

BUREAU OF PLANNING

APR 27 1983

Memorandum

To: Director, Bureau of Budget & Management Research
From: Director, Bureau of Planning
Subject: Proposed Economic Development Agency

The Bureau of Planning and the Bureau of Budget & Management Research, in December 1979, completed a study for a proposed Economic Development Agency, which would combine such functions now performed by the Department of Commerce and the Guam Economic Development Agency. The proposal is sound, but two areas, as they relate to the Bureau of Planning, should be clarified:

1. The new agency should be called "The Agency for Economic Development" not "The Planning and Economic Development Agency," which denotes several missions rather than the basic idea of economic development.
2. It is suggested that the functions of producing population projections, population estimates, and administration of the decennial census, currently under the auspices of the Economic Research Center, be transferred from the Department of Commerce to the Bureau of Planning, since these functions are considered necessary to all planning and direct services.

It is suggested that the above ideas be transmitted to the appropriate group for consideration in finalizing the new Economic Development Agency.

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PAUL B. SOUDER

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PROPOSED ECONOMIC DEVELOPMENT AGENCY

BUREAU OF PLANNING
BUREAU OF BUDGET AND MANAGEMENT RESEARCH

DECEMBER 17, 1979

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INTRODUCTION

The following report investigates a means for stimulating the economic growth of Guam. A review of the agencies currently involved with economic development activities suggests that comprehensive, coordinated, and effective stimulation of the island's economy is not taking place. In view of this, consolidation of the present efforts into a single economic development agency is suggested. This new agency would allow for comprehensive and coordinated economic planning, promotion, research, and implementation to occur, thus maximizing the effectiveness of economic stimulation efforts.

Factors Hindering Guam's Economic Growth

Although Guam has experienced rapid economic growth over the past decade, the extent of this growth has been limited due to several factors. First are those factors that hinder Guam's ability to develop economically over which the island can exert little or no influence upon. These factors include certain federal policies, such as immigration and shipping, and the economic conditions of neighboring foreign countries, particularly in Japan. However, there are other factors that impact upon Guam's ability to develop economically that the island can directly influence. These factors are discussed below:

1. Comprehensive Economic Planning

. The planning activities currently being conducted by the Department of Commerce relate only to those projects for which financing through the Economic Development Administration is being sought. This approach has not resulted in the development of a comprehensive economic plan which presents economic policies and program priorities for all economic development related projects and not just those for which EDA funding is being sought.

. The Guam Economic Development Authority is mandated to implement only those programs which directly or indirectly foster development. As GEDA does not possess planning capabilities, funds are disbursed on a first come, first serve basis rather than a pre-determined priority system, based upon the overall development needs of the island.

. The Guam Economic Development Authority is authorized by Congress to receive One Million Dollars annually, for a period of five years, in order to provide economic development loans and loan guarantees. However, GEDA has been unable to receive the full authorization due to inadequate planning and grantsmanship capabilities.

2. Inadequate Data Collection

. At present, much of Guam's essential economic forecasting data is being gathered and tabulated manually. This antiquated method of collecting and compiling data sharply hinders the island's ability to develop timely and up-to-date economic indices. This, in turn, hampers the island's capabilities to investigate and study those conditions affecting Guam's business, industry, and commerce.

. The Department of Commerce is responsible for conducting several census oriented activities including the Decennial Census. This particular census activity generally relates to the Department's overall mission as it provides data pertinent to the development of economic indices. However, the Decennial Census covers a much broader range of areas as it also provides data which is essential for the development of social and demographic indices.

3. Incompatible Functions

. Under the auspices of the Department of Commerce are two divisions which detract from the Department's overall mission to promote economic growth. The first division, Customs and Quarantine, is law enforcement in nature and is inconsistent with the Department's mission. Moreover, the Department lacks the necessary law enforcement direction and expertise to support the Division's functions. The second division is the Public Market in which the Department is responsible for the Market's actual operations. This function detracts from the planning, research, and promotion functions of the Department.

4. Duplication of Services

. Both the Department of Commerce and the Guam Economic Development Authority conduct promotion activities designed to attract off-shore businesses to Guam. These activities are similar in nature as both

produce publications which are designed to attract new businesses and both conduct trade missions and conferences. This decentralized approach is duplicative and also allows for gaps to occur in promotion efforts.

5. Ineffective Administration of Programs

. In the past, GEDA development loans were not repaid because borrowers became bankrupt or did not have the financial capability to repay the loans. This condition was brought about because loans were improperly disbursed, collateral was not properly secured, and aggressive collection activities were not instituted in the case of delinquent loans and loan defaults.

Proposed Reorganization

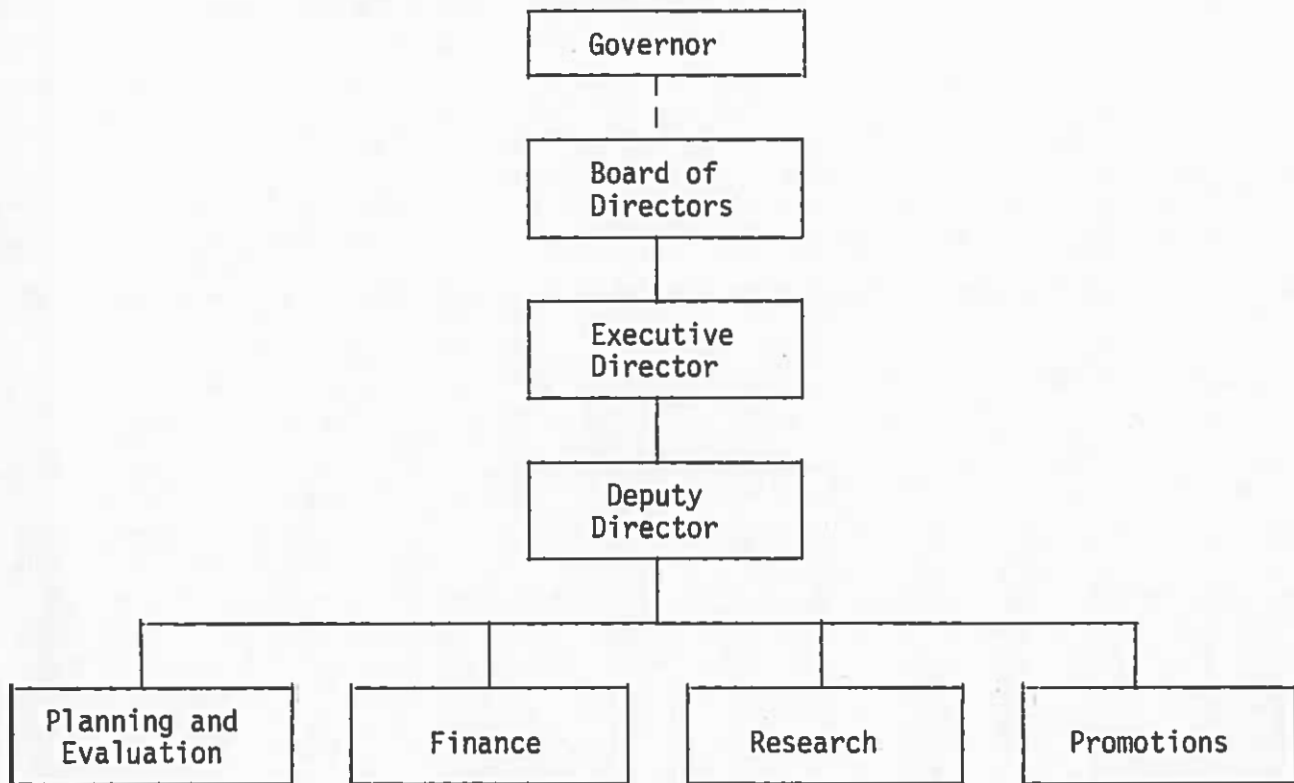
In view of these problems, the decision was made to reorganize the Department of Commerce and the Guam Economic Development Authority into a single agency with the responsibility of stimulating the economic development and growth of Guam. The creation of this new agency would serve to consolidate economic development functions and eliminate present obstacles and unrelated functions.

