



PORT AUTHORITY OF GUAM

Informational Briefing – March 6, 2012

Agenda

- Modernization Program – Update
- Gantry Cranes Acquisition - Status
- Tariff Updates
- Tristar Fuel Lines
- CIP Projects

Port Modernization Update

September 2011	PAG and MARAD agree on reduced Scope of Work for Implementation Plan
October 2011	MARAD informs PAG that DOD-IG wants waterfront risks mitigated
November 2011	Port, et al present unified front to MARAD requesting they proceed with Balanced Modernization Program
February 2012	Guam Delegation met with MARAD, DOD-IG, JGPO and USDA officials to convey Port's plan to mitigate risk at the wharf and to request MARAD to (1) consider funding M&R with funds currently in the PEF, and (2) initiate uplands improvements ASAP

Port Modernization Update (Con't)

D.C. Meeting with MARAD - Feb 24, 2012

- Update on Condition of the Port's Wharf
- Port's Desired Plan of Action
- Implications of Military Build-up Re-set

Condition of the Port's Wharf

Focal Point Of Risk Concerns

Berths F-4, F-5, and F-6 are the focal point of risk concerns. It is these berths primarily that accommodate containerships, general cargo vessels, passenger vessels and fishing vessels.



Condition of the Port's Wharf F5 Bulkhead

Comparison:

December 2010



February 2012



Bent 9D-E – Progressed damage: spalling

Condition of the Port's F5 Bulkhead

Comparison:

December 2010



February 2012



Pilecap 15B – Progressed damage: spalling and exposed rebar

Condition of the Port's F5 Bulkhead

Comparison:

December 2010



February 2012



Pilecap 19B – Progressed damage: spalling and exposed rebar

Condition of the Port's Wharf (cont'd)

DOD-IG Perspective



Significant Risk of Failure DOD-IG Report 2012-052 summarizes and validates the condition as follows: “the bulkhead is at significant risk of major failure; failure would have a severe impact on the Port’s throughput, [affecting shipments in and out of Guam], as well as progress on the military buildup.”

Port's Desired Plan of Action

Waterfront Risk Mitigation Approach:

- ***Do What Is Affordable.*** Due to funding limitations, the scope of work will be to achieve Service Life Extension (SLE) of 10 to 15 years, requiring an estimated budget of up to \$15M.
- ***Accelerate Near-term Mitigation.*** Use PEF funds and apply for Nationwide Permit, separating M&R from the Modernization Program.
- ***Operating with calculated risk.*** Due to the Port's limited funding and the uncertainties of future cargo revenue, PAG needs to operate with calculated risks until adequate funding for complete waterfront facility replacement provides another option.

Port's Desired Plan of Action (Cont'd)

Best Use of DOD Funds (\$48.5 M):

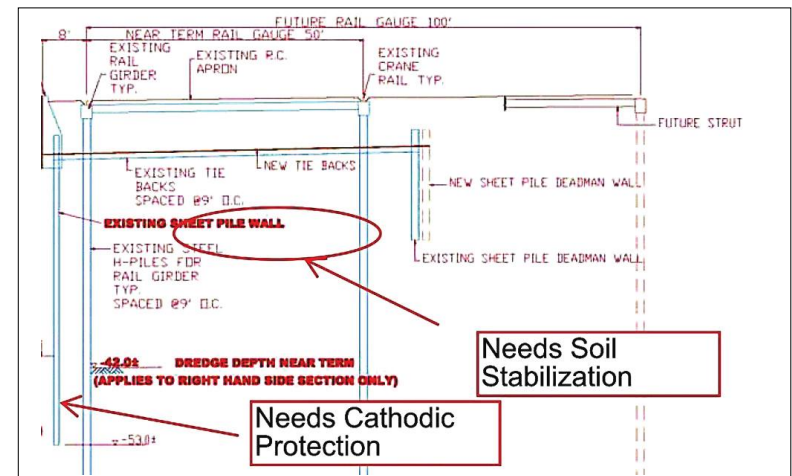
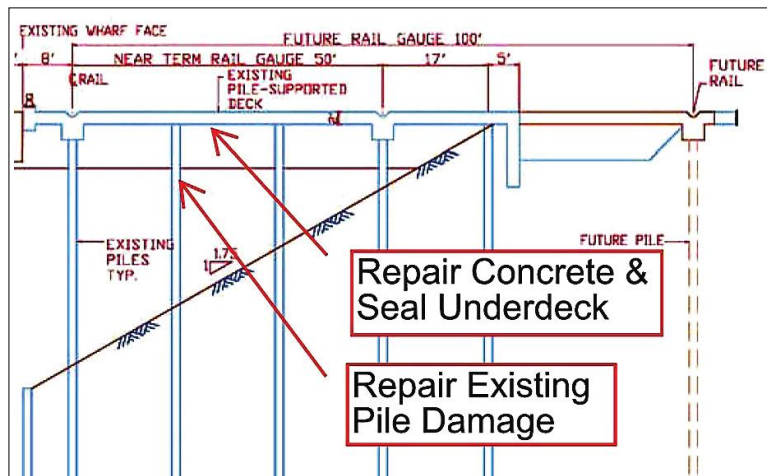
- Separate M&R (SLE) work from Modernization Program
- Use DOD funds to pay for M&R (SLE) work
- M&R (SLE) work to commence as soon as possible, within the framework of the PAG-MARAD MOU.
- Concurrent commencement of projects for Uplands Improvement, within the framework of the PAG-MARAD MOU.
- Port to initiate borrowing to supplement funding for Uplands Improvements.

