

COMPREHENSIVE ECONOMIC
DEVELOPMENT STRATEGIC PLAN
2009-2014

For the

U.S. COMMONWEALTH OF THE
NORTHERN MARIANA ISLANDS

Prepared by

Commonwealth Economic Development Strategic Planning Commission
CNMI Department of Commerce
Office of Governor Benigno R. Fitial
U.S. Commonwealth of the Northern Mariana Islands

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CEDS Commission & Consultants

The CNMI's Comprehensive Economic Development Commission was appointed by Governor Benigno R. Fitial in January of 2008 and includes the following private and public sector representatives:

Lynn A. Knight, Chairwoman

Chairwoman, Hotel Association of the Northern Mariana Islands

Michael Ada, Co-Chairman

Secretary of Commerce

Marian Aldan-Pierce

Vice Chairwoman, Marianas Visitors Authority

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In October of 2008, the CEDS Commission released a Request for Qualifications and hired Management Analysis Inc. of Vienna, Virginia as its consultants:

Arthur Smith

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Executive Summary

The Northern Mariana Islands are experiencing their most challenging economic status since the birth of the Commonwealth in 1976. By definition, the CNMI is in an economic depression unmatched even by the Great Depression of the United States in 1929-1933¹.

With the total loss of the garment industry and the downturn in tourism since 2005, due to the loss of air service from Japan and economic events beyond the CNMI's control, the local government has lost over 35% of its budget. These events and the rising cost of power in the islands have contributed to a substantial population decline, estimated at over 20,000 people leaving the Commonwealth in the past several years. Once nearing 78,000, the current population is estimated by economists to be approximately 50,000 to 55,000 in 2009². The decrease in population has proved to be a challenge for the local government as well as businesses that are facing declining markets.

Despite the downturn in the economy, the CNMI will also be challenged by a rising minimum wage, now mandated by federal law to increase by \$0.50 each year until the Northern Marianas reaches the U.S. federal minimum wage of \$7.25 per hour. As of February 2009, the current minimum wage in the CNMI sits at \$4.05 per hour. Therefore, the CNMI is expected to see increases annually for the next seven years, regardless of the health of the local economy.

Added to the current economic challenges is the uncertainty over federalization of immigration in mid-2009, which could lead to³:

- 1) An almost total loss of Russian and Chinese tourists, now comprising 12% of the total tourists and approximately 25% of all tourists spending in the islands.
- 2) A reduction in the number of foreign investors who will qualify to live and work in the Commonwealth.
- 3) A reduction in foreign students, due to stricter U.S. qualifications.
- 4) A labor shortage that is expected to result from the phasing out of the CNMI's foreign worker program over a five-year transition period.
- 5) Higher costs of processing foreign labor visas once U.S. regulations take effect for various types of visas.

Although faced with many economic challenges the Commonwealth looks to an opportunity which is already bringing in new investment to the region. The planned military buildup, which is the planned move of Marines from Okinawa to Guam, will undoubtedly bring both positive and negative challenges.

¹ Malcolm D. McPhee & Dick Conway, "Economic Impact of Federal Laws on the Commonwealth of the Northern Mariana Islands", October 2008

² McPhee & Conway.

³ U.S. P.L. 110-229

Despite these negative impacts there remains reason for optimism due to the expected military use of the island of Tinian for a soft base and training zone, which could bring some limited opportunities for military spending on the island. The U.S. Military acknowledges that near-term development on Tinian will be limited due to significant effects on the community, local economy and the realignment program.⁴

The CEDS study identified several infrastructure developments that would help encourage the military's use of Tinian as a training zone. Some developments outlined in the CEDS study are improvements to the harbor, road improvements, the construction of a sanitary landfill and sewage treatment facilities. However, it is uncertain at this time whether the military would share in the substantial costs associated with these infrastructure improvements. Given discussions with the military that most training facilities would be designed to be self sufficient, it seems unlikely that the CNMI government could expect a major investment by the military in new facilities. Therefore, it is more likely a "build it and they will come" scenario to promote the use of Tinian for the military.

The possible use of the island of Pagan has been discussed in military briefings. Despite these discussions, it is unknown whether such uses would result in any investments by the military in infrastructure. The island of Pagan remains undeveloped with no infrastructure to speak of other than a short landing strip that is partially covered by an old lava flow. Modern conveniences such as sea docking facilities, power, running water, and roads do not exist on the island.

With the anticipated population growth in the region, it stands to reason that the CNMI will realize peripheral benefits from this growth, primarily in the area of tourism. The CNMI's proximity to Guam provides an ideal location for Rest and Relaxation (R&R), allowing for a variety activities not available in Guam, inclusive of gaming on the islands of Tinian and Rota, as well as eco-tourism on the island of Rota. Any investment in new attractions and other destination enhancements for the islands would help promote more tourism.

With the anticipated growth of the population in Guam by the military, their families and contractors, undoubtedly Saipan, Tinian and Rota will see additional tourists and use of the military for relax and recreation (R&R) provided that reasonably priced, convenient transportation to the islands is available from Guam. Any investments in new attractions and other destination enhancements for the islands would help promote more tourism.

An anticipated downside to the growth of the military base in Guam will be a regional labor shortage. There have already been a significant number of local CNMI families that have relocated to Guam to pursue higher paying job opportunities. In the future following the implementation of a new federal law, which will federalize immigration for the CNMI and lift the cap on "H" worker visas, more foreign workers from the Northern Marianas are expected to move to Guam as well, thereby placing greater strain on CNMI employers. These employers will be forced to compete regionally for qualified workers. The likely effect of this will be high turnover costs and an upward pressure on wages and benefits to compete with Guam employers. For this reason, regional work force planning and training by organizations like the Workforce Investment Agency will become a critical element of future economic recovery.

⁴ Joint Guam Program Office, "CNMI Master Planning Update", February 18, 2009

With all of these challenges in mind, the CNMI must continue to improve its infrastructure with local, federal, public and private funds. This Comprehensive Economic Development Plan identifies nearly \$0.5 billion dollars in projects for Saipan, Tinian, Rota and the Northern Islands. All projects were evaluated based on a matrix of 11 weighted criteria to measure the effectiveness of the projects and attempt to de-politicize the prioritization of projects.

Finally, efforts have been made to identify the potential for new and promising industries, as well as to find creative new sources of funding, including the use of public-private partnerships, to achieve the CNMI's development goals.

History of Economic Development & Current Challenges

A little over two decades ago, between 1986 and 1991, the annual economic growth of the U.S. Commonwealth of the Northern Mariana Islands (CNMI) reached an unprecedented 16%. This growth rate was one of the highest of any American state or possession at the time, and higher than the growth rate of the “Asian Tigers”. The economic boom the CNMI experienced ended with the bursting of the Japanese “bubble” economy in the mid 1990’s. The Asian economic crisis that followed and the series of natural and manmade calamities took their toll.

The CNMI built a prosperous economy based on the apparel and visitor industries, taking advantage of its trading relationship with the United States, its appeal as a tourist destination, its proximity to inexpensive trained labor in Asia, and its expanding infrastructure funded in large part by the federal government.

Today, however, the economy of the Northern Marianas, which was once a raging success story, is beset by challenges that will require extraordinary collaborative efforts to overcome. The outlook for the CNMI economy is quite bleak, as shown by leading economic indicators and projections for further losses in 2009 and 2010⁵.

Perhaps the most significant challenge was the rapid loss of one of only two major industries in the CNMI. The loss of garment manufacturing was predicted as early as the late 1990’s, but was unavoidable after the opening of world trade quota in 2005. Unable to compete with cheap labor in countries like China, Bangladesh, the Philippines and Vietnam, Saipan’s 34 garment factories could not remain competitive. The final two factories closed in February of 2009 and as a result, the CNMI has lost a significant portion of its tax dollars and population. Total employment in the economy fell to 26,010, a 35.6% drop from its peak in 2004. Thus, in the short span of three years, the CNMI lost one-third of its economy, one that took 20 years to build.

Despite various economic studies and efforts by the local community over the years to identify new industries, the CNMI has not been able to attract new investors or develop any other major industry other than tourism.

Tourism in the Northern Marianas

By its very nature, tourism is fragile, seasonal, and is dependent on stable air service. Affected by events beyond the control of the local government and others stakeholders in the islands, tourism can rise or drop depending on the weather, regional economic conditions in tourism source markets, world political instability, terrorism, competition, accessibility and cost of labor, fuel prices, and stability of international and inter-island transportation. Of all the factors mentioned above, unstable air service has had the largest impact of all.

The Northern Mariana Islands bloomed rapidly in regional tourism in the 1980’s and early 1990’s. The islands’ development was nothing short of phenomenal due to the year-round tropical climate, abundant natural beauty, rich history and exotic marine life inherent to the islands. The influx of exuberant Japanese investors in the 1980’s to early 1990’s contributed to the development of attractive beach resorts and other businesses catering to predominantly Japanese tourists.

⁵ Malcolm D. McPhee & Dick Conway, “*Economic Impact of Federal Laws on the Commonwealth of the Northern Mariana Islands*”, October 2008

Having been under a Japanese occupation until the end of World War II, the generation of residents in the early days of the Commonwealth included many people who had strong connections to Japan, either by blood or by affinity. Japan at that time had already opened its doors and throughout the 1980's experienced fast-paced overseas investment. The country was awash with dollars and looked to property investments in U.S. territories and the mainland on which to spend their wealth.

Naturally, Japan once more set foot on Marianas soil, pouring in close to a billion US dollars in the last half of the 1980's to develop the islands and showcase them as a close, familiar holiday destination for a growing number of Japanese tourists. Until this day, the Japanese are still known around the world as the most experienced and sophisticated of outbound travelers.

This boom in the Commonwealth's tourism industry went unabated for many years. Since the first generation of hotel owners were primarily Japanese, the buildings, interior design, marketing, advertising, cuisine, services, shopping and land tours naturally catered to the tastes of their countrymen from Japan. With more developments underway, almost no one found cause to create ripples and rock an otherwise steady and growing industry, piloted and steered by Japanese investors.

Despite some restrictive government policies that were designed to slow development and allow the islands time to catch up in terms of infrastructure (power, water, sewers, roads), between 1986 and 1991 annual growth still reached a phenomenal 16%. Long-term plans were laid out for modern hotels and facilities, shopping and recreation throughout the islands.

The Korean visitor market also began to boom and Saipan saw the construction of small hotels, land tour operators, and support businesses catering to Koreans. Many Korean families moved to the islands to develop businesses and this market peaked in 1997 at some 35% of the total number of visitors.

Japan's financial "bubble" burst in the early 1990's, slowed down its economy and caused major concerns for Japanese overseas investments that extensively relied on loans from Japanese banks. Because of this and some local policies that inhibited investment, there was suddenly less money coming in to the islands to reinvest in maturing businesses and new attractions.

Then in mid- 2001, a series of legal battles began to affect a relatively large number of tourism-related developments. In question was an interpretation of land alienation clauses under Article XII of the CNMI Constitution, wherein only people of Northern Marianas descent can own land and all others must lease for no more than 55 years.

The controversies of these cases highlighted the issue of middlemen transactions and brought into question ownership by Japan Airlines in the Hotel Nikko Saipan and other significant hotel developments planned throughout the Northern Mariana Islands. Many projects were abruptly put on hold and land values throughout the Commonwealth dropped. This affected both existing investors and the ability of potential newcomers to gain bank financing. Confidence in land ownership, a key component of development, was lost. Further uncertainty lingered for several years until lawsuits were resolved and further clarification of existing law was made through legislation.

It should be noted that the debate continues today as to whether the CNMI's system of land ownership is a hindrance to new investment. Can the CNMI compete with other investment destinations such as Guam which allows anyone to own land? Many would-be investors have been turned off by the fact that they cannot not own property they wished to develop. It has also proven difficult for lending institutions to provide large long-term loans for developments on leased land. Moreover, there remains significant uncertainty over what will happen in the future to major developments on leased lands. At the end of the lease terms, all improvements belong to the local landowners – and this is applicable to

both public and private lands. These factors limit the size of the market for land acquisition, thereby artificially keeping land values low throughout the Commonwealth.

The mid-1990's brought forth other changes in the world economy which affected the CNMI. The dot.com crash, the Asian economic crisis – these events led to the almost immediate downturn of many booming economies in Asia and around the world. The Northern Marianas were not spared from its impact.

To add to this, the crash of a Korean Airlines plane in Guam in August of 1997 led to the abrupt pullout by Korean Airlines of flights to Guam and Saipan. When this happened, establishments across the Northern Marianas that catered to Koreans all but lost their businesses. As this was happening, the Korean economy was also experience a burst in their “financial bubble.” These events eventually led to the exodus of many Korean businesspeople and their families from the islands.

As Asian economies slowly began picking up the pieces, the September 11, 2001 terrorist attacks on U.S. soil took place, changing forever the landscape of commercial airline security and travel on a global scale. With the rising cost of fuel, airlines also began to suffer as profits from ticket sales in many cases have not been enough to cover costs. The wars in Afghanistan and subsequently Iraq were key factors to escalating oil prices.

Then came a series of events that would further challenge the local travel and tourism industry around the world: the 2003 SARS epidemic and Bali bombings, the 2004 Asian Tsunami, and the second Bali bombings in 2005.

The year 2005 saw three major events that have once more posed challenges for the CNMI tourism industry. The first was the lifting of quotas on worldwide apparel exports. With higher costs of doing business in the islands, this led to the closure of Saipan-based garment factories and a huge reduction in revenue for the Commonwealth government to spend on vital services, infrastructure, destination enhancement, and overseas tourist marketing.

The next major event that affected the tourism sector was the loss of vital air service from Japan. Japan Airlines (JAL), which had been a major carrier for the islands for several decades suffered huge losses, most particularly in leisure markets. When it announced the pullout of Saipan and other resort destinations in 2005, it caught the Marianas by complete surprise.

The pullout of Japan Airlines and resulting drop in tourists from Japan was one of the most difficult and sudden challenges that the industry had to overcome. Over the past decade, some attention had been given to other markets, but Japan still occupied an overwhelming majority of the incoming tourists.

It can be said that the CNMI's tourism industry is maturing – no longer solely dependent on one strong market source for visitors, but more exposed now to regional and global market trends. The Northern Marianas as a leisure destination has reached a stage wherein it must strive not only to diversify, but keep up with competing destinations in terms of the one factor it can most easily control: destination enhancement.

Tourism plays a primary role in the world economy. In the case of the CNMI, tourism has served as the primary industry followed by the garment industry. However, with the complete closure of the garment industry by February 2009, tourism remains as the only major industry to support the islands.

Tourism in itself has a large “multiplier effect” on other vital sectors of the economy such as retail, services, and government, and has become an integral part of the daily lives of the people of the Northern Marianas. Creating jobs at a ratio of approximately (1.79) jobs in the community for every (1)

job in the tourism industry, it opens up various business possibilities that serve to strengthen the economy and provide livelihood for the island's residents. *(Please see Economic Indicators Table 5)*

In 2009, the CNMI's tourism industry will face several significant challenges:

- 1) The continued instability in air service from the CNMI's #1 tourist market: Japan. Throughout the years, the CNMI has struggled to cope with the unexpected impact of changing schedules of airlines, businesses which have been hard hit by world economic events. For instance, with the merger of Delta Airlines and Northwest Airlines, a reduction in flight schedules and capacity from Japan were announced in January 2009. In a worst-case scenario, the loss of the Osaka-Saipan route and daily night service from Tokyo beginning in March 2009 could result in an estimated loss of 85,000 Japanese tourists to the islands. Based on an aircraft load factor of 75%, the economic impact could easily be translated to \$108.7 million dollars lost annually in direct economic impact, while indirect economic impact to the CNMI can be translated to \$356 million dollars annually. To put this in perspective, this represents approximately 38% of the tourism industry's annual revenue. (NOTE: As of this report, a final decision on the air service schedule has yet to be announced. However, this type of seasonal business decision of the airlines clearly illustrates the potentially devastating and uncertain effect air schedules can have on the overall economy.)
- 2) The islands of Rota and Tinian continue to struggle with inadequate inter-island air and ferry service schedules. This greatly affects the ability of tourists to travel conveniently to these islands. As the schedules have declined over the past several years, numerous small hotels, dive shops and other entrepreneurs catering to the tourist market have closed. This has put substantial fiscal strains on the local governments. With only one major resort on Tinian and Rota, the local communities need to be concerned about the continued viability of these businesses and the substantial revenue and transportation subsidies they provide to these two islands.
- 3) The weakening of the Korean won against the dollar. The recent decline in value of the Korean won means that Koreans are paying many more times what they are used to for a vacation in a U.S. destination. Despite stable and frequent air service, beginning in October 2008, this has resulted in double digit decline in Korean tourists visiting the Commonwealth.
- 4) Federal takeover of immigration control, which is likely to mean the loss of the Chinese and Russian tourist markets. In 2008, the United States enacted Public Law 110-229, applying U.S. immigration law to the Northern Mariana Islands, ending decades of the CNMI's control over its own immigration system. Under local control, for approximately 11 years the CNMI has admitted Chinese and Russian tourists under its own entry permit and entry permit waiver programs. As of fiscal year 2008, these two countries provided approximately 12% of the total tourism base from the islands' four major markets (Japan, Korea, China, Russia) in terms of visitor numbers, and 25% of the total tourist spending or \$70.3 million dollars in direct spending and \$183.1 million dollars in total impact annually as projected for FY 2009.⁶

The ability to bring in Chinese and Russian tourists under CNMI permit procedures is currently scheduled to end on June 1, 2009, when the federal government will take over immigration and U.S. visa regulations will apply. From this point on, these tourists will need to go to U.S.

⁶ Marianas Visitors Authority statistics

embassies in their respective countries to apply for U.S. visas. While previously the CNMI visa was free and took approximately one week to get, the process to obtain a U.S. visa will cost \$130 and take two months or more to obtain. There is no guarantee of approval of the visas once an individual goes through the arduous and lengthy process.

The Commonwealth currently receives four to eight direct charter flights per week from Shanghai, Guangzhou, and Beijing, China, depending on the season. When Chinese citizens are no longer able to visit the Commonwealth without a U.S. visa, the visitor traffic from China will be insufficient to keep the current flights commercially viable and the schedules will be cancelled. (As evidence of this, Guam currently receives less than 2,000 Chinese visitors per year due to U.S. visa requirements.)⁷

When the inbound China flights to Saipan are discontinued, not only will the island industry lose an important segment of its tourist base, but the Commonwealth Ports Authority (CPA) will also lose the various landing fees it currently collects, potentially impacting the CPA's ability to meet current obligations of its airport bond.

Similarly, for Russian tourists, when faced with the added time and expense of obtaining a U.S. visa, it is expected that they will no longer come to the Commonwealth in significant numbers. According to a survey by one resort hotel that has been serving this market since 1998, the Pacific Islands Club, under a U.S. visa requirement, 75% of Russian tourists said they would go to the U.S. mainland or Hawaii instead of the CNMI.

- 5) Federal mandate to raise the minimum wage from \$3.05 per hour to \$7.25 per hour. Another challenge that the industry will face in the coming years is a federal requirement raising the minimum wage. Notwithstanding significant economic challenges and admonitions from parties in the Commonwealth, Congress acted to apply the federal minimum wage to the CNMI on May 25, 2007 with the enactment of Public Law 110-28. This law increases the minimum wage in the CNMI by fifty cents per year until it reaches the U.S. Federal Minimum wage requirement of \$7.25 per hour by 2015.

According to an annual survey by the Hotel Association of the Northern Mariana Islands, there were 1,199 hotel employees affected by the first minimum wage increase in 2007, while 1,617 were affected by the second increase one year later in 2008. There were approximately 2,636 people employed in the hotels surveyed in 2009, with 1,802 to be affected by the scheduled May increase. This means that approximately 68% of employees will be affected by the third increase. The adverse economic impact to the industry in terms of rising costs was \$1.7 million annually.⁸ This is highly disproportionate when compared to the average minimum wage impact in the U.S.: when there have been increases in the past, the increase affected less than 3% of the total working population.

To gauge the impact, the U.S. Department of Labor was asked by Congress to conduct a study in 2008. However, the Department stated that its research was too limited by the short time frame and lack of timely labor market data. The reporting time-frame specified in the minimum wage legislation – no later than 8 months from the date of the first increase (May 25, 2007) –

⁷ Guam Visitors Bureau statistics

⁸ Hotel Association of the Northern Mariana Islands

did not provide sufficient time to observe the actual effects of the minimum wage increases over time.

Nevertheless, the U.S. Department of Labor report⁹ concluded that:

“With both of its major industries declining simultaneously, the CNMI economy is in an overall decline, and its current economic situation makes it especially vulnerable to additional shocks. While data are not available to precisely quantify the impact of the recent and scheduled future increases in the minimum wage, it seems likely that the current economic decline may be made worse... The scheduled increase in the minimum wage to \$7.25 (by 2015) will likely affect at least 75% of wage and salary workers in the CNMI. By comparison, in order to directly affect 75% of U.S. hourly workers, the minimum wage would need to be raised to \$16.50.”

- 6) Uncertainty over future access to foreign labor. When U.S. Public Law 110-229, which applies U.S. immigration law to the Commonwealth, takes effect the other major impact will be on employees in tourism and other industries. The law provides that after the transition period begins on June 1, 2009; all aliens in the CNMI may be subject to removal by the United States Department of Homeland Security. Aliens legally entitled to remain in the Commonwealth may do so for up to two years. The Act further provides that at the conclusion of the transition period, all foreign workers shall be eliminated from the CNMI unless they qualify for a visa under federal immigration laws. As currently written, a large majority of the CNMI’s foreign workers will not be eligible for work visas under the narrow and specific classifications of the federal immigration laws.

Given that approximately 68% of the hotel workers in the Commonwealth are foreign workers as of 2009, the tourism industry has significant reason to be concerned about the impact of PL 110-229. As of this writing, regulations have not been promulgated to implement the new law, which has left the industry in a great deal of uncertainty about future costs and access to the foreign workers it needs to continue to provide services to guests.

The statute requires that upon the commencement of the transition period, Homeland Security shall take over the administration of all foreign workers presently in the CNMI. As noted by the General Accountability Office in a March 28, 2008 report, “Federal agencies have some flexibility in preserving the CNMI’s access to workers, tourists, and foreign investors as it transitions to a federal system. However, without implementing regulations, key details remain unknown.”¹⁰

Population Decline and Other Challenges to Growth

As another impact of the downturn in the economy, the CNMI’s small population is experiencing a major decline, from a peak of approximately 70,500 in 2004 down to an estimated population of 60,400 in 2007, and between 50,000 to 55,000 in 2009. In 2007, apparel jobs dropped to 5,280, less than one third the number at the industry’s height in 2004; in February 2009, the final apparel jobs were lost. As

⁹ U.S. Department of Labor

¹⁰ United States Government Accountability Office, “*Commonwealth of the Northern Mariana Islands: Managing Potential Economic Impact of Applying U.S. Immigration Law Requires Coordinated Federal Decisions and Additional Data*”, August 2008.

a consequence, total CNMI employment plunged from 40,420 in 2004 to 26,010 in 2007, a decline of 35.6%, and continues to diminish. Thus, in just three years, the NCMI lost one-third of its economy, one that took more than 20 years to build:

- There has been a substantial decline in non-resident workers due to the loss of the garment industry and an overall reduction in jobs.
- Many local families left island in 2008 due to the rapidly rising cost of power and two months of power outages from July to September that were the result of a lack of preventive maintenance and investment in the main power generating facilities.
- Overall fears of the economy in decline and the perception that the future will be even more uncertain have taken a toll on new investment and job creation. Many investors are now taking a “wait and see” attitude and scaling back on development projects until the economy stabilizes.

As the CNMI does not have unemployment insurance, it is difficult to quantify the actual percentage of resident unemployment. While there are no statistics on unemployment, there is little doubt that the jobless rate has soared. One indicator of conditions in the job market is the employment rate, which is defined as CNMI employment as a percent of population. This figure decreased from 57.1% of the CNMI population being employed in 2000 to 43.1% of the CNMI population being employed in 2007. Calculations based on the unemployment rate reported in 2000 and the change in the employment rate between 2000 and 2007 suggest that the unemployment rate approached 25% in 2007.¹¹

Another, obvious factor that handicaps the CNMI economy in its economic development is its isolated location, with its population spread out over three main islands. Because of this, there is a burdensome necessity of duplicating many government services despite the challenges of a rapidly declining government budget.

It should be noted as well that the cost of doing business on Saipan is much higher than Guam, while Rota and Tinian are even costlier than Saipan due to inadequate basic infrastructure and the added cost of shipping goods into the islands.

Guam is a hub of shipping, telecommunications and transportation for the region that has also benefitted from hundreds of millions of dollars in infrastructure development by the U.S. military. In Guam, hotels are able to get adequate and reasonably priced power and water simply out of the tap from the island government sources.

In comparison, the island of Saipan does not have an adequate supply of quality of drinking water. The cost to produce water by resort hotels is estimated to be in the millions of dollars annually as hotels must provide their own water wells and reverse osmosis equipment to make potable water. In addition, each hotel in the CNMI must have the capability of providing for its own power generation. The CEDS Commission considered that these added costs of doing business could be greatly reduced by improvements to the CNMI’s power and water infrastructure, thereby improving business profitability and the overall attractiveness of the Northern Marianas as an investment destination.

In the case of Tinian and Rota, the higher cost of shipping goods into the islands makes doing business very expensive. In Rota, for example, shipping schedules are often delayed due to high seas and safety

¹¹ McPhee & Conway.

concerns at the West Harbor. Improvements to the seaport could greatly help in encouraging more regular sea freight service, thereby reducing the cost of all goods.

Potential for Development of New Industries

Is there light at the end of the tunnel for the restoration of the CNMI economy? Governor Benigno R. Fitial and the CNMI Administration through the Department of Commerce are actively seeking ways to encourage foreign investment and develop new industries. For years, the task has been made more difficult due to the instability of transportation, the high cost of utilities, not to mention the uncertainty of labor supply with the impending federal takeover of immigration.

There has been a recent investment by the local privately owned telephone company in a calling center and discussion that this would be a good industry to develop further. Given the CNMI's close proximity to Asia and lower cost of labor than the U.S. mainland, the expansion of calling centers on Saipan could provide revenue and attractive office jobs for local citizens. With a great deal of unused office space and vacant garment factories, there is abundance of space to establish such businesses, and the local communications technology is available to link the CNMI to the rest of the world.

Another industry that all three islands – Saipan, Tinian and Rota – hope to develop further is agriculture. In the case of Saipan, a cooperative effort by local farmers to create and operate a Saturday farmer's market has been successful and in 2008, this was expanded to add a Tuesday market. Virtually all products grown locally are consumed locally.

On Tinian, the Mayor's office has spearheaded an effort to build a community center that can be the location of a farmer's market in the future. In addition, the Mayor's office seeks funding for a USDA-approved slaughterhouse facility that can be used to help boost the sales of local meat. Additional technical assistance and shared fumigation facilities are being sought to bring local produce up to USDA standards for export.

On Rota, local farmers have developed a number of root and other crops that are available for export. However, the biggest hindrance at this time is limited farming equipment and technology, crop insurance to help mitigate losses following storms, and perhaps the biggest hindrance of all to the growth of the industry – cost-effective inter-island shipping to help bring products to market in Saipan and Guam. In fact, the cost of shipping has soared to new heights making Rota produce non-competitive with shipments of produce from much further supply destinations such as the U.S. West Coast and Asia. In order to solve the high cost of shipping, the CEDS Commission identified that it is necessary to improve the seaport capabilities in Rota, requiring substantial investments in infrastructure. In a report prepared for the Mayor of Rota, CEDS Consultant Sergio Loya outlined ways to set up a cooperative for Rota (see Appendix).¹²

Rota also has a need for more modern technology and farming equipment, especially as foreign manual labor is anticipated to be phased out with the federalization of immigration.

A third new industry potential for all three islands is aquaculture. There is currently one shrimp farm on Rota, one under construction on Tinian, and another on Saipan that has been operating successfully for

¹² Sergio Loya, Management Analysis Inc., *“United States Farm Cooperatives Proposal for the Island of Rota, Commonwealth of Northern Marianas Islands”*, January 2009.

more than a year. One farm has reached out to the U.S. military base on Guam and has been approved as a vendor. If the industry were to build up enough volume, there could be benefits in cost-sharing of marketing and shipping. Although there is competition from nearby Asian countries, the CNMI has the advantage of being a disease-free shrimp farming destination to date. Currently there is a seemingly unlimited market for shrimp in the global market; thereby, offering a great opportunity for the CNMI to develop this industry.

The Military Build-Up in Guam and its Potential Impact on the CNMI

Both a challenge and major opportunity for the future of the region is the upcoming military build-up and move of U.S. Marine forces from Okinawa, Japan to Guam. The impact of relocating approximately 8,000 Marines and 9,000 family members, plus the movement of other forces and capabilities to Guam will be significant for the entire region¹³. The U.S. Department of Defense population on Guam is expected to grow from its current state of approximately 14,000 to nearly 40,000 over a five-year period. As stated by General David Byce, Executive Director of the Joint Guam Program Office, Assistant Secretary of the Navy (Installations and Environment)¹⁴, the anticipated growth will be substantial:

With Guam's total population of approximately 171,000, including Department of Defense members and their families, the increase associated with the rebasing of Marine Corps forces is significant. If one considers the additional population impact of associated contractors, base support, and the service industry personnel, Guam's population growth could well exceed 25 percent in a very short period. Few mainland communities would be able to absorb that increase to their population in such a short period of time. For an island community, the impacts are magnified.

The addition of Marine Corps personnel and their families is shedding light on the pre-existing infrastructure and social service challenges on Guam and the CNMI. Utilities and public works, health care, education and other areas have lacked significant attention over the years and may now directly affect or be affected by the relocation effort. Significant issues can be broadly categorized into the categories of environmental, socio-economic, infrastructure, health and human services, and labor/workforce.

General Byce further outlined the future work force needs that would impact the region:

In addition to infrastructure needs, up to 15,000 workers will be needed to complete the planned construction by 2014. The qualified, available workforce on Guam is limited. Training programs are needed to prepare interested workers for upcoming employment opportunities. The prevailing wage rate on the island is not expected to attract significant numbers of workers from the continental U.S. or Hawaii. Therefore, a sizable number of workers will need to come from neighboring foreign countries. These workers will require H2B visas, making the recent Senate-approved legislation to

¹³ Base Re-Alignment Commission (BRAC), 2005

¹⁴ Testimony of General David Byce before the U.S. Senate Committee on Energy and Natural Resources, May 1, 2008.

remove the current annual H2B visa cap for workers coming to Guam and the Mariana Islands critical to the program's success.

The proximity of the military build-up to the CNMI stands to bring additional investment and capabilities to the islands. However, as noted above, it may also prove to be a magnet for both local and foreign employees, providing significant competitive challenges to CNMI employers as a labor shortage may be created in the region.

In order to keep its residents for employment purposes, as well as to attract new industries and investors, the CNMI must seek new ways to become efficient and reduce the costs of living and doing business. This will require major investments in upgrades to the Commonwealth's primary infrastructure.

With these concerns and the various challenges to development noted previously in mind, the CEDS Commission in 2008 undertook a study to determine which projects would most likely help turn the tide and improve the economy. Although much more developed, Saipan's infrastructure is still severely lacking in water infrastructure. Tinian and Rota both need major investments to improve existing seaports and airports, while sewer and sanitary landfill infrastructure is completely lacking.

The CEDS Commission identified nearly \$0.5 billion dollars in projects that the Commonwealth needs in order that the standard of living and doing business are up to the standard of the modern first world. However, due to its severe depression, the Commonwealth government cannot possibly fund each of the projects identified. Therefore, the Commission believes it is of the utmost importance to explore creative financing options, to include leveraging federal funds with local dollars, privatization and a full range of public-private partnerships.

CNMI's Efforts: Put the Plan into action

CNMI Economic Restoration Summit

While the CEDS plan was responsible for bringing potential industries for future development to the forefront, the CNMI took these efforts a couple of steps further. In February 2009, the CNMI Department of Commerce and the Commonwealth Development Authority embarked on an effort to facilitate a public dialogue with respect to ways to diversify the CNMI's economy.

The CNMI's Economic Restoration Summit was a three pronged approach geared at creating public buy-in to the economic development efforts of the CNMI. This effort began with a public session on March 19, 2009, which was geared at soliciting the general public's feedback and ideas with regards to potential industries. This was then followed the next week with a government session, which brought together government leaders to discuss ways to facilitate the industries which were brought forth by the general public. These sessions culminated in the Economic Restoration Summit on April 02, 2009, which was a two-day event which drew well over 200 participants to discuss four key industries which the CNMI should devote resources to developing. The CNMI CEDS Draft Report was highlighted in the opening session, providing the public to ask questions with respect to the findings of the study.

The four new industries included agriculture, aquaculture, the call center industry, and the educational industry. The Summit provided a briefing of the results from both the public session and the government sessions with respect to each industry. In addition, experts from each respective industry were invited to discuss the benefits of developing these industries in the CNMI, as well as discussing the challenges and opportunities that exist with the development of these industries.

Department of Interior's Annual Islands Business Opportunities Conference

In addition to the CNMI government's attempts to engage the local community in the economic development of the islands spearheaded by the CNMI Department of Commerce, the Commonwealth Development Authority, and the CNMI CEDS Commission, attempts were also expanded throughout the region. The CNMI was able to provide a presentation of the findings of both the CEDS effort as well as the CNMI's Economic Restoration Summit on April 6-8 of 2009 to well over 500 participants in the Office of Insular Affairs Annual Islands Business Opportunities Conference. This forum provided the CNMI an opportunity to present on several of the CEDS projects to potential investors and private partners in an effort to bring these projects to fruition. In addition, the CNMI had the opportunity to speak on many of the benefits of doing business within our islands. This forum proved to be a successful forum which allowed the CNMI to advertise its economic projects and goals to a wider regional base.

Community Participation in the Planning Efforts

In January of 2008, Governor Benigno R. Fitial appointed an 18-member board and created the Commonwealth's Comprehensive Economic Development Strategy (CEDS) Planning Commission. The commission members were selected from both the public and private sectors. He appointed Ms. Lynn A. Knight, chairperson of the Hotel Association of the Northern Mariana Islands as the chairperson representing the private sector, and then Deputy Secretary of Commerce Michael Ada as co-chair representing the public sector. Subsequent to the appointment of the Deputy Secretary of Commerce, Mr. Ada is now the Secretary of Commerce.

The Commission began having monthly meetings and released a survey to government agencies in March of 2008. The survey yielded 30 responses from government agencies and private sector representatives. At mid-year, the Commission also began inviting various government departments to its meetings for in depth interviews on specific topics.

To obtain input for the potential needs of the regional military buildup in the future, the Commission co-chairs attended a working group meeting of the Joint Guam Program Office in July 2008. The meeting convened approximately 40 military planners for a two-day session on Saipan, with a visit to Tinian. During this session, there was a breakout meeting with planners and representatives of the Office of the Mayor of Tinian to discuss the possible use of Tinian and other islands in the Northern Marianas chain for future military training. Based on this meeting, certain projects were added to the CEDS.

In October of 2008, the Commission received approval of a \$108,000 grant from the U.S. Economic Development Administration and released a request for qualifications for a consulting company to assist in the preparation of the CEDS. Management Analysis Inc. (MAI) of Vienna, Virginia was the only firm that applied and was deemed by the commission to be highly qualified.

MAI Project Manager Sergio Loya visited Saipan in December 2008 and together with Chairperson Knight and Secretary of Commerce Ada interviewed various government agencies at their places of business. These included: Public School System, Department of Public Health, the Water Task Force, Department of Public Works, Office of the Mayor of Tinian, Commonwealth Development Authority, Emergency Management Office, and Department of Public Lands.

MAI met with the Joint Guam Program Office's Washington D.C. location in December 2008 to further discuss the military's needs for the CNMI and provided a written report to the CEDS Commission.

MAI's President Art Smith and Mr. Loya made a second trip to the CNMI in January of 2009 and conducted interviews with the Office of the Mayor of Rota, Office of the Mayor of Tinian, Commonwealth Ports Authority, Department of Public Works, Commonwealth Utilities Corporation, Department of Community and Cultural Affairs, Department of Finance, and Workforce Investment Agency.

To get further input from the public, the CEDS Commission and its consultants held public hearings on Rota, Tinian and Saipan during the week of January 5. Additionally during that month, presentations were made and input was sought from Governor Fitial, the CNMI Legislature and the Hotel Association of the Northern Mariana Islands.

In addition to the public meetings, the co-chairs and consultants did radio interviews on the morning Harry Blalock Show on KCNM and KZMI on three occasions, and posted a PowerPoint presentation on the CEDS with the list of projects on the CNMI Department of Commerce website (www.commerce.gov.mp). There was also frequent coverage of the CEDS effort in the local press.

In summary, the CEDS Commission was successful in communicating, interviewing and conversing with all CNMI Department Heads and the Mayors of Tinian and Rota. In many occasions, the Department Heads were interviewed several times for clarification and requests for additional information were made. Three public hearings were advertised and held in the respective islands and their feedback is included in our findings. Private sector input was also solicited through several industry associations meetings. Although it is nearly impossible to solicit input from every single group and association of any community, the CEDS Commission believes that the pertinent members of the communities that comprise the CNMI were included, briefed and afforded the opportunity to provide input into this plan.

CEDS Methodology and Objectives

Based on the interviews with public and private sector stakeholders, the public meetings, and data collection efforts, the CEDS Commission synthesized a set of objectives. These objectives were refined through a series of meetings and discussions until a final set of eight CEDS objectives was established.

The next step in the process was to determine one or more measures by which each project could be evaluated in terms of its ability to support each objective. The CEDS Commission used both quantitative and qualitative measures, based on the nature of each objective. For example, one of the CEDS objectives is to “Create increased employment opportunities, both in the construction sector and in long-term sustainable industries”. One measure of this might be the project’s long-term contribution to increased employment, based on the number of projected new jobs created. The eight objectives, together with the eleven criteria used to evaluate them, are displayed in **Table 1**.

The third step was to develop a ranking scale for each of the measures. For each measure, five criterion of the impact were identified, and a value of one (lowest/worst) to five (highest/best) assigned to each criterion. The evaluation factors and the associated ranking scale are presented in **Table 2**.

Before proceeding to the actual project evaluation process, the CEDS Commission also addressed the relative weight of the eleven measures. This was important, because there was significant variation in the potential impact or benefit of various factors. For example, two of the CEDS Commission proposed measures included the project’s contribution to increased long-term employment, and the project’s contribution to employment in the construction industry, during the project’s construction or renovation phase. While both factors are important, clearly the creation of long-term employment is of greater value to the CNMI than short-term construction employment. For this reason, the CEDS Commission created a weighting system to be applied to the measures. Under this system, support to the tourism industry and creation of long-term employment were the most heavily weighted factors.

These various outputs were then used to create an Excel-based project evaluation worksheet, which was used to assess the overall benefit of each project. A separate worksheet was created for each project. The worksheet lists the project title, location, short project description, type of project (i.e., construction, renovation, or maintenance) and estimated construction cost. The worksheet contains spaces for evaluating the project against each of the eleven evaluation measures, applying the weighting, and deriving a total project score.

The final step was to conduct the actual evaluation of each project and to complete the worksheets. This was a time-consuming and complex process. For some measures, standard rules of thumb were applied. For example, for most projects, a rule that each \$100,000 in construction cost equals one person-year of construction industry employment was applied (in a few projects, for example dredging, which is highly equipment intensive, a different value was assigned).

For more qualitative measures, the CEDS Commission used a process of analysis, review, discussion, and consensus to derive the ultimate ratings. Over a period of two weeks in January 2009, the 34 projects were individually evaluated. Once each project had been evaluated, the Commission reviewed each of the completed worksheets, and considered the relative rankings of each project to ensure that each measure had been applied consistently to each project.

Evaluation Criteria & Score Guidelines

Table 1: Evaluation Criteria

- 1. Support the sustenance and future growth of CNMI’s primary industry, the tourism sector.**
 - a. Project will support the growth of CNMI’s tourism industry

- 2. Support the military readiness requirements of the United States by maximizing ancillary military benefits of infrastructure improvement projects.**
 - a. Project will provide ancillary benefit/encouragement to future U.S. military activities in CNMI

- 3. Create increased employment opportunities, both in the construction sector and in long-term sustainable industries.**
 - a. Project will generate direct employment in the construction industry
 - b. Project will generate long-term employment in CNMI

- 4. Alleviate CNMI fiscal limitations by maximizing leverage of private sector project finance.**
 - a. Private sector investment as percentage of project cost

- 5. Reflect community priorities and concerns through an extensive outreach to stakeholders CNMI-wide.**
 - a. Project priority according to the local community

- 6. Build the skills and capabilities of the CNMI workforce, enabling them to attract, create, and fill the higher-wage, knowledge-oriented positions necessary to secure our economic future.**
 - a. Project will lead to improved job skills and higher-paying jobs for CNMI qualified residents

- 7. Ensure that CNMI’s future growth is based on sustainable, environmentally sound industries and activities.**
 - a. Project minimizes potential impacts to shorelines, reefs, wetlands, critical habitats and other environmentally sensitive areas
 - b. Project environmental footprint (e.g., carbon emissions, other impacts)

- 8. To achieve the maximum potential economic benefit over the next five years.**
 - a. Time required implementing project (Implementation defined as project being operational)

Table 2: Score Guidelines

Tourism Impact

<i>Project Criterion</i>	<i>Score Guidelines</i>
Project will support the growth of CNMI's tourism industry.	5 Provides significant tourism needs as identified by local sources
	4 Provides moderate tourism needs as identified by local sources
	3 Provides minimal tourism needs as identified by local sources
	2 Does not provide tourism needs as identified by local sources
	1 Negative impact on tourism as identified by local sources

Defense Impact

<i>Project Criterion</i>	<i>Score Guidelines</i>
Project will provide ancillary benefit/encouragement to future U.S. military activities in CNMI.	5 Meets significant military need as identified by DoD sources
	4 Meets moderate military need as identified by DoD sources
	3 Meets minimal military need as identified by DoD sources
	2 Does not meet military need as identified by DoD sources
	1 Reduces the chance the military will perform future activities in CNMI.

