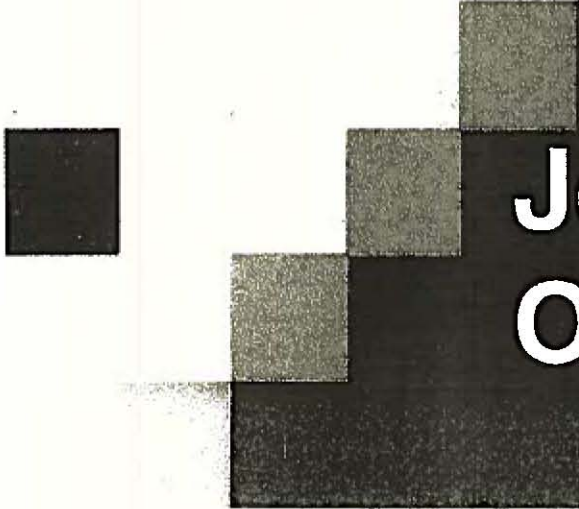




Joint Guam Program Office Update

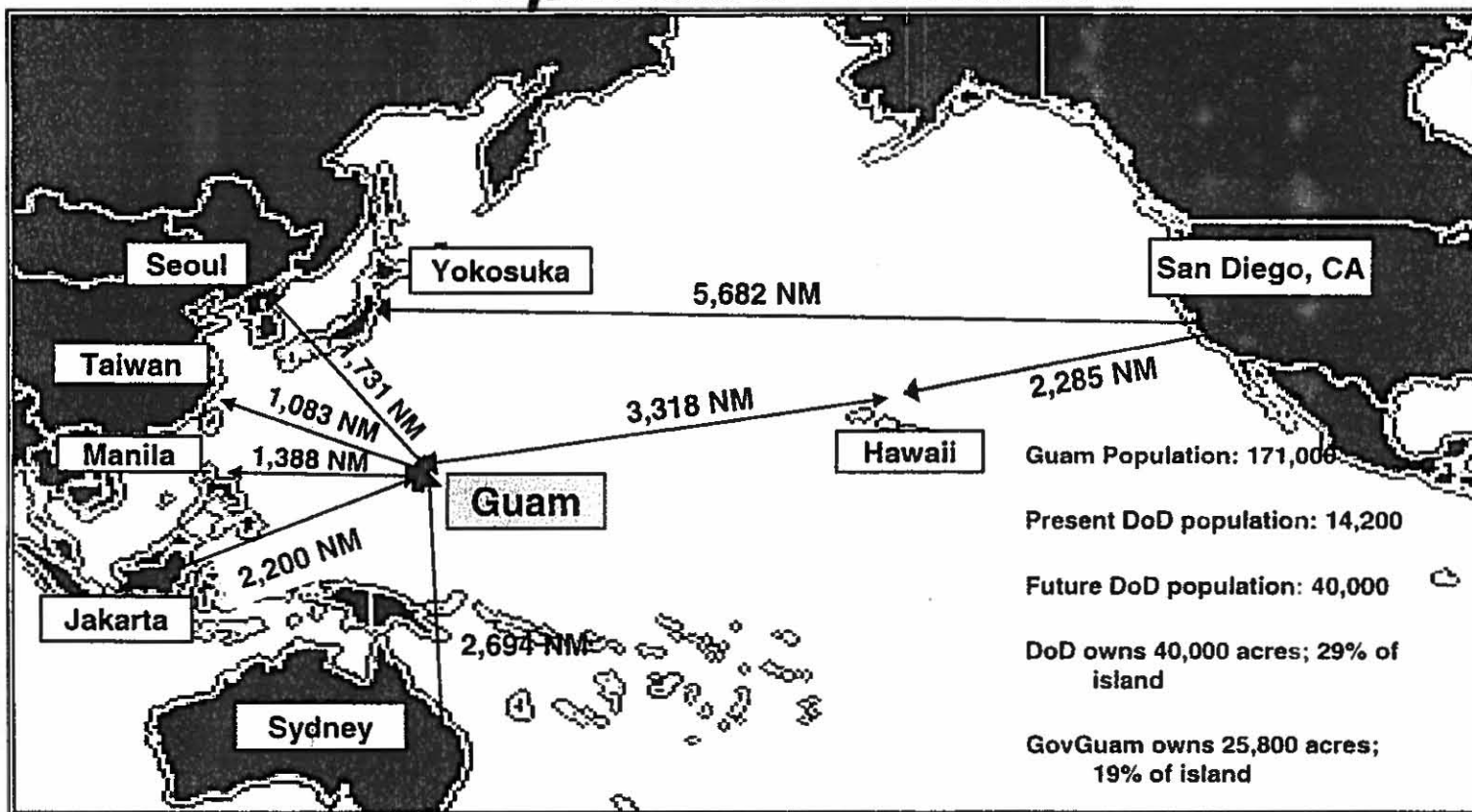
Inter-Agency Forum

2 August 2007

FOR OFFICIAL USE ONLY – Pre-Decisional

Setting the Scene

*Guam's prime asset is its location:
geography & political status cannot be
replicated elsewhere*



