

OFFICE OF TRANSITION STUDIES AND PLANNING
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Northern Mariana Islands

otsp news

PLANNING FOR THE FUTURE - A UNIQUE OPPORTUNITY IN NATION-BUILDING

A BI-WEEKLY NEWS PUBLICATION OF OTSP VOLUME I NO. 3 November 12, 1977

A REPORT FROM THE DIRECTOR
Pete A. Tenorio

During the past two weeks, I was off-island on official trips to Tokyo, Chicago, and Washington, D.C., to follow up various planning activities and other transitional matters. In the previous "OTSP News", my Deputy Director reported on the purposes of these trips. In this issue, I wish to share the results of the various discussions held and their implications on OTSP future planning and plans implementation.

Saipan Permanent Power Plant

During the past several months, inquiries were directed to OTSP by several Japanese electrical manufacturing firms interested in participating in the preparation of a "turnkey" power generating plant proposal for the construction of a permanent power plant on the island of Saipan. The first of these firms was Mitsubishi Corporation, which indicated an interest as early as June of this year. Several visits to Saipan were made by its officials to gather more information about the proposed power plant. In October, the firms of Mitsue Group and Fuji Electric Company expressed similar interests. Discussions held in Tokyo with these firms

included the following:

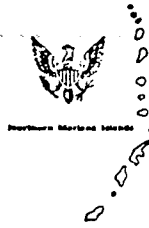
1. The intent of the Marianas to construct a power plant which will be capable of producing electricity for the immediate and long-term needs of the island.

2. The development of a proposal which will take into account various options of plant construction including power barge, land-based plant, and a power-barge convertible to a land-based station. In all these options, electrical requirements are projected at 22-25 megawatts, which are to be generated by either three 7.5-8 megawatts units, or two 10-12 megawatts units. The units are to be operated on either diesel or residual oil fuel. The proposal will also include the estimates of cost for a "turnkey" contract - consisting of complete engineering, provision of complete materials, delivery on site, construction, and construction management. It will also include provision for the training of local key personnels who will eventually be operating the new power plant.

3. The development of a financing scheme extending over several years for repayment, complete with interest rates, and initial down payment prior to construction was discussed.

This provision is the critical part of the proposal. Long-term financing will assure the yearly earmarking

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of funds for payment without exhausting the new government's financial resources earmarked for other public improvement in the socioeconomic and physical development plans of OTSP. The feasibility of financing through the local banks through a government guarantee was also discussed. A government to government loan program was also discussed. This has the advantage of a reduced interest rate and a more suitable repayment schedule, but it is one that requires support from the federal agencies.

All three companies contacted expressed great interest in submitting proposals. The NMI Department of Public Works has already begun the preparation of a formal request for proposal which will incorporate the major portion of the items discussed above in the scope of work. The official request will shortly be submitted to the interested firms in Japan and the U.S., and it is expected that by the end of the year or early 1978, several proposals will be ready for review by the new government.

The Problems of Financing

The development of a permanent power plant on Saipan to replace the out-dated and inefficient "Impedance" will require one of the largest, if not the largest, capital investment for public utilities under the new government. It is estimated that between 10-12 million dollars will be required to construct a power plant that will have sufficient capacity to provide the power demand over the next several years. Current efforts to identify the various options to finance this important element of the overall physical development plan included the discussions with manufacturing firms for financing through a turnkey project as enumerated above, earmarking in the 7-year socioeconomic plan budget of Marianas CIP funds, discussions for financing through

banks and other financial institutions, and long-term loan from the Rural Electrification Administration, USDA.

The Marianas government presently has carryover funds of over three million dollars for power plant construction. This fund may be used as initial capital to start the project, but supplemental funds in any of the methods described above would have to be sought to fund the project to completion. The merits and demerits of each of the above schemes will be thoroughly examined before the final packages of the "turnkey" project are submitted to the new government for action.

Needless to say, the degree of economic development in the Northern Marianas, particularly Saipan, will depend to a great extent on the availability and reliability of a power source. OTSP and the current administration consider the construction of a permanent power plant as foremost in the priority of infrastructure needs for Saipan.

Position Classification and Compensation Plan Contract

Acting upon a special selection committee's recommendation, the Director signed a contract with Hay Associates, a management consulting firm of Chicago, for the preparation of a Position Classification and Compensation Plan for the new government. Total cost of the contract is \$45,660.00 and will include the following major services:

1. Development of a classification plan for approximately 1900 positions. The consultant will collect job content information from every employee by questionnaire, conduct field and desk audits, classify every position, update every class specification, and serve as a resource for classification action review.
2. Development of a salary plan based on the precise evaluated job content of



each occupational class and taking into consideration the Northern Marianas financial capability and restraints in funding the new salary plan.

3. Training of Northern Marianas government personnel and administrative staff in all aspects of the project which will enable the new government to maintain the plan.

4. Review of all constitutionally elected and created offices with recommendation for salary levels and special allowances or fringe benefits as applicable and appropriate.

Project Results and Documents

At the completion of the project, Hay will provide OTSP the following documents, materials and services:

- Orientation program for personnel staff in all facets of the consultants' approach to classification, including class specification preparation, desk audit procedures and salary survey methodology.
- Schematic outline of the classification plan by occupation, class, group, series and services.
- Updated class specification for each occupational class.
- Listings of the classification plan alphabetically and by class.
- Procedure manuals for use by the personnel and operating department administrative staffs to guide the administration of the new system.
- Specific recommendation as to the proper compensation range for each occupational class.
- Training program for the personnel staff and the job evaluation committee in the application of the Hay Guide Chart-Profile Method of job content evaluation.
- Training program for the personnel and administrative staffs in the

various aspects of administering the job evaluation and compensation provisions of the plan.

- Detailed explanation of the system used in evaluating the classes, its application to the evaluation of individual positions, and the rationale utilized in determining recommended compensation.
- Recommended procedures in manual format for utilizing the systematic approach (Hay Guide Chart-Profile Method) to periodically update the job content evaluation and compensation components of the plan.
- Comparative data concerning the agency's compensation practices as related to other relevant public and private employers.

The consultants will, in early 1978, make a presentation of the final report to the Northern Marianas Civil Service Commission and elected officials in all aspects of the plan and implementation to assure effective utilization of the plan and its methodology.

Congressman Phillip Burton Took Step to Improve Health Care in NMI

During my visit to Washington, D.C., I had the privilege of visiting twice with Congressman Phillip Burton to discuss various matters of concern and interest in the Marianas. One significant development was the action taken by Congressman Burton requesting (see letter below) Dr. Sheridan Weinstein, the Region IX Regional Health Administrator, to provide the Subcommittee on National Parks and Insular Affairs with a thorough study of the conditions of health care services and the existing medical facilities in the Northern Marianas. It is anticipated that this action will pave the way for a high level consideration on the need to upgrade the medical and health care delivery services



as well as a congressional assistance through appropriation of funds for the construction of a new hospital for the Marianas.

"Sheridan L. Weinstein, M.D.
Regional Health Administrator
Dept. of HEW, Region IX
50 United Nations Plaza
San Francisco, California 94102

Dear Dr. Weinstein:

With the Northern Mariana Islands moving steadily towards the attainment of their own elective government come January, I am anxious to ascertain, during this transitional period, if the health care needs of the people there are being adequately served.

I would therefore appreciate your office undertaking for me as quickly as possible a thorough study which would include the following:

--A review of the current status of their medical facilities, dispensaries, doctors, nurses, preventive health programs, etc.; in short, spelling out exactly what is now available to the people in terms of medical care.

--An assessment of the adequacy of medical facilities, programs and personnel, given the above, and taking into account the current population and population projections and the distances between islands.

--And, finally, specific recommendations for solutions to any inadequacies discovered in their present health delivery system.

I look forward to receiving the report.

Many thanks.

Sincerely,
/s/ Phillip Burton
Phillip Burton, Chairman
Subcommittee on National Parks
and Insular Affairs"

District Court Bill for NMI Passed Both Houses of U.S. Congress

§ 2149 "To create the District Court for the Northern Mariana Islands implementing Article IV of the Covenant to Establish a Commonwealth of the Northern Mariana Islands in Political Union with the United States of America" has recently been enacted by the U.S. Congress and is awaiting the signature of the President.* The bill, when signed into law, will provide among other things for the appointment of a judge for the District Court, the temporary assignment of judges of the TTPI high court or judges of court of records of the NMI for proper dispatch of the business of the court in the interim, the appointment of a U.S. attorney and U.S. marshall for the NMI, and such other jurisdictions as provided in the act.

*signed into law 11/8/77

President Jimmy Carter Approved Marianas Constitution and Proclaimed its Effective Date

On October 24, 1977, a U.S. National holiday (Veteran's Day), President Carter issued the following proclamation on the Marianas Constitution:

"A Proclamation

On February 15, 1975, the Marianas Political Status Commission, the duly appointed representative of the people of the Northern Mariana Islands, and the Personal Representative of the President of the United States signed a Covenant, the purpose of which is to provide for the eventual establishment of a Commonwealth of the Northern Mariana Islands in political union with the United States of America. This Covenant was subsequently approved by the Mariana Islands District Legislature and by the people of the Northern Mariana Islands voting in a plebiscite. The Covenant was approved by the Congress of the United States by joint resolution approved March 24, 1976 (Public



Law 94-241; 90 Stat. 263).

