

# PORT AUTHORITY OF GUAM

JOSE D. LEON GUERRERO COMMERCIAL PORT  
1026 Cabras Highway, Suite 201 Piti, GU 96915  
Phone: (671) 477-5931 Fax: (671) 477-2689  
Website: [www.portguam.com](http://www.portguam.com)



---

## NEWS RELEASE

### Port responds to Senator Tom Ada's inquiry on status of Port Enterprise Fund and Marine Service Life Extension (MSLE) Loan

**Piti, Guam, March 26, 2013:** The Port Authority of Guam (PAG) Management announced today that the Port has responded to inquiries made during an Information Briefing held on March 5, 2013 on the status of the MARAD/PAG Port Enterprise Fund and the Port's Marine Service Life Extension (MSLE) Loan.

"Although we appreciate our Oversight Committee Chairman's concerns about the programmatic and financial activities of these two critical components of the Port's modernization efforts, rest assured that there is no one more concerned about their status than the PAG", stated General Manager Joanne Brown.

The attached response letters were delivered yesterday to the office of Senator Thomas Ada, Chairman of the Committee on Public Safety, Infrastructure & Maritime Transportation.



**PORT OF GUAM**  
*ATURIDAT I PUETTON GUAHAN*  
**Jose D. Leon Guerrero Commercial Port**  
1026 Cabras Highway, Suite 201, Piti, Guam 96925  
Telephone: 671-477-5931/35 Facsimile: 671-477-2689/4445  
Website: [www.portguam.com](http://www.portguam.com)



Eddie Baza Calvo  
Governor of Guam  
Ray Tenorio  
Lieutenant Governor

March 25, 2013

**Senator Thomas C. Ada**  
Chairman  
Committee on Utilities, Transportation, Public Works, and Veterans Affairs  
32<sup>nd</sup> Guam Legislature  
173 Aspinall Avenue, Suite 207  
Hagatna, Guam 96910

**Subject: Port of Guam Improvement Enterprise Fund**

Hafa Adai Mr. Chairman:

This letter is to respond to your follow up inquiry dated March 13, 2013 regarding the abovementioned subject matter. Although we appreciate your concern about the programmatic and financial activities of the Port Enterprise Fund (PEF), please rest assured that there is no one more concerned about its status than the Port Authority of Guam (PAG).

The Guam Commercial Port Improvement (GCPI) Program was and is an ongoing collaborative effort between the PAG and its OAE Parsons Brinckerhoff, MARAD and its PMT EA Engineering, the Port Users Group, and all tenants and stakeholders that will be impacted by this modernization effort. The Port Team is elated that along with the many completed and ongoing projects at the Jose D. Leon Guerrero Commercial Port, these long awaited improvements will soon be a reality.

Below are your questions and their respective responses.

**Question #1:**

Has the Port received a recent updated financial dashboard from MARAD?

- a. If yes,
  - i. When?
  - ii. What is the current balance in the PEF account?

**Response:**

Yes, the Port recently requested an update to the dashboard from MARAD (last report to the Port was August 1, 2012). The latest version is dated March 18, 2013 showing a PEF current balance of **\$42,751,131.90**.

**Question #2:**

The PAG identified three projects to be undertaken in 2013: (1) CFS Building Modification, (2) Selected Break Bulk Yard Modifications, and (3) PAG Facility Expansion.

- a. What is the estimated cost (construction and CM) for each of the three projects?
- b. What are the estimated dates of notice to proceed and completion for each of the three projects?

**Response:**

- a. Although engineering estimates for construction and CM have been completed for Phases 2 and 3 of the GCPI, to preserve the integrity of the procurement process and because the inquiry deals with estimated costs associated with each project, at this time we will respectfully keep this information confidential until the projects are awarded. A significant disadvantage of releasing estimates is that firms can use the information to manipulate their bids. Keeping the estimates confidential will prevent potential offerors from knowing the approximate amount that the PAG is willing to pay for the projects.

For your information the following table is a snapshot of the current status of the GCPI. To date there are no significant impacts to the approved scope, schedule, and budget.

<b>Project Description</b>	<b>Amount</b>	<b>Status</b>
Phase 1 – CFS Building Modification (TO-010)	\$899,000.00	Awarded to Pro Pacific Builders; MARAD forwarded NTP to EA on Tuesday, Jan. 24, 2013.
Phase 2 – Selected Break Bulk Yard Modifications (TO-005)	-	Not yet awarded. Design phase is complete. Project is in process and tentatively scheduled to go out for bid in April 2013 with a tentative completion date of 1 <sup>st</sup> quarter 2014.
Phase 3 – PAG New Facility Expansion (TO-006)	-	Not yet awarded. Design phase started. Project construction is currently scheduled to be completed by the first half of 2015.

