



# NEWSLETTER

## PORT AUTHORITY OF GUAM

April 2022

### Board of Directors

**Francisco G. Santos**  
Chairman

**Nathan T. Taimanglo**  
Vice Chairman

**Isa Marie C. Koki**  
Board Secretary

**Dorothy P. Harris**  
Board Member

**Dr. Judith P. Guthertz**  
Board Member

### Port Management

**Rory J. Respicio**  
General Manager

**Dominic G. Muna**  
Deputy General  
Manager, Operations

**Luis R. Baza**  
Deputy General Manager,  
Administration & Finance



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### Notices

Guam continues to be in Pandemic Condition of Readiness 1 (PCOR1). Anyone entering the Port must wear a mask at all times. COVID-19 remains to be a clear threat to our safety and our community. We must all continue to take necessary precautions to protect ourselves and our loved ones. Latest guidelines and information relating to the PAG and COVID-19 can be obtained by visiting our website at: <https://www.portofguam.com/covid-19-guidelines-and-information>

### Port Achieves 3rd Consecutive Year Designation as a Low-Risk Auditee



The Port Authority of Guam has once again achieved low-risk auditee status. This is the third consecutive year in a row that the Port got this designation since the time that it failed to get this designation in Fiscal Years 2017 and 2018.

Independent auditors Deloitte and Touche, LLP, rendered the unmodified (clean) opinion of the Port for FY 2021 financial statements and compliance over major federal programs. Also, no material weaknesses and significant deficiencies in internal controls were identified by the auditors.

"PAG is commended for qualifying as a low-risk auditee for the third consecutive year," Public Auditor Benjamin J.F. Cruz stated in the Office of Public Accountability Financial Audit released today.

For FY 2021, the Port's operating revenues increased by \$432 thousand (K), from \$54.6 million (M) in FY 2020 to \$55M in FY 2021. The revenue increase was significant because this was accomplished despite the challenges the Port faced during the period of the COVID 19 pandemic and the Port did not implement any tariff rate increases. The number of containers handled in FY 2021 also increased by 1.9% or 1,651 containers, from 85,143 in FY 2020 to 86,794 in FY 2021.

The Port's total operating expenses increased by \$2.6M (or 4.6%) from \$55.7M in FY 2020 to \$58.3M in FY 2021. The overall increase in operating expenses is largely due to the recording of post employment benefits and pension costs in FY 2021, resulting in higher retiree healthcare and other benefits and divisional expenses.

Before depreciation (a non-cash expense), net operating revenues minus operating expenses in FY 2021 was \$3.1M operating income. After adding

back the \$6.3M non-cash expense of depreciation, \$754K of net non-operating revenues, and \$219K of U.S. Government capital grants, Port concluded FY 2021 with a \$2.2M decrease in its net position.

As of September 30, 2021, the Port's current assets amounted to \$75.4M, which is an increase of \$3M. This is primarily due to the \$2.6M increase in total cash and cash equivalents, and \$648K in Accounts Receivable.

In FY 2021, the Port was notified by Moody's and S&P Global rating agencies that their rating outlook for the Port was upgraded to stable. Moody's mentioned in their announcement that the Port's low leverage, strong liquidity, and the ability to remain fully operational during the coronavirus pandemic are the major reasons for the upgrade. While S&P Global rating agency stated that the outlook revision reflects their view that, despite the economic disruption caused by the global COVID-19 pandemic, volume levels at the port have remained relatively stable and resilient from fiscal 2019 to FY 2020 and continuing into FY 2021 (Sept. 30 year-end), given the essentiality of the Port, supporting financial metrics that remain in line with their expectations at the current rating level. The annual debt service coverage for FY 2021 is 1.35%, which meets the bond indenture requirement.

"This audit affirms that we have been on-target with the directives put in place by Governor Lou Leon Guerrero, Lt. Governor Josh Tenorio, Board Chairman Frank Santos, and our board," Port General Manager Rory J. Respicio said. "We are working very hard to successfully complete the Port Modernization program and improve

*Story continues page 2*

employee morale, productivity and efficiencies. These audit findings, in particular the low-risk designation, brings us the credibility needed to seek funding to replace the Port's aging gantry cranes, rehabilitate the wharves to ensure resiliency and replace our aging facilities, so that the Port does not become a choke point for discharging and deploying military assets and commodities." "We also recognize the Port's Financial Affairs

Controller Jojo Guevara, and our team at finance for their work, especially making the case that caused the independent auditors to accept our adjustments to capitalize the interest expense that we paid for the bond loans: \$1.7M in FY 2021 and \$1.5M in FY 2020. This means that the Port's net loss in FY 2021 went from \$4M to \$2.2M, and the auditors are now restating our FY 2020 results from a - \$919K loss to \$592K Net Income," said Respicio.

