

I Mina'trentai Singko Na Liheslaturan Guåhan
BILL STATUS

BILL NO.	SPONSOR	TITLE	DATE INTRODUCED	DATE REFERRED	CMTE REFERRED	PUBLIC HEARING DATE	DATE COMMITTEE REPORT FILED	FISCAL NOTES	NOTES
149-35 (COR) As amended by the Committee on Economic Development, Agriculture, Maritime Transportation, Power and Energy Utilities, and Emergency Response	Clynton E. Ridgell	AN ACT TO AMEND SECTION 4(a) OF PUBLIC LAW 34-70, RELATIVE TO FINANCING OR REFINANCING IMPROVEMENTS AND CAPITAL IMPROVEMENTS RELATING TO THE JOSE D. LEON GUERRERO COMMERCIAL PORT (PORT) AND OTHER RELATED FACILITIES AND OPERATIONS OF THE PORT THROUGH REVENUE BOND PROCEEDS.	5/31/19 9:56 a.m.	7/10/19	Committee on Economic Development, Agriculture, Maritime Transportation, Power and Energy Utilities, and Emergency Response	8/13/19 1:00 p.m.	9/17/19 2:40 p.m.	6/13/19	
	SESSION DATE		TITLE	DATE PASSED	TRANSMITTED	DUE DATE	PUBLIC LAW NO.	DATE SIGNED	NOTES
	9/30/19	AN ACT TO AMEND SECTION 4(a) OF PUBLIC LAW 34-70, RELATIVE TO THE FINANCING OR REFINANCING IMPROVEMENTS AND CAPITAL IMPROVEMENTS OF THE JOSE D. LEON GUERRERO COMMERCIAL PORT (PORT), AND OTHER RELATED FACILITIES AND OPERATIONS OF THE PORT, THROUGH REVENUE BOND PROCEEDS.	10/4/19	10/7/19	10/18/19	35-44	10/16/19	Received: 10/16/19 Mess and Comm. Doc. No. 35GL-19-1121.	

LOURDES A. LEON GUERRERO
MAGA'HAGA • GOVERNOR



JOSHUA F. TENORIO
SIGUNDO MAGA'LÄHI • LIEUTENANT GOVERNOR

October 16, 2019

356L-19-1121
Speaker Tina Rose Muña Barnes

HONORABLE TINA ROSE MUÑA BARNES

Speaker

I Mina'trentai Singko Na Liheslaturan Guåhan

Guam Congress Building

163 Chalan Santo Papa

Hagåtña, Guam 96932

OCT 16 2019
Time 4:23 ()AM (X)PM
Received By [Signature]

Re: Bill No. 149-35 (COR) – An Act to Amend Section 4(a) of Public Law 34-70, Relative to the Financing or Refinancing Improvements and Capital Improvements of the Jose D. Leon Guerrero Commercial Port (Port), and Other Related Facilities and Operations of the Port, Through Revenue Bond Proceeds

Dear Madame Speaker:

I have signed Bill 149-35, *An Act to Amend Section 4(a) of Public Law 34-70, Relative to the Financing or Refinancing Improvements and Capital Improvements of the Jose D. Leon Guerrero Commercial Port (Port), and Other Related Facilities and Operations of the Port, Through Revenue Bond Proceeds*, as **Public Law (“P.L.”) 35-44**.

The prudent modernization of the Jose D. Leon Guerrero Commercial Port was identified as a central priority in our transition report for the Port Authority of Guam (PAG). The PAG operates as the only commercial seaport in Guam, and as the primary seaport in Micronesia, serves as a transshipment point for the entire Western Pacific region.

With over 90% of the region’s goods and supplies passing through our Port, its impact on the quality of life for residents of the region cannot be overstated. P.L. 35-44 seeks to enhance the Port’s revenues and increase efficiency by reprioritizing capital improvement projects. These enhancements are designed to meet the island’s growth needs including the military buildup and a growing tourism market. With Bill 149’s passage, the Legislature demonstrated a willingness to adjust course when necessary.

1121

2019 OCT 16 PM 4:43

To: Speaker Tina Rose Muña Barnes
Fr: Governor of Guam
Date: October 16, 2019
Re: Bill No. 149-35 (COR)

Page 2 of 2

Through this measure, the Port Authority of Guam is able to direct limited resources where they can achieve long term gains.

