the Commercial Division is included as the following insert Table 4.23.

Table 4.23 – Port Authority of Guam FY 2011 Organizational Chart

PORT AUTHORITY OF GUAM
Jose D. Leon Guerrero Commerical Port
FISCAL YEAR 2011 ORGANIZATIONAL CHART



The Commercial Manager's Position Description includes a description of duties including a list of essential functions. Specifically, the Commercial Manager "Administers the planning and managing of the strategic business growth as outlined in the Port Master Plan involving the Authority's real estate property, including property leasing, fisheries, cruise operations, industrial park and marinas".

There are nine duties and responsibilities for the Commercial Manager. Notably, the reference to marinas only appears once (the long proposed industrial park is referred to four times). The Commercial Manager has a wide range of duties directly related to PAGs core function of operating the Commercial Port of Guam.

PAG has a defined Marina Manager position, although this position has not been filled in nearly 10 years and does not appear on the organizational chart. The Marina

Manager manages the operations, programs and activities of a boat marina, and reports to the Commercial Manager. The duties and responsibilities of the Marina Manager include:

- Directs and coordinates the operations, programs and activities of the marina facilities.
- Coordinates work involved in the maintenance and repair of the marina facilities, maintains assignment of berthing and mooring slips, collects fees for the rental of boats, stalls and slips.
- Prepares reports, planning documents, and budget requirements relative to the operations of the marina.
- Initiates requests for the procurement of needed supplies, materials and equipment.
- Handles complaints and settles disputes between users of the facilities; answers inquiries from the public; enforces safety rules, regulations, policies and procedures.
- Performs related duties as required.

The Marina Manager position description includes supervisory responsibility over Program Coordinator positions I, II, III, and IV. This factor is critical because the Marina Manager would require substantial administrative support.

We interviewed PAG staff for purposes of this study including Mr. Leon Guerrero, Ms. Leon, Mr. Nelson, Ms. Pecina and Ms. Carbullido. All parties recognized that the marinas have been neglected due to other priorities within PAG. Mr. Leon Guerrero stressed the need to identify and mitigate any navigational hazards and personnel safety issues. He further stressed the need for a fiscally responsible and sustainable marina management program that protects and serves the islands fisherman community, improves maintenance and enhances the visitor experience while protecting appropriate fishing resources. He also indicated a need to identify revenue flows from user fees and other sources. Under Mr. Leon Guerrero's leadership, PAG will clearly be more involved with marina management.

Mr. Nelson provided substantial support to our firm for purposes of this study. Mr. Nelson noted the historic (prior) lack of support for the Commercial Division to manage Guam's marinas. Because no effort was made to fill the Marina Manager position since 2002, Ms. Rita Carbullido has been serving to fill the needs of that position. However, with no Marina Manager in place, it is not reasonable to assume that the duties and responsibilities of that position will be completed.

Mr. Nelson stressed the uniqueness of Guam with respect to marina management decisions and stressed the difficulty of operations without separate accounting that would allow marina specific revenues to be utilized for marina specific expenses. Procurement delays are especially frustrating, because marina repair work frequently requires immediate attention or adequate funding to support a higher level of repair services. According to Mr. Nelson, he spends less than 10 percent of his time on

marina issues, Ms. Carbullido spends 80 to 90 percent of her time on marina issues, and other Program Managers spend 10 to 15 percent of their time on marinas.

We further interviewed Ms. Carbullido and Ms. Pecina in order to learn more regarding existing management. Ms. Carbullido handles all requests for marina use, application form processing (application form included as following insert Table 4.24), lease processing, distribution of Rules and Regulations, enforcement, proof of insurance, and she visits the marinas approximately three times per week. Ms. Pecina handles all marina administration issues and functions as the Commercial Manager's assistant. Because the marinas do not include on-site management, there have been problems with theft, swimming in marinas, illegal parking and illegal dumping. It was noted that, due to security problems, one marina user purchased $7,000 for security cameras installed at the GDP Marina, which reportedly solved the problem. Additional security problems have included vandals releasing boats from their moorings, turning light fixtures upside down and other problems. It was reported that the Marina Manager position was not filled due to problems associated with employees working independently, out of the PAG offices.

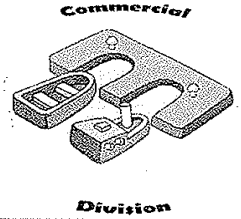
Currently, if marina repairs are needed, Commercial Division's staff submits a work order to the Facilities Division, where it is processed and reviewed for available funding. Reportedly, there were no funds available for about 7 months through early 2011. PAG staff reported the need to revise PAG's budget to allow line item services and quarterly funding for marina repairs. Reportedly, the current facilities budget falls under the operational accounts, and no specific allocations are made for marinas. Although it is possible to transfer repair funds from a professional services account, this in not desirable because it limits the effectiveness of the Commercial Division. Procurement obstacles have negatively impacted the Commercial Division's ability to complete marina repair work. In addition to the Commercial Division (management) and the Facilities Division (repairs), PAG marina work includes planners assigned to write grant requests, and engineers responsible to compile Scope of Work documents for major repairs.

PAG marina management includes numerous relationships and partnerships with various federal and local government agencies. These relationships are critical to maximizing federal grant revenues, which typically determine which capital expenditure projects will be completed. Important partnerships include the Guam Department of Agriculture, which is responsible to oversee the annual U.S. Fish and Wildlife's Dingell-Johnson Sport Fish Restoration Program grants, which in 2011 included nearly $55 million for recreational boating access facilities. Guam receives a minimum allocation of 1/3 of one percent annually, but could receive higher funding levels, of which Guam is required to contribute a minimum of percentage matching funds for programs. Additional important agency relationships include the US Army Corps of Engineers, Guam Police and Fire Departments, Homeland Security, Marina user groups, GFCA, Hagåtña Foundation, Guam Waterworks Agency and many others.

Table 4.24 – Port Authority of Guam Slip/Mooring Application

Port Authority of Guam

ATURIDAT I PUETAN GUAHAN
Jose D. Leon Guerrero Commercial Port
GOVERNMENT OF GUAM
1026 Cabras Highway, Suite 201
Piti, Guam 96915
Tel# 477-5931~4 Fax# 477-2689



SLIP/MOORING APPLICATION
LEASE YEAR 2011

1. Requestor/Company Name:				
2. Email Address:				
3. Postal Address:				
4. Physical Address:				
5. Contact Numbers:				
Primary#	Auxiliary#	Facsimile#		
6. Vessel Name	7. Registration Number	8. Length	Width	Draft

9. Location:	10. Usage:
☐ Agat Marina ☐ Agana Marina ☐ Harbor of Refuge	☐ Commercial ☐ Recreational ☐ Live Aboard

11. The Port Authority of Guam (PAG) grants all Slip/Mooring Lease Agreements on a One Year Lease Term. Applications are required to demonstrate that vessel is safe and seaworthy and is capable of motoring to and from outer channel markers outside prospective Marina channel. The documents indicated below are required for submission wit this application for review by PAG.

- ☐ Current Guam Business License
- ☐ Current Guam Drivers License/Valid Identification
- ☐ Copy of Boat Registration
- ☐ Certified of Financial Responsibility (Proof of Insurance)
- ☐ Other _____

I, the undersigned, certify that the information provided is true and accurate to the best of my knowledge.

_____ _____
(Applicant Signature) Date

For Official PAG Use Only

Certified for Slip/Mooring Availability
- ☐ Yes
- ☐ No

Slip Assignment _____

_____ _____
Commercial Representative Date

- ☐ Approved
- ☐ Disapproved

_____ _____
PEDRO A. LEON GUERRERO Jr. Date
General Manager

4.5 Rules and Regulations (Mooring and Other Fees)

The Marina Rules and Regulations document was approved by PAG's Board of Directors in September 2007. The process to revise the rules and regulations began in 1998, resulting in public hearings in 2005. A draft was provided to the Board of Directors in December 2006 after a process that included feedback from boat tenants and users. A final public hearing was held in May 2007 and the document was approved four months later.

The Rules and Regulations purpose is to ensure the safe and efficient control and management of vessels using Guam marinas in order that the public may enjoy safe, orderly, and convenient water-related recreation activities consistent with all applicable laws.

The document includes sections on definitions, use, environment, health and safety, fire safety, and vessel equipment requirements, maintenance and storage, boat operation, severe weather procedures, public use of marinas, and fees and charges. The marinas are primarily used for the purpose of:

- Providing moorings for vessels for recreational boating activities involving transportation on water, or for the landing of fish.

The document notes that the charge for usage of electricity and water is included in the flat rate of the slip. Water is provided at the boat ramps for the use of the boating public to rinse their vessels and maritime equipment only. Fueling is restricted to the existing (GFCA) facility.

Fees and charges relative to the marinas, according to the Rules and Regulations, should be:

- Based on the expenses of the operation, maintenance, and improvements at the marina.
- Reasonable
- Fixed with due regard to the primary purposes of providing public recreational facilities and promoting the fishing industry.

A summary of mooring fees is included on the following insert Table 4.25. Dry storage fees are based on the greater of $8 per month or $0.50 per foot of the greater vessel length or cradle length. Empty boat trailer storage fee reflects $8 per month. Outdoor storage charges reflect $0.50 per square foot per month for paved areas or $0.30 per square foot per month for unpaved areas, with a minimum fee of $1.50 per month.

As noted in the following User Interview section of this report, marina users generally don't mind paying higher rates as long as rate increases are effectuated along with marina improvements and investment. PAG management indicates that the AAA

Table 4.25 – GDP and Agat Mooring Fees for Vessels Based in Guam

MOORING FEES FOR VESSELS BASED IN GUAM
GREGORIO D. PEREZ MARINA AND AGAT MARINA
Hagåtña and Agat, Island of Guam

GREGORIO D. PEREZ MARINA

Recreational Vessels

Slip Length (ft.)	Fee per ft. ($)	Fee per mo. ($)
20	$2.00	$40.00
30	$2.00	$60.00
40	$2.00	$80.00
Outer Basin charge per vessel foot	$1.50	

Commercial Vessels

Slip Length (ft.)	Fee per ft. ($)	Fee per mo. ($)
20	$3.50	$70.00
30	$3.50	$105.00
40	$3.50	$140.00
Outer Basin charge per vessel foot	$2.50	

Live Aboard Vessels

Slip Length (ft.)	Fee per ft. ($)	Fee per mo. ($)
20	$6.00	$120.00
30	$6.00	$180.00
40	$6.00	$240.00
Outer Basin charge per vessel foot	$5.00	

AGAT MARINA

Recreational Vessels

Slip Length (ft.)	Fee per ft. ($)	Fee per mo. ($)
25	$5.50	$137.50
40	$5.50	$220.00
60	$5.50	$330.00

Commercial Vessels

Slip Length (ft.)	Fee per ft. ($)	Fee per mo. ($)
25	$8.50	$212.50
40	$8.50	$340.00
60	$8.50	$510.00

Live Aboard Vessels

Slip Length (ft.)	Fee per ft. ($)	Fee per mo. ($)
25	$6.50	$162.50
40	$6.50	$260.00
60	$6.50	$390.00

process to revise future fee and rate changes must be followed. Notably, there is no commercial user fee that reflects "…corresponding and reasonable benefits and returns to the Port Authority and to the public", as required under the rules and regulations. As we suggest herein, a user fee based on gross receipts similar to that in effect for Hawaii marinas, would satisfy that commercial activity requirement.

4.6 Marina User Interviews

In researching current Guam marina operations and management, we interviewed a variety of local marina users. We interviewed both commercial and recreational users of both the GDP and Agat marinas to further understand the users' opinions on a variety of topics including management structure, fees and other opinions. A sample of the questionnaire used for interview purposes is shown as following insert Table 4.26.

Table 4.26 – Marina Study Interview Questionnaire

Interview Notes

Name _____ **Date** _____

Position/Company: _____

Phone: _____

PAG – MARINA STUDY INTERVIEWS - USERS
1. How long have you been utilizing Guam Marinas?
2. How many days per week/month do you use Marina?
3. Familiar with Historic Management Operations and Uses at Marinas?
Strengths:
Weaknesses:
Most pressing needs for Marina:
Mid-Long Term Improvements:
3. What is your opinion of fee structure currently in place?
4. If dock replacement, sheetpiling and other improvements are made, would you be willing to pay higher rates for:
Mooring: Washdown Use: Parking: Dry Storage:
How much is "reasonable":
Mooring: Washdown Use: Parking: Dry Storage:
5. Do you support a fee based on use (i.e. tourists' parasailing/charter/water sports activities – charge /head?)
6. What do you think Gov Guam should do to preserve fishing traditions of Guam?
7. Any other comments on Marina operations or management?

We separated the interview results into recreational and commercial users. Details to each interview completed are included in the Addenda. Summary tables of both commercial and recreational user interviews are included on following pages as inserts Table 4.27 and Table 4.28.

Overall, the 11 commercial users interviewed averaged an estimated 10 to over 40 years of experience with the marinas. The 10 recreational users interviewed averaged about 4 to over 10 years of experience. The recreational users responded slightly more positively overall than the commercial users regarding current management. Recreational users generally agreed that current rates are fair and the majority would not want to pay more, but would consider doing so only if they were assured that basic repairs and maintenance would improve. Lack of responsiveness was a common disadvantage to the current management structure according to most recreational users interviewed, and an overall increase in security was another common request. Overall safety was a concern as well, and several noted that the self-repairs made by boat owners were not safe.

The commercial users interviewed responded mostly positively to current rates. They also noted that due to lack of business and the current decline in tourism, another rate increase would not be appropriate. Additionally, Agat Marina tenants would rather see GDP Marina rates raised before Agat's, due to the higher rates charged at Agat. The majority of those interviewed indicated that would agree to pay higher rates only if the marina repairs and improvements were certain to be completed. Most of them had little to say about advantages of the current management structure, but many noted that the lack of funding prevented management from effectively responding to their requests. The most common complaints included lack of responsiveness and difficulty in repairing marina improvements. Safety was a big issue as the docks are in bad shape at both marinas and more slips are needed overall. Additionally, many would like to see an on-site manager and more enforcement of security.

4.7 Economic Contributions of Marinas

We reviewed a Economic Contribution of Coral Reef Study, but we are not aware of any Marina specific economic contribution estimates. There are also no formal head counts of users that were discovered during our research efforts, although the client reports an estimate of approximately 250,000 tourist per year (Alupang Beach Club only). Commercial users contacted for this study declined to disclose sales figures or customers served via the Guam marinas. Our research included detailed interviews with Mr. Manny Duenas of the GFCA. Mr. Duenas indicated an average estimated use of 500 pax per day through Guam's marinas. He further estimated gross receipts from these users at approximately $55 per pax, or a total annual contribution of approximately $10.0 million. While verification of these estimates is not possible, it would not be unreasonable to expect gross receipts in the range of $10.0 million per annum, from visitors, divers, charter guests and other paying customers that utilize Guam's marinas as the gateway to our vast oceanic resources.

Table 4.27 – Summary of Interviews – Recreational

SUMMARY OF INTERVIEWS
Marina User Interviews - Recreational

No. 10
Recreation: 48% of total interviewed

No.	Yrs. Exp. (Location)	Freq. Use	Existing Management/Fee Structure		
			Advantages	Disadvantages	Fee/Improvement Suggestions
1	20+ (Agat and Agana)	3-4 x/mo.	Mgmt. seems ok, fixing things now. Fees fair.	No comment	Don't increase rates, better for us to be cheaper. Dock in bad shape. More slips, expand and maintain.
2	20+ (Agat and Agana)	3-4 x/mo.	Do what they can, trying to upgrade. Fee is fair.	Not much support, can take long to repair.	Find more money to upgrade docks. With the economy hard to raise fees on people.
3	5-10+ (Agana)	2 x/mo.	Mgmt. responsive, fixing things. Fee ok.	Self-repairs mostly done if not fixed by PAG, not safe.	Overall good job with resources they have. Have to ensure overall safety of marinas.
4	10+ (Agat and Agana)	4-8 x/mo.	Likes management, fee is fair.	No complaints other than fixing dock.	Doesn't want to pay more fees. Whole dock needs replacement.
5	3+ (Agana)	Varies	Mgmt. doing good job, fees ok.	Notify users of repairs and areas closing sooner	Dock repair a must, would consider paying more but wary of where money will go.
6	6-10+ (Agat and Agana)	Frequent	Not many strengths. Fees ok.	Better attention to repairs being made, overall maintenance.	Docks need immediate fixing, if condition improved significantly would consider higher rates.
7	10-20+ (Agana)	Varies	Good local marina mgmt. Fees are ok.	Maintenance a problem, we do many repairs as a result.	Don't increase fees, find more money for maintenance and repair.
8	3-7+ (Agana)	2 x/mo.	No comment, locally operated vs. mgmt. operated. Fees fair.	Not around, not much to comment on.	Willing to pay 5-10% more overall if allocated correctly. Involve everyone's opinions.
9	40+ (Agat and Agana)	Frequent	No mgmt. comment, fees ok.	Maintenance issues.	Docks are rotten, must be fixed. More regular maintenance.
10	10+ (Agat and Agana)	Varies	Everything ok for what we have.	Takes long to get things fixed.	Marinas need more money to fix things, Government does what they can.

Table 4.28 – Summary of Interviews – Commercial

SUMMARY OF INTERVIEWS
Marina User Interviews - Commercial

No. Commercial: 11
52% of total interviewed

No.	Yrs. Exp. (Location)	Freq. Use	Existing Management/Fee Structure		
			Advantages	Disadvantages	Fee/Improvement Suggestions
1	30+ (Agana)	Daily	No mgmt. comment, fee structure ok.	Not seen, little attention to Marina.	Spend Marina money on Marina, find get more grants, business bad, don't raise rates.
2	40+ (Agat)	Daily	More negative than positive, fees ok.	Gov. entity not efficient, need mgmt. performance group.	Sanitation big issue, prepare at least for storm surge, dangerous. Money needs to go to Marina, find more funding.
3	4+ (Agat)	Daily	No mgmt. comment, fee fair for what we get.	Repairs not addressed, dangerous.	Would consider paying higher rate if quality of repairs and responsiveness improves.
4	20+ (Agana)	Daily	Mgmt. ok, no complaints. Fee structure ok.	No comment.	Dock has to be repaired, doesn't want to see fee raised, good as is. Happy overall.
5	4+ (Agat)	Daily	None to talk about.	Lacking in many areas. Hard to get appointments. Don't raise fees.	Need on-site security and management. Slips are limited. Hook up with Fire Department to manage Marina. Raise Agana fees first.
6	30+ (Agat and Agana)	Daily	Mgmt. ok, not good - just ok. Fees are fair.	Don't listen to experienced users. Have a plan, follow it.	Do not narrow the channel. Spend money wisely, makes no sense to do so. Wouldn't want to see fee raised at all, business bad already.
7	30+ (Agat and Agana)	Daily	No mgmt. comment. Fees ok considering we do repairs.	Marina's are ugly stepchild of port. Poor attention paid.	Would pay more fees, but would have to see improvements made in management. At least make power/water consistent.
8	40+ (Agana)	Daily	No strengths with current mgmt., fees fair.	Port mgmt. rarely seen, causes problems. Not responsive.	Dock condition extremely dangerous.
9	Since built (Agat and Agana)	Daily	Very few advantages to current mgmt., no comment on fee.	No maintenance, security.	Dock repair a must. Replace mooring facilities. Higher fees depend upon future maintenance.
10	15+ (Agat)	Daily	Staff and mgmt. do their best to accommodate us, fees ok.	Funding for management makes it hard to fix things	Fix docs, remove non-occupied vessels. Shouldn't raise Agat fees, raise in Agana if more money needed. Suggests a toll for non-leasing recreational boats. Make a Marina fund.
11	40+ (Agat and Agana)	Frequent	No comment on mgmt. or current fee structure.	No comment.	Funding needed to repair docks, must re-dredge as outer harbor is unsafe. As long as Government in control, there's a problem.

Further economic contributions from the marinas include user investments, funds from leasing, jobs created (Jan Z's etc.), fuel taxes, and other economic activity which results in tax revenues, as well as the multiplier effect which further enhances the overall economic contribution from marinas to Guam's economy. Economic contributions analysis and estimates could be significantly higher if tourism revenue is allocated to Guam's marinas. There is no doubt that economic contribution from Guam's marinas is substantial and the overall benefit, combined, of well over $10.0 to $15.0 million annually appears reasonable. The estimate could be higher if a tourism revenue allocation process is developed. Considering the 4 percent gross receipts tax on Guam, as well as other taxes and fees, the rough estimated economic contribution to Government of Guam revenues is estimated, on a preliminary basis, at over $1.0 million per year.

4.8 Preservation of Traditional and Cultural Use of Marine Resources

The preservation of traditional and cultural use of marine resources is an important consideration with respect to analyzing alternate management regime options. This issue would likely be addressed specifically under any agreement for alternate management options, if ultimately selected by PAG. However, we can not ignore the opinions of important marina users and partners that we learned during our research. Several local fisherman informed us that the traditional and cultural use of marine resources has nothing to do with marinas, because traditional fisherman did not use motor craft vessels, the primary users of Guam's marinas. Further, local fisherman informed us that traditional fishing took place entirely within the coral reefs, while the purpose of marinas is to provide a gateway to the open ocean, beyond the reefs. Considering the opinion of local fisherman, it may be challenging to promote such goals within a marina context.

However, traditional and cultural uses of marine resources does have an import role, and the marinas may be a secondary (behind Guam museum) location to showcase the proud history of traditional Chamoru fishing. The marinas could be used as an education center where masters of traditional fishing can teach the new generation about traditional and cultural resources that must be preserved.

We further invite the client to consider that Guam's culture remains, as all cultures, in flux, and that culture is created over time. The new traditional local fisherman may be best represented by the spear fisherman, many of whom are world-class athletes that win regional competitions. Marinas could be used to help this new breed of local fisherman (who should have a deep understanding of the role of preserving marine resources) to leave their mark on the future of Guam's preservation of traditional and cultural use of marine resources.

5.0 COMPARABLE MARINA OPERATIONS

In order to learn more about comparable marina operations and management, we researched a variety of facilities with a focus on Hawaii and the CNMI. Hawaii and CNMI both involve island communities with cultural and historic subsistence fishing traditions, as well as significant economic reliance on tourism. These locations involve U.S. jurisdictions and were considered most comparable to the subject Guam marinas.

In addition to these locations, we further completed marina research inclusive of aggregate market data compiled for the entire industry in the U.S. This data was compiled by the International Marina Institute and is included in summary format on following pages. A review of this data is important to assess the subject marinas on Guam, although it further highlights the unique nature of the local market. The types of marinas included in the national statistics include facilities as follows:

- Port Authority
- Private
- Municipal
- Destination Resort

Our CNMI and Hawaii research included a detailed review of organizational documents, rules and regulations and other data. Our research was limited to public marinas, as private marina operations in Hawaii were not considered comparable to Guam. Summary tables of non-commercial and commercial mooring fees for these comparable facilities are included on following inserts Table 5.1 and Table 5.2. Further details regarding Hawaii and CNMI marina operations, as well as national marina market data, are included on following pages.

Table 5.1 – Summary of Comparable Public Marina Non-Commercial Mooring Fees

SUMMARY OF COMPARABLE PUBLIC MARINA NON-COMMERCIAL MOORING FEES

Western Pacific

Trans No.	Marina (Island)	Fast/Subm. Land Area (acres)	No. of Slips	Berthing Rates ($/ft.) Range of Boat Length/Slip Size/Category			Parking ($/mo.)	Dry Storage ($/ft.)	Comments
CNMI									
1	Smiling Cove Marina, Saipan, CNMI	4.9 ± (est.)	70	<29' $3.50	29'-44' $5.50	44'-60' $8.00	NA	NA	Recently completed $1.3 million rehabilitation project.
2	Outer Cove Marina Saipan, CNMI	NA	36	-	-	-	-	-	Only service commercial vessels. Formerly privately owned. Rates to be readdressed upon court ruling in regards to private to public transfer.
HAWAII - SCHEDULE A									
3	All public small boat harbor facilities, Hawaii	NA	NA	HARBOR CATEGORY A $0.60 - $5.67	B $0.55 - $4.32	C $0.43 - $4.05	D - $0.38 - $3.78	$20 - $30	$0.15 - $1.25	Schedule A rates apply only to existing rentals. Additional fees include water, electricity, shower, gear locker, etc. Rates to increase 20 percent July 1, 2011 based upon five year rate increase plan. Rates include catwalk, bow-stern mooring, in harbor basin, skiff and dinghy moorings and work docks.
				E $0.32 - $1.62						
HAWAII - SCHEDULE B									
4	All public small boat harbor facilities, Hawaii	NA	NA	HARBOR CATEGORY A $0.65 - $9.14	B $0.60 - $7.79	C $0.46 - $7.52	D - $0.41 - $7.25	$20 - $30	$0.15 - $1.25	Schedule B rates reflect increased rates and apply only to new applicants. Additional fees include water, electricity, shower, gear locker, etc. Rates include catwalk, bow-stern mooring, in harbor basin, skiff and dinghy moorings and work docks.
				E $0.35 - $5.09						

Table 5.2 – Summary of Comparable Public Marina Commercial Mooring Fees

SUMMARY OF COMPARABLE PUBLIC MARINA COMMERCIAL MOORING FEES
Western Pacific

Trans No.	Marina (Island)	Fast/Subm. Land Area (acres)	No. of Slips	Berthing Rates ($/ft.) Range of Boat Length/Slip Size/Category				Parking ($/mo.)	Dry Storage ($/ft.)	Comments
CNMI										
1	Smiling Cove Marina, Saipan, CNMI	4.9 ± (est.)	70	<29' $5.00	29'-44' $8.00	44'-60' $10.00	60'+ $15.00	NA	NA	Recently completed $1.3 million rehabilitation project.
2	Outer Cove Marina Saipan, CNMI	NA	36	20'-29' $5.00	29'-42' $7.00	42'-52' $10.00	52'-65' $15.00	NA	NA	Formerly privately owned. Rates to be readdressed upon court ruling in regards to private to public transfer.
				65'-100' $20.00						
HAWAII - SCHEDULE A										
3	All public small boat harbor facilities, Hawaii	NA	NA	HARBOR CATEGORY A $1.20 - $11.34	B $1.10 - $8.64	C $0.86 - $8.10	D - $0.76 - $7.56	$20 - $30	$0.15 - $1.25	Schedule A rates apply only to existing rentals. Commercial mooring rates double non-commercial rates or 3 percent GRT, whichever is greater. Additional fees include water, electricity, shower, gear locker, etc. Rates to increase 20 percent July 1, 2011 based upon five year rate increase plan. Rates include catwalk, bow-stern mooring, in harbor basin, skiff and dinghy moorings and work docks.
				E $0.64 - $3.24						
HAWAII - SCHEDULE B										
4	All public small boat harbor facilities, Hawaii	NA	NA	HARBOR CATEGORY A $1.30 - $18.28	B $1.20 - $15.58	C $0.92 - $15.04	D - $0.82 - $14.50	$20 - $30	$0.15 - $1.25	Schedule B rates reflect increased rates and apply only to new applicants. Commercial mooring rates double non-commercial rates or 3 percent GRT, whichever is greater. Additional fees include water, electricity, shower, gear locker, etc. Rates include catwalk, bow-stern mooring, in harbor basin, skiff and dinghy moorings and work docks.
				E $0.70 - $10.18						

5.1 Commonwealth of the Northern Mariana Islands

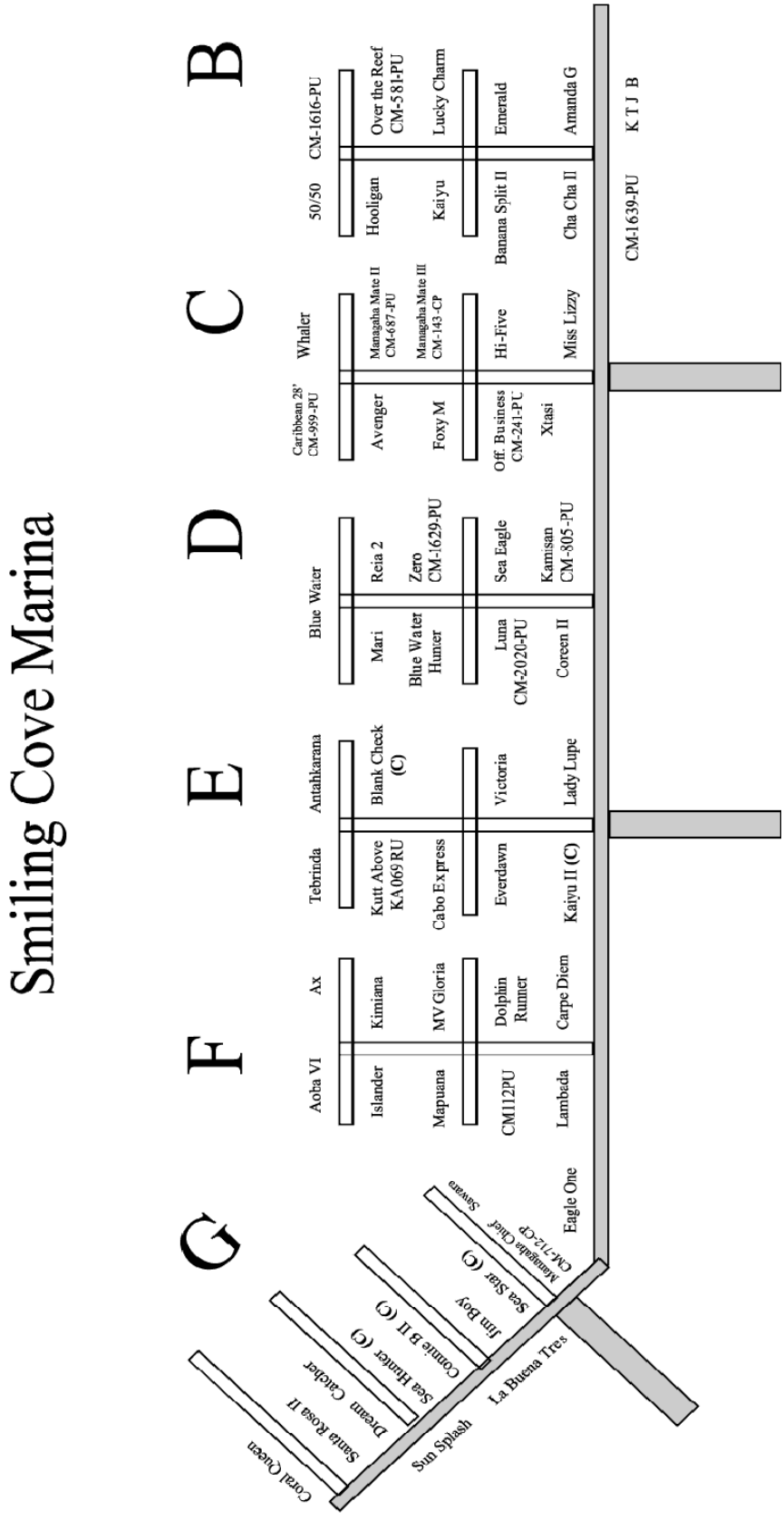
In researching comparable marinas in the Commonwealth of the Northern Mariana Islands ("CNMI"), data was gathered and compiled through communication with CNMI's Department of Land and Natural Resources, Division of Fish and Wildlife. The division is responsible for management and administration of the Smiling Cove Marina, located on the island of Saipan, CNMI.

