



CARL T.C. GUTIERREZ
GOVERNOR OF GUAM

OFFICE OF THE SPEAKER	
Date:	Jan 2, 1997
Time:	4:30 am
Received By:	Robert
Print Name:	Robert

JAN 02 1997

RECEIVED
OFFICE OF THE SPEAKER

The Honorable Don Parkinson
Speaker
Twenty-Third Guam Legislature
Guam Legislature Temporary Building
155 Hesler Street
Agana, Guam 96910

Dear Mr. Speaker:

Enclosed please find a copy of Substitute Bill No. 779 (LS), "AN ACT TO ADD SECTION 22440 TO TITLE 5 OF THE GUAM CODE ANNOTATED TO AUTHORIZE THE GOVERNOR OF GUAM TO INCUR GOVERNMENT OF GUAM INDEBTEDNESS FOR THE PURPOSES OF CONSTRUCTING AND REFURBISHING TUMON BAY INFRASTRUCTURE AND LANDSCAPE AND TO CREATE A FUNDING SOURCE FOR REPAYMENT OF SUCH INDEBTEDNESS", which I have signed into law today as **Public Law No. 23-137**.

This legislation, authorizing the borrowing of \$52.9 Million, is necessary to provide immediate funding for very important infrastructure improvement projects which are not yet completed in the Tumon Bay area. The projects to be completed are mainly water and sewer projects, and they are necessary not only to handle the needs of the facilities which provide for our tourists, but also to upgrade the entire water and sewer system affecting other portions of the island. Additionally, this funding provides for improvements to streets and medians, traffic lighting, sidewalks, oceanside underground power lines, additional power substation, and beautification of various public sites to adequately provide for Tumon visitor industry public areas and businesses, and local persons who also visit the Tumon beach facilities and patronize these businesses.

Guam cannot sit on its past laurels. Guam has invested in a billion dollar business to accommodate visitors to our island, and the flow of satisfied visitor-customers provides investment opportunities, jobs, and a sizable

percentage of our local revenues. In order to maintain this billion dollar business and make it grow and prosper, antiquated infrastructure must be replaced and upgraded. This will pay good dividends to the people of Guam in the form of increasing revenues, stimulating economic growth, and providing opportunities to our people.

A copy of the Governor's message and the public law have been delivered to the Office of the Legislative Secretary.

Very truly yours,



Carl T. C. Gutierrez
Governor of Guam

Attachment

23-642



CARL T.C. GUTIERREZ
GOVERNOR OF GUAM

JAN 02 1997

The Honorable Hope A. Cristobal
Acting Legislative Secretary
Twenty-Third Guam Legislature
Guam Legislature Temporary Building
155 Hesler Street
Agana, Guam 96910


OFFICE OF THE LEGISLATIVE SECRETARY
ACKNOWLEDGMENT RECEIPT
Received By Veronica C.
Time 5:25 pm
Date 2 Jan 97

Dear Madame Legislative Secretary:

Enclosed please find a copy of Governor's message and Substitute Bill No. 779 (LS), "AN ACT TO ADD SECTION 22440 TO TITLE 5 OF THE GUAM CODE ANNOTATED TO AUTHORIZE THE GOVERNOR OF GUAM TO INCUR GOVERNMENT OF GUAM INDEBTEDNESS FOR THE PURPOSES OF CONSTRUCTING AND REFURBISHING TUMON BAY INFRASTRUCTURE AND LANDSCAPE AND TO CREATE A FUNDING SOURCE FOR REPAYMENT OF SUCH INDEBTEDNESS", which I have signed into law today as **Public Law No. 23-137**.

Governor's message and copy of the public law have been delivered to the Office of the Speaker.

Very truly yours,


Carl T. C. Gutierrez
Governor of Guam

231641
Attachments

TWENTY-THIRD GUAM LEGISLATURE
1996 (SECOND) Regular Session

CERTIFICATION OF PASSAGE OF AN ACT TO THE GOVERNOR

This is to certify that Substitute Bill No. 779 (LS), "AN ACT TO ADD A NEW SECTION 22440 TO TITLE 5 OF THE GUAM CODE ANNOTATED TO AUTHORIZE THE GOVERNOR OF GUAM TO INCUR GOVERNMENT OF GUAM INDEBTEDNESS FOR THE PURPOSES OF CONSTRUCTING AND REFURBISHING TUMON BAY INFRASTRUCTURE AND LANDSCAPE AND TO CREATE A FUNDING SOURCE FOR REPAYMENT OF SUCH INDEBTEDNESS," was on the 23rd day of December, 1996, duly and regularly passed.

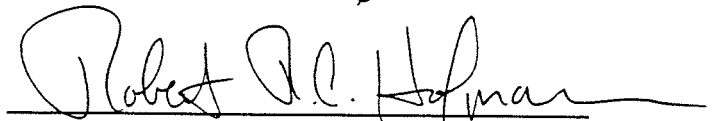


DON PARKINSON
Speaker

Attested: 

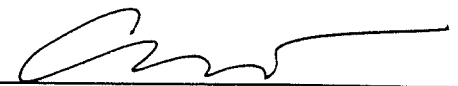
SONNY LUJAN ORSINI
Senator and Acting Legislative Secretary

This Act was received by the Governor this 23rd day of December,
1996, at 4:55 o'clock P.M.



Assistant Staff Officer
Governor's Office

APPROVED:



CARL T. C. GUTIERREZ
Governor of Guam

Date: 1-2-97

Public Law No. 23-137

TWENTY-THIRD GUAM LEGISLATURE
1996 (SECOND) Regular Session

Bill No. 779 (LS)

As substituted jointly by the Committees on
Tourism and Transportation and
Economic-Agricultural Development and Insurance

Introduced by:

J. P. Aguon
J. T. San Agustin
A. C. Lamorena V
A. C. Blaz
T. S. Nelson
T. C. Ada
E. Barrett-Anderson
J. M. S. Brown
F. P. Camacho
M. C. Charfauros
H. A. Cristobal
M. Forbes
C. Leon Guerrero
L. Leon Guerrero
S. L. Orsini
V. C. Pangelinan
D. Parkinson
A. L. G. Santos
F. E. Santos
A. R. Unpingco
J. Won Pat-Borja

AN ACT TO ADD A NEW SECTION 22440 TO TITLE 5 OF
THE GUAM CODE ANNOTATED TO AUTHORIZE THE
GOVERNOR OF GUAM TO INCUR GOVERNMENT OF
GUAM INDEBTEDNESS FOR THE PURPOSES OF
CONSTRUCTING AND REFURBISHING TUMON BAY
INFRASTRUCTURE AND LANDSCAPE AND TO
CREATE A FUNDING SOURCE FOR REPAYMENT OF
SUCH INDEBTEDNESS.

1 BE IT ENACTED BY THE PEOPLE OF THE TERRITORY OF GUAM:

1 **Section 1. Legislative Findings.** The Legislature hereby finds it
2 imperative that Tumon Bay be revitalized as the area is Guam's number one
3 attraction. Visitors travel to Guam and vacation in Tumon Bay to experience
4 the tropical paradise that is marketed in Japan, Korea, Taiwan and other
5 locations. It has been reported that Guam's tourism industry is a one billion
6 dollar (\$1,000,000,000) industry that employs approximately one-third of
7 Guam's work force and creates approximately sixty percent (60%) of the
8 Government of Guam's revenues.

9 Based on the most recent statistics, Guam is losing its primary tourism
10 market, Japan. Guam's market share has been in a decline since March of
11 1996. Hotel occupancies have been dropping compared to the second, third
12 and fourth quarters of 1995. Other destinations have upgraded their
13 attractions and have outmarketed Guam. Guam has not kept up with other
14 competing destinations which has contributed to the decline of visitor market
15 share.

16 Guam must improve its value in the Asia-Pacific Region as a tourist
17 attraction. The beautification of the Tumon Bay area will be a step in this
18 direction.

19 An exhaustive review was conducted by the Governor's Vision 2001
20 Infrastructure Task Force to ascertain the island's sewer and water problems
21 in general and to outline a strategy that would stabilize service and lay
22 foundations for community development and economic growth. As part of its
23 recommendations, the Task Force has recommended the completion of a
24 three-phase Tumon Sewer Reversion System that would essentially: (1)
25 increase the life capacity of the Agana Sewer Treatment Plant; (2) eliminate
26 overflow along Marine Drive and the Tumon area; and (3) enable residential,

1 hotel and other developments to proceed in Tumon and in other parts of the
2 island.

3 Along with the need to upgrade Tumon Bay's infrastructure, is also the
4 need to improve the product quality referred to in the tourist industry as
5 "Destination Guam". A critical part of the revitalization of Tumon Bay is the
6 need for landscaping and related improvements.

7 Certain participants in the tourism industry believe that an economic
8 emergency exists today, that the economic crisis exists and will worsen unless
9 addressed immediately. The eroding market share being experienced from
10 our core visitor market has in turn resulted in declining government of Guam
11 revenues. This trend must be reversed.

12 **Section 2.** A new §22440 is added to Title 5 of the Guam Code
13 Annotated to read:

14 **"§22440. Government of Guam Loan.**

15 **(a) Authorization to Borrow.** The Governor of Guam, on
16 behalf of the government of Guam, is authorized to borrow an
17 aggregate principal amount not to exceed Fifty-Two Million Nine
18 Hundred Dollars (\$52,900,000) to undertake the capital projects
19 enumerated in subsection (g) of this Section; provided, however,
20 that incurring this indebtedness shall not cause a violation of the
21 debt limitation provisions of 48 U.S.C. §1423(a). The debt may be
22 incurred and the proceeds expended for the purpose of allowing
23 the government of Guam to pay for the cost of arranging the loan
24 and for the purposes described herein.

25 **(b) Terms and Conditions Determined by Loan Agreement.**
26 The terms and conditions of the loan shall be as determined by the
27 Governor by the execution of a loan agreement authorizing the

1 loan. The loan agreement shall contain such terms and conditions
2 as are consistent with this Section. The terms of the loan shall
3 include the following:

4 (i) The loan shall be used by the Governor for the
5 purposes stated herein;

6 (ii) Prepaid charges shall not be levied by the bank or
7 trust department extending the loan;

8 (iii) The interest rate shall be subject to competitive
9 negotiations between the Governor and the banks.

10 (iv) Interest derived from the loan shall be exempt
11 from taxation by the government of Guam.