Senseremente,



LOURDES A. LEON GUERRERO

Maga'hågan Guåhan

Governor of Guam

Enclosure(s): Bill No. 149-35 *nka* Public Law 35-44

cc via email: *Sigundo Maga'låhen Guåhan*
Compiler of Laws

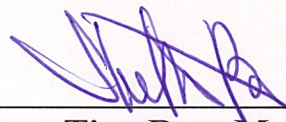
2019-6262

RCVD AT CENTRAL FILE
OCT 7 '19 PM 12:46
Jessica Cruz

I MINA'TRENTAI SINGKO NA LIHESLATURAN GUÁHAN
2019 (FIRST) Regular Session

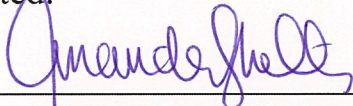
CERTIFICATION OF PASSAGE OF AN ACT TO *I MAGA'HÁGAN GUÁHAN*

This is to certify that **Bill No. 149-35 (COR)**, “AN ACT TO *AMEND* SECTION 4(a) OF PUBLIC LAW 34-70, RELATIVE TO THE FINANCING OR REFINANCING IMPROVEMENTS AND CAPITAL IMPROVEMENTS OF THE JOSE D. LEON GUERRERO COMMERCIAL PORT (PORT), AND OTHER RELATED FACILITIES AND OPERATIONS OF THE PORT, THROUGH REVENUE BOND PROCEEDS,” was on the 4th day of October 2019, duly and regularly passed.



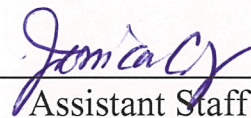
Tina Rose Muña Barnes
Speaker

Attested:



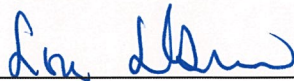
Amanda L. Shelton
Legislative Secretary

This Act was received by *I Maga'hågan Guåhan* this 7th day of October, 2019, at 12:46 o'clock p.M.



Assistant Staff Officer
Maga'håga's Office

APPROVED:



Lourdes A. Leon Guerrero
I Maga'hågan Guåhan

Date: 10/04/2019

Public Law No. 35-44

I MINA'TRENTAI SINGKO NA LIHESLATURAN GUÅHAN
2019 (FIRST) Regular Session

Bill No. 149-35 (COR)

As amended by the Committee on Economic Development,
Agriculture, Maritime Transportation, Power and
Energy Utilities, and Emergency Response.

Introduced by:

Clynton E. Ridgell
William M. Castro
Régine Biscoe Lee
Kelly Marsh (Taitano), PhD
James C. Moylan
Louise B. Muña
Tina Rose Muña Barnes
Telena Cruz Nelson
Sabina Flores Perez
Joe S. San Agustin
Amanda L. Shelton
Telo T. Taitague
Jose "Pedo" Terlaje
Therese M. Terlaje
Mary Camacho Torres

AN ACT TO *AMEND* SECTION 4(a) OF PUBLIC LAW 34-70, RELATIVE TO THE FINANCING OR REFINANCING IMPROVEMENTS AND CAPITAL IMPROVEMENTS OF THE JOSE D. LEON GUERRERO COMMERCIAL PORT (PORT), AND OTHER RELATED FACILITIES AND OPERATIONS OF THE PORT, THROUGH REVENUE BOND PROCEEDS.

1 **BE IT ENACTED BY THE PEOPLE OF GUAM:**

2 **Section 1. Legislative Findings and Intent.** *I Liheslaturan Guåhan* finds
3 that the Jose D. Leon Guerrero Commercial Port's (Port) modernization program is

1 designed to meet the island's growth, including the military expansion on the island
2 and the growing tourism market, with the key project initiatives as justified to the
3 bond market investors, as follows:

4 (a) the expansion of wharf space to accommodate larger vessels and
5 increase vessel-handling capacity;

6 (b) the upgrade to the terminal operating system to allow for automated
7 invoicing, cargo and container tracking, financial management, and maintenance
8 management;

9 (c) the expansion of existing facilities to support fishing and cruise line
10 industries; and

11 (d) the replacement of gantry cranes at the end of its useful life to maintain
12 continuous uninterrupted cargo movement.