Port's Desired Plan of Action

(Cont'd)

\$15 M Service Life Extension

Service Life Extension



Port's Desired Plan of Action (Cont'd)

Alternative to DOD Funded M&R (SLE):

- Port to pursue loan, up to \$15M, to fund M&R (SLE) work.
- Port to initiate contracting of Waterfront M&R (SLE) work, forthwith.
- MARAD would complete its wharf-related studies but focus PEF funded improvements on the Uplands requirements.

Implications of Military Buildup

- **The military buildup reset warrants adjustments to Port's revenue projections, near-term investment levels and investment priorities.**
 - Sustainability requirements prescribe M&R (SLE) work as 1st Priority, and Uplands Throughput Capacity of Modernization Program as 2nd priority.
 - De-linking of Phase 1-A USDA Loan from Port Modernization Program
 - Original Pro-Forma no longer valid.
 - Problems with Guaranteed Loan.
 - Port needs to control use of borrowed funds.

Implications of Military Buildup (Cont'd)

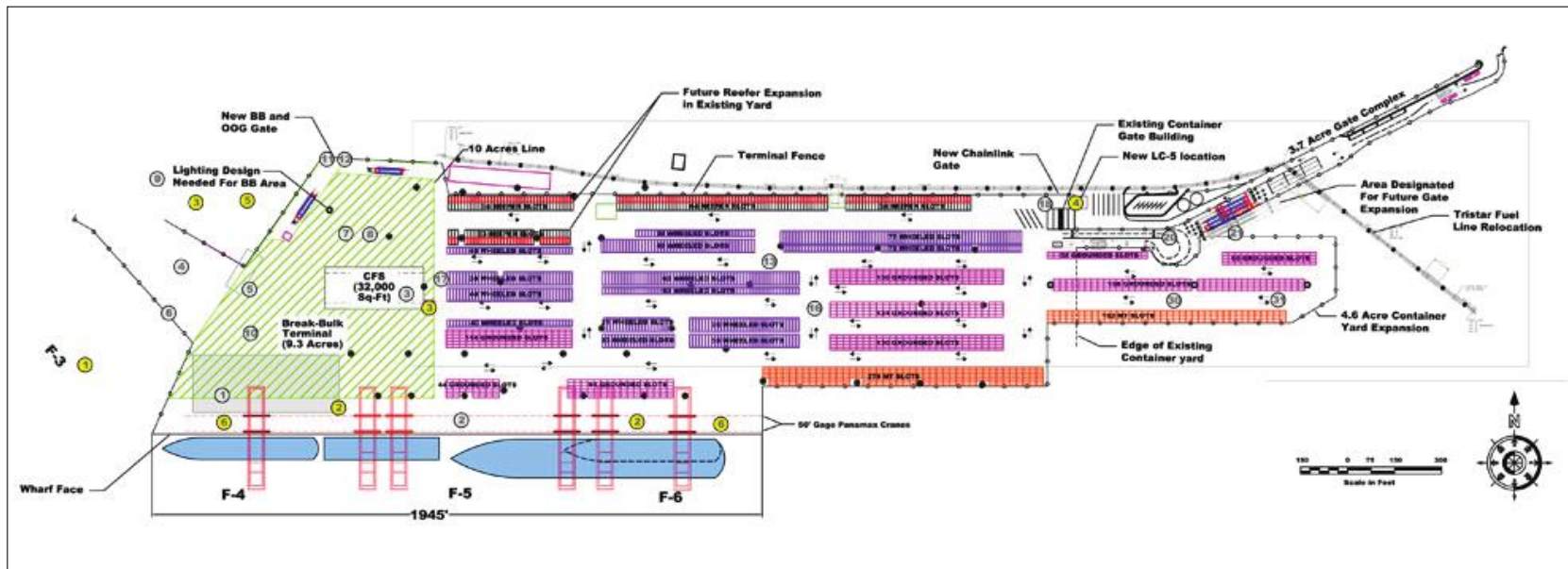
Estimated Near-Term Investments: \$ 87 M