In accordance with the provisions of Article II of the Covenant, the people of the Northern Mariana Islands have formulated and approved a Constitution which was submitted to me on behalf of the Government of the United States on April 21, 1977, for approval on the basis of its consistency with the Covenant and those provisions of the Constitution, treaties and laws of the United States to be applicable to the Northern Mariana Islands. Pursuant to the provisions of Section 202 of the Covenant, the Constitution of the Northern Mariana Islands will be deemed to have been approved by the Government of the United States six months after the date of submission to the President unless sooner approved or disapproved.

The six-month period of Section 202 of the Covenant having expired on October 22, 1977, I am pleased to announce that the Constitution of the Northern Mariana Islands is hereby deemed approved.

I am satisfied that the Constitution of the Northern Mariana Islands complies with the requirements of Article II of the Covenant. I have also received advice from the Senate Committee on Energy and Natural Resources and the Subcommittee on National Parks and Insular Affairs of the House Committee on Interior and Insular Affairs that the Constitution complies with those requirements.

Sections 1003(b) and 1004(b) of the Covenant provide that the Constitution of the Northern Mariana Islands and the provisions specified in Section 1003(b) of the Covenant shall become effective on a date proclaimed by the President which will be not more than 180 days after the Covenant and the Constitution of the Northern Mariana Islands have both been approved.

NOW, THEREFORE, I, JIMMY CARTER, President of the United States of America,

do hereby proclaim as follows:

Section 1. The Constitution of the Northern Mariana Islands shall come into full force and effect at eleven o'clock on the morning of January 9, 1978, Northern Mariana Islands local time.

Sec. 2. Sections 102, 103, 204, 304, Article IV, Sections 501, 502, 505, 601-605, 607, Article VII, Sections 802-805, 901 and 902 of the Covenant shall come into full force and effect on the date and at the time specified in Section 1 of this Proclamation.

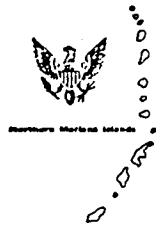
Sec. 3. The authority of the President under Section 1004 of the Covenant to suspend the application of any provision of law to or in the Northern Mariana Islands until the termination of the Trusteeship Agreement is hereby reserved.

IN WITNESS WHEREOF, I have hereunto set my hand this twenty-fourth day of October, in the year of our Lord nineteen hundred seventy-seven, and of the Independence of the United States of America the two hundred and second.

/s/ Jimmy Carter
October 25 5:05 PM '77"

NMI Awarded Funds for Solid Waste Management Planning

In a letter to Resident Commissioner Erwin D. Canham, Mr. Paul DeFalco, EPA's Region IX Administrator, notified the ResCom of an EPA grant in the amount of \$8,000 to support planning activities for the implementation of the Resource Conservation and Recovery Act of 1976 in the NMI. The grant will make possible the preparation of a solid waste management program for the principal islands in the NMI. The project manager for the grant is Pete A. Tenorio, Director, OTSP, who together with his staff and consultants will administer the project slated for



completion on March 1978.

Interim U.S. Immigration Status of
NMI Residents Receiving Attention

The question of what kind of status the citizens of the Northern Marianas will be accorded between the installation of Commonwealth government and the termination of the U.N. trusteeship agreement is receiving serious attention in both the Department of Interior (DOTA) and the U.S. Congress. Under the provision of the Covenant, Article III, section 304, it stated that "citizens of the Northern Mariana Islands will be entitled to all privileges and immunities of citizens in the several states of the United States." This clearly implies that a different status, one that extends privileges and immunities, opportunities and easy access to U.S. soil will be accorded residents of the Northern Marianas during trustee-ship period. Both the Office of Territorial Affairs, and several congressional subcommittees are studying ways to implement that portion of the Covenant. It is anticipated that an executive order establishing the new and temporary status will be issued in lieu of a formal congressional amendment to the U.S. immigration and naturalization act.

Matters Discussed with Director
of Territorial Affairs

During my recent trip to Washington, D.C., the following matters were discussed with Ms. Ruth Van Cleve, the Director of Office of Territorial Affairs and Mr. George Milner, the Deputy Director. Also present during the meeting were Speaker H. R. Guerrero, Senator Larry I. Guerrero, and Ed Pangelinan, the Marianas/Washington Liaison Officer for OTSP:

1. The status of the U.S. Civil Service personnel working for the Marianas

government.

2. Interim citizenship/immigration status of NMI residents.

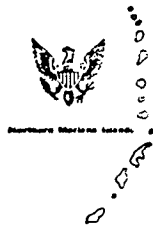
3. The relocation of the TTPI Capitol.

4. Inventory of assets in the Marianas.

5. Covenant provision of Section 603, subsection (d) relative to designating or considering the NMI as developing country for the purpose of becoming eligible to receive economic development and capital improvement grants from other countries.

On the first item, it was indicated to the Director of OTA that there is concern on the fate and well-being of the several civil service employees working as NMI employees. It was stressed that a number of such employees have served the NMI remarkably well and that their status should receive serious attention by OTA, and that unless a positive plan is developed for these employees, there is a very likely possibility that they will be out of jobs or be forced to terminate their employment with NMI. No positive assurances were given other than that these employees have "bumping rights" over some TTPI employees with civil service status. It is clear that upon the installation of the new government, these employees will either lose their jobs or be forced to accept jobs with lower compensation in the new government if they decide to continue their services. The possibility of the U.S. Civil Service Commission or OTA providing supplemental "wage" for these employees should they elect to remain with the new government is nil. It is also clear that given the uncertainty of the local political development, no firm answers will be available on the ultimate status of the U.S. civil service employees. The outcome of the discussion of Item No. 2 is detailed in other section of this report.

Item No. 3, "the relocation of the TTPI capital" from Saipan has been discussed in



numerous occasions in the past. It was firmly indicated by the Director, OTA, that no move is anticipated within the next two years given the uncertainty of the ultimate political status of the rest of the districts of Micronesia. No budgetary allowances were planned in Interior's yearly budget to cover for the cost of such move. In any case, it was indicated that a lead time of at least one year will be given if any such move is contemplated in the future. This is certainly a re-assuring piece of information as the new NMI government will need time to plan for the possible displacement of the some 450 employees at TTPI who are residents of the Marianas. Although OTSP has identified possible replacement jobs for some categories of personnel from TTPI, the critical action for permanent employment of these employees will depend on the new government.

On item No. 4, the Director indicated that there is a joint effort being undertaken by TTPI and NMI aimed at identifying all properties currently in the Marianas. Although the equitable distribution of personal properties need not be effective until the termination of the trusteeship agreement, it will be necessary to start the inventory at this time to establish a firm record of the total personal property assets and to safeguard against permanent transfer or removal of properties from the Marianas prior to the termination of the Trusteeship Agreement on or about 1981.

The matter on the provision of Article VI, subsection 603(d) was discussed in an attempt to get clarification on whether or not the Northern Marianas can receive development funds offered to it by friendly nations as part of their program to assist developing countries. This question must be finally addressed by the U.S. state department in light of its international relations implication. A favor-

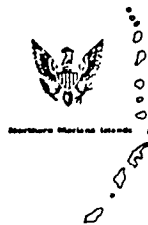
able position of the State and Interior departments are sought as this will place the Northern Marianas in a position to receive development funds for infrastructure and other capital improvement projects. The Director of OTA assured us that the matter will be answered shortly.

Ms. Agnes M. McPhetres Appointed New OTSP Federal Programs Researcher

Ms. Agnes M. McPhetres, formerly with the TTPI Department of Education as Assistant Director for Elementary and Secondary Education, has recently joined the staff of OTSP as a Federal Programs Researcher. Ms. McPhetres brings to OTSP a variety of work experience which will enhance OTSP's efforts in completing the complex studies of federal programs and services. Ms. McPhetres' primary duties and responsibilities will be to coordinate OTSP's work in the assessment, compilation, and documentation of all relevant federal programs which will become applicable in NMI upon the installation of the new government. She will be working closely with Jesus G. Villagomez, the NMI federal programs coordinator, and the OTSP Washington Liaison Office in the preparation of the federal programs, studies and reports.

OTSP Socioeconomic Report Completed

As previously reported, the Socioeconomic Report prepared by Robert R. Nathan Associates has come off the press and is ready for distribution to appropriate agencies. This issue of "OTSP News" contains portions of the Summary of the NMI Socioeconomic Plan for FY 1978-1985. Credits for the timely completion of the report go to the project director and principal special advisor, James R. Leonard and Robert R. Nathan, respectively, to Dr. Irving Swerdlow, the Resident Team project manager, and his assistant, Roger



Manring, to Ms. Adelina M. Celis, a research associate, and formerly with RRNA, and to Manny A. Sablan, the principal overseer of the project as Assistant Director for Economics and Finance for OTSP.

REPORT ON ORGANIZATION OF THE LEGISLATURE

Pedro M. Atalig

Assistant Director for Public Administration and Government Organization

The following are preliminary recommendations submitted by the Institute of Public Administration, government programs consultant, to OTSP on the organization and rules of the new Legislature:

President of the Senate

Recommendation Thirty-One: We recommend that a senate president be elected from among the senators pursuant to article II, section 14(b) of the constitution. There is no necessity to create a permanent position of vice president or temporary president. For a body of nine members with capacity to fill temporary or permanent vacancies, a single presiding officer will suffice. Recommendation Thirty-Two: We recommend that the president be authorized to designate any other senator for temporary duty as presiding officer. Recommendation Thirty-Three: We recommend that for absences of more than ten legislative days, the senate would elect an acting president, and it would also elect a new president whenever there is a vacancy in the office.

