



NEWSLETTER

PORT AUTHORITY OF GUAM

AUGUST 2023

Board of Directors

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General Manager

Dominic G. Muna
Deputy General Manager Operations

Pacifico R. Martir
Deputy General Manager Administration and Finance



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4th Consecutive Year Designation as Low-Risk Auditee



The Port Authority of Guam has once again achieved low-risk auditee status. This is the fourth 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 Ernst & Young (EY), rendered the unmodified (clean) opinion of the Port for FY 2022 financial statements and compliance over major federal programs. Also, no material weaknesses and significant deficiencies in internal controls were identified by the auditors.

“These clean, low risk status audits for the past four years demonstrate strong leadership and management from the GM and his team of dedicated, qualified, and Port-strong employees,” Public Auditor Benjamin J.F. Cruz said. “The Port’s level of professionalism and attention to the Rule of Law, transparency, and accountability is admirable.”

PAG Achieves Net Position Growth of 12.6M

PAG concluded FY 2022 with a net position of \$26.4 million (M), marking an increase of \$12.6M (or 91%), from FY 2021’s net position of \$13.8M. These were due to significant increases in net nonoperating revenues by \$14M (or 1892%), from \$754 thousand (K) in FY 2021 to \$15.0M in FY 2022. The increase in net nonoperating revenues is primarily due to the \$15M grant received from the American Rescue Plan Act of 2021 Fiscal Recovery Funds as a reimbursement for COVID-related expenses. PAG also received contributions from U.S. Government capital grants of \$560K in FY 2022, specifically from the U.S. Department of Transportation Maritime Administration for construction deficiencies and equipment purchases. These increases were offset by the loss from operations of \$3.0M in FY 2022.

Increases in Containers Handled

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and Rental Revenue Drive Growth in Operating Revenues

PAG's operating revenues increased by \$2.6M, from \$55.1M in FY 2021 to \$57.7M in FY 2022. The increase in operating revenues was primarily due to the increases in equipment and space rental and cargo throughput charges. Specifically, PAG had an increase of \$1.3M in equipment and space rental revenue, due to an increase in the demurrage fees charged to shipping agents for storing cargo on PAG's terminal facilities. During FY 2022, PAG handled 89K containers, reflecting a 3% increase from FY 2021's container cargo count of 87K. Additionally, PAG handled 141K tons of non-containerized cargo, a 30% rise from FY 2021's 109K tons of non-containerized cargo. These cargo increases resulted in increases for certain revenue categories, notably a \$1.2M increase in cargo throughput charges, climbing from \$34.8M in FY 2021 to \$36.0M in FY 2022. The increase in operating revenues is also attributable to the increases in wharfage charges by \$218K and crane surcharges by \$43K. These increases are offset by the decreases in other operating income by \$81K and special services revenue by \$3K.

Rising Retiree Healthcare and Other Benefits Costs Lead to Increase in Operating Expenses

PAG's operating expenses increased by \$2.4M, from \$58.3M in FY 2021 to \$60.7M in FY 2022. The increase is primarily due to rising costs in retiree healthcare and other benefits, as well as infrequent expenses such as a bathymetric survey of the F1 Dock substructure, the demolition and disposal of five inoperable cranes and sunken barges, and Guam Power Authority's billing adjustments. PAG experienced increases in general expenses and retiree healthcare and other benefits, both of which increased by \$1.0M compared to FY 2021. Additionally, there were increases in stevedoring services by \$452K, utilities expenses by \$405K, management and administration costs by \$209K, insurance expenses by \$146K, and facility maintenance expenses by \$49K. Furthermore, there were expense decreases of \$541K in transportation services, \$193K in terminal services, \$114K in depreciation expenses, and \$37K in equipment maintenance costs.

Governor Lou Leon Guerrero said, "I commend and congratulate the Port Authority for protecting their Low-Risk Status for a 4th consecutive year." Lt. Governor Josh Tenorio added, "I want to congratulate the Board of Directors and the management and staff for yet another major success in the area of their finances."

