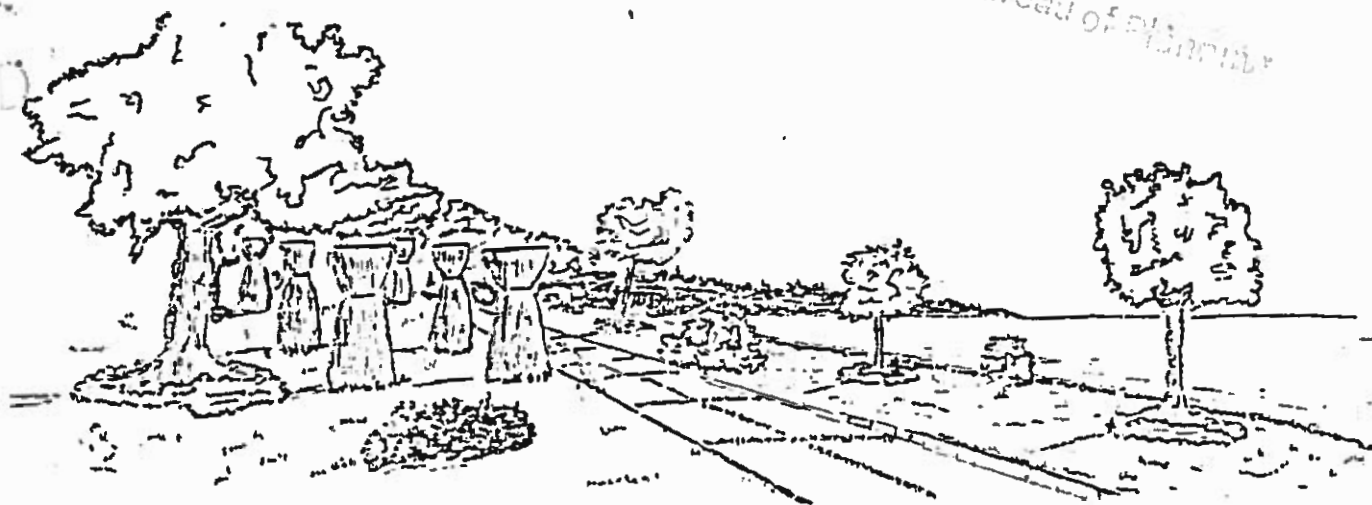


AGANA WATERFRONT REDEVELOPMENT

A Proposal

Bureau of Planning



Bureau of Planning

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AGANA WATERFRONT REDEVELOPMENT

INTRODUCTION

Agana Bay, because of its location, size, and configuration, has always been of vital importance to the residents of Guam for commerce, recreation, and aesthetics. With the introduction of a tourist economy, this area has taken on even greater importance. At present, the land portion of the Bay is characterized by poorly maintained buildings, marginally successful businesses, undesirable businesses, a lack of landscaping, and dangerous and inadequate parking facilities. If this area is to be of benefit to the community and realize its highest and best usage, action should be taken immediately toward correction of present conditions.

While much of Agana Bay's waterfront should receive redevelopment action, this proposal has narrowed its focus to the most severely deteriorated area, which is the land between Island Imports in Tamuning and the Agana River outfall in Agana (Map - Attachment 1). This portion of the waterfront is small enough to make acquisition and enhancement by the government realistic. This document provides the justification for this action, provides an alternative to present conditions, and presents a series of options available for achieving waterfront redevelopment.

Natural Resources and the Community: To the residents of Guam, the importance of the sea, in general, and the Agana Waterfront, in particular, from ancient times to the present is well documented. From its utilization for commerce and fishing to its provision for recreation and aesthetics, the Agana Waterfront has proven itself to be one of Guam's great natural treasures. This land, embraced by fingers of white sand beach and guarded by a fringing coral reef

that creates a sheltered lagoon nearby four tenths of a mile wide, has been a part of community life through Guam's history.

The attributes of this area; visibility, accessibility, usability, and desirability, have become more important because of the community and social changes wrought by time. The pattern of community development has increased this area's visibility dramatically. At the same time, due to a lack of cohesive usage planning, accessibility has noticeably decreased. This lack of planning, coupled with an absence of land-use law enforcement, has created a situation where this natural resource has been degraded to the detriment of the community as a whole. The extensive public usage of that portion that remains in Government of Guam ownership attests to community desire for the area, but the poorly conceived and poorly maintained private, commercial district remains a hindrance to realization of the area's high potential.

Other localities have found themselves faced with an analogous situation, and have come to grips with the problem. For instance, the one point one mile stretch of bay-front property called Topanga Beach, in Southern California, was a near duplicate to the Agana Waterfront, in both resource potential and misuse. In 1978, the State of California, after determining that public need, community welfare, and proper resource utilization should take precedence over short-term gains by a small group of individuals, purchased that area in private ownership, razed all of the offending structures, and returned the area to its highest and best usage: open space. These actions by the State have resulted in a lowered area crime rate, a lowered area accident rate, and an increase in both community and visitor usage of the resources. But perhaps the greatest benefit has been an increase in local awareness of, and pride in, the community environment.

The conservation movement, which began as a radical reaction in the nineteen sixties to the unrestrained resource usage of the nineteen forties and fifties, has evolved into a resource awareness in the eighties. Communities are discovering that their most valuable natural resources can be both conserved and utilized, as long as the utilization conforms to community need and is brought about as a result of thorough planning. To allow depletion of a community's natural resources can result in long-term dollar loss and, perhaps more important, can result in permanent community decay.

Natural Resources and Tourism: Papeete, Puerto Vallarta, Majorca, St. Croix, and Guam all share in a common dependence upon tourism as the base for a healthy economy, and geographic features and attractions for supporting this base. These include tropical settings bordered by sun-baked beaches, emerald waters, and lush verdant vegetation. The degree to which each location has been able to intelligently exploit these natural resources and solidify its desirability as a tourist destination is a direct result of perception, planning, and implementation. While locations such as these necessarily differ in their approach to aesthetic presentation, successful tourist destinations are united by their ability to define, protect, and dramatize the geographic and cultural image they want to present. In every case where success has been achieved, the operative word has been "picturesque".

In Tahiti's case, they have achieved success through waterfront imagery. French colonial buildings, wide streets, an active public market, and the romance of sailing are combined to create a uniquely Polynesian feeling. For Puerto Vallarta, an opposite image is more successful; an open shoreline backed by narrow cobblestone streets and a small, carefully maintained Mexican village. These are presentations based upon a unification of tourism needs and cultural

identify. Guam has the resources to develop its own image, but has allowed these resources to be misused for the sake of ephemeral gains.

Present Conditions: That portion of Marine Drive between Island Imports (Suzuki) and the Paseo De Susanna provides visitors with their first impression of "Island Guam" outside the Tumon Bay Hotel-Resort Zone. It is here that the tourists have an opportunity to judge not only the beauty of Guam, but the attitude with which Guam views itself.

