

BUREAU OF STATISTICS AND PLANS

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Eddie Baza Calvo
Governor of Guam

Ray Tenorio
Lieutenant Governor

Lorilee T. Crisostomo
Director

JAN 14 2015

33-15-0063

Office of the Speaker
Judith T. Won Pat, Ed.D

The Honorable Judith T. Won Pat, Ed.D
Speaker
I Mina'trentai Tres Na Liheslaturan Guåhan
155 Hesler Street
Hagåtña, Guam 96910

Date: 1/14/15
Time: 3:26 pm

Subject: REPORTING REQUIREMENT PURSUANT TO PUBLIC LAW 29-113

Dear Speaker Won Pat:

Hafa Adai. The Bureau of Statistics and Plans (BSP) submits the enclosed semi-annual Summary Report of Federal/Military Contribution and Economic Impact regarding the impact of federal expenditures on Guam. We also enclose the Fiscal Year 2015 Economic Outlook as contained in the Governor's FY2015 Executive Budget which was compiled with the assistance from Department of Labor, along with a power point presentation dated November 18, 2014 from the Guam Military Buildup Office regarding the military realignment update for your information.

Please contact me at 472-4201/3 or BSP's Chief Economist, Albert Perez, should you require information on the Summary Report.

Sincerely,

LORILEE T. CRISOSTOMO
Director

Enclosures (3)

2015 JAN 14 PM 3:44

0063

SUMMARY REPORT OF FEDERAL/MILITARY CONTRIBUTION AND ECONOMIC OUTLOOK

Public Law 29-113, Chapter 13 of Title 2, Guam Code Annotated Section 13109(a)(2)
 Bureau of Statistics and Plans, Office of the Governor

FEDERAL/MILITARY CONTRIBUTION	2010	2011	2012	2013	2014	2015
Contracts ¹	\$647,000,000	\$730,700,000	\$623,200,000	\$500,500,000	\$743,500,000	\$25,200,000
Grants ¹	\$355,200,000	\$122,300,000	\$155,500,000	\$165,000,000	\$194,600,000	\$52,800,000
Loans and Guarantees ¹	\$1,900,000	-\$312,900	\$117,600	\$525,300	\$3,500,000	\$2,800
Direct Payments ¹	\$260,500,000	\$225,300,000	\$213,600,000	\$223,500,000	\$243,800,000	\$18,500,000
Insurance ¹	\$10,700,000	\$51,400,000	\$39,300,000	\$9,000,000	\$538,600	\$815,000
Others ¹	\$0	\$14,700	\$15,300	\$5,600	\$152,000	\$0
ECONOMIC IMPACT						
Construction Permits ²	\$278,749,000	\$216,794,000	\$363,930,000	\$308,552,000	\$378,564,000	\$354,633,600
Employment ³	62,180	60,590	61,260	61,740	62,480	NA
Unemployment Rate ³	NA	13.3%	10.9%	10.0%	7.40%	NA
General Fund Revenues ⁴	\$490,967,364	\$552,355,660	\$596,161,000	\$610,635,410	\$591,087,815	\$648,044,542
Tourism Arrivals ⁵	1,170,857	1,147,134	1,270,161	1,337,665	1,341,171	1,427,675
Average Change in Price Level ⁶	3.0%	3.3%	3.2%	0.0%	0.8%	NA
Population Projection ⁷	159,358	159,600	159,914	160,378	161,001	161,785
Guam Real Gross Domestic Product ⁸	\$4,059,000,000	\$4,047,000,000	\$4,118,000,000	\$4,144,000,000	NA	NA

Footnotes:

- 1) Source: <http://www.usaspending.gov> January 8, 2015
- 2) Source: Department of Public Works Fiscal Year Totals (FY 2013/14 are moving average estimates)
- 3) Source: Guam Department of Labor Employment Reports (2009-14 September); Unemployment Reports (March 2011 & 2014, September 2012 - 2013)
- 4) Source: Department of Administration, FY2009-2013 (Office of the Public Auditor - audited), FY2014 & FY2015 (adopted)
- 5) Source: Guam Visitors Bureau Fiscal Year Totals, FY2015 is estimated
- 6) Source: Bureau of Statistics and Plans Consumer Price Index 4th Quarter Reports
- 7) Source: Guam 2010 Census of Population and Housing (2009, 2011-current are projections)
- 8) Source: US Bureau of Economic Analysis, US Department of Commerce

Economic Outlook

Economic Outlook for Guam Fiscal Year 2015

Summary

The state of the economy of Guam in FY 2015 is anticipated to be influenced positively by a continuation of the global economic expansion; America's rebalancing of its strategic focus and posture toward the Pacific; and increased investment and expansion related to resident and tourist facilities, public utilities and infrastructure. The cumulative effect of positive trends in the major drivers of Guam's economy, tourism, defense and construction point the economy in the direction of moderate expansion in FY 2015. Policy initiatives at the federal or local government level on the economy, health care, wages and an array of other issues could have additional effects on both revenues and expenditures.

International Economic Environment

The World Bank, in its January 14, 2014 report entitled "Global Economic Prospects" notes that "the world economy is showing signs of bouncing back this year, pulled along by a recovery in high-income economies". It notes that growth prospects are "sensitive to the tapering of monetary stimulus in the United States, which began earlier this month, and to the structural shifts taking place in China's economy." It projects Gross Domestic Product growth for the world economy to grow at a 2.7 percent rate in 2014 and accelerating to 3.9 percent in 2015. Growth in the United States is projected at a 2.9 percent rate in 2014 and a 3.4 percent rate in 2015. Japan GDP is expected to decrease to a 1.5 percent growth rate in 2014 and a one percent growth rate in 2015.

The projected growth rate for China in 2014 is 8.2 percent and in 2015, 7.5 percent. The 2014 growth rate for South Korea according to its Ministry of Strategy and Finance is 3.9 percent and for 2015, 3.5 percent. This was projected by Trading Economics Forecasts, which also projected Taiwan's growth rate at under 2 percent in 2014 and 1.69 percent for 2015.

Tourism

Expenditures of tourists visiting Guam along with spending for investment in support those activities accounts for a major source of flows of funds to the island along with federal expenditures for defense and non-defense activities and capital investments. Therefore, as one of the most significant markets for the economy, changes in both the number of tourists arriving as well as their expenditures will have a significant impact on the economy.

The number of tourist arrivals to Guam reached a historically high level in recent years of 1,337,665 for FY 2013. The aggregate numbers projected by the Guam Visitors Bureau are expected to grow about one percent in FY 2014 and six percent in FY 2015. The number of Japan visitors is not projected to increase in this timeframe, but projected growth from all other major markets including Korea, Taiwan, Hong Kong, Philippines, China and Russia may contribute to meeting this projection.

International travel to the United States based on the U.S. Department of Commerce National Travel and Tourism Office's 2013 *Fall Travel Forecast* is expected to experience strong growth through 2018. According to the current forecast, the United States would see 3.4 percent to 4.3

Economic Outlook

percent annual growth rates in the 2013-2018 timeframe. The devaluation of the dollar against major currencies except the Yen promotes visiting U.S. destinations as they are relatively less expensive. Asia is projected to generate a visitor increase of 9 percent in 2014. The Asia-Pacific region is projected to have similarly large increases over the next few years for a 59 percent total increase from 2012 to 2018. Japan, the largest Asian market and the second-largest overseas market, is forecast to increase by 2 percent in 2014 and at a similar level through 2018. High growth rates and large growth volumes are expected for China (24%), India (8%) and South Korea (6%). Similarly, these three countries are expected to have among the largest total visitor volume growth of any country from 2012 to 2018.