12 (v) All terms of the loan agreement not specifically
13 defined in the foregoing shall be negotiated by the Governor
14 in the best interest of the people of Guam.

15 (vi) The duration for the repayment of the loan shall
16 be as negotiated by the Governor, but shall not exceed
17 twenty (20) years.

18 (vii) The loan shall be arranged with any bank or
19 commercial lending institution licensed on Guam; provided,
20 however, anything to the contrary in this Section
21 notwithstanding, or any other provision of law, that the
22 terms of the loan arranged by the Governor as provided by
23 this Section, may permit the bank or commercial lending
24 institution licensed on Guam with which such loan is
25 arranged, to grant participation in such loan, at such times
26 and in such amounts and upon such terms and conditions as
27 such bank or lending institution licensed in Guam shall

1 determine, to other banks, or commercial lending
2 institutions, or to any other persons, associations, or
3 corporations. The exemptions from taxation by the
4 government of Guam of the interest derived from the loan
5 shall be preserved to any such participant.

6 (c) **Appropriation from the Tourist Attraction Fund.** There is
7 hereby appropriated from the unencumbered balances of the
8 Tourist Attraction Fund, notwithstanding anything in 11 GCA
9 §30107 to the contrary, such sums as will equal in each year the
10 amount of money necessary to pay the principal of and interest on
11 such loan.

12 (d) **Waiver of Immunity.** Notwithstanding any substantive
13 or procedural provisions of Chapter 6 of Title 5, Guam Code
14 Annotated, the government of Guam waives immunity from any
15 suit or action in contract on the loan but does not waive sovereign
16 immunity as to the personal liability of elected officials and
17 employees of the government of Guam.

18 (e) **Form of Loan; Covenants.** The technical form and
19 language of the loan, including provisions for execution,
20 exchange, transfer, negotiability, cancellation or other terms or
21 conditions not inconsistent with this Section, shall be as specified
22 in the loan agreement executed by the Governor evidencing the
23 loan. The Governor is also authorized to execute, on behalf of the
24 government of Guam, any appropriate agreements or other
25 instruments relating to the loan.

26 (f) **Bond Issue Rollover.** The language of the loan
27 agreement shall include provisions to permit the loan to be rolled

1 over into a bond issue supported by the Tourist Attraction Fund.
 2 The Governor is urged to obtain a repayment schedule that will
 3 provide for interest-only payments until the loan is so rolled over.

4 (g) **Use of Loan Proceeds.** The proceeds from the loan
 5 shall be used solely to implement and equip the capital projects
 6 enumerated herein and to pay expenses relating to the
 7 arrangement of the loan. The capital projects to be implemented
 8 and equipped with the proceeds of the loan authorized by this
 9 Section are as follows:

Capital Projects	Allocated Amounts
(i) For Tumon Fafai Reversion Project,	
(1) For the acquisition and construction	
of the Gun Beach -Fafai	
Wastewater System	\$8,400,000
(2) For design and construction of the	
Tumon Pump Station and Forcemain	\$3,600,000
(3) For the refurbishment of the Northern	
District Sewage Treatment Plant	\$1,800,000
(4) For the refurbishment of the Agana	
Sewage Treatment Plant	\$2,000,000
(ii) For Oka Point Collector System Project	
(1) For design and construction of the Oka	
Point collector lines	\$2,000,000
(iii) For Tumon Water Lines	
(1) For design and construction of	
waterlines	\$4,200,000
(iv) For Tumon Water Sources	
(1) For drilling and construction	\$5,800,000
(v) Tumon Bay Beautification	
(1) Streets & Sidewalks for medians,	
crosswalks and intersections, beach access,	
sidewalks and curbs, street furniture for benches,	
trash containers, signage, shelters, street lights	

- 1 and traffic lighting, enhancements for Governor
- 2 Flores and Matapang Beach Parks \$7,200,000
- 3 (2) Landscaping for medians, road edge strips,
- 4 entry points from San Vitores Boulevard to
- 5 beach access \$3,900,000
- 6 (3) Services undergrounding for ocean side power lines and
- 7 cables, clutter, removal of guy wires, and signage
- 8 consolidations \$4,500,000
- 9 (4) Design and management fees for design development,
- 10 construction documentation, permitting, and construction
- 11 management \$1,600,000
- 12 (5) Allowances for roadway repairs
- 13 and restoration, resurfacing of San
- 14 Vitores Boulevard, off-site infrastructure
- 15 work, and related work \$5,000,000
- 16 (6) Of the approximately ten percent
- 17 (10%) savings anticipated in carrying
- 18 out the foregoing projects because of various
- 19 duplications, Three Million Five Hundred
- 20 Thousand Dollars (\$3,500,000) are set aside for
- 21 constructing the Tumon Bay Storm Drainage System.
- 22 (7) Construction of the San Vitores substation
- 23 and transmission lines by the Guam Power
- 24 Authority in the Tumon Bay area. \$5,900,000

25 (h) **Selection of Bank.** In view of the urgency for the
 26 arrangement of the loan pursuant to this Section, subject to terms
 27 and conditions as outlined in this Act, the Governor is hereby
 28 authorized to utilize such method as he deems appropriate for the
 29 selection of the bank or banks in connection with the arrangement
 30 of the loan.

31 (i) **Approval of GEDA.** Section 2103(k) of Title 12, Guam
 32 Code Annotated, provides that agencies and instrumentalities of
 33 the government of Guam shall issue obligations only by means of

1 and through the agency of the Guam Economic Development
2 Authority ("GEDA"), and that GEDA shall not sell any obligation
3 without the approval of the legislature of the terms and
4 conditions of the issuance of the obligations. In view of the
5 urgency for the arrangement of the loan pursuant to this Section,
6 the original direct loan authorized hereunder is exempted from
7 the requirement of said Section 2103(k), but on the rollover of such
8 loan into a bond issue the section will fully apply.

9 (j) **Approval of the Legislature.** This Legislature,
10 pursuant to this section and pursuant to subsection 2103(k), Title
11 12, Guam Code Annotated, hereby approves the loan of the
12 government of Guam in the principal amount not to exceed Fifty-
13 Two Million Nine Hundred Dollars (\$52,900,000) as authorized by
14 this Act; provided, that the terms of the loan are not inconsistent
15 with this Act."

16 **Section 3. Loan Administration; Selection of Contractors; Contract**
17 **Administration.** The proceeds of any loan received by the government of
18 Guam under Section 2 herein shall be administered by the Bureau of Budget
19 and Management Research. The selection of the project manager,
20 contractors, and any other professional participants shall be by competitive
21 bidding, and shall be the responsibility of the Department of Public Works,
22 which shall work in conjunction with the other government agencies having
23 expertise on various aspects of the projects. All project contract
24 administration shall also be the responsibility of the Department of Public
25 Works. All project accounting costs shall be accounted for by the Department
26 of Administration.

1 **Section 4. Reports.** The Department of Administration shall report to
2 the Chairperson of the Committee on Tourism and Transportation, or to the
3 successor committee responsible for tourism, quarterly on the financial
4 activity of the Tourist Attraction Fund and project accounting of
5 appropriations therefrom.

6 **Section 5. Private sources of funds and in-kind services.** The Guam
7 Visitors Bureau (GVB) is hereby authorized to collect donations of funds and
8 in-kind services from individuals and corporations for the purpose of
9 assisting in the intent of this Act. Any funds collected for such purposes shall
10 be properly accounted for by GVB and the status of such funds shall be
11 reported to the Legislature following each calendar quarter. The Board of
12 Directors of GVB is hereby authorized and empowered to approve the
13 expenditure of funds collected from sources other than the government of
14 Guam without further legislative approval, subject however, to the
15 procurement laws applicable to GVB. All such donations accepted by GVB
16 shall be utilized to supplement the appropriation made in this Act.

17 **Section 6.** For the projects listed in 5 GCA §22440(g), as authorized by
18 this Act, Three Million Dollars (\$3,000,000) shall be contributed by the Tumon
19 Area Wastewater System Association.

20 **Section 7. Effective Date.** This Act shall take effect upon enactment.

PL 23-137

SENATOR
JOHN PEREZ AGUON



CHAIRMAN
COMMITTEE ON TOURISM & TRANSPORTATION

23RD GUAM LEGISLATURE

OFFICE: 479 W. O'Brien Drive · Suite 301 · Bank of Guam, Santa Cruz · Agana
MAIL: 155 Hesler St. · Agana, Guam · 96910 · (671)472-3570/1/2 · Fax: (671)477-8358

December 12, 1996

Honorable Don Parkinson, Speaker
23rd Guam Legislature
155 Hessler St.
Agana, Guam 96910

Dear Mr. Speaker,

The Committees on Tourism & Transportation and Economic-Agricultural Development & Insurance, to which the following was referred, wish to report their findings and recommendations:

Bill No. 779 (As Substituted Jointly By the Committees on Tourism and Transportation and Economic-Agricultural Development and Insurance) AN ACT TO ADD SECTION 22430 TO TITLE 5 OF THE GUAM CODE ANNOTATED TO AUTHORIZE THE GOVERNOR OF GUAM TO INCUR GOVERNMENT OF GUAM INDEBTEDNESS FOR THE PURPOSES OF CONSTRUCTING AND REFURBISHING TUMON BAY INFRASTRUCTURE AND LANDSCAPE AND TO CREATE A FUNDING SOURCE FOR REPAYMENT OF SUCH INDEBTEDNESS.

The Committees voting record on Bill 779 is as follows:

TO PASS	13
NOT TO PASS	0
TO ABSTAIN	0
TO PLACE IN THE INACTIVE FILE	0
NOT VOTING	1

The recommendation of the Committees is to do pass. A copy of the voting sheet, report and all pertinent documents are attached for your information.

Sincerely,

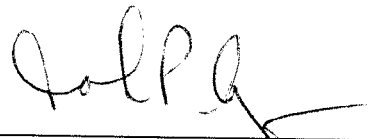


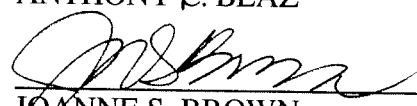









JOHN PEREZ AGUON
Chairman

JOE T. SAN AGUSTIN
Chairman

Attachments

JOINT VOTING SHEET
COMMITTEES ON TOURISM & TRANSPORTATION AND
ECONOMIC-AGRICULTURAL DEVELOPMENT & INSURANCE

Bill No. 779 (As Substituted Jointly By the Committees on Tourism and Transportation and Economic-Agricultural Development and Insurance) AN ACT TO ADD SECTION 22430 TO TITLE 5 OF THE GUAM CODE ANNOTATED TO AUTHORIZE THE GOVERNOR OF GUAM TO INCUR GOVERNMENT OF GUAM INDEBTEDNESS FOR THE PURPOSES OF CONSTRUCTING AND REFURBISHING TUMON BAY INFRASTRUCTURE AND LANDSCAPE AND TO CREATE A FUNDING SOURCE FOR REPAYMENT OF SUCH INDEBTEDNESS.

