

GOVERNMENT TRANSITION REPORT PORT OF THE AMERICAS, PHASES IIIA.2.1 & IIIA.2



Prepared for: Port Authority of The Americas
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10/5/2012

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BACKGROUND

The Ports Authority of the Americas (APA, by its Spanish acronym) is a public corporation that was created by law to undertake the administration and improvement of the Port of the Americas in Ponce, Puerto Rico.

The Port of the Americas Master Project was phased in four (4) different stages:

- Phase I: Construction of Pier (Construction Completed)
- Phase II: Dredging of Entrance Channel and Piers (Construction Completed)
- Phase III: Construction of Container Yard, Administration Building, and Storm Water Channel (Construction in Progress)
- Phase IV: Enlargement of Inland Channel and Construction of additional Container Yard (Future Construction)

This report focuses solely on Phase III of the Port of the Americas Master Project. The Notice to Proceed for this project was issued on August 18, 2008. Since this date, Del Valle Group, S.P. (hereinafter ‘Del Valle’ or ‘the contractor’), works as the General Contractor of this phase. The contractor has sub-classified¹ Phase III as follows:

- Area A: Percon Channel
- Area B: La Guancha Complex
- Area C: Water Distribution & Sanitary Sewer Line
- Area D: Dredging Area
- Area E: Aljoma Site & Marine Building

It is important to inform that on June 7, 2011, the United States Army Corp of Engineers (USACE) issued an order to stop work on the Storm Water Channel being constructed in Area A and the Water distribution and sanitary sewer line on Area C of

¹ For reference purposes only, the designation used by Del Valle will be adopted and used hereinafter when referring to areas of work in Phase III.

Phase III. Works on these areas has not been resumed because USACE's authorization is required and it has not been issued.

The construction works of Phase III has been managed and inspected by two different firms prior to the commencement of PG Engineering Solutions, PSC (PGES) in the project. The latest firm was CMA Architects and Engineers (CMA), which served as Managers and Inspectors. By the time at which CMA's contract was set to expire, the contractor had completed approximately 95% of Phase III.

In order to complete Phase III of the Ports of The Americas, APA hired PGES at the beginning of the month of June of the present year to continue with construction management and inspection services.

Pursuant to the agreement between APA and PGES, PGES performs the following activities:

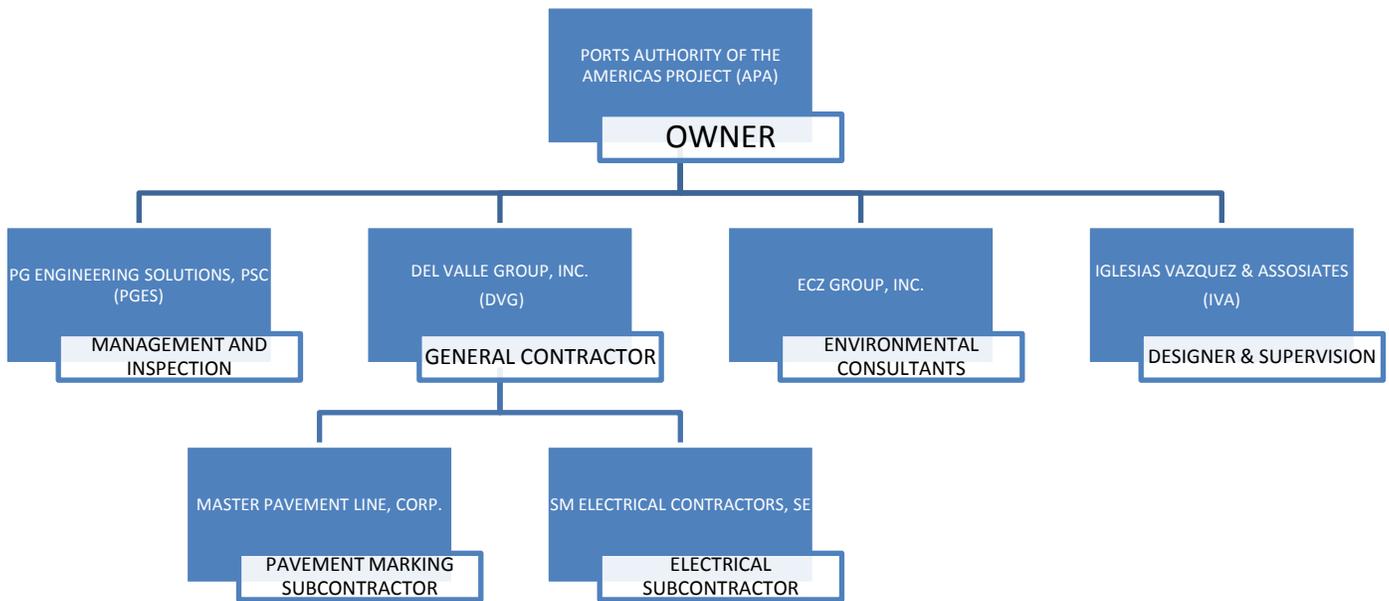
1. Assessing the status of all the required permits and endorsements;
2. Verified the contractor's work progress;
3. Provided assistance to APA with the preparation and drafting of documents pertaining to the solicitation and/or evaluation of proposals and/or contracts between designers and contractors;
4. Observation and coordination of work performed by the contractor pursuant to the guidelines established by APA and the designer;
5. Preparation of daily logs of all the construction activities;
6. Coordination, preparation and conduct the weekly progress meetings with the attendance of all parties to discussed issues related to the progress of the project;
7. Preparation of meeting minutes;
8. Evaluation of pending change orders;
9. Evaluation of potential change orders. Based on said evaluation, PGES emits recommendations to APA, including the negotiation process;
10. Coordination with the designer all questions relating to design;
11. Coordination with the Designer and Consultants the QA/QC field inspection;

