

**U.S. House of Representatives
Committee on Natural Resources
Subcommittee on Insular Affairs**

**Oversight Field Hearing on Guam – 13 August 2007
U.S. Military Buildup on Guam and Challenges Facing the Community
TESTIMONY OF THE GUAM CONTRACTORS ASSOCIATION
Prepared by John M Robertson PE – 31 July 2007**

During a previous construction boom on Guam in the 1990's when a number of Tumon Bay hotels and Leo Palace were built, major Japanese contractors managed the work using the local Guam contractor community. The work was actually executed with local contractor provided work force that were mostly brought to Guam for the purpose from Asia. The peak level was 10,000 – 12,000 workers which would appear to be about 40-50% of the Marine Corps relocation requirement. One of the major differences is that the peak of the construction boom in the early 1990's lasted 1 to 2 years. The Marine Corps relocation on the other hand will cover a span of approximately five years. This will prove beneficial as the return on investment can be spread over a longer timeframe.

Contractors on Guam have considerable capability and will form the backbone of the construction effort. The local construction community will provide the majority of labor, equipment, barracks and quarries needed for the program. Improved information flow will allow the local contracting community to plan and make capital investments before 2010 and before contracts are signed. The local construction industry has the labor, equipment, supply lines, and maturity to take the lead in executing the work.

There are two issues that require much thought, planning and legislation at the local and national level. They are discussed herein below.

1. **Materials Procurement and Logistics**, including shipping and ground transportation. Ideas follow.
 - a. Buy American Act. Guam is more a part of Asia than CONUS, geographically. Importation of quality materials from Asia should be permissible as a means of reducing cost to the government. Please note that U.S. projects performed abroad normally permit use of materials manufactured within the host country or the United States. While Guam is part of the United States, the same principal does apply in some sense. Note further that most U.S. products now contain many components from abroad. Prequalification of acceptable Asian vendors should be initiated sooner rather than later.
 - b. U.S. Flag Shipping. Again, because of the location of Guam in the western Pacific, provisions of the Jones Act and rules of the Maritime Administration should be waived to allow direct shipments from Asia to Guam. U.S. Flag shippers could modify routes for some of their vessels to participate in that business. Currently, U.S. Flag vessels sail from U.S. west coast or Hawaii to Guam then to Asian ports then directly back to the U.S. west coast.
 - c. Guam Seaport. The Port Authority of Guam has for more than five years been attempting to outsource management of terminal operations and secure new container cranes but

have not been able to do so because of political considerations. Furthermore, Foxtrot Wharf should be extended and the channel dredged. The federal government may need to take the lead in making these important things happen. Alternatively, Navy wharves may have to be made available and equipped for the purpose.