The strong projected travel from Asian destinations to the United States provides the basis to support the Guam Visitors' Bureau projections for market expansion should Guam continue to capture a constant share of the Asian outbound travel growth.

The major factor currently adversely affecting Guam's tourist revenue is the effect of the weakening Yen on both the number of Japan arrivals and the expenditures of those who do visit. The U.S. Dollar as of October 7, 2012 would buy 78.28 Yen; by May 26, 2013 it was up to 102.03. From the Japanese perspective, the price of the U.S. dollar increased by 33% during that period. If compared to earlier time periods in recent years when the yen was stronger, the depreciation of the Yen is less dramatic. On April 6, 2009 the U.S. Dollar would buy 100.32 Yen. The trend in the exchange rates from 2009 to 2012 was one of an appreciating yen. That trend reversed in 2012 when the Yen began depreciating. The rise to 78.28 was closely associated with U.S. expansionary monetary policy since late 2008, just as the drop to 102.03 is associated with Japan's expansionary monetary policy since late 2012. The U.S. Dollar/Japanese Yen exchange rate has continued to fluctuate as expected but the dramatic rise appears to have stopped for now and has been relatively stable, increasing very little from 102.3 in May 26, 2013 to 105.02 as of January 5, 2014. Since the rate has stabilized over the last eight months, the effect on Japanese travel habits and expenditures at current exchange rates has already to a large extent been incorporated into Guam's recent economic and revenue statistics.

The weaker Yen affects Japan outbound costs not only to Guam but to other international travel destinations as well. Guam's proximity and travel market rates could be an advantage relative to other outbound destinations. The upside of the devalued Yen is that it promotes exports from Japan creating greater economic activity which will to an extent mitigate the higher cost of travel with higher personal and corporate income levels which promote travel. While the effect of the exchange rate appears to have had a dampening effect on Japanese arrivals and expenditures, the economy as a whole, nevertheless, expanded in the first quarter of FY 2014 compared to FY 2013 as measured by Business Privilege Taxes which increased by six percent and total revenues by 9.3 percent. The Japan Consumption Tax is scheduled to increase from 5 to eight percent in April 2014 which could become a further drag on the economy as well as reduce the amount of discretionary income for international travel.

The FY 2013 weighted average hotel occupancy rate provided by the Guam Hotel and Restaurant Association was 77 percent, nearing the annual high rate of 85 percent occupancy. High occupancy rates are associated with higher average room rates. Further increases in the number of tourists are likely to generate additional hotel revenues from both higher occupancy levels as well as higher rates as the demand exceeds the supply in some time periods. The higher occupancies are likely to constrain increasing arrivals in the short term but the increased profitability should encourage capacity expansion. Two properties plan to offer additional rooms in 2014. The Lotte Hotel Guam was previously operated as the Aurora Resort which was closed in August 2013 for a \$20 million

Economic Outlook

dollar renovation and rebranding; the hotel currently has 242 rooms. The Dusit Thani Hotel is currently under construction and is adding a new tower and other facilities adjacent to the Outrigger Guam Resort. The hotel property will include a convention center, 417 rooms on 30 floors, private bungalows and world class restaurants. The hotel is expected to create between 150-200 new jobs.

Additional shopping space is under construction. The Grandview Shopping Mall formerly known as the Tumon Bay Shopping Center, an unfinished 179,000 square feet building, is under construction with plans to open in late 2014.

Federal Government Expenditures

Federal expenditures comprise one of the major flows of funds to Guam along with tourism. Federal expenditures are comprised of defense and non-defense categories. The defense category is likely to increase due to the emphasis on expanding U.S. Armed Services capacities on Guam with substantial military construction projects and in preparation for relocation of Marines from Okinawa to Guam. The increase in military construction projects appropriations is shown in Chart 2. The relocation of Futenma which has been an obstacle to relocation of Marine Corps personnel was approved by Okinawa governor Hirokazu Nakaima on December 27, 2013, with a promise from Prime Minister Abe to allocate funds (US\$2.9 billion) for the promotion of Okinawa's economy each year until 2021. The National Defense Authorization Act for Fiscal Year 2014 makes significant progress on strategic military projects according to a press release from Congresswoman Bordallo: "In addition to the military construction projects contained in the FY 2014 appropriations, it also allows nearly \$114 million in Government of Japan contributions to be used for site improvements at North Ramp on Andersen Air Force Base in support of realignment efforts."

According to former United States Secretary of Defense Leon Panetta in December 2012, the rebalancing includes continuing to develop Guam as a strategic hub, but the vast majority of the rebalance comes in non-military areas like trade and efforts to deepen diplomatic ties and partnerships with and between nations in the region. It is important to note that the vast majority of the rebalance comes in non-military areas like trade and efforts to deepen diplomatic ties and partnerships with and between nations in the region. The non-defense budget category is likely to decline somewhat due to the limitations imposed by The Bipartisan Budget Act of 2013 which was signed into law December 26, 2013. This measure raises the sequestration caps for fiscal years 2014 and 2015, increasing federal spending for these two years but less in subsequent years. The Bipartisan Budget Act indicates that overall federal budget levels will be somewhat less than pre-sequester levels but less severe than when the sequester requirements were in place. The budget for FY 2015 is due the first Monday in February but is expected later. The FY 2014 Federal budget was submitted in April 2013. The FY 2015 Budget will provide a clearer idea on what projects and expenditures are planned for the nation as well as Guam.

The passage of the Bipartisan Budget act reduces budget uncertainty and eliminates the possibility of another Federal Government shutdown this year but uncertainty regarding the debt ceiling extension which Treasury Secretary Jack Lew indicated is necessary to avoid a U.S. default. After February 7, 2014 unless Congress extends the debt limit extension, the Treasury Department will have to deploy special accounting maneuvers to pay the country's bills on time.

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Construction

A short term leading indicator of future levels of construction activity is the value of building permits and construction contracts awarded. Following the issuance of building permits and construction contracts, construction activity follows. In periods with high dollar amounts of permits and contracts, high levels of construction will follow. Building permit information from the Department of Public Works (DPW) shows a recent trend of increasing permit dollar value totals.

In CY 2010 the value of building permits issued was \$184.8 million; this increased to \$211.1 million in CY 2011 and further to \$364.5 million in CY 2012, and to \$449.1 million in CY 2013, the highest level for CY permits in 19 years. Construction projects on U.S. military bases do not obtain building permits from DPW. For DOD projects, the dollar amount of construction contracts awarded is a leading indicator of construction work to follow. The trend in DOD construction contracts has been generally increasing over the last decade although with substantial deviations from the trend on a year to year basis. In CY 2010, DOD issued a record total of \$370.4 million in construction contracts for projects of \$5 million and above, a record surpassed with \$424.3 million in CY 2011. In CY 2012 the number declined to \$152.1 million, in CY 2013 it declined to \$88.0 million. The combined total of DPW permits and DOD construction contracts has been far more stable with the total exceeding half a billion dollars in five of the last six fiscal years.

