Government of Guam Briefing Papers for the U.S. Department of Interior

July 8, 1977

BUREAU OF PLANNING
GOVERNMENT OF GUAM
AGANA, GUAM

I N T R O D U C T I O N

The enclosed briefing papers were prepared in connection with the visit of Undersecretary James Joseph, Department of Interior and Ruth Van Cleve, Director, Office of Territorial Affairs, Department of Interior, to the island on July 8, 1977.

The topics discussed in the papers are not new. However, the Government of Guam considers these matters vital to the island's development and have taken this opportunity to present these subjects to the attention of the Department of Interior.

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FY 1979 GOVERNMENT OF GUAM ASSISTANCE REQUEST

The attached table summarizes various projects which require some Federal participation. All projects described in the table are of vital importance to the economic development efforts of Guam. The projects are classified into 3 categories, namely: Infrastructure Development, Resource Development, and Economic Development. Listed under Infrastructure Development are projects concerned with the development of the island's water resources and the construction of sewer systems. Resource Development Projects include road projects, a marina, the university library and soil erosion controls. Economic Development Projects are composed of agriculture related projects, container yard expansion, and Agana Bay dredging feasibility study.

FY 1979 GOVERNMENT OF GUAM ASSISTANCE REQUEST

PROJECT	PROJECT PRIORITY RANK	TOTAL PROJECT COST	FEDERAL 1/ PARTICIPATION	TOTAL ASSISTANCE REQUESTED
Infrastructure Development:				
1. Water System - Northern District	1	$2,620,000	-0-	$2,620,000
2. Waterline Replacement - Northern, Central, and Southern Areas	2	3,284,000	-0-	3,284,000
3. Relief Water System - Tumon	3	370,000	-0-	370,000
4. Water System - Sinifa	4	557,000	-0-	557,000
5. Two Monitoring Wells - Barrigada Heights	5	186,000	-0-	186,000
6. Water System - Agana Heights/ Adelup/Anigua Loop System	6	446,000	-0-	446,000
7. Water Resources Dev. Study	7	476,000	-0-	476,000
8. Sewer System - Inarajan	8	2,870,000	2,100,000	770,000
9. Agat/Nimitz Sewer System	9	8,560,000	6,260,000	2,300,000
10. Sewer System - Talofofo	10	1,660,000	1,200,000	460,000
11. Sewer Relief Lines - Tamuning	11	1,097,000	802,000	295,000
Sub-Total		22,126,000	10,362,000	11,764,000
Resources Development:				
1. Talofofo Soil Erosion	12	626,000	313,000	313,000
2. Agana Marina - Phase II	14	1,736,000	-0-	1,736,000
3. Hospital Road	15	1,498,000	-0-	1,498,000
4. Feasibility & Design Access Road	16	400,000	-0-	400,000
5. San Miguel Road	17	2,225,000	-0-	2,225,000
6. Feasibility, Design & Relocation of Penitentiary Road	18	200,000	-0-	200,000
7. University Library	23	1,416,000	-0-	1,416,000
Sub-Total		8,101,000	313,000	7,788,000
Economic Development:				
1. Container Yard Expansion	13	4,541,000	-0-	4,541,000
2. Shrimp Hatchery	19	330,000	-0-	330,000
3. Fumigation Plants - GIAT & Commercial Port	20	456,000	-0-	456,000
4. Cannery	21	247,000	-0-	247,000
5. Slaughterhouse	22	165,000	-0-	165,000
6. Agana Bay Dredging Feasibility Study	23	400,000	-0-	400,000
Subtotal		6,139,000	-0-	6,139,000
GRAND TOTAL		$36,366,000	$10,675,000	$25,691,000

1/ Federal participation in the form of EPA grants and Army Corps of Engineer Participation.

GUAM REHABILITATION FUND

Guam's request for reprogramming certain unexpended balances of the Guam Rehabilitation Fund (GRF) is explained below.

