

The Guam Comprehensive Economic Development Strategy

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Government of Guam

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Abstract

The Guam Comprehensive Economic Development Strategy (CEDS) is primarily based on the results of Governor Felix P. Camacho's "Ten Strategic Initiatives Economy" and "Six-Point Action Framework on Ten Strategic Economy" and "Six-Point Action Framework on Ten Strategic Economy". The process was initiated to provide direction, focus and assistance and private investment in order to stabilize and assist life and public services. In general, the projects outlined in this plan focus on economic objectives, including the development of economic objectives, employment, the establishment of employment, the establishment of salary levels, the improvement of the island's standard of living, and economic growth.

Guam's CEDS document presents the community's vision and goals; sets its strategic direction for action; establishes priority programs and projects for implementation; and outlines the standards for an update of the plan and its related processes.

To be an effective guide to the island's long-term economic development, the strategies presented in this document must reflect contemporary conditions and correspond to set policies and goals. As such, Guam's CEDS is viewed not rather as a continuous effort to refine Guam's future growth.

EXECUTIVE SUMMARY

General Overview

Since the early 1990s, the Asian Economic Crisis, U.S. recession in the Persian Gulf Region and expensive natural disasters, such as the earthquake, have adversely affected Guam's economic health.

Guam's tourism industry is the island's single largest economic activity, contributing approximately sixty percent (60%) of Guam's annual business revenue, as well as approximately (60%) of private sector employment. With (60%) of private sector employment originating from Asia, and sixty percent (60%) of its trade, the island's economy is strongly linked to Asia's business cycle.

Due to a major devaluation of Asian currencies and a corresponding decline in confidence over the past decade, the relative competitiveness of the island has declined and local visitor spending has been seriously affected.

arrivals reflected a negative fifteen percent (15%) annual arrivals reflected a negative fifteen percent (15%), taxes falling to the lowest level in five years to (21%) decline over this period. Guam's public and private sectors (21%) decline over this period. Guam's public of declining revenues from this important economic sector.

Furthermore, U.S. Military spending, another undergone significant fluctuations in this period. Since the mid-1990s, civilian military employment has shown consistent decreases, with a thirty-five percent (35%) decline registered from 1994 through 1999. By 1998 the military million, compared with \$809 million in 1995. Navy's payroll by 2,000 workers by Navy's payroll by 2,000 workers by strategic importance, increases in annual military expenditures are an island will experience marginal increases in military personnel between 2003-2004, military spending as a multi significantly changed.

In addition, the island is recovering from the affects of S December 2002 with maximum winds in excess of 175 miles per hour. December 2002 with maximum isis Guam's most expensive natural disaster, to date, with damage estimatedis Guam's most expensive Paka's damages, which was calculated at \$513 million. Paka's damages, which was calculated at \$513 million. over the last two years at \$3.8 billion, it is still bover the last two years at \$3.8 billion, it is Correspondingly, annual gross receipts taxes have also stabilized Correspondingly, annual gross receipts the 1997 level of \$180 million.

The August 1997 Korean Airlines crash that resulted in the death of 228 passengersThe August 1997 Korean members, also impacted one of Guam's fastest growing tourist market aviation disaster, total visitor arrivals from Korea plummeted from over 119,000 in 1997 aviation disaster, to 20,000 in 1998. Aggressive marketing and promotional efforts to restore market share resulted visitor arrivals from Korea increasing to 128,307 visitors in 2002.

Combined, the declines in visitor industry and military responding to natural calamities have promoted a decline in economic activity and rising unemployment on Guam. As of March 2002, Guam's unemployment rate. In comparison, the unemployment rates for Hawaii and the nation as a whole were 4.6% and 5.8%, respectively.

To effectively counteract this situation, Guam has developed this Comprehensive Economic Development Strategy to guide its future economic development policies and efforts. The purpose of Guam's Comprehensive Economic Development Strategy is to assist the island in guiding its resources on Guam's targeted economic sectors (e.g. tourism; marine commerce, manufacturing and service) and to achieve full employment, improved employment opportunities, higher wages and salaries, the broader planning efforts of the "Ten Strategic Initiatives to Strengthen the Economy".

Priority	Project Name	Description	Amount
High	Fishermen Coop Building Complex	Design and construction	\$2,500,000
High	Military Prepositioned Ships	Develop feasibility study	\$75,000
High	Tumon Infrastructure Improve.	Construct phase II; design/construct phase III	\$20,000,000
High	Call Centers	Develop marketing plan and implementation	\$250,000
High	Guam Captive Insurance	Marketing plan implementation	\$400,000
High	Guam Domestic Fisheries	Develop and implement fisheries feasibility study	\$200,000
High	Tumon Bay Drainage System	Design and construction of facility	\$16,000,000
High	Marina Development	Design and construction	\$4,500,000
High	Guam-Based Trusts	Market research study on tax implications	\$150,000
High	Airline Flight Kitchen	Design and construction	\$10,000,000
High	Agana Bridges	Design and construction of 3 bridges	\$25,000,000
High	Hagatna Revitalization	Master plan development and design	\$3,000,000
	Subtotal		\$117,925,000
Medium	Alternative Dispute Center	Business plan development, design and bldg const.	\$650,000
Medium	New Air Cargo Facility	Construction	\$20,000,000
Medium	Transportation and Distribution	Complete economic study and needs assessment	\$500,000
Medium	Aviation Flight Schools	Feasibility study, construct and equip flight school	\$495,000
Medium	GWA USEPA Compliance Order	Design and construct water and waste water improvements	\$92,000,000
Medium	Telecom Industry Training Program	Prepare training program	\$205,000
Medium	Northern Industrial Park	Feasibility study and design	\$500,000
Medium	Film Industry Development	Implementation of Feasibility research	\$250,000
	Subtotal		\$114,600,000
Low	Tiyan Infrastructure System	Design and construction of roads, water, sewer, etc.	\$36,000,000
Low	Northwest Parkway Project	Design, construct, extend Route 3a (Castro property)	\$7,000,000
Low	Marine Drive Bypass	Design and construct	\$31,700,000
Low	Small Business Incubator	Construction	\$1,500,000
Low	State Statistical Center	Hire Chief Economist and implement Center project	\$600,000
Low	Regional Software Support	Feasibility study and cost benefit analysis	\$100,000
Low	Multi-purpose Fishing Vessel	Purchase vessel and develop training program	\$200,000
Low	Tumon Bay Light Rail System	Design and construct	\$280,000,000
	Subtotal		\$357,100,000
	Total		\$589,625,000

input from numerous public and private entities including Committee to Get Guam Moving, and Government of Guam agencies. Committee to Get Guam Moving of both high level public and of both high level public and private sector representation to implementation. Over the next few months it is expected that significant attention to implementation will be solicited and received as the Guam Economic Recovery and Development information and assumptions, visualizes outcomes, information and assumptions, develops tactical implementation details, quantifies financial contributions to the economy and costs out efforts in terms of human capital and dollars.

ENVIRONMENTAL ASSESSMENT

A. PAST AND PRESENT TRENDS

Physical Characteristics

Guam, Guam, as the westernmost territory of the United States, is the westernmost territory of the Mariana Mariana Archipelago, and was the first Pacific island Mariana Archipelago, and was the first Pacific island is 30 miles long, ranges from 5 to 9 miles in width, and is 30 miles long, ranges from 5 to 9 miles in width, and Guam is located in the Western Pacific Ocean 3,700 miles northwest of Manila, 1,500 miles southeast of Tokyo, and 3,100 miles northeast of Sydney.

The island was formed through an uplift of undersea volcanic activity. The island is composed of two distinct geologic areas of approximately 850 square miles. The northern water lens, the main source of fresh water for Guam. Apra Harbor, a protected harbor in the Pacific, is located on the western portion of the island is composed of volcanic deposits, which form that direct surface run off either to Fena Reservoir or the ocean.

Guam's climate is tropical with temperatures ranging between 75 and 86 degrees Fahrenheit. The average yearly precipitation is 81 inches. May and June are the hottest months, July through October. The average yearly precipitation is 81 inches. Trade winds blow from the Northeast during the dry season; however, Guam's subterranean water conditions can occur during the dry season, supplying fresh water far in excess of the island's present needs.

Socio-Cultural Profile

The ancient Chamorros, the earliest known inhabitants of the island, are of Indonesian descent originating from Southeast Asia. Archaeological and historical evidences, the Chamorros resemble the languages and cultures of Malaysia. Historical documents relating the general physical features of the Chamorros in 1521, described them as being tall, big-boned, and robust with long black hair. The estimated size of the population during the time of Pifigetta was 65,000 to 85,000. By 1741, after conquest by Spain through war, the population was reduced to 5,000.

The present day Chamorros are a mixture of various ethnicities including many cultures originating from Asia, Europe and the Americas. In 1962, President Kennedy lifted the Naval

Clearing Act, which allowed travel to the Guam without a security clearance. Since that time, many Filipinos, Caucasians, Japanese, Korean, Chinese, Indians, and Pacific Islanders have moved to Guam and have made the island their home. The present population is a rich mix of groups and races, making Guam a cosmopolitan community of many customs and traditions.

In modern times, the island's population has grown from migration and one of the highest birth rates in the U.S. (3.2% as of 1990) and the attendant economic expansion in population and the attendant economic expansion have occurred. These social changes, while creating even greater diversity, have also had detrimental effects to the community as a whole. The greatest threat to the island's family structure has been the erosion of its traditional family structure. Subsistence farming has given way to a wage-based economy which has created a new array of expectations. It has improved its standard of living, in that it has improved its standard of living, but it has also created significant challenges to traditional family values. Losses include rising crime rates, drug and child abuse, as well as increased poverty, welfare dependence, and high school drop out rates.

A goal to revitalize traditional family values in island homes has been established. Young people today are subjected to tremendous pressure to conform to modern values that often run counter to the traditional values of local families. This clash of values has created dislocation and confusion, which has reinforced dysfunctional behavior.

For these reasons, the preservation of the Chamorro culture is sought. The preservation of the language, through the study of Chamorro names in public places, development of an authentic establishment of a permanent Guam Museum Facility, reconstruction of Chamorro artifacts from local and foreign sources.

Environmental Situation

In general, Guam has a high quality physical environment. The U.S. Environmental Protection Agency conducts various programs that monitor the status of the environment on a regular basis. U.S. Environmental Protection Agency's regulations are more stringent than those of the U.S.

As a relatively small, high density island, the overall environmental impact of human activity on the environment has been found to be generally excellent across all indicators. No major problems have been identified as a result of the various sampling programs. At the confluence of its receiving marine waters, however, a high nitrate level is evident in violation of standards. This is attributed to nutrient loading by leachate from the island's Ordot Landfill.

respectively. Between 1990 and 2000 the reduced due to base closures in reduced due to base closures initiated in 1 reduced due to base c decreased, from 22,178 (active duty personnel and Increased migration is expected, especially of Micronesians, primarily due to the Association, which allows these people to travel freely to Guam and to be employed as U.S. citizens. Other natural events affecting the rise and fall of Guam s p Typhoon Omar in 1992, an 8.2 earthquake in 1993, and Typhoon Paka in 1997.

Census 2000 demographic information has n Census 2000 demogra Population demographics for 1990 showed that the median a toto 32.9 for the U.S. as a whole. Overall, 35 percent of Guan old and four percent was 65 years or older in 1990. The percent. By ethnicity, the largest groups were Chamorros with and 19,160 Caucasians.

