

Guam businesses struggle as H-2B foreign workers dwindle

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(Photo: Pacific Marketplace file photo)

The general contractor [5M Construction Corp.](https://www.5mccguam.com/) (<https://www.5mccguam.com/>) used to handle about \$12 million in construction projects per year, but a shortage of skilled foreign labor has limited the company to about \$5 million in projects, according to co-owner and Vice President Larry Manalo, who said the problem is going to get worse.

A hearing is scheduled Thursday morning in federal court for a case [filed \(/story/news/2016/10/04/twelve-companies-sue-us-over-visa-denials-foreign-labor/91521546/\)](/story/news/2016/10/04/twelve-companies-sue-us-over-visa-denials-foreign-labor/91521546/) by the Guam Contractors Association and nearly a dozen Guam businesses, challenging the federal government's decision to deny nearly all requests for the use of temporary foreign labor on Guam under the government's H-2B visa program.

Guam businesses in June 2012 employed more than 1,000 foreign workers under the program. That number dipped below 100 this July.

5M Construction, as of this month, employs 22 foreign workers, all from the Philippines.

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"By the end of September 2017, we will have zero H-2B workers," said Manalo, whose company is one of the 11 businesses suing the federal government.

The U.S. Navy on Aug. 18 announced that a \$165.89 million contract was [awarded \(/picture-gallery/news/2017/08/18/guam-marine-base-construction-to-begin/104708500/\)](/picture-gallery/news/2017/08/18/guam-marine-base-construction-to-begin/104708500/) for the construction of roads and other infrastructure for the new Marine Corps base.

5M Construction can't bid to be a subcontractor for the military project because of a lack of skilled workers, Manalo said. "It's frustrating," he said.

The lawsuit accuses federal immigration officials of unlawfully changing U.S. Citizenship and Immigration Service policy — from nearly 100-percent approval to nearly 100-percent rejection of new H-2B visas or visa renewals on Guam. The federal government has argued that it is properly applying the rules, and that Guam businesses for years have abused a program intended to be used only for temporary workers.

Project delays

"We have been hiring workers on Guam. But most available workers here are laborers, not skilled workers. And even with laborers we hired from here, we have problems with their reliability. As an example, we hired one locally and he didn't show up to work on his second day, and his reason was it's too hot," Manalo said.

Manalo said now that Guam has caught the attention of President Donald Trump because of North Korea's recent missile threats, he wishes Gov. Eddie Calvo will make Trump understand the negative impact the visa issue will have on military projects on Guam.

"We can't get military jobs done without temporary foreign workers. The ones available on Guam are not enough, and many are not the ones that these projects need," Manalo added.

5M Construction, according to Manalo, is one of the subcontractors for the new hotel project in Tumon, called Tsubaki Tower, which aims to offer five-star luxury accommodation. The hotel is estimated to cost \$180 million to build and furnish, according to Pacific Daily News files.

"That project has been delayed by six months because of manpower problems," Manalo said. At a press conference in March 2016, hotel representatives said they planned to complete the project by October 2018. But the worker shortage could push back that timeline, Manalo said. The hotel is owned by Tokyo real estate giant Ken Corp.

117 to zero

While 5M Construction is about to lose all its H-2B workers by the end of next month, other companies involved in the lawsuit have already lost theirs.

BME & Sons Inc. sent its last batch of H-2B workers home on March 31, said co-owner and Vice President Bernadette Maranan.

In the months before the lawsuit was filed last October, BME & Sons had 117 H-2B workers on the payroll, she said.

"It's difficult without H-2B workers, because we can't even bid for big projects. We're frustrated," Maranan said.



An overview look of the construction site of the Tsubaki Tower, as seen in Tumon, on Wednesday, Aug. 23, 2017. The hotel project, started in March 2016 by Tokyo real estate giant Ken Corp., is slated to reach a height of 26 stories and cost an estimated \$150 million to build, according to Pacific Daily News files. Subcontractor 5M Construction said manpower issues have delayed work on the project. (Photo: Rick Cruz/PDN)

While BME & Sons has 50 to 60 locally hired construction workers on its payroll, Maranan said the company is limited in what it can do because of the loss of the skilled foreign workers. For the company to continue to take on projects, it has to pay more for locally sourced manpower, Maranan said, noting that some local hires show up for only a few days before quitting.

She estimated that so far this year, the company's gross revenue has dropped more than 3 percent because of higher labor costs related to the loss of H-2B workers.

But Maranan said the company is not losing hope that the federal government will once again approve H-2B applications.

Skilled gardeners sent home

Bob Salas, Landscape Management Systems Inc. owner, said his company sent home his remaining skilled gardeners on H-2B visas in July. The landscaping business used to have 25 to 30 skilled foreign workers.

"We now have zero (H-2B) workers," Salas said. "I'm very conservative in the projects I take because we don't have enough workers."

Salas' company has the grounds maintenance contract for Andersen Air Force Base, and he said it has enough employees to do the maintenance work required under that contract.

"It's the new installations that we have issues. That's because it requires specialized (landscaping) skills," he said.

Services slowed down

Guam Radiology Consultants, which is a plaintiff in the lawsuit, had to send home its two ultrasound technicians on Aug. 2. Months earlier, it had to send home its magnetic resonance imaging technician, CEO and Administrator Roy Adonay said Wednesday.

"The Guam Radiology Consultants currently does not employ H-2 workers," Adonay said, because of the non-renewal of H-2B visas. "Not a lot of people in the medical field want to fly all the way to Guam, from the mainland, so it impacted our operation. We had to, in some cases, slow down in providing services until such time we can get the manpower."

Adonay said the company interviewed a number of people from the states, but after realizing how far Guam is, they changed their minds about accepting the job.

"It's very frustrating, and it's adding cost," he said.

Adonay said the H-2B workers they lost because of the non-renewal of visas were "top-notch and multi-trained technicians" who were big assets for Guam Radiology Consultants.

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Inland Builders Corp., which also used to employ more than 100 H-2B workers a year, is now down to zero temporary foreign workers. That's the situation faced by most of the companies that sued.

They had asked the federal court for a temporary injunction, requiring the federal government to issue new visas and renew existing visa, but Magistrate Judge Joaquin Manibusan, after hearing arguments, said he does not support an injunction.

The plaintiffs have not shown they can win their case, he reported, and the federal government has shown a rational connection between the rules and the visa rejections.

Reporter Haidee Eugenio covers Guam's Catholic church issues, education and more. Follow her on Twitter [@haidee_eugenio](https://twitter.com/haidee_eugenio) (https://twitter.com/haidee_eugenio). Follow Pacific Daily News on Facebook/GuamPDN (<http://www.facebook.com/guampdn/>) and Instagram [@guampdn](http://instagram.com/GuamPDN) (<http://instagram.com/GuamPDN>).

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