Originally $5,474,683 was being requested for reprogramming. Recent legislative decisions have caused this Administration to slightly modify the request for reprogramming to only $2,291,560 as the Legislature has decided to keep one school project. The reasons for wanting to reprogram $2,291,560.24 of the Guam Rehabilitation Fund's unexpended balance are twofold:

1. Balance of Completed Projects

   The sum of $664,337.67 represents the balance of funds allocated to projects which have been completed. These funds should be reprogrammed for use in other projects which are in need of funds. Such balances are useless to Guam if they are to remain as project lapses rather than to be transferred to other essential projects. We are providing a list of 29 completed projects and their unexpended balances.

2. Restructured Programs

   The sum of $1,627,222.57 represents an amount as yet uncommitted for (3) of the Guam Rehab Fund projects. Because of events and population changes on the island, such projects have been determined as either unfeasible or unnecessary at this point of Guam's development.

The Department of Interior's assistance in expediting the reprogramming is hereby requested.

FEDERAL CONSTRAINTS TO THE ECONOMY ON GUAM

There is a pressing need for Guam to acquire more regulative capability over the development of its economy. Presently, there are over 400 federal statutes which govern and control every aspect of our economy. These statutes should be modified, re-evaluated, and/or reconsidered to exempt Guam. The elimination of these constraints would allow a normal growth of industry so that local revenues would increase and the federal burden be lessened. Until the constraints discussed below are substantially removed, the Federal government must carry a heavy financial burden, annually, to support the Government of Guam. Although the Constitutional Convention are reviewing these problems at the present time, it is mandatory for the development of the Territory that certain of these Federal laws be amended.

1. U.S. Banking Laws

   U.S. banking laws prohibit the local handling of foreign money between foreign countries without federal scrutiny. Modification of these laws are necessary for Guam to realize its potential as the financial center of the Western Pacific.

2. Trade and Shipping Laws

   Trade and shipping laws which control tariffs and limit the use of foreign vessels for cargo transshipment place a severe hardship on the Territory. The Jones Act has kept the cost of living on Guam high. Guam imports over 90% of its consumed items and the resulting additional costs, from the shipment of the goods on U.S. bottoms, are considerable. A similar territory is excluded from these provisions and yet is closer to the U.S. mainland.

3. International Loans

   The Territory is not able to negotiate loans with foreign states. Guam could successfully participate in programs, such as the Asian Development Bank, if federal constraints for such participation were relaxed.

4. Air Routes

   Economically, Guam has been placed at a disadvantage concerning airline landing rights on Guam. Being serviced by one international carrier and having no competition, the Territory is not a desirable geographic location for investment.

   Because of Guam's location and tourist area acceptability other, though smaller, carriers have requested to land on Guam. They are Cathay Pacific and Nippon Airways. Such activity would definitely help spark Guam's economy. However, the Civil Aeronautics Board's approval is required. Many times, CAB's ruling have been adverse to Guam and many times CAB has taken very long in reaching a decision. Guam's aircraft service needs, as it relates to non-American carriers, must be decided by Guam authorities. As it relates to American carriers, a joint agreement should be pursued.

Guam is unique in that both national and international policy is applicable. In case of air carriers there is U.S. control. In case of air rates there is international control.

Guam is outside immigration entry points, but is within U.S. quarantine jurisdiction.

5. Agricultural Development

Quarantine laws of the U.S. are enforced by Guam agents at the expense of the local government, as are the customs laws, environmental quality decisions and standards, etc.

Even though Guam is not a port of entry to the U.S., Guam is prohibited from importing cattle. However, plant seedlings, shrimp, fish and crab seedlings, strictly for Guam's use, and permitted through special exemptions. Requests for exemptions have resulted in costly delays and have hampered Guam's agricultural development.

6. Manufacturing Quotas

Quotas and tariffs imposed on Guam's exports to the United States stifled the development of the watch industry ten years ago, currently poses threats to the garment industry, and will jeopardize new export industries in the future.

7. Immigration Laws

Immigration laws now permit any number of immigrants who qualify under INS criteria to enter the local population and use Guam's limited infrastructure and government services. These laws pose a serious threat to the economic development of the Territory.