-
12. Evaluation of the contractors applications for payments and recommendation;
 13. Assemble project status' reports;
 14. Preparation of Monthly Reports that includes general information, cost information, project progress, and time information.

Along the activities listed above, PGES is currently working on:

1. Preparation of the Project Substantial Completion;
2. Preparation of Change Order V;
3. Recommendation and preparation of Proposed Change Orders' Board of Directives Approval Requests;
4. Evaluation of PREPA's Credit;
5. Evaluation contractor's claims;
6. Punch List Inspections and Final Inspections;
7. Contractor's Time Extension Request Evaluation and Recommendation;
8. Recommendation for the release of the payment deductions due to concrete resistances;
9. Coordination of the works been performed at "Finca Percón";
10. Coordination of the works been performed at "Finca Esperanza";
11. Coordination of the inspections with Ponce Autonomist Municipality as part of the project transition to the owner;
12. Recommendation for the electrical and HVAC equipments maintenance;

ORGANIZATIONAL STRUCTURE

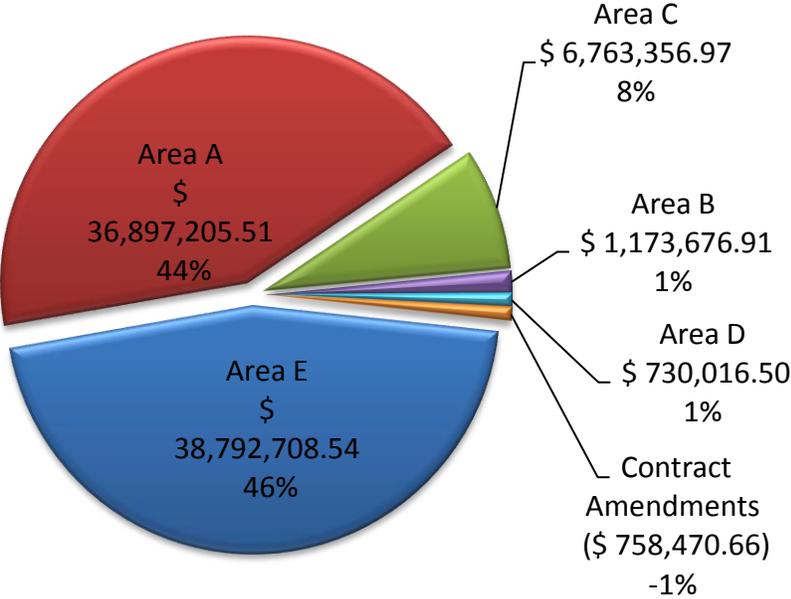


STATUS OF PROJECT COST

Phase III of the Port of The Americas Master Project was originally estimated to cost \$84,356,964.43. See 13.

Figure 1 for the cost breakdown of the project by area. Throughout the life of the project a total of \$758,470.66 was discounted from the initial contract amount through Contract Amendments. The current updated cost of the project amounts to \$83,598,493.77. For a detailed breakdown of all Contract Amendments that have been approved, go to the Section in page 13.