At present, the visitor traveling through that area is assaulted with views of dilapidated buildings, businesses that hide rather than utilize the environment, an absence of landscaping on an island that promotes its lush beauty, businesses that are offensive and inappropriate for the area, and parking lots that are potholed, unsafe, and inadequate. What should be one of Guam's postcard picture areas is no more than a blighted area that awaits urban renewal.

Specifically, there are some forty (40) businesses currently established on the seaward side of the area previously delineated. Because of dilapidated and derelict buildings, the total lack of architectural unity, the lack of cultural or functional identity in design, the complete absence of landscaping, and the unkempt appearance of the buildings, these businesses degrade the community and present a negative impression of Guam which adversely affects all businesses that depend upon a positive tourist trade. Additionally, the lack of adequate parking and the uncontrolled access to and from Marine Drive create a public nuisance in terms of aesthetics, as well as a public danger. To make matters worse, most of the buildings in this area illegally encroach on GovGuam property, and unpaved GovGuam property is being utilized for spill-over parking, thereby destroying vegetation and increasing erosion.

The problems listed above are serious, in and of themselves. But the problem is compounded by the facts that only two of the businesses presently operating can be said to be location dependent (Mi Elani Club and Yakitori II) by virtue of their usage of the view, and only two businesses can be said to be tourist oriented (Para Para and Takano Gift Shop). The other businesses, including two auto dealerships, a funeral service, an auto parts store, and an appliance store, derive no benefits from a seaside location and contribute heavily to the blighted condition of that area. Five businesses, four massage parlors and an adult bookstore, are not only inappropriate uses for an area with such high visual impact, but also represent a very real potential for crime and lend support to the unsavory character of the area. While the fact remains that these particular businesses will continue to exist where there is a military reservation and where there are no laws prohibiting them, they should not be allowed in areas of high visibility or where they would degrade the value of the area.

Concept for Redevelopment: The bay-side land, from the Paseo De Susanna to Island Imports, can be made to be aesthetically pleasing, culturally expressive, economically productive, and more recreationally usable. To achieve this would necessitate GovGuam's acquiring and enhancing the land in question. Methods for obtaining this land are outlined in this document.

Briefly, one possible conceptualized end result would be as follows:

1. All of the buildings in the delineated area would be removed, and be replaced by flowering and soil stabilizing vegetation.
2. One area, just north of the Paseo, would be leased for tourist-related businesses (gift shops, restaurants, handicraft shops) only after

construction has been approved for architectural unity and imagery.

The imagery desirable would be that of "Micronesian Seashore Village".

3. A public beach with showers and dredged swimming area would be located at a point along the strip.
4. Paved parking areas would be installed at regular intervals in order to control traffic entry and to prevent erosion.
5. A park area would be provided which would contain botanical promonades and a latte stone display.
6. Picnic tables, barbeque pits, and shelters, such as those that are presently available in the open space area in East Agana, as well as toilets, would be provided for this entire open space area.
7. Curbs, gutters, and a sidewalk/bicycle path would be installed along this area.

This combined concept, if realized, would be a first and major step in finally establishing Guam's base for identifying itself as a major world tourist destination.

This report outlines methods for obtaining that land necessary to implement redevelopment and gives direction to beginning the action to be taken.

CONSIDERATIONS RELATING TO REDEVELOPMENT

As with any large and complex project, there are several other issues which should be considered in this redevelopment proposal. These issues either point up the need for and practicality of the project, or impact positively on the government's ability to undertake the project. In either case, these issues and their connection to this particular redevelopment proposal should be understood prior to delving into the complicated subject of land acquisition options. In some cases, these additional considerations will be instrumental in determining the method of acquisition preferred for a particular parcel.

Marine Drive Road Widening Project: At the present time, plans are being finalized for the implementation of actions toward the widening of Marine Drive and the upgrading of associated transportation infrastructure, to take place in an area that includes the entire subject area of the Agana waterfront redevelopment proposal.

In and of itself, this widening of Marine Drive will increase accessibility to the waterfront area, as well as dramatically increase both vehicular and pedestrian safety. The additions of curbs, gutters, sidewalks, and parking areas will effectively open the area and create an ambience suitable for active and passive recreation and area beautification.

This road widening project will, however, have a more direct and dramatic effect on the commercial activities of the area and will positively increase GovGuam's ability to determine the area's usage and to guarantee the elimination of unsuitable commercialization. This effect would result from the fact that almost all of the public parking for customers of the businesses in the area

is, in fact, GovGuam easement, which will be used for the road widening. The end result will be that no parking will be available, and it would then benefit the businesses in the Agana waterfront to relocate out of the area. This would create the opportunity for GovGuam to obtain the waterfront land for redevelopment.

Encroachment: Several of the buildings in the waterfront are currently encroaching on the GovGuam easement. The businesses located in these buildings are paying no rental on these lands and have no lease agreement or land-use permit with GovGuam for the use of this land.

GovGuam also owns a strip of land from the mean high tide mark landward along Agana Bay. This strip varies in width along its entire length. At present, a large percentage of the commercial buildings on the waterfront encroach on this land at the rear of the buildings. This encroachment is illegal, as there are no land-use permits or leases with GovGuam now in force. In effect, the people of Guam are subsidizing these businesses by allowing this usage of public land at no charge.

Strict enforcement of land-use laws to protect GovGuam's rights would not only be fair to all the people of Guam, but would also stop the erosion process created and aggravated by these illegally constructed buildings, would create the impetus for business relocations to areas more suited for commercial enterprises, and would greatly increase GovGuam's ability to determine proper usage of this valuable area.

GovGuam Real Property Tax Revenues: A main problem connected with a redevelopment project such as this plan proposes is the loss of revenues from businesses displaced and from property taxes collected from the area.

In-so-far as business losses are concerned, actual losses due to forced relocation would probably be minimal, because relocation would cause business owners to re-evaluate their operations, which could possibly result in more efficient and more effective management. Further, relocation could eliminate the present problems of lack of adequate parking and difficulty in entrance/agress.

In short, viable businesses would not cease operations, but would relocate to more productive and economically rewarding locations.

Likewise, GovGuam would not necessarily experience any losses in terms of real property taxes, depending on the form of land acquisition undertaken. For instance, land acquired through a value for value trade, as outlined in the following section, would result in a "Status Quo" in terms of property tax collection. GovGuam would, however, experience a loss in tax revenues collected on buildings currently existing in the subject area. This loss, under the present tax structure, is insubstantial.