As a result of the Federal government's program in the Indo-Chinese evacuation, Guam is now populated by Vietnamese refugees at a density greater than any state of the U.S. The health, welfare, and educational costs for these people have placed additional stresses on the Guam programs. Guam has spent well over $100,000 in this program and has yet to be reimbursed.

Most Asians entering the U.S. under immigrant entry visas immediately settle on Guam with accompanying educational, security, and welfare costs.

Most recently, illegal non-immigrant aliens, totalling over 1,000, have been identified on Guam. Many are moonlighting and sending earnings off-island. These earnings are not reported to tax authorities. In addition, a number of these persons receive free services at the expense of Guam.

8. Application of Certain Environmental Protection Regulations

Certain federal environmental protection regulations severely constrain the economic development potential of the Territory. The protection of the delicate island ecosystem is a priority of the Government of Guam.

In this regard, the local government should be granted the authority to adjust federal regulations as they apply to Guam. An example is the low sulfur requirement in power plants, when high sulfur fuel causes little concern because the fumes blow out to sea. The citizens of the island cannot afford to pay the additional costs of low sulfur fuel in generating the island's power plants.

9. Education

The Government of Guam receives $2,851,929 in federal impact funds. This dollar figure is based on $281 per child for 11,067 students. However, the cost for educating these students is $16,257,423, over and beyond the impact funds received. This additional cost does not include the cost of maintenance, bus operation, and facility construction.

The Government of Guam has been building schools based on the projected student population determined by historical data. The most difficult planning involves the ever-changing student population of military dependents. This population is constantly changing and the government can only react. This reaction results in a costly expenditure of funds. To meet the ever increasing student population, the government is still required to build $24 million worth of new facilities in the next five years.

10. Federal Income Tax Adjustments

An adjustment of Federal Income Tax regulations has a serious impact on local revenues. Amendments to the Federal Income Tax laws, for example, reduced the Guam treasury by $4 million in Fiscal Year 1975, and will again decrease our treasury by an additional $4 million in Fiscal Year 1976.

11. Organic Act

Certain sections of the Organic Act require reconsideration. The requirement for congressional approval of amendments to the Act, such as local income taxes and the government debt limitation, are in fact matters which should be determined locally.

12. Federal Land Holdings

Guam has abundant resources but it remains an unfortunate fact that most of our natural resources are still unused. Vast acres of arable land lie idle. The waters around our shores contain abundant schools of fish and shrimp. Apra Harbor itself has the potential of being one of the optimally located, deepest, and busiest modern ports in the Western Pacific. It can support a thriving transshipment industry. Its development, however, is inhibited by federal constraints.

We are attempting to arrange for the transfer of Cabras Island to territorial jurisdiction. We are also seeking the designation of the Naval Air Station as a civilian airport to facilitate the expansion of our International Airport.

Originally, civilian-owned land and now idle military land is needed for industrial development and port facilities. The location of the present ammunition wharf has hampered economic expansion. The non-strategic holdings of the Naval Air Station, adjacent to the Guam International Air Terminal has hampered the necessary expansion of those facilities to meet increased visitor demand of the facility. The cost of such expansion, where possible, becomes expensive when acquiring formerly civilian-owned land from the military.

Fertile farm land, held in idleness by the military, has prevented a free agrarian economy from gaining a foothold. These lands must be opened to development. The Guam tourist and civilian population compete for the little available and open Guam beaches and coastlines with the ones opened and used exclusively for military personnel. Lands used for this purpose should be integrated into a comprehensive recreational use plan.

The Department of the Interior controls over 800 acres of developable land for agricultural production. The major project awaiting funding is the National Seashore and War in the Pacific Park for which these lands are being reserved. Many roadways and systems are on land still owned by the Federal government. These areas have been maintained and improved by the local government.

13. Telephone System

Certain federal regulations severely hinder the operation of the local telephone system.

