

PORT AUTHORITY OF GUAM

JOSE D. LEON GUERRERO COMMERCIAL PORT

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NEWS RELEASE

Clarifying Misconceptions: Respicio Response to Brown's Allegations, Brown Advocating for a Power Rate Hike

Piti, Guam, November 15, 2023: Port General Manager Rory J. Respicio addressed the same baseless allegations made by Senator Joanne M. Brown, which were lodged at former Senator Judith P. Guthertz in the Pacific Daily News (November 15, 2023). This statement aims to clarify facts and defend the integrity and transparency of Port operations.

- 1. Allegation of Waiving Storage Fees:** Contrary to Senator Brown's claim, the Board did not waive storage fees for the Ukudo Power Plant's generator modules. The extension of free days was a decision made under the authority of the Port's tariff agreement and by Respicio, considering the unique circumstances and operational requirements of this cargo. This decision avoided undue cost transfer to Guam Power Authority ratepayers. Respicio, in a letter to Brown, explains that her "endorsement of collecting these fees is unreasonable and would have resulted in a GPA rate increase, impacting its customers for a situation that had no significant cost implications for the Port or its operations.
- 2. Claims of Potential Corruption:** The extended free storage period was a necessary response to challenges beyond the control of the GPA and its contractor. This decision was not influenced by any political agenda or negligence but was made in the best interest of Guam's ratepayers and the Port's efficiency.
- 3. Hiring Practices at the Port:** In response to the claims about Dr. Guthertz's relatives, it is clarified that no immediate family member was employed at the Port during her tenure on the board. All hiring processes have been compliant with regulations and reviewed by the Guam Civil Service Commission. Respicio asked Brown to disclose the circumstances surrounding the hiring of your two former legislative staffers and several relatives of board members during your time as General Manager at the Port Authority of Guam. Your explanation on this matter will go a long way to provide further clarification into how you think it is okay for you and not for others to do what you have clearly done under those same circumstances.
- 4. Concerns Over Alcohol Serving During the Port Week Finale:** The Guam Port Users Group sought and received permission from the U.S. Coast Guard to serve alcohol during the Port Week celebrations, ensuring all activities complied with necessary regulations.
- 5. Addressing Past Management Issues:** The current management has focused on rectifying issues from the past administration, prioritizing transparency and operational efficiency. Local and national awards and consistent clean audits endorse this commitment.

This press release serves to clarify misconceptions and affirm the Port Authority's commitment to transparency and responsible management. The Port Authority remains open to constructive dialogue based on facts, aimed at continuous improvement.



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

November 15, 2023

The Honorable Joanne M. Brown
I Mina'trentai Siette na Liheslaturan Guåhan
120 Father Duenas Avenue
Capitol Plaza Building, Suite 103
Hagåtña, Guam 96910
Via Email: office@senatorjoannebrown.com

Dear Senator Brown:

I am writing to address the allegations you made in today's Pacific Daily News, not to change your mind, but to clarify the truth for the sake of integrity and transparency at the Port. This is vital not only for our reputation but also in hopes of preventing any undue influence on the seven other senators who voted against the appointment of former Senator Dr. Judith P. Guthertz to serve on the Jose D. Leon Guerrero Board of Directors, as well as any misplaced legislative obstacles for Gov. Lou Leon Guerrero's two other nominees Dr. Luis Baza and former Port Board Chairman Frank Santos.

Your assertion that the Board "waived" storage fees is false. I decided to extend free days in accordance with the authority granted in our tariff agreement under Section V. Breakbulk Tariff Item #63 Free Time – Extension Thereof, which states, "*The General Manager may allow extension of free time if the request is made in writing, with proper justification from the shipping agent or the cargo owner.*"

We have explained this to you on numerous occasions, yet it seems our efforts have been in vain. Once again, I remind you that during the October 27, 2022, Board of Directors meeting, I reported on the arrival of 12 generator modules for the new Ukudo Power Plant. I stated the revenue tons for the modules range between 135.70 to 173.90 tons. Because of the special type of cargo to be unloaded, the Port authorized the contractor to conduct an "under the hook" operation, which will allow the crew ship to operate the winches to offload the modules onto specialized trailers and transport such modules at a staging area in the terminal yard. To ensure that the container yard was not impacted as a result of the weight of the cargoes, the modules were staged on jacks and remained at the Port until a permit was issued by the Department of Public Works to transport the cargoes to the Dededo project site.