Household Income and Per Capita Income

According to information released by the U.S. Census Bureau, the Guam s mean household income in 2000 was \$49,617, which represents a 5.3 percent decline from 1990, when after adjusting for inflation, its mean household income was \$52,419. Guam s. G was \$39,317, a decline of 5.2 percent in comparison household income declined, the average household size increased to an average household income decl members, as compared to an average size members, as compared to the household in 1999 rose slightly to 1.90, as compared with the household in 1999 rose slightly to 1.90, as comp year. Average household income reported in 2000, however remained the same.

While there have been some positive fluctuations, over Earner s Income have fallen from income le Earner s Income have encompass the total civilian population, including those without income is a statistic that covers workers 16 years of age and older, excluding those without income Guam Department of Labor notes that income statistics (e.g. U.S. Census Bureau) due to differences in the income definition concepts used.

In 1998, the Guam Department of Labor reported Guam s Per Capita Income was \$12,028. In 1999, it fell 10 percent to \$10,825. While 2000 it fell 10 percent to \$10,825. While 2000 was still far below the level percent over 1999 to \$11,465. However, this positive percent over 1999 to \$11,465. However, this positive Per Capita Income declined 5.2 percent to \$10,872.

Guam s Mean Earners Income indice has followed the same basic trend as its Per Capi indice. In 1998, the Guam Department of Labor reported Guam s Mean E indice. In 1998, the Guam \$22,612. In 1999, it fell 7.2 percent to \$20,976. While 2000 \$22,612. In 1999, it fell 7.2 percent to \$20,9 it improved 3.7 percent over 1999 to \$21,756. it improved 3.7 percent over 1999 to \$21,756. While Guam s \$21,602 in 2001, the decline was a slight .7 percent from 2000.

Public Assistance

The decline in Guam's economy is reflected by the increase of those seeking assistance through various public assistance programs. According to the information from the U.S. Census Bureau, 6,466 Guam families had income below the poverty line in 1999, which represents 20 percent of 32,367 families surveyed. In 2002, 4,211 households (10.9 percent) reported having public assistance income. The average assistance income received was \$5,291. In comparison, the U.S. nationally, only 9.2 percent of families had income below the poverty line and only 3.4 percent of households receiving public assistance income was 3.4 percent.

With specific regard to food stamp participation on the average number of households receiving food stamps from the period of 1999 through 2002, for which data only for the first period of 1999 is available, the number of recipients that received food stamps monthly increased throughout the period. In 1999, an average of 6,183 households received food stamps monthly. By 2000, the number increased 14.6 percent to 7,085 households. There was a slight decline in 2001 as the number of households dipped to 7,024. During the first nine months of 2002, the average number of recipients receiving food stamps monthly increased through out the period to 20,458 recipients in 1999 to 24,311 recipients during the first 9 months of 2002. The value of food stamps received declined 5.2 percent from \$19.8 million in 1999 to \$18.8 million in 2001. However, in 2001, the total dollar value increased to \$37.8 million from \$36.8 million in 2000. The total dollar value of food stamps issued in 2002 is not available. However, based on the monthly food stamp value average, the monthly value was \$3.6 million in 2001 to \$3.6 million during the first 9 months of 2002.

The following average number of people qualified monthly and annual expenditure for those programs in FY 1999: Temporary Assistance to Needy Families (TANIF) known as Aid to Families with Dependent Children, (9,070 persons for \$1,594,344); Aid to the Permanently and Totally Disabled (ATPD) known as Aid to the Blind (1 for \$1,812); and General Assistance (2,058 persons for \$261,784). The average number of people qualified monthly for various public assistance programs and their expenditures were as follows: Temporary Assistance to Needy Families (9,070 for \$1,594,344); Aid to the Permanently and Totally Disabled (1 for \$1,812); and General Assistance (2,058 for \$261,784).

The 1996 federal welfare reform laws set a five year limit on recipient cash assistance programs, which include the Temporary Assistance to Needy Families (TANIF) and the Government of Guam's General Assistance Program (GA). These programs affect Food Stamps, Aid to the Blind, Old Age Assistance, Medicaid, or Totally Disabled. It is anticipated that a total of 10,000 recipients will be affected. This limitation went into effect on Guam during the period of January 2001 through June 2002, the number of

recipients receiving assistance monthly under TANIF steadily increased each month. However, beginning with July 2002, the numbers began to decline. The numbers had declined 21.7 percent from 10,582 recipients in June to 8,286 recipients in July. The General Assistance Program also had a decrease of 34.6 percent from 552 recipients in September.

Education

The educational needs of Guam are provided by an island-wide public school system (the Guam Public School System) comprised of 5 high schools (grades 9 to 12); 6 middle schools (grades 6 to 8); and 24 elementary schools (grades 1 to 5). The Archdiocese of Agana also operates a substantial school system with a total of 15 schools, 6 Middle Schools and 6 Elementary Schools. These include Saint John's, Saint Joseph's, Saint Michael's, Saint Peter's, Saint Thomas, and Saint Vincent. Other schools operating in Guam include Guam Adventist Academy, Temple Baptist School and Trinity Christian School. There are two Japanese schools, one Chinese school and one Korean school operating on-island. For the academic year 2000-2001, public school enrollment was 31,903, and total Department of Defense schools enrollment was 2,429.

The Guam Community College provides education from high school through college. The college provides academic as well as technical and professional programs and 40 technical and vocational programs that award Certificates of Completion. Journeyman Certificates are awarded in the hotel and restaurant industry, with an additional 5 in the local high schools and the University of Guam and is fully accredited by the National Association of Schools and Colleges (WASC).

The University of Guam (UOG) offers post-secondary degree programs through five colleges, namely: CPBA-College of Business Administration; Agriculture & Life Sciences; CAS-College of Arts and Sciences; College of Nursing & Health Sciences. The College of Nursing & Health Sciences offers BBA, BS, and BSW) and five Masters (MBA, MED, MPA, MSBBA, BS, and BSW) and five enrollment was 3,894 for the 1999-2000 academic year and 3,462 for 2000-2001.

Housing and Land

During FY 1998 the Guam Housing Corporation registered 1,151 applications for assistance. During this period (50) applicants have been approved. Of the 50 approved, 26 were processed under a 6 percent interest rate program, the remaining were approved under a conventional loan program.

Affordable housing is still the number one priority of the Guam Affordable housing is still the number one priority of the Guam. Affordable housing has been secured for a LADA Estates project but a funding source has been secured for a LADA Estates project. LADA Estates and the Community Affordable Housing LADA Estates and the Community Affordable Housing provide affordable housing for low and middle-income families of Guam.

The Community Affordable Housing The Community Affordable Housing Action Trust (CAHAT) program is a homeowner and private lending institution when it comes to homebuyer assistance. The program is that it enables potential homeowners to put 5 percent down payment on a home instead of the usual 20 percent. As of June 2001, a total of \$2,168,174 have been committed, usual 20 percent. As of June 2001, 62 families.

In recognition that only through urban redevelopment would villages and urban renewal be possible, the Urban Renewal Authority (GHURA) was created in 1962 after the devastation of Typhoon Karen. GHURA is charged with the urban renewal program to eliminate and prevent the development and spread of slums and blight influences on Guam.

Two of GHURA's first projects were the Yona and Sinajana Urban Renewal Subdivision project in Dededo provides for the development and improvement of lots. Lots are priced at an affordable \$2,500, enabling qualified families to build their homes.

One of GHURA's purposes is to provide "decent, safe, and sanitary" housing for families. Some of its programs include: the "GHURA 500" Low Income Public Housing project including 82 units especially designed for elderly and/or disabled families; the Housing Assistance Program, through which GHURA provides assistance to families; and the Guma Trankilidat project, which developed 50 units designed specifically for elderly.

There are an estimated 45,000 houses and apartments on Guam. Rents are higher than in most U.S. Mainland cities, giving an average three-bedroom house price of \$100,000. Indices show two-bedroom units renting from \$500 to \$1,000 or more.

In 1997 there were 45,511 land parcels registered with the Department of Revenue and Taxation. A land parcel is any piece of registered land regardless of size. These parcels are located within 15 municipalities. The total appraised value of land for 1997 was \$5.871 billion, down 2.8 percent from the \$6.039 value reported in 1996.

Excess Federal Lands

In September 2000, the U.S. Navy conveyed a total of 1,800 acres of excess federal land to the Government of Guam.

transfer since 1950. Approximately 1,400 acres was transferred for economic development purposes from former landowners to a) provide opportunities to stimulate Guam's economy, former landowners to a) provide employment, and c) maximize financial Station Agana will be used for homeless, park and highway purposes.

In 1995, the Base Realignment and Closure Facility, consisting of approximately 100 acres. This property was intended for use as a shipyard. However, just prior to the deed transfer, the security reasons.

In addition to BRAC properties, an additional 3,200 acres are Guam under Public Law 103-339 for civilian use. Moreover, it is expected that once properties have been transferred to their new owners as a law, additional economic activities will be implemented.

Employment

The most important sign of distress in the labor market has been gradually rising since the 1990s. Total payroll remained flat or declined slightly from 1999 to 2002, while the unemployment rate rose from approximately four percent of the labor force (unemployed) to approximately nine percent (more than 4,000 unemployed). The market has not met the expectations of a growing number of new entrants.

Guam's unemployment rate according to the Department of Labor's Report has declined slightly from 13.0 percent in March 2001 (9,040 unemployed) to 11.4 percent in March 2002 (9,040 unemployed). While there was a slight decline in Guam's unemployment rate, Hawaii's unemployment rate. During March 2002, Guam's unemployment rate is also significantly higher than the U.S. national unemployment rate for 2002, which was 5.8 percent. As there has also been a decline in employment opportunities in Guam's labor market and who have moved to communities in Hawaii or the continental U.S., employment opportunities exist.

Guam Department of Labor's Current Employment Statistics Report for the month of March during the period of 1999 through 2002 reflects an annual decline of 3.4 percent from 1999 to 2002. In 1999, Guam had a total payroll employment of 62,351 persons, a decrease of 3.4 percent from March 1999. Employment in March 2002, a decline of 7.1 percent from March of 2001 to 55,910 persons in March 2002. Within Guam's three employment sectors (private, government, and non-profit) there was a loss of payroll employment in 2002. The private sector, which employs 2002. The private

dilapidated state of our water and wastewater damage as well as failure of materials, inability to locate

In 2003 GWA estimated the total cost of projects exceed \$90 million in treatment plants in compliance with Notice Of Violations and authority by the Guam Environmental Protection Agency \$45 million in penalties. The major projects are as follows and includes design, management, and monitoring:

- * Agat Sewer Treatment Plant Renovation
- * Agat Collector System Inflow/Infiltration
- * Agana Sewer Treatment Plant Renovation/Expansion
- * Agana Ocean Outfall
- * Agana Village Collector System Inflow/Infiltration
- * Baza Gardens Sewer Treatment Plant
- * Northern District Sewer Treatment Plant
- * Northern District Ocean Outfall
- * Umatac/Merizo Sewer Treatment Plant Renovations
- * Umatac/Merizo Collector System Inflow/Infiltration
- * Comprehensive Performance Evaluations for Umatac/Merizo Sewer Treatment Plants
- * Comprehensive Assessment of GWA's Sewer Pump Stations/Collection System
- * Implementation of a Corrective Plan of Action
- * Development and implementation of a GWA Preventive Maintenance Program
- * Development of an Operator Training and Certification Program
- * Monitoring Requirements
- * Facilities Master Plan
- * Renewal and replacement capital improvement projects
- * Meter Management Project
- * Sewer Connection Project
- * Design, construction observation, etc. for above projects

As a result of P.L. 24-37 which allows the agency to enter into a 20 year Build-Operate-Transfer contract with Earthtech, Inc. to build and maintain them, and turn them over to the government of Guam at the expiration period. GWA is currently in the process of seeking financing for and maintenance of water and waste water infrastructure projects, and maintenance of water waste water treatment plants, meter management, and private sewer line connections.