With regard to debt service, the Audit noted that as of September 30, 2022, the Port had \$67.0M in outstanding revenue bonds, a decrease from the \$69.8M balance as of FY 2021 due to principal payments. Under the bond indenture of the 2018 Series Revenue Bonds, the Port is required to maintain a minimum debt service coverage of 1.25 in relation to net revenues versus annual debt service. In Fiscal Year 2022, the Port's Annual Debt Service Coverage Ratio was 3.66. As of October 19, 2022, S&P Global Ratings maintained its outlook of the Port as stable and its long-term rating on the Port's outstanding series 2018 Port Revenue Bonds as 'A' and has opined that

the Port's financial risk profile is strong due to "its strong financial performance, strong debt and liabilities capacity, and adequate liquidity and financial flexibility."

Legislative Oversight Chair Senator Amanda Shelton sent her praise to the Port on the latest audit.

"As Oversight Chair I want to congratulate Port management and staff for the 4th consecutive clean audit," Shelton said. "The results of this audit confirms that the Board for the last four years continues to usher in a new level of excellence. Furthermore, I am hoping that my colleagues will assist me in moving forward with the governor's nominees and keep the continuity of this leadership."

Port General Manager Rory J. Respicio said he wants to recognize Port Chief Financial Officer Jojo Guevara and the Finance team for their work on this matter.

"We have a great team at the Port, and everyone works very hard to meet what is expected from us – fairness, transparency and accountability which are all elements of good governance," Respicio said. "This audit affirms that we have been on-target with the directives put in place by Governor Lou Leon Guerrero, Lt. Governor Josh Tenorio and our Board of Directors."



Board Unanimously Approves FY24 Budget



The Port Authority of Guam Board of Directors unanimously approved the agency's budget for Fiscal Year 2024 during the monthly board meeting held on August 31, 2023.

The board members approved the new budget, projecting total revenues of \$52,479,716, which is \$1,277,451 less than the previous year's projected revenues of \$53,757,167 and FY 2024's total expenses of \$51,199,336.

To arrive at a feasible revenue forecast, the Port Authority utilized a formula considering Guam's economic growth to project an added 2.5% increase in cargo-related proceeds to arrive at a realistic revenue projection for the agency. Using fiscal prudence, the Port's total expenses were based on the needs of each division and annual obligations to include yearly debt service of \$5.7 million, maintaining a Debt-Service Coverage Ratio (DSCR) of 1.25, days cash on hand – 500, and funding for capital improvement projects from bond, federal and local funding sources.

"We continue to use a 'bottom-up zero-based budgeting' approach which focuses on financial accountability and sensible spending strategies while identifying cost-saving alternatives, which has proven successful for FY 2021, FY 2022, and FY 2023," said Port General Manager Rory J. Respicio. "Along with this, we secured new federal funding opportunities for the Port's equipment

acquisition and yard expansion program. I thank our Board of Directors for their support and for recognizing that this FY 2024 Budget demonstrates our best estimation of the upcoming fiscal year's resources, operational, and capital requirements. These numbers provide realistic valuations for the Port's financial position for FY 2024."

With the projected numbers on revenue and expense, the funds available for debt service will result in a debt ratio of 1.51%, which is .25 or 20% higher than the required debt service ratio of 1.25 for FY 2024.

Also Included in this budget are the vacancy pool of \$1.2 million, CIP pool of \$1.4 million, and equipment pool of \$900K, allowing the General Manager the flexibility to prioritize spending for each category with final approval from the Board of Directors for the procurement process.

"We have been spot-on achieving our revenue projections while spending significantly less than what we have been authorized to spend, and our decisions are prudent and transparent," said Respicio.

Additionally, the Board of Directors passed a survivability clause that states, "in the event that no new and superseding annual budget is promulgated by the Port Board of Directors at the conclusion of Fiscal Year 2024 or at any time after

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that, even for subsequent fiscal years, this herein Port Authority of Guam FY2024 annual budget shall be the continuing decree of the Board until otherwise superseded. In this event, the General Manager is commanded to continue to administer the Port Authority of Guam FY2024 annual budget in the absence of any supplanting annual budget or official edict of the Board to the contrary, except that the General Manager is authorized to exercise discretion to increase spending in any form over and above that provided by this Port FY2024 annual budget by an amount calculated at up to three percent (3%) compounded for each consecutive fiscal year after FY2024.”

“With two remaining board members, whose terms are in a holdover status, and two of the Governor’s nominees awaiting confirmation, and without a quorum because of pending legislative

confirmation, we had to find a legal way for the Port to remain solvent, providing uninterrupted services to the community and to remain operational,” said Respicio. “We thank Governor Lou Leon Guerrero and Lt. Governor Josh Tenorio for their timely appointments, and our Legislative Oversight Chair, Senator Amanda Shelton, for continuing to support the Port by putting the Governor’s nominees on the Legislative floor and working to secure a full board for the Port Authority of Guam.”