FCC Interconnect Policy gives the consumer the right to attach their own equipment to the telephone lines. Refer to the "Carterfone" decision of 1968 and the "Specialized Carrier" decision of 1971. Because of these decisions, the Guam Telephone Authority (GTA) will lose revenues and time, mostly in court cases. FCC Policy on tolls has authorized RCA to bill GTA customers directly and has shown a detrimental effect on GTA's financial operation. GTA is subjected every year to negotiate a "toll separation agreement" with RCA. GTA has lost potential revenues mainly as a result of these agreements. Concerning Navy Policy on telephone service users, the U.S. Navy is in competition with GTA by providing telephone services to both military and non-military users. The services are of a non-strategic nature and even today, GTA is being charged by the Navy for the use of their facilities.

UNEMPLOYMENT AND THE NON-IMMIGRANT ALIEN LABOR SITUATION ON GUAM

I. Present Situation:

The total number of people unemployed in December 1976 was 1980. The unemployment rate was 7.3 percent, a sharp drop from the 8.6 percent for September 1976. Since the second half of 1976, there has been an increase in the labor force participation rates and a general decrease in the unemployment rates. These changes however are judged to be temporary since they are the result of the infusion of disaster assistance funds following Typhoon Pamela. As typhoon projects are completed, it is expected that the unemployment rates will return to their previous high levels as the basic conditions and problems facing Guam will then be no different than they were before the typhoon. Today's unemployment has very serious implications for Guam's youth as more than half of Guam's unemployed are teenagers. This situation is deplorable when we consider that there were 3,283 non-immigrant aliens gainfully employed in practically every sector of the economy of Guam as of March, 1976. Non-immigrant alien employment was heavily concentrated in construction (71.6%), manufacturing (9.5%) and services (8.7%). The following industries had about the same level of non-immigrant alien concentration: Transportation and public utilities (5.6%), Trade (4.8%), and Finance, Insurance and Real Estate (4.0%). In brief, non-immigrant aliens are deeply entrenched in the local economy and is presently a major factor in the island's labor force, particularly in the construction industry. A recent study by the U.S. Department of Labor[1/] reports that the importation of non-immigrant alien contract worker has adversely affected the wages and working conditions of Guamanian workers on Guam. Consequently, islanders have little desire or incentives to hold certain jobs because of low wages and poor working conditions.

II. Guam's Goal: Guam's employment/manpower development goal is to strive for full employment and job security for Guam's people through manpower and development programs that cut down our need for alien labor, improve local labor skills and increase employment opportunities.

III. Recommendation:

In keeping with the above objective, the Bureau of Planning recommends that a thorough study be made first of the economic impact, training requirements, supply and demand for various occupations, before the government embarks on any plan to gradually phase out alien contract labor. The problem is more complicated than it appears to be and it would be prudent to consider all possible alternatives and their inherent advantages and disadvantages before committing the government to a specific action plan.

1/ U.S. Department of Labor, "The Guam Alien Contract Worker System" May, 1977.

POWER POOL AGREEMENT BETWEEN GUAM POWER
AUTHORITY (GPA) AND THE UNITED STATES NAVY

I. Present Situation:

The Guam Power Authority (GPA) presently produces 75-80% of the electric power on the island. Of their total production, GPA sells 20-25% to the U.S. Navy at cost. According to, the existing power pool agreement with the U.S. Navy has no provision for profit. GPA recently submitted a discussion paper on the above Power Pool Agreement mentioning a number of inequities in the Agreement. The GPA position paper directly involve two covenants imposed on GPA as a result of the $36 million loan guarantee agreement, namely:

(9) The Authority shall initiate a study and discussion with the United States Navy to assure that the 5 October, 1972 Power Pool Agreement will continue to provide an equitable sharing of the investment and operating and maintenance costs of the Island Wide Power System. The results of these efforts and pertinent recommendations shall be forwarded to the Secretary of Interior."

(6) The Authority shall immediately take steps designed to enable it to achieve a 1.5 debt service ratio prior to June 30, 1980, a ratio designed to enable the Authority to sell bonds in the private capital Market."