Power

Over the past three decades, the Guam Power Authority (GPA) has changed from the development of the tourism industry, the implementation of the development of the Navy, and the growth of its residents. By 1999, 1.5 million kilowatt hours of electricity were consumed by 32,353 users. Consumption more than doubled, with a total of 1,711.5 million kilowatt hours of electricity consumed by 115,000 users.

As an autonomous agency, GPA became the first within the Government of Guam to receive a favorable bond rating from Moody's, Fitch, and Standard & Poor's. GPA refinanced existing 1992 and 1994 series bonds on the market, improving its bond rating from BBB negative to BBB stable. The refinancing resulted in \$24 million in savings on interest payments.

In order to meet the growing need for expanded services (i.e., Decontamination, Energy Conversion, and Water Treatment), GPA entered into Energy Conversion Agreements to purchase, construct, or refurbish and operate power plants. GPA entered into purchase commitments under each of the three agreements, which have 20-year terms. In 1999, power purchases totaled \$24 million.

During fiscal years 1998 and 1999, GPA completed several projects on improving system reliability and service. During fiscal years 1998 and 1999, GPA completed several projects on improving system reliability and service, including the installation of new transmission lines for Piti-Harmon, Cabras-Piti, San Vitore, and Agat-Umatac. In addition, new substations were installed at Agat-Umatac. In addition, new transmission and distribution line extensions were completed at Iha, Matagua, Pigua and on Chamorro Land Trust property.

GPA will be installing a fuel-switching device that would allow the plant to switch from high-sulfur oil to low-sulfur fuel oil, at an estimated cost of \$10 million. GPA consented to a consent decree in a civil action filed in October 1996, by the Environmental Protection Agency against GPA for operating its Cabras-Piti generating facilities in violation of the consent decree. The consent decree was signed by EPA and GPA on February 24, 1999.

Telecommunications

Guam possesses the most advanced telecommunications infrastructure in the Pacific Region. The island sits at the nexus of the Pacific Region. The island sits at the nexus of the Pacific Region with more terminating cable connections than anywhere else in the Pacific. Guam is a telecommunications hub for numerous international providers.

The Guam Telephone Authority (GTA) was created as an autonomous agency of Guam twenty-seven years ago. With island-wide local telephone service provider. GTA's system is implicitly redundant and provides local telephone service to all areas. Routing should damage occur to any part of its fiber-optic loop, service areas and much cheaper than similar sized service areas. Efficiently spurring Guam's full integration into the GTA as a means of spurring Guam's full integration into the GTA.

The existing government structure of the existing government structure of the existing government structure of industry dominated by private companies that have the resources to meet the requirements of rapidly changing technology.

As a result of the Telecommunications Act of 1996, Guam was Structure. As part of the North American Numbering Plan, long distance rates now average between 5 and 30 cents per minute, depending on the carrier. Due to increasing competition and the entrance of new carriers, rates are becoming less expensive. Currently there are 7 companies that offer long distance carriers of cellular service. Some companies, which provide consolidated services for land mobile and Internet services offer incentive plans. Currently access to local residents with rates based on usage varying from \$5 to \$30 a month.

Its particular global position allows data packets to make it to other parts of the world. The Tycom Network telecommunications cable station facility provides support for the TyCom Global Network, allowing traffic to flow beyond. The National Space Development Agency of Japan (NASDA) has also completed construction of a \$10 million tracking station to receive launch vehicle data in Guam.

Guam's political and economic stability also provides an attractive environment for establishing call and sales centers and telecommunication gateways.

Guam's educational institutions and private enterprise prepare an educated and tech-savvy workforce for the immediate and distant future.

The initiatives of the past decade have been designed to further Guam's telecommunications hub in the Pacific. White capabilities provide the basis for international giants like MCI and American companies into Pacific Rim areas (i.e., Vietnam, China), Guam is a prime location for firms that rely heavily on advanced telecommunications.

Federal Government

The federal government plays a leading role in the economic affairs of the territory. Government expenditures totaled \$908 million in 2001. Of this amount, \$176 million were expended for wages and salaries, \$175 million were in direct payments to individuals, \$219 million were for retirement and disability. The U.S. Postal Service and the Department of Justice contributed \$6.3 million in wages and salaries to the Guam economy.

The largest federal expenditure on Guam is for military operations. For fiscal year 2001, the Department of Defense's expenditure on Guam was approximately \$461 million, or 6.9 percent of its fiscal year 2000 expenditure of \$431 million.

are a 38% decrease from its 1993 expenditure of \$748 million. The Department of the Defense, \$221 million was expended on wages and the Department of the Defense, \$221 million were expended on procurement contracts. Federal income tax of \$47.8 million to the Government of Guam for fiscal year 2001, a decline of 6.6 percent from the \$51.2 million that was remitted to the Government of Guam for FY 2000.

The American military has maintained bases on Guam since the turn of the century. In World War II, Guam became the site of major naval and air force facilities in defense commitments in the Asia-Pacific region. In Fiscal 1993, military expenditure amounted to \$748 million, making the defense expenditures and employment. In that year active military expenditures and employment. In that year 10,600 with another 11,400 dependents living on the island.

Since 1993, however, Guam has experienced a significant decrease in military activity with the Base Realignment and Closure Commission's (BRACC) recommendations. BRACC '95 recommended closure of the Naval Air Station (NAS), the Naval Fleet and Industrial Supply Center, and the reassignment of naval air units, formerly slated to be transferred from NAS to Andersen AFB, to locations outside of Guam.

The economic impact of these base closures, unit transfers, and scale changes resulted in direct job losses of approximately 4,800 (i.e. 3,500 federal civilian jobs and 1,300 positions). In terms of lost income, cumulative current dollar losses to the economy during the period 1996-1999 has been estimated at \$1.2 billion (see the period 1996-1999 has been estimated at \$1.2 billion in the closure & Realignment Recommendations for BRACC '95, Draft Final Report, April 1995:46-54). In terms of the rapidity of job loss, more than 60 percent of the jobs were lost within the balance being lost in the following two years.

Considering indirect job losses related to BRACC actions (i.e., the loss of direct job income losses), it is estimated that another 2,011 jobs were lost, bringing the total decline in local jobs to 6,800. The loss of 6,800 direct and indirect jobs is very significant when considering that many of these jobs were high-paying positions, and that the cumulative number of jobs lost is equivalent to 10 percent of Guam's total workforce.

While the impact on the economy in the short-term has been significant, and to a large extent to the Government of Guam managers faced with major revenue losses, in the long-run military downsizing may result in the kinds of concrete local action and sector development (e.g., income tax reform, increased public sector fiscal discipline coupled with the upgrade of public sector fiscal discipline, limiting the growth of payrolls and number of employees, and facilitate the transition of Guam's economy to one more favorable disposition of land and other assets now held by the military.

In support of a continuing military presence, government officials in March 2001, a white paper calling for a

Guam is an organized, unincorporated territory of the US, which means that laws do not automatically apply to the island. Laws do not automatically apply to Guam. Guam is considered to be a duty free port. On the other hand, federal laws and regulations apply to Guam, with some exemptions to address geographical and social circumstances.

The Organic Act of Guam provides for three branches of government: executive, legislative and judicial. The Governor heads the Executive Branch. Until 1970, the Governor was appointed by the President of the United States. Since the November 1970 election and the 1971 inauguration, the Governor and the Lieutenant Governor have been elected. In 2002, the Honorable Felix P. Camacho and the Honorable Kaleo S. Camacho were elected Governor and Lieutenant Governor. The Governor is responsible for implementing federal laws pertaining to Guam. He oversees the function of the Executive Branch.

Guam's Judiciary system consists of one Federal District Court, the Supreme Court of Guam, and the Appellate Division of the Federal District Court. Before July 26, 2000, appellate cases were heard by the Appellate Division of the Federal District Court. Since July 26, 2000, the Supreme Court of Guam has assumed appellate jurisdiction over lower local courts. The President of the Supreme Court, with the consent of the Senate, appoints the Justices of the Supreme Court for a four-year term. This Court has jurisdiction over cases involving traffic, probate, civil and lands registration issues.

Guam has a unicameral legislature. As a result of a plebiscite vote in 1989, the number of senators was reduced from 21 to 15. As well as making laws for the island, senators are responsible for appropriating funds from the General Fund for government operations and other public purposes.

Guam also has a non-voting delegate to the U.S. House of Representatives. Although precluded from voting on the floor of Congress, Guam's delegate does serve and vote in those committees and subcommittees of which the delegate is a member.

Guam elected its first Public Auditor in November 2000. The Public Auditor serves a four-year term and is responsible for auditing all departments, offices, corporations, authorities, and agencies of the Government of Guam. In addition, in 2002, Guam also elected its first Attorney General.

The Organic Act provides that Guam's income tax "mirror" the federal income tax. The Guam income tax law is basically the same as the federal income tax law. The Government of Guam. As required by Section 30 of the Organic Act, the Government of Guam collects income tax from military personnel and other federal government employees. In addition, Guam is free to impose a four percent tax on Gross Business Receipts from retail sales, and liquid fuels.

markets.

The estimated value of Guam's aquaculture production in 1998 totaled \$1.7 million. The estimated value of Guam's aquaculture production in 1998 totaled \$1.7 million. The operation of the Guam Aquaculture Development and Training Center, the value of commercial aquaculture farms already exceeds the value of commercial aquaculture farms, further emphasizing the potential role and importance of aquaculture in the economy. Current estimates indicate the island imports approximately \$12 million annually. Production from the aquaculture industry annually. Production from the aquaculture industry exceeds imports.

A recently formed private group of farmers is currently writing by-laws called the Guam Aquaculture Growers Association. The group is operative to increase sales and to lobby for less stringent permitting requirements to increase agriculture power and water rates for aquaculture activities.

The worldwide market for ornamental fish has been estimated to be approximately \$4.5 billion. The US share estimated at \$500 million. The culturing of ornamental tropical fish is a clean industry utilizing renewable resources with little environmental risk. Although technology for culturing marine ornamental species is just being developed, a few popular species like Clownfish and the Neon Goby have been commercially cultured on Guam for several years.

Fisheries

Commercial opportunities in the area of sport fishing and (2) charter boat fishing operations. Catch rates for sport fishing accounted for most of the island's recorded fisheries harvest. There are 100 participants in this activity. During Fiscal Year 2000, sport fishing comprised the bulk of the 98.3 metric tons of the total offshore catch decreased significantly, posting an 82 percent decline. In Year 2001, catches from trolling significantly increased over the FY 2000 level with 336 metric tons caught. Catches from trolling comprise 67.6 percent of the total harvest in FY 2001.