Specific mooring rates apply to the harbor facility in commercial and non-commercial rates based upon categorical vessel size (per foot). According to Mr. Roke Santos, Marina Manager, there are no immediate plans to increase the marina rates. Further details to the rates are included on the summary table. Note that non-commercial slip fees reflect $3.50 to $8.00 per foot, depending on vessel length. Commercial rates at this marina reflect $5.00 to $15.00 per foot, depending on vessel length. A marina layout map is also included on the following page as Map 5.3.

It is noted that an estimated $1.3 million rehabilitation project was recently completed at this Marina. The majority of costs incurred were for dock replacement with aluminum framed composite plastic marine-grade decks. It is further noted that the project was reportedly fully funded by a grant via the U.S. Fish and Wildlife Service Sportsfish Restoration's Boating Access Program. A photograph of the marina, downloaded from the marina website, is shown below.

SMILING COVE MARINA, ISLAND OF SAIPAN, CNMI

Map 5.3 –Smiling Cove Marina Layout



The CNMI's Department of Land and Natural Resources is also responsible for management and administration of the Outer Cove Marina, located on the island of Saipan, CNMI. Specific mooring rates apply to the harbor facility for commercial vessels only. Rates are based categorically by vessel size (per foot). Further details to mooring rates are included on Table 5.2. The marina was previously privately owned and has since been involved in legal issues which ultimately led to the Department of Land and Natural Resources owing a private management corporation (Marine Revitalization Corporation) millions of dollars.

According to Mr. Gerald Crisostomo, Assistant to the Supervisor of the Outer Cove Marina, due to the ongoing legal dispute, basic marina maintenance is not completed nor are any potential raises in mooring rates expected in the near future. However, the marina continues to operate on a commercial vessel only basis. Mooring rates at the Outer Cove Marina range from $5.00 to $20.00 per foot of vessel length. A photograph of the marina, downloaded from the marina website, is shown below.

OUTER COVE MARINA, ISLAND OF SAIPAN, CNMI

5.2 Hawaii

In researching comparable marinas in the state of Hawaii, data was gathered and compiled through communication with Hawaii's Department of Land and Natural Resources, Division of Boating and Ocean Recreation. The division is responsible for management and administration of statewide ocean recreation and coastal areas (excluding commercial harbors), including 21 small boat harbors, 54 launch ramps, 13 offshore mooring areas, 10 designated ocean water areas, 108 designated ocean recreation management areas, associated aids to navigation throughout State waters, and beaches encumbered with easements in favor of the public.

Specific mooring rates apply to harbor facilities in categories and two different schedules. The 21 state boating facilities applicable include Ala Wai, Keehi Lagoon, Honokohau, Maalaea, Lahaina, Haleiwa, Heeia Kea, Waianae, Nawiliwili, Port Allen, Kailua-Kona, Keauhou, Manele, Wailoa, Kikiaola, Kaunakakai, North Kawaihae, Kukuiula, South Kawaihae, Hana and Hale O Lono. These facilities are ranked into five categories, A to E.

It is noted that Hawaii marina mooring fees were increased in 2009 to account for the increased cost of operations. The new rates were based upon a study completed to determine the cost of gross small boat harbor operations solely based upon mooring fees collected. Currently, mooring fees are set by boating facility category and applied individually as Schedule A or Schedule B fees. Schedule A includes existing mooring holders, with an annual increase toward Schedule B rates of twenty percent per fiscal year. Schedule B applies to all new mooring applicants and transient slips on or after the effective date of the new rule amendments.

Overall, the non-commercial mooring rates for Category C facilities reflect $4.05 per linear foot of vessel per month under schedule A, increasing to $7.52 under schedule B. As noted these rates are intended to reflect the marina cost of operations. Commercial mooring rates reflect the greater of double non-commercial rates, or three percent of gross receipts. Additional charges apply for utilities and other services. Further details regarding rates at Hawaii's public marinas are included on following inserts Excerpt 5.4, Table 5.5 and Table 5.6. A photograph of the marina, downloaded from the marina website, is shown below.

ALA WAI HARBOR, ISLAND OF OAHU, HAWAII

Excerpt 5.4 – Hawaii Dept. of Land and Natural Resources Mooring Rates

HAWAII DEPARTMENT OF LAND AND NATURAL RESOURCES MOORING RATES
Small Boat Harbors, Islands of Hawaii

§13-234-3 Mooring rates. (a) The mooring fees shall be set by categories, schedule A and schedule B, provided that:

(1) Schedule A shall include existing mooring holders with an annual increase toward schedule B rates of twenty per cent per fiscal year; and

(2) Schedule B shall apply to all new mooring applicants and transient slips on or after the effective date of these 2010 rule amendments.

The mooring rate schedule in this subsection is per foot of vessel length overall per month effective upon the applicant's acceptance of the offer of an available berth. Mooring rates shall apply to the harbor facilities in the following categories: Category "A," Ala Wai; Category "B," Keehi Lagoon, Honokohau, Maalaea, & Lahaina; Category "C," Haleiwa, Heeia Kea, Waianae, Nawiliwili, Port Allen, Kailua-Kona, Keauhou, and Manele; Category "D," Wailoa, Kikiaola, Kaunakakai, North Kawaihae, and Kukuiula; Category "E," South Kawaihae, Hana, & Halo O Lono.

TYPE OF MOORING AND STATE BOATING FACILITIES

A = Ala Wai
B = Keehi Lagoon, Honokohau, Maalaea, & Lahaina
C = Haleiwa, Heeia Kea, Waianae, Nawiliwili, Port Allen, Kailua-Kona, Keauhou, & Manele
D = Wailoa, Kikiaola, Kaunakakai, North Kawaihae, & Kukuiula
E = South Kawaihae, Hana, Hale O Lono

Table 5.5 - Hawaii Dept. of Land and Natural Resources Schedule A Mooring Rates

HAWAII DEPARTMENT OF LAND AND NATURAL RESOURCES MOORING RATES
Schedule A Mooring Rates, Small Boat Harbors, Islands of Hawaii

Schedule A Mooring Rates:					
Category	A	B	C	D	E
Along catwalk:	$5.67	$4.32	$4.05	$3.78	$1.62
Bow-stern mooring:	$4.67	$3.82	$3.55	$3.28	$1.62
On state buoy, anchor or cable					
Minimum fee per month:	$56.00	$47.00	$41.00	$39.00	$21.00
On owner's buoy or anchor:	$2.97	$2.48	$2.16	$2.00	$1.62
Minimum fee per month:	$39.00	$36.20	$33.50	$31.30	$21.00
In harbor basin:	$4.32	$3.68	$3.24	$3.00	$1.62
On state cable, buoy or anchor					
Minimum fee per month:	$52.00	$43.00	$38.00	$35.00	$21.00
On owner's buoy or anchor:	$2.92	$2.27	$2.10	$2.05	$1.62
Minimum fee per month:	$35.60	$27.00	$25.40	$23.70	$21.00
Skiff and dinghy moorings fore and aft, all types:	$1.95	$1.84	$1.68	$1.57	$0.55
Minimum fee per month:	$26.00	$23.20	$21.35	$18.80	$5.25
Work docks (per foot/vessel length/day):	$0.60	$0.55	$0.43	$0.38	$0.32
Minimum fee per month:	$7.50	$6.50	$5.40	$4.30	$3.25

Table 5.6 - Hawaii Dept. of Land and Natural Resources Schedule B Mooring Rates

HAWAII DEPARTMENT OF LAND AND NATURAL RESOURCES MOORING RATES
Schedule B Mooring Rates, Small Boat Harbors, Islands of Hawaii

Schedule B Mooring Rates:					
Category	A	B	C	D	E
Along catwalk:	$9.14	$7.79	$7.52	$7.25	$5.09
Bow-stern mooring:	$5.12	$4.17	$3.87	$3.58	$1.75
On state buoy, anchor or cable					
Minimum fee per month:	$60.00	$50.00	$45.00	$42.00	$22.00
On owner's buoy or anchor:	$3.20	$2.68	$2.33	$2.16	$1.75
Minimum fee per month:	$42.00	$39.00	$36.00	$33.00	$22.00
In harbor basin:	$4.67	$4.00	$3.50	$3.25	$1.75
On state cable, buoy or anchor					
Minimum fee per month:	$56.00	$46.00	$42.00	$38.00	$22.00
On owner's buoy or anchor:	$3.15	$2.45	$2.27	$2.21	$1.75
Minimum fee per month:	$38.50	$29.00	$27.00	$25.00	$22.00
Skiff and dinghy moorings fore and aft, all types:	$2.10	$2.00	$1.81	$1.70	$0.60
Minimum fee per month:	$28.00	$25.00	$23.00	$20.00	$5.50
Work docks (per foot/vessel length/day):	$0.65	$0.60	$0.46	$0.41	$0.35
Minimum fee per month:	$8.00	$7.00	$6.00	$5.00	$3.50

(b) The mooring rate schedule in subsection (a) shall apply to single-hulled vessels, except as otherwise provided in this section, or in sections 13-234-5, 13-234-7 and 13-234-25.

(c) A multi-hulled vessel shall be charged mooring fees in proportion to berths used in increments of one, one and one-half, or two times the fee prescribed in subsection (a) for a single-hulled vessel of equal length.

5.3 National Marina Market Data

A summary of aggregate national marina market data, as compiled by the International Marina Institute, is included on following Table 5.8. It is noted that the most recent data available was from 2005. The national facilities lease a majority of spaces to powerboats, with less than 30 percent to sailboats, and only 5 percent to commercial vessels. Occupancy rates typically reflect over 90 percent. About two-thirds of marinas reports wait lists with turnover reflecting an average of 5 years. Only 10 percent of facilities offer a free public boat launch, including only 25 perfect of municipal marinas offering this service. Over 60 percent of facilities report dry storage, with fees, and substantial parking stalls available. The most common services provided with dockage include fresh water, electricity, security, septic dump, cable TV and telephone.

Annual revenues per occupied slip reflects under $1,400 for lower revenue marinas, to over $2,000 for larger facilities. A breakdown of marina revenues is shown under Table 5.7.

Table 5.7 – National Marina Revenue Figures

ALL MARINAS BY SIZE

Operations Management - All Marinas by Size	*All Marinas*	*$0 - $800K*	*$800K - $1.75M*	*Over $1.75M*
Annual Revenue per Occ. Slip	$2,216	$1,375	$2,283	$2,896
Annual Revenue per Dry Storage Unit	$1,252	$1,221	$779	$1,929
Annual Rev. per Emp-High Season	$74,006	$58,775	$78,082	$106,280
Annual Rev. per Emp-Low Season	$138,685	$113,316	$141,776	$165,799
Annual Rev. per Linear Ft. of Moorage	$174	$126	$203	$164

ALL MARINAS BY TYPE

Operations Management - All Marinas by Type	*Port Authority*	*Private Marina*	*Municipal Marina*	*Destination Resort*
Annual Revenue per Occ. Slip	$1,950	$2,316	$2,304	$1,872
Annual Revenue per Dry Storage Unit	$848	$1,035	$1,797	$3,084
Annual Rev. per Emp-High Season	$92,457	$83,202	$69,495	$60,332
Annual Rev. per Emp-Low Season	$138,685	$148,778	$156,087	$82,341
Annual Rev. per Linear Ft. of Moorage	$121	$174	$198	$179

Table 5.8 – National Marina Facility Information

MARINA FACILITY INFORMATION					
Averages:	*All Marinas*	*Port Authority*	*Private Marina*	*Municipal Marina*	*Destination Resort*
Leased Space:					
Sailboats	29%	13%	30%	46%	22%
Powerboats	66%	82%	66%	48%	78%
Commercial	5%	5%	5%	7%	0%
Moorage Waiting List:					
Yes	67%	85%	62%	58%	78%
No	33%	15%	38%	42%	22%
Avg. Size of Wait List - # of Parties	79	73	74	160	33
Wet Moorage Turnover Rates (years):	5	3	5	6	5
Current Appraised Value of Facility: (if appraised since 1998)	$7,477,596	$14,200,000	$4,109,673	$18,750,000	$4,387,500
Est. Current Mkt Value of Facility:	$6,990,625	$15,140,000	$5,276,563	$9,200,000	$7,500,000
Do you Have a Free Public Boat Launch?					
Yes	10%	8%	8%	25%	11%
No	90%	92%	92%	75%	89%
Do you Have Dry Storage?					
Yes	62%	54%	66%	58%	56%
No	38%	46%	34%	42%	44%
Dry Storage Fees					
Avg. Monthly Fee per Linear Feet:	$6.77	$5.17	$7.44	$3.83	$7.05
Avg. Total Units of Dry Storage	207	344	173	132	342
Avg. Total Capacity in Linear Feet	4,850	7,500	4,700	5,850	3,255
Avg # Public Parking Stalls Available	333	322	322	430	282
Services Provided with Dockage					
Fresh Water	87%	92%	87%	92%	78%
Electricity	66%	54%	70%	75%	44%
Security	63%	62%	70%	42%	56%
Septic Dump	45%	15%	49%	58%	44%
Cable TV	22%	15%	21%	25%	33%
Phone	15%	8%	17%	25%	0%
Services Provided with Dockage*					
Pump Out	93%	85%	96%	83%	100%
Parking	90%	92%	89%	92%	89%
Fuel Dock	83%	85%	83%	67%	100%
Haul Out/Repair	64%	77%	62%	50%	78%
Restaurant	56%	46%	55%	42%	100%
Retail Space	57%	62%	57%	42%	78%
Laundromat	54%	62%	53%	33%	78%
Storage Facility	45%	54%	47%	33%	33%
Upland Boat Storage	44%	31%	47%	42%	44%
Chandlery	32%	31%	34%	17%	44%
Office Space	33%	38%	34%	25%	33%
Charters	31%	23%	32%	33%	33%
Recreation	29%	31%	21%	33%	67%
Dry Rack Storage	15%	31%	15%	8%	0%

* Results are % of respondents that offerred amenity.

Capital improvement budgets for aggregate national marina data typically range from $100,000 to over $1.0 million, with destination resort marinas reflecting the lowest allocation (highest maintenance costs). The average for all marinas reflected approximately $500,000 per year as shown under the following Table 5.9.

Table 5.9 – National Marina Capital Improvement Budget

ALL MARINAS BY SIZE

Capital Improvement Budget by Year - All Marinas by Size				
	All Marinas	*$0 - $800K*	*$800K - $1.75M*	*Over $1.75M*
2001	$367,251	$160,786	$541,667	$1,386,333
2002	$526,962	$100,089	$744,000	$1,196,000
2003	$495,541	$100,089	$492,000	$1,411,000
2004	$464,391	$102,019	$527,500	$1,004,286
2005	$526,962	$100,089	$744,000	$1,196,000

ALL MARINAS BY TYPE

Capital Improvement Budget by Year - All Marinas by Type				
	Port Authority	*Private Marina*	*Municipal Marina*	*Destination Resort*
2001	$250,000	$350,337	$693,167	$201,667
2002	$744,000	$420,077	$1,196,000	$153,281
2003	$492,000	$323,333	$1,411,000	$173,036
2004	$527,500	$357,500	$1,004,286	$184,375
2005	$744,000	$420,077	$1,196,000	$153,281

6.0 REPAIR STRATEGY

Repair strategy for the Guam marinas has evolved over the years, and has taken on an increasing level of importance under the new administration. Due to the current accounting system and procurement requirements, funds allocated for repair work are depleted quickly. Due to the nature of marina properties, which involve high capital improvement costs, sinking funds or reserves accounts are necessary in theory, but are difficult to effectuate.

The subject marinas have suffered from neglect for many years. Dangerously poor floating docks, rusting sleet piling, shallow waterways, damaged bathrooms and fueling facilities, deteriorating utilities and generally poor maintenance have resulted in a poor quality product provided to marina users.

Marina repair costs can be substantial. The budgeted capital expenditure for marinas nationwide reflects an average of approximately $1,500 per slip per year. Considering the higher costs of construction on Guam, it would not be unreasonable to budget up to $2,000 per slip per year, or approximately $250,000 to $300,000 per year. This figure assumes that all required upgrades have already been completed.

Due to the significant costs associated with marina repairs, it is critical that an experienced, transparent and efficient management structure be implemented for Guam marinas, inclusive of a financial reporting and accountability framework. Quality management will likely result in additional federal grants to improve Guam's marinas.

Fortunately, new management has pushed forward with badly needed repair work at the GDP Marina. Phase I repairs commenced in May 2011 and include 461 linear feet of removal and installation of new bollards, new sheet piles, walkway, railings and other work. Funding for the renovations is from two grant awards from the US Department of Interior under the Capital Improvement Program. A third application has been submitted to fund Phase II, which involves $640,000 to repair docks. Phase I involves a $1.2 million cost. A newspaper article summarizing the work is included on the following page as insert Excerpt 6.1.

The GFCA, along with other private sector commercial operators, provided PAG with a list of priority projects and estimated costs for the GDP and Agat marinas. A summary of these GFCA figures is shown as follows.

GDP Marina Items	Estimated Cost[1]
Immediate Needs	
• Extend Dock Pilings 5 feet	$150,000
• Fire Suppression	$100,000

[1] Source: April 8, 2011 GFCA letter to PAG.

Excerpt 6.1 – Newspaper Article on GDP Renovations

Renovations to marina begin

Project will cost $2M, last 7 months

By Shaun Bevan
Pacific Daily News
smbevan@guampdn.com

The Port Authority of Guam held a ground breaking ceremony yesterday for renovations and site improvements to the Gregorio D. Perez Hagåtña Marina.

The renovations and site improvements, which are expected to be completed in seven months, are estimated to cost $2 million and be divided into three phases, according to a Port press release.

Phase I consists of 461 linear feet of removal and installation of new bollards, new galvanized pipe railings, new epoxy steel coated ladders, sheet piles and new walkways.

Future phases

Phase II and III, which are planned for the near future, will consist of similar renovations to the remaining areas of the marina, according to the release.

"I ask for the patience and continued patronage of the marina by our tenants throughout the next few months as some may be inconvenienced by the construction, and some may be asked to relocate to a new area," said Pedro A. Leon Guerrero Jr., Port general manager.

Since its construction in 1977 by the Army Corps of Engineers, the marina hasn't gone through any major renovations or upgrades, the release stated.

"Over the years, the Hagåtña Marina has been a source of sustenance and recreation for many of Guam's residents and visitors," Leon Guerrero said. "After serving the community and enduring 34 years of wear and tear, typhoons and harsh marine environments, this marina will now get the attention it has long needed."

Funding for the project was obtained through two grant awards from the U.S. Department of the Interior under the Capital Improvement Program and a third application has been submitted for the funding of Phase II.

Black Construction Corp. will be the construction contractor. N.C. Macario and Associates has been selected as the construction manager.

Vuong Duong/For Pacific Daily News

Ground breaking: Port Authority of Guam General Mananger Pedro A. Leon Guerrero Jr., left, Lt. Gov. Ray Tenorio, fifth from left, and others participate in a ground breaking ceremony yesterday for the renovations and site improvements project at the Gregorio D. Perez Marina in Hagåtña.

▲ **See more photos online at www.GuamPDN.com**

InYourVoice
Post your comment on **www.guampdn.com**

GDP Marina Items		Estimated Cost[1]
• Limited Dredging a) Access Channel b) Entrance to Outer Marina c) Obstacles removal		$400,000
Long Term Needs		
• Dry dock improvements	<	$1,000,000
• Boat ramp and parking		$1,500,000
• Fuel dock replacement		$40,000
• Multi-purpose building		$500,000
• Docks in Outer Marina (75)		$3,000,000
• Sheet Piling		$1,500,000
Total		$8,190,000±

Agat Marina Items	Estimated Cost[1]
Immediate Needs	
• Replace docks	$1,300,000
• Security Cameras	$100,000
• Fishing Platform	$300,000
• Channel Markers	$100,000
• Dock “D” sediment mitigation	$350,000
Long Term Needs	
• Repair Concrete Fuel Pier Area	$500,000
• Dredging	$1,200,000
Total	$3,850,000±

The total estimated GDP and Agat marina repair cost reflects over $12 million. However, the GDP Marina master plan includes additional projects. It is unclear what the final investment would be, but $10.0 to $15.0 million should be expected. Such costs limit the ability to seek alternate management options, except under a cost plus type of agreement.

[1] Source: April 8, 2011 GFCA letter to PAG.
[1] Source: April 8, 2011 GFCA letter to PAG.

In addition to providing the cost estimate, the GFCA and private firms identified possible funding sources as follows.

Funding Source	Potential
• HUD Block Grant for multi-purpose building (Rescue and Police)	$500,000
• Bond Program funded by GVB ($500,000 per year)	$8,000,000
• US EDA	$1,300,000
• Sportsfish Restoration Fund ($500,000 per year)	$2,500,000
• Visitor Fee ($2 per head)	$2,000,000

The letter notes that 2012 funding currently available reflects $2,800,000 based on HUD, US EDA, Sportsfish, and assumed GVB funding. Notably, there is no reference to additional revenue that could be generated through a commercial user fee, based on a percentage of gross sales, as is currently in place in Hawaii. Such a commercial user fee is reasonable, but unpopular on Guam.

We are aware of other cost estimates including a $6.0 million GDP Marina renovation and site improvement study completed in 2008 by N.C. Macario & Associates, Inc. This study included $3.2 million for new sheet piles, concrete and cathodic protection and other work.

The U.S. Fish and Wildlife Service's Division of Federal Aid administers the Sportfish Restoration Funding. The funds are intended to support recreational boating access, fish and wildlife management and conservation and other programs. In 2011, a total of $1,278,000 was requested. One program totaling $453,308 was approved and includes surveys, technical assistance, kids fishing derby and other fishery resource management. A summary of these details is included on the following pages as insert Table 6.2.

Since PAG collects fees for slip usage, a Memorandum of Understanding and a cost-sharing formula was developed and approved by PAG, Department of Agriculture and the U.S. Fish and Wildlife to allow Boating Access funds to be used, with Sportfish Restoration funding up to 82.5 percent of the cost of GDP Marina dock repairs. The repair of decking should involve non-wood solutions, and extending the pilings is critical to avoid substantial damage during future typhoons. However, a feasibility study is required to determine if the proposed five foot piling extensions will be structurally sound. Replacing docks prior to extending pilings increases typhoon related damage risk.

Excerpt 6.2 –Summary of USFWS Sport Fish Restoration Federal Aid

US Fish and Wildlife Service

SUMMARY OF SPORT FISH RESTORATION

Guam 2011

Division of Federal Aid **May 15, 2011**

F-1-R-18

Guam Sport Fish Investigations

The Guam Division of Aquatic and Wildlife Resources will: perform creel and participation surveys of inshore and offshore fishers, conduct a kids fishing derby; provide technical assistance and carry out visual censuses of fish populations in marine preserves and control areas. Information gathered and disseminated will assist in management Guam's fishery resources and ensure that full consideration is given to these resources during project development and approval processes. Approval is recommended. FC

Beginning Date:	10/01/2010
Ending Date:	09/30/2011
Sport Fish Restoration:	$ 453,308.00
Boating Cost(s):	$ 0.00
Congressional District(s):	All

F-8-D-6

Maintenance & Repair of Fishing Platforms

Division of Aquatic & Wildlife Resources will maintain and repair 3 fishing platforms, including removal of accumulated trash in the vicinity of each platform.

Beginning Date:	10/01/2010
Ending Date:	09/30/2011
Sport Fish Restoration:	$ 48,085.00
Boating Cost(s):	$ 0.00
Congressional District(s):	Marine

F-9-D-8

Maintenance & Redeployment of DAWR FADs & SWMs & Establish New FADs & SWMs

The Division of Aquatic and Wildlife Resources will: 1) maintain, preserve and replace 14 fish aggregating devices (FADs); 2) maintain, preserve and replace the 34 shallow water mooring buoys; 3) study the feasibility of establishing new shallow water mooring buoys within Tumon Bay Marine Preserve and Piti Bomb Holes Marine Preserve and 4) study the feasibility of establishing new FAD sites on the eastern side of Guam. This project will ensure that fish aggregating devices continue to enhance the catching success of recreational fishers. The availability of shallow water mooring buoys will minimize damage to coral reefs caused by indiscriminate dropping of anchors at dive sites.

Beginning Date:	10/01/2010
Ending Date:	09/30/2011
Sport Fish Restoration:	$ 410,317.00
Boating Cost(s):	$ 0.00
Congressional District(s):	All

F-17-R-2

Guam Freshwater Sport Fish Investigations

The Guam Division of Aquatic and Wildlife Resources will: 1) monitor and develop a recreational fishery based on native species in rivers, produce educational materials concerning freshwater species; 2) monitor the freshwater fisheries in Fena Lake; and 3) monitor the freshwater fisheries of Masso Reservoir.

Beginning Date:	10/01/2010
Ending Date:	09/30/2011
Sport Fish Restoration:	$ 71,901.00
Boating Cost(s):	$ 0.00
Congressional District(s):	All

FWRG0300_P

Excerpt 6.2 –Summary of USFWS Sport Fish Restoration Federal Aid (Continued)

US Fish and Wildlife Service

SUMMARY OF SPORT FISH RESTORATION

Guam 2011

Division of Federal Aid **May 15, 2011**

F-19-E-2

Guam Sport Fish Aquatic Education

The Guam Division of Aquatic and Wildlife Resources will produce and distribute educational outreach materials, maintain the DAWR website, maintain a digital library of fish and marine habitats, conduct public presentations, and initiate a Marine Protected Area website.
Aquatic education activities will inform the public concerning fish and aquatic habitats for better understanding, awareness and management of Guam's marine heritage.

Beginning Date:	10/01/2010
Ending Date:	09/30/2011
Sport Fish Restoration:	$ 170,398.00
Boating Cost(s):	$ 0.00
Congressional District(s):	All

FW-3-C-19

Guam Fish and Wildlife Coordination

Objectives: 1) plan, coordinate, supervise, and administer all Sport Fish and Wildlife Restoration programs in FY'09. 2) purchase and install a 120KV diesel generator for the Administration Building wholly occupied by DAWR divisions/staffs.
Benefits: 1) coordination activities will ensure that grant provisions are met, GDAWR retains eligibility to receive these grants, and ensure that the projects are managed effectively.

Beginning Date:	10/01/2010
Ending Date:	09/30/2011
Sport Fish Restoration:	$ 124,468.00
Boating Cost(s):	$ 0.00
Congressional District(s):	98, 99

FWRG0300_P

A comprehensive repair strategy should ultimately be developed by the Marina Manager, in conjunction with available and projected funding. The repair strategy would list items to repair by priority, with safety issues considered most important. Repair strategies should consider the impact on marina users, and the implementation of repairs could be structured to minimize negative impacts, based on input from the Marina Users Group and GFCA (GDP Marina).

Federal grants are critical considering the high costs of these projects. Once quality management is in place, and major marina repairs are completed, it is unlikely that Guam's marinas will again deteriorate to the current levels.

Repairs strategies could further incorporate items of major renovation. These items were previously detailed herein and could cost between $10 to $15 million, possibly higher if all phases of the GDP Marina master plan are implemented. Major items of renovation must also be prioritized and developed in conjunction with the key participants, starting with PAG.

It is critical that the repair process is managed by the Marina Manager with support from PAG leadership. There are factors that may require years of study before approvals are granted. For example, dredging at the Agana Boat Basin will require GEPA approvals, which will be protracted and costly due to possible hazardous materials (PCB and others) which may be located within the sediment to be dredged. Further, the ultimate cost issues associated with these projects could vary widely depending on the nature of the findings. A recent estimate to dredge the Hawaii Kai private marina on Oahu calls for the removal of over 100,000 cubic yards of sediment at a cost estimated between $2.0 and $4.0 million.

The GSA Chief Procurement Office's primary responsibility is to acquire materials and services for Government of Guam departments and agencies, including PAG. An alternate procurement process, that bypasses the inefficient GSA process involves the PMC process. In November 2010, Senator Tom Ada introduced Bill 488-30, an act to amend the procurement process for the Commercial Port. The Bill identifies that the Port requires a public-private partnership through a Performance Management Contract (PMC) that will provide specialized expertise and resources to improve finance, management, etc. during the implementation of the Port Modernization Plan. The Bill was designed to allow for specialized management of the Commercial Port due to the substantial increases in activity projected along with Guam's military build-up.

The Bill subsequently passed into law and the RFP and other processes were completed. The law for Public-Private Partnership Through a Performance Management Contract is included on the following pages as insert Table 6.3. However, the RFP selection process is currently on-hold due to litigation and the future of PMC for Commercial Port operations remains pending, especially in light of the significant recent changes in the proposed military build-up.

The recently passed law also authorizes the Port Board of Directors to enter into a public-private partnership through a performance management contract for other aspects of the Port operations it deems necessary, provided all processes in the law are followed. Therefore, such a process could be implemented to manage Guam's marinas.

The Procurement Management Contract (PMC) process would allow for much improved repair processes, by bypassing the General Services Administration's slow and inefficient procurement process; however, a funding source is required. If a cost accounting system that allocated marina income and expenses separately is implemented, perhaps up to $200,000 per year could be utilized for repairs and other marina expenses.

Excerpt 6.3 – Article 4: Public-Private Partnership

ARTICLE 4
PUBLIC-PRIVATE PARTNERSHIP THROUGH A PERFORMANCE MANAGEMENT CONTRACT

SOURCE: This Article was added by P.L. 29-023 (Oct. 24, 2007).

§ 10401. Public-Private Partnership Authorization through a Performance Management Contract.

The Board of Directors of the Jose D. Leon Guerrero Commercial Port (Port) is authorized to issue a Request for Proposal (RFP), Multi-Step Bid (MSB), Invitation for Bid (IFB), soliciting bids or proposals from qualified parties for the management, operation and maintenance of its cargo handling equipment through a performance management contract, subject to the procurement laws of Guam. The scope of work required through this RFP, MSB or IFB *shall* include the daily operation and maintenance of its cargo handling equipment; any repairs required, inclusive of all parts and labor; performance monitoring requirements; and preventive maintenance of all equipment and/or facilities directly

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Excerpt 6.3 – Article 4: Public-Private Partnership (Continued)

associated with the equipment, including, but *not limited to,* the acquisition for replacement of such equipment.

The RFP, MSB and/or IFB *shall* include performance standards that will provide operating criteria, guidelines and requirements to minimize costly downtime and maximize cargo handling equipment availability and its life span. Parties interested in submitting proposals *shall* have sixty (60) days to prepare and submit a response to the Port. The General Services Agency Chief Procurement Officer *shall* be an observer throughout the RFP, MSB or IFB process as specified in this Section, *shall* receive copies of all documents involved and *shall* be invited to any meetings regarding the public-private partnership process specified in this Section.

