

Can we afford it all?

Written by BY SEN. BEN PANGELINAN
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OVER the past few years, GovGuam has steadily increased its expenditure base on personnel and other operational costs such as office space rent and utilities. In addition to these increases in the operation of GovGuam agencies, include the increase in debt service payments for the increased borrowing that has also occurred.

The rise in GovGuam expenditures also come at a time when federal District Court Judge Consuelo B. Marshall ordered a permanent injunction for the timely payment of tax refunds within six months of the filing deadline. In addition to these expenditures of GovGuam revenues, also include the effects that unplanned tax credits have on the money GovGuam should receive.

On Dec. 30, 2013, the governor signed a Purchase Agreement and Exercise of Option Under the Lease with Core Tech International Corp. and subsequently signed an amended to such agreement on Jan. 16, which included new construction that was to commence on July 1 if the governor does not exercise GovGuam's right to terminate such new construction.

The new construction included a Guam Department of Education Central Office Facility inclusive of a warehouse and mezzanines for such warehouses for a purchase price of \$26.5 million with an interest rate of 7.193 percent over a 25-year period. Interest costs would amount to over \$30 million and "insurance and maintenance" costs over the same period would be over \$20.5 million for a total cost of over \$77 million.

What is perplexing about this is that we have heard that the GDOE central offices have already moved to the Tiyan facilities and why should we be paying upwards of \$77 million for a new office space and associated facilities when such funds could be dedicated to school renovations? In fact, GovGuam will be paying approximately \$8.9 million in principal, interest and "insurance and maintenance," for the office building to which the GDOE just moved.

Other new construction included a GDOE gymnasium for the retro-fitted Tiyan facilities at a cost of almost \$5 million with an interest rate of 7.193 percent over a 25-year period which would cost \$5.6 million in interest payments and \$3.8 million in "insurance and maintenance" expenses over the 25-year period for a total of \$14.5 million. As a comparison, the Father Duenas Memorial School Phoenix Center in Mangilao was reported to cost roughly \$2.9 million.

This new construction, if the governor does not exercise GovGuam's option to terminate such construction, will cost the people of Guam almost \$31.9 million in principal, \$36.3 million in interest, and \$24.3 million in "insurance and maintenance" costs for a total of almost \$93 million. This also equates to approximately \$3.7 million per year for 25 years.

These impending construction costs to taxpayers come at a time when the governor continues to reserve \$25 million of the GDOE's appropriations in fiscal year 2014 and where the GDOE is requesting a supplemental budget request of almost \$6 million on top of what the governor has reserved in this year alone. The costs of the new construction will take away from the resources that could be directed to funding and improving the GDOE over the next two decades.

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With the court-ordered tax refund permanent injunction, the increasing debt service costs, the need to cover the increased GovGuam personnel costs, and the increase in GovGuam's office space rent and utilities, it is imperative that we ensure that if GovGuam is to cover tax refunds, debt service and operations, that new costs such as multi-million dollar sweetheart deals must be scrutinized to the fullest extent possible.

The substituted and passed version of Bill 309 aimed to ensure that the governor is not able to authorize the use of tax credits for the new construction of the GDOE Central Office and associated facilities as the GDOE already has an office that they have moved into in the Tiyan facilities and also because the funds for such construction should be prioritized toward other things such as school maintenance. I have previously suggested that the GDOE Central Offices be moved to the unoccupied buildings at Southern High School in order to save on office space rental, but those suggestions were not seriously considered.

There is much to be analyzed and considered when moving forward with certain priorities our government makes with the limited revenues it has available. We must ensure that the decisions made with respect to government funds are in the best interest of the people of Guam. We cannot continue to allow the governor to give out sweetheart deals to private companies. We simply cannot afford it.

Si Yu'us Ma'åse'