The Board also approved a provision allowing the General Manager to go before the Guam Public Utilities Commission if in the event the Board does not have enough members to make a quorum due to insufficient constitution of its members.

A copy of the approved FY 2024 budget will be uploaded on the Port’s website at www.portofguam.com.

Port and MARAD Meet with Governor Lou Leon Guerrero



On August 25, 2023, the Port Authority of Guam had the privilege to host one of its major federal partners, the U.S. Department of Transportation Maritime Administration (MARAD). The purpose of the visit was for MARAD’s Grant Project Management/Engineering Team (Mr. David Bohnet – Grant Management Supervisor and Mr. Gustavo Vecino – Civil Engineer) to programmatically close out the \$50 Million Port Modernization Program (PMP) which included the Guam Commercial Port Improvement (GCPI)

Project and the Construction Deficiencies and Equipment Procurement grant agreement.

The day started with a close-out presentation of the PMP. The presentation was developed and based on MARAD’s proposed agenda which highlighted all completed projects, their costs, awarded contractors, and completion dates. In addition, the following topics also were discussed:

- MARAD’s U.S. Marine Highway Program: Guam Marine Transportation Enhancement

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Initiative Acquisition of Specialized Container Yard Equipment

- RAISE 2021: Wharves Service Life Extension Hardening of F1 Pier and Wharves F1-F6

Following the meeting, the MARAD team visited different Port sites to validate the completion of the projects and at the same time take photos of the completed projects.

One of the day’s highlights was a visit to Governor Leon Guerrero by MARAD Deputy Associate Administrator Tretha Chromey and Mid-Pacific Gateway Region Director Gus Hein, along with PAG General Manager Rory J. Respicio and Chief Planner Joe Javellana. Some of the topics discussed included:

- The crucial need for the Port to acquire new STS Gantry Cranes: Governor Leon Guerrero emphasized the Port’s significance to INDOPACOM’s Pacific Deterrence Initiative,

the ongoing military buildup and the need to replace the Port’s aging cranes;

- The importance of the Port’s resiliency and sustainability initiatives that included replacing aging and damaged fuel piers and rehabilitating its wharves and infrastructure;
- The Build America, Buy America Act (BABAA) Waiver impact to Guam and the territories;
- The work to advocate and support the establishment and adoption of MARAD block grants that are currently not available. Under the U.S. Department of Transportation, FAA (air) and FHWA (land) block grants are funded annually with a set amount that does not require the submission of a competitive grant application; and
- The improvement of Port and MARAD collaboration on priority resilience and sustainability projects.



Port Officials Meet with FEMA on Mawar Resilience Project

Port General Manager Rory J. Respicio met with the Federal Emergency Management Agency (FEMA) officials on August 10, 2023 to discuss recovery and resiliency projects related to Typhoon Mawar.

Respicio and other Port officials met with FEMA Janet Yocum, PMP, Operations Planner of the Response Division of FEMA's Region IX Pacific Area Office as well as officials from the U.S. Army Corps of Engineers. Discussions involved FEMA's Typhoon Mawar Resilience Project and the needs of the Port Authority of Guam. Through the Mawar Resilience Project, FEMA is working with many subject matter experts to do very thorough site inspections of physical as well as non-physical components of Critical Infrastructure identified by the federal interagency and the Government of Guam. Under this project, FEMA inspection of Critical Infrastructure is not limited to only storm damaged areas. FEMA completed inspections will be elevated to the federal interagency to explore all avenues of funding that may be applied (not only FEMA or DHS Port money) to build a more resilient Guam.

"I truly appreciate FEMA's willingness to explore all areas to help us fund critical projects including via MilCon projects," said Guam Governor Lou Leon Guerrero. "FEMA has been a great partner to Guam and we look forward to more conversations and work on the important needs of our island as well as our island's only commercial seaport."

Discussions in the meeting centered on leveraging military construction (MilCon) projects as a way to include work related to the Port Authority of Guam. Yocum said they were impressed with how the Port secured for the typhoon and how quickly the agency was able to become fully operational only three days after the storm passed. Discussion shifted to how FEMA can leverage their funding projects with the needs of the Port, including the updated 2023 Port Modernization Program.

