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Office of the Governor of Guam
Attn: Military Buildup Office (Mark Calvo)
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Subject: Department of Administration Input / Comment on the
Draft Supplemental Environmental Impact Statement (SEIS)

The following general comments are provided for your review and consideration:

Impact on Overall Government Finance and Economy:

The Department of Administration is in full support of the military buildup. Guam will see many benefits associated with an increase military presence on the Island. These benefits will have an overarching effect on our economy and people.

We expect revenues to increase. The Draft SEIS shows that there will be a baseline increase at the maximum of \$86M with a decline to \$40M at the steady-state. However, these are still just educated projections. Because of the multiplier effect, we expect the following revenue categories to increase as the buildup progresses: Gross Receipts Taxes (GRT), Corporate Income Taxes, Withholding Taxes, and Section 30.

With an increase in military personnel on Guam there will be more money circulated from outside our economy. When military personnel spend their money in the local establishments, GRT and Corporate Taxes should increase. More sales equate to more taxable corporate income and Gross receipt Taxes that the government can collect. As demand increases, we can expect more businesses to increase their workforce. Any increase in workforce means more income taxes and more withholding taxes submitted to the government. We conservatively expect that for every dollar spent, the government would

receive 1.3 times that amount in revenues. Additionally, all earnings that the military personnel accumulate on Guam will be taxed and remitted back to the government through Section 30 revenues.

The military buildup plan includes large construction projects totaling over eight billion dollars. With that, we expect to see more construction workers on Guam and more collections from income, GRT and corporate taxes.

With the construction projects, considering that federal funds will be used, there is a federal provision to "Buy American." Not all construction supplies can be purchased off-island. We expect to see an increase in construction material sales. This will add to our economy.

The Department of Administration supports the buildup and can foresee an increase in revenues.

We also foresee an increase in personnel expenditures. The Department of Administration will need additional manpower to properly ensure the revenues are captured. With the increase in revenues transactions we will need more TOG cashiers and accountants to handle the increased workloads.

Impact on Government Personnel:

The Department of the Navy (DON) gathered information on "Public Services" to gauge what kind of impact the buildup would have on Government of Guam agencies. Potential increases in the need for professional staff were calculated for agencies that would see an increase in demand from service populations, as well as growth-permitting agencies that would see an increase in demand from increased development and permitting activities. Our office focused on the analysis of this information because of the direct impact it would have on our division to recruit for vacancies for most of these agencies.

The government agencies that would be impacted by the buildup were separated into two categories. The first category are those that would be impacted by the impending population growth at which time there would be a direct increase of the users of the services that are provided by these agencies. The agencies that would be affected by the impending population growth are those found in the education services, health and human services, public safety services, and the judicial branch of the Government of Guam. Specifically, they are as follows:

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|----------|----------------|
| 1. GDOE* | 8. GPD |
| 2. GCC* | 9. GFD |
| 3. UOG* | 10. DOC |
| 4. GMHA* | 11. DYA |
| 5. DPHSS | 12. DPR |
| 6. GBHWC | 13. GPLS |
| 7. DISID | 14. Judiciary* |

* *The Department of Administration, Personnel Services Division does not provide direct*

personnel related services for these agencies.

The Department of Administration only has jurisdiction over nine (9) out of the fourteen (14) agencies listed above in personnel related matters, specifically with recruiting. The following statement summarizes the impact that the build-up would have on recruiting efforts within these agencies related to population growth, *“At maximum, all categories of public services agencies combined would require an estimated 130 additional employees, an increase of 2.9% over baseline staffing levels. The maximum increase in staffing levels would be temporary, lasting from approximately 2021 through 2023. At steady-state, GovGuam public services agencies would require an additional 55 staff, an increase of 1.2% over baseline levels. These staffing level impacts would be dramatically smaller than those identified in the 2010 Final EIS because of substantially reduced increases in the agency service populations.”*

Factors such as difficulty in hiring high-demand positions such as teachers, nurses, etc., were cited as well as other factors such as existing shortfalls in staffing and deficiencies in facilities and equipment were considered when determining the significance of the shortfalls. The biggest increases in staffing were for Public Education Agencies (GDOE, UOG, GCC) followed by the Public Health and Human Services agencies, then Public Safety agencies, then the Judiciary, GPLS, and GDPR. Cumulatively the impact was roughly 2.9% for agencies affected by population growth. It was mentioned in the study that the sharp increase in population would be just for those years when the marines were slated to begin moving over to Guam (2021) and during the initial construction and development phase of the buildup. After that, there would be a steady-state in which the population growth would slow down, and eventually the population itself would shrink with the departure of the temporary (H2B) workers that are anticipated to be hired for the buildup. After this, there would be a steady number of people that would account for population growth for the years to follow. During the Steady-State, the increase in staffing for these agencies would be nominal and would shrink to about 1.9%. This would leave to hiring policy issues in which a determination would need to be made on how the Government of Guam will deal with the decrease in employees from the Maximum to the Steady-State. The Government of Guam may have to create policies on how to handle this right-sizing of public servants to coincide with the shrinkage after the peak buildup period. Given the timeframe that the government of Guam has to prepare for these recruitments, and solely based on the facts presented in this report, there would not be a significant impact on our recruiting efforts for these agencies outside of the current difficulties our office has in recruiting high-demand, hard-to-fill positions in these agencies. It is worth mentioning that because of the amount of time that will elapse between now and the anticipated spike in population growth, it is very difficult to accurately determine whether or not the projections would be accurate and whether or not it is even worth mentioning at this point. Specific numbers and estimates of the estimated increases in specific departments can be found on pages 4-139 to 4-144.