The first DPW permit issuance occurred on February 4, 2023, and the last issuance was on June 16, 2023. I also stated at the board meeting that one of the biggest concerns regarding this cargo was the storage fees. According to the Port Terminal Tariff, the cargo has a free storage period of 5 days, and afterward, storage fees will be assessed. If the Port qualified the storage fees, the Port may be collecting \$3.5 to \$4 million.

If the Port were to implement such fees, the Guam Power Authority (GPA) would bear these expenses, subsequently transferring the costs to its ratepayers. The decision to extend the free storage period was primarily due to the additional unforeseen requirements imposed by the Department of Public Works (which made sense in order to protect the bridges and roads), and as an added benefit to extending the free days since the delay is beyond the control of the GPA and its contractor, extending the free days was the right thing to do and in the interest of Guam's ratepayers. Essentially, Sen. Brown, your endorsement of collecting these fees is unreasonable and would have resulted in a GPA rate increase, impacting its customers for a situation that had no significant cost implications for the Port or its operations. Importantly, this extended storage period applied exclusively to the 12 heavy modules, not to the other project components, all of which were off-loaded and handled within the standard 5-day free storage timeframe.

Regarding your claims about potential corruption due to extending these free days, I find it necessary to defend my reputation and that of the Port. During my tenure as General Manager, my foremost commitment has always been to the welfare and efficiency of the Port. The decisions made were in response to complex challenges requiring nuanced solutions, not the product of any negligence or political agenda.

In response to the claim that Dr. Guthertz's relatives were hired at the Port during her tenure, I must clarify the facts. No immediate family member of Dr. Guthertz was employed at the Port while she was a board member. A relative did work here, but her employment ended before Dr. Guthertz joined the board, due to her spouse's military relocation. It's important to note that all hiring processes I oversaw were thoroughly reviewed by the Guam Civil Service Commission and complied with all regulations. Additionally, in the interest of transparency, it would be appropriate for you to disclose the circumstances surrounding the hiring of your two former legislative staffers and several relatives of board members during your time as General Manager at the Port Authority of Guam. Your explanation on this matter will go a long way to provide further clarification into how you think it is okay for you and not for others to do what you have clearly done under those same circumstances.

With regard to your raising the issue of your “concern whether the U.S. Coast Guard gave approval for the serving of alcoholic drinks during the recent Port Week celebrations at the Port,” please note that the Guam Port Users Group did, in fact, seek permission from the Coast Guard regarding the serving of alcohol during the Grand Finale and Employee Recognition Ceremony and the Coast Guard did not disallow it.

In contrast to your tenure, which indeed had its priorities, a significant portion of my time has been spent rectifying issues stemming from what I perceive as your gross negligence and failure to fully execute your duties when you were Port General Manager, influenced by misplaced priorities and a political agenda. I am compelled to write this letter to dispel the misconceptions you have cast over the Port. It's crucial to ensure these misunderstandings do not adversely affect the judgment of your senatorial colleagues or cause unnecessary harm to former Sen. Guthertz, the Port of Guam, and its employees. My approach has always been grounded in pragmatic, long-term strategies rather than short-term political gains. The suggestion that my actions have been anything but in the best interest of the Port is misleading and harmful to the morale of our dedicated staff.

Our *Port Strong* team has consistently worked toward enhancing transparency and progress in our operations. This is evidenced by local and national awards for transparency and consistently clean, low-risk audits throughout my tenure as General Manager. While I acknowledge and respect the differences in our perspectives, any unfounded accusations that risk damaging the reputation of the Port and its employees are unacceptable. I am always open to constructive criticism and dialogue, provided it is based on facts and geared toward improvement, not disparagement. In conclusion, this letter is intended as a clarification in the spirit of truth and professionalism rather than a mere rebuttal. The Port, its staff, and stakeholders deserve an honest and transparent discourse.

Sincerely,


Rory J. Respicio
General Manager

Cc: Governor Lourdes A. Leon Guerrero
Lt. Governor Joshua F. Tenorio
All Senators
Former Senator Dr. Judith P. Guthertz
Port Authority of Guam Board of Director Dorothy P. Harris
Port Authority of Guam Board of Director Conchita Taitano
Port Authority of Guam employees