Employment Impact

<i>Project Criteria</i>	<i>Score Guidelines</i>
a. Project will generate direct employment in the construction industry.	5 Creates more than 100 person years of local employment
	4 Creates 60 – 100 person years of local employment
	3 Creates 30 – 59 person years of local employment
	2 Creates less than 30 person years of local employment
	1 No local employment impact
b. Project will generate increase in long-term employment in CNMI.	5 Creates more than 100 new long-term positions
	4 Creates 60 – 100 new long-term positions
	3 Creates 30 – 59 new long-term positions
	2 Creates less than 30 new long-term positions
	1 No employment impact

Maximizing Leverage of Private Sector Investment

<i>Project Criterion</i>	<i>Score Guidelines</i>
Private Sector Investment as percentage of project cost.	5 Fully funded by private sector
	4 More than 50 percent privately funded
	3 Private sector interest expressed in funding participation
	2 Potential for private sector investment
	1 Fully funded by public sector

Financial Sustainability

<i>Project Criterion</i>	<i>Score Guidelines</i>
Degree of long-term (post-construction) public sector funding required.	5 Project is net revenue generator
	4 Reduced or no public sector support required
	3 No impact on direct public sector support required
	2 Slight increase in direct public sector support required (less than \$100k)
	1 Significant increase in direct public sector support required

Local Community Priority (Used only as a tiebreaker)

<i>Project Criterion</i>	<i>Score Guidelines</i>
Project priority according to the local Community.	5 Number 1 priority
	4 Number 2 priority
	3 Number 3 priority or lower
	2 Not identified as one of top three priorities
	1 Significant local opposition

Build the Skills and Capacity of CNMI Workforce

<i>Project Criterion</i>	<i>Score Guidelines</i>
Project will lead to improved job skills and higher-paying jobs for CNMI qualified residents.	5 Project provides significant direct impact
	4 Project provides moderate direct impact
	3 Project provides slight direct impact
	2 Project does not have direct impact
	1 Project may have a direct negative impact

Sustainable Growth

<i>Project Criteria</i>	<i>Score Guidelines</i>
Project minimizes potential impacts to shorelines, reefs, wetlands, critical habitats and other environmentally sensitive areas.	5 Project will redevelop an existing commercial or industrial property
	4 Project is located more than 1,000 feet from any environmentally sensitive area
	3 Project is located at least 500 but less than 1,000 feet from any environmentally sensitive area
	2 Project is located at least 250 but less than 500 feet from any environmentally sensitive area
	1 Project is within 250 feet of an environmentally sensitive area
Project environmental footprint (e.g., carbon emissions, other impacts).	5 Project will reduce environmental footprint
	4 No net impact
	3 Potential minor increase to environmental footprint
	2 Known minor increase to environmental footprint
	1 Significant increase to environmental footprint

Implementation Timeline

<i>Project Criterion</i>	<i>Score Guidelines</i>
Time required implementing project (Implementation defined as project being operational).	5 Less than 1 year
	4 1 – 2 years
	3 2 – 3 years
	2 3 – 4 years
	1 4 or more years

The Projects

During the course of interviewing officials at various government agencies, island municipalities and through public hearings, the CEDS Commission gathered a list of the major project needs on the three main islands of the CNMI. This chapter identifies those projects and their costs, and lists them in a ranked order according to their ability to spur economic development.

The needs of the CNMI are quite considerable in terms of infrastructure development to support the community and future economic growth. Without a doubt, the injection of capital and development of the list of projects that follows is one of the best ways to help jump-start the ailing local economy.

However, the question remains: is the CNMI fully capable of completing all of these development projects in a timely manner, given the small local population and available local expertise? At times the CNMI has been criticized for requesting and being given a certain level of grants, and then experiencing a considerable delay before funds are actually drawn down from federal sources. Overcoming this criticism and project execution is now critical to the economic development of the Commonwealth.

For example, one item of considerable concern to local officials is the necessity of meeting environmental requirements and mitigating impact on endangered species. On small islands, virtually every development project impacts habitats and therefore, the preparation time for wildlife studies and mitigation plans can take considerable time. In some cases, projects have been halted completely because of their potential impact on certain types of birds, for example. Additionally, whenever containers of raw materials must be brought in for a construction project, those projects must at times put in place comprehensive plans and measures to prevent the accidental importation of brown tree snakes and other invasive species.

Another factor that typically increases the time it takes to develop projects is the limited local expertise that is available. Often times it takes months to recruit and relocate personnel that have specialty skills. Project management capability is another hindrance. Project management is a learned skill often times doted with previous experience on similar projects or through academic preparation that is accented with real life experience. Often times, the difference of whether a project gets completed or not is in the implementation of the project.

The challenge in the completing CEDS projects and other projects in the CNMI and the outer islands lies in placing the implementation of the project in the hands of qualified project managers who have the expertise to accomplish the project. The CEDS Commission considers the project management implementation to be an important challenge to spurring the CNMI economy and should be a cost factor in funding project.

No.	Name of Project	Project Description	Dollar Value (Estimated)	Notes
1	CUC Public-Private Partnership	<p>The Commonwealth Utility Corporation (CUC) main generation plant (1) located in Lower Base has been operated and maintained by CUC staff. The power generators have had little or no preventive maintenance for several years up to January 2009. CUC suffered rolling blackouts during 2008 that severely affected the island of Saipan. CUC rented temporary generators (Aggreko) for 1 year. The 1 year contract ends in September 2009. The CNMI legislature has passed a law that mandates that CUC privatize all aspects of CUC, but amendments to that law are being considered. The consensus of opinion is to engage in some form of privatization as soon as possible.</p>	Undetermined	The power generation capacity at Power Plant 1 in Lower Base is between 15 to 20 MW
2	Inter-Island Super Ferry	<p>The concept is for the private sector to fund a Super ferry or large ferry of the sort that will facilitate the shipment and movement of goods, products and vehicles. This transportation linking Guam with Saipan, Tinian and Rota will help increase commerce, travel, and shipping between the islands. This originators of this project claim that it will only work if the military signs on-board and use the ship to move troops, equipment, military hardware, services and products to Tinian for military training. This mode of transportation will be critical to help reduce the isolation and higher than normal costs of goods and services for the islands of Tinian and Rota. Although this is seen as a private venture, it will include some public sector costs in either capital, in-kind or like contributions.</p>	\$ 40,000,000	<p>*Schedule for Single Ship: Mon-Sat 1.5 Roundtrips/day; Sun 1 roundtrip *Crew Requirements for Schedule: 2 full crews Mon-Thurs (each crew spends every other night in Saipan) 10 hrs/24 hour period; Friday-Sun 14 hr workdays Fri & Sat, 9 hour workday on Sunday. *Estimated ROI in 15-20 yrs *Sample Ship Designs: MV Fair-weather (Alaska Marine Highway) launched in 2004; 2 in current service; 72 m length; 18 m beam; 250 passenger/35 cars @ 4 ton/4 Trucks @ 10 tons; 43 knot designed service speed. Hull 64 Natchan Rera in Japan; 800 passenger/193 cars/36-40ft trucks/18-80ft trucks; in service for more than 20 yrs. *Distance between ports: Guam to: Rota 54 nm; Tinian 114 nm; 127 nm</p>

No.	Name of Project	Project Description	Dollar Value (Estimated)	Notes
3	Pinatang Beach Park, Rota	<p>The Pinatang Park is a free sea-side located water park facility that is currently not being utilized to its full potential, but is still in useable condition. The park is located in a high profile location on the main thoroughfare into Songsong Village, Rota. It encompasses a parking lot, picnic facilities and a swimming pool on a small island that is connected to parking by a 30-foot bridge. It was previously a sea-water park and hosts benches, lanai and other facilities that can host visitors and events. The facility is currently not being used and is in some disrepair. It is in jeopardy of deteriorating further. The project calls for a concession or other type of public-private-partnership proposal for the use this facility to be operated by a tour company or other type of business. It is recommended that the government ask the private sector for proposals on how best to utilize the facility, earning some income for the Municipality of Rota.</p>	Undetermined	This park is currently not being used, but has the potential to be a revenue-generating tourist attraction in a prime site in Rota.
4	Alternative Energy	<p>This project is to explore, develop and diversify the electrical energy production on Saipan. There is ongoing discussion/exploration of what type of alternative energy sources will be developed. Two sources being talked about include wind power generation and geothermal energy. The goal is to reduce cost per KWH and to have renewable, sustainable, economical and environmental-friendly alternative energy. Currently, the CNMI has a grant from the U.S. Department of the Interior to do a feasibility study of geothermal energy.</p>	\$ 45,000,000	The Petroleum Fuel Tank Farm Feasibility Assessment report published in April 2008 by Jet Consulting Services estimated that the full implementation of Public Law 15-87 could reduce Saipan's fuel demand from the current level of around 1,500 barrels/day to 910 barrels/day in 2013 and then to 300 barrels/day by 2015.

No.	Name of Project	Project Description	Dollar Value (Estimated)	Notes
5	MHA Public Housing, Saipan	<p>The Marianas Housing Authority has a large parcel of underutilized property that is located on the corner of a major intersection in Garapan, Saipan. The property has old and dilapidated housing that is an eyesore to visitors and residents. The goal of this project is to turn this into commercial property made available to the private sector for redevelopment. The current housing that is located on the site will cost too much to rehabilitate. The property is also located across the street from the Commonwealth Health Center. Currently, the CNMI does not have a dedicated medical office building. Potentially using a public private partnership or other economic development financial or project instrument, it is possible that this property could be put to better use to achieve a higher and best utilization of the property.</p>	Net Revenue Gain	This cell left intentionally blank.
6	Garapan Redevelopment, Saipan	<p>Continue the redevelopment of the Garapan area to a commercial district to attract more businesses and tourists. Currently the area has many empty or underutilized buildings. This project will add a sail-like covering to provide shade on the Paseo de Marianas pedestrian mall. A re-vitalized Garapan District will add value to the main tourist shopping and entertainment area of Saipan.</p>	\$ 2,000,000	<p>The Garapan redevelopment effort is a sizeable undertaking that is geared to re-vitalizing the #1 tourist area in Saipan. The plan aims to give the area an uplift similar to the Ala Moana shopping center in Honolulu with a unified design/development that will include a mixed use area of high rise/low rise/garden plazas, restaurants, shopping, commercial space, apartments/ condominiums (suitable for retirees), hotels, night time entertainment: cinema, performance spaces, parking garage.</p>

No.	Name of Project	Project Description	Dollar Value (Estimated)	Notes
7	Garapan Elementary School Property Re-Utilization. Saipan	This project seeks to look at the feasibility of relocating Garapan Elementary School to a better 'child-friendly' neighborhood and to build in the process a more modern and up-to-date elementary school away from the Garapan business district. The concept of this project is to utilize the existing land and location of Garapan Elementary School and consider swapping / selling the location for private sector use. There is some discussion regarding taking the sale of the proceeds and building another school or asking the developer to build a new school in exchange for use of the land.	Net Revenue Generating Project	This cell left intentionally blank.
8	Rota Agriculture COOP	The Rota economy already has a small agriculture based industry that is readily poised to expand agricultural output. This plan is to help the farmer's Rota come together in a co-op to help market, distribute, sell and prepare local agricultural products for market. Northern Marianas College has an established (CREES) agriculture department that is willing to help. USDA Rural Development and the Farm Service Agency in Guam are willing to help the Farmer's Co-op get started with a proposed \$50,000 feasibility study.	\$ 50,000	The \$50,000 feasibility funds will be requested from USDA Rural Development and FSA to determine the feasibility of starting a Farmer's Co-op in Rota which will outline the market conditions, logistical challenges and viability of strengthening the agricultural community in Rota.
9	Instrument Landing System for Tinian Airport	The Municipality of Tinian believes that an ILS is necessary to bring more tourists to the island and remove a level of danger for large aircraft. Larger international aircraft require the ILS. The funds for this project have been set aside by the Tinian Mayor's office. There is a need to expedite the development process.	\$ 8,000,000	This cell left intentionally blank.

No.	Name of Project	Project Description	Dollar Value (Estimated)	Notes
10	Tinian Seaport Rehabilitation – Breakwater	<p>The Tinian seaport is critical to Tinian. The existing breakwater was built after WWII and is in very bad shape. It does not really protect the harbor from large swells and storm damage to dock facilities. The infrastructure is so bad that a large storm will destroy the existing seawall and will add additional cost to dredge the harbor repeatedly. Repairing the seawall is critical to maintaining the long-term continuous and safe use of the port. This project will require planning, environmental studies and construction. A continuing decline in the current state of the seawall will cause more economic damage to the island.</p>	\$ 40,000,000	<p>A state of emergency was declared for harbor in 2007 when part of Tinian transportation infrastructure nearly collapsed due to severe storm damage and failure to repaired damages immediately.</p>
11	International Sports Complex, Saipan	<p>This project will bring revenue to the CNMI by giving the islands a long-term complex to attract and host major international sporting events which will include sponsored soccer events and bring in additional sports tourism.</p>	\$ 1,500,000	<p>The NMIFA International Sports Complex will include two children's soccer training fields and one international soccer field. The Complex will include a main office, locker rooms, showers, and meeting rooms. The complex will serve two purposes: (1) Sports Tourism and (2) Local expansion of sports. Sports tourism will be enhanced as international teams come to Saipan to train and compete. With the popularity of soccer throughout the world, it is envisioned that the visiting teams will also bring fans with them. The field is one requirement of international FIFA membership have a decent field for international competition. If the NMIFA is to become a full member, then it will be eligible to apply for different annual FIFA grants to support the continued development and operation of the international</p>

No.	Name of Project	Project Description	Dollar Value (Estimated)	Notes
				sports complex. The Goal Project finances facilities on a project specific basis and is an amount close to or below \$500,000. An operations grant is \$250,000/ys. If the NMIFA meets all the requirements for AFC, the earliest FIFA grant funding will be available is in 2012.
12	Commonwealth Health Center Building Repairs / Improvements	This project is to repair, improve and upgrade the main and auxiliary medical facilities in Saipan. The CHC facility in Saipan is the state's primary care giving facility and for citizens, tourists and other visitors to the CNMI. The facilities need to be repaired and upgraded in order to accommodate the needs of the medical community, the challenges CHC is having attracting and retaining medical professionals and to improve the quality of the care given to patients at the center. This upgrade will not only add value to the building, but also improve the equipment, medical infrastructure and other related needs of the operation.	\$ 4,000,000	This cell left intentionally blank.
13	Tinian Airport Fuel Farm	In order to be a "complete" facility that can accommodate various types of air craft flying direct from Asia, Tinian Airport will need refueling capability. Having a facility on Tinian will also potentially help reduce the cost of aviation fuel, facilitating travel.	\$ 6,000,000	A \$17 million airport improvement effort focused on taxi strengthening, new terminal, electrical upgrade & AARF station.
14	Tinian Slaughterhouse	This project will facilitate the slaughter of cattle in Tinian as an industry. The Tinian leaders seek to identify grants and other funding opportunities in order to purchase a mobile slaughter house. This will include the mobile unit, operation and maintenance of the unit, cleanliness, and the USDA	\$ 1,500,000	This cell left intentionally blank.

No.	Name of Project	Project Description	Dollar Value (Estimated)	Notes
		inspection of the unit. This operation may be able to provide USDA inspected and approved beef for the CNMI and other markets.		
15	Rota Airport Fuel Storage Facility	The Rota airport does not have fuel storage facilities at this time. Large Japanese charter planes have to fly to Guam to re-fuel before heading back to Japan. This makes Rota more expensive to serve as a tourist destination.	\$ 6,000,000	First master plan for airport was completed in 1992.
16	Rota West Harbor Rehabilitation	The Rota seaport currently needs to expand its infrastructure in a manner that is safer, less vulnerable to storm damage and the open ocean, with facilities capable of handling more than 1 ship at a time. The renovation of the Rota seaport will also allow for a larger crane to exist in order to increase load and off-load cargo. Although this project requires a plethora of planning, environmental studies and have a level of high costs, upgrading this port is critical to every aspect of this islands economy.	\$ 20,000,000	<p>*Rota has two harbors constructed around 1978 with funds from FEMA and US Army Corps of Engineers (COE). The West Harbor has an entrance channel that is 800 ft long, 300 ft wide, and 20 ft at mean sea level (MSL) depth, a turning basin 640 ft long, 150 ft wide, and a 16.5 MSL depth. A 500-ft reverted mole with tidal culverts connects the shore to Angyuta Island and offshore revetted fill.</p> <p>*Impediments to Development - existence of historical sites on the West Harbor site.</p> <p>*Proposed Improvements - A 1994 COE report considered three alternatives for improvements to the West Harbor only. The plan is comprehensive and can be modified to meet Rota's needs. Some additional improvements would need to be added to the dockside to make it into the Commercial Port of Rota.</p>

No.	Name of Project	Project Description	Dollar Value (Estimated)	Notes
17	Saipan Water System Improvements	Designed to meet an EPA stipulated order, this project will provide focus and direction to meet Clean Water Act and Safe Drinking Water Act requirements in Saipan on the existing water quality outputs.	\$ 20,000,000	According to the Water Infrastructure Development Plan for the Island of Saipan published in April 2003, the island does not have potable water that it can provide to its customers on a continuous basis. The domestic water supply has significant water quality and quantity problems, due to high sodium and chloride (salt) concentrations, and a lack of a 24-hour water supply in many parts of the system. The current supply delivered to customers by Commonwealth Utilities Corporation (CUC) has an average chloride concentration 5 times (1,294 mg/L) the EPA standard (250 mg/L). Some areas of the island receive water for as little as 2 hours per day resulting in serious potential human health and safety impacts. The current system produces 10 MGD of which 1.5 MGD meet EPA drinking water standards for chloride.
18	Public School Facility Repairs and Maintenance	This project is needed to help the CNMI Public School System (PSS) to facilitate the repair and perform the much needed maintenance of older and dilapidated school buildings, classrooms, gyms, food handling facilities, walkways and sports-related facilities for school children throughout the CNMI. Additional construction of kindergarten classrooms is also needed for the island of Saipan in order to provide an adequate number of facilities for all students.	\$ 5,600,000	The CNMI Public School System (PSS) developed a Capital Improvement Plan (CIP) to encompass high priority school facility needs from 2004-05 to 2011-12. Enrollment projections for new housing units along with cohort survival projection from existing housing are expecting an increase of 2,500 new students over seven years. The CIP identifies a need for 139 new classrooms, 31 replacement classrooms (2 elementary schools, high school serving grades 7-12, classroom additions at 7 schools, and classroom replacements at 5 schools)

No.	Name of Project	Project Description	Dollar Value (Estimated)	Notes
				and other projects such as sports facilities, cafeterias, and bus shelters.
19	Northern Marianas College Renovations	The Northern Marianas College is working back from a possible decrease in accreditation due to inadequate facilities. The college grounds need upgrades to and facility improvements to classrooms, grounds, Information Technology upgrades and lab facilities along with offices for staff, administrators and conference rooms.	\$ 15,000,000	This two-year land grant college is the only institution of higher education in CNMI founded in 1981. At one point there were two other campuses on Tinian and Rota, but those campuses have closed. The campus spans 14 acres and had 930 students in 2007.
20	Small Business Incubator, Saipan	In an effort to transform the economy and promote the development of small business entrepreneurship, the CNMI Department of Commerce will develop a small business incubator. The Secretary of Commerce recently met with the Guam District office and the Small Business Administration (SBA) officials on the need, plan and efforts by the CNMI to establish an incubator in the former location of the now-closed Pacific Gardenia Hotel. The Commonwealth Development Authority (CDA) recently authorized the request to use the hotel as the incubator site. The hotel has an approximate value of \$1.2 M, which will be used to match grant funds from SBA.	\$ 600,000	A grant application is currently being prepared for this incubator - 4/2009
21	Sanitary Landfill, Rota	The current refuse disposal site on the island of Rota is an open air dump. An alternative site has not been finalized but the dump must be closed with a new sanitary landfill location identified, environmental	\$ 11,000,000	*1995 plan recommended 4 potential sites for a Municipal Sanitary Landfill (MSL) *First expense requires the purchase of two medium size (20 cu. yd.) packer trucks for waste collection and

No.	Name of Project	Project Description	Dollar Value (Estimated)	Notes
		assessment completed, design work done and a new landfill with appropriate cells built and the old landfill closed and monitored accordingly. There is no heavy equipment at the landfill to properly maintain and re-position and operate the existing landfill.		transport. Third required in 2001 and fourth in 2006. *Primary goals of system are to fulfill the needs of Rota and protect the environment. *A new site is required to meet the Resources Conservancy & Recovery Act (RCRA). Requires: location have liner and drainage system designed to limit groundwater contamination; monitoring of groundwater; inspection of loads for hazardous waste; and design of permanent cover when location reaches end of useful life. *Estimated 7.67 tons of waster per day generated by Rota (similar to Saipan) and a 1 acre site can accommodate 37,000 tons of waste (EMCOM Assoc. Est.) .
22	Saipan International Airport Public Announcement System	The Saipan International Airport currently has a public announcement system that does not work. This lack of service inhibits the airport's ability to communicate with passengers and employees in day to day and emergency situations. This is an emergency systems need and one that is critical to meeting FAA standards.	\$ 1,000,000	This project recently received a \$1 million grant funding.
23	Water/Waste Water System for Saipan	This is a US Federal Court ordered project. The existing waste water / sewer system needs major rehabilitation and EPA compliance upgrades. Saipan also needs to improve water quality. The current water quality is unacceptable and the CNMI is subject to fines if it does not start the process of compliance. In Tinian, needs call for the development of a wastewater plant and for connecting homes to the sewer lines. Both the wastewater plant and the connecting system need	\$ 75,000,000	According to the Water Infrastructure Development Plan for the Island of Saipan published in April 2003, the island does not have potable water that it can provide to its customers on a continuous basis. The domestic water supply has significant water quality and quantity problems, due to a high sodium and chloride (salt) concentrations, and a lack of a 24-hour water supply in many parts of the system. The current supply delivered to

No.	Name of Project	Project Description	Dollar Value (Estimated)	Notes
		to be built. The Environmental Assessment has NOT been done. The costs are turnkey.		<p>customers by Commonwealth Utilities Corporation (CUC) has an average chloride concentration 5 times (1,294 mg/L) the EPA standard (250 mg/L). Some areas of the island receive water for as little as 2 hours per day resulting in serious potential human health and safety impacts. The current system produces 10 MGD of which 1.5 MGD meet EPA drinking water standards for chloride.</p> <p>*Rota's Primary sources of drinking water are Natanhanom (2.7 MGD) and As Onaan Springs (1.4 MGD). These springs were exceeding U.S. Safe Drinking Water Act standards as of 1995 master plan.</p> <p>*Groundwater supplies Rota with 8-9 million gallons per day (MGD) annually.</p> <p>*Sewer System: Currently uses a Variable Grade Sewer System (VGS) that serves a portion of the SongSong Village. Gravity and septic sewers serve remainder of villages.</p> <p>*Storm water Drainage: should be included as part of design/construction of roads to incorporate ground absorption (using "French Drains"), infiltrators, and retention ponds. Currently using a combination of gutters, ditches and cross-gutters. Part of solution for drainage is to pave village streets.</p> <p>*Demands: Potable water demands expected to expand from 0.3 MGD to 1.8 MGD in 2020. Primary sources adequate for providing water, but servicing system needs</p>

No.	Name of Project	Project Description	Dollar Value (Estimated)	Notes
				<p>upgrades: lack of pressure to villages, water rationing during evening/night, inability to adequately and consistently disinfect (chlorinate) water supply. Golf courses projected to require 0.3 MGD in 2015.</p> <p>*Expansion Needs: Wells - Estimated total of 14 wells required to access groundwater by 2020 (req'd. backup generators and chlorination systems)</p> <p>Transmission Lines - Upgrades required to a 1995 estimation of 24% of lines; Storage - four locations of water storage to meeting one day of avg. demand for power outages (stand-by supply, fire-flow, and stabilization). Total volume per welded steel tank estimated to be 0.98 MGD; chlorination req'd. and levels controlled by altitude.</p> <p>Preventative maintenance program needed and a water accounting system able to be monitored at a central location required.</p>
24	Replace Traffic Lighting System, Saipan	The existing traffic lighting system on Saipan is old, antiquated and sometimes works intermittently. In the past, it has been a source of concern for the safety of the public and pedestrians. Due to the corrosive nature of island air, the internal components of the traffic system are subject to accelerated deterioration. This project aims to correct deficiencies and add safety to traffic flow.	\$ 6,000,000	The 2008 CNMI Highway Comprehensive Master Plan provides a detailed analysis of intersections in the highway infrastructure on the Island of Saipan.
25	Primary and Secondary Road Resurfacing & Hazard Elimination	This includes the construction, resurfacing and repaving of primary and secondary roads that are in dire need of repair and rehabilitation. This project	\$ 20,000,000	Saipan has the largest amount of existing roadway infrastructure amount the three islands. The draft 2008 CNMI Highway

No.	Name of Project	Project Description	Dollar Value (Estimated)	Notes
		<p>will also allow for the elimination of hazard materials, right of ways, debris, some curb and gutters, and other hazardous and safety problems. This project will also allow for the purchase of additional roads signs, street markings, reflectors, school and pedestrian crossing markings and other road safety features.</p>		<p>Comprehensive Master Plan provides a detailed analysis of the current highway infrastructure on the Island of Saipan, as well as full analysis of recommended improvements and cost/benefit analysis. The plan identifies two Project-wide (all three islands) Short-Term goals of (1) implementing a Roadway Pavement and Delineation Maintenance and Improvement Program and (2) Roadway Classifications. Long-Range goals are identified for each island:</p> <p>Saipan - (1) Construct new bridge and connection along Route 36; (2) Upgrade and pave Lau Lau Rd to Kagman; (3) Realign Texas Rd and modify Middle Rd and Monsignor Guerrero to a 4-leg intersection; (4) Realign Micro Beach Rd between Beach Rd. and Middle Rd. Widen roadway to provide a third lane that would become a WB left-turn lane, and add bike lanes. Add pedestrian pathway to Micro Beach Rd.; (5) Widen Beach Rd. from Quartermaster Rd to Gualo Rai Rd; (6) Construct pedestrian facilities and bike lanes on Middle Rd.; (7) Drainage upgrade along Chalan Monsignor Guerrero near Chalan Tun Herman Pan Rd.; (8) Widen Beach Rd. from Chalan Monsignor Guerrero to Afetna and install two-way left-turn lane in median.</p> <p>Tinian - (1) Upgrade and pave roadways and construct pedestrian facilities in San Jose Village; (2) Upgrades and Improvements to Broadway</p>

No.	Name of Project	Project Description	Dollar Value (Estimated)	Notes
				<p>from Route 201 south to Limestone Forest Trail.</p> <p>Rota - (1) Drainage upgrade along Route 10 from Tatchok Pt south to Pinatang Park; (2) Upgrade and pave Route 101 from Route 10 (College of Marianas) and along Route 11 to Ginalahan Community; (3) Complete, widen and pave Route 100 from SongSong Village to Ginalahan Community and Airport.</p> <p>Additional Info on Rota: Establishment of Rota Roadway Classification System for 5-types of roadways -Arterial; Urban Collector, Rural Collector, Scenic Collector, and Rural. Projects laid out into 19 increments and were pending Federal Highway Administration (FHWA) funds as of 1995 master plan.</p> <p>*in 1995 Rota had 87 miles of roads and village streets (from Japanese Period): 12 miles paved, 30 miles improved, 45 miles unimproved.</p>
26	Solar Power Street Lighting	Street lights are a great expense and load on the power generators of CUC. With the abundant amount of year-round sun, these streets lights are great candidates for solar power. This project is to create a pilot project and to see through a conversion of the current fossil fuel generation of electricity on the CNMI streets. The output is to remove the lights from the electrical grid by purchasing, installing and maintaining the street and parking light system into a solar powered free-standing system.	\$ 2,000,000	This cell left intentionally blank.

No.	Name of Project	Project Description	Dollar Value (Estimated)	Notes
27	Kalabera Cave - Historic Preservation and Tourist Destination, Saipan	Continuing on the dirt road beyond Bird Island overlook leads to the historic Kalabera Cave. Ancient Chamorros lived in the cave and one can still see pictographs and petroglyphs located on the cave walls. The cave has a large opening and a high roof. It slopes downward and is usually slippery. Not too far inside is a very deep hole. Japanese soldiers used the cave as a field hospital during the Battle of Saipan. Stories are told of Japanese soldiers, nurses, doctors, and patients crowded around a single grenade to avoid being taken prisoners during the last days of the battle.		An ideal location for a new tourist site, archeological study has been done on the cave in preparation for a project to build a staircase and lighting that is safe for visitors, as well as a paved parking area.
28	Susupe Lake, Saipan	The only fresh water lake located in Saipan, it is host to a variety of animals and species. It is home to a few species of birds found only in the Marianas. One of the endangered birds, the Moorhen, has a Saipan population of 36. This project will create a 1.1 mile boardwalk which will enhance the lake's visibility, importance and eco-awareness for the local population and tourists, adding an important destination point for island visitors.	\$ 1,500,000	This cell left intentionally blank.
29	Saipan Airport Terminal Renovation	The Saipan International Airport is in dire need of repair and renovation to meet full compliance standards of TSA and FAA. The airport recently received a \$1 Million grant to upgrade their public announcement system but the terminals themselves now need to be upgraded to facilitate the movement and safety of passengers and cargo. Gates, walkways, emergency exits, signage, seating, food and beverage locations will all be upgraded with this renovation.	\$ 4,000,000	The terminals have not been renovated in over 10 years. The current changes, improvements and security upgrades since 9/11 have made this project quite important and given the Federal Government's intention of taking over immigration matters, improving passenger customs and immigration facilitation is necessary.

No.	Name of Project	Project Description	Dollar Value (Estimated)	Notes
30	Saipan Airport Fuel Storage Facility	<p>The Saipan Airport is the largest of the CNMI and does have the capability to re-fuel large aircraft. The need for expanding the fuel farm facility is to help provide an opportunity for competition and lower prices to help stimulate more air international air service and tourism as requested by airlines.</p>	\$ 6,000,000	<p>The Petroleum Fuel Tank Farm Feasibility Assessment report published in April 2008 by Jet Consulting Services determined that the minimum security level for CNMI would be the fuel stock to maintain sufficient stock to avert logistical stock out for power generation, or a 22 day supply. The CUC currently only uses Diesel 2 fuel for energy production and the report estimated that the full implementation of Public Law 15-87 could reduce Saipan's fuel demand from the current level of around 1,500 barrels/day to 910 barrels/day in 2013 and then to 300 barrels/day by 2015. The report investigated three scenarios for fuel tank storage options: First, the study assumed that CUC consumption stabilized at 1520 barrels/day and estimated costs of a new facility to be delivered by 2010 capable of storing 22, 45, 60 and 90 days of fuel; Second, the study investigated the incremental feasibility of utilizing existing facilities through life-cycle extension to meet project demands; and Third, the study evaluated the need for a fuel farm if Public Law 15-87 was successfully implemented.</p>
31	Tinian Seaport Rehabilitation – DREDGING	<p>The Tinian support serves as the major mode of transportation of goods and services for Tinian. The port will also be the main conduit to move heavy equipment and military goods into Tinian if and when the Department of Defense uses Tinian for military training exercises. Currently the</p>	\$ 10,000,000	<p>This cell left intentionally blank.</p>

No.	Name of Project	Project Description	Dollar Value (Estimated)	Notes
		<p>waterway has a 28' draft which is sufficient to meet the local needs. This dredging project has been separated from the other aspects of the Tinian Seaport Rehabilitation because any dredging beyond the 28' is required by the military - not the CNMI/Tinian needs. This project requires a plethora of planning, environmental studies and has a level of high costs. However, it is critical to every aspect of this island's economy.</p>		
32	Pagan Volcano Monitoring	<p>The CNMI was donated volcano monitoring equipment that is currently being held and stored in the northwest part of the US mainland. The CNMI must pay for the shipping and installation of the Volcano Monitoring equipment on the Island of Pagan on its own. The island of Pagan is currently being considered as a site for possible training by US Marines as the military increases their size and presence on Guam. The CNMI runs the risk of losing the equipment if it does not comply with this request and there will be no monitoring capabilities in Pagan to monitor the volcano.</p>	\$ 400,000	<p>Within the Commonwealth of the Northern Mariana Islands (CNMI), nine active volcanoes pose a significant hazard to air traffic and to planned settlement and economic development of many of the islands. A volcano monitoring system is required to provide early warning of future eruptions, and hazard assessments are required for each of the active volcanoes to provide guidance for future settlement and economic development. There is ample evidence that eruptions of Marianas volcanoes constitute a hazard to aircraft flying in the western Pacific. Over the past 20 years the threat to aviation from airborne volcanic ash has been widely recognized and well documented (Casadevall, 1994).</p>
33	Marpi Solid Waste Facility, Saipan	<p>The CNMI began public operations of the MSWF in 2003 and has been continually evaluating program provision and costs to maintain compliant operations and efficiencies. During FY '04, DPW/SWMD handled approximately 45,624 tons of material. Of this, 35,245 tons, or 77.2% of delivered</p>	\$ 1,500,000	<p>If no additional efforts are taken to increase diversion through recycling or to include technology that can have an appreciable impact in reduction of the volume of waste requiring ultimate disposal, capacity of the existing cells will be expended in the middle of 2007.</p>

No.	Name of Project	Project Description	Dollar Value (Estimated)	Notes
		<p>material, were disposed of at MSWMF. Through the private recycling contracts, 10,379 tons were diverted and offered for recycling. This equates to a recycling rate of 22.8%. To provide perspective, on a daily basis, utilizing the operating days at the MSWMF (308 days), Saipan generates 148.12 tons of waste. Of this total 114.43 tons are disposed of at the MSWMF on any given day. 33.69 tons are diverted for recycling on any given day as well. The capital funds are to expand the existing Marpi Facility.</p>		<p>Depending on the extent of expansion, are all remaining cells constructed or in phases to build-out, a minimum of \$10M will be needed. No current or future funding source has been identified to cover this need, which will become pressing at least 1 year prior to existing cells reaching capacity or no later than May 2006.</p>
34	Medical Dialysis Center, Rota	<p>The Rota population has a very high rate of diabetes that can often lead to kidney illnesses and failures. The community and the Commonwealth Health Center have a need to construct, equipment, staff, and open a dialysis facility to serve patients on Rota. This facility will eliminate the need to have patients travel to Saipan for this treatment.</p>	\$ 1,500,000	<p>1995 Plan recommended the completion of a feasibility study to establish a Regional Treatment Center.</p>

CEDS PROJECT EVALUATION WORKSHEET

A. CUC Public Private Partnership

Name of Project: CUC Public-Private Partnership		Municipality: Saipan					
Brief Project Description: Rented generators are a temporary solution. Some form of PPP/privatization will bring in both the service and maintenance level required to maintain and operate the generators. It will also generate much needed revenue. Some of the revenue generated from the privatization can be used to leverage other economic development projects.							
Lead Agency: CUC				Cost: Net Revenue Gain			
Type of Project: Public-Private Partnership							
Evaluation Criteria	1	2	3	4	5	Multiplier Factor	Points Awarded
Project will support the growth of CNMI's tourist industry				4		3.0	12.00
Project will provide ancillary benefit/encouragement to future U.S. military activities in CNMI		2				1.0	2.00
Project will generate direct employment in the construction industry		2				1.5	3.00
Project will generate long-term employment in CNMI		2				3.0	6.00
Private sector investment as a percentage of project cost					5	2.0	10.00
Degree of long-term (post-construction) public sector funding required					5	1.5	7.50
Project priority according to the local community					5	1.0	5.00
Percent of CNMI population who will directly benefit from the project				4		1.5	6.00
Project minimizes potential impacts to shorelines, reefs, wetlands, critical habitats and other environmentally sensitive areas					5	1.0	5.00
Project environmental footprint (e.g., carbon emissions, other impacts)					5	1.0	5.00
Time required to implement project				4		1.0	4.00
TOTAL POINTS							65.5

CEDS PROJECT EVALUATION WORKSHEET

B. Inter-Island Super Ferry

Name of Project: Inter-Island Super Ferry					Municipality: Saipan, Tinian, and Rota		
Brief Project Description: The Super ferry will help increase commerce, travel, shipping between the islands. It will help facilitate travel for the military to Tinian, and travel for tourist from Guam to the other islands.							
Lead Agency: Private Sector					Cost: \$ 40 M		
Type of Project: Guam, Saipan, Tinian, Rota interconnecting ferry transportation system							
Evaluation Criteria	1	2	3	4	5	Multiplier Factor	Points Awarded
Project will support the growth of CNMI's tourist industry					5	3.0	15.00
Project will provide ancillary benefit/encouragement to future U.S. military activities in CNMI					5	1.0	5.00
Project will generate direct employment in the construction industry	1					1.5	1.50
Project will generate long-term employment in CNMI		2				3.0	6.00
Private sector investment as a percentage of project cost					5	2.0	10.00
Degree of long-term (post-construction) public sector funding required				4		1.5	6.00
Project priority according to the local community			3			1.0	3.00
Percent of CNMI population who will directly benefit from the project					5	1.5	7.50
Project minimizes potential impacts to shorelines, reefs, wetlands, critical habitats and other environmentally sensitive areas	1					1.0	1.00
Project environmental footprint (e.g., carbon emissions, other impacts)	1					1.0	1.00
Time required to implement project			3			1.0	3.00
TOTAL POINTS							59

CEDS PROJECT EVALUATION WORKSHEET

C. Pinatang Park PPP

Name of Project: Pinatang Park PPP					Municipality: Rota		
Brief Project Description: Redevelop abandoned waterpark using concession-type PPP approach							
Lead Agency: Rota Local Government					Cost: Net Revenue Gain		
Type of Project: Public-Private Partnership							
Evaluation Criteria						Multiplier Factor	Points Awarded
	1	2	3	4	5		
Project will support the growth of CNMI's tourist industry				4		3.0	12.00
Project will provide ancillary benefit/encouragement to future U.S. military activities in CNMI		2				1.0	2.00
Project will generate direct employment in the construction industry		2				1.5	3.00
Project will generate long-term employment in CNMI		2				3.0	6.00
Private sector investment as a percentage of project cost					5	2.0	10.00
Degree of long-term (post-construction) public sector funding required					5	1.5	7.50
Project priority according to the local community			3			1.0	3.00
Percent of CNMI population who will directly benefit from the project		2				1.5	3.00
Project minimizes potential impacts to shorelines, reefs, wetlands, critical habitats and other environmentally sensitive areas					5	1.0	5.00
Project environmental footprint (e.g., carbon emissions, other impacts)		2				1.0	2.00
Time required to implement project				4		1.0	4.00
TOTAL POINTS							57.5

CEDS PROJECT EVALUATION WORKSHEET

D. Alternative Energy – CNMI Wide

Name of Project: Alternative Energy					Municipality: CNMI-Wide		
Brief Project Description: To develop an energy supply for the CNMI that is renewable, sustainable, environmental-friendly and economical. To evaluate the potential for development of a geothermal power system within the CNMI based on the scientific findings of exploitable geothermal formations and the economic of distributing the energy generating.							
Lead Agency: CUC					Cost: \$ 45 M		
Type of Project: Develop alternative energy solutions for CNMI-Wide, especially Saipan							
Evaluation Criteria						Multiplier Factor	Points Awarded
	1	2	3	4	5		
Project will support the growth of CNMI's tourist industry			3			3.0	9.00
Project will provide ancillary benefit/encouragement to future U.S. military activities in CNMI		2				1.0	2.00
Project will generate direct employment in the construction industry					5	1.5	7.50
Project will generate long-term employment in CNMI			3			3.0	9.00
Private sector investment as a percentage of project cost				4		2.0	8.00
Degree of long-term (post-construction) public sector funding required	1					1.5	1.50
Project priority according to the local community		2				1.0	2.00
Percent of CNMI population who will directly benefit from the project				4		1.5	6.00
Project minimizes potential impacts to shorelines, reefs, wetlands, critical habitats and other environmentally sensitive areas				4		1.0	4.00
Project environmental footprint (e.g., carbon emissions, other impacts)				4		1.0	4.00
Time required to implement project			3			1.0	3.00
TOTAL POINTS							56