The Port *may* award a performance management contract subject to the RFP, MSB or IFB detailed in this Section *no later than* two hundred twenty (220) days from the established deadline for submission *or* receipt of the RFP, MSB or IFB; provided, that qualified offerors have submitted proposals in compliance with the procurement laws of Guam and the provisions of this Section. The Attorney General *shall* act as legal advisor during all phases of the solicitation *or* procurement process and *shall* have the authority to extend the timelines as outlined in this Section as it deems necessary.

SOURCE: Amended by P.L. 30-090:2 (Feb. 8, 2010).

§ 10402. Contract Limits.

The awarded contract, which is subject to the provisions of this Act, may be awarded for periods of not less than five (5) years, with options to renew every five (5) years and not to exceed a total of twenty (20) years. The awarded contract, subject to the provisions of this Act, must contain performance reviews at least annually, and provisions for contract termination and penalty based upon such review.

§ 10403. Conflicts.

No contract awarded subject to the provisions of this Act *shall* be awarded to any party who has a blood or marital relationship to the third (3rd) degree of consanguinity with the General Manager of the Port, a Board Member of the Port, *I Maga'lahen Guåhan* or a Member of *I Liheslaturan Guåhan.*

§ 10404. Other Public-Private Partnership through Performance

Excerpt 6.3 – Article 4: Public-Private Partnership (Continued)

Management Contract.

Notwithstanding any other provisions of law, the Board of Directors is authorized to enter into a public-private partnership through a performance management contract for other aspects of the Port operations it deems necessary, provided that the processes outlined in the above sections are complied with.

§ 10405. Termination of Contract for Reasons Unrelated to Performance.

Should at some point in the future, a determination be made by *I Liheslaturan Guåhan*, that a broad-scale public-private partnership for the Port operations be advisable, subject to legislative approval, and if any agreements entered into pursuant to this Act are viewed as impeding, such provisions may be included in each contract for the purchase of such contract, except that no contract *shall* be purchased in any circumstance where a Contractor's performance has been deemed to be unacceptable in accordance with the provisions of this Act.

§ 10406. Severability.

If any provision of this Act or its application to any person or circumstances is found to be invalid or contrary to law, such invalidity shall *not* affect other provisions or applications of this Act which can be given effect without the invalid provisions or applications, and to this end the provisions of this Act are severable.

7.0 COST AND FEE ANALYSIS

In order to implement an alternate management regime for Guam's marinas, it is critical that all parties benefit from a detailed, accurate representation of historic financial operations. This data, along with other information, serves as the basis for future projections. Marina operations should generate a small profit or break even, before capital expenditure costs. In Hawaii, slip rental rates are periodically adjusted to cover the increasing cost of operations. The Guam Marina Rules and Regulations provide that the fees and charges shall be based on the expenses of operation, maintenance and improvements (among other requirements).

In order to analyze the subject marina financial operations, we requested historic and income expense data from the client. Currently, there is no separate cost accounting for the marina operations within PAG. Income and expense data was compiled by the Commercial Division staff, via separate account reports, and significant manual input into spreadsheets was required for this effort. It is difficult to assess the reported historic figures with confidence due to the current accounting, reporting and compiling process.

Considering the poor condition of the marinas, it is widely recognized that significant costs for capital improvements would be required in the near term. In May 2011, a $2.0 million upgrade project was announced for the GDP Marina. Additional projects are anticipated for Agat. As previously reviewed in detail herein, total required capital expenditures for Guam's marinas exceed $10.0 million. Additional funding would be required to complete the GDP Marina master plan.

There are no tricks to developing a methodology for cost recovery. The process begins with compiling and analyzing historic costs. If the marinas are classified as business units with separate accounting, compiling and reviewing historic marinas will be simplified. Although we attempted to complete this process herein, our confidence level, due to the reports and reporting process we experienced, is relatively low. Further, a complete process would require an allocation of various unreported costs, such as insurance and PAG personnel costs for the marinas. A cost recovery plan must recognize that capital expenditures must be analyzed separately from on-going operating expenses.

In order to develop guidelines for a fiscally responsible and sustainable marina program, the following framework was utilized.

- Separate Cost Accounting
- Identification of Total Operational Costs
- Identification of Potential Revenue Flows
- Recognition of Required Subsidies

7.1 Separate Cost Accounting

The current accounting process for Guam's marinas does not allow for critical analysis of operations. For alternate management operations to be seriously considered, we recommend that a separate cost accounting process be implemented by PAG. Accurate, historic income and expense figures for the subject marinas will allow for open, transparent negotiations with future prospective management partners. The cost accounting should include an allocation for personnel expenses, insurance and other PAG expenses, which will allow for an overall analysis of the marinas as a standalone profit (or loss) center for PAG. In order to comply with the Rules and Regulations requirement that fees and charges shall be based on the expenses of operation, maintenance and improvements at the marinas, it is essential that such cost figures be accurate and easily obtained. Available reported historic income and expenses are summarized as follows.

Historic Income – Marina revenues are primarily derived from slip rentals. A summary of historic PAG reported revenue for the subject marinas is shown as follows.

Item	FY 2009	FY 2010	FY 2011
GDP Marina	$37,181	$50,592	$52,545
Agat Marina	$143,076	$190,125	$190,296
Total Revenue	$180,257	$240,717	$242,841

As shown, the current operations and fee structure allows for revenue to approximate $240,000 per year. The revenue reflects slip income, plus minimal dry dock fees collected at the GDP Marina. There are likely additional revenues generated that were not reported such as fees and penalties, rental income and other revenues.

Historic Expenses – Client reported historic expenses include utilities, maintenance, operational supplies and contractual. In FY 2010, total water charges were reported at $95,657 and total power charges were reported at $53,709 for a total reported annual utility cost of $149,366. Total reported maintenance for FY 2010 was reported at $25,644. The combined reported expense for utilities and maintenance in FY 2010 reflects $175,010. There are numerous expenses that are absorbed by PAG but not allocated such as personnel, insurance, and other costs. Limited historic reports were provided for capital expenditures.

Uniform System of Accounts – According to the International Marina Institute's Uniform System of Accounts for Marinas and Boatyards, marina and boatyard industries are no more unique than any other commercial business in that they provide services, collect fees, provide employment, pay bills, plan for the future and (hopefully) make a profit. This uniform system of accounts provides the mechanism by which operations can be compared, valued and improved. A uniform system has two components including

organization and account structure. The uniform system defines the type of assets, liabilities, owner's equity, revenues, cost of sales, and expenses that should be included in each broad category, leaving more detailed accounting to the discretion of individual operators based on their particular type of operation.

A sample income statement and balance sheet for marina operations are included on following pages as inserts Table 7.1 and 7.2. The framework we utilized herein is much simpler than the uniform system designed by the International Marina Institute. Selected national marina data compiled by IMI for actual operations is also provided, for comparative purposes, on following pages as Tables 7.3 to 7.7.

7.2 Identification of Total Operational Costs

The limited, reported expenses for Guam marina operations must be expanded in order to provide a reasonable estimate of total expected operational costs. Total marina expenses typically include cost of sales and operating expenses. Cost of sales refers to labor and materials directly related to the sales of goods and services. These costs can be identified with a specific type of revenue. Operating expenses are all expenses required to operate the business. Guam marinas are relatively basic and no cost of sales account is needed.

Mr. Manny Duenas of GFCA estimates a reasonable annual operating budget for both Guam marinas at $300,000 per year, although this is preliminary and excludes reserve funds for major items of repair and replacement. Our cash flow projection included on a following page reflects annual expenses of approximately $400,000 in Year 1, increasing to nearly $600,000 in Year 6. Further details are included in a following section. Overall, changes in accounting and management are required to produce accurate total operational costs for Guam's marinas.

7.3 Identification of Potential Revenue Flows

The Guam Marina Rules and Regulations provide that fees and charges shall be:

- Based on the expenses of operation, maintenance and improvements at the marina
- Reasonable
- Fixed with due regard to the primary purposes of providing public recreational facilities and promoting the fishing industry.

A table of current mooring fees (inclusive of utilities) for Guam marinas is included on a following page as insert Table 7.8. A common user complaint regarding fees is that the commercial rates in Agana are lower than the non-commercial rates in Agat. It is further noted that the Marina Rules and Regulations provide (under the Commercial Activities section) that, "No regular or extensive use of any Port Authority property or facilities at a Marina for private gain or private purposes shall be permitted without corresponding and reasonable benefits and returns to the Port Authority and to the public." These reflect important factors in assessing future potential marina revenue growth.

Table 7.1 – Sample Marina Operations Consolidated Income Statement

MARINA CONSOLIDATED INCOME STATEMENT - ACCOUNT FORMAT			
REVENUES			
BERTHS	XXXX		
DRY RACK OR VALET BOAT STORAGE	XXXX		
UPLAND OR OFF SEASON STORAGE	XXXX		
FUEL DOCK	XXXX		
SHIP'S STORE	XXXX		
MARINE REPAIR SERVICES	XXXX		
COMMERCIAL LEASING	XXXX		
CHARTER ADMINISTRATION	XXXX		
TOTAL REVENUES		XXXXX	
COST OF SALES			
FUEL DOCK	XXXX		
SHIP'S STORE	XXXX		
MARINE REPAIR SERVICES	XXXX		
TOTAL COST OF SALES		XXXXX	
GROSS PROFIT			XXXXXX
OPERATING EXPENSES			
LABOR	XXXX		
EMPLOYEE BENEFITS	XXXX		
SUPPLIES	XXXX		
CREDIT CARD DISCOUNT	XXXX		
BANK SERVICE CHARGES	XXXX		
UTILITIES	XXXX		
TRAVEL AND ENTERTAINMENT	XXXX		
GIFTS AND DONATIONS	XXXX		
CONTRACT SERVICES	XXXX		
PROFESSIONAL SERVICES	XXXX		
LEASE EXPENSE	XXXX		
EQUIPMENT RENTAL	XXXX		
BUSINESS LICENSES AND PERMITS	XXXX		
MARKETING, ADVERTISING AND PROMOTIONS	XXXX		
LOSS ON UN-COLLECTIBLE ACCOUNTS	XXXX		
CASH OVER/SHORT	XXXX		
INSURANCE	XXXX		
DUES & SUBSCRIPTIONS	XXXX		
PROPERTY AND OTHER BUSINESS TAXES	XXXX		
OTHER	XXXX		
TOTAL OPERATING EXPENSES		XXXXX	
NET OPERATING INCOME			XXXXXX
OTHER INCOME AND EXPENSES			XXXXXX
DEPRECIATION AND AMORTIZATION EXPENSE			XXXXXX
CAPITAL LEASE EXPENSE			XXXXXX
INTEREST ON DEBT EXPENSE			XXXXXX
RESERVES FOR REPLACEMENT			XXXXXX
PRE-TAX PROFIT			XXXXXX
INCOME TAXES			XXXXXX
NET PROFIT			XXXXXX

Source: International Marina Institute

Table 7.2 – Sample Marina Operations Balance Sheet

SAMPLE BALANCE SHEET

ASSETS			
CURRENT ASSETS			
CASH		XXXX	
ACCOUNTS RECEIVABLE	XXXX		
RESERVE FOR BAD DEBTS	(XXXX)		
ACCOUNTS RECEIVABLE NET		XXXX	
NOTES RECEIVABLE		XXXX	
INVENTORY		XXXX	
PREPAID EXPENSES		XXXX	
TOTAL CURRENT ASSETS			XXXX
PROPERTY & EQUIPMENT			
LAND	XXXX		
BUILDINGS	XXXX		
DOCKS	XXXX		
EQUIPMENT	XXXX		
FURNITURE & FIXTURES	XXXX		
TOTAL PROPERTY AND EQUIPMENT		XXXX	
CONSTRUCTION IN PROGRESS		XXXX	
DEPRECIATION		(XXXX)	
TOTAL PROPERTY & EQUIPMENT			XXXX
OTHER OR NON-CURRENT ASSETS			
DEPOSITS RECEIVABLE		XXXX	
DEALER AGREEMENTS		XXXX	
INVESTMENTS IN SUBSIDIARY		XXXX	
TOTAL OTHER OR NON-CURRENT ASSETS			XXXX
TOTAL ASSETS			XXXX
LIABILITIES			
CURRENT LIABILITIES		XXXX	
LONG TERM LIABILITIES		XXXX	
TOTAL LIABILITIES			XXXX
EQUITY			
CAPITAL STOCK (CORPORATION ONLY)		XXXX	
ADDITIONAL PAID IN CAPITAL (CORPORATION ONLY)		XXXX	
PARTNERSHIP EQUITY (PARTNERSHIP ONLY)		XXXX	
OWNER EQUITY (PROPRIETORSHIP ONLY)		XXXX	
PRIOR YEAR RETAINED EARNINGS		XXXX	
CURRENT YEAR RETAINED EARNINGS		XXXX	
TREASURE STOCK (CORPORATION ONLY)		XXXX	
TOTAL EQUITY			XXXX
TOTAL LIABILITIES AND EQUITY			XXXX

Source: International Marina Institute

Table 7.3 – IMC Marina Operations Income Statement: By Sales

Common-Sized Income Statement - All Marinas by Sales

Based on 1999 Financial Data

International Marina Institute

Averages	*All Marinas*	*Under $800,000*	*$800,001 - $1.75 MM*	*Over $1.75 MM*
Revenues				
Dockage	49.8%	42.1%	38.9%	54.8%
Dry Storage/Launch	3.4%	8.1%	4.7%	2.3%
Upland Storage	2.3%	4.2%	5.2%	1.0%
Restaurant/Concessions	4.0%	1.5%	3.0%	4.8%
Fuel/Oil	10.0%	10.2%	8.5%	10.6%
Ships Store	4.9%	7.3%	5.2%	4.5%
Parking	1.3%	0.4%	0.4%	1.8%
Haul Out/Repairs	12.1%	9.4%	21.3%	9.3%
Boat Launch Revenue	0.6%	0.6%	0.6%	0.6%
All Other Revenue	11.4%	16.1%	12.1%	10.4%
Total Revenue	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Cost of Goods Sold				
Fuel Dock	7.6%	7.4%	5.6%	8.3%
Ships Store-Cost of Merchandise	3.4%	4.9%	4.0%	2.9%
Marine Repair Service	4.1%	4.7%	10.0%	1.9%
All Other Direct Costs	4.8%	2.8%	8.6%	3.9%
Total Cost of Revenue	**19.9%**	**19.8%**	**28.1%**	**17.1%**
Gross Profit	**80.1%**	**80.2%**	**71.9%**	**82.9%**
Operating Expenses				
Labor Expense	20.9%	20.6%	19.8%	21.3%
Bad Debt Expense	2.3%	1.0%	1.2%	2.9%
Bank Service Charges	0.1%	0.2%	0.1%	0.1%
Business Licenses & Permits	0.1%	0.2%	0.2%	0.1%
Credit Card Discounts	0.3%	0.3%	0.4%	0.3%
Dues & Subscriptions	0.1%	0.1%	0.2%	0.1%
Employee Benefits/Taxes	3.1%	4.0%	3.8%	2.7%
Equipment Rental	0.2%	0.4%	0.1%	0.1%
Insurance - Bus Liability	2.2%	3.6%	3.1%	1.7%
Professional Services	2.1%	3.0%	1.1%	2.3%
Marketing & Promotion	1.2%	1.0%	1.3%	1.1%
Office Supplies	0.7%	0.8%	1.0%	0.6%
Property Taxes	1.5%	2.2%	3.2%	0.8%
Repairs & Maintenance	7.1%	5.7%	3.7%	8.4%
Rent & Lease Expense	3.5%	1.6%	1.4%	4.5%
Telephone/Communication	0.5%	0.7%	0.6%	0.5%
Travel & Entertainment	0.3%	0.6%	0.3%	0.2%
Utilities	3.9%	4.7%	2.9%	4.1%
Other Expenses	8.5%	7.9%	2.5%	10.7%
Total Operating Expenses	**58.6%**	**58.6%**	**46.8%**	**62.7%**
Operating Profit (Loss)	**21.5%**	**21.6%**	**25.0%**	**20.2%**
Other Income/Expense				
Other Income & Expenses	2.1%	5.9%	1.3%	1.8%
Depreciation & Amortization (-)	-8.3%	-15.4%	-7.7%	-7.3%
Interest Expense (-)	-4.3%	-7.4%	-6.0%	-3.2%
Capital Lease Expense (-)	0.0%	0.0%	0.0%	0.0%
Reserves for Replacement (-)	-1.2%	-2.3%	-0.2%	-1.4%
Total Other Inc/Exp.	**-11.6%**	**-19.3%**	**-12.5%**	**-10.1%**
Profit Before Tax	**9.8%**	**2.3%**	**12.5%**	**10.1%**
Income Taxes (-)	-0.3%	-0.7%	-0.9%	0.0%
Net Profit After Tax	**9.5%**	**3.0%**	**13.4%**	**10.2%**

Table 7.4 – IMC Marina Operations Income Statement: By Type

Common-Sized Income Statement - All Marinas by Type

Based on 1999 Financial Data *International Marina Institute*

Averages	*All Marinas*	*Port Authority*	*Private Marina*	*Municipal Marina*	*Destination Resort*
Revenues					
Dockage	49.8%	51.2%	52.4%	47.2%	38.4%
Dry Storage/Launch	3.4%	6.9%	4.0%	0.8%	0.1%
Upland Storage	2.3%	2.1%	2.4%	2.0%	2.8%
Restaurant/Concessions	4.0%	0.8%	5.2%	1.3%	7.3%
Fuel/Oil	10.0%	14.8%	6.4%	18.0%	8.8%
Ships Store	4.9%	3.0%	4.4%	7.6%	5.9%
Parking	1.3%	0.2%	1.7%	1.5%	1.0%
Haul Out/Repairs	12.1%	4.1%	13.7%	6.6%	24.6%
Boat Launch Revenue	0.6%	0.9%	0.6%	0.5%	0.4%
All Other Revenue	11.4%	15.9%	9.2%	14.6%	10.7%
Total Revenue	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Cost of Goods Sold					
Fuel Dock	7.6%	10.6%	4.6%	14.3%	7.6%
Ships Store-Cost of Merch.	3.4%	1.8%	3.1%	5.0%	4.5%
Marine Repair Service	4.1%	1.8%	5.0%	0.7%	8.4%
All Other Direct Costs	4.8%	3.1%	6.4%	1.9%	4.3%
Total Cost of Revenue	**19.9%**	**17.4%**	**19.0%**	**21.9%**	**24.8%**
Gross Profit	**80.1%**	**82.6%**	**81.0%**	**78.1%**	**75.2%**
Operating Expenses					
Labor Expense	20.9%	18.9%	21.8%	17.9%	23.9%
Bad Debt Expense	2.3%	10.7%	0.8%	0.7%	0.6%
Bank Service Charges	0.1%	0.1%	0.2%	0.0%	0.3%
Business Licenses & Permits	0.1%	0.1%	0.1%	0.1%	0.3%
Credit Card Discounts	0.3%	0.3%	0.2%	0.6%	0.5%
Dues & Subscriptions	0.1%	0.2%	0.1%	0.1%	0.3%
Employee Benefits/Taxes	3.1%	4.8%	1.9%	4.0%	5.3%
Equipment Rental	0.2%	0.1%	0.2%	0.1%	0.3%
Insurance - Bus Liability	2.2%	3.2%	2.2%	1.5%	2.5%
Professional Services	2.1%	2.0%	2.1%	2.7%	1.7%
Marketing & Promotion	1.2%	1.6%	1.0%	0.9%	2.0%
Office Supplies	0.7%	0.8%	0.6%	0.7%	1.0%
Property Taxes	1.5%	1.1%	1.6%	1.0%	2.8%
Repairs & Maintenance	7.1%	5.3%	8.5%	3.6%	8.1%
Rent & Lease Expense	3.5%	3.1%	3.7%	1.8%	5.9%
Telephone/Communication	0.5%	0.5%	0.4%	0.6%	1.0%
Travel & Entertainment	0.3%	0.5%	0.2%	0.2%	0.2%
Utilities	3.9%	3.8%	3.8%	4.5%	3.5%
Other Expenses	8.5%	4.1%	7.9%	17.3%	3.5%
Total Operating Expenses	**58.6%**	**61.2%**	**57.2%**	**58.0%**	**63.6%**
Operating Profit (Loss)	**21.5%**	**21.5%**	**23.8%**	**20.0%**	**11.7%**
Other Income/Expense					
Other Income & Expenses	2.1%	1.5%	1.8%	3.9%	2.0%
Depreciation & Amortization (-)	-8.3%	-14.6%	-3.9%	-17.9%	-5.6%
Interest Expense (-)	-4.3%	-6.5%	-3.0%	-5.7%	-5.1%
Capital Lease Expense (-)	0.0%	0.0%	0.0%	0.0%	0.0%
Reserves for Replacement (-)	-1.2%	-2.7%	-1.1%	-1.1%	0.0%
Total Other Inc/Exp.	**-11.6%**	**-22.3%**	**-6.2%**	**-20.8%**	**-8.7%**
Profit Before Tax	**9.8%**	**-0.8%**	**17.6%**	**-0.8%**	**2.9%**
Income Taxes (-)	-0.3%	-0.4%	-0.4%	0.0%	-0.1%
Net Profit After Tax	**9.5%**	**-1.1%**	**17.2%**	**-0.8%**	**2.8%**

Table 7.5 – IMC Marina Operations Balance Sheet: All & Top 25%

Common-Sized Balance Sheet - All & Top 25% Marinas

Based on 1999 Financial Data

International Marina Institute

Averages	*All Marinas*		*Top 25% Marinas*	
Assets	$	%	$	%
Cash	$226,399	5.1%	$339,404	4.5%
Short-Term Securities	$114,594	2.6%	$115,724	1.5%
Receivables-net	$131,967	2.9%	$196,764	2.6%
Inventory	$80,924	1.8%	$19,116	0.3%
Prepaids	$23,778	0.5%	$30,494	0.4%
Other Current Assets	$55,604	1.2%	$23,590	0.3%
Total Current Assets	**$633,267**	**14.1%**	**$725,091**	**9.5%**
Property	$4,011,119	89.5%	$6,995,109	92.0%
Furniture & Fixtures	$169,698	3.8%	$124,308	1.6%
Vehicles/Mach./Equip.	$284,993	6.4%	$249,058	3.3%
Other Fixed Assets	$386,314	8.6%	$643,516	8.5%
Total Gross Fixed Assets	**$4,881,549**	**109.0%**	**$8,131,546**	**107.0%**
Less: Accum. Depreciation (-)	($1,203,327)	-26.9%	($1,525,691)	-20.1%
Net Fixed Assets	**$3,678,269**	**82.1%**	**$6,606,090**	**86.9%**
Other Non-Current Assets	$168,659	3.8%	$268,605	3.5%
Total Non-Current Assets	**$168,659**	**3.8%**	**$268,605**	**3.5%**
Total Assets	**$4,480,195**	**100.0%**	**$7,599,786**	**100.0%**
Liabilities				
Notes Payable	$173,672	3.9%	$85,735	1.1%
Current Portion of Long-term Debt	$95,141	2.1%	$162,213	2.1%
Accounts Payable	$55,636	1.2%	$36,899	0.5%
Accruals	$34,620	0.8%	$35,221	0.5%
Taxes Payable	$5,941	0.1%	$1,346	0.0%
All Other Current Liabilities	$74,426	1.7%	$113,682	1.5%
Total Current Liabilities	**$439,435**	**9.8%**	**$435,097**	**5.7%**
Long Term Debt	$2,097,728	46.8%	$4,525,148	59.5%
Other Non-Current Liabilities	$45,871	1.0%	$135,771	1.8%
Total Non-Current Liab	**$2,143,599**	**47.8%**	**$4,660,919**	**61.3%**
Total Liabilities	**$2,583,034**	**57.7%**	**$5,096,016**	**67.1%**
Equity (net worth)	**$1,897,161**	**42.3%**	**$2,503,771**	**32.9%**
Total Liab. & Equity	**$4,480,195**	**100.0%**	**$7,599,786**	**100.0%**

Table 7.6 – IMC Marina Operations Balance Sheet: Top 25% By Sales

Common-Sized Balance Sheet - Top 25% Marinas by Sales

Based on 1999 Financial Data *International Marina Institute*

Averages	*Top 25% Marinas*	*Under $800,000*	*$800,001 - $1.75 MM*	*Over $1.75 MM*
Assets	**%**	**%**	**%**	**%**
Cash	4.5%	1.3%	5.9%	5.0%
Short-Term Securities	1.5%	3.2%	0.0%	1.4%
Receivables-net	2.6%	0.9%	12.7%	0.9%
Inventory	0.3%	0.2%	1.5%	0.0%
Prepaids	0.4%	0.3%	1.1%	0.3%
Other Current Assets	0.3%	0.6%	1.4%	0.0%
Total Current Assets	**9.5%**	**6.4%**	**22.6%**	**7.6%**
Property	92.0%	79.4%	62.1%	102.0%
Furniture & Fixtures	1.6%	5.7%	2.9%	0.2%
Vehicles/Mach./Equip.	3.3%	7.2%	6.6%	1.5%
Other Fixed Assets	8.5%	0.0%	32.6%	5.6%
Total Gross Fixed Assets	**107.0%**	**100.7%**	**104.2%**	**109.3%**
Less: Accum. Depreciation (-)	-20.1%	-7.6%	-50.1%	-17.1%
Net Fixed Assets	**86.9%**	**93.2%**	**54.1%**	**92.3%**
Other Non-Current Assets	3.5%	0.4%	23.3%	0.1%
Total Non-Current Assets	**3.5%**	**0.4%**	**23.3%**	**0.1%**
Total Assets	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Liabilities				
Notes Payable	1.1%	6.1%	0.0%	0.0%
Current Portion of Long-term Debt	2.1%	0.6%	0.0%	3.0%
Accounts Payable	0.5%	0.2%	1.1%	0.4%
Accruals	0.5%	0.0%	2.1%	0.2%
Taxes Payable	0.0%	0.0%	0.1%	0.0%
All Other Current Liabilities	1.5%	0.9%	2.1%	1.5%
Total Current Liabilities	**5.7%**	**7.8%**	**5.4%**	**5.2%**
Long Term Debt	59.5%	15.7%	95.8%	63.9%
Other Non-Current Liabilities	1.8%	1.3%	10.7%	0.0%
Total Non-Current Liab	**61.3%**	**17.0%**	**106.5%**	**63.9%**
Total Liabilities	**67.1%**	**24.8%**	**111.8%**	**69.1%**
Equity (net worth)	**32.9%**	**75.2%**	**-11.8%**	**30.9%**
Total Liabilities & Equity	**100.0%**	**100.0%**	**100.0%**	**100.0%**

Table 7.7 – IMC Financial Ratios: By Sales

Financial Ratios - All Marinas By Sales

Based on 1999 Financial Data — *International Marina Institute*

Median Values Unless Otherwise Stated	*All Marinas*	*Under $800,000*	*$800,001 $1.75 MM*	*Over $1.75 MM*
Liquidity				
Current Ratio	1.82	1.70	1.94	1.63
Quick Ratio	0.90	0.59	0.86	1.34
Safety				
Debt to Equity	0.68	0.28	0.99	0.55
Net Sales to Equity	1.37	0.29	1.91	1.40
Net Profit to Equity	0.04	0.00	0.06	0.10
Net Fixed Assets to Equity	113.0%	113.0%	126.4%	73.2%
Profitability				
Gross Profit Margin	80.9%	83.9%	76.3%	80.9%
Operating Profit Margin	19.7%	17.5%	23.3%	15.0%
Pretax Profit Margin	5.9%	5.3%	10.3%	6.9%
Net Profit Margin	5.7%	5.2%	10.3%	6.3%
Asset Utilization				
Sales to Total Assets	0.58	0.40	0.60	1.28
Sales to Net Fixed Assets	0.95	0.40	1.11	2.46
Return on Equity & Assets				
Operating Return On Equity	12.6%	4.3%	28.3%	12.4%
Operating Return On Assets	9.9%	5.6%	16.2%	9.0%
Pretax Profit Return On Equity	3.7%	0.3%	6.6%	10.3%
Pretax Profit Return On Assets	2.2%	0.8%	4.2%	1.5%
Working Capital Management				
Sales to Working Capital	1.74	-0.67	5.16	3.47
Working Capital as % of Sales	8.9%	-2.1%	8.5%	16.8%
Working Capital $'s	$137,131	($10,203)	$133,960	$483,901
Balance Sheet Management				
A/R Collection Period - Days	19	17	16	25
A/P Payment Period - Days	25	20	22	30
Inventory Turnover - Days	61	80	72	28
Notes Payable as % of Sales	15.3%	27.9%	3.3%	18.3%
Operations Management				
Avg. Revenue per Occ. Slip**	$2,216	$1,375	$2,283	$2,896
Avg Revenue per Dry Storage Unit***	$1,252	$1,221	$779	$1,929
Revenue per Employee - High Season	$74,006	$58,775	$78,082	$106,280
Revenue per Employee - Low Season	$138,685	$113,316	$141,776	$165,799
Revenue per Linear Ft. of Wet Moorage	$174	$126	$203	$164
Other				
Average Total Sales	$1,757,071	$527,379	$1,184,878	$3,813,349
Operating Expense Percentage	56.9%	58.4%	51.1%	61.4%
Interest Expense (% of Sales)	-5.1%	-8.2%	-3.5%	-2.3%
Number of Respondents	75	26	26	23

** Dockage Sales/(Total # Slips x Occ. Rate)*

***Assumes 100% occupancy of dry storage units.*

Table 7.8 –GDP and Agat Mooring Fees for Vessels Based in Guam

MOORING FEES FOR VESSELS BASED IN GUAM
GREGORIO D. PEREZ MARINA AND AGAT MARINA
Hagåtña and Agat, Island of Guam

GREGORIO D. PEREZ MARINA

Recreational Vessels

Slip Length (ft.)	Fee per ft. ($)	Fee per mo. ($)
20	$2.00	$40.00
30	$2.00	$60.00
40	$2.00	$80.00
Outer Basin charge per vessel foot	$1.50	

Commercial Vessels

Slip Length (ft.)	Fee per ft. ($)	Fee per mo. ($)
20	$3.50	$70.00
30	$3.50	$105.00
40	$3.50	$140.00
Outer Basin charge per vessel foot	$2.50	

Live Aboard Vessels

Slip Length (ft.)	Fee per ft. ($)	Fee per mo. ($)
20	$6.00	$120.00
30	$6.00	$180.00
40	$6.00	$240.00
Outer Basin charge per vessel foot	$5.00	

AGAT MARINA

Recreational Vessels

Slip Length (ft.)	Fee per ft. ($)	Fee per mo. ($)
25	$5.50	$137.50
40	$5.50	$220.00
60	$5.50	$330.00

Commercial Vessels

Slip Length (ft.)	Fee per ft. ($)	Fee per mo. ($)
25	$8.50	$212.50
40	$8.50	$340.00
60	$8.50	$510.00

Live Aboard Vessels

Slip Length (ft.)	Fee per ft. ($)	Fee per mo. ($)
25	$6.50	$162.50
40	$6.50	$260.00
60	$6.50	$390.00

Currently, the only reported income generated at the subject marinas involves slip rentals with minimal dry storage income from GDP Marina, and limited rental income from Agat Marina. The existing rates are unlikely to change until badly needed repairs are completed and separate cost accounting is implemented. Users typically report that higher fees could be justified if the marinas are properly maintained and managed. Any fee changes must follow the AAA process. The most obvious potential revenue flow involves slip rental fee increases for the GDP Marina, up to Agat rates. Available slips are currently 100 percent occupied and waitlists exist for both marinas. Another obvious potential revenue flow involves increasing slip capacity.

