



State of Island Address

Governor Eddie Baza Calvo

February 11, 2015



STATE OF THE ISLAND ADDRESS

GOVERNOR EDDIE BAZA CALVO

February 16, 2015

6 percent. That's where I'd like to see unemployment numbers by the end of this year.

4.5 percent. That's where I'd like to see unemployment numbers by the end of my term.

We haven't seen numbers that low since 1993. Getting them back there is going to take a lot of work.

Madam Speaker, Mr. Chief Justice, Archbishop Apuron, senators and mayors, distinguished guests, and most importantly, my fellow Guamanians, I'm honored to stand here before you and grateful that you could join me here tonight.

This speech reflects my agenda for the next four years. It's about jobs, jobs, jobs!!! It's about building a future for our children and their children – giving them a proper foundation, a solid foundation on which they can enjoy a prosperous life.

Four years goes by so quickly. But that's all the time Ray and I have as a team to finish the work we started.

I stood on these steps four years ago as your newly elected governor. We faced a myriad of challenges. The biggest were finances and the ramifications of two decades of instability.

Today, we have the ambulances that our island needs. Our public school students have buses. And we have more police officers on the streets with police reserves and CAPE volunteers working with them.

GMH has an urgent care clinic, and a larger emergency room. We are modernizing the GMH maternity ward. Northern and southern public health



centers are able to help more people with their extended hours. Health care is on the rise for our people and our veterans. Investors are bringing business and more jobs to Guam.

All fire stations have a fire truck. This is the way it should be.

Tax refunds are timely. Before, people were resigned to waiting for years. The people are getting their money back. Last week, 500 taxpayers received about \$1.8 million in tax refund checks. This is the way it should be.

Today we start a new day. Now we're going to push the bar higher. We're going beyond the standard. Set a new standard for our children. That's how you build a stronger future.

In March 2014, Guam had a 7.4% unemployment rate — an improvement over the previous rate of 8.4% in December 2013.

According to the Economic Outlook for Fiscal 2016, Guam will see more businesses, investors and opportunities for growth. Guam has two engines powering our economy: Tourism and the military.

In the next few years, Guam will see public utilities and infrastructure improvements — these will provide high-octane fuel for our engines.

TOURISM

Tourist arrivals have been at record-breaking numbers in recent years. Arrivals for 2014 ended with 1.342 million, which is about 8,000 more visitors than we received in 2013. That's three years in a row we've seen steady growth.

While the number of Japan visitors has been declining recently, revenue from Japan remained nearly unchanged due to GVB's work to raise quality, rates and yield. Japan is still our number one market, but growth from all other major markets including Korea, Taiwan, Philippines, and China are contributing to maintaining high and increasing tourist arrival



numbers. Guam is expanding its tourist market. We're not putting all of our eggs in one basket.

Tourism sales are at \$1.47 billion. We're working to increase that to \$2.64 billion in the next several years.

Jeju Air recently launched its new twice-weekly non-stop flight service between Busan, South Korea and Guam. From now until the second week March, Guam will welcome nearly 3,000 visitors from China who will fly in on Dynamic Airways. The Asian airline is introducing 15 charter flights from 5 major Chinese cities for the 2015 Chinese Lunar New Year.

Also, to ensure this growth continues into the next decade, I signed into law a measure that would help investors in tourism increase capacity at their hotels. Ken Corporation recently announced plans to build a new hotel with 348 rooms. Construction on the \$120 million hotel is scheduled to start this year and has a completion date of 2018. There is no doubt this investment will also provide hundreds of jobs for our people.

Let's talk about diversification in tourism. Coming to Guam is not just about sight seeing. There's a new market emerging: sports tourism. More people are coming to Guam to run, bike and swim in our 10Ks, marathons, triathlons and other races. Golf, tennis, off-road racing baseball, soccer and rugby are also other reasons for visitors to flock to our island paradise.

The Ko'ko' Half Marathon & Ekiden Relay in 2014 welcomed runners from Guam, Japan, Korea, Taiwan, Hong Kong, Australia, Papua New Guinea, and Russia ... among others. Millions in tourism dollars were generated. International media covering these events, meant increased exposure for Guam. In fact, this April, the third Guam International Marathon is expected to draw about 2,000 off-island runners to experience this signature event.

The cover of the United Airlines' magazine Hemispheres' features an article: "Three perfect Days on Guam." The nine-page cover story featured in the in-flight magazine's February 2015 edition. An estimated 11 million



travelers will see pictures of people kayaking; read about hiking adventures, tax-free shopping, and relaxing with a drink and some food at The Beach bar and grill. The article asks the question: Is Guam the next Pacific hot spot for tourists?

And you know my answer: "Yes." Especially if it's winter and I'm shoveling snow from my driveway.

With the help of our private partners, Guam is building a reputation as a safe and family friendly destination. That reputation is opening the door to other forms of tourism.

Education tourism is a budding industry. I've engaged the Guam Visitors Bureau to work closely with the University of Guam and the Guam Community College to expand our educational exchange programs. The University of Guam's English Language Institute and English Adventure Programs bring more than 4,000 visiting students to Guam for up to a full semester. Students learn about our culture and participate in popular local sports. A majority of students come from Japan and Korea, but we've also seen students from Russia. Leo Palace Resort and other local hotels host many of these young men and women.

Like many sports events, education tourism programs not only increases our tourism numbers, they also promote our island's attractiveness and its culture of hospitality.

BUILDUP/INFRASTRUCTURE

Soon we'll see the official record of decision for the military buildup. Many eyes, the eyes of investors, are focused on Guam because of the United States' commitment to its allies in the Asia Pacific region.

Guam has about 6,000 active military personnel and about 7,000 military dependents. Those numbers are going to grow over the next few years – by about another 6,000 when the Marines come to Guam. In addition, we're seeing growth in the Army, Navy and Air Force presence,



such as the more than 200 soldiers here with the THAAD battery, and about 200 sailors and family members who will soon be on Guam with the new submarine USS Topeka.

The military buildup is projected to generate \$8.7 billion in economic contributions in the next 10 years. We have already seen millions of dollars in infrastructure improvements at the Navy wharf; our bridges and primary roads have seen major improvements.

In the last few years, we've cut the ribbon on dozens of road projects. Just two years ago, driving down Marine Corps Drive in Hagåtña was rough. Now that's one of the smoothest stretches of road on island.

Recently completed and ongoing road repairs and construction total \$160 million in investments. In the next few years, we're looking at another \$126 million in road improvements.

We're also looking at millions of dollars in improvements with both the Guam Waterworks Authority and the Guam Power Authority. The water agency is looking at a \$400 million investment into its infrastructure to meet federal requirements.

GPA is investing up to \$850 million to build its alternate energy sources, including solar and wind energy, in addition to LNG generators. It's also creating a new niche in the business sector. Guam is seeing private businesses increase our island's solar power capacity – helping us reduce our reliance on fuel that is shipped to Guam and reduce our carbon footprint.

Lt. Gov Ray Tenorio and General Manager Joanne Brown announced the Port's acquisition of an X-ray machine. It is part of the Port's overall security enhancement program. The nearly \$1 million project is just one of the Port's several dozen modernization and security enhancement projects totaling more than \$60 million.

The Guam International Airport has completed \$82.1 million in modernization, including renovation work and improvements to



accommodate new shops and boutiques. Moving forward, they are anticipating \$166 million in additional capital improvement projects over the next 4 years.

The work has just begun. These investments are growing our economy and providing more jobs for Guamanians. Guam has seen an increase in private sector jobs, particularly in the construction, transportation, retail and services industries. In all, the private sector grew by nearly 1,000 jobs — from 46,430 in September 2010 to 47,030 in September 2014.