- d. **Local Vendors.** Local Guam vendors should be encouraged to stock, fabricate and supply common materials to contractors. An exception would be the most specialized of items. This will facilitate savings in cost and time and allow for changes that invariably occur. It will also cause a strong vendor base to emerge that now only partially exists on Guam. The federal government may need to provide leadership in encouraging local businesses and especially small businesses to gear up to serve as a major supply chain and thereby serve the community as well as the military buildup.
 - e. **Road Improvements.** Roadways on Guam are currently over-used and are in generally poor condition. Necessary improvements should be made by mid-2009. Route 1 from Seaport and Piti to Hagatna should be widened to 6-lanes and otherwise brought up to standard. Route 8 and Route 16 should be widened to 6-lanes for their entire lengths and brought up to standard, especially the intersection of Route 8 with Route 1. Harmon Loop Road should be extended from Route 16 to Route 1 as 6-lane and brought up to standard. A better connection from Route 16 to Route 3 should be established, by-passing the vicinity of Micronesia Mall for access to the vicinity of NCTS.
2. **Workforce Availability**, including training, logistics and management. Ideas follow.
- a. An adequate workforce is not available on Guam. Since skilled tradespersons are in short supply in CONUS, the main workforce for Guam will have to be recruited from Asia. Although there may be some pressure to utilize skilled workers from Japan and especially Okinawa, this may not be the most cost effective solution for the skilled workforce.
 - b. As many persons as possible from Guam and neighboring islands must be brought into the workforce. The University of Guam and Guam Community College are training young people that will occupy important positions in construction as well as other segments of the expanding economy.
 - c. The Guam Contractors Association has established the GCA Trades Academy that is now in operation with about 45 students. This initiative is designed specifically for developing a skilled construction workforce. It is based on curricula of the Contren Learning Series as published by NCCER – National Center for Education and Research. It is used extensively in CONUS by open-shop and union trades training centers. The Guam Contractors Association training program is and has for more than 20 years been accredited by the U.S. Department of Labor. It includes an apprenticeship component with local contractors. Please see the Attachment that provides additional information on this important subject. A few key items relative to the GCA Trades Academy
 - i. The Board of Trustees is intent on proceeding in close cooperation with the University of Guam, Guam Community College and the Guam Public School System in carrying out common objectives.
 - ii. A funding stream for students in the program is not yet mature. Contractors and some students have been covering the tuition expense and rapid growth is dependent on adequate financial support. Grant applications through the Guam Department of Labor, and others is in process and federal funding is expected to commence flowing into the program in the months ahead.

- iii. Funding is needed to fit-out a training facility that will cost about \$525,000. Some member firms and local business establishments have already contributed into this fund.
- d. A Visa waiver or other mechanism needs to be established to ensure an adequate supply of H2B workers for Guam. Guam is currently a participant in the same quota pool as the rest of the United States. The quota is normally used up within days of approval and this denies Guam contractors adequate opportunity to meet its needs. Please note that Guam is not contiguous with other states of the United States and cannot lure skilled workers from across state lines. The GCA and Chamber of Commerce have been working this issue together for the past 2 years. Some push from the federal government is needed. As one option, we recommended the establishment of an H2G visa or similar program specifically for Guam and for the duration of the military build up. Some further points:
 - i. It should apply to military as well as non-military projects since military construction will be the driving force for private sector projects that are also important to the island and the military.
 - ii. Visa issuance is under the U.S. Department of Immigration. If the waiver can be lifted or special visa program implemented, we suggest control on applications be established as a responsibility of the Guam Department of Labor with assistance and support from the U.S. Department of Labor. Authority has been delegated to the governor who has in turn assigned it to the DOL.
 - iii. In order to facilitate control and without overburdening the DOL, regulations might require the endorsement of prime contractors for applications of their subcontractors, consultants and other vendors.
 - iv. The special class of visa, as recommended, should be open for professional as well as skilled trades. Engineers, architects, administrators and supervisors will be needed by construction contractors. The expanding economy will require use of foreign doctors, nurses, accountants and many others professionals and the existing restrictions should be lifted for them as well..
 - v. A sunset provision may be necessary for approval of a waiver or other special visa category. This is important for the local economy as well in that local workers should always be favored over foreign. The sunset provision might be tied to a certain overall level of construction volume – such as less than \$250 million per annum of new construction starts over a two year period.
- b. Potential foreign workers need to be screened with background checks in their home country to ensure that undesirables do not slip into Guam as part of the workforce. Assistance from the federal government will be needed. Contractors will be responsible for skill assessments.
- c. Few contractors on Guam now have worker accommodation conforming to current day standards. What is available is not adequate to meet anticipated demand. Camp type housing should be set up and operated by specialist contractors for the duration of major construction to make up for the difference. This approach would be less costly in overall sense as opposed to each construction contractor providing his own. Worker accommodation should be located separate from local residential communities.
- d. Worker accommodation should include a clinic, recreational and other facilities to avoid overtaxing existing similar facilities on Guam.