Figure 1: Original Project Cost Breakdown

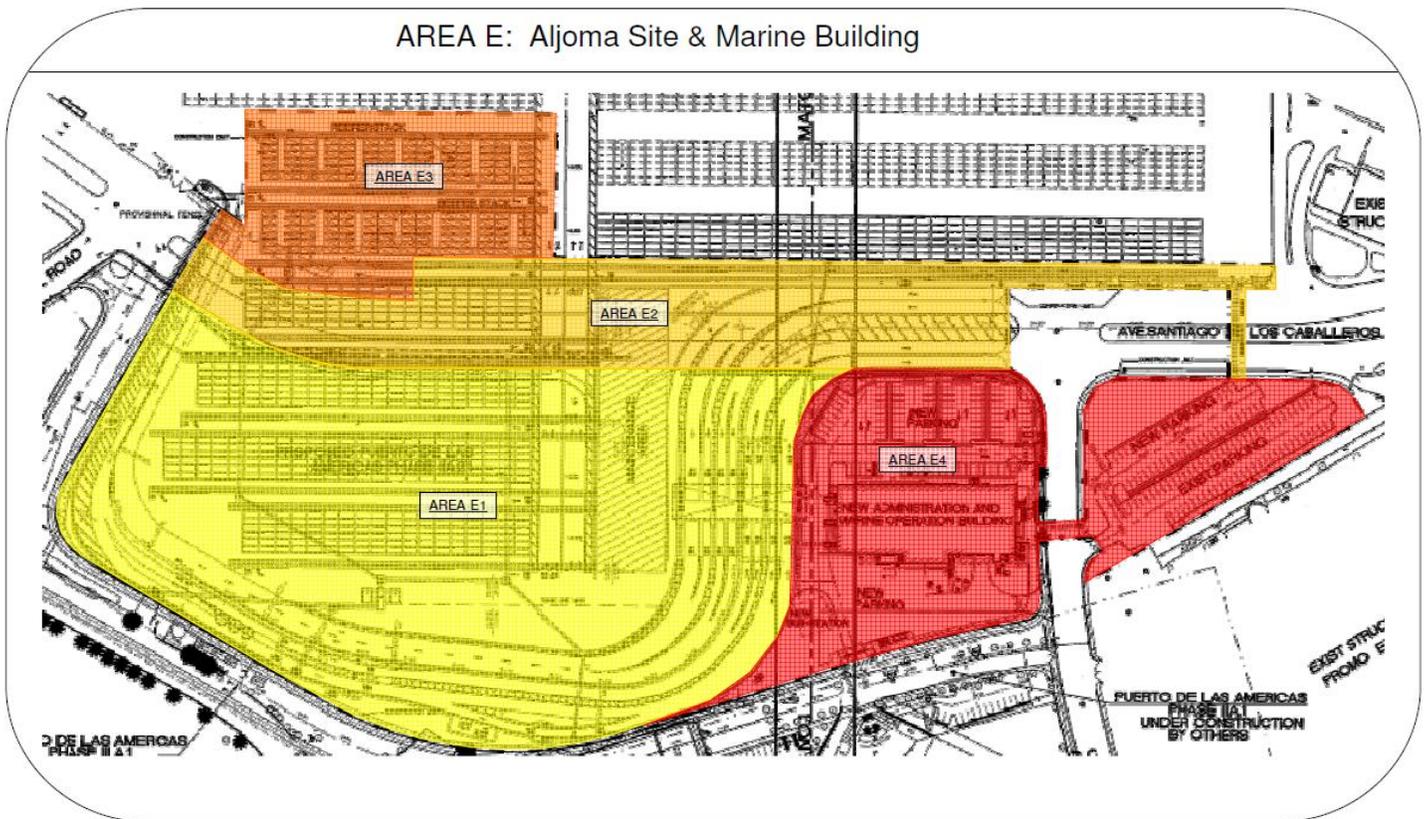


PROJECT PROGRESS

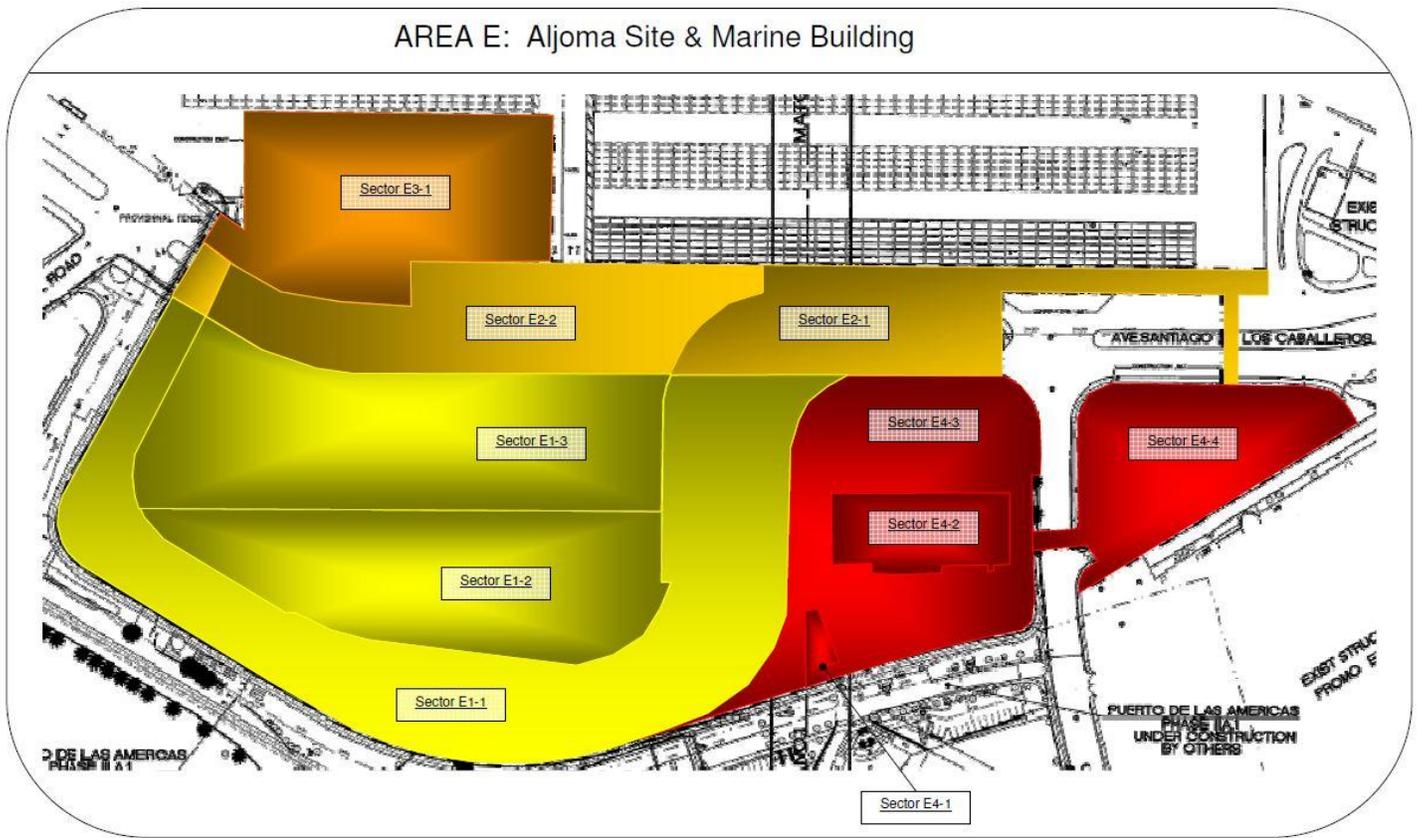
The sector key map of Phase III.A.2.1, a continuation, identifies the areas of the pending works in the Pending Construction Activities Table, page 10.

It is important to inform that Area E: Ajoma Site & Administration Building is under the Punch List correction by the contractor. The interior of the Administration Building has been completed. Areas B & D: La Guancha Complex and Dredging Area in front of Piers 4, 5, & 6, have been completed prior the commence of PGES services.

AREA KEY MAP OF PHASE III.A.2.1 OF THE PORT OF THE AMERICAS



SECTOR KEY MAP OF PHASE III.A.2.1 OF THE PORT OF THE AMÉRICAS



PENDING CONSTRUCTION ACTIVITIES ALJOMA SITE & MARINE BUILDING

Area E	Location	Activity Name	% Completed