FOR OFFICIAL USE ONLY – Pre-Decisional

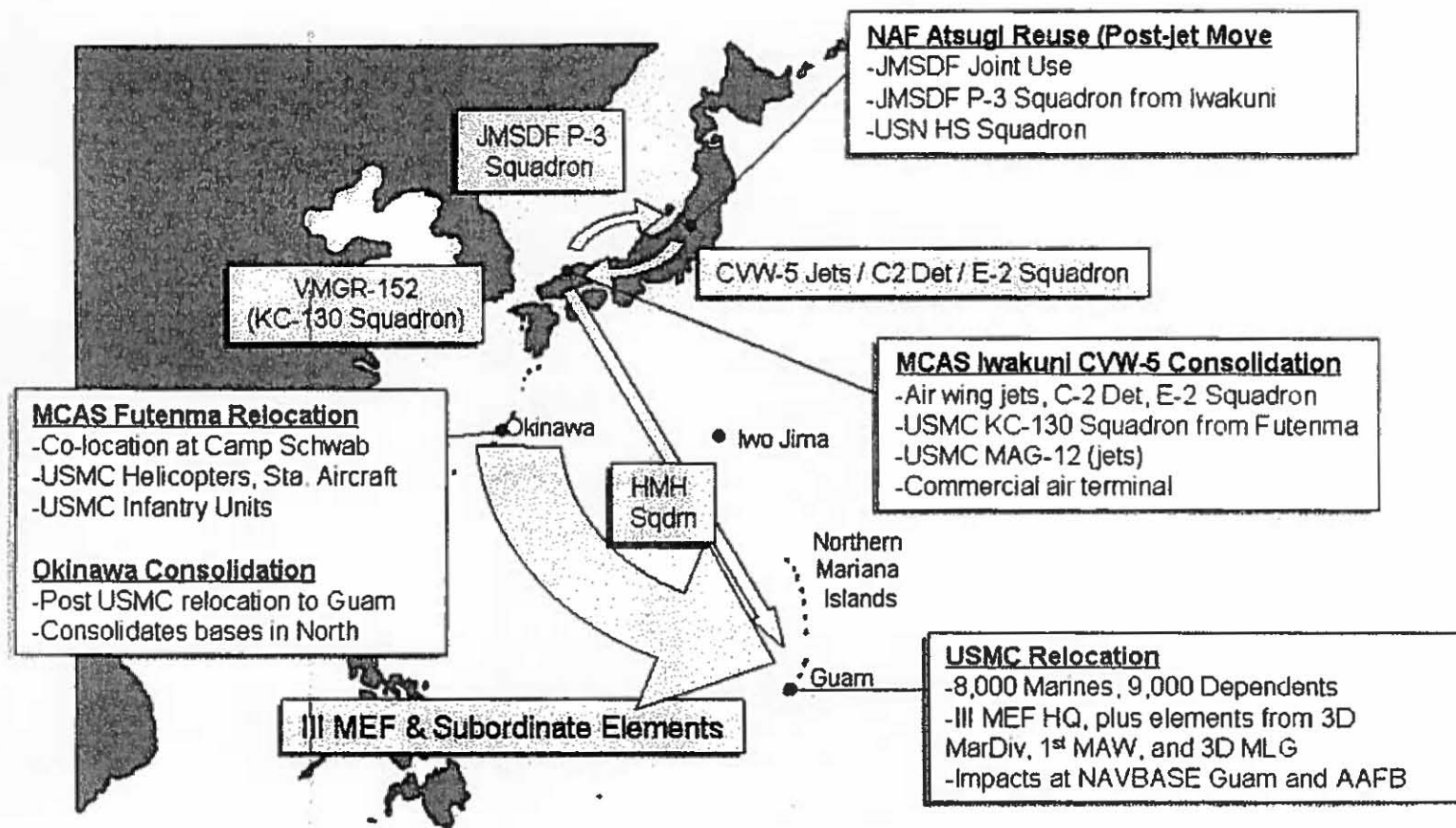


WHY GUAM?

PACOM Vision

Guam, as the furthest west US territory for basing in the Pacific, provides strategic flexibility, freedom of action, and prompt global action for the Global War on terrorism, peace and wartime engagement, and crisis response.

US-Japan Agreement



Guam - Forecast of Future Forces

U.S. Navy

COMNAVMAIANAS

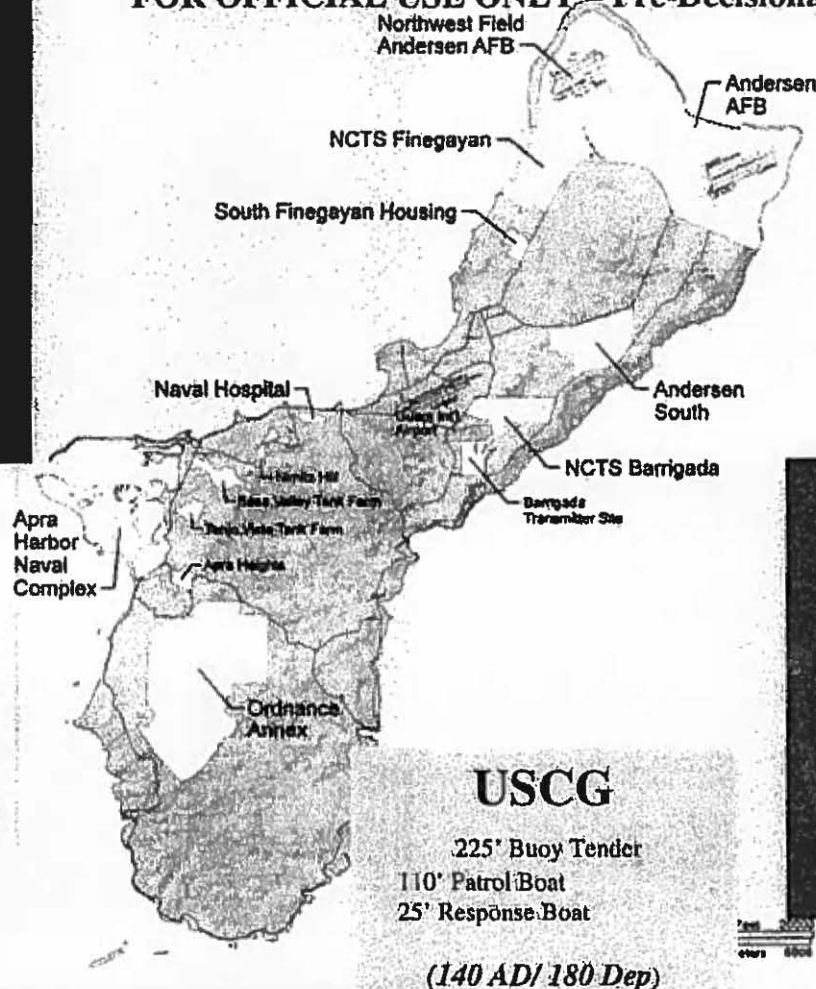
SSNs/Sub Tender
Logistics Prepos Ships
MSC Combat Stores Ships
MSC Ammo Ships
Maritime Prepos Ships
H60e
Transient CVN berthing
HSVs
Littoral Combat ship