Based upon the functional responsibilities of the existing economic development agencies established by legislation (see Appendix), the organizational structure of the proposed agency was developed (see attached chart). The proposed agency is functionally organized as a semi-autonomous corporation within the local governmental system.

Administration

The administrative organization includes a Board of Directors functioning primarily as a policy making board with the responsibility for deciding which applicants are to receive financial assistance, as well as which investments or liquidations of assets in the name of the agency are to occur. Additionally, the Board of

ORGANIZATIONAL CHART



Directors has review and approval responsibilities for economic development plans and acts as an advisory board to the Governor on the issuance, modification, revocation, and suspension of Qualifying Certificates.

The proposed agency is to be administered by the Executive and Deputy Directors. The Executive Director will oversee the agency's operations and provide administrative support and advice to the Governor and Board of Directors. The Deputy Director of the agency is to provide assistance to the Executive Director in the performance of his duties, as well as assume the role of the Executive Director in his absence.

The Overall Economic Development Committee is currently governed by guidelines issued by the United States Secretary of Commerce. The committee is responsible for reviewing and prioritizing all project proposals for submission to the Federal Government for funding under the Public Works and Economic Development Act of 1965. Given these responsibilities, it is suggested that the Overall Economic Development Committee functions be vested within the Board of Directors as the Board currently performs similar review and prioritizing duties in deciding which projects are to be financed. However, if this recommendation is implemented, the composition of the Board must reflect U.S. Department of Commerce requirements.

As presented in the organizational chart, the agency is composed of four functional divisions: Planning and Evaluation, Finance, Research, and Promotions.

Planning and Evaluation

The objectives of this Division are: to promote the development of comprehensive economic plans, to include programs and projects to stimulate the growth of Guam's economy; and to encourage the coordination of economic planning efforts extending program analysis and assistance to other agencies and interested

persons involved with economic planning. Specific functions directed towards achieving these objectives include:

- a. Preparing a comprehensive economic plan for Guam, to include the current requirement for an OEDP.
- b. Initiating feasibility studies for specific programs and projects designed to encourage and inspire economic development and investments in the specific areas of tourism, agriculture, industry, fisheries, aquaculture, and other economic areas.
- c. Analyzing and evaluating programs and projects to be financed by the agency and making recommendations to the Director and the Board.
- d. Coordinating economic planning efforts with other agencies and interested persons requesting technical assistance with plan and program development.
- e. Providing necessary information and advice to the Board of Directors.

Finance

The Finance Division is responsible for encouraging economic development through providing financial incentives; promoting sound financial management of funds disbursed in support of economic plans, programs, and projects; and to encourage coordinated use of financial incentives offering technical financial advice to other divisions, agencies, and persons interested in obtaining funds. The following functions are viewed as a means of fulfilling these responsibilities:

- a. Review and analyze applications for financial assistance to ensure that they meet financial guidelines.
- b. Provide financial management advisory services to financial aid recipients.
- c. Monitor loans following disbursement and pursue loan collection when necessary.
- d. Provide technical financial assistance to other divisions, agencies, or persons seeking such advice.

- e. Prepare financial documents and reports in the process of advising the Board of Directors on projects recommended for funding or investment.

Research

The main objective of the Research Division is to encourage and promote sound economic planning through the use of statistical indicators reflecting current economic trends and conditions. Duties associated with the process of encouraging statistical usage include:

- a. Compiling, collecting, developing, and analyzing economic indices to reflect current business and economic conditions.
- b. Preparing and disbursing economic information to other divisions, agencies, or interested persons as requested.
- c. Computerizing economic data to ensure immediate retrieval.
- d. Preparing economic forecasts and projections.

Promotions

The Promotion Division encourages and promotes the location of new businesses and investments on Guam; promotes the expansion of existing businesses and investments within Guam; and promotes public awareness and contributions to economic development through the sponsorship of public conferences and economic conventions. Specific functions of the Promotions Division in fulfilling these objectives include:

- a. Preparing brochures which detail the advantages of locating and investing in Guam.
- b. Sponsoring conferences and conventions relevant to economic development.
- c. Preparing pertinent information for traders and investors interested in locating in Guam, i.e., available office space, communication facilities, etc.

Staffing

Keeping in mind the functions of each division, the following staffing pattern is suggested. This staffing pattern utilizes some of the current position titles within the Department of Commerce and the Guam Economic Development Authority and additionally introduces new positions which would promote maximum efficiency and effectiveness in the execution of the agency's functions.

Administration (13)

The Board of Directors is to be composed of nine (9) members appointed by the Governor with the advice and consent of the Legislature. The Governor will designate one of the members to serve as chairman of the Board.

The Executive and Deputy Directors will be appointed by the Board of Directors.

Administrative staff assistants include a private secretary and a clerk typist IV.

Planning and Evaluation (8)

Chief Planner
Planner IV
Planner III
Planner III
Planner II
Senior Economist *
Clerk Typist IV
Clerk Typist II

Finance (9)

Chief Financial Officer **
Financial Specialist **
Financial Officer **
Accountant IV
Accountant II
Loan Clerk II **
Loan Clerk I **
Attorney I
Clerk Typist IV

Research (19)

Chief Economist
Senior Economists (2)
Junior Economist
Survey Statistician II
Computer Systems Analyst V
Computer Systems Analyst III
Survey Aids III (3)
Statistical Clerks (6)
Card Punch Operators IV (2)
Clerk Typist III

Promotions (3)

Promotions Manager **
Promotions Officer **
Clerk Typist II

Total Personnel equals 43 (excluding Board Members)

* To serve as a technical economic advisor to planners.

** Position is not currently within the Government of Guam Classified System.

With the formation of the new agency, certain functions presently assigned to the Department of Commerce are to be excluded as they are not directly related to economic development on Guam. These functions are the Customs and Quarantine Division, the Public Market, and functions within the Economic Research Center that deal with non-economic data, including the decennial census, population projections, and the collection of other social and demographic data.

It is recommended that the Customs and Quarantine Division be transferred to the Department of Public Safety as the functions of this Division are law enforcement in nature. The Customs and Quarantine Division is currently involved with the Department of Public Safety in the processing of customs and quarantine offenders and serve to benefit from more coordinated law enforcement efforts which would result from the transfer.

The Public Market is also recommended for exclusion from the new agency. The Public Market currently appears to be functioning as a separate business entity whose operations are administered by the Department of Commerce. It is suggested that the Public Market become autonomous. The market has been developed and is established as a popular marketing outlet which allows its vendors to generate profits in exchange for a nominal facility rental charge. The Market is considered a business operation which should be handled by businessmen and not an economic development agency.

Also proposed for transfer to a different agency are the functions of producing population projections, population estimates, and administration of the decennial census currently under the auspices of the Economic Research Center. These functions are considered necessary to all planning and direct service agencies and should be within the comprehensive planning agency rather than the economic planning agency.

Lastly, recommended for transfer to the new agency are the administration of the Farmers Small Loan Revolving Fund and the Cooperative Association Revolving Fund which grant loans to farmers, fishermen, and their cooperative associations for the improvement of farm lands and operations; and for facility and operational costs of cooperative associations engaged in production, marketing, purchasing, processing, and providing farm business services. The administration of these two funds is suggested for transfer from the Department of Agriculture to the new agency as they have been offering essentially the same type of economic development incentives currently offered by the Guam Economic Development Authority.

Budgetary Comparisons*

<u>Items</u>	<u>Existing Agencies</u>	<u>New Agency</u>
No. of Positions	49	43
110 Personnel Services	\$690,639	\$575,315 a
113 Benefits	78,327	57,741 b
120 Travel and Transportation	21,095	21,095
130 Contractual Services	91,695	91,695 c
140 Supplies & Materials	6,452	6,452
150 Equipment	2,762	2,762
160 Utilities	4,500	4,500 c
190 Miscellaneous	62,230	62,230 c
- Office Rental	<u>25,200</u>	<u>25,200 c</u>
Total	\$982,900	\$843,900
Difference	\$138,910	

* Comparisons are based on existing budgetary figures of the two combined agencies but do not include the divisions of those agencies which were recommended for transfer.