- e. There have been compliance difficulties in the past on Guam using non-immigrant alien labor. Guam's principal contractors want there to be a level playing field with all participants playing by the rules. Guam DOL will require support from the federal government on compliance monitoring and enforcement.
- f. Management, engineering, administrative and supervisory personnel brought to Guam from the U.S. and elsewhere will have requirements beyond those of the workers. This is especially true since they will in many cases be engaged on family accompanied status. They will require higher level accommodation, medical facilities, schools and other services not now available in adequate supply. Some of these facilities could be made available by the private sector through encouragement of some kind. Because of timing, the federal government may need to incur some upfront cost with the idea of selling the facilities when major military construction is done. Some local private schools might be persuaded to expand in the near term to accommodate the temporary surge.
- g. Guam Memorial Hospital is the only hospital that serves the civilian community on Guam. It is currently not JHACO certified and is in need of some upgrades. This matter needs urgent attention in order to not deter senior managers and engineers from living and working on Guam. On the other hand, a field hospital could be set up and utilized for the duration of the elevated level of construction.
- h. Unskilled workers are available on Guam and none should be brought in from abroad. There is a sizable migrant community on Guam from FSM and with some training can be highly productive in unskilled positions. Some will over time move into the ranks of the skilled workforce. This also is a focus of the GCA Trades Academy. Utilization of this segment of the resident population is important to the local economy and the tax base.
- i. Flights to and from Guam are becoming increasingly crowded. Another carrier could perhaps be persuaded to extend service from CONUS with direct flights to Guam and thus create a competitive environment that does not now exist.

We trust the foregoing is helpful.

Guam Contractors are following closely all news concerning the military buildup on Guam. We are hopeful that some clarity will emerge during the coming months on what can be expected. We, the board of directors of the Guam Contractors Association, offer our services and expertise to the Sub-committee on Insular Affairs in planning for this major construction boom that will change forever the way Guam does business and the way it is perceived by the world.

Sincerely,

Guam Contractors Association

Jerold Johnson	President, Board of Directors
James Martinez	Executive Director
John Robertson	Chair, Government, Military and Labor Affairs Committee

Attachment: GCA Trades Academy – A Brief Overview

**GCA TRADES ACADEMY
A BRIEF OVERVIEW
(August 2007)**

The GCA Trades Academy, in affiliation with the Guam Contractors Association, is the principal provider of skilled trades training in construction and related fields on Guam. These two organizations are supported through further affiliation with a major contractors association and an educational institution on the mainland United States. The link between these affiliations is described below.

Guam Contractors Association (GCA)

The Guam Contractors Association was founded in 1959 as a non-profit association with a membership comprised of approximately 250 construction industry and associate member organizations. GCA is the Guam Chapter of the Associated Builders and Contractors (ABC).

Associated Builders and Contractors (ABC)

Associated Builders and Contractors (ABC) is a national association representing more than 24,000 merit shop construction and construction-related firms in 78 chapters across the United States. ABC is the construction industry's voice with the legislative, executive and judicial branches of the federal government and with state and local governments, as well as with the news media. ABC was founded in 1950 and became the fastest-growing association in the United States. Today, ABC is recognized as one of the leading organizations representing America's business community and the U.S. construction industry. ABC's activities include government representation, legal advocacy, education, workforce development, communications, technology, recognition through national and chapter awards programs, employee benefits, information on best practices and business development through an online contractor search directory.

GCA Trades Academy (GCATA)

The Guam Contractors Association board of directors sponsored the incorporation of the GCA Trades Academy in September 2006 as a separate stand-alone non-profit organization. The GCA Trades Academy was established to provide a nationally recognized industry skills training center, support U.S. Department of Labor recognized apprenticeship training programs, and to support the skilled labor needs of construction contractors and related industries doing business on Guam.

The GCA Trades Academy's programs include:

Craft Skills Training

The Trades Academy maintains skills training programs using the latest Contren® Learning Series developed by the National Center for Construction Education and Research (NCCER) and other industry-recognized curricula to prepare interested participants for employment in the construction and construction-associated industries. This program was launched in October 2006.