Chart 1
BUILDING PERMITS & CONSTRUCTION CONTRACTS (in thousands)

Calendar Year:	2008	2009	2010	2011	2012	2013
Building Permits	241,388	299,057	184,837	211,097	364,504	449,147
U. S. Military Construction Contracts	295,889	148,823	370,413	334,597	152,095	88,001
Japan Funded Military Contracts				<u>89,720¹</u>		
TOTAL:	537,277	447,880	555,250	635,414	516,599	537,148

Note: ¹ Budgeted amount. The full amount of MACC indefinite contracts is not recorded in the above figures, only task orders for specific projects.

Building permits and Construction contract data provide the most immediate leading indicator of construction in the following year or two. For a somewhat longer period, leading information on upcoming projects which have not yet been permitted or contracted but are likely to proceed is provided in appropriations and other funding information. Obtaining the funding for construction projects is an activity that occurs somewhat prior to a building permit being issued or a construction contract being awarded.

Prior to FY 2010, there was a close relationship with the level of military construction appropriations and the level of contract awards that followed generally within a year. Since FY 2010, some appropriations related to the Marine Corps relocation have not been contracted for construction as they were restricted by law until additional plans and studies were submitted to the U.S. Congress. The appropriations for military construction from the U.S. Government and the Government of Japan increased steadily each year from FY 2008 through FY 2010 reaching a peak of just over \$1.2 billion. The totals have dropped off dramatically in FY 2011, FY 2012 and FY 2013; and have rebounded in FY 2014. While defense construction contracts increased in FY 2010 and FY 2011, the contracted amounts were well below the appropriated amounts leaving approximately \$1.3 billion of the \$2.3

Economic Outlook

billion in appropriations from the U.S. and Japan between FY 2010 and FY 2013; much of which is still available subject to certain restrictions on the use of funds.

The National Defense Authorization Act for Fiscal Year 2014 specifically allows funds for construction that directly supports the realignment of Marines from Okinawa to Guam. It authorizes the expenditure of Government of Japan contributions for the realignment. It provides an extension of authorizations of certain FY 2011 projects for Defense Access Roads Improvements in the amount of \$66.7 million and increases the FY 2013 appropriation for construction of a hangar from \$58 to \$128 million.

The largest projects currently under construction on Guam excluding those on military bases include the new Navy Hospital in Agana Heights, the Guam Regional Medical City Hospital in Dededo, the \$60 million Dusit Thani Hotel project in Tumon, a \$50 million defense funded port modernization project and the Guam Housing and Urban Renewal Authority's \$28.1 million, 70 unit affordable housing project in Tamuning. The completion of these projects will create hundreds of new jobs in the hotel, medical services and retail trade industries in 2014 if openings proceed as scheduled.

The available funding for construction indicates that an increase in levels of construction activity on Guam is likely to occur beginning in late 2014 and 2015. Appropriations are a very strong indicator of future activity but actual construction may differ from the appropriated amounts as well as time schedules. An analysis of the FY 2010 defense appropriations for construction found the lag from the time of appropriations to contracting ranges from about five to eleven months with construction averaging about two years for most projects and three years for major projects. It also found that not all of the appropriations were contracted and some contracts were awarded below the appropriation amounts. The new funding made available for construction, with the combination of bond issuance, U.S. appropriations and released Japan appropriations is close to one billion dollars. The new projects will increase total the amount of construction on Guam but much of the new activity will be to replace the current major projects scheduled for completion in 2014 including the Navy Hospital, the Guam Regional Medical City and the Dusit Thani Hotel. The impact on the level of economic activity and revenues for FY 2015 will be highly dependent on the timing of the commencement of these projects, and projects started in 2015 will have a partial year economic impact. There is also the possibility that U.S. monetary policy action as well as increased bank regulation could increase interest rates and reduce mortgage availability constraining private development in the years ahead.

Fiscal Year (FY):	2008	2009	2010	2011	2012	2013	2014
U.S. DOD Military Construction	345,000	180,000	737,654	176,030	83,600	101,904	494,607
DOD Civilian Guam Infrastructure							119,400
Japan - Fiscal Year (JFY)		<u>336,000</u>	<u>500,000</u>	<u>582,000</u>	<u>93,000</u>		
Combined:	345,000	516,000	1,237,654	758,030	176,600	101,904	614,007

Economic Outlook

Public Financing and Infrastructure

A leading indicator of Federal construction is contained in the appropriations. For the Government of Guam projects over a quarter of a billion dollars have been realized from the sale of revenue bonds in 2013 and additional projects are planned for future bond and loan financing. The extraordinary infusion of bond financed tax refund payments in 2012 which stimulated consumer expenditures and receipt of additional federal reimbursements for tax credits will be to an extent replaced by increased bond funded expenditures for infrastructure in FY 2015.

In 2013 Guam's credit ratings for its agencies were maintained or achieved improvements as follows:

- S & P Guam Hotel Occupancy Tax Revenue Bonds, Series 2011A was affirmed at BBB+
- S & P Guam Waterworks Authority series 2005 & series 2010 A- New Rating
- S & P Guam Limited Obligation (Section 30) bonds series 2009A BBB+/Stable Affirmed
- Moody's A.B. Won Pat International Airport Authority Series 2003 Baa2 Reaffirmed with stable outlook.
- S & P Guam Business Privilege Tax (BPT) bonds Series 2012B A, Stable

Chart 3	
LIST OF PLANNED MAJOR CONSTRUCTION PROJECTS AND FUNDING SOURCES	
Planned Projects – Funds Available	Amount
Guam Waterworks Authority (GWA)	139,280,961
FY 2014 (DOD) Military Construction Projects	494,607,000
DOD Civilian Guam Infrastructure	119,400,000
Guam Int'l Airport Authority (GIAA) – Airport A	13,000,000
Guam Int'l Airport Authority (GIAA) – Airport B	96,710,000
Subtotal	862,997,961
Planned Projects –Bond/Loan Financing Proposed	
Guam Legislature Building	4,000,000
Port Authority of Guam (PAG)	10,000,000
Department of Land Management	15,750,000
University of Guam (UOG)	21,700,000
Guam Community College (GCC)	6,000,000
Guam Power Authority (GPA)	60,000,000
Guam Waterworks Authority (GWA)	258,000,000
Guam Public Infrastructure Projects (DOD requested)	400,000,000
Subtotal	775,450,000
TOTAL:	\$1,638,447,961

Economic Outlook

ECONOMIC INDICATORS

Guam's Gross Domestic Product (GDP) increased in nominal terms by 4.5 percent from CY 2011 to CY 2012 reaching \$4,761 billion. In real terms it increased by .5 percent after adjusting for inflation. Per capita real GDP, adjusting the GDP for inflation and population growth shows an increase of .3 percent to \$25,388. Total employment increased by 1 percent from March 2012 to 61, 630 in March 2013. Visitor arrivals increased by 5.3 percent from FY 2012 to FY 2013 reaching 1.34 million. A November 2013 draft report shows General fund gross receipts increased by 2 percent from FY 2012 to FY 2013 and general fund revenue increased by 6.0 percent (excluding provisions for refunds) in the comparison of latest two fiscal years.