In 2001, over 1.1 million visitors to Guam were recorded. Of this number, 100,000 participated in charter boat fishing as an optional tour. It is estimated that these tourists spent \$2.3 million to the charter boat fleet. In addition, 100 boats were sold in local markets, with proceeds accruing to the vessels and their crews. Charter boat fishing represents a profitable enterprise, and is a valued industry.

Fisheries related incentives provided by the Government include an exemption of \$.14 per gallon for diesel fuel and \$.15 per gallon for diesel fuel used in commercial fishing. In addition, full-time commercial fishing is exempt from Gross Receipts Tax.

and travel among Japanese visitors radically declined roughly 37 percent during the and travel among Japanese
With the onset of new military war actions during March 2003, travel with the onset of new military
and have declined. The extent and length of U.S. military and have declined. The extent and length of U.S.
whether the decline will be long or short term. Further impacting visitor arrivals is po
instability in the region caused North Korea's actions. Tourists from the Guam's Korean Market are
most impacted by their actions.

Roads

Guam's road network is just under 1,000 miles and is classified as non-public. Of the 550 miles of public roads, approximately 144 miles are primary and some secondary roads. There are about 222 miles of streets and primary and some collector roads on Guam. The primary road network is paved. In the collector roads on Guam, the primary roads are paved.

The Guam 2010 Highway Master Plan calls for capital investments in the highway system estimated to cost \$470 million over the next two decades. A large portion of the funding to construct and maintain these highway improvements will come from bond issues backed by fuel taxes and vehicle registrations. For the year 2000, the Department of Public Works completed \$19 million in federally funded and \$7.9 million in locally funded projects. Projects included the widening and reconstruction of Route 3 in Dededo (\$6 million), the rehabilitation of Route 1 in Tamuning (\$7 million), and the reconstruction of Governor Camacho Road and Farenholt Avenue in Tamuning (\$7.9 million). In general, the highway system is overcrowded, but adequate.

Guam has 35 bridges, most of which are located in central and southern Guam. In 1995, Guam bridges were observed to be in fair condition however, an updated survey by the Guam Department of Public Works. Three bridges in the capital city of Hagåtña are in need of replacement. They are not designed to meet increased military heavy equipment traffic. They must also be upgraded to meet the Army Corps of Engineers standards.

Seaport Facilities

The Port Authority of Guam's Commercial Port was initially established in March 1966 as a property of the Guam Department of Commerce. It was originally located within Inner Apra Harbor. In 1966, the Commercial Port became a separate department of the Government of Guam; and in October 1975, the Commercial Port was renamed the Port Authority of Guam (PAG) and reestablished as a public corporation and autonomous agency.

Guam's port is a major transshipment center for the Western Pacific. It is equipped to handle containerized, break-bulk, and tuna cargo. Presently, ten shipping lines serve the Port Authority, providing service to Hawaii and the U.S. mainland, the Far East, and the U.S. West Coast. The "Jones Act" restricts shipping between Guam and other U.S. ports to U.S. registered vessels. Currently only CSX Lines (formerly Sealand) and Matson (which took over American Lines) service U.S. ports from Guam. Because the Jones Act is a serious impediment to trade within the region, the Government of Guam is seeking an exemption to the Act from the U.S. Congress.

PAG serves vessels from around the world. In FY 1999, approximately 350 foreign-flagged cargo vessels and 1,919 foreign-flagged fishing vessels called on Guam's port. The majority of the fishing vessels were Japanese and Taiwanese longline vessels.

advantage of the island's proximity provided by Guam's highway system and the Guam International Air Terminal.

PAGPAG currently maintains three containerized cargo berths with depths of 38 feet. To support its cargo activities, the port also maintains a 26.5-acre container yard. In FY1999, more than 1.9 million tons of cargo moved through the port.

While many Asian seaports are overcrowded with limited potential for growth, PAGPAG's position for expanding its present port facilities through the use of excess federal lands. In order to help Guam meet its responsibilities, the Guam Authority of Guam has developed a master plan that includes new deep-water cargo piers, new deep-water cargo piers, upgraded fisheries facilities, industrial park, and cruise-ship facilities.

In addition to its current and expansion plans, the port has identified a waterfront location with a draft of 60 feet -- ideal for installing a deep-water pier using the most modern technology. In addition, plans are underway to expand the existing fisheries facilities to include warehouses, ice plants, an auction house, net repair facilities, and other support services for the fishing fleet.

Airport Transportation

Since 1945, all civilian air traffic arriving and departing from Guam have used the naval airfield facilities at Naval Air Station (NAS), Agaña. In 1974, the Navy and the Guam Airport Authority (GAA) transferred 68 acres of land in the northeastern corner of the base to Guam.

For many years, the Government of Guam has petitioned for ownership. The 1993 Base Reuse and Closure Commission recommended that major portions of NAS be surplus property. Having met the criteria as Tiyan, was deeded to the Government of Guam in September 1994. Involved in the transfer, 1,417 acres fall under the purview of the Guam International Airport Authority, which operates the Antonio B. Won Pat Guam International Air Terminal.

The terminal, originally built in 1982, experienced an increase in passenger volume in 1995 with 1,653,327 passengers. In 1999, the airport had 1,653,327 passengers. To meet Guam's current and projected air transport needs, the island is currently planning a new terminal.

million in an ambitious expansion and renovation program that turned the old air terminal into a state of the art facility.

The net effect of this expansion increased passenger processing from its present 5,000 passengers per hour, easily accommodating more than eight international air carriers that connect Guam to all major cities in the Pacific and Asia. The airport also handled more than 33,167 metric tons of cargo.

In addition to the terminal expansion project, the conversion of terminal facilities to civilian use marked a major milestone for Guam and created a wealth of aviation-related opportunities. Among other facilities, the prime properties connected to civilian use include:

- * 207,212 sq. ft. of aircraft hangar space;
- * 92,120 sq. ft. of cargo and commuter terminal facilities;
- * 92,800 sq. ft. warehouse; and
- * 67,006 sq. ft. office building.

The Airport Authority continues with capital improvement projects such as the upgrade of the Commuter Terminal Building to enhance its capacity and the upgrade of the Commuter runways will provide the opportunity to expand air service to accommodate flights to the U.S. Mainland for both passenger and cargo aircraft.

Retail and Wholesale Sector

Guam's retail and wholesale sectors are components of Guam's economy by the growth of tourism and lifestyle improvements. In the last two decades, these sectors have developed remarkably. In 1999, they employed 13,660 persons out of a total employment of 60,340 (22.6 percent). While by March 2002, employment within these sectors increased to 14,500 persons out of a total employment of 55,910, the percent of people employed in retail and wholesale increased to 23 percent.

Approximately 25% to 40% of Guam's retail sales are derived from tourist spending, on average, \$560 shopping with a typical Japanese tourist in 1995. Commerce's survey, a typical Japanese tourist in 1995 normally stayed 4.3 days and spent 51% of their expenditure on retail and wholesale receipts. Due to Japan's economic recession, the average local spending of the Japanese visitor dropped to \$573 in 1998, and to \$500 in 2000. However, the average local spending in 2000. However, as a general increase in trend: for Korea - \$435 in 1998, \$449 in 1999, \$450 in 2000. Even though the average declined, their expenditures significantly impact Guam's retail sales as the majority of Guam's tourist market.

Furthermore, the military and other temporary residents (i.e., contractors)

costs are considerably lower than in the country to which it costs are considerably lower. Headnote 3(a) have resulted in the program being less attractive to domestic and establishments that led to the demise of the light manufacturing sector. The program is currently underway to review these changes and encourage the program back into viability.

The Qualifying Certificate (QC) Program, administered by the Guam Commerce Authority, allows tax rebates to qualified investors. QCs for tax incentives are granted to investors for business ventures on the basis of investment commitment to investors for employment, expanding the island's industry, tourism development firms, manufacturers, insurance companies, Guam-based trusts, telecommunications, commercial fishing, shipping companies and recycling companies. Qualified investors can be granted up to 75 percent income tax rebates for a maximum of 20 years; 75 percent of real property tax for a maximum of 10 years; up to 75 percent of real property tax for a maximum of 5 years; and abatement on real property tax for a maximum of 10 years.

In the case of insurance, reinsurance and captive insurance companies, as well as Guam-based insurance companies, the benefits are 100 percent rebate of corporate income taxes for twenty years; 100 percent abatement of premiums taxes; and 100 percent rebate of shareholders dividends of premiums taxes for twenty years but can be extended for an additional 20 years.

Recently, the Guam Foreign Investment Equity Act passed by the Guam Legislature reduced the U.S. Tax Treaty rates with Guam withholding tax rates reduced to treaty rates. Restrictions in the law prohibit application of the Act to investors who do not hold a Qualifying Certificate.

As a means of reducing the tax burden and simplifying tax reporting requirements for businesses, the Dave Santos Small Business Enhancement Act was adopted in 1997. The act reformed Guam's Gross Receipts Tax filing requirements by exempting the first \$50,000 of annual rental income, and exempting the first \$50,000 of annual income from retailing services and other rental activities.

Planning and Economic Development Activities

In March 1990, Guam Public Law 20-147 created the Comprehensive Development Plan, which transferred the responsibility for a Comprehensive Development Plan to the Department of Statistics and Plans (BSP). The Comprehensive Development Plan:

Serves to guide the physical, social, and economic growth and development of the island;

Reflects the goals and aspirations of the people of Guam as they relate to land use and development.

State of the Regional Economy and Causes of Guam's Current Economic State

The core components of Guam's Economy have shifted since the early 60s. The core components of Guam's economy have shifted since the early 60s. Tourism now contributes more revenues, employment and is a major sector of the Guam economy.

Core Components of Guam's Economy

Major Revenue Source	1960s	2002
Tourism	20%	60%
Military/Federal	75%	30%
Other	5%	10%

Following a prolonged period of investment-driven growth through the 1980s and during which the private sector overtook the public sector, employment and output in Guam dropped significantly into the 21st century.

Guam has seen a precipitous drop in revenues from three major sectors of the industry has contracted as a result of terrorism, the persistent weaknesses, and the continuing uncertainties in expenditures are only now experiencing a slow rebound from post-military downsizing levels of past years. Other areas of the economy have not grown because of limited diversification, Guam's geographic and physical limitations, and a population of people working and paying taxes. There are approximately 5,000 fewer jobs today than in 1999. On an island community of some 155,000 people, this is an island community, mainland of nearly 20,000 people losing their jobs.

As a result of the drop in the three major sectors of the economy, total revenue dropped 49% from \$660 million in the mid-1990s to an estimated \$330 million in 2002. This condition has led to very serious shortcomings in major concerns in public safety, health, education and employment. As shown below, the picture is equally dismal. Reduction in government expenditures has kept pace with the island's shrinking economy.

