

The Honorable Madeleine Z. Bordallo  
Member of Congress  
Remarks to the Chamber of Commerce  
Friday, May 29, 2009

(Salutations)

Thank you for the opportunity to address you this afternoon. I want to thank Mr. Frank Campillo, Chairman of the Board; Ms. Reina Leidy President of the Chamber; <ADD OTHERS IN ATTENDANCE>. I appreciate the leadership that the Guam Chamber of Commerce provides our community and for their continued support and recognition of the importance of the military build-up on our island's economy.

The upcoming fiscal year, presents our island with significant business opportunities and a chance to continue to provide our workforce with job opportunities. Where many other communities across the United States are projecting a loss of revenues we, on Guam, are projecting minor growth and, according to a First Hawaiian Bank report a 2.4% growth in jobs on Guam – a very positive sign in an otherwise dismal economic environment.

Earlier this month, President Barrack Obama submitted his Fiscal Year 2010 budget request to Congress. This budget includes \$787 million in military construction projects for Guam. Most of the funding will go towards Navy and Marine Corps MilCon related to the build-up

as well as \$259 million for a replacement Naval Hospital. The Guam Army National Guard has funding for a new Readiness Center as they continue to grow and Andersen Air Force Base will have significant funding as well. The President's budget release follows the signing of the bilateral "Realignment Roadmap" agreement, by Secretary of State Clinton and Japan's Foreign Minister Nakasone in February of this year as well as the Japanese Diet's approval of this agreement just a few weeks ago. Moreover, the Diet also appropriated nearly \$337 million in funding for infrastructure development at Finegayan, the main Marine cantonment area. The significant investment by both the Government of Japan and the U.S. government signifies a strong commitment to support for the realignment of U.S. forces in the Pacific under the agreed upon implementation terms. The Congress will now begin debate to authorize and appropriate the military construction funding for Fiscal Year 2010.

I am confident that the Congress will fully fund these projects but there are concerns from other members of Congress with some details of the Marine plan. However, I think that House Armed Services Committee Chairman Ike Skelton's statement succinctly summarizes how Congress views the military build-up - ***"Moving some forces to Guam is a smart move, but it is expensive—costing at least \$10 billion—and it must be done right."*** The Congress will continue to maintain oversight of the military build-up and make sure that we, as a nation, are postured in way to make the build-up a success.

Work on the environmental impact statement (E-I-S) is still ongoing and will a draft E-I-S will hopefully be complete sometime later this summer. Completion of the E-I-S will give us all a better understanding of how we will accomplish this military build-up successfully as well as present a set of challenges to overcome to ensure that the build-up is conducted in a socially and environmentally responsible manner. The Department of Defense hopes to sign a record of decision by next spring so that Fiscal Year 2010 contracts can be executed in accordance with the program of record.

I am confident that our local businesses will be prepared to participate in many projects either as prime, or as sub contractors. However, I will continue to work in Congress to ensure that our local businesses are given preference during the military build-up. If the build-up is to be “right” then we need all our companies to be busy and supporting the build-up. The creation of a Procurement Technical Assistance Center (P-TACK) at the University of Guam was a positive development on this front and will be critical to making sure our local businesses are educated about federal contract opportunities.

Additionally, to ensure we have a properly trained workforce, the University of Guam, the Guam Community College, the Guam Trades Academy, and the Department of Labor are developing the educational and training programs for Guam’s local work force. The need to import certain skilled workers may be unavoidable. But, those who are here to

participate in this build-up, should look to Guam's local talent and labor force, first. Dr. Robert Underwood, Ms. Mary Okada, Ms Maria Connelley and Mr. Bert Johnston, . . . and their staffs, . . . are dedicated to developing a local workforce that will be committed to the long term improvement of our island community. I also will work to ensure that any off island firms that do work on Guam, to the maximum extent practical, use our local workforce for projects on Guam. Again, this is an important component to making the military build-up successful.

However, as I stated before, we do have challenges that we must find solutions for including our civilian infrastructure. I appreciate the \$48 million in the FY10 budget for the Defense Access Roads program from the Department of Defense. It begins to show a commitment from the Department to improving our local infrastructure needs, but more can be and should be done. I hope that we will continue to see increased levels of support in future fiscal years towards this matter. Also, the letter of support from former Acting Secretary of the Navy BJ Penn to the U.S. Department of Agriculture was also important to show their support for GovGuam's application for a loan in order to comply with the Ordot federal consent decree. The matter of support for our local infrastructure needs was the matter of a recent Government Accountability Office report stating that the Department of Defense needs to engage at its senior level and host a meeting of the Economic Adjustment Committee to leverage their influence in having other

federal agencies budget for our civilian infrastructure needs. I have called on Secretary of Defense Robert Gates to convene a meeting of the E-A-C Committee and to ensure his involvement for our local infrastructure needs. Understand that Congress will look for ways to better posture the management structure of the Department of Defense in order to make the build-up successful.

Improvements to the utility infrastructure will result in greater capacity and reliability for the entire island. The Guam Power Authority, . . . and the Guam Waterworks Authority, . . . will benefit from any capacity that is added because of the buildup. Improvements to reliability, . . . on base and/or in the public sector, . . . will result in greater dependability, increased efficiency and reduced costs for everyone. DOD has already stated its desire to become customers of the island's utility systems, . . . these increased economic resources will ensure that island utilities will always be adequate and reliable for everyone.