Pacific Military Realignment

“The Guam Buildup”

Program Status Update

18 November 2014

Mark G. Calvo
Director, Guam Military Buildup Office



Outline

- ❖ **Background - Roadmap Agreement of 2006 – “Buildup 1”**
- ❖ **Initial Forecast of Forces on Guam**
- ❖ **National Defense Authorization Act (NDAA) 2012**

- ❖ **Overview of the New Roadmap 2012 – “Buildup 2”**
- ❖ **Preferred Alternatives for Range and Cantonment**
- ❖ **Key Differences between 2010 EIS and 2014 DRAFT SEIS**
- ❖ **Timelines**
- ❖ **NDAA 2014**
- ❖ **Other DoD initiatives in the Marianas**

Background - "Buildup"

- ❖ **US-Japanese Alliance Transformation Realignment Roadmap Agreement of 2006 committed US & Japan to complex policy and strategy initiatives**
 - **Agreements consist of six related major initiatives**

- ❖ **US – GOJ Cost Share Agreement (moving III MEF)**
 - **Initial cost estimates = \$10.3 Billion**
 - **GOJ Funding 60%; US Funding 40%**
 - **Challenges**
 - Construction Capacity on Guam
 - Guam Infrastructure
 - Labor

- ❖ **Federal-GovGuam-Community Partnerships ~ \$2.3B**

- ❖ **GAO reports estimated total costs over \$20B**

Background (cont'd)

- ❖ **Population increase from 179,000 up to 250,000 – 2011 to 2014**
 - **Timelines for complete relocation of III MEF originally planned for 4 years**

- ❖ **On-island EIS related concerns:**
 - **Eminent domain**
 - **Sufficient water and sewage infrastructure**
 - **Environmental, Cultural, Health Care**

- ❖ **Final Environmental Impact Statement published July 2010.**
Three major components :
 - **Relocating Marine units from Okinawa to Guam**
 - **Creating a berth for visiting aircraft carrier in Apra Harbor**
 - **Placement of an Army Air and Missile Defense Task Force in Guam**

Initial Forecast of Forces on Guam

U.S. Navy

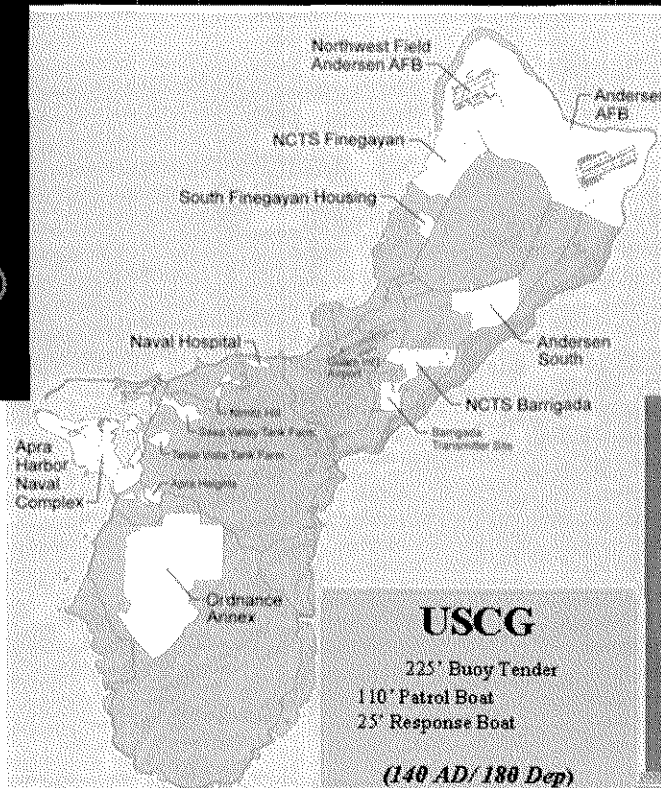
COMNAVY MARIANAS

SSNs/Sub Tender
 Logistics Prepos Ships
 MSC Combat Stores Slips
 MSC Ammo Ships
 Maritime Prepos Ships
 H60c
 Transient CVN berthing
 HSYs
 Littoral Combat ship

(Old 4330 AD/ 3230 Dep)
 (New ≈ 5600 AD/ 5280 Dep)

U.S. Army

1 x Battalion Air
 Defense
 (≈ 630 AD/ 950 Dep)



USAF

36th Wing

Rotational Bombers
 More Based Tankers
 More Periodic Fighters
 Global Hawk

(Old 1930 AD/ 2280 Dep)
 (New ≈ 4560 AD/ 3730 Dep)

USMC

III MEF Cmd Element
 Ground Combat Element
 Aviation Combat Element
 Combat Service Support
 Plus:
 Transient Units
 Visiting USMC & Allied
 Forces

(New ≈ 3,000 AD/ 9000 Dep)

USCG

225' Buoy Tender
 110' Patrol Boat
 25' Response Boat

(140 AD/ 180 Dep)

Old Total: 6,420 Active Duty / 7,690 Dependents
 New Total: ≈ 18,930 Active Duty / 19,140 Dependents

○ = New

National Defense Authorization Act (NDAA) 2012

- ❖ **Restricted DoD's use of funds to proceed with the Guam buildup and military realignment**
- ❖ **Conditions – prior to the expenditure of GOJ or US MILCON funds:**
 - ⌘ SECDEF certifies that tangible progress has been made with the FRF
 - ✓ **Commandant of the Marine Corps provides Congress with preferred force lay down in the Pacific**
 - ✓ **SECDEF submits a master plan, with a detailed description of costs and schedule, supporting the above**
 - ✓ **DoD completes and delivers an independent study of U.S. force posture in the Pacific**
- ❖ **DoD delivers a coordinated federal agency plan to address non-military infrastructure and utilities requirements on Guam**

Overview of the New Roadmap - "Buildup 2"

- ❖ **Adjustment to the 2006 Realignment Roadmap made in April 2012**
 - “...to realize a U.S. force posture in the Asia-Pacific region that is more geographically distributed, operationally resilient and politically sustainable.”
- **Approx. 9000 Marines still leaving Okinawa**
- **Reduced number of Marines coming to Guam**
 - 5000 Marines plus 1300 dependants
 - Two-thirds of the force is rotational (180 days)
 - Remaining 4000 leaving Okinawa will be going to Hawaii and Australia
- **Cost estimate = \$8.7 Billion**
 - GOJ Funding \$3.1B; US Funding \$5.6B
- ❖ **Supplemental EIS (SEIS) in progress to evaluate new USMC range and cantonment options on Guam**

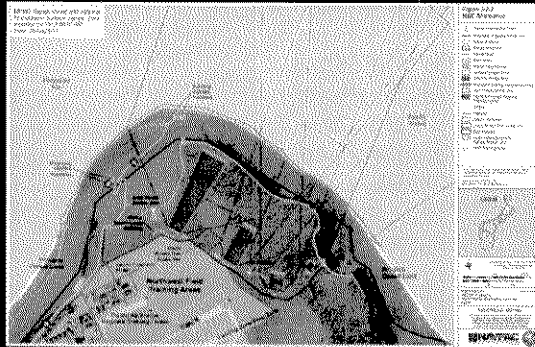
USMC Units on Guam

- ❖ **Coming to Guam under the April 2012 Adjustment**
 - **3rd Marine Expeditionary Brigade (MEB) Headquarters**
 - **4th Marine Regiment**
 - **Elements of aviation, ground and support units from the III Marine Expeditionary Force (MEF)**

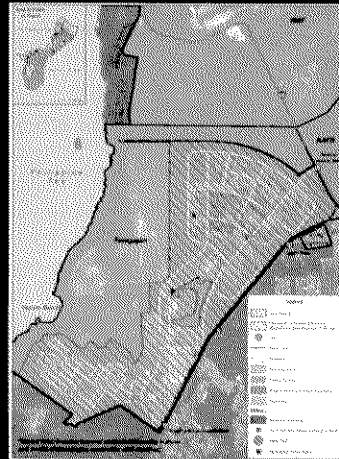
- ❖ **Plans for the location of the Marine Air Combat Element at Andersen Air Force Base decided under the previous roadmap agreement remains unchanged**