A review of the tax rolls for the subject area shows what appears to be a gross undervaluation of this property. Appraisal values vary widely, from \$2.93 per square meter to \$132.00 per square meter. Further, these high and low valuations are for lots of the same size and separated by no more than forty feet. In subject area "A", the average appraised price per square meter is \$19.66, with fully 75% of the lots appraised below the average. In subject area "B", the average appraised price per square meter is \$46.09, with 75% appraised below the average. Because of these low appraisals, GovGuam is collecting only \$1,518.40 per year on 112 lots for what should be considered prime land. GovGuam receives an additional \$5,787.60 per year in real property taxes for buildings in the subject area. This means that even if GovGuam were to purchase the property

outright, the loss in property taxes would only total \$7,296 per year. That loss could be retrieved through leasing a small portion of land for a "Micronesian Seashore Village" tourist shop area and charging a reasonable yearly lease fee.

Of course, in most cases, outright purchase would not be the acquisition option chosen, and property taxes would continue to be generated.

ACQUISITION OPTIONS

Because the land considered in this redevelopment proposal encompasses a total of twenty-three thousand, one hundred twenty-eight (23,128) square meters, located in three separate areas, each with its own distinctive characteristics and problems, it is probable that no one method of acquisition will be sufficient or workable.

The methods discussed will be based upon a more realistic appraisal of the land at ninety dollars (\$90.00) per square meter. Appraisal values for buildings are more difficult to determine, and this difficulty is compounded by the fact that many of the buildings encroach on GovGuam property. In those cases, appraisal values should take into consideration fines for encroachment, cost of demolition for that part that encroaches, and environmental restoration costs.

For reasons discussed above, and because final building valuations will have to be determined by other agencies, the acquisition methods discussed are designed to be immediately implementable for those lots on which no buildings presently exist. This represents a total of ten thousand, three hundred fifty-two, and fifty-four hundredths (10,352.54) square meters at ninety dollars (\$90.00) per square meter, for a land value of nine hundred thirty-one thousand, seven hundred twenty-eight dollars and sixty cents (\$931,728.60). Acquisition methods discussed are applicable to lands with buildings and the buildings themselves, but specifics in terms of GovGuam costs for acquisition are not available at this point.

Value for Value Exchange: The Bureau of Planning has begun to undertake a project of identifying, mapping, and determining best uses for Government of Guam owned lands. These lands are being identified for; Conservation, Agriculture,

or Developable uses. Coastline properties have been completed, and the inventory of interior lands is underway. This project will enable GovGuam to pinpoint those lands of minimal value to the government, which could be traded for privately-owned lands of high value to the government. Utilizing this inventory, GovGuam could obtain the Agana waterfront properties in the following manner:

1. GovGuam would identify tracts of developable lands islandwide, for release for trade. These lands would then be appraised for proper, current values based on proposed usage and zoning, surrounding usage, and land quality.
2. To the extent practicable, property owners in the Agana Waterfront would be allowed to select, from those identified GovGuam lands, that property they would prefer in trade.
3. The government would trade titles with the waterfront land owners on a value for value basis. For instance, if an owner held a piece of property 200 square meters in area, the value (at \$90.00 per square meter) would be \$18,000. In return for this property, that owner would receive a government lot (valued at \$10.00 per square meter) that would total 1,800 square meters.

The advantages in implementing this acquisition procedure are as follows:

1. The government would acquire the Agana Waterfront which, in terms of enhancement of the tourist industry, would prove to be of extreme importance and value;
2. The blighted conditions that presently exist would be eliminated;

3. Because this option is an appraised value for value trade, government income from real property taxes would remain the same;
4. Many of the lots in the waterfront are too small for proper commercial development. This option would make available to waterfront property owners larger, more developable lots. It is likely that these larger lots would be developed, resulting in a real growth in building activity, business activity, and the real property and gross receipts tax base; and
5. The possibility and probability of business expansion could result in an increase in employment, which would result in increased personal tax revenues and increased community buying power.

The disadvantage in implementing this acquisition procedure is as follows:

1. The government would experience a net loss of land.

Donation for Tax Credit: A method of acquisition that has been utilized successfully on Guam in the past is the allowance of a full-value tax credit for property donated to the Government of Guam.

Utilizing this procedure, a land owner would donate his property, and the fair market appraised value of the land would then be used as a deduction against taxes owed to GovGuam. This would include personal, property, or business taxes. This deduction would be limited in that it could not exceed the amount owed to GovGuam in taxes. For example, if the fair market value of the property was \$2,000 and the donor had a tax liability of only \$1,500, then the deduction in the following year(s). In other words, the deduction allowed in any one year

would be limited to the amount of tax liability, so that GovGuam would not be obligated for an actual cash outflow.

This method of acquisition would probably be most acceptable (to the donor) in those cases where the property is undevelopable because of size limitations or awkward property configuration. It may also be acceptable for those individuals with large tax liabilities and cash flow problems.

Advantages to this acquisition method are as follows:

1. GovGuam would receive properties in an area considered important to redevelopment;
2. No actual cash payments would be made by GovGuam, and in those cases where a highly valuable lot was donated, the tax deduction would be spread over several years, thereby minimizing the impact on tax collections; and
3. Property owners would benefit from a tax liability avoidance.

The disadvantage to this method of acquisition is:

1. There would be negative impacts to GovGuam in property tax collections.

Purchase: The Government of Guam could choose to purchase portions of the Agana Waterfront. However, there are very real limitations to this option.

Given the fact that land in the subject area appears to be grossly under-appraised, the same probably holds true for the building appraisals in that area. The present appraised value for all structures in that area is one million, seven hundred sixty-four thousand, two hundred fifty-one dollars (\$1,764,251). The

true value of these structures is probably two to three times that amount. For that reason, outright purchase is not considered a viable option for acquisition of the buildings, at this time.

Purchase of the land alone is considered realistic. At a realistic appraisal value of \$90.00 per square meter and a total area of 23,128 square meters, this land could be purchased for two million, eighty-one thousand, five hundred twenty dollars (\$2,081,520). While this is still a large sum, there are several possible funding sources which could be used.

1. Tourist Attraction Fund: A portion of this fund could be set aside each month for use in purchasing this land. The sum set aside would, of necessity, be small and purchase using this funding source would be spread over as many as ten years. While this time frame is not desirable, it is still preferable to non-acquisition.
2. Outer Continental Shelf Block Grant: There is a chance that the United States Congress will, within the year, authorize a continuing block grant from funds derived from off-shore oil exploration and production. At present, Guam's share of such a fund would be, at a minimum, \$1,325,000 per year. A portion of this fund, as much as \$400,000 per year, could be used for this redevelopment project. At that rate, the needed land could be purchased within five years. In reality, the block grant will probably be larger, which means that more money could be allocated for the waterfront redevelopment project.
3. Federal Community Grants and Aid: The Federal Government has identified a number of federal programs which could be assistance in waterfront redevelopment. This assistance varies in form from direct grants to

technical aid. The following listed programs have been determined to have the greatest possibility for application on Guam. Briefly, these programs are listed by granting agency, type of assistance, program title, and purpose of assistance.