Regarding slip rates, we received rates at comparable facilities in the CNMI and Hawaii as previously detailed herein. We further reviewed recent national averages reported by the International Marina Institute shown in Table 7.9 as follows.

Table 7.9 – Marina Dock Rates

ALL MARINAS

Average Monthly Dock Rates Per Linear Foot - All Marinas			
Slip Length	Uncovered	Avg. # of Slips	% of All Slips
20'-30'	$9.48	144	38%
30'-40'	$10.31	127	34%
40'-50'	$10.81	81	19%
50'-60'	$11.79	34	6%
Over 60'	$12.97	20	3%

PORT AUTHORITIES

Average Monthly Dock Rates Per Linear Foot - Port Authorities			
Slip Length	Uncovered	Avg. # of Slips	% of All Slips
20'-30'	$15.51	138	38%
30'-40'	$18.88	135	37%
40'-50'	$19.53	71	16%
50'-60'	$23.47	47	8%
Over 60'	$28.00	15	1%

Potential increased revenue flows also reflect commercial operations. Higher rates for commercial users can be an unpopular suggestion on Guam; however, commercial user fees are common in the industry and Hawaii rates reflect the greater of double the recreational rate or 3 percent of gross sales. Reportedly, an average of 500 visitors per day utilize the marinas. Although this estimate could not be verified, paragliding, diving and fishing charters generate substantial foot traffic at the marinas. Another unverified estimate pegs total commercial revenue at the marinas at $10 million per year, which would result in $300,000 of additional marina revenue utilizing the Hawaii rate of three percent of gross sales.

Once GDP Marina upgrades are completed, it is reasonable to expect the slip rental fees to be increased to the Agat rates. We further conclude that a commercial user fee based on gross sales is reasonable at half of the Hawaii rate, or 1.5 percent of gross sales. A commercial user fee could include exemptions, such as for fish sales, to protect local fisherman. Calculating the fee based on gross receipts simplifies the process, and the fee should be allowed to be documented and passed through to

users. There are various other potential revenue streams typically associated with marina operations including:

- Utilities
- Fuel
- Parking
- Boat Launch
- Haul Out/Repairs
- Rentals
- Other (Transfer fees, etc.)

The potential revenue flows from additional sources must be considered within the context of existing operations and agreements. For example, it is unlikely that any proposal to charge fees for boat launching could be implemented because of historic and cultural fishing rights. Further, the GFCA has the exclusive right to fueling operations at the GDP Marina. In Agat, there are unknown costs associated with the repair of the former Shell facility. Fuel operations contribute a national average of 10 percent of marina revenues, and the service is considered essential for safety and the convenience of marina users.

The Guam marina operations could potentially benefit from utility fees, which are currently included in the slip rental. Hawaii marinas charge flat utility rates for different types of users, from around $10 to $25 per month. The wash down area in Agana is widely utilized and a fee for this service is appropriate. Parking and transfer fees could also generate additional revenue.

Potential Revenue Projections – We utilized all available local, regional and national data in order to compile a five year potential income projections for the subject marinas. We completed a range of versions based on separate assumption models. A summary of analysis versions follows.

Version	Assumed Management Regime
1	Public Sector As-Is
2	Public Sector As-Improved
3	Privatization
4	Public-Private Partnership

Potential five year marina revenue projections are included on the following pages as insert Tables 7.10 to 7.13. The as-is analysis reflects fixed annual revenue of less than $300,000. The other versions reflect the assumptions that GDP Marina rates will increase to Agat Marina levels, and that commercial user fees will be adopted. Additional consideration was made for other potential revenue sources, including additional slips, as detailed herein. Maximum potential revenue under a Privatization

model includes additional slip fee increases and reflects revenue in Year 4 to exceed $1.0 million.

Table 7.10 – Potential Marina Revenue Projection – Version 1 (As-Is)

POTENTIAL MARINA REVENUE PROJECTIONS - VERSION 1
AS-IS SCENARIO
GDP and Agat Marinas, Island of Guam

	Year 1	Year 2	Year 3	Year 4	Year 5
Assumptions					
No. Slips					
GDP	63	63	63	63	63
Agat	83	83	83	83	83
Occupancy Rate					
GDP	100%	100%	100%	100%	100%
GDP Slips Rented	63	63	63	63	63
Agat	100%				
Agat Slips Rented	83	100%	100%	100%	100%
		83	83	83	83
Projected Slip Rental Income [2]					
GDP					
Non-Commercial	$25,176	$25,176	$25,176	$25,176	$25,176
Commercial	$24,706	$24,706	$24,706	$24,706	$24,706
Subtotal GDP	$49,882	$49,882	$49,882	$49,882	$49,882
Agat					
Non-Commercial	$142,310	$142,310	$142,310	$142,310	$142,310
Commercial	$70,722	$70,722	$70,722	$70,722	$70,722
Subtotal Agat	$213,032	$213,032	$213,032	$213,032	$213,032
Subtotal Slip Rental Income	$262,914	$262,914	$262,914	$262,914	$262,914
Potential Commercial User Income					
Overall Sales Estimate	$0	$0	$0	$0	$0
Percentage Fee	0.0%	0.0%	0.0%	0.0%	0.0%
Subtotal Commercial User Fee	$0	$0	$0	$0	$0
Other Potential Income Sources [3]					
GDP					
Dry Storage	$5,000	$5,000	$5,000	$5,000	$5,000
Utilities	$0	$0	$0	$0	$0
Washdown	$0	$0	$0	$0	$0
Parking	$0	$0	$0	$0	$0
Other	$0	$0	$0	$0	$0
Subtotal GDP Other Income	$5,000	$5,000	$5,000	$5,000	$5,000
Agat					
Utilities	$0	$0	$0	$0	$0
Rental	$24,000	$24,000	$24,000	$24,000	$24,000
Fuel	$0	$0	$0	$0	$0
Other	$0	$0	$0	$0	$0
Subtotal Agat Other Income	$24,000	$24,000	$24,000	$24,000	$24,000
Subtotal Other Income	$29,000	$29,000	$29,000	$29,000	$29,000
Total Potential Revenue	$291,914	$291,914	$291,914	$291,914	$291,914

Table 7.11 – Potential Marina Revenue Projection – Version 2 (As-Improved)

POTENTIAL MARINA REVENUE PROJECTIONS - VERSION 2
AS-IMPROVED SCENARIO
GDP and Agat Marinas, Island of Guam

	Year 1	Year 2	Year 3	Year 4	Year 5
Assumptions					
No. Slips					
GDP	63	63	95 [1]	95	95
Agat	83	83	100 [1]	100	100
Occupancy Rate					
GDP	100%	100%	90%	95%	100%
GDP Slips Rented	63	63	86	90	95
Agat	100%	100%	80%	90%	100%
	83	83	80	90	100
Projected Slip Rental Income [2]					
GDP					
Non-Commercial	$25,176	$25,176	$34,367	$35,966	$37,963.81
Commercial	$24,706	$24,706	$33,726	$35,294	$35,294
Subtotal GDP	$49,882	$49,882	$68,093	$71,260	$73,258
Agat					
Non-Commercial	$142,310	$142,310	$137,187	$154,335	$171,312
Commercial	$70,722	$77,794	$74,994	$84,368	$93,648
Subtotal Agat	$213,032	$220,104	$212,180	$238,703	$264,960
Subtotal Slip Rental Income	$262,914	$269,986	$280,273	$309,963	$338,219
Potential Commercial User Income					
Overall Sales Estimate	$8,000,000	$8,000,000	$9,000,000	$10,000,000	$10,000,000
Percentage Fee	0.0%	1.5%	1.5%	1.5%	1.5%
Subtotal Commercial User Fee	$0	$120,000	$135,000	$150,000	$150,000
Other Potential Income Sources [3]					
GDP					
Dry Storage	$5,000	$6,000	$7,000	$8,000	$9,000
Utilities	$0	$7,560	$10,320	$10,800	$11,400
Washdown	$0	$5,200	$5,200	$5,200	$5,200
Parking	$0	$2,600	$2,600	$2,600	$2,600
Other	$0	$5,000	$5,000	$5,000	$5,000
Subtotal GDP Other Income	$5,000	$26,360	$30,120	$31,600	$33,200
Agat					
Utilities	$0	$9,960	$9,600	$10,800	$12,000
Rental	$24,000	$24,000	$24,000	$24,000	$24,000
Fuel	$0	$6,000	$6,000	$6,000	$6,000
Other	$0	$5,000	$5,000	$5,000	$5,000
Subtotal Agat Other Income	$24,000	$44,960	$44,600	$45,800	$47,000
Subtotal Other Income	$29,000	$71,320	$74,720	$77,400	$80,200
Total Potential Revenue	$291,914	$461,306	$489,993	$537,363	$568,419

[1] Year 3 assumes completion of additional 32 floating slips as per Phase II of master plan for GDP Marina and assumes various repairs completed at Agat.
[2] Assumes GDP marina rates increased to match Agat marina rates in Year 2.
[3] Assumes Year 2 fee increase includes utilities at $10/slip/month; washdown at $100/week; parking at $50/week; rentals at $2,000/month and fuel at $500/month.

Table 7.12 – Potential Marina Revenue Projection – Version 3 (Privatization)

POTENTIAL MARINA REVENUE PROJECTIONS - VERSION 3
PRIVATIZATION SCENARIO
GDP and Agat Marinas, Island of Guam

	Year 1	Year 2	Year 3	Year 4	Year 5
Assumptions					
No. Slips [1]					
GDP	63	95	95	115	115
Agat	83	100	100	125	125
Occupancy Rate					
GDP	100%	90%	100%	90%	95%
GDP Slips Rented	63	86	95	104	109
Agat	100%				
Agat Slips Rented	83	90	100	90%	95%
				113	119
Projected Slip Rental Income [2]					
GDP					
Non-Commercial	$69,234	$103,961	$126,325	$138,292	$144,941
Commercial	$60,036	$90,149	$109,542	$119,920	$125,685
Subtotal GDP	$129,270	$194,110	$235,866	$258,212	$270,626
Agat					
Non-Commercial	$142,310	$169,743	$207,464	$234,434	$246,882
Commercial	$70,722	$84,355	$103,101	$116,504	$122,690
Subtotal Agat	$213,032	$254,098	$310,565	$350,938	$369,572
Subtotal Slip Rental Income	$342,302	$448,209	$546,431	$609,150	$640,198
Potential Commercial User Income					
Overall Sales Estimate	$8,000,000	$8,000,000	$9,000,000	$10,000,000	$10,000,000
Percentage Fee	1.5%	2.0%	2.5%	2.5%	2.5%
Subtotal Commercial User Fee	$120,000	$160,000	$225,000	$250,000	$250,000
Other Potential Income Sources [3]					
GDP					
Dry Storage	$6,000	$6,240	$6,490	$6,749	$7,019
Utilities	$15,120	$21,466	$24,660	$28,077	$30,603
Washdown	$10,400	$10,816	$11,249	$11,699	$12,167
Parking	$5,200	$5,408	$5,624	$5,849	$6,083
Other	$10,000	$10,400	$10,816	$11,249	$11,699
Subtotal GDP Other Income	$46,720	$54,330	$58,839	$63,623	$67,571
Agat					
Utilities	$19,920	$22,464	$25,958	$30,506	$33,411
Rental	$48,000	$49,920	$51,917	$53,993	$56,153
Fuel	$12,000	$12,480	$12,979	$13,498	$14,038
Other	$10,000	$10,400	$10,816	$11,249	$11,699
Subtotal Agat Other Income	$89,920	$95,264	$101,670	$109,246	$115,301
Subtotal Other Income	$136,640	$149,594	$160,508	$172,869	$182,872
Total Potential Revenue	$478,942	$757,803	$931,940	$1,032,019	$1,073,069

[1] Assumes completion of additional floating slips as needed.
[2] Assumes GDP Marina rates increased to match Agat Marina rates in Year 1. Additional 10% increases in Years 2 and 3; with 4% annual increases in fees.
[3] Assumes Year 1 fee increase includes utilities at $20/slip/month; washdown at $200/week; parking at $100/week; rentals at $4,000/month and fuel at $1,000/month.

Table 7.13 – Potential Marina Revenue Projection – Version 4 (Joint Public-Private Partnership)

POTENTIAL MARINA REVENUE PROJECTIONS - VERSION 4
JOINT PUBLIC-PRIVATE PARTNERSHIP SCENARIO
GDP and Agat Marinas, Island of Guam

	Year 1		Year 2		Year 3		Year 4		Year 5	
Assumptions										
No. Slips										
GDP	63		63		95 [1]		95		95	
Agat	83		83		100 [1]		100		100	
Occupancy Rate										
GDP	100%		100%		90%		95%		100%	
GDP Slips Rented		63		63		86		90		95
Agat	100%		100%		80%		90%		100%	
		83		83		80		90		100
Projected Slip Rental Income [2]										
GDP										
Non-Commercial	$25,176		$25,176		$34,367		$35,966		$37,963.81	
Commercial	$24,706		$24,706		$33,726		$35,294		$35,294	
Subtotal GDP	$49,882		$49,882		$68,093		$71,260		$73,258	
Agat										
Non-Commercial	$142,310		$142,310		$137,187		$154,335		$171,312	
Commercial	$70,722		$77,794		$74,994		$84,368		$93,648	
Subtotal Agat	$213,032		$220,104		$212,180		$238,703		$264,960	
Subtotal Slip Rental Income		$262,914		$269,986		$280,273		$309,963		$338,219
Potential Commercial User Income										
Overall Sales Estimate	$8,000,000		$8,000,000		$9,000,000		$10,000,000		$10,000,000	
Percentage Fee	0.0%		1.5%		1.5%		1.5%		1.5%	
Subtotal Commercial User Fee		$0		$120,000		$135,000		$150,000		$150,000
Other Potential Income Sources [3]										
GDP										
Dry Storage	$5,000		$6,000		$7,000		$8,000		$9,000	
Utilities	$0		$7,560		$10,320		$10,800		$11,400	
Washdown	$0		$5,200		$5,200		$5,200		$5,200	
Parking	$0		$2,600		$2,600		$2,600		$2,600	
Other	$0		$5,000		$5,000		$5,000		$5,000	
Subtotal GDP Other Income	$5,000		$26,360		$30,120		$31,600		$33,200	
Agat										
Utilities	$0		$9,960		$9,600		$10,800		$12,000	
Rental	$24,000		$24,000		$24,000		$24,000		$24,000	
Fuel	$0		$6,000		$6,000		$6,000		$6,000	
Other	$0		$5,000		$5,000		$5,000		$5,000	
Subtotal Agat Other Income	$24,000		$44,960		$44,600		$45,800		$47,000	
Subtotal Other Income		$29,000		$71,320		$74,720		$77,400		$80,200
Total Potential Revenue		$291,914		$461,306		$489,993		$537,363		$568,419

[1] Year 3 assumes completion of additional 32 floating slips as per Phase II of master plan for GDP Marina and assumes various repairs completed at Agat.
[2] Assumes GDP marina rates increased to match Agat marina rates in Year 2.
[3] Assumes Year 2 fee increase includes utilities at $10/slip/month; washdown at $100/week; parking at $50/week; rentals at $2,000/month and fuel at $500/month.

It is noted that neither revenues nor net income estimates are the primary components of analyzing alternate management regimes. However, projected financial operations were analyzed, within the context of the alternate management regimes studied herein.

In addition to possible additional revenues from new slips, revised fees and new services, additional revenues could be generated from federal grants. We previously noted the GFCA and private firm identified sources including HUD Block Grant GVB bond program, US EDA, Sportsfish fund and recommended visitor fee. These sources may or may not be appropriate to seek based on internal PAG and Government of Guam's Executive Branch decisions. However, once internal management changes are implemented, it is likely that new sources of grants will become available. One such program involves the Clean Marina Program.

The Clean Marina Program is a public-private partnership involving several federal agencies, private industry and academia, including NOAA Sea Grant, EPA and other partners which coordinate to allow jurisdictions a way to meet many of the marina management requirements of the Coastal Pollution Control Program established by Congress in 1990. This involves a voluntary, incentive based program that encourages marina operators and boaters to practice environmentally sound operating and maintenance procedures.

7.4 Recognition of Required Subsidy

The Guam marinas have been neglected for many years and require significant investment. Fortunately, significant federal grant money may be available from a variety of sources. One recent estimate indicates that approximately $8.0 million is required for Agana upgrades and approximately $4.0 million is required for Agat. It is extremely unlikely that any alternate management program will allow for these types of expenditures. PAG is currently subsidizing marina operations at a level that is difficult to assess due to accounting and expense allocation issues.

Our as-is analysis conclusion herein reflects a current, preliminary subsidy estimate of $65,000 per year. However, the subsidy will likely increase because repairs and expenses have been inadequate for many years. Increased fees, along with marina improvements, will reduce the required subsidy. An alternate management regime would also likely reduce the required PAG subsidy in the near term. Over time, it will be possible to accurately identify (through cost accounting) and minimize or eliminate the subsidy on marina operations. However, major capital expenditures, including federal and PAG components, will likely continue to be part of long term marina operations on Guam.

Notably, the current management structure is ideal for the solicitation of additional funding for required marina upgrades. Existing PAG management includes grant writing staff and relationships with federal government entities that oversee marina grants. However, it is essential that, prior to formalizing alternate management options to PAG, recognition that further grants or local government funding is necessary to improve the condition of the marinas. Once major expense items are corrected, a more accurate summary of actual financial operations could be obtained.

8.0 ALTERNATE MANAGEMENT REGIME ANALYSES

8.1 Alternate Management Analyses Overview

Considering the importance of focusing on its core mission and other factors, PAG is studying the viability of alternate management regimes for Guam's marinas. In order to complete alternate management regime analyses, we completed detailed research regarding marina management and alternate management regimes through the U.S. We completed interviews with existing management and marina users. We studied national marina market data, obtained specialized marina industry materials, and identified alternate management regimes. We completed SWOT (strengths, weaknesses, opportunities, and threats) analyses including a detailed evaluation of operations and management, including an identification of short and long term problems categorized as follows.

- Management Structure and Programs
- Operational Facility Costs and Fees
- Role and Opportunities of Marinas
- Repair Strategy

In addition to SWOT analyses, we completed cash flow projections under the alternate management regimes studied. The cash flow projections are somewhat preliminary in nature due to uncertain future income and expenses, but reflect the importance of long-term planning. Cash flow models exclude provisions for capital expenditures which were reviewed under the Repair Strategy section of this report. The cash flow analyses are included in a following section under each management regime analyzed.

Management Structure and Programs – We completed research regarding the existing PAG management structure as previously detailed herein. We evaluated the following management structure and program alternatives.

Version	Alternate Management Regimes
1	Public Sector Operation (As-is)
2	Public Sector Operation (As-improved)
3	Privatization
4	Joint Public-Private Partnership

The Public Sector option reflects maintaining PAG or other government agency control. Unless unknown factors justify a transfer away from PAG, we believe that PAG remains the best Government of Guam agency to control the marinas. PAG includes trained, experienced staff, internal systems and good relationships with critical local and federal government agencies whose support is critical to the long-term success of Guam's marinas. We completed Public Sector options under as-is (no change) and as-improved scenarios. The Privatization model assumes a complete transfer to a private entity. The joint Public-Private Partnership option was analyzed considering both for-profit and community based not-for-profit partnership scenarios.

For each management structure analyzed, we reviewed the status of marketing, and indentified present and potential market sectors. We identified potential new services, amenities and facilities. We reviewed marina recommended operational policies and procedures as well as financial programs. Our financial program analysis included a detailed cash flow projection including public subsidy (operational loss on cash flow, exclusive of CAPEX) requirements and identification of alternate funding services as previously detailed herein.

Operational Facility Costs and Fees – We completed an overview of existing accounting practices as well as available historic income and expenses as previously detailed herein. We reviewed and compiled possible budget and cost accounting systems including the identification of potential areas of cost savings. Except for possible water leaks and abuse at GDP Marina, the current marina conditions will require higher costs. Therefore, cost saving options are limited in the near term. We completed a detailed review of fees and charges, as well as recommendations for revision as previously discussed.

Role and Operations of Marinas – Our study included a detailed overview of the role and operations of marinas. We reviewed the nature of marina operations and the framework for analysis of this unique real estate asset. Our study included a general overview of the economic contribution of marinas. To the extent practicable, we reviewed the attitudes of marina users regarding the preservation of traditional and cultural uses of marine resources. We further reviewed marinas as a public and social resource as well as the regulatory and safety support role of marinas. Our overview of marinas included commenting on resource management and utilization.

Repair Strategy – Our repair strategy study identified deficiencies in the condition of Guam's marinas including public health and safety issues and facility infrastructure repair. Our repairs strategy analysis herein included slips, docks, utilities, navigational issues and other components of Guam's marinas as well as preliminary estimated costs of repair.

8.2 Version 1 – Public Sector Operation (As-Is)

Our analysis of the Public Sector operations management option included both as-is and as-improved components. As-is assumes that the management structure and programs currently in place would continue with nominal changes. Effectively, this represents the No Action option available to the client. The existing management structure and programs have resulted in the poor condition of the marinas as well as this study of alternate management options. It is widely agreed that improvements in the existing as-is operations are necessary. Our SWOT analysis details the significant problems with current, as-is operations.

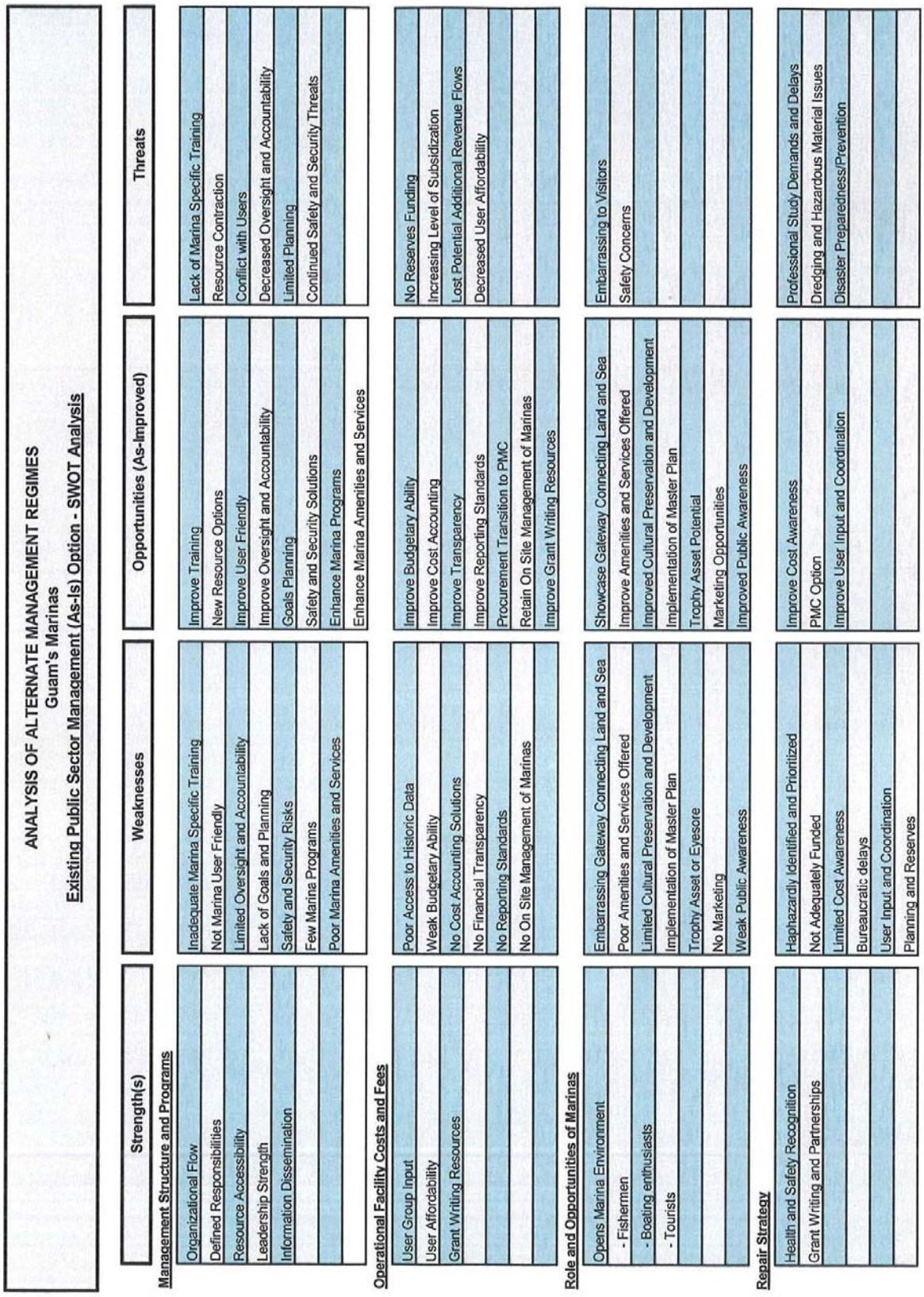
A summary of our SWOT analysis for the as-is Public Sector operation model is included on the following page as insert Table 8.1 . The advantages of as-is public sector operation include a strong organizational flow, defined responsibilities, resource accessibility, leadership strength, and information dissemination. Existing as-is operations also benefit from user group input, user affordability, and grant writing resources. PAG has been successful in keeping the marina environment open to all users. Most recently, PAG management has recognized the importance of correcting health and safety issues and improving repairs and maintenance.

The disadvantages of as-is Public Sector operation include inadequate marina specific training, not marina user friendly, limited oversight and accountability, no goals and planning, safety and security risks, few marina programs, and poor marina amenities and services. Additional disadvantages include poor access to historic data, weak budgetary ability, no cost accounting solutions, no financial transparency, no reporting standards, and no on-site management of marinas. As-is operations have resulted in an embarrassing gateway connecting locals and tourists with Guam's vast oceanic resources. There are substantial opportunities, but these require a change in operations to accomplish. The primary threat of continuing as-is operations involves a continuing decline in the subject marinas along with a contraction in resource availability. Additional issues considered are detailed on the table.

Preliminary projected cash flows (exclusive of CAPEX) under this as-is Public Sector scenario are included on a following page as insert Table 8.2. We estimated preliminary allocations for personnel and marina insurance expenses. The analysis indicates that PAG is currently subsidizing marina operations by approximately $65,000 per year, exclusive of capital expenditures. The preliminary cash flow model reflects losses increasing over time to nearly $125,000 in Year 5.

The as-is operations ignore potential market sectors as well as potential new services, facilities and amenities. There is a general lack of satisfaction among users regarding as-is operations. Overall, the as-is Public Sector as-is operation framework was ranked as the least desirable option regarding alternate management regimes analyzed.

Table 8.1 –SWOT Analysis – Existing Public Sector Management (As-Is) Option



ANALYSIS OF ALTERNATE MANAGEMENT REGIMES
Guam's Marinas
Existing Public Sector Management (As-Is) Option - SWOT Analysis

Strength(s)	Weaknesses	Opportunities (As-Improved)	Threats
Management Structure and Programs			
Organizational Flow	Inadequate Marina Specific Training	Improve Training	Lack of Marina Specific Training
Defined Responsibilities	Not Marina User Friendly	New Resource Options	Resource Contraction
Resource Accessibility	Limited Oversight and Accountability	Improve User Friendly	Conflict with Users
Leadership Strength	Lack of Goals and Planning	Improve Oversight and Accountability	Decreased Oversight and Accountability
Information Dissemination	Safety and Security Risks	Goals Planning	Limited Planning
	Few Marina Programs	Safety and Security Solutions	Continued Safety and Security Threats
	Poor Marina Amenities and Services	Enhance Marina Programs	
		Enhance Marina Amenities and Services	
Operational Facility Costs and Fees			
User Group Input	Poor Access to Historic Data	Improve Budgetary Ability	No Reserves Funding
User Affordability	Weak Budgetary Ability	Improve Cost Accounting	Increasing Level of Subsidization
Grant Writing Resources	No Cost Accounting Solutions	Improve Transparency	Lost Potential Additional Revenue Flows
	No Financial Transparency	Improve Reporting Standards	Decreased User Affordability
	No Reporting Standards	Procurement Transition to PMC	
	No On Site Management of Marinas	Retain On Site Management of Marinas	
		Improve Grant Writing Resources	
Role and Opportunities of Marinas			
Opens Marina Environment	Embarrassing Gateway Connecting Land and Sea	Showcase Gateway Connecting Land and Sea	Embarrassing to Visitors
- Fishermen	Poor Amenities and Services Offered	Improve Amenities and Services Offered	Safety Concerns
- Boating enthusiasts	Limited Cultural Preservation and Development	Improved Cultural Preservation and Development	
- Tourists	Implementation of Master Plan	Implementation of Master Plan	
	Trophy Asset or Eyesore	Trophy Asset Potential	
	No Marketing	Marketing Opportunities	
	Weak Public Awareness	Improved Public Awareness	
Repair Strategy			
Health and Safety Recognition	Haphazardly Identified and Prioritized	Improve Cost Awareness	Professional Study Demands and Delays
Grant Writing and Partnerships	Not Adequately Funded	PMC Option	Dredging and Hazardous Material Issues
	Limited Cost Awareness	Improve User Input and Coordination	Disaster Preparedness/Prevention
	Bureaucratic delays		
	User Input and Coordination		
	Planning and Reserves		

Table 8.2 – Preliminary Cash Flow Projection – Version 1 (As-Is) Scenario

PRELIMINARY CASHFLOW PROJECTION - VERSION 1
PUBLIC SECTOR AS-IS SCENARIO
GDP and Agat Marinas, Island of Guam

	Year 1	Year 2	Year 3	Year 4	Year 5
POTENTIAL REVENUES [1]	$291,914	$291,914	$291,914	$291,914	$291,914
Expenses [2]					
Marina Manager	$0	$0	$0	$0	$0
Support Staff (allocation)	$60,000	$62,400	$64,896	$67,492	$70,192
Repairs and Maintenance	$24,000	$24,960	$25,958	$26,997	$28,077
Utilities	$150,000	$156,000	$162,240	$168,730	$175,479
Supplies	$24,000	$24,960	$25,958	$26,997	$28,077
Transportation and Fuel	$0	$0	$0	$0	$0
Marketing and Promotion	$0	$0	$0	$0	$0
Insurance (allocation)	$50,000	$52,000	$54,080	$56,243	$58,493
Professional Services	$24,000	$24,960	$25,958	$26,997	$28,077
Gross Receipts Tax	$0	$0	$0	$0	$0
Security	$0	$0	$0	$0	$0
Other Expenses	$24,000	$24,960	$25,958	$26,997	$28,077
Total Expenses	$356,000	$370,240	$385,050	$400,452	$416,470
Net Operating Income (Loss)	($64,086)	($78,326)	($93,136)	($108,538)	($124,556)

[1] See separate revenue projection table.
[2] Preliminary estimates and allocations.