Speaker of the House of Representatives

Recommendation Thirty-Four: We recommend that a speaker be elected as presiding officer of the house in a manner similar to the senate president. Again, there is no need for a position of vice

speaker or deputy speaker.

Conference Committee

Recommendation Thirty-Five: We recommend that a permanent conference be established to reconcile differences in legislation between the senate and house to be composed of three senators and five representatives. When a different version of the same bill is passed, the house of origin will be given the option of concurring in the amendments of the other body. Likewise, if the house of origin adopts further changes, then the other body is given the option of concurring in these changes. If no identical bill emerges from this process, the bill would be referred to the conference committee. The senate and house members on the committee would vote as a bloc, that is, the senate members would cast one vote and the house members would cast one vote. (The senate members and house members would caucus separately to decide by themselves how their vote would be cast.) If the conference committee is successful in agreeing upon the wording of the bill, the matter is reported to the senate and house for final action. Of course, only a bill adopted by both houses in identical form can be presented to the governor. Recommendation Thirty-Six: We recommend that the chairmanship of the conference committee rotate annually between a senate and house conference committee member.

Floor Leaders

Recommendation Thirty-Seven: We recommend that each house elect from among its members a floor leader. The leader would serve as "traffic manager" of legislation and would make most routine motions, to consider a bill, to recess, etc. The legislature may choose to use the term "majority leader" particularly if it wishes to authorize "minority leaders."



The proposed rule does not prohibit the designation informally by the political parties of floor representatives; similar actions may be taken by the legislative delegations in the senate and by the Saipan delegation in the house.

Joint Committee on Rules and Procedures

Recommendation Thirty-Seven: we recommend that a permanent joint committee on rules and procedures be created to facilitate relations between the two houses and to dispose of internal matters pertaining to the legislature as a whole, to be composed of the presiding officers, the floor leaders, and a fifth member to serve as chairman. A feasible alternative may be to utilize by the chairmen of the joint committee, but the small size of the two bodies suggests this is unnecessary. It also may be desirable to consider separate senate and house rules committees, but the joint committee approach may be the more useful means of achieving efficiency of operations and comity of relations between the two bodies. Recommendation Thirty-Eight: We recommend that the chairmanship of the joint committee rotate annually between a representative and a senator.

Forms of Actions

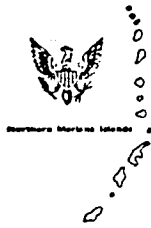
Article II, sections 5 and 2 of the constitution involves several types of legislation--bills, appropriation and revenue bills, and local laws. An orderly way to introduce and consider bills, as well as other actions by the legislature of the senate and house individually is needed. Recommendation Thirty-Nine: We recommend that six forms of actions be utilized in the legislature:

- a. bills,
- b. appropriation or revenue bills,
- c. local bills,
- d. local appropriation or revenue

bills,

- e. senate resolutions or house resolutions, and
- f. concurrent resolutions.

The information that must be contained in each type of action is specified in the proposed rule. The first four items require action by the governor. Items (a) and (b) refer to ordinary legislation and might be combined. However, since appropriation and revenue bills may be introduced only in the house of representatives, separate categories may be desirable. Separation is rationalized further by the constitutional mandate that "Appropriation bills should be limited to the subject of appropriations." (Article II, section 5(b).) Items (c) and (d) deal with matters proposed by the legislative delegations of a single senatorial district under the provisions of article II, section 6. In addition, a method is proposed for processing such bills, and although items (c) and (d) might be combined, separate classifications may be helpful. Item (e) deals with matters internal to either the senate or house, such as adoption of a rule of the respective bodies, an expression of policy, or a memorial. Such matters do not involve action by the governor. Item (f) deals with matters internal to the legislature, such as joint rules, an expression of policy by the two houses, a memorial, and proposed constitutional amendments. Both houses must agree on the identical wording of a concurrent resolution. Gubernatorial action is not involved. Attempts, however, to circumvent the governor's veto power under article II, section 7 of the constitution by use of resolutions or concurrent resolutions would be unconstitutional, of no force and effect, and could be challenged in a court of appropriate jurisdiction.



Enactment of Local Bills and Local Appropriations or Revenue Bills

This rule proposes a procedure by which the legislative delegation from a single senatorial district would exercise local law making authority under article II, section 6 of the constitution within the definition of local matters to be adopted by the legislature. Recommendation Forty: We recommend that the members of each legislative delegation comprise a committee to which local bills and local appropriation or revenue bills may be referred. Recommendation Forty-One: We recommend that local bills and local appropriation bills be introduced only by a delegation member subject to challenge by any member of the respective body. The full senate or house would decide whether the bill is within the category of local matters to be adopted by a legislative delegation. If answered in the negative, the bill would be treated as an ordinary bill, appropriation or revenue bill.

Recommendation Forty-Two: We recommend that action on bills referred to a delegation committee, be by majority vote of the delegation as required by article II, section 6 of the constitution. Upon adoption it would be signed by the presiding officer of the house of origin and forwarded to the governor. Recommendation Forty-Three: We recommend that local bills and local appropriation bills after adoption be presented to the governor for approval and be subject to veto, and motion to override a veto be done by the full senate and house, not by the legislative delegation. In addition to these responsibilities, the legislative delegation committees from Rota and Tinian and Aguiguan also would act on appointments by the heads of executive branch departments of resident department heads. This is consistent with article III, Section 17(b) of the constitution.

Local Laws

This proposed rule involves delicate and complex issues involving distribution of governmental and legislative power. It attempts to define the subject matter of local laws that may be enacted by the legislative delegations or may form the basis for mayoral regulation. Recommendation Forty-Four: We recommend that the subject matter of local bills and local appropriation or revenue bills be restricted to the following:

- a. speed limits on local roads,
- b. noise abatement control,
- c. regulation of littering and property maintenance,
- d. appropriation of funds for local purposes,
- e. local taxes,
- f. regulations to control stray dogs and animals,
- g. curfews,
- h. hunting seasons,
- i. authorization to a mayor to expend local funds,
- j. authorization to a mayor to promulgate local regulations.

Legislation on Appropriation Bills

The intention of article II, section 5(b) (second sentence) of the constitution is to prohibit legislation in appropriation acts, commonly termed riders. This rule suggests a way for such matters to be challenged internally and is important since the legislative determination is final and cannot be reviewed in a court. Recommendation Forty-Five: We recommend that a senator or representative be permitted to make a point of order and object to any wording in any appropriation bill during its consideration in the senate or house respectively on the grounds that it violates article II, section 5(b) (second sentence) of the constitution.



Committees of the Senate and House of Representatives

These proposed rules would create parallel substantive committees of the senate and house to consider bills, appropriation or revenue bills, resolutions, and concurrent resolutions. The parallel approach is proposed to facilitate joint hearings by the house and senate (see below) and to keep the overall organization of the two bodies as simple as possible. Recommendation Forty-Six: We recommend that three substantive committees be established for each house: committee on fiscal affairs, committee on programs, committee on government organization and law. The jurisdiction of each committee is specified. In the house, the Rota and Tinian representatives necessarily would serve on all three committees; otherwise, they would be unrepresented on at least two committees if single committee assignments per member were mandated throughout. (Single committee assignments is proposed for senator and for representatives from Saipan and the islands north of Saipan.)

Joint Committee Meetings

Recommendation Forty-Seven: We recommend that joint hearings be authorized by parallel substantive committees on bills, appropriation or revenue bills, concurrent resolutions, the governor's executive budget, subjects raised in gubernatorial messages, and investigatory and oversight matters within the jurisdiction of the respective committees. Joint hearings would be authorized by concurrent resolution on a regular or ad hoc basis.

Space and Furnishings for the Legislature

This proposed rule minimizes "house-keeping" responsibilities of the legislature. Recommendation Forty-Eight: We recommend that provision and maintenance

of office buildings be the responsibility of the department of public works. The budget and appropriation acts should detail the special facilities, furnishing, and equipment of the legislature. Responsibility for provision and upkeep should rest in the department of public works and when appropriate other executive branch agencies. The legislature should maintain property or purchase supplies independently of the other branches of government.

The legislature, its members and staff, should have access to good library and reference materials. However, it would not be economical to develop a legislative library in isolation from other reference and research centers on Saipan. For the next several years, the legislature and others in the Commonwealth government have ready access to the Trust Territory Education Library and the Library of the Congress of Micronesia, and the High Court law library. Recommendations will be presented elsewhere for a comprehensive library, research, and documentation system for the Commonwealth as a whole including specific proposals for serving the legislature.

Staff of the Legislature

This rule proposes a staffing pattern for the legislature. Some staff such as police and security guards would be assigned on an as-needed basis by other agencies. Processing of personnel and payroll forms would be done by the executive government departments. The legislature would not maintain internal fiscal capability. Public works would provide janitors and, if necessary, drivers.

Recommendation Forty-Nine: We recommend that the senate and house each appoint a clerk to prepare the journal, bills, handle matters within the exclusive province of the respective house, and perform related assignments. Recommendation Fifty:



We recommend that a sergeant-at-arms serve the senate and house jointly. One sergeant-at-arms can do the tasks for both the senate and house. In case of serious problems of order or locating of absent members, the police department can provide temporary assistance. (It may be feasible to eliminate the position entirely).