"Shifting from a modernization mode to a now more pronounced resiliency and readiness mode of management, infrastructure hardening and operation, it is clear that FEMA understands how critical the Port is to our region, the Department of



Defense and the rest of the world," said Guam Lt. Governor Joshua Tenorio.

Respicio added that this meeting shows how the geopolitical climate in the Indo-pacific region has a very significant impact on the federal government's willingness to fund port projects to ensure the security of our region.

"Looking forward, the Port continues to develop its maintenance and capital improvement projects, however, the new Master Plan pivots to a focus on Geopolitical issues and how the Port will be able to reposition itself so that the Department of Defense becomes the Port's biggest consumer," Respicio said.

The Port will be providing FEMA with relevant Port data that will allow FEMA engineers to review, validate and recommend funding solutions and opportunities for Port priority initiatives that will enhance infrastructure and equipment resiliency, improve operational capabilities and capacity, bolster supply chain sustainability, and protect the Port IT/TOS/FMS systems from cyber attacks. The Port also will be providing FEMA with a copy of the 2023 Port Master Plan update as well as condition assessments and reports supporting the Port's most pressing challenge which includes STS gantry crane acquisition, fuel piers and wharves upgrades, and container yard equipment needs.

Port Officials Attend Association of Pacific Ports' Annual Conference



Officials from the Port Authority of Guam attended the Association of Pacific Ports (APP) 109th Annual Conference that was held August 13 – 16, 2023 in Long Beach, California. This annual event brings together members to share best practices, lessons learned, peer-to-peer networking, and professional development. This year's conference covered agenda topics relevant to member ports such as workforce development, security (including cybersecurity), environmental initiatives, and future infrastructure projects, as well as a land tour of the Long Beach Port and an up-close look at one of their terminals.

“As a member of APP for more than 25 years, the Port Authority of Guam has seen the benefits of attending the annual conference – from learning through the past experience to understanding challenges, best practices and latest developments from other member ports,” said General Manager Rory J. Respicio.

Respicio participated in the first day of the conference as one of the Maritime Administration (MARAD) Town Hall panel members that led discussions to identify the most pressing issues,

opportunities, and challenges facing ports around the Pacific.

Respicio shared some of the Port's achievements to include the Port Modernization Program, financial management system upgrades, terminal operating system upgrades, the \$50 million MARAD Port Modernization Project and the Masterplan Update which supports the Pacific Deterrence Initiative and the Indo-Pacific Strategy. “If the Port isn't ready, the military won't be ready for the buildup,” emphasized Respicio.

On the third day of the conference, Respicio gave a presentation on the Port of Guam recovery efforts from Typhoon Mawar. As part of standard operating procedures for typhoons, he shared the measures taken by the Port to prepare the terminal yard, secure offices, buildings and facility, IT equipment, cargo handling equipment, and the extra measure to wrap the gantry engines in plastic to mitigate water and wind damage.

Respicio recognized and thanked the Federal Emergency Management Agency (FEMA) team members who also were presenters at the

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conference. He shared how FEMA had staff on Guam to provide assistance even before COR 1 was declared by the Governor of Guam. "I want to thank the FEMA family for all you've done for the island and everyone in the Pacific," Respicio said. "They were boots on the ground giving support to Governor Lou Leon Guerrero and Lt. Governor Josh Tenorio and the community every step of the way."

Respicio shared that the Port's recovery and ability to be operational in just three days was due to the commitment and hard work of Port employees, coupled with guidance from the Governor and Lt. Governor, and working alongside all stakeholders to bring service back to the community.

"The Port's recovery from Mawar's destruction is a result of the dedicated Port Strong employees and the tremendous amount of support received from Governor Lou Leon Guerrero, Lt. Governor Josh Tenorio, our Board, our federal and local partners, and industry partners," Respicio said.

"Our Port Strong Spirit is what enables us to continue to push through all the challenges to ensure that the Port remains the lifeline to our community during times of disaster."

Special mention was given to the Port Marketing Division for their role in writing and disseminating daily news releases to all media platforms keeping the community informed and updated on the Port's recovery. "The daily issuance of news releases kept island residents advised of the Port's recovery status, the arrival of vessels and the cargo being offloaded onto the docks, which gave everyone a sense of confidence that goods and supplies continue to be delivered in the community."