Sector E1-1	<i>Aljoma Site</i> - Entrance Road and Gate	Pavement Marking	90 %
Sector E1-1	<i>Aljoma Site</i> - Entrance Road and Gate	Electrical Works at CPB Booth & Canopy	10 %
Sector E1-1	<i>Aljoma Site</i> - Entrance Road and Gate	Gravel Installation & Slopes	0 %
Sector E1-1	<i>Aljoma Site</i> - Entrance Road and Gate	Concrete Works Miscellaneous	99 %
Sector E1-1	<i>Aljoma Site</i> - Entrance Road and Gate	CPB Booth Anchorage	0 %
Sector E1-1	<i>Aljoma Site</i> - Entrance Road and Gate	Cleaning	0 %
Sector E1-2	<i>Aljoma Site</i> - Runways & Maintenance Area	Pavement Marking	90 %
Sector E1-2	<i>Aljoma Site</i> - Runways & Maintenance Area	Cleaning	0 %
Sector E1-2	<i>Aljoma Site</i> - Runways & Maintenance Area	Manhole's Leveling	0 %
Sector E1-3	<i>Aljoma Site</i> - Runways & Maintenance Area	Pavement Marking	75 %
Sector E1-3	<i>Aljoma Site</i> - Runways & Maintenance Area	Cleaning	0 %

