



PORT OF GUAM
ATURIDAT I PUETTON GUAHAN
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Lourdes A. Leon Guerrero
Governor of Guam
Joshua F. Tenorio
Lieutenant Governor

REGULAR MEETING OF THE BOARD OF DIRECTORS

Jose D. Leon Guerrero Commercial Port

Thursday, September 26, 2024

Virtual Board Meeting

3:00 p.m.

A G E N D A

I. CALL TO ORDER

II. APPROVAL OF MINUTES

1. August 30, 2024 – Regular Board Meeting

III. PUBLIC COMMENTS:

- a. Public Comments
- b. Employee Comments
- c. PAGGMA Association

IV. GENERAL MANAGER'S REPORT

V. OLD BUSINESS

VI. NEW BUSINESS

1. Approval to amend Board Policy Memorandum No. 2018-01 Working capital-reserve for O&M.
2. Resolution No. 2024-11 Relative to honoring the life and service of Port Authority of Guam employee Reed K. Topasna and extending our heartfelt deep sympathy and condolences to the bereaved family members.
3. Resolution No. 2024-12 Relative to authorizing the General Manager to administer the disposal of Port Authority excess supplies and surplus equipment in compliance with 5 GCA, Chapter 5, Section 5404.
4. Resolution No. 2024-13 Relative to authorizing the General Manager to issue a request for procurement solicitation for a Public-Private Partnership for the management, operation and maintenance of the Golf Pier, F1 Fuel Pier, and Area A Fuel Tank.
5. Resolution No. 2024-14 Relative to holding in abeyance the merger of Operations and Equipment Maintenance divisions, the amendment of the Operations and Equipment Maintenance Manager and address the impact of the realignment on the organizational structure.

VII. ADJOURNMENT



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**MINUTES OF THE
REGULAR MEETING OF THE BOARD OF DIRECTORS
Friday, August 30, 2024**

I. CALL TO ORDER

The Chairperson called the regular meeting of the Board of Directors to order at 3:08 p.m., Friday, August 30, 2024. Present at the meeting were:

Dorothy P. Harris, Chairperson
Conchita S.N. Taitano, Vice Chairperson
Fe R. Valencia-Ovalles, Board Secretary
Rory J. Respicio, General Manager
Dominic G. Muna, Deputy General Manager, Operations
Pacifico R. Martir, Deputy General Manager, Admin/Finance
Atty. James L. Canto, Port Staff Attorney
Atty. Jessica Toft, Port Staff Attorney

Also present was Port Staff.

II. APPROVAL OF MINUTES

a. **June 27, 2024 – Regular Board Meeting:** The Vice Chairperson made motion to approve the minutes of June 27, 2024, subject to correction. The motion was seconded by Director Valencia-Ovalles and was unanimously passed.

III. PUBLIC COMMENTS

- a. **Public Comments:** None.
- b. **Employee Comments:** None.
- c. **PAGGMA Association:** None.

IV. GENERAL MANAGER'S REPORT

1. **Stevedoring Superintendent Reed Topasna Dies in Tragic Hiking Accident.** Port Authority of Guam Stevedoring Superintendent Reed Topasna died August 24, 2024 during a hiking expedition at the Mount Taene area in Santa Rita-Sumai. Reed was with a group of fellow hikers when he fell into a 35-foot hole during the hike. Despite efforts to rescue Reed and airlift him to Naval Hospital via a military helicopter, he passed away from his injuries. Reed was a well-known hiker in the community where he served as President of the non-profit hiking organization Guam Boonie Stompers. His days off were often spent hiking and exploring the beauty of our island.

Reed began his employment at the Port on October 10, 2001, as a Stevedore. His exceptional performance led to a promotion to Stevedore Leader on June 26, 2006. His unwavering dedication caught management's attention, and when a Stevedore Supervisor I position opened up, Reed expressed interest and competed for the role. As a result, he was promoted to Stevedore Supervisor I on June 30, 2014. Reed's unwavering commitment to the Port and its mission became evident as he consistently demonstrated his teamwork and leadership skills to management. Over a span of more than five years, from September 2017 to May 2023, he excelled as an Acting Stevedore Supervisor II. When the Stevedoring Superintendent retired, management entrusted several leaders within the Stevedoring Division with the role of Acting Stevedoring Superintendent. Reed seized the opportunity and performed admirably in this capacity. As a result, I, as General Manager, proudly selected Reed as Stevedoring Superintendent on May 6, 2024, through the competitive selection process.

Throughout his career, Reed received numerous letters of appreciation for his professional services rendered to the Port and its customers and received awards for service, including Outstanding Work Center of the Quarter in February 2005 and April 2023, Nominated by his superiors for Supervisor of the Quarter from July to September 2006 and January to March 2023. Reed significantly contributed to the agency's growth, particularly in safeguarding Guam's supply chain. Reed consistently upheld the highest standards of integrity, treating fellow employees and Port customers with respect. His outstanding performance in fulfilling his duties and responsibilities is commendable.

Reed had a special light about him. He was always upbeat and positive, no matter the challenges before him. He loved the Port so much and inspired many, including myself. Reed will be deeply missed but never forgotten. Additionally, Port Police organized a Remembrance Walk in honor of Reed yesterday afternoon, attended by his Port family, relatives, hiking community, and even middle and high school classmates. Port Police adjusted their regularly scheduled physical fitness event to hold Reed's memorial, and we thank them for creating such a memorable and well-attended tribute in his honor.

Mass and rosary are being held nightly at St. Jude Church in Sinajana. Funeral arrangements are set for September 9, 2024, at Our Lady of Peace and Safe Journey Catholic Church in Chalan Pago from 9:00 a.m. to 12:30 p.m., with the Funeral Mass at 1:00 p.m. On the same day at 8:00 a.m., Reed's body will arrive at the Port for a proper greeting and send-off by the Governor, Lt. Governor, our Board, and all Port employees. Our continued prayers and condolences go out to Reed's family, particularly Loretta Lynn Topasna, a member of our Port Strong Family, his daughter Shantae Cabrera, and his sons Blayz Reed Topasna, Rayden Zane Topasna, Sky San Augustin, Ryu Topasna, and Rafael Taitano. We also extend our deepest condolences and prayers to his siblings, Ryan and Ron Topasna, his sister Lorilee Crisostomo, his parents Ramon Tainatongo Topasna and Lucia Lydia Sanchez Topasna, his family, and Reed's Port Strong Family and members of his hiking community.

2. **Port, together with DISID and Veterans Affairs Personnel Help Ready Jose Rios Middle School.** The Port Authority of Guam assisted Jose Rios Middle School with the preparations needed to open the school to students. The Port, the Department of Integrated Services for Individuals with Disabilities, and the Office of Veterans Affairs joined together to assist Jose

Rios after Governor Lou Leon Guerrero called on the Government of Guam agencies to participate in her efforts to prepare the schools for the school year.

The Office of the Governor met with Guam Department of Education (GDOE) facilities personnel on August 12, 2024 and received a punch list of work required for schools to pass inspections. According to GDOE personnel, most schools need major work on restrooms and HVAC. Based on their assessments, GDOE needs more materials for restroom facilities, including toilets, urinals, faucets, and sinks. Once the punch lists were ready, Port personnel did an on-site assessment of the work needed at Jose Rios Middle School, and then personnel were deployed to prepare the school for students.

The administration values the safe return of our children to their schools, and we were glad to be a part of helping Jose Rios Middle School. The team has been working diligently and has fixed the electrical panel, completed restroom repairs, and fixed light fixtures in classrooms and the gym. Work is ongoing to assess and address HVAC units and replace the school's transformer. "Their efforts truly reflect their commitment to the well-being and safety of our school community," said JRMS Principal Mariann Lujan. "On behalf of our faculty, staff, students, families and our community, we extend our deepest appreciation for all the support provided by Port Authority of Guam." According to a release from the Governor's office, the repairs needed for many schools are extensive due to many years of deferred maintenance. "Schools need to be maintained year-round, not once a year, before schools start," the Governor's Office said in a statement. "The Governor does not have control over GDOE's maintenance or procurement."

Update: As of 10:50 am, Jose Rios Middle School has passed inspection and is ready to open.

3. **Succession Planning for a Resilient and Sustainable Workforce.** The Port Authority of Guam continues to prioritize workforce development with the completion of a series of training programs aimed at enhancing the skills, safety and operational efficiency of its workforce aligning with the Port's 2024 Look Ahead geared toward empowering employees.
 - **Gantry Crane Operator Training: August 12 - 16, 2024:** 21 employees attended the Gantry Crane Operator training, a 40-hour course designed to equip them with the knowledge and skills necessary to operate one of the most critical pieces of equipment at the port. This training emphasized both the technical and safety aspects of crane operation, underscoring our commitment to the safety and professional development of our dockside team.
 - **Rigging and Signal Person Training: August 21 and 22, 2024:** The rigging and signal person training was conducted over a two-day period wherein 14 employees attended on each day, totaling 33 trained employees. This course focused on the skills required for rigging and signaling which are essential for ensuring safe and efficient lifting operations. Proper rigging and signaling not only enhances operational efficiency but also significantly reduces the risk of accidents.
 - **Forklift Training: August 28 and 29, 2024:** A total of 18 employees attended Forklift Training held on August 29, 2024. The training is part of our broader strategy ensuring all employees who operate heavy equipment within the terminal yard are fully certified and capable of maintaining safety standards and equipment efficiency.

- **Procurement Basic Training:** Eight employees are attending the Guam Community College's Procurement Basic Training Course beginning on August 20 and ending in September. The 18-hour course offers a comprehensive introduction to the public procurement process, with a specific focus on the Government of Guam procurement law. Designed to provide a thorough understanding of the "nuts and bolts" of procurement, the course will cover essential principles, methods, and practices, ensuring students grasp the critical aspects of fiscal responsibility and legal compliance within the framework of Guam's procurement statutes.
 - **Aligning with the "Port Strong" Vision:** Collectively, these training sessions are integral to our initiative emphasizing the importance of empowering all employees through continuous skill development and career advancement opportunities. Our focus remains on fostering a workplace where every employee, whether on the dock or in administrative roles has equal access to training and development opportunities. Furthermore, by promoting from within and ensuring that our staff are well-equipped to handle their roles, we are not only enhancing individual career prospects but also contributing to the overall resilience and operational efficiency of the Port. We will remain steadfast in our commitment to the professional growth, safety and operational efficiency of our workforce as we continue to build a resilient and sustainable future through strategic succession planning and continuous training and development.
4. **Port Enhances Certification Accountability.** Training and development have been key priorities for the Port Authority of Guam, as highlighted in the 2018 Leon Guerrero-Tenorio Transition Report. Over the past few years, significant strides have been made in enhancing the Port's training programs to ensure a well-equipped and skilled workforce that meets the demands of our evolving industry. On March 18, 2024, Kenneth R. Perez joined the Port as a Personnel Specialist IV, leading the continued implementation of the initiative to further strengthen the Port's training and development program. This initiative directly supports the goals outlined in the transition report to build a more capable and efficient workforce within the Government of Guam. Since the launch of this initiative, the Port has focused on expanding training opportunities, improving certification tracking, and fostering professional growth among employees. Perez, who brings extensive experience from his work with the Ship Repair Facility, COMNAVMAR, has been instrumental in driving these efforts forward. His decision to join the Port was driven by a desire for career advancement, professional development, and the opportunity to contribute to the Port's mission.

Perez's current focus is on creating a comprehensive catalog of all employees and their required certifications to ensure compliance and uphold the agency's high standards. These efforts aim to improve operational efficiency, ensure safety compliance, and foster professional growth among the Port's staff—all of which align with the objectives set forth in the 2018 Transition Report, and the 2024 Look Ahead. The Port's training program has evolved significantly, with an emphasis on making sessions more engaging and interactive. Hands-on activities, real-life scenarios, and group discussions are being incorporated to encourage active participation and collaboration. Key training areas include safety procedures, equipment handling, and customer service, alongside courses on leadership skills and time management to support personal development.

Additionally, regular feedback sessions are planned to encourage employee input and foster a sense of ownership in the training program. The ultimate goal is to create an environment that motivates and inspires employees, resulting in a more committed and productive workforce. The Port is proud of the significant strides made in training and development over the past few years. These efforts align closely with the strategic goals set forth in the 2018 Leon Guerrero-Tenorio Transition Report and the 2024 Look Ahead, which demonstrate our ongoing dedication to enhancing the workforce and achieving operational excellence.

5. General Manager's Notes for YTD Finances. We are providing the following summary for July 31, 2024:

• **REVENUES AND CARGO THROUGHPUT:**

- The Port's Total YTD Operating revenue for July 31, 2024, is \$50.1 million, -0.6% or \$302K lower than the YTD July FY 24 budget revenue projection of \$50.4M.
- The total number of containers handled as of July 31, 2024, is 71,732, 1.4% or 1,007 containers higher than last year's July 2023 YTD total of 70,725. The total tonnage for non-containerized cargos as of July is 178K revenue tonnage, which is 17% higher as compared to last year's July total of 152K revenue tonnage. The increase is primarily from domestic cargos of Roll on Roll off (Ro-ro) Vehicles.

The addition of two container/ roll-on, roll-off vessels ("con-ro") by Matson to its weekly visit is the primary reason for the increased in domestic non-containerized cargo by 172%. The total Roll on Roll off revenue as of July is \$1M, an increase of 91% or \$481K.

• **OPERATING EXPENSES:**

- Overall Operating expenses, as of July 31, 2024, is \$48.3M, which is 5.1% or \$2.3M higher than the YTD budget for July with a total of \$46M. The current total expense as of July is 81% of the total approved FY2024 Budget in the amount of \$57.0M. In October 2023, typhoon Bolivar was anticipated to pass through Guam which resulted to typhoon related expense amounting to \$326K. This was an unforeseen expense that the Port incurred.

• **OVERTIME EXPENSE AND DIRECT LABOR REVENUE:**

- YTD Overtime for Divisions involved in Operations is \$1.3M, 24% or \$255K higher than the overtime budget for YTD July at \$1.1M. The FY 2024 YTD Overtime as of July is 32% lower as compared to last year's July YTD total of \$1,940,231. The decrease in OT would have been higher but because of the annual employees' salary increase, the overtime rate for each employee also increased in FY 2024.
- The total Direct Labor revenue as of July is \$3.3M, 4.3% or \$138K higher than the FY24 budget of \$3.2M.