Also attending the conference was Board of Directors Member Conchita Taitano, Chief Planner Joe Javellana and CIP Manager Clarence Lagutang. The 110th Annual Conference will be hosted by Taiwan International Ports Corporation in 2024.



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INDUSTRY BRIEFS

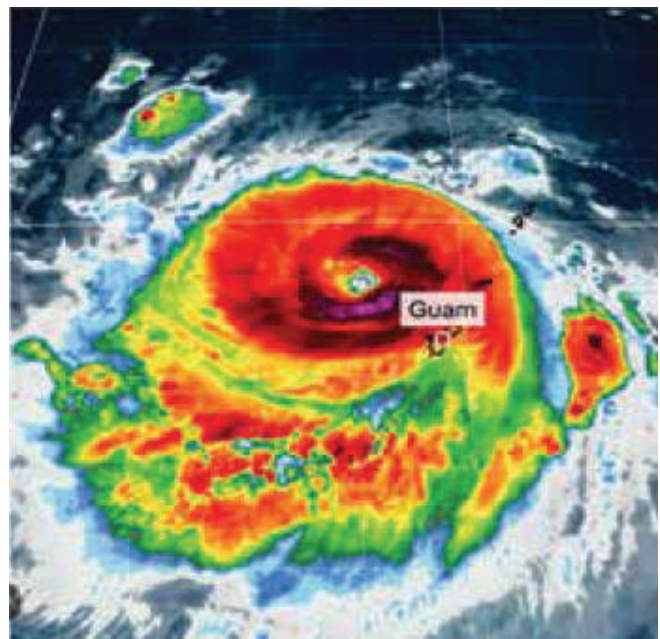
Port of Guam recovery efforts - and communications - nothing short of stellar following Super Typhoon Mawar

On the night of May 24, Super Typhoon Mawar passed directly over Guam. The strongest typhoon to hit the area in over two decades, Mawar brought sustained winds upwards of 150 miles per hour, intense periods of rainfall and wave heights over 40 feet. The Typhoon had a significant impact on the Port of Guam — Piers F3, F4, F5 and F6 were left with varying degrees of damage; portions of the fender system were damaged or broken off; flooding occurred at the container yard and empty containers as well as Port vehicles were damaged. Extensive damage was also done to the Hâgat and Hagâtña Marinas.

By the morning of May 28, U.S. Coast Guard Captain Nicholas Simmons, Captain of the Port, and Port General Manager Rory J. Respicio, had issued the all-clear from both the waterway perspective and the dockside. Working with partners from the U.S. Coast Guard, the Federal Emergency Management Agency, Matson and many others, Respicio and his team are to be congratulated for their tireless efforts in returning the Port to working condition in record speed.

“The Port received substantial damage to our facilities and our Port Strong Family has been working to get the Port up and running,” Respicio said. “With the leadership of Governor Lou Leon Guerrero and Lt. Governor Joshua Tenorio, along with our Board, we have been working diligently with our industry partners for the last 48 hours and the Port is ready.” Indeed, the Port Team welcomed Matson's Maunawili on May 28, followed by a vessel from APL and two additional Matson vessels over the next few days.

While the dedication and efforts of the Port of Guam team



to restore the Port to working condition — something that was critical to the well-being of the Island's 170,000 residents — were nothing short of stellar, the Port's updates and communications throughout the recovery can serve as a lesson in best practices for all. Throughout the month of June and into July, the Port was posting updates (sometimes more than one) on a daily basis. The information provided was clearly written, succinct, and useful.

The Port of Guam is to be congratulated on a well-executed strategy that not only proved their resiliency in the face of a crisis, but demonstrated a key part of that strategy was keeping stakeholders up to date.

The Government of Guam will be fully self-insuring for its Fiscal Year 2024 GovGuam Group Health Plan. Though coverage and benefits will remain generally the same as prior years, employees can expect lower premiums than they would have paid with a private insurance carrier. The Office of the Governor issues the following Frequently Asked Questions (FAQs) on Self-Insurance:

1. What is a self-insured health plan?

Answer: A self-insured group health plan (or 'self-funded' plan, as it is also called) is one in which the employer assumes the financial risk of providing health care benefits to its employees. In practical terms, self-insured employers pay for each out-of-pocket claim as it is incurred instead of paying a fixed premium to an insurance carrier which is known as a fully-insured plan.