Area E	Location	Activity Name	% Completed
Sector E1-3	<i>Aljoma Site</i> - Runways & Maintenance Area	Expansion Joints Corrections	0 %
Sector E2-1	<i>Aljoma Site</i> - Runways & Maintenance Area	Cleaning	0 %
Sector E2-1	<i>Aljoma Site</i> - Runways & Maintenance Area	Expansion Joints Corrections	0 %
Sector E2-1	<i>Aljoma Site</i> - Runways & Maintenance Area	Gravel Installation	0 %
Sector E2-1	<i>Aljoma Site</i> - Runways & Maintenance Area	Miscellaneous Concrete works	0 %
Sector E2-2	<i>Santiago de los Caballeros Ave.</i> - Runways & Maintenance Area	Pavement Marking	60 %
Sector E2-2	<i>Santiago de los Caballeros Ave.</i> - Runways & Maintenance Area	Cleaning	0 %
Sector E2-2	<i>Santiago de los Caballeros Ave.</i> - Runways & Maintenance Area	Manhole's Leveling	0 %
Sector E2-2	<i>Santiago de los Caballeros Ave.</i> - Runways & Maintenance Area	Expansion Joints Corrections	0 %
Sector E2-2	<i>Santiago de los Caballeros Ave.</i> - Runways & Maintenance Area	Gravel Installation	0 %

Area E	Location	Activity Name	% Completed
Sector E3-1	<i>Reefers Structures - New</i> Location	Pavement Marking	10 %
Sector E4-1	<i>Marine Building – New</i> Substation 38 KV	Gravel Installation	0%
Sector E4-3	<i>Marine Building - Site</i> Improvements	Pavement Marking	85 %
Sector E4-3	<i>Marine Building - Site</i> Improvements	Administration Building Entrance	0%
Sector E4-3	<i>Marine Building - Site</i> Improvements	Gravel Installation	0 %
Sector E4-3	<i>Marine Building - Site</i> Improvements	Signage	0 %
Sector E4-3	<i>Marine Building - Site</i> Improvements	Bollards	95 %
Sector E4-3	<i>Marine Building - Site</i> Improvements	Miscellaneous Concrete Repairs	90 %
Sector E4-3	<i>Marine Building - Site</i> Improvements	Cleaning	90 %

CONTRACT AMENDMENT

The construction contract for Phase III of the Port of The Americas has experienced several amendments. Table 1 lists each of the Change Orders that were processed and approved.

Table 1: Registered Contract Amendments

Change Order	Date	Description	Quantity		Days
			Deductive	Additive	
A	12/29/2008	Credit: Impact Piers	\$1,550,000	\$0	
B	3/23/2010	Credit and other modifications	\$1,410,964.39	\$1,338,640.06	
C	3/23/2010	Tie Downs - Ship to Shore Cranes	\$0	\$630,000.00	
D	7/20/2011	Alternate metering and Pedestrian Gate	\$0	\$37,000.00	
E	9/2/2011	Pump System at channel for 1 month	\$0	\$30,000.00	
F	9/2/2011	Alternate protection for RTGs	\$0	\$3,830.00	
G	9/2/2011	Additional work related to PRASA points of connections	\$0	\$30,000.00	
H	9/2/2011	Stabilization measures due to USACE stop order	\$0	\$70,000.00	
I	8/26/2011	Credit: Relocation of Reefer Structures	\$408,455.70	\$312,935.7	
J	9/2/2011	Time Extension	\$0	\$0	150
K	9/13/2011	Provision of security guards at box culvert #3 area	\$0	\$27,627.60	
L	9/13/2011	Provision and installation of telecommunication syst. Pole	\$0	\$10,000.00	
M	9/20/2011	Pumping System for 5 months at New Channel	\$0	\$140,000.00	

Change Order	Date	Description	Quantity		Days
			Deductive	Additive	
N	10/19/2011	Power Supply for Ship to Shore Cranes	\$0	\$20,000.00	
O	Not available	Contract term extension	\$0	\$0	
P	2/3/2012	Modifications	\$459,200.00	\$315,692.12	
Q	2/3/2012	Retaining Wall	\$40,031.22	\$0	
R	4/2/2012	Various Items	\$0	\$145,092.50	
S	6/29/12	Contract term extension	\$0	\$0	
T	7/30/12	Contract term extension	\$0	\$0	
TOTAL			\$3,868,651.31	\$3,110,817.98	150

As can be appreciated from Table 1 a total of \$3,868,651.31 has been deducted from the original contract cost. On the other hand, a total of \$3,110,817.98 worth of work and materials has been added to the original contract amount. In other words, the original contract amount has experienced a net reduction of \$757,833.33. Also, the original contract duration was extended by a total of 150 days.

It should be noted that PGES did not evaluate the need nor the feasibility of registered change orders A through R. The data shown in the table was provided by CMA.

Change Order S, extend the contract period until July 31, 2012 and Change Order T, extend the contract period until December 31, 2012. It should also be noted that PGES prepared Change Order U; this Change Order is for the amount of \$436,411.70 and consists of Proposals A through J. CMA recommended the approval of Proposals A through G and PGES recommended the approval H through J.