(Old 4350 AD/ 5230 Dep)
(New ≈ 5600 AD/ 5280 Dep)

U.S. Army

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

FOR OFFICIAL USE ONLY - Pre-Decisional



USCG

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

(140 AD/ 180 Dep)

USAF

36th Air Wing

Retention Bombers
More Based Tankers
More Periodic Fighters
Global Hawk

(Old 1950 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 ≈ 8,000 AD/ 9000 Dep)

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

○ = New

Cost Sharing Agreement (\$10.27B)

	<u>U.S. Share</u>	<u>Japanese Share</u>	
		<i>Direct Funds</i>	<i>Financial Instruments</i>
Operational Facilities	\$2.57B	\$1.29B	-----
Family Housing	-----	-----	\$2.55B
Utilities	-----	-----	\$0.74B
Barracks / Quality of Life	\$0.36B	\$1.51B	-----
Off-Base Infrastructure/ Military Support Highway	\$1.25B	-----	-----
	<u>\$4.18B</u>	<u>\$2.80B</u>	<u>\$3.29B</u>



DoD Funding

- FY07 \$15M
 - Supports Preliminary Studies, Environmental Impact Assessment, Planning & Design Development
- PB 08 \$27.8M
 - Currently before Congress—Approved by House
 - Environmental Studies, Guam Joint Military Master Plan Development, Planning and Design, JGPO Operations
- PR 09 \$28M
 - Continue Environmental Studies, Planning and Design, JGPO O&M
- \$2.5B FY09-FY-14
 - Environmental Studies and Mitigation
 - Construction on Guam and CNMI

Special Purpose Entity (SPE) Concepts

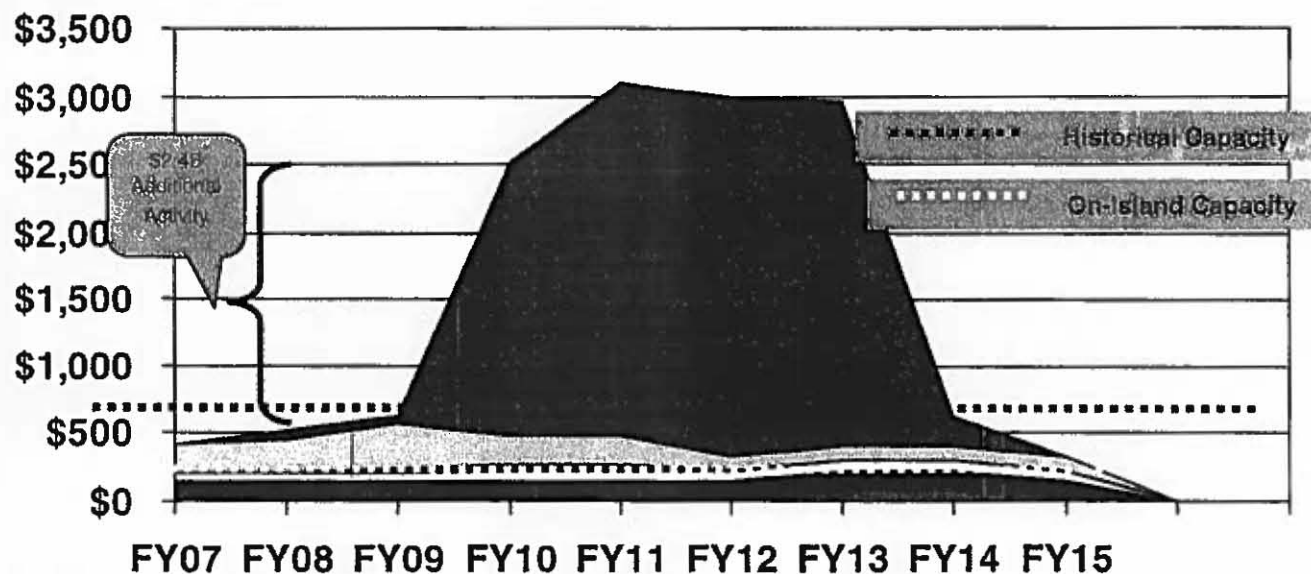
■ Housing SPE:

- Private entity constructs, manages, and maintains housing for Marines
- Could be expanded to other DoD, GOJ, Guam markets.
- SPE investments are amortized over the life of the project through service member housing allowance paid by the USG.