8.3 Version 2 – Public Sector Operation (As-Improved)

As previously noted, the existing Public Sector management has benefits including established relationships with other government entities, experienced staff and other advantages. This is critical considering the indentified need to continue and expand the grant writing programs to solicit funding for additional required marina upgrades. PAG relationships are considered critical to increasing federal grant funding for Guam marina upgrades. Therefore, we completed an as-improved analysis assuming continued Public Sector operations, but with the following improvements.

- Marina Management Support
- Health and Safety Issues Addressed
- Cost Accounting Established
- Marina Manager Hired
- Funding for Repairs Adequate
- Short Term Repairs Completed

Our analysis under this as-improved Public Sector management scenario recognizes that significant improvements under the PAG management team are possible. The advantages of public sector as-improved operations include all of the as-is strengths, plus opportunities such as improved training, new resource options, improved user friendliness, improved oversight and accountability, goals and planning, safety and security solutions, enhanced marina programs, and enhanced marina amenities and services. Additional advantages include improved budgetary ability, improved cost accounting, improved transparency, improved reporting standards, procurement improvements, on-site management of marinas, and improved grant writing resources.

The disadvantages of public sector as-improved operations include the lack of marina specific training, management/administration turnover, potential resource contraction, lack of satisfaction among users, limited oversight and accountability, and continued safety and security threats. Additional disadvantages include no reserves funding, lost potential additional revenue flows, and decreased user affordability.

Projected cash flows under this scenario are included on a following page as insert Table 8.3. Assuming the fee increases discussed herein, this option reflects near breakeven operations in Year 2 and 3 with increasing profits of over $150,000 annually thereafter. Identified profits under all cash flow scenarios could be utilized to establish a sinking fund for future major repairs. Considering the need for a percentage of PAG matched funding of grants, a marina sinking fund would potentially eliminate future grant losses.

The as-improved operations would likely recognize potential market sectors as well as potential new services, facilities and amenities because a competent Marina Manager would work to achieve these goals, with support of PAG. Overall, the public sector as-improved operation framework was considered as critical to the long-term needs of the client. Successful improved operations under PAG will support a fair, transparent transition to an alternate management regime in the mid-term as further detailed herein.

Table 8.3 – Preliminary Cash Flow Projection – Version 2 (As-Improved) Scenario

PRELIMINARY CASHFLOW PROJECTION - VERSION 2
PUBLIC SECTOR AS-IMPROVED SCENARIO
GDP and Agat Marinas, Island of Guam

	Year 1	Year 2	Year 3	Year 4	Year 5
POTENTIAL REVENUES [1]	$291,914	$461,306	$489,993	$537,363	$568,419
Expenses [2]					
Marina Manager	$40,000	$44,000	$48,400	$53,240	$58,564
Support Staff (allocation)	$30,000	$31,200	$40,000	$41,600	$43,264
Repairs and Maintenance	$120,000	$124,800	$150,000	$75,000	$78,000
Utilities	$50,000	$52,000	$60,000	$62,400	$64,896
Supplies	$40,000	$41,600	$50,000	$25,000	$26,000
Transportation and Fuel	$30,000	$7,500	$7,800	$8,112	$8,436
Marketing and Promotion	$2,000	$2,080	$2,163	$2,250	$2,340
Insurance (allocation)	$50,000	$52,000	$54,080	$56,243	$58,493
Professional Services	$24,000	$24,960	$25,958	$26,997	$28,077
Gross Receipts Tax	$0	$0	$0	$0	$0
Security	$12,000	$12,480	$12,979	$13,498	$14,038
Other Expenses	$24,000	$24,960	$25,958	$12,000	$12,480
Total Expenses	$422,000	$417,580	$477,339	$376,340	$394,588
Net Operating Income (Loss)	($130,086)	$43,726	$12,654	$161,023	$173,831

[1] See separate revenue projection table.
[2] Preliminary estimates and allocations; assumes Year 3 improvements add slips and increase related expenses.

8.4 Version 3 – Privatization

The opposite of a Public Sector management regime involves privatization. Privatization can be defined as the transfer of responsibility for selected PAG marina management functions from PAG to a private party or entity by contract, lease, or other formal agreement. Delegation to the private sector allows the need for a service to be decoupled from the actual production. Privatization may allow a government agency to focus on its core objectives and it may offer an opportunity to inject expertise and/or capital from the private sector into a public project. Private entities are not subject to public agency limitations such as enabling legislation, mandates, or other regulations and are therefore frequently more innovative, flexible and/or efficient.

During the mid 2000s, there was a growing trend involving the conversion of public marinas to private ownership. The most common reasons cited for public marina conversion to private ownership, according to one study, included:

- Public officials looking for alternate ways to get better service at lower cost
- Public officials concerned that government money for boaters has largely disappeared
- Expensive to maintain and modernize facilities
- Government agencies tend to be weak on maintenance budgets
- Marinas not public service, but hospitality business that caters to and serves customers
- Conflicts between need for staff vs. government holidays (marinas are busiest during holidays)

In 1997, private marina management firm Westrec submitted an unsolicited proposal to privatize all of Hawaii's small boat harbors, including nearly 4,000 boat moorings. Westrec, in exchange for a proposed initial 5 year renewable contract, indicated a private capital injection of $75 to $100 million would occur to improve the marinas and provide additional on-shore facilities such as boat dry storage, outrigger and kayak racks, charter companies, boat dealerships and restaurants. The then-state Boating Administrator David Parsons was quoted as stating that the private firm would need more than existing slip rental revenue to succeed. The privatization proposal did not materialize and the state continues to maintain control over Hawaii's public marinas.

In Florida, there was recently a trend to sell public marinas to private entities. The buyers subsequently sold slips (known as docominiums in some markets) at prices up to over $100,000, which previously leased for a few hundred dollars per month. The privatization trend in Florida lead to a significant decline in public-water access at facilities.

In Guam, during PAG's General Manager Joseph F. Mesa's tenure, efforts were made to support then Government of Guam's plans to privatize marina operations. A Project Summary Sheet, developed in conjunction with GEDCA, suggests $3.0 million in upgrades needed for the GDP Marina. We understand that two proposals were received, but Government of Guam plans subsequently changed and the privatization plan was scrapped.

Concerns regarding privatization of public assets in general include both ideological and practical issues. Ideological opposition is grounded in the conviction that the operation and management of public assets such as marinas is a core function of government. Practical concerns with privatization include a lack of relevant models from other jurisdictions, the loss of quality control and flexibility, and indirect transaction costs that may be overwhelming or unaccounted for. Further, a potentially successful privatization effort may be undermined by poor public sector management. Increasing the success rate of privatization, according to a Rockefeller Center at Dartmouth College study, includes precision, ease of measurement and evaluation, high level of competition among potential providers, distance from agency's core mission, variable demand for services, ease of hiring and firing, and private providers economies of scale benefits.

We continued to analyze alternate management regimes for Guam's marinas assuming a privatization model. Privatization would include a near total transfer of ownership and control to a private entity, which would operate the facilities in a manner designed to maximize profit. Privatization, for analysis purposes herein, is assumed in a manner that does not violate deed restrictions that would result in reversion to the federal government, and further would occur in conjunction with all local regulations and laws (as-is or revised as necessary).

A summary of our SWOT analysis for the privatization model is included on the following page as insert Table 8.4. The advantages of privatization include organizational flow, defined responsibilities, adequate marina specific training, marina user friendly by design, defined goals with planning, safety and security prioritized, marina programs expanded, marina amenities and services expanded, and information dissemination requirements. The disadvantages of privatization include loss of government control, unknown CAPEX issues, limited competition, uniqueness of Guam's marinas, resource accessibility may suffer, leadership strength unknown, and pressure to increase fees. Additional details are included on the table and reflect various opportunities and threats associated with this model.

A cash flow projection for the privatization model is included on a following page as insert Table 8.5. As expected, the privatization model generates the greatest cash flow, but assumes relatively significant fee increases are adopted. The privatization model reflects that Guam's marinas have the potential to generate over $500,000 annually in profits, before CAPEX. Such profits could justify a loan of up to $10.0 million, which reflects the total approximate capital expenditure requirements. The Privatization model could be utilized to sell off the marina assets to private control.

Although cash flow projections are attractive under a privatization scenario, it is unlikely that a privatization program could be successful on Guam. The boating community is active and would not likely support a program that requires significant fee increases and a loss of control. Public access and reasonable fees would both be at risk under a privatization framework. There are no existing private marina operators with experience on Guam. Overall, the privatization framework was ranked as the second least desirable option regarding alternate management regimes.

Table 8.4 – SWOT Analysis – Privatization Option

ANALYSIS OF ALTERNATE MANAGEMENT REGIMES
Guam's Marinas
Privatization Option - SWOT Analysis

Strength	Weaknesses	Opportunities	Threats
Management Structure and Programs			
Organizational Flow	Limited Competition for Control	Showcase Guam's Marinas	Loss of PAG Input
Defined Responsibilities	Uniqueness of Guam's Marinas	Marina Specific Training Programs	Resource Accessibility Issues
Adequate Marina Specific Training	Resource Accessibility May Suffer	Improved Goals with Planning	Marina Friendly to Select Users
Marina User Friendly by Design	Leadership Strength Unknown	Improved Marina Programs	Oversight and Accountability of Private Firm
Defined Goals with Planning	Pressure to Increase Fees	Improved Marina Amenities and Services	Assimilation of Leadership
Safety and Security Prioritized		Improved Information Dissemination	
Marina Programs Expanded			
Marina Amenities and Services Expanded			
Information Dissemination Requirement			
Operational Facility Costs and Fees			
Access to Historic Data (if required)	Cost Accounting Solutions Limited	Improved Access to Historic Data	Cost Accounting Solutions Unknown
Budgetary Ability	Reserves Funding Issues	Improved Budgetary Ability	User Group Input Unknown
Financial Transparency	Level of Subsidization in Future	Improved Financial Transparency	Reserves Funding Requirements Followed
Financial Reporting Standards	User Affordability Issues	Improved Financial Reporting Standards	Level of Subsidization
Procurement	Grant Writing Obsolete	Procurement (Privatized)	User Affordability
On Site Management of Marinas	Guaranteed Returns	Potential Additional Revenue Flows	Grant Writing and Funding Losses?
User Group Input			
Potential Additional Revenue Flows			
Role and Opportunities of Marinas			
Gateway Connecting Land and Sea Recognized	Implementation of Master Plan	Showcase Gateway Connecting Land and Sea	Marina Environment Accessibility
Amenities and Services Offered		Improved Amenities and Services Offered	- Fishermen
Opens marina environment		Cultural Preservation and Development	- Tourists
- Boating enthusiasts		Improved Marketing	Cultural Preservation and Development
Trophy Asset for New Owner		Improved User Friendly	Implementation of Master Plan
Marketing Maximized		Improved Reporting Standards	User Friendly - Long Term Issues
User Friendly Enhances Profits		Improved Personnel Dynamics	Reporting Standards Enforcement
Reporting Standards Established			Personnel Dynamics on Island
Repair Strategy			
Health and Safety Recognized	Adequately Funded?	Adequately Identified and Prioritized	Funding Levels Maintained
Adequately Identified and Prioritized	Professional Study Demands and Delays	Bureaucratic Delays Avoided	Professional Study Demands and Delays
Bureaucratic Delays Limited	Cost Awareness for Guam?	PMC Style of Procurement	User Input and Coordination Questions
Planning Required	User Input and Coordination	Planning Leads to Improvements	Dredging and Hazardous Material Issues
	Dredging and Hazardous Material Issues		Grant Writing and Partnerships Contribution
	Grant Writing and Partnerships Abandoned		Disaster Preparedness/Prevention

Note: Assumes privatization process would include documentation to insure adequate protection provisions and targets, reporting requirements.

Table 8.5 - Preliminary Cash Flow Projection – Version 3 Privatization Scenario

PRELIMINARY CASHFLOW PROJECTION - VERSION 3
PRIVATIZATION SCENARIO
GDP and Agat Marinas, Island of Guam

	Year 1	Year 2	Year 3	Year 4	Year 5
POTENTIAL REVENUES [1]	$478,942	$757,803	$931,940	$1,032,019	$1,073,069
Expenses [2]					
Marina Manager	$60,000	$66,000	$72,600	$79,860	$87,846
Support Staff	$40,000	$41,600	$43,264	$44,995	$46,794
Repairs and Maintenance	$100,000	$104,000	$150,000	$75,000	$78,000
Utilities	$50,000	$52,000	$54,080	$56,243	$58,493
Supplies	$40,000	$41,600	$50,000	$25,000	$26,000
Transportation and Fuel	$30,000	$7,500	$7,800	$8,112	$8,436
Marketing and Promotion	$5,000	$5,200	$5,408	$5,624	$5,849
Insurance	$75,000	$78,000	$81,120	$84,365	$87,739
Professional Services	$6,000	$6,240	$6,490	$6,749	$7,019
Gross Receipts Tax	$19,158	$30,312	$37,278	$41,281	$42,923
Security	$12,000	$12,480	$12,979	$13,498	$14,038
Other Expenses	$24,000	$24,960	$25,958	$12,000	$12,480
Total Expenses	$461,158	$469,892	$546,977	$452,727	$475,619
Net Operating Income (Loss)	$17,784	$287,910	$384,963	$579,292	$597,451

[1] See separate revenue projection table.
[2] Preliminary estimates and allocations; assumes Year 3 improvements add slips and increase related expenses.

8.5 Version 4 – Public-Private Partnership

A Public-Private Partnership through a Performance Management Contract ("PMC") is authorized for Guam marinas under the recently adopted law as detailed previously herein. Public-private partnerships may take on various forms and include either for-profit private partners or not-for-profit community-based partnerships. PAG may enter into a partnership with a private firm or community group. The partnership would be designed to capitalize on each party's strength.

Public-private partnerships are formed as equal or unequal partnerships. Ideally, the development of a unique partnership would improve all aspects of Guam's marina facilities and reduce the need for long-term subsidies by increasing efficiency of operations and providing users with the services they require, opening additional revenue streams. A successful partnership would eliminate the procurement issues that handicap existing management, and could insure that the shorelines are maintained and enhanced, while protecting public access and maintaining cultural preservation.

A public-private partnership would allow PAG to focus on its core mission. Under a hypothetical agreement, PAG would likely retain its position as the party responsible for capital expenditures and long-term planning including plans to complete the GDP Marina master plan. This allows the marinas to benefit from PAG's government relationships and grant writing abilities. Under this scenario, the private entity would assume responsibility for day to day management, accounting, application processing, general repairs and maintenance, personnel and reporting.

A successful public-private partnership would allow for the redeveloping of under-utilized, highly valuable land to generate economic activity and create a positive economic impact to the island by creating employment opportunities. Once federal and local funds are committed for major upgrades, the private partner could obtain access to bank loans that would enable new development projects to move forward. Such projects could include a waterfront restaurant, and other facilities.

The River Street Marina project in Port Huron, Michigan is one example of a successful public-private partnership between a government entity and a private firm with experience operating other marina facilities. The equal partnership design provides for the private firm to maintain the facility in terms of management, administration, maintenance and repair costs, while the public entity handles major capital improvements. The partnership was possible because the marina had been sustaining progress over time, and government leaders supported the experienced private firm as its partner.

Once the River Street Marina's private partner took over operations, labor costs were managed more effectively. Repair and maintenance programs were established and managed in conjunction with experience and budgetary restrictions. The private sector

partner added amenities for boaters. They renovated bathrooms, added air-conditioning and new fixtures, and repaired docks. The environment was designed to hold boaters in the highest regard and emphasize the hospitality nature of the marina business. Successful events organized by the private partner included interaction with the local community via proactive marketing campaigns.

The GFCA has proposed, as part of its proposed Fishery Economic Development Plan, a Marina Authority to revitalize the Agat Marina and expand the GDP Marina under a public-private partnership, including community based oversight councils to manage the marinas. Although GFCA may ultimately be selected as the best private partner for PAG, it is important to complete the study and review private partner alternatives before reaching a conclusion.

Overall, successful public-private partnerships allow for increased efficiency from the public and private sector partners. The public entity is allowed to focus on its core mission and maintain its oversight over capital expenditures and long-term planning. The private entity would ideally bring marina management experience to the partnership in order to capitalize on existing staff training programs, financial reporting and maintenance oversight strengths.

For public private partnerships to succeed, various hurdles must be crossed. We are aware of successful public private partnerships for massive real estate redevelopment projects that included:

- Public Outreach
- Public Vote
- Private (not public) control of process
- Master Plan
- Attracting other Related Investors
- Luck
- Comprehensive Memorandum of Understanding

Public-private partnerships, in order to succeed, must separate politics from profits. The public and private entities must have a common agenda (win-win). It is essential to define the decision making process and authority. The partners must have common risk/reward priorities. Finally, the partners must carefully define the public benefit, and regularly report progress to the public.

The major challenge in this process involves identification of the private partner. For profit firms ultimately seek to maximize profits, potentially at the expense of PAG and marina users. Guam is unique and for-profit firms may not understand our special circumstances, inclusive of public access, traditional fishing rights and other local issues.

While numerous community based groups participate in the use of Guam's marinas, the GFCA is especially well suited to partner with PAG in the management of Guam's marinas. Members of GFCA are experienced with marina operations and use of vessels, including needs, servicing, safety, repairs and other important factors. A partnership with GFCA, if both parties agreed, could capitalize on the strengths of both PAG and Guam's boating community experts. However, considering the current management problems, it may be premature to move toward a partnership in the near term. It is also important to consider that there may be other parties that can offer marina management services in partnership with PAG.

A summary of our SWOT analysis reflecting the community-based not-for-profit Public-Private partnership model is included on a following page as insert Table 8.6. The advantages of community-based Public-Private partnership operations include: PAG maintains core focus, partner is expert in marina operations, organizational flow, defined responsibilities, adequate marina specific training, resource accessibility, marina user friendly, oversight and accountability, defined goals with planning, safety and security prioritized, leadership strength, improved marina programs amenities and services, and information dissemination.

The disadvantages of community-based operation include lack of competition for partner, difficult to define relationship, PAG maintains CAPEX, defined responsibilities, oversight and accountability, and leadership strength. If PAG improves its current marina management operations, many of the disadvantages associated with this partnership can be eliminated. Based on our analyses, a phased approach into a Public-Private partnership reflects the best alternative management regime option for the client.

The projected cash flow model under this alternate management regime is included on a following page as insert Table 8.7. Although many estimates are preliminary in nature, the model reflects potential profits of nearly $200,000 per year by Year 3, prior to CAPEX costs. Profits (split 50/50 under an equal partnership scenario) could be utilized to establish a sinking fund for major expenses.

Overall, the Public-Private Partnership framework was concluded as the best mid-term alternate management regime for Guam's marinas. However, the client is advised to complete the recommended internal changes prior to soliciting for a private partner. Pushing forward too quickly to change management, before PAG has the opportunity to improve, could negatively impact negotiations and possibly result in liability issues for the client. A phased approach ideally results in a fair, transparent change in management for Guam's marinas. Recommendations for this transaction are included in the following section.

Table 8.6 - SWOT Analysis – Joint Public-Private Partnership Option

ANALYSIS OF ALTERNATE MANAGEMENT REGIMES
Guam's Marinas
Joint Public-Private Partnership Option - SWOT Analysis

Strength	Weaknesses	Opportunities	Threats
Management Structure and Programs			
PAG Maintains Core Focus	Lack of Competition for Partner	Long Term Relationship	Inexperienced Partner Fails to Perform
Expert in Marina Ops Hired	Difficult to Define Relationship	Quality Management	Poor Personnel/Conflicts Local Users
Organizational Flow	PAG Maintains CapEx	Quality Maintenance	Fails to Understand Guam Uniqueness
Defined Responsibilities	Defined Responsibilities	Defined Responsibilities	Subsidy Allocation
Adequate Marina Specific Training	Oversight and Accountability	Adequate Marina Specific Training	CapEx Needs Relaxed
Resource Accessibility	Leadership Strength	Resource Accessibility	Impact on Master Plan
Marina User Friendly		Marina User Friendly	Organizational Flow
Oversight and Accountability		Defined Goals with Planning	Oversight and Accountability
Defined Goals with Planning		Safety and Security Prioritized	Leadership Strength
Safety and Security Prioritized		Marina Programs	
Leadership Strength		Marina Amenities and Services	
Marina Programs		Information Dissemination	
Marina Amenities and Services			
Information Dissemination			
Operational Facility Costs and Fees			
Access to Historic Data	Complex Relationship Structure	Cost Accounting Solutions	Follow Up and Oversight
Budgetary Ability	User Group Input	Financial Transparency	Reserves Funding
Cost Accounting Solutions	Reserves Funding	Financial Reporting Standards	Level of Subsidization
Financial Transparency	Level of Subsidization	Procurement	User Affordability
Financial Reporting Standards		On Site Management of Marinas	Grant Writing
Procurement		Potential Additional Revenue Flows	
On Site Management of Marinas			
Potential Additional Revenue Flows			
Role and Opportunities of Marinas			
Amenities and services offered	Implementation of Master Plan	Gateway Connecting Land and Sea	Amenities and services offered
Trophy Asset or Eyesore		Opens marina environment	Implementation of Master Plan
Marketing		- Fishermen	Personnel Dynamics
User Friendly		- Boating enthusiasts	
Reporting Standards		- Tourists	
		Cultural Preservation and Development	
		Personnel Dynamics	
Repair Strategy			
Health and Safety Recognized	Professional Study Demands and Delays	Health and Safety Recognized	Professional Study Demands and Delays
Adequately Identified and Prioritized	Cost Awareness	Adequately Identified and Prioritized	Cost Awareness
Adequately Funded	Bureaucratic delays	Adequately Funded	Bureaucratic delays
User Input and Coordination	Dredging and Hazardous Material Issues	Improved Procurement Process	Dredging and Hazardous Material Issues
Planning	Grant Writing and Partnerships	User Input and Coordination	Grant Writing and Partnerships
Disaster Preparedness/Prevention		Disaster Preparedness/Prevention	

Table 8.7 – Preliminary Cash Flow Projection – Version 4 (Joint Public-Private Partnership) Scenario

PRELIMINARY CASHFLOW PROJECTION - VERSION 4
JOINT PUBLIC-PRIVATE PARTNERSHIP SCENARIO
GDP and Agat Marinas, Island of Guam

	Year 1	Year 2	Year 3	Year 4	Year 5
POTENTIAL REVENUES [1]	$291,914	$461,306	$489,993	$537,363	$568,419
Expenses [2]					
Marina Manager	$45,000	$49,500	$54,450	$59,895	$65,885
Support Staff	$60,000	$62,400	$64,896	$67,492	$70,192
Repairs and Maintenance	$60,000	$62,400	$150,000	$75,000	$78,000
Utilities	$50,000	$52,000	$60,000	$62,400	$64,896
Supplies	$40,000	$41,600	$50,000	$25,000	$26,000
Transportation and Fuel	$30,000	$7,500	$7,800	$8,112	$8,436
Marketing and Promotion	$2,000	$2,080	$2,163	$2,250	$2,340
Insurance [3]	$0	$0	$0	$0	$0
Professional Services	$6,000	$6,240	$6,490	$6,749	$7,019
Gross Receipts Tax	$11,677	$18,452	$19,600	$21,495	$22,737
Security	$12,000	$12,000	$12,000	$12,000	$12,000
Other Expenses	$24,000	$24,960	$25,958	$12,000	$12,480
Total Expenses	$340,677	$339,132	$453,357	$352,392	$369,984
Net Operating Income (Loss)	($48,763)	$122,174	$36,636	$184,971	$198,434

[1] See separate revenue projection table.
[2] Preliminary estimates and allocations; assumes Year 3 improvements add slips and increase related expenses.
[3] Assumes insurance expense paid by PAG.

8.6 Conclusions and Recommended Implementation Study

Overall, we recommend that the client improve internal management and prepare for a future transition to Public-Private Partnership. The Public Sector As-Improved option, once completed, will allow for a well supported future solicitation of interest from private partners. The Public-Private Partnership model of management allows for a combination of strengths from both PAG and the private entity selected.

We developed a framework for the recommended alternate management regime implementation process. This framework includes risk mitigation considerations as well as near-term, mid-term and long-term recommendations. In order to minimize risk associated with management change, the client is advised to study and identify unknown factors that would impact negotiations including:

- Dredging Issues
- Future CAPEX
- Increased Fees Potential
- Framework for PPP
- Typhoon risk mitigation (GDP Marina piles?)

Our Alternate Management Regime Implementation Plan includes suggestions that the client incorporate into this process. This framework could be modified based on PAG priorities and commitment to change. Our framework summary is detailed as follows.

Near Term Recommendations (0-12 months)

- Commitment to maintain & improve marinas
- Fund health and safety required repairs (docks, bathrooms, pump, fueling, siltation issues, navigation, fire suppression and security)
- Recognize marinas as business unit
- Modify accounting to include separate marina cost accounting (including allocations for hidden costs)
- Complete cost accounting and determine actual level of marina subsidy
- Revise Commercial Manager Job Description to include separate line item for marinas
- Analyze Master Plan for GDP – commit to completion or revise as necessary
- Plan to complete Phase II of GDP Master Plan within 36 months.
- Expand Grant writing program for Guam marinas
- ID and secure additional grant funding (NOAA etc.)
- Request US DOI to designate PAG as recipient for majority (or all) of DJ Sport Fish grant for use in improving and maintaining Guam's marinas
- Hire Marina Manager (considering community-based input) with intent to transfer to private firm under PPP
- Allow Commercial Division flexibility to solve marina problems and complete repairs

- Commence AAA Fee Review process (requires accurate cost accounting to support fee increases)
- Plan user and community outreach/update meetings
- Coordinate with federal and local partners to obtain dredging approvals and seek funding
- Charge GFD and GPD fair rent and utility costs
- Analyze utilities and costs (investigate water lines and charges at GDP Marina)
- Restore user confidence in PAG management and plan for transition to Public-Private Partnership
- Adopt best practices program
- Review and improve operational layout of marinas including Loading Zones and parking management
- Review and renew Jan Z's tenant lease
- Review and update compliance with 2008 Master Plan

Mid-Term Recommendations (12 to 24 months)

- Study successful PPP marina models
- Identify specific goals of PPP
- ID Partner requirements
- Determine allocation of partnership (Equal?)
- Solicit input via RFI
- Detail PAG CAPEX Commitments
- Determine required insurance cost allocation/reimbursement
- Complete AAA process and revise fees including possible commercial user fee (and exemptions)
- Analyze potential loan guaranty commitment for partner to allow additional development, if desired
- Develop short list of potential partners
- Develop controls for oversight of partner
- Develop PPP RFP Materials
- Review and update compliance with 2008 Master Plan

Long-Term Recommendations (24 to 36± months)

- Solicit interest from potential partners
- Negotiate agreement
- Transition operations
- Regular reporting and oversight
- Public and user outreach
- PAG manages CAPEX and long term development
- Partner manages operations

- Review and update compliance with 2008 Master Plan

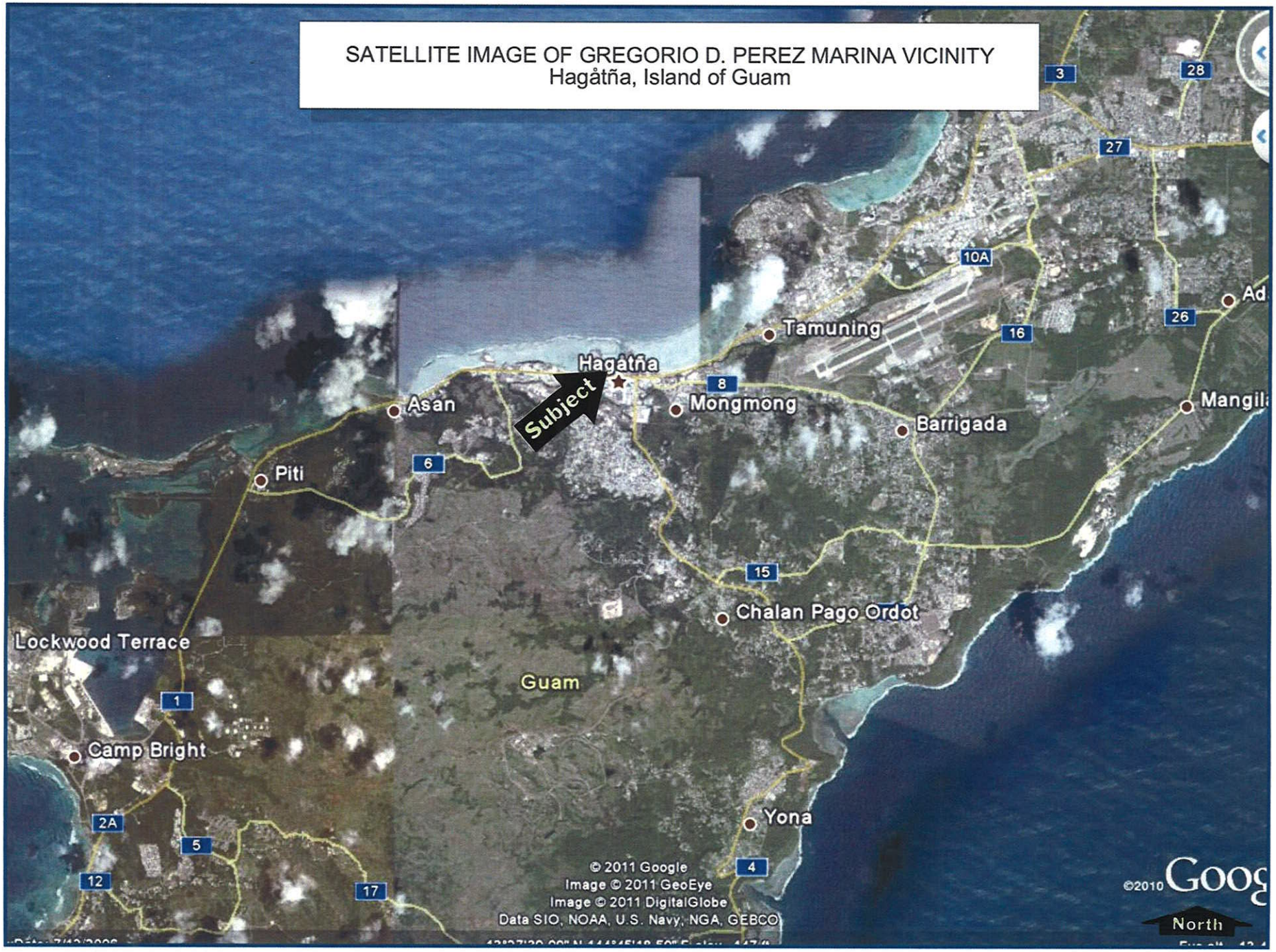
ADDENDA

EXHIBIT 1

ADDITIONAL PROPERTY DATA

ISLAND OF GUAM
GREGORIO D. PEREZ MARINA
Highway
Main Community
Small Community
Hospital
Police Station
International Airport
Visitor Information Centre
Place of Interest (See side panel)
Golf Course (See side panel)
Military Base
National Park
Territorial Seashore Park
Conservation Reserve
MILES 0 1.25 2.50
KILOMETERS 0 2.00 4.00
A B C D E F G H I J K L
1 2 3 4 5 6 7 8 9 10 11 12
PHILIPPINE SEA
PACIFIC OCEAN
N E S W
Ritidian Point
Tarague Beach
NCS Beach
Map 2
Agana Bay
Asan Bay
Glass Breakwater
Cabras Island
Apra Harbour
Polaris Point
Sasa Bay
Agat Bay
Togcha Beach
Cetti Bay
Fouha Bay
Umatac Bay
Toguan Bay
Piga Beach
Cocos Lagoon
Cocos Island
Aga Bay
Inarajan Bay
Paulilue Bay
Nomna Bay
Talofofo Bay
Jones Beach
Ypan Beach
Togcha Bay
Ylig Bay
Togachang Point
Pago Point
Pago Bay
Fadian Point
Taguan Point
Agana
Agana Heights
Asan
Piti
Maite
Mongmong
Sinajana
Toto
Ordot
Chalan Pago
Mangilao
Barrigada
Tamuning
Dededo
Yigo
Yona
Talofofo
Inarajan
Merizo
Umatac
Agat
Santa Rita
Sumay
Tenjo Vista
Malojloj
Asalonso
Windward Hills
Baza Gardens
Camp Witek
Andersen South
Astumbo
Finegayan
Machanao
Santa Rosa