### PAG Attends AAPA Legislative Summit



General Manger Rory J. Respicio attended the annual AAPA Legislative Summit that took place March 29-31, 2022 in Washington, DC. The AAPA Legislative Summit is the premiere port industry government affairs and advocacy forum held annually in Washington, D.C. The conference brings together senior Port Executives from around the nation with Federal government leadership to discuss issues important to one of the most critical national industries. The focus of this year's conference included infrastructure, energy, digitalization, and next generation technologies investment. Also attending from the Port Authority were Chief Planner Joe Javellana and CIP Coordinator Clarence Lagutang.

In addition to meeting officials at the Summit, the Port team along with former Congresswoman Madeleine Bordallo, met with Congressman John Garamendi - Committee on Armed Services / Committee on Transportation and Infrastructure and Congressman Joe Wilson - House Armed Services Committee.

At these meetings, GM Respicio was able to personally convey Guam's strategic location and how critical it is for the Port of Guam to have uninterrupted operations, now and in the future.

He explained that the Port's 2022 Masterplan is currently underway and outlined the opportunity for DOD to utilize the Port Authority in providing critical support for our military's readiness and the Indo-Pacific Strategy. Guam would be the solution for the rapid discharging and deploying of military assets and its commodities in the Pacific, especially with regard to the Pacific Deterrence Initiative. In making the case for Guam, GM Respicio emphasized that the Port must expand its terminal yard otherwise it will become a chokepoint for the Guam Military Buildup. This means that the Port of Guam needs funding to purchase three new STS Gantry Cranes, harden its wharves, and replace its 50-year-old facilities.

Meeting with Congressman Garamendi and Congressman Joe

Wilson has opened up the way in seeking additional opportunities for federal funding and exploring every possibility for the Port on how best to secure funds for the modernization upgrades and projects.

The Port team also met with high ranking staff from the following: MARAD Director of Infrastructure Development, Deputy Asst. Secretary of EDA, Deputy Chief of Staff for Congressman Adam Smith (Chairman of the House Armed Services Committee), and Chief of Staff for Senator Mark Kelly (Committee on Armed Services).





(Washington, D.C, USA) Lt. Governor Josh Tenorio met with Congressman Garamendi to request for funding to replace the Port's aging gantry cranes, rehabilitate its wharves to ensure resiliency and replace its aging facilities so that the Port does not become a choke point for discharging and deploying military assets and commodities.

This meeting was secured by former Congresswoman Madeleine Z. Bordallo, who is Governor Lou Leon Guerrero's Washington DC liaison. He was joined by Port GM Rory Respicio, Chief Planner Joe Javellana, CIP Coordinator Clarence Lagutang and Josephine Cepeda from the Lt. Governor's Office.

Lt. Gov. Tenorio spoke about Guam's geographic location being America's tip of the spear and how the Port's readiness is a critical element in the US military's readiness in the Indo-Pacific region and amidst the global tensions in Ukraine and Russia.

Additionally, Lt. Governor Tenorio stressed to Chairman Garamendi that Gov. Leon Guerrero's top priority remains to construct a medical campus on Guam, and the need for Congress and the Biden Administration to increase the medical capacity on Guam and in the Micronesian Region by providing funding and resources for the medical campus.

Lt. Gov. Tenorio further raised the possibility of Chairman Garamendi reaching out to the Biden Administration to set the Compact negotiations back on track.

Chairman Garamendi expressed support and said he understands Guam's strategic location and its importance to the military's mission on Guam and in the region.

**Employees Attend Forklift Certification Training**

Sixty-three employees attended the Marine Terminal and Longshoreman Forklift Safety Training which took place April 19 – 21, 2022 at the Port training room. Attendees included employees from Operations Division, Maintenance Division and Supply Division.

In compliance with Occupational Safety Health Administration (OSHA) and Coast Guard requirements, the Forklift Training Course covers the current safety training requirements found in the OSHA standards for Powered Industrial Trucks. The class covers forklift safety rules and regulations for all types and classifications of Powered Industrial Trucks and for students to become a qualified operator – one who has the knowledge and skills to operate a forklift in a safe and professional manner. The four-hour sessions were conducted by Bill Shippey owner of Omega Safety Compliance. Upon completion of the course, employees are certified for three years. Last forklift certification training took place in 2020.