Here is the breakdown

Direct Labor Revenue:	\$ 3,322,188
Operations Overtime:	<u>\$ 1,318,129</u>
Variance:	\$ 2,004,059

- **YTD OPERATING REVENUES MINUS YTD EXPENSES:**

- Operating revenues minus operating expenses resulted in an operating income of \$1.8M. The final result for July is a net income of \$4.4M, after adding the net of Other Income/Expenses totaling \$2.6M. The YTD Net Income is higher by 30.4% than YTD Budget Projection of \$3.3 million.

Note: \$2.6M is a net balance of Other Income and Expense composed of Interest Income, Interest Expense, Federal Reimbursements, Federal Expenses, Retirees COLA, Supplemental, Medical and Dental, and Other Non-Operating Income & Expenses.

- Other Financial Highlights, as of July 31, 2024:
 - The debt service ratio as of July 31, 2024, is 1.57. This is 24% higher than the Bond Indenture Debt service ratio requirement of 1.25.

Annual Debt Service Coverage	1.57
Required Debt Service Coverage	1.25
Variance	0.32
% Variance	26%

6. **Port Receives a Clean Audit Report and Prestigious Award.** The Port Authority of Guam has achieved another significant milestone by receiving a clean audit report for the fiscal year ending September 30, 2023. This independent audit, conducted by Ernst and Young LLP (EY), confirms that the Port's financial statements are accurate and reliable, reflecting the Authority's strong financial position in accordance with accounting principles generally accepted in the United States.

- **Key Audit Highlights:** Independent auditors EY issued an unmodified (clean) opinion, affirming the accuracy and reliability of the Port's financial statements. The Port's assets plus deferred outflows exceed liabilities plus deferred inflows by \$31 million, marking a 17.4% increase in net position from the previous year. No material weaknesses, significant deficiencies, or noncompliance material were found in the Port's internal control over financial reporting. Conducted according to Government Auditing Standards, a clean opinion was also issued regarding the Port's compliance with major federal programs.
- **Financial Performance and Resilience:** Despite challenges from Typhoon Mawar and COVID-19, the Port Authority of Guam demonstrated robust performance. Operating revenues increased by \$2.9 million to \$60.6 million, while operating expenses (excluding depreciation) rose by \$1.5 million to \$56 million. Non-operating revenues were bolstered by \$2.8 million in U.S. Government operating grants and \$2.6 million in interest income.
- **Capital Investments and Modernization:** The Port made significant strides in infrastructure development, including waterline replacements and relocation, EQMR Building upgrades, and warehouse repairs. Progress continues on acquiring new gantry cranes, removing inoperable cranes and other assets, and improving security systems and fuel pipeline connectivity.
- **Future Outlook:** Looking ahead, the Port continues to focus on infrastructure development, sustainability initiatives, and operational efficiency. The 2023 Master Plan,

Port Readiness, and Sustainability Studies all emphasize modernization and environmental sustainability to ensure future port and military readiness, ensuring resiliency and continuity of operations.

- **Operational Resilience:** The Port's rapid recovery after Typhoon Mawar, with operations resuming within four days, underscored its resilience and commitment to supporting Guam's supply chain.
- **Continuing Disclosure Annual Report:** The report highlighted strong financial performance with operating revenues of \$60.615 million and major contributions from cargo throughput charges, equipment and space rentals, crane surcharges, and wharfage charges. Top revenue contributors included Matson Navigation Inc., American President Lines Ltd., and Marianas Steamship Agencies. Net revenues available for debt service were \$13.192 million, with a 2.29x debt service coverage ratio exceeding the indenture requirement of 1.25x.
- **Prestigious Award:** The Port Authority of Guam has also been awarded the Platinum Award for "Excellence in Citizen-Centric Reporting" by the Association of Government Accountants (AGA) Guam Chapter, highlighting its dedication to accountability and transparency. This is the third time the agency has been recognized for this achievement.

Governor Lou Leon Guerrero expressed pride in the audit results, stating, "This clean audit report is a testament to the Port Authority's dedication to financial integrity, transparency, and prudent management. It reflects the exceptional efforts of the entire team in ensuring that our seaport remains a vital and efficient hub for Guam's economic and military activities, as well as its crucial importance to national security and the defense of our nation."

Governor Leon Guerrero added, "This audit will further strengthen the Port's credit worthiness in the Capital market making it a more attractive financial investment. As a result, it will have a wider range of financial access for capital projects moving further along its modernization goals."

Lt. Governor Josh Tenorio emphasized the Port's crucial role, saying, "I commend Port Management and its fiscal team for the excellent work stabilizing port finances and administrative operations. The Port's strategic initiatives are essential in maintaining Guam's economic resilience and enhancing operational readiness to support vital operations on Guam, Micronesia, and throughout the Indo-Pacific region."

"These continued accomplishments highlight the Port's unwavering dedication to modernizing our facilities, enhancing our cargo handling capabilities, and driving Guam's economic growth and sustainability," said Port General Manager Rory J. Respicio. "Our team's hard work and commitment to excellence make these achievements possible. We deeply value all Port employees, our board, the Governor, Lt. Governor, and partners, whose dedication and expertise are the cornerstone of our success," said Respicio.

7. **Port Prioritizes Work-life Balance.** To prioritize work-life balance and employee wellness, we launched a program encouraging all employees to engage in regular wellness activities. Recognizing that the workforce's well-being is key to our success, we organized various events led by different divisions to promote health and camaraderie among Port employees. We've always emphasized that Port employees are the backbone of this agency, and with their hard work, the Port is where it is today. We're committed to the health and well-being of our

employees, acknowledging the importance of a safe and clean working environment. A healthy mind—encompassing emotional, psychological, and social well-being—crucially influences how we manage stress, build relationships, and make decisions. The wellness program began on June 17, 2024, with a Seawall Walk, marking the start of weekly events. This initiative aims to make wellness activities a regular feature at the Port, with each division responsible for organizing an event. The events include the following:

Division	Date	Wellness & Fitness Activity
Human Resources	June 26	Free Form Exercise
Finance	July 5	Dodgeball
Commercial	July 12	Workout Exercise
Marketing	July 15	Health Screening
Stevedoring	July 25	Free Form Exercise
Information Technology	August 2	Seawall Walk
Transportation	August 9	Seawall Walk
CIP/Engineering	August 14	Stress and Mental Health Session
Facility Maintenance	August 22	Nutrition Education
Port Police	August 29	Seawall Walk

We are grateful for all the port employee’s participation and look forward to continued weekly wellness program activities.

8. **Port Unveils Challenge Coins Honoring Our Employees.** We unveiled our own challenge coin on July 18, 2024, in a ceremony where management presented each employee with a coin. This meaningful tradition, inspired by the military, symbolizes unity, pride, and camaraderie among Port Strong employees. Each Port employee plays a vital role in ensuring the flow of goods, services, and economic activity, as well as contributing to national security and the region's prosperity. The coin’s design, chosen by employees through a survey, reflects their input and pride. These coins serve as keepsakes and reminders of the collective effort that drives the Port Authority's success. Crafted with the Port Authority of Guam's Port Strong insignia, these coins are a token of appreciation for each employee’s hard work and dedication. Along with the fair and quality workplace we have provided over the years, they encapsulate our values and mission, fostering a sense of belonging and unity.
9. **Port Participates in DYA Summer Youth Program.** The Port Authority participated in the Governor’s Summer Youth Employment Program, welcoming eighteen summer interns who were assigned to various divisions to learn about divisional goals, roles, and responsibilities. The internship took place from June 17 to July 19, 2024, and we are proud to have presented each intern with a well-deserved award for completing their six-week internship with the Port Authority of Guam. The program was conducted through the Department of Youth Affairs.
10. **Port Float Highlights Employee’s Pride in Service.** On July 21, 2024, the island celebrated its 80th Guam Liberation Day Parade. The Port’s annual participation included the agency’s float entry, which earned third place in the local Government Float category. This year’s theme was *Todu i Tiempo i Pàs Para Hita* (Peace for Us Always).

Our heartfelt thanks to all our dedicated Port Strong employees who turned our float vision into reality. Special recognition goes to the Liberation Day float planning committee, headed by the CIP/Engineering, Planning, and Marketing divisions, with support from all other divisions, including Operations and Equipment and Facility Maintenance, who played a critical role in designing and building the float. From the committee members who meticulously designed another award-winning float to our hard-working teams in the yard who brought the vision to life and to everyone who added the final touches—these efforts have not gone unnoticed. We also recognize those who set up and manned the Port's hospitality tent during the parade and also the clean-up committee. Thank you, team! This epitomizes what it means to be Port Strong: the ability to unite, demonstrating unparalleled strength and pride in serving the people of Guam at the Port Authority of Guam.

11. **Port Owners/Agent Engineer Visit.** The Port's OAE Consultant, WSP, visited the Port from July 31, 2024, through August 8, 2024, to continue discussions on the Port's Modernization Program. During their meetings with the Port team, several critical matters were addressed, including an Emissions Workshop, Zero Waste initiatives, Hotel Wharf Design Review, Military Readiness, 2024 grants, FEMA Pier F1 Update, TOS Update, and progress on the new STS gantry cranes. WSP, the Port's owner agent, also provided updates on their Task Order Deliverables and held key discussions with senior management regarding the tariff. WSP USA, the U.S. operating company of WSP, is one of the world's leading engineering, environmental, and professional services firms. Recognized in 2023 on TIME's list of the world's best companies and Fortune's Change the World list, WSP is committed to driving social impact and Environmental, Social, and Governance (ESG) goals. In the U.S., WSP brings together engineers, planners, technical experts, strategic advisors, and construction management professionals dedicated to serving local communities. WSP designs lasting solutions in the buildings, transportation, energy, water, and environmental markets. With approximately 14,000 employees in 300 offices across the U.S., WSP partners with its clients to help communities prosper.
12. **BSP Assembly of Planners Symposium – Port's ZEZW Presentation.** On August 8, 2024, PAG Board Vice Chairperson Conchita Taitano, alongside members of the Jacobs team, presented the Port's Sustainability and Resiliency Study at the BSP's 9th Annual Assembly of Planners Symposium at the Hyatt Regency. The presentation, entitled "Charting a Sustainable Maritime Future: The Port Authority of Guam's Zero Emissions and Zero Waste Strategies," was a mix of both virtual and in-person updates on the status of the Port's efforts toward developing its strategies to achieve net zero emissions and zero waste. The proposed strategies align with the Government of Guam's initiative to provide sustainable solutions, aiming for a greener Guam by preserving the island's natural resources through a whole-system approach and a circular economy.
13. **PAG meets with USDA Wildlife Services Guam.** USDA Wildlife Services Guam regularly inspects outbound cargo at the commercial port for invasive brown tree snakes and monitors snake traps around the port. On August 5, 2024, USDA Wildlife Services contacted the Port to address concerns about aggressive stray dogs posing safety risks to their team, port personnel, and patrons. The dogs have become increasingly hostile, attacking vehicles and making it unsafe for canine handlers to conduct inspections. USDA Wildlife Services offered their expertise in trapping and safely removing the dogs. A meeting with Port management and USDA Wildlife Services on August 19, 2024, discussed mitigation and coordination efforts.

14. Status of Ongoing Awarded Grant Activities and Updates on Planned Grant Acquisitions.

- **USDHS/FEMA Port Security Grant Program.** The Port received \$124,779.00 from the 2023 PSGP that included the following Investment Justifications (projects):
 - Acquisition of Two (2) Port Police Boat Trailers. *Update:* Trailers are on island and being retrofitted for delivery to the PAG.
 - Acquisition of Port Police laptop and accessories. *Update:* Laptops have been delivered to PAG IT and are currently being configured prior to distribution to Port Police.
 - Acquisition of Port Police PPEs. *Update:* Procurement process ongoing.

On June 24, 2024, PAG submitted the following Investment Justifications (IJ/projects) to USDHS/FEMA under the 2024 Port Security Grant Program for a total grant application of \$1,197,006. *Update:* The projects listed below were not awarded in the FY2024 funding cycle.

- IJ#1 - Cybersecurity Authentication Upgrade to Domain Controllers with Active Directory, RSA Tokens, DNS, DHCP, FS, and WSUS, total project cost \$420,000
 - IJ#2 - Firewall (Sonic Wall) Upgrade to Robust/Redundant Setup and Three (3) Year Subscription for 24/7/365 Intrusion Detection System (IDS), total project cost \$90,300;
 - IJ#3 - Acquisition and Installation of Security Bollard and Spike Systems at PAG Main Gate 1, total project cost \$349,173
 - IJ#4 - Acquisition and Installation of Security Cameras at the Hagat Marina and System Updates, total project cost \$144,306
 - IJ#5 - Acquisition and Installation of a Modular Floating Dock System with Gangway and Sinkers/Anchors, total project cost \$193,227
- **U.S. Economic Development Administration (EDA) Fuel Pipeline Connectivity Project.** *Update:* AM Orient is awaiting the final geotech report to complete the 90% Design Submittal.
 - **Gantry Crane Acquisition.**
 - **PAG Procurement Bid.** Procurement will be moving forward with the procurement process and start the requisition of potentially two (2) cranes.
 - **OLDCC DCIP Program.** On June 17, 2024, PAG submitted a proposal to the Office of Local Defense Community Cooperation (OLDCC) through the Defense Community Infrastructure Program (DCIP). The goal is to secure funding for the replacement of a crucial Rail Mounted Ship-to-Shore Gantry Crane. This project, with a total cost of \$19,950,000, aims to enhance the port's operational capabilities. A significant portion of the funding—70% or \$13,965,000—is sought from DCIP, while the remaining 30% or \$5,985,000 will be provided by PAG as non-federal contributions. *Update:* The Port was not invited to submit a grant application for this project.
 - **USDA Direct Loan.** PAG Finance is assigned to develop a request for proposal to select a lender to provide commercial loan financing for replacing the PAG's Ship-to-Shore Gantry Cranes and acquiring additional cargo handling equipment, e.g., Tractors, Telescopic 150 Ton Crane, Top lifters, and Forklifts. Port Team is working with the local USDA office in completing the application process. USDA Guidance has been provided with regards to the type of procurement that the Port will be executing. *Update:* Status quo.