Preferred Alternatives

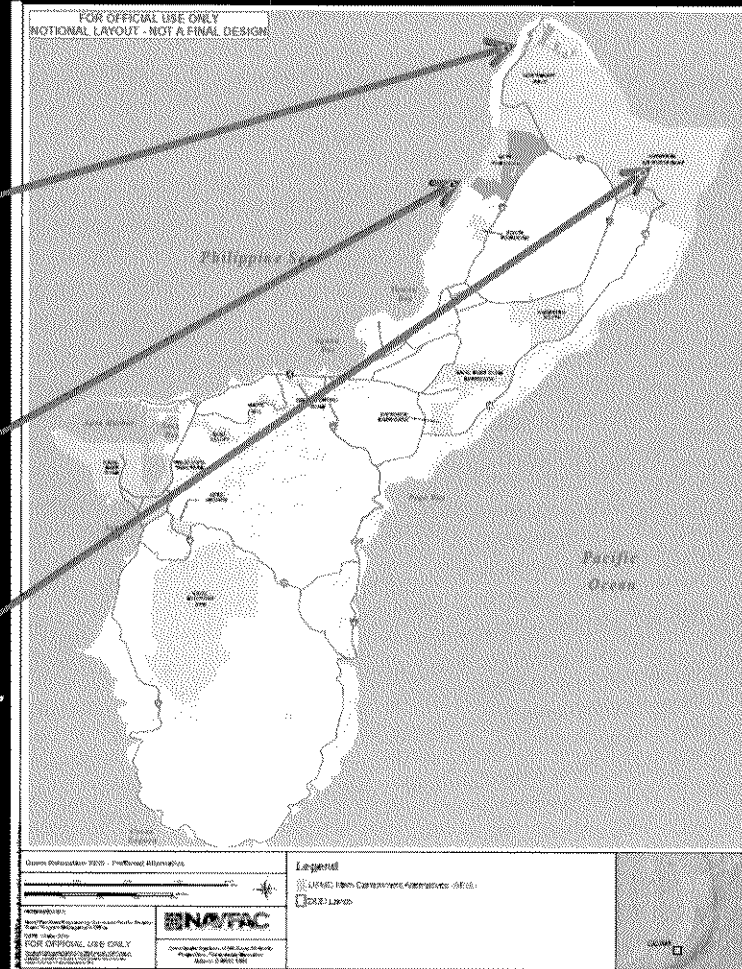
Live Fire Training Range Complex – Northwest Field



Main Cantonment - Finegayan



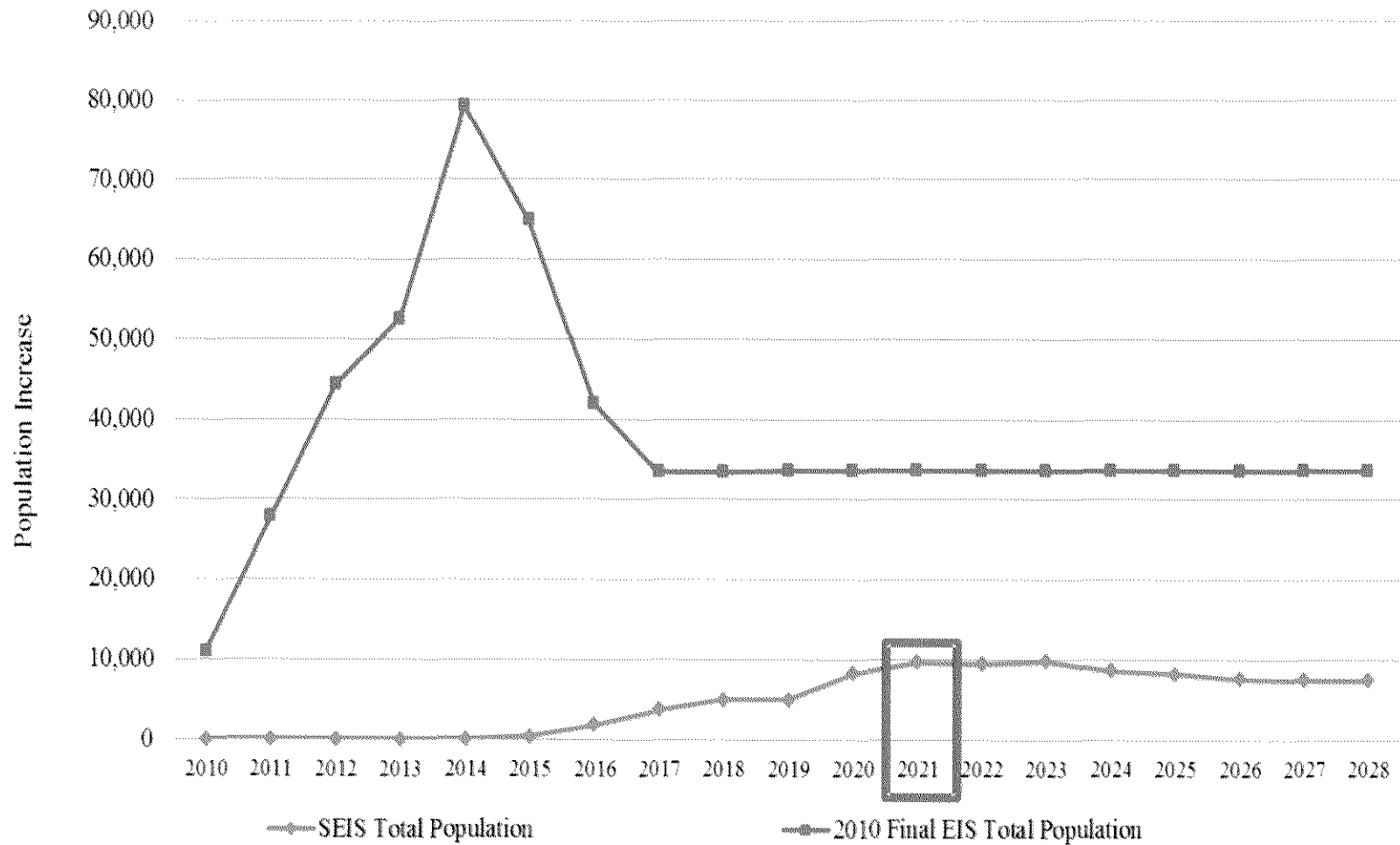
Family Housing - AAFB



Key Differences Between 2010 Final EIS and 2014 Draft SEIS

2010 Final EIS	2014 Draft SEIS	
Approximately 8,600 Marines and 9,000 dependents relocating over 5 years	Relocated Population	Approximately 5,000 Marines and 1,300 dependents relocating over 12 years
7-year intense construction boom followed by sharp decline	Construction Period	13-years of moderate construction activity with gradual phase out
More than 79,000 new Guam residents at peak	Peak Population Increase	Less than 10,000 new Guam residents at peak
More than 33,000 additional Guam residents	Steady State Population Increase	Approximately 7,400 additional Guam residents
2,580 acres at Finegayan preferred alternative	Project Area: Cantonment	1,452 acres at Finegayan preferred alternative
Acquisition of 688 acres of non-federal land at Finegayan preferred alternative	Land Acquisition: Cantonment	No land acquisition at Finegayan preferred alternative
5,529 acres for Route 15 preferred alternative (4,439 acres in SDZs, mostly over ocean)	Project Area: LFTRC	3,966 acres for Northwest Field preferred alternative (3,701 acres in SDZs, mostly over ocean)
Acquisition of more than 1,000 acres of non-federal land at Route 15 preferred alternative	Land Acquisition: LFTRC	No land acquisition at Northwest Field preferred alternative
20 megawatts	Power Demand	5.7 megawatts
5.82 million gallons/day	Potable Water Demand	1.7 million gallons/day
2.6 million gallons/day	Wastewater Generation	1.2 million gallons/day
165,600 pounds/day	Solid Waste Generation	54,250 pounds/day
4 alternative sites in EIS analysis, all in same vicinity	EIS Alternatives: Cantonment	4 alternative sites in 3 different areas on Guam
2 alternative sites in EIS analysis, both in same vicinity	EIS Alternatives: LFTRC	5 alternative sites in 3 different areas on Guam