■ Utilities SPE:

- Private entity establishes utilities for USMC units on Guam.
- May be expanded to support other DoD, GOJ, and Guam markets.
- DoD is an equity partner through land-lease arrangements.
- Guam could be an equity partner through land deals.
- SPE investments are amortized over the life of project through payment of utility services including:
 - Electrical generation
 - Potable water
 - Wastewater collection & distribution
 - Solid Waste collection & disposal

Notional Projected Guam Construction Activity



Construction Capacity

- Historical construction capacity approximately \$800M/yr
- FY14 completion will require excess of \$3B/year

■ ARMY ■ PRIVATE □ NAVY ■ MEDICAL □ AIR FORCE ■ Marine Relocation
 FOR OFFICIAL USE ONLY - Pre-Decisional



Government of Japan Efforts

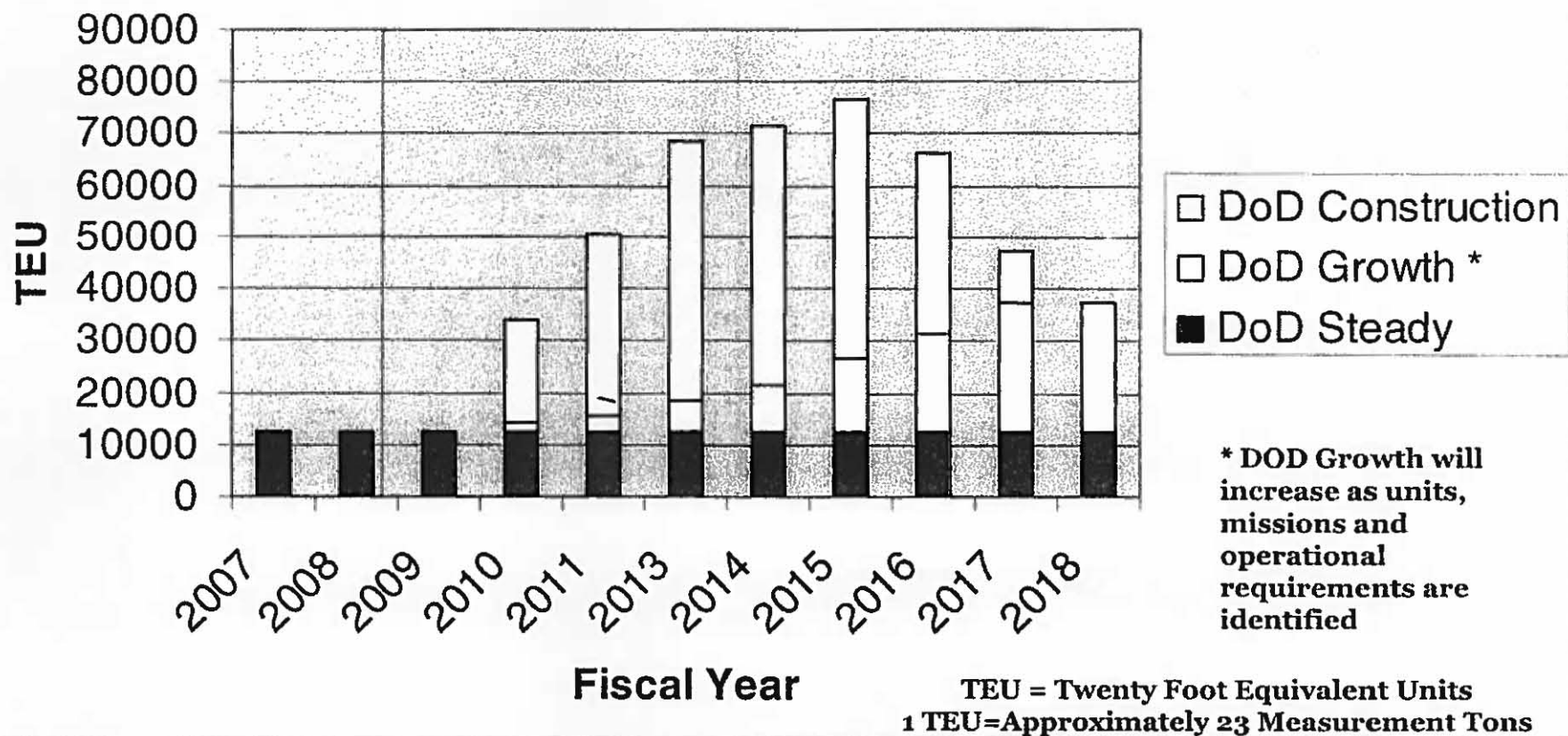
- **Diet Members visited Guam—strong support**
- **Both Houses Diet approved (23 May) JBIC financing plan for Guam SPE infrastructure**
- **GoJ JFY06 Supplemental (\$90M) and JFY07 Budgets (\$137M) includes funding for Guam studies**
- **Numerous US-GOJ Meetings to refine Guam Joint Military Master Planning, SPE Concepts, Handling of GOJ Funds, and Policy Issues**

Partnering with GovGuam

- Guam Master Plan
 - Land Use
 - Infrastructure
 - Port
 - Roads
 - Utilities
 - Landfill
 - Master Planning–OEA
- Labor
 - Training
 - Immigration
 - Housing
 - Medical – Social Services
- Environmental
- Police - Fire
- Finance - Tax