- **MARAD Marine Highway Program.** The Grant Agreement for MARAD FY 2022 America's Marine Highway was effectuated on August 4, 2023 for the purchase of two 40-ton loaded container handlers, three 10-ton empty container handlers, nine terminal yard tractors, two refrigerated container (reefer) generators, five 5.5-ton forklifts, and one telescopic boom lift. *Update:* Contract and PO 19902-OS for the nine (9) terminal yard tractors were awarded on July 23, 2024. Bid documents for the forklift purchase are under legal review.
- **Office of Local Defense Community Cooperation.** The PAG's recent grant application, totaling \$1.45M for its OAE, to conduct a Port Resiliency and Sustainability Study, was granted by OLDCC through the Office of the Governor. *Update:* On July 30 and August 1, 2024, Jacobs presented the PAG's Baseline GHG Emissions Inventory (target deliverable 1, TO 14.3.1) and facilitated an interactive workshop to gather PAG's input on proposed ZE scenarios. Additionally, Jacobs presented at the BSP/Assembly of Planners Symposium Guam on August 8, 2024. The proposed Zero Emissions strategies and solutions will be presented to the PAG management in early September. Jacobs will deliver the draft Port Sustainability and Resiliency Plan Report in October and the finalized report in November.
- **EPA Diesel Emissions Reduction Act (DERA) Program.** A purchase order for four (4) terminal yard tractors was issued to American Material Handling, Inc. on May 2, 2023. The four units were accepted by the PAG on April 18, 2024. *Update:* PAG Procurement issued PO No. 20063-OS on August 27, 2024 for the purchase of two additional units to complete grant program. Delivery is anticipated within 250 days.
- **US DOT Rebuilding American Infrastructure with Sustainability and Equity (RAISE) Grant Program.** PAG requested a no cost scope modification to the original F1 Pier and Wharves F2 – F6 repairs under the RAISE grant whereby funding for F1 Pier will be shifted to supplement funding for wharves F2 – F6. The request is going thru the approval process at the Office of the Secretary of Transportation. *Update:* MARAD Senior Grants Management Specialist informed PAG on August 22, 2024 that the U.S. Department of Transportation (USDOT) Office of the Secretary (OST) approved the scope modification.
- **Office of Insular Affairs Maintenance Assistance Program (MAP).**
 - **Port Welding Shop Phase 1 & 2 Project.** Awarded in 2020 & 2021. Seeks to repair concrete spalling and cracks on the exterior of the building and apply the proper protective coating once the exterior is fully repaired. The other component of the PAG's funding application is the acquisition of specialized equipment for the Welding Section to support the maintenance of its gantry cranes and other heavy-duty equipment. *Update:* PAG advertised IFB-PAG-CIP-024-02 Welding Shop Repairs and Upgrades Project on July 26, 2024. Pre-bid conference and site visit were held on August 9, 2024. Bid submission deadline was extended from August 30, 2024 to September 6, 2024 via Amendment No. 1.
 - **Generator Maintenance Program.** Awarded on June 29, 2022, Hawthorne Pacific Corporation signed the purchase order on May 8, 2023. On June 28, 2023, requisitions

were entered into the system and a total of eight (8) purchase orders were awarded on October 23, 2023, to three (3) different vendors: Landscape Management Systems, Inc., Far East Equipment Co. LLC., and Hawthorne Pacific Corporation. Genset maintenance/services and parts deliveries are ongoing. *Update:* Status quo.

- **New Grant Proposal – U.S. EPA Clean Ports Program: Climate and Air Quality Planning Competition.** The U.S. EPA Clean Ports Program aims to reduce air pollution and greenhouse gas emissions at ports by supporting projects that adopt cleaner technologies and practices, improve air quality, and enhance public health. *Update:* PAG submitted a \$2,410,415 grant proposal to fund the Net Zero Emissions Strategy Update and Implementation Plan. U.S. EPA will announce selection decisions between August and September 2024 and tentatively plans to issue awards by December 2024.
- **New Grant Opportunity- U.S.EPA Environmental and Climate Justice Community Change Grants Program/Inflation Reduction Act Community Change Grants Program.** Application deadline: November 21, 2024
Next Steps:
 - PAG transmitted requests for Letters of support on August 29, 2024.
 - PAG will meet with the Lead Applicant on September 4, 2024, to discuss the project proposals and next steps. The proposed projects are as follows: *PAG Lighting Fixture, Ceiling Tiles, and Window Shutters Replacement Project; PAG Installation of a Solar Photovoltaic (PV) System and Batteries Project; PAG Microgrid Feasibility Study Project; and PAG Route 11 Seawall Improvement Project.*
- **New Grant Opportunity- 2024 NOAA Marine Debris Program- BoatUS Foundation Abandoned and Derelict Vessel (ADV) Removal Grant Program.** *Update:* On August 13, 2024, PAG submitted its Letter of Intent to BoatUS via the GLM portal for proposal consideration for the Port Authority of Guam Harbor Restoration and Resilience Initiative (PAGHRRI). The initiative aims to recover and salvage thirteen (13) abandoned, derelict, and sunken vessels from PAG properties, advancing the work initiated by the Guam ADV Removal Group, aligning with the Government of Guam's efforts to remove ADVs from waters around Guam that pose risks to the environment, public health, and waterway navigation. The total project costs are \$818,781.00, which includes the PAG's voluntary cost share of \$204,695.00. BoatUS Foundation will notify qualified applicants to submit a proposal by September 30, 2024
- **Guam Recovery Office/Guam Homeland Security-Office of Civil Defense Grant Program.** On August 28, 2024, the Guam Recovery Office issued official awards of funding under the FEMA Public Assistance grant program for DR4715: Typhoon Mawar.
 - Load Centers - \$108,944.60
 - Hagatna Marina - \$116,054.00
 - Agat Marina - \$12,419.19
 - Route 11 sidewalk and embankment- \$245,595.00
 - Hotel Wharf Bulkhead - \$7,652.51***Project cost shares are at 90% federal; 10% local.*

15. Port Revenue Bonds Project Status. As of August 30, 2024, the attachment provides information on the status of the revenue bond projects, which include the rehabilitation of the hotel wharf, repairs and improvements to the golf pier, waterline replacement/relocation, upgrades to the EQMR building, repairs and upgrades to warehouse one, construction of a new admin annex building, and other priority projects.

V. OLD BUSINESS

There were no old business discussed.

VI. NEW BUSINESS

1. Approval of Fiscal Year 2025 Proposed Budget. Without objections, and before Mr. Jose B. Guevara, Chief Financial Officer presented the FY2025 budget overview before the Board, he mentioned that one-on-one budget sessions were held with each division head back in July 2024. The Chief Financial Officer then proceeded with the budget overview presentation as follows:

- Revenue history of fiscal years 2020 thru 2024 (year-to-date June 2024).
- Cargo throughput comparison on containerized and non-containerized/breakbulk cargos for FY2023 and FY2024 in local, stuff/transshipment, domestic and foreign.
- Industry projection – APL, Mariana Express Lines, Matson Navigation.
- Three-point estimation calculation in container count – optimistic, most likely, and pessimistic using FY2016 through FY2024, resulting in a FY2025 projection of 89,938 container count or a 2.9% increase.
- Revenue projection for FY2025 in cargo revenues \$42.4M and non-cargo revenues \$11.6M.
- Expense projection:
 - Salaries and benefits - \$35.4M
 - Other divisional expenses - \$3.0M
 - General expenses - \$14.6M
- FY2025 projection debt service coverage ratio – 1.81
- FY2025 proposed budget - \$59.3M:
 - General expense - \$19.5M
 - Administration - \$9.9M
 - Operations - \$15.6M
 - Maintenance - \$6.3M
 - Facility - \$1.5M
 - Compliance/Control - \$6.2M
- CIP project expenditures - \$22.0M (projects separate from regular operating expense) that is supported by a combination of the bond, grants, and local funding.
- Federal grant commitments.
- Fixed assets/supply inventory history – FY2022 to FY2024

Director Valencia-Ovalles appreciated the comprehensive and conservative budget overview presented. She advised management to ensure that there are provisional funds to support insurance coverage for any newly acquired assets. The General Manager responded that the Port's insurance allows new port acquired assets to be added into the insurance policy as riders. The Chief Financial

Officer added that in the event there is a need for additional funds, the General Manager has the capability to transfer funds to certain line items to support the difference.

The Chairperson expressed gratitude to management for the conservative approach in the FY2025 budget preparation and projection. She said this budget meets the Port's needs and is very workable as it shows that the Port is taking its role in spending funding for our Port and for the best interest of the people of Guam. The Vice Chairperson expressed the same sentiments and reminded that this budget was prepared with input from the division heads. She appreciated the one-on-one budget briefing held with management as it allowed better understanding of the maritime terminology. Without further discussion, Director Valencia-Ovalles made a motion to approve Fiscal Year 2025 proposed budget for the Port Authority of Guam, seconded by the Vice Chairperson. Motion was unanimously approved .

2. **Adoption of Board Resolution No. 2024-10.** At this time, and without objections, Port Staff Attorney James Canto mentioned that Board Resolution 2024-10 is relative to authorizing the Port Authority General Manager to seek clarification from the Superior Court of Guam of the Civil Service Commission's decision and judgment in CSC Case No. 23-AA11T, specific to the legal effect of insufficient votes.

In summary, Attorney Canto explained that due to misconduct, the General Manager was compelled to terminate an employee, who then filed an appeal of her adverse action of termination to CSC which resulted in a merits hearing. At that conclusion of the merits hearing, the CSC (with four sitting members at the time) heard all the evidence from witnesses that testified and went ahead and voted. Two of them voted in favor of upholding, sustaining the Port's adverse action and two of them voted to revoke the adverse action. And given their historical approach to this, the CSC said that because the Port Authority has the burden of proof in an adverse action appeal in accordance with 4 GCA, Section 4407, the Port failed to attain "the Rule of Four" votes that would uphold or sustain that adverse action. And in that circumstance as the CSC historically have done, they basically stated that management did not attain the burden of proof, therefore the CSC revoked that adverse action, resulting in the reinstatement of the employee and award her all back pay and benefits during the time from termination to reinstatement, as well as award her attorney's fees pursuant to statute paid for by the Port Authority of Guam.

At that time, Attorney Canto had raised an objection on the record that this was not pursuant to law because 4 GCA, Section 4402 requires the CSC to have four affirmative votes to take any action. And in the context of any adverse action appeal, the available actions are to either sustain the adverse action, revoke the adverse action or modify it. There were not four votes to do any of those, but rather a split decision of – two votes to revoke, two votes to sustain. He then pointed out that the CSC does not have the jurisdiction in accordance with Section 4402 to take any adverse action that would affect the Port's adverse action. The CSC proceeded to schedule a signing on the Decision and Judgment which ostensibly took place on August 6, 2024, and it is noteworthy to state that to date the Port Authority has not been served an original copy of that Decision and Judgment, but they purported to sign it and at that time Attorney Canto had asked to address the CSC Board, and CSC Board stated, through their counsel, that the appropriate way to address the CSC on that issue was to file a motion for reconsideration – which was done on August 9, 2024. On August 27, 2024, the CSC ruled on the Port's motion for reconsideration and denied it.

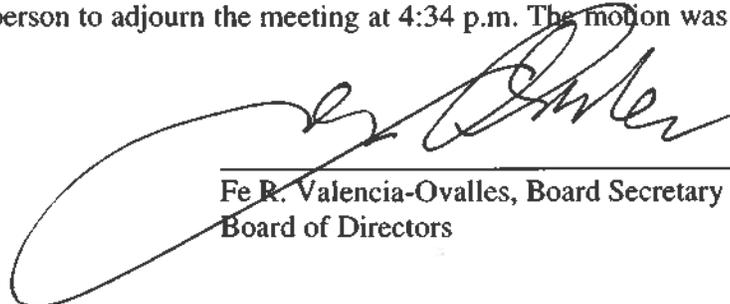
At this point, Attorney Canto stated that the only recourse for the Port Authority is to appeal the issue to the Superior Court filing a petition of writ for judicial review which is the appropriate vehicle for the Superior Court to review and rule on whether to uphold the CSC's decision and judgment or overturn it.

Director Fe appreciated the explanation of the resolution. The Vice Chairperson agreed that clarification is required for this issue for the courts to decide, especially for future purposes. The Chairperson mentioned that in one of the resolution recitals, indicates that: "The two (2) CSC members noted that it appears necessary that the Port appeal the issue to the Guam Superior Court, given the CSC's habitual practice and self-imposed dilemma", which is the recommendation of the CSC to proceed in this route.

Director Valencia-Ovalles made a motion to adopt Board Resolution No. 2024-10 relative to authorizing the Port Authority General Manager to seek clarification from the Superior Court of Guam of the Civil Service Commission's decision and judgment in CSC Case No. 23-AA11T, specific to the legal effect of insufficient votes. Motion was seconded by the Vice Chairperson and was unanimously approved.

VII. ADJOURNMENT

There being no further business to discuss, it was moved by Director Valencia-Ovalles and seconded by the Vice Chairperson to adjourn the meeting at 4:34 p.m. The motion was unanimously passed.

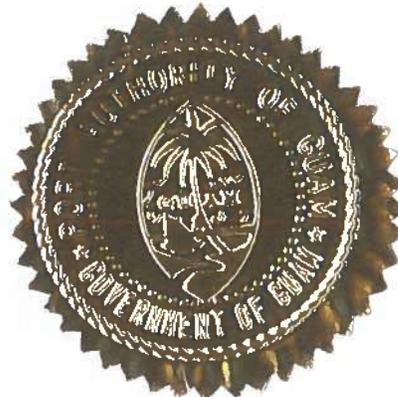


Fe R. Valencia-Ovalles, Board Secretary
Board of Directors

APPROVED BY:



Dorothy P. Harris, Chairperson
Board of Directors





PORT OF GUAM
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Lourdes A. Leon Guerrero
Governor of Guam
Joshua F. Tenorio
Lieutenant Governor

General Manager's Report for Board of Directors September 26, 2024

- 1. WSP's Review of Port's Tariff – Interim Analysis on Revenue Opportunities.** As part of our ongoing commitment to optimizing revenue collection and operational efficiency, we initiated a comprehensive review of the Port's terminal tariff in collaboration with WSP. This review, part of WSP Task 14.6: TOSS & Tariff Implementation Support, is designed to ensure that all potential revenue under Tariff #1 (effective October 1, 2020) is being captured before we move forward with the implementation of a Simplified Tariff.

