



Investing in Tourism

December 16, 2024

Review of Business Pandemic Relief Programs

Small Business Pandemic Relief

- Guam allotted over \$200 million in pandemic grant funding, of which, over 80% went directly to small businesses.
- Guam ranked highest allotted funds per capita (\$1,349.43) followed by Alaska (\$587.80) and South Dakota (\$525.62).
- Guam offered the highest maximum number of employees (500) for businesses allowed to apply for small business assistance.



COVID19 GEDA Grant Programs

| Grant Program | Applied | Awarded | Total Amount | Employees |
|---------------------------------------|---------|---------|----------------|-----------|
| Pandemic Assistance Grant 2020 | 2796 | 2352 | \$17 Million | 18,500 |
| Pandemic Assistance Grant 2021 | 1928 | 1519 | \$17 Million | 11,942 |
| Local Employers Assistance Program | 1259 | 938 | \$62 Million | 6,828 |
| Local Employers Assistance Program II | | 334 | \$18.3 Million | |
| Prugramman Pinilan | | | \$80 Million | |
| Other* | | | \$10 Million | |

*Commercial Rent Relief, Healthcare Assistance Grant, Commercial Farmers Grant, Childcare Assistance Program, State Trade and Export Program, Growth Accelerator Program

LEAP 2

- \$18.3 million funded under PL37-15 and ARP
- 334 applications approved
- 165 with less than 5 employees
 - Total awards \$1.746 million
 - Average size of award \$10,584
- 169 with 5 or more employees
 - Total awards \$16.559 million
 - Average size of award \$97,986

Current Economic Indicators

Global and National Economic Indicators

- Inflation
- Interest Rates
- Stock Market Volatility
- Oil Prices
- Exchange Rate Stability



Building Permits

| Fiscal Year Building and Construction Permits | | | | | | |
|----------------------------------------------------------------------------|------------------|------------------|------------------|------------------|--------------------|------------------|
| Fiscal Years 2019 – 2023 (Dollars in Thousands) | | | | | | |
| | 2019 | 2020 | 2021 | 2022 | 2023* | 2024*** |
| Residential | \$66,447 | \$36,797 | \$98,626 | \$100,053 | \$480,735 | \$70,193 |
| Commercial & Industrial | \$118,753 | \$149,653 | \$80,191 | \$238,936 | \$307,384 | \$61,894 |
| Government | \$125,047 | \$147,293 | \$100,041 | \$82,250 | \$174,077 | \$116,222 |
| Other** | \$51,327 | \$45,861 | \$29,070 | \$158,801 | \$419,972 | \$60,585 |
| Total | \$361,574 | \$379,604 | \$307,928 | \$580,040 | \$1,382,168 | \$308,894 |
| *Preliminary and unaudited | | | | | | |
| **Includes permit renewals, demolitions, relocations and church buildings. | | | | | | |
| ***Through July 2024 | | | | | | |
| Source: Guam Bureau of Labor Statistics, Department of Labor | | | | | | |

Sector Employment

Civilian Employment (as of December for Calendar Years 2019 – 2023, June 2024)