	TO PASS	NOT TO PASS	TO ABSTAIN	TO PLACE IN INACTIVE FILE
 _____ JOHN P. AGUON, Chairman	✓			
 _____ JOE F. SAN AGUSTIN, Chairman	✓			
 _____ ANTHONY C. BLAZ	✓			
 _____ JOANNE S. BROWN	✓			
 _____ FELIX P. CAMACHO	✓			
 _____ MARK FORBES	✓			
 _____ CARLOTTA LEON GUERRERO	✓			
 _____ SONNY L. ORSINI				
 _____ VICENTE C. PANGELINAN	✓			
 _____ DON PARKINSON				
 _____ ANGEL L. G. SANTOS	✓			
 _____ FRANCIS E. SANTOS	✓			
_____ ANTONIO R. UNPINGCO				
 _____ JUDITH WONPAT-BORJA	✓			



23rd Guam Legislature COMMITTEE ON TOURISM and TRANSPORTATION

COMMITTEE REPORT

Bill No. 779 - AN ACT TO APPROPRIATE TWENTY FIVE MILLION DOLLARS (\$25,000,000) FROM THE FISCAL YEAR 1997, 1998, 1999, AND 2000 SURPLUSES OF THE TOURIST ATTRACTION FUND TO THE DEPARTMENT OF PUBLIC WORKS (DPW) TO BEGIN THE REDEVELOPMENT OF TUMON BAY; AND TO ALLOW THE GUAM VISITORS BUREAU TO ACCEPT CONTRIBUTIONS OF FUNDS AND IN-KIND SERVICES FOR THE REDEVELOPMENT PROJECT.

PUBLIC HEARING:

December 11, 1996

SENATOR JOHN PEREZ AGUON, Chairman	
SENATOR JOE T. SAN AGUSTIN	SENATOR CARLOTTA LEON GUERRERO
Vice Chairman	SENATOR SONNY L. ORSINI
SENATOR JOANNE S. BROWN	SENATOR VICENTE C. PANGELINAN
SENATOR FELIX P. CAMACHO	SENATOR FRANCIS E. SANTOS
SENATOR MARK FORBES	SENATOR ANTONIO R. UNPINGCO
	SENATOR JUDITH WON PAT-BORJA

TWENTY-THIRD GUAM LEGISLATURE
1996 (SECOND) Regular Session

Bill No. 779

As Substituted Jointly By the Committees on
Tourism and Transportation and
Economic-Agricultural Development and Insurance

① J.P. AGUON
② J.T. SAN AGUSTIN
③ *Alfonso Moriana*
④ *Alfonso Moriana*
⑤ *Alfonso Moriana*
⑥ *FP CAMACHO*

AN ACT TO ADD SECTION 22430 TO TITLE 5 OF THE GUAM
CODE ANNOTATED TO AUTHORIZE THE GOVERNOR OF
GUAM TO INCUR GOVERNMENT OF GUAM
INDEBTEDNESS FOR THE PURPOSES OF CONSTRUCTING
AND REFURBISHING TUMON BAY INFRASTRUCTURE AND
LANDSCAPE AND TO CREATE A FUNDING SOURCE FOR
REPAYMENT OF SUCH INDEBTEDNESS.

1 BE IT ENACTED BY THE PEOPLE OF THE TERRITORY OF GUAM:

2 **Section 1. Legislative Findings.** The Legislature hereby finds that
3 revitalizing Tumon Bay is very badly needed and is an urgent situation today.
4 The Tumon Bay area is Guam's number one attraction. Visitors come to
5 Guam and stay on Tumon Bay to experience the tropical paradise that is
6 marketed in Japan, Korea, Taiwan and other locations. It has been reported
7 that Guam's tourism industry is a one billion dollar industry that employs
8 approximately one-third of Guam's work force and creates approximately
9 60% of the Government of Guam's revenues.

10 Based on the most recent statistics, Guam is losing its primary tourism
11 market, Japan. Guam's market share has been in a decline since March of
12 1996. Hotel occupancies have been dropping compared to the second, third
13 and fourth quarters of 1995. Other destinations have upgraded their
14 attractions and have outmarketed Guam. Guam has not kept up with other
15 competing destinations which has contributed to the decline of visitor market

1 share.

2 Guam must improve its value in the Asia-Pacific Region as a tourist
3 attraction. The beautification of the Tumon Bay area will be a step in this
4 direction.

5) An exhaustive review was conducted by the Governor's Vision 2001
6 Infrastructure Task Force to ascertain the island's sewer and water problems
7 in general and to outline a strategy that would stabilize service and lay
8 foundations for community development and economic growth. As part of its
9 recommendations, the Task Force has recommended the completion of a
10 three-phase Tumon Sewer Reversion System that would essentially: (1)
11 increase the life capacity of the Agana Sewer Treatment Plan; (2) eliminate
12 overflows along Marine Drive and the Tumon area; and (3) enable
13 residential, hotel and other developments to proceed in Tumon and in other
14 parts of the island.

15 Along with the need to upgrade Tumon Bay's infrastructure, is also the
16 need to improve the product quality referred to in the tourist industry as
17 "Destination Guam". A critical part of the revitalization of Tumon Bay is the
18 need for landscaping and related improvements.

19 Certain participants in the tourism industry believe that an economic
20 emergency exists today. That the economic crisis is real and will worsen
21 unless addressed immediately. The eroding market share being experienced
22 from our core visitor market has in turn resulted in declining Government of
23 Guam revenues. This trend must be reversed.

24 **Section 2.** §22430 is added to Title 5 of the Guam Code Annotated to
25 read:

26 **§22430. Government of Guam Loan.**

27 **(a) Authorization to Borrow.** The Governor of Guam, on

1 behalf of the Government of Guam, is authorized to borrow an
2 aggregate principal amount not to exceed Forty-Five Million
3 Dollars to undertake the capital projects enumerated in
4 subsection (h) of this Section; provided, however, that incurring
5 this indebtedness shall not cause a violation of the debt limitation
6 provisions of 48 U.S.C. §1423(a). The debt may be incurred and the
7 proceeds expended for the purpose of allowing the Government
8 of Guam to pay for the cost of arranging the loan and for the
9 purposes described herein.

10 **(b) Terms and Conditions Determined by Loan Agreement.**

11 The terms and conditions of the loan shall be as determined by the
12 Governor by the execution of a loan agreement authorizing the
13 loan. The loan agreement shall contain such terms and conditions
14 as are consistent with this Section. The terms of the loan shall
15 include the following:

16 (a) The loan shall be used by the Governor for the
17 purposes stated herein;

18 (b) Prepaid charges shall not be levied by the bank or
19 trust department extending the loan;

20 (c) The interest rate shall be subject to competitive
21 negotiations between the Governor and the banks. The
22 interest rate however, shall be as determined by the
23 Governor.

24 (d) Interest derived from the loan shall be exempt
25 from taxation by the Government of Guam.

26 (e) All terms of the loan agreement not specifically
27 defined in the foregoing shall be negotiated by the Governor

1 in the best interest of the people of Guam.

2 (f) The duration for the repayment of the loan shall
3 be as negotiated by the Governor, but shall not exceed
4 twenty (20) years.

5 (g) The loan shall be arranged with any bank or
6 commercial lending institution licensed on Guam; provided,
7 however, anything to the contrary in this Section
8 notwithstanding, or any other provision of law, that the
9 terms of the loan arranged by the Governor as provided by
10 this Section, may permit the bank or commercial lending
11 institution licensed on Guam with which such loan is
12 arranged, to grant participation in such loan, at such times
13 and in such amounts and upon such terms and conditions as
14 such bank or lending institution licensed in Guam shall
15 determine, to other banks, or commercial lending
16 institutions, including those not licensed on Guam, or to any
17 other persons, associations, or corporations. The
18 exemptions from taxation by the Government of Guam of
19 the interest derived from the loan shall be preserved to any
20 such participant.

21 **(c) Appropriation from the Tourist Attraction Fund.** There
22 are hereby appropriated from the unencumbered balances of the
23 Tourist Attraction Fund, notwithstanding anything in
24 Government Code §19655 to the contrary, such sums as will equal
25 in each year the amount of money necessary to pay the principal
26 of and interest on such loan.

27 **(d) Waiver of Immunity.** Notwithstanding any substantive

1 or procedural provisions of Chapter VI of Title 5, Guam Code
2 Annotated, the Government of Guam waives immunity from any
3 suit or action in contract on the loan but does not waive sovereign
4 immunity as to the personal liability of elected officials and
5 employees of the Government of Guam.

6 (e) **Form of Loan; Covenants.** The technical form and
7 language of the loan, including provisions for execution,
8 exchange, transfer, negotiability, cancellation or other terms or
9 conditions not inconsistent with this Section, shall be as specified
10 in the loan agreement executed by the Governor evidencing the
11 loan. The Governor is also authorized to execute, on behalf of the
12 Government of Guam, any appropriate agreements or other
13 instruments relating to the loan.

14 (f) **Bond Issue Rollover.** The language of the loan
15 agreement shall include provisions to permit the loan to be rolled
16 over into a bond issue supported by the Tourist Attraction Fund.
17 The Governor is urged to obtain a repayment schedule that will
18 provide for interest only payments until the loan is so rolled over.