WSP's initial findings and recommendations have provided key insights, which we have already begun to integrate into our operations:

- **Service Standards:** In response to the review, WSP, in collaboration with operations, finance, and stakeholders are actively developing clear service standards to ensure consistent application of crane and manpower resources for vessel servicing. Currently, the Tariff lacks specific service standards, which has made it critical to develop these guidelines. By doing so, we will avoid undercharging and ensure that all potential revenue is captured. These standards will set expectations for crane and manpower requirements based on vessel size and schedules.
- **Operational Alignment:** The review emphasized the importance of aligning our weekly operating plan with the revenue opportunities outlined in the Tariff. The operating plan will reflect the optimal number of cranes and resources needed for efficient vessel servicing. Any carrier-requested additional resources will require General Manager approval to ensure the Port's financial interests are prioritized.
- **Billing Practices:** We have begun formalizing documentation and billing practices in line with WSP's recommendations. While an SSR (Special Service Request) is not required for billing, we are encouraging it to improve documentation accuracy. To be clear, the Port reserves the right to bill for additional services, such as extra crane usage, based on the operational log, even in the absence of an SSR. We are ensuring all requested services are properly documented and billed transparently.
- **Ongoing Review and Best Practices:** As part of our proactive efforts, WSP is conducting a comprehensive review of billing records from the past five years to ensure we are capturing all potential revenue. This review is aimed at identifying best practices, and any necessary changes to the billing process will be implemented prospectively. We have already adjusted our billing processes based on WSP's guidance and will continue refining them based on the full review.

- **Recommendations:** WSP has provided several actionable recommendations to enhance revenue collection and operational efficiency. These include the proactive use of SSRs, establishing formal processes for documenting charges when an SSR is not submitted, and conducting regular reviews of the Tariff and billing practices to ensure all potential revenue is captured.

Next Steps:

We will continue working closely with WSP to implement these recommendations and finalize the review of past operational reports and billings. These steps will ensure that the Port is aligned with best practices in tariff implementation and revenue optimization, while maintaining operational efficiency, safety and security.

2. **Meeting with Carriers/Agent – Port Tariff Implementation & Billing Practices.** On September 11, 2024, we met with carriers, agents, and WSP to present their analysis of the Port's Terminal Tariff and discuss billing practices. It was generally understood that we would provide accurate billing moving forward and charge for all services rendered by the Port. I informed them that they could contest any charges if they disagreed. There seemed to be general consensus and agreement in our approach to implementing WSP's findings.
3. **Port Celebrates Labor Day.** *Setbisio – Together, We Serve* was the theme for this year's Government of Guam Labor Day picnic, which was held at the Gov. Joseph Flores Memorial Park in Tumon. The annual celebration honors and recognizes the vital role that workers play in shaping society and driving economic growth.

The Department of Integrated Services for Individuals with Disabilities (DISID) joined the Port Authority for the second year, and employees from both agencies, along with their families, showed up in full force and participated in the day's activities, which included the rock-climbing wall, kids' train ride, animal petting, musical chairs, and volleyball competition. The highlight of the day was the notorious tug-of-war competition, where the Port defended its championship title from 2023 in true Port Strong spirit. With lots of strength and heart, the Port team walked away with the winning tug-of-war trophy for 2024. The Port Authority also took the third-place title in the table decoration competition.

Shout out to the divisions who chaired this year's Labor Day event (Stevedore, EQMR, IT/MIS, Commercial), who did a fantastic job in coordinating the event's logistics, food, decorations, and raffle prizes. Thank you to all who attended and helped to make the Labor Day festivities a huge success.

4. **Record-breaking Ninth Cruise Ship of the Year Sailed into Guam.** On September 7, 2024, the Port Authority welcomed its record-breaking 9th passenger vessel of the year, marking a significant achievement for the island's only commercial seaport as well as Guam's tourism industry. The MV Seabourn Pursuit, making its second voyage to Guam this year, arrived with 183 passengers and 233 crew members. The cruise ship departed on September 8, 2024.

The arrival of the MV Seabourn Pursuit not only boosts Guam's reputation as a premier luxury cruise destination but also sets a new record for the most passenger vessels to visit the island in one year. This historic event highlights the growing appeal of Guam as a must-see cruise destination for travelers seeking unique experiences in the Pacific, with more than 17,000 passengers and crew members welcomed to our shores this year.

This significant achievement highlights the increasing recognition of Guam as a top-tier premier luxury cruise destination. The record-breaking arrival of the MV Seabourn Pursuit is a testament to our island's draw and the Port Authority's dedication to supporting our tourism industry. The fact that many passengers are choosing to extend their stay in Guam or connect to further destinations showcases the island's appeal. This achievement strengthens our tourism industry and aligns with Governor Lou Leon Guerrero and Lt. Governor Josh Tenorio's vision for the Port of Guam as a vital contributor to our local and regional economies.

The Port's ability to accommodate a high volume of luxury vessels speaks to the strength of our Port Strong team. The Port Authority of Guam anticipates welcoming two more passenger vessels before the end of the year: the Carnival on October 22nd and the MS Asuka II on December 30, 2024.

5. **Port Family Bids Farewell to the Late Stevedore Superintendent Reed Topasna.** On September 9, 2024, the Port Authority of Guam held a tribute to bid a final farewell to the late Stevedore Superintendent Reed Topasna, who tragically passed away on August 24, 2024, during a hiking expedition at Mount Taene in Santa Rita-Sumai. Reed was hiking with a group when he fell into a 35-foot hole, leading to his untimely death.

Prior to his funeral, the hearse carrying Reed arrived at the Port, where it was greeted with a Salute of Trucks and a line of Port employees paying their respects. Upon reaching the Administration Building, Reed's family received heartfelt presentations honoring his life and contributions. I, along with Governor Lou Leon Guerrero, Lt. Governor Josh Tenorio, Board of Directors members Dorothy P. Harris and Conchita Taitano, and Deputy General Managers Dominic G. Muna and Pacifico R. Martir, gave presentations recognizing Reed's dedication and service to the Port.

Reed significantly contributed to the agency's growth, particularly in safeguarding Guam's supply chain. He consistently upheld the highest standards of integrity, treating fellow employees and Port customers with respect. His outstanding performance in fulfilling his duties is truly commendable.

We extend our deepest condolences and prayers to Reed's children, parents, siblings, and extended family, as well as his Port Strong family and members of his hiking community. He will always be remembered for his positive demeanor, dedication, and love for the Port Authority of Guam. Rest in Heavenly Peace, Reed Topasna.

6. **Tropical Storm Spares Guam.** Tropical Storm Bebinca threatened the island during the second week of September but spared us from any major damage.

As the storm was approaching, we ensured that employees secured their work areas the Friday before the storm's passage. On the equipment maintenance side, Port employees diligently strapped down the cranes and secured equipment. On the operations side, empty containers in the terminal yard were trimmed down. Everyone, including admin, did housekeeping in their areas to prepare for whatever might come as a result of the developing weather system.

Our Port Strong team is amazing, leaving nothing to chance!

Guam was declared in Condition of Readiness 3 late in the afternoon on September 10, 2024. The U.S. Coast Guard Captain of the Port (COTP) Guam established PHWC YANKEE effective at 3 p.m. that same day.

Bebinca passed over the island as a tropical depression in the early morning hours of September 11, 2024, and all storm warnings were canceled by the NWS in Tiyan as of 2:17 p.m. that afternoon. At 4 p.m., the Coast Guard declared PHWC ZULU. Despite the tropical storm, work remained uninterrupted.

7. **Active Recruitment for 13 Port Police Personnel.** We are pleased to announce the active recruitment of 13 new Port Police personnel to strengthen our port security operations. The positions include:

- 1 Port Police I
- 5 Port Police II
- 7 Security Guards

This recruitment effort reflects our ongoing commitment to enhancing the safety and security of our port operations and facilities. We thank the Board of Directors for approving a budget that makes these important actions possible to support our Port operations.

8. **Port Wellness Program.** The Port Wellness Program is ongoing, and I am proud to see that divisions have stepped up their events. Employees are enjoying taking part in diverse wellness activities.

The Operations Division held a Smoking Cessation class on September 5, 2024. The Planning Division hosted two events focused on healthy eating, featuring Boka Box and SDA, on September 12, 2024, and September 13, 2024. The Terminal Division organized a Walk, Run, or Hop event along the seawall on September 20, 2024, and the Harbor Master's Office successfully held a Bike Ride event on September 25, 2024. Congratulations to all divisions for their excellent coordination and to all Port Strong employees for participating!

9. **Guam Receives Federal Awards to Protect Marine and Environmental Resources.** On September 24, 2024, Governor Lou Leon Guerrero and Lt. Governor Josh Tenorio announced the award of \$497,846 from the Office of Insular Affairs under the Bipartisan Infrastructure Law. This funding will support the Department of Agriculture's Guam Coral

Reef Initiative (GCRI) project titled "Surveillance, Planning, Rapid Response, and Community Education for Marine Invasive Species Project in Apra Harbor."

Governor Leon Guerrero emphasized the importance of protecting natural resources to preserve what makes Guam special. The project will help identify, monitor, and respond swiftly to marine invasive species, ensuring the long-term health of Apra Harbor and surrounding ecosystems.

GCRI was also awarded \$293,511 from the Office of Insular Affairs under the Coral Reef and Natural Resources Program. This funding will expand GCRI's efforts to effectively manage, conserve, and restore Guam's coral reef ecosystems. The award provides crucial funding for staff positions, including the Coral Reef Policy and Communications Coordinator, two Reef Restoration Biologists, and a new Administrative Assistant to support GCRI's growing administrative needs. It also supports the expansion of GCRI's coral reef restoration project and Guam's continued participation in the U.S. Coral Reef Task Force and the Micronesia Challenge.

In addition, \$50,000 has been allocated to the University of Guam for the Guam On-Island Biosecurity Training initiative. This initiative aims to enhance local capacity to manage invasive species, reinforcing Guam's biosecurity infrastructure through education and hands-on training.

Lt. Governor Tenorio highlighted the importance of these projects in safeguarding Guam's unique environmental heritage. By investing in the protection of land and waters, we are investing in the future of Guam's people and the continued vitality of the island's ecosystems. These initiatives reflect our ongoing efforts to protect Guam's natural environment and educate the community about the importance of biosecurity.

- 10. EQMR Implements New Dashboard.** The Equipment Maintenance and Repair (EQMR) Division is now utilizing a new system for recording and tracking the status of all Port equipment and vehicles. The EQMR Dashboard, set up by Equipment Maintenance Superintendent Shine San Agustin with support from the Maintenance Division, is a centralized interactive digital interface that provides real-time updates about the status, performance, and maintenance needs of each piece of equipment at the Port Authority of Guam.

Raw data is collected from E1 and manually downloaded and integrated into the Dashboard, which automatically processes and displays relevant insights based on predefined settings. This system saves the Planning team three hours daily compared to the previous reporting process. The information provided includes details about vehicles or equipment that are down, how long they have been out of service, estimated completion times, current asset status, and whether parts are on order, including details about the parts ordered.

Information collected from the Dashboard is used in various ways by different users:

- **EQMR Parts Team**: Uses the report to track items awaiting parts and update E1 with any received parts.
- **Maintenance Control**: Monitors work orders with long dwell times, tracking those that exceed 30, 60, and 90 days.
- **Shops**: Relies on the report for daily priority planning and to identify work orders that, although initially a low priority, have become urgent due to delays. It reduces the risk of human error in managing the large volume of work orders.

The Dashboard has proven to be a valuable tool, delivering daily updates to Port users on their assigned assets, ensuring data integrity, and maintaining transparency with the EQMR Division. It helps prioritize maintenance work by tracking key metrics such as equipment downtime, parts availability, and estimated completion times. This ensures that maintenance decisions are data-driven and based on operational necessity, reducing delays and human error.

11. **Port Week Planning is Underway**. Opening Ceremony scheduled for Monday, October 21, 2024, 9:30 a.m., at the Port Admin Building. Port Finale is scheduled for Friday, November 8, 2024, 6 p.m. at the Top of the Mar.

Theme for 49th and 50th Anniversary Celebrations

As part of our strategic buildup to the Port's 50th Anniversary, we are implementing a unified theme for both the 49th and 50th anniversary celebrations. This approach allows us to create a strong, consistent narrative that honors our past while building anticipation for the significant milestone ahead.

49th Anniversary Theme (2024):

Port Strong: Nearly Half a Century of Grit, Resilience, and Service Fueling Local and Regional Economies, Partnerships, and National Security.

50th Anniversary Theme (2025):

Port Strong: 50 Years of Grit, Resilience, and Service Fueling Local and Regional Economies, Partnerships, and National Security.

This unified theme reflects the Port's enduring legacy and its pivotal role in supporting Guam and the broader region. The phrase "Nearly Half a Century" for the 49th anniversary creates momentum and anticipation, leading into the full celebration of 50 years of service. The theme emphasizes our commitment to fueling local and regional economies, fostering strategic partnerships, and supporting national security.

It also serves as a tribute to the hard work and dedication of the Port Authority of Guam's employees, past and present, who have been instrumental in our success. Additionally, it recognizes the leadership and support of Governor Lou Leon Guerrero, Lt. Governor Josh

Tenorio, and the Board of Directors, including Chairperson Dot Harris, Vice Chairperson Conchita Taitano, and Board Secretary Fe R. Valencia-Ovalles.

By focusing on the Port's critical contributions to Guam's economic growth, its role in strengthening both local and federal partnerships, and its readiness to support military preparedness amid rising geopolitical tensions, we underscore the importance of the Port of Guam in shaping a sustainable and prosperous future for our island and region.

Through this consistent theme over two years, we reinforce the Port's ongoing mission to remain a vital hub for economic and strategic interests, ensuring the continued prosperity and sustainability of Guam and the region.

12. **Update on New Desk Audit Policy Implementation.** We are pleased to inform the Board about the implementation of our new Desk Audit Policy, which will take effect on October 1, 2024. This policy is designed to ensure that our employees' job classifications accurately reflect their current duties and responsibilities, promoting fairness, transparency, and alignment with the Port's operational needs.

Purpose of the Desk Audit Policy:

- **Accurate Job Classifications:** Ensures that employees are classified appropriately based on their actual duties.
- **Employee Empowerment:** Provides a formal process for employees to request a review if they believe their role has expanded beyond their current classification.
- **Fairness and Transparency:** Maintains equity across the organization while supporting professional growth.

Key Features of the Policy:

1. **Eligibility:**

- Applicable to employees whose duties have significantly changed and no longer align with their current job description.
- Employees must have performed the expanded duties for at least **three (3) months**, and the changes should not be temporary, **in accordance with PRR Rule 5.011(A)**.