Skills Assessment & Certification

The Trades Academy will establish a skills assessment and certification program. The program is designed to assess and certify the skill level of workers using assessment criteria developed by the National Center for Construction Education and Research (NCCER). The Trades Academy already has staff trained and certified to administer the program. This program is expected to be launched October 2007.

Pre-Apprenticeship Training

The Trades Academy maintains a craft-training program that support pre-apprenticeship programs using the latest Contren® Learning Series curriculum to prepare interested participants for employment in the construction and construction-associated industries.

Apprenticeship Training

The Trades Academy maintains a craft-training program that provides related classroom instruction for the Guam Contractors Association, Hawaiian Rock Products, and Dick Pacific apprenticeship standards. These apprenticeship programs are registered by the U.S. Department of Labor as authorized under the National Apprenticeship Act of 1937 (Fitzgerald Act), as amended PL 75-308, 50 Stat. 664, 57 Stat. 518, 29 U.S.C. 50, 50a, 50b.

Advanced License Training

The Trades Academy will establish a training program to prepare personnel qualified for advanced licenses to successfully pass their respective licensure examinations. This program is expected to be launched in October 2008.

National Center for Construction and Education Research (NCCER)

A decade ago, representatives from the nation's leading contractors, manufacturers, and construction trade associations came together to establish quality standards for industry certification and training.

Organizations competing against one another in business forged partnerships to embrace these common goals – to provide quality training for craft professionals; to keep the workforce safe; to provide for career advancement through management training; and to improve upon the image of the construction industry as a career choice for young people. These goals resulted in the establishment of the not-for-profit educational organization, the National Center for Construction Education and Research (NCCER), affiliated with the University of Florida's M.E. Rinker School of Building Construction, located in Gainesville, Florida.

With the support of a growing list of industry partners and its publisher, Prentice Hall, NCCER has evolved its training offerings from fifteen to over fifty different curricula, and has developed skills assessment tests for over 45 craft areas.

Accreditation

As the accrediting body for the industry, NCCER has established the benchmark for quality training. Working in partnership with industry and academia, NCCER has developed a system for program accreditation similar to those found in institutions of higher learning.

NCCER's accreditation process assures that students receive quality training based upon uniform standards and criteria. These standards are outlined in NCCER's Accreditation Guidelines and must be adhered to by NCCER Accredited Sponsors, such as the Guam Contractors Association. The GCA Trades Academy is an NCCER-accredited training unit, one of more than 500 training facilities in 50 states and eight countries.

Instructor Certification

As part of its accreditation process, NCCER has developed the Instructor Certification Training Program (ITCP). This program ensures the uniform and consistent delivery of training. Through this process, NCCER certifies the Master Trainer. In turn, the Master Trainer certifies the Craft

Instructor. The Guam Contractors Association maintains a Master Trainer on staff and there are now more than 60 NCCER-certified Craft Instructors on Guam.

National Registry

In an effort to provide students and craft professionals with industry-recognized credentials and assure national portability of skills, NCCER maintains a national registry with widely recognized credentialing and certification process. This National Registry provides transcripts, certificates, and wallet cards to students who successfully complete the Contren® Learning Series through an Accredited Sponsor. The valuable industry credentials benefit students as they seek employment and build their careers.

Standardized Curricula

In partnership with Prentice Hall, NCCER develops and publishes the Contren® Learning Series. Built upon industry standards, this standardized, competency-based curriculum is taught nationwide by contractors, associations, construction users, and secondary and post-secondary schools. At least 24 State Departments of Education recognize the curricula. Contren® curricula are distinguished by unique training features:

- Competency-based and contain measurable objectives
- Developed by industry experts and educators
- Modular in format and can be used for task training
- Meets or exceeds Apprenticeship, Training, Employer, and Labor Services (ATELS) requirements
- Portable, industry recognized credentials

VALUES – MISSION – VISION

Values

The GCA Trades Academy values:

- Corporate responsibility
- Equality
- Personal and vocational growth
- Excellence within our students, staff, and curriculum
- Student assistance via career and financial counseling.