Island Revenue Picture (\$ Millions)

Economic Indicators	% Change	FY'02	FY'00	FY'96
Gross Island Product	(12%)	\$3000	\$2900	\$3400
Gross Receipts Taxes	(36%)	\$119	\$148	\$185
Hotel Occupancy Taxes	(40%)	\$15	\$20	\$25
Military/Federal Expenditures	9%	\$200+	\$222	\$177

Contributing to this slump were the downsizing activities caused by the 1995 Base Realignment and Closure Commission (BRACC) and the implementation of the A-76 Circular directives for outsourcing. In a report prepared by the

GovGuamGovGuam Steering Committee, aGovGuam Steering Committee, a broad summary of impacts were id
 3,0503,050 active duty personnel and 1,645 civilian jobs; the3,050 active duty personnel and 1,645 civilian jobs.
 \$81\$81 million between 1994 and 1999 (i.e., \$48.2 million in accumulated loss\$81 million between 1994 and 19
 andand \$32.5 milland \$32.5 milliand \$32.5 million in lost civilian income receipts); and aggregate island payroll dec
 inin 1999, of \$123.4 millionin 1999, of \$123.4 million per annumin 1999, of \$123.4 million per annum due to act
 annumannum due to civilian employment losses. Theseannum due to civilian employment losses. These a
 employmentemployment further exacerbated Guam s already growing unemployment rate, which reached 15.3
 percentpercent in July 2000. Correspondingly, theunemployment rate forpercent in July 2000. Correspondingly,
 U.S. national unemployment rate was 4.2 percentU.S. national unemployment rate was 4.2 percent for the same
 rate as of Marchrate as of March 2002 was 11.4% however, overrate as of March 2002 was 11.4% however, ov
 ages of 18-59 years were not in the labor force.

AsAs noted previously, in an efAs noted previously, in an effort to incrAs noted previously, in an effort t
 ChamberChamber of Commerce prepared a white paperChamber of Commerce prepared a white paper entitled, Fo
 PacificPacific Region: Guam sPacific Region: Guam s Potential Role. Endorsed by ChamberPacific Region: Gu
 thethe Legislature and Congressional Delegate, thisthe Legislature and Congressional Delegate, this document wa
 officialsofficials in March 2001.officials in March 2001. The white paper itemized Guam s assets relative to mil

Strategic Location

Guam sGuam s strategic location is the primary asset it contributes to U.S. defenseGuam s strategic locatio
 standingstanding geopolitical value to the U.S. remains unchanged asstanding geopolitical value to the U.S.
 thethe Asian Rim for air and naval operational units and forthe Asian Rim for air and naval operationa
 underunder U.S. sovereignty,under U.S. sovereignty, Guam provides greater security for overtunder U.S. so
 any location west of Hawaii.

Land Remains Available

TheThe post-BRACC configuration has leftThe post-BRACC configuration has left considerable acreage
 inin Apra Harbor, the Naval Station, the Ship Repair Facility, thein Apra Harbor, the Naval Station, the Sh
 Communications Facility, Andersen Air Force Base, northwest Field, Andy South, etc.

Unencumbered and Secure Air and Sea Space

TheThe Marianas, as a whole, provides an area of approximately 500The Marianas, as a whole, provides a
 and maneuvers which is relatively free of political constraints and human encroachment.

Favorable Economy

AdvantagesAdvantages of U.S. currency and tax system; lower cost-ofAdvantages of U.S. currency and
 costs;costs; considerable off-base housing available at reasonable rents; largecosts; considerable off-base
 construction of new rental units off-base by local contractors.

Infrastructure in Place

MilitaryMilitary fuel lines,Military fuel lines, docks, runways,Military fuel lines, docks, runways, roads,
 regiregionalregional Naval Hospital, commissaries, and exchanges all remain largely intact andregional
 availableavailable despite BRACC downsizing. Sierra and other major piers remain opavailable despi
 AirfieldsAirfields at Northwest Field (Guam), Rota and Tinian areAirfields at Northwest Field (Guam), R
 GuamGuam or aircraft carriers. Existing civil roads, an internGuam or aircraft carriers. Existing civil

facilities are available to support wartime or military facilities are available to support war schools, including a high school, provide primary and secondary programs by Troy State University, Oklahoma State University, and the University of Maryland, along with resident programs at University of Guam, offering education. Considerable local and DOD housing is in Station and Andy South if needed for additional of new civilian fiber-optic cable system of new civilian communications nexus.

Positive Social and Legal Climate

Guam is a slice of America in the far Pacific. U.S. laws prevent all the provisions with Status of Forces Agreements or foreign legal fast food, shopping mall culture familiar to U.S. developed the infrastructure (i.e., hotels, accommodate over 1.8 million patriotic, tolerant and friendly. Chamorros are now more receptive to the return of personnel than at any point since World War II. in recent years (e.g., K-Mart, Pleasure Island, more tourist attractions, and the island is the closest to U.S. living standards of any place in the world. of naval personnel on Guam is 50% higher than the Navy's average retention rate.

In addition to the deleterious effects of recession, tourism and hotel occupancy taxes, the economic damage Super Typhoons Paka, Chataan and Pongsona has development. For Super-Typhoon Pongsona alone, over \$300 Million in damages by Guam's commercial sector.

External Trends and Forces

As part of the Guam's economic fate is not only tied to the United States by the regional economic downturn that eventually led to the disastrous Asian crisis in 1997-1998. The island's unemployment rate, which hovered at 10% in 1997, and then surpassed 15% in 1999 and 2000. The effects of the Asian Economic Crisis, the struggle to recover will be hampered by recent economic setbacks in the United States and Japan. economy (the region's biggest single market for the region's exports) has become increasingly less secure. Nations Economic and Social Commission for Asia and the Pacific to declare that its 2001 forecast for a 6.0 percent GDP expansion for Asia's developing to be too optimistic. While no one is predicting another regional crisis, and the U.S. slow to be short-lived, the current economic performance of the U.S. and Japan the region's full economic recovery.

Inadequacy of infrastructure (i.e., need for technological improvements) as well as investors have identified inadequate infrastructure to attracting outside investment to Guam. For Guam is a need not only to address inadequacies of technologies especially in the areas of telecommunications and environmental protection.

Off the Main Routes

For fishing, shipping and allied industries, Guam is not This provides for some inertia against the development of these markets.

Lagging Social Services

Relative to the U.S. and developed countries is Asia, Guam are far below standard. Educational and skill levels of Guam are sufficient for the needs of a growing and diversifying health services adversely affect overseas investor regional corporate base.

Lack of Land and Low-Cost Labor

Guam cannot compete in industries that cost labor. In combination with improved education and training, Guam on export industries that produce high quality, technologically

U.S. Tariff Regulation

Guam is subject to the U.S. minimum wage law and regulated shipping tariffs, which reduce Guam's wage and international shipping competitiveness, especially when compared with neighboring Asian countries.

Restrictive local laws

Local regulation for some sectors, Local regulation for some sectors, Local regulation for some sectors and inhibit overseas investment in those sectors.

be promoted to cultivate the development of industries uncorrelated with tourism and the military in order to provide incremental income, diversify employment opportunities, and broaden the tax base.

3. **Reorganize the government of Guam's structure.** This strategy and streamline departments and agencies in and streamline departments and to improve services and interagency coordination.
4. **Improve revenue management and improve revenue management.** To consolidate and refinance existing debt into consolidate and refinance existing debt in order to improve debt management. An interdepartmental core team debt management. An interdepartmental core team entitlements in order to provide cost savings and entitlements in order to vendors, and improve federal grants management and accountability. Retirement fund abuses will also be addressed in order to generate financial security of retirees.
5. **Facilitate immediate capital improvement expenditures.** GWA and Ordot Land problems will be fixed and spending of \$82 million in idle fund improvement and other operational projects will be expedited in improve other legal issues, improve the quality of life, stimulate construction activity, and improve our investment image.
6. **Facilitate GWA privatization and outsourcing initiatives.** Guam Department of Corrections and Department of Youth Department of Corrections and Department of Youth government functions, maintenance and services government functions, maintenance and services reliability of services, reduce cost of government, and convert tax consuming services producing enterprises to expand the island's tax base.

Guam Economic Recovery and Development Team

To implement the Ten Strategic Initiatives and the Six Point Action Plan, Governor Camacho has appointed a Guam Economic Recovery and Development Team consisting of private individuals and government officials. Team members and their specific responsibilities are as follows:

- * □ Honorable Felix P. Camacho, Governor of Guam, Chairman and responsible for GovGuam and federal relations.
- * □ Honorable Kaleo S. Moylan, Lieutenant Governor of Guam, Overall Coordination and Implementation
- * □ Gerald S.A. Perez, Administrator, GEDA Vice Chairman and Regional Business Opportunities
- * □ David Tydingco, President, Guam Hotel and Restaurant Visitors Bureau responsible for Tourism Marketing and Product Improvement
- * □ Paul Leon Guerrero, Director, Bureau of Budget and Finance, GovGuam Reorganization
- * □ Bertha Duenas, Special Assistant for Fiscal Affairs responsible for Revenue & Debt

Management and Retirement Fund Reform

- * □ Fred Castro, Administrator, Fred Castro, Administrator, Guam Environmental Protection Agency responsible for Landfill Solution and Immediate Capital Spending
- * □ Jeffrey Jones, Guam Chamber of Commerce and VI Jeffrey Jones, Guam Chamber of Commerce responsible for GWA Privatization and Outsourcing Initiatives

Additional resources will come from private and military sectors which will be selected to advise the economy as needed and the following GovGuam agencies:

Guam Economic Development Authority

Promotes investment in entrepreneurial of revenue bonds; to invest funds in an enterprise of revenue bonds; to invest funds in an enterprise of agriculture, industry, hospital facilities, housing, commerce and tourism; to make loans to non-profit cooperative associations. Acts as the for agencies requiring financial guidance and assistance through bonds of

Bureau of Statistics and Plans

Facilitates the creation of a comprehensive planning process that development needs of the island. The agency also ensures policies, and programs, through assessment of each individual scheme apolicies, and programs, overall comprehensive development plan.

Guam Visitors Bureau

Promotes visitor satisfaction with Guam as growth and maintenance of the visitor industry. Encourages and supports growth and maintenance of local residents in job opportunities in the tourism industry; and local actof local residents in job programs that enhance Guam as an attractive handicrafts, and local cultural activities. Assists in the development of adequate touhandicraft facilities and attractions. Develops visitor statistics.

Bureau of Budget and Management Research

Provides guidelines to the various agencies and depaProvides guidelines to the various agencies and depapolicy execution, financial management and technical assistance. Provides guidance to the Governor on policy development, program coordination, planning and budgeting matters.

Department of Revenue and Taxation

Enforces local tax laws and the collection of revenues generated from tEnforces local tax laws levied on Guam. DRT also protects the general public from unethical and/or unfair levied on Guam. Practices through the enforcement of local and federal licensipractices through the enforcement of local laws.

Department of Administration

Provides administrative, fiscal and policy direction for execution of gProvides administrative support services. The department s support services. The department s fiscal resp

7. The proposed investments maximize Return on Taxpayer Investment. Investments should generate a return for the taxpayer by attracting private investments that promote regional prosperity through consumption and economic development investments promote economic development investments resources for building safe, healthy, and attractive communities; and minimize poverty.

The projects are presented below in order of priority based upon an analysis of each project against EDA's Investment Policy Guidelines and against Guam's needs.