2010 FEIS vs 2014 DSEIS - Population Increase



2014 DSEIS: Gross Island Product

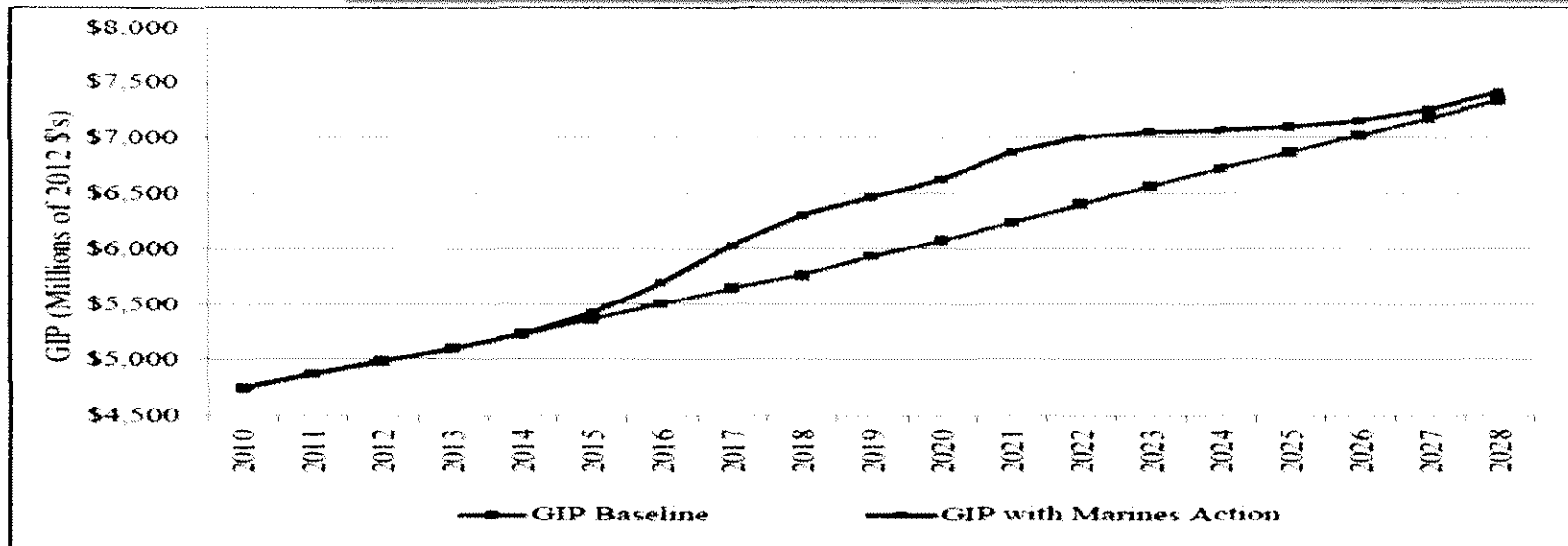


Table 4.3-26. Impact on GIP (Millions of 2012 \$'s)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Direct Construction Impact	\$41	\$144	\$285	\$408	\$391	\$370	\$428	\$411	\$320	\$216	\$122	\$46	\$8	\$0
Indirect Construction Impact	\$13	\$45	\$100	\$127	\$125	\$131	\$160	\$151	\$111	\$69	\$38	\$14	\$3	\$0
Total Construction Impact	\$54	\$190	\$385	\$535	\$516	\$501	\$587	\$562	\$430	\$285	\$159	\$61	\$11	\$0
Direct Operations Impact	\$3	\$3	\$4	\$3	\$5	\$13	\$15	\$15	\$19	\$19	\$22	\$23	\$23	\$24
Indirect Operations Impact	\$2	\$2	\$4	\$5	\$8	\$28	\$32	\$33	\$42	\$43	\$49	\$50	\$50	\$51
Total Operations Impact	\$4	\$6	\$7	\$8	\$13	\$41	\$47	\$49	\$60	\$62	\$71	\$73	\$73	\$75
Combined Direct Impact	\$43	\$148	\$289	\$412	\$396	\$383	\$443	\$426	\$338	\$235	\$143	\$69	\$31	\$24
Combined Indirect Impact	\$15	\$48	\$103	\$131	\$133	\$159	\$192	\$184	\$152	\$112	\$86	\$65	\$53	\$51
Combined Total Impact	\$58	\$195	\$392	\$543	\$529	\$542	\$635	\$610	\$491	\$347	\$230	\$134	\$84	\$75