SATELLITE IMAGE OF GREGORIO D. PEREZ MARINA VICINITY
Hagåtña, Island of Guam

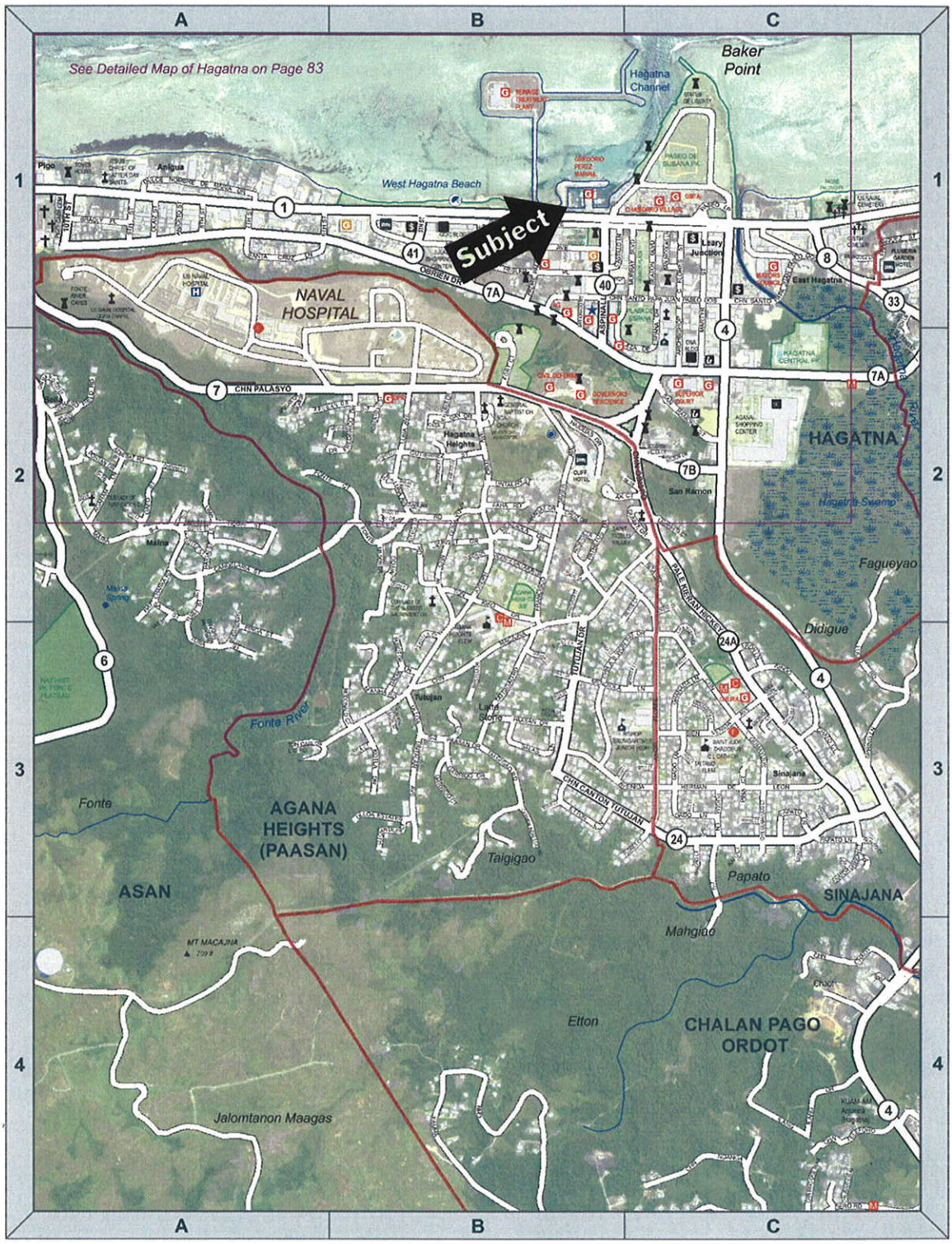


Guam

4L49

Hagatna, Agana Heights, Sinajana

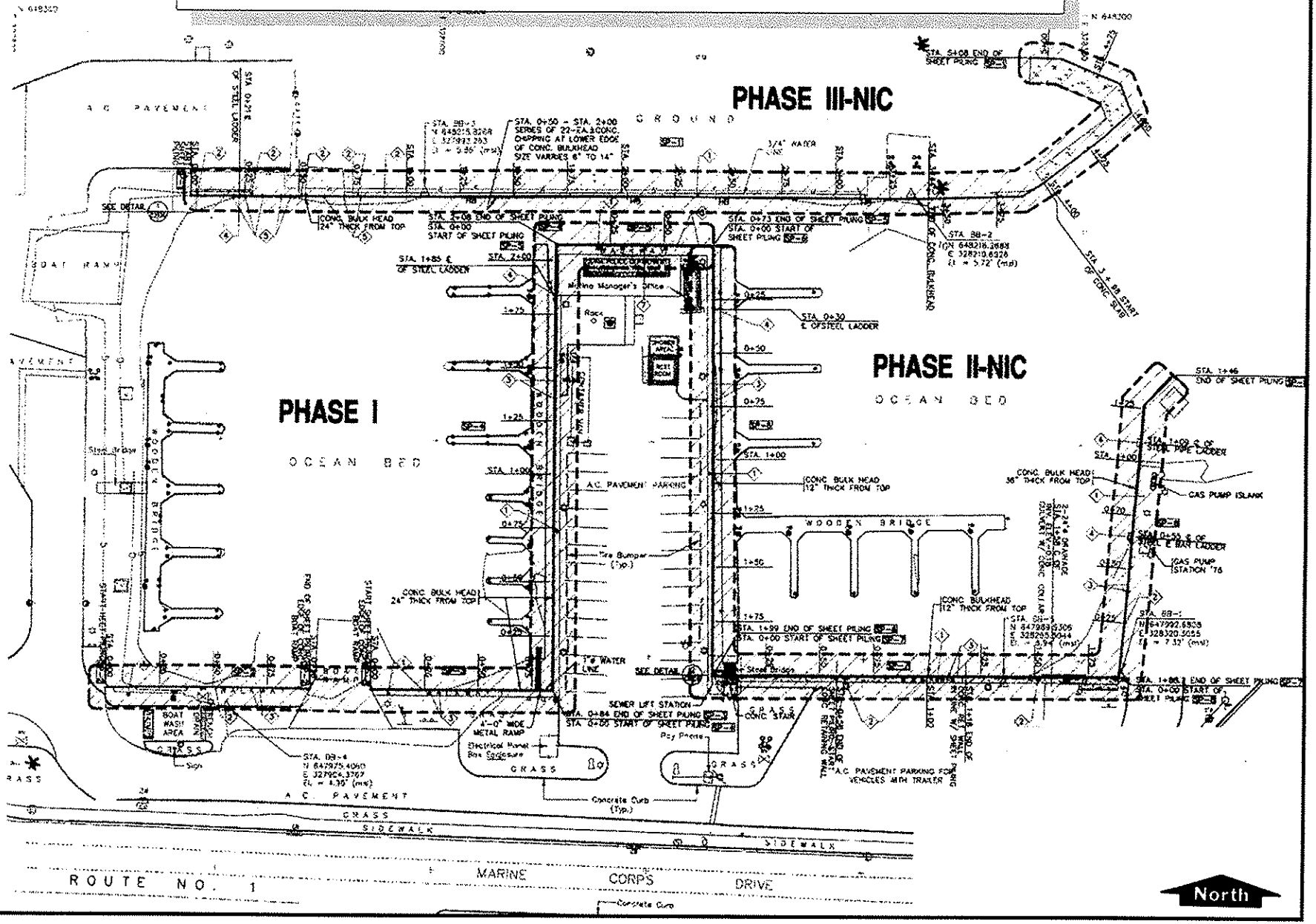
41



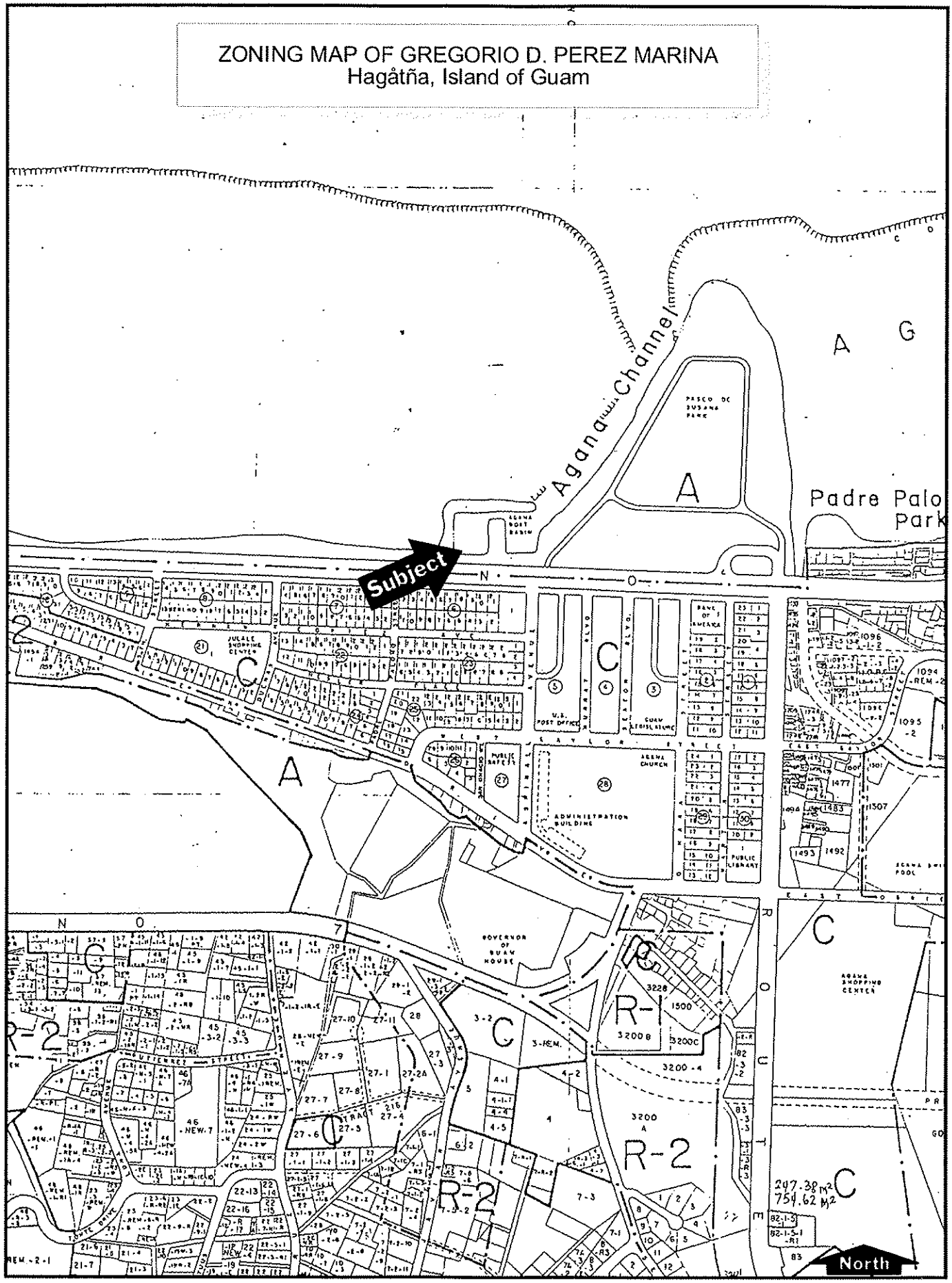
	46-I	46
40		42
32	33	34


42
4 Inch
8 Inch
6 Inch
14 Inch
20 Inch
27
30
36
36
36
36
15
18 Inch
12 Inch
24
30
MARINE CORPS
SOLEDAD
PASEO
PENDING
PENDING
PALOMO
HERMAN CORTEZ
ASPINALL
CASTILLO
MURRAY
SEATON
SAN NICOLAS
MARTYR
N
W
E
S
This map is a presentation of collected data, and must be field verified for accuracy.

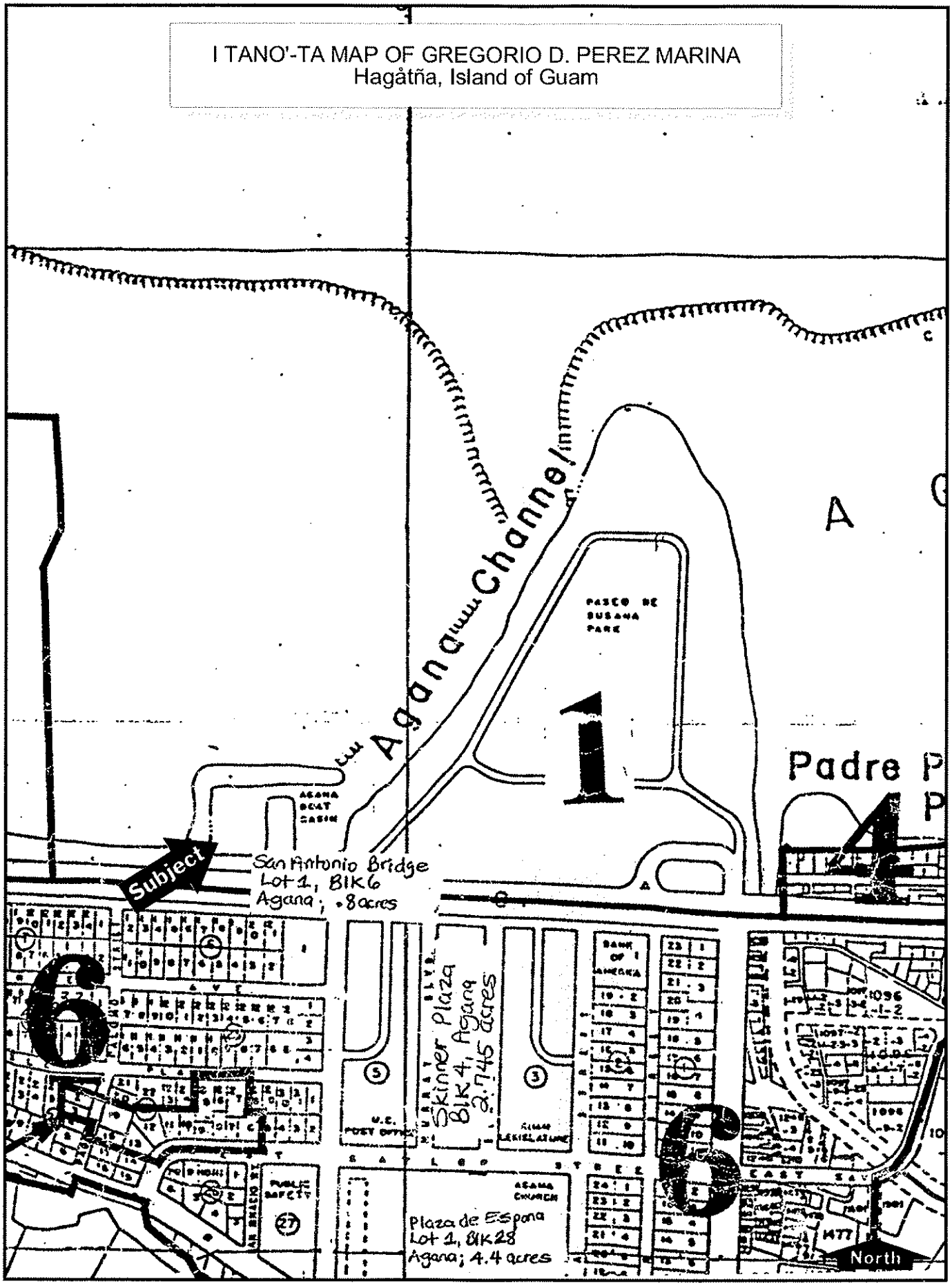
DEMOLITION AND REMOVAL PLAN OF GREGORIO D. PEREZ MARINA
Hagåtña, Island of Guam



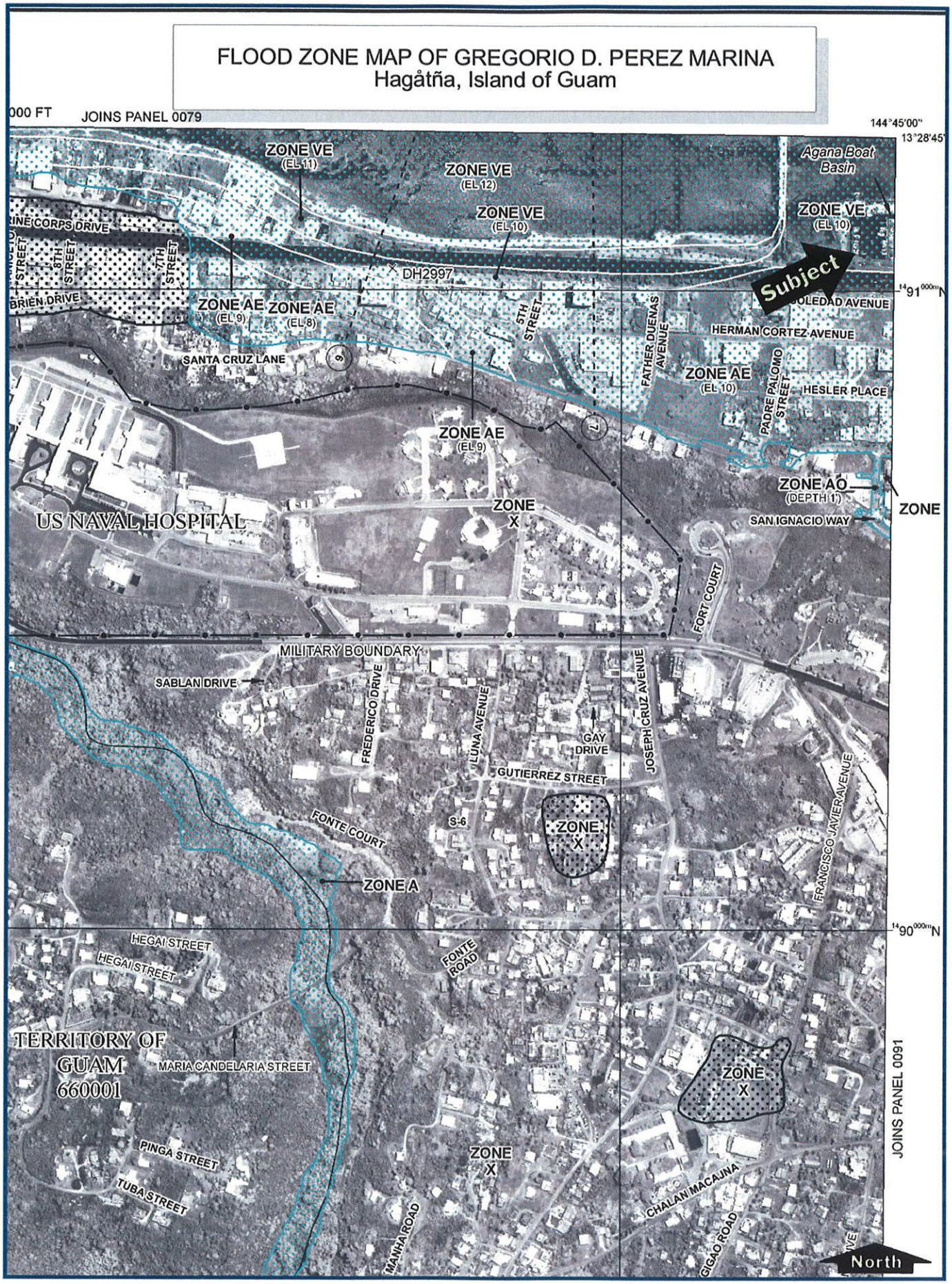
ZONING MAP OF GREGORIO D. PEREZ MARINA
Hagåtña, Island of Guam



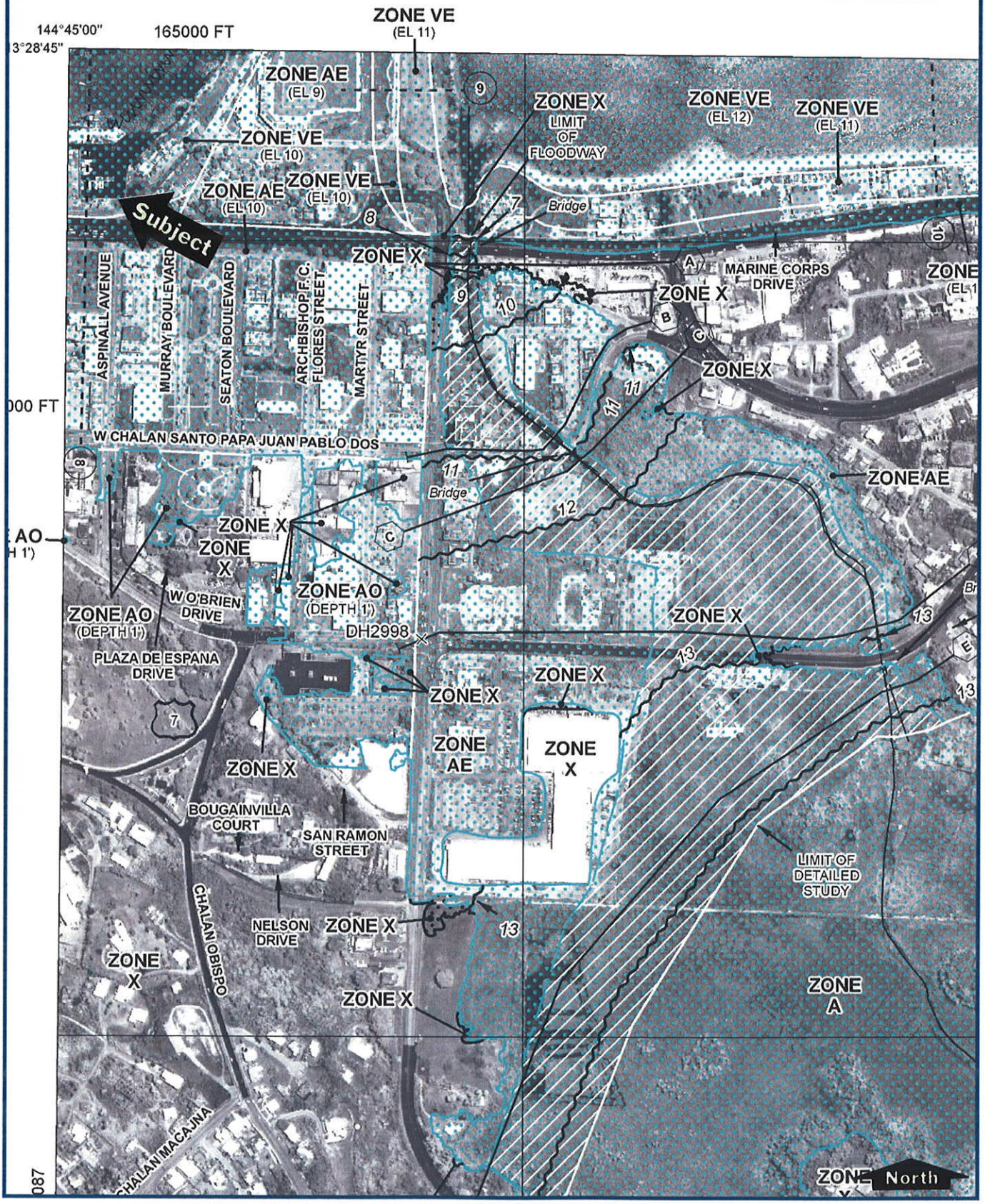
I TANO'-TA MAP OF GREGORIO D. PEREZ MARINA
Hagåtña, Island of Guam



FLOOD ZONE MAP OF GREGORIO D. PEREZ MARINA
Hagåtña, Island of Guam



FLOOD ZONE MAP OF GREGORIO D. PEREZ MARINA (CONTINUED)
Hagåtña, Island of Guam




ISLAND OF GUAM
PHILIPPINE SEA
PACIFIC OCEAN
AGAT MARINA
Highway
Main Community
Small Community
Hospital
Police Station
International Airport
Visitor Information Centre
Place of Interest (See side panel)
Golf Course (See side panel)
Military Base
National Park
Territorial Seashore Park
Conservation Reserve
MILES 0 1.25 2.50
KILOMETERS 0 2.00 4.00
Ritidian Point
Tarague Beach
NCS Beach
Map 3
Tumon Bay
Map 2
Agana Bay
Asan Bay
Cabras Island
Glass Breakwater
Apra Harbour
Sasa Bay
Polaris Point
Agat Bay
Togcha Beach
Cetti Bay
Fouha Bay
Umatac Bay
Toguan Bay
Piga Beach
Cocos Lagoon
Cocos Island
Aga Bay
Inarajan Bay
Paulilue Bay
Nomna Bay
Talofofo Bay
Ypan Beach
Jones Beach
Togcha Bay
Ylig Bay
Tagachang Point
Pago Bay
Pago Point
Fadian Point
Taguac Point
Dededo
Tamuning
Agana
Asan
Agana Heights
Naval Air Station
Andersen Air Force Base
Anao Conservation Reserve
Y-Pooa Conservation Reserve
Coastal Conservation Reserve
Inalahan Conservation Reserve
N
S
E
W

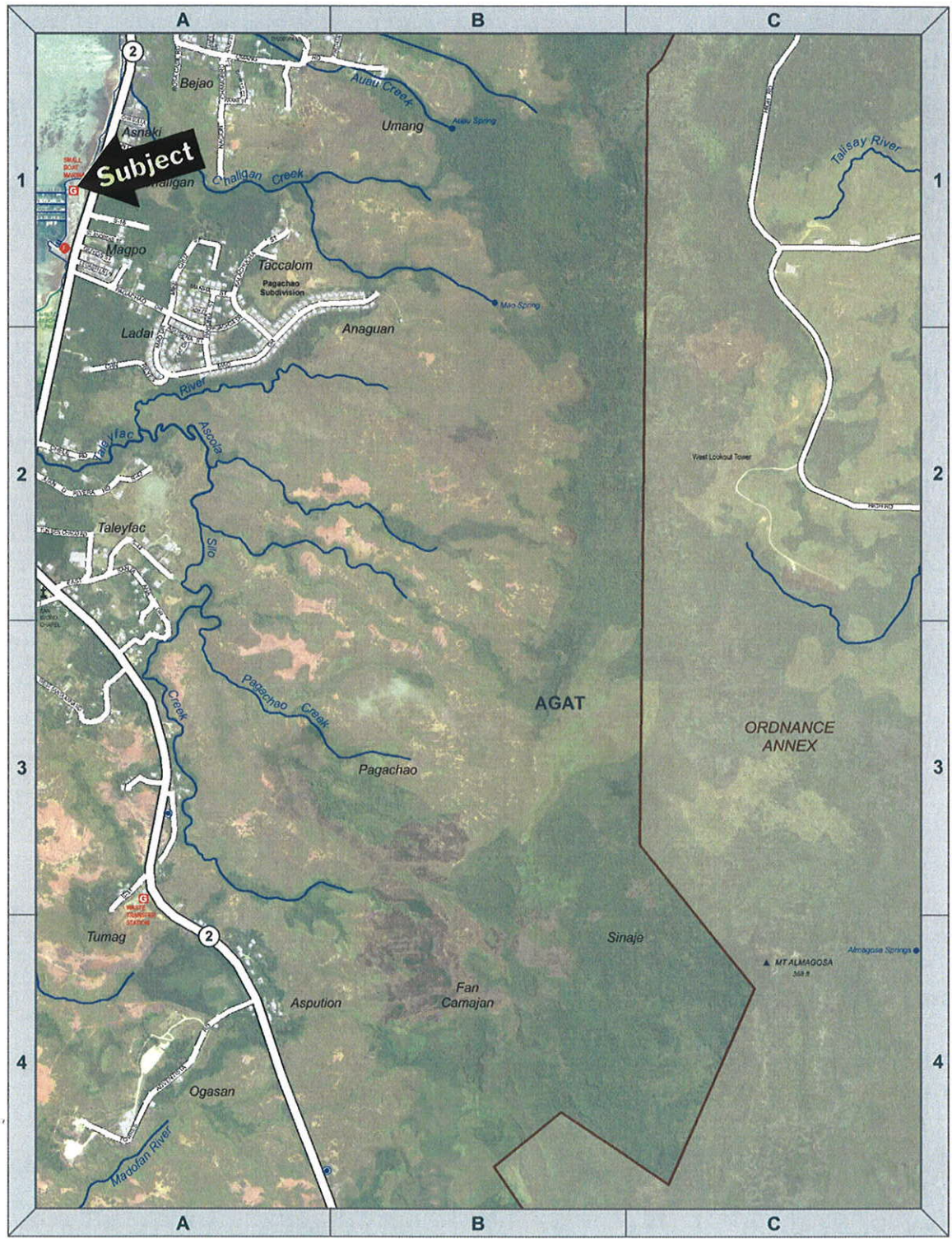

SATELLITE IMAGE OF AGAT MARINA VICINITY
Agat, Island of Guam
2A
5
12
17
Yona
Agat
Santa Rita
Subject
4A
Talofofo
4
2
Umatac
Inarajan
© 2011 Google
Image © 2011 GeoEye
Image © 2011 DigitalGlobe
Data SIO, NOAA, U.S. Navy, NGA, GEBCO
©2010 Go
North