Mission

Our mission is to share with aspiring tradespersons the skills and knowledge required to advance in a variety of fields. We will offer financial aid and counseling assistance to those interested, and will guarantee equal opportunity employment to those who successfully complete our program.

Vision

To be a self-sustaining, profitable, world-class regional training center, with a state of art facility handling at least 400-500 students per annum by the year 2012.

GOVERNANCE OF THE GCA TRADES ACADEMY

The GCA Trades Academy is governed by a Board of Trustees currently made up of:

John M. Robertson - Chairperson, Board of Trustees. Mr Robertson is a licensed professional engineer in Texas with 45 years management experience in construction and maintenance. He is currently president and RME of AmOrient Contracting Inc.

William D. Beery – Vice - Chairperson, Board of Trustees. Mr Beery is a professional engineer in Hawaii with 30 years management experience in construction and maintenance. He is currently general manager and RME for Watts Constructors.

Rita A. Edwards - Secretary, Board of Trustees. Ms. Edwards is the Assistant Director of Professional and International Programs (PAIP) at the University of Guam, which oversees the Professional Development & Lifelong Learning Center, Enterprise Development, and the English Language Institute.

Monty A. McDowell - Treasurer, Board of Trustees. Mr McDowell holds a masters degree in electrical engineering. He served as an officer in the U.S. Navy for 22 years and founded Advance Management in 1990 where he remains chief executive officer.

Graeme M. Ridley - Trustee, Board of Trustees. Mr Ridley has 25 years experience in mechanical trades with advancement through education and examination equivalent to a bachelor's degree in mechanical engineering. He is currently manager of the mechanical division of Smithbridge Guam Inc.

Herbert J. Johnston, Jr. - Education Director. Mr. Johnston has a bachelor's degree in education and a master's degree in public administration, both from the University of Guam. He is currently completing requirements for a doctoral degree in business administration. Mr. Johnston is a faculty practitioner with the University of Phoenix, College of Graduate Business & Management. His work experience outside of education includes fifteen years with Guam's only public water and wastewater system.

GOALS AND STRATEGIC PLAN

Some Goals of the Academy

- To foster a safe, productive and sustainable workforce of craft professionals on Guam through effective training and apprenticeship
- To build careers of a lifetime for young men and women of Micronesia that aspire to excel in a trade
- To support the construction and maintenance industry in the region during an approaching period of significant growth
- To be a vital and integral part of the public and private educational system on Guam for young people and adults
- To be the premier institution of learning on Guam for those wishing to pursue an upward career path in construction and related activity

Elements of the Strategic Plan

- Build on the long held accreditation from the U.S. Department of Labor for apprenticeship and training to improve the quality of skills in the region
- Build on the long term relationship with the Guam Department of Labor to improve the quality of life for citizens of the region
- Take full advantage of the accreditation and standardized curricula from the National Center for Construction Education and Research (NCCER) to offer current state of the technology training
- As a private non-profit institution, offer quality craft training and apprenticeship at affordable rates while being self sustaining for the near term and into the future

- Maintain the highest standard of instruction for up to 500 beginning students per annum through utilization only of NCCER certified craft professionals in the classroom and workshop training environment
- Cooperate with contractors on Guam for fulfilling apprenticeship requirements on the path to journeyman status and beyond
- Cooperate with the University of Guam and Guam Community College in career advancement for persons at all levels of potentiality
- Establish the academy as a permanent institution and provide highest quality training for trades beyond the period of heavy workforce demand in the region

FUNDING FOR THE GCA TRADES ACADEMY

Startup Funding

Initial startup funding for the Trades Academy came from the Guam Contractors Association and from voluntary loans from supporting members. The Guam Contractors Association assumed most costs incurred prior to startup, including especially the Education Directors salary and legal fees for establishment of GCA Trades Academy as a non-profit institution of learning. After startup, the Guam Contractors Association continues to assume the personnel costs of the Education Director, however, these costs are invoiced to the Trades Academy with no specific pay-back terms. Costs associated with the initial order of student texts and instructional material were approved and paid from GCA funds, which are to be reimbursed by from the proceeds of the sale of textbooks.

