BUREAU OF STATISTICS AND PLANS

Sagan Plånu Siha Yan Emfotmasion

Government of Guam

P.O. Box 2950 Hagåtña, Guam 96932
Tel: (671) 472-4201/3
Fax: (671) 477-1812
http://www.bsp.guam.gov

Eddie Baza Calvo
Governor of Guam

Ray Tenorio
Lieutenant Governor

William M. Castro
Director

JUN 12 2015

The Honorable Judith T. Won Pat, Ed.D
Speaker
I Mina'trentai Tres Na Liheslaturan Guåhan
155 Hesler Street
Hagåtña, Guam 96910

Subject: REPORTING REQUIREMENT PURSUANT TO PUBLIC LAW 29-113

Dear Speaker Won Pat:

Hafa Adai. The Bureau of Statistics and Plans (BSP) submits the enclosed semi-annual Summary Report of Federal/Military Contribution and Economic Impact regarding the impact of federal expenditures on Guam. We also enclose the Fiscal Year 2016 Economic Outlook as contained in the Governor's FY2016 Executive Budget which was compiled with the assistance from Department of Labor, along with a power point presentation dated April 14, 2015 from Mark Calvo, Director, Guam Military Buildup Office, regarding the military realignment update for your information.

Please contact me at 472-4201/3 or Albert Perez, BSP's Chief Economist, should you require information on the Summary Report.

Sincerely,

William M. Castro
Director

Enclosures (3)

Office of the Speaker
Judith T. Won Pat, Ed.D

Date: 06-15-15
Time: 4:55pm
Received By:

SUMMARY REPORT OF FEDERAL/MILITARY CONTRIBUTION AND ECONOMIC OUTLOOK

Public Law 29-113, Chapter 13 of Title 2, Guam Code Annotated Section 13109(a)(2)
Bureau of Statistics and Plans, Office of the Governor

FEDERAL/MILITARY CONTRIBUTION	2011	2012	2013	2014	2015	2016
Contracts[1]	$762,443,000	$625,558,000	$501,000,000	$779,820,000	$393,417,000	NA
Grants[1]	$140,866,000	$179,632,000	$189,359,000	$214,232,000	$121,392,000	NA
Loans and Guarantees[1]	-$313,000	$118,000	$525,000	$2,867,000	$34,252	NA
Direct Payments, Insurance & Others[1]	$276,855,000	$253,301,000	$233,068,000	$245,118,000	$136,567,000	NA
ECONOMIC IMPACT						
Construction Permits[2]	$216,794,000	$363,930,000	$308,552,000	$406,172,000	$368,437,600	$367,780,800
Employment[3]	60,590	61,260	61,740	62,480	NA	NA
Unemployment Rate[3]	13.3%	10.9%	10.0%	7.40%	NA	NA
General Fund Revenues[4]	$552,355,660	$596,161,000	$610,635,410	$591,087,815	$648,044,542	$702,214,401
Tourism Arrivals[5]	1,147,134	1,270,161	1,337,665	1,341,171	1,375,000	1,441,900
Average Change in Price Level[6]	3.3%	3.2%	0.0%	0.8%	NA	NA
Population Projection[7]	159,600	159,914	160,378	161,001	161,785	162,742
Guam Real Gross Domestic Product[8]	$4,047,000,000	$4,118,000,000	$4,144,000,000	NA	NA	NA

Footnotes:

1) Source: http://www.usaspending.gov June 10, 2015
2) Source: Department of Public Works Fiscal Year Totals (FY 2015/16 are moving average estimates)
3) Source: Guam Department of Labor Employment Reports (2009-13 September, December 2014)
   Source: Guam Department of Labor Unemployment Reports (March 2011& 2014, September 2012 & 2013)
4) Source: Department of Administration, FY2009-2013 (Office of the Public Auditor - audited), FY2014 & FY2015 (adopted), FY2016 proposed
5) Source: Guam Visitors Bureau Fiscal Year Totals, FY2015/16 are estimated
6) Source: Bureau of Statistics and Plans Consumer Price Index 4th Quarter Reports
7) Source: Guam 2010 Census of Population and Housing (2009, 2011-current are projections)
8) Source: US Bureau of Economic Analysis, US Department of Commerce

U.S. Pacific Military Realignment

"The Guam Buildup"

Program Status Update

14 April 2015

Mark G. Calvo
Director, Guam Military Buildup Office

Overview of the New Roadmap - "Buildup 2"

- Adjustment to the 2006 Realignment Roadmap made in April 2012
  "…to realize a U.S. force posture in the Asia-Pacific region that is more geographically distributed, operationally resilient and politically sustainable."