19 (g) **Use of Loan Proceeds.** The proceeds from the loan
20 shall be used solely to implement and equip the capital projects
21 enumerated herein and to pay expenses relating to the
22 arrangement of the loan. The capital projects to be implemented
23 and equipped with the proceeds of the loan authorized by this
24 Section are as follows:

Capital Projects	Allocated Amounts
------------------	-------------------

(i) For Tumon Fafai Reversion Project,	
--	--

(1) For the acquisition and construction of the	
---	--

1		Gun Beach - Fafai Wastewater System	\$8,400,000
2	(2)	For design and construction of the Tumon	
3		Pump Station and Forcemain	\$3,600,000
4	(ii)	For Oka Point Collector System Project	
5	(1)	For design and construction of the Oka Point	
6		collector lines	\$2,000,000
7	(iii)	For Tumon Water Lines	
8	(1)	For design and construction of waterlines	\$4,200,000
9	(iv)	For Tumon Water Sources	
10	(1)	For drilling and construction	\$5,800,000
11	(v)	For exploratory work and contingency for the	
12		projects enumerated above	\$900,000
13	(vi)	Tumon Bay Beautification	
14	(1)	Streets & Sidewalks for medians, crosswalks	
15		and intersections, beach access, sidewalks and	
16		curbs, street furniture for benches, trash	
17		containers, signage, shelters, street lights and	
18		traffic lighting, enhancements for Governor	
19		Flores and Matapang Beach Parks	\$7,200,000
20	(2)	Landscaping for medians, road edge strips,	
21		entry points from San Vitores Boulevard to	
22		beach access	\$3,900,000
23	(3)	Services undergrounding for ocean side	
24		power lines and cables, clutter, removal of	
25		guy wires, and signage consolidations	\$4,500,000
26	(4)	Design and management fees for design	
27		development, construction documentation,	

- 1 permitting, and construction management \$1,600,000
- 2 (5) Allowances for roadway repairs and
- 3 restoration, resurfacing of San Vitores
- 4 Boulevard, off-site infrastructure work, and
- 5 related work \$5,000,000
- 6 (6) Contingency for miscellaneous expenses and
- 7 general project consistency. \$900,000
- 8 (7) Of the approximately Ten Percent (10%)
- 9 savings anticipated in carrying out the
- 10 foregoing projects because of various
- 11 duplications, Three Million Five Hundred
- 12 Thousand Dollars (\$3,500,000) are set aside
- 13 for constructing the Tumon Bay Storm
- 14 Drainage System.
- 15 (8) For the foregoing projects, Three Million
- 16 Dollars (\$3,000,000) shall be contributed by
- 17 the Tumon Area Wastewater System
- 18 Association.

19 **(h) Selection of Bank.** In view of the urgency for the

20 arrangement of the loan pursuant to this Section, the Governor is

21 hereby authorized to utilize such method as he deems appropriate

22 for the selection of the bank or banks in connection with the

23 arrangement of the loan and such selection shall not be subject to

24 any provision of any other law which may require bidding, any

25 other competitive process, or any other procedure with respect to

26 such selection.

27 **(i) Approval of GEDA.** Section 2103(k) of Title 12, Guam

1 Code Annotated, provides that agencies and instrumentalities of
2 the Government of Guam shall issue obligations only by means of
3 and through the agency of the Guam Economic Development
4 Authority ("GEDA"), and that GEDA shall not sell any obligation
5 without the approval of the legislature of the terms and
6 conditions of the issuance of the obligations. In view of the
7 urgency for the arrangement of the loan pursuant to this Section,
8 the original direct loan authorized hereunder is exempted from
9 the requirement of said Section 2103(k), but on the rollover of such
10 loan into a bond issue the section will fully apply.

11 (j) **Approval of the Legislature.** This Legislature,
12 pursuant to subsection 22430, Title 5, Guam Code Annotated, and
13 pursuant to subsection 2103(k), Title 12, Guam Code Annotated,
14 hereby approves the loan of the Government of Guam in the
15 principal amount not to exceed Forty-Five Million Dollars as
16 authorized by this Act; provided, that the terms of the loan are not
17 inconsistent with this Act.

18 **Section 3. Loan Administration; Selection of Contractors; Contract**
19 **Administration.** The proceeds of any loan received by the Government of
20 Guam under Section 2 herein shall be administered by the Bureau of Budget
21 and Management Research. The selection of the project manager,
22 contractors, and any other professional participants shall be the responsibility
23 of the Department of Public Works, which shall work in conjunction with the
24 other government agencies having expertise on various aspects of the
25 projects. All project contract administration shall also be the responsibility of
26 the Department of Public Works. All project accounting costs shall be
27 accounted for by the Department of Administration.

1 **Section 4. Reports.** The Department of Administration shall report to
2 the Chairperson of the Committee on Tourism and Transportation or the
3 successor committee responsible for tourism, quarterly on the financial
4 activity of the Tourist Attraction Fund and project accounting of
5 appropriations therefrom.

6 **Section 5. Effective Date.** This Act shall take effect upon enactment.

COMMITTEE REPORT

BILL 779 - By J. P. Aguon and J. T. San Agustin

AN ACT TO APPROPRIATE TWENTY FIVE MILLION DOLLARS (\$25,000,000) FROM THE FISCAL YEAR 1997, 1998, 1999, AND 2000 SURPLUSES OF THE TOURIST ATTRACTION FUND TO THE DEPARTMENT OF PUBLIC WORKS (DPW) TO BEGIN THE REDEVELOPMENT OF TUMON BAY; AND TO ALLOW THE GUAM VISITORS BUREAU TO ACCEPT PRIVATE CONTRIBUTIONS OF FUNDS AND IN-KIND SERVICES FOR THE REDEVELOPMENT PROJECT.

JOINT PUBLIC HEARING

COMMITTEE ON ECONOMIC & AGRICULTURAL DEVELOPMENT AND INSURANCE/

COMMITTEE ON TOURISM & TRANSPORTATION

TIME AND DATE: 4 p.m. Wednesday, December 11, 1996
LOCATION: Public Hearing Room, Guam Legislature
PRESIDING: Chairman Sen. Joe T. San Agustin
SENATORS PRESENT: Alberto C. Lamorena V
Carlotta Leon Guerrero
Vicente C. Pangelinan
Antonio R. Unpingco

TESTIFYING:	WRITTEN	ORAL	FOR	AGAINST
Bob Coe, DFS	X		X	
Gerard Guedon, GHRA		X	X	
David Ying, GHRA		X	X	
James Nelson, GVB	X		X	
Gerry Perez, DFS	X		X	
Ed Untalan, GEDA	X		X	

SUBMITTING WRITTEN TESTIMONY ONLY:

Gil Shinohara, DPW	X		X	
Richard Quintanilla, GWWA	X		X	

Sen. San Agustin presided as Chairman of Economic Development and Acting Chairman of Tourism. Bob Coe, Mid-Pacific Region President of DFS and Chairman of Tourism 2001, was the first to testify, submitting a

prepared statement (attached). He said he was in support of the intent of Bill 779. Coe noted that Tumon Bay is Guam's number one visitor attraction and was in need of revitalization to attract more visitors.

Coe said that Guam had become equally or more expensive compared to other destinations and had therefore lost a competitive edge. In addition, other destinations were putting a great deal of effort to increase their market share of visitors, while Guam's market share of Japanese (our main market) was declining.

Coe added that the total cost to provide the proposed face-lifting of Tumon was about \$45 million, for infrastructure needs as well as beautification and landscaping. He submitted as part of his testimony a concept map of the project, designed in concept by Belt-Collins, the same firm that performed the Waikiki revitalization. The plan extended from the Nikko Hotel to the Bishop Flores Circle and includes all beach access areas. Power lines will be placed underground and new sidewalks and lighting are included in the plan. He estimated that it would take one year to 18 months to complete.

He then took a few moments to point out some visitor statistics comparisons on a spread sheet which was included with his testimony. The figures showed the decline in Japanese visitors as compared to 1995.

Gerard Guedon, Chairman of the Guam Hotel and Restaurant Association, testified next, stating that every hotel reinvested a portion of its profits into their facility to continue to upgrade their facility. He said that Guam should do the same to continue to attract visitors and increase the numbers. He noted the Westin and Sherwood would be opening soon, adding more than 600 rooms to the island's inventory.

Guedon said Guam cannot afford to just maintain the same number of visitors but instead should increase numbers to keep occupancy rates at about 80%. He stated that the loss of market share would reduce the income to businesses and the Government of Guam. He made some comparisons with other destinations, pointed out that Guam had some strong selling points, such as safety, natural beauty and friendliness.

Next to testify was David Ying, General Manager of the Hyatt Regency Guam and GHRA board member. Ying reaffirmed Coe's statements, testifying that Tumon needed a face-lift, which would benefit visitors as well as residents. He reiterated that the competition for the visitor dollar

was very fierce. Guam was once known as a good value, he said, but other markets were now surpassing us.

GVB General Manager James Nelson testified next, reading from his prepared statement (attached) that he was in support of the intent of the bill, noting however that the funds proposed in the bill were insufficient for the project and the time frame was too long. He also urged that the project, which plays an important role to help achieve the goals of Tourism 2001, should be prioritized by the Legislature.

Testifying next was Gerry Perez, DFS Guam President and Chairman of the Vision 2001 Infrastructure Task Force. He read from his testimony (attached), giving support to the intent of Bill 779, which would provide the funds needed to upgrade the infrastructure in the Tumon area. He broke down the total amount of funds needed as follows:

Landscaping, service under grounding, street and sidewalks	\$25,000,000
Sewer reversion network	11,000,000
Exploration and development of water wells	10,000,000
Less savings anticipated from overlapping costs	- 4,600,000
Net total required	41,400,000

In addition, Perez stated that about \$3.5 million was required to solve the chronic storm flooding problem in the Sandcastle-Hyatt Regency area. This brings the project total to about \$45 million.

He disagreed with the multi-year funding approach of the bill, noting that the project should be funded as an economic emergency package that would give the Governor flexibility in arranging the best possible financing; contract the administration and supervision of the project to a private firm; and insure the project was not delayed by the procurement process.

GEDA Administrator Ed Untalan was next to testify, first reading his written statement (attached), then making several recommendations for possible funding sources for the project, including the process contained in Bill 779; possible refunding of the water bond and infrastructure bond; temporary use of funds already allocated to other projects; and a short-term line of credit from a consortium of banks which could be rolled over into a bond or other long-term debt.

Sen. San Agustin asked if the Tourist Attraction Fund could support a line of credit which could eventually be converted into long-term debt. Untalan said that it could.

Sen. Leon Guerrero said that if falling prices in other areas increased their competitiveness, then Guam should also drop prices. Coe said that the value of a destination was based on more than price alone. He said that factors such as quality of service, optional tours, customer satisfaction, safety, etc. also influenced the visitors' decisions about where to go.

She asked about the funds provided earlier in the year for water and sewer emergencies. Bert Johnston, Deputy Chief Officer of Guam WaterWorks Authority said the projects she was referring to were either completed or underway. He added that the reason for the large sum needed to complete the Tumon area was based on addressing the complete needs of the area at one time so there would be no need to go back later and dig up the roadway.