GPA asserts that a continuation of the present Power Pool Agreement will reduce if not preclude the Authority from ever achieving a 1.5 debt service ratio. The inability to make a profit, or even break even, on the power GPA provides the Navy affects the Authority's ability to become a viable utility company, especially when one realizes that the Navy consumes a good 25% of GPA's total output.

II. Recommendation:

Pursuant to covenant no. 9, the Authority should contract outside assistance to conduct a study to determine a more equitable sharing of the costs. A third party review is recommended to prevent any future claims of conflict of interest. It is suggested that the Department of Interior serve in this capacity.

THE PLIGHT OF THE PORT AUTHORITY OF GUAM

When the new Port facilities at Cabras Island were being planned in 1967, no one was aware of the tremendous growth which would occur on Guam during the next decade. At its inception, the new facilities were designed and constructed to service one containerized cargo carrier and a small number of breakbulk vessels. Within five years, a dramatic change occurred and the Port was serving three (3) container carriers and the same number of conventional vessels. Cargo in containers increased at an overwhelming pace. From 8,000 containers per year to 16,000 units in 1972, the Port found itself in need for container storage areas. The land could not be obtained so the Port had to invest in extremely expensive equipment and resort to stacking units as much as four high in order to accommodate the traffic. Another five years have passed and the problem has increased three-fold from the 1972 levels. The Port is now handling 50,000 containers per year. The space problems are so severe that even sophisticated container stacking equipment cannot provide relief and the container carriers U.S. Lines and Matson Navigation have been forced to lease land from the U.S. Navy to overcome the lack of space.

The costs to the community have been astronomical. Under the present system it requires approximately 30 minutes more to deliver a container to a trucker. For 50,000 units at $20.00 per hour for a tractor, this equates to $500,000 which could have been saved had more land been available and containers stored more efficiently. Now, this cost is passed on to the general consumer. The cost to the Port, which is again ultimately passed on to the people, has been $250,000 per year strictly for the cost of equipment used to stack containers. The costs to the carrier, which again is passed on to the people, have been just slightly lower. These costs can be attributed to the lease payments for container storage area, security personnel and the cost of hauling containers from the Port to the leased areas.

Another cost, which cannot be computed in dollars and cents, was the murder of one security guard and the senseless beating of two others in these "Boonie Yards." The isolated nature of these yards, blocked from open view by hillocks and overgrowth, naturally increases the temptation and occasion for thievery and vandalism. The losses to theft is miniscule when compared to the danger to human life. Presently, they are using two trained killer dogs for security in this area, which in itself creates another hazard for human life.

Additionally, the Port must plead for its own existence. Because it is not justified to increase its tariff rates without providing increased service efficiencies, the Port has not revised its terminal rates schedule since 1973. The increase in the cost of equipment, its maintenance and repair and the rise in the cost of labor have placed the Port in a critical financial situation. In order for it to sustain and improve its operation, the Port must increase its charges. The total of this increase amounts to approximately two million dollars ($2,000,000) per year. Though this may seem to be rather high and arbitrary figure, considering the island's population of 100,000 people, it actually breaks down to an increase of $20.00 per year in the cost of living for each individual. Currently, the Port Authority is in process of negotiating with the U.S. Navy for the acquisition of these leased areas to increase their service efficiency which would enable them to increase their tariff rates. However, it appears as though the transfer of these leased areas is contingent upon the relocation of the Navy's Ammunition Wharf.

POSITION PAPER

FEDERAL AVIATION ADMINISTRATION AND CIVIL AERONAUTICS BOARD

Federal Aviation law refers to those sections of the U.S. Code (49 USC) which regulate and provide for the selection of air carriers and routes, the entry and clearance of civil aircraft in foreign commerce, the development of international aviation facilities, the determination of ports of entry, etc.. Of particular importance to Guam's economic development are the Federal Aviation Act of 1958 and various regulations and rulings promulgated by the Civil Aeronautics Board.