- a The salaries were figured at Step 1 for each position.
- b Benefits were figured using FHP Dental and Health fees at the Class II level multiplied by 26 pay periods, plus \$18 for life insurance and .010104 multiplied by salary for retirement benefits.
- c These figures are carried over from the existing combined budgets as more accurate information is not available.

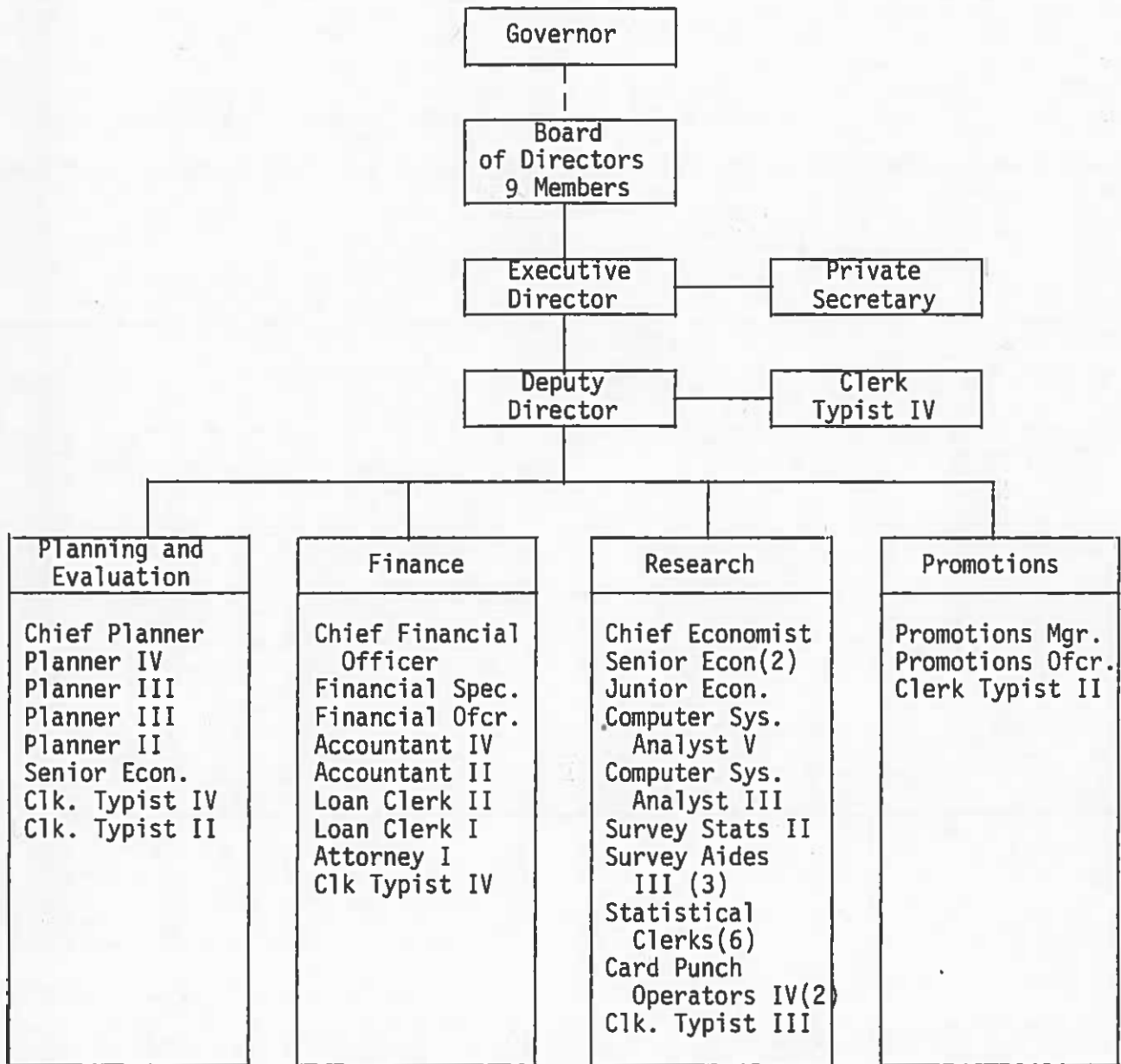
Legislative Changes

In order to create a single lead agency responsible for promoting the island's overall economic development and growth, legislative changes are necessary. The following are those public laws contained in the Government Code of Guam that should be repealed and reenacted, or amended as necessary, in order to create a lead economic development agency:

1. Title LIV, Guam Economic Development Agency
2. Title LIV, Chapter I--Administration and Responsibilities of GEDA (Public Law 8-80, as amended by Public Laws 9-257, 10-185, 11-33, 12-69, and 15-40)
3. Title LIV, Chapter II--Guam Agricultural Expense Insurance (Public Law 9-48, as amended by Public Laws 13-195 and 15-65)
4. Title LIV, Chapter III--GEDA Mortgage Revenue Bonds (Public Laws 11-18 and 11-34)
5. Title LIV, Chapter IV--GEDA Hospital Facilities Finance Act (Public Law 12-69)
6. Title XLIV, Department of Commerce
7. Title XLIV, Chapter I--Administration and Duties of the Department of Commerce (Public Laws 7-48 and 9-9)
8. Title XLIV, Chapter II--Customs Regulations (Public Law 8-124, as amended by Public Laws 8-164, 9-47, 11-193, 10-160)
9. Title XLIV, Chapter V--Public Market (Public Law 14-154)
10. Title XLIV, Chapter VI--Overseas Affairs Office (Public Law 15-40)
11. Title XIII, Chapter I, Article I, Farmers' Small Loan Revolving Fund and Cooperative Association Revolving Fund (Public Laws 9-121, 11-119, and 12-49)
12. Title VII, Chapter X, Section 6804--Exceptions to the Central Accounting Act (Public Law 13-96)

Summary

The proposed reorganization of the Department of Commerce and the Guam Economic Development Authority into a single economic development agency is given below.



APPENDIX:
LEGISLATIVE OVERVIEW

In order to fully comprehend the process for stimulating the economic growth of Guam, a review of the agencies and their enabling legislation is necessary. Currently, there are three primary Government of Guam agencies responsible for the planning, research, implementation, and promotion of Guam's economic future. These agencies are: the Department of Commerce, the Guam Economic Development Authority (GEDA), and the Bureau of Planning. The following discussion provides an overview of the functions of each of these agencies as presented in their enabling legislation as amended.

Department of Commerce

Public Law 1-88, Amended by Public Law 7-48

- 47060 (a) Investigates, studies, and undertakes ways and means of promoting and encouraging the prosperous development and protection of the legitimate interest and welfare of Guam business, industry, and commerce.
- (b) Promotes and encourages the expansion and development of markets for the products of Guam.
- (c) Promotes and encourages the location and development of new business in Guam, as well as the maintenance and expansion of existing business, with particular emphasis on encouraging the tourist industry.

- (d) Investigates and studies conditions affecting Guam business, industry, and commerce and in connection therewith, compiles, collects, develops and periodically or otherwise makes available scientific indices and other relevant information relating to current business conditions.
- (e) Compiles periodically a census of business and industry in Guam and analyzes and publishes the information in such form as to be most valuable to the business and industry of Guam.

Public Law 15-40

- 47411 (a-g) Maintains and disseminates data on all Government of Guam programs to facilitate trade, a list of foreign language interpreters, a list of available office space, air and transport methods, communication facilities, Government of Guam tax incentives, and other pertinent information to potential traders.

Section 2 Provides adequate publicity in the United States indicating the willingness of the Territory to facilitate trade and the services available through the Overseas Affairs Office.

Public Law 89-136

- 502 (a) Acts as the regional commission for Guam which has been designated an economic development region.
- 503 (1) Advises and assists the Secretary of Commerce in the identification of optimum boundaries of the economic development region.
- (2) Initiates and coordinates the preparation of long-range overall economic development programs for this region.
- (3) Fosters surveys and studies to provide data required for the preparation of specific plans and programs for the development of our region.