Commercial Port Requirements

Estimated DoD Throughput





Labor

- Critical to Construction Program
- Estimated 12-15K Construction Workers Needed
- Limited Availability of Skilled Workers
- Worker Training Program Required—Guam & Other Islands
- Approx 85-90% of Workers from Off-Island
 - Nationwide H-2 Visa Capped at 66K/yr
 - H-2 Visa Cap Exclusion Needed for Guam Military Build-up
 - DoD Developing FY09 Non-Budget Legislation for H-2 Visa Exclusion
- Interagency Support Needed

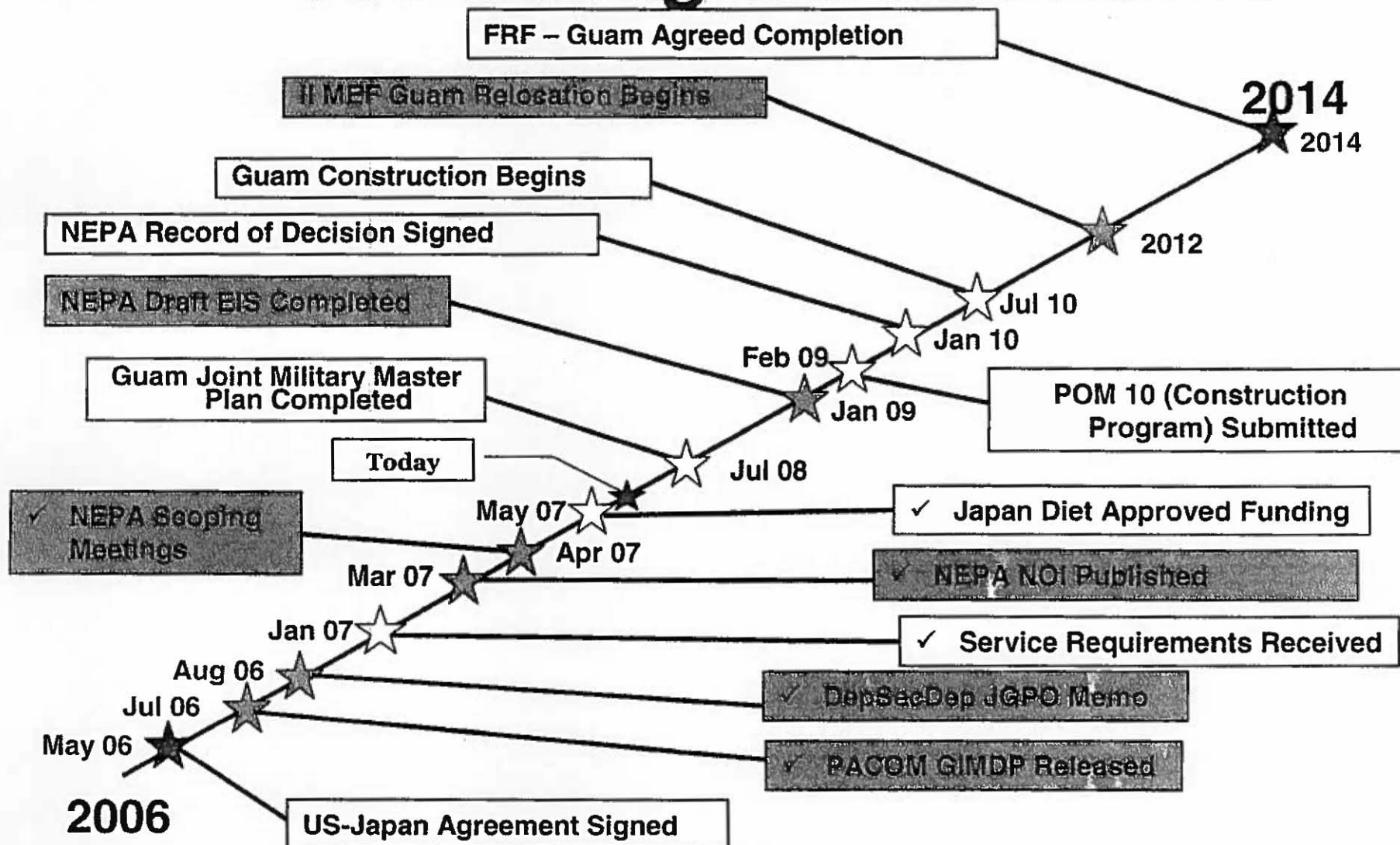
Policy Implications

	<u>U.S. Share</u>	<u>Japanese Share</u>	
		<i>Direct Funds</i>	<i>Financial Instruments</i>
Operational Facilities	\$2.57B	\$1.29B	-----
Family Housing	-----	-----	\$2.55B
Utilities	-----	-----	\$0.74B
Barracks / Quality of Life	\$0.36B	\$1.51B	-----
Off-Base Infrastructure/ Military Support Highway	\$1.25B \$4.18B	----- \$2.80B	----- \$3.29B