- a) Department of Agriculture (Soil Conservation Service); project grants, advisory service, and counseling; Resource Conservation and Development; "To assist local people in initiating and carrying out long-range program of resource conservation and development for purposes of achieving a dynamic rural community with satisfactory level of income and pleasing environment, and creating a favorable investment climate attractive to private capital."
- b) Department of Army Corps of Engineers (Office of Chief of Engineers); provision of specialized services; Beach Erosion Control projects; "To control beach and shore erosion to public shores through projects not specifically authorized by Congress. The non-Federal sponsoring agency must agree to (1) assume full responsibility for all project costs in excess of the Federal cost limit of \$1,000,000; (2) provide all necessary lands, easements, rights-of-way; (3) hold and save the United States free from damages; (4) assure that water pollution that would affect the health of bathers will not be permitted; (5) assure continued public ownership or public use of the beach, and its administration for public use; (6) provide project maintenance; and (7) provide and maintain necessary access roads, parking areas and other

public use facilities open and available to all on equal terms."

- c) Department of Commerce (Office of Ocean and Coastal Resource Management); technical assistance; Coastal Zone Management Program Administration; "To assist states administering a coastal zone management program approved by the Secretary of Commerce." Note: This program is currently being used to fund the Guam Coastal Management Program.
- d) Department of Commerce (Economic Development Administration); project grants; Economic Development--State and Local Economic Development Planning; "To develop the capability of State and local governments to undertake an economic development planning process that is comprehensive in scope, is coordinated with that of other levels of governmental planning activities, and leads to the formulation of development goals and specific strategies to achieve them, with particular emphasis on reducing unemployment and increasing incomes. Grants have been used to support urban waterfront planning."
- e) Department of Commerce (Economic Development Administration); grants, direct loans; Public Works and Development Facilities Grant Program; "For construction of public facilities that contribute to the creation of new private sector jobs and alleviation of unemployment or underemployment. Funds may be used for construction of facilities that are a part of an urban waterfront revitalization plan."

- f) Department of Housing and Urban Development (Community Planning and Development); formula grants; Community Development Block Grants/Entitlement Grants; "To develop viable urban communities, including decent housing and a suitable living environment, and expand economic opportunities, principally for persons of low and moderate income."
- g) Department of Housing and Urban Development (Community Planning and Development); project grants; Community Development Block Grants/Small Cities Program; "In order to be eligible each activity must directly impact on the applicant's need and must either: (1) benefit low and moderate income persons, or (2) aid in the prevent of elimination of slums or blight, or (3) meet other community development needs having a particular urgency."
- h) Department of Housing and Urban Development (Community Planning and Development); project grants; Urban Development Action Grants: "To assist severely distressed large and small cities containing pockets of poverty in alleviating economic deterioration by means of increased public and private investment in order to aid in economic recovery to strengthen the economic, employment and tax bases of these cities."
- i) Department of the Interior (National Park Service); project grants; Outdoor Recreation - Acquisition, Development and Planning (Land and Water Conservation Fund Grants); "To provide financial assistance to the States and their political

subdivision for the preparation of comprehensive statewide outdoor recreation plans and acquisition and development of outdoor recreation areas and facilities for the general public, to meet current and future needs. Grants may be used for a wide range of outdoor recreation projects, such as picnic areas, inner city parks, campgrounds, tennis courts, boat launching ramps, bike trails, outdoor swimming pools, and support facilities such as roads, water supply, etc. Facilities must be open to the general public and not limited to special groups. Development of basic rather than elaborate facilities is favored. Fund monies are not available for the operation and maintenance of facilities."

- j) Department of Transportation (Federal Highway Administration); formula grants, project grants; Highway Planning and Construction; "To assist State Highway Agencies (SHA) in the development of an integrated, interconnected network of highways by constructing and rehabilitating the Interstate highway system and building or improving primary, secondary, and urban systems roads and streets; to provide aid for their repair following disasters; to foster safe highway design; to replace or rehabilitate deficient or obsolete bridges; and to provide for other special purposes."
- k) National Endowment for the Arts and Humanities (National Endowment for the Arts); project grants, direct payment for specified use; Promotion of the Arts - Design Arts; "To promote excellence in design by funding activities in

architecture, urban design and planning interior design, graphic design, and fashion design. The program awards grants to community and neighborhood organizations, art institutions, colleges and universities, local and state governments, professional designers, design students and other qualified individuals working on design projects."

The Bureau of Planning will initiate correspondence with the above listed agencies, in order to ascertain program applicability to Guam's needs, and to clarify grant application requirements.

- 4) Loans: While it may be possible to use the Tourist Attraction Fund or other sources to secure a loan for purposes of the waterfront redevelopment project, this is not a recommended method for financing. Given the current state of GovGuam's finances, it is felt that further loans at this time would be imprudent and would be detrimental to Guam's financial stability and viability.

It is not felt that the purchase option would be practical or desirable as a single procedure. However, it could be used in conjunction with one or more of the other options to speed up and simplify the acquisition process.

Advantages to this option include:

1. Cash may be preferable to some land owners and would speed up acquisition of some lands;
2. It is possible that much of this cash would be reinvested within the business community;
3. Some of the money paid by GovGuam would be returned to the general fund through taxes; and

4. Federal grants, if available, would relieve any financial burden to GovGuam.

Disadvantage to this option includes:

1. The time frame for acquisition through this method may be considerably longer than through the value for value trade, and it is felt that these lands should be obtained as quickly as possible in order to avert further deterioration of the area.

Condemnation: One method of acquisition available to governments is property condemnation, under the reasoning of eminent domain. Because this method of acquisition would not eliminate the need for just compensation to the property owners, and because this method could require considerable time and expense to the government in following the procedure through the judicial system, the method is suggested as a "last resort" option for those cases where the property owner refuses initial offers of value for value trade or cash payment.

The cost to the government, if this option were to be pursued, would be the same as if the value for value trade option or the purchase option were pursued, plus the cost accrued through pursuit of judgment in the court system.

Advantage to this option is as follows:

1. GovGuam obtains those portions of land necessary for the proper redevelopment of the Agana Urban Waterfront.

Disadvantages to this option are as follows:

1. The cost involved in acquisition would be considerably higher to GovGuam than by using other methods;

2. The time needed for completion of the project would be considerably lengthened; and
3. Because of the historical use of this method by the Federal government for land acquisition on Guam, and the long-term problems resulting from that action, this method would be viewed favorably by the general population or the specific property owners.

PRELIMINARY IMPLEMENTATION

The project described in this document is large in scope and complicated in implementation. This is compounded by the fact that current procedures in land-use regulation and taxation are complicated and non-uniform in both law and practice. Therefore, in order to make the situation more equitable in terms of cost/benefit relative to other areas of the island, and to aid in preparation for acquisition, the following steps should be taken.

