



Governor
Felix P. Camacho

Guam Economic Development and Commerce Authority

Aturidã Inadilãnton Ikunumihan yan Kumetsion Guahan



Lt. Governor
Michael W. Cruz M.D.

MEMORANDUM

Date: February 8, 2008

To: Governor
Lt. Governor

From: Acting Administrator

Subject: Weekly Status Report – CMTF Economic Development Subcommittee

During this past week, the Economic Development Subcommittee (EDS) has reviewed and made revisions to the attached list of funding requirements for inclusion in the Governor's FY 2010 budget request to federal agencies resulting from planned military buildup. The revised funding requests were developed in conjunction with GEDCA staff, SBDC and the Pacific Center for Economic Initiatives at UOG. Detailed project justifications are being prepared and will be transferred to BBMR's format as required by the CMTF. The final budget request should be submitted by next week for the Governor's approval in preparation for the upcoming IGIA and FRC meetings slated for the end of February in Washington D.C., and in San Francisco.

Additionally, during the week GEDCA was able to schedule a meeting with the Navy contractors that are preparing the Socio-Economic Impact Study. As you may recall, the Navy JGPO initially objected to conducting this study however, because socioeconomic impacts were identified as the items of greatest concern at the public scoping meetings held in the Spring of 2007 on Guam, JGPO recently announced that the study will be required as part of the Environmental Impact Study (EIS) for the proposed military growth on Guam. The meeting is scheduled to take place at 10am on Friday, February 15, 2008 at GEDCA and will be attended by members of the Economic Development Subcommittee and representatives from the University of Guam. The meeting will focus on addressing any concerns regarding the socioeconomic analysis and data collection process developed by the team of economists.

The membership of the EDS will continue to meet to discuss and recommend resolution on the challenges associated with the military expansion's impact to the local economy.

ANTHONY C. BLAZ

Attachments

Guam USA - Your Business Smart Destination

Summary of Proposed FY2010 Budget Requests

The following activities require funding assistance (costs are estimates) in the order listed below. Detailed justifications will be prepared for each project. Total proposed request is \$41 Million over a four year period.

1. \$5 Million - Prepare an Economic Impact Assessment, Economic Development Plan and Modeling including development of a model to project revenues including income tax, real property tax, corporate taxes, and other sources of revenue to obtain projections of GovGuam revenues potentially available to accommodate military growth initiatives. All three projects will start simultaneously but completed at different times over a 3 year period.
2. \$20 Million in a revolving loan program to provide business development and expansion loans to local and small businesses to include hiring of staff to develop business plans as part of the assistance provided to potential loan clients. Assistance could also be provided in the area of performance bonding, although the components of this program need to be developed. A portion of the funds would be set aside for a micro loan program not to exceed \$10K for each applicant.
3. \$4 Million to pay costs associated with obtaining financial advisory services to help Guam regain and maintain its bond ratings to allow access to private markets for infrastructure financing and to hire a chief economist; to fund expenses to cover the cost of travel by key Guam stakeholders to San Francisco and Washington DC to discuss military buildup requirements with the Federal Regional Council, federal agency representatives including the Departments of the Interior and Defense, and Congress; and to initiate and follow-up with Congressional proposals that support Guam's participation in the opportunities afforded by military growth. This funding will be used over a four year period.
4. \$1M - Business Capabilities and Business Development Studies are needed to ascertain the ability of local businesses to carry out the work required by the military expansion program and to identify new business development opportunities including recycling, green building technology and Guam as a residential, business and recreation destination for American expatriates working in Asia. A portion of the funding will be used to develop a survey of information technology readiness of small businesses as there is a standing expectation to conduct business electronically with federal agencies. This project will be completed in one year.
5. \$1 Million to develop infrastructure feasibility studies to accommodate development generated by military growth on former Spanish Crown properties located adjacent to existing military bases. This project will be completed in one year.
6. \$10 Million – Construct a small business incubator at the University of Guam to help small businesses get started. A design plan and construction specifications for building construction have already been completed using funding from the U. S. Department of Commerce. Building construction plans need to be reviewed in light of new requirements. Operational funding is also included for the first few years.



Background

- The National Environmental Policy Act (NEPA) serves to ensure that all major federal actions consider the impact of the action on humans and their environment.
- The environmental impacts are then documented in an Environmental Impact Statement (EIS). NEPA requires an assessment of socioeconomic impacts in the Environmental Impact Statement (EIS).

Socioeconomic Factors

- Socioeconomic impacts were identified as the items of greatest concern at the public scoping meetings held in the Spring of 2007 on Guam and in the CNMI.
- The socioeconomic analysis in the EIS will describe current conditions for each of the following categories based on best available information:
 - Education
 - Healthcare
 - Recreation
 - Crime
 - Civilian-military relations
 - Population
 - Taxes
 - Housing
 - Employment
 - Wages
 - Cost of goods & services
 - Property value
- The EIS will also outline potential short-term, long-term, direct, indirect, and collective impacts of the proposed actions for both Guam and CNMI.

Data Collection Process

- In order to collect thorough inputs, a team of economists will be contacting local government agencies for information and interviews.
- The economists seek to understand expectations and concerns as well as to develop a list of assumptions for where data is not available.
- These requests will be coordinated through the Office of the Governor.
- The Socioeconomic team visit to Guam & CNMI will also include follow-up meetings with points of contact to discuss data gaps and appropriate assumptions.
- Some discussion may also occur before or after these on-island meetings via telephone and e-mail.
- The results of the effort will be coordinated with local and federal agencies, and will become part of the EIS.