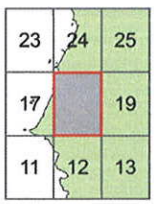
Guam

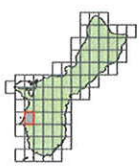
2R37

Agat

18



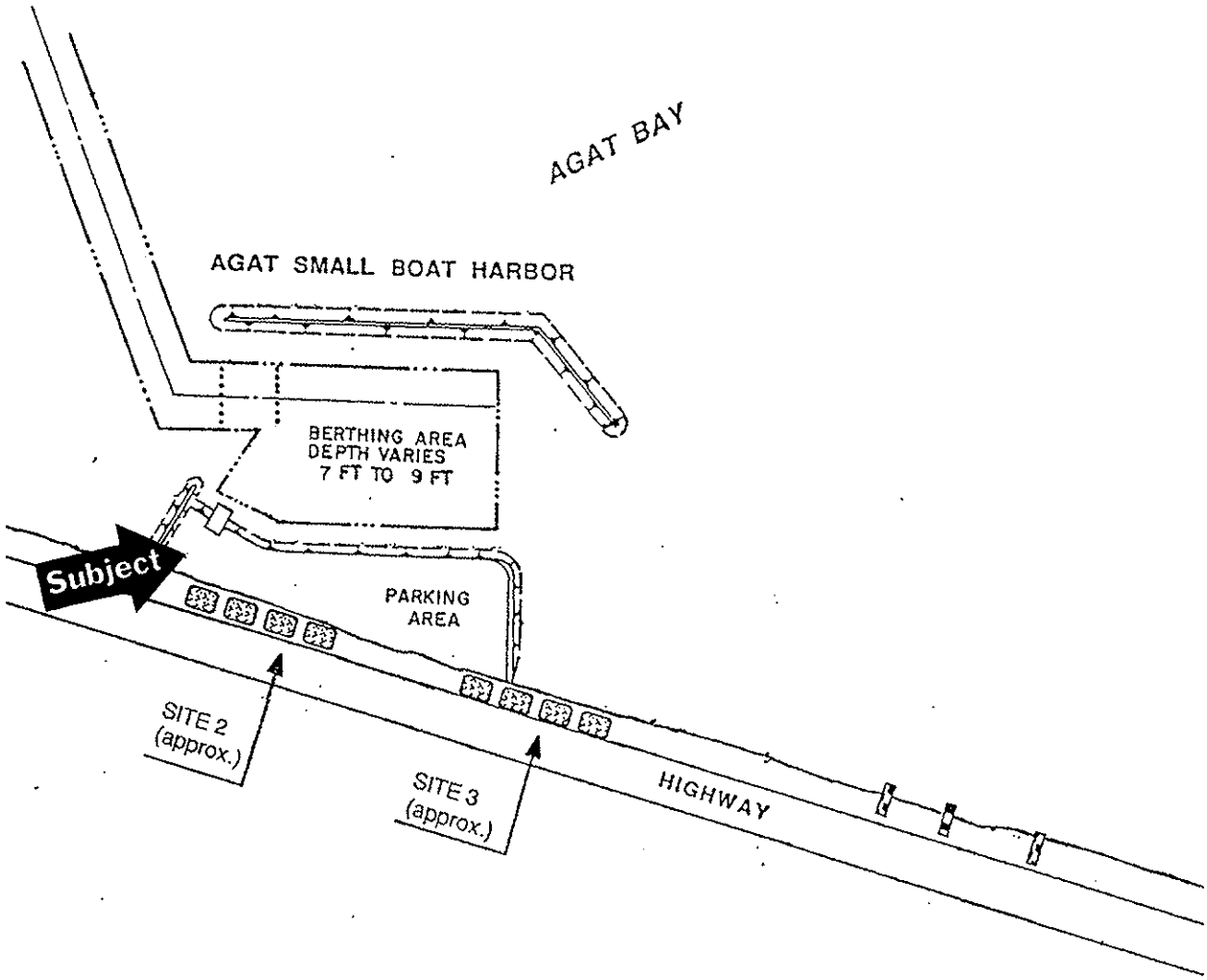




1: 13,000

0.2 0.1 0 0.2 Miles

VICINITY MAP OF AGAT MARINA
Agat, Island of Guam

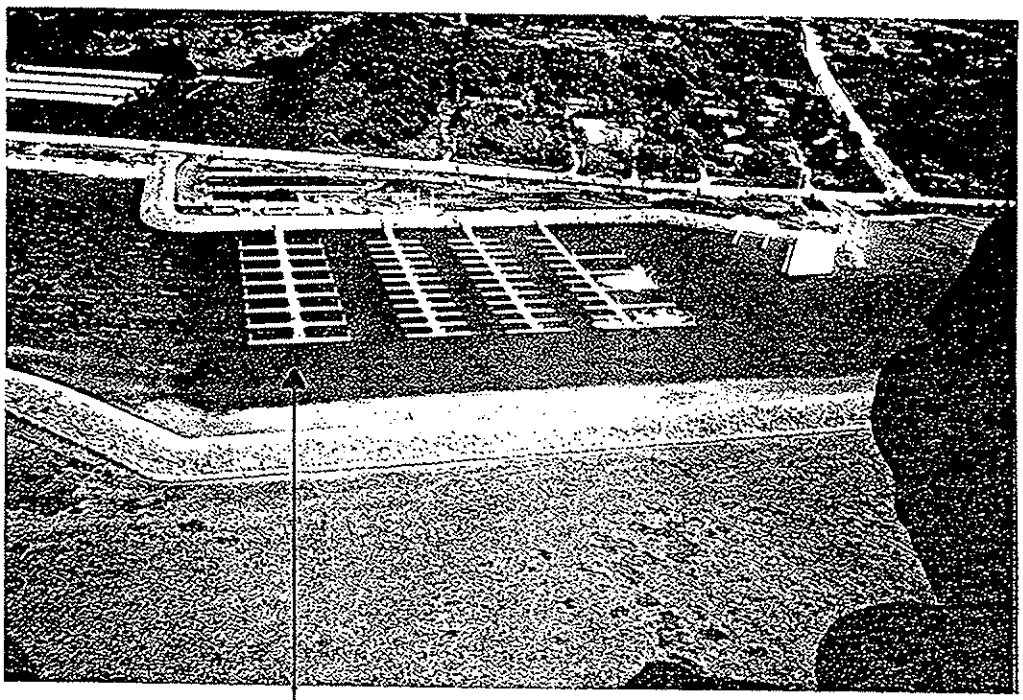


LEGEND:

- Power Poles
- Archaeological Sites (exact boundaries are unknown)

North

AGAT MARINA BERTHING LAYOUT
Agat, Island of Guam



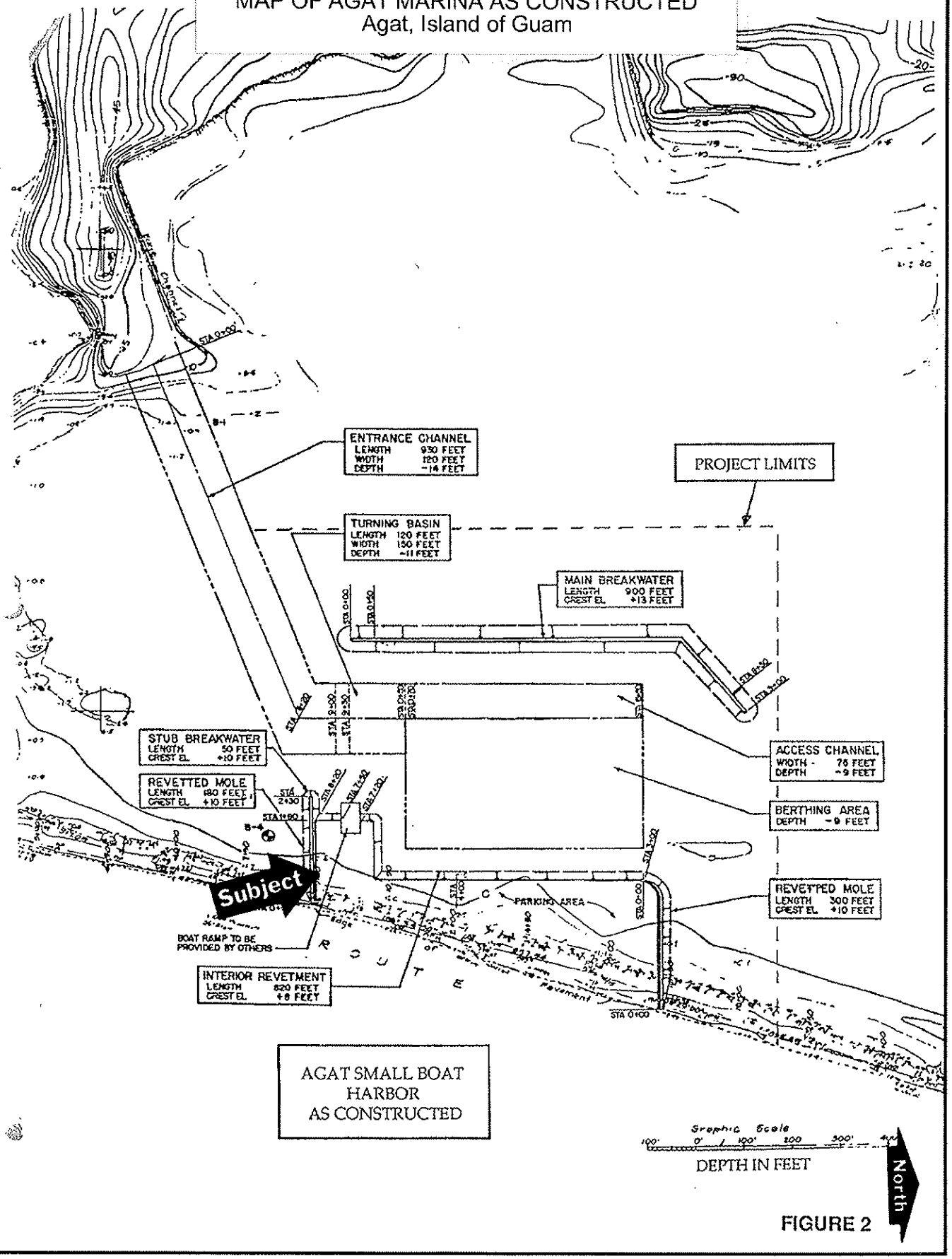
NORTH BERTHING MODULE

AGAT SMALL BOAT HARBOR

SHOWING BERTHING LAYOUT

FIGURE 3

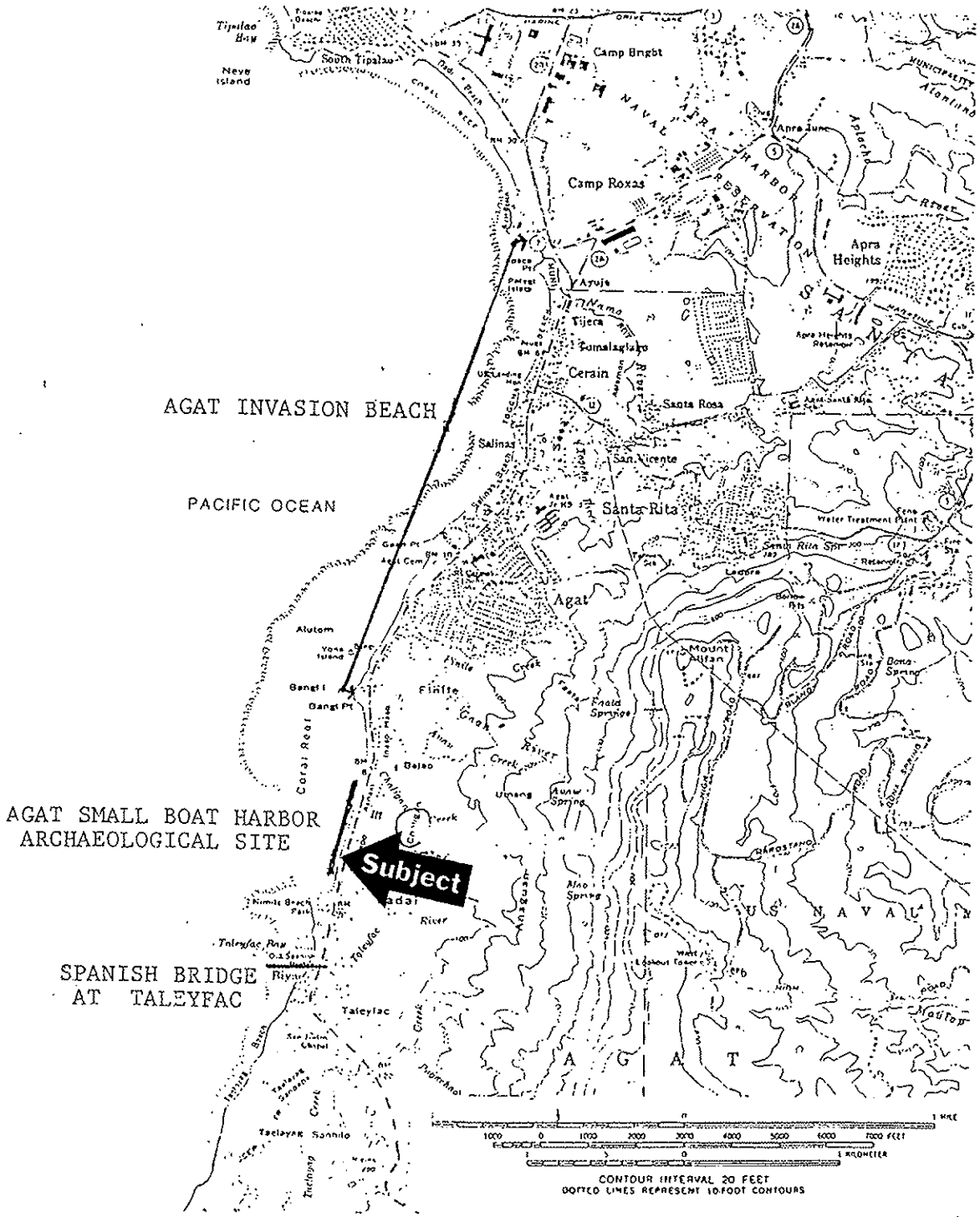
MAP OF AGAT MARINA AS CONSTRUCTED
Agat, Island of Guam

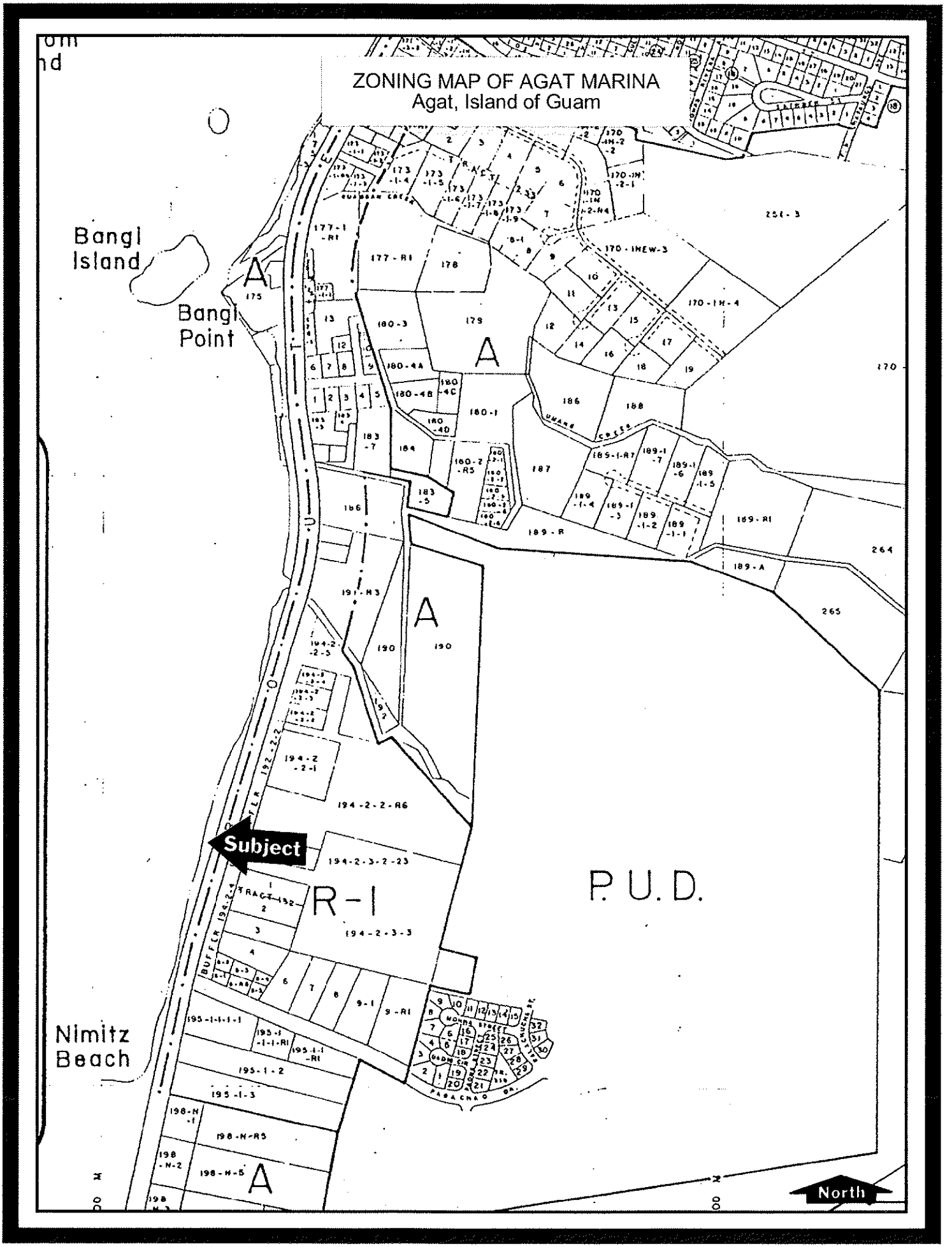


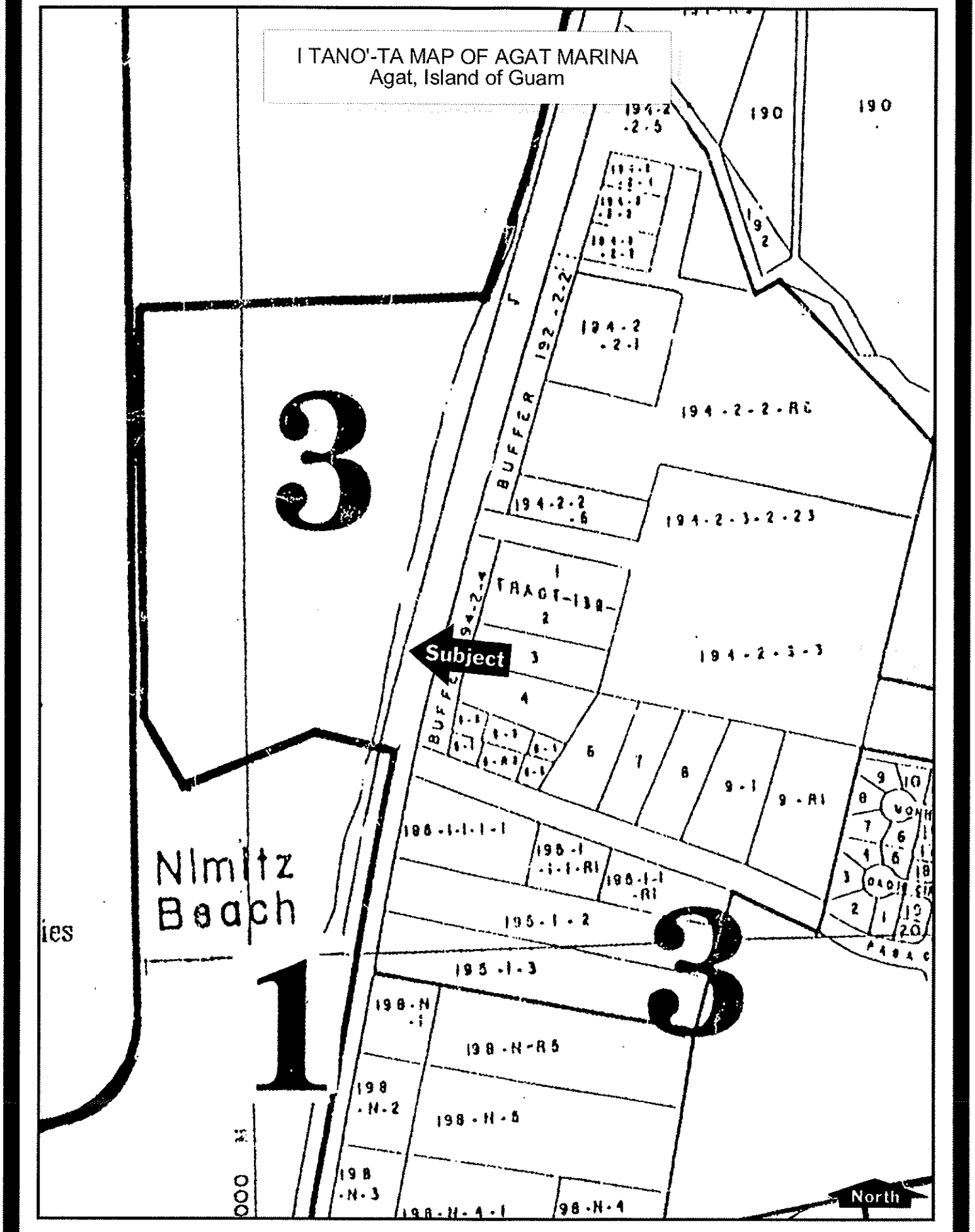
AGAT SMALL BOAT HARBOR AS CONSTRUCTED

FIGURE 2

ARCHEOLOGICAL SITE MAP OF AGAT MARINA
Agat, Island of Guam




ZONING MAP OF AGAT MARINA
Agat, Island of Guam
Bangi Island
Bangi Point
Subject
R-1
P.U.D.
Nimitz Beach
North


I TANO'-TA MAP OF AGAT MARINA
Agat, Island of Guam
Subject
Nimitz Beach
North
BUFFER
TRACT-138-
194-2-2-R6
194-2-3-2-23
194-2-3-3
195-1-2
195-1-3
198-N-R5
198-N-5
198-N-4
3
1
3


FLOOD ZONE MAP OF AGAT MARINA
Hagåtña, Island of Guam
LIMIT OF FLOODWAY
Bangi Island
ZONE X
ZONE VE (EL 12)
PROFILE BASELINE
BABAUTA ROAD
NAOU STREET
LIMIT OF DETAILED STUDY
Guan River
UMANG ROAD
Culvert
ZONE AE (EL 9)
Anao Creek
ZONE AH
ZONE X
TERRITORY OF GUAM
660001
JOINS PANEL 0129
ZONE VE (EL 11)
Subject
ZONE X
ZONE AE (EL 10)
Chaligan Creek
LIMIT OF DETAILED STUDY
MANHA STREET
PAGACHAO DRIVE
MIKE CRUZ STREET
N KALACHUCHA STREET
MAO DRIVE
ZONE X
ZONE AE (EL 9)
ASUSENA STREET
S PAHONG STREET
25000 FT
ZONE AE (EL 8)
TW0372
MAO DRIVE
ZONE AE
Taleyfac River
LIMIT OF DETAILED STUDY
Ascolusito Creek
LIMIT OF STUDY
Taleyfac River
PROFILE BASELINE
ZONE AE
North


N
W
E
S
6 Inch
16 Inch
18
16
6 Inch
8
S-16
2
ST ANDREAS ST
GUYOS ST
LEGASPI LN
PENDING
8 Inch
10 Inch
PAGACHAO
This map is a presentation of collected data, and must be field verified for accuracy.
MIKE CRUZ

EXHIBIT 2

DETAILS TO INTERVIEWS

INTERVIEW NOTES – RECREATIONAL USER NO. 1

Name Will Wailbacher **Date** 4/23/11

PAG – MARINA STUDY INTERVIEWS - USERS

1. How long have you been utilizing Guam Marinas and how many days per week/month do you use it?

4+ years, Agana and Agat Marinas almost every weekend.

2. Familiar with Historic Management Operations and Uses at Marinas?

Strengths: **Seem helpful to me, fixing things recently.**

Weaknesses: **The dock is pretty bad shape, maintenance a weakness.**

Most pressing needs for Marina: **More slips if they can.**

Mid-Long Term Improvements: **Expand and maintain.**

3. What is your opinion of fee structure currently in place?

It's pretty fair.

4. If dock replacement, sheetpiling and other improvements are made, would you be willing to pay higher rates for:

Mooring: **No** Washdown Use: **No** Parking: **No** Dry Storage: **No**

How much is "reasonable":

Mooring: **N/A** Washdown Use: **N/A** Parking: **N/A** Dry Storage: **N/A**

Wouldn't want them to increase rates, better cheaper than Agat.

5. Do you support a fee based on use (i.e. tourists' parasailing/charter/water sports activities – charge /head?)

If they can account for the heads and money somehow, yes.

6. What do you think Gov Guam should do to preserve fishing traditions of Guam?

Hold more derby's, showcase Guam's marine life

7. Any other comments on Marina operations or management?

None.

INTERVIEW NOTES – RECREATIONAL USER NO. 2

Name Mike James **Date** 4/23/11

PAG – MARINA STUDY INTERVIEWS - USERS

1. How long have you been utilizing Guam Marinas and how many days per week/month do you use it?

20+ years, 3-4 times per month, Agana Marina, sometimes Agat Marina

2. Familiar with Historic Management Operations and Uses at Marinas?

Strengths: **They do what they can, nice, upgrading or trying to.**

Weaknesses: **Not much support, can take long to repair.**

Most pressing needs for Marina: **Find more money, upgrade dock.**

Mid-Long Term Improvements: **No comment.**

3. What is your opinion of fee structure currently in place?

It's fair.

4. If dock replacement, sheetpiling and other improvements are made, would you be willing to pay higher rates for:

Mooring: **No** Washdown Use: **No** Parking: **No** Dry Storage: **No**

How much is "reasonable":

Mooring: **N/A** Washdown Use: **N/A** Parking: **N/A** Dry Storage: **N/A**

Depends how much, with economy now it can be tough to raise more fees.

5. Do you support a fee based on use (i.e. tourists' parasailing/charter/water sports activities – charge /head?)

If money can be collected successfully to benefit Marina.

6. What do you think Gov Guam should do to preserve fishing traditions of Guam?

Take kids out young, teach them, fun, good time with family.

7. Any other comments on Marina operations or management?

Marinas are there for the locals to use, have to take advantage.

INTERVIEW NOTES – RECREATIONAL USER NO. 3

Name Chris Perez **Date** 4/23/11

PAG – MARINA STUDY INTERVIEWS - USERS

1. How long have you been utilizing Guam Marinas and how many days per week/month do you use it?

5-10+ years off and on, with family twice a month at least in Agana Marina, also goes to Agat sometimes.

2. Familiar with Historic Management Operations and Uses at Marinas?

Strengths: **They fix things pretty responsively.**

Weaknesses: **Sometimes fix isn't the best quality, most done ourselves.**

Most pressing needs for Marina: **Fix the docks.**

Mid-Long Term Improvements: **Safety for kids, etc.**

3. What is your opinion of fee structure currently in place?

It's ok.

4. If dock replacement, sheetpiling and other improvements are made, would you be willing to pay higher rates for:

Mooring: **No** Washdown Use: **No** Parking: **No** Dry Storage: **No**

How much is "reasonable":

Mooring: **N/A** Washdown Use: **N/A** Parking: **N/A** Dry Storage: **N/A**

Would rather them not raise it if possible.

5. Do you support a fee based on use (i.e. tourists' parasailing/charter/water sports activities – charge /head?)

Harder to do than it is currently. Could charge more for commercial.

6. What do you think Gov Guam should do to preserve fishing traditions of Guam?

Not enough education.

7. Any other comments on Marina operations or management?

Do good job with resources.

INTERVIEW NOTES – RECREATIONAL USER NO. 4

Name Anthony Flores **Date** 4/23/11

PAG – MARINA STUDY INTERVIEWS - USERS

1. How long have you been utilizing Guam Marinas and how many days per week/month do you use it?

10+ years, Agana and Agat Marinas, 1-2 days per week

2. Familiar with Historic Management Operations and Uses at Marinas?

Strengths: **Like them, easy to talk to and fix things.**

Weaknesses: **No complaints other than repairs being made already.**

Most pressing needs for Marina: **Dock work.**

Mid-Long Term Improvements: **No comment.**

3. What is your opinion of fee structure currently in place?

It's fair.

4. If dock replacement, sheetpiling and other improvements are made, would you be willing to pay higher rates for:

Mooring: **No** Washdown Use: **No** Parking: **No** Dry Storage: **No**

How much is "reasonable":

Mooring: **N/A** Washdown Use: **N/A** Parking: **N/A** Dry Storage: **N/A**

Don't want to pay more, gas expensive already.

5. Do you support a fee based on use (i.e. tourists' parasailing/charter/water sports activities – charge /head?)

Don't know to say.

6. What do you think Gov Guam should do to preserve fishing traditions of Guam?

Doesn't exist how it was, could teach history.

7. Any other comments on Marina operations or management?

No comments.

INTERVIEW NOTES – RECREATIONAL USER NO. 5

Name Rico Pangelinan **Date** 4/23/11

PAG – MARINA STUDY INTERVIEWS - USERS

1. How long have you been utilizing Guam Marinas and how many days per week/month do you use it?

3+ years, many more with family, Agana Marina.

2. Familiar with Historic Management Operations and Uses at Marinas?

Strengths: **Doing good job.**

Weaknesses: **People make own repairs, good and bad.**

Most pressing needs for Marina: **Dock repair is a must.**

Mid-Long Term Improvements: **Better organization in repairs, just found out closing part.**

3. What is your opinion of fee structure currently in place?

It's ok.