CEDS PROJECT	EDA Policy Investment Guidelines Criteria							Total	Priority
	1	2	3	4	5	6	7		
Repair MPS	X	X	X	X	X	X	X	7	H
Solid Waste Facility	X	X	X	X	X	X	X	7	H
Money Manager	X	X	X	X	X	X	X	7	H
Immigrant Investor Prog.	X	X	X	X	X	X	X	7	H
Domestic Fish (Aqua)	X	X	X	X	X	X	X	7	H
Captive Insurance	X	X	X	X	X	X	X	7	H
New Wharf	X	X	X	X	X		X	6	H
Transport and Tranship.	X	X	X	X	X		X	6	M
Aviation Flight School	X	X	X	X		X	X	6	M
Altern. Dispute Center	X	X	X	X	X		X	6	M
Guam-based Trusts	X	X	X	X		X	X	6	H
GIAA Cargo Facility	X	X	X	X	X		X	6	M
Coop Marina	X	X	X	X	X		X	6	H
Hagatna Revitalization	X	X	X	X	X		X	6	H
Tumon Drainage	X	X		X	X		X	5	H
Incubator		X	X	X	X		X	5	L
Tumon Infrastructure	X	X		X	X		X	5	H
Tumon Improve. District	X	X		X	X		X	5	H
Call Centers	X	X	X		X		X	5	H

CEDS PROJECT	EDA Policy Investment Guidelines Criteria							Total	Priority
	1	2	3	4	5	6	7		
Northern Ind. Park		X	X	X	X		X	5	M
Coop Building		X	X	X	X		X	5	H
Regional Software Supp.	X	X	X	X	X			5	L
Flim Industry		X	X	X		X	X	5	M
Telecom Training	X	X	X	X				4	M
Tiyan Infrastructure		X		X	X		X	4	L
Flight Kitchen	X	X			X		X	4	H
Northwest Parkway		X		X	X		X	4	L
Statistical Center			X	X	X	X		4	L
Multi-Purpose Vessel		X	X	X	X			4	L
Agana Bridges				X	X		X	3	H
Marine Drive ByPass		X			X		X	3	L
GWA Compliance Projects				X	X			2	M
Light Rail								0	L

Priorities

High Priority:

Project Name: Construction of New Wharf and Land Reclamation

Situation Statement: TheThe BRAC decisionThe BRAC decision of '95 resulted in the closure of the formerThe Repair Facility wRepair Facility which was to have bGuamGuam thereby increasing wharf Guam thereby incre dedecidedecided to retain the lands, wharves and buildings associated with this facili dedue due to the strategic value of Guam. In addition, due to the strategic value of Guam. dredredgedredged the inner Apra Harbor to accommodate additional vessels in 2006. ThisThis proposal is intended to createThis proposal is intended to create newThis proposa GuamGuam to replace those wharves that will not be returnedGuam to replace those wharf additional wharf space will be available for Navy use.

increase in property tax assessment for all areas to satisfy area needs, and develop surveys to the assessment district to the general public, and policy makers.

Anticipated Impacts and Benefits: Increases in tourists and revenues resulting from Tumon and improvements to Guam and Tu destination.

Project Deliverable: Legislation establishing the Tumon Business Improvement Corporation.

Timing and Responsibilities: The Government of Guam will complete the project within 12 months.

Budget: \$100,000.

Project Name: Regional Solid Waste Facility

Situation Statement: Guam and the rest of the Micronesia of solid waste as the majority of products used in the region of solid waste as the majority of island communities with limited land area for residential, commercial, industrial and resort development however, land disposal those that are available tend to create significant environmental impacts.

Objectives: Provide a venue for the storage, recycling, waste in a fashion that creates employment opportunities and resolves individual island waste disposal problems.

Project Description: Develop a feasibility study that evaluates the costs and establishing a regional solid waste facility in Guam including a market for recycling and use of solid waste by-products including ethanol.

Anticipated Impacts and Benefits: If feasible, this project will assist in resolving problems while generating jobs, revenue and increased economic opportunity.

Project Deliverable: A Regional Solid Waste Facility Feasibility and Market Study and a Recommendation, costs and funding sources to implement the project .

Timing and Responsibilities: GovGuam, with assistance from other GovGuam, with assistance from other Mic complete the feasibility study within complete the feasibility study within

government revenues through taxes; and creates revenue opportunities for government island small businesses.

Project Deliverable: A Regional Center Proposal and implementation of A Regional Center Proposal and implementation from INS.

Timing and Responsibilities: 18 months by Government of Guam

Budget: \$500,000 for proposal development and office related expenses.

Project Name: Money Manager Program

Situation Statement: A significant amount of investment funds are off-island that can be managed in Guam. A significant amount of investment funds off-island that can be managed in Guam. A portion of the Government of Guam's employee pension fund is managed off-island. The Government of Guam has a track record of high yield investments to attract other funds.

Objectives: To diversify the Guam economy and create jobs uncorrelated with military spending.

Project Description: Establish a Money Manager Program consisting of governing the administration, management and monitoring of investments.

Anticipated Impacts and Benefits: Although some employment will be generated, the program is to bring additional investment dollars to Guam and to create a cadre of investment managers.

Project Deliverable: A Money Manager Program

Timing and Responsibilities: The Guam Economic Development Authority will oversee development of the program over a six month period.

Budget: \$50,000 for program development and implementation.

Project Name: Guam Fishermen s Cooperative Marina Building Complex

Situation Statement: The Guam Fishermen s Cooperative Association is an organization whose mission is to market the fish harvested by its members who are considered artisanal fishermen. Established in 1970, the Association has expanded to nearly 200 fishermen.

Situation Statement: Guam's marketability as a tourist destination is materially dependent on Tumon Bay where Guam's tourism resources are concentrated. The area's infrastructure and physical appearance, the Government issued a general obligation bond to finance design and construction of phase II and III improvements. Design for both phases and construction have been completed. However, bond monies allocated for phase II have been completely diverted to assist Guam in recovery after the typhoon in December 2002. In addition, the bond issuance did not cover design and construction costs for phase III.

Objectives: To provide for improved and safer conditions for both visitors; provide adequate infrastructure; and entice an increasing number of visitors to Guam, both tourists and the military.

Project Description: Design and construct highway improvements and installation of sidewalks, landscaping and other amenities. The phase II project area is from the Guam Fujita Hotel to the Guam Highway Intersections while phase III is from the Hilton Hotel and from the Westin Hotel to Marine Drive, approximately 4 miles.

Anticipated Impacts and Benefits: Increase the number of visitors to Guam by making the centerpiece of the tourism industry more attractive and functional thereby increasing employment and allowing employee retention during periods of regional conflicts.

Project Deliverable: Design plans and physical improvements.

Timing and Responsibilities: The Department of Public Works will coordinate this project over a period of 18 months for phase II and 12 months for phase III.

Budget: \$20 Million (\$18 Million for phase II and \$2 Million for phase III).

Project Name: **Call Centers**

Situation Statement: Call Centers are where calls are answered and managed. Automatic call distribution for sales and support is a key function. Any company function that can be made remotely are candidates for moving or outsourcing to call centers or (customer contact) environment where costs can be lowered and risk can be hedged. The event of a local disaster or outage at any one of the number of total call centers is limited. However,

in 2000, there were approximately 70 in 2000, there were approximately 70 in 2000, there were approximately 70 Large banks (over \$1 billion in deposits) each, with the 20 largest banks averaging 23 (Mentis Group). Emerging network technologies (Mentis Group). Emerging network technologies of previously site-specific functions such as security and interactive recognition to be located at a central facility in order to lower costs.

Objectives: Diversify the Guam economy and create jobs and reduce military spending.

Project Description: Develop a marketing plan for Guam as the Call Center in Asia

Anticipated Impacts and Benefits: Cutting edge telecommunications technology available in Guam thereby increasing base and increasing spending.

Project Deliverable: Marketing Plan

Timing and Responsibilities: 3 months

Budget: \$250,000 for marketing plan development and implementation

Project Name: Guam Captive Insurance Program

Situation: The fostering of this industry came under GEDA's purview in the last few years included marketing the domicile in the last few years resulting in the establishment of 4 domestic insurers in the companies.

Objectives: Diversify the Guam economy and create jobs and reduce military spending.

Project Description: Provide secretariat service to the Guam Captive market as global competitor domicile, coordinated by offshore captive companies, and coordinate and understand the tax scenarios for captive and domestic parents.

Anticipated Impacts and Benefits: The industry helps diversify the Guam economy and brings clean, environmentally taxing businesses to the marketplace, tech, fair waged white-collar jobs to the marketplace.

Project Deliverable: Marketing plan implementation.

Timing and Responsibility: 24 month by GEDA and the Guam Captive Insurance Association

Budget: \$400,000

Project Name: Guam Domestic Fisheries (inclusive of Aquaculture & Fisheries)

Situation Statement: Guam's Domestic Ocean Fisheries consists of a number of fishermen operating personal trolling and bottom fishing boats. The Guam Fishermen's Cooperative coordinated the maiden efforts of this industry and grosses approximately \$1.5 Million dollars annually. A fisheries identified by the Western Pacific Regional Fisheries Council (WESPAC) is that there are no domestic purse seign operators.

Guam's Aquaculture Fisheries operates mostly on a small-scale basis and consists of roughly 100 farmers, with less than 25 farmers comprising most of the \$300,000 to \$750,000 in gross farmed are tilapia, freshwater shrimp, catfish and milkfish. It is difficult to obtain due to the seemingly uncoordinated efforts and lack of technical business expertise.

Objectives: Diversify the Guam economy and create jobs and reduce military spending.

Project Description: Identify assistance needs of the industry; facilitate projects; coordinate outreach to projects; coordinate compliance with federal environmental regulations.

Anticipated Impacts and Benefits: There is capacity for increase of Guam's ocean fisheries. The development of a Guam long line fleet, the further development and increased capacity of the Guam Fishermen's Cooperative are a few possibilities. This industry is underutilized and Guam relies on imported seafood. There is also much room for development in Guam's Aquaculture industry. Farmers can take advantage of business expertise provided by the development of business expertise of entry into this industry make this a viable opportunity.

Project Deliverable: Develop and implement a fisheries feasibility study.

Timing and Responsibility: 24 months by GEDA, the Guam Fisheries Growers Association.

Budget: \$200,000

Project Name: Tumon Bay Drainage System

Situation Statement: The Tumon Bay area is densely developed with commercial facilities, and suffers from frequent flooding during which economically impact the businesses in the area. Combined with an ocean outfall addresses the ultimate destination of the ultimate any living reef formations, as it would occur below the top alternative has been identified by the government alternative.

The Guam Coastal Management Program and Engineers have coordinated in the preparation of Ecosystem Restoration Study - Section 206 Preliminary includes a literature search of materials written about Tumon. The Plan leads to the next phase which is the development of an Ecosystem Restoration Report followed by a Feasibility Study, design and construction.

Objectives: Construct a pumping station and horizontal storm run-off below and outside of Tumon Bay.

Project Description: Prepare A/E Design for the construction of a pumping station pumping 6,000 g.p.m. to re-route storm drainage 100 feet below sea level, approximately 1,500 feet outside the fringing Tumon Bay reef.

Anticipated Impacts and Benefits: Tumon Bay is home to Guam's tourism industry. Tremendous growth to host over one million tourists annually. Potentially noxious wastes end up in Tumon Bay will hasten further degradation and jeopardize the pristine quality of Guam's prime tourism plant.

Project Deliverable: Improved infrastructure that would eliminate accumulated run-off into San Vitores Road and Tumon Bay.