Table 2: Change Order U

PCO's	Recommended by	Description	Quantity
A	CMA	Concrete curb along Liquilux Property Line	\$8,291.25
B	CMA	Telecommunication System for Border Patrol Booth	\$11,646.34
C	CMA	Fire Sprinkler System	(\$5,000.00)
D	CMA	Section of Runway #9 not to be constructed	(\$18,419.00)
E	CMA	Moveable Signage not to be supplied	(\$49,000.00)
F	CMA	Flow Sensor for the Fire Hose	\$3,780.00
G	CMA	Pluvial Grill at Puerto Viejo Avenue	\$1,080.41
H	PGES	Security at Box Culvert	\$34,683.80
I	PGES	As-built "Finca Esperanza"	\$3,850.00
J	PGES	Change Directives #4 & #5	\$445,498.90

During the last month, PGES has been working on the preparation of Change Order V. The proposals included on this Change Order are listed on Table 3.

Table 3: Change Order V:

PCO's	Description
A	Additional Excavations for A/C System
B	Administration Building Hardware Schedule
C	Phone Lines Relocation
D	A/C System Maintenance
E	Administration Building Segregation Fence
F	Electrical Substation Repair & Testing

PCO's	Description
G	Sheet Pile Allowance Increase
H	Relocation of Sheet Piling at “Finca Percón”
I	Box Culvert #3 and Pump Channel Clearing Vegetation
J	Storm Isaac Emergency Plan
K	Diesel supply to the Administration Building Generator

Table 4 includes the potential changes orders.

Table 4: Potential Change Orders:

PCO's	Description
A	Flap Valves at Box Culvert #3
B	Administration Building Ramps Modifications
C	Pavement Marking (PM1) Revision - Credit
D	Landscape Modification – Credit for tree planting
E	Supervision Observation Report – Concrete Works
F	Electrical Equipments Testing – Electrical Consultant
G	Change Order L Allowance – Concrete Pole – Credit
H	Change Order N – Electrical Supply to the ZPMC's – Credit
I	Concrete pole removal at reefers area
J	Tie Downs for the ZPMC's
K	As-built “Finca La Esperanza” – Credit
L	Municipal pole removal and additional luminary at parking
M	Green areas substitution for gravel and concrete
N	Pile Dynamic Testing and Driving Criteria for Tie Down Piles
O	Geo-textile Stabilization for Channel C
P	Construction Period Time Extension

PENDING ISSUES

Item	Description	Responsible
1	Emission Source Permit	ECZ
2	Bay Speed Limit	ECZ
3	APA & USACE Consent Decree Registration	APA
4	Archeological Study Phase 1B	APA
5	Signage and buoys designation for the manatees area	ECZ
6	“Ponce Playa” Historical Study	ECZ
7	Maintenance right of way at “Finca Percón”	IVA
8	PREPA’s transformer removal from the Aljoma’s storage area	APA
9	Electrical Equipments Maintenance Recommendation	PGES
10	Port of the America’s transition to Ponce Municipality (MAP)	APA
11	Archeological appliance delivery to MAP	ECZ
12	PREPA’s Credit	PGES
13	Phase II Asphalt Reparation	DVG
14	Oil spill removal at “Finca Percón”	DVG
15	Certificate of Substantial Completion	PGES
16	Extended Overhead Claim Negotiation	PGES

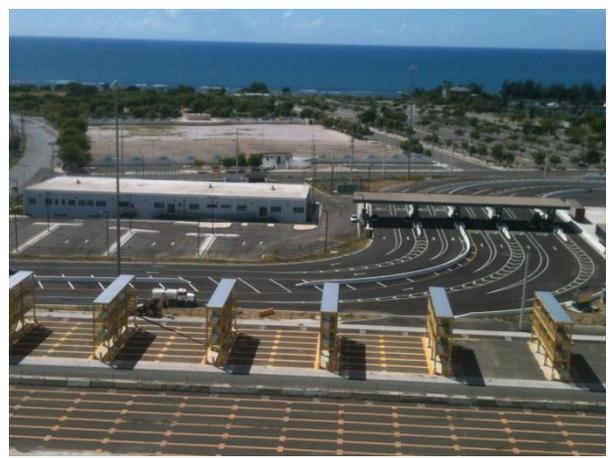
Detailed information regarding the Pending Issues is included in the project weekly meeting minute.

CONTACT LIST

Name	Company /Agency	Email	Telephone
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PROJECT PHOTOGRAPHY

Area E: Aljoma Site and Marine Building: Aerial Photos



Area E: Sector E2-2; Santiago de los Caballeros Ave. - Runways & Maintenance Area



Area E: Sector E4-3; *Marine Building – Exterior*



Area E: Aljoma Site and Marine Building – Site Improvements



Port of The Americas, Ponce

September 31, 2012

% Completed Work
97.67%

Weekly Average
Man Power
10

Elapsed Time
1,474 days

% Elapsed Time
117%

General Information

Description	Company/Agency	Contact Person
Contractor	Del Valle Group, S.E.	José Soler
Designer	Iglesias, Vázquez & Associates	Víctor Pelletier
Inspection/Management	PGES	Xavier Cales/ Samir El Hage
Administrator	P.R. Infrastructure Financing Authority	Eduardo Bermúdez

