

Mike Cruz

Agenda

CMTF Economic Development Subcommittee Meeting

2pm, Thursday, January 31, 2008

- I. Introductions
- II. Issues/Discussions
 - Minutes of Last Meeting
 - Small Business Initiatives
 - FY 2010 Federal Budget Requests
- III. Other Discussion Items
- IV. Next Meeting
 - Proposed Regular Monthly Scheduled Meetings – Every 3rd Thursday of the month @ 2pm.
- V. Adjournment

Economic Development Subcommittee
Highlights of December 27, 2008 Meeting

Attendees:

- Anthony Blaz, Chairman
- Rufo Lujan
- James Martinez
- Carl Peterson
- Joe Diego
- Ken Lujan
- Tony Lamorena
- Dr. Roseann Jones
- Gary Hiles
- Elaine Dell'Isola
- Felix Dungca
- Albert Perez
- Carol Perez
- Mike Cruz
- Larry Toves

Highlights:

- Village meeting expressed need for more family oriented attractions. Need to look at demographic characteristics of those moving to Guam. Members expressed need to provide assistance and incentives to upgrade facilities to accommodate new family-oriented experiences such as indoor golf. Others felt that since many military are single and unaccompanied, water sports and marine activities are main attractions. There was consensus on need to encourage, expand and showcase multi-cultural experiences and to distribute activities island-wide, allowing all villages to benefit. Establish "brain-storming" group to determine types of activities but allow private sector to satisfy market demands. Need to ensure that natural resources are not adversely affected.
- Land use permitting process needs to be simplified to entice more businesses to participate. SBDC has already established a website that provides guidance and information for prospective businesses (pacific.sbdc.com).
- Concern was expressed regarding Guam's image resulting from a significant military presence given that tourism is a primary industry. GVB reports that tourists have no problems commingling with local residents and the military.
- Navy Office of Small Business Programs has proposed the allocation of \$600K for small business training. Members expressed the need for this training to be coordinated with GovGuam, SBDC and SBA. SBDC and SBA are already working to produce a directory of small businesses that could participate in military contracts. Small businesses must register with the military's Central Contractor Registration data base. Navy must identify the types of contracts that will be let to enable local businesses to begin planning for participation in contractual opportunities. If contracts are bundled or consolidated, the scopes of work and other requirements will be too large for local and small businesses to

handle. Need some form of set-aside in military project funding for local and small businesses.

- Members received copies of proposed federal legislation that is intended to provide mechanisms for more small business opportunities by addressing bonding, prime and subcontractor issues, training, expansion of procurement center representatives, the process for challenging contracts, and other factors. Members expressed need to evaluate the Navy's Base Operating Support contracts to determine level, extent and duration of small business participation.
- Members expressed need for military to prepare detailed economic impact assessment which would be beneficial to both the military and the local community. While the assessment is needed to identify impacts on the community, it could be used to justify additional financial assistance from DoD. The 1993 Environmental Impact Statement for relocating troops from the Philippines should be used as a guide for the type of economic assessment that should be performed.
- A draft summary of projected funding needs was reviewed by the members. All members were asked to identify funding requirements for inclusion in the Governor's FY2010 funding request that will be submitted at the Feb 26th Inter-Governmental Task Force on Insular Affairs (IGIA) and Feb. 29th Federal Regional Council (FRC) meetings.
- Members requested that the KPMG report be provided to them. The Governor's Office website was mentioned as a source to obtain the report.
- Members were advised that representatives from the Government Accountability Office (GAO) would be visiting Guam in late January and meetings with the CMTF, Chamber of Commerce and community groups are being scheduled.
- Members were informed of the need for GAO and other federal government representatives to be advised that Guam is ~~the only~~ non-self-governing territory that has not exercised its right of self-determination. The federal government should recognize the timeliness of allowing Guam to exercise this right now rather than at some future point after military expansion has already occurred.
- The Government of Japan has expressed concern over the high cost of constructing homes on Guam (\$600K per home). The Chamber of Commerce will be meeting the Guam Land Use Commission in an effort to look into this matter but members also felt that the cost includes infrastructure and not just home construction.
- Members wanted to understand how Guam fared with stateside communities also experiencing military growth with respect to federal funding being provided to assist these communities accommodate such growth. Members felt that Guam's geographic location and uniqueness requires the military to provide funding for military growth on Guam. Members also questioned why Guam needs to ask for funding when the military should already include such funding in its planning and budgetary initiatives.
- Members expressed concern over erroneous statements being made by local government officials that large businesses are not paying their fair share of taxes, including GRT. It appears that the issue is not that businesses are not paying taxes but that the local tax department is unable to enforce tax laws in part due to

the absence of information concerning the companies that have been awarded military contracts and the amounts of these contracts. Unlike the past when there were few military contracting authorities issuing contracts, contracts are now let by numerous military contracting centers. Recently however, the federal government created a single source for publicizing all federal contracts. The Department of Revenue and Taxation has this information which should help in enforcing local tax laws.