  - Reduced number of Marines coming to Guam
    - 5000 Marines plus 1300 dependants
    - Two-thirds of the force is rotational (180 days)
  - Cost estimate = $8.7 Billion
    - GOJ Funding $3.1B; US Funding $5.6B

- Supplemental EIS (SEIS) to evaluate new USMC range and cantonment options on Guam expected to be NLT April 2015

National Defense Authorization Act (NDAA) 2012

- Restricted DoD's use of funds to proceed with the Guam buildup and military realignment

- Conditions – prior to the expenditure of GOJ or US MILCON funds:

  - ✓ Commandant of the Marine Corps provides Congress with preferred force lay down in the Pacific *(completed February 2012)*

  - ✓ DoD completes and delivers an independent study of U.S. force posture in the Pacific *(completed June 2012)*

  - ✓ SECDEF submits a master plan, with a detailed description of costs and schedule, supporting the above *(completed July 2014)*

  - DoD delivers a coordinated federal agency plan to address non-military infrastructure and utilities requirements on Guam *(May 2015)*

Timelines

Oct 2012	Notice for Expanded SEIS
Apr 2014	Draft SEIS Published
Apr - May 2015	Final SEIS Published
Jun 2015	Record of Decision Signed
2021	First Marine Units arrive on Guam

Military Construction /Special Contracts

Prior year authorizations pending award

FY	TITLE	PA $(M)	STATUS
2014	Whole House Revitalization Ph 2 Lockwood	$23.1	Reprogramming
2012 & 2014	Fuel Systems Maintenance Hangar, Inc 1	$89.9	Recent Award
2014	PRTC Silver Flag Fire Rescue & Emergency Training	$4.6	Awaiting Funds
2014	PRTC Red Horse Airfield Operations Facility	$8.5	Awaiting Funds

Total: $126M

Military Construction /Special Contracts

FY15+ Military Construction

FY	TITLE	PA $(M)	Vehicle
2015	PRTC – Red Horse Logistics Facility	$3.15	AE-DB
2015	Combat Communications Infrastructure Facility	$4.3	AE-DB
2015	PRTC – Satellite Fire Station	$6.5	AE-DB
2015	(DPRI) MWSS Facilities at North Ramp	$28.8	IH-DB
2015	(DPRI) Ground Support Equip Shops at North Ramp	$21.8	IH-DB
Various	(DPRI) Multiple Projects pending SEIS Record of Decision for Marine Corps Relocation	$436	AE-DB
2016*	Sanitary Sewer System Recapitalization	$45.7	AE-DB
2016*	Corrosion Control/Composite Repair Hangar	$39.6	AE-DBB
2016*	Asia Pacific Resiliency South Ramp Utilities Phase 2	$7.1	AE-DBB

***DISCLAIMER** The USMC/DPRI 2016 forecast is for informational marketing purposes only. There is no specific offer or commitment by the Navy to fund, in whole or in part, the opportunities referenced herein. See Federal Business Opportunities (FEDBIZOPS) and/or Navy Electronic Commerce Online (NECO) for official announcements, information, and requirements on specific procurement opportunities.**

Total: $689M

* - 2016 Projects based on Presidential budget submission to Congress

NAVFAC Multiple Award Construction Contracts

Vehicle	Guam DBMACC	SBMACC	HUBZone DBMACC	8(a) MACC	SDVOSB MACC
Contract Capacity	$4B	$500M	$240M	$100M	$30M
Contract Period	5 yrs Base + 4 Options	5 yrs Base + 4 Options	5 yrs Base + 4 Options	5 yrs Base + 4 Options	5 yrs Base + 4 Options
Typical Task Order Range	$15M – 400M	$1M – 15M	$1M – 10M	$25K – $2M	$150K
Number of Firms	Awarded to 7 Firms	Awarded to 6 Firms	~ 5 Firms	Awarded to 6 Firms	~ 5 Firms
Award Timeframe	Awarded 10 May 2010	Awarded 10 Mar 2010	Solicitation out Feb	Awarded 5 Aug 2010	Pre-solicitation March
Last Option Expiration	May 2015	March 2015		July 2015	
Follow-on contract	$900M Mar 2016	$240M Aug 2015	$245M May 2015	Aug 2015	Jun 2015