Tuition Pricing Strategy

The pricing strategy is based on the sale of individual training modules. Text books and workbooks are sold separately at NCCER retail rates. Additionally, lab fee are assessed on those modules with extensive shop work to cover the cost of material, supplies, and equipment use.

Tuition fees are set at the minimal level to recover all direct and indirect expense incurred for instruction. Instructors are paid a flat rate for each module and this is a major cost included in tuition fee. Other costs include classroom rental, insurance premiums, electricity usage, record keeping and a proportionate share of business overhead. For the average student, tuition fees will not exceed \$2,500 per year.

Target Market

Employer-sponsored students. These students are workers in the existing workforce needing to be upgraded through training and certification. The employer assumes some, possibly all, costs for tuition and supplies.

Indentured Apprentices. These students are employed under an apprenticeship program and are taking classes to fulfill their related course instruction requirements. The employer assumes all of the costs of tuition and supplies.

Self-sponsored students. These students are individuals that can afford to pay tuition and supplies. They anticipate being picked up for employment by a contractor after getting through the basics and possibly thereby becoming employer-sponsored.

Note that employers can expect to receive a credit against Gross Receipts Tax of 50% of authorized apprenticeship training expense actually incurred, for those apprentices that complete annual requirements through an accredited apprenticeship training provider.

Government-sponsored students. These students are individuals that meet the criteria for government programs that provide educational financial assistance, such as through AHRD, Veterans Administration, and Department of Defense. In addition, a portion of amounts paid by contractors

into the Manpower Development Fund (MDF) should be made available for apprenticeship training provided by the GCA Trades Academy.

Privately-sponsored students. These students are individuals who have applied for and receive private funding assistance or scholarships, such as through the Guam Chamber of Commerce or the Center for Micronesian Empowerment.

Founders Guild

The GCA Trades Academy Board of Trustees has agreed to the establishment of the “Founders Guild” for the purpose of securing funds for strengthening the financial base of the academy and in particular to finance the build-out of a training facility. The Founders Guild recognizes those that have and will provide voluntary contributions or soft loans for this purpose.

The GCA Trades Academy recognizes that there are many in the community that have openly expressed support for the mission, vision, and achievements to date of the academy. The GCA Trades Academy is recognized as tax-exempt by both the local government of Guam and U.S. Internal Revenue Service.

At the onset of establishing the GCA Trades Academy, five members of the Guam Contractors Association pledged \$10,000 each for startup capital: AmOrient Contracting, Perez Bros, and Watts Constructors, Hawaiian Rock Product and Maeda Pacific. In June 2007 the First Hawaiian Bank Foundation provided a grant of \$10,000. Taniguchi Ruth Makio Architects prepared the preliminary plan for the academy as an in-kind contribution.