Recommendation Fifty-One: We recommend that internal administration of the legislature be the responsibility of an administrative officer. The clerk of the house and the clerk of the senate would be separate from the jurisdiction of the administrative officer as a matter of respect to the prerogatives of each house. Most of the records retention, typing, bills reproduction and distribution functions of the two houses can be centralized under the administrative officer. He would organize and supervise a typing and clerical pool. Separate secretaries for the presiding officers or committees should be disallowed. Pages should be prohibited, although some clerical assistance in circulating copies of bills would be performed under the central typing and clerical pool.

Recommendation Fifty-Two: We recommend that there be an office of professional services with full-time attorneys and research specialists. Two full-time attorneys, a senior research associate, and a senior fiscal analyst are proposed. A small appropriation for interns is proposed, to complement the professional staff. Over time, additional professional experts, and perhaps the retention of outside consultants would be in order, but for the moment the suggested staffing pattern shown in the appendix should be sufficient.

Recommendation Fifty-Three: We recommend the principle of a nonpartisan, nonpolitical professional and administrative staff be observed as strictly as

possible, and that staff of the legislature be within the civil service as contemplated by article III, section 16 of the constitution. The civil service commission would establish job descriptions, recruit candidates and oversee their performance. The legislature itself should select senior staff members, such as the senate and house clerk and the legislative counsel.

THE DEVELOPMENT OF A COMPREHENSIVE
PHYSICAL PLANNING PROGRAMS FOR THE
NORTHERN MARIANA ISLANDS

Pedro Sasamoto

Assistant Director for Physical Planning

Sewer system and solid waste disposal are other areas of concern in utilities planning. The following are the findings and recommendations of Pacific Planning and Design Consultants as they were presented by OTSP to the different islands.

SAIPAN SEWER AND SOLID WASTE

Sewer

The Northern Marianas Government, Department of Public Works, has negotiated a contract with M&E Pacific (formerly Sun, Low, Tom and Hara), a consulting engineering firm from Hawaii, to conduct an assessment of the existing sewerage system on Saipan, Rota, and Tinian and recommend an overall master plan for sewerage disposal. This work is being coordinated with Pacific Planning and Design Consultants present efforts. A brief discussion of the Saipan sewerage system and preliminary recommendations or concerns is included below.

The sewerage system for Saipan can be generally separated into the southern coastal system, and the central highlands and coastal system. In the early 1970's major improvements were made to the sewer



system with the addition of the Agingan and Garapan waste water treatment plants and sewerage collection systems. It is not uncommon, however, to find sewer lines of asbestos cement, concrete, cast iron or steel materials which were available during the 1940's.

Southern Coastal System

The limits of this system extend from Puntan Agingan to Oleai on the north. This system services the villages of San Antonio, Chalan Kanoa, Susupe, and Oleai, the hospital, Royal Taga Hotel, the various schools, government and business organizations along the highway. The waste generated by these facilities are conveyed via gravity sewers interceptor and sewage lift stations to the Agingan treatment plant for treatment and discharged into the ocean via a 150 foot long 12 inch outfall sewer at a depth of -10 feet. The Agingan waste water treatment plant is a primary plant with a capacity to treat a sewage flow of 1.0 mgd.

Central Highlands and Coastal System

The limits of this system extend from North Garapan to South Tanapag. Included in this system to the southwest are the Navy and Capitol Hill systems. This system services the hotels, Garapan Elementary School, a portion of the homes and businesses in Northern Garapan, the facilities and residences at the Navy and Capitol Hill, and the facilities at the Public Works area. The sewage collected by this system is conveyed by gravity and by sewage pump stations to the Garapan wastewater treatment plant, treated and discharged into the ocean. The Garapan plant has a capacity of .3 mgd of sewage flow.

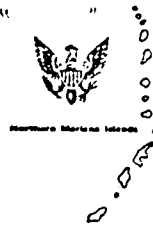
One of the major problem with the existing sewerage system is that many of

the residential homes are not connected to the sewerage system. Chalan Kanoa and Susupe villages are located in the low area surrounding Susupe Lake and swamp. Rains are followed by flooded cesspools and privies, thereby giving rise to potential health problems.

Although sewerage collection systems including house laterals were constructed in the village of San Antonio, Chalan Kanoa, Susupe, Oleai and North Garapan, only one hundred and four actual hookups to homes were made between September 18, 1974 to February 8, 1977. Most of the hookups in the south coastal system were in Chalan Kanoa and some in San Antonio, Susupe and Oleai. It is estimated that less than 10% of the population of these villages are being sewered. Also in the Garapan low cost housing, which is serviced by the central highlands and coastal system, only fourteen (11%) of the one hundred and thirty families are hooked up. It can thusly be said that approximately 10% of the population that can be presently sewered are receiving the benefits of the recently completed sewerage facilities, the other 90% are not.

One possible reason for the slow rate of hooking up is the cost incurred by each owner to construct the sewer lateral on his property. Although the Public Works charges a minimal connection charge of \$5, it has been reported that individuals were required to make significant expenditures to construct the lateral from the sewer easement into his house. This may be expensive enough to deter the average villager from hooking up to the sewerage system especially if his cesspool or septic tank is working properly.

In November 1976 the Environmental Protection Agency granted the Trust Territory of the Pacific Islands a deviation from EPA Grant Regulations for construction projects that would allow grant funds to



be used for the construction of laterals. This action should assist in relieving the private individual from the high cost burden of tying into the sewer system.

Sewer System Recommendations

1. The most critical, in terms of immediate and long term problem of the sewerage system in Saipan is that a large percentage of the residential homes that have the opportunity to hookup do not. It is recommended in areas where laterals have been installed that all the homes be hooked up. If necessary an ordinance should be set up whereby those residences closeby to existing mains be required to hook up his sewer within a specified period of time. The Government should provide financial assistance to those unable to afford the cost of making connections.

2. Interceptor sewers, sewage pump stations, collection system and other appurtenances be constructed to extend sewage service to Tanapag Elementary School and to the San Vicente Village. This would remedy the sewage disposal problems at these two sites.

3. In the central highlands and coastal system, the sewage service should be extended to the villages of Northern Tanapag and San Roque. The service should also be extended to cover the remaining areas in South Garapan.

4. Both the Agingan plant and the Garapan plant will need to be expanded to handle additional flows to be generated from the increase in hook ups and expanded service areas. The necessity or need to go to secondary treatment must also be considered.

5. It may be necessary to relocate the Garapan plant to another location, possibly in lower base, to provide for plant expansion and environmental considerations.

SOLID WASTE COLLECTION AND DISPOSAL

Introduction

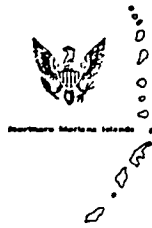
The existing solid waste collection and disposal system is presently inadequate. It poses problems because of both the scenic blight resulting from careless methods of disposal and littering and the health hazard created by an open dump from which surface and groundwater runoff drain into the lagoon near Garapan, not to mention air pollution caused by open burning.

There is presently no collection system and wastes are simply hauled by truck or other private vehicle to the Garapan dump when the individual chooses.

Unfortunately the failure to address this problem has resulted in the accumulation of litter along many roads and at historic and scenic areas throughout Saipan. The future development of Saipan as a tourist attraction must include the adoption of adequate solid waste collection and disposal system particularly when one considers the high value placed on neatness and cleanliness by the Japanese.

Existing and Projected Waste Production

The estimated volumes of solid waste use here are based on figures from Guam which estimate that the average person produces about 4 pounds of waste per day. Corrections were also made to account for the waste products of commercial (including tourist) activities.



SAIPAN SOLID WASTE GENERATION
1978-1988

	1/	2/	
1978 14041 x	3.9 =	11561 tons/year	
1979 14939 x	3.9 =	12279 " "	
1980 15904 x	3.9 =	12976 " "	
1981 16666 x	3.9 =	13676 " "	
1982 17524 x	3.9 =	14378 " "	
1983 18260 x	3.9 =	15067 " "	
1984 19341 x	3.9 =	15865 " "	
1985 20306 x	3.9 =	16157 " "	
1986 21374 x	3.9 =	17527 " "	
1987 22225 x	3.9 =	18248 " "	
		148,234 tons/10 years	

(150 lbs/cu. yard) Not Compacted
1,976,453 cubic yards

(1000 lbs/cu.yard) Compacted
296,468 cubic yards

- 1/ Average waste per person per day in Guam.
- 2/ Corrected for commercial and tourist waste.

Although a gradually increased factor was used for the commercial waste estimates the same was not done for individual produced solid waste. However, it is believed that the 3.9 lbs/day figure is presently a high estimate for Saipan and is probably a reasonable average for the ten year period.

The primary purpose of these figures is to roughly estimate the minimum size of a landfill site adequate to handle at least a ten year accumulation of waste. The approximate 300,000 cubic yards of waste would for example require a 3 hectare site (about seven acres) if wastes were packed to a 25 foot depth. Thus a 50 foot depth would mean only a 1.5 hectare site would be necessary.

Collection System Alternatives

Two major collection system alternatives

are being considered for implementation in Saipan. Final choice of a system will depend primarily on the projected cost of each alternative. Other factors which will influence the choice of a system include the final selection of a landfill site of suitable size and location, and the coordination of the solid waste system with the overall Master Plan. That is the proposed land uses, population distribution, and location of public facilities.

