



PORT AUTHORITY OF GUAM

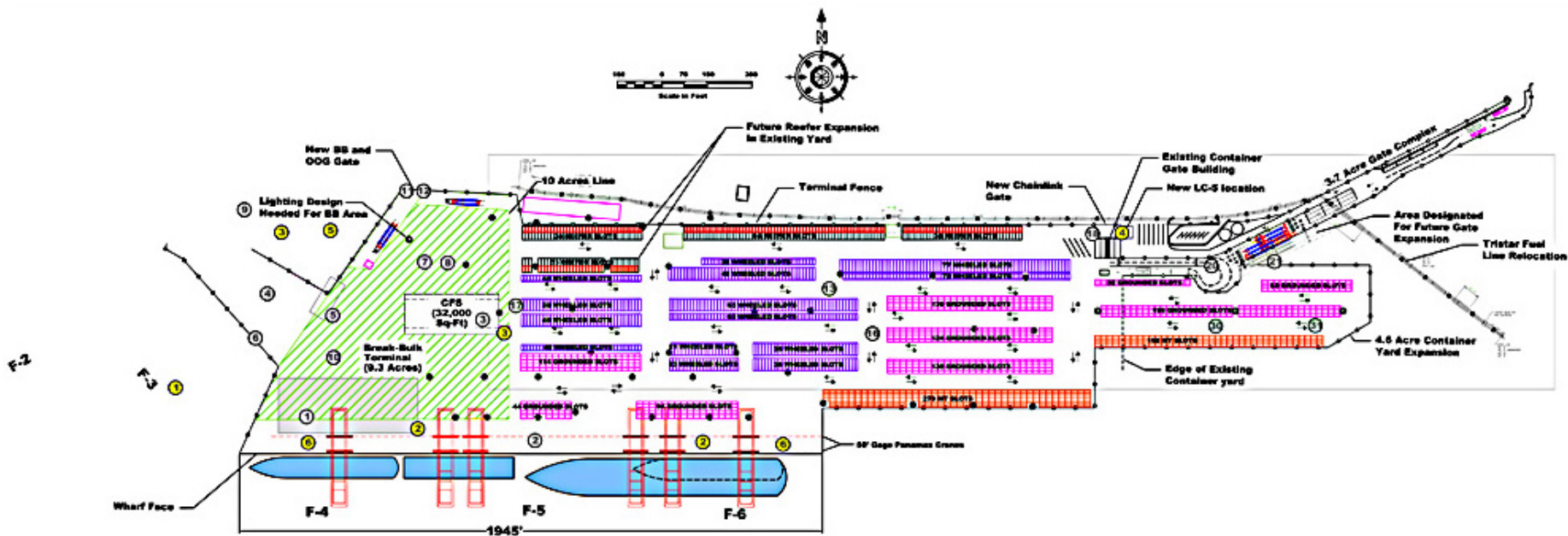
Port Modernization Program

Informational Briefing – January 5, 2012

Agenda

- **Implementation Plan**, i.e. Projects to be Undertaken
- **Protocol Manual**, i.e. Program Procedures to Direct Implementation
- **Funding**, i.e. DOD Funding, USDA Loans and Other Sources
- **Action(s) planned to move program forward**

Terminal Yard Layout



LEGEND

BB YARD

- ① WAREHOUSE #2 DEMOLITION
- ② REPAIRS OF F5
- ③ CFS MODIFICATIONS AND RESTROOM
- ④ OIL WATER SEPARATORS ON EXISTING OUTFALLS
- ⑤ GAS STATION DEMOLITION
- ⑥ CHAINLINK FENCE AND GATE
- ⑦ BREAK BULK GATE DEMOLITION
- ⑧ PAVING EXPANDED BB YARD
- ⑨ LIGHTING DESIGN NEEDED FOR BB
- ⑩ DRUM LOT/WASH DOWN
- ⑪ BREAKBULK TERMINAL GATE AND CMU WALL

EXISTING CY YARD

- ⑫ BB GUARD SHACK
- ⑬ HIGH/LOW MAST LIGHTING AND ELECTRICAL UPGRADES
- ⑭ DEMO AND REPLACE DAMAGE WHEEL STOPS
- ⑮ SHOP AND DEMO CRANE PAVE AREA
- ⑯ LV AND COMMUNICATION LINES
- ⑰ HIGH TOWER