And there are more jobs ahead. Guam Regional Medical City, Dusit Thani and retailers like Forever 21 are hiring. Guam Regional Medical City will eventually employ about 700 people. Under the terms of the QC that I signed, 75% of all employees must be US citizens or Permanent Resident Aliens. That employee number doesn't include housekeeping and other ancillary services. Dusit Thani recently held a job fair to fill 350 positions, and Forever 21 is looking for up to 70 people. That's more than 1,000 jobs available to Guamanians in the next few months.

HOUSING

Since becoming your governor, I've said the working middle class in our community, the backbone of our economy, must be able to afford homes.

While those in the middle class, particularly those who earn too much to receive welfare, but don't quite make enough have to make tough choices. Come payday they have to decide between buying school supplies and paying for utilities. People were worried that the military buildup would price the middle class wage earner out of apartments and homeownership. I told you back then that this administration wouldn't let that happen. And I am still committed to that promise.

There have been more than 5,600 civilian construction projects totaling \$1.4 billion in the last four years. Of that amount \$250 million were for apartments and homes.



When I first took office, my goal for the administration was to build 3,000 affordable homes by 2017. Today, we are 1,967 affordable homes closer to that goal.

The Guam Housing Corps First Time Homeowners Assistance Program provided 283 new homeowners with \$2.1 million in down-payment assistance and closing cost funding. This doesn't include homeowners who qualified for traditional financing, which totals \$43 million in mortgage loans at various financial institutions. And when people buy homes, they buy furniture, appliances, pay utility bills, and further stimulate our economy.

I encourage the leadership of the 33rd Guam Legislature to fund this program annually and to support the passage of the various funding sources outlined in the Housing Trust Fund. This will help GovGuam fund and manage local housing programs and projects.

All of these improvements mean nothing when we see fellow Guamanians and their children in need of a helping hand.

HOMELESS

Last year, we increased the number of emergency housing for homeless people and families. The Guma San Jose Homeless Expansion Program for five single-family homes was completed and those homes are helping families right now.

Another five homes from Lada Gardens that formerly were used as rental units were upgraded and designated as homeless shelters by Guam Housing Corp. We're continuing to look at additional abandoned housing within the government's inventory that can be renovated. And our plan to construct basic homes to provide temporary shelter for homeless families is moving forward.

I want to reiterate that this is not a handout. Life sometimes deals tough blows and all we need is a hand to lift us up enough so we can stand on our



own two feet. And that's why we're here, to help Guamanians who want to take advantage of the opportunity to get their families in a safe home.

We've tied housing to other types of assistance. Families placed in emergency shelter are connected with the Department of Public Health and Social Services and Department of Labor, and other agencies that provide services the family might need. We're making sure they have food, a roof over their head, and either a job or job training so they can get a job.

One family, at one point needed help after the house they were renting was flooded by a passing storm. They sought help and were able to move into temporary housing. It was the Guam Housing Corp employees who realized they could help this family do more, and today they are proud homeowners! Congratulations John Howard and Iumi Mori!

Now let me tell you about someone who, around this time last year, was forced to live in a bus shelter because of a domestic issue. She said she felt safer there than where she used to live. A staffer for the Lt. Governor saw her and asked if she needed help. He called Guam Housing Corp and asked them to help her. Ms. Dungca moved into one of the emergency shelters. Guam Housing and the Department of Public Health and Social Services got her help. All she needed was the listening ear of someone who cares and a helping hand — she got both. Annie Dungca is now self-sufficient and is paying rent for her Dededo home.

It isn't only adults who find themselves in tough situations. There are so many children who have been left without a home and have no one to care for them. It's not because they did anything wrong. It's because the adults in their lives weren't doing what's right. Whether it was physical abuse, neglect, or placing their children in dangerous situations because of drug addiction or criminal behavior, these adults are imprisoned or hospitalized and their children are left alone. We have about 40 families who have opened their hearts and their homes to these little ones. But with almost 300 foster children, not every child is able to get a foster family. These homeless foster children are distributed between different non-profits and agencies, like the Department of Youth Affairs. That's why First Lady



Christine Calvo pushed so hard to build Rigalu House, a temporary home – so these children would know there are people in this world who care for them and who are willing to do what is right.

It took a lot of patience and prayer — and there were tears as we waded through the arguments and the naysayers who hid behind politics. But with God's grace we are almost at the finish line. The Chamorro Land Trust has identified property in Barrigada Heights and, pending the approval of this Legislature; we're planning to break ground on the Rigalu House this year.

As I stated earlier, there's a lot of hard work ahead of us. I ask the leadership of this body to roll up their sleeves with me?

Many in our community face challenges, whether it be a lack of a home to keep clean clothes and shower, lack of transportation, or lack of information to get all the things they need to get back on their feet.

Like Annie they need a helping hand. We need to support them on the road to financial stability. And the only way to do this is to help them get a job.

AHRD works with other agencies to assist individuals and families. They connect people with different programs to prepare them for a job, including job training, resume writing, interview techniques and, for those who need it, obtaining their high school diploma. Hundreds more will soon have easier access to that help. AHRD is creating satellite job centers throughout the island, beginning with a Northern Job Center.

AHRD and the Department of Labor share a common goal of helping people find jobs. They want to match people to fulfilling jobs that provide learning opportunities and offer a path to a higher salary.

Perhaps in one of those jobs, they'll learn skills they can use to build their own businesses, and become their own boss. Programs like the University of Guam's Small Business Development Center have assisted 109 entrepreneurs to start, expand or buy a business who invested more than \$14.4



million in loans and equity injection from 2011 to 2014. The entrepreneurs, in turn, created 278 jobs and retained 174 jobs for their fellow Guamanians.

EDUCATION

If we truly believe education is the key to success, then we need to ensure the next generations of Guamanians receive the education they need to become successful.

Guam's public schools have a new curriculum standard that, for the first time, marries the skills needed in the work force to what students are learning in the classroom. This is the first full year that Common Core Curriculum is in place since it was adopted by the education board in 2012. The new curriculum reflects a global shift in understanding that our children will be competing against the best in the world for jobs.

Many of those jobs will be in the science, technology, engineering and math fields. That's why I was excited to learn that the STEM programs at schools are flourishing. Not only are our children studying robotics and engineering; they also are participating in Green Engineering. At George Washington High School, students are testing the pH level of soils to determine what plants grow best in the soil at the Mangilao school. They planted tomatoes and other produce. Whether they eat what they grow or sell it at the soon-to-be-open Farmers Market — what they are learning is important to the future of our island. If we want to decrease our reliance on foods shipped to Guam and have healthy, fresh, locally grown fruits and vegetables on our dinner tables, then we need to encourage these programs that can boost sustainability and agriculture on our island.

We also need to support the educational needs of men and women in uniform. Guam has a large population of soldiers and airmen in the National Guard. Together with the administration and the National Guard, the Guam Community College created a program that teaches our soldiers and airmen the skills to secure a well-paying civilian job. Keep your Guard Up, which is the only program of its kind, has helped about 200 Guardsmen.



Other commands and colleges from the U.S. mainland now are looking to Guam to learn more about this program, about how it was created, about how in its first year we helped veterans learn valuable, employable skills.

HAGÂTÑA REVITALIZATION

Many of you know that I enjoy reading about history. I think it's important to know our history. Because when you know where you come from and understand the lessons of the past, they become landmarks as we chart our way to a better future for Guam.

Hagåtña has been the heart of our island for centuries. It reflects the different eras of Guam, and the efforts to rebuild as we moved forward after Spanish colonialism, the war between America and Japan into which our people were swept, and our efforts to determine our political future. We are rebuilding this historic city once again as we move to a better understanding of our place in this world and who we are as a people.

This will likely be the last State of the Island address given in this building. If all goes according to plan, the old Guam Congress Building will be renovated this year. And by this time next year, I fully anticipate apprising Guamanians on the state of the territory from the hallowed halls of that historical building.