2014 DSEIS: Economic Impacts

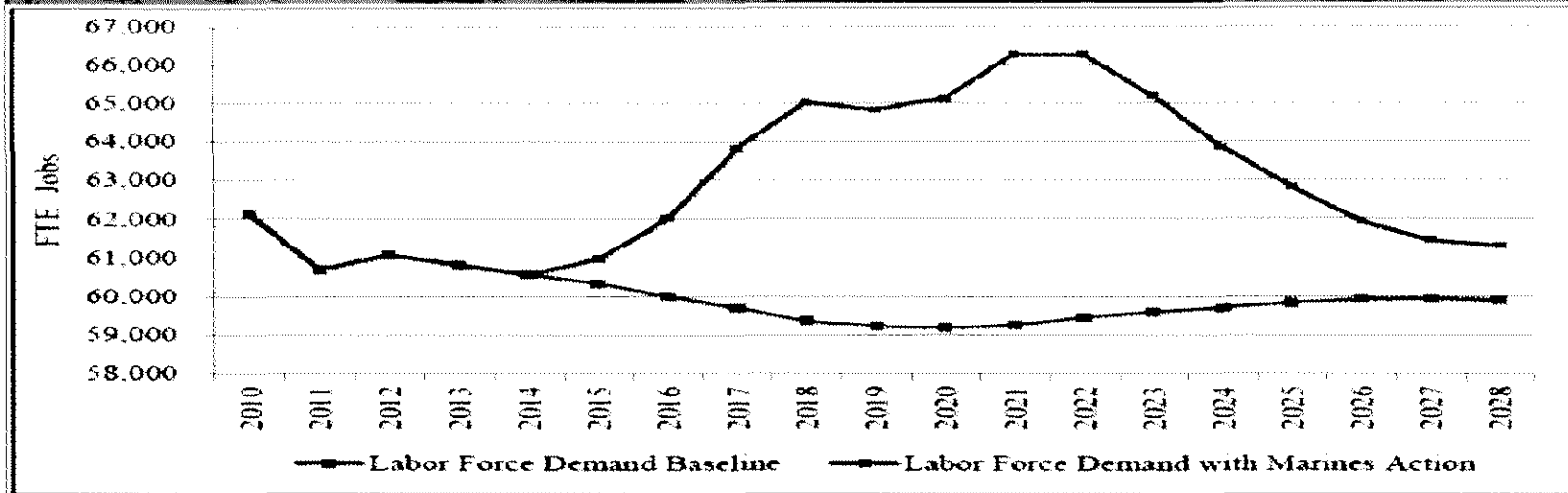


Figure 4.3-1. Labor Force Demand with and without the Proposed Action

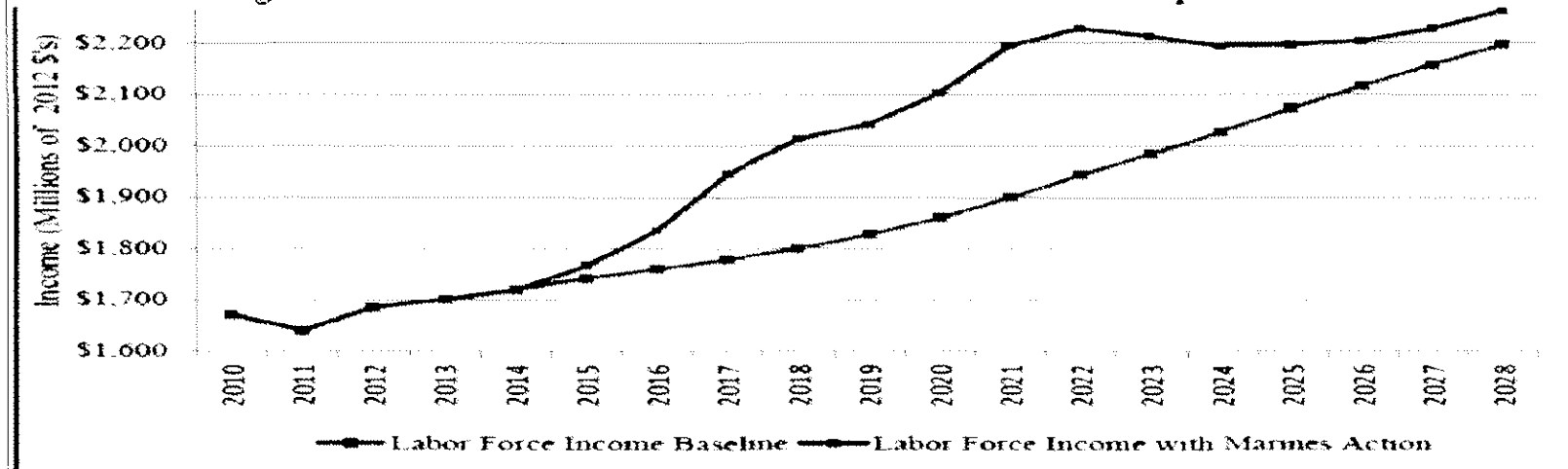


Figure 4.3-2. Civilian Labor Force Income with and without the Proposed Action

2014 DSEIS: Economic Impacts

Table 4.3-1. Summary of Economic Impacts – Maximum and Steady-State Totals

	<i>Maximum 2021</i>	<i>Steady- State 2028</i>
Employment (FTE Jobs)¹	7,031	1,438
Income (Millions of \$'s)²	\$296	\$67
Housing Demand (Housing Units)³	770	285
GovGuam Tax Revenue (Millions of \$'s)⁴	\$86	\$40
GIP (Millions of \$'s)⁵	\$635	\$75

- Notes:**
- ¹ Number of FTE civilian jobs generated by economic activity associated with the proposed action. FTE is equal to 40 hours per week; i.e., two 20-hour per week part-time jobs equals one FTE job.
 - ² Wages and salaries earned that are associated with economic activity generated by the proposed action
 - ³ The number of housing units in the private Guam housing market that would be needed to accommodate non-military population growth associated with the proposed action. Military personnel and their dependents would be housed on-base.
 - ⁴ The amount of tax revenue that would be owed to GovGuam as a result of expenditures associated with economic activity that would be generated by the proposed action.
 - ⁵ GIP measures the total value of all final goods and services produced in a particular (island) economy. GIP is the most commonly used benchmark to gauge the overall size of an economy.

Timelines

Oct 2012

Notice for Expanded SEIS

Dec 2012

End Public Comment Period

Apr 2014

Draft SEIS Published

February 2015

Final SEIS Published

April 2015

Record of Decision Signed

2020

First Marine Units arrive on Guam

National Defense Authorization Act (NDAA) 2014

**Reduced some restrictions placed on DoD's
use of funds to proceed with the Guam
buildup and military realignment**

National Defense Authorization Act (NDAA) 2014

- ❖ **Fully authorizes for appropriation \$494.6 million in MILCON funds for Guam including \$85.6 million for a USMC aircraft hangar at North Ramp on Andersen AFB**
 - **Authorizes \$176 million for selective hardening of facilities at AAFB to support the Pacific Airpower Resiliency (PAR) program**
 - **Authorizes \$128 million for a fully hardened Fuel Systems Hangar at AAFB that was cut in the previous year's defense bill**

- ❖ **Allows use of Government of Japan funds for a \$114 million site improvement project at AAFB North Ramp as well as unlimited use for planning and design of future projects**

National Defense Authorization Act (NDAA) 2014

NAVY

Joint Region Marianas

Aircraft Maintenance Hangar - North Ramp 85,673,000

BAMS Forward Operational & Maintenance Hangar 61,702,000

Dehumidified Supply Storage Facility 17,170,000

Emergent Repair Facility Expansion 35,860,000

Modular Storage Magazines 63,382,000

Sierra Wharf Improvements 1,170,000

X-Ray Wharf Improvements 53,420,000

Total Navy \$ 318,377,000

AIR FORCE

Joint Region Marianas

PAR - Fuel Sys Hardened Bldgs 20,000,000

PAR - Strike Tactical Missile Mxs Facility 10,530,000

PAR - Tanker GP Mx Hangar/AMU/Sqd Ops 132,600,000

PRTC RED HORSE Airfield Operations Facility 8,500,000

PRTC SF Fire Rescue & Emergency Mgt 4,600,000

Total Air Force \$ 176,230,000

TOTAL Guam \$ 494,607,000

National Defense Authorization Act (NDAA) 2014

What else does the 2014 NDAA authorize for Guam?

- ❖ Requires DoD to convene an Economic Adjustment Committee (EAC) to:**
 - Validate Guam's civilian infrastructure funding**
 - Produce a final report on civilian infrastructure funding at the time the Record of Decision is signed**

What else is in the queue?