NEW CY YARD

- ⑱ PAVE NEW CY
- ⑲ HIGH MAST LIGHTS

NEW GATE AREA

- ⑩ NEW GATE ADMIN BUILDING UPGRADE
- ⑪ LOW TOWER
- ⑫ OUTBOUND OCR (FUTURE)
- ⑬ CONTAINER GATE AREA (SEE GATE DRAWING)
- ⑭ WIM SCALE LOCATION
- ⑮ LC#5 LOCATION

* CONFIGURATION SHOWN TO REFLECT MAXIMUM CAPACITY ONLY. OPERATIONS TO REMAIN WHEELED OR MIXED AS FEASIBLE.

NEW GATE AREA

- ① WHARF IMPROVEMENTS CATHODIC PROTECTION
- ② GROUND STABILIZATION OF F4/F6
- ③ TERMINAL OPERATING SYSTEM
- ④ GATE OPERATING SYSTEM
- ⑤ FINANCIAL MANAGEMENT SYSTEM
- ⑥ MARINE REPAIRS

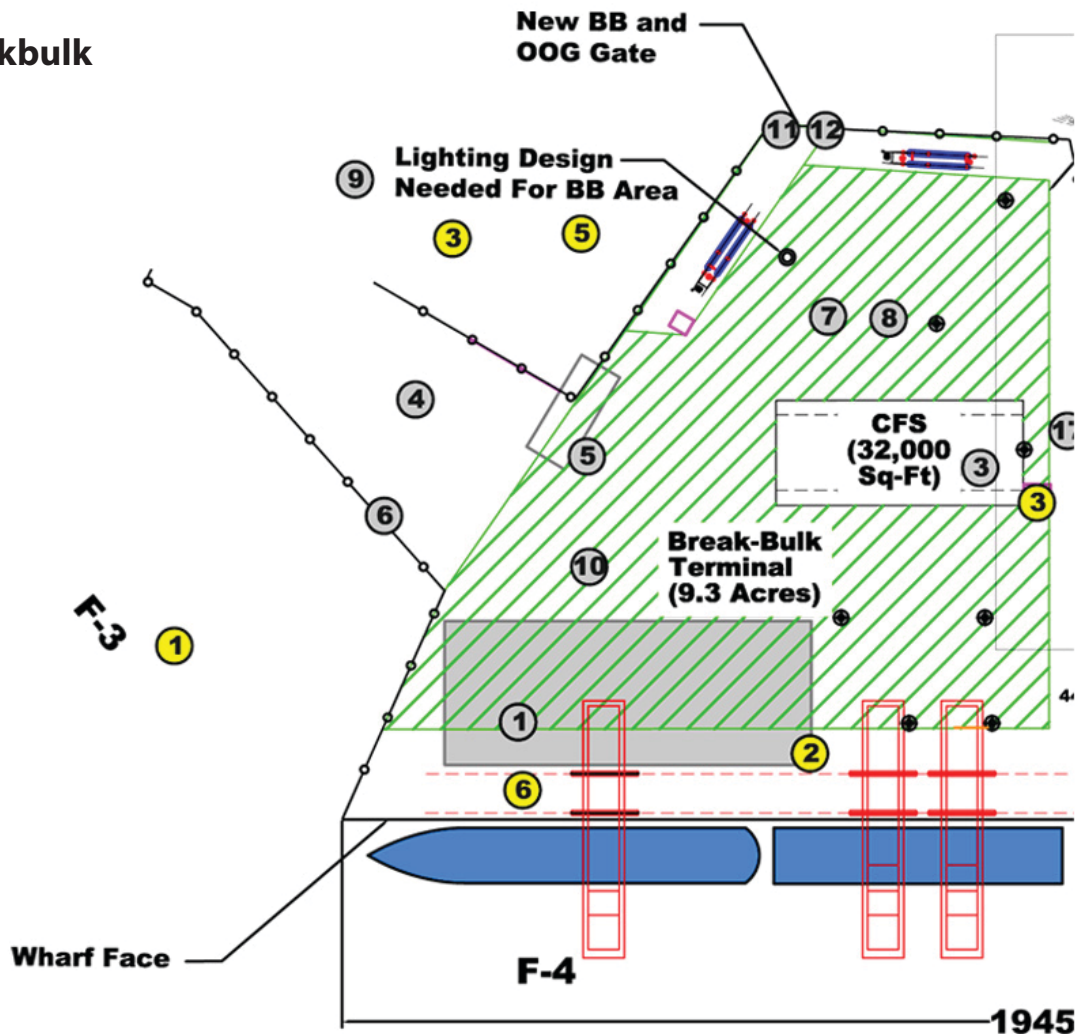
STORAGE AREA KEY

- Grounded Containers
- Full Wheeled Chassis
- Full Wheeled Reefer Chassis
- MT: Empty Containers