2. **Desk Audit Request Process:**

- **Employee Submission:** Employees submit a formal desk audit request to the General Manager, detailing their current and expanded duties, time commitments, and how their role has evolved. The request must include:
 - The position description of the role they believe they are performing.
 - A breakdown of their time spent on duties listed in their job description versus new or expanded duties.
 - A review of the Knowledge, Skills, and Abilities (KSAs) required for the job they believe they are performing and whether they meet those requirements.

- **Supervisor Endorsement:** Immediate supervisors must endorse the request by certifying:
 - **Confirmation of Expanded Duties:** That the employee is performing the expanded duties as claimed.
 - **Relevance to the Division:** That these expanded duties are critical to the division's needs and operations.
 - **Justification for Allowing Expanded Duties:** An explanation of how and why these expanded duties were allowed.
 - **Oversight of Expanded Duties:** Affirmation that the supervisor approved the expanded duties before they were assigned, or an explanation of any oversight.
 - **Documentation:** The supervisor's endorsement must be submitted as a formal certification, signed and attached to the employee's desk audit request. The certification must clarify the expanded duties' relevance to the division and justify their necessity in the organizational structure, **in accordance with PRR Rule 5.011(B).**
3. **Initial Screening by Human Resources:**
- **Review Timeline:** HR conducts an initial screening within **twenty (20) calendar days, as per PRR Rule 5.011(B).**
 - **Assessment Criteria:** Completeness of the request, significant deviations from the current job description, employee qualifications, and supervisor input.
 - **Communication:** HR notifies the employee in writing of the outcome within this timeframe. If the request is denied at this stage, the employee will receive communication with HR's reasons.
4. **Full Desk Audit Process:**
- **Thorough Evaluation:** If the initial screening warrants it, HR will conduct a full desk audit, verifying the scope of new responsibilities, alignment with higher classifications, and comparing duties with similar positions.
 - **Compliance Check:** Ensures adherence to the Port's Personnel Rules and Regulations and applicable Guam laws, **as required by PRR Rule 5.011(B).**
 - **HR Recommendation:** HR compiles findings and submits a recommendation to the General Manager for final decision.
5. **Opportunity for Improvement (Pro-Employee Provision):**
- **Improvement Period:** Employees not meeting the minimum requirements of their current position are given a formal **six-month improvement period** before considering reclassification to a lower position.
 - **Support and Monitoring:** Employees receive support and clear performance expectations, with regular evaluations during this period.
 - **Policy Reference:** This provision aligns with the new policy enhancements and supports employee development.

6. Final Decision and Communication:

- **General Manager Review:** The General Manager will consider HR's recommendation, alignment with organizational goals, budgetary considerations, compliance, and operational needs.
- **Decision Timeline:** The Division Head and the employee will be notified of the classification study results within **twenty (20) working days** of completing the audit, **in accordance with PRR Rule 5.011(B)**.
- **Effective Date:** If reclassification is approved, it will follow the provisions of **PRR Rule 5.012(A)** for positions reclassified to a higher grade and **PRR Rule 5.012(B)** for positions reclassified to a lower grade.

7. Appeal Process:

- **Administrative Review:** If an employee disagrees with the classification decision made by the General Manager, they may request an administrative review, **in accordance with PRR Rule 5.014(A)-(D)**.
- **Timeline for Appeal:** Requests must be submitted within **twenty (20) calendar days** of the classification notice.
- **Further Appeal:** Employees may appeal to the Commission within **fifteen (15) calendar days** of receiving the General Manager's decision, **as per PRR Rule 5.014(F)**.

8. Confidentiality and Training:

- **Confidential Process:** All information during the desk audit is kept confidential to encourage honesty and openness.
- **Training Sessions:** HR will provide training to supervisors and HR personnel to ensure consistency and compliance.

Benefits of the Policy:

- **Enhances Employee Engagement:** Recognizes and rewards employees for expanded roles, boosting morale.
- **Supports Organizational Efficiency:** Aligns job classifications with actual duties, optimizing resource allocation.
- **Promotes Equity:** Establishes a transparent process that applies uniformly across the organization.

Implementation Plan:

- **Policy Availability:** Employees can request a copy from the HR Department.
- **Communication:** A memorandum will be issued tomorrow, September 27, 2024 to all employees outlining the new policy and its benefits.
- **Informational Meetings:** HR will hold sessions to explain the policy and answer questions.
- **Supervisor Training:** Ensures supervisors understand their role in endorsing requests and supporting employees.

Conclusion:

The implementation of the new Desk Audit Policy is more than just an administrative update—it's a testament to our commitment to fostering a fair and supportive work environment rooted in the values of our Port Strong culture. With the support of Governor Lou Leon Guerrero, Lt. Governor Joshua Tenorio, and our Board of Directors led by Chairperson Dot Harris, Vice Chairperson Conchita Taitano, and Board Secretary Fe R. Valencia-Ovalles, we are dedicated to empowering our employees and recognizing their invaluable contributions.

This policy reflects our belief that when team members are accurately recognized for their expanded roles and responsibilities, it not only enhances their professional growth but also strengthens the entire organization. I will personally review all desk audit recommendations, as I have done so in the past, to ensure that each employee's hard work is acknowledged, aligning with our commitment to fairness, transparency, and integrity.

Our dedication to implementing such policies stems from understanding that our employees are the backbone of the Port Authority. Their hard work and dedication keep the Port Strong, and it's our responsibility to provide them with the support and recognition they deserve. This approach not only boosts morale but also prepares us to meet future challenges with a resilient and motivated workforce.

By embracing this policy, we reaffirm why we do what we do: to build a collaborative environment where every team member feels valued and empowered to contribute to our shared success. This not only aligns with our operational needs but also with our mission to serve the people of Guam effectively.

Appreciation:

We appreciate the Board's acknowledgment and support in implementing this policy. We would like to express our sincere gratitude to Chairperson Dot Harris for her thorough review of the draft policy and the insightful discussion we had regarding a particular item. Her perspective helped us realize that the item wasn't necessary, as it would be addressed through our standard procedures. As a result, we removed it entirely, streamlining the policy for greater effectiveness. This is the kind of guidance and collaboration that embodies the values that lead our organization and is integral to maintaining a motivated and efficient workforce dedicated to keeping the Port Strong.

13. **General Manager's Notes for YTD Finances.** We are providing the following summary for August 31, 2024:

REVENUES AND CARGO THROUGHPUT:

- The Port's total year-to-date (YTD) operating revenue as of August 31, 2024, is \$54.5 million, which is 1.7% or \$922K lower than the YTD revenue budget of \$55.4 million for FY24.

- The total number of containers handled by August 31, 2024, is 78,306, a slight decrease of 0.1% or 104 containers compared to last year's YTD total of 78,410 as of August 2023. However, the total tonnage for non-containerized cargo stands at 195K revenue tons, a 2.1% increase from last year's August total of 191K revenue tons. This increase is mainly driven by domestic Roll-on/Roll-off (Ro-ro) cargo.

The addition of two container/roll-on, roll-off vessels ("con-ro") by Matson to its weekly schedule is the primary driver behind the 112% increase in domestic non-containerized cargo. As of August, total Roll-on/Roll-off (Ro-ro) revenue stands at \$1.2 million, reflecting a 101% increase, or \$588K.

OPERATING EXPENSES:

- Overall operating expenses as of August 31, 2024, total \$53.2 million, which is 4.9%, or \$2.5 million, higher than the year-to-date (YTD) budget of \$50.6 million. Current expenses are at 93% of the total approved FY2024 budget of \$57.0 million. In October 2023, the anticipated passage of Typhoon Bolivar near Guam resulted in \$326K of unforeseen typhoon-related expenses.

OVERTIME EXPENSE AND DIRECT LABOR REVENUE:

Year-to-date (YTD) overtime for divisions involved in operations is \$1.4 million, which is 24%, or \$279K, higher than the YTD overtime budget of \$1.3 million for August. However, FY 2024 YTD overtime as of August is 13% lower compared to last year's YTD total of \$1,670,879. The decrease in overtime would have been more significant, but the annual employee salary increase also raised the overtime rate for each employee in FY 2024.

- The total Direct Labor revenue as of August is \$3.57M, 2% or \$69K higher than the FY24 budget of \$3.5M.

Here is the breakdown:

Direct Labor Revenue:	\$ 3,570,775
Operations Overtime:	<u>\$ 1,447,993</u>
Variance:	\$ 2,122,782

YTD OPERATING REVENUES MINUS YTD EXPENSES:

Operating revenues minus operating expenses resulted in an operating income of \$1.3 million. After accounting for net Other Income/Expenses totaling \$2.3 million, the final result for August is a net income of \$3.6 million.

Note: \$2.3M is a net balance of Other Income and Expense composed of Interest Income, Interest Expense, Federal Reimbursements, Federal Expenses, Retirees COLA, Supplemental, Medical and Dental, and Other Non-Operating Income & Expenses.

Other Financial Highlights, as of August 31, 2024:

- The debt service ratio as of August 31, 2024, is 1.55. This is 24% higher than the Bond Indenture Debt service ratio requirement of 1.25.

Annual Debt Service Coverage	1.55
Required Debt Service Coverage	1.25
<i>Variance</i>	<i>0.30</i>
<i>% Variance</i>	<i>24%</i>

14. Port Insurance for Fiscal Year 2025. Insurance Premium and Property Appraisal Update. In FY 2024, the insurance premium for Port properties was \$4,491,649.45, representing a 45% increase, or \$1.4 million, compared to the FY 2023 premium of \$3.1 million. Although the property value submitted for FY 2024 increased by 13% (from \$245,748,336 in FY 2023 to \$277,803,815 in FY 2024), underwriters raised concerns for several reasons: the Port's property values had not been appraised in roughly 20 years, the global COVID-19 pandemic in FY 2020–2021 led to rising costs, and Typhoon Mawar struck Guam in May 2023, causing significant damage and requiring a multimillion-dollar insurance claim. These factors contributed to the \$4.5 million insurance premium in FY 2024 and the requirement from underwriters for the Port to conduct a new professional appraisal of its properties.

The Port hired Milo Appraisal Company, and based on their appraisal, the updated property value submitted for insurance was \$435,758,201, a 57% increase from the initial FY 2024 value. Despite this significant increase in property value, the insurance premium for the Replacement Cost Option (full property value) is \$5,145,991.90, with a \$7.6 million deductible. This represents a 15%, or \$654,000, increase from the FY 2024 premium.

Our brokers have consistently demonstrated prudence in representing the Port's best interests, as affirmed by the Public Utility Commission's (PUC) Orders whenever the PUC commissioners review our insurance case dockets for approval.

The Fiscal Year 2025 budget authorized an appropriation of \$4.9 million for insurance. However, due to the premium shortfall, I will need to transfer funds, utilizing the authority granted to me by the board. I am making this report on the record because, in addition to the selected option of full replacement value with a \$7.6 million deductible and a \$5.15 million premium, there was also a second option: a \$4.6 million annual premium with a \$5.7 million deductible, based on depreciated value.

After thorough discussions with Board Secretary Fe Ovalles, who took a leadership role due to her extensive experience in the insurance industry, we agreed that option 1—full replacement value—is in the Port Authority of Guam's best interest. This approach addresses the long-standing issue of outdated property valuations and ensures our insurance coverage reflects the Port's current property value.

The challenges we faced—including high premiums, market conditions, Typhoon Mawar, and global cost increases—complicated the process of securing coverage. However, under the strong leadership of Director Ovalles, our brokers worked diligently to ensure that underwriters were willing to insure the Port. Their careful approach allowed us to navigate these difficult market conditions and secure the necessary coverage to protect the Port's assets.

Next, we will consult with the Public Utilities Commission (PUC) to confirm whether this action requires their approval, as the premium increase exceeds 10%. We are also determining if the 10% threshold applies in the aggregate or to individual line items. Should PUC approval be necessary, we will petition for ratification, as the Port requires continuous insurance coverage, with this policy taking effect on October 1, 2024. Should ratification be required, we will return to the Board next month with a resolution seeking your authorizing to seek PUC approval.

In summary, proceeding with full replacement value coverage, despite the higher premium and deductible, provides the Port with comprehensive insurance that accurately reflects its asset value. This is crucial given the Port's responsibility for handling 90% of all goods coming into Guam and its vital role in supporting both the local and regional economies. Ensuring proper insurance safeguards our critical infrastructure and operations, especially in the face of natural disasters, evolving market conditions, and the Port's significance to the regional economy and national security.

We recognize Director Ovalles' persistent and relentless leadership in addressing an issue that has persisted at the Port for almost 20 years. Thanks to her efforts, and the Board's commitment to making things right, we have successfully resolved this longstanding challenge within just one fiscal year.

- 15. Port Authority Submits Grant Proposal for Digital Equity Initiative.** The Port Authority of Guam is excited to announce the submission of a grant proposal for the 2024 National Telecommunications and Information Administration (NTIA) Digital Equity Competitive Grant Program offered by the U.S. Department of Commerce.

This significant initiative aims to bridge the digital divide by ensuring all communities have access to the internet and the necessary skills to participate fully in the digital world, regardless of their background or circumstances.

Under the leadership and guidance of Port Board Vice Chairperson Conchita Taitano, who is actively involved in our sustainability and resilience initiatives, the Port's Planning team collaborated with WSP (the Port's Owner Agent), and Jacobs to develop and submit the proposal on September 23, 2024.

The project seeks to build a robust and resilient digital ecosystem that promotes digital equity and inclusion, catalyzing growth in underserved shoreline communities.

Key Components of the Project

- **Community Anchor Institution**
 - The Port has been designated as a Community Anchor Institution to provide broadband services to five surrounding communities.
- **Community Resource Centers/Digital Equity Hubs**
 - Establishing centers at the Hagåtña and Agat Marinas to serve as hubs for digital access and education.
- **Terminal Operating System (TOS) Upgrade**
 - Upgrading and integrating the Port's TOS to enhance operational capacity, efficiency, accessibility, and inclusivity.

Project Significance

By connecting underserved shoreline communities, the project aims to stimulate economic growth and provide equitable access to digital resources. Integrating our TOS with digital equity initiatives positions the Port at the forefront of technological advancement, enhancing our operational efficiency and service delivery.

Financial Overview

- **Total Project Cost Estimate:** \$12 million

Collaboration and Leadership

This project, if awarded, is a major addition to our sustainability portfolio and exemplifies our commitment to environmental stewardship and community engagement. The successful submission of the grant application was made possible through the leadership of Vice Chairperson Conchita Taitano and the collaborative efforts of our Port team, WSP, and Jacobs.