CEDS PROJECT EVALUATION WORKSHEET

E. MHA Public Housing Redevelopment, Saipan

Name of Project: PPP - MHA Public Housing					Municipality: Saipan		
Brief Project Description: This project seeks to assess the feasibility and potential benefits of including the MHA Public Housing grounds located in Garapan under a public private partnership or other economic development financial or project instrument to achieve a higher and best utilization of the property.							
Lead Agency: CPA					Cost: \$ Net Revenue Generating		
Type of Project: Redevelopment Opportunity							
Evaluation Criteria						Multiplier Factor	Points Awarded
	1	2	3	4	5		
Project will support the growth of CNMI's tourist industry			3			3.0	9.00
Project will provide ancillary benefit/encouragement to future U.S. military activities in CNMI		2				1.0	2.00
Project will generate direct employment in the construction industry					5	1.5	7.50
Project will generate long-term employment in CNMI			3			3.0	9.00
Private sector investment as a percentage of project cost					5	2.0	10.00
Degree of long-term (post-construction) public sector funding required		2				1.5	3.00
Project priority according to the local community		2				1.0	2.00
Percent of CNMI population who will directly benefit from the project		2				1.5	3.00
Project minimizes potential impacts to shorelines, reefs, wetlands, critical habitats and other environmentally sensitive areas					5	1.0	5.00
Project environmental footprint (e.g., carbon emissions, other impacts)	1					1.0	1.00
Time required to implement project				4		1.0	4.00
TOTAL							55.5

CEDS PROJECT EVALUATION WORKSHEET

F. Paseo de Marianas

Name of Project: Paseo de Marianas					Municipality: Saipan		
Brief Project Description: This project will continue the redevelopment of the Garapan area to a more attractive tourist district. This project will add a sail-like covering that will provide shade, benches, landscaping and improve the aesthetic quality of the Paseo de Marianas pedestrian mall.							
Lead Agency: MVA					Cost: \$ 2 M		
Type of Project: Make Garapan tourist center a more attractive and pedestrian friendly place for tourists							
Evaluation Criteria						Multiplier Factor	Points Awarded
	1	2	3	4	5		
Project will support the growth of CNMI's tourist industry					5	3.0	15.00
Project will provide ancillary benefit/encouragement to future U.S. military activities in CNMI		2				1.0	2.00
Project will generate direct employment in the construction industry		2				1.5	3.00
Project will generate long-term employment in CNMI		2				3.0	6.00
Private sector investment as a percentage of project cost		2				2.0	4.00
Degree of long-term (post-construction) public sector funding required		2				1.5	3.00
Project priority according to the local community		2				1.0	2.00
Percent of CNMI population who will directly benefit from the project		2				1.5	3.00
Project minimizes potential impacts to shorelines, reefs, wetlands, critical habitats and other environmentally sensitive areas					5	1.0	5.00
Project environmental footprint (e.g., carbon emissions, other impacts)					5	1.0	5.00
Time required to implement project					5	1.0	5.00
TOTAL POINTS							53

CEDS PROJECT EVALUATION WORKSHEET

G. PSS – Garapan Elementary School Property Re-Utilization

Name of Project: PSS - Garapan Elementary School Property Re-Utilization					Municipality: Saipan		
Brief Project Description: This project seeks to look at the feasibility of relocating Garapan Elementary school to a better 'children-friendly' and more modern elementary school at another location and away from the Garapan Business District. This project will also entail the need for a new elementary school to be built on the previous elementary school property by the gains from the sale or lease of the property.							
Lead Agency: PSS					Cost: \$ Net Revenue Generating		
Type of Project: School Property Re-Development. The design and built of a new and modern school built at a location of the PSS choice.							
Evaluation Criteria						Multiplier Factor	Points Awarded
	1	2	3	4	5		
Project will support the growth of CNMI's tourist industry		2				3.0	6.00
Project will provide ancillary benefit/encouragement to future U.S. military activities in CNMI		2				1.0	2.00
Project will generate direct employment in the construction industry					5	1.5	7.50
Project will generate long-term employment in CNMI			3			3.0	9.00
Private sector investment as a percentage of project cost					5	2.0	10.00
Degree of long-term (post-construction) public sector funding required		2				1.5	3.00
Project priority according to the local community		2				1.0	2.00
Percent of CNMI population who will directly benefit from the project				4		1.5	6.00
Project minimizes potential impacts to shorelines, reefs, wetlands, critical habitats and other environmentally sensitive areas			3			1.0	3.00
Project environmental footprint (e.g., carbon emissions, other impacts)	1					1.0	1.00
Time required to implement project			3			1.0	3.00
TOTAL							52.5

CEDS PROJECT EVALUATION WORKSHEET

H. Rota Agricultural Coop

Name of Project: Rota Agricultural Coop					Municipality: Rota		
Brief Project Description: Create Agricultural COOP to Promote Growth of Agricultural Industry and Exports							
Lead Agency: NMC					Cost: \$ 375,000		
Type of Project: Development							
Evaluation Criteria						Multiplier Factor	Points Awarded
	1	2	3	4	5		
Project will support the growth of CNMI's tourist industry			3			3.0	9.00
Project will provide ancillary benefit/encouragement to future U.S. military activities in CNMI			3			1.0	3.00
Project will generate direct employment in the construction industry		2				1.5	3.00
Project will generate long-term employment in CNMI			3			3.0	9.00
Private sector investment as a percentage of project cost		2				2.0	4.00
Degree of long-term (post-construction) public sector funding required					5	1.5	7.50
Project priority according to the local community		2				1.0	2.00
Percent of CNMI population who will directly benefit from the project		2				1.5	3.00
Project minimizes potential impacts to shorelines, reefs, wetlands, critical habitats and other environmentally sensitive areas					5	1.0	5.00
Project environmental footprint (e.g., carbon emissions, other impacts)		2				1.0	2.00
Time required to implement project					5	1.0	5.00
TOTAL POINTS							52.5

CEDS PROJECT EVALUATION WORKSHEET

I. Instrument Landing System for Tinian Airport

Name of Project: Instrument Landing System for Tinian Airport					Municipality: Tinian		
Brief Project Description: ILS is necessary to remove a level of danger for large aircraft. The installation of an ILS system will allow Tinian to attract international flights directly in the future.							
Lead Agency: CPA							
Type of Project: ILS for Tinian airport					Cost: \$3.5 M		
Evaluation Criteria						Multiplier Factor	Points Awarded
	1	2	3	4	5		
Project will support the growth of CNMI's tourist industry					5	3.0	15.00
Project will provide ancillary benefit/encouragement to future U.S. military activities in CNMI			3			1.0	3.00
Project will generate direct employment in the construction industry			3			1.5	4.50
Project will generate long-term employment in CNMI	1					3.0	3.00
Private sector investment as a percentage of project cost	1					2.0	2.00
Degree of long-term (post-construction) public sector funding required	1					1.5	1.50
Project priority according to the local community				4		1.0	4.00
Percent of CNMI population who will directly benefit from the project		2				1.5	3.00
Project minimizes potential impacts to shorelines, reefs, wetlands, critical habitats and other environmentally sensitive areas					5	1.0	5.00
Project environmental footprint (e.g., carbon emissions, other impacts)				4		1.0	4.00
Time required to implement project					5	1.0	5.00
TOTAL							50

CEDS PROJECT EVALUATION WORKSHEET

J. Seaport Rehab-SEAWALL

Name of Project: Seaport Rehab-SEAWALL					Municipality: CNMI - Tinian		
Brief Project Description: Critical to help rehabilitate the seaports breakwater seawall. Although this project requires a plethora of planning, environmental studies and have a level of high costs, these are critical to the island's economy. A continuing decline in their current state of condition will cause economic damage to the island.							
Lead Agency: CPA					Cost: \$ 40 M		
Type of Project: Rehabilitation							
Evaluation Criteria						Multiplier Factor	Points Awarded
	1	2	3	4	5		
Project will support the growth of CNMI's tourist industry				4		3.0	12.00
Project will provide ancillary benefit/encouragement to future U.S. military activities in CNMI					5	1.0	5.00
Project will generate direct employment in the construction industry					5	1.5	7.50
Project will generate long-term employment in CNMI		2				3.0	6.00
Private sector investment as a percentage of project cost		2				2.0	4.00
Degree of long-term (post-construction) public sector funding required	1					1.5	1.50
Project priority according to the local community					5	1.0	5.00
Percent of CNMI population who will directly benefit from the project		2				1.5	3.00
Project minimizes potential impacts to shorelines, reefs, wetlands, critical habitats and other environmentally sensitive areas	1					1.0	1.00
Project environmental footprint (e.g., carbon emissions, other impacts)			3			1.0	3.00
Time required to implement project		2				1.0	2.00
TOTAL POINTS							50

CEDS PROJECT EVALUATION WORKSHEET

K. International Sports Complex

Name of Project: International Sports Complex					Municipality: Saipan		
Brief Project Description: To develop, sponsor, foster and promote national and international sporting competitions for the CNMI, Pacific Islands and Asia sports							
Lead Agency: MVA					Cost: \$ 1.5 M		
Type of Project: Upgrade the sports complex to facilitate more events, teams, tournaments and training							
Evaluation Criteria						Multiplier Factor	Points Awarded
	1	2	3	4	5		
Project will support the growth of CNMI's tourist industry				4		3.0	12.00
Project will provide ancillary benefit/encouragement to future U.S. military activities in CNMI		2				1.0	2.00
Project will generate direct employment in the construction industry		2				1.5	3.00
Project will generate long-term employment in CNMI		2				3.0	6.00
Private sector investment as a percentage of project cost				4		2.0	8.00
Degree of long-term (post-construction) public sector funding required					5	1.5	7.50
Project priority according to the local community		2				1.0	2.00
Percent of CNMI population who will directly benefit from the project	1					1.5	1.50
Project minimizes potential impacts to shorelines, reefs, wetlands, critical habitats and other environmentally sensitive areas	1					1.0	1.00
Project environmental footprint (e.g., carbon emissions, other impacts)	1					1.0	1.00
Time required to implement project				4		1.0	4.00
TOTAL POINTS							48.00

CEDS PROJECT EVALUATION WORKSHEET

L. Commonwealth Health Center Building Repairs

Name of Project: Commonwealth Health Center Building Repairs/Improvements					Municipality: Saipan		
Brief Project Description: This project is to repair, improve and upgrade the medical facilities and centers in the CNMI							
Lead Agency: CHC					Cost: \$ 4 M		
Type of Project: Upgrade Healthcare facilities							
Evaluation Criteria						Multiplier Factor	Points Awarded
	1	2	3	4	5		
Project will support the growth of CNMI's tourist industry		2				3.0	6.00
Project will provide ancillary benefit/encouragement to future U.S. military activities in CNMI		2				1.0	2.00
Project will generate direct employment in the construction industry			3			1.5	4.50
Project will generate long-term employment in CNMI		2				3.0	6.00
Private sector investment as a percentage of project cost		2				2.0	4.00
Degree of long-term (post-construction) public sector funding required			3			1.5	4.50
Project priority according to the local community		2				1.0	2.00
Percent of CNMI population who will directly benefit from the project				4		1.5	6.00
Project minimizes potential impacts to shorelines, reefs, wetlands, critical habitats and other environmentally sensitive areas					5	1.0	5.00
Project environmental footprint (e.g., carbon emissions, other impacts)				4		1.0	4.00
Time required to implement project			3			1.0	3.00
TOTAL POINTS							47.00

CEDS PROJECT EVALUATION WORKSHEET

M. Tinian Slaughterhouse

Name of Project: Tinian Slaughterhouse					Municipality: Tinian		
Brief Project Description: This project seeks to identify and make available a mobile slaughter house for the livestock in Tinian. This will include the mobile unit, cleanliness, and USDA inspection of the mobile unit. This operation may be able to provide USDA inspected and approved beef for export.							
Lead Agency: Tinian Municipal					Cost: \$ 1.5 M		
Type of Project: Meat Producing USDA inspected project							
Evaluation Criteria						Multiplier Factor	Points Awarded
	1	2	3	4	5		
Project will support the growth of CNMI's tourist industry			3			3.0	9.00
Project will provide ancillary benefit/encouragement to future U.S. military activities in CNMI			3			1.0	3.00
Project will generate direct employment in the construction industry		2				1.5	3.00
Project will generate long-term employment in CNMI			3			3.0	9.00
Private sector investment as a percentage of project cost		2				2.0	4.00
Degree of long-term (post-construction) public sector funding required	1					1.5	1.50
Project priority according to the local community		2				1.0	2.00
Percent of CNMI population who will directly benefit from the project		2				1.5	3.00
Project minimizes potential impacts to shorelines, reefs, wetlands, critical habitats and other environmentally sensitive areas				4		1.0	4.00
Project environmental footprint (e.g., carbon emissions, other impacts)		2				1.0	2.00
Time required to implement project					5	1.0	5.00
TOTAL							45.5

CEDS PROJECT EVALUATION WORKSHEET

N. Rota Airport Fuel Farm

Name of Project: Rota Airport Fuel Farm					Municipality: Rota		
Brief Project Description: Rota airport does not have fuel storage facilities, and therefore cannot accommodate charter planes without an extra stop in Guam. By providing re-fueling capability, the airport may be better equipped to increase air service to the island.							
Lead Agency: CPA					Cost: \$ 6 M		
Type of Project: Construct or expand fuel facilities at Rota							
Evaluation Criteria						Multiplier Factor	Points Awarded
	1	2	3	4	5		
Project will support the growth of CNMI's tourist industry					5	3.0	15.00
Project will provide ancillary benefit/encouragement to future U.S. military activities in CNMI		2				1.0	2.00
Project will generate direct employment in the construction industry			3			1.5	4.50
Project will generate long-term employment in CNMI		2				3.0	6.00
Private sector investment as a percentage of project cost	1					2.0	2.00
Degree of long-term (post-construction) public sector funding required	1					1.5	1.50
Project priority according to the local community		2				1.0	2.00
Percent of CNMI population who will directly benefit from the project		2				1.5	3.00
Project minimizes potential impacts to shorelines, reefs, wetlands, critical habitats and other environmentally sensitive areas				4		1.0	4.00
Project environmental footprint (e.g., carbon emissions, other impacts)		2				1.0	2.00
Time required to implement project			3			1.0	3.00
TOTAL POINTS							45

CEDS PROJECT EVALUATION WORKSHEET

O. Seaport Rehabilitation

Name of Project: Seaport Rehabilitation					Municipality: CNMI - Rota		
Brief Project Description: Critical to help improve the port. Although these projects require a plethora of planning, environmental studies and have a level of high costs, these are critical to every aspect of these islands economy. A continuing decline in their current state of condition will cause economic damage to the island.							
Lead Agency: CPA					Cost: \$ 20 M		
Type of Project: Rehabilitate the Seaports in Rota							
Evaluation Criteria						Multiplier Factor	Points Awarded
	1	2	3	4	5		
Project will support the growth of CNMI's tourist industry				4		3.0	12.00
Project will provide ancillary benefit/encouragement to future U.S. military activities in CNMI		2				1.0	2.00
Project will generate direct employment in the construction industry					5	1.5	7.50
Project will generate long-term employment in CNMI		2				3.0	6.00
Private sector investment as a percentage of project cost		2				2.0	4.00
Degree of long-term (post-construction) public sector funding required	1					1.5	1.50
Project priority according to the local community					5	1.0	5.00
Percent of CNMI population who will directly benefit from the project		2				1.5	3.00
Project minimizes potential impacts to shorelines, reefs, wetlands, critical habitats and other environmentally sensitive areas	1					1.0	1.00
Project environmental footprint (e.g., carbon emissions, other impacts)	1					1.0	1.00
Time required to implement project		2				1.0	2.00
TOTAL POINTS							45

CEDS PROJECT EVALUATION WORKSHEET

P. Water System

Name of Project: Water System					Municipality: Saipan		
Brief Project Description: This is an EPA stipulated order. This project will provide focus and direction to meet Clean Water Act and Safe Drinking Water Act requirements.							
Lead Agency: DPW					Cost: \$ 20 M		
Type of Project: Court-ordered Water improvements							
Evaluation Criteria						Multiplier Factor	Points Awarded
	1	2	3	4	5		
Project will support the growth of CNMI's tourist industry		2				3.0	6.00
Project will provide ancillary benefit/encouragement to future U.S. military activities in CNMI		2				1.0	2.00
Project will generate direct employment in the construction industry					5	1.5	7.50
Project will generate long-term employment in CNMI	1					3.0	3.00
Private sector investment as a percentage of project cost	1					2.0	2.00
Degree of long-term (post-construction) public sector funding required		2				1.5	3.00
Project priority according to the local community		2				1.0	2.00
Percent of CNMI population who will directly benefit from the project				4		1.5	6.00
Project minimizes potential impacts to shorelines, reefs, wetlands, critical habitats and other environmentally sensitive areas					5	1.0	5.00
Project environmental footprint (e.g., carbon emissions, other impacts)					5	1.0	5.00
Time required to implement project			3			1.0	3.00
TOTAL POINTS							44.5

CEDS PROJECT EVALUATION WORKSHEET

Q. Educational Facility Repairs

Name of Project: Educational Facility Repairs and Maintenance					Municipality: Saipan		
Brief Project Description: To facilitate the repair and perform the maintenance on older and dilapidated public school system buildings							
Lead Agency: PSS					Cost: \$ 5.6 M		
Type of Project: Public school system repairs and maintenance							
Evaluation Criteria						Multiplier Factor	Points Awarded
	1	2	3	4	5		
Project will support the growth of CNMI's tourist industry		2				3.0	6.00
Project will provide ancillary benefit/encouragement to future U.S. military activities in CNMI		2				1.0	2.00
Project will generate direct employment in the construction industry			3			1.5	4.50
Project will generate long-term employment in CNMI		2				3.0	6.00
Private sector investment as a percentage of project cost	1					2.0	2.00
Degree of long-term (post-construction) public sector funding required		2				1.5	3.00
Project priority according to the local community			3			1.0	3.00
Percent of CNMI population who will directly benefit from the project				4		1.5	6.00
Project minimizes potential impacts to shorelines, reefs, wetlands, critical habitats and other environmentally sensitive areas					5	1.0	5.00
Project environmental footprint (e.g., carbon emissions, other impacts)				4		1.0	4.00
Time required to implement project			3			1.0	3.00
TOTAL POINTS							44.50

CEDS PROJECT EVALUATION WORKSHEET

R. NMC College Renovations

Name of Project: NMC College Renovations					Municipality: Saipan		
Brief Project Description: To improve the upgrade the facilities at the Northern Marianas College including classroom, IT and instructional capabilities							
Lead Agency: NMC					Cost: \$ 15 M		
Type of Project: Northern Marianas College Campus repairs and maintenance							
Evaluation Criteria						Multiplier Factor	Points Awarded
	1	2	3	4	5		
Project will support the growth of CNMI's tourist industry		2				3.0	6.00
Project will provide ancillary benefit/encouragement to future U.S. military activities in CNMI		2				1.0	2.00
Project will generate direct employment in the construction industry					5	1.5	7.50
Project will generate long-term employment in CNMI	1					3.0	3.00
Private sector investment as a percentage of project cost		2				2.0	4.00
Degree of long-term (post-construction) public sector funding required			3			1.5	4.50
Project priority according to the local community		2				1.0	2.00
Percent of CNMI population who will directly benefit from the project		2				1.5	3.00
Project minimizes potential impacts to shorelines, reefs, wetlands, critical habitats and other environmentally sensitive areas					5	1.0	5.00
Project environmental footprint (e.g., carbon emissions, other impacts)				4		1.0	4.00
Time required to implement project			3			1.0	3.00
TOTAL POINTS							44.00

CEDS PROJECT EVALUATION WORKSHEET

S. Small Business Incubator

Name of Project: Small Business Incubator					Municipality: Saipan		
Brief Project Description: To develop a small business incubator from an existing building and includes workforce/skills/job training							
Lead Agency: Department of Commerce					Cost: \$ 600,000		
Type of Project: Rehab the Pacific Garden hotel into small business incubator with a small restaurant for the culinary arts program							
Evaluation Criteria	1	2	3	4	5	Multiplier Factor	Points Awarded
Project will support the growth of CNMI's tourist industry		2				3.0	6.00
Project will provide ancillary benefit/encouragement to future U.S. military activities in CNMI		2				1.0	2.00
Project will generate direct employment in the construction industry		2				1.5	3.00
Project will generate long-term employment in CNMI			3			3.0	9.00
Private sector investment as a percentage of project cost		2				2.0	4.00
Degree of long-term (post-construction) public sector funding required		2				1.5	3.00
Project priority according to the local community		2				1.0	2.00
Percent of CNMI population who will directly benefit from the project		2				1.5	3.00
Project minimizes potential impacts to shorelines, reefs, wetlands, critical habitats and other environmentally sensitive areas					5	1.0	5.00
Project environmental footprint (e.g., carbon emissions, other impacts)		2				1.0	2.00
Time required to implement project					5	1.0	5.00
TOTAL POINTS							44.00

CEDS PROJECT EVALUATION WORKSHEET

T. Sanitary Landfill Relocation

Name of Project: Sanitary Landfill Relocation						Municipality: Rota	
Brief Project Description: Rota must close its open dump site and construct a new environmentally-sound sanitary landfill in a new location. The project includes preparations for the new site and closing the old site.							
Lead Agency: DPW						Cost: \$ 11 M	
Type of Project: Perform construction, relocation, and some environmental studies to relocate the respective landfills							
Evaluation Criteria						Multiplier Factor	Points Awarded
	1	2	3	4	5		
Project will support the growth of CNMI's tourist industry			3			3.0	9.00
Project will provide ancillary benefit/encouragement to future U.S. military activities in CNMI		2				1.0	2.00
Project will generate direct employment in the construction industry					5	1.5	7.50
Project will generate long-term employment in CNMI	1					3.0	3.00
Private sector investment as a percentage of project cost	1					2.0	2.00
Degree of long-term (post-construction) public sector funding required		2				1.5	3.00
Project priority according to the local community		2				1.0	2.00
Percent of CNMI population who will directly benefit from the project		2				1.5	3.00
Project minimizes potential impacts to shorelines, reefs, wetlands, critical habitats and other environmentally sensitive areas				4		1.0	4.00
Project environmental footprint (e.g., carbon emissions, other impacts)					5	1.0	5.00
Time required to implement project		2				1.0	2.00
TOTAL POINTS							42.5

CEDS PROJECT EVALUATION WORKSHEET

U. Airport Public Announcement System

Name of Project: Airport Public Announcement System					Municipality: Saipan		
Brief Project Description: The airport needs a new public announcement system to meet emergencies and general call announcements							
Lead Agency: CPA					Cost: \$ 1 M		
Type of Project: Upgrade Saipan international airport PA system							
Evaluation Criteria						Multiplier Factor	Points Awarded
	1	2	3	4	5		
Project will support the growth of CNMI's tourist industry			3			3.0	9.00
Project will provide ancillary benefit/encouragement to future U.S. military activities in CNMI		2				1.0	2.00
Project will generate direct employment in the construction industry		2				1.5	3.00
Project will generate long-term employment in CNMI	1					3.0	3.00
Private sector investment as a percentage of project cost	1					2.0	2.00
Degree of long-term (post-construction) public sector funding required			3			1.5	4.50
Project priority according to the local community		2				1.0	2.00
Percent of CNMI population who will directly benefit from the project		2				1.5	3.00
Project minimizes potential impacts to shorelines, reefs, wetlands, critical habitats and other environmentally sensitive areas					5	1.0	5.00
Project environmental footprint (e.g., carbon emissions, other impacts)				4		1.0	4.00
Time required to implement project					5	1.0	5.00
TOTAL POINTS							42.50

CEDS PROJECT EVALUATION WORKSHEET

V. Water/Wastewater System

Name of Project: Water/Wastewater System					Municipality: Saipan		
Brief Project Description: Court ordered project. Existing sewer system needs rehabilitation. Saipan's needs include water and wastewater. Tinian's needs are only for wastewater. Rehabilitation of 38 lift stations - \$ 45,000,000; Repair / Upgrade Sadog Tasi & Agingan - \$ 1 M to \$ 4 M; Kagman construction of sewer system, connect w/ Agingan - \$ 25,000,000							
Lead Agency: DPW					Cost: \$ 75 M		
Type of Project: Court-ordered Water/Wastewater improvements							
Evaluation Criteria						Multiplier Factor	Points Awarded
	1	2	3	4	5		
Project will support the growth of CNMI's tourist industry		2				3.0	6.00
Project will provide ancillary benefit/encouragement to future U.S. military activities in CNMI		2				1.0	2.00
Project will generate direct employment in the construction industry					5	1.5	7.50
Project will generate long-term employment in CNMI		2				3.0	6.00
Private sector investment as a percentage of project cost	1					2.0	2.00
Degree of long-term (post-construction) public sector funding required	1					1.5	1.50
Project priority according to the local community		2				1.0	2.00
Percent of CNMI population who will directly benefit from the project				4		1.5	6.00
Project minimizes potential impacts to shorelines, reefs, wetlands, critical habitats and other environmentally sensitive areas		2				1.0	2.00
Project environmental footprint (e.g., carbon emissions, other impacts)					5	1.0	5.00
Time required to implement project		2				1.0	2.00
TOTAL POINTS							42

CEDS PROJECT EVALUATION WORKSHEET

W. Replacement of the Traffic Light System

Name of Project: Replacement of the traffic light system					Municipality: Saipan		
Brief Project Description: Traffic Light System Replacement							
Lead Agency: DPW					Cost: \$ 6 M		
Type of Project: Renovation							
Evaluation Criteria						Multiplier Factor	Points Awarded
	1	2	3	4	5		
Project will support the growth of CNMI's tourist industry		2				3.0	6.00
Project will provide ancillary benefit/encouragement to future U.S. military activities in CNMI		2				1.0	2.00
Project will generate direct employment in the construction industry			3			1.5	4.50
Project will generate long-term employment in CNMI	1					3.0	3.00
Private sector investment as a percentage of project cost	1					2.0	2.00
Degree of long-term (post-construction) public sector funding required			3			1.5	4.50
Project priority according to the local community		2				1.0	2.00
Percent of CNMI population who will directly benefit from the project				4		1.5	6.00
Project minimizes potential impacts to shorelines, reefs, wetlands, critical habitats and other environmentally sensitive areas					5	1.0	5.00
Project environmental footprint (e.g., carbon emissions, other impacts)				4		1.0	4.00
Time required to implement project			3			1.0	3.00
TOTAL POINTS							42

CEDS PROJECT EVALUATION WORKSHEET

X. Primary and Secondary Road Resurfacing & Hazard Elimination

Name of Project: Primary and Secondary Road Resurfacing & Hazard Elimination					Municipality: Saipan		
Brief Project Description: This includes the construction, resurfacing and repaving of secondary roads and purchase of additional roads signs							
Lead Agency: DPW					Cost: \$ 20 M		
Type of Project: Road resurfacing							
Evaluation Criteria	1	2	3	4	5	Multiplier Factor	Points Awarded
Project will support the growth of CNMI's tourist industry		2				3.0	6.00
Project will provide ancillary benefit/encouragement to future U.S. military activities in CNMI		2				1.0	2.00
Project will generate direct employment in the construction industry					5	1.5	7.50
Project will generate long-term employment in CNMI	1					3.0	3.00
Private sector investment as a percentage of project cost	1					2.0	2.00
Degree of long-term (post-construction) public sector funding required			3			1.5	4.50
Project priority according to the local community		2				1.0	2.00
Percent of CNMI population who will directly benefit from the project			3			1.5	4.50
Project minimizes potential impacts to shorelines, reefs, wetlands, critical habitats and other environmentally sensitive areas					5	1.0	5.00
Project environmental footprint (e.g., carbon emissions, other impacts)		2				1.0	2.00
Time required to implement project			3			1.0	3.00
TOTAL POINTS							41.50

CEDS PROJECT EVALUATION WORKSHEET

Y. Solar Power Street Lighting

Name of Project: Solar Power Street Lighting					Municipality: Saipan		
Brief Project Description: To pilot the conversion of the grid power street and parking lighting system into a solar powered street and parking lighting system							
Lead Agency: DPW					Cost: \$ 2 M		
Type of Project: Replace and install solar lit street lights							
Evaluation Criteria						Multiplier Factor	Points Awarded
	1	2	3	4	5		
Project will support the growth of CNMI's tourist industry		2				3.0	6.00
Project will provide ancillary benefit/encouragement to future U.S. military activities in CNMI		2				1.0	2.00
Project will generate direct employment in the construction industry		2				1.5	3.00
Project will generate long-term employment in CNMI		2				3.0	6.00
Private sector investment as a percentage of project cost	1					2.0	2.00
Degree of long-term (post-construction) public sector funding required		2				1.5	3.00
Project priority according to the local community		2				1.0	2.00
Percent of CNMI population who will directly benefit from the project				4		1.5	6.00
Project minimizes potential impacts to shorelines, reefs, wetlands, critical habitats and other environmentally sensitive areas				4		1.0	4.00
Project environmental footprint (e.g., carbon emissions, other impacts)					5	1.0	5.00
Time required to implement project		2				1.0	2.00
TOTAL POINTS							41.00

CEDS PROJECT EVALUATION WORKSHEET

Z. Susupe Lake

Name of Project: Susupe Lake					Municipality: Saipan		
Brief Project Description: A fresh water lake located in Saipan that is host to a variety of animals and species. This project will create 1.1 mile boardwalk which will enhance the lake's visibility, importance and eco-awareness for the local population and tourists							
Lead Agency: MVA					Cost: \$ 1.5 M		
Type of Project: Improve Susupe with a boardwalk and have it become a tourist destination							
Evaluation Criteria						Multiplier Factor	Points Awarded
	1	2	3	4	5		
Project will support the growth of CNMI's tourist industry				4		3.0	12.00
Project will provide ancillary benefit/encouragement to future U.S. military activities in CNMI		2				1.0	2.00
Project will generate direct employment in the construction industry		2				1.5	3.00
Project will generate long-term employment in CNMI		2				3.0	6.00
Private sector investment as a percentage of project cost		2				2.0	4.00
Degree of long-term (post-construction) public sector funding required		2				1.5	3.00
Project priority according to the local community		2				1.0	2.00
Percent of CNMI population who will directly benefit from the project	1					1.5	1.50
Project minimizes potential impacts to shorelines, reefs, wetlands, critical habitats and other environmentally sensitive areas	1					1.0	1.00
Project environmental footprint (e.g., carbon emissions, other impacts)			3			1.0	3.00
Time required to implement project			3			1.0	3.00
TOTAL POINTS							40.50

CEDS PROJECT EVALUATION WORKSHEET

AA. Airport Fuel Farm - Saipan

Name of Project: Airport Fuel Farm					Municipality: Saipan		
Brief Project Description: This project would expand the fuel storage facilities at Saipan International Airport in order to allow for competition in an effort to bring aviation fuel costs down.							
Lead Agency: CPA					Cost: \$ 6 M		
Type of Project: Construct or expand fuel facilities in Saipan							
Evaluation Criteria						Multiplier Factor	Points Awarded
	1	2	3	4	5		
Project will support the growth of CNMI's tourist industry			3			3.0	9.00
Project will provide ancillary benefit/encouragement to future U.S. military activities in CNMI		2				1.0	2.00
Project will generate direct employment in the construction industry			3			1.5	4.50
Project will generate long-term employment in CNMI		2				3.0	6.00
Private sector investment as a percentage of project cost	1					2.0	2.00
Degree of long-term (post-construction) public sector funding required	1					1.5	1.50
Project priority according to the local community		2				1.0	2.00
Percent of CNMI population who will directly benefit from the project		2				1.5	3.00
Project minimizes potential impacts to shorelines, reefs, wetlands, critical habitats and other environmentally sensitive areas				4		1.0	4.00
Project environmental footprint (e.g., carbon emissions, other impacts)		2				1.0	2.00
Time required to implement project			3			1.0	3.00
TOTAL POINTS							39

CEDS PROJECT EVALUATION WORKSHEET

BB. Seaport Rehab - DREDGING

Name of Project: Seaport Rehab-DREDGING						Municipality: CNMI - Tinian	
Brief Project Description: Critical to help Dredge the harbor and seaport. Although this project requires a plethora of planning, environmental studies and have a level of high costs, these are critical to every aspect of this island's economy. A continuing decline in their current state of condition will cause economic damage to the islands.							
Lead Agency: CPA						Cost: \$ 10 M	
Type of Project: Dredging							
Evaluation Criteria						Multiplier Factor	Points Awarded
	1	2	3	4	5		
Project will support the growth of CNMI's tourist industry		2				3.0	6.00
Project will provide ancillary benefit/encouragement to future U.S. military activities in CNMI					5	1.0	5.00
Project will generate direct employment in the construction industry			3			1.5	4.50
Project will generate long-term employment in CNMI	1					3.0	3.00
Private sector investment as a percentage of project cost		2				2.0	4.00
Degree of long-term (post-construction) public sector funding required			3			1.5	4.50
Project priority according to the local community		2				1.0	2.00
Percent of CNMI population who will directly benefit from the project		2				1.5	3.00
Project minimizes potential impacts to shorelines, reefs, wetlands, critical habitats and other environmentally sensitive areas	1					1.0	1.00
Project environmental footprint (e.g., carbon emissions, other impacts)		2				1.0	2.00
Time required to implement project			3			1.0	3.00
TOTAL POINTS							38

CEDS PROJECT EVALUATION WORKSHEET

CC.Volcano Monitoring

Name of Project: Volcano Monitoring					Municipality: Saipan		
Brief Project Description: This is for the shipping and installation of the Volcano Monitoring equipment on the Island of Pagan							
Lead Agency: CNMI					Cost: \$ 400,000		
Type of Project: The CNMI must pay for the shipping and installation of the volcano monitoring equipment							
Evaluation Criteria						Multiplier Factor	Points Awarded
	1	2	3	4	5		
Project will support the growth of CNMI's tourist industry		2				3.0	6
Project will provide ancillary benefit/encouragement to future U.S. military activities in CNMI			3			1.0	3
Project will generate direct employment in the construction industry		2				1.5	3
Project will generate long-term employment in CNMI	1					3.0	3
Private sector investment as a percentage of project cost	1					2.0	2
Degree of long-term (post-construction) public sector funding required		2				1.5	3
Project priority according to the local community		2				1.0	2
Percent of CNMI population who will directly benefit from the project	1					1.5	1.5
Project minimizes potential impacts to shorelines, reefs, wetlands, critical habitats and other environmentally sensitive areas				4		1.0	4
Project environmental footprint (e.g., carbon emissions, other impacts)				4		1.0	4
Time required to implement project					5	1.0	5
TOTAL POINTS							36.5

CEDS PROJECT EVALUATION WORKSHEET

DD. Marpi Solid Waste Facility

Name of Project: Marpi Solid Waste Facility					Municipality: Saipan		
Brief Project Description: The CNMI was forced by EPA and Court mandate to close the Puerto Rico landfill in Saipan. In response, the CNMI open the Marpi Solid Waste landfill.							
Lead Agency: DPW					Cost: 1.5 M		
Type of Project: Solid Waste Management Facility							
Evaluation Criteria	Solid waste mgmt facility					Multiplier Factor	Points Awarded
	1	2	3	4	5		
Project will support the growth of CNMI's tourist industry		2				3.0	6.00
Project will provide ancillary benefit/encouragement to future U.S. military activities in CNMI		2				1.0	2.00
Project will generate direct employment in the construction industry		2				1.5	3.00
Project will generate long-term employment in CNMI	1					3.0	3.00
Private sector investment as a percentage of project cost	1					2.0	2.00
Degree of long-term (post-construction) public sector funding required		2				1.5	3.00
Project priority according to the local community		2				1.0	2.00
Percent of CNMI population who will directly benefit from the project				4		1.5	6.00
Project minimizes potential impacts to shorelines, reefs, wetlands, critical habitats and other environmentally sensitive areas				4		1.0	4.00
Project environmental footprint (e.g., carbon emissions, other impacts)		2				1.0	2.00
Time required to implement project			3			1.0	3.00
TOTAL POINTS							36.00

CEDS PROJECT EVALUATION WORKSHEET

EE. Medical Dialysis - Rota

Name of Project: Medical Dialysis					Municipality: Rota		
Brief Project Description: There is a dire need to construct and operate a dialysis facility in Rota to serve a large number of diabetic patients.							
Lead Agency: CHC					Cost: \$ 1.5 M		
Type of Project: Design, construct and operate a dialysis and diabetic treatment center at the Rota health center.							
Evaluation Criteria						Multiplier Factor	Points Awarded
	1	2	3	4	5		
Project will support the growth of CNMI's tourist industry		2				3.0	6.00
Project will provide ancillary benefit/encouragement to future U.S. military activities in CNMI		2				1.0	2.00
Project will generate direct employment in the construction industry		2				1.5	3.00
Project will generate long-term employment in CNMI		2				3.0	6.00
Private sector investment as a percentage of project cost	1					2.0	2.00
Degree of long-term (post-construction) public sector funding required	1					1.5	1.50
Project priority according to the local community			3			1.0	3.00
Percent of CNMI population who will directly benefit from the project	1					1.5	1.50
Project minimizes potential impacts to shorelines, reefs, wetlands, critical habitats and other environmentally sensitive areas					5	1.0	5.00
Project environmental footprint (e.g., carbon emissions, other impacts)		2				1.0	2.00
Time required to implement project		2				1.0	2.00
TOTAL POINTS							34.00

Alternative Sources of Financing

Even a cursory review of the projects considered by this CEDS report will demonstrate that the infrastructure needs of the CNMI are numerous, and the aggregate cost of the required investments, at more than three times the annual budget of CNMI, quite daunting. This level of investment clearly exceeds the capacity of the CNMI public sector. The question thus becomes: what other sources of investment are there, and how can they be attracted to CNMI?

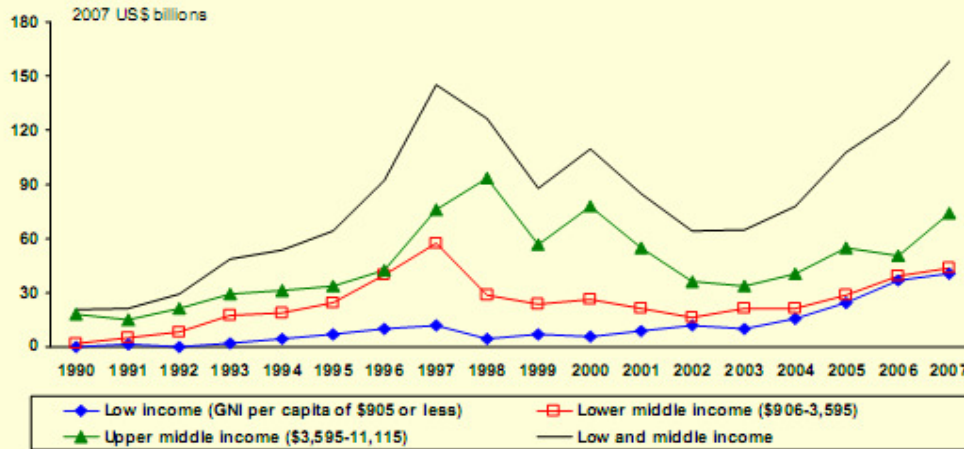
This problem is by no means unique to CNMI. Countries around the world face growing infrastructure financing gaps; i.e., gaps between the sum of required new investment in infrastructure and required operations and maintenance, and the actual expenditures on capital investment and O&M. In many countries, this financing problem is compounded as public sector managers face political pressures to keep the cost of service provision below the point of cost recovery or to avoid tackling inefficiencies, overstaffing, and patronage hiring in state-owned enterprises.

The United States is no exception when it comes to the infrastructure financing gap. The American Society of Civil Engineers (ASCE) estimates total US infrastructure investment needs over a five-year period to be \$1.6 trillion, an amount 10% greater than the GDP of Spain (2007 World Bank data). The problem is well-illustrated by the road sector, where the Federal Highway Administration estimates that revenues lag required expenditures by nearly \$40 billion dollars per annum.

Given this challenge, there has been a growing effort by governments to engage the participation of the private sector in the provision of infrastructure and public services. This is a world-wide phenomenon, occurring in countries at all income levels, as shown in the table below. In East Asia, the Republic of South Korea and the Philippines are among the countries that have successfully sought private sector participation; the United States has also seen participation of the private sector, in infrastructure projects at the local, state, and Federal levels.

The Private Sector Entry – Historical Trend in Investment 1990-2007

Investment in upper-middle-income countries grew by 46%, and in low-income and lower-middle-income countries by 10%.



Note: Country income groups are based on the World Bank classification released in July 2007.
Source: World Bank and PPIAF, PPI Project Database.