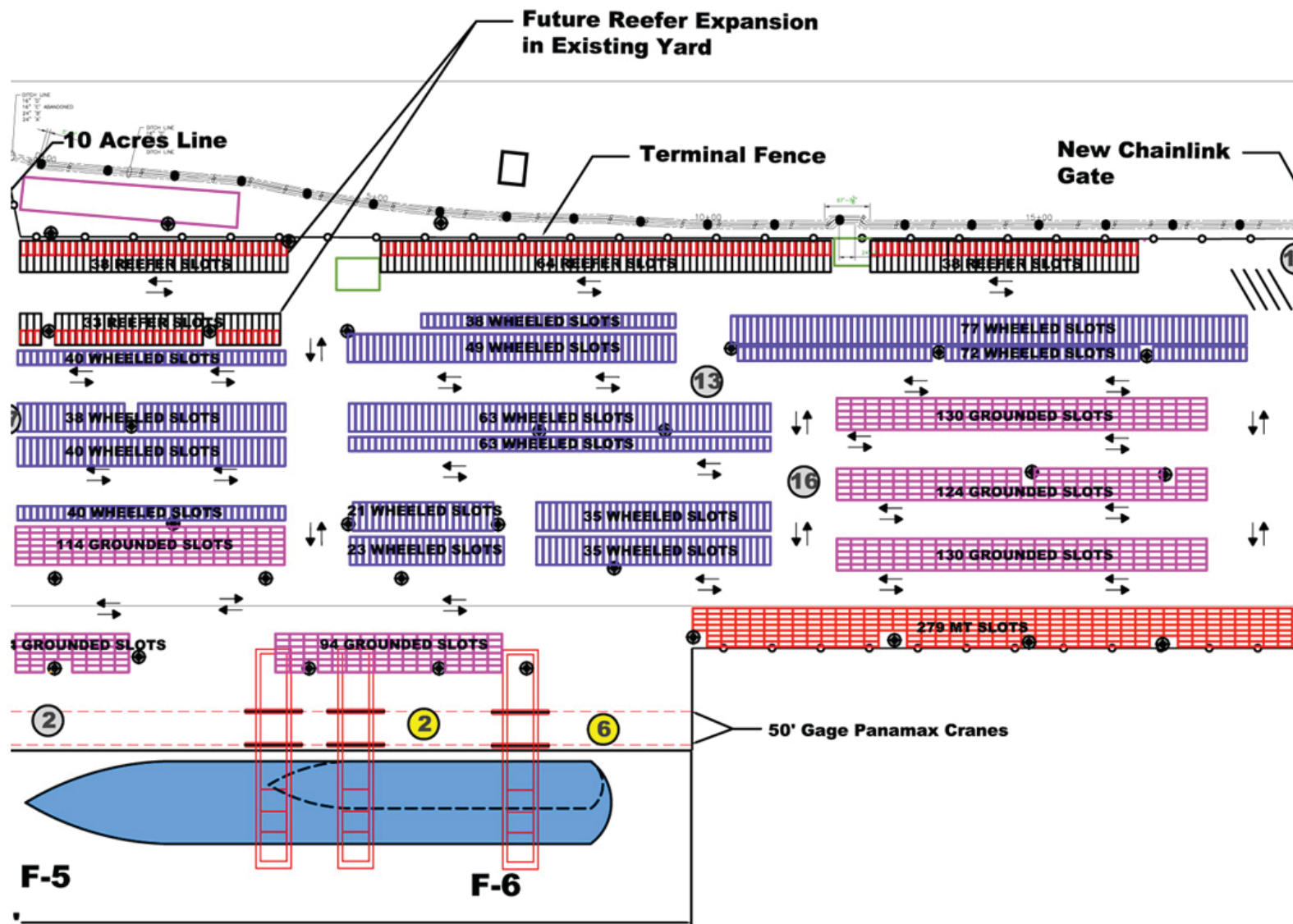
Agenda Item - Implementation Plan

- September 16, 2011 – PAG and MARAD agree on Scope of Work for Implementation Plan