Timing and Responsibilities: Lead Agency Department of Public Works. Upon completion phase, joint funding sources would be investigated (U.S. Engineers, Guam Hotel and Restaurant Interior, Department of Transportation, F Agency). The entire process will take 24 month Ecosystem Restoration

secure permits and complete construction.

Budget: The project is estimated to cost \$4,500,000.

Project Name: **Guam-Based Trust Incentive Program**

Situation Situation Statement In 1998, GEDCA, in cooperation with the Department of Revenue and Taxation, and the Office of the Attorney General, contracted with several local and US mainland developers to develop the legislation necessary to structure a Guam based trust program, as well as the corresponding special Qualifying Certificate.

The Guam Trusts were conceived as a market that would attract large deposits of money from high net worth individuals. The most significant component of this program was that the tax on income of these trusts would be paid, then rebated after the end of the year of Guam pursuant to a special qualifying Certificate issued by GEDCA.

The trusts were designed to rely on §935 of the IRS Code, which states in part that residents of Guam who file their returns on Guam do so on an additional return with the federal government. Under the trust laws (PL 25-08, 25-73 and 25-149) trusts are treated as individuals. On November 22, 2000 the IRS released Notice 2000-61, which stated that the IRS has ruled that a Guam based trust is not an individual under §935. If a Guam Trust is not an individual then it is treated as a trust and faces a double tax return. The Guam based trust program for the US domestic market was effective until 2000. At present Guam is considering if it should move the program forward and review other types of trust structures that may work for the domestic trust market and/or market the program to Asian (foreign trust) clients. To proceed, a Market Research Study on the viability of the Program for the Asian market must be completed.

Objectives: To provide Guam with an additional incentive tool to attract new capital to the island by foreign investors.

Project Description: Fund a Market Research Study on the viability of the Program for the Asian market.

Anticipated Impacts and Benefits: Direct and indirect job creation; provides Guam with exposure to high net worth individuals who would otherwise have lived in Guam; increase in government revenues through interest in Guam; increase in withholding taxes held for 6 months prior to rebate; revenue opportunities for all island small business. Real estate

restaurants, etc.

Deliverables: MarketMarket Research Study on tax iMarket Research Study on tax implications for Asian countries.

Timing and responsibility: 18 months after receipt of funding by Government of Guam

Budget: \$150,000 to contract market research firm to develop study

Project Name: Airline Flight Kitchen

Situation Statement: ThereThere are no adThere are no adequate facilities within short distances from tT suitable suitable for catering companies presently serving air suitable for catering companies mostmost significant problem most significant problem with the current situation is it is off automobile automobile traffic presents a problem during automobile traffic presents a pr timely timely access to the terminal apron. A site on thA site on the airportA site on the a delays delays and inefficiencies delays and inefficiencies in delivering meals to aircraft resu to the airlines, which are passed onto the airlines, which are passed on to the traveler. The the the need for the need for on-site flight the need for on-site flight kitchen facilities in respon as an air transportation hub in Micronesia.

Objectives: Construct an on-site flight kitchen at the Guam International Airport.

Project Description: AwAwardAward a construction contract for the flight kitchen. Lease tAward a construc catering companies.

Anticipated impacts: TheThe project would create 100 new jobs and provide a nThe project would create 100 Guam s visitor industry.

Project Deliverable: New flight kitchen facility at the Guam International Airport.

Timing and Responsibilities: CoConstructionConstruction time estimated at 18 months. Lead agency will be Construc International Airport Authority.

Budget: The project is estimated to cost \$10 Million.

Project Name: Design and Construction of Capital City of Agana Bridges

Situation Statement: TheThe bridgesThe bridges and riverinThe bridges and riverine channels, because ofThe must must be improved in Agana; and in order must be improved in Agana; and in order form the the National Flood Insurance Program (NFIP). the National Flood Insurance Program (1 (N(Navy(Navy and(Navy and Air Force) components on-island utilize these bridges v traveling traveling between installations,traveling between installations, transporting milita

from one end of the island to the other along Marine Drive, Route 1.

Objective: Construct three (3) bridges in the capital city of Agana.

Project Description: Design and construction of Agana River Bridge, Design and construction of Agana River Bridge, and construction of Agana River Bridge, Papa Bridge.

Anticipated Impacts and Benefits: Project completion will benefit the national defense when activities are stationed on island will continue to utilize improved and secured highway infrastructure; project will improve highway safety. The project will allow Guam to be in compliance with the FEMA National Flood Insurance Program (NFIP) and continue to qualify for Freddie Mac, HUD, Fannie Mae and other disaster assistance programs.

Project Deliverable: Improved and safe bridges in the city of Agana.

Timing and Responsibilities: Estimated time to complete the project is 18 months, including design.

Budget: The project is estimated to cost \$25 million.

Project Name: Hagátña Revitalization

Situation Statement: Guam's capital city of Hagátña was once the center of Guam's cultural and government activity. Over the past several decades, government activity has left the city in a state of decline. It has become a city of abandoned buildings, vacant lots and even though it contains many historic sites from its World War II era. Through revitalization, Hagátña will become a place of honor and the seat of government, commercial and government structures, historic sites, the creation of a Agana River Walk and the botanical gardens, museums, and performing arts and cultural centers.

Objective: To increase the long term benefits that will advance the economy and stimulate the capital city of Hagátña.

Project Description: To develop a comprehensive Master Design Plan for Hagátña consistent with FEMA's Agana River flood control requirements to sustain economic growth, historic river walk; botanical gardens; parks; landscaping; design criteria for commercial and government structures; identification of historic buildings and structures; site locations for government structures.

- " Rising costs of litigation in US court system
- " Time delays caused by court scheduling system
- " US Court mandated arbitration of smaller (dollar value) cases

Objectives: To diversify Guam's economy by providing commercial enterprises that will provide increased employment and expansion of its tax base.

Project Description: Fund the design and construction of a Dispute Resolution Center (ADR). This state of the art international as well as domestic disputes.

Anticipated Impacts & Benefits: ADR provides prompt and fair outcome to contractual resolutions possible; provides a cost effective resolution vs. high cost associated with protracted litigation. Privacy and confidentiality may be preserved (courts are open); Limited access to appellate review; direct and indirect opportunities registration (war rooms), appointing authority fees, services, CLE courses, and Membership services revenue opportunities Airlines, supplies, etc.; Center can provide continuing legal education seminars for potential arbitrators, local bar and ex-pat lawyers. Conference and workshops opportunities to the local bar, judges and lawyers on ADR subjects

Project Deliverable: Business plan development; design plan and building construction

Timing and Responsibility: 24 months from grant award to the Government of Guam.

Budget: \$650,000

Project Name: New Air Cargo Facility

Situation Statement: The existing cargo facility is beyond capacity. Naval Air Station property from the Navy, the Guam International Airport is now able to expand its current cargo operations, or build an entire new facility. The ideal situation for the new cargo building would be to have dedicated aircraft parking aprons on the airside. Calculated to require three to seven acres to have adequate truck docks, circulation, and customer and four acres will be required for airside areas for container storage.

TheThe new cargo building areThe new cargo building area requirThe new cargo building
133,500 square feet.

Objectives: Construct a new air cargo facility at the Guam Intemational Airport.

ProjectProject DescriptionAward a constructionAward a construction contract for the newAward a construction contr
of the facility to airlines, couriers, transport or moving companies.

Anticipated impacts: TheThe project would create 150 new jobs and proThe project would create 150 new jobs
Guam s visitor industry.

Project Deliverable: New cargo facility at the Guam International Airport.

Timing and
Responsibilities: ConstructionConstruction time estimated at 18 months. Lead agency Construction time e
International Airport Authority.

Budget: The project is estimated to cost \$20 Million.

Project Name: Transportation & Distribution (Transshipment)

Situation Statement: Guam sGuam s portGuam s port is the deepest, most advanced port in the mid-westernGu
InIn the early 1980 s and 1990 s, Japanese, KoreaIn the early 1980 s and 1990 s, Japa
waterwater fishing nations) purwater fishing nations) purse water fishing nations) pur
Guam sGuam s port. Guam s port. InGuam s port. In the height of Guam s involvement in
therethere was an annualthere was an annual movementthere was an annual movement of
grade grade or AAA grade tuna to Jagraade or AAA grade tuna to Japan and Agrade
mimigratmigratory,migratory, so are the fishery operations. Higher tariffs and other oper
costs,costs, as compared to other island ports, made Guacosts, as compared to other is
choicechoice for choice for vessechoice for vessel home-porting. Relative to the Expo
currentlycurrently underway to identifcurrently underway to identify special industrial zone
AirportAirport and ocean poAirport and ocean porAirport and ocean port facilities. A pro
added processing of product, bonded warehousing, docking facilities, etc.

Objectives: DiversifyDiversify the Guam economyDiversify the Guam economy and crDiversify the
military spending.

Anticipated Impacts
and Benefits GuamGuam has the opportunityGuam has the opportunity to once Guam has the opport
hub.hub. The port recently approved a public/private hub. The port recently appr
developmentdevelopment of "Hotel Wharf" which will include chilled/nonchilled
wawarehouwarehousing,warehousing, a valued added plant, truck ports and modern dock
An export zone will add incentive toAn export zone will add incentive to manufacturing o
production plants or enhanced distribution chains in Guam.

the Government of Guam make over \$46 Million in the Government of Guam make over wide water and sewer systems.

Objectives: Improve water and sewer systems for visitors.

Project Description: Design and construct various water and wastewater system improvements. These are as follows:

1. Agat Sewer Treatment Plant Renovation - \$5 Million
2. Agat Collector System Inflow/Infiltration - \$13.6 Million
3. Agana Sewer Treatment Plant Renovation/Expansion - \$3.8 Million
4. Agana Ocean Outfall - \$4.4 Million
5. Agana Village Collector System Inflow/Infiltration - \$1.6 Million
6. Baza Gardens Sewer Treatment Plant - \$1.0 Million
7. Northern District Sewer Treatment Plant - \$2.0 Million
8. Northern District Ocean Outfall - \$4.3 Million
9. Umatac/Merizo Sewer Treatment Plant Renovations - \$260,000
10. Umatac/Merizo Collector System Inflow/Infiltration - \$2.8 Million
11. Comprehensive Performance Evaluations for the Agat, Baza Gardens, and Umatac/Merizo Sewer Treatment Plants - \$500,000
12. Comprehensive Assessment of GWA's Comprehensive Implementation of a Corrective Plan of Action - \$600,000
13. Development and implementation of Development and implementation of Million
14. Development of an Operator Training and Certification Program - \$1.5 Million
15. Monitoring Requirements - \$600,000
16. Facilities Master Plan - \$2.3 Million
17. Renewal and replacement capital improvement projects - \$30 Million
18. Meter Management Project - \$4.5 Million
19. Sewer Connection Project - \$6 Million
20. Design, construction observation, etc. for above projects - \$5.864 Million

Anticipated Impacts and Benefits: Improved water and sewer systems and compliance with federal requirements.

Project Deliverable: Construction of water and wastewater improvements

Timing and Responsibilities: Design and construction will be Design and construction will be overseen over a 5 year period.