**Port Safety Officers Respond Oil Spill**



Port Authority of Guam General Manager Rory J. Respicio was notified on April 7, 2022 that an oil spill occurred yesterday at the Cargo Storage Facility lot within the container yard.

As the equipment operator was conducting his routine pre-operations safety check on a top loader, the main hydraulic hose of the spreader busted, spewing oil in the area. The Port Authority's response team from Safety Division, Transportation and Stevedoring conducted initial mitigation measures by deploying absorbent materials to contain the oil spill.

The US Coast Guard was notified of the incident and Unitek Environmental was activated to thoroughly and completely clean up the spill.

Meanwhile, mechanics from the Maintenance Division assessed the damage to the equipment and made necessary repairs to get the equipment back on line for operations.

A Mangilao man was arrested by Port Police April 7, 2020 after officers allegedly found drugs and drug paraphernalia during routine patrol of the Seaplane Ramp area. Port Police Officers were conducting routine patrol at 8:40a.m. today when they noticed a red sedan parked in the corner of Seaplane Ramp area. The officers noticed one individual sitting on the driver's side. They approached the vehicle to conduct a wellness check and requested to see the male individual's driver's license. The individual complied with the request, however he showed signs of being nervous and stuttered when responding to the questions.

As a result, officers conducted a search of the vehicle. A hard plastic case was discovered which allegedly contained drug paraphernalia and crystal methamphetamine, also known as "ice." John A. Salas Rosario, 29, of Mangilao was booked and released in connection with possession of a schedule 2 controlled substance. Case will be referred to the Attorney General's Office for further prosecution.

Congratulations to the following employees who are recognized for their exemplary job performance for the Quarter Ended March 31, 2022. Your dedication, commitment and enthusiasm to your jobs remains an inspiration to all Port employees.

**Employee of the Quarter:**

Category II - Antony B. Leon Guerrero, Cargo Checker and David S. Roberto Jr., Crane Operator  
**Good Housekeeping Work Center of the Quarter**

Category I - Procurement Division

Category II - Operation Manager's Office

**Outstanding Work Center of the Quarter**

Category I - Procurement and Supply Division

Category II - Welding Shop

April 22, 2022

The Office of Public Accountability released the Port Authority of Guam's (PAG) financial statements, report on compliance and internal control, management letter, and auditor's communication with those charged with governance for fiscal year (FY) 2021. PAG closed FY 2021 with a net position of \$13.8 million (M), a \$2.2M decrease from the prior year. This decrease is primarily due to fewer capital grants received by the U.S. Government in FY 2021.

Independent auditors Deloitte & Touche, LLP rendered unmodified (clean) opinions on PAG's financial statements and compliance over major federal programs. In addition, the auditors did not identify any material weaknesses or significant deficiencies in internal controls. PAG is commended for qualifying as a low-risk auditee for the third consecutive year.

**Revenues Increased Slightly While Expenses Continue to Increase**

PAG's operating revenues increased slightly by \$432 thousand (K), from \$54.6M in FY 2020 to \$55M in FY 2021. This was mainly due to a (1) \$956K increase in revenues from cargo throughout charges, which went from \$33.8M in FY 2020 to \$34.8M in FY 2021, (2) \$172K increase in revenue from crane surcharge, which went from \$5.8M to \$6M, and (3) \$160K increase in revenues from Wharfage charges, which went from \$5.6M to \$5.8M. These increases were offset by a \$901K decrease in revenue for equipment and space rental and a \$43K decrease in revenue for special services, which is due to the negative ripple effect in overall business brought on by the COVID-19 pandemic.

PAG's operating expenses continued its increase by going from \$55.7M in FY 2020 to \$58.3M in FY 2021. The \$2.6M increase is mainly due to (1) a \$1.4M increase in Retiree healthcare and other benefits due to an increase in retirement rates, which went from \$5.5M in FY 2020 to \$6.9M in FY 2021, (2) \$636K increase in General expenses, which went from \$2.5M in FY 2020 to \$3.2M in FY 2021, (3) \$388K increase in Insurance due to higher insurance rates, which went from \$3.1M in FY 2020 to \$3.5M in FY 2021, and (4) \$285K increase in management and administration expenses for annual salary increments, hiring of new employees, benefits payouts to employees who separat-



ed in FY 2021, and annual increments, which went from \$14.6M in FY 2020 to \$14.9M in FY 2021. There were also slight increases in equipment maintenance expense (\$41K), facility maintenance expense (\$26K), and Transportation services expense (\$16K). These increases were offset slightly by decreases in depreciation (\$102K), stevedoring services (\$95K), Utilities (\$55K), and Terminal services expense (\$15K).