Sen. Lamorena asked if there were provisions for beach improvements. Perez noted that landscaping would be done along each of the beach access points.

Sen. Pangelinan suggested that part of the problem with providing good customer service may come from the pay disparity between Guam and Hawaii hotel workers. Coe and Ying both stated that pay was important but not the only factor. They also said that the industry was aware that it had to pay good salaries and benefits to keep good employees.

Sen. San Agustin said a mark-up meeting would be scheduled on a substitute version of the bill which would provide for the changes requested at the hearing. He expected the substitute bill would be ready the next afternoon.

There being no further testimony or questions, Bill 779 was considered publicly heard.

MARK-UP MEETING

A mark-up meeting on a substitute version of Bill 779 was conducted on Friday, December 13, 1996.

The bill was amended to take the form of a long term debt authorization for the Governor in the amount of \$45 million, payable over a period not to exceed 20 years, utilizing the surpluses of the Tourist Attraction Fund.

COMMITTEES' RECOMMENDATIONS

The Committee on Economic & Agricultural Development and the Committee on Tourism & Transportation both recommend that Bill 779, as substituted, be reported out to the body with the recommendation to do pass as substituted.

**Testimony of Gerald S.A. Perez, Chairman
Vision 2001 Infrastructure Task Force**

**REGARDING BILL #779 BEFORE THE COMMITTEE ON ECONOMIC
DEVELOPMENT
TWENTY-THIRD GUAM LEGISLATURE
DECEMBER 11, 1996**

My name is Gerald S.A. Perez, President, DFS Guam. I am here in my capacity as Chairman of the Governor's Vision 2001 Infrastructure Task Force. I am also here to support Bill 779 and to urge certain modifications that will enhance the ultimate effect of the measure's intent. The evolution of this bill can perhaps be summarized as follows:

- 1) An exhaustive review was conducted by the Task Force last year to ascertain the island's sewer and water problems in general and to outline a strategy that would stabilize service and lay foundations for community development and economic growth.
- 2) Much has happened since the work of the Task Force was completed several months ago and I take this opportunity to acknowledge, with many thanks, the Legislature's support for some of the recommendations made. The creation of Guam Water Works Authority and the \$14 million borrowing authorization are specific examples that come immediately to mind. The introduction of Bill 779 is yet another legislative initiative that demonstrates support for the additional funding needed to complete the three legged Tumon sewer reversion system that would essentially:

- Increase the life capacity of the Agana sewer treatment plant,
 - Eliminate overflows along Marine Drive and the Tumon area, and
 - Enable residential, hotel, and other developments to proceed in Tumon and in other parts of the island.
- 3) Along with the need to upgrade Tumon Bay's infrastructure, is also the need to improve the product quality we call "destination Guam." Thus, the need for certain landscaping and other improvements in Tumon Bay, an area that is both the core of our economic well being today as well as the source of employment, recreation and entertainment for all local residents.
- 4) Details of the funding requirements are attached to my testimony, but can be summarized as follows:
- Landscaping, service undergrounding, street and sidewalk improvements \$25 million
 - Completion of 2nd and 3rd legs of sewer reversion network \$11 million
 - Exploration and development of water wells \$10 million
 - Total \$46 million less 10% (\$4.6 million) savings anticipated from overlapping costs on demolition and restoration
 - Net total required \$41.5 million

I would also urge the committee to consider adding to this list of projects the estimated \$3.5 million needed to take care of the chronic storm flooding problem frequently occurring in the Sandcastle and Hyatt Hotel area. **This addition brings the grand total sum needed in Bill 779 to \$45 million.**

Bill 779 envisions a multi-year funding strategy. From my perspective, however, I believe that such an approach would aggravate the current problems being experienced and would not address the current “economic emergency” situation in a timely manner. This economic crisis is real and will worsen further unless addressed immediately and at once. The eroding market share being experienced from our core visitor market has to be revived immediately if the decline in GovGuam revenues is to be arrested and reversed to produce funds for much needed public services now woefully underfunded.

Recommendations

In closing, I urge the committee to consider the following recommendations:

1. That the projects be funded as an “economic emergency” package to produce the immediate result that would prime an increase in GovGuam revenues;
2. That the bill would give the Governor flexibility in arranging the best financial package possible under prevailing market conditions, thereby expediting the execution of Bill 779’s stated policy objectives;

3. That this initiative be a collaborative effort between the government and private sector with a privately contracted administrative and supervisory arrangement; and
4. That the procurement process for this entire effort be made sensitive to the urgent issue of timing and execution of the competitive solicitation process.

I would be happy to answer questions now or to discuss project cost details at a work session with the committee's staff right after the hearing. Thank you for this opportunity to present my views and the view of the Task Force.

Tumon Bay Improvements (Beautification)

1. Streets & Sidewalks \$5.3 million for medians, crosswalks and intersections, beach access, sidewalks and curbs.
2. Street furniture \$1.9 million for benches, trash containers, signage, shelters, street lights and traffic lighting.
3. Landscaping \$3.9 million for medians, road edge strips, entry points from San Vitores Boulevard to beach access.
4. Services undergrounding \$4.5 million for oceanside power lines and cables, clutter removal of guy wires, and signage consolidations.
5. Design & Management fees \$1.6 million for design development, construction documentation, permitting, and construction management.
6. Allowances \$5.0 million for roadway repairs and restoration, resurfacing of San Vitores Boulevard, off site infrastructure work, etc.
7. Contingency \$0.9 million for miscellaneous expenses and general project consistency.

Total \$25 Million

This estimate was done per \$70,000 plan developed by Belt Collins and Martin Cristobal Laguana and paid for by proceeds from the 1995 Tournament of Champions.

Tumon Bay Sewer Project Situation

Now

- All hotels except Hilton discharge at Fujita Pump Station then pumped to northern district sewer treatment plant. First of three leg reversion system completed.
- Ypao Pump Station now flowing toward Agana sewer treatment plant. Limited service to Hilton area only.

Want to do the following:

Complete second and third legs of reversion as follows:

A. 2nd Leg

- New lines from Ypao to Mamajanao pump station northward to northern district sewer treatment plant via McDonald's in Harmon Loop. Ypao flows now to Agana, but this second reversion leg is critical because all Upper Tumon now draining to Agana. This new leg will relieve Agana Pump Station at average 3 to 5 million gallons per day and improve Upper Tumon/Harmon capacity to sustain continuing growth in the area. Will eliminate chronic overflow problem along Marine Drive, Tamuning near Tony Roma's restaurant.
- Completion of this second leg will also increase Agana Sewer Treatment Plant capacity to absorb central area growth now stymied by capacity problems.

3rd Leg

- Install new Oka Point collectors to connect with Ypao Pump Station. Need to install before Revitalization and Beautification project to avoid disruption once beautification in place. Third leg of reversion covers three additional pump stations needed to accommodate new hotel development:

1. Tumon (aka Fujita #2)
2. Gun Beach (aka Fafai)
3. Harmon

Funding Required

1st Leg	Project completed
2nd & 3rd Legs	\$27.8M
Less (approved line of credit)	<u>13.8M</u>
	\$14.0M
Less TAWSA funds (now available)	<u>3.0M</u>
Net required	\$11.0M

Total \$11 Million

Ypao - Mamajanao - Southern Link Reversion \$13,800,000

← FROM \$14 MILLION BORROWING AUTHORIZATION

- (1) Southern Link Pump Station

Design COMPLETED
Construction COMPLETED

- (2) Southern Link Forcemain & (3) NDSS Gravity Relief Interceptor Line

Design COMPLETED
Construction \$ 5,000,000

- (4) Mamajanao Pump Station Modification & Forcemain

Design COMPLETED
Construction \$ 2,500,000

- (5) Ypao Pump Station & Forcemain

Land \$ 3,800,000
Design COMPLETED
Construction \$ 2,500,000

Tumon - Fafai Reversion

\$12,000,000

- (6) Gun Beach - Fafai Wastewater System

Land \$ 500,000
Design COMPLETED
Construction \$ 7,900,000

- (7) Tumon Pump Station & Forcemain

Design \$ 250,000
Construction \$ 3,350,000

Oka Point Collector System

\$2,000,000

- (8) Oka Point Collector Lines

14M LOSS 3MCTAWSA

Design & Construction \$ 2,000,000

14 MILLION ← needed

Tumon Bay Water Requirements

1. Installation of 12 to 16 inch main transmission line upgrade from Australian Cable Station along San Vitores up to SDA Clinic. Will equalize pressure, become more efficient for maintenance and repairs, allowing isolation without wholesale water outages in Tumon. Total cost \$4.2 million.
2. Exploration and development of ~~8~~¹³ water wells required to support Vision 2001. Total cost \$5.8 million.

Total required for water improvements \$10M.

Funding Recap Beautification, Sewer & Water Improvements

1. Beautification	25M
2. Sewer upgrade	11M
3. Water	<u>10M</u>

Total \$46.0M

Less 10% savings anticipated from overlapping costs on demolition and restoration 4.6M

Total net funding required \$41.5M

TESTIMONY ON:

Bill #779: An Act to appropriate Twenty Five Million Dollars (\$25,000,000) from the fiscal year 1997, 1998, 1999, and 2000 surpluses of the Tourist Attraction Fund to the Department of Public Works (DPW) to begin the Redevelopment of Tumon Bay; and to allow the Guam Visitors Bureau to accept private contributions of funds and in-kind services for the Redevelopment Project.

**Submitted by:
Ed Untalan
Acting Administrator
Guam Economic Development Authority**

December 11, 1996

Good afternoon Mr. Chairman, esteemed members of the Committee on Economic-Agricultural Development and Insurance; ladies and gentlemen:

My name is Ed Untalan, and I am the Acting Administrator for the Guam Economic Development Authority (GEDA). I am here on behalf of the Authority to provide testimony on Bill #779.

As GEDA's enabling statute directs the Agency to be the primary catalyst in the economic development of Guam, we are obligated to provide the Island's leaders with our comments on the potential impact of the proposed legislation may have in fulfilling its charter and mission. Being the Government's Central Financial Manager, we are required to provide you with our input regarding the financing of projects either through the use of debt and/or other means.

The redevelopment of Tumon has been a project GEDA has been working on for the last eight months. We were asked to identify the funding source for the project which was estimated to cost \$40 to \$50 million dollars (\$25 million dollars for the beautification, the remainder for the required infrastructure).