Property Reappraisal: As stated earlier, the current appraised values utilized for taxation purposes in the Agana Waterfront are unrealistically low. For the total 23,128 square meters of land in question, the average appraised value is \$30.50 per square meter, which yields only \$1,518.00 per year in real property taxes. If the government were to acquire that property, the value utilized for a purchase price would be \$90.00 per square meter or more. Since this is a more realistic value, a new appraisal should be undertaken immediately to bring the taxation rate into conformance with real value. The result of this action would be, at least, to triple the amount of collectable taxes, under current taxation schedules.

This action could also result in additional benefits in regard to the acquisition proposal:

1. Those properties unsuitable for development would become more unprofitable and this could lead to easier acquisition; and
2. Those businesses operating at a no profit or low profit level could be more easily convinced to relocate to a lower cost area. Again, this could lead to ease in acquisition.

Leasing for Encroachment: A majority of the properties in the Agana Urban Waterfront encroach on GovGuam property in one of two ways, if not both; buildings encroach, to varying extents, on government land along the shoreline, and virtually all businesses in that area are dependent upon government easement for parking adjacent to Marine Drive. At present time, there are no legal agreements with GovGuam for utilization of these lands, and the property is being used "gratis" and at the expense of the citizenry of Guam.

It is not suggested that the government enter into any agreement which would obligate those lands for any long period of time, or even for any specified period of time, but a fee should be demanded for the use of that property until such time as the encroachment problem is ended.

Leasing fees should be based on a realistic appraisal rate (\$90 per square meter) and should be set at a level that would make it unrealistic for a renter to continue use of this land for any long period of time. For instance, if appraised value is \$90 per square meter, then rental should be set at a minimum of \$4.50 per square meter per year, and perhaps as high as \$9.00 per square meter per year.

This proposal is not unrealistic in light of the fact that these are lands that belong to all the people of Guam, being utilized by a few individuals for profit and have been used without cost, illegally, for many years.

Besides the fact that this proposal would be fair and equitable in terms of the use of public land, this action would have the same benefits described in the "property reappraisal" discussion, in that it would make relocation more attractive and would hasten GovGuam's ability to acquire the property.

Land Designation and Use Changes: There are a variety of possible options available for ensuring that the properties in the Agana Waterfront are not further degraded and that, in fact, those properties would be utilized for more desirable purposes. These options vary from executive order to legislation and, in the same manner, differ in complexity in execution. These options are briefly listed below, and it is suggested that the Administration determine which options are preferable and institute changes as soon as possible.

- 1) **Rezoning of the Area:** Zoning for this area is currently designated "Commercial." While, at present, there is no zoning designation in law that would be considered proper, there is a bill being considered by the Legislature that would create a new zone designation of "Open Space," for Federal Releasable lands. Efforts should be made to complete the legislative process on this matter, revised to include GovGuam lands, and rezone the Agana Waterfront to "Open Space." The businesses now in the area would be grandfathered (legal non-conforming usage), but further degradation would be halted.
- 2) **TPC/TSPC Decisions:** Because practically all development activity in the waterfront area requires approval for variance, the TPC/TSPC plays a major role in determining the quality of development in the area. Up to this time, approval of requests for variance have been given, almost without exception. This leniency has been a contributing factor to the blighted condition of the area that exists today. While TPC/TSPC should retain the right to make decisions on such matters, the Administration should make the TPC/TSPC members aware of the significance of this area and the government's intent to acquire the property in this area, and that allowances for variances in the Agana Waterfront would be inappropriate.

- 3) Moratorium on Usage of Government Land: Many of the problems associated with the area could be resolved if the private property owners were not allowed to usurp government land for their commercial purposes. It is suggested that the Governor issue an Executive Order placing an immediate moratorium on all new leasing or permitting for the use of government land in the Agana Waterfront. Further, the Department of Public Works should be instructed to enforce against encroachment of government land, and all current laws regarding land use should be strictly adhered to.
- 4) Designation as a Park: The Guam Legislature could enact legislation designating the area under discussion as the "Agana Waterfront Park." This action would create a Territorial Park, the existence of which would take precedence over the current commercial zoning.

SUMMARY

Throughout Guam's history, the natural resources of the island, particularly Agana Bay, have played an integral part in the day to day life on the island's residents. From an open space, water related area, Agana Bay has evolved into almost strictly a commercial area. This commercial district degrades the potential of the area because of its non-dependence upon the waterfront and its blighted condition. With the rise in tourism as Guam's major economic base, the Bay, in its present condition, impacts negatively in that it detracts from the island aesthetics that are a basis for tourist arrivals.