Guam's visitor industry was born in 1967 when Pan American Airways inaugurated its first commercial flight between Japan and Guam. Since that time tourism has grown to become the island's most promising new industry, despite limitations placed on its magnitude and diversification via federal laws and Civil Aeronautics Board rulings.

As the visitor industry has developed, Guam has become increasingly aware of its inability to influence one of the industry's key components - air transportation. Federal aviation policies, which regulate air navigation to and from Guam, have not permitted direct air routes to Australia, Malaysia, Micronesia or other Pacific Basin nations. This conduct has hindered the island's attempt to decrease its dependence on Japan and increase the industry's economic stability. In addition, existing statutes have done little to ease the basic reality that Guam's influence on carrier policies (i.e., schedules rates, etc.) is minor, while the air carrier's impact on the local economy is quite significant.

In terms of air freight Guam is again caught in a foreign-domestic dicotomy. Although a U.S. possession the island is considered "foreign" in terms of air passenger fares and freight rates. As a result, tourists pay relatively higher fares to visit Guam, and local business and industry encounter inflated air transportation costs.

Because of Guam's location and tourist area acceptability, other though smaller carriers have requested to land on Guam. They are Cathay Pacific and Nippon Airways. Such activity would definitely help spark Guam's economy. However, the Civil Aeronautics Board's approval is required. Many times, CAB's rulings have been adverse to Guam and many times CAB has taken a very long time in reaching a decision. Guam's aircraft service needs, as it relates to non-American carriers, must be decided by Guam authorities; as it relates to American carriers, a joint agreement should be pursued.

GUAM'S GROWING DRUG PROBLEM

The Territory of Guam is experiencing a serious and increasing drug problem. The island's location places it in close proximity to Asian narcotic shipment routes, thus availability of drugs has limited geographic constraints.

Prior to 1970, drug abuse was primarily confined within the military community. However, since 1972, large quantities of heroin have been seized within the civilian community. A spiraling crime rate is mostly attributed to narcotics. The population of addicts undergoing detoxification increases as a relatively continuous supply of 85% pure heroin is readily available on the streets. An estimated addict population (using a ratio of one treated to three not receiving treatment) would amount to one addict for every 175 people on Guam.

Intelligence investigations have surfaced the presence of organized groups involved in the transshipment of large quantities of high-grade heroin into Hawaii and the Mainland. The sophisticated nature of the drug traffic organization, involving well-organized members, financing and code names, makes it extremely difficult for adequate enforcement action given the limited resources of the Government of Guam. The greatest limitation involves a lack of trained personnel for the collection and analysis of intelligence information. The military base commanders share in the concern of the increasing problem and enforcement limitations.

The Guam Memorial Hospital, Mental Health Division is the single agency of the territory responsible for the prevention, treatment and rehabilitation of drug abuse. An Advisory Committee has been created and a state plan for a Drug Abuse Program has been adopted. From data obtained from the treatment program, the Department of Public Safety, Narcotics Division; the Guam Narcotics Division to Philippine Police and international intelligence secured through the U.S. Drug Enforcement Administration, Guam has been pinpointed as a major transshipment point.

The health and welfare of the island society and the integrity of the local Department of Public Safety as an effective mechanism of social control depend heavily on much-needed sufficient federal assistance for the personnel, training and equipment necessary to thwart an increasingly urgent problem area. In this connection, Governor Ricardo J. Bordallo, in his May 13, 1977 letter to the Attorney General of the United States (copy furnished Department of Interior) requested for the assistance of a trained, experienced, and knowledgeable narcotic intelligence officer to help fight the drug problem on Guam.

THE NEED FOR A NEW AGAT JUNIOR HIGH SCHOOL

When Typhoon Pamela raked Guam on May 21, 1976, not only were many of the island's public services disrupted, but also many of its facilities were devastated. One casualty of the typhoon was Agat Junior High School which was constructed almost twenty years ago.

Based on engineering estimates it will cost between 1.6 million dollars to 2.2 million dollars to restore the school to its pre-typhoon condition and bring it within the limits of the Government of Guam Building Code requirements. The school requires major structural, mechanical, and electrical repairs to make it safe and usable again.