- | | |
|------------------------------|---------|
| • Uplands Improvements | \$ 45 M |
| • Wharf, M&R (SLE) | \$15M |
| • Crane Purchase & Retrofits | \$20M |
| • IT System Upgrades | \$7M |

Implications of Military Buildup (Cont'd)

Uplands Improvement \$45M (DOD & USDA Loan)

- Reconfigure/Expand Break Bulk Yard
- Expand Container Yard
- Building Demolition (selected facilities)
- Modernized Gate Complex
- Building Renovations (Minor)
- Infrastructure upgrades



GUAM FOLLOW-UP TO DC MEETING

- Letter sent to MARAD on March 2, 2012 (hard copy provided separately) summarizing D.C. meeting discussion and understanding and awaited MARAD response
- Port will start to develop “Plan B” SLE Solution.
 - Design Update and IFB Preparation
 - Permit application to Army Corps
 - Local Loan Acquisition for SLE Work
- Port to update long-term financial projections (cargo assumptions, revenues, tariffs) around program re-set

MARAD'S Feb. 23, 2012 Expense Report

Port of Guam, DOI and EDA grants have been exhausted

PORT OF GUAM, DOI and EDA Grants – FINANCIAL DASHBOARD (Version: 2/22/12)		
	<u>Total Transferred to Project</u>	<u>\$3,100,000.00</u>
	Total for Contracts given to EA ENGINEERING obligated or awaiting processing	\$2,940,000.00
	Total for MARAD Admin	\$160,000.00
	Contract Funds Available	\$0.00

DOD grant: Report shows of \$50 million with breakdowns

PORT OF GUAM – FINANCIAL DASHBOARD (Version: 2/22/12)		
	<u>Total Transferred to Project</u>	<u>\$50,000,000.00</u>
	Total for Contracts	\$48,500,000.00
	Total for MARAD Admin	\$1,500,000.00
	<u>CONTRACTS</u>	<u>\$48,500,000.00</u>
	Total currently obligated to EA ENGINEERING (or awaiting Acquisition processing)	\$958,875.55
	Pending Contract Obligations	\$164,786.00
TOTAL FUNDS LEFT TO EXECUTE CONTRACTS (2/22/12 Dashboard)		\$47,376,338.45

Gantry Crane Acquisition Activities



Gantry Crane Acquisition Timeline

September	2009	Public Law 30-57 requires acquisition of two gantry cranes by December 2012
August	2011	Port received unsolicited offer to purchase POLA Cranes
November	2011	Public Law 31-145, enacted Nov 17, 2011, authorized PAG to negotiate for POLA Cranes
Feb - March	2012	Negotiations: Offer, counter-offer, agreement on price Loan: discussions on loan closing requirements with ANZ Bank
May	2012	Issue procurement package in event negotiations for POLA cranes do not result in satisfactory conclusion

TARIFF UPDATES

- Revised terminal tariff was approved by Public Utilities Commission on January 12, 2012. Effective date of tariff rates is March 1, 2012.
- *Overall this is a 3.95% tariff adjustment across the board.*
- **How is the new revised tariff being handled?**
 - Standard operating procedures were developed on processes for services
 - Orientation sessions held with employees on major changes to the tariff
 - Outreach briefings were held with Port users and stakeholders and provided illustrations as to how new rates will be applied.