- (5) Promotes increased private investment in this region.
 - (6) Prepares legislation and other recommendations with a respect to programs and projects for federal and local agencies.
 - (7) Develops, on a continuing basis, comprehensive and coordinated plans and programs and establishes priorities thereunder, giving consideration to other federal and local plans in this region.
 - (8) Conducts and sponsors investigations, research, and studies including an analysis and inventory of the region and in coordination with federal and local agencies sponsor demonstration projects designed to foster regional productivity and growth.
 - (9) Reviews and studies in cooperation with the agency involved federal and local public and private programs and where appropriate recommend modifications or additions which will increase their effectiveness in the region.
 - (11) Provides a forum for consideration of problems of the region and proposed solutions and establishes and utilizes as appropriate special advisory councils and public conferences.
- 509 Prepares a comprehensive and detailed annual report each fiscal year to the Congress with respect to the commission's activities and recommendations for programs.

Guam Economic Development Authority

Public Law 8-80, as amended

- 53552 (a) Assists in the implementation of an integrated program for the economic development of Guam; be a catalyst in economic development aiding private enterprise without unfairly competing; expands the money supply available in Guam to finance residential dwellings; provides the means necessary for the acquisition, construction, and provision of hospital facilities to serve the general public.

- (b) Controls and implements the part of the basic economic development plan for Guam as assigned by the Governor and is an active participant in the development of this plan.
- (c) Conducts research into natural resources, experiments, marketing methods, and export possibilities, and makes the research results available; these research activities are not to be duplications of other governmental research activities.
- (d) Promotes investments of entrepreneurial capital in Guam, if need be form and operate its own industries; invest in and provide technical assistance in support of its objectives; develop and maintain facilities for lease or sale; and provide for the expansion of agricultural, industrial, hospital, housing, and tourist facilities through financial assistance and other means.
- (e) Makes loans or loan guarantees to any person, firm, partnership, or corporation licensed to do business in Guam in furtherance of the purposes and activities of the Authority.
- (f) Issues, sells, or disposes of revenue bonds and other obligations as prescribed by legislation.
- (g) Invests funds in any enterprise, undertaking, or other activity deemed to further the development of desirable agriculture, industry, hospital facilities, housing, commerce, and tourism in Guam.
- (h) Obtains government of Guam lands as required to carry out its purposes as prescribed by legislation.
- (i) Purchases or makes commitments to purchase mortgages on residential real property insured by an instrumentality of the United States or Guam.

- 53553 (f) To acquire in a lawful manner any property necessary to conduct the activities of the corporation.
- (n) To borrow funds required to finance revenue producing projects.
- (o) Recommends to the Governor the issuance, modification, revocation, or suspension of Qualifying Certificates.
- (r) Endorses, quarantees, and secures payment of satisfaction of bonds, coupons, mortgages, deeds of trust, debentures, obligations, evidences of indebtedness, and shares of stock of other corporations as necessary to conduct the corporation's activities.

53558 Jointly administers the Agriculture Development Fund with the Department of Agriculture.

53600-53602 Administers the Agriculture Expense Insurance Program and funds.

Public Law 90-601

Section 3 Designated agency for administering the monies of the Guam Development Act of 1968.

Bureau of Planning

Public Law 12-200, as amended by Public Law 13-89

- 62018 Appraises, coordinates, and assists in the preparation of long-range planning programs for economic development.
- 62019 (b) Conducts or causes to be conducted investigations, studies, surveys, research, and analysis relating to economic development.
- 62020 (m) A five-year socio-economic plan to include policy, opportunities, and programs to attack problems concerning health services, manpower planning, employment opportunity, education, elimination of poverty, law enforcement, welfare, substandard housing, consumer protection, public revenue and expenditures, cultural heritage preservation, and the like to include population characteristics and economic analysis with projects for each region and sub-region of the island.

Gloria

December 14, 1979

Memorandum

To: Director, Bureau of Planning
From: Director of Agriculture
Subject: Requested Comments
Ref: Proposed Economic Development Agency

While Commerce and Economic differ in meaning, the agencies involved in the proposal have similar objectives. However, a commerce agency and an economic development agency should each have distinctive roles. There is a definite functional need for commerce and economic development on our island. The implementation of these functions may be under one roof, or separate, as long as they are accomplished.

With regards to the areas concerning agriculture, we have the following to offer:

1. The Farmers Small Loan Revolving Fund and The Cooperative Association Revolving Fund.

We agree with the transfer of the administration of this loan program. Primarily because we do not have the necessary staff to handle work process of individual accounts. We however, wish to continue screening applicants for these loan programs.

2. Planning and Evaluation.

While we do not differ as to where Planners for agricultural, fishery, and aquacultural development programs are housed, we would like to see a close link between the Department of Agriculture and the College of Agriculture and Life Sciences, University of Guam and the Planners. There are numerous times when ideas of planning agencies and those from plan implementing agencies conflict in the actual course of programs. We feel that a feeling of partnership should avoid such conflicts.

At this time, we are holding our comments to those areas directly involved with our agency which are discussed above. For further particulars please feel free to call on us.

/s/ Antonio S. Quitugua

ANTONIO S. QUITUGUA

APR 16 1980

Memorandum

To: The Governor

Attn: Special Assistant for Fiscal Affairs

From: Director, Bureau of Planning

Subject: Comments Relative to the Creation of the
Planning and Economic Development Agency

In regards to the proposed bill to merge the Guam Economic Development Authority (GEDA) and Department of Commerce, I have the following comments:

1. The agency should not be called "Planning and Economic Development Agency" but rather the "Agency for Economic Development."
2. Pages 3,4,7,12--This agency should not be responsible for activities related to housing and hospital facilities. Authorities already exist to deal with these facilities. Those sections of existing laws which give GEDA this authority should be repealed.
3. Page 5 Section 53552 (V)--Add grants to loans and guarantees.
4. Page 5 (b)--This section should be repealed since other sections give the agency the authority to develop and implement the economic development plan.
5. Page 6 (d)--Add commercial, fisheries, aquaculture, and mariculture facilities.
6. Page 6 (e)--Delete "authorizing the issuance of revenue bonds."
7. Page 7 (g)--Delete "hospital facilities, housing" and add aquaculture, mariculture, fisheries.
8. Pages 8 (o) and 18 (e)--This section should be revised to reflect that the agency should collect, compile, analyze, and publish economic data. The agency should not collect social or demographic data but should collect other economic data and not just those related to job development (e.g., per capital income, export data, agricultural production, etc.).
9. Pages 9 (q) and 35 Section 4--Since these are small programs and they are service-oriented, they should be left with Department of Agriculture as they detract from the major function of the agency.
10. Page 10 (i)--Except for the Board Members, Executive Director, and Private Secretary positions, all other positions should be classified and subject to the Personnel and Compensation Laws.

APR 16 1980

11. Pages 11 and 12 (p)--Add aquaculture, mariculture, and fisheries and delete hospital facilities and housing.
12. Page 13 Section 53554--Terms of the Board Members should be staggered.
13. Page 13 Section 53555--Add Deputy Director (unclassified).
14. Page 15 Section 53560--Reports should be submitted within 90 days after fiscal year. Also, it should be made clear that independent auditing services could include Internal Audit, Bureau of Budget and Management Research.
15. Pages 17, 18, and 19--The number of employees per division should not be legislated.
16. Pages 20 and 31--Minimum financial requirements and fees should be determined by the Board and should not be reflected in the legislation.
17. Page 21--Renewal of Qualifying Certificates should be within the discretion of the Board with Governor's approval.
18. Page 39 Section 5--This program should be administered by the Department of Agriculture.
19. Pages 59-80 Chapter IV--This section should be repealed in its entirety.
20. Page 80 Section 8--The functions of the Overseas Affairs Office are identical to the Promotions Division. Consequently, this chapter should be repealed.
21. Page 82 Section 10--Delete decennial. Also add the responsibility for preparing population projections, collecting non-economic data, and administering the Central Statistical Unit.

Thank you for the opportunity to comment.