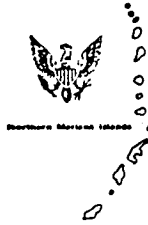
The first alternative collection system to be reviewed includes regular collection of waste from major producer and from selectively located trash bins. Major waste producers receiving regular collection services might include schools, hotels, the airport, certain commercial establishments, and the government centers. To facilitate citizens in all areas large haulable or trailerable dumpsites should be located in San Vicente, San Antonio, Chalan Kanoa, Susupe, Garapan, and the San Roque-Tanapag area.

In conjunction with a new Parks and Recreation Department regular though less frequent service could be provided for the major historic and scenic sites.

The major advantage of this alternative over a house-by-house, approach (discussed next) is the lower long term cost due to lower labor requirements.

A possible disadvantage is the probable higher initial capital investment in equipment. Moreover, this alternative continues to rely on the individual to haul waste to the neighborhood dumpsites. Although it would certainly be an improvement over the present situation which requires an unreasonably long haul to Garapan for most residents the continued accumulation of litter spilling from local trips is likely.

Minor problems might arise with this approach in assessing fees for individuals and in determining which places will be served directly.



The second collection system alternative is an approach in which all businesses, homes and other locations would be served directly. It is anticipated that a once or twice weekly service would be adequate if two, three person crews worked five day weeks. The system would require three trucks with easy loading capability. Fees could be assessed directly to the uses via the existing utility fee collection system. Given the probable high labor cost of the system it is likely that some government subsidy would be required. The system could either be government operated with user fees funding the system as much as possible or the government could subcontract the work to a private collector while guaranteeing an agreed upon returned from the operation.

The primary disadvantage over the previous alternative is the probable higher operating cost in the long term. The advantage would be a more efficient system of collection which should result in reduced litter and health hazards, and a generally improved Saipan environment.

Future refinement and development of the Saipan Master Plan will include a definitive cost estimate of these alternatives with a proposed system.

Waste Disposal Alternatives

Previous solid waste studies for Saipan have reviewed waste disposal alternatives and that exercise will not be repeated here. Based on previous findings it is assumed that the sanitary landfill approach with possible future reduction of waste volume through reprocessing waste and using returnable cans and/or bottles is the most viable approach for Saipan.

The first matter to be addressed is to identify a proper landfill site. For many environmental reasons, but chiefly due to scenic blight, water pollution, and health

hazards, the sites at Agingan Point and Garapan are very poor sites and should be closed, covered up, and landscaped as soon as possible. Furthermore, the practice of locating dumps in swamps or lowlands because the practice was believed to reclaim "unusable land" should no longer be pursued. Scientific evidence has clearly demonstrated that swamps and marshes act as water purification areas. Swamp plants remove pollutants from water and convert them to usable plant food substances.

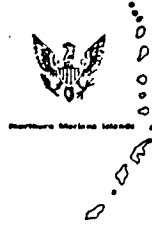
One such area in Saipan, Lake Susupe, is also the habitat of the Marianas Mallard, a rare duck found only in the Marianas and listed worldwide as an endangered species.

For these reasons and the probability that use of this site would pollute the west side lagoon, the Lake Susupe area definitely should not be considered a viable landfill site.

Factors that must be considered in locating a suitable site include soil type and quantity, groundwater flow and the proximity of wells, site size, site accessibility, surface water drainage and nearby land uses.

To be economical a site should have a minimum ten year life. This fact and the scarcity of accessible sites with soil depths adequate to provide cover and adequate to prevent a pollution threat to groundwater leaves few choices for a suitable location in Saipan.

Three major sites, apparently of adequate size, are presently being analyzed. The first, the As Lito site, is an abandoned quarry just north of Saipan International Airport. This site offers the advantage of good accessibility (4.6 miles from central Chalan Kanoa and 6.0 miles from central Garapan) adequate size and soils, and non-conflicting nearby uses. However, a serious potential problem with sanitary landfill at this



site is potential pollution of the nearby wellfields. Definitive evidence that the leachate would not flow eastward toward the wellfield must be established before this site could be selected for landfill use.

A second site which may be marginal in size is located in the Kagman area on the road to Laulau Beach. The advantages of this site are adequate soil cover and probably no threat of groundwater contamination since no wellfields are nearby and flow is to the east. However, further checks of groundwater activity should be carried out here also. The disadvantage of this site is accessibility. The site is about 8 miles from central Chalan Kanoa and 7 miles from central Garapan. Like the As Lito site this location would not be abutted by incompatible uses.

The third site is an old quarry about two miles northeast of San Roque Village. This site is larger than the Kagman site but probably smaller than the As Lito site. It should pose no groundwater pollution (again this must be verified by a qualified hydrologist) problem and cover material should be no problem. It could be kept from conflicting with nearby uses by providing an adequate buffer zone. A couple major accessibility problems exist here, however. The distance from the bulk of Saipan's population is perhaps too great since the site is 11.5 miles from Chalan Kanoa. It is also seven miles from Garapan this offering little or no advantage over other sites in that respect. A further problem is the necessity of moving heavy trucks up and down Beach Road and the West Coast Highway, all week, thus posing a possible safety hazard. In any event these sites and perhaps others should be looked at in greater depth before a choice is made.

It is anticipated that the daily care of the landfill site and provision of

necessary equipment will be a responsibility of the Public Works Department. The provision of equipment capable of adequately compacting and covering the solid waste on a daily basis is important to the proper operation of the facility.

Solid Waste Reprocessing and Returnable Containers

As the resident population and tourist visits to Saipan increase so will the demand for resources and the overall stress on the island. Although conservation techniques may not seem terribly important now, as the volume of waste increases the ability to properly dispose of it will decrease.

Although a complete waste reprocessing center which separates out glass and metal for recycling and converts combustible material to compost or energy is probably not feasible at this time, careful observation of the feasibility study of a waste reprocessing plant in Guam should occur. The time frame necessary to study and set up a reprocessing plant is such that a new landfill site will be needed anyway since it will be necessary to close the Garapan site sometime in 1978. (Because of the applicability of the Corp's and EPA regulations).

Since a significant portion of the litter on Saipan and the solid waste at the dump is cans and bottles, the possibility of a law banning throw-away cans and bottles for drinking beverages should be considered. Successful implementation would reduce littering, reduced projected costs of maintaining public historic and scenic sites, beaches, and road right-of-ways. Also it would have a long term effect of increasing the life expectancy of the landfill site.



TINIAN SEWER AND SOLID WASTE

Sewer

The present system of sewage disposal relies on the utilization of privies and cesspools. Presently there are less than 10 homes with flush toilets on the island. The only major septic tank system serves the school, the municipal buildings and several small buildings totaling approximately 16 toilets in all. Although it is recognized that a difficulty exists in the construction of good functional septic tanks, civilian population growth is not anticipated to require the installation of a sewer system during the initial seven year plan period unless rapid development associated with military activity takes place.

A future sewage disposal plant site on military retention lands is suggested west of Breakwater Beach. This will allow for gravity flow of most effluent waters. Planning for future Roadways in the village should be cognizant of potential placement of sewer lines. Since the proposed sewage treatment plant will be in military retention lands it will be necessary to pursue a joint use agreement or leaseback.

Solid Waste

The site presently being utilized for solid waste disposal is also located on military retention lands. The site has been used for less than two years and will have adequate spatial requirements to meet demand during the next seven (7) years. Access and continued use of the site will require leaseback of lands from the military subsequent to the date that sections 802 and 803 of the Covenant come into force.

PROJECTED REFUSE TINIAN
1978-1985

1978	900x3.9=3510x365	= 1,281,000	lbs/yr.
1979	954x3.9=3720x365	= 1,358,000	" "
1980	1011x3.9=3943x365	= 1,439,195	" "
1981	1071x3.9=4179x365	= 1,525,500	" "
1982	1135x3.9=4426x365	= 1,616,000	" "
1983	1203x3.9=4691x365	= 1,712,000	" "
1984	1275x3.9=4973x365	= 1,815,000	" "
1985	1351x3.9=5270x365	= 1,923,900	" "

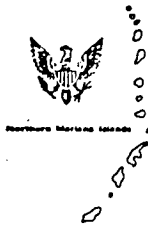
Total Refuse in Lbs. = 12,670,595

Assuming an annual civilian population growth rate of 6% and excluding any major military increase during the plan period, the island will have a population of approximately 1350 persons in 1985. In the eight year period from 1978 thru 1985 approximately 12,670,000 lbs. of solid waste must be disposed of. Assuming compacted refuse equals approximately 1000 lbs/cu.yd. the island of Tinian will require a refuse area capable of handling 12,670 cubic yards of materials. The present dump site is adequate to handle the projected volume of solid waste; however, it may be necessary to develop a public or private collection system to make certain that refuse materials reach the dump site.

ROTA SEWER AND SOLID WASTE

Sewer

A review of the HA&E plan for sewage disposal indicates that it is still technically sound and suitable for the Songsong village area. A major concern which we do have is on the proposed location of the treatment plant itself. We would suggest that the treatment plant be located nearer the public works buildings and closer to the proposed west harbor location, perhaps adjacent to the causeway



to be constructed for the harbor facilities. Approximately a two acre area should be set aside for the plant to allow for expansion to secondary treatment when eventually required by EPA and to provide for suitable landscaping of the site. The outfall would be seaward of the island.

If future plans envision that the MIC hotel presently under construction and the proposed MIHA subdivision should be served, a new lift station and line would be required for this area. A major concern is that any plans to implement a sewage disposal system be coupled with a plan to guarantee hook ups from the areas being served.