Private participation in infrastructure can take many forms, ranging from traditional operation and maintenance contracts to privatization. However, the greatest growth has been between these two extremes of the spectrum, in the form of public-private partnerships, or PPPs. A PPP may be described as “a contractual agreement between a public agency (Federal, state or local) and a private sector entity. Through this agreement, the skills and assets of each sector (public and private) are shared in delivering a service or facility for the use of the general public. In addition to the sharing of resources, each party shares in the risks and rewards potential in the delivery of the service and/or facility,” (National Council for Public-Private Partnerships website, www.ncppp.org). A PPP differs from privatization in that ownership of the infrastructure asset remains with the public sector.

Increasingly, PPPs are being seen as instruments of economic development. As early as 2002, a study commissioned by the Economic Development Administration concluded that PPPs “are now a standard concept in business and state and local government circles, especially in the economic development realm.”

PPPs, however, are almost unknown in CNMI. A rare exception would be the concession contract for Managaha Island, in which the private partner provides recreational/tourism services, while assuming the demand risk of so doing (i.e., the risk that visitation levels will be sufficient to cover expenses), and sharing the revenues with the public sector.

This is only one form of PPPs, out of a variety of models. Other common models include, the BTO and BOT. In the BTO or Build-Transfer-Operate model, a private partner finances and builds an infrastructure asset. Once construction is complete, the private partner transfers ownership of the asset to the government, which then leases the plant back to the partner, under a long-term lease during

which the partner operates the plant. Thus the private partner assumes the risks of capital and construction, while the government assumes the risks of plant ownership and, typically, demand fluctuation.

Another common form of partnership is the BOT, or Build-Operate-Transfer model. In this type of partnership, the private partner finances, builds, owns, and operates the asset for a specified period of time, during which it would collect user fees or scheduled government payments. At the end of this period, ownership is transferred to the Government. This transaction structure transfers significantly more risk to the private partner than BTO, since the private partner is exposed to various legal, environmental, and regulatory risks during the extended period of private ownership.

These two examples involve construction of a new asset, but PPPs can be established for existing assets as well. The City of Chicago, for example, entered into a long-term PPP for operation, maintenance, and improvement of the Chicago Skyway, a city-owned toll road. In this common type of Brownfield PPP, a private partner assumes the responsibility of operating, maintaining, and improving the asset, in exchange for receiving the revenues from user fees. This model can be used for any type of asset for which user fees are applicable, such as a water or power plant. Frequently, as in the case of the Chicago Skyway, the private partner will make an up-front payment to the government for the right of entering into this agreement. The potential for, and magnitude of, an up-front payment is, of course, dependent upon the private party's assessment of the long-term revenue stream to be derived from the asset. One way that this revenue is generated is through management efficiencies and technology insertions made by the private partner.

Finally, there are real estate-based partnerships, in which the private sector is granted use of under or unutilized real estate, in exchange for providing an asset to the government. For example, in Washington, DC, the new James F. Oyster School, a \$12.5 million public middle school, was built for the District by a private developer, at no cost to the government, in exchange for the right to build an apartment building on vacant District land adjacent to the school site. (The developer also received tax abatement for the apartment building.)

The above examples do not exhaust the public-private partnership models available, but give some sense of their variety and flexibility. The potential benefit to CNMI of leveraging scarce public capital by having the private sector participate in providing needed assets and services is obvious. Therefore, in evaluating the various projects identified in the CEDS study, the CEDS Committee carefully evaluated the potential for a PPP-based approach.

Several possibilities were identified. Perhaps most compelling would be a Chicago Skyway type Brownfield concession for the CUC power generation on Saipan. An up-front payment by the concessionaire could then be used to help finance other needed projects for CNMI. Deteriorating public assets in downtown Garapan (public housing and Garapan elementary) are potential candidates for an Oyster School type of transaction, in which the replacement facilities could be located out of the heart of downtown, and the existing locations redeveloped for commercial purposes. Pinatang Park on Rota is a candidate for a Managaha Island type of agreement, although we would recommend a longer contract period, which allow the concessionaire the ability to invest more in developing the island, thus enabling greater economic benefit.

Economic Indicators

Table 4: CNMI ECONOMY 2000-2003

	2000	2001	2002	2003
Employment	39,790	39,440	38,610	38,550
Apparel	16,780	16,410	16,350	15,470
Hotels	3,380	3,000	2,790	2,870
Other industries	14,640	15,030	14,370	14,880
Government	5,000	5,000	5,100	5,330
Wages and salaries (mils. \$)	607.8	609.6	595.9	600.1
Apparel	190.4	186.3	185.6	175.6
Hotels	29.2	25.9	24.1	24.8
Other industries	244.2	253.4	239.3	246.2
Government	144	144	146.9	153.5
Personal income (mils. \$)	894.9	898.1	880.4	882.5
Wages and salaries	607.8	609.6	595.9	600.1
Other personal income	287.1	288.5	284.5	282.4
Per capita personal income (\$)	12,839	12,491	12,417	12,518
Personal income (mils. \$2000)*	894.9	905.3	900.2	898.7
Per capita personal income (\$2000)	12,839	12,592	12,697	12,747
Gross Domestic Product (mils. \$)	1,438.50	1,423.80	1,473.40	1,442.40
Per capita GDP (\$)	20,638	19,803	20,781	20,460
Gross Domestic Product (mils. \$2000)	1,438.50	1,413.90	1,515.70	1,519.40
Per capita GDP (mils. \$2000)	20,638	19,665	21,378	21,552
Consumer price index (2003.1=100)	101.4	100.6	100.8	99.8
GDP deflator (2000=1)	1	1.007	0.972	0.949
Personal consumption deflator (2000=1)	1	0.992	0.978	0.982
Population (mid-year)	69,700	71,900	70,900	70,500
U.S. citizens	30,300	30,900	31,000	31,000
Non-U.S. citizens	39,400	41,000	39,900	39,500
* \$2000 signifies that personal income and Gross Domestic Product are measured in constant 2000 dollars.				

Table 3: APPAREL AND VISITOR INDUSTRY MULTIPLIERS, 1995*

	Output Multiplier	Employment Multiplier	Income Multiplier
Apparel industry	1.32	1.5	1.8
Visitor industry	1.34	1.79	2.1
*CNMI input-output model, McPhee & Conway, 1999.			

Table 5: SELECTED CNMI ECONOMIC INDICATORS

	Business Gross Revenue (mils. \$)	Percent Change	General Fund Revenue (mils. \$)	Percent Change	Bank Loans (mils. \$)	Percent Change
2000	2,255	na	230.2	na	na	na
2001	2,117	-6.1	222.6	-3.3	na	na
2002	1,869	-11.7	187.9	-15.6	1,062.70	na
2003	1,914	2.4	209.8	11.6	919	-13.5
2004	2,034	6.3	217.9	3.9	818.4	-10.9
2005	2,020	-0.7	210.3	-3.5	798.9	-2.4
2006	1,829	-9.5	192	-8.7	734.8	-8
2007	1,672	-8.6	163	-15.1	674.3	-8.2
2008*	1,599	-4.4	155.4	-4.7	597.6	-11.4
2004-08	---	-21.4	---	-28.7	---	-27

	Residential Telephone Lines (number)	Percent Change	Auto Sales (number)	Percent Change	Residential Building Permits (number)	Percent Change
2000	11,113	na	1581	na	186	na
2001	11,322	1.9	1457	-7.8	124	-33.3
2002	11,525	1.8	1298	-10.9	160.00	29
2003	11,645	1	1692	30.4	160	0
2004	11,803	1.4	1992	17.7	195	21.9
2005	11,201	-5.1	1885	-5.4	186	-4.6
2006	10,092	-9.9	1352	-28.3	167	-10.2
2007	9,381	-7	1101	-18.6	120	-28.1
2008*	8,068	-14	1080	-1.9	77	-35.8
2004-08	---	-31.6	---	-45.8	---	-60.5

Table 6: CNMI MIMIMUM WAGE SCHEDULE

Dollars per Hour

	Minimum Wage
May 2006	3.05
May 2007	3.55
May 2008	4.05
May 2009	4.55
May 2010	5.05
May 2011	5.55
May 2012	6.05
May 2013	6.55
May 2014	7.05
May 2015	7.25

Table 7: CNMI EMPLOYMENT AND POPULATION*

	1990	1995	2000	2005
Total employment	23,710	32,760	39,790	35,960
Resources	500	560	560	600
Construction	4,310	3,800	1,720	1,280
Apparel	5,150	7,710	16,780	12,790
Other Manufacturing	1,090	1,280	620	770
Transportation, communications, and utilities	1,200	1,540	1,500	1,510
Wholesale and retail trade	2,310	3,960	3,700	2,830
Finance, insurance and real estate	520	820	880	980
Hotels and lodging	1,810	2,620	3,380	2,480
Eating and drinking places	1,060	1,800	1,550	1,300
Other services	2,250	3,650	4,100	5,710
Government	3,510	5,020	5,000	5,710
Population (mid-year)	44,120	58,130	69,700	70,200
*Includes wage and salary employment and self-employed workers.				

Table 8: CNMI EMPLOYMENT*

	2000	2001	2002	2003	2004	2005	2006	2007
Total wages and salaries	39,794	39,440	38,609	38,553	40,422	35,961	30,463	26,014
Apparel	16,775	16,414	16,352	15,471	16,819	12,793	8,793	5,277
Hotels	3,380	2,998	2,790	2,871	3,114	2,477	3,195	3,091
Other industries	14,639	15,028	14,367	14,881	15,059	14,981	13,195	12,866
Government	5,000	5,000	5,100	5,330	5,430	5,710	5,280	4,780
Public schools	1,170	1,170	1,180	1,170	1,140	1,160	1,140	1,100
Other CNMI government	3,440	3,440	3,530	3,770	3,900	4,160	3,750	3,290
Other governments	390	390	390	390	390	390	390	390

*Includes wage and salary employment and self-employed workers.

Table 9: CNMI PERSONAL INCOME (in millions of dollars)

	2000	2001	2002	2003	2004	2005	2006	2007
Total wages and salaries	607.8	608.1	594.5	599.9	622.8	575.6	492.6	435.4
Apparel	190.4	186.3	185.6	175.6	190.9	145.2	99.8	59.9
Hotels	29.2	25.9	24.1	24.8	26.9	21.4	27.6	26.7
Other industries	244.2	251.9	237.9	246	248.6	244.6	213.1	211.1
Government	144	144	146.9	153.5	156.4	164.4	152.1	137.7
Public schools	33.7	33.7	34	33.7	32.8	33.4	32.8	31.7
Other CNMI government	99.1	99.1	101.7	108.6	112.3	119.8	108	94.8
Other governments	11.2	11.2	11.2	11.2	11.2	11.2	11.2	11.2

Table 10: CNMI PERSONAL INCOME

	2000	2001	2002	2003	2004	2005	2006	2007
Personal income (mils. \$)	894.9	898.1	880.4	882.5	924.3	849	726.6	642.2
Wages and salaries	607.8	609.6	595.9	600.1	625.3	575.6	492.6	435.4
Wages and salaries (from Personal Income table above)	607.8	608.1	594.5	599.9	622.8	575.6	492.6	435.4
Discrepancy	0.0	1.5	1.4	0.2	2.5	0.0	0.0	0.0
Other personal income (\$)	287.1	288.5	284.5	282.4	299	273.4	234	206.8
Per capita income (\$)	12839	12491	12417	12518	13111	12094	11009	10633
Personal income (mils. \$00)	894.9	905.3	900.2	898.7	935.5	858.3	697.9	577.1
Per capita income (\$00)	12839	12592	12697	12747	13270	12226	10573	9555

Table 11: CNMI GROSS DOMESTIC PRODUCT

	2000	2001	2002	2003	2004	2005	2006	2007
Gross Domestic Product (mils. \$)	1438.5	1423.8	1473.4	1442.4	1519.4	1413.9	1305.6	1123.9
Per capita Gross Domestic Product (\$)	20638	19803	20781	20460	21552	20141	19782	18608
Gross Domestic Product (mils. \$)	1438.5	1413.9	1515.7	1519.4	1530.4	1420.8	1246.8	1040.6
Per capita Gross Domestic Product (\$00)	20638	19665	21378	21552	21708	20239	18891	17229

Table 12: CNMI PRICE INDEXES

	2000	2001	2002	2003	2004	2005	2006	2007
Gross Domestic Product deflator (2000=1)	1	1.007	0.972	0.949	0.993	0.995	1.047	1.08
Personal consumption deflator (2000=1)	1	0.992	0.978	0.982	0.988	0.989	1.041	1.113
Consumer price index (2003.1=100)	101.4	100.6	100.8	99.8	100.7	100.9	106.2	113.5

Table 13: CNMI POPULATION

	2000	2001	2002	2003	2004	2005	2006	2007
Population (mid-year)	69,700	71,900	70,900	70,500	70,500	70,200	66,000	60,400
U.S. citizens	30,300	30,900	31,000	31,000	31,000	31,000	31,000	31,000
Non-U.S. citizens	39,400	41,000	39,900	39,500	39,500	39,200	35,000	29,400

Table 14: CNMI W-2 RETURNS

	Total W-2 Returns	Percent Change	Garment Industry W-2 Returns	Percent Change	Hotel Industry W-2 Returns	Percent Change	Other W-2 Returns	Percent Change
2000	59382	na	na	na	na	na	na	na
2001	57464	-3.2	21313	na	3025	na	33126	na
2002	56532	-1.6	21066	-1.2	2914	-3.7	32552	-1.7
2003	56845	0.6	20370	-3.3	2757	-5.4	33718	3.6
2004	58330	2.6	21236	4.3	2798	1.5	34296	1.7
2005	54655	-6.3	17688	-16.7	2232	-20.2	34735	1.3
2006	48945	-10.4	14074	-20.4	2776	24.4	32095	-7.6
2007	40750	-16.7	7331	-47.9	2795	0.7	30624	-4.6
2004/07	--	-30.1	--	-65.5	--	-0.1	--	-10.7

Table 15: CNMI W-2 WAGES AND SALARIES

	Total W-2 Wages (mils. \$)	Percent Change	Garment Industry W-2 Wages (mils. \$)	Percent Change	Hotel Industry W-2 Wages (mils. \$)	Percent Change	Other W-2 Wages (mils. \$)	Percent Change
2000	607.8	na	na	na	Na	na	na	na
2001	608.1	0	186.3	na	25.9	na	395.9	na
2002	594.5	-2.2	185.6	-0.4	24.1	-6.9	384.8	-2.8
2003	599.9	0.9	175.6	-5.4	24.8	2.9	399.5	3.8
2004	622.8	3.8	190.9	8.7	26.9	8.5	405	1.4
2005	575.6	-7.6	145.2	-23.9	21.4	-20.4	409	1
2006	492.6	-14.4	99.8	-31.3	27.6	29	365.2	-10.7
2007	435.4	-11.6	59.9	-40	26.7	-3.3	348.8	-4.5
2004-07	--	-30.1	--	-68.6	--	-0.7	--	-13.9

Table 16: CNMI ECONOMIC INDICATORS

	Business Gross Revenue (mils. \$)	Percent Change	General Fund Revenue (mils. \$)	Percent Change	Exports (mils. \$)	Percent Change	Imports (thous. Tons)	Percent Change
2001	2117	-6.1	222.6	-3.3	925.7	-9	695.5	-2.4
2002	1869	-11.7	187.9	-15.6	831.3	-10.2	639.7	-8
2003	1914	2.4	209.8	11.6	792.1	-4.7	682.5	6.7
2004	2034	6.3	217.9	3.9	826	4.3	666.4	-2.4
2005	2020	-0.7	210.3	-3.5	650.8	-21.2	605.5	-9.1
2006	1829	-9.5	192	-8.7	486.5	-25.2	540.2	-10.8
2007	1672	-8.6	163	-15.1	307.6	-36.8	439.4	-18.7
2008	1599	-4.4	155.4	-4.7	125.3	-59.3	379.5	-13.6
2004-8	--	-21.4	--	-28.7	--	-84.8	--	-43.1
*Note: Estimates for 2008 are preliminary								

Table 17: CNMI GARMENT INDUSTRY INDICATORS

	Sales (mils. \$)	Percent Change	Garment Certification Fee (mils. \$)	Percent Change	Employment	Percent Change
2000	1017	na	38.6	na	16780	na
2001	925.7	-9	35.8	-7.3	16410	-2.2
2002	831.3	-10.2	30.9	-13.6	16350	-0.4
2003	792.1	-4.7	29.3	-5.2	15470	-5.4
2004	826	4.3	30.6	4.3	16820	8.7
2005	650.8	-21.2	24.1	-21.2	12790	-24
2006	486.5	-25.2	18.1	-25	8790	-31.3
2007	307.6	-36.8	11.4	-37	5280	-39.9
2008	125.3	-59.3	4.6	-59.6	1750	-66.9
2004-08	--	-84.8	--	-84.9	--	-89.6
*Note: Estimates for 2008 are preliminary						

Table 18: CNMI VISITOR INDUSTRY INDICATORS

	Visitor Arrivals	Percent Change	Hotel Occupancy Rate (%)	Percent Change	Hotel Room Rate (\$ per day)	Percent Change	Hotel Occupancy Tax (mils. \$)	Percent Change
2000	528597	na	61	na	88	na	6.1	na
2001	444281	-16	54	-11.5	89	1.1	6.1	0
2002	475169	7	63	16.7	81	-9	4.9	-20.2
2003	459457	-3.3	65	3.2	78	-3.7	5.4	11.5
2004	589224	28.2	72	10.8	80	2.6	6	9.8
2005	491701	-16.6	70	-2.8	83	3.8	6.5	9.1
2006	435494	-11.4	62	-11.4	90	8.4	5.5	-14.8
2007	389261	-10.6	59	-4.8	92	2.2	4.9	-11
2008	408459	4.9	62	5.1	98	6.5	5.3	7.5
2004-8	--	-30.7	--	-13.9	--	22.5	--	-11.1

Table 19: CNMI MISCELLANEOUS ECONOMIC INDICATORS

	Bank Deposits (mils. \$)	Percent Change	Bank Loans (mils. \$)	Percent Change	Commercial Telephone Lines	Percent Change	Residential Telephone Lines	Percent Change
2000	na	na	na	na	13777	na	11113	na
2001	na	na	na	na	13984	1.5	11322	1.9
2002	2268.1	na	1062.7	na	15195	8.7	11525	1.8
2003	2214	-2.4	919	-13.5	18102	19.1	11645	1
2004	2233.5	0.9	818.4	-10.9	19722	8.9	11803	1.4
2005	2194.4	-1.8	798.9	-2.4	20551	4.2	11201	-5.1
2006	2062.5	-6	734.8	-8	20592	0.2	10092	-9.9
2007	2083.9	1	674.3	-8.2	20058	-2.6	9381	-7
2008	1995.5	-4.2	597.6	-11.4	20234	0.9	8068	-14
2004-8	--	-10.7	--	-27	--	2.6	--	-31.6
*Note: Estimates for 2008 are preliminary								

CNMI MISCELLANEOUS ECONOMIC INDICATORS (continued)

	Auto Sales	Percent Change	Residential Building Permits	Percent Change	Non-Residential Building Permits	Percent Change	Consumer Price Index (2003.1=100)	Percent Change
2000	1581	Na	186	na	134	na	101.4	Na
2001	1457	-7.8	124	-33.3	120	-10.4	100.6	-0.8
2002	1298	-10.9	160	29	160	33.3	100.8	0.2
2003	1692	30.4	160	0	163	1.9	99.8	-1
2004	1992	17.7	195	21.9	157	-3.7	100.7	0.9
2005	1885	-5.4	186	-4.6	164	4.5	100.9	0.2
2006	1352	-28.3	167	-10.2	125	-23.8	106.2	5.2
2007	1101	-18.6	120	-28.1	121	-3.2	113.5	6.9
2008	1080	-1.9	77	-35.8	119	-1.7	118	4
2004-8	--	-45.8	--	-60.5	--	-24.2	--	17.2
*Note: Estimates for 2008 are preliminary								

Table 20: GENERAL FUND REVENUE (TAXES AND FEES COLLECTED)

General Fund Revenue (Taxes and Fees Collected)	Year				Quarter							
	2004	2005	2006	2007	2007.1	2007.2	2007.3	2007.4	2008.1	2008.2	2008.3	2008.4
Total (US \$ Millions)	217.9	210.29	192.03	163.03	43.86	39.54	44.25	35.382	40.016	39.495	47.37	35.877
% Change to Previous Year/Quarter	3.87%	-3.49%	-8.68%	-15%	-9.90%	-15.70%	-21.10%	-12.30%	-8.80%	-0.10%	7.10%	1.40%
% Change to Previous Quarter					8.70%	-9.80%	11.90%	-20.00%	13.10%	-1.30%	19.90%	-24.30%
Business Gross Receipt	54.48	58.29	54.05	49.04	13.750	12.790	10.520	11.980	12.309	12.405	13.387	13.682
Wage & Salary	34.97	32.68	28.58	26.20	6.550	6.380	6.900	6.366	6.288	6.808	6.245	5.707
NMTIT Personal (Chp. 7)/Corp. Income	11.23	10.01	15.05	8.34	2.420	2.060	2.230	1.632	2.234	1.985	7.047	1.632
Excise	24.43	23.88	24.41	20.58	5.470	5.340	5.090	4.676	5.253	5.082	4.973	4.407
Hotel Occupancy	5.96	6.50	5.54	4.93	1.580	1.120	1.290	0.943	1.676	1.221	1.773	0.890
Fuel/Container/Bar	9.91	10.24	7.25	6.82	1.310	2.080	2.060	1.366	1.422	1.372	2.337	2.152
Garment Certification	30.56	24.08	18.06	11.38	3.770	2.840	2.650	2.120	1.759	0.934	0.581	0.360
*Fees, Charges, & Other Revenues	46.36	44.61	33.81	39.26	9.930	7.870	14.370	7.089	8.830	7.180	10.643	6.518
Transfers from Other Funds									1.242	3.461	1.200	1.382
Revenue Transfer to Other Funds				-3.51	-0.920	-0.940	-0.860	-0.790	-0.997	-0.953	-0.816	-0.853

Source: Department of Finance

Note: FY07 Expenditures do not include suspended employer retirement contributions

*Note: Also Includes "Transfers from Other Funds" for Years 2005-2007 & Quarters 2007.1-2007.4

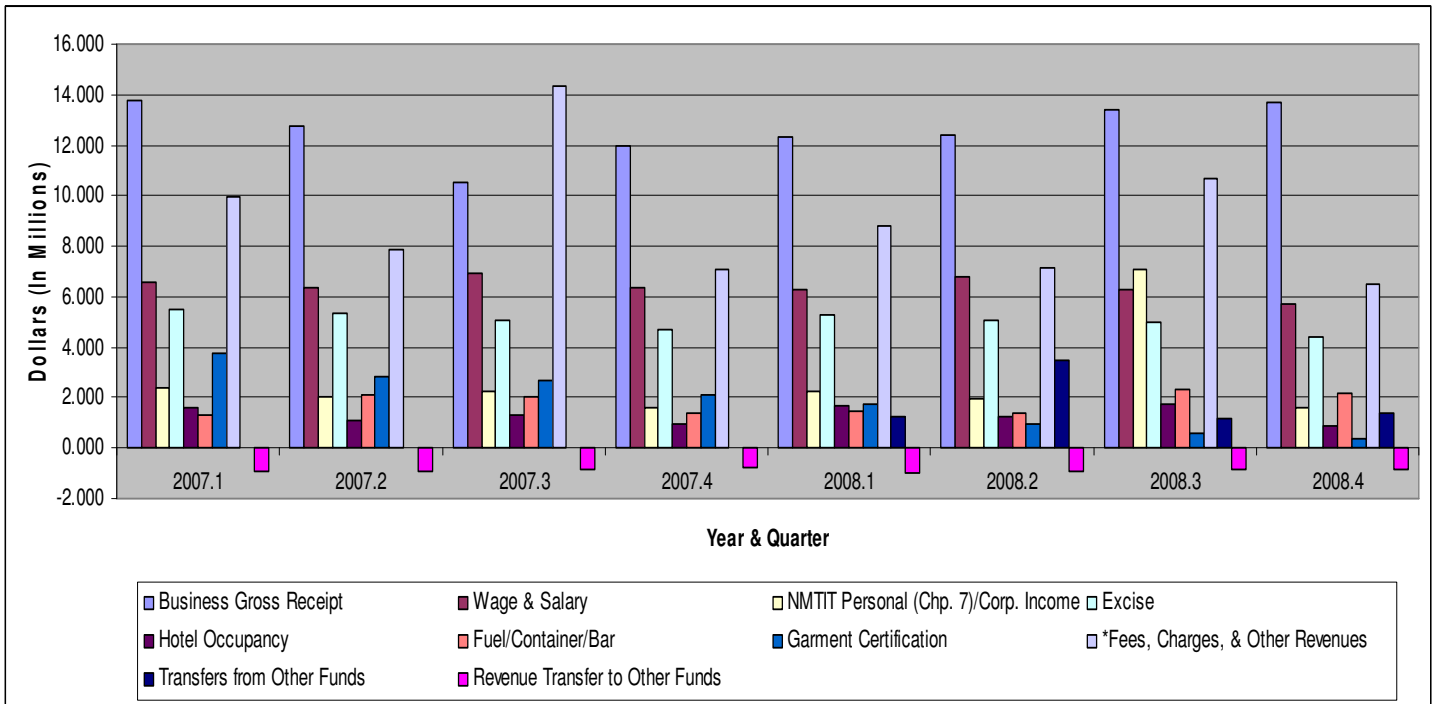


Table 21: General Fund Revenue (Taxes and Fees Collected)

Exports	Year				Quarter							
	2004	2005	2006	2007	2007.1	2007.2	2007.3	2007.4	2008.1	2008.2	2008.3	2008.4
Garment Exports Value (US \$ Millions)*	826	650.8	486.5	307.57	101.89	76.76	71.62	57.3	47.54	25.24	15.7	9.73
% Change to Previous Year/Quarter	4.28%	-21.21%	-25.25%	-36.78%	-19.01%	-38.79%	-43.16%	-47.58%	-53.34%	-67.11%	-78.07%	-83.02%
% Change to Previous Quarter					-6.78%	-24.66%	-6.70%	-20.00%	-17.03%	-46.90%	-37.79%	-38.04%

Source: Department of Finance

*Note: Estimated Based on Garment Certification Fee Collection

Table 22: Exports (In Millions)

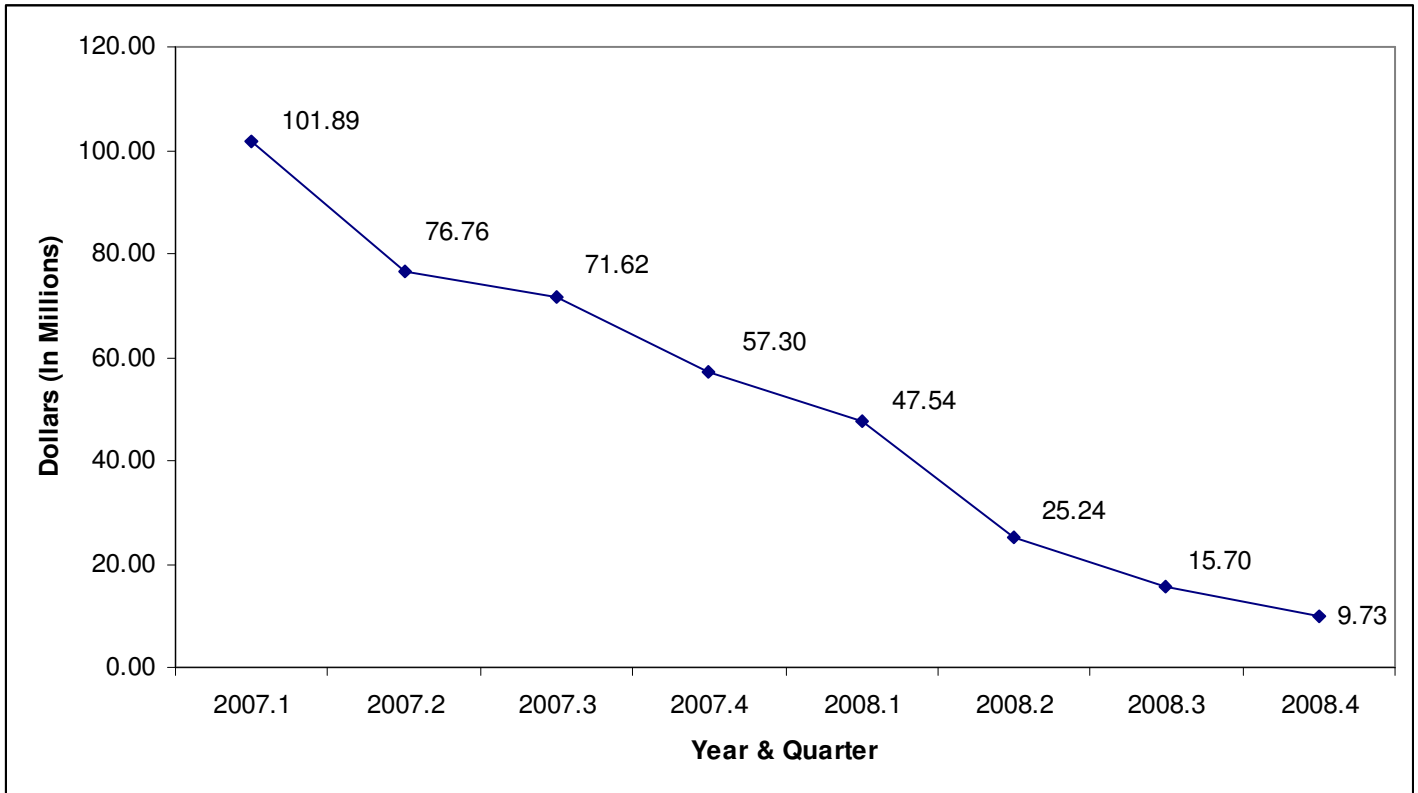


Table 23: COMMERCIAL and RESIDENTIAL TELEPHONE LINES

Telephone Lines	Year				Quarter							
	2004	2005	2006	2007	2007.1	2007.2	2007.3	2007.4	2008.1	2008.2	2008.3	2008.4
Total Telephone Lines	31,525	31,752	30,684	28,963	29,939	29,684	29,166	28,963	28,631	29,528	29,487	30,458
% Change to Previous Year/Quarter	6.0%	0.7%	-3.3%	-5.6%	-2.2%	-4.0%	-5.7%	-5.6%	-4.4%	-0.5%	1.1%	5.2%
% Change to Previous Quarter					-2.4%	-0.9%	-1.7%	-0.7%	-1.1%	3.1%	-0.1%	3.3%
Total Commercial Phone Lines	19,722	20,551	20,592	20,001	20,108	20,135	19,986	20,001	19,845	20,867	21,033	22,155
% Change to Previous Year/Quarter	8.9%	4.2%	0.2%	-2.9%	2.4%	-0.4%	-3.0%	-2.9%	-1.3%	3.6%	5.2%	10.8%
% Change to Previous Quarter					-2.4%	0.1%	-0.7%	0.1%	-0.8%	5.1%	0.8%	5.3%
Saipan	10920	10668	9737	8689	9,276	9,064	8,813	8,689	8,552	8,474	8,285	8,238
Tinian	450	435	387	376	378	373	371	376	381	372	362	366
Rota	489	466	428	410	427	420	408	410	395	395	388	385
Special Access	7,863	8,982	10,040	10,526	10,027	10,278	10,394	10,526	10,517	11,626	11,998	13,166
Total Residential Phone Lines	11,803	11,201	10,092	8,962	9,831	9,549	9,180	8,962	8,786	8,661	8,454	8,303
% Change to Previous Year/Quarter	1.4%	-5.1%	-9.9%	-11.2%	-10.4%	-10.9%	-11.2%	-11.2%	-10.6%	-9.3%	-7.9%	-7.4%
% Change to Previous Quarter					-2.6%	-2.9%	-3.9%	-2.4%	-2.0%	-1.4%	-2.4%	-1.8%
Saipan	10,734	10,178	9,096	8,045	8,840	8,578	8,237	8,045	7,896	7,756	7,550	7,414
Tinian	531	499	492	458	495	485	473	458	443	448	450	439
Rota	538	524	504	459	496	486	470	459	447	457	454	450

Source: Pacific Telecommunication Incorporated (PTI)

Total Telephone Lines by Municipality

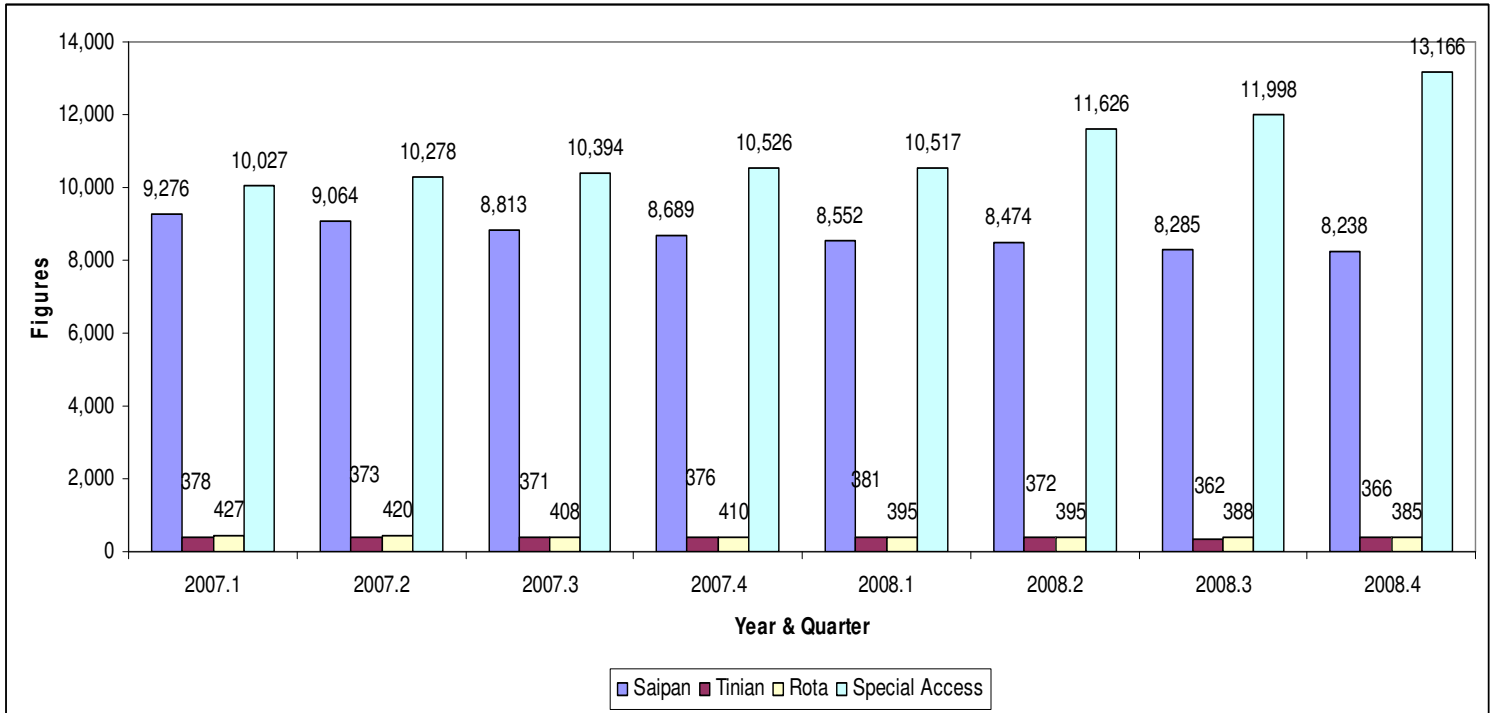


Table 24: Residential Phone Lines

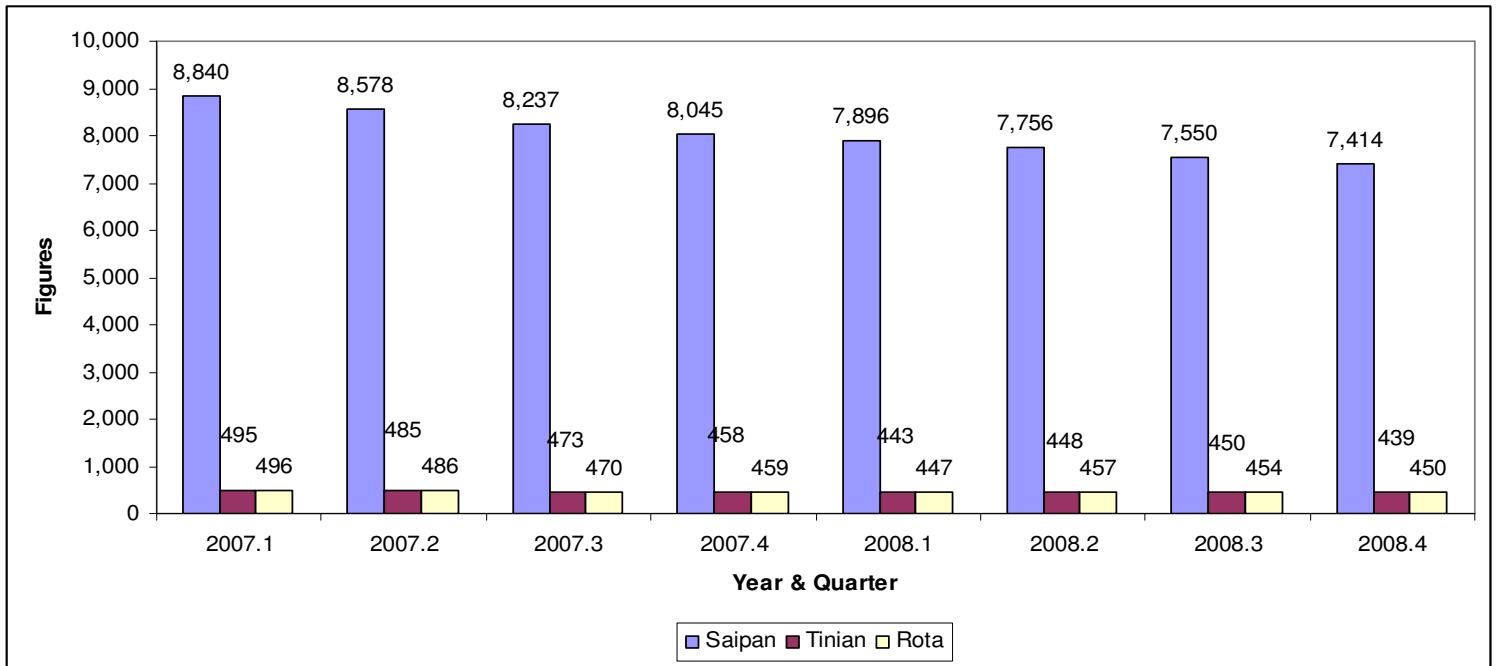


Table 25: Commercial & Residential Phone Lines (Totals)

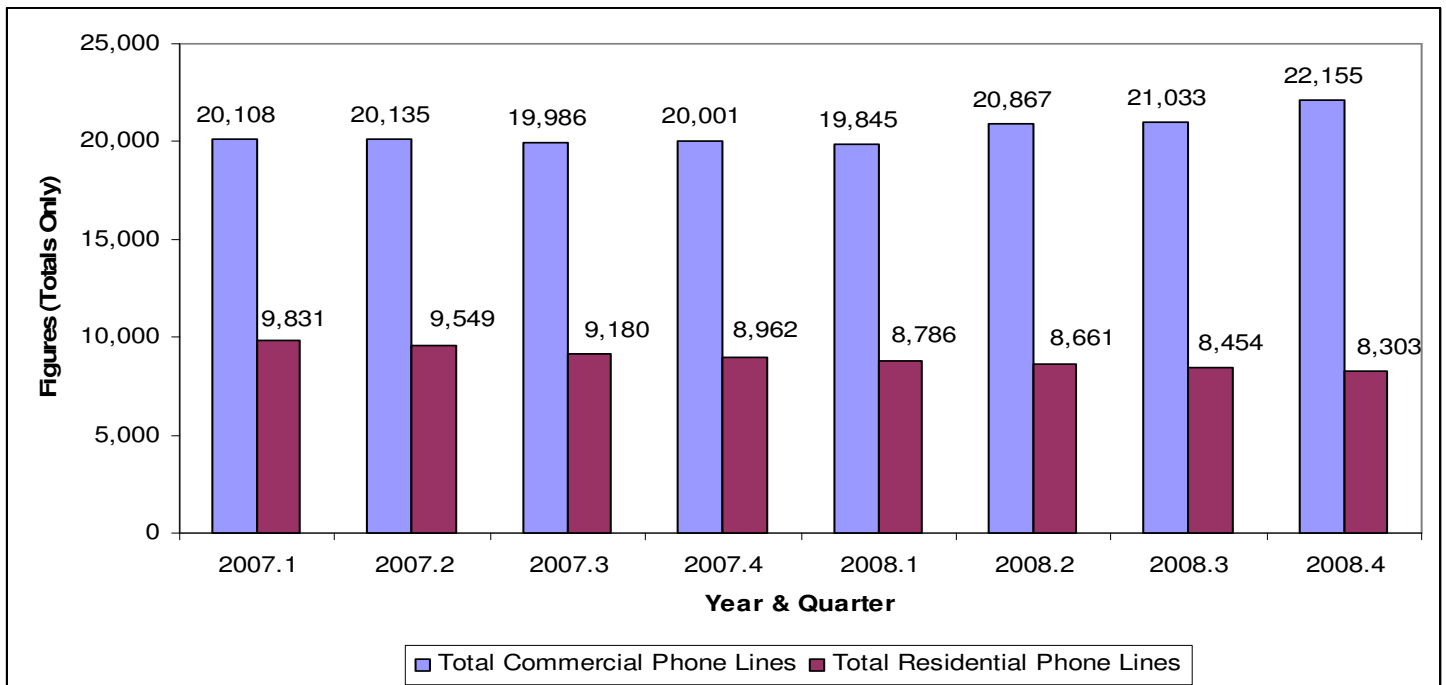


Table 26: Building Permits

CNMI Building Permits Issued	Year					Quarter							
	2003	2004	2005	2006	2007	2007.1	2007.2	2007.3	2007.4	2008.1	2008.2	2008.3	2008.4
Total No. of Permits	323	352	350	292	255	64	71	56	64	57	57	56	43
No. of Commercial	163	157	164	125	121	21	35	30	35	31	24	24	27
No. of Residential	160	195	186	167	120	43	36	19	22	25	26	32	15
No. of Government*					14			7	7	1	7	0	1
Total Value (US \$ Millions)	15.55	23.05	28.89	11.79	16.23	4.30	3.00	4.50	4.40	4.90	12.30	14.80	12.00
Commercial	9.55	11.47	19.94	3.59	9.00	2.50	1.80	3.23	1.51	3.06	9.33	12.76	11.25
Residential	6.00	11.58	8.95	7.74	5.10	1.80	1.30	0.86	1.10	1.59	0.75	2.00	0.77
Government*					2.20			0.37	1.84	0.30	2.18	-	-