The next category of departments that would be affected by the buildup would be those that are affected by development or those that work to regulate development through the permitting process and are expected to see increase in permit requests. These agencies are as follows:

1. DPW
2. DLM
3. GEPA
4. BSP

5. GPA
6. GWA
7. GFD

8. DPR
9. DPHSS
10. DOL

It is projected that for these agencies listed above, there will be a maximum need of an additional 28 staff which comes out to a 25% increase in staff. Although this statistic seems alarmingly high, it is a little misleading. A bulk of the additional staff is needed in the Alien Labor Processing & Certification Division within the Department of Labor. According to the information provided by the DON, the current staffing level is at five (5) and an additional eleven (11) staff would need to be hired during the construction and development phase of the buildup with that number shrinking to zero (0) once the steady-state stage is reached. In all other agencies, the maximum additional staffing needed averages 1.87 or two (2) additional staff. These numbers are stated to be at the peak of development. In light of the information above and because of the amount of time that will elapse between now and the anticipated build-up, and the amount of time that can be used for planning, our division does not see a substantially adverse impact on our division caused by the buildup. Specific staffing requirements and projections for those agencies affected by development and growth can be found on pages 4-145 to 4-147.

In closing, our division would like to mention that the statements above are solely based on the information provided in the Draft SEIS and not on actual data that our division has specific to each of these agencies, recruitment trends, or specific recruitment statistics related to hard-to-fill positions, or any other organizational changes that may occur between now and the onset of the buildup. Although the impacts stated in the report seem nominal, it may not account for actual events that take place that were mentioned in public information gathering done by the DON, but not addressed in this study. An example of this would be the potential for an increased crime rate, and the potential for more serious and severe crimes that may necessitate the need for more police officers, customs officers, correction officers, and other law enforcement and public safety personnel. The impacts analyzed in this study linked the increases in the public safety and law enforcement agencies directly to population growth, but may not take into account other factors when gauging the significance of the impact. However, we are unsure if the information used in the analysis is current or was information gathered for the 2010 Final EIS stated in the beginning of this Draft SEIS (2012). These comments are just our initial review of the Draft SEIS, we will provide updated analyses as they occur.

Impact on Governmental Procurement:

Many of the agencies listed on Table 4.1.15-12 with expected increases in service populations are under the umbrella of the General Services Agency for the procurement of supplies, goods and equipment.. DOA expects that there will be additional expenditures and procurement initiated by the government of Guam's line agencies as the military buildup commences. GSA will be impacted with additional work. The department anticipates that two additional Buyer II's will be needed to ensure that all procurement follows local and federal guidelines

The report also talks about an immediate growth spurt and then a steady period of time. However, during the initial period, the government would have to hire more professionals/classified government works to meet its needs. When the growth spurt ends, who is expected to pay for these additional government employees? This may require that the government rely on contracted or extended limited-term employees to handle the maximum or peak period of the build-up. GSA may be called upon to assist with contract services of this type.

Impact on Technological Infrastructure:

The Department of Administration/Office of Technology expects that there will be new system infrastructure that will need to be implemented (specifically from DPW, Office of Vital Statistics, and DRT) which will require the DOA Data Division to hire two Computer Systems Analyst II's to ensure that the implementation and upgrades to the various systems will be properly implemented and maintained.

Personnel Requirements:

The Department of Administration expects that we will need to hire additional personnel for to handle the military buildup. The department expects to hire 16 new employees at a cost of \$688,371 (inclusive of benefits) and a one-time capital outlay of \$55,856 to purchase 16 new computers for the proposed employees.

We project that we will need the following additional personnel to handle the additional workload:

- (2) Computer System Analyst II
- (1) Messenger Clerk
- (1) General Accounting Supervisor
- (1) Management Analyst II
- (2) Accountant I
- (2) Accounting Technician II
- (3) Treasury Cashiers
- (2) Buyer II
- (2) Personnel Specialist II

DOA currently serves the accounting, financial management, procurement, payroll, technological support, and human resource needs of the executive branch of the government. In order to provide the services needed related to the buildup, DOA must increase the manpower to cope with the expected increase of government services.

As stated previously, it is expected that there will be significant increases in gross receipts taxes, income taxes, withholding taxes, corporate taxes, and Section 30 funds. The increase in taxes will result in the need for more Treasury Cashiers, Accountants, Accounting Technicians, and an Accounting Supervisor. The Cashiers will be needed to handle the

influx of tax payers and cash inflows. The Accountants will be needed to reconcile the revenues and handle the additional expenditures and capital outlays managed on the government-wide level.

The Draft SEIS estimates an increase of 130 full-time additional staff on a government-wide basis to mitigate service population growth related to the buildup. DOA expects that two additional Personnel Specialists II's will be needed to handle the regulatory requirements of hiring additional personnel.

Cost Assumptions. All new personnel will start at Step 1 of their respective grade. The grade is determined by the Competitive Wage Act of 2014. Benefits are estimated to be 31.23% of the base salary (includes retirement, life, health, and dental). Cost breakdowns are on an annual basis.

Conclusion:

The Department of Administration foresees an increase in tax revenues in the Gross Receipts Taxes, Income Taxes, Withholding Taxes, and Section 30 categories. We have identified the areas where we will need additional manpower. We expect procurement services to increase in the line agencies in anticipation of the buildup. We do not expect any major effects on the technological infrastructure. We look forward to working with all parties concerned including DoD and the federal government to determine how best to fund the impacts we have identified.

If you have any questions, please feel free to contact me directly at Benita.Manglona@doa.guam.gov or phone 671-475-1234.



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