PUC Requirements

□ Port is required to file the following reports to PUC by deadlines indicated below:

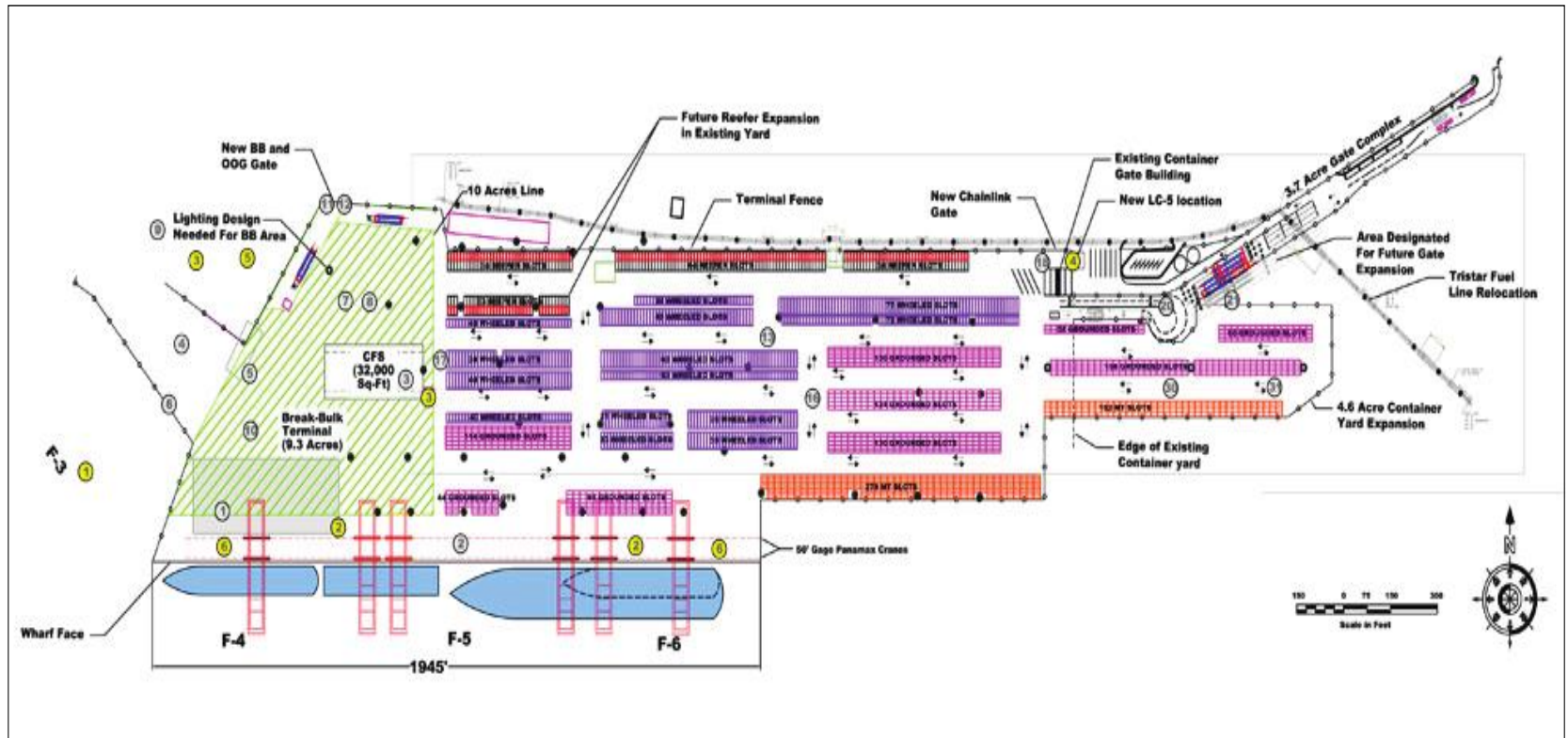
Report	Description	Deadline
5 Year Rate Plan	Details any tariff increase for the next five years	August 22, 2012
Sensitivity analysis	Determine impact of events in Japan and the United States along with current throughput of materials on ability of Port to generate the revenue it needs to service debts	August 22, 2012
Marina	Future plans to upgrade marina facilities	August 22, 2012
Financing Plan	Financing plan for completion of Phase I and Phase II of the 2007 Master Plan	November 22, 2012

TRISTAR FUEL LINES

- Issue:
 - Structural integrity of fuel lines.
 - Want to avoid situation when fuel lines needed to be reinforced.
- Status:
 - Tristar is conducting “pigging” tests to determine the structural integrity of fuel lines.
- What’s Next :
 - Awaiting for results of pigging (structural integrity) tests to determine next course of action.