Source: Building Safety Code Division, Department of Public Works
 *Recent Addition to EI 3rd Qtr 2007

Table 27: Number of Building Permits Issued

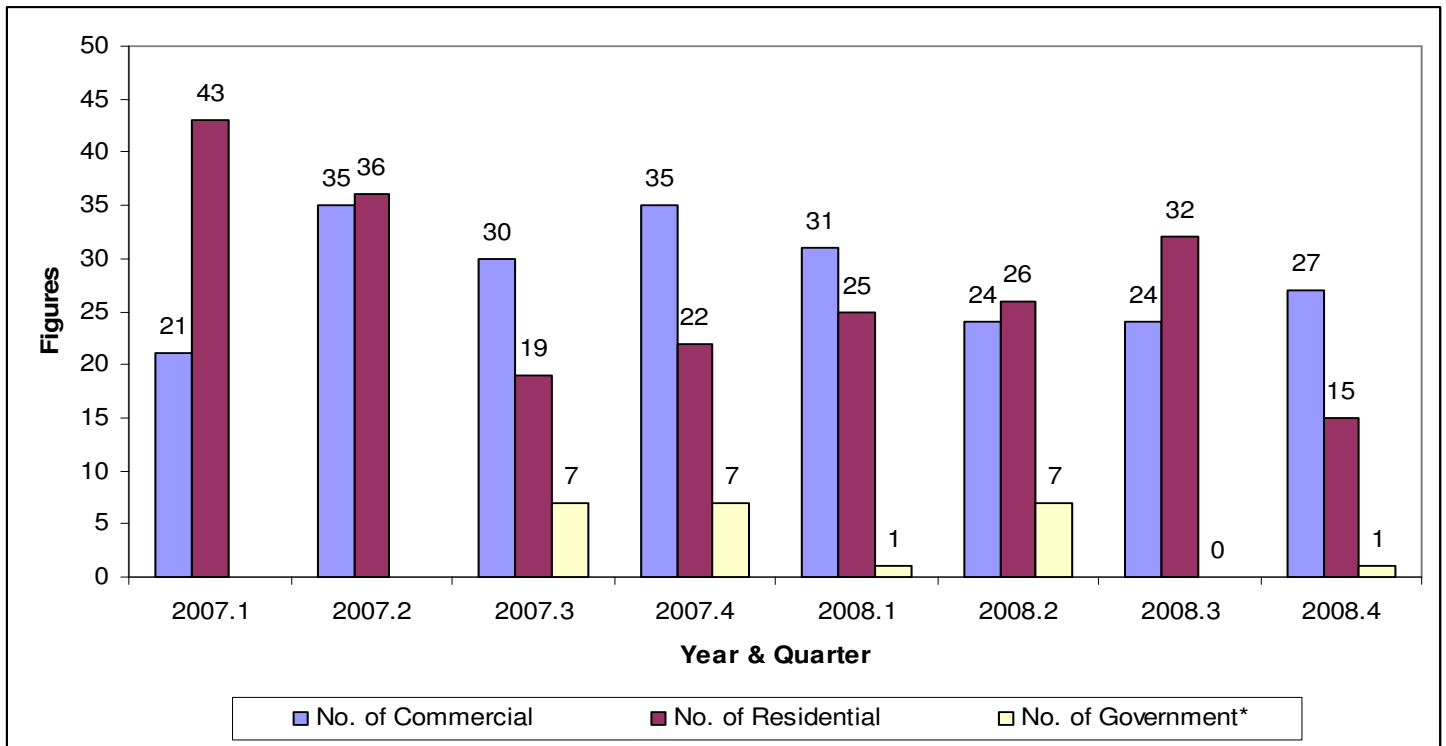
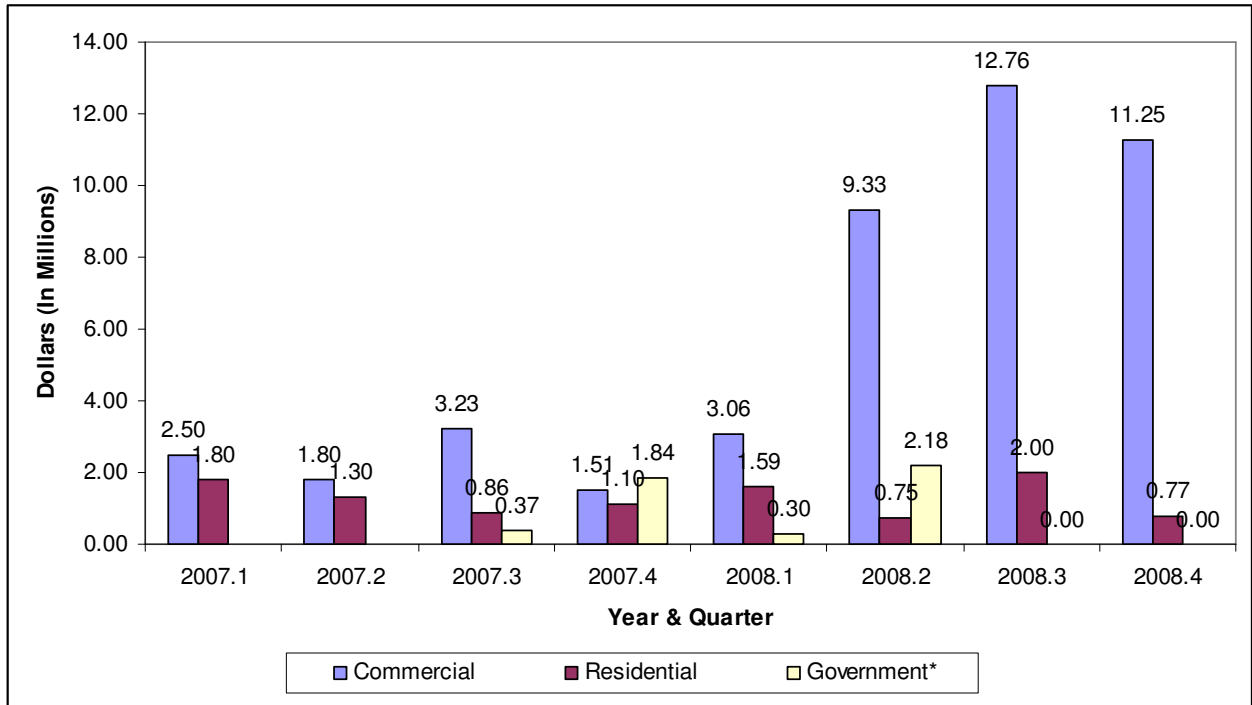


Table 28: Value of Building Permits Issued (In Millions)



Appendix A: Farm Cooperatives Proposal

United States Farm Cooperatives Proposal for the Island of Rota Commonwealth of Northern Marianas Islands

By Sergio Loya, PMP, Management Analysis, Inc.

What is a Farm Cooperative?

The purpose of forming a farm cooperative (Co-ops) is to improve the members' economic well-being by marketing the farm products, buying and obtaining supplies, and/or providing services that individual growers could not obtain on their own.

While farm cooperatives perform a variety of market functions, they are no different from other business. Farm coops are not unique in the functions they perform, but they are different in who they serve and how they serve. Farm coops work with each other not for each other. A cooperative is a business organization owned and controlled by the grower-members who use it.

Cooperatives operate for the benefit of their owner-members who are the users of its services. This is the user-owner principle, one of three principles that distinguish cooperatives from other businesses. The second is that the cooperative is controlled by those who use it. The third is that the users/owners benefit directly from the coop and any profits or advantages that the co-op makes are distributed to the members.

The Benefits of Forming a Co-op

Forming a cooperative represents an agreement among a group of farmers to act collectively in marketing their products or providing some other needed service. This requires relinquishing some control over their products to a central organization.

The benefits of collectively marketing their products versus each doing so individually are:

- Fulfill the need for, or replacement of, a marketing service not available,
- Improve growers' bargaining position with buyers in that a greater portion of production is controlled by a single seller,
- Facilitate economies of scale in handling and processing grower-member products,
- Provide for better servicing large buyers by pooling smaller quantities of product into larger lots for more economical sourcing and shipment, and
- Reduce price risk for the individual grower by spreading that risk over a larger number of units.

The Incentives to Forming a Co-op

The US military in Guam wishes to conduct business with one (1) person or one Co-op. The Rota community and farmers should form a co-op to take advantage of the benefits a co-op offers to farmers who would otherwise not have these advantages if you don't come together and form a common group.

Here are some incentives to forming a co-op:

Ownership and Democratic Control

- Cooperatives enable farmers to own and control, on a democratic basis, business enterprises for procuring their supplies and services (inputs), and marketing their products (outputs).

Increased Farm Income

- Raising the general price level for products marketed or lowering the level for supplies purchased;
- Reducing per-unit handling or processing costs by assembling large volumes, i.e., economies of size or scale;
- Distributing to farmers any net savings made in handling, processing, and in the farm operations; and
- Upgrading the quality of supplies or farm products handled; and
- Developing new markets for products.

Improved Service

A basic objective of cooperatives is to serve their members' needs. They do this by providing services not available or by improving existing services.

The spreading of fertilizer are services first developed and now provided by many cooperatives. More recent services are application of liquid fertilizer and pesticides, "keep-full" services for gasoline and fuel oil, equipment repair services, information for fertilizer and feed for specific uses.

Cooperatives are supplying various custom services to help farmers meet labor shortages or to minimize individual investments in equipment. Cooperatives have led in improving services to farmers because their objectives have been to meet members' needs even though little or no net margins are made for the cooperative in every operation.

Department of Defense Food Market in Guam

Through pooling products of specified grade or quality, a Rota Coop will be able to take advantage of the Guam military and tourist hotel markets. A coop can also take advantage of the tourist and food market in Saipan. If the Rota farmers wish to take advantage of the military and defense markets in Guam, the Rota farmers must communicate and learn the requirements that the Defense Commissary Agency (DECA). Their website is www.deca.mil.

Legislative Support

Another financial benefit, not easily measured, is the legislative power that a farm co-op may have on the CNMI Legislature and Executive Branch.

Why Cooperatives Are Organized

People organize cooperatives to improve their income or economic position or to provide a needed service. This may be achieved through one or more of the following:

Marketing Activities

- Improve bargaining power- Combining the volume of several members' leverages their position when dealing with other businesses.
- Reduce costs- Volume purchasing reduces the purchase price of needed supplies. Earnings of the cooperative returned to individual members lower their net costs.
- Obtain market access or broaden market opportunities-
- Value is added to products by processing or offering larger quantities of an assured type and quality to attract more buyers.
- Improve product or service quality
- Member satisfaction is built by adding value to products, competition the cooperative provides, and improved facilities, equipment, and services.

Purchasing Supplies/Services

Obtain products or services otherwise unavailable:

- Cooperatives often provide services or products that would not attract other private businesses. Reduce Cost/Increase Income- Reducing the cooperative's operating costs increases the amount of earnings available for distribution to members to boost their income.

The Steps Needed to Organize a Farm Co-op

Here are the primary steps needed to form a co-op. Some of these steps are necessary and important to start the farm co-op, not all steps are as important as others.

Starting a cooperative is a complex project. A small group of prospective members discuss a common need and develop an idea of how to fulfill it. Depending on the situation generating the idea, a new cooperative may be welcomed with enthusiasm or may be met with vigorous competitive opposition. Regardless of the business climate for the proposed cooperative, leaders must demonstrate a combination of expertise, enthusiasm, practicality, dedication, and determination to see that the project is completed.

1. Hold a meeting of all the farmers and discuss the idea and issue of forming a Coop. Identify the need that a cooperative might fill.

2. Conduct a meeting with potential member-users. If the group votes to continue, select a steering committee.
3. Survey prospective members to determine the potential use of a cooperative.
4. Meet with potential members about their ideas of becoming a member and using the Co-op as their representative to the military. Decide whether you want to proceed or not.
5. Conduct a cost analysis and plan to develop a business plan.
6. Discuss results of the cost analysis and the business plan. The feasibility plan will outline whether it makes fiscal sense to start the co-op. The business plan will determine what services the co-op will provide to the members. In Rota, these services include:
 - Negotiations with DECA
 - Marketing the food products to all markets
 - Acquiring farm equipment
 - Providing farming equipment, fertilizers, sanitation, quality control and financial services.
7. Finish a feasibility analysis and complete a business plan.
8. Present results of the feasibility analysis at the fourth general meeting. If the farmers agree to continue, decide whether to keep or change the steering committee members.
9. Prepare legal papers and incorporate.
10. Call a meeting of charter members and all potential members to review and adopt the proposed bylaws. Elect a board of directors.
11. Convene the first meeting of the board and elect officers. Assign responsibilities to implement the business plan.
12. Conduct a membership drive and have the members sign up for the co-op.
13. Start to think about what are the needs of the coop group.
14. Hire the manager.
15. Acquire facilities.
16. Begin operations

Appendix B: Tables & Graphs

Section 1: Evaluation Criteria & Score Guidelines

Table 1: Evaluation Criteria

9. Support the sustenance and future growth of CNMI's primary industry, the tourism sector.

- a. Project will support the growth of CNMI's tourism industry

10. Support the military readiness requirements of the United States by maximizing ancillary military benefits of infrastructure improvement projects.

- a. Project will provide ancillary benefit/encouragement to future U.S. military activities in CNMI

11. Create increased employment opportunities, both in the construction sector and in long-term sustainable industries.

- a. Project will generate direct employment in the construction industry
- b. Project will generate long-term employment in CNMI

12. Alleviate CNMI fiscal limitations by maximizing leverage of private sector project finance.

- a. Private sector investment as percentage of project cost

13. Reflect community priorities and concerns through an extensive outreach to stakeholders CNMI-wide.

- a. Project priority according to the local community

14. Build the skills and capabilities of the CNMI workforce, enabling them to attract, create, and fill the higher-wage, knowledge-oriented positions necessary to secure our economic future.

- a. Project will lead to improved job skills and higher-paying jobs for CNMI qualified residents

15. Ensure that CNMI's future growth is based on sustainable, environmentally sound industries and activities.

- a. Project minimizes potential impacts to shorelines, reefs, wetlands, critical habitats and other environmentally sensitive areas
- b. Project environmental footprint (e.g., carbon emissions, other impacts)

16. To achieve the maximum potential economic benefit over the next five years.

- a. Time required implementing project (Implementation defined as project being operational)

Table 2: Score Guidelines

Tourism Impact

<i>Project Criterion</i>	<i>Score Guidelines</i>
Project will support the growth of CNMI's tourism industry.	5 Provides significant tourism needs as identified by local sources
	4 Provides moderate tourism needs as identified by local sources
	3 Provides minimal tourism needs as identified by local sources
	2 Does not provide tourism needs as identified by local sources
	1 Negative impact on tourism as identified by local sources

Defense Impact

<i>Project Criterion</i>	<i>Score Guidelines</i>
Project will provide ancillary benefit/ encouragement to future U.S. military activities in CNMI.	5 Meets significant military need as identified by DoD sources
	4 Meets moderate military need as identified by DoD sources
	3 Meets minimal military need as identified by DoD sources
	2 Does not meet military need as identified by DoD sources
	1 Reduces the chance the military will perform future activities in CNMI.

Employment Impact

<i>Project Criteria</i>	<i>Score Guidelines</i>
a. Project will generate direct employment in the construction industry.	5 Creates more than 100 person years of local employment

	4 Creates 60 – 100 person years of local employment
	3 Creates 30 – 59 person years of local employment
	2 Creates less than 30 person years of local employment
	1 No local employment impact
b. Project will generate increase in long-term employment in CNMI.	5 Creates more than 100 new long-term positions
	4 Creates 60 – 100 new long-term positions
	3 Creates 30 – 59 new long-term positions
	2 Creates less than 30 new long-term positions
	1 No employment impact

Maximizing Leverage of Private Sector Investment

<i>Project Criterion</i>	<i>Score Guidelines</i>
Private Sector Investment as percentage of project cost.	5 Fully funded by private sector
	4 More than 50 percent privately funded
	3 Private sector interest expressed in funding participation
	2 Potential for private sector investment
	1 Fully funded by public sector

Financial Sustainability

<i>Project Criterion</i>	<i>Score Guidelines</i>
Degree of long-term (post-construction) public sector funding required.	5 Project is net revenue generator
	4 Reduced or no public sector support required
	3 No impact on direct public sector support required

	2 Slight increase in direct public sector support required (less than \$100k)
	1 Significant increase in direct public sector support required

Local Community Priority (Used only as a tiebreaker)

<i>Project Criterion</i>	<i>Score Guidelines</i>
Project priority according to the local Community.	5 Number 1 priority
	4 Number 2 priority
	3 Number 3 priority or lower
	2 Not identified as one of top three priorities
	1 Significant local opposition

Build the Skills and Capacity of CNMI Workforce

<i>Project Criterion</i>	<i>Score Guidelines</i>
Project will lead to improved job skills and higher-paying jobs for CNMI qualified residents.	5 Project provides significant direct impact
	4 Project provides moderate direct impact
	3 Project provides slight direct impact
	2 Project does not have direct impact
	1 Project may have a direct negative impact

Sustainable Growth

<i>Project Criteria</i>	<i>Score Guidelines</i>
Project minimizes potential impacts to shorelines, reefs, wetlands, critical habitats and other environmentally sensitive areas.	5 Project will redevelop an existing commercial or industrial property
	4 Project is located more than 1,000 feet from

	any environmentally sensitive area
	3 Project is located at least 500 but less than 1,000 feet from any environmentally sensitive area
	2 Project is located at least 250 but less than 500 feet from any environmentally sensitive area
	1 Project is within 250 feet of an environmentally sensitive area
Project environmental footprint (e.g., carbon emissions, other impacts).	5 Project will reduce environmental footprint
	4 No net impact
	3 Potential minor increase to environmental footprint
	2 Known minor increase to environmental footprint
	1 Significant increase to environmental footprint

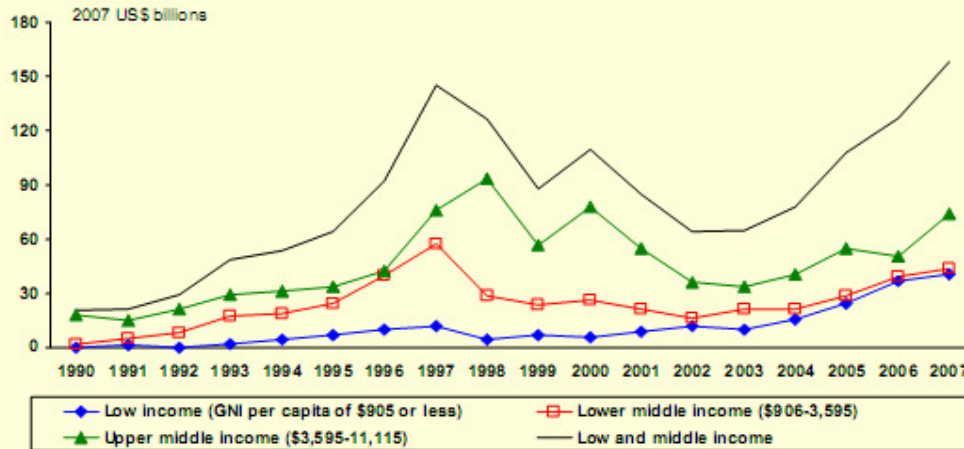
Implementation Timeline

<i>Project Criterion</i>	<i>Score Guidelines</i>
Time required implementing project (Implementation defined as project being operational).	5 Less than 1 year
	4 1 – 2 years
	3 2 – 3 years
	2 3 – 4 years
	1 4 or more years

Section 2: Graph of Private Sector Entry

The Private Sector Entry – Historical Trend in Investment 1990-2007

Investment in upper-middle-income countries grew by 46%, and in low-income and lower-middle-income countries by 10%.



Note: Country income groups are based on the World Bank classification released in July 2007.
Source: World Bank and PPIAF, PPI Project Database.

Section 3: Economic Indicators

Table 3: CNMI ECONOMY 2000-2003

	2000	2001	2002	2003
Employment	39,790	39,440	38,610	38,550
Apparel	16,780	16,410	16,350	15,470
Hotels	3,380	3,000	2,790	2,870
Other industries	14,640	15,030	14,370	14,880
Government	5,000	5,000	5,100	5,330
Wages and salaries (mils. \$)	607.8	609.6	595.9	600.1
Apparel	190.4	186.3	185.6	175.6
Hotels	29.2	25.9	24.1	24.8
Other industries	244.2	253.4	239.3	246.2
Government	144	144	146.9	153.5
Personal income (mils. \$)	894.9	898.1	880.4	882.5
Wages and salaries	607.8	609.6	595.9	600.1
Other personal income	287.1	288.5	284.5	282.4
Per capita personal income (\$)	12,839	12,491	12,417	12,518

Personal income (mils. \$2000)*	894.9	905.3	900.2	898.7
Per capita personal income (\$2000)	12,839	12,592	12,697	12,747
Gross Domestic Product (mils. \$)	1,438.50	1,423.80	1,473.40	1,442.40
Per capita GDP (\$)	20,638	19,803	20,781	20,460
Gross Domestic Product (mils. \$2000)	1,438.50	1,413.90	1,515.70	1,519.40
Per capita GDP (mils. \$2000)	20,638	19,665	21,378	21,552
Consumer price index (2003.1=100)	101.4	100.6	100.8	99.8
GDP deflator (2000=1)	1	1.007	0.972	0.949
Personal consumption deflator (2000=1)	1	0.992	0.978	0.982
Population (mid-year)	69,700	71,900	70,900	70,500
U.S. citizens	30,300	30,900	31,000	31,000
Non-U.S. citizens	39,400	41,000	39,900	39,500
*\$2000 signifies that personal income and Gross Domestic Product are measured in constant 2000 dollars.				

Table 4: APPAREL AND VISITOR INDUSTRY MULTIPLIERS, 1995*

	Output Multiplier	Employment Multiplier	Income Multiplier
Apparel industry	1.32	1.5	1.8
Visitor industry	1.34	1.79	2.1
*CNMI input-output model, McPhee & Conway, 1999.			

Table 5: SELECTED CNMI ECONOMIC INDICATORS

	Business Gross Revenue (mils. \$)	Percent Change	General Fund Revenue (mils. \$)	Percent Change	Bank Loans (mils. \$)	Percent Change
2000	2,255	na	230.2	na	na	na
2001	2,117	-6.1	222.6	-3.3	na	na
2002	1,869	-11.7	187.9	-15.6	1,062.70	na
2003	1,914	2.4	209.8	11.6	919	-13.5
2004	2,034	6.3	217.9	3.9	818.4	-10.9
2005	2,020	-0.7	210.3	-3.5	798.9	-2.4
2006	1,829	-9.5	192	-8.7	734.8	-8
2007	1,672	-8.6	163	-15.1	674.3	-8.2
2008*	1,599	-4.4	155.4	-4.7	597.6	-11.4
2004-08	---	-21.4	---	-28.7	---	-27

	Residential Telephone Lines (number)	Percent Change	Auto Sales (number)	Percent Change	Residential Building Permits (number)	Percent Change
2000	11,113	na	1581	na	186	na
2001	11,322	1.9	1457	-7.8	124	-33.3
2002	11,525	1.8	1298	-10.9	160.00	29
2003	11,645	1	1692	30.4	160	0
2004	11,803	1.4	1992	17.7	195	21.9
2005	11,201	-5.1	1885	-5.4	186	-4.6
2006	10,092	-9.9	1352	-28.3	167	-10.2
2007	9,381	-7	1101	-18.6	120	-28.1
2008*	8,068	-14	1080	-1.9	77	-35.8
2004-08	---	-31.6	---	-45.8	---	-60.5

Table 6: CNMI MIMIMUM WAGE SCHEDULE

Dollars per Hour

	Minimum Wage
May 2006	3.05
May 2007	3.55
May 2008	4.05
May 2009	4.55
May 2010	5.05
May 2011	5.55
May 2012	6.05
May 2013	6.55
May 2014	7.05
May 2015	7.25

Table 7: CNMI EMPLOYMENT AND POPULATION*

	1990	1995	2000	2005
Total employment	23,710	32,760	39,790	35,960
Resources	500	560	560	600
Construction	4,310	3,800	1,720	1,280
Apparel	5,150	7,710	16,780	12,790
Other Manufacturing	1,090	1,280	620	770
Transportation, communications, and utilities	1,200	1,540	1,500	1,510

Wholesale and retail trade	2,310	3,960	3,700	2,830
Finance, insurance and real estate	520	820	880	980
Hotels and lodging	1,810	2,620	3,380	2,480
Eating and drinking places	1,060	1,800	1,550	1,300
Other services	2,250	3,650	4,100	5,710
Government	3,510	5,020	5,000	5,710
Population (mid-year)	44,120	58,130	69,700	70,200
*Includes wage and salary employment and self-employed workers.				

Table 8: CNMI EMPLOYMENT*

	2000	2001	2002	2003	2004	2005	2006	2007
Total wages and salaries	39,794	39,440	38,609	38,553	40,422	35,961	30,463	26,014
Apparel	16,775	16,414	16,352	15,471	16,819	12,793	8,793	5,277
Hotels	3,380	2,998	2,790	2,871	3,114	2,477	3,195	3,091
Other industries	14,639	15,028	14,367	14,881	15,059	14,981	13,195	12,866
Government	5,000	5,000	5,100	5,330	5,430	5,710	5,280	4,780
Public schools	1,170	1,170	1,180	1,170	1,140	1,160	1,140	1,100
Other CNMI government	3,440	3,440	3,530	3,770	3,900	4,160	3,750	3,290
Other governments	390	390	390	390	390	390	390	390
*Includes wage and salary employment and self-employed workers.								

Table 9: CNMI PERSONAL INCOME (in millions of dollars)

	2000	2001	2002	2003	2004	2005	2006	2007
Total wages and salaries	607.8	608.1	594.5	599.9	622.8	575.6	492.6	435.4
Apparel	190.4	186.3	185.6	175.6	190.9	145.2	99.8	59.9
Hotels	29.2	25.9	24.1	24.8	26.9	21.4	27.6	26.7
Other industries	244.2	251.9	237.9	246	248.6	244.6	213.1	211.1
Government	144	144	146.9	153.5	156.4	164.4	152.1	137.7
Public schools	33.7	33.7	34	33.7	32.8	33.4	32.8	31.7
Other CNMI government	99.1	99.1	101.7	108.6	112.3	119.8	108	94.8
Other governments	11.2	11.2	11.2	11.2	11.2	11.2	11.2	11.2

Table 10: CNMI PERSONAL INCOME

	2000	2001	2002	2003	2004	2005	2006	2007
Personal income (mils. \$)	894.9	898.1	880.4	882.5	924.3	849	726.6	642.2
Wages and salaries	607.8	609.6	595.9	600.1	625.3	575.6	492.6	435.4
Wages and salaries (from Personal Income table above)	607.8	608.1	594.5	599.9	622.8	575.6	492.6	435.4

Discrepancy	0.0	1.5	1.4	0.2	2.5	0.0	0.0	0.0
Other personal income (\$)	287.1	288.5	284.5	282.4	299	273.4	234	206.8
Per capita income (\$)	12839	12491	12417	12518	13111	12094	11009	10633
Personal income (mils. \$00)	894.9	905.3	900.2	898.7	935.5	858.3	697.9	577.1
Per capita income (\$00)	12839	12592	12697	12747	13270	12226	10573	9555

Table 11: CNMI GROSS DOMESTIC PRODUCT

	2000	2001	2002	2003	2004	2005	2006	2007
Gross Domestic Product (mils. \$)	1438.5	1423.8	1473.4	1442.4	1519.4	1413.9	1305.6	1123.9
Per capita Gross Domestic Product (\$)	20638	19803	20781	20460	21552	20141	19782	18608
Gross Domestic Product (mils. \$)	1438.5	1413.9	1515.7	1519.4	1530.4	1420.8	1246.8	1040.6
Per capita Gross Domestic Product (\$00)	20638	19665	21378	21552	21708	20239	18891	17229

Table 12: CNMI PRICE INDEXES

	2000	2001	2002	2003	2004	2005	2006	2007
Gross Domestic Product deflator (2000=1)	1	1.007	0.972	0.949	0.993	0.995	1.047	1.08
Personal consumption deflator (2000=1)	1	0.992	0.978	0.982	0.988	0.989	1.041	1.113
Consumer price index (2003.1=100)	101.4	100.6	100.8	99.8	100.7	100.9	106.2	113.5

Table 13: CNMI POPULATION

	2000	2001	2002	2003	2004	2005	2006	2007
Population (mid-year)	69,700	71,900	70,900	70,500	70,500	70,200	66,000	60,400
U.S. citizens	30,300	30,900	31,000	31,000	31,000	31,000	31,000	31,000
Non-U.S. citizens	39,400	41,000	39,900	39,500	39,500	39,200	35,000	29,400

Table 14: CNMI W-2 RETURNS

	Total W-2 Returns	Percent Change	Garment Industry W-2 Returns	Percent Change	Hotel Industry W-2 Returns	Percent Change	Other W-2 Returns	Percent Change
2000	59382	na	na	na	na	na	na	na
2001	57464	-3.2	21313	na	3025	na	33126	na
2002	56532	-1.6	21066	-1.2	2914	-3.7	32552	-1.7
2003	56845	0.6	20370	-3.3	2757	-5.4	33718	3.6
2004	58330	2.6	21236	4.3	2798	1.5	34296	1.7
2005	54655	-6.3	17688	-16.7	2232	-20.2	34735	1.3
2006	48945	-10.4	14074	-20.4	2776	24.4	32095	-7.6
2007	40750	-16.7	7331	-47.9	2795	0.7	30624	-4.6
2004/07	--	-30.1	--	-65.5	--	-0.1	--	-10.7

Table 15: CNMI W-2 WAGES AND SALARIES

	Total W-2 Wages (mils. \$)	Percent Change	Garment Industry W-2 Wages (mils. \$)	Percent Change	Hotel Industry W-2 Wages (mils. \$)	Percent Change	Other W-2 Wages (mils. \$)	Percent Change
2000	607.8	na	na	na	Na	na	na	na
2001	608.1	0	186.3	na	25.9	na	395.9	na
2002	594.5	-2.2	185.6	-0.4	24.1	-6.9	384.8	-2.8
2003	599.9	0.9	175.6	-5.4	24.8	2.9	399.5	3.8
2004	622.8	3.8	190.9	8.7	26.9	8.5	405	1.4
2005	575.6	-7.6	145.2	-23.9	21.4	-20.4	409	1
2006	492.6	-14.4	99.8	-31.3	27.6	29	365.2	-10.7
2007	435.4	-11.6	59.9	-40	26.7	-3.3	348.8	-4.5
2004-07	--	-30.1	--	-68.6	--	-0.7	--	-13.9

Table 16: CNMI ECONOMIC INDICATORS

	Business Gross Revenue (mils. \$)	Percent Change	General Fund Revenue (mils. \$)	Percent Change	Exports (mils. \$)	Percent Change	Imports (thous. Tons)	Percent Change
2001	2117	-6.1	222.6	-3.3	925.7	-9	695.5	-2.4
2002	1869	-11.7	187.9	-15.6	831.3	-10.2	639.7	-8
2003	1914	2.4	209.8	11.6	792.1	-4.7	682.5	6.7
2004	2034	6.3	217.9	3.9	826	4.3	666.4	-2.4
2005	2020	-0.7	210.3	-3.5	650.8	-21.2	605.5	-9.1
2006	1829	-9.5	192	-8.7	486.5	-25.2	540.2	-10.8
2007	1672	-8.6	163	-15.1	307.6	-36.8	439.4	-18.7
2008	1599	-4.4	155.4	-4.7	125.3	-59.3	379.5	-13.6
2004-8	--	-21.4	--	-28.7	--	-84.8	--	-43.1
*Note: Estimates for 2008 are preliminary								

Table 17: CNMI GARMENT INDUSTRY INDICATORS

	Sales (mils. \$)	Percent Change	Garment Certification Fee (mils. \$)	Percent Change	Employment	Percent Change
2000	1017	na	38.6	na	16780	Na
2001	925.7	-9	35.8	-7.3	16410	-2.2
2002	831.3	-10.2	30.9	-13.6	16350	-0.4
2003	792.1	-4.7	29.3	-5.2	15470	-5.4
2004	826	4.3	30.6	4.3	16820	8.7
2005	650.8	-21.2	24.1	-21.2	12790	-24
2006	486.5	-25.2	18.1	-25	8790	-31.3
2007	307.6	-36.8	11.4	-37	5280	-39.9
2008	125.3	-59.3	4.6	-59.6	1750	-66.9
2004-08	--	-84.8	--	-84.9	--	-89.6
*Note: Estimates for 2008 are preliminary						

Table 18: CNMI VISITOR INDUSTRY INDICATORS

	Visitor Arrivals	Percent Change	Hotel Occupancy Rate (%)	Percent Change	Hotel Room Rate (\$ per day)	Percent Change	Hotel Occupan cy Tax (mils. \$)	Percent Change
2000	528597	na	61	na	88	na	6.1	na
2001	444281	-16	54	-11.5	89	1.1	6.1	0
2002	475169	7	63	16.7	81	-9	4.9	-20.2
2003	459457	-3.3	65	3.2	78	-3.7	5.4	11.5
2004	589224	28.2	72	10.8	80	2.6	6	9.8
2005	491701	-16.6	70	-2.8	83	3.8	6.5	9.1
2006	435494	-11.4	62	-11.4	90	8.4	5.5	-14.8
2007	389261	-10.6	59	-4.8	92	2.2	4.9	-11
2008	408459	4.9	62	5.1	98	6.5	5.3	7.5
2004-8	--	-30.7	--	-13.9	--	22.5	--	-11.1

Table 19: CNMI MISCELLANEOUS ECONOMIC INDICATORS

	Bank Deposits (mils. \$)	Percent Change	Bank Loans (mils. \$)	Percent Change	Commercial Telephone Lines	Percent Change	Residential Telephone Lines	Percent Change
2000	na	na	na	na	13777	na	11113	na
2001	na	na	na	na	13984	1.5	11322	1.9
2002	2268.1	na	1062.7	na	15195	8.7	11525	1.8
2003	2214	-2.4	919	-13.5	18102	19.1	11645	1
2004	2233.5	0.9	818.4	-10.9	19722	8.9	11803	1.4
2005	2194.4	-1.8	798.9	-2.4	20551	4.2	11201	-5.1
2006	2062.5	-6	734.8	-8	20592	0.2	10092	-9.9
2007	2083.9	1	674.3	-8.2	20058	-2.6	9381	-7
2008	1995.5	-4.2	597.6	-11.4	20234	0.9	8068	-14
2004-8	--	-10.7	--	-27	--	2.6	--	-31.6
*Note: Estimates for 2008 are preliminary								

CNMI MISCELLANEOUS ECONOMIC INDICATORS (continued)

	Au to Sal es	Percent Cha nge	Residential Buildin g Permit s	Percent Cha nge	Non-Residential Building Permits	Percent Change	Consumer Price Index (2003.1=1 00)	Percent Change
2000	1581	Na	186	na	134	na	101.4	Na
2001	1457	-7.8	124	-33.3	120	-10.4	100.6	-0.8
2002	1298	-10.9	160	29	160	33.3	100.8	0.2
2003	1692	30.4	160	0	163	1.9	99.8	-1
2004	1992	17.7	195	21.9	157	-3.7	100.7	0.9
2005	1885	-5.4	186	-4.6	164	4.5	100.9	0.2
2006	1352	-28.3	167	-10.2	125	-23.8	106.2	5.2
2007	1101	-18.6	120	-28.1	121	-3.2	113.5	6.9
2008	1080	-1.9	77	-35.8	119	-1.7	118	4
2004-8	--	-45.8	--	-60.5	--	-24.2	--	17.2
*Note: Estimates for 2008 are preliminary								

Table 20: GENERAL FUND REVENUE (TAXES AND FEES COLLECTED)

General Fund Revenue (Taxes and Fees Collected)	Year				Quarter							
	2004	2005	2006	2007	2007.1	2007.2	2007.3	2007.4	2008.1	2008.2	2008.3	2008.4
Total (US \$ Millions)	217.9	210.29	192.03	163.03	43.86	39.54	44.25	35.382	40.016	39.495	47.37	35.877
% Change to Previous Year/Quarter	3.87%	-3.49%	-8.68%	-15%	-9.90%	-15.70%	-21.10%	-12.30%	-8.80%	-0.10%	7.10%	1.40%
% Change to Previous Quarter					8.70%	-9.80%	11.90%	-20.00%	13.10%	-1.30%	19.90%	-24.30%
Business Gross Receipt	54.48	58.29	54.05	49.04	13.750	12.790	10.520	11.980	12.309	12.405	13.387	13.682
Wage & Salary	34.97	32.68	28.58	26.20	6.550	6.380	6.900	6.366	6.288	6.808	6.245	5.707
NMTIT Personal (Chp. 7)/Corp. Income	11.23	10.01	15.05	8.34	2.420	2.060	2.230	1.632	2.234	1.985	7.047	1.632
Excise	24.43	23.88	24.41	20.58	5.470	5.340	5.090	4.676	5.253	5.082	4.973	4.407
Hotel Occupancy	5.96	6.50	5.54	4.93	1.580	1.120	1.290	0.943	1.676	1.221	1.773	0.890
Fuel/Container/Bar	9.91	10.24	7.25	6.82	1.310	2.080	2.060	1.366	1.422	1.372	2.337	2.152
Garment Certification	30.56	24.08	18.06	11.38	3.770	2.840	2.650	2.120	1.759	0.934	0.581	0.360
*Fees, Charges, & Other Revenues	46.36	44.61	33.81	39.26	9.930	7.870	14.370	7.089	8.830	7.180	10.643	6.518
Transfers from Other Funds									1.242	3.461	1.200	1.382
Revenue Transfer to Other Funds				-3.51	-0.920	-0.940	-0.860	-0.790	-0.997	-0.953	-0.816	-0.853

Source: Department of Finance

Note: FY07 Expenditures do not include suspended employer retirement contributions

*Note: Also Includes "Transfers from Other Funds" for Years 2005-2007 & Quarters 2007.1-2007.4