2. How does this impact my coverage?

Answer: For the most part, your coverage and benefits will remain the same. However, it should be noted that from year to year, health insurance coverage and benefits vary slightly, even when insured by a private insurance company.

3. Can I continue going to the same doctor?

Answer: For the most part, yes. Since the insurance plan will be administered by Calvo's SelectCare, doctors and clinics currently part of their provider network will still be a part of it. Of course, doctors and clinics can choose to opt out of Calvo's SelectCare's provider network at any time, just as they have always been able to opt out of the network.

4. What is a Third Party Administrator (TPA)?

Answer: A TPA is a company that provides administrative services for self-insured plans. They handle tasks such as claims processing, provider network management, member support, and data analysis.

5. What role does a TPA play in a self-insured plan?

Answer: The TPA acts as a service provider, assisting the employer in managing the day-to-

day operations of the self-insured plan. They handle various administrative tasks, including claims adjudication, facilitating communication between employers and employees, and ensuring compliance with regulatory requirements.

6. Why do employers choose to work with a TPA for their self-insured plans?

Answer: Employers often partner with a TPA because they have the expertise and resources to effectively manage the complexities of self-insured plans. TPAs can provide cost-effective solutions, expertise in compliance matters, access to provider networks, and data analysis capabilities.

7. How do employers select a TPA for their self-insured plan?

Answer: When selecting a TPA, employers should consider factors such as the TPA's experience and reputation, their ability to meet the specific needs of the employer's industry and employee population, the range of services provided, cost considerations, and their technological capabilities.

8. What are the benefits of partnering with a TPA for a self-insured plan?

Answer: Working with a TPA can help employers streamline administrative processes, improve cost control efforts, ensure compliance with regulatory requirements, enhance member support, and gain access to valuable data and analytics for decision-making purposes.

9. Are there any potential challenges or risks associated with using a TPA for a self-insured plan?

Answer: While TPAs can offer many benefits, it's important for employers to carefully evaluate the reputation, financial stability, and track record of potential TPAs. Additionally, employers should ensure that clear communication and expectations are established to avoid any misunderstandings or issues down the line.

10. Can self-insured employers protect themselves against unpredicted or catastrophic claims?

Answer: Yes. While the largest employers



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have sufficient financial reserves to cover virtually any amount of health care costs, most self-insured employers purchase what is known as stop-loss insurance to reimburse them for claims above a specified dollar level. This is an insurance contract between the stop-loss carrier and the employer, and is not deemed to be a health insurance policy covering individual plan participants.

11. Who will administer the claims?

Answer: The TPA will adjudicate and process all claims. The TPA will advise GovGuam of claims, and GovGuam will send authorization to draw from the account and send payments directly to the providers.

12. What about payroll deductions?

Answer: Any payments made by employees for their coverage are still handled through the employer's payroll department. However, instead of being sent to an insurance company for premiums, the contributions are held by the employer and placed in a special fund set up to draw funds to pay providers.

13. Is self-insurance the best option for every employer?

Answer: No. Since a self-insured employer assumes the risk of paying the health care claim costs for its employees, it must have the financial resources (cash flow) to meet this obligation, which can be unpredictable. Therefore, small employers and other employers with poor cash flow may find that self-insurance is not a viable option. It should

be noted, however, that there are companies with as few as 25 employees that do maintain viable self-insured health plans.

14. How many people receive coverage through self-insured health plans?

Answer: According to a 2000 report by the Employee Benefit Research Institute (EBR), approximately 50 million workers and their dependents receive benefits through self-insured group health plans sponsored by their employers. This represents 33% of the 150 million total participants in private employment-based plans nationwide.

15. Do current TakeCare members have to complete enrollment forms since they are not being offered?

Answer: No. Current members will automatically be enrolled in the servicing TPA's, SelectCare for medical and NetCare for dental. Members will be enrolled in the same plan and class. A form must be completed for any changes.

16. What do I need to do to enroll?

Answer: You must complete an enrollment form during the Open Enrollment Period.

17. Will I maintain my current clinic under TakeCare with SelectCare?

Answer: SelectCare's provider list is similar to TakeCare's. Members will experience minimal to no disruption. Members are encouraged to verify with their doctors if they accept SelectCare.