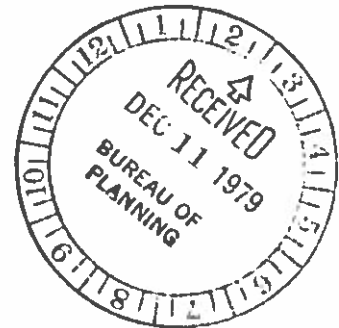
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BETTY S. GUERRERO

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cc: Chrono file
Subject file



DEPARTMENT OF COMMERCE
GOVERNMENT OF GUAM
AGANA, GUAM 96910



11 DEC 1979

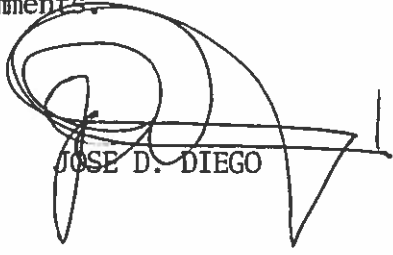
Memorandum

To: Director, Bureau of Planning
From: Director of Commerce
Subject: Proposed Economic Development Agency, Comments on

The comments on the Proposed Economic Development Agency have the following characteristics which should be understood:

1. The comments are preliminary in nature;
2. Comments were limited to the areas which affect Commerce and the proposed agency;
3. Some portions of the report are still under study and comments will be submitted when completed; and
4. Comments are made on a page by page basis for easy reference.

Attached are the preliminary comments.


JOSE D. DIEGO

Attachment

Preliminary Comments on the
Proposed Economic Development Agency

Page 2 1. Comprehensive Economic Planning

"The planning activities currently being conducted by the Department of Commerce related only to those projects for which financing through the Economic Development Administration is being sought. This approach has not resulted in the development of a comprehensive economic plan which presents economic policies and program priorities for all economic development related projects and not just those for which EDA funding is being sought."

Comments - The above statement had previously been correct. However, effective December 1979, the OEDP Committee with the support of GEDA and Commerce, was designated by the Governor to develop a comprehensive economic development plan.

Page 3 2. Inadequate Data Collection

"At present, much of Guam's essential economic forecasting data is being gathered and tabulated manually. This antiquated method of collecting and compiling data sharply hinders the island's ability to develop timely and up-to-date economic indices. This, in turn, hampers the island's capabilities to investigate and study those conditions affecting Guam's business, industry, and commerce."

Comments - The title of this section is a misnomer. The lack of adequate data computer facility is the problem and not inadequate data collection. The Department of Administration does not provide regular access to

the computer facilities and those facilities are inadequate to serve the needs of all Government of Guam agencies. On numerous occasions, the Department of Commerce has requested for funds for computerization but without success due to Government financial constraints.

3. Incompatible Functions

"Under the auspices of the Department of Commerce are two divisions which detract from the Department's overall mission to promote economic growth. The first division, Customs and Quarantine, is law enforcement in nature and is inconsistent with the Department's mission. Moreover, the Department lacks the necessary law enforcement direction and expertise to support the Division's functions. The second division is the Public Market in which the Department is responsible for the Market's actual operations. This function detracts from the planning, research, and promotion functions of the Department."

Comment - It should be clarified that C&Q division's primary function is not law enforcement but regulatory in nature.

4. Duplication of Services

"Both the Department of Commerce and the Guam Economic Development Authority conduct promotion activities designed to attract off-shore businesses to Guam. These businesses are similar in nature as both produce publications which are designed to attract new businesses and both conduct trade missions and conference. This decentralized approach is not only duplicative, but also allows for gaps to occur in promotion efforts."

Comments - This should be entitled Possible Duplication of Services. The Depart-

ment of Commerce, GEDA and other Government and private organizations meet regularly to prevent duplication of efforts. The Department of Commerce's primary function is to provide technical support and advise and has no independent promotional activities.

Page 4

"Based upon the functional responsibilities of the existing economic development agencies established by legislation (see Appendix), the organizational structure of the proposed agency was developed (see attached chart). The proposed agency is functionally organized as a semi-autonomous corporation within the local government system."

Comment - The rationale behind the establishment of a semi-autonomous organization rather than a line department should be clearly stated.

Page 6

Budgetary Comparisons

1. The assumption that personnel can be hired at Step 1 should be analyzed as to the probability of such an event occurring.
2. Since the proposed agency is a semi-autonomous entity, will it not still require to retain its own legal consultant?
3. Since you have stated that the manual tabulation of data is antiquated and hinders the development of timely economic reports and that two computer system analysts are included in the budget; therefore, it would seem appropriate to provide funds to lease or purchase a computer for the agency.
4. Since six (6) positions will be eliminated, the budget should include severance pay as required by the Government of Guam Personnel Rules and Regulations.

Comments - It is suggested that the evaluation function of this division as presently defined, be transferred to the Research section. This suggestion is based on the following:

- a. Planning should be the primary function. Planning evaluation should involve the annual updating of the comprehensive economic plan to assess accomplishments and changes in the economy.
- b. Lack of appropriate staff to handle evaluation and analysis.
- c. Research Division has the appropriate staff to conduct the evaluation.
- d. Evaluation seems to be a duplication of the efforts of the Research Division.

"The Overall Economic Development Committee is currently governed by guidelines issued by the United States Secretary of Commerce. The Committee is responsible for reviewing and prioritizing all project proposals for submission to the Federal Government for funding under the Public Works and Economic Development Act of 1965. At the writing of this report, it is unclear whether the Overall Economic Development Committee must remain a separate entity within the economic planning agency or whether the Committee functions may be transferred and assumed by the Board of Directors. The transfer of the Overall Economic Development Program Committee functions to the Board of Directors is suggested as the Board currently performs similar review and prioritizing duties in deciding which projects are to be financed."

Comments - Unless the present composition of the Board of Directors is changed it

will not meet the requirements of EDA. The OEDP Committee should be representative of business, agriculture, industry, finance, organized labor, minorities, the unemployed, professionals, utilities and public health agencies.

The OEDP Committee would best serve its functions by being an advisory committee to the Board. The advantages of this are:

- a. All Board of Directors may be members of the OEDP Committee.
- b. Needed representation may be added to the committee without cost to the Agency.
- c. All EDA requirements will be fulfilled.

Page 15

Finance

"The Finance Division is responsible for encouraging economic development through providing financial incentives; promoting sound financial management of funds disbursed in support of economic plans, programs, and projects; and to encourage coordinated use of financial incentives offering technical financial advice to other divisions, agencies, and persons interested in obtaining funds. The following functions are viewed as a means of fulfilling these responsibilities:

- a. Review and analyze applications for financial assistance to ensure that they meet financial guidelines.
- b. Provide financial management advisory services to financial aid recipients.
- c. Monitor loans following disbursement and pursue loan collection when necessary.

- d. Provide technical financial assistance to other divisions, agencies, or persons seeking such advice.
- e. Prepare financial documents and reports in the process of advising the Board of Directors on projects recommended for funding or investment."

Comments - It is not clear if the Financing Division is responsible for the internal accounting requirements of the agency. If so, it should be clearly stated. If not, who is responsible for internal accounting procedures?

Who is the controller of the agency? If there is none, shouldn't there be one? If it is the CFO, would it not be more appropriate if he reported directly to the Board while providing staff assistance to the Executive Director?

Page 16

Promotions

"The Promotion Division encourages and promotes the location of new businesses and investments on Guam; promotes the expansion of existing businesses and investments within Guam; and promotes public awareness and contributions to economic development through the sponsorship of public conferences and economic conventions. Specific functions of the Promotions Division in fulfilling these objectives include:

- a. Preparing brochures which detail the advantages of locating and investing in Guam.
- b. Sponsoring conferences and conventions relevant to economic development.

- c. Preparing pertinent information for traders and investors interested in locating in Guam, i.e., available office space, communication facilities, etc."

Comments - This division should be entitled Economic Development to more appropriately reflect the purpose of the division. It is suggested that the first sentence be:

The Economic Development Division's primary goals is the stimulation and diversification of Guam's economy; the promotion of exports and replacement of imports with local products; and creation of new and better employment opportunities throughout the island.