Improvements and expansion to the Port Authority will mean greater cargo handling efficiencies for all cargo, military and civilian alike. Enabling Guam's Port to more efficiently handle increasing numbers of cargo containers will result in greater economies of scale for everyone. I have written to the Secretary of Transportation and asked for his support in funding needed modernization and expansion funds for the Port of Guam. The total cost of the port modernization and

expansion plans is just under \$200 million and within the scope of funding made available to the Secretary under the discretionary National Surface Transportation System grant program. Funding guidelines were released two weeks ago and remain supportive of the Port's efforts to secure funding from this money made available through the American Recovery and Reinvestment Act. Small and medium ports do not necessarily have the capacity to generate substantial revenue needed to fund major capital projects so this funding through the A-R-R-A is critical to our port's success.

Additionally, the A-R-R-A is making available millions in grant funding. Guam will be eligible for the lion's share of \$268 million in funding made available through the State Fiscal Stabilization fund. In fact, I believe, from conversations that I have had with officials in Washington D.C., that we can expect over \$100 million for Guam from these funds. These funds can be used to repair our island's schools which will help to foster a better learning environment for our island's children.

On my last district visit, I met with Mr. Joe S. San Agustin, Chairman of the Education Policy Board and Dr. Nerisa Bretania Shafer, Superintendent of the Guam Public School System, to brief them on this funding source. If prioritized, grants are available to repair, . . . or as I described it, . . . to do an extreme makeover, . . . of John F. Kennedy High School, which I was informed is a "shovel ready" project. Rather

than using local funds or borrowing money to build a new JFK, . . . why not use available federal money to makeover the existing structure into an institution just as good, . . . just as safe, . . . and just as beautiful, . . . as a new facility.

This grant funding source can be used for the repair of many of the most pressing projects at other island schools, as well as, to improve the Guam Police and Fire Departments. The Government of Guam must, . . . however, . . . prioritize, . . . and with much haste, . . . because the window of opportunity will not be opened for long, . . . prepare and submit grant applications. These opportunities must not be lost because they are not given the needed priority or required focus.

Lastly, I know that everyone in this room is interested in what is happening with the new joint Guam-CNMI Visa Waiver Program, and in particular the possibility for receiving visitors under the program from China, and to a lesser extent, Russia. I worked to ensure that equity was brought to bear for Guam in the process leading up to the passage of the CNMI immigration law – which is Public Law 110-229. If any visa waiver program were to be authorized for the CNMI in the bill, I contended then it should be based on the long, successful Guam-only program and fairly provide each territory the same flexibility in terms of the authorized period of stay and participating countries.

It was also important in the debate leading up the bill's passage to try to find a way to maintain the tourism market base for the CNMI

through the new visa-waiver program, and to capture growth potential for both markets – on Guam and in the CNMI. China is at the forefront of this growth potential, and we found a way to ensure a “significant economic impact” test was utilized by the Department of Homeland Security in setting-up the rules for the program and in determining which countries should initially participate.

An interim final rule was published by the Department of Homeland Security in January. The public comment period closed on March 17<sup>th</sup>, and I want to thank all the Chamber members and stakeholders from our community who formally commented on the rule. As you know, the addition of Hong Kong, whose nationals hold separate passports, has been announced. Their eligibility to travel without a visa to Guam will commence on November 28<sup>th</sup> – the effective date for the entire CNMI immigration transition program. This date was set by earlier decision to delay implementation of the law. The initial commencement date, provided for by the law, was June 1<sup>st</sup>. They can only delay by 180 days unless the law is changed.

Despite D-H-S, having determined, that China and Russia have had a significant economic impact for the CNMI, they were excluded from the list of participating countries under the new program. This is cause for significant concern. I continue to maintain that with the best of security measures – the federal government should find a way to integrate them into the program.

In this regard, I convened an Insular Affairs, Oceans and Wildlife Subcommittee hearing on May 19<sup>th</sup> to review implementation decisions. Representatives from Homeland Security, Interior, and the GAO testified as did Governor Camacho, Governor Fitial, Vice Speaker Cruz, Jim Beighley representing the Joint Marianas Immigration Task Force.

The hearing facilitated strong dialogue about these issues. Ultimately, if China and Russia are not made eligible by November 28<sup>th</sup>, which is admittedly a steep climb at this point, our goal will be to continue to engage with D-H-S about the issue and to work for funding to stand-up all the security measures necessary to make this happen. At the hearing, D-H-S also testified that visa refusal rates are taken into consideration. China's visa refusal rate is historically higher than the Guam-only average visa refusal rate for country participation – so this will be a challenge to adjust their thinking, but is something we are working to address.

Now, several of the witnesses, including Governor Fitial, called for further delay of implementation of the CNMI immigration law. In this context, our Guam witnesses emphasized that relief from the H caps and the admission of Hong Kong visitors to Guam without a visa should be separated and delayed no further than November 28th. The sentiment in Washington, D.C., among many members in both the House and the Senate, is that the law should not be amended to provide further delay. It is not likely there will be further delays in this regard, but if they are to

be I will be working to ensure H cap relief and tourism expansion under the visa waiver for Guam begins without waiting for action on the CNMI immigration pieces.

I know that there are concerns in the community regarding the utilization of H-2 workers on construction projects related to the military build-up. Unfortunately, a 0 percent unemployment rate is unrealistic and not a practical goal for Guam, let alone any other city, district or region in the United States. However, we must ensure that all workers who are skilled and qualified to work have the chance to obtain employment. To that extent, it should be noted that the Governor has the responsibility to certify when H-2 labor can be used for projects on Guam. This tool is necessary to ensure that our local labor sources are exhausted before looking to H-2 workers as a solution.

The military build-up is critical to the strategic national interests of the United States. The recent nuclear test and subsequent missile launches by North Korea highlight the need and importance of this build-up on Guam. The military build-up is about enhanced security for our region, most especially our allies and partners in the Asia-Pacific region. Guam is being asked to bear a burden for the security of our nation and of our region – it is a challenge and burden that Guam is ready for and one that we will ultimately succeed in facilitating. Thank you again and si yu'us ma'ase.