Now, as we prepare for the Festival of Pacific Arts, or FestPac, next year, we're going to open Hagåtña to them. A revamped Paseo Park will be the center of the festival, which we anticipate will host about 2,500 artisans along with an estimated 10,000 supporters from more than 27 countries in the Pacific region.

As our guests tour Hagåtña, they'll see the Cathedral, the new Guam museum at Skinner Plaza. In the corner between them, is the site of the old Plaza De España — restored to become a glowing reminder of Sunday afternoons when musicians played in the courtyard of the palasio, while families strolled by listening to the music.



Festival participants also will be able to walk to the soon-to-be completed Fishermen's Co-op Fishing Platform and see the site where our fishermen are growing our fishing industry – while also teaching the next generation this important tradition.

TECHNOLOGY

We must embrace technology to move our government into the 21st century. Guamanians today can register their vehicles, pay taxes and even file tax returns online. I've directed line agencies to make more government services available to Guamanians.

We're going to start with our libraries. I've directed the Chamorro Affairs director to increase efforts to turn our public library system into centers of education and technology. The Guam Public Library Extension project will add a new children's library and cyber café.

Next, they'll be partnering with Americorps, non-profit organizations and corporate sponsors, to open our village libraries later, and we're updating and adding to their computer inventory.

But such a library has to be so much more. Our goal is to help teach students how to use the computer to do academic research, and how to process and critically assess the barrage of information flowing through the Internet. When a student or other library patron checks out a book, it may be an e-book they check out online. The library will host community discussions on the dangers of sexting, or cyber-bullying.

Also, public school students and parents can learn more about the various Common Core Curriculum apps that are available to help children and parents. And at Appy Hour, students and parents can speak with a technology aide about the different educational, literacy, and life apps available for Apple and Android devices.



This re-imagined library system will ensure our children have a safe place to study and learn outside of school; a place where they are connected to the Internet and the world; and where they can learn how to harness the flow of information for their education.

The Office of Technology is working on other Apps to improve Guamanian's interaction with their government and community.

I have one of these apps on my phone, this app allows me to view land related data. In later phases of this app, you'll be able to download documents, such as a property titles and order a certified copy of the same.

We have other apps coming. In the next several weeks, a traffic app will become available and will show traffic routes and any congestion at various times of day. The Office of Technology will ensure that future iterations of this app include information about accidents, traffic light outages, and road construction.

COMMISSION ON DECOLONIZATION

Another of those apps you'll see, will help plug educational outreach on the question of our political status. Ensuring that eligible voters have the information they need to make an informed decision is critical.

The Office of Decolonization has an additional \$120,000 in the current fiscal year to help fund the education outreach. Also, we continue to wait for the Department of Interior to make good on the funding promised to us. I've written a letter to Assistant Secretary for Insular Areas Esther Kia'aina asking for her help – at the very least to match the money we're putting into the education program.

Having said that, the law requires us to register 70 percent of eligible voters for the plebiscite to occur. GEC only has 7,192 registered voters in the Decolonization Registry that falls short of the necessary voter numbers. There are some questions on the language of the law that we need to settle in order to give us a clearer understanding of the actions we need to pursue.



This may require us to go to the Attorney General, or even the Court, for interpretation.

Whatever the case, I believe the question of our political status needs to be answered NOW!!!

Any status is better than the status quo – an unincorporated territory. Whether it's statehood, free association or independence, I believe that a change will put us in control of our destiny.

Our youth of today show us that we can't be afraid to move forward, to take that leap of faith.

Keandra McDonald, daughter of Chris and Stacy Flores, is a junior at Squalicum High School, in Washington State. In her freshman year, just two weeks after she started at her new school and being the only Guamanian student, she made a bid for the vice presidency of her Freshman Class Council. As part of her campaign, she talked about Guam and the beauty of our island, its culture and diversity. She became known as the Guam Girl. Incidentally, she won that election. Today, she is the president of the school's Diversity Club.

Her perseverance and determination changed the mindset of a community. She took a leap of faith, trusting that her cause was just and fair, and she committed to the uphill battle.

Ladies and gentlemen, we cannot be afraid to push an agenda that is based on what is just and what is fair. We are a small island, but history has shown us that we are significant. And whether we come from a large or small community – it behooves us to do what is right, no matter how big our Goliath.

UNFUNDED MANDATES AND COLONIALISM

For over a century the federal government has dictated how we do business, how we are able to care for our people.



I've heard the naysayers and the critics. If it wasn't for the federal government pumping money into our economy, we would still be living in thatch huts. Federal officials have recently stated in court that the government of Guam is too incompetent to be entrusted with the welfare of its public. That if it wasn't for the federal government taking over our agencies and running them for us, things would be running at a higher cost and with less efficiency.

It is ironic that they praise the fiscal management capabilities of a federal government that over the last six years has been running an average annual deficit of over a billion dollars per year, and that has a current national debt of over \$18 trillion dollars.

On Guam, the federal government forces us to sign blank checks and give carte blanche to receivers that build a solid waste system that is operating at a deficit, that is over-budget by tens of millions of dollars, that is paying exorbitant fees to consultants and employees, and that is NOT self-sustaining but instead is draining over \$12 million dollars per year out of our General Fund.

Am I missing something? Aren't these the very same reasons we were told that the federal government needed to take over our solid waste system to begin with? When was the last time you heard anyone say the federal government was the epitome of fiscal prudence?

The federal courts have the luxury of focusing on one capital project at a time — a landfill, a mental health facility, a prison — without any consideration for the other government expenses, including education, public safety or island infrastructure. Or the cost of other federally imposed mandates, such as Compact Impact. They can force us to spend more than we have available to cover all the other necessary expenses of the government — not because they're right, but because they can.

Make no mistake about it, this is colonialism in the 21st century — it is the forced will of the federal government on our people through unfunded mandates enforced by the federal courts. The History Channel recently



showed a 3-part mini-series, the Sons of Liberty, depicting how the seeds of the American Revolution were sown. Of course I am not advocating a revolution, but I want to remind us all, federal and local alike, that the criticisms and aspersions being cast at the people of Guam as ungrateful money grubbers who lack the ability to govern themselves, is always the rejoinder of those claiming to be a more “enlightened” citizenry, who are only exerting natural paternalistic oversight to “take care” of those unable to take care of themselves.

Yet, it was the rejection of these same characterizations, and the recognition of the right to participate in the creation of the laws of their government that founding fathers established the foundation for the greatest democracy in the history of the world.

Does GovGuam face some culpability in letting some of its institutions and facilities deteriorate? Of course it does, primarily because of political gridlock. But that does not make us unique. The most recent Congress was so gridlocked that it passed fewer laws than at any other time in modern history. Last year was the first time Congress passed a full-fledged budget since 2009.

So, who gets to step in to take over the federal government and impose a receivership on it when it’s not living up to its mandates? No one, and yet by the standards that are applied to GovGuam, the federal government doesn’t appear to be any less deserving of receivership.

My fellow Guamanians, just because our local government failed in the past to provide services doesn’t mean we can’t question the decisions being made for us now. It doesn’t mean our concerns shouldn’t be heard. It doesn’t mean we can’t keep pointing out to the federal government and the courts the cost of other – necessary – projects. I think, if anything, this administration’s track record of providing services, fulfilling promises – even those made by our predecessors – should allow us a seat at the table AND I’M NOT talking about the servants’ table.



We should be able to come together as equals to discuss issues that impact the lives of the people we are all supposed to be serving. But to be denied even the most basic right of having legal representation in a court proceeding, an issue we've appealed that is being heard by the Ninth Circuit Court of Appeals this week, only reminds us that this government, and I as Governor, have the responsibility to the people of Guam to make sure that even federal edicts and mandates are not left unchecked, unchallenged, or unquestioned.

