



Governor
Felix P. Camacho

Guam Economic Development and Commerce Authority

Aturidã Inadilãnton Ikunumihan yan Kumetsion Guahan



Lt. Governor
Michael W. Cruz M.D.

MEMORANDUM

Date: January 18, 2008

To: Governor
Lt. Governor

From: Acting Administrator

Subject: Weekly Status Report – CMTF Economic Development Subcommittee

One of the main objectives of the Economic Development Subcommittee (EDS) of the CMTF is to insure that local and small businesses on Guam are able to participate in opportunities available during the federal contracting of projects planned for the military expansion. During this past week, GEDCA who provides staff support to the EDS accomplished the following tasks.

- On January 15, 2008, GEDCA staff met with Members of the Chamber of Commerce Small Business Focus & Development Committee at which time we presented initiatives that were identified during meetings with various small businesses and small business advocates regarding the Proposed Military Expansion (PME). Attached is a draft of the initiatives developed by staff.
- Also during the week, GEDCA staff met with Rodney Webb and Casey Jeszenka from the Small Business Development Center (SBDC) and Dr. Anita Borja Enriquez with the Pacific Center for Economic Initiatives at UOG to discuss funding requests necessitated by the PME to be submitted as part of the 2010 federal budget. One project in pursuit of federal funding is the construction of the SBDC Incubator Building which has already completed it's A/E under an EDA grant.
- Recently, GEDCA prepared and transmitted the Governor's letter to Major General David Bice from the Joint Guam Program Office (JGPO) requesting that the Navy's Execution Plan allow participation by local businesses in the contracting for goods and services that will be required for the proposed military expansion. In support of this effort, GEDCA staff met with US Small Business Administration representatives who have indicated that SBA intends to have Navy allocate as much federal dollars to small businesses. A copy of the letter is attached.
- GEDCA has requested assistance from Dr. Roseann Jones from the University of Guam in helping us to identify the economic factors that should be considered in the development of an economic impact study on the PME and the cost of such as study.

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


ANTHONY C. BLAZ

Attachments

Guam USA - Your Business Smart Destination

Small Business Initiatives

Small Business Initiatives were identified during meetings with various small businesses and small business advocates. Proposed Military Expansion (PME) will be good for Guam businesses under the following conditions (others to be added):

- Local preference criteria should be established for all Proposed Military Expansion (PME) contracts
- Set asides must be established under the SBA 8a and HUBZone programs for local/small businesses at the proper amount that does not overburden small businesses or the military
- Scopes of work must be tailored to local/small businesses
- Ensure that bonafide small businesses are the only businesses that can take advantage of 8a and HUBZone programs (eg, Blackwater)
- Police subcontracting plans to ensure that prime contractor commitments to local/small businesses are maintained throughout the life of the contract
- Coordinate all small business training programs but ensure effectiveness of training programs by setting-aside contract funding for small businesses
- Assist small businesses in paying for bonding and insurance without exposing the Government to risks associated with non-performance of contracts
- Establish a small business loan program that provides higher risk thresholds for local/small businesses
- If local preference cannot be provided, level the playing field for local/small businesses by eliminating special preferences given to Native Alaskan and Hawaiian companies.
- The determination that the military has met small business goals must be based upon small business contracts awarded in Guam and not the rest of the nation.
- Bonding companies must be evaluated to determine that they are not imposing unnecessary and overly burdensome requirements on small businesses.
- Local /small businesses that are wholly owned by local holding companies (for tax purposes), should be allowed to obtain 8a status
- The impact on local/small businesses of the Base Operating Support contract must be thoroughly evaluated to ascertain best practices for small businesses.
- Local/small businesses must be encouraged and assisted in registering under DoD's Central Contractor Registration program and SBA's 8a and HUBZone programs
- Hire an expert in federal procurement who will train local/small businesses and government leaders in federal procurement requirements
- Allocate as much money available from the Government of Japan for the PME to local/small businesses.
- Investigate methods of reducing transportation costs to allow local wholesalers to compete against off-island suppliers of goods.
- Require use of local franchises and discourage/disallow practice of purchasing goods from off-island franchises when local franchises exist.
- Investigate methods of allowing local companies that provide fire protection systems to participate in PME contracts.