Since Agat Junior High School was constructed, the philosophies and standards governing the planning of school facilities have changed. In comparison to the other modern Junior High Schools on island, Agat not only does not meet Building Code Requirements but also is not functional as a junior high school facility because it does not have a gymnasium, a cafeteria, etc.

Agat is part of the Department of Education system of regional junior high schools. It serves the districts of Agat, Santa Rita, Piti, and Asan which includes Naval Station and Apra Heights Housing. As a result of Typhoon Pamela, it was necessary to house the Agat student body at Agueda Johnston Junior High in Ordot. The double sessions at Agueda Johnston were not satisfactory from an educational point of view. Educational activities were compromised in order to accommodate the two student bodies. Necessary programs such as physical education were limited.

The projected junior high school enrollment will reach close to 7,000 students in 1980, 13,000 in 1985, and 15,500 by 1990. Agat Junior High School will have to take its share of the projected increase in the student population. As military activities increase on Guam, the number of military and federal dependents will also increase. Agat Junior High being adjacent to primary military installations will undoubtedly have to accommodate many of these students.

It is the position of the Government of Guam that Agat Junior High School should be replaced. Guam meets all eligibility requirements for Federal financial assistance. Government of Guam hereby requests for the assistance of the Department of the Interior in obtaining the necessary approval from the Federal Government.

OIL ENTITLEMENTS TO GUAM

Under the Emergency Petroleum Allocation Act of 1973, the Federal Energy Administration is mandated to the maximum extent practicable, to ensure the equitable distribution of residual fuel oil at equitable prices, among all regions and areas of the United States. It was from this mandate that the Old Oil Entitlement Program was initiated.

A recent audit of the Guam Oil Refinery Company (GORCO), crude oil runs to stills, revealed that the reported crude oil was not 100% virgin crude oil. The Federal Energy Administration (FEA) rendered opinion 1977-5 substantiating the audit report. GORCO appealed to the FEA for exception relief (F.E.A. Case #FEE-4105). GORCO states that without 100% entitlement benefits, they would be placed in a non competitive position to market their refined products.

The Government of Guam and the Guam Power Authority (GPA) filed comments and made verbal presentations on the exception relief request in an attempt to show the economic impact to the Island economy if the entitlement benefits to GORCO were reduced. The FEA requested additional substantiating data regarding the economic impact before July 12, 1977, to assist the FEA in arriving at a decision.

In the event an unfavorable decision is rendered by FEA, the Government of Guam is preparing a separate exception relief appeal to be submitted on behalf of the Government of Guam.

A decision on GORCO's appeal is expected by mid August.

LAND AT HARMON CLIFFLINE

A memorandum from the Governor to the Director of Land Management dated August 13, 1976 designated that Agency to chair a committee for the purpose of developing a justification for turnover of certain Federal Lands located in the Harmon Cliffline area in Dededo.

As described in NAVFAC DWG #1268677; subject land is comprised of 820.8486 acres (3,32 1,869. 97 s.m), and is located in Dededo immediately north of Tumon Bay, bounded by the Pacific Ocean to the West, Rates 1 and 3 to the South and East, and NCS beach road to the North. Present ownership is vested in the U.S. Air Force; former uses being HQ for Marbo Engineering Command and Housing for the former Harmon Air Force Base.

Present use by the military is extremely limited, if any. No proposals to the knowledge of the Government of Guam exist for future use by the Air Force. It is the opinion of the Government of Guam that this particular parcel is clearly of an "excess" category and should be returned to the Government of Guam.

Constraints to high-intensity development are the presence of Air Force Base - Air Approach Noise Zones CUD 12 and 13 which would require a Noise Reduction Level (NRL) of between 25 and 30 for residential structures.

Suggestions covering a wide variety of uses have been developed by the Departments of Land Management, Parks and Recreation, Public Safety, Public Works, the Power Authority and the Telephone Authority.