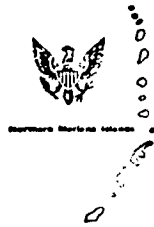
Solid Waste

The present method of solid waste disposal for Rota is open dumping at a site approximately two miles north of the village of Songsong. Visual observation of the site in March and later in April indicated no attempt to cover the refuse. In most cases refuse has been bulldozed into piles on the periphery of the dump area.

The present site, although not optimal in that it is generally flat land and the soil available for cover is fine to coarse aeolian beach sands, does not present a hazard to the Island water supply as the water supply system does not presently tap the basal lens. Its location near the ocean would suggest that any ground water movement would be away from the high land area to the south and towards the ocean. The dump site would, however, provide a breeding area for mosquitoes and other insects and rodents that might carry diseases.

Although no information was available on the amount of household refuse produced on Rota, Saipan or Tinian, we assume that the amounts of refuse would be similar to that produced on Guam perhaps as much as 3.9 pounds per capita daily. (Generally this is felt to be a conservative estimate as it is doubtful that the people of Rota produce as much refuse especially since the Guam component included food and garden waste which is most likely used as feed on Rota for poultry and swine.) These weights in turn relate to a per capita yearly rate of 1423 lbs. or assuming a compacted volume of 1000 lbs. per cubic yard, 1.4 cubic yards per year per capita. The present population of approximately 1300 person would therefore produce 1,850,550 lbs. per year or require a spatial volume of approximately 1850 cubic yards to dispose of the refuse to be generated in 1978.

Assuming an annual population growth rate of 6% will give an Island population of approximately 3,000 by the year 1992. In the fifteen years between 1978 and 1992 approximately 40,680,000 lbs. of solid waste must be disposed of. Assuming compacted refuse equals approximately 1000 lbs. cu. yd. the island of Rota will have to have a refuse area capable of handling 40,680 yards of material.



SOLID WASTE GENERATION ROTA
1978-1992

1978	1300	x 3.9 =	5070	lbs./day	x 365 =	1,850,550	lbs/year
1979	1378	x 3.9 =	5374	" "	x 365 =	1,961,583	" "
1980	1460	x 3.9 =	5695	" "	x 365 =	2,079,277	" "
1981	1547	x 3.9 =	6035	" "	x 365 =	2,203,008	" "
1982	1639	x 3.9 =	6392	" "	x 365 =	2,333,116	" "
1983	1738	x 3.9 =	6775	" "	x 365 =	2,472,875	" "
1984	1842	x 3.9 =	7184	" "	x 365 =	2,622,485	" "
1985	1952	x 3.9 =	7614	" "	x 365 =	2,779,412	" "
1986	2069	x 3.9 =	8070	" "	x 365 =	2,945,392	" "
1987	2193	x 3.9 =	8553	" "	x 365 =	3,121,934	" "
1988	2324	x 3.9 =	9065	" "	x 365 =	3,309,039	" "
1989	2463	x 3.9 =	9607	" "	x 365 =	3,506,706	" "
1990	2610	x 3.9 =	10182	" "	x 365 =	3,716,445	" "
1991	2766	x 3.9 =	10789	" "	x 365 =	3,938,255	" "
1992	2931	x 3.9 =	11434	" "	x 365 =	4,173,645	" "

TOTAL REFUSE IN LBS. 40,680,613

For illustration purposes this would be a pile of refuse one hectare in size and 10 feet high.

To make certain that refuse reaches the dump, either a twice weekly public collection or a mandatory private collection should be instituted. By implementation of such a collection system it could also serve to make certain that the dump is properly covered with fill material on days of major collection activities.

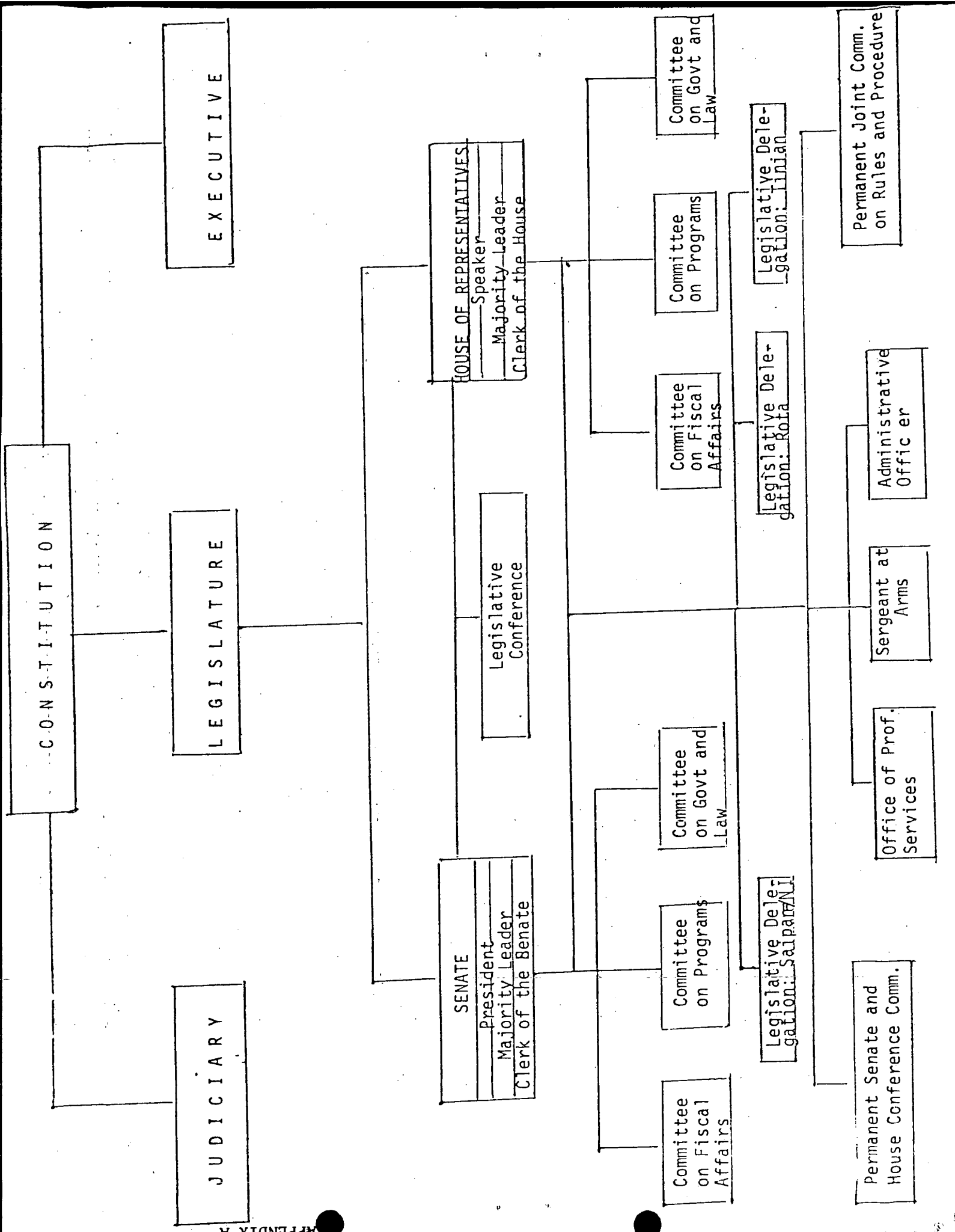


EXHIBIT B

SUMMARY OF THE NMI SOCIOECONOMIC
FY 1978-1985

Manuel A. Sablan, Assistant Director for Economics/Finance
P. A. Tenorio, Director

In view of the limited copies available and the voluminous final report of the Socioeconomic Plan prepared by the firm of RRNA, "OTSP News" will instead publish, as a public service, summaries of the report in installments beginning with this issue. In this issue, the following main areas are covered:

1. Strategy of the Socioeconomic Plan, and
2. Financial Resources, their sources and allocation.

SUMMARY OF THE NMI SOCIOECONOMIC PLAN
FY1978-FY1985

I. STRATEGY OF THE SOCIOECONOMIC PLAN

A. Basic Objectives

Objectives and targets were established for each sector, to help determine priorities in use of resources. In general terms, the basic objectives are:

- 1) To expand private sector employment of all kinds as much as possible.
- 2) To emphasize the expansion of production in agriculture, fishing and the processing of local products.
- 3) To recognize the relative importance of the visitor industry as of a major force in the economic development of the NMI.
- 4) To encourage the expansion of construction, both to provide employment and to make available the facilities that are constructed.
- 5) To improve government services, while at the same time holding down the increase in government employment so that government becomes a less dominant element in the economy.
- 6) To stress the improvement of education and health services.
- 7) To increase public safety through improved police and fire protection services and through better correction capabilities, particularly in the area of juvenile delinquency.
- 8) To improve the housing of the community, particularly for lower income families. This includes the provision of more adequate infrastructure to reduce the development of "slum" areas.
- 9) To provide, by the end of the plan, a basic infrastructure of roads, harbor, water, power, sewer and solid waste disposal that would encourage economic development and improve the environment.
- 10) To make the best possible use of public lands while preserving them for future generations. This requires the development of a land use system and recreational facilities that encourage the traditional way of life for the community.