Looking Ahead

We anticipate that this project, if awarded, will significantly contribute to our mission of serving the people of Guam and strengthening our regional partnerships. It underscores our dedication to fostering sustainability, resilience, and community development.

Appreciation

We acknowledge Vice Chairperson Conchita Taitano for her leadership and all team members involved in this important endeavor. Their dedication and hard work have advanced our efforts to bridge the digital divide and enhance the quality of life for our communities.

16. **Net Zero at the Port of Guam Goal Moving Closer to Reality.** Work continued throughout September to bring the Port Authority of Guam closer to its goal of achieving Net Zero. Net Zero refers to balancing the greenhouse gases emitted into the atmosphere with those removed. Achieving this requires reducing emissions from energy, transportation, and industry to near-zero levels while offsetting remaining emissions through methods such as reforestation, carbon capture, or CO2 removal technologies. The goal is to prevent further global warming by ensuring human activities do not increase the overall concentration of greenhouse gases.

The PAG recently secured a grant through the Office of the Governor from OLDCC to fund its Owner's Agent/Engineer for conducting a Port Resiliency and Sustainability Study, and WSP (the Port's Owner's Agent) brought on Jacobs as a subcontractor to deliver this project. On September 12, 2024, via a Teams meeting, Jacobs presented feasible solutions to help PAG achieve 'Net Zero' by a target date. Attendees included Vice Chairperson Conchita Taitano, WSP (the Port's Owner's Agent), members of the Planning Division, and myself. The presentation covered the goals and objectives of the Zero Emissions (ZE) Strategy, greenhouse gas (GHG) emission results, and carbon reduction strategies.

We acknowledge Vice Chairperson Conchita Taitano for her leadership, along with the contributions of all team members involved in this important endeavor. Their dedication and hard work have significantly advanced our efforts to improve sustainability and enhance the quality of life for our communities.

The Port Sustainability Plan aligns with the Administration of Governor Lou Leon Guerrero, Lt. Governor Josh Tenorio, and First Gentleman Jeff Cook's Zero Waste Task Force, which is focused on minimizing our ecological footprint, mitigating environmental impacts, and promoting sustainability.

The plan focuses on preserving natural resources through zero-emission initiatives, zero-waste efforts, the establishment of a recycling enterprise zone at the Port, and the use of recycled plastic to rebuild Family Beach Road. It will integrate these principles into the Port's operational framework through strategies aimed at enhancing energy efficiency, reducing emissions, managing waste, and conserving natural resources.

The Port Sustainability Plan is also a key component of the Port's 2024 Look Ahead, which aligns with the Governor and Lt. Governor's Strategic Framework and the One Guam approach to the military buildup, with a strong emphasis on National Security.

17. Status of Ongoing Awarded Grant Activities and Updates on Planned Grant Acquisitions.

Grant Updates

1. USDHS/FEMA Port Security Grant Program

The Port received \$124,779 from the 2023 Port Security Grant Program (PSGP), which includes the following projects:

- **Acquisition of Two Port Police Boat Trailers**
 - **Update:** Trailers have been delivered to Port Police.
- **Acquisition of Port Police Laptops and Accessories**
 - **Update:** Distribution to Port Police is ongoing as IT completes configuration of units.
- **Acquisition of Port Police Personal Protective Equipment (PPE)**
 - **Update:** Procurement process is ongoing.

2. U.S. Economic Development Administration (EDA) Fuel Pipeline Connectivity Project

- **Update:** AM Orient received the geotechnical report from Marianas Geotech Services and is working with PAG staff to finalize components of the 90% Design Submittal.

3. Gantry Crane Acquisition

- **PAG Procurement Bid**
 - Port's procurement and legal teams, in collaboration with WSP and Lift Tech, are currently working on the procurement bid packet.
- **USDA Direct Loan**
 - PAG Finance is developing a Request for Proposal (RFP) to select a lender for commercial loan financing to replace the PAG's ship-to-shore gantry cranes.
 - The Port team is working with the local USDA office to complete the application process.
 - USDA guidance has been provided regarding the type of procurement the Port will execute.
 - **Update:** Status quo.

4. MARAD Marine Highway Program

- The Grant Agreement for MARAD FY 2022 America's Marine Highway was effectuated on **August 4, 2023**, for the purchase of:
 - Nine terminal yard tractors and two refrigerated container (reefer) generators – *Delivery is anticipated by March 2025*
 - Five 5.5-ton forklifts – *Procurement is currently conducting Market Research*
 - One telescopic boom lift – *Delivery is anticipated by November 2024*

5. Office of Local Defense Community Cooperation

- The PAG's recent grant application totaling **\$1.45 million** for its Owner's Agent/Engineer to conduct a Port Resiliency and Sustainability Study was granted by OLDCC through the Office of the Governor.
- **Update:** On September 12, 2024, via a Teams meeting, Jacobs presented to Vice Chairperson Conchita Taitano and the General Manager feasible solutions for the PAG to achieve 'Net Zero' by a target date—addressing goals and objectives of the Zero Emissions (ZE) Strategy, greenhouse gas (GHG) emission results, and carbon reduction strategies.
 - **Direct Actions** (for a potential >20% reduction of emissions) include: *hybridization of the STS gantry cranes, electrification of passenger fleet, energy conservation measures, employee training programs, and sub-metering;*
 - **Collaborative Actions** (for a potential >50% reduction) include: *engagement and collaboration with GPA; and*
 - **Nature-based Actions** (for an estimated >7% reduction) include: *restoration of mangroves, forested areas of Port property, and engaging with wider initiatives, including potential watershed strategy*

6. EPA Diesel Emissions Reduction Act (DERA) Program

- A purchase order for four terminal yard tractors was issued to American Material Handling, Inc. on **May 2, 2023**.
- The four units were accepted by the PAG on **April 18, 2024**.
- **Update:** PAG Procurement issued PO No. 20063-OS on **August 27, 2024**, for the purchase of two additional units to complete the grant program. *Delivery is anticipated by May 2025*

7. US DOT Rebuilding American Infrastructure with Sustainability and Equity (RAISE) Grant Program

- PAG requested a no-cost scope modification to the original F1 Pier and Wharves F2–F6 repairs under the RAISE grant, shifting funding from F1 Pier to supplement funding for Wharves F2–F6. The request is undergoing the approval process at the Office of the Secretary of Transportation.
- **Update:** The USDOT Office of the Secretary, via MARAD, approved the Port's no-cost scope modification. Environmental assessment is ongoing, along with documentation for the HABS/HAER effort.

8. Office of Insular Affairs Maintenance Assistance Program (MAP)

- **Port Welding Shop Phase 1 & 2 Project**
 - Awarded in 2020 and 2021.
 - Aims to repair concrete spalling and cracks on the building's exterior and apply protective coating once repairs are complete.
 - Includes acquiring specialized equipment for the Welding Section to support maintenance of gantry cranes and other heavy-duty equipment.
 - **Update:** Bid opening held on **September 6, 2024**. The next step is to issue a Notice of Award, pending confirmation of price with the lowest qualified bidder.
- **Generator Maintenance Program**
 - Awarded on **June 29, 2022**.
 - Hawthorne Pacific Corporation signed the purchase order on **May 8, 2023**.
 - On **June 28, 2023**, requisitions were entered, and a total of eight purchase orders were awarded on **October 23, 2023**, to three vendors: Landscape Management Systems, Inc., Far East Equipment Co. LLC, and Hawthorne Pacific Corporation.
 - Genset maintenance/services and parts deliveries are ongoing.
 - **Update:** Maintenance services are ongoing monthly.

9. New Grant Proposal – U.S. EPA Clean Ports Program: Climate and Air Quality Planning Competition

- The U.S. EPA Clean Ports Program aims to reduce air pollution and greenhouse gas emissions at ports by supporting projects that adopt cleaner technologies and practices.
- PAG submitted a **\$2,410,415** grant proposal to fund the Net Zero Emissions Strategy Update and Implementation Plan.
- The U.S. EPA will announce selection decisions between August and September 2024 and plans to issue awards by December 2024.
- **Update:** Status quo.

10. New Grant Opportunity – U.S. EPA Environmental and Climate Justice Community Change Grants Program / Inflation Reduction Act Community Change Grants Program

- The Port Authority of Guam (PAG), as a potential collaborator, transmitted intake forms and documents for the following projects to the lead applicant, Community First Guam Federal Credit Union, via CBO Financial, on September 9, 2024: PAG Lighting Fixture, Ceiling Tiles, and Window Shutters Replacement Project; PAG Installation of a Solar Photovoltaic (PV) System and Batteries Project; PAG Microgrid Feasibility Study Project; and PAG Route 11 Seawall Improvement Project.
- PAG is awaiting notification of its selection to participate as a collaborator under the Community First application, which has a submission deadline of November 21, 2024.

Respectfully submitted,



Rory J. Respicio
General Manager



PORT OF GUAM
 ATURIDAT / PUETTON GUAHAN
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Lourdes A. Leon Guerrero
 Governor of Guam
 Joshua F. Tenorio
 Lieutenant Governor

BOARD POLICY MEMORANDUM NO. 2018-01

To: All Division Heads	Subject: Working Capital and General Reserve Fund Policy for Financial Stability and Operational Continuity
Effective Date: April 19, 2018	Amended: September 26, 2024
Approved by: DOROTHY P. HARRIS, Chairperson, Board of Directors	

I. PURPOSE:

The Port Authority of Guam (PAG) recognizes the need to establish and implement a comprehensive Working Capital and General Reserve Fund Policy to ensure the continuity of services by providing liquidity and a funding source for unforeseen obligations and cash flow demands. This amended policy aims to consolidate the Working Capital Reserve into the General Reserve Fund to manage the financial affairs of PAG in a fiscally prudent manner.

The purpose of this policy is to provide a source of cash or funding to satisfy:

1. Known operational and maintenance (O&M) contingencies where the specific timing and amount are uncertain;
2. Unforeseen O&M contingencies not anticipated at the time of the annual budget approval;
3. Liquidity in the event of a short-term disruption to the Authority's revenue or expenditure cycle;
4. Establishment and maintenance of a unified reserve account to ensure financial stability and operational sustainability.

II. FUNDING:

PAG maintains a commitment to transparency and accuracy in its financial disclosures. The working capital reserve account is not an indenture requirement and has no mandated amount. Despite this, PAG has consistently maintained substantial cash reserves since the issuance of the 2018 Series Revenue Bond.

With several reserve accounts in place, PAG currently holds approximately \$120 million, which exceeds 800 days of operating funds, ensuring fiscal prudence and compliance. The required reserve level will be incrementally achieved over a 5-year period, aiming for an accreted value equivalent to 180 days of O&M costs of the current fiscal year.

III. WORKING CAPITAL AND GENERAL RESERVE FUND ACCOUNT:

Since the 2018 bond issuance, we have maintained \$53.1M in cash reserves as of FY 2023. The "Working Capital Reserve Account" referenced in our bond indenture is optional and does not require a specific balance.

1. Financial Policy - Working Capital Reserve for O&M Policy:

The Authority Board adopted a Working Capital Reserve for O&M policy on April 19, 2018, with the purpose of providing:

- (i) a source of cash to satisfy known operational and maintenance contingencies where the specific timing and amount are uncertain;
- (ii) to address unforeseen operational and maintenance contingencies not included in the Authority's routine budget process;
- (iii) to provide liquidity in the event of revenue shortfalls pending the implementation of approved expense cuts;
- (iv) to document and satisfy one of the bond rating agency considerations for establishing a rating on the Bonds.

The Working Capital Reserve for O&M Policy is not intended to be a substitute for the Authority's routine budgeting process but rather provides a mechanism for accumulating the optimum level of the Working Capital Reserve Account.

2. Representation of the Policy:

The Authority makes no representation that the Working Capital Reserve for O&M Policy will not be revised or amended and, except to the extent required for compliance with the terms of the Indenture, makes no representation that this policy will be followed by the Authority (Port Authority of Guam 2018 Bond Official Statement, p. 39).

Recognizing the need for an unrestricted reserve fund, the Port established the General Reserve Fund in 2020, which now encompasses the purpose of the Working Capital Reserve. This unified fund, with a balance of \$23.9M as of FY 2023, covers unexpected events, income losses, and unbudgeted expenditures like Typhoon Mawar repairs.

3. Instruction to Merge Funds:

To streamline and simplify our reserve fund structure, this policy mandates the integration of the Working Capital Reserve into the General Reserve Fund. All assets from the Working Capital Reserve will be consolidated into the General Reserve Fund, resulting in a single unified reserve account. This merged fund will operate under the framework and guidelines established by Board Resolution 2020-05, ensuring adequate financial reserves for operational sustainability, fiscal prudence, and to address:

- Known operational and maintenance (O&M) contingencies where the specific timing and amount is uncertain;

Board Policy Memorandum No. 2018-01

Subject: Working Capital and General Reserve Fund Policy for Financial Stability and Operational Continuity

Amended: September 26, 2024

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- Unforeseen O&M contingencies not included in the Authority's routine budget process;
- Liquidity in the event of revenue shortfalls pending the implementation of approved expense cuts;
- Other unforeseen events requiring financial resources.
- All future transactions and financial reporting will reflect this unified reserve account, effective immediately upon adoption of this amended policy. The Working Capital Reserve account will be closed upon the successful transfer of all assets. This unified fund will continue to support the Port Authority's strategic financial objectives, including maintaining fiscal responsibility, operational stability, and adhering to strict bond covenants.
- PAG's commitment to fiscal responsibility has led to significant improvements in the Port's bond ratings, with no concerns raised by bond raters. We appreciate the Public Auditor's diligence and are committed to upholding the integrity of our financial reporting.

IV. DEPOSITORY:

A single account, as established by PAG Board Resolution 2020-05 and maintained thereof, shall now be established and maintained as the unified reserve fund. The Bank of Guam Trust Services Department is authorized to manage the account for the General Reserve Fund. The Chief Financial Officer (CFO) is directed to coordinate with the Bank of Guam to ensure the consolidation of the Working Capital Reserve into the General Reserve Fund and to update all account documentation accordingly, completing this process within 30 days of this policy's adoption.

V. REPORTING:

Regular updates on the status of the unified reserve fund will be included in the financial reports prepared for the Board of Directors. The report will provide an overview of the fund's status, including reserve levels and significant transactions impacting the fund.

VI. MODIFICATIONS TO THE RESERVE POLICY:

This policy may be modified from time to time with the approval of the Board of Directors.