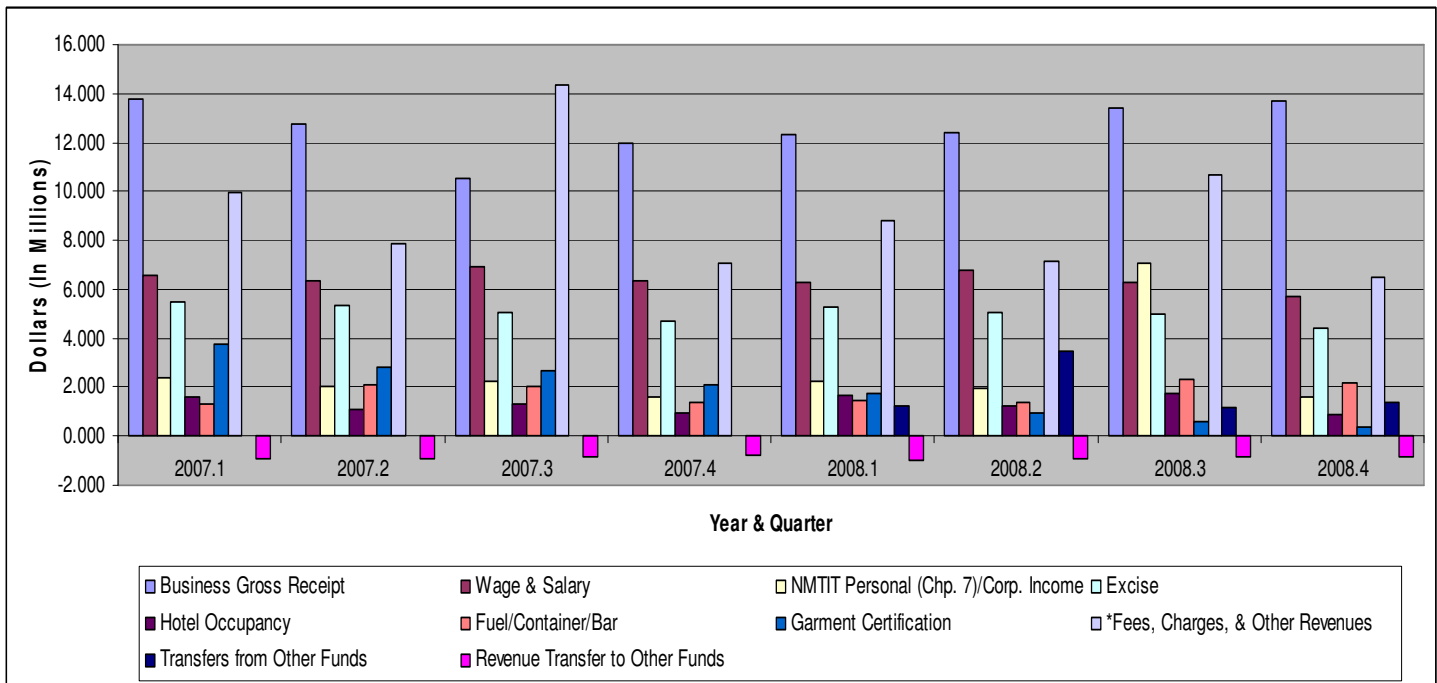


Table 21: General Fund Revenue (Taxes and Fees Collected)

Exports	Year				Quarter							
	2004	2005	2006	2007	2007.1	2007.2	2007.3	2007.4	2008.1	2008.2	2008.3	2008.4
Garment Exports Value (US\$ Millions)*	826	650.8	486.5	307.57	101.89	76.76	71.62	57.3	47.54	25.24	15.7	9.73
% Change to Previous Year/Quarter	4.28%	-21.21%	-25.25%	-36.78%	-19.01%	-33.79%	-43.16%	-47.58%	-53.34%	-67.11%	-78.07%	-83.02%
% Change to Previous Quarter					-6.78%	-24.66%	-6.70%	-20.00%	-17.03%	-46.90%	-37.79%	-38.04%

Source: Department of Finance

*Note: Estimated Based on Garment Certification Fee Collection

Table 22: Exports (In Millions)

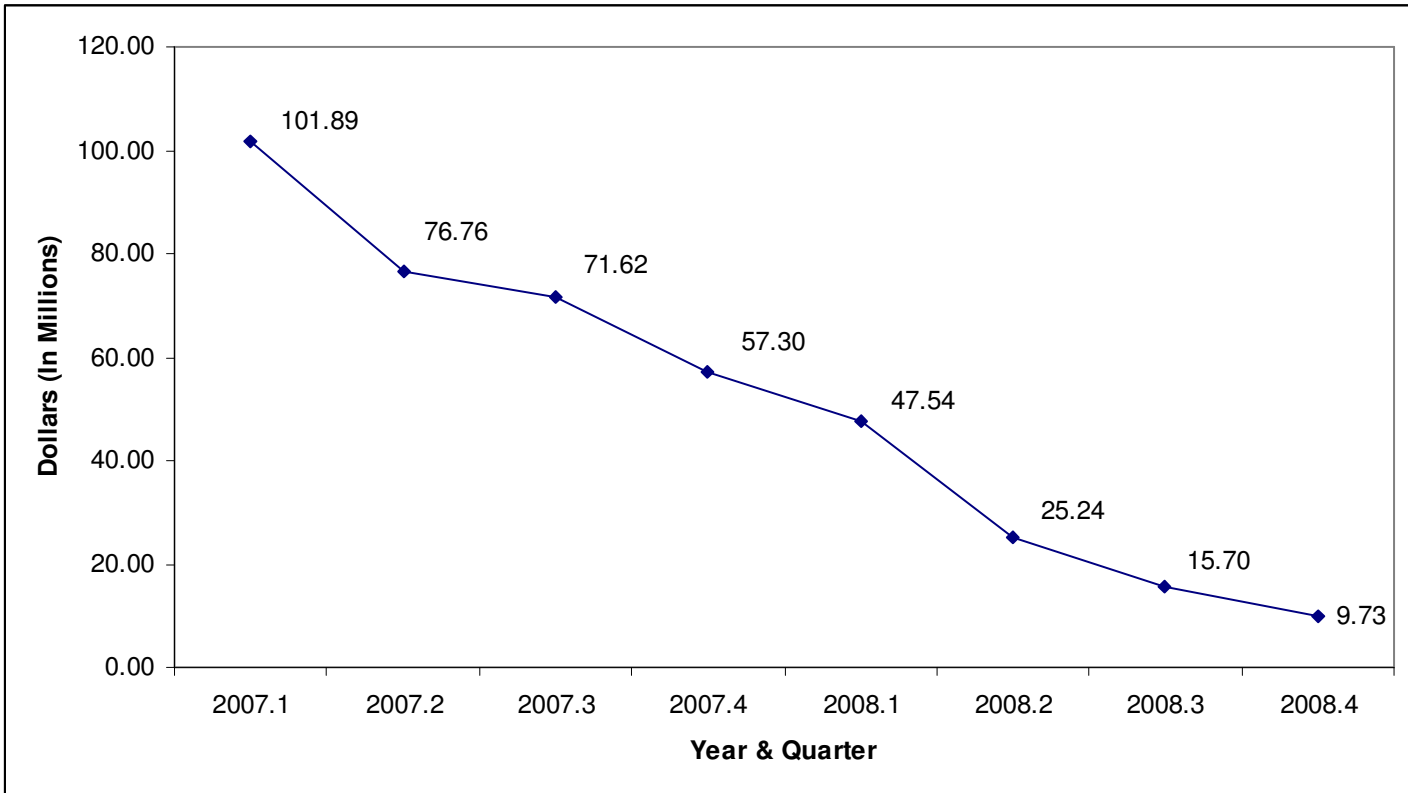


Table 23: COMMERCIAL and RESIDENTIAL TELEPHONE LINES

Telephone Lines	Year				Quarter							
	2004	2005	2006	2007	2007.1	2007.2	2007.3	2007.4	2008.1	2008.2	2008.3	2008.4
Total Telephone Lines	31,525	31,752	30,684	28,963	29,939	29,684	29,166	28,963	28,631	29,528	29,487	30,458
% Change to Previous Year/Quarter	6.0%	0.7%	-3.3%	-5.6%	-2.2%	-4.0%	-5.7%	-5.6%	-4.4%	-0.5%	1.1%	5.2%
% Change to Previous Quarter					-2.4%	-0.9%	-1.7%	-0.7%	-1.1%	3.1%	-0.1%	3.3%
Total Commercial Phone Lines	19,722	20,551	20,592	20,001	20,108	20,135	19,986	20,001	19,845	20,867	21,033	22,155
% Change to Previous Year/Quarter	8.9%	4.2%	0.2%	-2.9%	2.4%	-0.4%	-3.0%	-2.9%	-1.3%	3.6%	5.2%	10.8%
% Change to Previous Quarter					-2.4%	0.1%	-0.7%	0.1%	-0.8%	5.1%	0.8%	5.3%
Saipan	10920	10668	9737	8689	9,276	9,064	8,813	8,689	8,552	8,474	8,285	8,238
Tinian	450	435	387	376	378	373	371	376	381	372	362	366
Rota	489	466	428	410	427	420	408	410	395	395	388	385
Special Access	7,863	8,982	10,040	10,526	10,027	10,278	10,394	10,526	10,517	11,626	11,998	13,166
Total Residential Phone Lines	11,803	11,201	10,092	8,962	9,831	9,549	9,180	8,962	8,786	8,661	8,454	8,303
% Change to Previous Year/Quarter	1.4%	-5.1%	-9.9%	-11.2%	-10.4%	-10.9%	-11.2%	-11.2%	-10.6%	-9.3%	-7.9%	-7.4%
% Change to Previous Quarter					-2.6%	-2.9%	-3.9%	-2.4%	-2.0%	-1.4%	-2.4%	-1.8%
Saipan	10,734	10,178	9,096	8,045	8,840	8,578	8,237	8,045	7,896	7,756	7,550	7,414
Tinian	531	499	492	458	495	485	473	458	443	448	450	439
Rota	538	524	504	459	496	486	470	459	447	457	454	450

Source: Pacific Telecommunication Incorporated (PTI)

Total Telephone Lines by Municipality

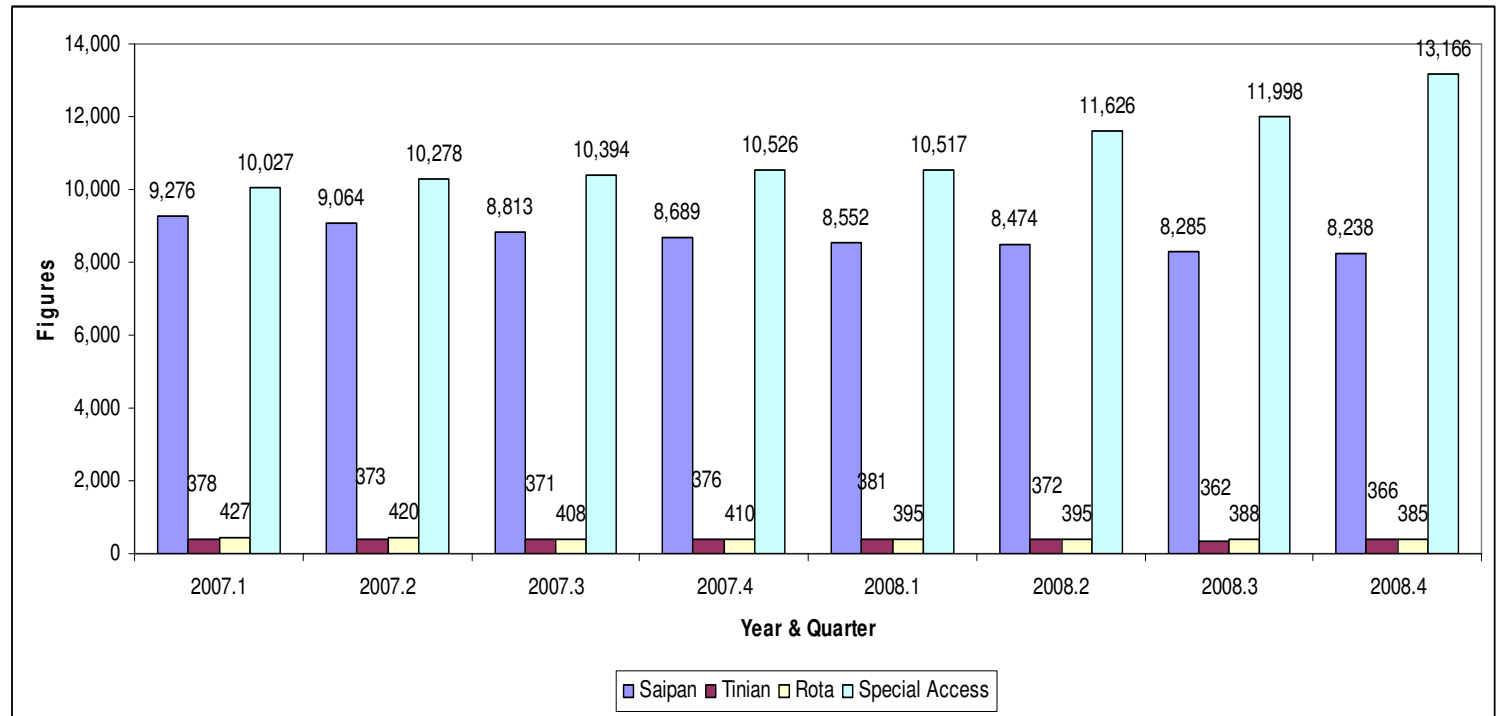


Table 24: Residential Phone Lines

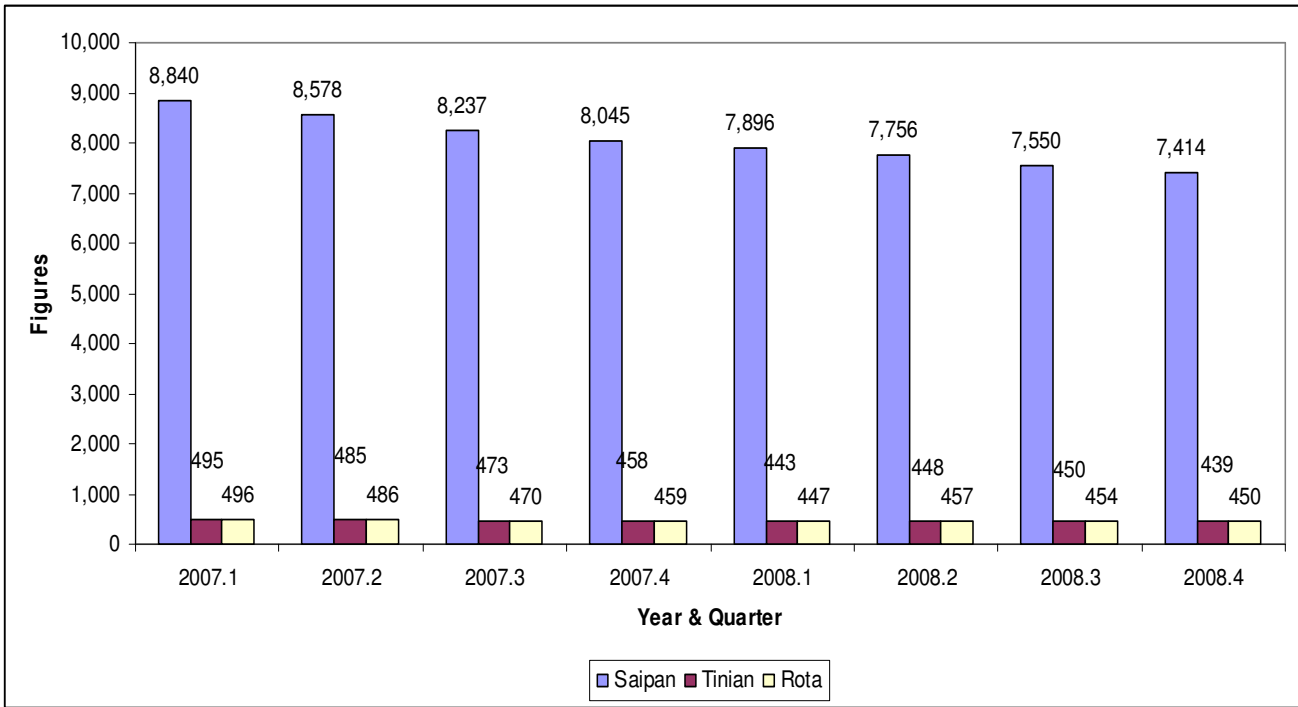


Table 25: Commercial & Residential Phone Lines (Totals)

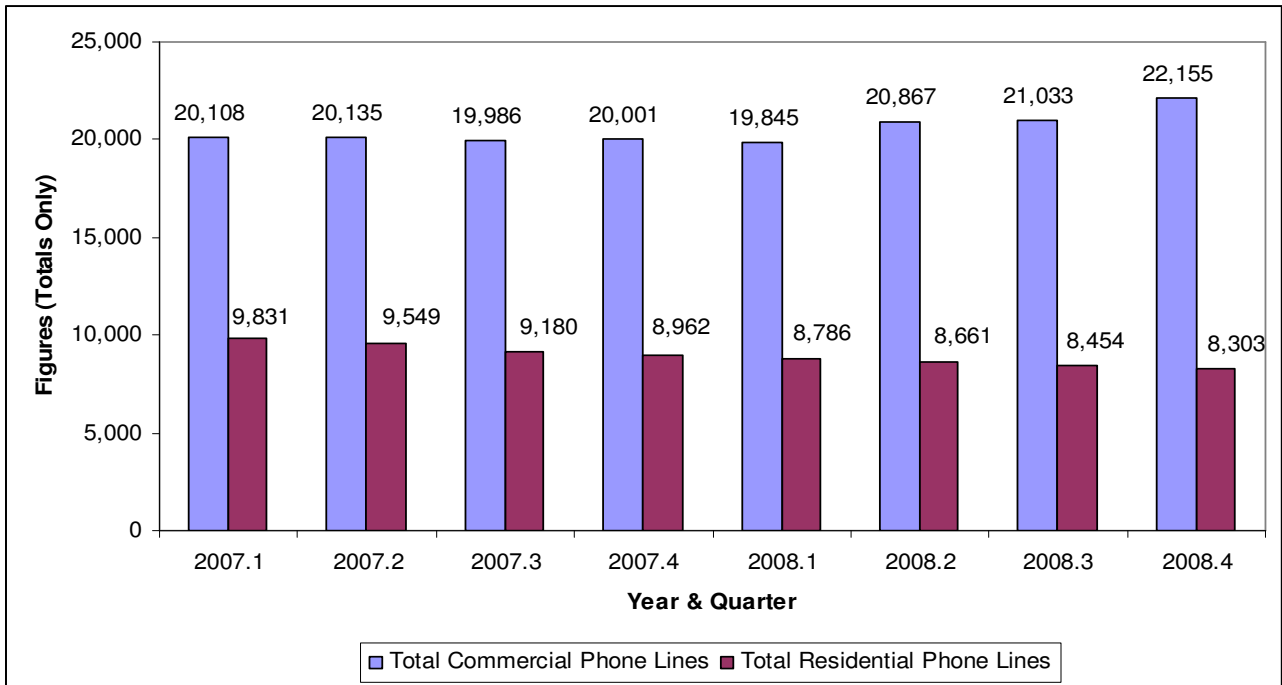


Table 26: Building Permits

CNMI Building Permits Issued	Year					Quarter							
	2003	2004	2005	2006	2007	2007.1	2007.2	2007.3	2007.4	2008.1	2008.2	2008.3	2008.4
Total No. of Permits	323	352	350	292	255	64	71	56	64	57	57	56	43
No. of Commercial	163	157	164	125	121	21	35	30	35	31	24	24	27
No. of Residential	160	195	186	167	120	43	36	19	22	25	26	32	15
Nb. of Government*					14			7	7	1	7	0	1
Total Value (US \$ Millions)	15.55	23.05	28.89	11.79	16.23	4.30	3.00	4.50	4.40	4.90	12.30	14.80	12.00
Commercial	9.55	11.47	19.94	3.59	9.00	2.50	1.80	3.23	1.51	3.06	9.33	12.76	11.25
Residential	6.00	11.58	8.95	7.74	5.10	1.80	1.30	0.86	1.10	1.59	0.75	2.00	0.77
Government*					2.20			0.37	1.84	0.30	2.18	-	-

Source: Building Safety Code Division, Department of Public Works
 *Recent Addition to EI 3rd Qtr 2007

Table 27: Number of Building Permits Issued

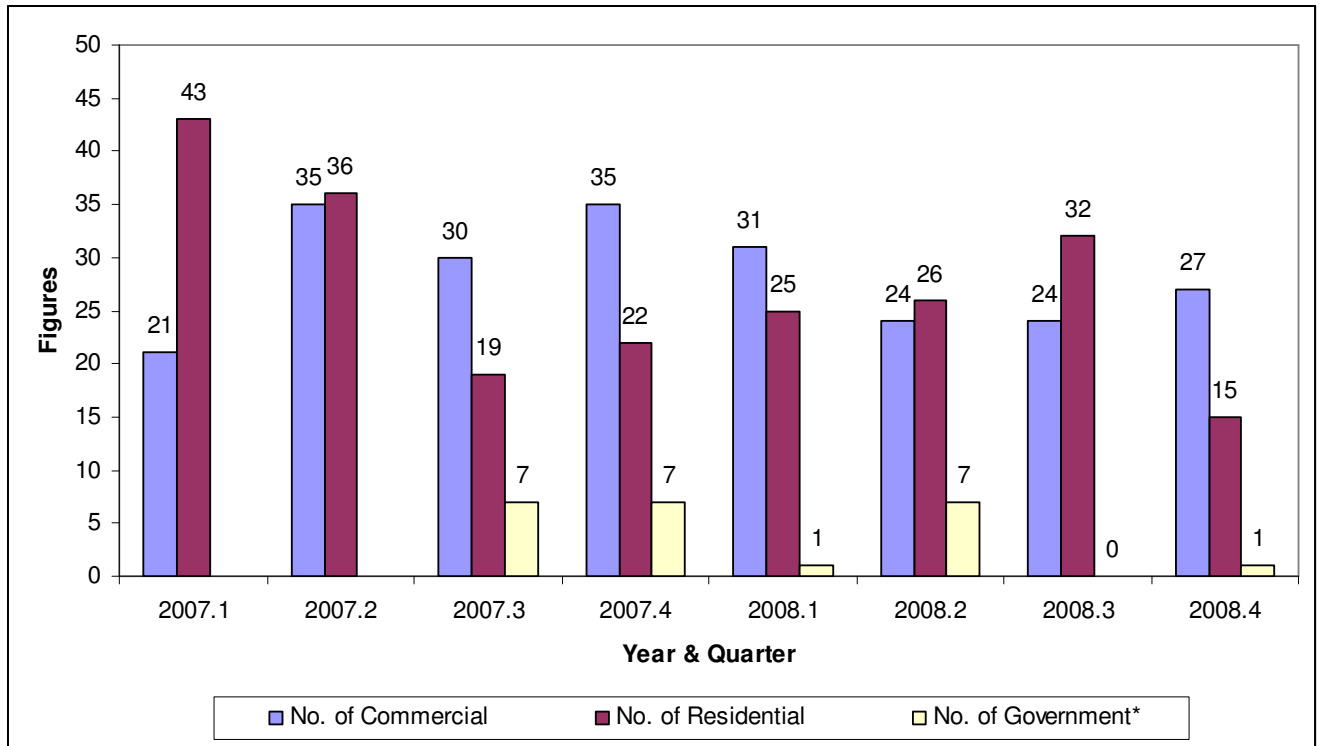
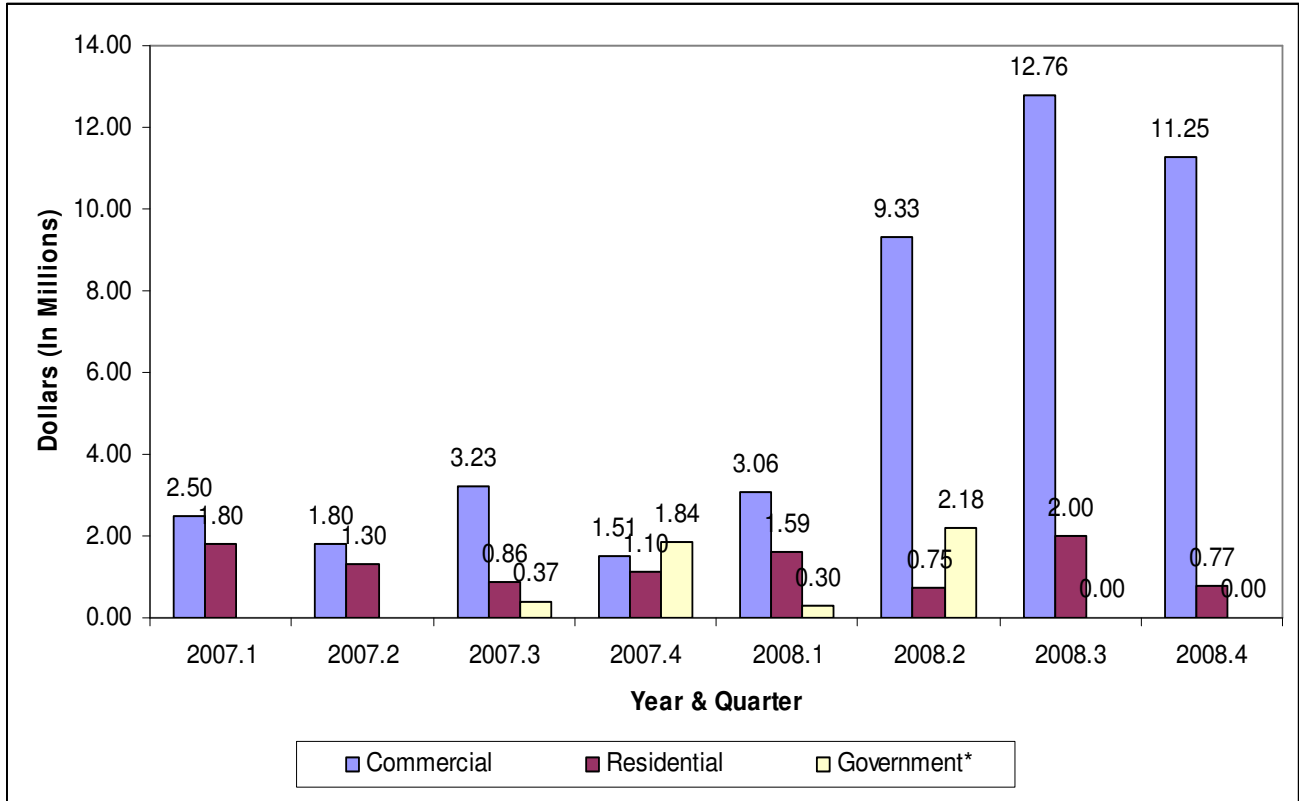


Table 28: Value of Building Permits Issued (In Millions)



Appendix C: Projects Identified by CEDS Commission

No.	Name of Project	Project Description	Dollar Value (Estimated)	Notes
1	CUC Public-Private Partnership	<p>The Commonwealth Utility Corporation (CUC) main generation plant (1) located in Lower Base has been operated and maintained by CUC staff. The power generators have had little or no preventive maintenance for several years up to January 2009. CUC suffered rolling blackouts during 2008 that severely affected the island of Saipan. CUC rented temporary generators (Aggreko) for 1 year. The 1 year contract ends in September 2009. The CNMI legislature has passed a law that mandates that CUC privatize all aspects of CUC, but amendments to that law are being considered. The consensus of opinion is to engage in some form of privatization as soon as possible.</p>	Undetermined	The power generation capacity at Power Plant 1 in Lower Base is between 15 to 20 MW
2	Inter-Island Super Ferry	<p>The concept is for the private sector to fund a Super ferry or large ferry of the sort that will facilitate the shipment and movement of goods, products and vehicles. This transportation linking Guam with Saipan, Tinian and Rota will help increase commerce, travel, and shipping between the islands. This originators of this project claim that it will only work if the military signs on-board and use the ship to move troops, equipment, military hardware, services and products to Tinian for military training. This mode of transportation will be critical to help reduce the isolation and higher than normal costs of</p>	\$ 40,000,000	<p>*Schedule for Single Ship: Mon-Sat 1.5 Roundtrips/day; Sun 1 roundtrip *Crew Requirements for Schedule: 2 full crews Mon-Thurs (each crew spends every other night in Saipan) 10 hrs/24 hour period; Friday-Sun 14 hr workdays Fri & Sat, 9 hour workday on Sunday. *Estimated ROI in 15-20 yrs *Sample Ship Designs: MV Fair-weather (Alaska Marine Highway) launched in 2004; 2 in current service; 72 m length; 18 m beam; 250 passenger/35 cars @ 4 ton/4 Trucks @ 10 tons; 43 knot designed service speed. Hull 64 Natchan Rera in Japan; 800</p>

No.	Name of Project	Project Description	Dollar Value (Estimated)	Notes
		<p>goods and services for the islands of Tinian and Rota. Although this is seen as a private venture, it will include some public sector costs in either capital, in-kind or like contributions.</p>		<p>passenger/193 cars/36-40ft trucks/18-80ft trucks; in service for more than 20 yrs. *Distance between ports: Guam to: Rota 54 nm; Tinian 114 nm; 127 nm</p>
3	Pinatang Beach Park, Rota	<p>The Pinatang Park is a free sea-side located water park facility that is currently not being utilized to its full potential, but is still in useable condition. The park is located in a high profile location on the main thoroughfare into Songsong Village, Rota. It encompasses a parking lot, picnic facilities and a swimming pool on a small island that is connected to parking by a 30-foot bridge. It was previously a sea-water park and hosts benches, lanai and other facilities that can host visitors and events. The facility is currently not being used and is in some disrepair. It is in jeopardy of deteriorating further. The project calls for a concession or other type of public-private-partnership proposal for the use this facility to be operated by a tour company or other type of business. It is recommended that the government ask the private sector for proposals on how best to utilize the facility, earning some income for the Municipality of Rota.</p>	Undetermined	<p>This park is currently not being used, but has the potential to be a revenue-generating tourist attraction in a prime site in Rota.</p>
4	Alternative Energy	<p>This project is to explore, develop and diversify the electrical energy production on Saipan. There is ongoing discussion/exploration of what type of alternative energy</p>	\$ 45,000,000	<p>The Petroleum Fuel Tank Farm Feasibility Assessment report published in April 2008 by Jet Consulting Services estimated that the full implementation of Public Law 15-87 could</p>

No.	Name of Project	Project Description	Dollar Value (Estimated)	Notes
		sources will be developed. Two sources being talked about include wind power generation and geothermal energy. The goal is to reduce cost per KWH and to have renewable, sustainable, economical and environmental-friendly alternative energy. Currently, the CNMI has a grant from the U.S. Department of the Interior to do a feasibility study of geothermal energy.		reduce Saipan's fuel demand from the current level of around 1,500 barrels/day to 910 barrels/day in 2013 and then to 300 barrels/day by 2015.
5	MHA Public Housing, Saipan	The Marianas Housing Authority has a large parcel of underutilized property that is located on the corner of a major intersection in Garapan, Saipan. The property has old and dilapidated housing that is an eyesore to visitors and residents. The goal of this project is to turn this into commercial property made available to the private sector for redevelopment. The current housing that is located on the site will cost too much to rehabilitate. The property is also located across the street from the Commonwealth Health Center. Currently, the CNMI does not have a dedicated medical office building. Potentially using a public private partnership or other economic development financial or project instrument, it is possible that this property could be put to better use to achieve a higher and best utilization of the property.	Net Revenue Gain	This cell left intentionally blank.
6	Garapan Redevelopment, Saipan	Continue the redevelopment of the Garapan area to a commercial district to attract more businesses and tourists. Currently the area has many empty or underutilized buildings. This project will add a sail-like covering to provide shade on the	\$ 2,000,000	The Garapan redevelopment effort is a sizeable undertaking that is geared to re-vitalizing the #1 tourist area in Saipan. The plan aims to give the area an uplift similar to the Ala Moana shopping center in Honolulu

No.	Name of Project	Project Description	Dollar Value (Estimated)	Notes
		Paseo de Marianas pedestrian mall. A re-vitalized Garapan District will add value to the main tourist shopping and entertainment area of Saipan.		with a unified design/development that will include a mixed use area of high rise/low rise/garden plazas, restaurants, shopping, commercial space, apartments/ condominiums (suitable for retirees), hotels, night time entertainment: cinema, performance spaces, parking garage.
7	Garapan Elementary School Property Re-Utilization. Saipan	This project seeks to look at the feasibility of relocating Garapan Elementary School to a better 'child-friendly' neighborhood and to build in the process a more modern and up-to-date elementary school away from the Garapan business district. The concept of this project is to utilize the existing land and location of Garapan Elementary School and consider swapping / selling the location for private sector use. There is some discussion regarding taking the sale of the proceeds and building another school or asking the developer to build a new school in exchange for use of the land.	Net Revenue Generating Project	This cell left intentionally blank.
8	Rota Agriculture COOP	The Rota economy already has a small agriculture based industry that is readily poised to expand agricultural output. This plan is to help the farmer's Rota come together in a co-op to help market, distribute, sell and prepare local agricultural products for market. Northern Marianas College has an established (CREES) agriculture department that is willing to help. USDA Rural Development and the Farm Service Agency in Guam are willing to help the Farmer's Co-op get started with a proposed \$50,000 feasibility study.	\$ 50,000	The \$50,000 feasibility funds will be requested from USDA Rural Development and FSA to determine the feasibility of starting a Farmer's Co-op in Rota which will outline the market conditions, logistical challenges and viability of strengthening the agricultural community in Rota.

No.	Name of Project	Project Description	Dollar Value (Estimated)	Notes
9	Instrument Landing System for Tinian Airport	The Municipality of Tinian believes that an ILS is necessary to bring more tourists to the island and remove a level of danger for large aircraft. Larger international aircraft require the ILS. The funds for this project have been set aside by the Tinian Mayor's office. There is a need to expedite the development process.	\$ 8,000,000	This cell left intentionally blank.
10	Tinian Seaport Rehabilitation – Breakwater	The Tinian seaport is critical to Tinian. The existing breakwater was built after WWII and is in very bad shape. It does not really protect the harbor from large swells and storm damage to dock facilities. The infrastructure is so bad that a large storm will destroy the existing seawall and will add additional cost to dredge the harbor repeatedly. Repairing the seawall is critical to maintaining the long-term continuous and safe use of the port. This project will require planning, environmental studies and construction. A continuing decline in the current state of the seawall will cause more economic damage to the island.	\$ 40,000,000	A state of emergency was declared for harbor in 2007 when part of Tinian transportation infrastructure nearly collapsed due to severe storm damage and failure to repaired damages immediately.
11	International Sports Complex, Saipan	This project will bring revenue to the CNMI by giving the islands a long-term complex to attract and host major international sporting events which will include sponsored soccer events and bring in additional sports tourism.	\$ 1,500,000	The NMIFA International Sports Complex will include two children's soccer training fields and one international soccer field. The Complex will include a main office, locker rooms, showers, and meeting rooms. The complex will serve two purposes: (1) Sports Tourism and (2) Local expansion of sports. Sports tourism will be enhanced as international teams come to Saipan to train and compete. With the popularity of soccer throughout the world, it is envisioned that the visiting

No.	Name of Project	Project Description	Dollar Value (Estimated)	Notes
				<p>teams will also bring fans with them. The field is one requirement of international FIFA membership have a decent field for international competition. If the NMIFA is to become a full member, then it will be eligible to apply for different annual FIFA grants to support the continued development and operation of the international sports complex. The Goal Project finances facilities on a project specific basis and is an amount close to or below \$500,000. An operations grant is \$250,000/ys. If the NMIFA meets all the requirements for AFC, the earliest FIFA grant funding will be available is in 2012.</p>
12	Commonwealth Health Center Building Repairs / Improvements	<p>This project is to repair, improve and upgrade the main and auxiliary medical facilities in Saipan. The CHC facility in Saipan is the state's primary care giving facility and for citizens, tourists and other visitors to the CNMI. The facilities need to be repaired and upgraded in order to accommodate the needs of the medical community, the challenges CHC is having attracting and retaining medical professionals and to improve the quality of the care given to patients at the center. This upgrade will not only add value to the building, but also improve the equipment, medical infrastructure and other related needs of the operation.</p>	\$ 4,000,000	This cell left intentionally blank.
13	Tinian Airport Fuel Farm	<p>In order to be a "complete" facility that can accommodate various types of air craft flying direct from Asia, Tinian Airport will need refueling capability. Having a facility on Tinian will</p>	\$ 6,000,000	<p>A \$17 million airport improvement effort focused on taxi strengthening, new terminal, electrical upgrade & AARF station.</p>

No.	Name of Project	Project Description	Dollar Value (Estimated)	Notes
		also potentially help reduce the cost of aviation fuel, facilitating travel.		
14	Tinian Slaughterhouse	This project will facilitate the slaughter of cattle in Tinian as an industry. The Tinian leaders seek to identify grants and other funding opportunities in order to purchase a mobile slaughter house. This will include the mobile unit, operation and maintenance of the unit, cleanliness, and the USDA inspection of the unit. This operation may be able to provide USDA inspected and approved beef for the CNMI and other markets.	\$ 1,500,000	This cell left intentionally blank.
15	Rota Airport Fuel Storage Facility	The Rota airport does not have fuel storage facilities at this time. Large Japanese charter planes have to fly to Guam to re-fuel before heading back to Japan. This makes Rota more expensive to serve as a tourist destination.	\$ 6,000,000	First master plan for airport was completed in 1992.
16	Rota West Harbor Rehabilitation	The Rota seaport currently needs to expand its infrastructure in a manner that is safer, less vulnerable to storm damage and the open ocean, with facilities capable of handling more than 1 ship at a time. The renovation of the Rota seaport will also allow for a larger crane to exist in order to increase load and off-load cargo. Although this project requires a plethora of planning, environmental studies and have a level of high costs, upgrading this port is critical to every aspect of this islands economy.	\$ 20,000,000	<p>*Rota has two harbors constructed around 1978 with funds from FEMA and US Army Corps of Engineers (COE). The West Harbor has an entrance channel that is 800 ft long, 300 ft wide, and 20 ft at mean sea level (MSL) depth, a turning basin 640 ft long, 150 ft wide, and a 16.5 MSL depth. A 500-ft reverted mole with tidal culverts connects the shore to Angyuta Island and offshore revetted fill.</p> <p>*Impediments to Development - existence of historical sites on the West Harbor site.</p> <p>*Proposed Improvements - A 1994 COE report considered three alternatives for improvements to the West</p>

No.	Name of Project	Project Description	Dollar Value (Estimated)	Notes
				Harbor only. The plan is comprehensive and can be modified to meet Rota's needs. Some additional improvements would need to be added to the dockside to make it into the Commercial Port of Rota.
17	Saipan Water System Improvements	Designed to meet an EPA stipulated order, this project will provide focus and direction to meet Clean Water Act and Safe Drinking Water Act requirements in Saipan on the existing water quality outputs.	\$ 20,000,000	According to the Water Infrastructure Development Plan for the Island of Saipan published in April 2003, the island does not have potable water that it can provide to its customers on a continuous basis. The domestic water supply has significant water quality and quantity problems, due to high sodium and chloride (salt) concentrations, and a lack of a 24-hour water supply in many parts of the system. The current supply delivered to customers by Commonwealth Utilities Corporation (CUC) has an average chloride concentration 5 times (1,294 mg/L) the EPA standard (250 mg/L). Some areas of the island receive water for as little as 2 hours per day resulting in serious potential human health and safety impacts. The current system produces 10 MGD of which 1.5 MGD meet EPA drinking water standards for chloride.