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06 JAN 2008

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USMC (Ret)
Executive Director
Joint Guam Program Office
Department of the Navy
Office of the Assistant Secretary
(Installation & Environment)
1000 Navy Pentagon
Washington, DC 20350-1000

RE: NavFac Execution Plan, Guam Industry Forum

Hafa Adai Major General Bice:

Thank you for hosting the Guam Industry Forum at which the draft NavFac Execution Plan was presented. This plan describes NavFac's preliminary thinking on the acquisition methods to achieve Navy objectives associated with the relocation of the Marines to Guam. As I understand it, the NavFac Plan is based upon the need to complete construction of facilities during the four year period between the time the Record of Decision is signed and the date agreed to between the U. S. and Japan Governments for relocation of Marines. To have operational facilities in place before 2014, the plan calls for entering into contracts in five functional areas including:

- Program Support which will be let early in the process to obtain private sector assistance to assist the Navy in determining means, methods, criteria and specifications;
- Workforce Logistics Support which would involve consolidation of alien worker employment, living quarters, feeding and other services;
- Competitive Component Sourcing which involves pre-selection of building fixtures and components suppliers of air conditioning systems, toilets, lighting, etc. apart from actual facility construction;
- Utilities and Site Improvement which involves site preparation and other pre-facility construction activities; and
- Facility Contract Packages which are the actual building construction contracts.

I applaud Navy's expressed position that small business will be involved in military growth opportunities. However, based upon the initial NavFac Execution Plan, the nature and extent of

involvement by small business is unclear. As indicated by many prominent speakers at the Industry Forum, military growth will be good for the US Government and for Guam if it benefits Guam residents and Guam businesses. As a result, it is our preference that solicitations provide for local business preference. If local preference is unprecedented, small business set asides must be established for Guam for the amounts available for contracting and subcontracting in Guam under the programs managed by the U. S. Small Business Administration (e.g., Veteran, Women, Minority, HUBZone, etc).

There is much faith in the local business community that local businesses will be allowed to participate as subcontractors. At the Industry Forum, it was mentioned that subcontracting plans are needed for work conducted outside of the United States, if the funds for work (above certain monetary thresholds) are appropriated by the Congress. As you know, in the late 90's in Guam, Navy utilized the Base Operating Support (BOS) contract where different services were bundled under one large contract. No local company had the capability to bid on this contract given service bundling. Instead, local businesses looked to subcontracts as a method of participation. Once the BOS contract was underway, BOS contractors, while originally subcontracting to local businesses, may have terminated these subcontracts and may have taken onto themselves, the tasks originally performed by local subcontractors.

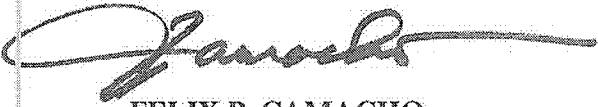
To determine applicability to the Marine relocation program, I request your office to evaluate the extent to which the Navy's BOS contractors have utilized small and local businesses throughout the term of the contract (including contract modifications) and provide this information to the Guam Economic Development and Commerce Authority and the Bureau of Statistics and Plans at the earliest possible time. This evaluation should provide all pertinent information to help us verify Navy findings including but not limited to identification of the small/local businesses utilized at the inception of the BOS contract and information that helps demonstrate whether small businesses continue to perform work under the BOS contract; the dollar amounts awarded to small/local businesses and their relation to the total BOS contract award; and the nature of the services provided. It would also be helpful if your office could explain how such subcontracting plans are monitored, based upon past experience and whether and to what extent subcontracting goals were achieved and maintained throughout the contract term. Should you be unable to provide this information, alternatives for obtaining this information would be appreciated, along with your support to allow access to information available from the Navy in this regard.

I request that your office keep us constantly informed regarding its ideas on how to provide local and small businesses with contracting and subcontracting opportunities. I offer the Economic Development Subcommittee of Civilian Military Task Force which includes representatives from the Guam business community, the government of Guam and the federal government as a forum to test ideas. Mr. Anthony C. Blaz, Administrator, Guam Economic Development and Commerce Authority and Mr. Tony Lamorena, Director, Bureau of Statistics and Plans are my points of contact on this matter.

General David Bice
Joint Guam Program Office
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Thank you for the opportunity to provide comments and we look forward to receiving your response on the matters raised in this letter.

Sins eru yan Magåhet,



FELIX P. CAMACHO
I Maga'låhen Guåhan
Governor of Guam

Cc: Lieutenant Governor Mike Cruz
Congresswoman Madeleine Z. Bordallo
Administrator, GEDCA
Director, BOSP
Ken Lujan, US SBA
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