4. If dock replacement, sheetpiling and other improvements are made, would you be willing to pay higher rates for:

Mooring: **No** Washdown Use: **No** Parking: **No** Dry Storage: **No**

How much is "reasonable":

Mooring: **N/A** Washdown Use: **N/A** Parking: **N/A** Dry Storage: **N/A**

What are they going to do and how am I sure they're going to do it?

5. Do you support a fee based on use (i.e. tourists' parasailing/charter/water sports activities – charge /head?)

Wouldn't do it, less money when tourism goes down either way.

6. What do you think Gov Guam should do to preserve fishing traditions of Guam?

They don't do much as is, not going to change.

7. Any other comments on Marina operations or management?

None.

INTERVIEW NOTES – RECREATIONAL USER NO. 6

Name Paul San Nicolas **Date** 4/23/11

PAG – MARINA STUDY INTERVIEWS - USERS

1. How long have you been utilizing Guam Marinas and how many days per week/month do you use it?

6+ years personally, 10+ years growing up too, Agana and Agat Marinas, frequent use.

2. Familiar with Historic Management Operations and Uses at Marinas?

Strengths: **Not much.**

Weaknesses: **Don't know who decides on what, and who has a suggestion or say.**

Most pressing needs for Marina: **Better attention to work done.**

Mid-Long Term Improvements: **Docks need fixing.**

3. What is your opinion of fee structure currently in place?

They are ok.

4. If dock replacement, sheetpiling and other improvements are made, would you be willing to pay higher rates for:

Mooring: **Yes** Washdown Use: **Yes** Parking: **Yes** Dry Storage: **Yes**

How much is "reasonable":

Mooring: **N/A** Washdown Use: **N/A** Parking: **N/A** Dry Storage: **N/A**

If condition improved significantly would consider paying higher, not sure how much reasonable is.

5. Do you support a fee based on use (i.e. tourists' parasailing/charter/water sports activities – charge /head?)

If it makes more money for the Marina sure.

6. What do you think Gov Guam should do to preserve fishing traditions of Guam?

More so the job of educators and parents to teach.

7. Any other comments on Marina operations or management?

Listen to all sides.

INTERVIEW NOTES – RECREATIONAL USER NO. 7

Name Royland Duenas **Date** 4/23/11

PAG – MARINA STUDY INTERVIEWS - USERS

1. How long have you been utilizing Guam Marinas and how many days per week/month do you use it?

10+ years personal, 20+ years with family Agana Marina, frequent use.

2. Familiar with Historic Management Operations and Uses at Marinas?

Strengths: **Good local Marina because we fix things.**

Weaknesses: **Dock has holes, don't take care of facilities.**

Most pressing needs for Marina: **To listen to the fisherman, the one's that use it most.**

Mid-Long Term Improvements: **Replace with better management or method of it**

3. What is your opinion of fee structure currently in place?

It's ok.

4. If dock replacement, sheetpiling and other improvements are made, would you be willing to pay higher rates for:

Mooring: **No** Washdown Use: **No** Parking: **No** Dry Storage: **No**

How much is "reasonable":

Mooring: **N/A** Washdown Use: **N/A** Parking: **N/A** Dry Storage: **N/A**

Don't increase, can keep up repair if money is used for us.

5. Do you support a fee based on use (i.e. tourists' parasailing/charter/water sports activities – charge /head?)

Too much trouble.

6. What do you think Gov Guam should do to preserve fishing traditions of Guam?

Means a lot to my family, less and less emphasis on it.

7. Any other comments on Marina operations or management?

Listen to locals that have been here a long time to make good decisions.

INTERVIEW NOTES – RECREATIONAL USER NO. 8

Name Mike Whiterfield **Date** 4/23/11

PAG – MARINA STUDY INTERVIEWS - USERS
1. How long have you been utilizing Guam Marinas and how many days per week/month do you use it?
3+ years personally, off and on 7+ years, Agana Marina at least twice a month.
2. Familiar with Historic Management Operations and Uses at Marinas?
Strengths: **No comment, we operate it ourselves.**
Weaknesses: **Not around, nothing to say.**
Most pressing needs for Marina: **Docks, maintenance.**
Mid-Long Term Improvements: **Docks falling apart, dangerous for people. Trash an issue.**
3. What is your opinion of fee structure currently in place?
Fair compared to other areas.
4. If dock replacement, sheetpiling and other improvements are made, would you be willing to pay higher rates for:
Mooring: **Yes** Washdown Use: **Yes** Parking: **Yes** Dry Storage: **Yes**
How much is "reasonable":
Mooring: **N/A** Washdown Use: **N/A** Parking: **N/A** Dry Storage: **N/A**
Willing to pay 5-10% more or other fees if allocated correctly. Hard to know where money is, how much to raise.
5. Do you support a fee based on use (i.e. tourists' parasailing/charter/water sports activities – charge /head?)
Yes but who's going to count heads and report?
6. What do you think Gov Guam should do to preserve fishing traditions of Guam?
No comment.
7. Any other comments on Marina operations or management?
Involve everyone.

INTERVIEW NOTES – RECREATIONAL USER NO. 9

Name Confidential **Date** 4/23/11

PAG – MARINA STUDY INTERVIEWS - USERS

1. How long have you been utilizing Guam Marinas and how many days per week/month do you use it?

40+ years, frequent at both marinas.

2. Familiar with Historic Management Operations and Uses at Marinas?

Strengths: **No comment.**

Weaknesses: **Maintenance an issue, when they do fix not always best option.**

Most pressing needs for Marina: **Docks are rotten, must be fixed.**

Mid-Long Term Improvements: **More regular maintenance instead of users fixing everything.**

3. What is your opinion of fee structure currently in place?

It's ok

4. If dock replacement, sheetpiling and other improvements are made, would you be willing to pay higher rates for:

Mooring: **N/A** Washdown Use: **N/A** Parking: **N/A** Dry Storage: **N/A**

How much is "reasonable":

Mooring: **N/A** Washdown Use: **N/A** Parking: **N/A** Dry Storage: **N/A**

Doesn't want to see a fee increase unless more money going back into Marina.

5. Do you support a fee based on use (i.e. tourists' parasailing/charter/water sports activities – charge /head?)

Doesn't know or have an opinion.

6. What do you think Gov Guam should do to preserve fishing traditions of Guam?

Family job not a Government job.

7. Any other comments on Marina operations or management?

Where's the money we're paying going to? Why isn't there a fund just for Marinas?

INTERVIEW NOTES – RECREATIONAL USER NO. 10

Name Capt. Camacho **Date** 4/23/11

PAG – MARINA STUDY INTERVIEWS - USERS

1. How long have you been utilizing Guam Marinas and how many days per week/month do you use it?

10+ years, maybe more, Agana and Agat Marinas, varies per month.

3. Familiar with Historic Management Operations and Uses at Marinas?

Strengths: **Everything is ok for what we have.**

Weaknesses: **Takes long to get things fixed, we do it ourselves.**

Most pressing needs for Marina: **More money to fix things.**

Mid-Long Term Improvements: **Fix the dock instead of carpet.**

3. What is your opinion of fee structure currently in place?

Fair for what it is.

4. If dock replacement, sheetpiling and other improvements are made, would you be willing to pay higher rates for:

Mooring: **No** Washdown Use: **No** Parking: **No** Dry Storage: **No**

How much is "reasonable":

Mooring: **N/A** Washdown Use: **N/A** Parking: **N/A** Dry Storage: **N/A**

Keep it cheap so people can afford it.

5. Do you support a fee based on use (i.e. tourists' parasailing/charter/water sports activities – charge /head?)

No comment.

6. What do you think Gov Guam should do to preserve fishing traditions of Guam?

Parents responsibilities to teach kids about the ocean, fishing, etc.

7. Any other comments on Marina operations or management?

They do their best with what they have.

INTERVIEW NOTES – COMMERCIAL USER NO. 1

Name John Eads **Date** 4/22/11

PAG – MARINA STUDY INTERVIEWS - USERS

1. How long have you been utilizing Guam Marinas and how many days per week/month do you use it?

30+ years, daily use at Agana Marina.

2. Familiar with Historic Management Operations and Uses at Marinas?

Strengths: **No comments.**

Weaknesses: **Took 9 mos. to fix a door. Don't pay much attention to us, rarely seen.**

Most pressing needs for Marina: **Need the support to get things fixed .**

Mid-Long Term Improvements: **Instead of spending Marina money elsewhere, spend it back on Marina.**

3. What is your opinion of fee structure currently in place?

It's ok, it gets high when you take into consideration rising gas prices, not many tourists, etc.

4. If dock replacement, sheetpiling and other improvements are made, would you be willing to pay higher rates for:

Mooring: **No** Washdown Use: **No** Parking: **No** Dry Storage: **No**

How much is "reasonable":

Mooring: **N/A** Washdown Use: **N/A** Parking: **N/A** Dry Storage: **N/A**

With the way business is wouldn't be capable of paying anymore.

5. Do you support a fee based on use (i.e. tourists' parasailing/charter/water sports activities – charge /head?)

Could be done, if moved all parasail boats and tourist related boats in one section so heads could be counted.

6. What do you think Gov Guam should do to preserve fishing traditions of Guam?

We need to go after more grants to support the Marinas.

7. Any other comments on Marina operations or management?

They need their staff to go after more money for programs for the Marina, they're out there, they just have to be found.

INTERVIEW NOTES – COMMERCIAL USER NO. 2

Name Wayne Baumunk **Date** 4/23/11

PAG – MARINA STUDY INTERVIEWS - USERS

1. How long have you been utilizing Guam Marinas and how many days per week/month do you use it?

Since 1969 (40+ years), daily use at Agat Marina.

2. Familiar with Historic Management Operations and Uses at Marinas?

Strengths: **No comment, more negatives than positive.**

Weaknesses: **Docks are rotten, cleats pull out of docks, very dangerous.**

Most pressing needs for Marina: **Prepare at the least for storm surge, or else.**

Mid-Long Term Improvements: **Fix sanitation, we're disposing of waste against Federal law.**

3. What is your opinion of fee structure currently in place?

Fair for now, must find more funding.

4. If dock replacement, sheetpiling and other improvements are made, would you be willing to pay higher rates for:

Mooring: **N/A** Washdown Use: **N/A** Parking: **N/A** Dry Storage: **N/A**

How much is "reasonable":

Mooring: **N/A** Washdown Use: **N/A** Parking: **N/A** Dry Storage: **N/A**

Hard to say how much – what is certain is a Government entity is not most efficient and probably shouldn't be setting prices – need a management performance group.

5. Do you support a fee based on use (i.e. tourists' parasailing/charter/water sports activities – charge /head?)

No – totally the wrong way to go about it. More logistics involved keep it simple.

6. What do you think Gov Guam should do to preserve fishing traditions of Guam?

Not at their expense, should be grants to support.

7. Any other comments on Marina operations or management?

The problem is no money goes back into Marina, we need more slips at Agat.

INTERVIEW NOTES – COMMERCIAL USER NO. 3

Name Ambera Quinata **Date** 4/26/11

PAG – MARINA STUDY INTERVIEWS - USERS
1. How long have you been utilizing Guam Marinas and how many days per week/month do you use it?
4+ years, commercial and recreational use at Agat Marina
2. Familiar with Historic Management Operations and Uses at Marinas?
Strengths: **No comment.**
Weaknesses: **Don't do repairs, repairs not addressed.**
Most pressing needs for Marina: **Sand build up needs to be addressed, holes in docks too.**
Mid-Long Term Improvements: **Complete Agat Marina as master plan states.**
3. What is your opinion of fee structure currently in place?
It's ok, we do our own repairs.
4. If dock replacement, sheetpiling and other improvements are made, would you be willing to pay higher rates for:
Mooring: **Yes** Washdown Use: **Yes** Parking: **Yes** Dry Storage: **Yes**
How much is "reasonable":
Mooring: **N/A** Washdown Use: **N/A** Parking: **N/A** Dry Storage: **N/A**
Would have to see to believe, if so, would consider slightly higher rates, not sure what's reasonable.
5. Do you support a fee based on use (i.e. tourists' parasailing/charter/water sports activities – charge /head?)
Would cause more problems. Who is going to count?
6. What do you think Gov Guam should do to preserve fishing traditions of Guam?
Take care of what we have naturally first.
7. Any other comments on Marina operations or management?
At least make power/water consistent. Safety an issue too.

INTERVIEW NOTES – COMMERCIAL USER NO. 4

Name Frank Quichocho **Date** 4/22/11

PAG – MARINA STUDY INTERVIEWS - USERS

1. How long have you been utilizing Guam Marinas and how many days per week/month do you use it?

20+ years, daily use at Agana Marina.

2. Familiar with Historic Management Operations and Uses at Marinas?

Strengths: **Everything seems ok, no complaints.**

Weaknesses: **N/A**

Most pressing needs for Marina: **Repairs on the dock.**

Mid-Long Term Improvements: **N/A**

3. What is your opinion of fee structure currently in place?

It is fair.

4. If dock replacement, sheetpiling and other improvements are made, would you be willing to pay higher rates for:

Mooring: **No** Washdown Use: **No** Parking: **No** Dry Storage: **No**

How much is "reasonable":

Mooring: **N/A** Washdown Use: **N/A** Parking: **N/A** Dry Storage: **N/A**

Not supportive of raising, good as is.

5. Do you support a fee based on use (i.e. tourists' parasailing/charter/water sports activities – charge /head?)

No, would cause a bigger headache collecting, etc.

6. What do you think Gov Guam should do to preserve fishing traditions of Guam?

N/A

7. Any other comments on Marina operations or management?

Happy with current management, no complaints.

INTERVIEW NOTES – COMMERCIAL USER NO. 5

Name Carlos Quinata **Date** 4/28/11

PAG – MARINA STUDY INTERVIEWS - USERS

1. How long have you been utilizing Guam Marinas and how many days per week/month do you use it?

4+ years, many more growing up, Agat Marina, daily commercial use, some recreational.

2. Familiar with Historic Management Operations and Uses at Marinas?

Strengths: **None to talk about.**

Weaknesses: **Lacking in many areas, hard to call, get appointment, etc.**

Most pressing needs for Marina: **Need on-site security and management, limited slips.**

Mid-Long Term Improvements: **Hook up with Fire Department for on-site manager, docks need fixing**

3. What is your opinion of fee structure currently in place?

Agana should bump up some more, don't charge more for Agat.

4. If dock replacement, sheetpiling and other improvements are made, would you be willing to pay higher rates for:

Mooring: **No** Washdown Use: **No** Parking: **No** Dry Storage: **No**

How much is "reasonable":

Mooring: **N/A** Washdown Use: **N/A** Parking: **N/A** Dry Storage: **N/A**

Not fond of idea, but would be willing to pay a little more for something in return. Make Agana pay a little more to help Agat.

5. Do you support a fee based on use (i.e. tourists' parasailing/charter/water sports activities – charge /head?)

Not a good idea, too hard to keep count of so many people especially during busy times.

6. What do you think Gov Guam should do to preserve fishing traditions of Guam?

It's up to us, not their responsibility.

7. Any other comments on Marina operations or management?

Reality is the prices are going to up whether we like it or not if marinas are to be fixed.

INTERVIEW NOTES – COMMERCIAL USER NO. 6

Name Masao Tenbata **Date** 4/25/11

PAG – MARINA STUDY INTERVIEWS - USERS

1. How long have you been utilizing Guam Marinas and how many days per week/month do you use it?

30+ years, mostly Agana sometimes Agat Marinas, daily – since tsunami, operations temporarily ceased.

2. Familiar with Historic Management Operations and Uses at Marinas?

Strengths: **It's ok, has been ok, not good – just ok.**

Weaknesses: **They don't listen to us. Why narrow the channel?**

Most pressing needs for Marina: **Don't narrow the channel! Listen to the users.**

Mid-Long Term Improvements: **Have a plan and follow it, listen to experienced people.**

3. What is your opinion of fee structure currently in place?

It's fair.

4. If dock replacement, sheetpiling and other improvements are made, would you be willing to pay higher rates for:

Mooring: **No** Washdown Use: **No** Parking: **No** Dry Storage: **No**

Mooring: **N/A** Washdown Use: **N/A** Parking: **N/A** Dry Storage: **N/A**

Refuses to pay any higher, they're not making improvements and the one's they are aren't benefiting Marina.

5. Do you support a fee based on use (i.e. tourists' parasailing/charter/water sports activities – charge /head?)

It would cost more money to count heads.

6. What do you think Gov Guam should do to preserve fishing traditions of Guam?

We're the ones using the Marina, it's our responsibility.

7. Any other comments on Marina operations or management?

Do things that benefit the Marina, not just because it sounds like something that needs to be done.

INTERVIEW NOTES – COMMERCIAL USER NO. 7

Name Pete Plummer **Date** 4/23/11

PAG – MARINA STUDY INTERVIEWS - USERS

1. How long have you been utilizing Guam Marinas and how many days per week/month do you use it?

30+ years, daily use

2. Familiar with Historic Management Operations and Uses at Marinas?

Strengths: **N/A**

Weaknesses: **Marina's are the ugly stepchild of the Port, we never see the management, poor attention.**

Most pressing needs for Marina: **Basic safety issues all around, dock, etc.**

Mid-Long Term Improvements: **Too many**

3. What is your opinion of fee structure currently in place?

It's ok, we end up doing all of our own repairs.

4. If dock replacement, sheetpiling and other improvements are made, would you be willing to pay higher rates for:

Mooring: **Yes** Washdown Use: **Yes** Parking: **Yes** Dry Storage: **Yes**

How much is "reasonable":

Mooring: **N/A** Washdown Use: **N/A** Parking: **N/A** Dry Storage: **N/A**

Would have to see to believe, if so, would consider slightly higher rates, not sure what reasonable is since nothing is reasonable there.

5. Do you support a fee based on use (i.e. tourists' parasailing/charter/water sports activities – charge /head?)

Would cause more problems. Whose going to count? We leave at 5:00am – no employee will be there to enforce.

6. What do you think Gov Guam should do to preserve fishing traditions of Guam?

Take care of what we have naturally first.

7. Any other comments on Marina operations or management?

At least make power/water consistent – troublesome and annoying, safety also big issue.

INTERVIEW NOTES – COMMERCIAL USER NO. 8

Name Greg Nelson **Date** 4/26/11

PAG – MARINA STUDY INTERVIEWS - USERS

1. How long have you been utilizing Guam Marinas and how many days per week/month do you use it?

Since 1971 (40 years), daily use at Agana Marina.

2. Familiar with Historic Management Operations and Uses at Marinas?

Strengths: **In his opinion, no strengths with current operation.**

Weaknesses: **Port management overall terrible, rarely sees management on site, problems.**

Most pressing needs for Marina: **Dock extremely dangerous, called repeatedly, no help.**

Mid-Long Term Improvements: **Anything concerning tourist safety must be addressed.**

3. What is your opinion of fee structure currently in place?

Fair for what they get, no complaints with current structure. Some people don't pay (recreation)

Doesn't know what fees really go towards – certainly not marina.

4. If dock replacement, sheetpiling and other improvements are made, would you be willing to pay higher rates for:

Mooring: **Yes** Washdown Use: **Yes** Parking: **Yes** Dry Storage: **Yes**

How much is "reasonable":

Mooring: **N/A** Washdown Use: **N/A** Parking: **N/A** Dry Storage: **N/A**

Yes all around, would consider paying a slightly higher rate if things were taken care of on

a regular basis – not sure how much willing to go off top of head.

5. Do you support a fee based on use (i.e. tourists' parasailing/charter/water sports activities – charge /head?)

Definitely not, would create headache – the last nail in the coffin. Too many complications could arise.

6. What do you think Gov Guam should do to preserve fishing traditions of Guam?

First they have to fix the current structure in place to make more attractive for fishing.

7. Any other comments on Marina operations or management?

While not happy, Port is short of money and material as well. It's the users that end up making repairs.

We do what we can – but first and foremost they need to ensure Marina safety all around.

INTERVIEW NOTES – COMMERCIAL USER NO. 9

Name Lee Webber **Date** 4/27/11

PAG – MARINA STUDY INTERVIEWS - USERS

1. How long have you been utilizing Guam Marinas and how many days per week/month do you use it?

Since they were built, using Marina 365 days per year, Agat and Agana.

2. Familiar with Historic Management Operations and Uses at Marinas?

Strengths: **Very few.**

Weaknesses: **No maintenance, security, etc.**

Most pressing needs for Marina: **Dock repair is a must**

Mid-Long Term Improvements: **Replace mooring facilities.**

3. What is your opinion of fee structure currently in place?

N/A

4. If dock replacement, sheetpiling and other improvements are made, would you be willing to pay higher rates for:

Mooring: **Yes** Washdown Use: **N/A** Parking: **N/A** Dry Storage: **N/A**

How much is "reasonable": **Depends upon quality**

Mooring: **N/A** Washdown Use: **N/A** Parking: **N/A** Dry Storage: **N/A**

Also depends on future maintenance.

5. Do you support a fee based on use (i.e. tourists' parasailing/charter/water sports activities – charge /head?)

Wouldn't do it, less money when tourism goes down either way.

6. What do you think Gov Guam should do to preserve fishing traditions of Guam?

Gov Guam cannot really do this – you cannot legislate behavior and define traditions.

7. Any other comments on Marina operations or management?

They need a lot of help.

INTERVIEW NOTES – COMMERCIAL USER NO. 10

Name Tina Arriola **Date** 4/28/11

PAG – MARINA STUDY INTERVIEWS - USERS

1. How long have you been utilizing Guam Marinas and how many days per week/month do you use it?

15+ years, Agat Marina, daily use.

2. Familiar with Historic Management Operations and Uses at Marinas?

Strengths: **Staff and management at port try their best to accommodate us, do what they can.**

Weaknesses: **Funding for management of port.**

Most pressing needs for Marina: **Fix the docks, remove non-occupied vessels, more security.**

Mid-Long Term Improvements: **Safety and security, and trash and bathrooms would be great.**

3. What is your opinion of fee structure currently in place?

Shouldn't raise prices in Agat, raise it in Agana to benefit both Marinas more.

4. If dock replacement, sheetpiling and other improvements are made, would you be willing to pay higher rates for:

Mooring: **No** Washdown Use: **No** Parking: **No** Dry Storage: **No**

How much is "reasonable":

Mooring: **N/A** Washdown Use: **N/A** Parking: **N/A** Dry Storage: **N/A**

Would only be willing to pay more if Agana pays more and concrete plans were in place to improve Marina.

5. Do you support a fee based on use (i.e. tourists' parasailing/charter/water sports activities – charge /head?)

Would cause more problems than make money if Government is in charge.

6. What do you think Gov Guam should do to preserve fishing traditions of Guam?

Not a government issue.

7. Any other comments on Marina operations or management?

They should toll charge non-leasing boats for more money, allocate income from each Marina and give money back to Marinas accordingly. Have a fund for Marinas.

INTERVIEW NOTES – COMMERCIAL USER NO. 11

Name Travis Kloppenburg **Date** 4/26/11

PAG – MARINA STUDY INTERVIEWS - USERS

1. How long have you been utilizing Guam Marinas and how many days per week/month do you use it?

40+ years at both Marinas, frequent use.

2. Familiar with Historic Management Operations and Uses at Marinas?

Strengths: **N/A**

Weaknesses: **N/A**

Most pressing needs for Marina: **Funding to repair docks**

Mid-Long Term Improvements: **Re-dredge, outer harbor unsafe, as long as Gov't controls, it's a problem**

3. What is your opinion of fee structure currently in place?

No fee, inequity to charge per head, same space, same fee.

4. If dock replacement, sheetpiling and other improvements are made, would you be willing to pay higher rates for:

Mooring: **N/A** Washdown Use: **N/A** Parking: **N/A** Dry Storage: **N/A**

How much is "reasonable":

Mooring: **N/A** Washdown Use: **N/A** Parking: **N/A** Dry Storage: **N/A**

N/A

5. Do you support a fee based on use (i.e. tourists' parasailing/charter/water sports activities – charge /head?)

See #3.

6. What do you think Gov Guam should do to preserve fishing traditions of Guam?

N/A.

7. Any other comments on Marina operations or management?

N/A

W. NICHOLAS CAPTAIN, MAI, CRE

PROFESSIONAL BACKGROUND

President, Captain, Hutapea & Associates, Captain Realty Advisors and The Captain Company
Qualified Expert/Authority, Supreme Court of the United States (Case No. 06-116), Superior Court of Guam, Superior Court of the CNMI, Supreme Court of the Republic of Palau, Nuclear Claims Tribunal of the Republic of the Marshall Islands and the Board of Appeals in the City and County of Honolulu, State of Hawaii
Organizer and Host, The biennial Micronesia Real Estate Investment Conference (MREIC)
Author, Captain Real Estate News, An E-Newsletter For Real Estate Enthusiasts

PROFESSIONAL AND OTHER AFFILIATIONS

The Counselors of Real Estate - Designated Member
Appraisal Institute - Designated Member
Real Estate Broker, Island of Guam
Appraisal Institute, Former Ambassador to Micronesia, Philippines and Indonesia
Guam Educational Radio Foundation, Chairman of the Board of Trustees
The Counselors of Real Estate, Member, International Task Force, 2005
Appraisal Institute, International Relations Committee, 2001 - 2004
Appraisal Institute, Former National Instructor (USPAP Classes)
The Appraisal Foundation, Former National Instructor (USPAP Classes)
Territory of Guam Certified General Appraiser
Commonwealth of Northern Mariana Islands Certified General Appraiser
Hawaii State Certified General Appraiser, 1995 to 2007
University of Guam, Adjunct Instructor, CCEOP
Guam Association of Realtors, Board of Directors, 2004 to 2008
Beta Gamma Sigma, Member, National Honor Society for Collegiate Schools of Business
Appraisal Institute, Young Advisory Council, 1997 (Hawaii Chapter Scholarship Recipient)
Pan Pacific Congress, The Counselors of Real Estate's Chief Delegate in 2004 (Taiwan) and 2008 (Korea); Appraisal Institute's Alternate Chief Delegate in 2006 (San Francisco) and in 2002 (Malaysia)
Guam Racquetball Federation, Past President and 1999 Asian Racquetball Championships Team Member (Taiwan)

EDUCATION

Master of Business Administration Classes, University of Hawaii at Manoa, Honolulu, Hawaii
Bachelor of Business Administration Degree, University of Hawaii at Manoa, Honolulu, Hawaii, Finance Major (Graduated with 4.0 on 4.0 scale)

Special Real Estate Courses And Seminars:
Appraisal Institute, Small Hotel/Motel Valuation, 2006
Appraisal Institute, Uniform Standards of Professional Practice, 2004
Appraisal Institute, Online Business Practices and Ethics, 2004
Appraisal Institute, Online General Applications, 2004
The Appraisal Foundation, Instructor Certification Course, 2003
Appraisal Institute, Scope of Work, 2002
Appraisal Institute, The Appraiser as an Expert Witness: Preparation & Testimony, 1999
Appraisal Institute, Condemnation Appraising: Basic Principles & Applications, 1999
Appraisal Institute, Condemnation Appraising: Advanced Topics and Applications, 1999
Appraisal Institute, New Industrial Valuation, 1998
Appraisal Institute, Eminent Domain & Condemnation Appraising, 1998
Appraisal Institute, Special Purpose Properties, 1997
Appraisal Institute, Uniform Standards of Professional Appraisal Practice, 1996

W. NICHOLAS CAPTAIN, MAI, CRE (CONTINUED)

EDUCATION (CONTINUED)

Special Real Estate Courses and Seminars (Continued):

Duplanty School of Real Estate, Various Courses, 1996
Appraisal Institute, Course 540, Report Writing and Valuation Analysis, 1993
Appraisal Institute, Course 2-1, Case Studies in Real Estate Valuation, 1992
Appraisal Institute, Capitalization Theory and Techniques, Parts A & B, 1992
Appraisal Institute, Course 1A1, Real Estate Appraisal Principles, 1992
Dower School of Real Estate, Various Courses, 1992
Appraisal Institute, Standards of Professional Practice, Parts A & B, 1991
Appraisal Institute, Course 1A2, Basic Valuation Procedures, 1991
University of Hawaii, Course 310, Real Estate Law, 1991
International Right-of-Way Association, Valuation of Easements, 1991
University of Hawaii, Course 300, Business Real Estate, 1990

TEACHING

Small Investor Seminar Series, Parts I, II and III, 2008
Uniform Standards of Professional Appraisal Practice Overview (author and instructor), Manila, Philippines, 2003
Appraising the Appraisal, Parts A & B (author and instructor), Guam, 1999 and 2002
An Introduction to Real Estate Appraisal in the Republic of Palau (author and instructor), Palau, 1999 and 2000
An Introduction to the Uniform Standards of Professional Appraisal Practice (USPAP), Jakarta, Indonesia, 2000
I Tano'-ta: A Valuation Perspective (co-instructor), Guam, 1999

PUBLICATIONS, ARTICLES AND PRESENTATIONS

"Guam Chapter". *Real Estate Valuation in Global Markets Second Edition*, published by Appraisal Institute, 2011
"Guam Real Estate Investors Guide", published in *Hawaii Business* (July 2007) and *Pacific Magazine* (July/August 2007).
"Property Information: A Guam Case Study", published in *Real Estate Issues* (Winter 2003) by The Counselors of Real Estate and previously presented at 21st Pan Pacific Congress, Kuala Lumpur, Malaysia, 2002 [Submitted to Supreme Court of the United States - Case No. 06-116, and available for purchase at Amazon.com]
"Guam Resort Hotels: The Impact of Global Forces on a Local Market," 22nd Pan Pacific Congress, Taipei, Taiwan, 2004
"Hotel Valuation from the Perspective of Property Market Recovery in the Asian Pacific", Jakarta, Indonesia, 2002
"Tulip Bulb Debacle Finds Rival in Guam", *Guam Business*, June 2001

PROFESSIONAL EXPERIENCE

Engaged in real estate research and valuation since 1991. Engaged in real estate consulting and brokerage since 1996. Engaged in real estate investment since 2001. Qualified as expert witness at courts in Guam, Saipan and Palau. In addition to extensive work on Guam, geographic areas covered include the four counties of the State of Hawaii (Honolulu, Maui, Kauai and Hawaii), the Islands of Saipan, Rota and Tinian (CNMI), the Republic of Palau, the Republic of the Marshall Islands, Federated States of Micronesia, the Independent State of Samoa, American Samoa and Papua New Guinea. Types of properties covered include resort, industrial, agricultural, residential, remote atolls, shopping centers, office buildings, golf courses, churches, fitness centers and a variety of other commercial and special use properties. Featured and quoted in various media including *Barron's, Los Angeles Times, Bloomberg, SBS television Australia, NHK (Japan and Okinawa), Hawaii Business, Pacific Magazine, Bisnes Indonesia, The Counselor,* Radio Australia, *Valuation Insights & Perspectives, Building Industry, Marianas Business Journal, Guam Business, Directions, Pacific Daily News, Guahan, GU* and other publications. Appeared on national television programs including Good Morning Japan and Dateline Australia.