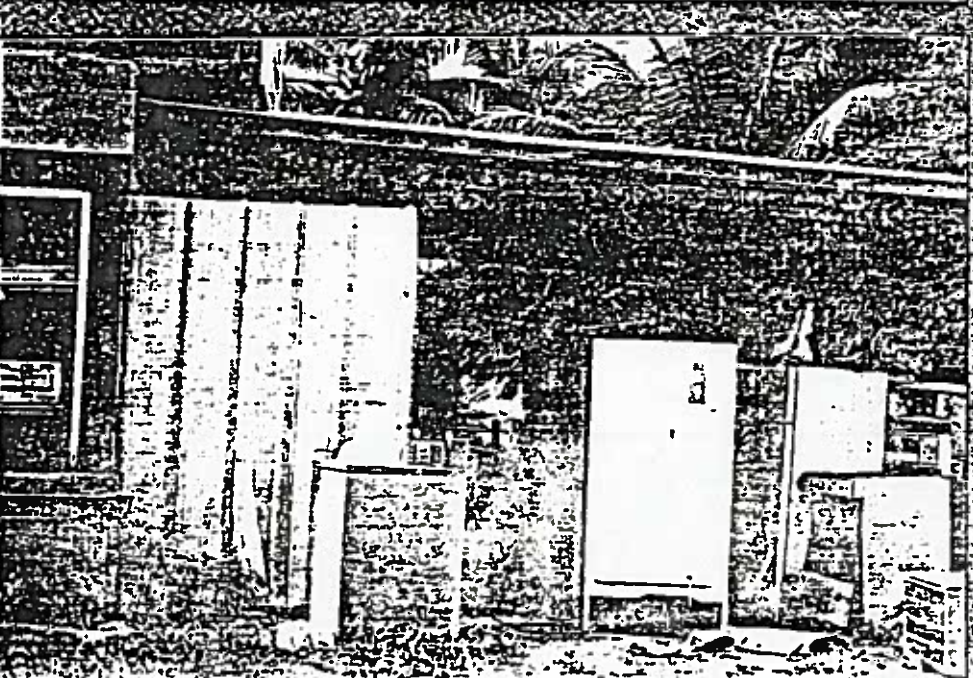
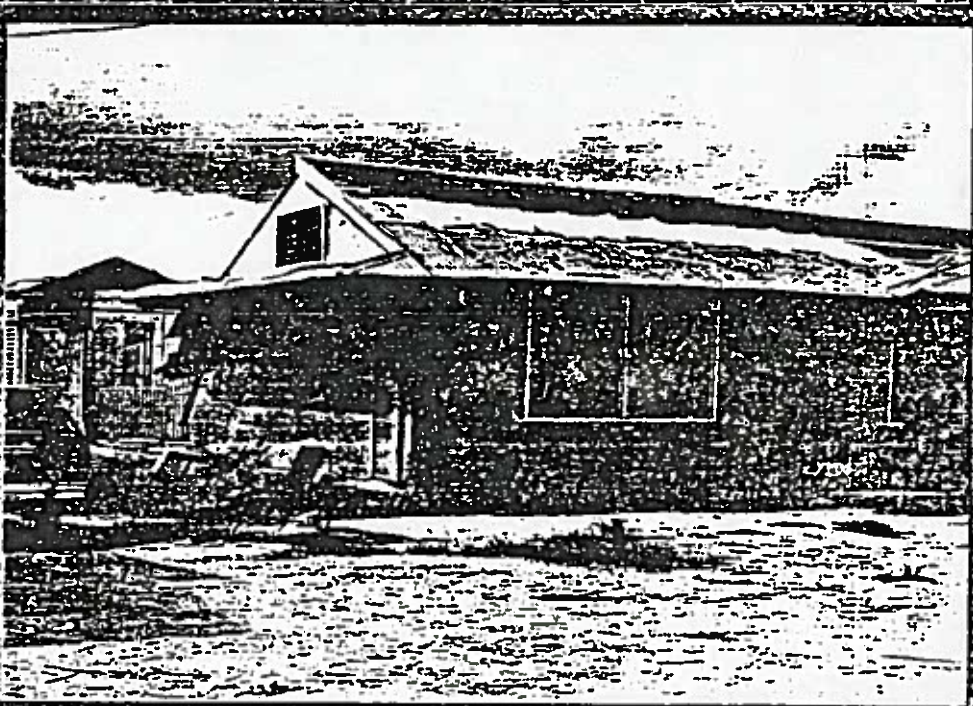
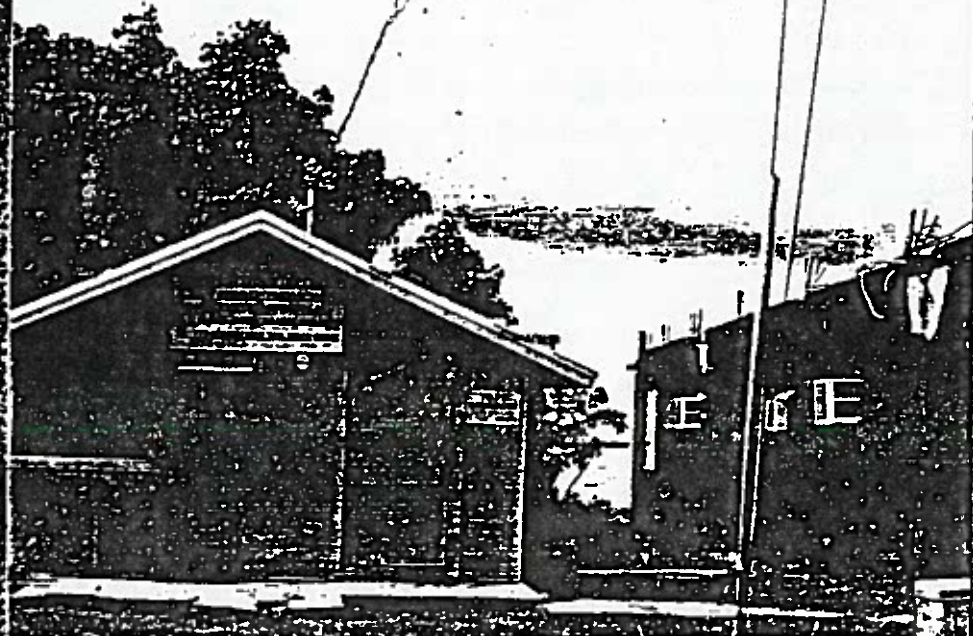
In order for Guam to compete successfully with other tourist destinations for a continuing share of the tourist trade, changes have to be made in the approach Guam takes in creating a tourist-oriented destination. At present, tourism is viewed as an industry somehow separated from the social and economic daily life of the island, rather than the core from which economy and lifestyle radiate. Until this perception is changed, a truly vibrant tourism-based economy cannot be planned for or achieved.

As a start, GovGuam should direct the redevelopment of the Agana Waterfront to more clearly mirror the needs of both residents and tourists. Land must be acquired through trade, purchase, or donation, and the area should then be landscaped and developed as an attraction, rather than the detractive and botanically barren situation that now exists.

The Agana Waterfront Redevelopment project, described in this document, is but a part of the action that must be taken. The subject area is vital because of its location and present dilapidated condition. Redevelopment of this area will begin the commitment that GovGuam and the private sector must undertake if

Guam is to become self-sufficient. If this commitment is made, there can be little doubt that the quality of life, the opportunity for Guam's youth to find meaningful work on Guam, and the economic viability and independence of both government and private sectors will be enhanced and guaranteed.