VII. SIGNATORIES FOR THE GENERAL RESERVE FUND:

The authorized signatories for the General Reserve Fund account are as follows:

1. Rory J. Respicio, General Manager
2. Dominic G. Muña, Deputy General Manager of Operations
3. Pacifico Martir, Deputy General Manager of Administration & Finance
4. Jose B. Guevara III, Chief Financial Officer

BOARD OF DIRECTORS

*Dorothy P. Harris, Chairperson
Conchita S.N. Taitano, Vice Chairperson
Fe R. Valencia-Ovalles, Board Secretary*



Resolution No. 2024-11

RELATIVE TO HONORING THE LIFE AND SERVICE OF PORT AUTHORITY OF GUAM EMPLOYEE REED K. TOPASNA AND EXTENDING OUR HEARTFELT DEEP SYMPATHY AND CONDOLENCES TO THE BEREAVED FAMILY MEMBERS.

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

WHEREAS, Mr. Reed K. Topasna began his employment as public servant with the Port Authority of Guam on October 11, 2001 as a Stevedore with the Stevedoring Division; and

WHEREAS, during his employment, he was promoted to the positions of Stevedore Leader and Stevedore Supervisor I and detailed to the position of Stevedore Supervisor II; and

WHEREAS, from May 23, 2023 to May 5, 2024, he was detailed to the position of Stevedoring Superintendent and on May 6, 2024 he was promoted to the Stevedoring Superintendent position; and

WHEREAS, Mr. Topasna was instrumental in effectively planning the vessel operations and ensuring the goods are loaded from the vessels in a timely manner resulting in cost-savings to the Port; and

WHEREAS, Mr. Topasna not only devoted his spare off-hours to Port-sponsored employee activities and sports events for his sons, but he also was intimately involved in promoting the beauty of Guam to members of the hiking community and served as President of Guam Boonie Stompers, Inc.; and

WHEREAS, Mr. Topasna upheld the highest level of integrity by carrying out his responsibilities with respect and value for fellow employees and Port customers and performed his duties in an outstanding manner; and

WHEREAS, Mr. Topasna was recognized as an award recipient of the Supervisor of the Quarter for January to March 2023 and July to September 2006 and Outstanding Work Center of the Quarter for January to March 2023; and

WHEREAS, the Jose D. Leon Guerrero Commercial Port and the entire community of Guam lost a valued member on August 24, 2024 with the untimely death of Mr. Topasna; and

WHEREAS, Mr. Topasna will be remembered for the love and dedication he displayed to his family, Port Strong Family and the hiking community; now therefore, be it

RESOLVED, that the Board of Directors on behalf of the employees and management of the Jose D. Leon Guerrero Commercial Port recognize and acclaim the public service Mr. Topasna to the people of Guam and extends its sincere condolences to his children, grandchildren, parents, and siblings and other members of his family; and be it further

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

PASSED AND ADOPTED UNANIMOUSLY BY THE BOARD OF DIRECTORS THIS 26th DAY OF SEPTEMBER, 2024.

DOROTHY P. HARRIS
CHAIRPERSON, BOARD OF DIRECTORS
PORT AUTHORITY OF GUAM

FE R. VALENCIA-OVALLES
BOARD SECRETARY, BOARD OF DIRECTORS
PORT AUTHORITY OF GUAM

BOARD OF DIRECTORS
Dorothy P. Harris, Chairperson
Conchita S.N. Taitano, Vice Chairperson
Fe R. Valencia-Ovalles, Board Secretary



Resolution No. 2024-12

RELATIVE TO AUTHORIZING THE GENERAL MANAGER TO ADMINISTER THE DISPOSAL OF PORT AUTHORITY EXCESS SUPPLIES AND SURPLUS EQUIPMENT IN COMPLIANCE WITH 5 GCA, CHAPTER 5, SECTION 5404.

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

WHEREAS, Public Law 32-081 was enacted on November 27, 2013 which added a new §5404 to Article 8, Chapter 5 of Title 5, Guam Code Annotated, relative to the proceeds derived from the disposal of excess or surplus supplies and equipment that are the property of the Jose D. Leon Guerrero Port Authority of Guam (PAG); and

WHEREAS, *I Liheslaturan Guahan* finds the PAG procures supplies and equipment using revenues generated from rates and tariffs charged to its customers/ratepayers, and not from the Government of Guam General Fund and when these supplies and equipment become excess or surplus, the disposal thereof is conducted in accordance with Guam Procurement Law and regulations; and

WHEREAS, *I Liheslaturan Guahan* further finds that an objective of the Government of Guam supply management program is to obtain a fair return of value upon disposal of surplus or excess supplies and equipment; and

WHEREAS, *I Liheslaturan Guahan* further finds that net proceeds from the disposal of surplus supplies and equipment are credited to the General Fund, in accordance with Guam Procurement law unless otherwise exempted and the intent of *I Liheslaturan Guahan* was to credit the net proceeds from the disposal of PAG's surplus and supplies and equipment back to the agency for the purpose of supplementing its operations and maintenance budget; and

WHEREAS, the law stipulates when the PAG disposes its excess or surplus supplies and equipment that were purchased with funds generated from rates, tariffs, or other sources of the Port Authority of Guam and not from the General Fund, ninety percent (90%) of the total proceeds from the sale, lease, or disposal shall revert to the PAG and the remaining ten percent (10%) of the total proceeds shall be deposited into the Guam Procurement Advisory Council Support Fund, and shall be administered in accordance with §5906 of Article 2, Chapter 5 of Title 5, Guam Code Annotated; and

WHEREAS, the law stipulates that the Port Authority of Guam shall not transfer, sell, trade-in, or otherwise dispose of supplies and equipment owned by the Port Authority of Guam without the authorization of the Port Authority's Board of Directors; now therefore, be it

RESOLVED, the Port Authority Board of Directors authorizes the General Manager to administer the disposal of PAG's excess or surplus supplies and equipment in accordance with §5404 and §5906 of Chapter 5, Title 5, Guam Code Annotated; and be it further

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

PASSED AND ADOPTED UNANIMOUSLY BY THE BOARD OF DIRECTORS THIS 26th DAY OF SEPTEMBER, 2024.

DOROTHY P. HARRIS
CHAIRPERSON, BOARD OF DIRECTORS
PORT AUTHORITY OF GUAM

FE R. VALENCIA-OVALLES
BOARD SECRETARY, BOARD OF DIRECTORS
PORT AUTHORITY OF GUAM

Resolution No. 2024-13

RESOLUTION TO AUTHORIZE THE GENERAL MANAGER TO ISSUE A PROCUREMENT SOLICITATION FOR A PUBLIC-PRIVATE PARTNERSHIP TO MANAGE, OPERATE, AND MAINTAIN THE GOLF FUEL PIER, FOXTROT FUEL PIER I, AND AREA A FUEL TANK FARM, SUBJECT TO LEGISLATIVE AND GOVERNOR APPROVAL AS PROVIDED FOR HEREIN.

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE PORT AUTHORITY OF GUAM:

WHEREAS, Section 10404 of the Port Authority of Guam's Enabling Act, codified in Title 12, Guam Code Annotated, Chapter 10, authorizes the Board of Directors to enter into public-private partnerships through performance management contracts for various Port operations, provided that all processes outlined in Article 4 of Chapter 10 are followed; and

WHEREAS, the 2019 Transition Report issued by Governor Lourdes A. Leon Guerrero and Lieutenant Governor Joshua Tenorio referenced the Jose D. Leon Guerrero Commercial Port as the hub of Micronesia due to its role in transshipping goods, including fuel, through Guam to neighboring islands; and

WHEREAS, the report discussed the need for rehabilitation repairs to the Golf Fuel Pier and Foxtrot Fuel Pier I, based on post-seismic assessments and damage sustained by these piers, as well as the storage fuel tanks located at Area A on Cabras Island; and

WHEREAS, the Port's Master Plan Update projected liquid bulk cargo to increase from 6.96 million barrels in 2013 to 8.42 million barrels by 2033, with petroleum companies assessing the island's current storage capacity to accommodate this growth; and

WHEREAS, petroleum companies prefer storage tanks to be situated near the fuel piers to enable quicker transshipment of fuel onto vessels; and

WHEREAS, on May 23, 2023, Typhoon Mawar, a Category 4 storm with wind speeds of up to 155 miles per hour and gusts estimated at 190 miles per hour, made direct landfall on Guam, causing significant damage; and

WHEREAS, the typhoon caused Guam Shipyard's floating cranes (YD223 and YD120) to break loose, with YD223 grounding at Golf Fuel Pier and YD120 grounding near Foxtrot I, resulting in further damage to the piers; and

WHEREAS, Golf Fuel Pier is also used by Cementon to offload cement products into their silos adjacent to the pier; and

WHEREAS, in October 2023, conditional assessments by Port Engineering staff and Owner Agent Engineers consultants determined that Golf Fuel Pier sustained severe damage, rendering it structurally unsound and unusable; and

WHEREAS, the assessment report found that while Foxtrot Fuel Pier I sustained serious damage, it could be used with certain restrictions, including reduced berthing velocities and limits on large vessels; and

WHEREAS, the estimated engineering cost to repair Golf Fuel Pier is \$15,636,974, while replacing it would cost \$82,959,868; and

WHEREAS, the estimated cost to repair Foxtrot Fuel Pier I is \$3,567,940, while replacement would cost \$64,286,061; and

WHEREAS, discussions with the Federal Emergency Management Agency (FEMA) identified Golf Fuel Pier as critical infrastructure, essential for delivering fuel and cement to Guam's community; and

WHEREAS, FEMA's preliminary cost estimates for repairs significantly differed from the Port's assessments, leading Governor Leon Guerrero to request a review by FEMA Region IX's Administrator, emphasizing the importance of resolving the cost discrepancy and considering Hazard Mitigation funding; and

WHEREAS, it has been over a year since any repair work has been undertaken on Golf Fuel Pier, forcing petroleum companies to collaborate with the Foxtrot Fuel Pier I manager to install fender systems for safe berthing, while smaller vessels are fueled at waterfront piers via tanker trucks, and cement operations are rerouted through ISO tanks; and



WHEREAS, the annual revenue that the Port generates from throughput at Golf Pier and Foxtrot Fuel Pier I will not be sufficient to cover the annual debt service, management fees for fuel pier, and operational costs associated with the repairs and improvements to these facilities, making it necessary to seek this kind of common-sense business model for the Port; and

WHEREAS, governments worldwide have increasingly partnered with the private sector to deliver infrastructure projects, including energy, power, communication, transport, and water, due to the efficiencies, resource availability, and advanced technologies that private sector partnerships offer; and

WHEREAS, public-private partnerships (PPP) have been successfully implemented by other Government of Guam autonomous agencies, such as the Guam Power Authority and Guam Waterworks Authority; and

WHEREAS, the Port currently operates with only one working fuel pier, which poses a critical risk to its resiliency in both local and regional fuel supply operations. This limitation affects the Port's ability to support military readiness, civilian fuel demands, and emergency responses in the event of disruptions; and

WHEREAS, the regional geopolitical tensions further highlight the strategic importance of ensuring uninterrupted fuel supply to Guam and the neighboring islands, underscoring the need for resilient and upgraded infrastructure; and

WHEREAS, addressing this vulnerability through the Port Readiness Plan and the proposed long-term public-private partnership is essential to ensure the sustainability and security of the island's fuel supply; and

WHEREAS, the Port Readiness Plan, currently being developed by WSP (the Port's Owner Agents) in collaboration with the Port, is aimed at determining the necessary investments by the Department of Defense, MARAD, and other federal partners such as the US EPA to prepare the Port for the military readiness program, commercial growth, and long-term sustainability—all in defense of national security. The plan addresses critical infrastructure needs, including the replacement of 40-year-old gantry cranes, rehabilitation of wharves and facilities, and the alignment of military and civilian fuel demands to ensure sustained operations. These findings will also be foundational in building the public-private partnership model for public scrutiny, ensuring transparency and accountability throughout the process; and

WHEREAS, the support and coordination with the Joint Region Marianas, the Department of Defense (DoD), U.S. Indo-Pacific Command (INDOPACOM), and other relevant military stakeholders is critical for aligning the Port's fuel operations with national defense priorities, particularly within the Indo-Pacific region; and

WHEREAS, with the upcoming military build-up, it is crucial for the Port to explore solutions to repair its fuel piers and increase fuel storage capacity to ensure uninterrupted fuel operations for Guam and the Micronesian region; and

WHEREAS, private activity bonds provide a viable financing tool to support public-private partnerships for infrastructure projects by offering tax-exempt bond financing, which reduces the cost of capital for private partners, thereby enhancing the financial viability of large-scale investments. These bonds have been successfully utilized in similar infrastructure projects, encouraging greater private sector participation while maintaining public oversight and ownership of critical assets. By offering lower interest rates, private activity bonds attract private investment and reduce the financial burden on public resources, ensuring that essential improvements, such as the repair of fuel piers and expansion of fuel storage capacity, are completed efficiently, fostering long-term economic growth and stability for Guam and the region; and

WHEREAS, the support of the Governor, Lieutenant Governor, and the Guam Economic Development Authority (GEDA) is essential for pledging private activity bonds as part of this proposal to ensure that the necessary capital is secured for the fuel piers' repairs and improvements, and the General Manager is hereby requested to actively seek their support to include private activity bonds as a critical component of the financing package; and

WHEREAS, the General Manager of the Port is directed to continue aggressively pursuing all available programmatic funds from FEMA for damages sustained at Golf Fuel Pier and Foxtrot Fuel Pier I from Typhoon Mawar, as these additional funds will enhance the financial viability of the public-private partnership package by reducing the overall capital burden and contributing to a more favorable financial outcome for the Port; and

WHEREAS, during the repair and upgrade process, mitigation plans will be established to ensure the continuity of fuel supply for both civilian and military needs, minimizing disruptions to operations during construction; now therefore, be it

RESOLVED, the Board of Directors authorizes the General Manager to explore and pursue the benefits of issuing a procurement solicitation for a public-private partnership to manage, operate, and maintain the Port's fuel piers—specifically, Golf Pier, Foxtrot Fuel Pier I, and the fuel tank farm at Area A. The solicitation shall include, but not only limited, to the following parameters:



1. Scope of Services:

- The solicitation will include day-to-day operations, maintenance of the piers and tank farm, and necessary capital improvements to enhance infrastructure and meet future demands. The operator must comply with industry safety and environmental standards, including maritime and fuel handling regulations.