Item C should more appropriately be under the Research Division rather than the Promotion Division. A mechanism to measure the effectiveness of promotional activities should be identified. The promotional activities of the new agency should be linked with those undertaken by the Guam Growth Council and the Chamber of Commerce.

Research

"The main objectives of the Research Division is to encourage and promote sound economic planning through the use of statistical indicators reflecting current economic trends and conditions. Duties associated with the process of encouraging statistical usage include:

- a. Compiling, collecting, developing, analyzing economic indices to reflect current business and economic conditions.
- b. Preparing and disbursing economic information to other divisions.

c. Computerizing economic data to ensure immediate retrieval.

d. Preparing economic forecasts and projections."

Comments - This division should be renamed Research and Economic Analysis Division to appropriately reflect its true functions as recommended. In view of the proposed staff for the division, the division's objectives and duties should go beyond statistics for planning.

Page 17

Administration

"The Board of Directors is to be composed of nine (9) appointed by the Governor with the advice and consent of the Legislature. The Governor will designate one of the members to serve as chairman of the Board.

The Executive and Deputy Directors will be appointed by the Board of Directors. Administrative staff assistants include private secretary and a clerk typist IV."

Comments - It is suggested that a clerk-receptionist be added to the Administration staff. This clerk-receptionist would be required to handle the phone calls and visitors and other clerical duties. Administrative officer is needed to handle administrative functions.

Does the Executive Director have to be approved by the Legislature as the current GEDA administrator?

Planning and Evaluation

Comments - It is suggested that the position of Chief Planner be changed to Chief Economic Planner to more accurately reflect his function. The planner series should be replaced with the following positions (these positions

have been approved by the Civil Service): Economic Planning Analyst and Associate Economic Planner.

The Senior Economist should be transferred to Research Division and advise should be sought from this division.

Research

Comment - Since the budget indicates there is no funds for computer services, why house two computer system analysts?

Finance

Comment - The intent of having an Attorney I under finance is not clear.

Promotion

Comments - Clerk Typist II be changed to Clerk Typist IV. The staffing for this division is inadequate. This division should include the following positions:

a. Business Assistance Specialist

This individual should be knowledgeable in the area of local and federal regulations in establishing or expanding a business and assist businesses that may need help in this area.

b. Agriculture/Aquaculture Development Officer

The primary function of this position is to develop foreign and domestic market for the island's agriculture products.

c. Marine Development Officer

The primary function of this position is to develop foreign and domestic markets for the island's marine products.

Customs and Quarantine

"It is recommended that the Customs and Quarantine Division be transferred to the Department of Public Safety as the functions of this Division are law enforcement in nature. The Customs and Quarantine Division is currently involved with the Department of Public Safety in the processing of customs and quarantine offenders and to serve to benefit from more coordinated law enforcement efforts which would result from the transfer."

Comments - The C&Q Division definitely is not appropriated ^b in this new agency. However, a more in-depth study should be conducted as to where C&Q should be located.

Public Market

"The Public Market is also recommended for exclusion from the new agency. The Public Market currently appears to be functioning as a separate business entity whose operations are administered by the Department of Commerce. It is suggested that the Public Market become autonomous. The market has been developed and is established as a popular marketing outlet which allows its vendors to generate profits in exchange for a nominal facility rental charge. The Market is considered a business operation which should be handled by businessmen and not an economic development agency."

Comments - The concept of an autonomous Public Market is supported by the Department of Commerce. However, the last line should be deleted due to it conotates incompatibility of business and economics.

Population Activities

"Also proposed for transfer to a different agency are the functions of producing population projections, population estimates, and administration of the decennial census currently under the auspices of the Economic Research Center. These functions are considered necessary to all planning and direct service agencies and should be within the comprehensive planning agency rather than the economic planning agency."

Comments - We do not foresee any functional disadvantage with the population activities remaining in the Research and Economic Analysis Division of the new agency.

The transfer of the population activities should not be based solely on functional necessities of agencies. A set of criteria should be established and a review of all involved agencies should be conducted.

Other Comments

Comments - A review of the 701 comprehensive planning assistance grants and related grants from the U.S. Department of Housing and Urban Development to see if it would be more appropriate to be in the Planning Division of the new agency.

Since energy economics is becoming increasingly important in economic development, a review of the advantages and disadvantages of transferring the Guam Energy Office to a staff division of the new agency should be made.

An analysis of the research activities of Guam Visitors Bureau should be conducted and to see the feasibility of transferring this to the new agency.

There are numerous functions in the Fisheries and the Plant Industry Division of the Department of Agriculture which requires a more in-depth study as to its relevancy to economic development.



Handwritten note:
This is a continuation of a bill which was prepared by [unclear] request.

GOVERNMENT OF GUAM
AGANA, GUAM 96910

April 24, 1980

Handwritten signature: Kim [unclear]

Memorandum

To: Special Assistant for Fiscal Affairs,
Governor's Office

From: Attorney General

Subject: Analysis of Proposed Bill to Combine GEDA and
the Department of Commerce Into One Agency

This office is in receipt of your oral request of Friday, April 11, 1980, in which you requested information on the following:

REQUEST: To provide an analysis of the bill drafted by this office at your request entitled, "An Act to amend or repeal and re-enact certain chapters of Title LIV, Title LXVI, Title XIII, Title XLIV and Title XX, all of the Government Code, relative to transferring the divisions of Customs and Quarantine and Weights and Measures to the Department of Revenue and Taxation, the Public Market to the Department of Agriculture, the Overseas Affairs Office to the Planning and Economic Development Agency, and combining Guam Economic Development Authority and the Department of Commerce into one agency, named the Planning and Economic Development Agency, and for other purposes."

ANSWER: See discussion.

DISCUSSION:

The intent of this Bill is to combine the Department of Commerce with the Guam Economic Development Authority into one agency that will have the sole responsibility for economic planning and development. The name of the agency is changed to reflect these planning capabilities, but the legal status of the agency is not changed, even though in section 53550 of the bill the new agency is described as "an autonomous instrumentality of the government of Guam." This phrase is inserted merely for purposes of clarification, since GEDA has always functioned as an autonomous instrumentality of the government of Guam. It is important for this agency to maintain its present legal status for a number of reasons.



Memo to Sp. Asst. for Fiscal Affairs
April 24, 1980
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The primary reason is to avoid an independent violation of the Organic Act relative to abatement and re-abatement of taxes. Ramsey v. Chaco, 549 F.2d 1335 (1977) affirms the authority of GEDA to give these tax rebates and held that Congress by not annulling within one year the original act which provided for such rebates implicitly ratified them even though they were in violation of the Organic Act. However, in 1968, Section 19 of the Organic Act was amended to eliminate the provision of implied congressional approval in the absence of annulment by it within one year. Thus, if the legal status of this agency were changed, it is arguable that there would be an independent violation of the Organic Act. To preclude such, only the name of the agency is changed (hereinafter referred as PEDa) and the statutory provisions relative to PEDa are amended rather than repealed and re-enacted.

Those functions of the Department of Commerce which are not concerned with economic development are transferred to other agencies. The Overseas Affairs Office which is under the Department of Commerce is transferred to PEDa. Also, certain functions of the Department of Agriculture which are concerned with economic development are transferred to PEDa. All of these amendments will be pointed out as they occur in the bill. Certain cosmetic changes are made and obsolete provisions deleted in the course of revising and adapting the present law relative to GEDA to PEDa. In order to provide the reader with a comprehensive statute on PEDa and to obviate his having to refer to several statutes to obtain all the law on PEDa, the present provisions relative to GEDA are reprinted in their entirety, except for noted changes or amendments, even though in many instances few amendments are made. The following is an analysis of the major portions of the bill giving the rationale for the amendments:

§ 53552. Subsection (a) is broken down into paragraphs for ease of reading. In this section which contains the basic purposes and authorized activities of the agency, certain amendments are made to reflect the new economic planning capabilities of PEDa.

The language contained in subsections (j) through (n) on page 8 is borrowed almost verbatim from the Department of Commerce and added to PEDa since it will assume those functions. Subsection (o) contains new provisions relative to the statistical function of PEDa. Subsection (p) on page 9 authorizes the agency to administer the Overseas Office which is transferred from the Department of Commerce and

Memo to Sp. Asst. for Fiscal Affairs
April 24, 1980
Page 3

subsection (q) gives it authority to administer the Experimental Farm Service and Agricultural Extension Service which was transferred in a subsequent section from the Department of Agriculture.