Defined Benefit 1.75 Enrollment and Q&A Schedule



GOVERNMENT OF GUAM
RETIREMENT FUND
 STABILITY SECURITY REWARDS



Date	Time	Location	Presentation
September 11, 2023	10 a.m. - 12 p.m.	Board Conference Room	On-Site Representative
September 18, 2023	10 a.m. - 12 p.m.	Board Conference Room	On-Site Representative

Delegate Moylan Meets with Port Officials



Port General Manager Rory J. Respicio met with Guam's Delegate to the United States House of Representatives James Moylan on August 10, 2023 to discuss matters critical to the Port Authority of Guam.

Respicio was joined by Deputy General Managers Dominic Muna and Pacifico Martir. Following the meeting in the main Administration Building, Respicio took Moylan on a tour of the Port facilities.

During their meeting, discussions centered on the need for new cranes for the seaport as well as the updated Port Modernization Plan. The Port's 2023 Masterplan has been approved by the board and is now going through public input and review for final adoption. The Master plan will further enhance the Port's core capabilities, achieve resiliency and implement new strategies based on the agency's financial, operational and sustainability needs. The Port's Masterplan defines its near-term and long-term approach to modernization, maintains fiscally viable operations and promotes increased awareness and consensus on its approach toward becoming sustainable and more energy efficient. The updated Master Plan will modernize facilities and services while recognizing the evolving priorities of Guam's community and the Western Pacific Region.

The Port general manager also discussed the INDO-PACIFIC strategy and Pacific Deterrence Initiatives critical to our part of the world. General Manager Respicio pointed out that looking forward,

the Port continues to develop its maintenance and capital improvement projects, however, the new Master Plan pivots to a focus on Geopolitical issues and how the Port will be able to reposition itself so that the Department of Defense (DOD) becomes the Port's biggest consumer.

"Over the past few years, the Port has engaged in various in-person meetings with federal partners and DOD leadership, including Vice Admiral Michelle C. Skubic, in order to share the Port of Guam's unique funding challenges and how DOD remains crucial to the Port's readiness and our ability to serve the entire region," Respicio said. "These discussions are critical as we all recognize Guam's strategic importance to the efficiency and reliability of the nation's supply chain. This includes carriers operating in the Pacific and local and military cargo that flows in and out of Guam and throughout the region."

Respicio told the delegate that the Port's \$50 Million Port Modernization Project was "Chapter 1" in our efforts to address DOD concerns that the Port would be an impediment to the military buildup. "Chapter 2" is now the gantry cranes, he said. To give some perspective, the Port currently utilizes three used gantry cranes that are more than 40 years old and based on consultant reports, they will reach the end of their expected service life and will need to be replaced next year. The three cranes can meet the forecasted demand for the DOD buildup. But if just one (1) of those

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cranes goes out of service prior to replacement, it will delay the military buildup by four (4) years! If two of those old cranes go out of service, the Port would not be able to meet commercial demand or the DOD mission.

Respicio indicated that the Port has applied for federal grants and loans to secure gantry cranes and is developing the STS gantry cranes specifications for procurement.

“The acquisition of new STS gantry cranes would be the first new crane the Port would procure in its 47 years of autonomy as past and current

cranes have been second-hand equipment owned by other American ports,” Respicio said. “We are pursuing every opportunity for the Department of Defense and the Department of Transportation Maritime Administration to become major benefactors in the Port’s acquisition of new cranes, as well as the replacement of yard equipment, and the rehabilitation of wharves and aging facilities.”

Respicio told the delegate that the Port looks forward to any assistance he can give on our efforts to upgrade and modernize our island’s only commercial seaport.

Port Participates in Protehe Todu 2023

The Port Authority of Guam participated in the unified exercise Protehe Todu 2023 that took place on August 25, 2023 within the Port facility. The 2023 Guam Area Maritime Security Exercise and Training Program (AMSTEP) Full-Scale Exercise was hosted by U.S. Coast Guard (USCG) Sector Guam and the Guam Area Maritime Security Committee (AMSC).

The purpose of the exercise was to provide participants an opportunity to evaluate their security plans and procedures in an effort to maximize a well-coordinated, multi-agency response to a series of transportation security incidents in the Port of Guam, threats to local critical/common infrastructure, and response to a cyber-incident. In addition to testing the Guam Area Maritime Security Plan and company/agency/departmental security plans, the exercise was designed to allow the participating agencies to examine and improve how their plans interact and coincide with plans from other agencies.