Tristar Fuel Lines (Con't)



CIP Projects

Department of Interior Office of Insular Affairs (DOI OIA)

Deposited into the Port Enterprise Fund

Total: \$1,100,000

Brief Description	Awarded	Expenditure Deadline
Engineering Analyses and Consultations Project for the Jose D. Leon Guerrero Commercial Port Modernization	09/30/09	09/01/14
Preliminary Engineering & Environmental Studies for the JDLG Commercial Port Facilities	06/22/09	3/18/14

Department of Interior Office of Insular Affairs (DOI OIA)

Total: \$4,456,000

Brief Description	Awarded	Expenditure Deadline
Gregorio D. Perez Marina Actual Renovation & Site Improvements - CMS & Construction of Phase I	2007	2012
Gregorio D. Perez Marina Actual Renovation & Site Improvements - Phase II	2/2012	2017

Federal Assistance Boating Access Funds – Department of Agriculture (DOA)

Total: \$744,106

Brief Description	Awarded	Expenditure Deadline
Repair Dock A, Dock B, Pilings, Water blasting - GDP Marina	2009	9/12

U.S. Department of Agriculture

Total: \$50,000

Brief Description	Awarded	Expenditure Deadline
Analysis & Development of Management Regime for Small Boat Marinas	July 2010	8/12

CIP Projects

Office of Economic Adjustment (OEA), Department of Defense

Total: \$3,119,500

Brief Description	Awarded	Expenditure Deadline
Implementation Plan Project No. GR0706-08-02-08-01 MOU Sub-Grantee Protocol Manual	11/13/08	03/31/12
Port Terminal Preliminary Design, Performance Management Services Benchmarks and Legislative Approval	06/01/09	03/31/12
Project Controls and Program Accountability Services	10/01/10	9/30/13
Owner's Agent Engineer Support Services	04/01/2011	3/31/13

The Department of Homeland Security Office of Grants & Training
Port Security Grant Program
Total: \$8,782,903

Brief Description	Awarded	Expenditure Deadline
Three (3) Trailerable Fire Pumps W/Monitor Units	10/01/2007	No cost extension has been requested and granted thru 6/30/12. Items have been purchased
Container Yard Lights	10/01/2007	NTP has been issued to DCK with project ongoing. No cost extension has been requested and granted thru 6/30/12.
Acquisition of Interoperable Communication Equipment	08/01/2008	Equipment has been purchased. No cost extension requested thru 9/30/12.
Comprehensive Port Wide Video Surveillance System	08/01/2008	This system has been incorporated into the C2 integration system project. Anticipated RFP release mid-April 2012. No cost extension requested thru 9/30/12.
IJ 2: Access Control/Secured Credentialing System with TWIC Reader Capability	03/01/10	This system has been incorporated into the C2 integration system project. Anticipated RFP release mid-April 2012. 9/30/13
IJ 3: Acquisition and Installation of a Radar/Intrusion Detection System for the Entire Apra Harbor	3/1/10	This system has been incorporated into the C2 integration system project. Anticipated RFP release mid-April 2012. 9/30/13
Renovation/Upgrade of Existing Port Police Building to Serve as the PAG's Maritime and Port Security Operations Center	09/2009	This building has been integrated into the C2 integration system project. Anticipated RFP release mid-April 2012. 12/31/12
IJ 1: Command and Control Integration of CCTV Security Surveillance, Access Control/Secured Credentialing, Radar Intrusion/Detection, and TWIC Readers Systems	03/01/10	9/30/13. Port expects to request extension if needed.
To acquire a new fully equipped Emergency Response Vehicle	09/20/10	Bid issued 3/5/12. 5/31/12
IJ1: Upgrade of Emergency Back-up Generators to Support Maritime and Port Security Management and Operations	02/29/12	Port anticipates in issuing IFB mid-April 2012. 2/28/15
IJ2: Mobile Cargo and Vehicle CBRNE Detection and Screening System	2/29/12	2/28/15



PORT AUTHORITY OF GUAM

Si Yu'us Ma'ase
Thank you!



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