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Chief economist: Not enough workers for \$700M projects

KEVIN TANO | GUAM DAILY POST

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PROJECT: Excess asphalt is seen being removed during a road paving project along Route 9 in Yigo on Feb. 13. Guam faces a shortage of skilled construction workers. Dontana Keraskes/The Guam Daily Post

According to Gary Hiles, chief economist of the Guam Department of Labor, Guam doesn't have enough construction workers to finish currently permitted and contracted building projects.

The Trump administration's proposed Defense budget for fiscal 2021 allocates \$723 million for military construction projects on Guam.

Hiles cited figures released in the U.S. Economic Census for Guam, citing construction revenue in 2017 was \$662 million with construction industry employment totaling 5,501 workers.

Using those figures as a basis, Hiles said, \$700 million worth of construction projects would require 5,800 employees working continuously for one year at \$120,000 in revenue per industry employee.

Hiles added, if the projects were to be spread out over several years, a three-year major

project would require about 1,940 employees working continuously within that three-year period.

Hiles cited the agency's figures as of March 2019, showing a total of 6,760 construction employees on payroll.

"As of Dec. 31, the number of H-2 workers on Guam had increased to 1,230 and U.S. Citizenship and Immigration Services had approved petitions for a total of 2,125 positions in FY 2019 and FY 2020 as of Jan. 19," Hiles said. "So a large increase is expected this year to accommodate Department of Defense projects while the labor force for civilian projects remains constrained."

As many as 10,000 needed on short deadline

According to Guam Contractors Association President James Martinez, the number of skilled workers needed to sustain about \$500 million in projects at its peak is anywhere from 4,000 to 5,000 workers.

"While one can assume that if you double the construction volume to say, \$1 billion, then it's only logical that you need to double the amount of skilled trades," Martinez added. "This is not entirely the case because construction work is done in phases and over a reasonable period of time."

However, he said, if projects were to be executed all at the same time at a shorter duration, there's the possibility of needing about 10,000 skilled craft workers in this scenario.

Contractors on Guam are savvy when it comes to scheduling their workforce and supply chain, Martinez said.

He said some contractors may not have expansive yard or warehouse space, or their inventory storage facilities are limited in size, "So scheduling is vital to maximize their storage capacity."

Actively recruiting skilled workers

"The industry has been actively engaged in recruiting and training skilled workforce, even emphasizing recruiting and training more women to the industry," Martinez said.

Being that Guam has a small population, he said, contractors rely on the H-2B visa program to supplement their local skilled workers, especially when construction volumes peak.

"This is the perfect opportunity to train our local workforce under the guidance of the more skilled foreign worker," Martinez said.

When projects are completed, contractors can send the H-2B workers home, but will be left with skilled local craft professionals to start on new projects or do maintenance work.

"While there's a need to augment our local workers when construction volume peaks, it also offers opportunities to train a local workforce for the sustainable jobs after that peak," Martinez said.

Several major civilian projects as outlined in Bureau of Labor Statistics Economic Outlook report of 2021:

- Tsubaki Hotel, constructed by PHR Micronesia Ken Corp., A 26-story, 340-room luxury hotel. The site is adjacent to Hotel Nikko Guam, with total investment of approximately \$180 million. The groundbreaking for the project was in March 2016 with an April 2020 completion goal.
- The A.B. Won Pat Guam International Airport Authority commenced construction in July 2017 on a new international arrivals corridor, which would add a third level to the airport terminal. Designed to separate arriving from departing passengers, the project was initially contracted at \$97 million but now is projected to cost \$117.8 million. The original completion date of September 2019 has moved forward to July 2020.
- Japanese retail store DON DON DONKI plans to open in two years at the corner of Marine Corps Drive and Airport Road.
- The Northern Wastewater Treatment Plant project awarded to Black Construction for \$122 million in June 2019. The Department of Public Works issued a building permit for the project in October 2019.

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