Acquisition Policies



Guam Program Milestones



Community Feedback

Scoping Meetings

Approx 800 Attendees

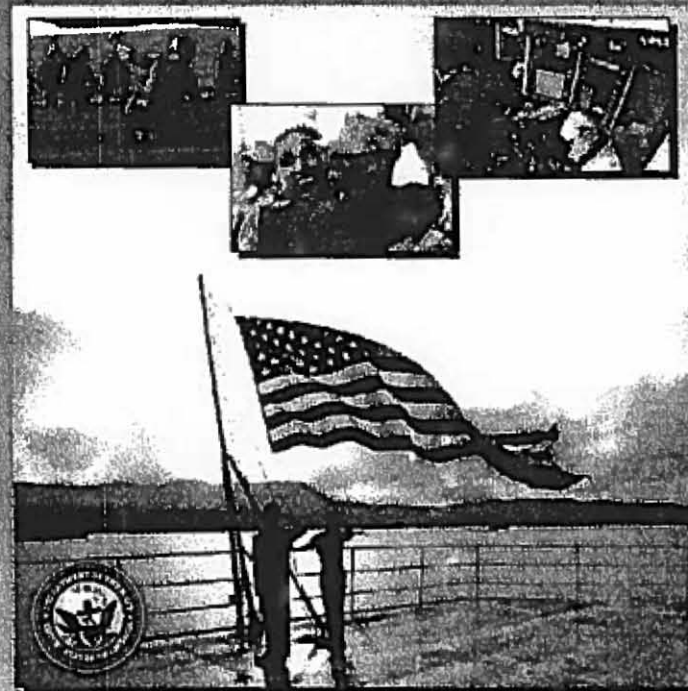
Locations: Guam, Saipan and Tinian

Over 900 Comments Received

Scoping Meeting Summary Report April 17-20, 2007

Environmental Impact Statement/Overseas

Environmental Impact Statement
for Relocating Marines from Okinawa to Guam,
Transient CVN Berthing, and Placing an
Army BMD Task Force on Guam





Scope of Public Comments

- Social (education, public health and social services, libraries etc.)
- Economics (labor, immigration, small business opportunities)
- Chamorro Interests (cultural, historical, archaeological, autonomy)
- International Safety
- Law Enforcement (crime, prostitution, violence, resource overload)
- Infrastructure/Transportation
- Marine Resources/Ecology (coral reefs, marine mammals, fishing industry)
- Air Quality/Surface Water
- Overloading Limited Resources/Services



Regional Effects

- Labor
 - Skilled Workers – Regional Training Opportunities
 - Construction
 - IT and Service Sector
 - Professionals – Increased Demand
- Increased Regional Demand
 - Transportation: Air – Sea
 - Professional Services: Banking, Medical, IT, Other
- Presence of US Forces
 - Quick response to crisis, natural disasters, humanitarian
 - Opportunities for Community Support – Civic Action Programs
- Visiting Allied and other Foreign Forces to Region
- Increased US and Foreign Visitors to Region

Interagency Opportunities

- Regulatory/Policy/Funding
- Labor
 - Training – Guam, CNMI, FSM, Others
 - H-2 Visa
 - Hosting Alien Labor
- Immigration
- Transportation
 - Air - Sea
 - Commercial Port
 - Roads
- Environmental
- Health - Including VA
- Education
- Human Services
- Security – Protective Services

Impacts on Federal Agencies / Guam

FY07 FY08 FY09 FY10 FY11 FY12 FY13 FY14

◆ (Joint Guam Military Master Plan)
◆ (EIS Complete/ROD)

Agency/Regulators NEPA / EIS Consultations
Mitigation Actions

Impacts on: increased workforce on island, training for workers, locating on-island talent, support facilities, possible ethnic tensions, Homeland Security, tourisms, local business & fishing industry, labor opportunities between locals & military dependents, etc

Impacts on: specialty medical care availability on Island, VA services, medical care for foreign workers, infectious disease risk and public health, counseling services, adequate housing, etc.

Labor / Workforce

Health and Human Services

Impacts on: safety/protective services (police, fire, EMS, counseling), small business & local job opportunities, Quality of Life, education, etc.

Socio-Economic

Impacts on: port capacity, utility capacity, waste capacity, road capacity/improvements, airport capacity, land use planning, etc.

Guam Infrastructure

Marine Bed Down

FY07 FY08 FY09 FY10 FY11 FY12 FY13 FY14

FOR OFFICIAL USE ONLY - Pre-Decisional



Interagency Actions

- Identify Equities
- Identify Requirements
- Develop POAM
- Synchronize Efforts w/ Applicable Federal Offices/Agencies via regularly scheduled meetings
- Develop/Modify 08/09 Budget as Required
- Follow-up Meetings to Coordinate Federal Support

**Interagency Group on Insular Areas
Working Group on the Guam Military Expansion**

**Civilian Agencies: What is our
Role?**

Civilian Agencies: What is our Role?

Investments “Inside the Fence”

Impacts “Outside the Fence”

Civilian Agencies: What is our Role?

Impacts “Outside the Fence”

Economic Impacts

- **Initial Spike in Construction Demand**
- **Demand for Secondary Services**
- **Long-term Demand for Maintenance and other Services**
- **Significant, Increased Labor Demand**
- **Increased Commercial Traffic**
- **Increased Tourist Traffic**
- **EFFECTS WILL BE FELT REGIONALLY**

Civilian Agencies: What is our Role?

Impacts “Outside the Fence”

- **Adequate Infrastructure “Outside the Fence”:**
 - Power/Water/Wastewater Disposal
 - Roads
 - Schools
 - Hospitals
- **Public Safety**
- **Training Programs for Incoming Workers**
- **Construction Capacity and Labor Supply**
- **Port Capacity – Potential “crowding out” of civilian needs**

Civilian Agencies: What is our Role?

**What is the Role of the Civilian
Agencies in Addressing these
Challenges?**

Civilian Agencies: What is our Role?

Step One: Inventory of Current Activities

Civilian Agencies: What is our Role?