Partner agencies for the exercise included Port Authority of Guam, USCG, FBI, U.S. Attorney’s Office, Department of Homeland Security, Guam Fire Department, Guam Homeland Security/Office of Civil Defense, Guam Customs & Quarantine, Customs & Border Patrol, Guam Police Department, Marianas Region Fusion Center, Matson Navigation, American President Lines, Marianas Express Lines, South Pacific Petroleum Corporation, TriStar, Isla Petroleum



& Energy, ExxonMobil, Cabras Marine, Joint Region Marianas, Naval Base Guam, 94th Civil Support Team, EOD Detachment Marianas, Coast Guard MSD Saipan, Guam Office of the Attorney General, Guam Army National Guard, Guam Power Authority, and Guam Waterworks Authority.

Honey Bees Found in Port Terminal Yard

On the morning of August 3, 2023, Port Authority of Guam employees working within the Port Terminal Yard identified a colony of honey bees attached to a chassis connected to a rig.

The Port Safety office received the call from Cargo Checker Supervisor Paul San Nicolas who then made contact with the Guam Department of Agriculture's Biosecurity Division to mitigate the colony.

By noon that same day, the biosecurity team arrived on the scene to identify and collect the misplaced honey bee colony by applying smoke to hinder the scent of the queen pheromone. The honey bees were then scooped into a 5-frame box loaded with honey. This allowed the queen bee from the swarm to be attracted to the box. After 30 minutes of applying smoke to the swarm, the honey bees immediately moved into the box.

The colony was identified as the European Honey Bee (*Apis mellifera*) and was successfully collected by 1:34 p.m.



10 Honey Bee Facts



ATOSSCOM Executives Members Meet in Guam



Executive Committee members met on August 15 and 16, 2023 at the Port Authority of Guam to finalize the 48th Annual Conference which will be held in the Federated States of Micronesia (FSM), Pohnpei. The committee also adopted updates to the organization's by-laws and constitution.

Interns' Day of Service Clean-up and Farewell Luncheon



The Port Authority of Guam's Governor's Summer Youth Employment Program (GSYEP) interns participated in a Day of Service cleanup on Wednesday, August 2 along Route 1 from Fisheye Park to the Veterans Cemetery in Piti. With the GSYEP officially ending on August 4, the Port decided to host their farewell luncheon on the same day.

"We've had the opportunity to bring in 52 summer youth interns under this program and have spent the past five weeks teaching them what it means to be a good public servant," said Port General Manager Rory J. Respicio. "I hope that they leave us with an appreciation for the work

our Port Strong Family does for the island and an understanding of how all Government of Guam agencies work together for the advancement of our community."

"Every year we are seeing an overwhelming demand for this summer employment program, and we are proud of our island's youth for using their summer months to gain valuable work experience," said Governor Lou Leon Guerrero.

The Governor's Summer Youth Employment Program is a five-week program for teens ages 14 to 17. This year, interns focused on island and agency recovery. Last year's cleanup collected over three tons of trash.

August Photo Highlights



Deputy General Manager Dominic G. Muna speaks with Operations Division employees regarding work schedules on August 29, 2023.

August Photo Highlights Continued

Congratulations to Jojo Guevara on his recent promotion to Chief Financial Officer for the Port Authority of Guam. Jojo has worked for the Port Authority for more than 20 years, starting his tenure as the General Accounting Supervisor. Thank you for your service and for ensuring the Port maintains fiscal responsibility in managing its income and expenses.



Port Employees were recently issued the latest in safety protective headgear manufactured by Green Devil. The new OSHA compliant hard hats come with a visor and ear protection and are ideal for industrial and construction professions. The safety helmet is made of high impact penetration resistant materials, lightweight, strong and comfortable.

HAPPY
Birthday
TO YOU

RUDOLPH C. SALAS	JOANN B. CONWAY
SHINE A. SAN AGUSTIN	MICHAEL G. LASISTE
LEANN M. MEEKS	MARK A. CABRERA
LOUIS A. PALOMO	DORA J.C. PEREZ
ANGELA M. CABRERA	ANGELINA B. AFLAGUE
SYLVESTRE S. TORRES	MARGRET N. DUENAS
SANDY M. DUENAS	BILLY RAY Q. PARKE
BENJAMIN A. TOVES	DAVID S. ROBERTO, JR.
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CITADEL T. SABLAN	MICHAEL A.P. FRANQUEZ
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