Budget: \$92 Million

Project Name: Telecom Industry Training Program

Situation Statement: To insure Guamanians benefit from the development

as expected as a result of other proposedas expected as a result of other prop
would be established jointlywould be established jointly awould be established
CommunityCoCommunity CollegCommunity College to accommodate the v
to fulfill the needs of the IT and Telecom industries that willto fulfill the needs of the IT a
in the immediate future.

Objectives: ObtainObtain a funding source toObtain a funding source to conduct a program development
identifyidentify the program trainidentify the program training needidentify the program
step-by-stepstep-by-step program to accommodate those needs utilizing the traistep-by-
environmentenvironment and facilities currently available atenvironment and facilities curre
mentioned above.

Project Description: IssueIssue an RFP to obtain the services of a consultant to developIssue an RFP to obtain
developmentdevelopment study. Assess thedevelopment study. Assess the University of
College sCollege s contribution to providing technical assiCollege s contribution to p
industry, conducting applied research, and disseminating program results.

Anticipated impacts and benefits: Project would create 50 - 100 certified technicians.

Project Deliverable: ProgramProgram DeveloProgram Development Study Program Development Study for
Program.

Timing and Responsibilities: TheThe selected consultant would be required to completeThe selected consultant would be
(6) months from time of grant approval.

Budget: The project is estimated to cost \$205,000.

Project Name: Feasibility Study and Design for Industrial Park in Northern Guam

Situation Statement: WithWith increased recognition of Guam s mWith increased recognition of Guam s
continuingcontinuing difficulties faced bycontinuing difficulties faced by the United State
forcesforces in foreforces in foreign coforces in foreign countries comes the likelihoo
operationaoperationaloperational units will be assigned to Guam. This assignment
econoeconomic opportunities for private industries that do business witheco
military,military, particularly if they are located inmilitary, particularly if they are
establishment.

Objectives: ToTo increase emTo increase empTo increase employment, revenue and economic
establishingestablishing an industrial park that catersestablishing an industrial park that cate
Guam.

Project Description: TheThe Government of Guam proposesThe Government of Guam proposes that a feasibil
analyzeanalyze the typesanalyze the types of economic activities that should beanalyze the

toto the U. S. Air Force, toto the U. S. Air Force, to develop reto the U. S. Air Force, militarymilitary procurement and operational needs and to identify the types of incentivesincentives required to ensincentives required to ensure busincentives required feasible,feasible, a designfeasible, a design plan for an industrial park in northernfeasible, a d that will fit the needs of the businesses to be located in the area.

Anticipated Impacts and Benefits: The implementation of a northern industrial parkThe implementation of a northern industr revenue and economic activity. U. S. revenue and economic activity. U. S. Are by private companies will also be satisfied.

Project Deliverable: A feasibility study and design plan for a northern Guam industrial park.

Timing and Responsibilities: TheThe Government of Guam wiThe Government of Guam will The Government of G within 18 months of the grant award.

Budget: \$150,000 for the feasibility study and \$350,000 for the design plan.

Project Name: Film Industry Development

Situation Statement: GuamGuam hasGuam has recently been approached by several Hollywood filmGuam has companiescompanies companies interested in using Guam as a film production site. I domiciles,domiciles, a film commissioner coordinates the effdomiciles, a film co regulatoryregulatory needs and issues required licenses. There are a few players currentlycurrently in the marketplace, in both conventional film and digital arenas. ThereThere is high capacity for growth and increasing demand for this industry. WithWith the growth of Guam's With the growth of Guam's participaWith the growth tourismtourism opportunitiestourism opportunities withtourism opportunities with the hosti note,note, Bollywood. India'snote, Bollywood. India's version of Hollywood, producesnote, movies annually.

Objectives: DiversifyDiversify the GuDiversify the Guam econDiversify the Guam economy and cr military spending.

Project Description: FeasibilityFeasibility researchFeasibility research currently being done with local indust withwith Aswith Assocwith Association of Film Commissioners International to net becomebecome more awbecome more awarebecome more aware become more aware ofbeco as well as warehousing to be used for sound stages.

Anticipated Impacts and Benefits: Guam'sGuam's gainsGuam's gains increased from tourism revenuGuam's gains incr opportuopportunitiesopportunities for Guam based trust if complete movie rentals are ba GuamGuam (financial serves). There Guam (financial serves). There are alGuam associated with this industry.

Street Lighting System Improvements	\$ 1,550,700
Telephone System Improvements	\$ 1,388,640
Total	\$35,514,226

(Note that design and construction of a portion of the water and wastewater system has already begun pursuant to a grant from the Economic Development Administration.)

Project Name: Northwest Parkway Project

Situation Statement: The construction of this Northwest Parkway will improve accessibility to many private properties adjacent to the project. The project is necessitated by increased security requirements at AAFB, which hinders non-DOD personnel from base to non-DOD property. The project is on an existing public roadway to allow access to private property and expand Eco-Tourism opportunities in the northern part of Guam.

Objective: To resurface, upgrade and extend an existing public roadway.

Project Description: Design, resurface, upgrade 6.82 miles of roadway, approximately 3.5 miles.

Anticipated Impacts and Benefits: Project would enable Andersen Air Force Base to meet security requirements while simultaneously allowing local land owners access their property. The project will benefit the economy and the tourism industry by providing accessibility to facilities located in Northern Guam. There may be an effect to wildlife habitat, which will be assessed during the design phase.

Project Deliverables: The resurfacing, upgrading and extension of the roadway.

Timing and Responsibilities: Estimated time to complete the project is 18 months.

Budget: The project is estimated to cost \$7 Million.

Project Name: Design and Construction of Marine Drive By-Pass (Route 20)

Situation Statement: Significant traffic congestion exists at the intersections of access road and Marine Drive which slows vehicular productivity, and adversely affects the military's ability to transport equipment, supplies and personnel among military installations.

Objective: The project will enable the Government of Guam to design a bypass at Tiyan which is crucial to the success of the Guam 2010 Highway Master Plan and the Guam International Airport Authority Development Plan.

Project Description: To construct an alternate roadway for Marine Drive roadway corridor that will follow the western boundary of the Naval Air Station and continue eastward to the Route 16 underpass.

Anticipated Impacts and Benefits: The Marine Drive bypass will reduce congestion on Marine Drive as well as improve access to the Guam International Airport and efficient circulation of airport related vehicular traffic. It will also entice further development of airport type activities and will provide for more economic benefits to the local economy.

Project Deliverables: Improved accessibility and safer roadway conditions for Guam including its military population, tourists and island residents.

Timing and Responsibilities: Estimated time to complete the project is 24 months.

Budget: The project is estimated to cost \$31.7 Million.

Project Name: Small Business Incubator

Situation Statement: The Small Business Development Center at the University of Guam is seeking to construct a business incubator to create jobs and address structural deficiencies that exist among micro business producers of food products, and small service businesses on Guam.

Objectives: To construct facility that will provide lower than market cost facilities and equipment to micro food and equipment to micro food and services. The project will support the services. The project will support the among women, Pacific islanders, and other disadvantaged, as well as the general public.

Project Description: Issue an RFP to obtain construction plans that have been designed.

Anticipated impacts and benefits: Project would create an anticipated 250 new jobs among minority and other disadvantaged residents.

Project Deliverable: A completed incubator meeting the specifications developed.

existing construction design.

Timing and Responsibilities: The contractor is expected to complete the project within 12 months from the date of grant award of the contract.

Budget: The project is estimated to cost \$1.5 million.

Project Name: State Statistical Center

Situation Statement: Various entities in Guam produce statistics while that should be collected are not. Various entities in Guam produce statistics that should be collected are not. that should be collected are not. found the general lack of relevant, reliable and timely statistics affected decisions to locate here. affected decisions to locate here. There is a need to the collection, analysis, publication, and distribution of timely statistics to meet identified public purposes.

Objectives: To create a State Statistical Center to coordinate the collection, analysis, publication and distribution of data for economic development purposes.

Project Description: Employ a Chief Economist to guide preparation of a and implement over a one year period.

Anticipated Impacts and Benefits: Reliable, relevant and timely statistical information for economic and social development.

Project Deliverable: An employment contract and a State Statistical Center. An employment contract and a State Statistical Center. types of statistics to be collected, response related purposes..

Timing and Responsibilities: The Government of Guam will complete implementation within 12 months from the date of grant award.

Budget: \$600,000

Project Name: Regional Software Support Center

Situation Statement: Interest has been raised by several companies in exploring the possibility of using Guam as a hub for their software support and marketing activities. Interest has been raised by several companies in exploring the possibility of using Guam as a hub for their software support and marketing activities. These companies have would like to use Guam as a software support center. These companies have would like to use Guam as a software support center. needs to assess the potential for this type of activity.

Objectives: To assess the potential for this type of activity and to

and costs for the development of such an industry.

Project Description: Feasibility Study Feasibility Study Feasibility Study Feasibility Study and Co
AA Center for Software Support for U.S.-based software companies
business in Asia.

Anticipated Impacts and Benefits: Creation of Jobs in the information technology field.

Project Deliverable: AA report
A report analyzing
A report analyzing the feasibility of such an endeavor including
and benefits.

Timing and Responsibilities: As
As interest has
As interest has been expressed in the last two months, Guam
complete this study in 6 months.

Budget: \$100,000.00

Project Name: Multi-purpose Fishing Vessel

Situation Statement: The Guam Fishermen's Cooperative Association
The Guam Fishermen's Cooperative Association
organization whose mission is to market the fish harvested
The average vessel size of its members is 22 feet. The El Nino and The average
Nina weather conditions demonstrated that the Nina weather conditions demonstrated that
is inadequate and unsuitable
is inadequate and unsuitable
is inadequate and unsuitable to
Greater fisher capacity
Greater fisher capacity is also needed to meet
Greater fisher capacity
fresh quality fish. Today, the island imports 95 fresh quality fish. Today, the
consumes; valued at \$32 million.

Objective: To increase the
To increase the long term benefits that will advance
Guam's economy and stimulate growth through the
Guam's economy and stimulate
vessel to advance the fishery industry and development
vessel to advance the fishery industry

Project Description: To purchase a large, US made hull, vessel
To purchase a large, US made hull, vessel and to develop
The Coop will prepare the special
The Coop will prepare the special
training program.

Anticipated Benefits: The Project will demonstrate the economic potential
The Project will demonstrate the economic potential
vessel. The creation of ten fishery jobs and ten support
vessel. The creation of ten fishery jobs and ten support
economy will realize \$2 million in annual revenue from fish sales.

Timing and Responsibilities: The Guam Fishermen's Cooperative Association
The Guam Fishermen's Cooperative Association
one year.

Budget: The project is estimated to cost \$200,000.

Project Name: Design and Construction of Tumon Bay Light Rail System

Situation: This project will reduce highway congestion within the area of the tourism industry in Guam and showcase Guam as a United States Territory in the Pacific Region.

Objective: To design and construct a light rail system from International Airport to Tumon Bay (approximately 2 miles) the entire length of Tumon Bay (approximately 4 miles).

Project Description: The design and construction of the Tumon Bay Light Rail System

Anticipated Impacts and Benefits: Project will reduce highway congestion, provide a positive experience for the visitors to the island and increase tourist arrivals.

Project Deliverable: A Light Rail System that provide a congestion and allow for the development of the tourism industry).

Timing and Responsibilities: Estimated time to complete the project is 27 months, including design.

Budget: The project is estimated to cost \$280 Million.

APPENDIX

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