Time Information

- **Notice to Proceed:** August 18, 2008
- **Original Completion Date:** September 2, 2011
- **Original Construction Period:** 1,110 days
- **Time Extensions:** 150 days
- **Revised Duration:** 1,260 days
- **Substantial Completion Date:** December 31, 2011
- **Final Completion Date:** January 30, 2012

Cost Information

Total Costs
\$ 83.60 MM

% Certified Work
97.67%

Description	Amount
Original Contract	\$ 84,356,964.43
Approved Change Orders (up to CO #T)	\$ (758,470.66)
Revised Contract	\$ 83,598,493.77
Certified to Date	\$ 81,264,345.71
Net Amount Paid	\$ 76,286,257.74
Pending Balance to Certify	\$ 1,951,336.95
Pending for Payment	Amount
AFP#47	\$ 305,942.50

Change Order #U, Delivered to AFI on July 18, 2012, includes:

- Concrete curb installation along the property line area between the project and Liquilux Company
- Modifications to the Telecommunication System and Feeders for the Custom and Border Patrol Booth
- Credit for the modification of the Fire Sprinkler System of Administration Building
- Credit for an 18 linear meter section of Runway #9 not to be constructed
- Credit for 14 moveable signage not to be supply
- Flow sensor installation at the pipe for the fire hose
- Installation of a pluvial grill at the Puerto Viejo Avenue
- Security Services at Box Culvert
- "As-built" plans for the ruins of the beach houses at Finca Esperanza
- Change Directives #4 & #5

CO #U Cost
\$ 322,058.96

Time Extension
0 days

Progress Schedule

Area 1: Storm Sewer Channel (USCOE Stopped Works on June 8, 2012)

- **% Completed: 83.55%**
- **Expected Completion Date: March 14, 2013**
- **Pending Activities:**
 - Barbwire fence installation
 - Existing channel to new concrete open channel transition: Channel floor and west side wall.
 - Finishing Box Culvert #3 Installation and area grading.
 - New road work.
 - New concrete open channel transition to the Caribbean Sea: Excavations at the existing street, Chain link fence and gates along the channel, Sheet pile and concrete cap, end channel crush stone, surface protection and riprap.
 - Percon site cleaning.

Area 2: Relocation of 42" diameter Sanitary Sewer and Relocation of 18" diameter Potable Water (USCOE Stopped Works on June 8, 2012)

- **% Completed: 96.12%**
- **Expected Completion Date: October 27, 2012**
- **Pending Activities:**
 - 18" Potable water connection.

Area 3: Expansion of Trailer Storage, Administration Building, Reefers and Tolls at Aljoma Site