No.	Name of Project	Project Description	Dollar Value (Estimated)	Notes
18	Public School Facility Repairs and Maintenance	This project is needed to help the CNMI Public School System (PSS) to facilitate the repair and perform the much needed maintenance of older and dilapidated school buildings, classrooms, gyms, food handling facilities, walkways and sports-related facilities for school children throughout the CNMI. Additional construction of kindergarten classrooms is also needed for the island of Saipan in order to provide an adequate number of facilities for all students.	\$ 5,600,000	The CNMI Public School System (PSS) developed a Capital Improvement Plan (CIP) to encompass high priority school facility needs from 2004-05 to 2011-12. Enrollment projections for new housing units along with cohort survival projection from existing housing are expecting an increase of 2,500 new students over seven years. The CIP identifies a need for 139 new classrooms, 31 replacement classrooms (2 elementary schools, high school serving grades 7-12, classroom additions at 7 schools, and classroom replacements at 5 schools) and other projects such as sports facilities, cafeterias, and bus shelters.
19	Northern Marianas College Renovations	The Northern Marianas College is working back from a possible decrease in accreditation due to inadequate facilities. The college grounds need upgrades to and facility improvements to classrooms, grounds, Information Technology upgrades and lab facilities along with offices for staff, administrators and conference rooms.	\$ 15,000,000	This two-year land grant college is the only institution of higher education in CNMI founded in 1981. At one point there were two other campuses on Tinian and Rota, but those campuses have closed. The campus spans 14 acres and had 930 students in 2007.
20	Small Business Incubator, Saipan	In an effort to transform the economy and promote the development of small business entrepreneurship, the CNMI Department of Commerce will develop a small business incubator. The Secretary of Commerce recently met with the Guam District office and the Small Business Administration (SBA) officials on the need, plan and efforts by the CNMI to establish an incubator in the former location of the now-	\$ 600,000	A grant application is currently being prepared for this incubator - 4/2009

No.	Name of Project	Project Description	Dollar Value (Estimated)	Notes
		<p>closed Pacific Gardenia Hotel. The Commonwealth Development Authority (CDA) recently authorized the request to use the hotel as the incubator site. The hotel has an approximate value of \$1.2 M, which will be used to match grant funds from SBA.</p>		
21	Sanitary Landfill, Rota	<p>The current refuse disposal site on the island of Rota is an open air dump. An alternative site has not been finalized but the dump must be closed with a new sanitary landfill location identified, environmental assessment completed, design work done and a new landfill with appropriate cells built and the old landfill closed and monitored accordingly. There is no heavy equipment at the landfill to properly maintain and re-position and operate the existing landfill.</p>	\$ 11,000,000	<p>*1995 plan recommended 4 potential sites for a Municipal Sanitary Landfill (MSL) *First expense requires the purchase of two medium size (20 cu. yd.) packer trucks for waste collection and transport. Third required in 2001 and fourth in 2006. *Primary goals of system are to fulfill the needs of Rota and protect the environment. *A new site is required to meet the Resources Conservancy & Recovery Act (RCRA). Requires: location have liner and drainage system designed to limit groundwater contamination; monitoring of groundwater; inspection of loads for hazardous waste; and design of permanent cover when location reaches end of useful life. *Estimated 7.67 tons of waster per day generated by Rota (similar to Saipan) and a 1 acre site can accommodate 37,000 tons of waste (EMCOM Assoc. Est.) .</p>
22	Saipan International Airport Public Announcement System	<p>The Saipan International Airport currently has a public announcement system that does not work. This lack of service inhibits the airport's ability to communicate with passengers and employees in day to day and emergency situations. This is an emergency systems need and one that is critical to meeting</p>	\$ 1,000,000	<p>This project recently received a \$1 million grant funding.</p>

No.	Name of Project	Project Description	Dollar Value (Estimated)	Notes
		FAA standards.		
23	Water/Waste Water System for Saipan	<p>This is a US Federal Court ordered project. The existing waste water / sewer system needs major rehabilitation and EPA compliance upgrades. Saipan also needs to improve water quality. The current water quality is unacceptable and the CNMI is subject to fines if it does not start the process of compliance. In Tinian, needs call for the development of a wastewater plant and for connecting homes to the sewer lines. Both the wastewater plant and the connecting system need to be built. The Environmental Assessment has NOT been done. The costs are turnkey.</p>	\$ 75,000,000	<p>According to the Water Infrastructure Development Plan for the Island of Saipan published in April 2003, the island does not have potable water that it can provide to its customers on a continuous basis. The domestic water supply has significant water quality and quantity problems, due to a high sodium and chloride (salt) concentrations, and a lack of a 24-hour water supply in many parts of the system. The current supply delivered to customers by Commonwealth Utilities Corporation (CUC) has an average chloride concentration 5 times (1,294 mg/L) the EPA standard (250 mg/L). Some areas of the island receive water for as little as 2 hours per day resulting in serious potential human health and safety impacts. The current system produces 10 MGD of which 1.5 MGD meet EPA drinking water standards for chloride.</p> <p>*Rota's Primary sources of drinking water are Natanhanom (2.7 MGD) and As Onaan Springs (1.4 MGD). These springs were exceeding U.S. Safe Drinking Water Act standards as of 1995 master plan.</p> <p>*Groundwater supplies Rota with 8-9 million gallons per day (MGD) annually.</p> <p>*Sewer System: Currently uses a Variable Grade Sewer System (VGS) that serves a</p>

No.	Name of Project	Project Description	Dollar Value (Estimated)	Notes
				<p>portion of the SongSong Village. Gravity and septic sewers serve remainder of villages.</p> <p>*Storm water Drainage: should be included as part of design/construction of roads to incorporate ground absorption (using "French Drains"), infiltrators, and retention ponds. Currently using a combination of gutters, ditches and cross-gutters. Part of solution for drainage is to pave village streets.</p> <p>*Demands: Potable water demands expected to expand from 0.3 MGD to 1.8 MGD in 2020. Primary sources adequate for providing water, but servicing system needs upgrades: lack of pressure to villages, water rationing during evening/night, inability to adequately and consistently disinfect (chlorinate) water supply. Golf courses projected to require 0.3 MGD in 2015.</p> <p>*Expansion Needs: Wells - Estimated total of 14 wells required to access groundwater by 2020 (req'd. backup generators and chlorination systems)</p> <p>Transmission Lines - Upgrades required to a 1995 estimation of 24% of lines; Storage - four locations of water storage to meeting one day of avg. demand for power outages (stand-by supply, fire-flow, and stabilization). Total volume per welded steel tank estimated to be 0.98 MGD; chlorination req'd. and levels controlled by altitude.</p> <p>Preventative maintenance</p>

No.	Name of Project	Project Description	Dollar Value (Estimated)	Notes
				<p>program needed and a water accounting system able to be monitored at a central location required.</p>
24	Replace Traffic Lighting System, Saipan	<p>The existing traffic lighting system on Saipan is old, antiquated and sometimes works intermittently. In the past, it has been a source of concern for the safety of the public and pedestrians. Due to the corrosive nature of island air, the internal components of the traffic system are subject to accelerated deterioration. This project aims to correct deficiencies and add safety to traffic flow.</p>	\$ 6,000,000	<p>The 2008 CNMI Highway Comprehensive Master Plan provides a detailed analysis of intersections in the highway infrastructure on the Island of Saipan.</p>
25	Primary and Secondary Road Resurfacing & Hazard Elimination	<p>This includes the construction, resurfacing and repaving of primary and secondary roads that are in dire need of repair and rehabilitation. This project will also allow for the elimination of hazard materials, right of ways, debris, some curb and gutters, and other hazardous and safety problems. This project will also allow for the purchase of additional roads signs, street markings, reflectors, school and pedestrian crossing markings and other road safety features.</p>	\$ 20,000,000	<p>Saipan has the largest amount of existing roadway infrastructure amount the three islands. The draft 2008 CNMI Highway Comprehensive Master Plan provides a detailed analysis of the current highway infrastructure on the Island of Saipan, as well as full analysis of recommended improvements and cost/benefit analysis. The plan identifies two Project-wide (all three islands) Short-Term goals of (1) implementing a Roadway Pavement and Delineation Maintenance and Improvement Program and (2) Roadway Classifications. Long-Range goals are identified for each island:</p> <p>Saipan - (1) Construct new bridge and connection along Route 36; (2) Upgrade and pave Lau Lau Rd to Kagman; (3) Realign Texas Rd and modify Middle Rd and</p>

No.	Name of Project	Project Description	Dollar Value (Estimated)	Notes
				<p>Monsignor Guerrero to a 4-leg intersection; (4) Realign Micro Beach Rd between Beach Rd. and Middle Rd. Widen roadway to provide a third lane that would become a WB left-turn lane, and add bike lanes. Add pedestrian pathway to Micro Beach Rd.; (5) Widen Beach Rd. from Quartermaster Rd to Gualo Rai Rd; (6) Construct pedestrian facilities and bike lanes on Middle Rd.; (7) Drainage upgrade along Chalan Monsignor Guerrero near Chalan Tun Herman Pan Rd.; (8) Widen Beach Rd. from Chalan Monsignor Guerrero to Afetna and install two-way left-turn lane in median.</p>
				<p>Tinian - (1) Upgrade and pave roadways and construct pedestrian facilities in San Jose Village; (2) Upgrades and Improvements to Broadway from Route 201 south to Limestone Forest Trail.</p>
				<p>Rota - (1) Drainage upgrade along Route 10 from Tatchok Pt south to Pinatang Park; (2) Upgrade and pave Route 101 from Route 10 (College of Marianas) and along Route 11 to Ginalahan Community; (3) Complete, widen and pave Route 100 from SongSong Village to Ginalahan Community and Airport. Additional Info on Rota: Establishment of Rota Roadway Classification System for 5-types of roadways -Arterial; Urban Collector, Rural Collector, Scenic Collector, and Rural. Projects laid out into 19 increments and were pending Federal Highway Administration</p>

No.	Name of Project	Project Description	Dollar Value (Estimated)	Notes
				<p>(FHWA) funds as of 1995 master plan. *in 1995 Rota had 87 miles of roads and village streets (from Japanese Period): 12 miles paved, 30 miles improved, 45 miles unimproved.</p>
26	Solar Power Street Lighting	<p>Street lights are a great expense and load on the power generators of CUC. With the abundant amount of year-round sun, these streets lights are great candidates for solar power. This project is to create a pilot project and to see through a conversion of the current fossil fuel generation of electricity on the CNMI streets. The output is to remove the lights from the electrical grid by purchasing, installing and maintaining the street and parking light system into a solar powered free-standing system.</p>	\$ 2,000,000	This cell left intentionally blank.
27	Kalabera Cave - Historic Preservation and Tourist Destination, Saipan	<p>Continuing on the dirt road beyond Bird Island overlook leads to the historic Kalabera Cave. Ancient Chamorros lived in the cave and one can still see pictographs and petroglyphs located on the cave walls. The cave has a large opening and a high roof. It slopes downward and is usually slippery. Not too far inside is a very deep hole. Japanese soldiers used the cave as a field hospital during the Battle of Saipan. Stories are told of Japanese soldiers, nurses, doctors, and patients crowded around a single grenade to avoid being taken prisoners during the last days of the battle.</p>		<p>An ideal location for a new tourist site, archeological study has been done on the cave in preparation for a project to build a staircase and lighting that is safe for visitors, as well as a paved parking area.</p>

No.	Name of Project	Project Description	Dollar Value (Estimated)	Notes
28	Susupe Lake, Saipan	The only fresh water lake located in Saipan, it is host to a variety of animals and species. It is home to a few species of birds found only in the Marianas. One of the endangered birds, the Moorhen, has a Saipan population of 36. This project will create a 1.1 mile boardwalk which will enhance the lake's visibility, importance and eco-awareness for the local population and tourists, adding an important destination point for island visitors.	\$ 1,500,000	This cell left intentionally blank.
29	Saipan Airport Terminal Renovation	The Saipan International Airport is in dire need of repair and renovation to meet full compliance standards of TSA and FAA. The airport recently received a \$1 Million grant to upgrade their public announcement system but the terminals themselves now need to be upgraded to facilitate the movement and safety of passengers and cargo. Gates, walkways, emergency exits, signage, seating, food and beverage locations will all be upgraded with this renovation.	\$ 4,000,000	The terminals have not been renovated in over 10 years. The current changes, improvements and security upgrades since 9/11 have made this project quite important and given the Federal Government's intention of taking over immigration matters, improving passenger customs and immigration facilitation is necessary.
30	Saipan Airport Fuel Storage Facility	The Saipan Airport is the largest of the CNMI and does have the capability to re-fuel large aircraft. The need for expanding the fuel farm facility is to help provide an opportunity for competition and lower prices to help stimulate more air international air service and tourism as requested by airlines.	\$ 6,000,000	The Petroleum Fuel Tank Farm Feasibility Assessment report published in April 2008 by Jet Consulting Services determined that the minimum security level for CNMI would be the fuel stock to maintain sufficient stock to avert logistical stock out for power generation, or a 22 day supply. The CUC currently only uses Diesel 2 fuel for energy production and the report estimated that the full implementation of Public Law 15-87 could reduce Saipan's fuel demand from the current level of around 1,500 barrels/day to 910 barrels/day

No.	Name of Project	Project Description	Dollar Value (Estimated)	Notes
				<p>in 2013 and then to 300 barrels/day by 2015. The report investigated three scenarios for fuel tank storage options: First, the study assumed that CUC consumption stabilized at 1520 barrels/day and estimated costs of a new facility to be delivered by 2010 capable of storing 22, 45, 60 and 90 days of fuel; Second, the study investigated the incremental feasibility of utilizing existing facilities through life-cycle extension to meet project demands; and Third, the study evaluated the need for a fuel farm if Public Law 15-87 was successfully implemented.</p>
31	Tinian Seaport Rehabilitation – DREDGING	<p>The Tinian support serves as the major mode of transportation of goods and services for Tinian. The port will also be the main conduit to move heavy equipment and military goods into Tinian if and when the Department of Defense uses Tinian for military training exercises. Currently the waterway has a 28' draft which is sufficient to meet the local needs. This dredging project has been separated from the other aspects of the Tinian Seaport Rehabilitation because any dredging beyond the 28' is required by the military - not the CNMI/Tinian needs. This project requires a plethora of planning, environmental studies and has a level of high costs. However, it is critical to every aspect of this island's economy.</p>	\$ 10,000,000	This cell left intentionally blank.

No.	Name of Project	Project Description	Dollar Value (Estimated)	Notes
32	Pagan Volcano Monitoring	<p>The CNMI was donated volcano monitoring equipment that is currently being held and stored in the northwest part of the US mainland. The CNMI must pay for the shipping and installation of the Volcano Monitoring equipment on the Island of Pagan on its own. The island of Pagan is currently being considered as a site for possible training by US Marines as the military increases their size and presence on Guam. The CNMI runs the risk of losing the equipment if it does not comply with this request and there will be no monitoring capabilities in Pagan to monitor the volcano.</p>	\$ 400,000	<p>Within the Commonwealth of the Northern Mariana Islands (CNMI), nine active volcanoes pose a significant hazard to air traffic and to planned settlement and economic development of many of the islands. A volcano monitoring system is required to provide early warning of future eruptions, and hazard assessments are required for each of the active volcanoes to provide guidance for future settlement and economic development. There is ample evidence that eruptions of Marianas volcanoes constitute a hazard to aircraft flying in the western Pacific. Over the past 20 years the threat to aviation from airborne volcanic ash has been widely recognized and well documented (Casadevall, 1994).</p>
33	Marpi Solid Waste Facility, Saipan	<p>The CNMI began public operations of the MSWF in 2003 and has been continually evaluating program provision and costs to maintain compliant operations and efficiencies. During FY '04, DPW/SWMD handled approximately 45,624 tons of material. Of this, 35,245 tons, or 77.2% of delivered material, were disposed of at MSWMF. Through the private recycling contracts, 10,379 tons were diverted and offered for recycling. This equates to a recycling rate of 22.8%. To provide perspective, on a daily basis, utilizing the operating days at the MSWMF (308 days), Saipan generates 148.12 tons of waste. Of this total 114.43 tons are disposed of at the MSWMF on any given day. 33.69 tons are</p>	\$ 1,500,000	<p>If no additional efforts are taken to increase diversion through recycling or to include technology that can have an appreciable impact in reduction of the volume of waste requiring ultimate disposal, capacity of the existing cells will be expended in the middle of 2007. Depending on the extent of expansion, are all remaining cells constructed or in phases to build-out, a minimum of \$10M will be needed. No current or future funding source has been identified to cover this need, which will become pressing at least 1 year prior to existing cells reaching capacity or no later than May 2006.</p>

No.	Name of Project	Project Description	Dollar Value (Estimated)	Notes
		diverted for recycling on any given day as well. The capital funds are to expand the existing Marpi Facility.		
34	Medical Dialysis Center, Rota	The Rota population has a very high rate of diabetes that can often lead to kidney illnesses and failures. The community and the Commonwealth Health Center have a need to construct, equipment, staff, and open a dialysis facility to serve patients on Rota. This facility will eliminate the need to have patients travel to Saipan for this treatment.	\$ 1,500,000	1995 Plan recommended the completion of a feasibility study to establish a Regional Treatment Center.

Appendix D: CEDS Project Evaluations

CEDS PROJECT EVALUATION WORKSHEET

CUC Public Private Partnership

Name of Project: CUC Public-Private Partnership					Municipality: Saipan		
Brief Project Description: Rented generators are a temporary solution. Some form of PPP/privatization will bring in both the service and maintenance level required to maintain and operate the generators. It will also generate much needed revenue. Some of the revenue generated from the privatization can be used to leverage other economic development projects.							
Lead Agency: CUC					Cost: Net Revenue Gain		
Type of Project: Public-Private Partnership							
Evaluation Criteria						Multiplier Factor	Points Awarded
	1	2	3	4	5		
Project will support the growth of CNMI's tourist industry				4		3.0	12.00
Project will provide ancillary benefit/encouragement to future U.S. military activities in CNMI		2				1.0	2.00
Project will generate direct employment in the construction industry		2				1.5	3.00
Project will generate long-term employment in CNMI		2				3.0	6.00
Private sector investment as a percentage of project cost					5	2.0	10.00
Degree of long-term (post-construction) public sector funding required					5	1.5	7.50
Project priority according to the local community					5	1.0	5.00
Percent of CNMI population who will directly benefit from the project				4		1.5	6.00
Project minimizes potential impacts to shorelines, reefs, wetlands, critical habitats and other environmentally sensitive areas					5	1.0	5.00
Project environmental footprint (e.g., carbon emissions, other impacts)					5	1.0	5.00
Time required to implement project				4		1.0	4.00
TOTAL POINTS							65.5

CEDS PROJECT EVALUATION WORKSHEET

Inter-Island Super Ferry

Name of Project: Inter-Island Super Ferry					Municipality: Saipan, Tinian, and Rota		
Brief Project Description: The Super ferry will help increase commerce, travel, shipping between the islands. It will help facilitate travel for the military to Tinian, and travel for tourist from Guam to the other islands.							
Lead Agency: Private Sector					Cost: \$ 40 M		
Type of Project: Guam, Saipan, Tinian, Rota interconnecting ferry transportation system							
Evaluation Criteria	1	2	3	4	5	Multiplier Factor	Points Awarded
Project will support the growth of CNMI's tourist industry					5	3.0	15.00
Project will provide ancillary benefit/encouragement to future U.S. military activities in CNMI					5	1.0	5.00
Project will generate direct employment in the construction industry	1					1.5	1.50
Project will generate long-term employment in CNMI		2				3.0	6.00
Private sector investment as a percentage of project cost					5	2.0	10.00
Degree of long-term (post-construction) public sector funding required				4		1.5	6.00
Project priority according to the local community			3			1.0	3.00
Percent of CNMI population who will directly benefit from the project					5	1.5	7.50
Project minimizes potential impacts to shorelines, reefs, wetlands, critical habitats and other environmentally sensitive areas	1					1.0	1.00
Project environmental footprint (e.g., carbon emissions, other impacts)	1					1.0	1.00
Time required to implement project			3			1.0	3.00
TOTAL POINTS							59

CEDS PROJECT EVALUATION WORKSHEET

Pinatang Park PPP

Name of Project: Pinatang Park PPP					Municipality: Rota		
Brief Project Description: Redevelop abandoned waterpark using concession-type PPP approach							
Lead Agency: Rota Local Government					Cost: Net Revenue Gain		
Type of Project: Public-Private Partnership							
Evaluation Criteria						Multiplier Factor	Points Awarded
	1	2	3	4	5		
Project will support the growth of CNMI's tourist industry				4		3.0	12.00
Project will provide ancillary benefit/encouragement to future U.S. military activities in CNMI		2				1.0	2.00
Project will generate direct employment in the construction industry		2				1.5	3.00
Project will generate long-term employment in CNMI		2				3.0	6.00
Private sector investment as a percentage of project cost					5	2.0	10.00
Degree of long-term (post-construction) public sector funding required					5	1.5	7.50
Project priority according to the local community			3			1.0	3.00
Percent of CNMI population who will directly benefit from the project		2				1.5	3.00
Project minimizes potential impacts to shorelines, reefs, wetlands, critical habitats and other environmentally sensitive areas					5	1.0	5.00
Project environmental footprint (e.g., carbon emissions, other impacts)		2				1.0	2.00
Time required to implement project				4		1.0	4.00
TOTAL POINTS							57.5

CEDS PROJECT EVALUATION WORKSHEET

Alternative Energy – CNMI Wide

Name of Project: Alternative Energy						Municipality: CNMI-Wide	
Brief Project Description: To develop an energy supply for the CNMI that is renewable, sustainable, environmental-friendly and economical. To evaluate the potential for development of a geothermal power system within the CNMI based on the scientific findings of exploitable geothermal formations and the economic of distributing the energy generating.							
Lead Agency: CUC						Cost: \$ 45 M	
Type of Project: Develop alternative energy solutions for CNMI-Wide, especially Saipan							
Evaluation Criteria						Multiplier Factor	Points Awarded
	1	2	3	4	5		
Project will support the growth of CNMI's tourist industry			3			3.0	9.00
Project will provide ancillary benefit/encouragement to future U.S. military activities in CNMI		2				1.0	2.00
Project will generate direct employment in the construction industry					5	1.5	7.50
Project will generate long-term employment in CNMI			3			3.0	9.00
Private sector investment as a percentage of project cost				4		2.0	8.00
Degree of long-term (post-construction) public sector funding required	1					1.5	1.50
Project priority according to the local community		2				1.0	2.00
Percent of CNMI population who will directly benefit from the project				4		1.5	6.00
Project minimizes potential impacts to shorelines, reefs, wetlands, critical habitats and other environmentally sensitive areas				4		1.0	4.00
Project environmental footprint (e.g., carbon emissions, other impacts)				4		1.0	4.00
Time required to implement project			3			1.0	3.00
TOTAL POINTS							56

CEDS PROJECT EVALUATION WORKSHEET

MHA Public Housing Redevelopment, Saipan

Name of Project: PPP - MHA Public Housing					Municipality: Saipan		
Brief Project Description: This project seeks to assess the feasibility and potential benefits of including the MHA Public Housing grounds located in Garapan under a public private partnership or other economic development financial or project instrument to achieve a higher and best utilization of the property.							
Lead Agency: CPA					Cost: \$ Net Revenue Generating		
Type of Project: Redevelopment Opportunity							
Evaluation Criteria						Multiplier Factor	Points Awarded
	1	2	3	4	5		
Project will support the growth of CNMI's tourist industry			3			3.0	9.00
Project will provide ancillary benefit/encouragement to future U.S. military activities in CNMI		2				1.0	2.00
Project will generate direct employment in the construction industry					5	1.5	7.50
Project will generate long-term employment in CNMI			3			3.0	9.00
Private sector investment as a percentage of project cost					5	2.0	10.00
Degree of long-term (post-construction) public sector funding required		2				1.5	3.00
Project priority according to the local community		2				1.0	2.00
Percent of CNMI population who will directly benefit from the project		2				1.5	3.00
Project minimizes potential impacts to shorelines, reefs, wetlands, critical habitats and other environmentally sensitive areas					5	1.0	5.00
Project environmental footprint (e.g., carbon emissions, other impacts)	1					1.0	1.00
Time required to implement project				4		1.0	4.00
TOTAL							55.5

CEDS PROJECT EVALUATION WORKSHEET

Paseo de Marianas

Name of Project: Paseo de Marianas					Municipality: Saipan		
Brief Project Description: This project will continue the redevelopment of the Garapan area to a more attractive tourist district. This project will add a sail-like covering that will provide shade, benches, landscaping and improve the aesthetic quality of the Paseo de Marianas pedestrian mall.							
Lead Agency: MVA					Cost: \$ 2 M		
Type of Project: Make Garapan tourist center a more attractive and pedestrian friendly place for tourists							
Evaluation Criteria						Multiplier Factor	Points Awarded
	1	2	3	4	5		
Project will support the growth of CNMI's tourist industry					5	3.0	15.00
Project will provide ancillary benefit/encouragement to future U.S. military activities in CNMI		2				1.0	2.00
Project will generate direct employment in the construction industry		2				1.5	3.00
Project will generate long-term employment in CNMI		2				3.0	6.00
Private sector investment as a percentage of project cost		2				2.0	4.00
Degree of long-term (post-construction) public sector funding required		2				1.5	3.00
Project priority according to the local community		2				1.0	2.00
Percent of CNMI population who will directly benefit from the project		2				1.5	3.00
Project minimizes potential impacts to shorelines, reefs, wetlands, critical habitats and other environmentally sensitive areas					5	1.0	5.00
Project environmental footprint (e.g., carbon emissions, other impacts)					5	1.0	5.00
Time required to implement project					5	1.0	5.00
TOTAL POINTS							53

CEDS PROJECT EVALUATION WORKSHEET

PSS – Garapan Elementary School Property Re-Utilization

Name of Project: PSS - Garapan Elementary School Property Re-Utilization					Municipality: Saipan		
Brief Project Description: This project seeks to look at the feasibility of relocating Garapan Elementary school to a better 'children-friendly' and more modern elementary school at another location and away from the Garapan Business District. This project will also entail the need for a new elementary school to be built on the previous elementary school property by the gains from the sale or lease of the property.							
Lead Agency: PSS					Cost: \$ Net Revenue Generating		
Type of Project: School Property Re-Development. The design and built of a new and modern school built at a location of the PSS choice.							
Evaluation Criteria						Multiplier Factor	Points Awarded
	1	2	3	4	5		
Project will support the growth of CNMI's tourist industry		2				3.0	6.00
Project will provide ancillary benefit/encouragement to future U.S. military activities in CNMI		2				1.0	2.00
Project will generate direct employment in the construction industry					5	1.5	7.50
Project will generate long-term employment in CNMI			3			3.0	9.00
Private sector investment as a percentage of project cost					5	2.0	10.00
Degree of long-term (post-construction) public sector funding required		2				1.5	3.00
Project priority according to the local community		2				1.0	2.00
Percent of CNMI population who will directly benefit from the project				4		1.5	6.00
Project minimizes potential impacts to shorelines, reefs, wetlands, critical habitats and other environmentally sensitive areas			3			1.0	3.00
Project environmental footprint (e.g., carbon emissions, other impacts)	1					1.0	1.00
Time required to implement project			3			1.0	3.00
TOTAL							52.5

CEDS PROJECT EVALUATION WORKSHEET

Rota Agricultural Coop

Name of Project: Rota Agricultural Coop					Municipality: Rota		
Brief Project Description: Create Agricultural COOP to Promote Growth of Agricultural Industry and Exports							
Lead Agency: NMC					Cost: \$ 375,000		
Type of Project: Development							
Evaluation Criteria						Multiplier Factor	Points Awarded
	1	2	3	4	5		
Project will support the growth of CNMI's tourist industry			3			3.0	9.00
Project will provide ancillary benefit/encouragement to future U.S. military activities in CNMI			3			1.0	3.00
Project will generate direct employment in the construction industry		2				1.5	3.00
Project will generate long-term employment in CNMI			3			3.0	9.00
Private sector investment as a percentage of project cost		2				2.0	4.00
Degree of long-term (post-construction) public sector funding required					5	1.5	7.50
Project priority according to the local community		2				1.0	2.00
Percent of CNMI population who will directly benefit from the project		2				1.5	3.00
Project minimizes potential impacts to shorelines, reefs, wetlands, critical habitats and other environmentally sensitive areas					5	1.0	5.00
Project environmental footprint (e.g., carbon emissions, other impacts)		2				1.0	2.00
Time required to implement project					5	1.0	5.00
TOTAL POINTS							52.5

CEDS PROJECT EVALUATION WORKSHEET

Instrument Landing System for Tinian Airport

Name of Project: Instrument Landing System for Tinian Airport					Municipality: Tinian		
Brief Project Description: ILS is necessary to remove a level of danger for large aircraft. The installation of an ILS system will allow Tinian to attract international flights directly in the future.							
Lead Agency: CPA							
Type of Project: ILS for Tinian airport					Cost: \$3.5 M		
Evaluation Criteria						Multiplier Factor	Points Awarded
	1	2	3	4	5		
Project will support the growth of CNMI's tourist industry					5	3.0	15.00
Project will provide ancillary benefit/encouragement to future U.S. military activities in CNMI			3			1.0	3.00
Project will generate direct employment in the construction industry			3			1.5	4.50
Project will generate long-term employment in CNMI	1					3.0	3.00
Private sector investment as a percentage of project cost	1					2.0	2.00
Degree of long-term (post-construction) public sector funding required	1					1.5	1.50
Project priority according to the local community				4		1.0	4.00
Percent of CNMI population who will directly benefit from the project		2				1.5	3.00
Project minimizes potential impacts to shorelines, reefs, wetlands, critical habitats and other environmentally sensitive areas					5	1.0	5.00
Project environmental footprint (e.g., carbon emissions, other impacts)				4		1.0	4.00
Time required to implement project					5	1.0	5.00
TOTAL							50

CEDS PROJECT EVALUATION WORKSHEET

Seaport Rehab-SEAWALL

Name of Project: Seaport Rehab-SEAWALL					Municipality: CNMI - Tinian		
Brief Project Description: Critical to help rehabilitate the seaports breakwater seawall. Although this project requires a plethora of planning, environmental studies and have a level of high costs, these are critical to the island's economy. A continuing decline in their current state of condition will cause economic damage to the island.							
Lead Agency: CPA					Cost: \$ 40 M		
Type of Project: Rehabilitation							
Evaluation Criteria						Multiplier Factor	Points Awarded
	1	2	3	4	5		
Project will support the growth of CNMI's tourist industry				4		3.0	12.00
Project will provide ancillary benefit/encouragement to future U.S. military activities in CNMI					5	1.0	5.00
Project will generate direct employment in the construction industry					5	1.5	7.50
Project will generate long-term employment in CNMI		2				3.0	6.00
Private sector investment as a percentage of project cost		2				2.0	4.00
Degree of long-term (post-construction) public sector funding required	1					1.5	1.50
Project priority according to the local community					5	1.0	5.00
Percent of CNMI population who will directly benefit from the project		2				1.5	3.00
Project minimizes potential impacts to shorelines, reefs, wetlands, critical habitats and other environmentally sensitive areas	1					1.0	1.00
Project environmental footprint (e.g., carbon emissions, other impacts)			3			1.0	3.00
Time required to implement project		2				1.0	2.00
TOTAL POINTS							50

CEDS PROJECT EVALUATION WORKSHEET

International Sports Complex

Name of Project: International Sports Complex					Municipality: Saipan		
Brief Project Description: To develop, sponsor, foster and promote national and international sporting competitions for the CNMI, Pacific Islands and Asia sports							
Lead Agency: MVA					Cost: \$ 1.5 M		
Type of Project: Upgrade the sports complex to facilitate more events, teams, tournaments and training							
Evaluation Criteria						Multiplier Factor	Points Awarded
	1	2	3	4	5		
Project will support the growth of CNMI's tourist industry				4		3.0	12.00
Project will provide ancillary benefit/encouragement to future U.S. military activities in CNMI		2				1.0	2.00
Project will generate direct employment in the construction industry		2				1.5	3.00
Project will generate long-term employment in CNMI		2				3.0	6.00
Private sector investment as a percentage of project cost				4		2.0	8.00
Degree of long-term (post-construction) public sector funding required					5	1.5	7.50
Project priority according to the local community		2				1.0	2.00
Percent of CNMI population who will directly benefit from the project	1					1.5	1.50
Project minimizes potential impacts to shorelines, reefs, wetlands, critical habitats and other environmentally sensitive areas	1					1.0	1.00
Project environmental footprint (e.g., carbon emissions, other impacts)	1					1.0	1.00
Time required to implement project				4		1.0	4.00
TOTAL POINTS							48.00

CEDS PROJECT EVALUATION WORKSHEET

Commonwealth Health Center Building Repairs

Name of Project: Commonwealth Health Center Building Repairs/Improvements						Municipality: Saipan	
Brief Project Description: This project is to repair, improve and upgrade the medical facilities and centers in the CNMI							
Lead Agency: CHC						Cost: \$ 4 M	
Type of Project: Upgrade Healthcare facilities							
Evaluation Criteria						Multiplier Factor	Points Awarded
	1	2	3	4	5		
Project will support the growth of CNMI's tourist industry		2				3.0	6.00
Project will provide ancillary benefit/encouragement to future U.S. military activities in CNMI		2				1.0	2.00
Project will generate direct employment in the construction industry			3			1.5	4.50
Project will generate long-term employment in CNMI		2				3.0	6.00
Private sector investment as a percentage of project cost		2				2.0	4.00
Degree of long-term (post-construction) public sector funding required			3			1.5	4.50
Project priority according to the local community		2				1.0	2.00
Percent of CNMI population who will directly benefit from the project				4		1.5	6.00
Project minimizes potential impacts to shorelines, reefs, wetlands, critical habitats and other environmentally sensitive areas					5	1.0	5.00
Project environmental footprint (e.g., carbon emissions, other impacts)				4		1.0	4.00
Time required to implement project			3			1.0	3.00
TOTAL POINTS							47.00

CEDS PROJECT EVALUATION WORKSHEET

Tinian Slaughterhouse

Name of Project: Tinian Slaughterhouse					Municipality: Tinian		
Brief Project Description: This project seeks to identify and make available a mobile slaughter house for the livestock in Tinian. This will include the mobile unit, cleanliness, and USDA inspection of the mobile unit. This operation may be able to provide USDA inspected and approved beef for export.							
Lead Agency: Tinian Municipal					Cost: \$ 1.5 M		
Type of Project: Meat Producing USDA inspected project							
Evaluation Criteria						Multiplier Factor	Points Awarded
	1	2	3	4	5		
Project will support the growth of CNMI's tourist industry			3			3.0	9.00
Project will provide ancillary benefit/encouragement to future U.S. military activities in CNMI			3			1.0	3.00
Project will generate direct employment in the construction industry		2				1.5	3.00
Project will generate long-term employment in CNMI			3			3.0	9.00
Private sector investment as a percentage of project cost		2				2.0	4.00
Degree of long-term (post-construction) public sector funding required	1					1.5	1.50
Project priority according to the local community		2				1.0	2.00
Percent of CNMI population who will directly benefit from the project		2				1.5	3.00
Project minimizes potential impacts to shorelines, reefs, wetlands, critical habitats and other environmentally sensitive areas				4		1.0	4.00
Project environmental footprint (e.g., carbon emissions, other impacts)		2				1.0	2.00
Time required to implement project					5	1.0	5.00
TOTAL							45.5

CEDS PROJECT EVALUATION WORKSHEET

Rota Airport Fuel Farm

Name of Project: Rota Airport Fuel Farm					Municipality: Rota		
Brief Project Description: Rota airport does not have fuel storage facilities, and therefore cannot accommodate charter planes without an extra stop in Guam. By providing re-fueling capability, the airport may be better equipped to increase air service to the island.							
Lead Agency: CPA					Cost: \$ 6 M		
Type of Project: Construct or expand fuel facilities at Rota							
Evaluation Criteria						Multiplier Factor	Points Awarded
	1	2	3	4	5		
Project will support the growth of CNMI's tourist industry					5	3.0	15.00
Project will provide ancillary benefit/encouragement to future U.S. military activities in CNMI		2				1.0	2.00
Project will generate direct employment in the construction industry			3			1.5	4.50
Project will generate long-term employment in CNMI		2				3.0	6.00
Private sector investment as a percentage of project cost	1					2.0	2.00
Degree of long-term (post-construction) public sector funding required	1					1.5	1.50
Project priority according to the local community		2				1.0	2.00
Percent of CNMI population who will directly benefit from the project		2				1.5	3.00
Project minimizes potential impacts to shorelines, reefs, wetlands, critical habitats and other environmentally sensitive areas				4		1.0	4.00
Project environmental footprint (e.g., carbon emissions, other impacts)		2				1.0	2.00
Time required to implement project			3			1.0	3.00
TOTAL POINTS							45

CEDS PROJECT EVALUATION WORKSHEET

Seaport Rehabilitation

Name of Project: Seaport Rehabilitation					Municipality: CNMI - Rota		
Brief Project Description: Critical to help improve the port. Although these projects require a plethora of planning, environmental studies and have a level of high costs, these are critical to every aspect of these islands economy. A continuing decline in their current state of condition will cause economic damage to the island.							
Lead Agency: CPA					Cost: \$ 20 M		
Type of Project: Rehabilitate the Seaports in Rota							
Evaluation Criteria						Multiplier Factor	Points Awarded
	1	2	3	4	5		
Project will support the growth of CNMI's tourist industry				4		3.0	12.00
Project will provide ancillary benefit/encouragement to future U.S. military activities in CNMI		2				1.0	2.00
Project will generate direct employment in the construction industry					5	1.5	7.50
Project will generate long-term employment in CNMI		2				3.0	6.00
Private sector investment as a percentage of project cost		2				2.0	4.00
Degree of long-term (post-construction) public sector funding required	1					1.5	1.50
Project priority according to the local community					5	1.0	5.00
Percent of CNMI population who will directly benefit from the project		2				1.5	3.00
Project minimizes potential impacts to shorelines, reefs, wetlands, critical habitats and other environmentally sensitive areas	1					1.0	1.00
Project environmental footprint (e.g., carbon emissions, other impacts)	1					1.0	1.00
Time required to implement project		2				1.0	2.00
TOTAL POINTS							45

CEDS PROJECT EVALUATION WORKSHEET

Water System

Name of Project: Water System					Municipality: Saipan		
Brief Project Description: This is an EPA stipulated order. This project will provide focus and direction to meet Clean Water Act and Safe Drinking Water Act requirements.							
Lead Agency: DPW				Cost: \$ 20 M			
Type of Project: Court-ordered Water improvements							
Evaluation Criteria						Multiplier Factor	Points Awarded
	1	2	3	4	5		
Project will support the growth of CNMI's tourist industry		2				3.0	6.00
Project will provide ancillary benefit/encouragement to future U.S. military activities in CNMI		2				1.0	2.00
Project will generate direct employment in the construction industry					5	1.5	7.50
Project will generate long-term employment in CNMI	1					3.0	3.00
Private sector investment as a percentage of project cost	1					2.0	2.00
Degree of long-term (post-construction) public sector funding required		2				1.5	3.00
Project priority according to the local community		2				1.0	2.00
Percent of CNMI population who will directly benefit from the project				4		1.5	6.00
Project minimizes potential impacts to shorelines, reefs, wetlands, critical habitats and other environmentally sensitive areas					5	1.0	5.00
Project environmental footprint (e.g., carbon emissions, other impacts)					5	1.0	5.00
Time required to implement project			3			1.0	3.00
TOTAL POINTS							44.5

CEDS PROJECT EVALUATION WORKSHEET

Educational Facility Repairs

Name of Project: Educational Facility Repairs and Maintenance					Municipality: Saipan		
Brief Project Description: To facilitate the repair and perform the maintenance on older and dilapidated public school system buildings							
Lead Agency: PSS					Cost: \$ 5.6 M		
Type of Project: Public school system repairs and maintenance							
Evaluation Criteria						Multiplier Factor	Points Awarded
	1	2	3	4	5		
Project will support the growth of CNMI's tourist industry		2				3.0	6.00
Project will provide ancillary benefit/encouragement to future U.S. military activities in CNMI		2				1.0	2.00
Project will generate direct employment in the construction industry			3			1.5	4.50
Project will generate long-term employment in CNMI		2				3.0	6.00
Private sector investment as a percentage of project cost	1					2.0	2.00
Degree of long-term (post-construction) public sector funding required		2				1.5	3.00
Project priority according to the local community			3			1.0	3.00
Percent of CNMI population who will directly benefit from the project				4		1.5	6.00
Project minimizes potential impacts to shorelines, reefs, wetlands, critical habitats and other environmentally sensitive areas					5	1.0	5.00
Project environmental footprint (e.g., carbon emissions, other impacts)				4		1.0	4.00
Time required to implement project			3			1.0	3.00
TOTAL POINTS							44.50

CEDS PROJECT EVALUATION WORKSHEET

NMC College Renovations

Name of Project: NMC College Renovations					Municipality: Saipan		
Brief Project Description: To improve the upgrade the facilities at the Northern Marianas College including classroom, IT and instructional capabilities							
Lead Agency: NMC					Cost: \$ 15 M		
Type of Project: Northern Marianas College Campus repairs and maintenance							
Evaluation Criteria						Multiplier Factor	Points Awarded
	1	2	3	4	5		
Project will support the growth of CNMI's tourist industry		2				3.0	6.00
Project will provide ancillary benefit/encouragement to future U.S. military activities in CNMI		2				1.0	2.00
Project will generate direct employment in the construction industry					5	1.5	7.50
Project will generate long-term employment in CNMI	1					3.0	3.00
Private sector investment as a percentage of project cost		2				2.0	4.00
Degree of long-term (post-construction) public sector funding required			3			1.5	4.50
Project priority according to the local community		2				1.0	2.00
Percent of CNMI population who will directly benefit from the project		2				1.5	3.00
Project minimizes potential impacts to shorelines, reefs, wetlands, critical habitats and other environmentally sensitive areas					5	1.0	5.00
Project environmental footprint (e.g., carbon emissions, other impacts)				4		1.0	4.00
Time required to implement project			3			1.0	3.00
TOTAL POINTS							44.00

CEDS PROJECT EVALUATION WORKSHEET

Small Business Incubator

Name of Project: Small Business Incubator					Municipality: Saipan		
Brief Project Description: To develop a small business incubator from an existing building and includes workforce/skills/job training							
Lead Agency: Department of Commerce					Cost: \$ 600,000		
Type of Project: Rehab the Pacific Garden hotel into small business incubator with a small restaurant for the culinary arts program							
Evaluation Criteria						Multiplier Factor	Points Awarded
	1	2	3	4	5		
Project will support the growth of CNMI's tourist industry		2				3.0	6.00
Project will provide ancillary benefit/encouragement to future U.S. military activities in CNMI		2				1.0	2.00
Project will generate direct employment in the construction industry		2				1.5	3.00
Project will generate long-term employment in CNMI			3			3.0	9.00
Private sector investment as a percentage of project cost		2				2.0	4.00
Degree of long-term (post-construction) public sector funding required		2				1.5	3.00
Project priority according to the local community		2				1.0	2.00
Percent of CNMI population who will directly benefit from the project		2				1.5	3.00
Project minimizes potential impacts to shorelines, reefs, wetlands, critical habitats and other environmentally sensitive areas					5	1.0	5.00
Project environmental footprint (e.g., carbon emissions, other impacts)		2				1.0	2.00
Time required to implement project					5	1.0	5.00
TOTAL POINTS							44.00