NAVFAC Small Business Opportunities

- **FY 2015 Small Business Projection is $105M**
- **Potential subcontracting opportunities**
  - **MILCON projects**
  - **BOS contract**
- **Upcoming solicitations:**

- HUBZone MACC	(Feb)	- SDVOSB MACC	(Mar)
- Pest Control	(Mar)	- Generator Maintenance	(Mar)
- AGE Corrosion Control	(Apr)	- SB MACC	(May)
- 8(a) MACC	(May)	- MEC MACC	(Jun)
- CM Services IDIQ	(Jun)	- Aircraft Wash Service	(Jun)
- In/Outbound HHG	(Sep)		

- **Notices/Details will be posted on FBO**

Pacific Military Realignment

"The Guam Buildup"

www.guambuildupeis.us

or

www.oneguam.com

Mark G. Calvo
Director, Guam Military Buildup Office
mark.calvo@guam.gov

Economic Outlook

Economic Outlook for Guam
Fiscal Year 2016

SUMMARY

The state of the economy of Guam is forecast to demonstrate continuation of a moderate expansionary trend with likely acceleration in FY 2016.

Continued expansion of the number of arriving tourists and expenditures; America's rebalancing of its strategic focus and defense posture toward the Pacific; increased investment in and construction of defense facilities, commercial, public utilities and infrastructure provide the foundation for this forecast. The cumulative effect of positive trends in the major drivers of Guam's economy, tourism, defense, local and federal government and construction, reinforced by reduced energy costs, should increasingly propel heightened economic activity.

TOURISM

The number of tourist arrivals to Guam reached a high level for recent years of 1,330,006 visitors in CY 2014, nearly reaching the all-time record level of 1,381,513 in 1997. While the number of Japan visitors has been declining recently, growth from all other major markets including Korea, Taiwan, Philippines, and China are contributing to maintaining high and increasing tourist arrival numbers.

The strong projected travel from Asian destinations to the United States provides the basis to support projections for market expansion should Guam continue to capture at least a constant share of the Asian outbound travel growth. The U.S. Department of Commerce forecasts continued strong growth for international travel to the United States through 2019 in its October 22, 2014, news release based on the National Travel and Tourism Office's 2014 Fall Travel Forecast. The release notes "Japan, the largest Asian market, is forecast to decrease over the first half of the forecast period then rebound slowly to produce a total decline of 40,000 travelers by the end of 2019." "High growth rates and large growth volumes are expected for China (24%)..." and "South Korea should produce an additional 428,000 visitors (+31%)." The December 2014 Guam Visitor Arrival Summary of the CY 2013 and 2014 statistics show a 9.3% decline in Japan arrivals, a 25% increase from Korea and a 45% increase from China. Russia showed a 101% increase for the year but declined 64 percent in December. In December 2014, the percent of visitors from Japan dropped to 59.5% of the total for Guam, down from 67% as recently as CY 2013. Fortunately, increases from other markets, primarily South Korea, with similar visitor expenditure profiles, offset this decline.

The weak economic recovery in Japan and a rapidly depreciating ¥en have adversely affected both the number of Japanese arrivals and their expenditures. The U.S. Dollar as of October 7, 2012, would buy 78.28 ¥en; by May 26, 2013, it was up to 102.03; as of January 26, 2015, it reached 118. From the Japanese perspective, the price of the U.S. Dollar increased by 50% during this period of a little over three years. Goldman Sachs forecast the ¥en to depreciate further to 130 to the U.S. Dollar by the end of 2015 and 135 by the end of 2016. The upside of the devalued ¥en is that it promotes exports from Japan, creating greater economic activity which will yield higher personal and corporate income for discretionary travel. A stronger Dollar relative to the ¥en will lower the cost of Japanese goods imported to Guam. The Japan Consumption Tax increased from five to eight

percent in April 2014, which could also explain some of the weakness in the Japan outbound markets.