Having said that, we will be re-introducing a bill originally submitted to the Legislature last year. The bill will authorize this administration to hire lawyers, possibly through the Attorney General's Office, to represent Guam in a possible suit against the federal government and hold them responsible for dumping toxic waste and other contaminated material into the Ordot Dump for years. Yes, Ordot dump was a problem and this administration acknowledges that the closure of the toxic site is necessary. But the federal government also should acknowledge its part in the creation of the dump and be held accountable for it. The people of Guam didn't start that mess. We shouldn't be expected to bear the full burden of its closure.

I'm asking that this new Legislature consider this bill carefully. Consider that we have a new Attorney General who has agreed to work with us to forge a path for our people, in a way that incorporates best practices with what is best for Guam. I'm also grateful that the Legislature is of the same mind and is pushing the federal government to consider outside of the box solutions to help address how our people have been shortchanged.

My friends, my neighbors, my family, my people of Guam, I hope you know and understand that we, as a single team and with a single voice, have the power to do what is right for our people today and for future generations of Guamanians.

This single focus will be aimed, not just at the dump issue, but also on other federal policies that restrict our economy and impede on our efforts to become a more self-sustaining people.



Policies like the Jones Act weren't meant to have a negative impact on the economy, but it has. And despite many requests for this to be repealed, the federal government hesitates. And in its hesitation, our people are made to pay higher costs for goods that have to be shipped in a jagged line from Asia to the west coast of the United States, to Hawaii, to Guam and the Micronesian region.

I'm going to marshal our friends and supporters to help us address this cause. I'm meeting with federal officials in a trip that I'll be taking to Washington D.C. soon. Among the things I'll be discussing is this decades-old act that has increased not only the cost of doing business on Guam, but the cost of everything from rice to furniture. It's also created a monopoly.

President Obama said during his State of the Union Address just last month that he'd like to ease laws and policies that hinder growth of the nation's economy. I believe this may be the opportune moment to free our island and our region from this policy.

As I said earlier, we're in the start of the tax season and as of last week, about 15,000 tax returns were filed. If the trend holds true, we'll pay about \$130 million in tax refunds. EITC would make up about 40 percent of that amount. EITC is something every qualifying U.S. taxpayer can receive. The difference is, the California and New York state governments don't pay this amount from their state coffers - the federal government pays for it. On Guam, we pay it out of our General Fund.

One mandate that has been the topic of disagreement for decades is Compact Impact reimbursement. For several years, we received \$16 million a year for providing health, education and safety services to migrants from the Freely Associated States. In Fiscal 2015 that amount decreased to \$14 million. It remains the same in Fiscal 2016.

Let me make it clear, this debate is with the federal government, which forged an agreement with the FAS governments without any input from us or other states and territories that host our Micronesian neighbors. The disagreement on Compact Impact costs is based on the federal



government's inability to live up to its promise to help us provide services to the increased population.

Last year alone, we've calculated \$144 million is owed to us – that's 10 times what we're actually receiving. The federal government says the disparity in numbers is due to a faulty formula. Despite repeated requests they have yet to provide a formula they would accept.

I don't know if discussion is something we can continue to do on this front. We need to be more aggressive. We need to push the federal government to recognize that their failure impacts the lives of everyone on Guam. If necessary, and if legally sound, we'll be working with our Attorney General to take this matter to court – to force the hand that signed this policy to live up to its side of the agreement.

Just this afternoon, I issued an Executive Order, amending an earlier Executive Order establishing the Guam First Advisory Commission, to expand that Commission's authority to advise me on federal issues. I will send a letter to convene the Commission in March. I am asking the Commission to establish separate committees or task forces to initially deal with the Guam buildup and with Compact Impact.

It was in February 1870 that Congress ratified the 15th Amendment to the U.S. Constitution, guaranteeing the right of citizens to vote, regardless of race, color, or previous condition of servitude. 145 years later, we're still waiting for the right to vote.

On February 1917, my great grandfather Tomas Anderson Calvo, petitioned the federal government to treat the people of Guam as equals.

"It is high time that there be granted to the people, respectful, loyal and devoted to the great American nation, the same rights that have been granted to the different states, territories, and possessions; and we censure no one although we be the last to be remembered and granted our rights. Our ideals are realized by the giving of that which by right should be granted, that is to say, the defining of the status of the Chamorro people, in a word,



that we may know whether we are to be members of the American people or their servitors ...”

He delivered that speech at the opening of the First Guam Congress in February 1917. It’s almost 100 years later and we’re still left at the mercy of unilaterally imposed policies placed on the backs of our people.

My grandfather ended with “I have spoken.” These three words indicated the end of his speech – but they also reflected the level of energy, passion and commitment he gave to the words he spoke.

Make no mistake, this advisory commission has a tough task ahead of it. Helping to ensure that we as a people are able to participate in the formulation of the laws and policies that bind us will not be easy. It first requires that we agree on a single focus. This is a meeting of the heart and of the mind. It is a metamorphosis of our political will. It’s going to be an uphill battle. But like the Howards, Ms. Dungca, and young Keandra we can’t be afraid to pick up the gauntlet and sword, and face this battle.

We can’t walk away. To do so would be an injustice, a disservice, to our people – those who came before us and to our children and their children. If we don’t stand up for what is right, what do we say to the children who ask why their fathers, and mothers paid the ultimate sacrifice while serving the American flag?

It’s going to mean tough decisions, and some of those decisions may not be politically correct but we mustn’t be swayed. We must come together in this fight for what is true and what is right. We must come together as elected leaders, we must rise as a people, as Guamanians rooted in our community, and in our shared belief that we deserve to be treated equally and with respect, and dignity.

And in the words of a man who a century ago, who dared to believe in the Guamanian dream:

I have spoken.



10 POINT PLAN UPDATE

Governor Calvo is updating the public on the progress of his 10-point plan. This is the group of 10 initiatives the Governor unveiled in the 2014 State of the Island address in February. Here is the latest:

Action Item 1

BUILD HOMES FOR THE HOMELESS

The Guma San Jose Homeless Expansion Program for five single-family homes has been completed. Public Health provides funding for the Guma San Jose emergency shelter program and will also provide funding for the operations of the transitional housing component.

Another five homes from Lada Gardens, which were formerly used as rental units, have been upgraded and designated as homeless shelters by the Guam Housing Corporation.

The plan for constructing basic homes to provide temporary shelter for homeless families is moving forward. We're continuing to look at abandoned housing within the government's inventory that can be renovated.

To keep the cost of construction affordable, GHC is exploring the use of alternative building systems, primarily light gauge steel frame systems and other modular metal building systems.

GHC and GHURA are tasked with identifying funds for the construction, operations and support services needed for this new homeless shelter.

Action Item 2

BUILD THE RIGĀLU HOUSE

A site in Barrigada Heights has been identified to be used for the temporary home for children in need. The Chamorro Land Trust Commission is anticipating sending the lot information to the Legislature this month. With the Legislature's approval, construction on the Rigālu House could start this year.

Action Item 3

HIRE 100 POLICE AND CORRECTIONS OFFICERS (combined)

In 2014 DOC graduated 55 officers and GPD graduated 17 police officers and 18 Police Officer Trainees, who are considered "hired," bringing our total number of GPD hires to 35. Combined, they make a total of 90 DOC and GPD officer hires.

To augment our number of officers at GPD, 30 Civilian Volunteer Police



Reserves (CVPR) have been added to the department with 28 more CVPRs set to graduate in June/July. Additionally, GPD is already in the screening phase of the 7th Police Trainee Cycle.

Action Item 4

SUE THE FEDERAL GOVERNMENT OVER ITS SHARE TO CLOSE THE ORDOT DUMP

The Calvo-Tenorio Administration will be re-introducing a bill that was originally submitted to the Legislature last year. The bill will authorize this administration to hire lawyers, possibly through the Attorney General's Office, to represent Guam in a potential suit against the federal government and hold them responsible for dumping toxic waste and other contaminated material into the Ordot Dump for years. We hope this Legislature will work with us to ensure this measure passes, allowing us to take actions necessary to protect the best interests of our island and its people.