The appropriation of the Tourist Attraction Fund (TAF) was a part of the cash management plan we had developed. While we do agree with the concept and the appropriation of a total of \$25 million dollars, we are requesting that you consider our concerns outlined below:

1. The total cost for the redevelopment was estimated at \$40 to \$50 million dollars. The current appropriation provides an insufficient source of funds which leaves the project funding short approximately \$25 million dollars. We should not proceed with the beautification unless the infrastructure, primarily the water and sewage issues, are addressed at the same time.

With that, we recommend consideration on the refunding of the 1989 Water System and the 1989 Infrastructure bond issues as it will provide a cashflow savings of approximately \$15 to \$16 million dollars over the next six (6) years (based on current market conditions). This savings can be used towards the redevelopment project as both bond issues are related in one form or another.

2. The current plan proposed appropriates the \$25 million dollars over a four year period. We are concerned that such a high appropriation does not provide the TAF with enough flexibility to absorb major downturns in the tourism industry (visitor arrivals). It may be appropriate to consider the appropriation over a longer period of time to provide enough of a cushion for fluctuation in the economy.
3. The high annual appropriations also limits or holds the TAF hostage to this one project centered on one area of the Island. Although it is our major center for tourism, we will be limiting the potential development of tourism in other areas of the Island (i.e., the southern part of the Island in relation to eco-tourism) for that period of time. This also includes the funding for any increased operational needs in the future or any other capital improvement project as it may relate to tourism.

In closing, we support the concept of this legislation. However, we request that our concerns as stated above be given consideration. As a suggestion, we recommend the approval of the legislation provided that it affords the flexibility to appropriate the total of \$25 million dollars over a longer term (i.e., 10 to 15 years).

Thank you for your time.



Guam Visitors Bureau
Setbision Bisitan Guahan



Commonwealth Now!

11 December 1996

HONORABLE JOHN P. AGUON
Senator and Chairman, Committee on
Tourism & Transportation
23rd Guam Legislature
155 Hesler Street
Agana, Guam 96910

Dear Chairman Aguon:

Håfa Adai & Season's Greetings from the Guam Visitors Bureau!
Thank you for this opportunity to present testimony on:

Bill No. 779 (An Act to Appropriate Twenty Five Million Dollars (\$25,000,000) from the Fiscal year 1997, 1998, 1999 and 2000 surpluses of the Tourist Attraction Fund to the Department of Public Works (DPW) to begin the redevelopment of Tumon Bay; and to allow the Guam Visitors Bureau to accept private contributions of funds and in kind services for the redevelopment project.

As we all know, Guam has enjoyed the enviable position of greeting over one million visitors annually over the past three years. Based on industry trends and projections incorporated in the Vision 2001 plan, we now anticipate that by the year 2001, Guam will welcome two million visitors annually. In order to achieve this milestone, it is clear that we must enhance the tourism product we call Guam.

The Guam Visitors Bureau supports the legislative findings and intent of this measure. The Bureau also realizes that this project falls within the authorized use of the Tourist Attraction Fund (TAF). This project is needed not only for community enjoyment but also in attracting additional visitors to our island.

However, we must express our sincere concern over the amount and the time frame in which the appropriations are to distributed, as stated


in Section 2. It is the Bureau's understanding that the project, as stated in the legislative findings and intent, would require a minimum funding level of no less than Forty Five Million Dollars (\$45,000,000.00). In addition, a project such as this can be completed within a time frame of twelve (12) to eighteen (18) months and not four years. The Bureau requests that this Committee review the project scope and revisit both the funding requirements and time frame in which the project can be completed. If we are to achieve our goal of reaching the two million visitor mark by the year 2001, the redevelopment of Tumon Bay must be completed well in advance.


Another concern which we must bring before the Committee is the Project Listing stated in Section 3. We understand that the Tourist Attraction Fund can only support infrastructure improvements. Our concern lies in where will funds be identified for the beautification efforts. Should this bill be enacted, any unexpended funds will fail to cover the costs of completing any additional projects related to the redevelopment of Tumon Bay as stated in Section 4 of this measure.

Lastly, the Bureau believes that funds generated from the Tourist Attraction Fund should be targeted towards efforts that will directly benefit tourism, as well as the community. With the implementation of Vision 2001, we recommend that this measure be prioritized and that the appropriate funding levels be made available. As a result, we all will insure a win-win situation for both the community and the tourism industry.

Once again, Mr. Chairman, we extend our appreciation for this opportunity to testify and express our concerns.

Respectfully submitted,


JAMES E. NELSON III
General Manager


THERESE CRUZ-PAULINO
Deputy General Manager



DEC 11 1996

Honorable Senator John Perez Aguon
Chairman, Committee on Tourism and
Transportation
Twenty-Third Guam Legislature
479 W. O'Brien Drive
Suite 301 Bank of Guam Building
Agana, Guam 96910

Dear Senator Aguon:

Thank you for the opportunity to provide testimony on Bill 779, an act to appropriate \$25 Million Dollars (\$25,000,000) from the Fiscal Year 1997, 1998, 1999 and 2000 surpluses of the Tourist Attraction Fund to the Department of Public Works (DPW) to begin the redevelopment of Tumon Bay as described in Section 3 of the bill. The DPW supports the intent of the bill as the redevelopment of the Tumon Bay area is necessary for the area to retain its identity as the center of the tourism industry in Guam. However, we propose the following changes be made to Section 3 of the bill:

1. The design, project management and construction of storm drainage facilities be included in the scope of the proposed projects.
2. The breakdown of the \$25 Million appropriation be eliminated and replaced with a lump sum amount.

Should you require additional information, please do not hesitate to contact me.

Sincerely yours,


GIL C. ARA
Director

**GUAM WATERWORKS AUTHORITY
TUMON INFRASTRUCTURE CAPITAL PROJECTS**

A No.	B Description	C FY97	D FY98	E TOTAL
A	Faifai Reversion Project			
	1. Wastewater System	8,400,000		8,400,000
	2. Tumon Pump Station & Forcemain	1,600,000	2,000,000	3,600,000
B	Oka Point Collector System	1,200,000	800,000	2,000,000
C	Tumon Water Lines	1,500,000	2,700,000	4,200,000
D	Tumon Water Sources	2,700,000	3,100,000	5,800,000
E	Exploratory Work & Contingency	<u>450,000</u>	<u>450,000</u>	<u>900,000</u>
	TOTAL	15,850,000	9,050,000	24,900,000

COMMENTS ON THE DRAFT BILL TO APPROPRIATE FUNDS FROM THE TOURIST ATTRACTION IN FISCAL YEAR 1997 and 1998 FOR THE FOLLOWING PROJCKTS:

A. 1. For land acquisition and construction of Gun Beach/Fafai Wastewater System

Funding needed by FY 97 - \$8,400,000

2. For the design and construction of Tumon Pump Station, Forcemain and Gravity Lines

Funding needed by FY 97 - \$1,600,000
FY 98 - \$2,000,000

B. For the design and construction of Oka Point Collector Lines

Funding needed by FY 97 - \$1,200,000
FY 98 - \$ 800,000

C. For the design and construction of Tumon Waterlines

Funding needed by FY 97 - \$1,500,000
FY 98 - \$2,700,000

D. For drilling and construction of Tumon Water Source

Funding needed by FY 97 - \$ 2,700,000
FY 98 - \$ 3,100,000

E. For exploratory work and contingency for the projects enumerated above:

Funding needed by FY 97 - \$ 450,000
FY 98 - \$ 450,000

Testimony to Amend Bill 779

Mr. Chairman and members of the Economic Development Committee

Revitalizing Tumon Bay is very badly needed and is an urgent situation today. Tumon Bay area is Guam's number one attraction. Visitors come to Guam and stay in Tumon Bay to experience the tropical paradise that is marketed in Japan, Korea, Taiwan and other locations. Needless to say, they are disappointed seeing an outdated and relatively unattractive environment. They go back home and tell their friends about the Guam experience with Tumon Bay being their number one memory. Based on the relatively low level of repeat visits Guam experiences, their memories aren't what we need them to be.

Today, based on actual visitor numbers, Guam is losing its primary tourism market, Japan. Guam's market share has been in a decline since March of 1996. Hotel occupancies have been dropping versus 1995 during the second, third and fourth quarters. Other destinations have upgraded their attractions and have out-marketed Guam. In many respects, we have allowed our visitor market to slip away. Compounding our situation is the exchange rate. At ¥112 to the dollar exchange rate, Guam has become 25% more expensive than during the summer of 1995. Further compounding Guam costs are normal price increases within the hotel and airline industries. Needless to say, Guam has done very little to upgrade its number one attraction and warrant yen price increases. As a result, visitors are going elsewhere where they perceive better value.

The external market is constantly changing and changing for the worse. Aggressive marketing programs have been launched by Okinawa supported by the Japanese government. We understand direct flights have been added to Hawaii from Nagoya at ¥40,000 cost (less than \$400). CD players, merchandise, concert

coupons and watches are being given away as incentives to outbound Japanese citizens who take JAL flights to Hawaii between January 1 and March 31. The Waikiki area has been significantly upgraded and today looks like a tropical paradise. Meanwhile, Guam sits still and does not improve.

In the end, Guam will get what it earns and what it deserves. We have not reinvested in our number one attraction and should have done so many years ago so that we can be viewed as world class. Guam has been fortunate to experience the number of visitors we have realized as a result of its close proximity and its relatively low price. Today, we are still close but we are no longer inexpensive and competition is intensifying.

Guam must improve its value and must do that by improving the attractions with beautification of the Tumon Bay area as well as Two Lover's Point. Public safety is being upgraded and aggressive marketing plans are being developed. New attractions like the Japan Plaza Water Park, Planet Hollywood and Hard Rock Cafe are coming. We can achieve our objectives if all these components come together and the Guam visitor attraction improves.

The Tumon Bay Beautification Concept Plan was designed by Belt-Collins, the same people that did the revitalization of Waikiki. It is very badly needed and needs to happen as fast as it can be made to happen lest we lose more of our visitor market. The plan will line the Tumon Bay area from the Nikko Hotel to the Old GMH circle as well as all beach access areas with tropical plants and palm trees. New sidewalks and new lighting will be installed. All power lines will go

underground and power poles will disappear. The cost is \$25 million but it is a small cost given our \$1 billion tourism industry that employs approximately one third of Guam's work force and creates approximately 60% of government revenue.