The increase in arrivals from China is facilitated by United Airlines twice-a-week nonstop service between Guam and Shanghai, inaugurated October 28, 2014. A further boost was provided to China tourism when President Obama announced at the APEC summit in Beijing on November 10, 2014, that the U.S. and China have mutually agreed to increase business and tourist visa validity from one to ten years, and student and exchange visa validity to five years.

Continued expansion in arrivals also got a boost with Jin Air's upgrade to wide–body B777-200ER aircraft which can accommodate 355 people on its Incheon-Guam route beginning December 12, 2014. The Yonhap News Agency in a November 11, 2014, story reported that, "This translates into Jin Air being able to provide 18,105 seats on the route per year, or an increase of around 230 percent vis-à-vis 5,490 seats at present."

The Russian market was Guam's fastest growing last year due to the implementation of a Homeland Security parole authority in early 2012, but has recently become the fastest declining sector. A combination of recently deteriorating economic conditions for Russia include economic sanctions, a plunging currency, a credit rating lowered to junk by S&P and oil prices falling from over $100 a barrel to around $45. Russia's budget assumed oil would trade above $100 this year and over half of the government's revenue comes from oil and gas exports, according to a January 26, 2015, CNNMoney report. To make matters worse for Russian travel to Guam, all direct charter flights were cancelled in August 2014, although Guam can be accessed via other connecting cities. Charter flights are scheduled to resume in early February 2015 on a limited schedule.

The FY 2014 weighted average hotel occupancy rate provided by the Guam Hotel and Restaurant Association was 77 percent, nearing the annual high rate of 85 percent occupancy. High occupancy rates are associated with higher average room rates. Increased room rates contributed significantly to the increased revenue from the visitor industry in 2014. The weighted average year-to-date hotel rate was $150 as of September 30, 2014, up from $134 for the comparable period in 2013 and $123 for 2012. This represents an 11 percent increase in the latest year and a cumulative increase of 22 percent over the latest two year period. Further increases in the number of tourists are likely to generate additional hotel revenues from both higher occupancy levels as well as higher room rates as the demand exceeds the supply during some time periods. The higher occupancies are likely to constrain increasing arrivals in the short term, but the increased profitability should encourage capacity expansion.

The Dusit Thani Hotel is currently under construction and is adding a new tower and other facilities adjacent to the Outrigger Guam Resort. The hotel property will include a convention center, 417 rooms on 30 floors, private bungalows and world class restaurants. Its opening has been delayed from original plans and it is expected to open in 2015. Ken Corporation has announced plans to build a new $120 million hotel with 348 rooms next to the Lotte Hotel on Tumon Bay with completion in 2018. Work on the project is scheduled to commence this year.

Hotel expansion is further being promoted as Governor Calvo signed into law Bill 146, which encourages the development of 1,600 new hotel rooms through the issuance of special qualifying certificates to hotel developers.

Economic Outlook

ENERGY PRICES

The recent dramatic drop in prices of petroleum products will have significant effects on the Guam economy in 2015 and 2016. Lower prices will benefit consumers and island businesses with lower prices for gasoline and electricity. Both air and shipping transportation costs will also decline. A Marianas Business Journal story reported that Matson Inc. announced on January 26, 2015, "that it will be lowering its fuel surcharge by four percentage points for its Guam services as a result of recent declines in bunker fuel prices"... "This marks the third consecutive decrease Matson has made to its Guam/NMI and Hawaii fuel surcharges, which have dropped 11 percentage points since Nov. 2...it represents a reduction in shipping costs of $80 to $140 per container for most customers."

A Bloomberg news report indicated that fuel is typically the largest expense for airlines, accounting for as much as one-third of total operating costs. The market price of aviation fuel has fallen 45 percent since last September, according to consumer expert Nick Trend. While airlines may try to retain some of the cost savings, market forces and governments requirements will eventually force airlines to pass some of the savings on to consumers. Virgin Australia and Qantas have taken the lead and announced a drop in air fares to keep them in line with falling oil prices. Cebu Pacific and Philippine Air Lines (PAL) will both eliminate the fuel surcharge as the Philippine Civil Aeronautics Board (CAB) stated that no fuel surcharge shall be collected from tickets sold from January 8, 2015, onward. The Philippine Daily Inquirer reported that the CAB made a decision to remove the surcharge on fuel for "all international and domestic airlines with operations in the Philippines, effective immediately." Japan Airlines has announced that it intends to lower fuel surcharges on tickets issued on or after February 1, 2015.