B. Basic Assumptions

- 1) The TT Government Headquarters will be drastically reduced over the next few years and will be completely removed from Saipan by FY1981. This will of course have a serious impact on employment, tax revenue and local trade.
- 2) Population will increase to about 22,200 in FY1985. Of this, about 18,300 will be Micronesian. This is based on the Micronesian population growth rates between 1967 and 1973, adjusted for reduction of TT Government Headquarters, and on a growing need for alien labor by FY1985.
- 3) The visitor industry will expand rapidly, beginning in FY1978. By FY1985, the number of hotel rooms will increase from 578 in FY1978 to 878 rooms in FY1979 and to over 1,400 in FY1985. Visitors will increase from about 103,000 in FY1978 to over 200,000 in FY1985. The present level is about 50,000 visitors.

- 4) The U.S. Government will make available the \$19,520,600 (1975 price level) for the lands leased on Saipan, Tinian and Farallon de Medinella by FY 1981. Income from the \$2 million for leasing Tanapag Harbor will be used for development of the Memorial Park in Tanapag Harbor. The remaining funds from the Tinian and Farallon de Medinella leases will be invested in U.S. bonds. The income in excess of funds required for the operating costs of the Marianas Public Land Corporation and the Marianas Public Land Trust will be transferred to the general revenues of the Commonwealth. The operating functions of the Public Land Corporation will be limited to development of policies relating to land use and operations will be the responsibility of the NMI Government agencies. Therefore, practically all of the land revenue will be available for NMI Government use.
- 5) While the land lease funds will be made available by FY 1981, no major construction on Tinian will be undertaken during the plan time period. Minor construction and engineering projects may occur, but no large installation will be established by FY 1985.
- 6) The allocation of CIP resources by island will be based on two considerations; (a) that a minimum of \$500,000 of covenant funds (1975 prices) will be allocated to each island annually and (b) that the CIP funds will be allocated by the sectoral needs of the commonwealth considered as a total. Under the plan, the \$45,468,000 of CIP funds available to the NMI Government have been allocated as follows:

Saipan	\$33,161,000	72.9%
Rota	6,745,000	14.8%
Tinian	5,562,000	12.2%
Total	\$45,468,000	100. %

C. Basic Operating and Economic Policies

- 1) The local tax system will be increased to provide the additional funds required for improved operation of the governments.
- 2) The tax system will be made more progressive by adopting the U.S. income tax rate schedule in CY 1979.
- 3) Wherever possible, particularly in construction, work will be performed under contract by the private sector rather than by government.
- 4) An emphasis will be placed on increasing the jobs of local workers in the private sector and government jobs will be held to a minimum.
- 5) The emphasis on increased NMI Government employment will be on improving direct services to the community (health, education, maintenance of infrastructure, etc).
- 6) User charges for government products or services will be related to their full cost of production. Any subsidies given by providing products or services below cost will be openly examined and approved.
- 7) Only those new industries will be encouraged that provide a reasonable number of new job for local workers.
- 8) Foreign investment will be encouraged only when significant benefits are present for local entrepreneurs and workers.

- 9) Housing and homestead programs will be planned and administered to emphasize benefits for lower income families.
- 10) On Saipan, new government buildings will be restricted during this plan primarily to those functions that provide direct services to the community (hospitals, dispensaries, school buildings, etc.). Other government office needs will be met from existing space released by the TT Government HQ.
- 11) The provision of government housing for government employees, local or contract, will gradually be eliminated, and government owned or leased houses will be reduced to a minimum. The private housing market can be expected to meet these needs, and the payment of housing allowances where necessary will be instituted as soon as possible.
- 12) A land use master plan will be adopted, and through zoning regulations, building codes and sub-division control, the quality of construction will be improved.
- 13) A development bank will be established to become the principal resources of government development loan funds. Its lending authority will be restricted to making credit for development purposes available to government agencies and autonomous public authorities.
- 14) A non-profit development corporation will be established to incur debt and own property, to participate in joint ventures and to administer the development loan funds to the private sector, including the covenant funds made available for small loans to farmers and fishermen.
- 15) An industrial park will be established and operated by the development corporation to encourage new enterprises or the expansion of existing enterprises in manufacturing and service industries. Land near the dock area will be used, and loans and rates set to encourage small plants and warehouses in the processing of locally produced vegetables, fruits, and animal products. Wherever possible, local private sector participation will be developed and direct government operations will be minimal.
- 16) The system and administration of alien labor regulation in the NMI will be rationalized and improved. Regulations must be enforceable and will permit employers to import needed foreign workers for essential development projects, particularly the larger construction projects. However, the NMI Government will stress increasing local participation in construction projects through improved employment office practices and by contractual requirements.
- 17) Wages will be raised for certain kinds of jobs against which there is a local bias, to make them more attractive for local workers.
- 18) Budget and management systems will be adopted to encourage and control maintenance and repair operations. Funds have been provided for systematic, regular maintenance of vehicles and other government equipment and facilities, which should substantially eliminate the loss of use and the poor appearance of public facilities and equipment.
- 19) The visitor industry, particularly the expansion of hotel facilities, will be controlled to maximize local benefits and avoid over-expansion and excess commercialism that often is associated with wildly growing tourist trade.

II. Financial Resources - Source & Allocation

A. Sources of Funds

- 1) Most of the import duties in effect now will be converted to excise duties, to be effective when the constitutional government is initiated.
- 2) U.S. personal income and corporation income taxes will become effective 1 January 1979. Until then the existing 3% tax in wages and salaries will be continued.
- 3) The 1% gross receipts tax will be continued, against which will be credited the corporation tax paid in accordance with the U.S. corporate income tax schedule.
- 4) The development of a tax on real property will be gradual to permit problems of ownership to be clarified and for an adequate assessment capability to be gained.
- 5) Beginning with the constitutional government, all NMI funds will be appropriated in a "unified" budget, a budget that includes the following sources of funds:
 - a. Funds raised through local taxes, including the income taxes, both personal and corporate, collected at U.S. income tax rates.
 - b. All direct grants from the U.S. under the Covenant agreement.
 - c. All carry-over funds from previous years that are available for reallocation.
 - d. All reimbursements and user charges collected by Government agencies.

The total of these, in any year, represents the total unified budget.

- 6) In addition to the unified budget, these are 2 other sources of funds that will be expended by the GNMI Government.
 - a. Government Corporations or Independent Agencies, such as the existing Mariana Islands Housing Agency, and the Mariana Islands Airport Authority, the Saipan Electric Power Authority (to be established). To avoid double counting, when the NMI Government pays any of these corporations for services, or subsidies, it is included in the appropriate budgetary categories in the unified budget, described above.
 - b. Federal Program support for governmental programs that are provided directly or through the TT Government, these are in addition to the funds provided under the Covenant and are not usually included in the annual budget. If there is a requirement for "matching" funds, however, these are included in either the operating or CIP budget of the NMI Government.
- 7) Financial resources available from internal revenues will increase by 258% from FY1978 to FY1979. (FY1978 constant dollars). Total NMI budget resources, exclusive of Federal Programs will increase by 18% in the same period. During the total plan period, resources available to the NMI from all sources will be over \$280 million, of which Covenant Funds will be \$135 million and internal revenue will be \$43 million.

Table 1. Source of Funds Available to the NMI Government
 FY1978, FY1985 and Plan Period FY1978-FY1985
 (\$000 of FY1978 dollars)

<u>Source of Funds</u>	<u>FY1978</u>	<u>FY1985</u>	<u>Total Plan Period FY1978-85</u>
Internal Resources	\$ 2,764	\$ 7,136	\$ 42,713
Direct Grants (Covenant)	16,053	17,000	135,053
CIP carry-over funds	890	--	1,140
General reimbursements/User Charges	1,846	1,363	9,020
Subtotal - GNMI Budget Resources	<u>21,553</u>	<u>25,499</u>	<u>187,926</u>
Government Corporation/Independent Agencies	849	8,983	45,973
Federal Program Funds	6,528	5,270	46,915
Total Financial Resources	<u>\$28,930</u>	<u>\$39,752</u>	<u>\$280,814</u>

- 8) During the period of the Plan, FY1978-85, two sources are expected to provide substantial increases of financial resources to the GNMI Government. First, internal resources, which includes the income from taxes and land leases, including investment of U.S. lease funds, are projected to increase from \$2,764,000 on FY1975 to \$7,136,000 in FY1985, an increase of nearly \$4.5 million a year, producing a total of \$42,700,000 during the plan period. Second, Government Corporations/Independent Agencies are expected to increase from an annual rate of expenditures of less than \$1,000,000 to nearly nine million dollars. The increase here is not only due to increased volume of operations, but from establishing new government corporations such as the Saipan Electric Power Corporation.

B. Allocation of Resources - Projected Total Obligations

- 1) The total financial resources projected to be available during the Plan Period, \$280,814,000, is allocated to achieve the economic development and other objectives given above. There are, however, some constraints on this allocation that must be kept in mind:

U.S. Covenant funds must be allocated to operations, capital improvement and economic development loans in the proportions and for the purposes specified by the Covenant with the U.S.

Government Corporations/Independent Agencies must use their funds in a manner approved by the Legislature in the charter of the Corporation and subject to the controls established by the legislature. The Unified Budget may include their expenditures for informational purposes, but they will not be "budgeted" in the usual way.

Direct Federal Programs must be used for the purposes and in the manner specified in the specific federal grants.

Because of these constraints on allocation of resource, the Government Corporations/Independent Agencies and the direct Federal Programs are always shown separately in the plan. (See Table 1 above).