- Major Components of Modernization Implementation include:

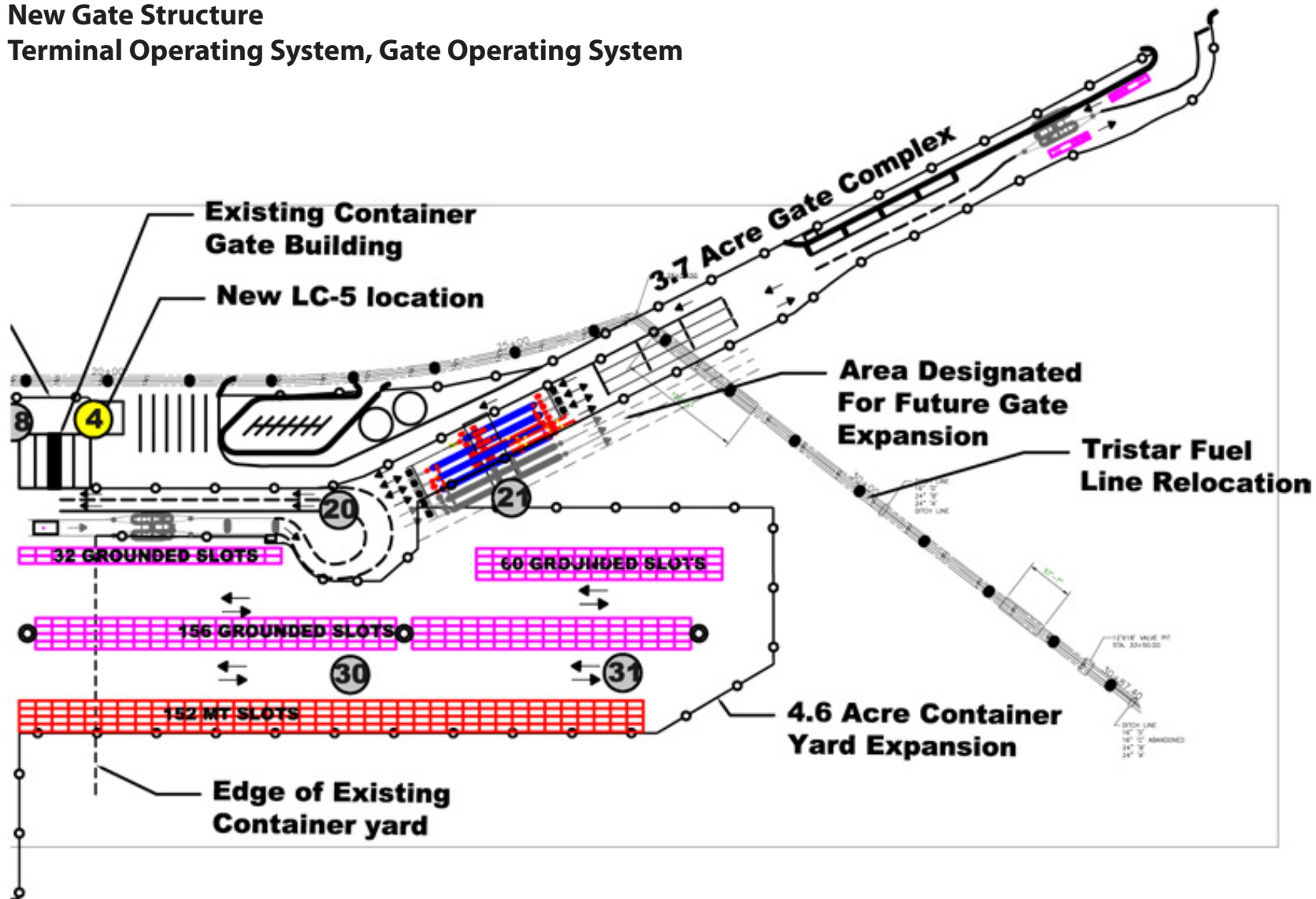
- Demolish Warehouse 2
- Reconfiguration of Breakbulk and Container Yard