The cost of producing goods manufactured with petroleum products such as plastics and an array of other commodities such as food will also decline due to lower fuel and fertilizer costs. Inflation on Guam, at 1.8 percent for the latest year ending December 2014, as in the U.S., has been low in recent years; reduced fuel costs will contribute significantly to maintaining low inflation rates which will mitigate a decline in consumer purchasing power. Low inflation combined with increased personal earnings attributed to increases in the Federal and Government of Guam pay scales, as well as an increase in the minimum wage, will provide consumers with increased buying power. The U.S. Energy Information Administration (EIA) in a January 13, 2015, release provides information on the current and future price outlook for 2015 and 2016. The release states:

> U.S. average regular gasoline retail prices fell from a monthly average of $3.69/gal in June to $2.54/gal in December, the lowest monthly average since July 2009. EIA expects that U.S. regular gasoline retail prices will fall to an average of $2.13/gal in January 2015. It is projected to average $2.33/gal in 2015, and $2.72 a gallon in 2016.

In percentage terms, EIA projects that gasoline prices will be about 31 percent lower in 2015 than 2014 and will increase in 2016, but still remain about 20 percent below 2014 prices. A Guam Energy Office report of actual fuel sales by petroleum companies indicates annual sales of petroleum including gasoline, diesel oil and propane to be approximately 66 million gallons on Guam. A price decrease averaging $1.50 per gallon would save the island economy about $100 million annually. If a conservative revenue multiplier of 1.5 was applied to this savings, it would total $150 million annually, about three percent of Guam's 2013 Gross Domestic Product. This

calculation excludes jet fuel, which would further contribute, but much of the savings from jet fuel would benefit airlines and tourists rather than residents directly. Nevertheless, lower fuel costs will result in airfare savings, some of which will be passed on to consumers, promoting increased tourism, which is price-sensitive to airfares.

Lower energy prices will act as a significant stimulus to economies that are net petroleum importers. The flows of funds leaving the economies to pay for petroleum imports will be slashed, leaving them to recirculate within the respective economies and leading to higher proportions of total spending being redirected within the economy to areas such as retailers of consumer goods. Economies benefiting from the price drop include Guam and the Asian economies that are the source of Guam tourism; namely, Japan, Korea, Taiwan, Hong Kong and China, which are all net petroleum importers.

FEDERAL GOVERNMENT EXPENDITURES

Federal expenditures constitute one of the major flows of funds to Guam (along with tourism). Federal expenditures are comprised of defense and non-defense categories. The defense category is likely to increase due to the emphasis on expanding U.S. Armed Services capacities on Guam, with substantial military construction projects and in preparation for the relocation of Marines from Okinawa to Guam. The increase in military construction project appropriations is shown in Chart 2. The FY 2016 budget to be released in 2015 will provide a clearer idea of what projects and expenditures are planned for the nation as well as for Guam.

CONSTRUCTION

Construction activity is quite cyclical in nature relying on investment and appropriations largely external to the Guam economy, as such, substantial changes in the level of construction activity can occur from year to year. Also, the level of construction activity serves as a leading indicator of future business and employment activity which will commence when the new facilities are completed. A short term leading indicator of future construction activity is the value of building permits and construction contracts awarded. Following the issuance of building permits and construction contracts, a generally corresponding level of construction activity occurs. In periods with high Dollar amounts of permits and contracts, high levels of construction will follow. Building permit information from the Department of Public Works (DPW) shows a general trend of increasing permit Dollar value totals. In CY 2010 the value of building permits issued was $184.8 million; this increased to $211.1 million in CY 2011 and further to $364.5 million in CY 2012, then to $449.1 million in CY 2013, the highest level of permits in 19 years. It remained high in CY 2014 at $308.5 million, although well below CY 2013.