2. Evaluation:

- Proposals will be evaluated on experience in managing similar facilities, financial stability, cost-effectiveness, and the ability to deliver high standards of service. The evaluation will also consider safety records, environmental compliance, technical capability (including the use of advanced technology), a collaborative partnership approach with public entities, and emergency response capabilities to handle natural disasters or operational disruptions.

3. Legal, Environmental, and Safety Compliance:

- The operator must comply with all applicable local, federal, and international laws, regulations, and standards, including but not limited to maritime, environmental, safety, and labor laws, as well as any rules and regulations enforced by the Guam Public Utilities Commission (PUC), where applicable. The operator must demonstrate expertise in implementing and maintaining comprehensive safety protocols, particularly in fuel handling and port operations, and must have a proven track record of compliance with environmental and safety regulations. In addition, the operator must adhere to any relevant international standards or agreements to which the U.S. is a party, such as those set by the International Maritime Organization (IMO) or international environmental treaties. Any agreements under this public-private partnership must ensure full compliance with all legal obligations, including those policies regulated by the PUC.

4. Port Ownership of Assets Remains Port Assets:

- The public-private partnership must ensure that the Port retains full ownership of all fuel piers, fuel tank farms, and related assets. These assets will remain the property of the Port before, during, and after the partnership. Any agreements made will strictly pertain to the management, operation, and maintenance of these assets without transferring ownership or proprietary rights to private entities.

5. Local and Regional Economic Benefits and Support for Military Readiness:

- Proposals should include a comprehensive plan to provide local and regional employment opportunities, skills training for the workforce, and economic benefits to the Guam community and the broader Micronesian region. This plan should align with the Port's long-term goals of sustainability, regional development, and support for critical infrastructure necessary for both civilian and military fuel needs. Proposals are encouraged to prioritize the use of local and regional contractors, vendors, and suppliers to maximize the economic impact on Guam's small businesses and neighboring islands. Additionally, fostering innovation through partnerships with educational institutions or training programs will help build local capacity, strengthen regional economic ties, and ensure the long-term viability of the workforce. This approach will contribute not only to Guam's economy but also support military readiness and promote shared growth across the region.

6. Statutory Process:

The General Manager must comply with one of the following options for the solicitation and execution of a long-term lease for the Port's fuel piers and related facilities:

6(a) Compliance with Existing Law:

The solicitation and resulting contract will comply with § 5127 of Subarticle C, Article 2, Chapter 5, Division 1, Title 5 of the Guam Code Annotated, which governs the commercial leasing of public real property and related facilities.

This statute includes the following provisions:

- **Public Real Property and Related Facilities:** No commercial contract, lease, permit, or license for the use of public real property and related facilities by any non-governmental person or entity shall be solicited, negotiated, entered into, or made for a term in excess of five (5) years, inclusive of any extension, option, or renewal.
 1. Any contract, lease, permit, or license made, renewed, or extended in violation of this law shall become void upon the fifth (5th) anniversary of the making of such contract, lease, permit, or license.
 2. This limitation does not apply to residential and agricultural leases to beneficiaries under the Chamorro Land Trust.
 3. Any such contract, lease, permit, or license shall mean a "lease of real property" and not the lease of supplies as that term is used in § 5030(u) of this Chapter.
- **Exceptional Term Contracts:** The Chief Procurement Officer, the Director of Public Works, or the head of a purchasing agency may solicit a contract for a term longer than otherwise allowed by this Section (an "Exceptional Term Contract").
 1. Prior to soliciting any Exceptional Term Contract, *I Maga'låhi* (the Governor), or in the case of an autonomous agency, the Board of Directors, must make a written Determination of Need justifying by a quantifiable sum the Exceptional Term Contract, specifying the full term, inclusive of extensions, options, and renewals.
 2. No Exceptional Term Contract shall be solicited unless a Determination of Need is obtained from *I Maga'låhi* (the Governor) or, in the case of an autonomous agency, the Board of Directors.
 3. A written Determination of Need shall be valid for two (2) years or until an Exceptional Term Contract is executed to fill the stated need, whichever comes first.



- **Legislative Approval:** Following the Determination of Need, the contract must be transmitted to *I Liheslaturan Guahan* for legislative approval or disapproval within sixty (60) calendar days. A public hearing must also be conducted during this review period.

6 (b) Exploration of Legislative Alternatives:

The General Manager is authorized to explore the possibility of seeking the Governor's support or a Senator's sponsorship to introduce legislation, following the approach taken with the adoption of the Cementon lease under Public Law 30-209, enacted on December 13, 2010, which allowed for a 20-year lease with a 10-year extension option. This new legislation would authorize a long-term lease for the Port's fuel piers and related facilities, providing flexibility in managing the lease while bypassing the complexities and limitations of § 5127 of Subarticle C, Article 2, Chapter 5, Division 1, Title 5 of the Guam Code Annotated. The objective is to ensure operational efficiency, sustainability, and long-term economic benefit for the Port; and be it further

RESOLVED, that the General Manager is further authorized to seek the support of the Governor, Lieutenant Governor, and the Guam Economic Development Authority (GEDA) to pledge private activity bonds as part of this package, to help finance the necessary capital improvements for the Port's fuel piers and fuel tank farm operations; and be it further

RESOLVED, that the General Manager is directed to continue pursuing all funds owed from FEMA and any relevant insurance claims, ensuring that any additional financial recovery will enhance the overall public-private partnership package, providing the Port with a more favorable financial position; and be it further

RESOLVED, that the public-private partnership solicitation will be structured to encourage competition by considering separate bids for each fuel pier, Golf Pier and Foxtrot Fuel Pier 1, ensuring that no single entity gains monopolistic control over the Port's critical fuel infrastructure. In the event that one company is awarded both piers, strict performance, transparency, and regulatory oversight provisions will be included to mitigate risks of dominance and ensure operational efficiency; and be it further

RESOLVED, that the General Manager shall ensure that the public-private partnership process remains transparent and open for public scrutiny, including publishing relevant documents, providing regular updates, and facilitating public engagement where necessary, to ensure community trust and accountability, and be it further

RESOLVED, the Board of Directors authorizes the General Manager to issue a procurement solicitation for a public-private partnership to manage, operate, and maintain the Port's fuel piers—specifically, Golf Pier, Foxtrot Fuel Pier 1, and the fuel tank farm at Area A—with the authority to choose between the statutory process outlined in 6(a) or explore legislative alternatives as outlined in 6(b), provided that either process will only be entered into if fully compliant with all applicable laws and regulations. The General Manager shall provide periodic updates to the Board on the progress of the procurement process, subject to the parameters outlined in this resolution, and be it further

RESOLVED, that the Chairperson certify to, and the Secretary attest to, the adoption of this resolution, and that copies of this resolution be sent to the Governor of Guam, the Lieutenant Governor of Guam, the Administrator of the Guam Economic Development Authority, the Legislative Oversight Chairperson, and other relevant stakeholders, as necessary.

**PASSED AND ADOPTED UNANIMOUSLY BY THE BOARD OF
DIRECTORS THIS 26th DAY OF SEPTEMBER, 2024.**

DOROTHY P. HARRIS
CHAIRPERSON, BOARD OF DIRECTORS
PORT AUTHORITY OF GUAM

FE R. VALENCIA-OVALLES
BOARD SECRETARY, BOARD OF DIRECTORS
PORT AUTHORITY OF GUAM

BOARD OF DIRECTORS

*Dorothy P. Harris, Chairperson
Conchita S.N. Taitano, Vice Chairperson
Fe R. Valencia-Ovalles, Board Secretary*



Resolution No. 2024-14

RELATIVE TO HOLDING IN ABEYANCE THE MERGER OF OPERATIONS AND EQUIPMENT MAINTENANCE DIVISIONS, THE AMENDMENT OF THE OPERATIONS AND EQUIPMENT MAINTENANCE MANAGER AND ADDRESS THE IMPACT OF THE REALIGNMENT ON THE ORGANIZATIONAL STRUCTURE.

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

WHEREAS, 12 GCA Section 10104(e) requires the Board of Directors to establish the Authority's internal organization and management, and to adopt regulations for the administration of its operations and affairs; and

WHEREAS, 12 GCA Section 10111(a) further requires the Board to establish and amend rules and regulations governing the selection, promotion, performance evaluation, and disciplinary actions for employees of the Authority; and

WHEREAS, 12 GCA Section 10107 outlines the duties of the General Manager, including the selection, appointment, organization, and management of the Authority's employees, and the coordination of services; and

WHEREAS, the 2018 Leon Guerrero Transition Report identified a lack of succession planning, which created leadership continuity challenges within key departments, including Operations and Equipment Maintenance; and

WHEREAS, the merger of Operations and Maintenance was originally proposed to balance the need for preventive maintenance of yard equipment with the continued operations of vessels, both critical to the Port's efficiency; and

WHEREAS, on September 28, 2023, the Board passed Resolution No. 2023-15, authorizing the realignment of the Port's organizational structure, including the merger of the Operations and Equipment Maintenance divisions, the establishment of Facility Maintenance as a standalone division, the merger of the Capital Improvement Projects and Engineering divisions, and the separation of Occupational Safety and Environmental Compliance into two divisions; and

WHEREAS, in late 2021, the retirement of two senior managers without a succession plan caused a leadership void in the Maintenance Department; and

WHEREAS, to address this gap, the Operations Manager assumed the responsibilities of the Maintenance Manager without additional compensation, ensuring stability in maintenance operations during this period; and

WHEREAS, on April 25, 2024, the Board authorized the transparency and disclosure process related to the realignment and job specification amendments, followed by the approval of the realignment on May 31, 2024, and the filing of amended job standards with the 37th Guam Legislature on June 4, 2024; and

WHEREAS, since the realignment was approved, the General Manager has reported significant improvements in the efficiency and effectiveness of the Port's Equipment Maintenance division, despite the merger of operations and maintenance, the Equipment Maintenance division developed systems to streamline processes and integrated work orders with the E1 Financial Management System (E1), demonstrating its capacity to operate as a standalone division; and

WHEREAS, the realignment plan has strengthened the Port's ability to manage cargo-handling equipment and maintain operational integrity, with the Equipment Maintenance division building a robust structure, including the creation of Facility Maintenance as a separate division, further proving its capacity to function independently within the overall organizational restructuring; and

WHEREAS, the development of the EQMR Maintenance Dashboard, which began in 2021 and was officially implemented on August 28, 2024, reinforced the division's capabilities, by integrating data from the E1 system and tracking key metrics such as equipment downtime, parts availability, and estimated completion times, the dashboard streamlined operations and improved transparency across divisions, enabling the division to balance ongoing maintenance needs with the Port's operational requirements; and

WHEREAS, on July 8, 2024, the General Manager appointed Mr. Joaquin A. Pangelinan as Acting Maintenance Manager and introduced a policy to address the balance between vessel operations and yard equipment maintenance, the separation of the roles of Operations Manager and Maintenance Manager was supported by the EQMR Maintenance Dashboard, which provides real-time data to enable more precise scheduling and prioritization of preventative maintenance. The policy grants the Equipment Maintenance Division authority over yard equipment downtime, ensuring alignment between maintenance and operations for the overall efficiency of the Port's equipment; and

WHEREAS, the goal has always been to strike a harmonious balance between operations and maintenance, improving operational efficiency by reducing equipment failures and downtime, the EQMR Maintenance Dashboard supports this balance by ensuring that maintenance is prioritized based on operational needs, and preventing delays from external factors; and



WHEREAS, these policies, combined with the data-driven approach of the EQMR Maintenance Dashboard, have resulted in significant operational improvements, ensuring that yard equipment remains in optimal condition while balancing the needs of vessel operations and administrative functions; and

WHEREAS, the EQMR Maintenance Dashboard integrates data from the EI system to offer transparency and accountability, providing insights to the EQMR Parts Team, Maintenance Control, and Shop Leaders, allowing for efficient prioritization of work orders, monitoring delays, and streamlining repairs, while ensuring all stakeholders are kept informed; and

WHEREAS, these improvements are led by the Equipment Maintenance team, headed by Mr. Shine San Agustin, Equipment Maintenance Superintendent, with support from all sections in the division, this approach, reinforced by policies approved by the General Manager, prioritizes critical maintenance tasks, including preventive maintenance and corrosion control, focusing on operational needs and improving efficiency while preventing maintenance delays; and

WHEREAS, the compensation structure for the Operations and Equipment Maintenance Manager position includes a 10% salary increase due to the expanded responsibilities placed on the Operations Manager; however, the Maintenance Manager's compensation has not been reduced, despite Facility Maintenance no longer being under the Maintenance Manager's purview, and given these changes, a review of the salary arrangements may be necessary if the implementation of the amendment of the Operations & Equipment Maintenance Manager does not proceed; and

WHEREAS, the General Manager requests the Board's approval to retain both the Operations Manager and Maintenance Manager positions and to continue filling the Maintenance Manager position in an acting capacity pursuant to the Port's Personnel Rules and Regulations;

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

1. Approves holding in abeyance **ONLY** the merger of the Operations and Equipment Maintenance divisions, allowing the General Manager to further assess whether the merger would provide additional benefits to the Port Authority of Guam's operations or whether the succession plan should be amended to allow for the Maintenance Manager position to be amended to the Equipment Maintenance Manager position, reflecting the current organizational structure;
2. Approves maintaining the current salary structure for the Operations Manager and Maintenance Manager positions, with no salary increases, as the merger of the Operations and Equipment Maintenance Manager positions will be held in abeyance;
3. Authorizes the General Manager to retain the Operations Manager and Maintenance Manager positions, without abolishing them, and to continue filling the Maintenance Manager position in an acting capacity pursuant to the Port's Personnel Rules and Regulations; and
4. Supports the General Manager's continued assessment of the operational needs of the Port Authority, specifically regarding the potential merger of the Operations and Equipment Maintenance Manager positions and the General Manager will provide periodic updates to the Board on the assessment and make recommendations if any significant changes to the organizational structure are warranted.

BE IT FURTHER RESOLVED, that the General Manager is authorized to finalize the decision, after completing the assessment, regarding whether to maintain the current organizational structure or implement the realignment of the Operations and Equipment Maintenance divisions, and present the recommendation to the Board for final approval; and

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

**PASSED AND ADOPTED UNANIMOUSLY BY THE BOARD OF
DIRECTORS THIS 26th DAY OF SEPTEMBER, 2024.**

DOROTHY P. HARRIS
CHAIRPERSON, BOARD OF DIRECTORS
PORT AUTHORITY OF GUAM

FE R. VALENCIA-OVALLES
BOARD SECRETARY, BOARD OF DIRECTORS
PORT AUTHORITY OF GUAM