To support new hotel development and tourism expansion, infrastructure upgrades for sewage, water wells and water lines and drainage totaling \$20 million is required. This brings total funds required for the Tumon Bay Revitalization to \$45 million.

We urge the Committee to make these tourist attraction upgrades possible immediately. The work can be coordinated and accomplished within 12 to 18 months based on information we have received from the Belt-Collins organization. We are late in making these kind of upgrades and right now, we are behind in the competitive curve.

Please enable the \$45 million required so that this very, very necessary tourist attraction upgrade can take place so that we can regain and expand our market position.

Thum Yow
Bob Coe

Guam Hotel Occupancy Analysis													
	January	February	March	April	May	June	July	August	September	October	November	December	Total
1997 Room Capacity													
GHRA Room Inventory													
GHRA 95% Occupancy													
Japanese Target													
Japanese Mix %													
All Tourist Hotel Inv.													
95% Occupancy													
Japanese Target													
Japanese Mix %													
Guam Visitors													
GVB 97 Target													
% vs 96													
97 Market Share													
1996/1995 Mkt. Share	86,022	93,753	103,164	72,880	93,157	93,634	96,880	97,627	91,141	83,902	92,075	85,357	1,087,665
Lost Guam Visitors	-647	-698	-6,892	-3,028	-11,749	-7,610	-11,381	-4,708	-3,974	-6,077	-6,075	-6,357	-67,269
GVB Stats 1996	85,375	93,055	96,272	69,852	81,408	86,024	85,499	92,919	87,167	77,825	86,000	79,000	1,020,396
% vs. 95	16.64%	22.81%	12.15%	11.80%	-7.92%	-1.69%	-8.84%	-3.24%	-2.65%	-1.62%	-0.32%	0.93%	2.43%
96 Market Share	6.59%	7.12%	6.45%	5.98%	6.76%	6.46%	5.85%	5.60%	5.93%	5.64%	6.28%	5.51%	6.16%
GVB Stats 1995	73,198	75,772	85,840	62,482	88,412	87,504	93,786	96,028	89,542	79,104	86,277	78,274	996,219
95 Market Share	6.64%	7.18%	6.91%	6.24%	7.73%	7.04%	6.63%	5.88%	6.20%	6.08%	6.72%	5.96%	6.56%
97 Yen Exchange	110	110	110	110	110	110	110	110	110	110	110	110	110
96 Yen Exchange	105.66	105.81	105.53	107.22	106.34	108.99	109.2	107.96	109.93	112.41	112.22	113	108.69
% Adtl. Yen to Purch. \$1	5.95%	7.67%	16.63%	28.12%	24.97%	28.77%	24.89%	13.95%	9.32%	11.48%	9.99%	10.91%	15.50%
95 Yen Exchange	99.73	98.27	90.48	83.69	85.09	84.64	87.44	94.74	100.56	100.83	102.03	101.88	94.10
Hotel Occupancy													
GVB 97 Plan													
Variance % to 96													
All Tourist Hotels-96	86.8%	95.4%	90.1%	76.9%	80.1%	84.0%	78.9%	88.0%	83.1%	78.3%	82.2%	74.9%	84.0%
All Tourist Hotels-95	79.1%	93.3%	89.1%	76.0%	85.0%	89.5%	90.9%	95.4%	89.8%	77.3%	89.8%	81.4%	86.5%
Variance %	7.7%	2.1%	1.0%	0.9%	-4.9%	-5.5%	-12.0%	-7.4%	-6.7%	1.0%	-7.6%	-6.5%	-2.5%
GVB 97 Plan													
Variance % to 96													
GHRA-96	86.0%	91.0%	90.0%	79.0%	80.0%	85.0%	80.0%	88.0%	83.0%	79.0%	86.0%	82.0%	84.1%
GHRA-95	81.0%	87.0%	90.0%	77.0%	89.0%	92.0%	91.0%	99.0%	91.0%	82.0%	92.0%	82.0%	87.8%
Variance %	5.0%	4.0%	0.0%	2.0%	-9.0%	-7.0%	-11.0%	-11.0%	-8.0%	-3.0%	-6.0%	0.0%	-3.7%
Japan Outbounds									(estimate)	(estimate)	(estimate)	(estimate)	
1997 Projection													
96 Japan Outbound Pax	1,295,089	1,306,536	1,493,495	1,168,332	1,204,477	1,330,662	1,460,316	1,660,720	1,470,000	1,380,000	1,370,000	1,433,000	16,572,627
% vs. 95	17.52%	23.73%	20.18%	16.64%	5.37%	7.01%	3.30%	1.67%	1.79%	6.06%	6.72%	9.05%	9.18%
95 Japan Outbound Pax	1,102,017	1,055,953	1,242,698	1,001,637	1,143,131	1,243,542	1,413,672	1,633,516	1,444,207	1,301,091	1,283,731	1,314,085	15,179,280

FISCAL NOTE
BUREAU OF BUDGET AND MANAGEMENT RESEARCH

BBMR-F7

Bill Number: 779
 Amendatory Bill: No

Date Received: December 12, 1996
 Date Reviewed: December 12, 1996

Department/Agency Affected: Department of Public Works
 Department/Agency Head: Gil Shinohara, Director
 Total FY Appropriation to Date: \$27,724,600

Bill Title (preamble): AN ACT TO APPROPRIATE TWENTY FIVE MILLION DOLLARS (\$25,000,000) FROM THE FISCAL YEAR 1997, 1998, 1999 AND 2000 SURPLUSES OF THE TOURIST ATTRACTION FUND TO THE DEPARTMENT OF PUBLIC WORKS (DPW) TO BEGIN THE REDEVELOPMENT OF TUMON BAY; AND TO ALLOW THE GUAM VISITORS BUREAU TO ACCEPT PRIVATE CONTRIBUTIONS OF FUNDS AND IN KIND SERVICES FOR THE REDEVELOPMENT PROJECT.

Change in Law: N/A

Bill's Impact on Present Program Funding:
 Increase X Decrease _____ Reallocation _____ No Change _____

Bill is for:
 Operations _____ Capital Improvement X Other _____

FINANCIAL/PROGRAM IMPACT

ESTIMATED SINGLE-YEAR FUND REQUIREMENTS (Per Bill)			
PROGRAM CATEGORY	GENERAL FUND	OTHER	TOTAL
Utility & Infrastructure		11	

ESTIMATED MULTI-YEAR FUND REQUIREMENTS (Per Bill)						
FUND	1st	2nd	3rd	4th	5th	TOTAL
GENERAL						
OTHER	11					
TOTAL						

FUNDS ADEQUATE TO COVER INTENT OF THE BILL? N/A -- IF NO, ADD'L AMOUNT REQUIRED \$ 11
 AGENCY/PERSON/DATE CONTACTED: _____

ESTIMATED POTENTIAL MULTI-YEAR REVENUES						
FUND	1st	2nd	3rd	4th	5th	TOTAL
GENERAL FUND						
OTHER	N/A					
TOTAL						

ANALYST EGK DATE 12/12/96 DIRECTOR Francis Balaguer DATE DEC 13 1996
Paul Leon Guerrero Joseph E. Rivera, Acting

FOOTNOTES: 11 Based on actual and expected TAF Revenues, the amounts identified for appropriation are and will be available.

DEC 13 1996

**COMMITTEE ON TOURISM AND TRANSPORTATION
AND**

**Committee on Economic- Agricultural
Development and Insurance**

Twenty-Third Guam Legislature
Senator Joe T. San Agustin, Chairman

Witness Sign in Sheet

December 11, 1996

(Date)

Subject: Bill No. 779

Name Please Print:	Representing Agency:	Testimony	
		Oral/ Written:	For/ Against:
<u>Ed Luciano</u>	<u>GAIA</u>	<u>✓</u>	<u> </u>
<u>Herman J. Shmuck</u>	<u>GHRA/Guam Helter</u>	<u> </u>	<u>✓</u>
<u>GERARD Guedon</u>	<u>GHRA</u>	<u>✓</u>	<u> </u>
<u>Doued Mijang</u>	<u>GHRA</u>	<u>✓</u>	<u> </u>
<u>Bob COE</u>	<u>DFS</u>	<u>✓</u>	<u>For</u>
<u>JAMES NELSON</u>	<u>GVB</u>	<u>✓</u>	<u>✓</u>
<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u> </u>	<u> </u>	<u> </u>	<u> </u>



Committee on Economic-Agricultural
Development and Insurance
TWENTY-THIRD GUAM LEGISLATURE
424 W. O'Brien Dr., Juleta Shopping Center, Suite #218
Agana, Guam 96910
Tel: (871) 477-8527/9120 • Fax: (871) 477-5570

NOTICE OF JOINT PUBLIC HEARINGS*
**COMMITTEE ON ECONOMIC-AGRICULTURAL
DEVELOPMENT AND INSURANCE**

AND
COMMITTEE ON TOURISM AND TRANSPORTATION
Twenty-Third Guam Legislature
SENATOR JOE T. SAN AGUSTIN
Chairman

Wednesday, December 11, 1996
2 P.M.