The CY 2014 decline in building permits was more than offset by an increase in Department of Defense construction contract awards. Construction projects on U.S. military bases do not obtain building permits from DPW. For DOD projects, the level of future construction can be projected based on construction contracts. The trend in DOD construction contracts has been generally increasing over the last decade, although with substantial variations on a year-to-year basis. See Chart 1 below which shows total permits and contracts of $624 million in 2014. This is the second

highest level since 1991. The increase in construction projects permitted and awarded in CY 2014 is expected to drive a moderate increase in construction activity and employment in 2015 and 2016.

Chart 1
BUILDING PERMITS & CONSTRUCTION CONTRACTS (in thousands)

Calendar Year:	2009	2010	2011	2012	2013	2014
Building Permits	299,057	184,837	211,097	364,504	449,147	308,451
U. S. Military Construction Contracts	148,823	370,413	334,597	152,095	88,001	261,234
Japan Funded Military Contracts			89,720[1]			44,500[1]
TOTAL:	447,880	555,250	635,414	516,599	537,148	614,185

Note: [1] Budgeted amount. The full amount of MACC indefinite contracts is not recorded in the above figures, only task orders for specific projects.

Building permits and construction contract data provide the most immediate leading indicator of construction in the following year or two. For a somewhat longer period, leading information on upcoming projects which have not yet been permitted or contracted but are likely to proceed is provided in appropriations and other funding information. Obtaining the funding for construction projects is an activity that occurs prior to a building permit being issued or a construction contract being awarded.

Prior to FY 2010, there was a close relationship between the level of military construction appropriations and the level of contract awards that followed generally within a year. Since FY 2010, some appropriations related to the Marine Corps relocation were restricted by law until additional plans and studies were submitted to the U.S. Congress. The appropriations for military construction from the U.S. government and the government of Japan increased steadily each year from FY 2008 through FY 2010 reaching a peak of just over $1.2 billion. The totals dropped off dramatically from FY 2011, rebounded in FY 2014, but dropped again in FY 2015. Contracted amounts were well below the appropriated amounts, leaving approximately $1.4 billion of the $1.5 billion in appropriations from Japan available. The second Japan funded contract was awarded in 2014 based on a statutory exemption from the hold placed on the expenditure of Japan funds. This hold was lifted in the 2015 National Defense Authorization Act, making the remaining appropriated Japan funds available for contracting. The previous plans to award a Multiple Award Construction Contract (MACC) for Japan funds, which was open for bids, extended and finally cancelled, is no longer planned to be the contracting mechanism. This change removes an administrative contracting process which could have further delayed the contracts for Japan funds. Japan funded DOD projects are expected to be contracted under the existing MACC contract authorizations.

According to an information statement provided by Congresswoman Bordallo:

> "On April 18, 2014, the Department of the Navy published the Draft Supplemental Environmental Impact Statement (SEIS). The Draft SEIS assesses the potential environmental impacts of establishing a cantonment facility with family housing and live-fire training range complex in support of the relocation of approximately 5,000

Marines and 1,300 family members from Okinawa, Japan to Guam. A final decision will not be made until a Final SEIS is completed early next year. A Record of Decision between the Department of the Navy and the Government of Guam will also be issued in 2015."

The largest projects currently under construction on Guam, excluding those on military bases, include the Guam Regional Medical City Hospital in Dededo, the $60 million Dusit Thani Hotel project in Tumon, and a $50 million defense funded port modernization project. Construction of the University of Guam's Student Services Center and Engineering Annex will start in 2015. Once completed, the latter will enable a School of Engineering on Guam.

The available funding indicates that an increase construction activity on Guam is likely to occur beginning in late 2014 and 2015. Appropriations are a very strong indicator of future activity, but actual construction may differ from the appropriated amounts and time schedules. An analysis of the FY 2010 defense appropriations for construction found the lag from the time of appropriations to contracting ranges from about five to eleven months, with construction averaging about two years for most projects and three years for major projects. It also found that not all of the appropriations were contracted, and some contracts were awarded below the appropriation amounts. The new funding made available for construction, with the combination of bond issuance, U.S. appropriations and released Japan appropriations, is close to $2 billion Dollars. The new projects will increase the total amount of construction on Guam, but much of the new project activity will be to replace the current major projects which have been or will soon be completed, including the Navy Hospital, the Guam Regional Medical City and the Dusit Thani Hotel. The impact on the level of economic activity and revenues for FY 2016 will be highly dependent on the timing of the commencement of these projects, and projects started in 2016 will have only a partial year economic impact.

