

Agenda

CMTF Economic Development Subcommittee Meeting

2pm, Thursday, October 16, 2008

- I. Introduction of Any New Members
- II. Issues/Discussions
 - Minutes of Last Meeting – August 21, 2008
 - Presentations on Status Reports:
 - Procurement Technical Assistance Center (PTAC)
– Presented by Dr. Anita Borja-Enriquez, Director,
UOG Pacific Center for Economic Initiatives
 - NAVFAC Marianas Small Business Goals
– Presented by Mr. Al Sampson, Small Business
Advisor, NAVFAC Marianas
 - Local Preference – Joint Base Guam
- III. Other Discussion Items
 - Update on Federal Transactions
 - Others
- IV. Next Meeting – 2:00 p.m., Thursday, November 20, 2008
- V. Adjournment

CMTF Economic Development Subcommittee

Summary of Meeting

2:00 p.m., Thursday, August 21, 2008

Attendees: Tony Blaz – GEDCA Acting Administrator - Subcommittee Chairman
Gary Hiles – Department of Labor
Carl Peterson – Guam Chamber of Commerce
Tony Lamorena – Bureau of Statistics and Plans
Dr. Claret Ruane – University of Guam School of Business
Paul Shintaku – Director, Guam Buildup Office
Elaine Dell'Isola – Deputy Director, Guam Buildup Office
Albert Wu – Chinese Chamber of Commerce
Dave Okada – DIEPR UOG/CMTF Ed Subcommittee
Tom Ada – Member, Public at Large
Colonel Paul Brier – U.S. Marine Liaison, Office of the Governor
Capt. Neil Ruggiero – JGPO
Al Sampson – NavFacMar Small Business
Mike Cruz - GEDCA
Larry Toves – GEDCA

Summary of Items Discussed:

- Introduction of members and guests present during the meeting.
- Approval of minutes from April 24, 2008 subcommittee meeting.
- Subcommittee members were briefed that the Procurement and Technical Assistance Center (PTAC) grant application is still being reviewed by the Defense Logistics Agency (DLA) and that initial feedback from staff is that "...application was excellent. It could be a model application for other applicants." Anticipation is that if application is approved, grant will be awarded by October 2008 (FY'09) or by January 2009.
- GEDCA staff briefed members on the status of the FY 2010 Budget request submitted by the Governor to the Office of Management and Budget (OMB) on July 16, 2008. Total budget request was for \$237.8 million of which about \$12 million will be used to finance eight projects submitted by the Economic Development Subcommittee (EDS) such as the development of an Economic Plan and Econometric Model; establishment of Small Business Revolving and Micro Loan Programs; Financial Advisory Services; Infrastructure Feasibility Studies and other projects that will be managed under agencies such as GEDCA, Dept. of

Administration, Guam Ancestral Lands Commission, Chamorro Land Trust Commission, and the Dept. of Revenue and Taxation.

- As part of the subcommittees focus on small business initiatives, members were presented with preliminary results of GEDCA's research into the extent to which local and small businesses have availed themselves of opportunities already provided by the federal government. Handouts were provided to members entitled "Draft Federal Transactions for Work Performed in Guam from 2000-2007". The analysis and table charts included in the handouts provided data and information that showed the federal government paid an average of \$371 million per year for work performed in Guam of which the Department of Defense paid almost 97% of the transactions; the federal government de-obligated an average of almost \$12 million per year (or 3.28%); from FY 2000-2007, 54% of federal transactions were for work performed by companies with a Guam address (local companies) which amounted to 47% of the total dollar amount paid by the federal government for work performed in Guam. In other words, Guam companies received a majority of the transactions but less than half of the total dollars paid for work performed in Guam.
- There were other discussions surrounding federal transactions with Small Businesses on Guam including reports that on average from 2000-2007 for work performed on Guam, the federal government transacted \$151 million in business with small businesses or almost 40% of all federal transactions. Over 66% of federal transactions with small businesses were with Guam small businesses. Generally, federal transactions with all small businesses and Guam small businesses have increased. However, federal transactions with small businesses declined 17% between 2006 and 2007 while federal transactions with Guam small businesses declined 24% over the same period. As most Guam businesses are considered small businesses, the decline should be monitored to ensure that a trend of declining businesses with Guam small businesses is not being seen. There was some discussion concerning the need to level the playing field with regard to evaluation of bids for federal/DoD work on Guam. While local companies have expressed the desire to obtain special preference in bidding (i.e., Alaskan Native Organizations), others have indicated that is such special preference cannot be provided, preferential treatment given to other companies should be removed.
- Members indicated that focus of EDS should be on what we need to do to assist small businesses on Guam. One suggestion provided was to help small business prepare for the military buildup in the way of workforce housing development. Sense is that EDS should take the lead in this issue and help small business by allowing potential developers the use of government-owned lands for workforce housing during the construction phase, and then using the units for affordable housing after the military construction phase is done. Feeling is that work force housing will be contracted out and parceled out at different locations throughout the Island due to infrastructure requirements and military needs. The EDS should also look into the possibility of federal tax exemptions for companies who want to assist in the type of venture. GEDCA staff mentioned that the agency, in collaboration with the Guam Ancestral Lands Commission under an MOU, is currently negotiating with private firms on possible use of Spanish-Crowned lands during the military buildup phase.

- Tony Lamorena announced that the Bureau of Statistics and Plans (BSOP) is in the process of developing a Land Use Plan that will begin with an assessment of the northern part of the Island during the first phase of the project. The intent is not to develop a zoning plan, but rather a land use plan that will determine where various activities should be located during the military buildup period.
- Dr. Ruane Claret gave a brief explanation on how she is working with GEDCA to provide technical assistance on the Qualifying Certificate (QC) program in an effort to attract new industries and new businesses to Guam, revamp tax initiatives and improve overall program module. The focus is to improve the program so that it is more objective or systematic to allow for ~~more tax incentives and tax credits~~ using available data to calculate a better scoring system, help determine how much tax dollars can be saved throughout the system, and providing better access to the current module.
- Meeting adjourned.