- Replace Existing High Mast Lights
- Limited Infrastructure Improvements (fire, water, electrical, security)
- Security Fencing



- Container Yard Expansion
- New Gate Structure
- Terminal Operating System, Gate Operating System



- **October 6, 2011 – MARAD announces position to focus DOD Funds (\$50M) for waterfront replacement and delay Implementation Definition and Uplands Work until additional in-water studies, geotechnical assessment, seismic risk assessment and expanded environmental document is completed.**



Timeline on Balanced Approach

Balanced approach includes uplands work, service life extension waterfront maintenance and repair, and information technology upgrades.

September 16, 2011	PAG and MARAD agree on Scope of Work for Implementation Plan
October 6, 2011	MARAD informs PAG that DOD-IG wants waterfront facility risks mitigated
October 19, 2011	PAG Board of Directors informs MARAD to continue with agreed SOW that focuses on the uplands work
October 19, 2011	Port Users Group supports balanced modernization approach
November 6, 2011	Governor writes to MARAD supporting a balanced approach to implementing the modernization program
November 8, 2011	Legislature passes resolution affirming a Port-balanced modernization program
November 18, 2011	Congresswoman Bordallo writes to MARAD requesting consideration of PAG's request on balanced modernization approach

Status: MARAD has not responded to PAG's request

NEPA Compliance

Environmental Assessment Document

June 5, 2011	PAG provided MARAD draft environmental assessment for comments
November 17, 2011	PMT informed PAG that MARAD will task them to complete environmental assessment document

November 18, 2011 – MARAD informs PAG of intent to move forward with wharf assessments for F-4 thru F-6

- Status of NEPA Compliance for IP
 - Environmental Assessment awaiting completion of geotechnical (seismic) wharf investigations

January 2012	Estimated start date of EA by MARAD
August 2012	Estimated completion date

Timeline provided by MARAD for geotechnical findings (seismic investigations of wharves) to determine required levels of both waterfront and uplands related development.

December 2011	Notice to Proceed to geotechnical firm
February 2012	Estimated geotechnical completion date
March 2012	Final wharf assessment to be completed
August 2012	Completion of Environmental Assessment by MARAD

Agenda Item - Protocol Manual

The purpose of the Manual is to formulate and establish procedures, processes and organizational structures which will govern the interface and coordination between PAG and MARAD for execution of the Port Modernization Program.



- 1 Policies and Procedures (Protocol)
- 2 Manual—Draft

-
- 3 Submitted to:
 - 4 Port Authority of Guam
 - 5 1026 Cabras Highway, Suite 201
 - 6 Piti, Guam 96915
 - 7 Submitted by:
 - 8 PB Americas, Inc.
 - 9 Prepared by:
 - 10 PB Americas, Inc.
 - 11 Port Planning, LLC
 - 12
 - 13

November 2010

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PORT AUTHORITY OF GUAM
JOSE D. LEON GUERRERO COMMERCIAL PORT

Port Authority of Guam Improvement Enterprise Program,
Phase 1-A Project
Program Management
Oversight and Procedures Manual
(MOPMM)

Revision 5

August 9 September 6, 2011



Maritime Administration

Protocol Manual Timeline

November 29, 2010	PAG submitted draft Protocol Manual to MARAD for review and comment
April 28, 2011	MARAD submitted their draft version of manual
July 20, 2011	PAG proposed to MARAD to use their version as an appendix to PAG draft manual, which was not accepted
September 6 & 8, 2011	Working sessions held with PAG and MARAD on review of their manual. PAG's comments finalized

Current Status:

- PAG awaiting feedback from MARAD

Agenda Item - Funding

Port Enterprise Fund – Under the control of MARAD

● Monies deposited into Fund as of this date:

July 2008	U.S. Department of Interior (DOI)	\$ 100,000
July 2008	U.S. Department of Interior (DOI)	\$ 1 million
July 28, 2009	U.S. Department of Commerce Economic Development Administration (EDA)	\$ 2 million
September 22, 2010	U.S. Department of Defense (DOD)	\$ 50 million
Total		\$ 53.1 million

MARAD Administrative Funds

Source	Total Available	Obligated To Date	Remaining Balance
DOI Grant	\$100,000.00	\$ 61,184.39 (Mar 2010)	\$38,815.61
3% of EDA Grant	\$ 60,000.00	\$ 55,000.00 (Mar 2010)	\$ 5,000.00
3% of DOD Appropriation	\$1,500,000.00	Unknown	Unknown

Expenses: PAG has requested quarterly expense reports from MARAD on:

- February 25, 2010
- April 23, 2010 – MARAD responded and provided expense report from July 1, 2008 to March 31, 2010
- February 2, 2011 – PAG requested updated report
- **No response from MARAD**

USDA Loans

- \$14 Million Community Facilities Direct-Guaranteed Loan
- \$25 Million Community Facilities Direct Loan
- \$25 Million Community Facilities Guaranteed Loan

\$14 Million CF Direct - Guaranteed Loans

December 20, 2011	Request for USDA extension of Crane loan to March 31, 2012
December 30, 2011	Current deadline for PAG to finalize plans for utilization of the \$14M in RD loans for gantry crane procurement(\$12 million Guaranteed/\$2 million Direct)

\$25 Million CF Direct Loan

October 22, 2010	USDA Approves CF Direct Loan for Port Modernization Program
November 14, 2011	PAG submitted letter to lender providing updates on PAG financial updates and tariff rate petition increase of 3.9% in our cargo handling charges that are comparable to market-based rates to the Public Utilities Commission

\$25 Million Community Facilities Guaranteed Loan

October 22, 2010	USDA approves CF Guaranteed Loan for Port Modernization Program
June 3, 2011	PAG submitted updated documents and forms to USDA
November 14, 2011	PAG provided lender with updates on financials, and 3.9% tariff rate increase petition with PUC
December 20, 2011	USDA informed of PAG plans to notify lender of intent not to use the Guaranteed Loan

Current Status:

- \$50M Guaranteed/Direct Loans cannot be executed until IP fully defined
- USDA unwilling to expend their funding on in-water work
- Conflicting requirements between USDA and financial institution
- PAG to inform financial institution of intent not to use \$25M guaranteed loan
- PAG requested extension of \$25M direct loan until September 30, 2012 and is awaiting response
- PAG requested extension of \$14M guaranteed-direct loan for cranes until March 2012 and is awaiting response

Gantry Crane Acquisition Activities



Procurement of Gantry Cranes Timeline

September 11, 2009	Public Law 30-57, requires acquisition of two gantry cranes by December 2012
October 2011	Inspection of POLA Cranes and Gantry 3 by third party conducted
November 17, 2011	Public Law 31-145, PAG authorized to engage in the negotiations with the Carriers as an option
December 19, 2011	POLA negotiation team formed
December 20, 2011	First POLA team briefing
January 3, 2012	PAG provided comments to draft Assessment Report
January 13, 2012	Final Assessment Report to be transmitted to Governor and Guam Legislature

Agenda Item - Action Plan and Way Forward

Follow up on the Guam letters to MARAD...have meeting with DOD-IG to:

- Confirm whether DOD-IG or JGPO seems to be driving MARAD toward a "replace waterfront" scenario
- Describe PAG desired waterfront service life extension approach and balanced modernization approach
- Educate them on various funding constraints (USDA Loan limitations, uncertain cargo flow, crane financing)
- If DOD-IG concurs, reassert to MARAD the Guam position on Balanced Program Approach
- If MARAD doesn't agree, take the marine work off the table and limit their work to the Uplands portion

Finalize IP and Funding Plans

- PAG would need to review and determine the following:
 - What will the DOD money pay for?
 - What will the USDA CF Direct Loan pay for?
 - How will crane purchase be financed?
 - How will crane retrofits and recurring O&M be financed?
 - Revenue projections, cash-flow, and tariff adjustment plans



PORT AUTHORITY OF GUAM

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