13 As part of the modernization program, the Port through Public Law 34-70
14 obtained Seventy-one Million Four Hundred Forty-five Thousand Dollars
15 (\$71,445,000) in revenue bonds to finance certain capital improvements and to
16 refinance all or a portion of outstanding loans of the Port Authority.

17 *I Liheslaturan Guåhan* finds that on July 20, 2018, Pro Marine Technology
18 submitted its findings in an Underwater Assessment and Inspection Services (F-1,
19 F-3, F-4, F-5, and F-6). The assessment included recommendations for repairs to the
20 waterfront facilities based on the following observations:

21 (1) F-1: Breasting platform H has severe concrete fracturing around
22 the lower and perimeter of the structure and throughout its entirety. It was
23 observed that the platform's fender has been severely damaged that it does not
24 function as designed. There are piles that have areas above the waterline
25 where epoxy coatings are missing. It was noted that the number of piles and
26 the extent of corrosion have increased significantly since the 2017 inspection.
27 Three (3) pilings underneath Breasting Platform C appear to have shifted.

1 Concrete fracturing and spalling are occurring underneath the structures with
2 the most significant occurring underneath Platform G and underneath the
3 main pier.

4 (2) F-3: Damage was observed in a separation of the sheet pile
5 corner transition pieces to F-2 underneath the concrete cap. A large volume of
6 fresh water flows through the 54" vertical gap. The length increased 28" from
7 the 2017 inspection. Two pieces of the sheet pile have been damaged
8 (smashed) from the concrete cap. It was observed that the most significant
9 deficiency is the large hole in the corner of the most damaged pile plus the
10 vertical crack along its outside corner. Because of the corrosion and wear-
11 down, the 1" shackles securing the cylinder fender chains needs to be
12 replaced. There are about 20 to 25% (average) shackles remaining.

13 (3) F-4: Spalled concrete with exposed rebar at bottom corner of
14 concrete cap. There is a sheet plate repair which is short and ends 11" above
15 the mud line. But there is no sheet piling behind the cover plate. It was noted
16 that concrete was poured in the void behind the plate but there exists
17 significant erosion at the bottom, up behind the plate. Fresh water is leaking
18 through the gap next to an unknown bracket attached to the top side of the
19 repair plate. Bottom of concrete cap fracture (8'-3") from the corner of the
20 newer F-5 concrete cap and rebar is exposed inside the 4' long fracture.

21 (4) F-5: A significant crack in the overhead transverse beam (east
22 side) just above pile number 21, row C. The exposed rebar inside the crack is
23 rusting causing them to swell and forcing further separation of the spalled
24 concrete. It is their expert opinion that if this continues, the section will
25 eventually fall off and the exposed, rusting rebar process will continue into
26 the beam causing further damage.

1 (5) F-6: There are 2 short sheet pilings and erosion underneath and
2 behind the sheet pilings bottom ends. A steel plate welded to sheet piles above
3 mud lines is short. Erosion is apparent underneath and behind the repair plate.
4 Material next to the sheet piling has not been excavated.

5 Moreover, *I Liheslaturan Guåhan* finds that to ensure the uninterrupted flow
6 in the deployment of fuel products which could be obtained in F-1 Fuel Pier or Golf
7 Pier, a connectivity line would need to be installed at F-1 to allow discharged or
8 loaded fuel to be routed to and from other petroleum fuel companies' storage tanks.

9 To enhance the Port's invoicing to ensure one hundred percent (100%) cost
10 recovery per the established tariffs, the Terminal Operating System and Financial
11 Management System must be integrated, along with an upgrade of the Port's current
12 information technology system for accurate financial data on the expenses rendered
13 to vessel operations and related services versus revenues.

14 The 2010 Master Plan included a recommendation for the current Port
15 Administration Building to be extended with an annex and a bridge connecting the
16 building to the existing building for compliance with the Americans with Disabilities
17 Act (ADA), but such project was changed in the 2013 Master Plan Update which
18 endorsed that a new large building be constructed and the current administration
19 building be demolished.

20 *I Liheslaturan Guåhan* finds that if the Port pursues the 2007 Master Plan
21 recommendation to construct an annex with a bridge connecting to the existing
22 administration building, a portion of the funding originally earmarked for the
23 construction of the new administration building could otherwise be used to address
24 the deficiencies of the Port's revenue-generating waterfront facilities, a connectivity
25 line between Golf Pier and F-1, and improvements needed for the Port's information
26 technology systems.