Action Item 5

PILOT A NEW 24-HOUR MASS TRANSIT PROGRAM

Data gathered during the pilot program showed that not too many people need transportation 24-hours a day. We are looking at other schedules that fit our riders' needs, and also that are fiscally responsible.

A multi-step bid was submitted to GSA in January to replace month-to-month contract, with a longer-term contract.

Bid packages for the purchasing of buses (using federal transit grant money) from State Management, has been forwarded to the Attorney General's office for review.

Action Item 6

EMBARK ON A YEAR FILLED WITH ROAD AND BRIDGE PROJECTS

Our bridges and roads have seen major improvements. We have already invested \$160M in completed and ongoing road repair construction. Moving forward, we're looking at another \$126M in road improvements.

(You can find details of the completed and ongoing projects at the bottom of this release).

Action Item 7

MOVE TO THE NEXT PHASE OF HAGÁTÑA MODERNIZATION

The Department of Chamorro Affairs (The Hagatña Restoration and Redevelopment Authority) has a contract in place to complete the master plan, which will



be completed by the end of this calendar year. This plan is required by public law. The master plan includes the input of all stakeholders and property owners of Hagatña.

Action Item 8

BEGIN SEIZING PROPERTY FOR FAILURE TO PAY PROPERTY TAXES

The Department of Revenue and Taxation and the Attorney General are updating the procedures and regulations before moving forward with any property seizures.

Action Item 9

MAKE \$100 MILLION IN SCHOOL REPAIRS AND MODERNIZATION

\$100M Request for Proposal (RFP) is soon to be completed and will be submitted to the Office of the Attorney General of Guam. The RFP is a result of a multi-agency effort to help modernize Guam's 41 public schools.

Action Item 10

INSTITUTE UNIVERSAL PRE-SCHOOL AND A TEACHER BONUS PROGRAM

Guam Department of Education is moving forward with the implementation of the pre-kindergarten program for all of our public schools. They will start in school year 2015-2016 with one classroom in four different schools. In the second year, we'll double the number of classrooms. In those two years, information will be gathered on participation, student needs, teachers needs and so on. Based on that data, the department will develop a plan paving how they'll proceed with the universal pre-kindergarten program.

This year the Guam DOE will be implementing a new Summative Assessment to measure the college and career readiness of our public school students. This is a researched-based assessment that is aligned to college and career readiness skills that are being taught in our public school classrooms. The testing that will be conducted in May will provide us with baseline data, which will enable DOE to measure student progress — which is part of the teacher evaluation for the bonus program.



UPDATE ON CURRENT ROAD AND BRIDGE CONSTRUCTION

1. Route 1/8 Intersection Improvements and Agana Bridge Replacement (Design Build)

Project Start: September 2011

Completion: June 2015

Scope: Road improvements and Bridges Replacement

Cost: \$16.4M

Contractor: Core Tech International

Est. Progress: 84%

2. Route 4, Agfayan Bridge Replacement

Project Start: August 2013

Completion: December 2014

Scope: Bridge Replacement

Cost: \$4.6M

Contractor: Black Construction Corporation

Est. Progress: 62%

3. Route 17 Rehabilitation and Widening, Phase 2A

Project Start: March 2014

Completion: March 2015

Scope: Drainage Improvements and Spot Repair

Cost: \$2.5M

Contractor: Nippo Corporation

Est. Progress: 51%

4. Route 20, Maga Haga Highway, Phase 1

Project Start: April 2014

Completion: March 2015

Scope: New Arterial Parkway

Cost: \$7.3M

Contractor: IMCO General Construction

Est. Progress: 63%

5. Route 25/26 Intersection Improvement

Project Start: June 2014

Completion: February 2015

Scope: Intersection Improvement

Cost: \$2.5M

Contractor: Korando Corporation

Est. Progress: 13%

**6. Inarajan North Leg (As Misa)**

Project Start: May 2014
Completion: May 2015
Scope: Bridge Rehabilitation
Cost: \$1.2 Million
Contractor: IMCO General Construction
Est. Progress: 37%

7. Bile/Pigua Bridge Replacements

Project Start: July 2014
Completion: October 2015
Scope: Replace Two Bridges
Cost: \$3.7 M
Contractor: Korando Corporation
Est. Progress: 0%

8. Replacement of Welded Petroleum Distribution Piping and Appurtenances

Project Start: May 2014
Completion: November 2015
Scope: Pipe replacement
Cost: \$1.5 M
Contractor: Rex International
Est. Progress: 24%

9. Route 1 Resurfacing (Yigo –Asan/Piti)

Project Start: February 2015 (estimated)
Completion: May 2015 (estimated)
Scope: Pavement Resurfacing
Cost: \$630,825
Contractor: Nippo Corporation
Est. Progress: 0%



UPDATE ON COMPLETED ROAD AND BRIDGE PROJECTS

1. Guatali Route 2A, Temporary Restoration of Guatali Bridge and Embankment

Contractor: Chi Construction
Completed: November 2008
Final Cost: \$187,704

2. Route 1 U-Turn Reconstruction (Tamuning)

Contractor: Maeda Pacific Corp.
Completed: February 2009
Final Cost: \$137,690

3. Tinaga Bridge Permanent Restoration

Contractor: BME & Sons, Inc.
Completed: August 2009
Final Cost: \$223,685

4. Route 15 (in front of DOC, Mangilao)

Contractor: Maeda Pacific Corp.
Completed: December 2009
Final Cost: \$649,279

5. Skatepark Barrier/Iglesia Circle Traffic Signal

Contractor: Kinden Corp.
Completed: March 2010
Final Cost: \$562,923

6. Masso River Bridge Embankment

Contractor: Chi Construction
Completed: December 2011
Final Cost: \$330,000

7. Route 15 Embankment Restoration

Contractor: International Bridge Corp.
Completed: March 2012
Final Cost: \$650,000

8. Route 2 Culverts & Slide Repair

Contractor: IMCO
Completed: February 2012
Final Cost: \$3.8M



UPDATE ON COMPLETED ROAD AND BRIDGE PROJECTS

(CONTINUED)

9. Route 6A Murray Road, Maina-Nimitz Hill

Contractor: Rex International

Completed: April 2012

Final Cost: \$360,000

10. North Guam Signalization

Contractor: Bejjess Enterprises Inc.,
GEMCCO

Completed: August 2012

Final Cost: \$1.1 M

11. Route 25 (Alageta Road)

Contractor: Guam Construction Company, Inc.

Completed: July 2012

Final Cost: \$7.4M

12. Route 16/GMF Post Office/Army National Guard Intersection Signal Upgrade

Contractor: Maeda Pacific Corp.

Completed: July 2012

Final Cost: \$1.5M

13. Route 8/10/16 Tri Intersection

Contractor: Kinden Corporation

Completed: June 2012

Final Cost: \$5.1M

14. Rehabilitation of Route 4 Bridges (Talofofo & Togcha River)

Contractor: Black Construction

Completed: August 2012

Final Cost: \$4.0M

15. Route 7A Resurfacing

Completed: December 2012

Contractor: Sumitomo Mitsui Const. Co.