- 2) The Socioeconomic Plan shows the projected allocation of these funds for each year and for the total plan period.
- a. In the Operating Funds, the allocation is based on the preliminary organization plan that is being developed for the Office of Transition Studies and Planning by the Institute of Public Administration. Operating costs were kept as low as possible, in order to provide more funds for the Capital Improvement Program.
 - b. The CIP allocation is based on the preliminary estimates of the Physical Planners, who are preparing a Physical Master Plan for the Office of Transition Studies and Planning.
 - c. As each year in the plan approaches, there will obviously be changes, both in the estimates of resources and in the estimates of costs. New ideas and new opportunities will present themselves for consideration. A plan is not a blue-print for the construction of a building; it is a guidance document that must be flexible and must change as opportunities arise to improve the development process. The plan is thus a system that must be changed, but changed carefully and only for good reasons, not impulsively or to cater to political favor.
 - d. Each year, as the annual budget is prepared for presentation to the legislature, a careful estimate must be made of resources that will be available for that year and the allocation proposal should reflect as accurate a picture of expected resources as can be made. If more resources are available than projected in the plan, the additional funds can be allocated to CIP projects by moving some of the most essential projects from the future into the current budget year.
 - e. Each year, at budget time, the plan should be extended a year, giving a framework for assessing priorities in the planned use of funds that is constantly integrated with the current use of funds.

Table 2. Projected Obligations - NMI Government Sector FY1978-FY1985
(\$000 of FY1978 dollars)

<u>Obligations</u>	<u>Total FY1978-85</u>
Government of the Northern Mariana Islands	
Operations	\$120,287
Capital Improvement	42,158
Economic Development Loans	16,461
Reimbursements/User Charges	9,020
Subtotal - GNMI Obligations	<u>187,926</u>
Government Corporations/Independent Agencies	
Operations	31,693
Capital Improvements	14,280
Subtotal	<u>45,973</u>
Federal Programs	
Operations	23,982
Capital Improvements	22,933
Subtotal	<u>46,915</u>
Total Obligations	<u>\$280,814</u>

C. Allocation of Resources - GNMI Operations Funds

- 1) The NMI Government, under its constitution, will have to undertake many new management and planning functions as a Commonwealth of the United States, rather than a district of the Trust Territory of the Pacific Islands. This means that more skilled administrators and managers will be needed. It also means that more government employees must be hired to provide better governmental services, such as nurses, teachers, road maintenance workers, etc. But the resources to hire more government workers are limited. Although some more workers will have to be hired, most of the improvement of government services in the NMI must come through more efficient public administration.
- 2) Most of the additional operations funds that will become available during the plan period will be used for providing services. Of the increase of \$3,782,000 in projected allocation of operating expenses between FY1978 and FY1985, nearly \$3,200,000 is planned to go to education, health, public safety, natural resources, community affairs, and economic development. Funds for general administration is increased, but minimally, and the operations of the infrastructure is also constrained. The emphasis in the allocation of operating funds is on improved government management and better government services.
- 3) The planned allocation of GNMI operating funds are shown in Table 3.

Table 3. Allocation of Operating Funds of NMI Government^{a/}
(\$000 of FY1978 dollars)

<u>Department/Agency</u>	<u>FY1978</u>	<u>FY1985</u>	<u>Total Plan Period</u> <u>Amount</u>	<u>%</u>
<u>Municipalities</u>	\$ 144	--	\$ 114	--
<u>Legislature</u>	1,565	\$ 845	7,141	5.9
<u>Judiciary</u>	298	229	1,914	1.6
<u>Executive (General Administration)</u>				
Office of the Governor	746	1,033	7,686	6.4
Liaison Offices	140	231	1,663	1.4
Staff Agencies	445	500	3,751	3.1
CSC Personnel	240	255	1,952	1.6
Financial Administration	571	862	6,369	5.3
Subtotal - Administration	<u>2,142</u>	<u>2,881</u>	<u>21,421</u>	<u>17.8</u>
<u>Services</u>				
Emergency Services (Public Safety)	661	1,255	7,813	6.5
Community Affairs	147	178	1,321	1.0
Economic Development	89	104	775	.6
Natural Resources	822	1,332	9,263	7.7
Education	1,795	3,289	22,666	18.8
Health	<u>1,642</u>	<u>2,189</u>	<u>16,273</u>	<u>13.5</u>
Subtotal - Services	<u>5,156</u>	<u>8,347</u>	<u>58,111</u>	<u>48.1</u>
<u>Public Works</u>				
Office of CIP Administration	--	116	765	.6
Operation and Maintenance	937	1,130	8,397	7.0
Power				
Saipan	1,823	1,702 ^{b/}	11,895 ^{b/}	9.9
Rota and Tinian	201	310	2,034	1.7
Water	116	140	1,034	.9
Sewer	45	55	409	.3
Solid Waste	22	27	199	.1
Supply and Procurement	87	115	845	.7
Central Repair Shop	300	468 ^{b/}	3,148 ^{b/}	2.6
Subtotal - Public Works	<u>3,531</u>	<u>4,063</u>	<u>28,726</u>	<u>23.9</u>
Appropriations for Independent Agencies and other Operations	144	367	2,860	2.4
Subtotal - Executive Branch	<u>10,973</u>	<u>15,657</u>	<u>111,118</u>	<u>92.4</u>
Total Operations	<u>\$12,950</u>	<u>\$16,732</u>	<u>\$120,287</u>	<u>100.0</u>

^{a/} Excluding Federal Programs. Includes only funds to be appropriated by NMI Legislature in annual budgets.

^{b/} Consists mainly of charges to Saipan Electric Power Authority and therefore funds are payment of user-charges rather than ordinary budgets.

D. Allocation of Resources - CIP Funds

1) The allocation of the CIP funds of the Government of the Northern Marianas includes both Covenant and internal resources.

Table 4. Government of the Northern Mariana Islands - Allocation of CIP Program^{a/}
Total Plan FY1978-FY1985 - By Island and Sector
(Thousands of FY1978 dollars)

<u>Sector</u>	<u>Saipan</u> ^{d/}	<u>Rota</u>	<u>Tinian</u>	<u>Total</u>
Agriculture	\$ 739	\$ 740	\$ 650	\$ 2,129
Fisheries	1,330	--	--	1,330
Services, Trade, Construction and Manufacture	950	--	--	950
Homestead-Housing	1,200	250	200	1,650
Homestead-Infrastructure	1,000	300	345	1,645
Education	4,617	425	120	5,162
Health	2,890 ^{b/}	125	50	3,065
Community Affairs (parks and recreation)	575	60	60	695
Island Beautification	1,000 ^{c/}	-- ^{c/}	-- ^{c/}	1,000
Emergency Services (Public Safety)	1,270	--	--	1,270
Infrastructure:				
Power	1,151	400	536	2,087
Water	3,275 ^{b/}	1,650	1,076	6,001
Sewer and Sanitation	1,844	80	70	1,994
Roads	3,960	1,440	1,120	6,520
Harbors	2,900	1,100	1,200	5,200
Public Buildings	1,000	175	135	1,310
Memorial Park	150	--	--	150
Total	\$29,851 ^{b/}	\$6,745	\$5,562	\$42,158
%	70.8	16.0	13.2	100.0

^{a/} Excludes Government Corporation and Independent Agencies, such as the Saipan Electric Power Authority, MIHA, Airport Authority, etc.

^{b/} Includes carry-over funds of \$1,140,000 for hospital and water system.

^{c/} Will be used for all the Northern Mariana Islands.

^{d/} Includes funds for the Northern Islands as well as facilities that will be used for the entire Commonwealth, such as the acute secondary care hospital, the correction facilities, island beautification contracts, etc.

- 2) The annual allocation of CIP has been planned to meet both the requirements of the Covenant and the priorities for development.

Table 5. Annual Allocation of CIP Funds^{a/} - FY1978 Through FY1985
By Island and Year
(Thousands of FY1978 Dollars)

<u>Fiscal Year</u>	<u>Saipan</u> ^{b/}	<u>Rota</u>	<u>Tinian</u>	<u>Total</u>
1978	\$ 3,462	\$1,075	\$ 627	\$ 5,164
1979	3,570	890	650	5,110
1980	3,335	885	640	4,860
1981	4,091	880	695	5,666
1982	3,938	810	680	5,428
1983	3,847	725	750	5,322
1984	3,908	670	750	5,328
1985	<u>3,700</u>	<u>810</u>	<u>770</u>	<u>5,280</u>
Total	\$29,851	\$6,745	\$5,562	\$42,158
%	70.8	16.0	13.2	100.0

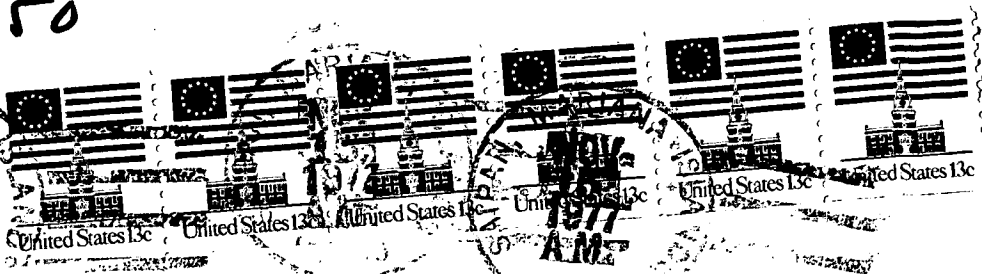
a/ Excludes Government Corporations and Independent Agencies, such as the Saipan Electric Power Authority, MIHA, Airport Authority, etc.

b/ Includes carry-over funds of \$1,140,000 for hospital and water systems.

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