**Capital Projects**

With the approval of the Public Utilities Commission in 2021, PAG successfully negotiated a contract with Matson Navigation Company to aid in the management, performance, operation and maintenance of the PAG's gantry cranes and other cranes utilized in PAG operations.

In March 2021, PAG awarded the Construction Management contract for the Hotel Wharf and Route 11 Access Roadway project. The procurement solicitation was issued in 2021 and

review is currently ongoing.

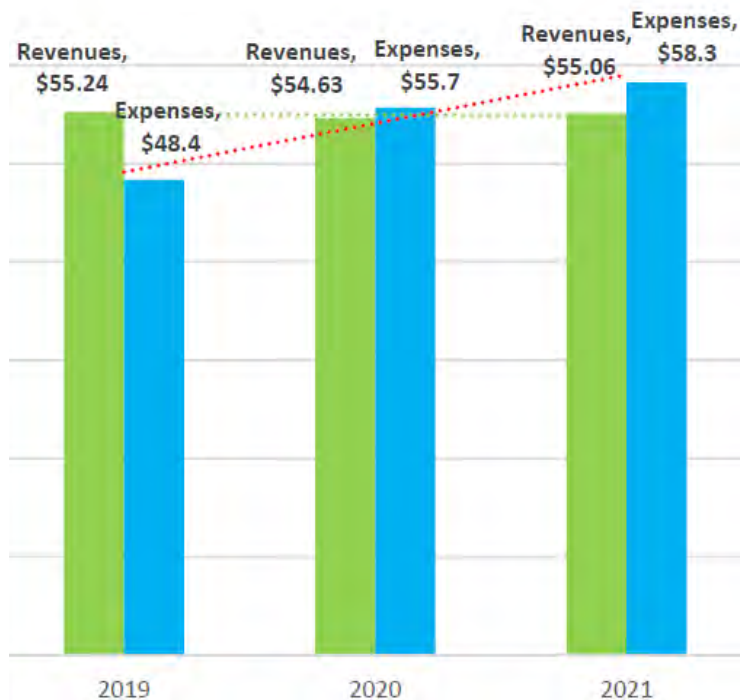
Governor Leon Guerrero allotted PAG \$15M in American Rescue Plan Funds in November 2021. These will fund PAG’s capital projects and the shortfall on bond projects. With this additional funding to free PAG’s reserve fund, the agency can move forward with purchasing one new gantry crane. PAG Management is working with its Owner Agent Engineer to develop the Ship-to-shore gantry crane’s specifications for procurement.

### Oracle Enterprise One (E1) Financial Management System (FMS)

In May 2021, PAG’s E1 FMS went live. It has several modules, including General Accounting, Accounts Receivable, Accounts Payable, Fixed Assets, Budgeting, Payroll, Human Resources, Procurement, and Inventory. The system also can streamline processes that reduce non-value activity such as paper filing, spreadsheet reconciliations, manual calculation of interests and collection of late payments, manual inventory processes, and manual financial document delivery. Additional capabilities include the ability to fully implement Job Costing and Work Order system that integrates to General Ledger and other financial modules, which was not possible with the previous system. But most especially, the new system possesses the ability to move homegrown systems such as invoicing, check printing, W2 processing, requisition and purchase order processing, and financial required reports into the new E1 FMS.

### Management Letter

Independent auditors issued a Management Letter that identified three findings and recommendations. The first one was



a repeat finding on lease agreements, where PAG has not finalized recent lease agreements with four tenants. In addition, two new findings were identified: (1) five employees were not identified in their staffing pattern payroll listing, and (2) stevedoring charges were incorrectly calculated.

For more details, refer to the Management’s Discussion and Analysis in the audit report at [www.opaguam.org](http://www.opaguam.org) or [www.portguam.com](http://www.portguam.com).

### Procurement Division Conducts Training on Small Purchases



The Port Authority’s Procurement Division conducted a workshop for other divisions on the Procurement Process for Small Purchases.

The training was opened by remarks from General Manager Rory J. Respicio and then Procurement staff members explained the government’s practice of acquiring goods and services through the lowest priced competitive source selection and the various methods in purchasing items through the Request for Quote (RFQ) process. A refresher for those who attended the workshop a year ago, the areas discussed included Small

Purchases/Request for Quote (RFQ), Blanket Purchase Agreements (BPA) Draw Down Method, Sole Source, and Emergency Procurement. “This training will assist personnel in efficiently acquiring goods and services needed on behalf of their individual divisions,” said General Manager Rory J. Respicio.