- b. Please refer to the above table for details.

**Question #3:**

What administrative and pre-construction (e.g. environmental studies, A&E, etc.) expenditures have been funded from the PEF? Also, are there any task orders for the future administrative costs currently before the Technical Development Team or Project Oversight Team? If so, what is the associated amounts for each of these task orders?

**Response:**

The table below identifies all expenses associated with the PEF. It includes all completed work as well as ongoing task orders and planned activities related to the Port's modernization efforts.

Letter to Senator Thomas Ada  
Subject: Port of Guam Improvement Enterprise Fund  
March 25, 2013  
Page 3 of 3

<b>Expenditures</b>	<b>Amount</b>	<b>Comments</b>
MARAD	\$1,500,000.00	Administrative costs
EA Engineering	\$5,748,868.10	Coordinated through the Technical Development Team (TDT), all Task Order expenses include construction, EA program management and technical support, container yard lighting design, construction management, environmental assessment, AE designs, GCPI Phase 1, 2, and 3 related engineering services expenses.
<b>Total:</b>	<b>\$7,248,868.10</b>	
<b>PEF Balance:</b>	<b>\$42,751,131.90</b>	

On behalf of the Board of Directors, Management, and the Port family, I am hopeful that this information has addressed your concerns. Should you have any questions, please do not hesitate to contact me at 477-5931 ext. 303.

Sincerely,



**JOANNE M.S. BROWN**  
General Manager

cc: Board of Directors  
Brian Varney, Director Pacific Ports & Projects - MARAD



**PORT OF GUAM**  
ATURIDAT I PUETTON GUAHAN  
Jose D. Leon Guerrero Commercial Port  
1026 Cabras Highway, Suite 201, Piti, Guam 96925  
Telephone: 671-477-5931/35 Facsimile: 671-477-2689/4445  
Website: [www.portguam.com](http://www.portguam.com)



Eddie Baza Calvo  
Governor of Guam  
Ray Tenorio  
Lieutenant Governor

March 25, 2013

The Honorable Thomas C. Ada  
Senator and Chairman, Committee on Utilities,  
Transportation, Public Works & Veterans Affairs  
Ada Plaza Center, Ste. 207  
173 Aspinall Avenue  
Hagatna, Guam 96910

Subject: Marine Service Life Extension (MSLE) Loan

*Buenas yan Hafa Adai* Senator Ada:

The Port Authority of Guam (PAG) is in receipt of your letter dated March 11, 2013 in reference to the above subject matter. The following information is being provided in response to your inquiries:

**1. How much is the estimated annual debt service for the \$10 Million Loan?**

As you know, the procurement process for the financing of this loan is administered by GEDA and to date, GEDA has not issued an official Notice of Award to the selected Offeror. Although the PAG, through GEDA, has been engaged to enter negotiations with the selected Offeror, the terms and conditions of the loan is yet to be finalized. Just recently, the Offeror has informed GEDA of the new conditions that are being placed prior to finalizing/closing of the loan. Such conditions include security by pledge of revenue and the waiving of sovereign immunity. A meeting has been scheduled for Tuesday, March 26, 2013 with GEDA to discuss such terms and conditions.

Therefore, the PAG is not able to provide you with the details of annual debt service and other terms and conditions of the loan as it may jeopardize GEDA's procurement process. Please note that §3114 (i) (2) of the Procurement Rules and Regulations states, "... and the agency conducting the procurement shall not disclose any information contained in any proposals until after award of the proposed contract has been made."

**2. How will this loan be funded – from current revenues or from revenues obtained through a new rate increase?**

- a. *If through a rate increase, when does the Port anticipate submitting its petition to Public Utilities Commission (PUC)? Or,*
- b. *If the loan is to be paid from current revenues, what operational expenses is PAG identifying to cut back?*

Letter to Senator Thomas Ada  
Subject: MSLE Loan  
March 25, 2013  
Page 2 of 2

It is PAG's intention, as indicated in the solicitation package, that the repayment source for this loan will come from its operating funds as supported by applicable tariff and rate structure. PAG has submitted to PUC the 5-year Tariff Projection and the 20-year Financial Plan in late October of 2012. The Tariff Projection Plan provided six (6) scenarios supported by its respective tariff rate adjustments. The recommended scenario with the rate adjustment schedule is currently being adopted by PAG's Board of Directors and upon approval; PAG will initiate the petition to PUC accordingly.

I trust that the above information is helpful. Should you need to further discuss any of the above matter, please feel free to contact me.

Sincerely,

  
**JOANNE M. S. BROWN**  
General Manager

cc: Board of Directors