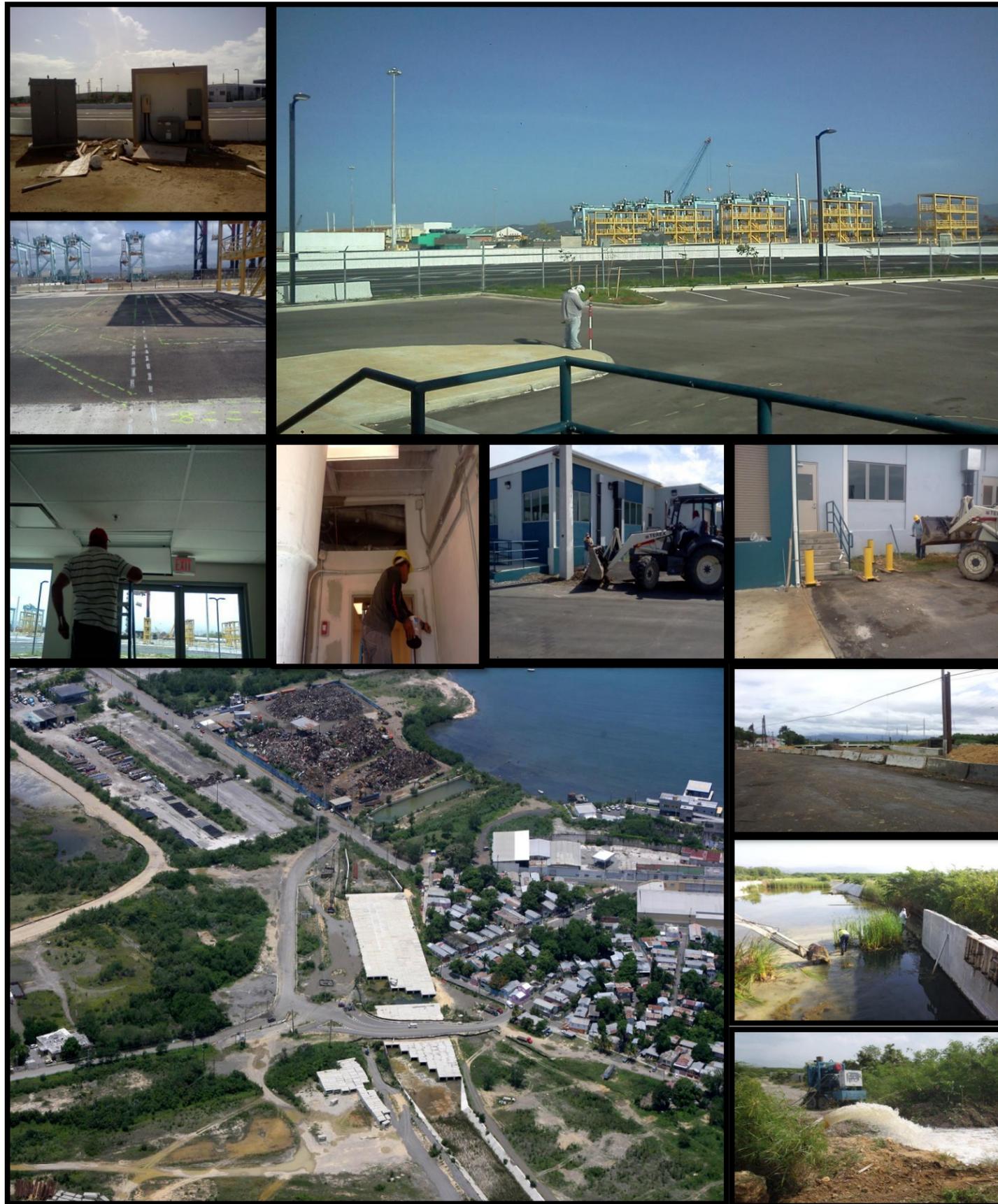
- **% Completed: 98%**
- **Expected Completion Date: October 15, 2012**
- **Pending Activities:**
 - Fire hydrant relocation & Administration Building Parking Entrance
 - Gravel Installation
- **On-going activities:**
 - Administration Building Exterior Punch List
 - Pavement Marking
 - Aljoma Site Punch List

Area 4: Dredging at Ponce Harbor

- **% Completed: 100%**

Area 5: Improvements to La Guancha Recreational Facilities

- **% Completed: 94.71%**
- **Expected Completion Date: October 27, 2012**
- **Pending Activities:**
 - Potable water connection.



Claims Information

Description	Amount
Equipment Stand by Costs	\$ 466,270.59
Delay Costs Stop Work Order June 8, 2011 – June 21, 2011	\$ 545,011.84
Extended Overhead	\$ 420,000.00
Claimed Total	\$ 1,431,282.43

Pending Issues:

- On June 8, 2012, the Contractor requests the Project's Substantial Completion.
- Consent Decree Agreement Signature.

Change Order #V will include:

- Additional Excavations for HVAC System
- Administration Building Hardware Schedule Modification
- Existing Phone Lines Relocation
- Administration Building HVAC System Maintenance
- Reefers' Electrical Transformer Protection
- Substation 38 KV Testing
- Substation 38KV Electrical Equipment Replacement
- Diesel Supply for the Administration Building Emergency Generator
- Administration Building Segregation Fence

Pending Change Orders:

- Allowance CO L – Concrete Pole Credit
- CO N – Electrical Supply for the ZPMC's – Credit
- Administration Building Ramps Modifications
- Concrete Pole removal at Reefers Area
- Administration Building Electrical Transformer Protection
- ZPMC's Tie Downs
- Pavement Marking Revision
- Landscape Modifications
- Project's Electrical Equipment Testing
- Flap Valves at Box Culvert #3
- Pump Station at Box Culvert #3 Time Extension
- Administration Building Concrete Works
- Sheet Pile Relocation
- Cleaning of Box Culvert #3 Area and Pump Station Channel
- Storm Isaac Emergency Plan
- "As-built" plans for the ruins of the Serralles-Wirshing beach houses at Finca Esperanza Credit
- Sheet Pile Allowance Increase
- GEO CIM Pile Dinamyc Testing and Driving Criteria for the Tie Down Piles
- Geotextile Stabilization for Channel C

“CERTIFICO Y DOY FE: Que toda la información aquí vertida y los documentos electrónicos que se anejan son fieles y exactos a los que constan en nuestros archivos. Entiendo que tanto la información como los documentos podrán ser verificados. Asimismo, soy consciente que de descubrirse cualquier falsedad o fraude sobre lo aquí afirmado y provisto, pudiera estar sujeto a las acciones legales correspondientes según dispuesto por el Artículo 19 de la Ley Núm. 197 de 2002, según enmendada, conocida como la “Ley del Proceso de la Transición del Gobierno””



Ing. Xavier Cales Báez
Project Inspector, PGES

PGES