Chart 2
APPROPRIATIONS (in thousands)

Fiscal Year (FY):	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**
U.S. DOD Military Construction	180,000	737,654	176,030	83,600	101,904	494,607	162,451
DOD Civilian Guam Infrastructure						119,400	
Japan - Fiscal Year (JFY)	336,000	500,000	582,000	93,000			
Combined:	516,000	1,237,654	758,030	176,600	101,904	614,007	162,451

PUBLIC FINANCING AND INFRASTRUCTURE

A leading indicator of Federal construction is contained in the appropriations. For the Government of Guam, a leading indicator of future construction is the availability of funds, realized from revenue bonds and other sources. Over a quarter of a billion dollars have been realized from the sale of revenue bonds in 2013 and 2014 and is available; additional projects are planned for future bond and loan financing.

Chart 3 – Government of Guam LIST OF PLANNED MAJOR CONSTRUCTION PROJECTS AND FUNDING SOURCES	
Planned Projects – Funds Available	**Amount**
Guam Waterworks Authority (GWA)	139,280,961
Guam Legislature Building	4,000,000
Port Authority of Guam (PAG)	10,000,000
Guam Int'l Airport Authority (GIAA) – Airport A	13,000,000
Guam Int'l Airport Authority (GIAA) – Airport B	96,710,000
Guam Power Authority (GPA)	76,470,000
Subtotal	**339,460,961**
Planned Projects –Bond/Loan Financing Proposed	
Department of Land Management	15,750,000
University of Guam (UOG)	21,700,000
Guam Community College (GCC)	6,000,000
Guam Waterworks Authority (GWA)	258,000,000
Guam Public Infrastructure Projects (DOD requested)	400,000,000
Subtotal	**701,450,000**
TOTAL:	**$1,040,910,961**

NEW EMPLOYERS AND EMPLOYMENT

In addition to the recent reopening of the former Aurora Resort, originally the Guam Okura Hotel, as the Lotte Hotel Guam in 2014, the planned opening of the Dusit Thani Hotel in 2015 will create about 150-200 new hotel jobs. The opening of the Regional Medical City, scheduled for 2015, and a new Harmon clinic will create hundreds of jobs in the medical sector. Increased employment in the restaurant business has occurred with the recent opening of the first of two Applebee's Neighborhood Grill and Bar restaurants and a Jack in the Box co-located with a new Shell Gas Station. A Burger King restaurant on Marine Corps drive in Hagatna is under construction. A Boston Pizza Co., as well as a Dolce Frutti is being located next to the Applebee's and GPO. The opening of the first of two planned L & L Hawaiian Barbecue restaurants occurred in October 2014 and the first of three International House of Pancakes opening in mid-2015 will continue to expand the industry, increase employment and expand dining choices as well. In the retail sector, Forever 21, an American fashion retail chain, will open its first store in Guam in the first quarter of 2015.

ECONOMIC INDICATORS

Guam's Gross Domestic Product (GDP) increased in nominal terms by 2.6 percent in CY 2013 from CY 2012 reaching $4.9 billion. In real terms, it increased by 0.6 percent after adjusting for inflation. Per capita real GDP, accounting for inflation and population growth, shows an increase of

0.3 percent, to $25,852. Total employment increased by 1.2 percent from 61,740 in September 2013 to 62,480 in September 2014. Visitor arrivals increased by 0.6 percent from CY 2013 to CY 2014, reaching 1.34 million. Hotel Occupancy taxes, a proxy of visitor expenditures, increased by 12.0 percent from FY 2013 to FY 2014, driven by a combination of higher room rates and higher hotel occupancy rates. The Draft Consolidated Revenue/Expenditure report for September 2014 shows general fund gross receipts increased by 7.0 percent from FY 2013 to FY 2014, and general fund revenue increased by $80.0 million or 11.6 percent (excluding provisions for refunds) in a comparison of the latest two fiscal years. The actual FY 2014 collections exceeded the adopted budget revenue by $44.0 million, or 6.0 percent. The increasing revenue trend continued in the first quarter of FY 2015, in which general fund revenue increased by 7.8 percent, or $13.0 million Dollars, over the first quarter of FY 2014.

Gary Hiles
Chief Economist
Department of Labor
Government of Guam