| | 2019 | 2020 | 2021 | 2022 | 2023 | Jun-24 | Pre Covid Change | YOY Change |
|-------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------------|------------|
| Private sector: | | | | | | | | |
| Agriculture | 230 | 300 | 310 | 320 | 250 | 280 | 22% | 12% |
| Construction | 7,350 | 8,330 | 9,480 | 10,820 | 12,450 | 13,060 | 78% | 5% |
| Manufacturing | 1,460 | 1,430 | 1,590 | 1,600 | 1,540 | 1,540 | 5% | 0% |
| Transportation & Public Utilities | 4,700 | 3,690 | 3,660 | 3,800 | 3,670 | 3,670 | -22% | 0% |
| Wholesale Trade | 2,520 | 2,410 | 2,270 | 2,290 | 2,200 | 2,300 | -9% | 5% |
| Retail Trade | 14,160 | 10,920 | 11,410 | 11,750 | 12,330 | 12,190 | -14% | -1% |
| Finance, Insurance, and Real Estate | 2,650 | 2,510 | 2,370 | 2,320 | 2,370 | 2,360 | -11% | 0% |
| Services | 18,890 | 14,650 | 15,120 | 16,320 | 16,370 | 16,220 | -14% | -1% |
| Total private | 51,960 | 44,240 | 46,210 | 49,220 | 51,180 | 51,620 | -1% | 1% |
| Public sector: | | | | | | | | |
| Federal Government | 3,910 | 3,890 | 3,970 | 3,900 | 4,030 | 3,990 | 2% | -1% |
| Government of Guam | 11,710 | 11,910 | 12,010 | 12,260 | 12,000 | 11,950 | 2% | 0% |
| Total public | 15,620 | 15,800 | 15,980 | 16,160 | 16,030 | 15,940 | 2% | -1% |
| Total Payroll Employment | 67,580 | 60,040 | 62,190 | 65,380 | 67,210 | 67,560 | 0% | 1% |

Source: Current Employment Report, Department of Labor, Government of Guam

Ongoing Recovery Efforts



Lending Programs

- **Guam Recovery Loan Plan**

- \$25K to \$1.2 Million.
- Must provide 1 letter of declination from a bank.
- Subject to board approval for transactions over \$100K.
- Subject to standard underwriting process (collateral, cash flow, etc.)
- 2% closing (discount for tourism based businesses).
- Able to defer principle payments for 6 months to 1 year.

- **SSBCI Lending**

- Guarantee program at partner banks.
- Pricing, closing, etc. all subject to partner bank guidelines

Collateral Support Program



Destinu Guahan Venture Capital

- VC Fund Balance >\$20 million
- \$100K to \$5 million
- Requires 1 to 1 match
- Requires a 10 year buy out plan (3rd party valuation)
- Preferred Industries: agriculture/aquaculture, additive manufacturing, tourism, new technology, telecommunications.



HOT Bond 2.0

- 60 million to 80 million
 - two tranches (1.5 to 2 years apart)
 - 3 month timeline (from legislative adoption)
 - indicative rates: 5.7% (blended taxable/tax exempt)
- Objectives
- Stakeholder Engagement
- Budget development
- Implementation and Monitoring

Conclusions



Conclusions (Ongoing)

- Inconclusive as to whether LEAP is relevant to solve the economic challenges our island is facing.
- Stakeholders need to come together to discuss where to go from here:
 - Extension of loan forgiveness
 - Programs to support cost of goods, utilities, or other areas.
 - Demonstrating interruption *outside* of BPT in a way that can be audited.
- Long term employment strategy.

Conclusions (Ongoing)

- Tourism is continuing to face headwinds from the global economy as well as workforce contraction.
- Federal spending has insulated the impact of tourism on government services.
- Estimated number of businesses still in recovery mode:
 - 165 with less than 5 employees
 - 169 with 5 or more employees

Future Discussion Points

Human Capital

ST: GRAP, Tourism workforce development programs, Scholarships in tourism, apprenticeships, etc.

LT: Support towards A.I. systems that augment entry level staffing.

Private Capital

ST: lending, venture capital, QC programs

LT: USDA Intermediary Relending Program, tax credits, tax extensions

Public Assets

ST: HOT Bond,

LT: Future PPP exploration

Workforce Development Program

- Survey of hospitality sector employees over the last 8 years
- Wages relative to industry / islandwide
- Effective usage of GRAP Programs or other Workforce Programs.
- Programs relative to onboarding at a higher rate
- Programs relative to “managerial tracks”
- Programs to support employees with developmental disabilities or other special populations
- Entrepreneur or self employment support programs



Si Yu'os Ma'åse'!

www.investguam.com