Final Cost: \$5.5M



UPDATE ON COMPLETED ROAD AND BRIDGE PROJECTS

(CONTINUED)

16. Route 4 Resurfacing & Widening (McDonalds to Route 10)

Completed: December 2012

Contractor: Hawaiian Rock Products

Final Cost: \$16.6M

17. Route 17 Rehabilitation and Widening

Completion: February 2013

Contractor: Sumitomo Mitsui

Final Cost: \$6M

18. Route 11 Improvements and Traffic Enforcement Screening Station

Completion: May 2013

Contractor: Core Tech International

Final Cost: \$17.1M

19. Route 11 Shore Protection

Completion: April 2013

Contractor: Core Tech International

Final Cost: \$5.2M

20. Taleyfak Bridge Restoration

Completion: May 2013

Contractor: Rex International

Final Cost: \$.9M

21. Route 4 Resurfacing & Widening (Ylig Bridge to Pago Bay)

Contractor: Nippo Corporation

Completed: June 2013

Final Cost: \$3.8M

22. Route 11 (Rt. 1 to PAG & TESS)

Contractor: Core Tech International

Completed: May 2013

Final Cost: \$16.5M



UPDATE ON COMPLETED ROAD AND BRIDGE PROJECTS (CONTINUED)

23. Ylig Bridge Replacement

Contractor: Smithbridge Guam, Inc.
Completion: May 2014
Cost: \$8.1M

24. Asan & Aguada Bridges Rehabilitation

Contractor: Maeda Pacific Corporation
Completed: October 2014
Final Cost: \$880,000

25. Route 4, Togchato Ipan Beach Park

Contractor: Nippo Corporation
Completed: October 2014
Final Cost: \$835,000

COMPLETED ISLAND-WIDE PROJECTS

1i. Islandwide Guardrail Replacement Phase 1

Contractor: Orion Construction Corp.
Completed: February 2010
Final Cost: \$4.54M

2i. Islandwide LED Signal Light Upgrade

Contractor: Kinden Corporation
Completed: March 2010
Final Cost: \$521,875

3i. GPS Lock and Loops

Contractor: Kinden Corporation
Completed: March 2010
Final Cost: \$91,255

4i. Islandwide Pavement Markings Improvement Phase 1

Contractor: Nippo Construction
Completed: April 2010
Final Cost: \$2.09M



COMPLETED ISLAND-WIDE PROJECTS

(CONTINUED)

5i. Islandwide Pavement Markings Improvement Phase 2

Contractor: Highway Safety Services
Completed: March 2010
Final Cost: \$1.63M

6i. Islandwide Guardrail Replacement Phase 2

Contractor: Nippo Corporation
Completed: July 2010
Final Cost: \$3.22M

7i. Islandwide and School Zone Signs

Contractor: Highway Safety Services
Completed: December 2011
Final Cost: \$300,000

UPDATE ON PLANNING AND DESIGN PROJECTS

1. Ajayan Bridge Replacement

Status: Design in Progress
Estimated Construction Cost: \$2.6M
Designer: NC Macario & Associates

2. Merizo Bridge Approach & Embankment Restoration

Status: Design in Progress
Estimated Construction Cost: \$1.2M
Designer: SSFM International

3. Aplacho Bridge Replacement

Status: Design in Progress
Estimated Construction Cost: \$2.4M
Designer: Duenas Camacho & Associates

4. Route 10A, Route 1 – GIA/Tiyan Intersection

Status: Design in Progress
Estimated Construction Cost: \$6.6M
Designer: Duenas Camacho & Associates



UPDATE ON PLANNING AND DESIGN PROJECTS

(CONTINUED)

- 5. Route 27, Finegayan Road (Harmon Cutoff) Phase 1**
Status: Phase 2
Estimated Construction Cost: \$18.6M
Designer: Duenas Camacho & Associates
- 6. Traffic Signal Upgrade, Islandwide**
Status: Design in Progress
Estimated Construction Cost: \$1.8M
Designer: EMCE Consulting Engineers
- 7. Route 14B, Ypao Road**
Status: Design in Progress
Estimated Construction Cost: \$9.6M
Designer: EM Chen & Associates
- 8. Route 29 Reconstruction**
Status: Design in Progress
Estimated Construction Cost: \$5.2M
Designer: TG Engineers
- 9. Route 4 Curve Widening**
Status: Preliminary Design Completed
Estimated Construction Cost: \$6.6M
Designer: AECOM
- 10. Rts 1/3 Intersection Improvements**
Status: Design in Progress
Estimated Construction Cost: \$7.9M
Designer: TG Engineers
- 11. Route 3 Widening, Route 28 - Chalan Kareta**
Status: Design in Progress
Estimated Construction Cost: \$45M
Designer: SSFM International
- 12. Route 8/Canada Toto Traffic Signal**
Status: Completed
Estimated Construction Cost: \$640,000
Engineer: AECOM



UPDATE ON PLANNING AND DESIGN PROJECTS

(CONTINUED)

13. Route 33 Planning Study

Status: Planning Study in Progress

Estimated Construction Cost: TBD

Designer: Parsons Brinckerhoff, Inc.

14. 2014 Islandwide Bridge Inspections

Status: Inspections ongoing

Estimated Construction Cost: N/A

Engineer: Parsons Brinckerhoff, Inc.

15. Route 5 Improvements from Route 2A to Naval Magazine

Status: Pending NTP

Estimated Construction Cost: \$8.6M

Designer: E&A Engineers

16. Route 17, Phase 2B

Status: Design in Process

Estimated Construction Cost: \$9M

Designer: Duenas, Camacho and Associates



BUILDING GUAM

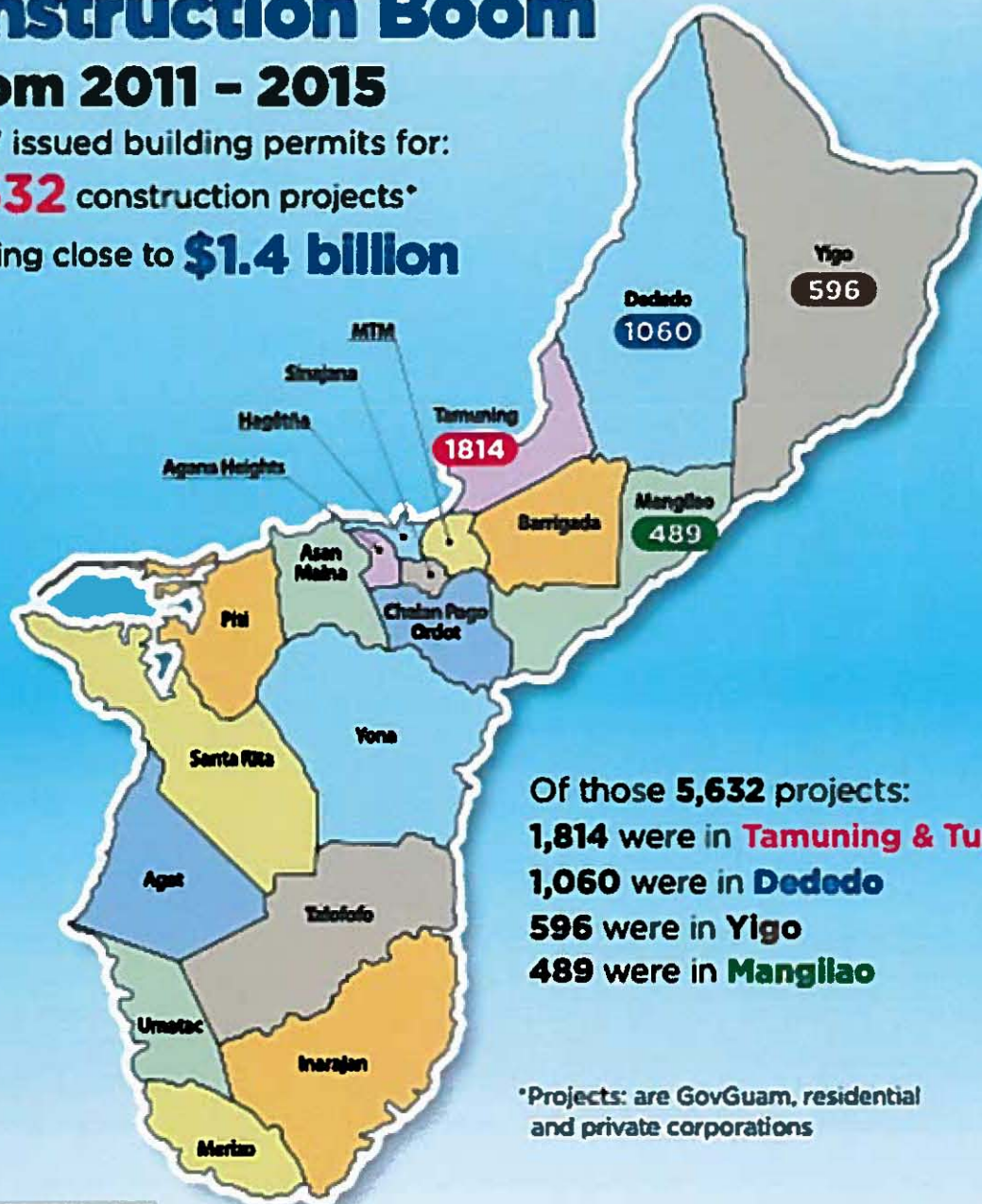
Construction Boom

From 2011 - 2015

DPW issued building permits for:

5,632 construction projects*

Totaling close to **\$1.4 billion**



Of those 5,632 projects:

1,814 were in **Tamuning & Tumon**

1,060 were in **Dededo**

596 were in **Yigo**

489 were in **Mangilao**

*Projects: are GovGuam, residential and private corporations



**BUILDING OUR
FUTURE** *Together*

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BUILDING GUAM

Construction Boom

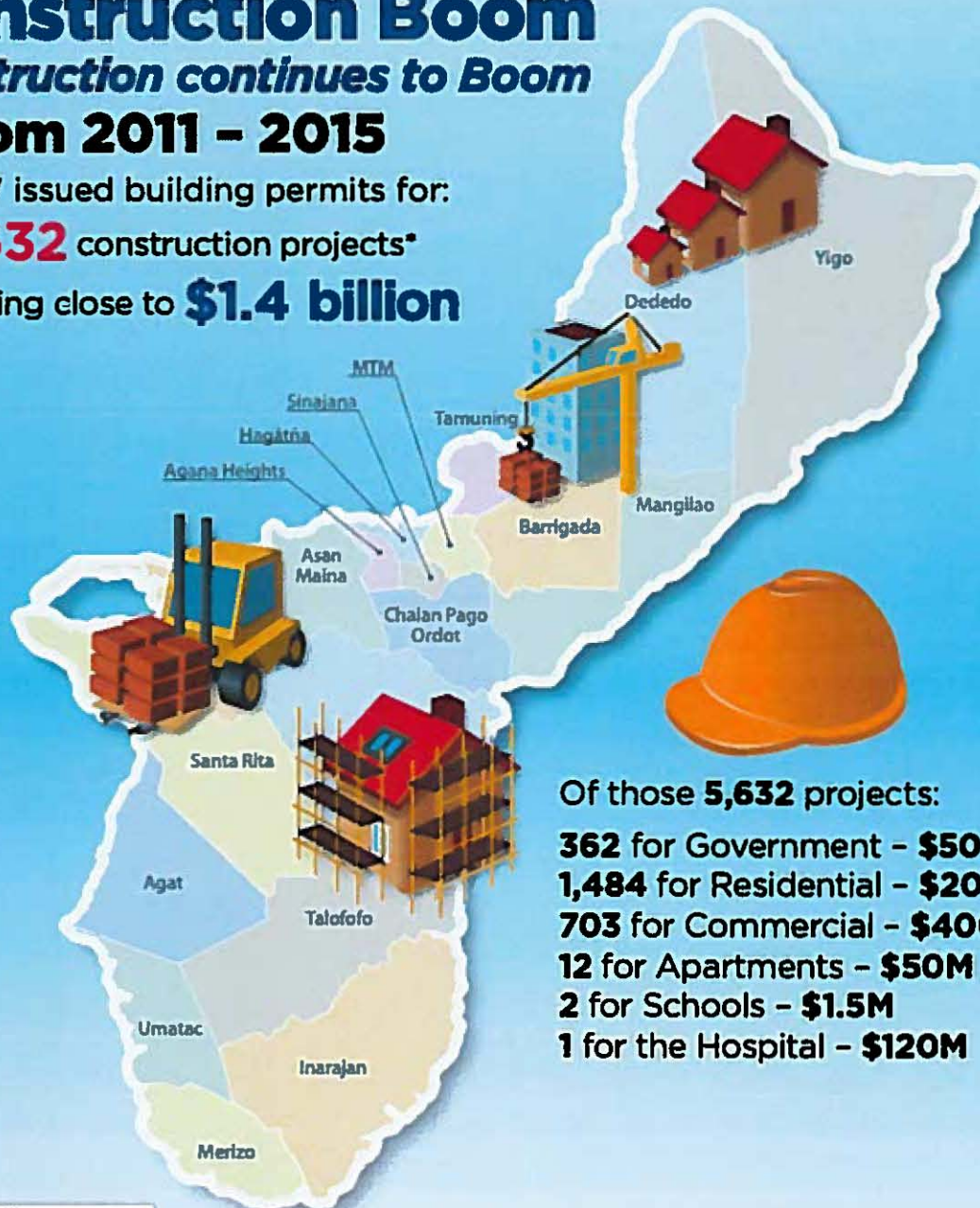
Construction continues to Boom

From 2011 - 2015

DPW issued building permits for:

5,632 construction projects*

Totaling close to **\$1.4 billion**



Of those **5,632** projects:

362 for Government - **\$500M**

1,484 for Residential - **\$200M**

703 for Commercial - **\$400M**

12 for Apartments - **\$50M**

2 for Schools - **\$1.5M**

1 for the Hospital - **\$120M**



BUILDING OUR FUTURE *Together*



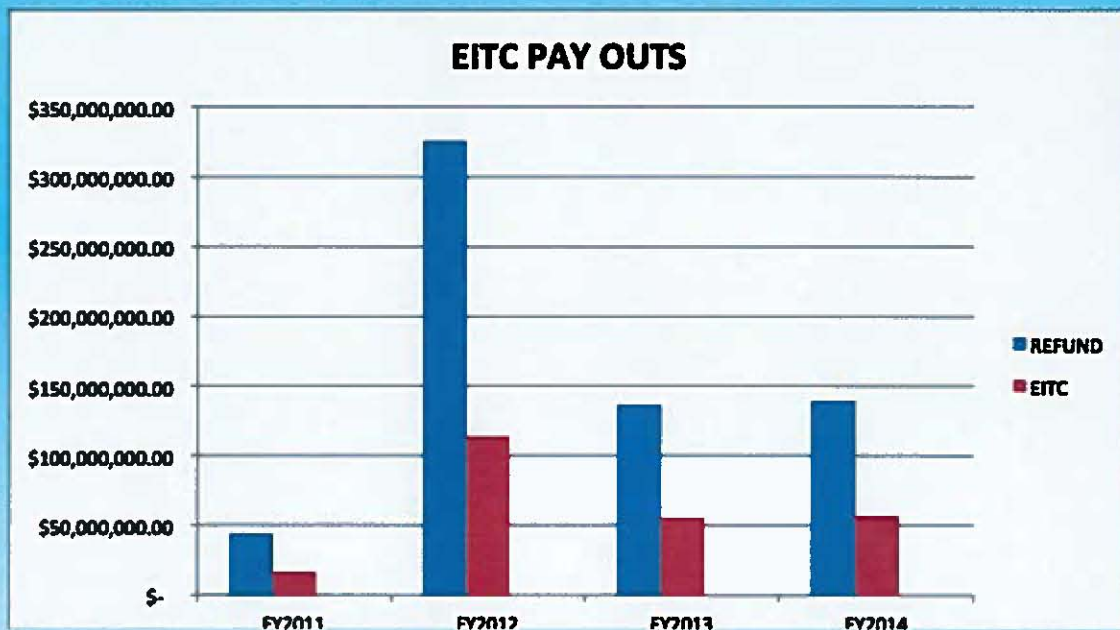
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BUILDING GUAM