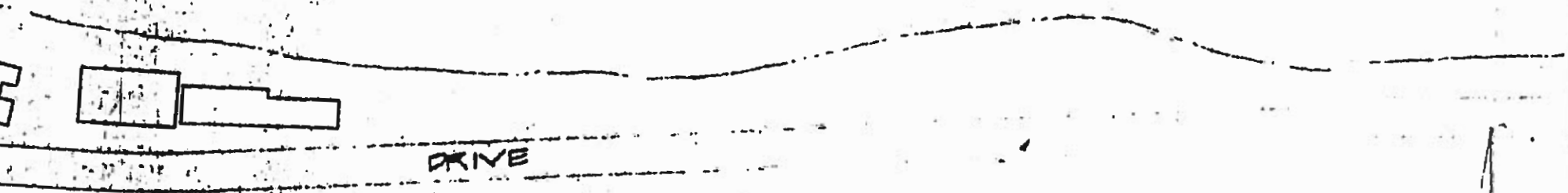
ATTACHMENT 1: MAP OF SUBJECT AREA

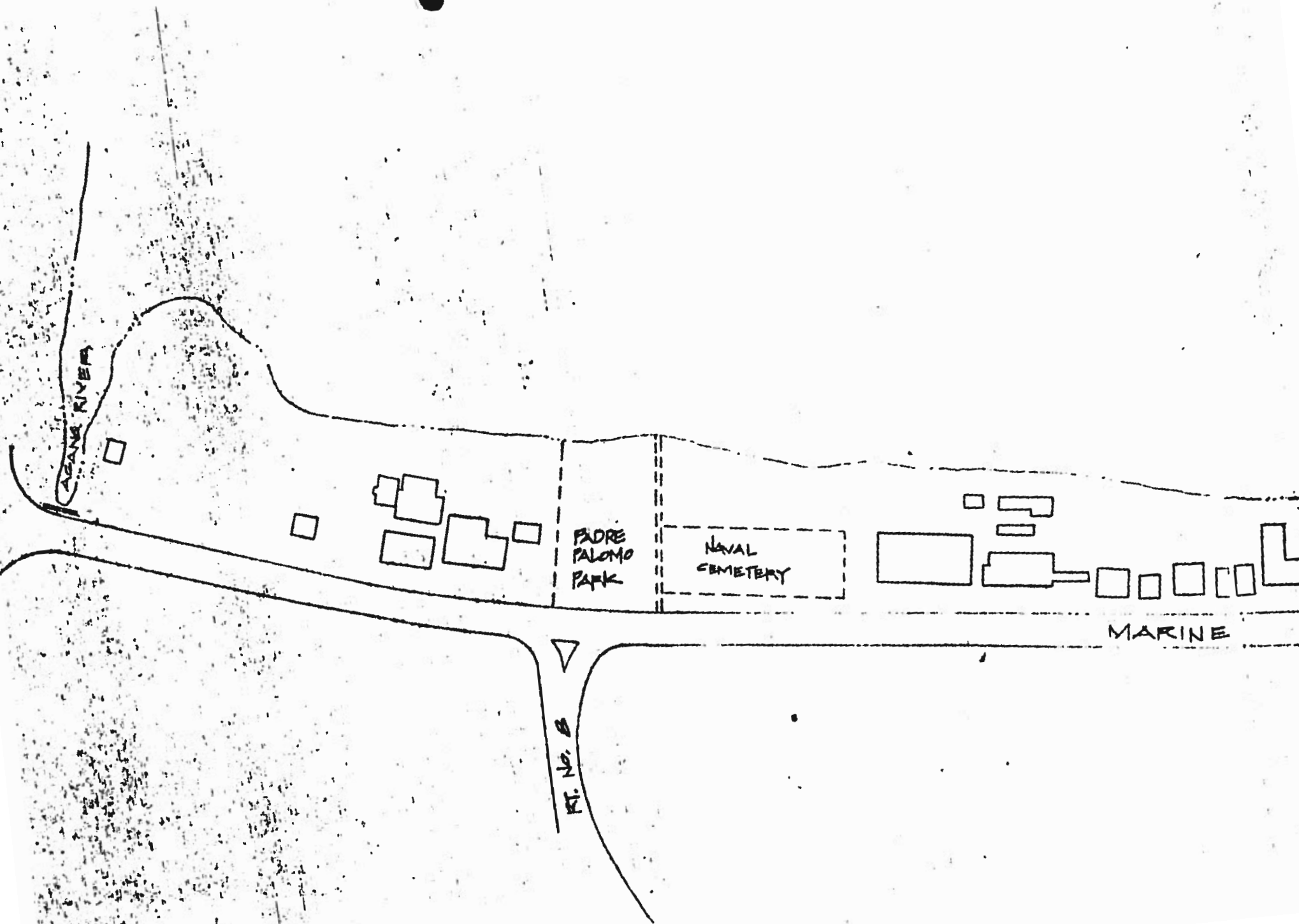
ATTACHMENT 2: CONCEPT FOR REDEVELOPMENT



EAST AGANA WATERFRONT AREA

AGANA BAY





AGANA RIVER

PADRE
PALOMO
PARK

NAVAL
CEMETERY

MARINE

RT. NO. 8

LOT	OWNER	SQ MTR	APP LAND	APP BLDG c/o J&G 30,433.33	ASS LAND	ASS BLDG	BLDG T.T.	APP/ASS SQ MTR AP
1000	Michael J. Duenas	347.17	45,914.68		16,070.14	10,651.67	80.40 106.50	132.25
1001	Manuel B. Pangelinan (c/o J&G)	269.76	1,600.00		560.00		2.80	5.93
1001-1	Michael J. Duenas (c/o J&G)	92.49	900.00		315.00		1.60	9.73
1001-2	Joseph T. Flores	375.56	1,100.00		385.00		1.90	2.93
1002	Ada's Inc. (c/o J&G)	165.24	1,100.00		385.00		1.90	6.66
1003	Edward Calvo (Etal)	201.00	1,200.00		420.00		2.10	5.97
1004	Eduardo T. Calvo	372.38	22,600.00		7,910.00		39.60	60.69
1005	Maria B. Cepeda	117.36	2,100.00		735.00		3.70	17.89
1006	Joseph T. Flores	98.68	2,100.00		735.00		3.70	21.28
1007	Joseph T. Flores	113.21	2,000.00		700.00		3.50	17.67
1008	Joseph G. Duenas (c/o J&G)	114.22	2,000.00		700.00		3.50	17.51
1009	Joseph G. Duenas/Bank of America	49.14	1,000.00		350.00		1.80	20.35
1010	Joseph G. Duenas/Bank of America	100.76	1,800.00		630.00		3.20	17.86
1030	Francis L. Moylan, Jr.	124.62	2,200.00		770.00		3.90	17.65
1031-R1	Engracia Camacho	43.10	2,300.00		805.00		4.00	53.36
1034	Francis L. Moylan	37.17	700.00		245.00		1.20	18.83
1035	Francis L. Moylan (Etal)	47.23	1,000.00		350.00		1.80	21.17
1036	Francis L. Moylan	123.10	2,200.00		770.00		3.90	17.87
1037	Francis L. Moylan	111.97	2,000.00		700.00		3.50	17.86
1038	Francis L. Moylan (Etal)	87.19	1,800.00		770.00		3.90	20.64