The provisions of Sections 53562 through 53563.1 on pages 15 and 16 are borrowed from the Department of Commerce. PEDDA, based on the recommendation of the Bureau of Planning in its report dated December 17, 1979 relative to the Proposed Economic Development Agency, is divided into four divisions. The provisions relative to these divisions begin with § 53563.2 on page 16 and continue through § 53563.3 on page 19. The personnel indicated for each division is based upon recommendations of the Bureau of Planning report (hereinafter referred to as "report"). However, there is flexibility built into the recommendations because PEDDA may provide for more than the recommended number, but not less.

In § 53567 on page 21, there is a new provision stating that the Qualifying Certificate shall not be renewed. This is added because such is the intent of the GEDA law but specific language to that effect is not contained in the statute. The inclusion of this revision will obviate attempts by beneficiaries to renew these Qualifying Certificates. The other provisions contained on page 21 through Section 53595 on page 32 are the present GEDA law with minor amendments.

The amendment in Section 3 on page 32 is merely for the purpose of putting the provisions relative to the Agricultural Development Fund into a new chapter rather than tacked on at the end of Chapter I.

In Section 4 on page 35, the Experimental Farm Service and Agricultural Extension Service is transferred from the Department of Agriculture to PEDDA and entitled Chapter I-B. The provisions contained in this chapter are essentially the present law with the deletion of the Board. The present functions of that Board which essentially consist of reviewing and approving loan applications will be assumed by the PEDDA Board. This transfer is based on the recommendation in the report because of the lending capabilities of the service which is related to economic development.

The provisions of Section 5 beginning on page 39 relative to the Guam Agricultural Expense Insurance are part of the present GEDA law. The law was is reprinted in its entirety with appropriate amendments.

Memo to Sp. Asst. for Fiscal Affairs
April 24, 1980
Page 4

Likewise, the provisions found in Section 6 relative to the Mortgage Revenue Bonds are present GEDA law which is reprinted in its entirety with appropriate amendments. Those provisions are found on pages 41 through 58.

The same is true for the provisions relative to the Hospital Facilities Finance Act contained in Section 7 beginning on page 59 and running through the top of page 80.

Section 8 which begins on page 80 transfers the Overseas Affairs Office from the Department of Commerce to PEDa and sets out the provisions relative thereto as Chapter V of Title XLIV. This office is transferred to the PEDa because its function involves the development of overseas trade.

Section 9 beginning on page 81 transfers the personnel, property, loans, assets and liabilities and revolving funds relative to the Experimental Farm Service and Agricultural Extension Service and the Overseas Affairs Office to PEDa.

Section 10 transfers the responsibility for the decennial census from the Department of Commerce to the Bureau of Planning.

Section 11 contains provisions relative to the transfer of Customs and Quarantine to the Department of Revenue and Taxation and provides for the amendment of the appropriate chapters and designation of section numbers. Provision is also made in Section 11 for the transfer of personnel, equipment, appropriations, assets and liabilities.

Section 12 contains provisions for the transfer of the Public Market to the Department of Agriculture and for the transfer of personnel, assets, liabilities, appropriations, etc.

Section 13 contains provisions providing that the Overall Economic Development Committee shall serve as an advisory board to the Board of Directors of PEDa. Due to Federal restrictions regarding the size of this committee its functions are not assumed by the PEDa board, but the committee is made subordinate to the board.

Section 14 provides for the transfer of other employees of the Department of Commerce, if any, who are not transferred to PEDa by the prior transfers.

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Page 5

Section 15 provides for the amendment of any rule, regulation, contract, or agreement by substituting for Guam Economic Development Authority the term "Planning and Economic Development Agency."

Section 16 provides when the Act is to be effective and allows the Governor additional time for implementation, if necessary.

Section 17 merely repeals the remaining provisions of Title XLIV relative to the Department of Commerce.

A handwritten signature in dark ink, appearing to read 'KENNETH E. NORTH', with a long horizontal line extending to the right.

KENNETH E. NORTH



DEPARTMENT OF COMMERCE
GOVERNMENT OF GUAM
AGANA, GUAM 96910

Bamba

13 MAY 1980



Memorandum

To: Special Assistant for Fiscal Affairs
From: Director of Commerce
Subject: Proposed Legislation on the Planning
and Economic Development Agency

Attached is the Department of Commerce's comments on the proposed legislation.

In addition, it is suggested that a statement be added that this agency is the sole government agency for economic development and planning, the primary government lending institution to businesses and the sole government operators of industrial and business development parks.

[Signature]
JOSE D. DIEGO

Attachment

COMMENTS

- Page 5 (V) This section should not only be limited to loans and guarantees but should include grants.
- Example:
- To apply for, receive and use, all according to terms thereof, grants in aid or grants in kind from U.S.
- Page 9 The Overseas Affairs Office should be transferred to the Governor's Office. This office combined with the External Affairs Commission would be better service under the Governor's Office.
- Page 9 & 35 It is confusing as to whether the whole Experimental Farm Service and Agricultural Extension Service is being transferred to the new agency. If the legislation is only transferring the loan and insurance service then we have no objections.
- Page 12 (T) It should not only be limited to an attorney. It is suggested that the following be used:
- The Board may appoint a treasurer, a comptroller and an attorney, all of whom serve at the pleasure of the Board. Any of the said offices may be consolidated into one person.
- Page 16-19 These pages deal with establishment of four divisions and the maximum number of employees in each division.
- These sections are too detail and would only serve as an impediment to the agency in establishment of an operable internal structure.
- It should be stated that the agency has the right to establish other divisions. It is also recommended that the description of the number of employees be eliminated. This should be a function of the Board of Directors as recommended by the Executive Director.
- The following section should be included:
- The Board shall establish rules and regulations governing the selection, promotion, performance evaluation, demotion, suspension, dismissal and other disciplinary action for employees of the agency.

Page 47 Section 53607.08. Interest on Bonds. The stated maximum interest of 7% is unmarketable in today's money market.

A formula based on the present rate or going market rate should be used.

Page 59 Hospital Facilities Finance Act. There should be some type of relationship between this Act and the Guam Health Planning and Development Agency.

Page 82 Section 62017.1. This section unnecessarily reduces the power of the Governor.

Currently, the Governor has the power to delegate any agency or department to conduct the Decennial Census. It is suggested that the power of the Governor should not be dictated by legislation.

Page 83 Section 11. The Weights and Measures is already a part of the Department of Revenue and Taxation.

If the Customs and Quarantine (C&Q) Division is to be transferred to Revenue and Taxation, then a Deputy Director of Customs should be established. The establishment of this position would greatly assist the Director in the operational and administrative requirements of the C&Q Division.

Page 84 Section 12. It is suggested that the Public Market's responsibilities be merged with the Agricultural Marketing Board and the Agana Marina Section of the Parks and Recreation Department.

This would effectively centralize all agricultural and fisheries marketing activities.



*Administrative Services
Agric. Development Services
Animal & Plant Industries
Aquatic & Wildlife Resources
Forestry & Soil Resources
Animal Quarantine Services*

AGANA, GUA M 9910

BUREAU OF
PLANNING

PHONE: 734-8966 / 67 / 68

December 14, 1979

Memorandum

To: Director, Bureau of Planning
From: Director of Agriculture
Subject: Requested Comments
Ref: Proposed Economic Development Agency

While Commerce and Economic differ in meaning, the agencies involved in the proposal have similar objectives. However, a commerce agency and an economic development agency should each have distinctive roles. There is a definite functional need for commerce and economic development on our island. The implementation of these functions may be under one roof, or separate, as long as they are accomplished.

With regards to the areas concerning agriculture, we have the following to offer:

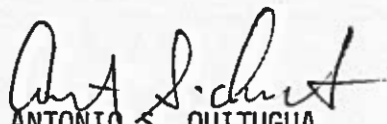
1. The Farmers Small Loan Revolving Fund and The Cooperative Association Revolving Fund.