In addition, the proposed Latte of Freedom site is within the boundary of this parcel as well as the existing overlook at Puntos dos Amantes, which is a National Natural Landmark Site designated by the National Park Service.

WAR IN THE PACIFIC NATIONAL PARK

Subject park, according to a revised proposal developed in October 1976 by representatives of GovGuam and National Park Service, consists of four parcels of varying sizes:

1. Asan Unit - the prime complex of battle ground areas, landing beaches, and on-site remains within the proposed park, this unit is composed of 625 acres plus approximately 450 acres of offshore areas. Ownership breakdown is as follows:

Federal	-	456 acres
GovGuam	-	19 acres
Private	-	150 acres

2. Piti Unit - site of three existing coastal guns. All land is owned by the Government of Guam.

3. Agat Unit - composed almost entirely of beach and offshore area, plus a few small parcels at either end and near the center of the beach, the purpose of this unit is to preserve the second major invasion beach. Total land area is 30 acres plus about 550 acres of offshore area. Ownership breakdown is as follows:

Federal	-	21 acres
GovGuam	-	4 acres
Private	-	5 acres

4. Mt. Tenjo, Mt. Chachao Unit - purpose is to provide two excellent overlooks along a section of "FBL" or Forced Beachhead Line. This is a small area consisting essentially of 2 overlook points and a connecting right-of-way. These 51 acres are all privately owned.

This revised proposal as submitted to the Director of the National Park Services, Department of Interior is agreeable to the Government of Guam and appears to involve little in the way of land costs. We urge the Department of the Interior to actively pursue designation of the above described areas. While a proposed Urban Renewal project within the Asan village area strongly compliments the designation of this park, the Government of Guam is extremely concerned that further delay will result in pressures for additional development which would degrade the historic value and render the concept of the park unfeasible. At present, the War in the Pacific Park would serve to commemorate a key point in history for the benefit future generations. To lose this opportunity through bureaucratic delay would indeed be tragic.

FARMERS HOME ADMINISTRATION (FHA)

At the present time the only programs which the Farmers Home Administration is authorized to extend to the Territory of Guam are those programs specified under Sections 502, 504 and 515 of Title V of the Housing Act of 1949. Extension of these rural housing programs to Guam was made possible by the Housing and Community Development Act of 1974 (P.L. 93-383) which amended Title V of the Housing Act of 1949 to include Guam, the Trust Territory of the Pacific Islands and American Samoa.

The Farmers Home Administration administers other programs, making possible loans and grant assistance for community services (water, sewer, recreation facilities, etc.), business and industrial development, and farm operating loans. In order for these other programs to be made applicable to Guam, existing statutes would need to be amended by Congress to include Guam, similar to amendment of the housing programs. The Virgin Islands is extended most of these programs. Thus, we wonder why Guam was not included when the statutes were amended to include the Virgin Islands.

Guam could stand to benefit both economically and socially if the above programs could be made applicable to Guam. This matter has been brought to the attention of Congressman Won Pat in Washington for legislative consideration by Congress. We request the Department of Interior to support Guam's inclusion in the above mentioned Farmer Home Administration programs.

THE IMPLEMENTATION OF A RESPONSIVE FINANCIAL MANAGEMENT ON GUAM

On June 17, 1977, the Government of Guam received a telegram from the Department of Interior, a portion of which is quoted as follows: quote P.L. 95-26 approved May 4, 1977, appropriated +10.7 million for assistance to Guam = 9.8 million for typhoon proofing of power poles, 0.4 million for typhoon proofing of water pumping stations, and 0.5 million for Guam Needs Assessment Study and Implementation Plan unquote.

It has been reported that the $0.5 million for Guam Needs Assessment Study and Implementation Plan has been increased to $1.0 million.

Governor Ricardo J. Bordallo, in his letter of May 12, 1977, to the Secretary, Department of the Interior, requested the assistance of Mr. Matthew Novick on Guam to oversee the implementation of this financial management study.

We are interested to find out the status of this request and have the increased amount ($1.0 million) confirmed by the Department of Interior to enable the project to begin immediately.