LOT	OWNER	SQ. FT.	APP. LAND	APP. BLDG	APP. LAND	APP. BLDG	APP. LAND	APP. BLDG	SS AV
1040	Richard E. Moylan	276.65	3,200.00		1,120.00		5.60	11.57	
1041	Teresa Uson	59.34	1,200.00		420.00		2.10	20.22	
1041-1	Teresa Uson	111.90	2,000.00		700.00		3.50	17.87	
1042	Jose B. Taitingfong	8.34	100.00		35.00		.20	11.99	
1043	Sgro Investment Co.	38.36	800.00	145,000.00	280.00	50,750.00	1.40 507.50	20.86	
1044	Sgro Investment Co.	32.66	700.00		245.00		1.20	21.43	
1044-A	Sgro Investment Co.	31.00	600.00		210.00		1.10	19.35	
1044-1	Sgro Investment Co.	35.08	700.00		245.00		1.20	19.95	
1045	Sgro Investment Co.	70.88	1,500.00		525.00		2.60	21.16	
1046	Sgro Investment Co.	79.78	1,700.00		595.00		3.00	21.31	
1047	Sgro Investment Co.	111.05	2,000.00		700.00		3.50	18.17	
1048*	Sgro Investment Co.	116.76	900.00	106,520.00	315.00	37,282.00	1.60 372.80	7.71	
1049	Sgro Investment Co.	206.76	1,200.00		420.00		2.10	5.80	
1050	Edward M. Calvo (Etal)	198.18	1,300.00	Edward M. Calvo 30,393.33	455.00	10,637.67	2.30 106.40	6.56	
1051	Francis L. Moylan (Etal)	234.57	1,400.00		490.00		2.50	5.97	
1052	Francis L. Moylan	193.88	1,300.00		455.00		2.30	6.71	
1053	Francis L. Moylan	75.51	700.00		245.00		1.20	9.27	
1053-1	Francis L. Moylan	102.40	800.00		280.00		1.40	7.81	
1054	Eduardo T. Calvo	252.60	1,300.00		455.00		2.30	5.15	
1055	Francis L. Moylan	222.80	1,300.00		455.00		2.30	5.83	

*Building is located on Lots 1048, 1049, 1059-1, & 1059-6. No land value is given for division of 1059.
(Source: GovGuam Real Property Tax Master file list, Run 6-29-83).

LOT	OWNER	SQ MTR	APP LAND	APP BLDG	ASS LAND	ASS BLDG	APP/ASS BLDG SQ MTR	APP/ASS SQ MTR AV	
1055-1	Eduardo T. Calvo	228.80	1,300.00		455.00		2.30	5.68	
1056	Francis L. Moylan	217.48	1,300.00		455.00		2.30	5.98	
1057	Francis L. Moylan, Jr.	254.76	1,300.00		455.00		2.30	5.10	
1058	Edward M. Calvo (Eta1)	284.33	1,500.00	See Lot 1050	525.00		2.60	5.28	
1059	Sgro Investment Co.	229.44	1,300.00	See Lot 1048	455.00		2.30	5.67	
1060-1	Edward M. Calvo (Eta1)	227.93	3,000.00		1,050.00		5.30	13.16	
1060-2 ✓	Sgro Investment Co.	181.79	1,200.00		420.00		2.10	6.60	
1061	Julia Takano	51.00	1,090.00	277,110.00	381.50	96,988.50	1.90 969.90	21.37	
1062	Julia Takano	156.00	2,300.00		805.00		4.00	14.74	
1063	Julia Takano	81.00	1,700.00		595.00		3.00	20.99	
1064	Vicente F. Arriola	119.77	2,100.00		735.00		3.70	17.53	
1065-2*	Elsie L. Duenas	281.00	23,600.00	Lourdes Park 35,863.33	8,260.00	12,552.17	41.30 125.50	83.99	
1065-5	Edward M. Calvo (Eta1)	145.00	1,200.00		420.00		2.10	8.28	
1065-6	Edward M. Calvo (Eta1)	145.00	1,200.00		420.00		2.10	8.28	
1065-7	Thomas R. Mesa (Eta1)	38.00	300.00		105.00		.50	7.89	
1065-7A	Vicente C. Camacho	58.00	500.00		175.00		.90	8.62	
1065-8	Carmen A. Ulloa	116.00	900.00		315.00		1.60	7.76	
1065-9	Julia Takano	116.00	900.00		315.00		1.60	7.76	
1065-10	Jesus B. Castro	154.00	2,800.00		154.00		4.90	18.18	
1065-11	Julia Takano	145.00	2,600.00		910.00		4.60	17.93	

*Lot 1065-4 is GovGuam land, but building on Lots 1065-2, -4, and -5 remains.

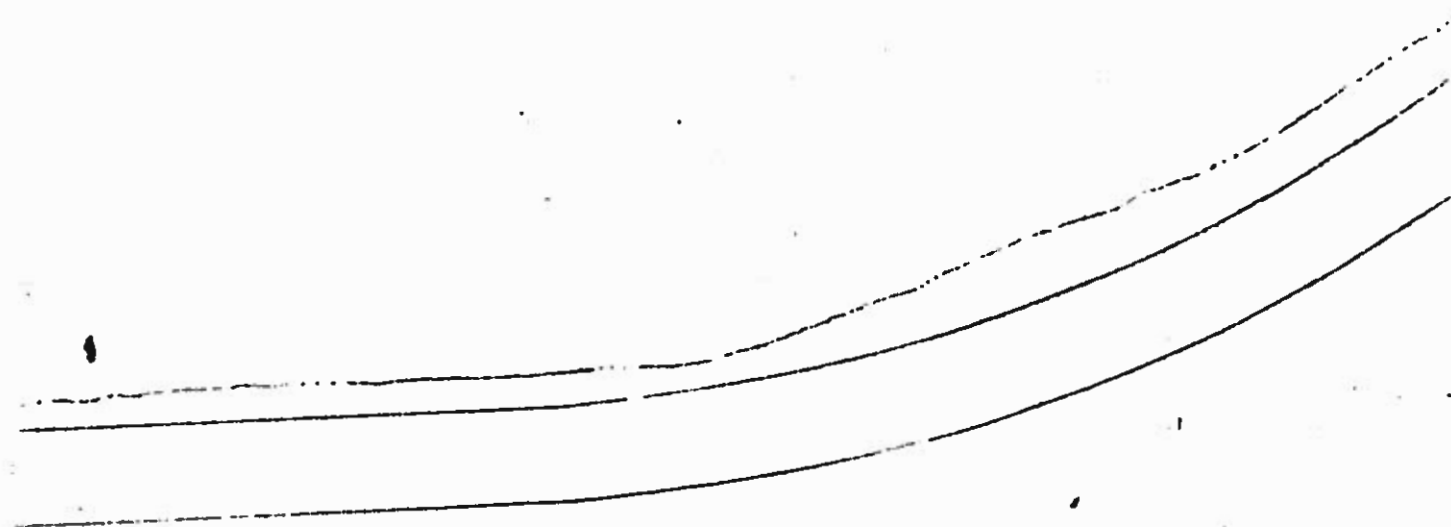
AREA

TO BE BUILT-UP
RIDGE MATERIAL

PICNIC AREA

RESTROOM

MARINE DRIVE



ASANA

BAY

PICNIC AREAS

LATTE STONE PARK

PICNIC AREA

RESTROOM

PARKING

DREDGE SWIMMING
AREA

AREA TO BE BUILT-UP
WITH DREDGE MATERIAL

PICNIC AREA

RESTROOM

100 FEET
RIGHT-OF-WAY

MARINE DRIVE