1 The Port met with Guam Economic Development Authority (GEDA)
2 representatives to discuss the possibility of reprogramming revenue bond proceeds
3 earmarked for the construction of the new administration building. The Port was
4 informed that under the Tax Certificate of the Authority, Section 1.5 (c), Purpose of
5 Financing, forty percent (40%) or Seven Million Dollars (\$7,000,000) of the
6 Seventeen Million Four Hundred Forty-five Thousand Dollars (\$17,445,000) can be
7 reprogrammed without triggering the forty percent (40%) taxable income ratio.

8 *I Liheslaturan Guåhan* finds that an amendment to Public Law 34-70 would
9 allow for the reprogramming of such bond proceeds needed to address the
10 deficiencies of the Port’s revenue-generating waterfront facilities, a connectivity line
11 between Golf Pier and F-1, and improvements needed for the Port’s information
12 technology systems.

13 *I Liheslaturan Guåhan* further finds that the reprogramming of revenue bond
14 proceeds would not result in an increase of the terminal tariff.

15 It is, therefore, the intent of *I Liheslaturan Guåhan* to authorize the
16 reprogramming of the Port Authority revenue bond proceeds and amending the
17 capital improvement projects in Section 4(a) of Public Law 34-70 to amend the plan
18 for a newly-constructed administration building totaling Seventeen Million Four
19 Hundred Forty-five Thousand Dollars (\$17,445,000) for the repair of the Port’s
20 revenue-generating waterfront facilities, a connectivity line between Golf Pier and
21 F-1, and improvements needed for the Port’s information technology systems.

22 **Section 2.** Section 4(a) of Public Law 34-70 is *amended* to read:

23 “(a) to finance certain Authority capital improvements, including, but
24 not limited to:

- 25 (1) local match for the Transportation Investment Generating
26 Economic Recovery (TIGER) grant program funding for rehabilitation
27 of “H” Wharf and access road in the approximate amount of Thirteen

1 Million Seven Hundred Seventy-four Thousand Two Hundred Fifty-
2 five Dollars (\$13,774,255);

3 (2) construction of an annex building with the construction of
4 a bridge attached to the current Administration Building and upgrade
5 of infrastructure in the approximate amount of Ten Million Four
6 Hundred Forty-five Thousand Dollars (\$10,445,000).

7 The remaining balance of approximately Seven Million Four
8 Hundred Twenty-five Thousand Seven Hundred Forty-five Dollars
9 (\$7,425,745) resulting from this reset to the Port Modernization Plan
10 *shall* be prioritized by the Port's Board of Directors in order to shore
11 up the Port's current related revenue-generating facilities and financial
12 management systems, specifically for repair of F-1 Fuel Pier; repairs of
13 F-3, F-4, F-5, and F-6 of the waterfront facilities; installation of a
14 connectivity fuel line connecting Golf Pier and F-1 Fuel Pier; and an
15 upgrade to the Port's information technology system and integration of
16 the Terminal Operating System and Financial Management System;

17 (3) replacement and relocation of waterline(s) in the
18 approximate amount of \$6,000,000;

19 (4) repair and expansion of the Equipment Maintenance &
20 Repair Building (EQMR) in the approximate amount of \$3,628,800;

21 (5) repair of Warehouse 1 in the approximate amount of
22 \$2,000,000;

23 (6) the repair of Golf Pier in the approximate amount of
24 \$2,000,000; and

25 (7) all remaining balances, if any, *shall* be allocated to provide
26 for supplemental funding for the procurement of a new gantry crane;"

1 **Section 3.** The Port Authority of Guam *shall* continue to be subject to a
2 separate independent review by the Public Utilities Commission (PUC) for each
3 project that exceeds One Million Dollars (\$1,000,000).

4 **Section 4. Effective Date.** This Act *shall* be effective upon enactment.

5 **Section 5. Severability.** If any provision of this Act or its application to any
6 person or circumstance is found to be invalid or contrary to law, such invalidity *shall*
7 *not* affect other provisions or applications of this Act that can be given effect without
8 the invalid provision or application, and to this end the provisions of this Act are
9 severable.