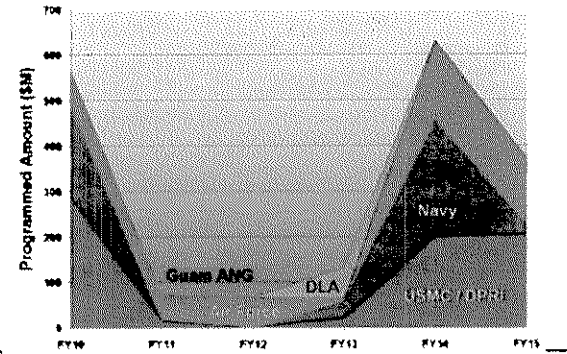
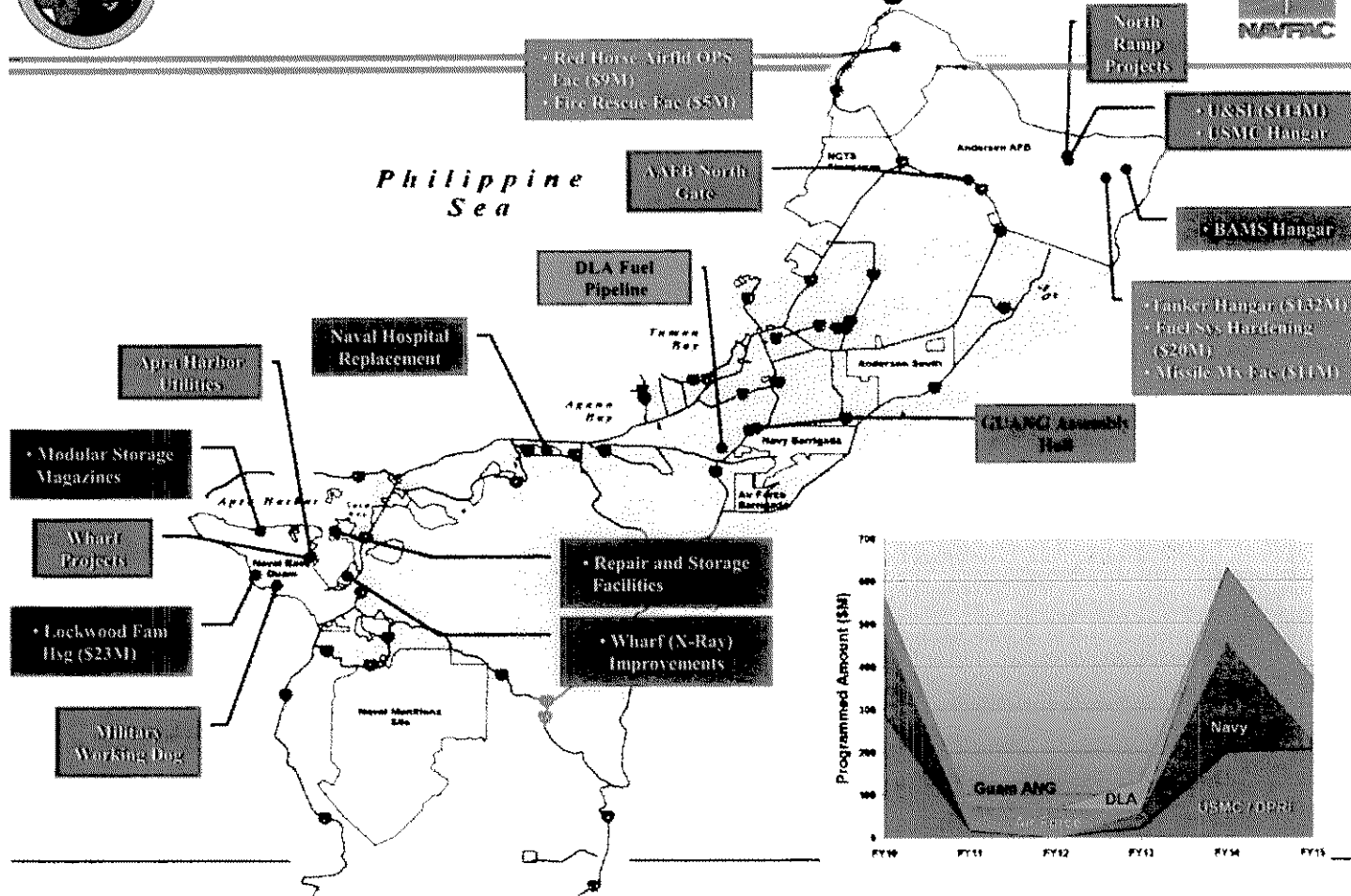
- ❖ FY2012 Authorization for a Cultural Repository
\$11.8 million**

- ❖ FY2014 \$119.4 million for Guam infrastructure:**
 - \$13 million Center for Disease Control (CDC)
Level II Laboratory**

 - \$106.4 million Water Wastewater Infrastructure**



Guam Construction Program



	Divert Activities and Exercises EIS	Mariana Islands Training and Testing (MITT) EIS/OEIS	Mariana Islands Range Complex (MIRC) Airspace EA/OEA	Guam & CNMI Military Relocation (2012 Roadmap Adjustments) SEIS	CNMI Joint Military Training EIS/OEIS
Lead Agency/ Proponent	U.S. Air Force/Headquarters, Pacific Air Forces	U.S. Navy/U.S. Pacific Fleet	U.S. Navy/U.S. Pacific Fleet	U.S. Navy/Joint Guam Program Office	U.S. Pacific Command/Marine Forces Pacific
Proposed Action*	Improve an existing airport or airports and associated infrastructure in support of expanding mission requirements and to achieve divert capabilities in the Western Pacific.	Conduct military training and testing activities within the MITT Study Area.	Re-designate air traffic control assigned airspace to Warning Areas, and extend restricted airspace and surface danger zone.	Relocate approximately 5,000 Marines and 1,300 family members to Guam, construct and operate a main cantonment area, (including family housing), a live-fire training range complex, and associated infrastructure on Guam. Supplements the 2010 Final EIS.	Improve existing and develop new live-fire military training areas on Tinian and Pagan.
Need for Action*	Establish additional divert capabilities to support and conduct current, emerging, and future exercises, while ensuring the capability to meet mission requirements in the event that access to Andersen Air Force Base or other Western Pacific locations is limited or denied.	Meet the U.S. military statutory responsibilities described in Title 10 United States Code to achieve and maintain military readiness. The EIS/OEIS is being prepared to renew current regulatory permits and authorizations.	Support the creation of a safe training environment in CNMI (especially Farallon de Medinilla [FDM] strike range, Restricted Area 7201 [R-7201]) and support the military necessity to accomplish training requirements for existing forces in the Marianas.	Ensure that relocated Marines are organized, trained, and equipped to satisfy individual live-fire training requirements as described in the Final EIS and associated Record of Decision, and to establish an operational U.S. Marine Corps presence in Guam in accordance with April 2012 adjustments to the May 2006 United States-Japan Roadmap for Realignment Implementation.	Reduce joint training deficiencies for the military services in the Western Pacific. Military training capabilities and capacity improvements are needed in the CNMI to ensure that the U.S. military fulfills their responsibility to maintain, equip, and train combat-ready forces in the Western Pacific.
Potential Locations	Airports and seaports on Saipan and Tinian	Training and testing locations in the Western Pacific, including the existing MIRC area and the high seas	Airspace within the existing MIRC and surrounding areas.	Guam	Tinian, Pagan, and surrounding sea and airspace.
Website	www.PACAFDivertMarianasEIS.com	www.MITT-EIS.com	www.mircairspaceea.com	http://guambuildupeis.us	www.CNMIJointMilitaryTrainingEIS.com
Past Project Milestones*	NOI, September 2011 Draft EIS, June 2012	NOI, September 2011 Draft EIS, September 2013	Final EA/OEA, June 2013 FONSI/FONSH, June 2013	NOI, October 2012	NOI, March 2013

* Please see each website for up-to-date project information.

August 2013



Pacific Military Realignment

“The Guam Buildup”

www.guambuildupeis.us

or

www.oneguam.com

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