We agree with the transfer of the administration of this loan program. Primarily because we do not have the necessary staff to handle work process of individual accounts. We however, wish to continue screening applicants for these loan programs.

2. Planning and Evaluation.

While we do not differ as to where Planners for agricultural, fishery, and aquacultural development programs are housed, we would like to see a close link between the Department of Agriculture and the College of Agriculture and Life Sciences, University of Guam and the Planners. There are numerous times when ideas of planning agencies and those from plan implementing agencies conflict in the actual course of programs. We feel that a feeling of partnership should avoid such conflicts.

At this time, we are holding our comments to those areas directly involved with our agency which are discussed above. For further particulars please feel free to call on us.


ANTONIO S. QUITUGUA

GUAM ECONOMIC DEVELOPMENT AUTHORITY
Post Office Box 3280
Agana, Guam 96910

May 13, 1980

Memorandum

To: Chairman, Legislative Review Committee
From: Administrator
Subject: Legislative Bill for the Creation of
the Planning and Economic Development Agency

Upon review of the legislation, we are submitting a list of comments on areas that we feel would need clarification or improvement.

1. §53552. Purposes and Authorized Activities of the Agency.

Subsection (a) (v).

The need for the Agency, as stated, to possess adequate planning and grantmanship capabilities so it may properly qualify for monies authorized by Congress for the purpose of providing economic development loans and guarantees becomes over-restrictive in the sense that it omits the use of grants-in-aid or other grants that the agency may apply for, receive, and use in carrying out its basic plans. The purpose of providing loans and loan guarantees should be expanded to include grants.

2. §53563.2 to §53563.6. Relative to the Divisions and Staff Personnel for Each.

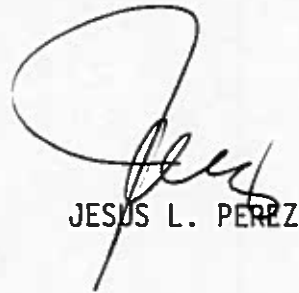
We feel that although the Section outlines the number of divisions, activities and minimum number of personnel in each, the Sections have gone too far in dictating too much detail to the extent where it may prove to be a hindrance in establishing an operable internal structure. The agency should have the right to establish other divisions or subdivisions in each.

We also suggest that the number of employees, etc. should be eliminated and serve as a function of the Board of Directors as recommended by the Executive Director, establishing personnel rules and regulations and policies governing employees of the Agency.

3. §53607.08. Interest on Bonds.

Seven percent (7%) maximum interest rate is unrealistic in present money markets. A formula based on going rates of interest is more appropriate.

4. The major concern we wish to express is for the legislation to address the funding requirements for its operation. At present, GEDA's total operation funding is generated internally and it is highly unexpected for these funds to cover the full cost of the agency's cost of operation. It is suggested that included in the legislation should be an annual appropriation from the legislature stated as a source of funding its operations.



JESUS L. PEREZ

Government Re-organization (Part)
--Merging of Various Agencies into an Economic Development Agency--

April 1979

Intentions have been expressed to unite certain economic development agencies.

The agencies related to economic development to be combined include:

1. GEDA;
2. The Economic Research Center (ERC) and the Division of Economic Planning of the Department of Commerce;
3. The Economic Planning section of the Bureau of Planning;
4. The farming development functions of the Department of Agriculture (conservation and land use administration function will go into another Department); and
5. Statistical functions of other agencies relevant to economic development.

Present duplication of development efforts gave rise to this concern.

Perusal of the sections of the Government Code of Guam which give duties or purposes of various departments of the Government illustrates the duplication.

A large number of duties of the Department of Commerce can be summarized---

"to investigate, study and undertake ways and means of protection of the legitimate interests and welfare of Guam business, industry, and commerce"

(47060 Code of Guam). As direct duplication, a purpose of GEDA is "... to create a public corporation to assist in the implementation of an integrated program for the economic development..." (53552(a) Code of Guam) and a GEDA power is given in the following: "The Corporation shall submit to the Legislature, through the Governor of Guam, from time to time such legislation as it deem necessary to expeditiously and effectively foster desirable industry, commerce, ... and tourism in this territory."

"Implementation of economic development" in the GEDA law and "promoting and encouraging the prosperous development ... of ... industry and commerce" in the law governing commerce mean the same. The functions of GEDA and Commerce as indicated above are essentially identical. Such duplication has, from time to time, caused confusion and inconsistency in development efforts.

Also closely related functions are those of Bureau of Planning "to prepare or cause to be prepared ... a comprehensive development plan which shall provide long-range guidance for ... economic ... development ..." (P.L. 12-200 § 62019). Also to be considered are "implementation of economic development" in the GEDA law and "promoting and encouraging ... development ... of ... industry and commerce" which imply implementing the plan for economic development prepared or caused to be prepared by the Bureau of Planning. Much work resulting from the Department of Commerce's duty "to investigate, study ... ways and means of protection of the legitimate interests or welfare of Guam business, industry and commerce" is the research needed for economic development planning.

Duplication results from the Bureau's duty "to conduct ... investigation, studies, surveys, research and analysis relating to ... economic development ..."

When economic development efforts are viewed in a broader perspective the Department of Agriculture also duplicates many of the economic development efforts. Specifically, the Department of Agriculture is mandated by law--- to "protect and promote the agricultural ... economy of the Territory of Guam by research .., and extension work ..."

Thus, the following functions should be considered under a single agency:

1. All the functions of GEDA including administering the business loan program and the tax incentive program should be placed in this agency.
2. The Department of Commerce is responsible for fostering a sound business environment, with the exception of the division of Customs and Quarantine. Therefore, the Department's research, promotion and planning functions should be incorporated in this agency.
3. The economic planning division of the Bureau of Planning should likewise, be included in the new agency.
4. The Department of Agriculture is concerned with, both agricultural development and resource administration. The Agriculture development functions should be transferred to this agency.
 - a. The aquaculture and fisheries development;
 - b. Agriculture loan programs; and
 - c. Research functions.

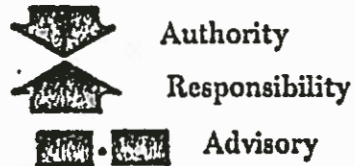
The consolidation of the above functions into a single agency has been contemplated. The feasibility of an interim administrative arrangement to accomplish this objective under the Governor's authority is being reviewed. It is recommended that at the last stage, the new entity, autonomous or line agency, should be directly responsible for all economic policy and implementation, and therefore, should report directly to the Governor.

Organizations

The divisions of the new agency should include Promotion, Business Development, the Economic Research Center (ERC), Development Planning and Development Finances.

ECONOMIC DEVELOPMENT LEAD AGENCY (PROPOSED)

LEGEND:



GEDA BOARD

EXECUTIVE DIRECTOR

GOVERNOR

Legislat
Washin
D.C.
PUAG,
GTA
DPW
GVH
LIFES

Business Comm

Chamber of Co
Guam Growth
Council
ETC.

BUSINESS DEVELOPMENT
SPECIALISTS

AGRICULTURE
A ACULTURE
TOURISM
MANUFACTURING
FISHERY AND OTHER
PROJECT DEVELOPMENT

PROMOTION

OFF-ISLAND RECRUITMENT
OF BUSINESS INTERESTS
ECONOMIC MISSIONS
CONVENTION/CONFERENCE

ECONOMIC RESEARCH CENTER

BUSINESS STATISTICS
GENERAL FEASIBILITY
STUDY
COORDINATE DEVELOP-
MENT, ANALYSIS, AND
DISTRIBUTION OF RELE-
VANT ECONOMIC AND
BUSINESS RELATED IN-
FORMATION

DEVELOPMENT FINANCES

LICENSING & TAXES
FEDERAL DEVELOPMENT
FINANCES
LOCAL DEVELOPMENT
FINANCES
LOAN GUARANTEES

DEVELOPMENT PLANNING

EDA - 302 FUNDS
OVERALL ECONOMIC
DEVELOPMENT PLAN

OEDP COMMITTEE