Current Activities of Civilian Agencies (partial list)

- **Economic Development**
- **Infrastructure Development**
- **Training/Education/Capacity Building**
- **Environmental Protection/Resource Management**
- **Immigration/Border Protection/Homeland Security**

Civilian Agencies: What is our Role?

Step Two: Inventory of Resources

Civilian Agencies: What is our Role?

**Step Three: Put the Pieces of the
Puzzle Together to get the Entire
Picture**

Civilian Agencies: What is our Role?

Step 4: Identify the Missing Pieces

Civilian Agencies: What is our Role?

**Step Five: Find Ways to Fill the
Gaps**

Civilian Agencies: What is our Role?

**Need to Focus: Timetables Driven by
Demands of the Guam Buildup**

Civilian Agencies: What is our Role?

**“Good for Guam. Good for the
Neighborhood”**

**The Interagency Group on Insular Affairs Working Group on
The Guam Military Expansion**

Breakout A: Socio-Economic

Key Aspects of the Guam Military Expansion:

- DoD population will expand from approx 14,200 to 40,000 by 2014, a 185% increase. Will result in an overall 10yr total population growth rate of nearly 28% - twice the historic high in the 1990s of 16%. This does not include construction induced temporary population increase.
- 12,000 to 15,000 skilled construction workers will be needed; 85% to 90% from off island. This is complicated by the nationwide H2-B Visa cap at 65K/yr (140K applied in 4 hrs).
- Massive influx of construction materials from off island; Guam host construction capacity is approximately \$800M/yr – a 2014 completion will require a capacity in excess of \$3B/yr. Construction costs on Guam run 2.64 times higher than baseline average in the DoD Facilities Pricing Guide.
- Initiated by an international agreement with the Government of Japan (GoJ) devising a complex funding stream where GoJ provides \$6.09B of the \$10.27B cost in a mix of revenue, Housing Special Purpose Entity and Energy Special Purpose Entity financial instruments.
- Increased strain on ailing Guam infrastructure (roads, schools, power, water, waste, fire, law enforcement, sea port, airport)
- Higher population and sensitive assets in Typhoon Alley.
- Increased demand on Guam medical community.
- Master Plan due by July 2008; Environmental Impact Statement (EIS) due to be completed in July 2009, with Record of Decision in Jan 2010.
- 4.7% Gross Receipts Tax.
- Federal Income Tax of military/civilians in Guam > 180 days is rebated from Treasury to Government of Guam.

Particular Socio-Economic Areas of Concern:

- Influx of Foreign Workers.
- Strain on Safety Services (police, fire, EMS, counseling).
- Impact on small business and local job opportunities.
- Effect on local quality of life and access to recreational areas.
- Impact on education: Department of Defense Education Administration vs. Guam Public School System and securing quality teachers.
- Preparing Guam and Commonwealth of the Northern Mariana Islands (CNMI) for potential commercial, sociological and economic opportunities and threats.

The Interagency Group on Insular Affairs Working Group on
The Guam Military Expansion
Breakout B: Labor/Workforce

Key Aspects of the Guam Military Expansion:

- DoD population will expand from approx 14,200 to 40,000 by 2014, a 185% increase. Will result in an overall 10yr total population growth rate of nearly 28% - twice the historic high in the 1990s of 16%. This does not include construction induced temporary population increase.
- 12,000 to 15,000 skilled construction workers will be needed; 85% to 90% from off island. This is complicated by the nationwide H2-B Visa cap at 65K/yr (140K applied in 4 hrs).
- Massive influx of construction materials from off island; Guam host construction capacity is approximately \$800M/yr – a 2014 completion will require a capacity in excess of \$3B/yr. Construction costs on Guam run 2.64 times higher than baseline average in the DoD Facilities Pricing Guide.
- Initiated by an international agreement with the Government of Japan (GoJ) devising a complex funding stream where GoJ provides \$6.09B of the \$10.27B cost in a mix of revenue, Housing Special Purpose Entity and Energy Special Purpose Entity financial instruments.
- Increased strain on ailing Guam infrastructure (roads, schools, power, water, waste, fire, law enforcement, sea port, airport)
- Higher population and sensitive assets in Typhoon Alley.
- Increased demand on Guam medical community.
- Master Plan due by July 2008; Environmental Impact Statement (EIS) due to be completed in July 2009, with Record of Decision in Jan 2010.
- 4.7% Gross Receipts Tax.
- Federal Income Tax of military/civilians in Guam > 180 days is rebated from Treasury to Government of Guam.

Particular Labor/Workforce Areas of Concern:

- H2-B Visas for up to 12,000 to 15,000 skilled workers.
- Locating on-island talent.
- Training for workers.
- Support facilities for foreign workers, i.e. housing, medical.
- Possible ethnic tensions.
- Homeland Security impacts.
- Effects on tourism, local business and fishing industries.
- Long term impact on labor opportunities between locals and military dependents.
- Medical care, vector control.
- Processing of Visas
- Return to country of origin at construction/visa end
- Similar issues on Tinian and Saipan.