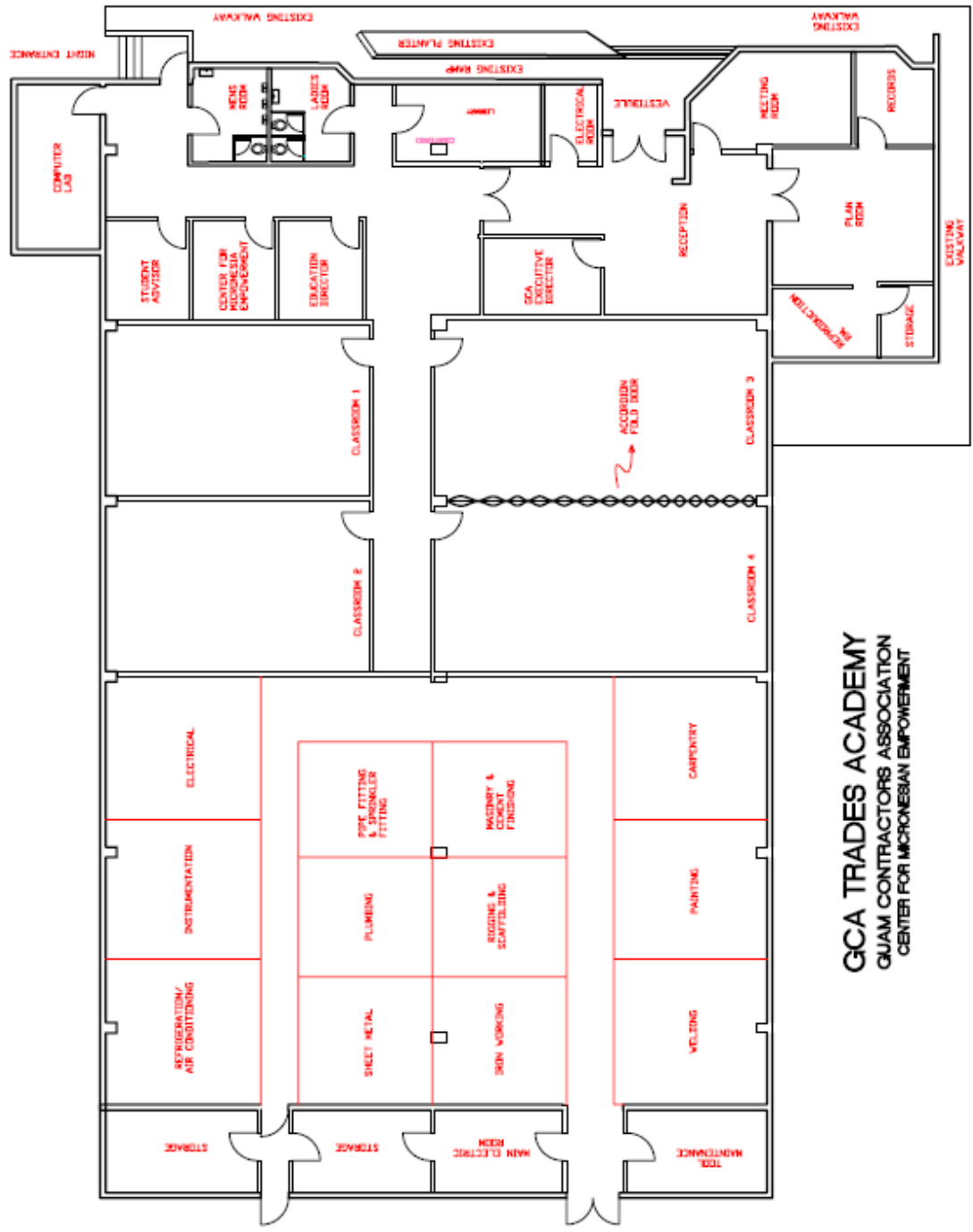
Training Facility In Tiyan

The proposed GCA Trades Academy training facility in Tiyan is to be developed by renovating and fitting-out the former military operated “Jet Lanes” bowling facility for the new purpose.

The facility is now in private hands, having been returned to the family of the original land owners. The owner is willing to lease the facility on favorable terms to the academy for 20 years with the possibility of extending the term as will be determined at a future date. The lease agreement is currently being drafted.

The facility has a net floor area of just over 11,000 square feet. The undeveloped area at back side is owned by the same land owner and can be used for training of heavy equipment operators. Roads in the vicinity are lightly traveled and are therefore suitable for initial truck driver training.

Planning calls for co-locating the Guam Contractors Association administrative offices at this site upon completion of renovation. The Center for Micronesian Empowerment will also occupy space in the facility and they will provide students to be trained in construction and related trades. All occupants will share proportionately in the costs of leasing and operating the facility.



GCA TRADES ACADEMY
 GUAM CONTRACTORS ASSOCIATION
 CENTER FOR MICRONESIAN EMPOWERMENT