

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)	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.						

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


Bill No. 199-35 (cor)

Introduced by:

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.



2019 MAY 31 AM 9:56

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
4 designed to meet the island's growth including military expansion on the island and
5 the growing tourism market with the key project initiatives as justified to the bond
6 market investors:

7 (1) the expansion of wharf space to accommodate larger vessels and
8 increase vessel-handling capacity;

9 (2) the upgrade to the terminal operating system to allow for automated
10 invoicing, cargo and container tracking, financial management, and maintenance
11 management;

12 (3) the expansion of existing facilities to support fishing and cruise line
13 industries; and

1 (4) the replacement of gantry cranes at the end of useful life to maintain
2 continuous uninterrupted cargo movement.

3 As part of the modernization program, the Port through Public Law 34-70
4 obtained Seventy-one Million Four Hundred Forty-five Thousand Dollars
5 (\$71,445,000) in revenue bonds to finance certain capital improvements and to
6 refinance all or a portion of outstanding loans of the Authority.

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

- 11 1. F-1: Breasting platform H has severe concrete fracturing around the
12 lower and perimeter of the structure and throughout its entirety. It was
13 observed that the platform's fender has been severely damaged that it
14 does not function as designed. There are piles that have areas above the
15 waterline where epoxy coatings are missing. It was noted the number
16 of piles and the extent of corrosion have increased significantly since
17 the 2017 inspection. Three (3) pilings underneath Breasting Platform C
18 appear to have shifted. Concrete fracturing and spalling are occurring
19 underneath the structures with the most significant occurring
20 underneath Platform G and underneath the main pier.
- 21 2. F-3: Damage observed a separation of the sheet pile corner transition
22 pieces to F-2 underneath the concrete cap. A large volume of fresh
23 water flows through the 54" vertical gap. The length increased 28" from
24 the 2017 inspection. Two pieces of the sheet pile have been damaged
25 (smashed) from the concrete cap. It was observed the most significant
26 deficiency is the large hole in the corner of the most damaged pile plus
27 the vertical crack along its outside corner. Because of the corrosion and

wear-down, the 1” shackles securing the cylinder fender chains needs to be replaced. There are about 20-25% (average) shackles remaining.

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

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

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

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

To enhance the Port’s invoicing to ensure one hundred percent (100%) cost recovery per the established tariffs, the Terminal Operating System and Financial

1 Management System must be integrated, along with an upgrade of the Port’s current
2 information technology system for accurate financial data on the expenses rendered
3 to vessel operations and related services versus revenues.

4 The 2010 Master Plan includes a recommendation for the current Port
5 Administration Building to be extended with an annex and a bridge connecting the
6 building to the existing building for compliance with the American with Disabilities
7 Act (ADA), but such project was changed in the 2013 Master Plan Update which
8 endorsed a new large building be constructed and the current administration building
9 be demolished.

10 *I Liheslaturan Guåhan* finds that if the Port pursues the 2007 Master Plan
11 recommendation to construct an annex with a bridge connecting to the existing
12 administration building, a portion of the funding originally earmarked for the
13 construction of the new administration building could otherwise be used to address
14 the deficiencies of the Port’s revenue-generating waterfront facilities, a connectivity
15 line between Golf Pier and F-1, and improvements needed for the Port’s Information
16 Technology systems.

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

24 *I Liheslaturan Guåhan* finds that an amendment to Public Law 34-70 would
25 allow for the reprogramming of such bond proceeds needed to address the
26 deficiencies of the Port’s revenue-generating waterfront facilities, a connectivity line

1 between Golf Pier and F-1, and improvements needed for the Port’s Information
2 Technology systems.

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

5 It is, therefore, the intent of the *i Liheslaturan Guåhan* to authorize
6 reprogramming revenue bond proceeds and amending the capital improvement
7 projects in Section 4(a) of Public Law 34-70 to remove the plan for a newly
8 constructed administration building totaling Seventeen Million Four Hundred Forty-
9 Five Thousand Dollars (\$17,445,000) for the repair of the Port’s revenue-generating
10 waterfront facilities, a connectivity line between Golf Pier and F-1, and
11 improvements needed for the Port’s Information Technology systems.

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

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

15 (1) local match for the Transportation Investment Generating
16 Economic Recovery (TIGER) grant program funding for rehabilitation of “H”
17 Wharf and access road in the approximate amount of \$14,200,000;

18 (2) ~~replacement of the Administration building in the approximate~~
19 ~~amount of \$17,500,000; the construction of an annex building with the~~
20 ~~construction of a bridge attached to the current Administration Building and~~
21 ~~upgrade of infrastructure in the approximate amount of Ten Million Five~~
22 ~~Hundred Thousand Dollars (\$10,500,000).~~

23 The remaining balance of approximately Seven Million Dollars
24 (\$7,000,000) resulting from this reset to the Port Modernization Plan shall be
25 prioritized by the Port’s Board of Directors in order to shore up the Port’s
26 current related revenue-generating facilities and financial management
27 systems, specifically for repair of F-1 Fuel Pier; repairs of F-3, F-4, F-5 and

1 F-6 of the waterfront facilities; installation of a connectivity fuel line
2 connecting Golf Pier and F-1 Fuel Pier; and an upgrade to the Port's
3 information technology system and integration of the Terminal Operating
4 System and Financial Management System; and

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

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

9 (5) repair of Warehouse 1 in the approximate amount of \$2,000,000;
10 and;

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

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

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

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

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