

Agenda

CMTF Economic Development Subcommittee Meeting

2:00 p.m., Thursday, April 17, 2008

- I. Introductions
- II. Issues/Discussions
 - Minutes of March 20th Meeting
 - Status reports:
 - Socio-Economic Impact Portion of EIS
 - FY2010 Funding Requests
 - Procurement Technical Assistance Center
 - SBA Brief on HR 3867 – Small Business Contracting Program Improvements Act
 - Local Preference – Joint Base Guam
- III. Other Discussion Items
- IV. Next Meeting – 2:00 p.m., Thursday, May 15, 2008
- V. Adjournment

CMTF Economic Development Subcommittee
Summary of Meeting
2:00 p.m., Thursday, March 27, 2008

Attendees: Tony Blaz – Chairman and GEDCA Administrator
Carlotta Leon Guerrero – Lt. Governor’s Office
Albert Perez – BOSP
James Martinez – GCA
Maria Clorette Ruane – UOG
Paul Shintaku – Office of the Governor
David Okada – UOG/CMTF
Tom Ada – Public At Large
Claret Ruane – UOG SBPA
Mike Cruz - GEDCA
Carol Perez - GEDCA
Larry Toves – GEDCA

Summary of Items Discussed:

- Introduction of Guests and Members present.
- First announcement was that staff from the Governor and Lt. Governor’s office will follow up on the status of Governor’s letter to General Bice/JGPO regarding the need to expand the socio-economic impact analysis under the Navy’s EIS contract. Additional tasks should be added to scope of work due to size of troop movement and its potential impacts. Concern is that the current scope of work will not address all the important issues due to the short time available for the consultant to complete the report by March 2008.
- Members were briefed that based upon previous meetings, staff have developed funding justifications for economic projects to be submitted as part of Governor’s request for federal funding under the President’s FY 2010 budget. Projects included economic plan and econometric model; develop and implement small business and micro-loan programs; conduct business capability study; obtain financial advisory services; and develop infrastructure feasibility study. Intent is to get Governor’s approval and then work with federal agencies and counterparts in providing funding under their respective programs.
- Concerns were raised about people leaving Guam seeking better business opportunities and that the Government of Guam will have to do more to provide assistance for local small businesses in order to be more competitive with other off-island companies vying for military contracts.
- There were discussions about small business set-asides and determining if Guam has the pool of small businesses capable of handling projects and contract requirements.
- Members discussed the need for programs to fund up front operating costs incurred by local businesses, such as payment and performance bonding requirements, etc. GCA announced that Marsh International is the newest bonding surety company on island and is U.S. Treasury listed. GEDCA staff was advised to meet with Marsh.
- Navy announced at the recent Guam Industry Forum that there will be set asides for A&E and construction management contracts resulting from military buildup. Since Navy has not determined how much money will be set aside, the EDS and its staff, in conjunction with

SBA will continue working with Navy. In addition, set asides for other industries need to be established.

- Staff advised that SBA expressed its concerns that there is not enough data or information on small businesses on Guam. A Sources Sought notice was issued to determine local small businesses interest in performing work associated with Navy's program support efforts. However, only one Guam company responded indicating to Navy that there may not be enough interest from small businesses. Guam's Congressional Delegate is supporting legislation such as HR 3867, which would allow only companies located within a 150-mile radius to compete for federal contracts in any particular HUBZone. For Guam, this is an effort to establish local preference for military buildup contracts.
- The subcommittee discussed a Base Realignment and Closure regulation that already provides for local preference for businesses located in communities affected by BRAC. Members suggested that the Guam Congressional Delegate be provided with information on this regulation to determine if it can be used in establishing local preference here.
- The membership was briefed on recent workshop at UOG to try to get small businesses to compete for military projects. Problem noted during presentation is that there is not enough information available on companies doing business on island. The Department of Revenue and Taxation does not break down their recording of business licenses by type of business, or even by NAICS codes which makes it difficult to determine if local business capabilities exist to perform work required by the military. Member stated that small businesses on Guam are over-whelmed with the process in preparing for the military build-up. There is a need to do more outreach to provide local small businesses training and counseling on how to better prepare for military contracts.
- Small business studies provide necessary information but do not cultivate new business start-ups. Need to establish "Small Business Clinic" on how to write business plan; provide training to assist in developing business plans; how to register with CCR since registering online can be overwhelming for clients. Using students at UOG to provide assistance at clinics may be an immediate solution. It was mentioned that the EDS staff are focusing on efforts to try and get existing businesses to register and little has been done to encourage establishment of new businesses.
- EDS staff provided a briefing on the Procurement Technical Assistance Center (PTAC) grant program to help provide the kind of counseling and training mentioned earlier by members that are needed to help small business. There are ongoing discussions and meetings with the SBA, SBDC, PCEI at UOG and GEDCA in an effort to prepare the application and establish a PTAC on Guam. Lt. Governor's staff recommended that the subcommittee may want to consider providing an advance copy of the PTAC application at the upcoming IGIA meeting in Washington DC to gain approval from federal cabinet members in attendance. There was mention that the states of North Dakota and Hawaii are the only two states that do not have a PTAC established and that Hawaii wants to include Guam in their application for federal funding under the program. EDS members objected to teaming up with Hawaii on PTAC as past consolidation efforts with grants were not beneficial to the island.
- A concern was raised about encouraging other economic development activities such as development of Ancestral Lands and that the EDS should be more aggressive in moving legislation to provide for more surveying of lands and resolve some of the boundary issues that landowners are encountering. Bill 19~~2~~¹ which deals with zoning of certain properties in

northwestern Guam should be priority so that the government of Guam can identify suitable property that can be developed for the military's needs during the pending buildup.

- The government of Guam needs to start managing and/or monitoring the size of construction on lands with support infrastructure. A member of the subcommittee announced that at a recent Lt. Governor's conference dealing with the realignment of forces in the region, a senior ranking Navy official stated that Guam's current infrastructure is not capable to handle the military buildup and Marine relocation to Guam.
- Staff briefed members that the Governor has been invited to provide testimony to the Senate Energy and Natural Resources Committee in May. GEDCA staff is helping in the writing of the testimony and is soliciting input from the membership. Members were also briefed that the Pacific Representative for the US Department of Commerce Economic Development Administration will be visiting Guam in early April and that there may be an opportunity to discuss some of the projects identified in the FY 2010 budget request.
- It was mentioned that the Presidential election could change the course of DOD's plans for the \$5 billion to be spent for Air Force/Army/Navy additional buildup and the \$10 billion for the Marine relocation from Okinawa.
- Last item discussed was that the CMTF has created a new subcommittee (Policy and Appropriations) and EDS should provide input on local and federal legislation needed to support military buildup and mitigate its impacts such as zoning, health screening issues, etc. Members should keep in mind that long term increases in services from the government of Guam should be kept at a minimum such as through outsourcing during the buildup period to prevent long term burdens on agency budgets after initial buildup requirements are met.
- Announcement of next meeting for Thursday, April 17, 2008.