When procuring goods and services, it is the end-users responsibility to ensure funding is available and to conduct the market research to obtain at least two (2) price quotes for the items to be purchased. The requisitioner must include the determination of need or justification for items needed and it is also their responsibility to ensure that the requisition routes through E1 system for processing.

According to Procurement staff, requisitions entered into E1 should provide detailed descriptions for the items sought to ensure that Buyers can properly cast the needs of the end user. The processing is delayed when vendors come back with questions and needing more information on the items requested.

Buyers will cast out RFQ to up to six (6) vendors and a minimum of three (3) positive written quotes is required to execute a purchase order. Requisitions will be bounced back if funding is less than the quotes received, if justification/determination of need is not included, or for lack of information with specs.

The Procurement staff stresses that employees should never accept or commit to the purchase of a product of service before a purchase order has been issued. If at any time in the process help is needed, they are always available to provide assistance.

Welcome to our new Port Police Assistant Chiefs Roseanna T. Castro and Victor M. Camacho!



Roseanna Castro graduated from Marquette University in 1995 with a Bachelor of Arts degree in Political Science and Criminology and Law Studies. She began her career in law enforcement after graduating from the 1st Customs and Quarantine Cycle in 1996. She then worked as a Parole Officer at the Department of Corrections before moving to the Superior Court of Guam as a Probation Officer. Ms. Castro’s community supervision career at the Judiciary spanned over 25 years, where she assisted justice-involved minors on Juvenile Probation, and Adult offenders of Family Violence and DUI. For the last 14 years, Ms. Castro supervised individuals with substance-use issues and worked with treatment providers and other community partners to help them on the road to recovery.

Ms. Castro was also the first law enforcement officer from the Judiciary to be deputized as a Federal Task Force Officer for the Drug-Enforcement Administration, where she worked to investigate drug related crimes.

Ms. Castro received her Master of Public Administration Degree from UOG in 2017 as a participant of the pilot JOG-UOG Cohort.

Ms. Castro hails from the village of Dededo and for the last several years, has resided in God’s Country, Talafofo. Assistant Chief Castro is grateful and excited for the opportunity to join the Port family and is committed to the Port Police’s vision of protecting those we work with, those we work for, and those who work for us.



Prior to joining the Port, Victor Camacho held the position of Deputy Marshal Supervisor with the Judiciary of Guam assigned to the Security Services Section. He began his law enforcement career with the Guam Police Department in 1998 as a volunteer police reservist. Upon completing the 6th Basic Law Enforcement Academy in 1999, he transitioned to a full time police officer with the 41st Guam Police Cycle, serving as a police officer for 16 years and was a part of the 5th SWAT Cycle.

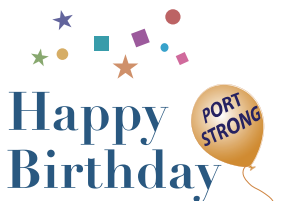
From 2013 to 2015, Camacho served as a Special Deputy U.S. Marshal, where he worked with the U.S. Marshals Violent Fugitive Task Force, also known as the “Taotaomona Task Force.”

Camacho graduated from the University of Guam with a Bachelor’s of Science in Criminal Justice and a Minor in Public Administration. He also received his Master’s in Public Administration from the University of Guam as part of the Judiciary of Guam’s Cohort Pilot Program.

Camacho also serves as an enlisted military member with the United States Coast Guard reserve as a Second Class Petty Officer Machinery Technician, assigned to the small boat operations in Station Apra Harbor Guam.

Camacho is married with three children and heartily enjoys his time with family, to include the outdoors from long range shooting, hunting, and off-road recreational activities.

Port Employees Celebrate May Birthdays



- Adonay, Wilfredo B.
- Susuico, Joseph F.
- Babauta, Gregorio L.
- Pinaula, Simon S.
- Flores, Richard P.
- Yoshida, Ken A.
- Manibusan, Frank C.

- Aguon, Christopher John D.
- Baza, Luis R.
- Roth, Kenneth B.
- Aguon, Helen S.
- Alvarez, Dale C.
- Concepcion, Michael C.
- Casupang, Rhroda B.
- Aquiningoc, Jacob Q.
- Peregrino, Romeo R.
- Calvo, Denise J.
- Chargualaf, Cole D.
- Fukuda, Herbert C.
- Crisostomo, Cris B.