Guam Legislature Public Hearing Room
155 Hesler Street
Agana, Guam

Telephone No.: 477-8527/9120
Fax No.: 477-5570

AGENDA

*BILL NO. 778 AN ACT TO APPROVE THE TERMS
AND CONDITIONS OF THE ISSUANCE
OF UP TO \$63,000,000 OF REVENUE
BONDS OF THE GUAM HOUSING
CORPORATION; TO ADD NEW
SUBSECTION 4103.5, 4104 (n), 4106.1,
AND A NEW ARTICLE 6, AND TO
AMEND SUBSECTION 4101, 4104 (a),
4104 (m), 4105, 4106, AND 4214 OF
TITLE 12, GUAM CODE ANNOTATED,
RELATIVE TO THE AUTHORITY OF
THE GUAM HOUSING CORPORATION
TO ENTER INTO THESE PARTICULAR
BOND ISSUANCES; AND TO AMEND
SECTIONS 4, 7, 8, 10, AND 13 OF P.L.
20-225, RELATIVE TO THE LADA
ESTATES AFFORDABLE HOUSING
PROJECT. (Introduced by S. L. Orsini,
Chairman, Committee on Rules at the
Request of the Governor in Accordance
with the Organic Act of Guam)

*BILL NO. 768 AN ACT TO APPROVE THE
ASSIGNMENT OF PORT AUTHORITY
OF GUAM'S LEASES WITH ESSO
EASTERN, INC. TO SHELL GUAM, INC.
(Introduced by S. L. Orsini, Chairman,
Committee on Rules at the Request of the
Governor in Accordance with the Organic
Act of Guam)

*BILL NO. 779 AN ACT TO APPROPRIATE TWENTY-
FIVE MILLION DOLLARS (\$25,000,000)
FROM THE FISCAL YEAR 1997, 1998,
1999, AND 2000 SURPLUSES OF THE
TOURIST ATTRACTION FUND TO THE
DEPARTMENT OF PUBLIC WORKS
(DPW) TO BEGIN THE
REDEVELOPMENT OF TUMON BAY;
AND TO ALLOW THE GUAM VISITORS
BUREAU TO ACCEPT PRIVATE
CONTRIBUTIONS OF FUNDS AND IN-
KIND SERVICES FOR THE
REDEVELOPMENT PROJECT.
(Introduced by J. P. Aguon,

***** J. T. San Agustin *****
** The public is invited to express their views **



Committee on Economic-Agricultural Development and Insurance

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424 W. O'Brien Dr., Julale Shopping Center, Suite #218
Agaña, Guam 96910
Tel: (671) 477-8527/9120 • Fax: (671) 477-5570

SENATOR JOE T. SAN AGUSTIN (D)
CHAIRMAN

December 4, 1996

MEMORANDUM

TO: Members, Committee on Economic-Agricultural
Development & Insurance
Members, Committee on Tourism and Transportation

FROM: Chairman

SUBJECT: Joint Public Hearings - December 11, 1996

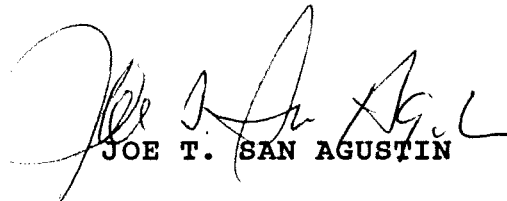
The Committee on Economic-Agricultural Development and Insurance and Committee on Tourism and Transportation are conducting a public hearings on Wednesday, December 11, 1996, at 2 p.m., in the Guam Legislature Public Hearing Room on the following:

- Bill No. 778** AN ACT TO APPROVE THE TERMS AND CONDITIONS OF THE ISSUANCE OF UP TO \$63,000,000 OF REVENUE BONDS OF THE GUAM HOUSING CORPORATION; TO ADD NEW SUBSECTION 4103.5, 4104(n), 4106.1, AND A NEW ARTICLE 6, AND TO AMEND SUBSECTION 4101, 4104(a), 4104(m), 4105, 4106, AND 4214 OF TITLE 12, GUAM CODE ANNOTATED, RELATIVE TO THE AUTHORITY OF THE GUAM HOUSING CORPORATION TO ENTER INTO THESE PARTICULAR BOND ISSUANCES; AND TO AMEND SECTIONS 4,7,8,10, AND 13 OF P. L. 20-225, RELATIVE TO THE LADA ESTATES AFFORDABLE HOUSING PROJECT. (Introduced by S. L. Orsini, Chairman, Committee on Rules, at the Request of the Governor in Accordance with the Organic Act of Guam)
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Joint Public Hearings - December 11, 1996
December 4, 1996
Page 2

***BILL NO.779** AN ACT TO APPROPRIATE TWENTY-FIVE MILLION DOLLARS (\$25,000,000) FROM THE FISCAL YEAR 1997, 1998, 1999, AND 2000 SURPLUSES OF THE TOURIST ATTRACTION FUND TO THE DEPARTMENT OF PUBLIC WORKS (DPW) TO BEGIN THE REDEVELOPMENT OF TUMON BAY; AND TO ALLOW THE GUAM VISITORS BUREAU TO ACCEPT PRIVATE CONTRIBUTIONS OF FUNDS AND IN-KIND SERVICES FOR THE REDEVELOPMENT PROJECT. (Introduced by J. P. Aguon, J. T. San Agustin)

The Confirmation Hearing for Mr. Joseph C. Cruz, Director, Department of Commerce; Mr. Edward G. Untalan, Administrator, Guam Economic Development Authority; and Mr. Paul J. Bordallo, Member, Guam Economic Development Authority Board of Directors will still be held at 10:30 a.m., Wednesday, December 11. Your presence at these hearings is appreciated. Thank you for your attention to this matter.


JOE T. SAN AGUSTIN

Attachments

cc: Executive Director
Protocol Office
Maintenance
Security
Legal
Archives
Audio
All Senators
All Media



COMMITTEE ON RULES

Twenty-Third Guam Legislature
155 Hesler St., Agana, Guam 96910

December 12, 1996

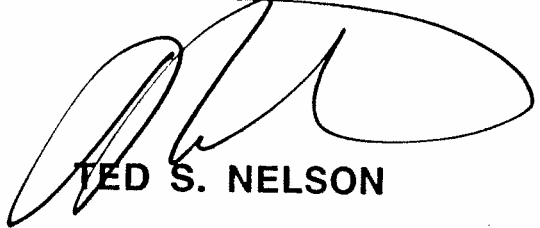
MEMORANDUM

TO: Chairman, Committee on Tourism and Transportation

FROM: Acting Chairman, Committee on Rules

SUBJECT: Referral - Bill No. 779

The above Bill is referred to your Committee as the principal committee. Please note that the referral is subject to ratification by the Committee on Rules at its next meeting.



TED S. NELSON

Attachment:

TWENTY-THIRD GUAM LEGISLATURE
1996 (SECOND) Regular Session

Bill No. 779

Introduced by:

J.P. AGUON
J.T. SAN AGUSTIN



AN ACT TO APPROPRIATE TWENTY FIVE MILLION DOLLARS (\$25,000,000) FROM THE FISCAL YEAR 1997, 1998, 1999, AND 2000 SURPLUSES OF THE TOURIST ATTRACTION FUND TO THE DEPARTMENT OF PUBLIC WORKS (DPW) TO BEGIN THE REDEVELOPMENT OF TUMON BAY; TO AND TO ALLOW THE GUAM VISITORS BUREAU TO ACCEPT PRIVATE CONTRIBUTIONS OF FUNDS AND IN-KIND SERVICES FOR THE REDEVELOPMENT PROJECT.

1 BE IT ENACTED BY THE PEOPLE OF THE TERRITORY OF GUAM:

2 SECTION 1. Legislative findings and intent. Tumon Bay is the "jewel"
3 of tourism in Guam, the section of our island in which most visitors stay and
4 the area which is most identified as the center of our most important industry.
5 Despite its importance to Guam's economy, some portions of Tumon are
6 unsightly and are poor examples of the true beauty of our island. Power lines
7 stretch overhead in a tangle of high tension wires; landscaping is nonexistent
8 in many areas; streetlighting is often inadequate; and the water/wastewater
9 system cannot accommodate additional hotels already scheduled to be built.

10 The Legislature finds that the entire Tumon area, including both sides of
11 Pale San Vitores Road all the way to the high water mark, is in need of
12 redevelopment to provide adequate underground utilities; wide, safe streets
13 and sidewalks; lighting to increase safety and visibility during the night; and
14 landscaping and beautification that will be pleasing to the eye and that will
15 benefit residents and visitors alike.

16 It is therefore the intent of the Legislature to appropriate funds to begin
17 the redevelopment of the Tumon area. It is also the intent of the Legislature

1 that the Guam Visitors Bureau (GVB) be authorized to accept private
2 contributions of funds and in-kind services related to the Tumon
3 redevelopment project, and to require that the Department of Public Works
4 (DPW) and GVB coordinate their efforts to insure completion of the project in
5 a timely manner.

6 **SECTION 2. Appropriation.** Twenty Five Million Dollars (\$25,000,000)
7 are appropriated from the Fiscal Year 1997, 1998, 1999 and 2000 surpluses of
8 the Tourist Attraction Fund (TAF) to the Department of Public Works (DPW)
9 to begin the redevelopment of Tumon Bay as described in Section 3 of this Act,
10 and according to the following schedule:

11 a. Five Million Dollars (\$5,000,000) from the Fiscal Year 1997
12 surplus of the TAF;

13 b. Six Million Dollars (\$6,000,000) from the Fiscal Year 1998
14 surplus of the TAF;

15 c. Seven Million Dollars (\$7,000,000) from the Fiscal Year 1999
16 surplus of the TAF;

17 d. Seven Million Dollars (\$7,000,000) from the Fiscal Year 2000
18 surplus of the TAF.

19 **SECTION 3. Project listing.** The funds appropriated in this Act shall be
20 expended for the following, consistent with the intent of this Act:

21 a. Design, project management, contingency 2,500,000

22 b. Water and waste-water projects 17,500,000

23 c. Undergrounding of services 5,000,000

24 **SECTION 4. Unexpended funds.** Any unexpended funds appropriated
25 in Section 2 of this Act, and still remaining following completion of all of the
26 projects listed in Section 3 of this Act, may be utilized until exhausted for any
27 or all of the following, consistent with the intent of this Act:

28 a. Streets, sidewalks and lighting;

- 1 b. Landscaping;
- 2 c. Street furniture.

3 **SECTION 5. Private sources of funds and in-kind services.** GVB is
4 hereby authorized to collect donations of funds and in-kind services from
5 individuals and corporations for the purpose of assisting in the intent of this
6 Act. Any funds collected for such purposes shall be properly accounted for by
7 GVB and the status of such funds shall be reported to the Legislature
8 following each calendar quarter. All such donations accepted by GVB shall be
9 coordinated with DPW, and shall be utilized to supplement the appropriation
10 made in this Act.

11 **SECTION 6. Effective date.** The provisions of this Act shall take effect
12 immediately upon its enactment.

Bill No. 779 (LS)

Introduced by:

J.P. AGUON
J.T. SAN AGUSTIN

AN ACT TO APPROPRIATE TWENTY FIVE MILLION DOLLARS (\$25,000,000) FROM THE FISCAL YEAR 1997, 1998, 1999, AND 2000 SURPLUSES OF THE TOURIST ATTRACTION FUND TO THE DEPARTMENT OF PUBLIC WORKS (DPW) TO BEGIN THE REDEVELOPMENT OF TUMON BAY; TO AND TO ALLOW THE GUAM VISITORS BUREAU TO ACCEPT PRIVATE CONTRIBUTIONS OF FUNDS AND IN-KIND SERVICES FOR THE REDEVELOPMENT PROJECT.

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