The Interagency Group on Insular Affairs Working Group on
The Guam Military Expansion
Breakout C: Environmental

Key Aspects of the Guam Military Expansion:

- DoD population will expand from approx 14,200 to 40,000 by 2014, a 185% increase. Will result in an overall 10yr total population growth rate of nearly 28% - twice the historic high in the 1990s of 16%. This does not include construction induced temporary population increase.
- 12,000 to 15,000 skilled construction workers will be needed; 85% to 90% from off island. This is complicated by the nationwide H2-B Visa cap at 65K/yr (140K applied in 4 hrs).
- Massive influx of construction materials from off island; Guam host construction capacity is approximately \$800M/yr – a 2014 completion will require a capacity in excess of \$3B/yr. Construction costs on Guam run 2.64 times higher than baseline average in the DoD Facilities Pricing Guide.
- Initiated by an international agreement with the Government of Japan (GoJ) devising a complex funding stream where GoJ provides \$6.09B of the \$10.27B cost in a mix of revenue, Housing Special Purpose Entity and Energy Special Purpose Entity financial instruments.
- Increased strain on ailing Guam infrastructure (roads, schools, power, water, waste, fire, law enforcement, sea port, airport)
- Higher population and sensitive assets in Typhoon Alley.
- Increased demand on Guam medical community.
- Master Plan due by July 2008; Environmental Impact Statement (EIS) due to be completed in July 2009, with Record of Decision in Jan 2010.
- 4.7% Gross Receipts Tax.
- Federal Income Tax of military/civilians in Guam > 180 days is rebated from Treasury to Government of Guam.

Particular Environmental Areas of Concern:

- Weather – Guam averages 31 typhoons per year.
- Seismic – Proximity to Mariana Trench.
- Impact on marine resources.
- Coral reef protection.
- Impact on cultural and historic sites.
- Protected areas and natural resources
- Endangered Species.
- Invasive species.
- Capacity to process increased wastewater, solid waste, hazardous waste.
- Air pollution impacts.
- Noise.
- Ability to manage EIS review.
- Mitigations/Litigations.

The Interagency Group on Insular Affairs Working Group on The Guam Military Expansion

Breakout D: Health and Human Services

Key Aspects of the Guam Military Expansion:

- DoD population will expand from approx 14,200 to 40,000 by 2014, a 185% increase. Will result in an overall 10yr total population growth rate of nearly 28% - twice the historic high in the 1990s of 16%. This does not include construction induced temporary population increase.
- 12,000 to 15,000 skilled construction workers will be needed; 85% to 90% from off island. This is complicated by the nationwide H2-B Visa cap at 65K/yr (140K applied in 4 hrs).
- Massive influx of construction materials from off island; Guam host construction capacity is approximately \$800M/yr – a 2014 completion will require a capacity in excess of \$3B/yr. Construction costs on Guam run 2.64 times higher than baseline average in the DoD Facilities Pricing Guide.
- Initiated by an international agreement with the Government of Japan (GoJ) devising a complex funding stream where GoJ provides \$6.09B of the \$10.27B cost in a mix of revenue, Housing Special Purpose Entity and Energy Special Purpose Entity financial instruments.
- Increased strain on ailing Guam infrastructure (roads, schools, power, water, waste, fire, law enforcement, sea port, airport)
- Higher population and sensitive assets in Typhoon Alley.
- Increased demand on Guam medical community.
- Master Plan due by July 2008; Environmental Impact Statement (EIS) due to be completed in July 2009, with Record of Decision in Jan 2010.
- 4.7% Gross Receipts Tax.
- Federal Income Tax of military/civilians in Guam > 180 days is rebated from Treasury to Government of Guam.

Particular Health and Human Services Areas of Concern:

- Medical care for foreign workers.
- Specialty medical care availability on island.
- Infectious disease risk and public health.
- Need for more counseling services.
- Adequate housing.
- Possible increase in adult entertainment and potential negative impact on community and public health.
- Dental services.

The Interagency Group on Insular Affairs Working Group on The Guam Military Expansion

Breakout E: Guam Infrastructure

Key Aspects of the Guam Military Expansion:

- DoD population will expand from approx 14,200 to 40,000 by 2014, a 185% increase. Will result in an overall 10yr total population growth rate of nearly 28% - twice the historic high in the 1990s of 16%. This does not include construction induced temporary population increase.
- 12,000 to 15,000 skilled construction workers will be needed; 85% to 90% from off island. This is complicated by the nationwide H2-B Visa cap at 65K/yr (140K applied in 4 hrs).
- Massive influx of construction materials from off island; Guam host construction capacity is approximately \$800M/yr – a 2014 completion will require a capacity in excess of \$3B/yr. Construction costs on Guam run 2.64 times higher than baseline average in the DoD Facilities Pricing Guide.
- Initiated by an international agreement with the Government of Japan (GoJ) devising a complex funding stream where GoJ provides \$6.09B of the \$10.27B cost in a mix of revenue, Housing Special Purpose Entity and Energy Special Purpose Entity financial instruments.
- Increased strain on ailing Guam infrastructure (roads, schools, power, water, waste, fire, law enforcement, sea port, airport)
- Higher population and sensitive assets in Typhoon Alley.
- Increased demand on Guam medical community.
- Master Plan due by July 2008; Environmental Impact Statement (EIS) due to be completed in July 2009, with Record of Decision in Jan 2010.
- 4.7% Gross Receipts Tax.
- Federal Income Tax of military/civilians in Guam > 180 days is rebated from Treasury to Government of Guam.

Particular Guam Infrastructure Areas of Concern:

- Funding for improvements – the Government of Guam estimates a cost of \$2.6B to improve island infrastructure. GoJ funding not sufficient nor intended to meet that need.
- Port capacity – will need to increase from approximately 10,000 Twenty-foot Equivalent Units (TEU) to over 70,000 TEU in 2015.
- Utility capacity (electric and water).
- Waste capacity (solid, wastewater and hazardous).
- Road capacity.
- Airport capacity.
- Regaining former DoD land areas/land use planning.
- CNMI infrastructure/workforce.