Taxes - EITC payout

	<u>REFUND</u>	<u>EITC</u>	<u>EITC % of REFUND</u>
FY2011	\$ 43,884,561.05	\$ 16,374,965.11	37%
FY2012	\$ 325,298,377.38	\$ 113,848,857.03	35%
FY2013	\$ 136,563,979.48	\$ 55,099,767.00	40%
FY2014	\$ 139,579,253.90	\$ 56,748,029.00	41%



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GIAA increasing altitude

GIAA ended FY14 with a **3.6% increase** in net position
From **\$316.2M for FY13** to **\$327.7M for FY14**

With increased concession
from **\$18M for FY13**
to **\$34.3M for FY14**



Capital improvements over the last **4 years = \$82.1M**

Anticipated Capital Improvements
over next 4 years = \$166M



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FUTURE** *Together*



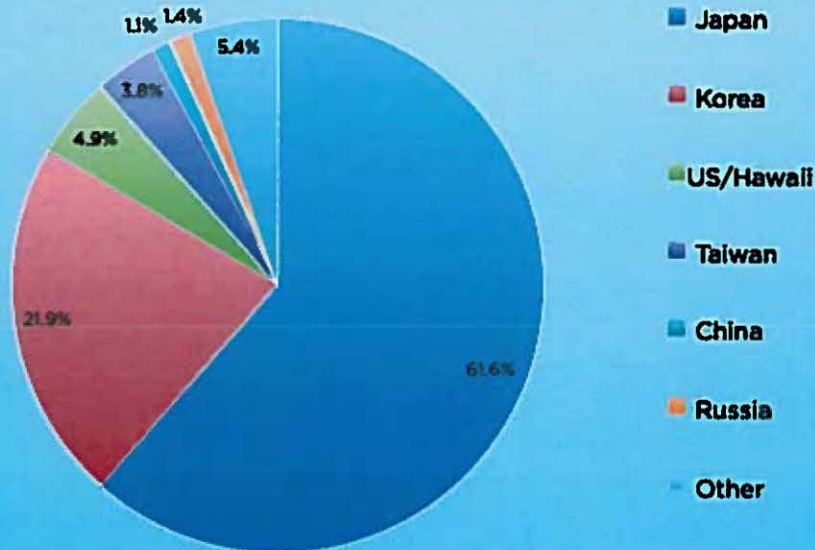
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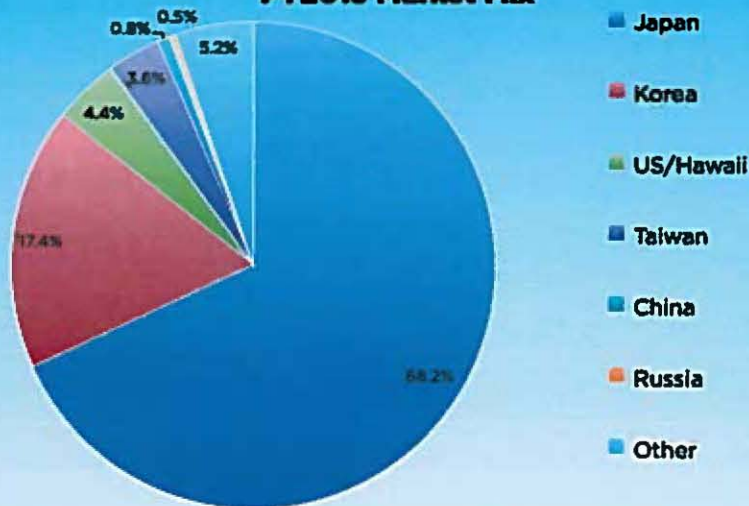
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Tourism

FY2014 Market Mix



FY2013 Market Mix



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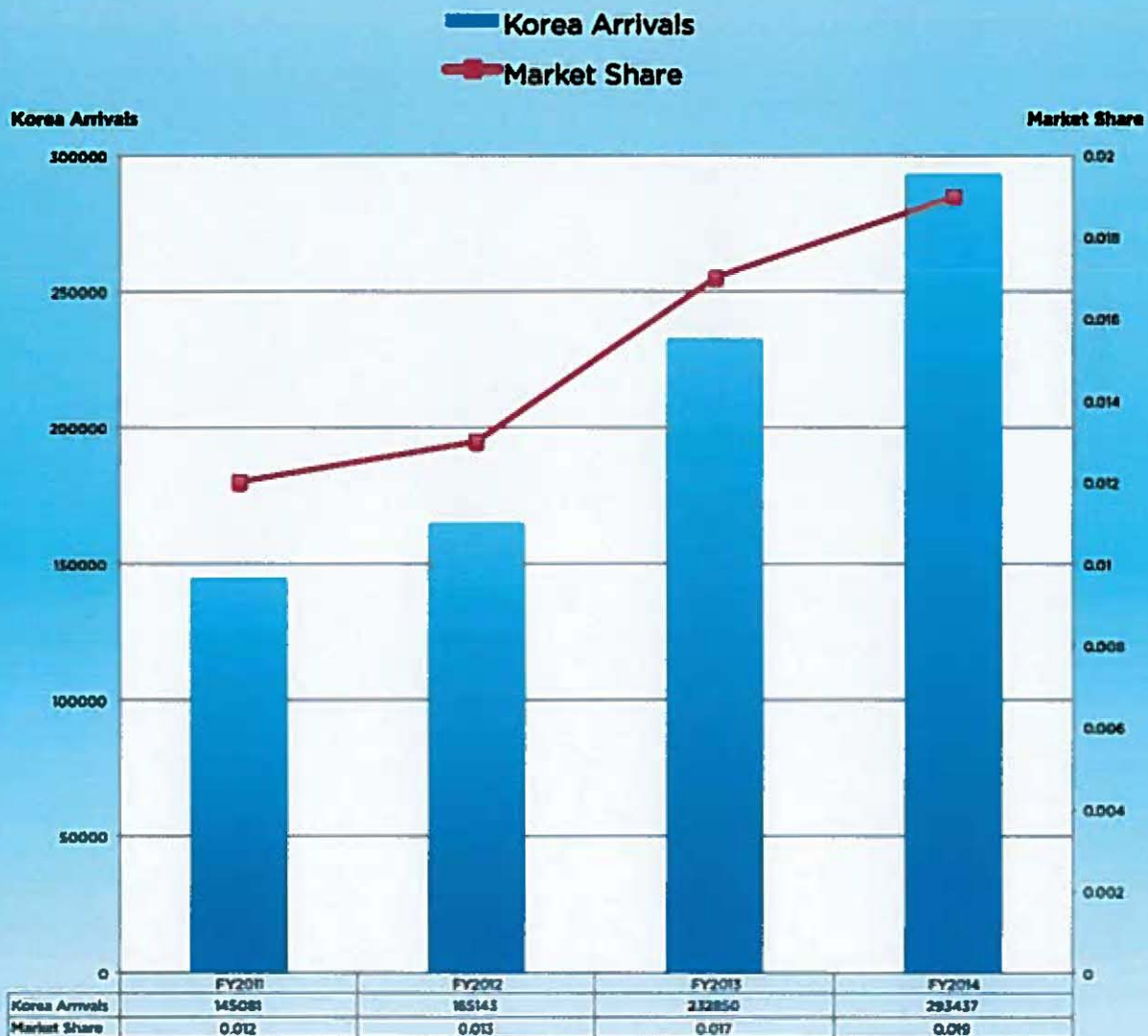
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Tourism

Korea Arrivals & Market Share



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