CEDS PROJECT EVALUATION WORKSHEET

Sanitary Landfill Relocation

Name of Project: Sanitary Landfill Relocation					Municipality: Rota		
Brief Project Description: Rota must close its open dump site and construct a new environmentally-sound sanitary landfill in a new location. The project includes preparations for the new site and closing the old site.							
Lead Agency: DPW					Cost: \$ 11 M		
Type of Project: Perform construction, relocation, and some environmental studies to relocate the respective landfills							
Evaluation Criteria						Multiplier Factor	Points Awarded
	1	2	3	4	5		
Project will support the growth of CNMI's tourist industry			3			3.0	9.00
Project will provide ancillary benefit/encouragement to future U.S. military activities in CNMI		2				1.0	2.00
Project will generate direct employment in the construction industry					5	1.5	7.50
Project will generate long-term employment in CNMI	1					3.0	3.00
Private sector investment as a percentage of project cost	1					2.0	2.00
Degree of long-term (post-construction) public sector funding required		2				1.5	3.00
Project priority according to the local community		2				1.0	2.00
Percent of CNMI population who will directly benefit from the project		2				1.5	3.00
Project minimizes potential impacts to shorelines, reefs, wetlands, critical habitats and other environmentally sensitive areas				4		1.0	4.00
Project environmental footprint (e.g., carbon emissions, other impacts)					5	1.0	5.00
Time required to implement project		2				1.0	2.00
TOTAL POINTS							42.5

CEDS PROJECT EVALUATION WORKSHEET

Airport Public Announcement System

Name of Project: Airport Public Announcement System					Municipality: Saipan		
Brief Project Description: The airport needs a new public announcement system to meet emergencies and general call announcements							
Lead Agency: CPA					Cost: \$ 1 M		
Type of Project: Upgrade Saipan international airport PA system							
Evaluation Criteria						Multiplier Factor	Points Awarded
	1	2	3	4	5		
Project will support the growth of CNMI's tourist industry			3			3.0	9.00
Project will provide ancillary benefit/encouragement to future U.S. military activities in CNMI		2				1.0	2.00
Project will generate direct employment in the construction industry		2				1.5	3.00
Project will generate long-term employment in CNMI	1					3.0	3.00
Private sector investment as a percentage of project cost	1					2.0	2.00
Degree of long-term (post-construction) public sector funding required			3			1.5	4.50
Project priority according to the local community		2				1.0	2.00
Percent of CNMI population who will directly benefit from the project		2				1.5	3.00
Project minimizes potential impacts to shorelines, reefs, wetlands, critical habitats and other environmentally sensitive areas					5	1.0	5.00
Project environmental footprint (e.g., carbon emissions, other impacts)				4		1.0	4.00
Time required to implement project					5	1.0	5.00
TOTAL POINTS							42.50

CEDS PROJECT EVALUATION WORKSHEET

Water/Wastewater System

Name of Project: Water/Wastewater System					Municipality: Saipan		
Brief Project Description: Court ordered project. Existing sewer system needs rehabilitation. Saipan's needs include water and wastewater. Tinian's needs are only for wastewater. Rehabilitation of 38 lift stations - \$ 45,000,000; Repair / Upgrade Sadog Tasi & Agingan - \$ 1 M to \$ 4 M; Kagman construction of sewer system, connect w/ Agingan - \$ 25,000,000							
Lead Agency: DPW					Cost: \$ 75 M		
Type of Project: Court-ordered Water/Wastewater improvements							
Evaluation Criteria						Multiplier Factor	Points Awarded
	1	2	3	4	5		
Project will support the growth of CNMI's tourist industry		2				3.0	6.00
Project will provide ancillary benefit/encouragement to future U.S. military activities in CNMI		2				1.0	2.00
Project will generate direct employment in the construction industry					5	1.5	7.50
Project will generate long-term employment in CNMI		2				3.0	6.00
Private sector investment as a percentage of project cost	1					2.0	2.00
Degree of long-term (post-construction) public sector funding required	1					1.5	1.50
Project priority according to the local community		2				1.0	2.00
Percent of CNMI population who will directly benefit from the project				4		1.5	6.00
Project minimizes potential impacts to shorelines, reefs, wetlands, critical habitats and other environmentally sensitive areas		2				1.0	2.00
Project environmental footprint (e.g., carbon emissions, other impacts)					5	1.0	5.00
Time required to implement project		2				1.0	2.00
TOTAL POINTS							42

CEDS PROJECT EVALUATION WORKSHEET

Replacement of the Traffic Light System

Name of Project: Replacement of the traffic light system					Municipality: Saipan		
Brief Project Description: Traffic Light System Replacement							
Lead Agency: DPW					Cost: \$ 6 M		
Type of Project: Renovation							
Evaluation Criteria						Multiplier Factor	Points Awarded
	1	2	3	4	5		
Project will support the growth of CNMI's tourist industry		2				3.0	6.00
Project will provide ancillary benefit/encouragement to future U.S. military activities in CNMI		2				1.0	2.00
Project will generate direct employment in the construction industry			3			1.5	4.50
Project will generate long-term employment in CNMI	1					3.0	3.00
Private sector investment as a percentage of project cost	1					2.0	2.00
Degree of long-term (post-construction) public sector funding required			3			1.5	4.50
Project priority according to the local community		2				1.0	2.00
Percent of CNMI population who will directly benefit from the project				4		1.5	6.00
Project minimizes potential impacts to shorelines, reefs, wetlands, critical habitats and other environmentally sensitive areas					5	1.0	5.00
Project environmental footprint (e.g., carbon emissions, other impacts)				4		1.0	4.00
Time required to implement project			3			1.0	3.00
TOTAL POINTS							42

CEDS PROJECT EVALUATION WORKSHEET

Primary and Secondary Road Resurfacing & Hazard Elimination

Name of Project: Primary and Secondary Road Resurfacing & Hazard Elimination						Municipality: Saipan	
Brief Project Description: This includes the construction, resurfacing and repaving of secondary roads and purchase of additional roads signs							
Lead Agency: DPW						Cost: \$ 20 M	
Type of Project: Road resurfacing							
Evaluation Criteria						Multiplier Factor	Points Awarded
	1	2	3	4	5		
Project will support the growth of CNMI's tourist industry		2				3.0	6.00
Project will provide ancillary benefit/encouragement to future U.S. military activities in CNMI		2				1.0	2.00
Project will generate direct employment in the construction industry					5	1.5	7.50
Project will generate long-term employment in CNMI	1					3.0	3.00
Private sector investment as a percentage of project cost	1					2.0	2.00
Degree of long-term (post-construction) public sector funding required			3			1.5	4.50
Project priority according to the local community		2				1.0	2.00
Percent of CNMI population who will directly benefit from the project			3			1.5	4.50
Project minimizes potential impacts to shorelines, reefs, wetlands, critical habitats and other environmentally sensitive areas					5	1.0	5.00
Project environmental footprint (e.g., carbon emissions, other impacts)		2				1.0	2.00
Time required to implement project			3			1.0	3.00
TOTAL POINTS							41.50

CEDS PROJECT EVALUATION WORKSHEET

Solar Power Street Lighting

Name of Project: Solar Power Street Lighting					Municipality: Saipan		
Brief Project Description: To pilot the conversion of the grid power street and parking lighting system into a solar powered street and parking lighting system							
Lead Agency: DPW					Cost: \$ 2 M		
Type of Project: Replace and install solar lit street lights							
Evaluation Criteria						Multiplier Factor	Points Awarded
	1	2	3	4	5		
Project will support the growth of CNMI's tourist industry		2				3.0	6.00
Project will provide ancillary benefit/encouragement to future U.S. military activities in CNMI		2				1.0	2.00
Project will generate direct employment in the construction industry		2				1.5	3.00
Project will generate long-term employment in CNMI		2				3.0	6.00
Private sector investment as a percentage of project cost	1					2.0	2.00
Degree of long-term (post-construction) public sector funding required		2				1.5	3.00
Project priority according to the local community		2				1.0	2.00
Percent of CNMI population who will directly benefit from the project				4		1.5	6.00
Project minimizes potential impacts to shorelines, reefs, wetlands, critical habitats and other environmentally sensitive areas				4		1.0	4.00
Project environmental footprint (e.g., carbon emissions, other impacts)					5	1.0	5.00
Time required to implement project		2				1.0	2.00
TOTAL POINTS							41.00

CEDS PROJECT EVALUATION WORKSHEET

Susupe Lake

Name of Project: Susupe Lake					Municipality: Saipan		
Brief Project Description: A fresh water lake located in Saipan that is host to a variety of animals and species. This project will create 1.1 mile boardwalk which will enhance the lake's visibility, importance and eco-awareness for the local population and tourists							
Lead Agency: MVA					Cost: \$ 1.5 M		
Type of Project: Improve Susupe with a boardwalk and have it become a tourist destination							
Evaluation Criteria						Multiplier Factor	Points Awarded
	1	2	3	4	5		
Project will support the growth of CNMI's tourist industry				4		3.0	12.00
Project will provide ancillary benefit/encouragement to future U.S. military activities in CNMI		2				1.0	2.00
Project will generate direct employment in the construction industry		2				1.5	3.00
Project will generate long-term employment in CNMI		2				3.0	6.00
Private sector investment as a percentage of project cost		2				2.0	4.00
Degree of long-term (post-construction) public sector funding required		2				1.5	3.00
Project priority according to the local community		2				1.0	2.00
Percent of CNMI population who will directly benefit from the project	1					1.5	1.50
Project minimizes potential impacts to shorelines, reefs, wetlands, critical habitats and other environmentally sensitive areas	1					1.0	1.00
Project environmental footprint (e.g., carbon emissions, other impacts)			3			1.0	3.00
Time required to implement project			3			1.0	3.00
TOTAL POINTS							40.50

CEDS PROJECT EVALUATION WORKSHEET

Airport Fuel Farm - Saipan

Name of Project: Airport Fuel Farm					Municipality: Saipan		
Brief Project Description: This project would expand the fuel storage facilities at Saipan International Airport in order to allow for competition in an effort to bring aviation fuel costs down.							
Lead Agency: CPA					Cost: \$ 6 M		
Type of Project: Construct or expand fuel facilities in Saipan							
Evaluation Criteria						Multiplier Factor	Points Awarded
	1	2	3	4	5		
Project will support the growth of CNMI's tourist industry			3			3.0	9.00
Project will provide ancillary benefit/encouragement to future U.S. military activities in CNMI		2				1.0	2.00
Project will generate direct employment in the construction industry			3			1.5	4.50
Project will generate long-term employment in CNMI		2				3.0	6.00
Private sector investment as a percentage of project cost	1					2.0	2.00
Degree of long-term (post-construction) public sector funding required	1					1.5	1.50
Project priority according to the local community		2				1.0	2.00
Percent of CNMI population who will directly benefit from the project		2				1.5	3.00
Project minimizes potential impacts to shorelines, reefs, wetlands, critical habitats and other environmentally sensitive areas				4		1.0	4.00
Project environmental footprint (e.g., carbon emissions, other impacts)		2				1.0	2.00
Time required to implement project			3			1.0	3.00
TOTAL POINTS							39

CEDS PROJECT EVALUATION WORKSHEET

Seaport Rehab - DREDGING

Name of Project: Seaport Rehab-DREDGING						Municipality: CNMI - Tinian	
Brief Project Description: Critical to help Dredge the harbor and seaport. Although this project requires a plethora of planning, environmental studies and have a level of high costs, these are critical to every aspect of this island's economy. A continuing decline in their current state of condition will cause economic damage to the islands.							
Lead Agency: CPA						Cost: \$ 10 M	
Type of Project: Dredging							
Evaluation Criteria						Multiplier Factor	Points Awarded
	1	2	3	4	5		
Project will support the growth of CNMI's tourist industry		2				3.0	6.00
Project will provide ancillary benefit/encouragement to future U.S. military activities in CNMI					5	1.0	5.00
Project will generate direct employment in the construction industry			3			1.5	4.50
Project will generate long-term employment in CNMI	1					3.0	3.00
Private sector investment as a percentage of project cost		2				2.0	4.00
Degree of long-term (post-construction) public sector funding required			3			1.5	4.50
Project priority according to the local community		2				1.0	2.00
Percent of CNMI population who will directly benefit from the project		2				1.5	3.00
Project minimizes potential impacts to shorelines, reefs, wetlands, critical habitats and other environmentally sensitive areas	1					1.0	1.00
Project environmental footprint (e.g., carbon emissions, other impacts)		2				1.0	2.00
Time required to implement project			3			1.0	3.00
TOTAL POINTS							38

CEDS PROJECT EVALUATION WORKSHEET

Volcano Monitoring

Name of Project: Volcano Monitoring					Municipality: Saipan		
Brief Project Description: This is for the shipping and installation of the Volcano Monitoring equipment on the Island of Pagan							
Lead Agency: CNMI					Cost: \$ 400,000		
Type of Project: The CNMI must pay for the shipping and installation of the volcano monitoring equipment							
Evaluation Criteria						Multiplier Factor	Points Awarded
	1	2	3	4	5		
Project will support the growth of CNMI's tourist industry		2				3.0	6
Project will provide ancillary benefit/encouragement to future U.S. military activities in CNMI			3			1.0	3
Project will generate direct employment in the construction industry		2				1.5	3
Project will generate long-term employment in CNMI	1					3.0	3
Private sector investment as a percentage of project cost	1					2.0	2
Degree of long-term (post-construction) public sector funding required		2				1.5	3
Project priority according to the local community		2				1.0	2
Percent of CNMI population who will directly benefit from the project	1					1.5	1.5
Project minimizes potential impacts to shorelines, reefs, wetlands, critical habitats and other environmentally sensitive areas				4		1.0	4
Project environmental footprint (e.g., carbon emissions, other impacts)				4		1.0	4
Time required to implement project					5	1.0	5
TOTAL POINTS							36.5

CEDS PROJECT EVALUATION WORKSHEET

Marpi Solid Waste Facility

Name of Project: Marpi Solid Waste Facility				Municipality: Saipan			
Brief Project Description: The CNMI was forced by EPA and Court mandate to close the Puerto Rico landfill in Saipan. In response, the CNMI open the Marpi Solid Waste landfill.							
Lead Agency: DPW				Cost: 1.5 M			
Type of Project: Solid Waste Management Facility							
Evaluation Criteria	Solid waste mgmt facility					Multiplier Factor	Points Awarded
	1	2	3	4	5		
Project will support the growth of CNMI's tourist industry		2				3.0	6.00
Project will provide ancillary benefit/encouragement to future U.S. military activities in CNMI		2				1.0	2.00
Project will generate direct employment in the construction industry		2				1.5	3.00
Project will generate long-term employment in CNMI	1					3.0	3.00
Private sector investment as a percentage of project cost	1					2.0	2.00
Degree of long-term (post-construction) public sector funding required		2				1.5	3.00
Project priority according to the local community		2				1.0	2.00
Percent of CNMI population who will directly benefit from the project				4		1.5	6.00
Project minimizes potential impacts to shorelines, reefs, wetlands, critical habitats and other environmentally sensitive areas				4		1.0	4.00
Project environmental footprint (e.g., carbon emissions, other impacts)		2				1.0	2.00
Time required to implement project			3			1.0	3.00
TOTAL POINTS							36.00

CEDS PROJECT EVALUATION WORKSHEET

Medical Dialysis - Rota

Name of Project: Medical Dialysis					Municipality: Rota		
Brief Project Description: There is a dire need to construct and operate a dialysis facility in Rota to serve a large number of diabetic patients.							
Lead Agency: CHC					Cost: \$ 1.5 M		
Type of Project: Design, construct and operate a dialysis and diabetic treatment center at the Rota health center.							
Evaluation Criteria						Multiplier Factor	Points Awarded
	1	2	3	4	5		
Project will support the growth of CNMI's tourist industry		2				3.0	6.00
Project will provide ancillary benefit/encouragement to future U.S. military activities in CNMI		2				1.0	2.00
Project will generate direct employment in the construction industry		2				1.5	3.00
Project will generate long-term employment in CNMI		2				3.0	6.00
Private sector investment as a percentage of project cost	1					2.0	2.00
Degree of long-term (post-construction) public sector funding required	1					1.5	1.50
Project priority according to the local community			3			1.0	3.00
Percent of CNMI population who will directly benefit from the project	1					1.5	1.50
Project minimizes potential impacts to shorelines, reefs, wetlands, critical habitats and other environmentally sensitive areas					5	1.0	5.00
Project environmental footprint (e.g., carbon emissions, other impacts)		2				1.0	2.00
Time required to implement project		2				1.0	2.00
TOTAL POINTS							34.00

Appendix E: CNMI Economic Restoration Summit Speech by Secretary of Commerce, Michael J. Ada

Hafa Adai, Tirowami, and Good Morning.

On behalf of our Governor Benigno R. Fitial and the People of the Commonwealth of the Northern Mariana Islands, I would like to thank you for attending this year's Department of Interior's Island Business Opportunities Conference. While today's economic crisis has presented challenges for the global economy, these dynamics are compounded in many of the insular areas represented here today. The men and women who make up today's business world continue to meet these challenges through innovation, sensibility, and, most of all....Perseverance. It is with this same spirit of innovation, sensibility, and perseverance that the Commonwealth of the Northern Mariana Islands has approached its economic development efforts.

Just north of the beautiful island of Guam, there lies a chain of 14 islands which make up the Commonwealth of the Northern Mariana Islands (CNMI). The three populated islands of Saipan, Rota, and Tinian present unique and promising investment opportunities, while our uninhabited islands present significant opportunities for resource extraction, research, and a tremendous potential for alternative energy production. The CNMI possesses favorable tax benefits to firms operating in our jurisdiction, in addition to a strategic location to major Asian markets as well as to our neighboring island of Guam, which will be experiencing an unprecedented economic and population growth thanks to the much anticipated Military Build-Up. Our political union with the United States of America provides the legal protection of the US to all business transactions while availing of a close proximity to major non-US markets. The CNMI's exemption from the Jones Act provides a favorable benefit for those firms engaged in commercial trade within our jurisdiction. A business-oriented government is actively engaging the private business sector in its efforts toward economic development and providing a favorable climate for investments.

Although the CNMI has tremendous opportunities, these opportunities do not come without challenges. With the uncertainty of the impacts of the recently enacted Public Law 110-229, the CNMI will experience a shift in strategy associated with business is done. Although this law will bring about changes to our community, we are confident that careful consideration will be given to minimize the potential consequences. Like many of our brothers and sisters in all of the islands, increases in oil prices and the costs associated with power production have been compounded by infrastructure challenges. Although these challenges and other dynamics have impacted our community, the CNMI has responded with careful consideration and thought as to how to address these issues in an effort to restore the economic prosperity that we once enjoyed.

Governor Fitial, with the assistance of the Federal Government, including the U.S. Department of Interior, enacted a methodical plan to address the power crisis in the CNMI. After securing temporary power production, the Commonwealth Utilities Corporation has been able to effectively rehabilitate its engines and continues to stay the course through full recovery. While the CNMI continues down this path, we will also leverage funding available from the American Recovery and Reinvestment Act of 2009 to reduce our reliance on fossil fuel and explore alternative energy sources.

The CNMI recently concluded several key economic efforts in anticipation of this week's events. The 2009 CNMI Comprehensive Economic Development Strategy (CEDS) provides a plan outlining critical economic development projects to lay the groundwork for economic recovery. The CEDS has been proposed by our legislature to serve as the Economic Master Plan for the CNMI and was developed in a holistic manner to encompass feedback from the private business sector, the government, and the general community. This effort was funded wholly through the Federal Economic Development Administration, which saw the real need for such a plan to serve as a roadmap for economic recovery.

Last week, the CNMI concluded its Economic Restoration Summit, which outlined four major industries that the CNMI will focus its efforts on developing. As a community, we felt the importance of ensuring that this effort yielded a focused approach on what we view as sustainable industries for growth. As part of our effort, we asked our brothers and sisters in Guam to join us in developing our strategy, as we know that a regional effort is what will yield the greatest result. We were honored to have Guam's Lt. Governor Michael Cruz serve as a keynote speaker in which he highlighted the important role the CNMI will play in ensuring that the Guam military build-up is successful. To emphasize the importance of the collaboration, Lt. Governor Cruz and the Honorable Governor Felix Camacho propose that the Guam Military Build-up be called the Marianas Military Build-Up. This proposal is very appropriate, as the impacts and opportunities will be felt throughout the entire Marianas region.

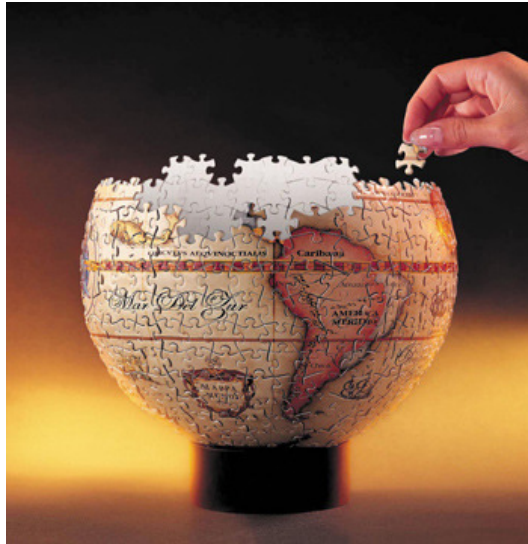
While the Marianas Military Build-up presents significant opportunities for many investors seeking to take part in the activity, the CNMI possess many unique opportunities outside of this realm. With the pristine beauty of the island of Rota, eco-tourism opportunities exist in abundance, while gaming also serves as an emerging opportunity. With its recent designation as a US National Monument, The Northern Marianas Marine National Monument is garnering worldwide attention for the CNMI, which presents significant opportunities for our much prized tourism industry. The island of Tinian is sought after for purposes of military engagement, but the gaming industry continues to be Tinian's mainstay. The island of Saipan has been able to diversify opportunities, from Aquaculture to Educational Tourism, and continues to be open to investments serving as a good fit for the community and the investor.

As an outsider looking in, it is very easy to spot the differences that exist within our community. From the elected officials to the people who elected them. From a local resident who never set foot outside the CNMI to a non-resident worker who has seen many parts of the world, there appears to be differing views on how things should be done. Despite the differences that exist within the CNMI, the single common thread that is woven throughout our community is the need to take action. With a proud history of economic self-sufficiency and prosperity, the CNMI has dedicated its resources to ensuring that our people can enjoy the success we once enjoyed in years past. The CNMI refuses to wait for things to get done; rather we take steps to make things better. The CNMI is a strong COMMUNITY and this is evident by our unwillingness to let economic challenges slow us down. We are motivated to tackle the economic challenges we face. That is what makes our community unique...so I invite each and every one of you to come and BE A PART OUR COMMUNITY.

Appendix F: CNMI Economic Restoration Summit Report

<Please see report on page F-2>

Commonwealth of the Northern Mariana Islands
Economic Restoration Summit



April 2-3, 2009

**Department of Commerce
Commonwealth Development Authority**

A Report on the Economic Restoration Summit
and
Perfunctory Review of Economic Development in the Commonwealth

May 12, 2009

Mr. Michael J. Ada
Secretary of Commerce
Caller Box 10007
Saipan, CNMI, MP 96950

Honorable Secretary Ada,

We are pleased to submit this Draft Report on the “Economic Restoration Summit” and state of economic development in the Commonwealth of the Northern Mariana Islands.

This report summarizes the efforts and activities surrounding the Economic Restoration Summit which took place on April 2 and 3, 2009. It includes a cursory review of the economic development practices currently found in the Commonwealth. The report also provides recommendations and outlines best practices and suggestions on how economic development efforts can help the CNMI government in its efforts to recover from its current economic depression.

The Guam Military Build-up (also called the “Marianas Military Build-up” by some) and the federal government’s American Recovery and Reinvestment Act of 2009 can serve as temporary supports for the CNMI economy; however, concrete efforts should be made to continue to diversify the economy for long-term economic growth and sustainability. Furthermore, it is recommended that the CNMI government diversify away from its primary dependence on the Business Gross Receipts Tax in order to allow the government to weather economic downturns with less vulnerability and impact on public services.

MAI understands that some of the recommendations contained in this report may have already been presented to the CNMI in the past. Some of the ideas have been debated and shelved for various reasons. However, given changing economic circumstances, it is recommended that the CNMI revisit some economic development and tax concepts that are based on sound public administration practices, particularly those that have yielded positive results in other jurisdictions. MAI is prepared and would be pleased to answer questions or take additional reviews of the information and recommendations contained within this report.

Sincerely,

Management Analysis, Inc.

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Economic Restoration Summit

1 Executive Summary

In an effort to help revive efforts to develop new industries in the Commonwealth and evaluate ways to jump-start the economy, on April 2 and 3, 2009 the CNMI government hosted the Economic Restoration Summit (hereafter referred to as “Summit”) on Saipan. Although the Summit had a very short turnaround period from the day the decision was made to host the event, it was successful in attracting over 100 attendees in person on Saipan and via video conference from the islands of Tinian and Rota. The Summit’s premier purpose was to seek public input, discuss and validate new industries identified through economic development research, analysis, public hearings and planning sessions. The Summit was attended by members of the government, business leaders, the general public, and students. The Summit received extensive media coverage with all media outlets reporting on the Pre-Summit sessions and the Economic Restoration Summit itself. (Exhibit 9.1)

The Summit format included opening remarks by Governor Benigno R. Fitial, industry experts, a discussion of information gathered from pre-economic summit meetings, question and answer periods, and break-out sessions. A special keynote speaker was Guam Lieutenant Governor Michael Cruz, who was accompanied by his Chief of Staff Ms. Carlotta De Leon Guerrero. All of the new industries identified and recommended during the Summit have had either a small and/or unorganized presence in the CNMI, but each were identified as having the potential to grow. The Summit acceded that the CNMI should pursue and nurture four industries in order to diversify the local economy:

- Agriculture – A basic industry that is vital to the needs of the community and businesses, for many years agriculture has been identified as an industry that has promise for the CNMI. However, to foster its development, the industry needs to develop its co-operatives and/or associations to help prepare the industry to do more business and grow. Current potential includes serving the local community and tourism industry. Future potential includes the opportunity to grow military and civilian business as the regional Military Build-up occurs (beginning with the start of major construction activities in Guam in 2010 and beyond).
- Aquaculture – A relatively new industry for the Northern Marianas that has drawn some interest from local entrepreneurs in recent years, the CNMI should support the further development of this industry through research on best practices, proper environmental safeguards, and resources that can help local business start-ups.
- Call Centers – Because of its strategic American location near Asia with generally lower labor rates than the U.S. mainland, Call Centers offer an opportunity to develop new jobs for local citizens. The CNMI should encourage and foster this new industry through legislative action and incentives, if necessary. It was noted in the Summit that call centers are likely to attract a young, computer-savvy workforce.
- Education Tourism – A good companion to the existing tourism industry, this industry has already begun in the CNMI largely through the efforts of private schools and the Northern Marianas College, but further organization and legislative involvement are needed to help create the right level of standards and safeguards to ensure the quality of education and adequate protection for foreign students. but the industry needs self-governing industry standards with CNMI government regulatory oversight.

Two concrete next steps arose from the Summit discussions:

- Each industry identified above should have its own Master Plan. These plans should help the CNMI to develop a thorough understanding of the state of the industries today and identify the opportunities and methods of achieving growth.
- The CNMI should research and develop economic development best principles and practices that will assist local law and policy makers in creating the right regulatory framework. This may require further work sessions with the intent to lay the economic development foundation to establish, support and build-upon the identified new industries.

Recommendation: Research funding opportunities to develop individual industry master plans. Complete grant applications and begin the work as soon as possible.

Recommendation: Work with the CNMI Legislative staff and elected leaders to research, analyze, recommend and introduce economic development legislation that will improve and enhance the CNMI's competitive position in attracting and nurturing new industries. The CNMI should look to other states, territories and possibly foreign countries for examples of such legislation.

2. Introduction

In January of 2008, Governor Benigno R. Fitial appointed a public-private commission to develop a Comprehensive 5-year Economic Development Strategic Plan (CEDS) to address the CNMI's economic challenges. The Commission initially included 18 members. Through an appointment by the Governor, the commission was co-chaired by Lynn A. Knight, representing the private sector, and Michael Ada, the CNMI Secretary of Commerce, representing the government.

The Commission proceeded to develop a plan of action to complete the CEDS report in the early months of 2008, but felt it needed administrative and professional help, as well as additional financial resources to complete the task. The Commission applied for and received an Economic Development Administration (EDA) planning grant and proceeded to develop a Scope of Work (SOW) for a Request for Qualifications (RFQ). The RFQ was released in October of 2008 and Management Analysis, Inc. (MAI) of Vienna, Va. was selected as the consultant.

The CEDS Commission began research work in early 2008 by conducting a written survey, which was distributed to government agencies and through private sector business organizations. The Commission also conducted interviews with the Public School System and solicited input from other government agencies. However, following the hiring of MAI, in December 2008 the team began a fast-tracked effort to fill in the data gaps and started the research analysis that had been begun by the Commission. Numerous government agencies were interviewed at their places of business.

In January 2009, the CEDS Commission and MAI conducted a series of public hearings and public meetings in Saipan, Tinian and Rota to coincide with the preliminary analysis and findings of the data. They collected additional public input on each respective island's needs, challenges, desires and visions for the economy and community.

Members of the community expressed concern about the worsening economy, as well as the lack of local resources and implementation on recommendations that had been made in the past. They also shared views that previous public forums, hearings and reports were helpful, but often times led to little actionable results, regardless of who developed the reports.

In February 2009, the Commission completed the first CEDS report in draft form, which included a history of the CNMI economy and outlined the top priorities identified by the community and government agencies for infrastructure improvements and/or development. The draft was posted on the CNMI Department of Commerce website for public comment.

The CEDS Commission assured the public that it would not let this report sit on a shelf and collect dust, but would seek to develop further recommendations and identify resources as part of the recovery efforts. This included identifying strategies, tactics and milestones for the CNMI government to implement in light of the current economic depression in the CNMI.

The team determined that launching the CEDS in a public forum and press conference was the best way to introduce the plan and garner more community, legislative and business community support for continued economic development efforts.

At this time in early 2009, there was a call from the community for an economic development conference to address the deteriorating state of the CNMI economy. Also during the same time frame, the new U.S. Administration led by President Barack Obama with support from U.S. Congress introduced and passed the American Recovery & Reinvestment Act of 2009 into law. The "ARRA" or Federal Stimulus Package included an unprecedented \$787 billion to help the U.S. economy recover. Under the ARRA, the CNMI also stood to gain certain funding opportunities.

Successfully implementing its own recovery efforts while taking full advantage of the new Stimulus Act required the CNMI to be able to prioritize not only its infrastructure needs, but also to identify new industries to diversify into. Therefore, the Fitial Administration felt that the timing was right for a conference.

Governor Fitial appointed the Department of Commerce to proceed with the preparations and host the summit as quickly as possible. To meet the challenges of the quick turn-around preparation required, the department hired outside assistance to convene the summit. The CNMI turned to the Commonwealth Development Authority (CDA) for financial assistance and contracted with MAI to assist with facilitating the Summit. The team had approximately four weeks to prepare for the event on April 2 – 3, 2009.

An objective of the Summit was to ensure that input was gathered from various sectors, with all being able to speak openly and freely. Following the knowledge that was gained during the preparation of the CDS, it was felt that bringing specific core industries to be discussed, vetted and recommended in an open forum would allow for an implementation phase to begin after the Summit.

Investors often look at factors such as the stability of the government, actions of the local legislature and the soundness of local economic policies prior to investing in a new project, company or destination. Therefore, the regulatory environment developed by local lawmakers and agencies plays a major role in whether businesses will or will not invest in the Commonwealth. A key component of the economic restoration effort was a special pre-Summit session with the CNMI Legislature designed to gather their input and ideas. Additionally, it was recommended that in the future, there should be a cost / benefit analysis performed on each and every proposal to change, amend or add to new economic policy laws in the CNMI as a standard practice.

Economic conditions and government revenues in the CNMI have changed dramatically since the boom years in the 1980's and early 1990's. Accordingly, some economic policies and practices of the CNMI government also need to be updated. Some of the recommendations made in this report may not be new or ground-breaking in their approach. In fact, some of the suggestions contained herein have been made before in the CNMI and dismissed for various reasons that were appropriate to the times. However, the recommendations contained in this report are based on fundamental public administration practices that have exhibited good governance and/or have been proven to be effective elsewhere, thereby making them worth reviewing once again in terms of "best practices" for today's circumstances in the CNMI.

3. The State of Economic Development in the Commonwealth

The current economic condition of the CNMI is well chronicled and documented in various recent studies and reports¹⁵. This report, therefore, will not evaluate the findings of past reports by the federal government, economists and local experts in terms of the overall health of the economy. This report assumes a well-documented "economic depression" scenario in the Commonwealth today.

The focus of this report is on the state of the CNMI's economic development tools as they currently exist. The team was tasked with the responsibility of evaluating the strengths, tax benefits, natural resources and other positive investment factors in the CNMI, and to linking them to the introduction and/or development of sustainable new industries.

The team was further tasked with identifying hindrances and challenges that the CNMI currently faces that are obstacles or deterrents to the development of new industries. A list of the project's scope of work is found in Exhibit 9.6.

3.1 The Economic Development Role in the CNMI

There is currently no single entity, department, agency or government position tasked with performing comprehensive economic development (ED) duties in the CNMI. ED activities are sometimes delegated

¹⁵ Recent studies include: CNMI Economic Indicator Quarterly Reports of the CNMI Department of Commerce; "CNMI Comprehensive Economic Development Strategic (CEDS) Plan," CNMI CEDS Commission (2009); "CNMI Economy - Economic Impact of Federal Laws on the CNMI," McPhee and Conway Associates (2008); "Possible Impacts of Federalization on the CNMI; General Accountability Office" (2008); "CNMI 5-Year Strategic Plan for Tourism," Office of the Governor and Marianas Visitors Authority (2006).

to individuals based on their capabilities, contacts, and accessibility (time availability), rather than as a fully-assigned, accountable function to a department or agency.

Several independent agencies of the CNMI government and several professional non-profit associations undertake economic development activities, but they are generally restricted to their specific subject matter or areas of interest.

The Office of the Governor and members of the CNMI Legislature are typically asked to greet high-level potential investors. Depending upon their needs and extent of their interests, these officials then assist in directing them to various government agencies:

- Commonwealth Ports Authority – transportation-related businesses and/or if interested in locating near the airports or seaports
- Commonwealth Utilities Corporation – energy, water, sewer or fuel supply
- Department of Commerce – for general interest, banking, insurance and/or foreign investors
- Department of Public Lands - if interested in leasing public land for a large development
- Marianas Visitors Authority – if tourism-related
- Office of the Mayor of Rota – for investors interested in Rota
- Office of the Mayor of Tinian – for investors interested in Tinian

The Department of Commerce is perhaps the closest entity that is responsible to perform some ED activities, but it is often in this position based on its title, namely “commerce”. Although the current Department of Commerce is more of a regulatory agency (foreign investment, banking, insurance, alcoholic beverage and poker machine licensing) and a gatherer of economic indicator statistics, traditional economic development activities are generally not found in the Department of Commerce.

The Commonwealth Development Authority is another active stakeholder in economic development efforts in the CNMI. It has a website that provides potential business investors with useful information on how to do business with the CNMI and take advantage of its qualifying tax certificate (QC) program. However, the CDA’s current mission is not to perform all ED activities, but rather to support the effort and serve as one of the sources of capital for ED projects. Many of the activities of CDA are directed towards local entrepreneurs and government needs, rather than new investors coming from outside of the CNMI.

The CDA also promotes some economic development practices by being the entity that supports ED lending practices. This is a vital and important role that encompasses several key ED elements such as:

- Advising government agencies and concurring on all public debts
- Providing the bond floatation entity for the CNMI
- Expanding the base for direct loans and technical assistance to the government for current and future programs
- Taking a lead in funding business surveys, workshops, conferences, summits and other economic study related activities. (Examples of this include the sponsorships of the Saipan Chamber of Commerce Marianas Roundtable in 2006, the Economic Restoration Summit in 2009, and CNMI’s participation in several of the U.S. Department of the Interior’s Business Opportunities Conferences.)

Other government agencies as noted above play roles in industry-specific economic development for the CNMI. For example, the Marianas Visitors Authority (MVA), which is governed by a private sector Board of Directors is almost completely funded by CNMI tax revenues (membership also carries a nominal fee). The MVA actively promotes and pursues the further development of tourism as an industry, and is called upon to meet with potential tourism investors from time to time. Tourism is the leading industry that supports the CNMI, and therefore, it is fitting that the government should place a great emphasis on this area of the economy. The MVA organization manages, administers and operates all tourism-related activities in the CNMI, and targets certain key overseas and regional markets with advertising, public relations and promotions.

To help achieve its objectives in promoting the economic health and growth of the tourism industry, the MVA, in cooperation with the Office of the Governor published the “5-Year Strategic Plan for Tourism” in 2006. Efforts to implement the recommendations in the plan were then followed up through the organization of nine ad hoc committees comprised of industry volunteers, MVA board members, and staff assigned to implement the plan.

For agriculture, the technical assistance aspect of the industry is supported by the Cooperative Research, Extension and Education Service (CREES) at the Northern Marianas College, an educational entity also funded in large part by the CNMI government. The agriculture industry and CREES held a conference in February 2009, just six weeks prior to the Economic Restoration Summit. A final report from that event was not yet available at the time the Summit was held.

Although this report touches upon tourism and agriculture as priority industries for the future, these industries were not addressed in depth because they were addressed through the respective subject matter expert organizations as noted above. Other non-governmental organizations (NGO’s), including the non-profit Saipan Chamber of Commerce, the Tinian Chamber of Commerce, Hotel Association of Northern Marianas Islands (HANMI) and other peripheral professional and social groups have some activities to help encourage new private sector development. They do so, however, with limited means and largely volunteer efforts. Moreover, their efforts are primarily focused on providing forums for the sharing of ideas and networking among their existing members.

Perhaps the most active private sector organization in economic development is the Saipan Chamber of Commerce, which has two full-time paid staff members that answer inquiries about doing business on Saipan in addition to their other duties of managing the Chamber. They also facilitate networking for new investors with existing Chamber members if inquiries are made through the Chamber office, by email or directly through the Chamber’s website.

The Governor’s Strategic Economic Development Council (SEDC) is another public-private organization that sometimes greets high level foreign investors, depending upon whether the impact of the proposed investment will have a significant impact on tourism, energy or some other large segment of the economy. The SEDC meets only monthly; therefore, its economic development efforts tend to be more strategically-focused, rather than operational in nature. The organization is not set up to provide ongoing support for investors, but rather to help introduce high level stakeholders and help launch major new projects or initiatives to help the CNMI economy.

Another organization in the CNMI which has done some economic development activities is the Northern Marianas College (NMC) NMC previously housed a small business incubator called the Small Business Development Center (SBDC), which provided technical assistance, shared office space, and

some training courses to local entrepreneurs. The center opened in the 1990's and continued through approximately 2007, but it was gradually down-sized and finally closed in recent years due to a dwindling budget and lack of staffing.

3.1.1 What is Economic Development?

Economic development is the development of economic wealth of countries or regions for the well-being of their inhabitants. It is the process by which a jurisdiction and entity improves the economic, political, and social well being of its people.¹⁶ From a policy perspective, economic development can be defined as efforts that seek to improve the economic well-being, business climate and quality of life for a community by creating and/or retaining jobs and supporting or growing incomes and the tax base.

Economic development, which is essentially economics on a social level, has evolved into a professional industry of highly specialized practitioners. The practitioners have two key roles: 1) to provide leadership in policy-making, and 2), to administer policy, programs, and projects. Although one can argue that ED is something that is done by all governments at all times, ED in many parts of the United States and around the globe is a specialized job function with specific educational requirements and professional certifications. The ED profession has its own set of principles, rules and guidelines that minimize the chances of failures.

There are more than 20,000 professional economic developers employed world wide in this highly specialized industry.¹⁷ The International Economic Development Council [IEDC] headquartered in Washington, D.C. is a non-profit organization dedicated to helping economic developers do their jobs more effectively and raising the profile of the profession. With over 4,500 members across the US and internationally, the IEDC exclusively serves the economic development community. Membership represents the entire range of the profession -- from regional, state, local, rural, urban, and international economic development organizations, to chambers of commerce, technology development agencies, utility companies, educational institutions, consultants and redevelopment authorities. Many individual states also have associations for economic development professionals and they work closely with the IEDC.

Economic development practitioners generally work in public offices on the state, regional, or municipal level, or in public-private partnership organizations that may be partially funded by local, regional, state, or federal tax money. These economic development organizations (EDOs) function as individual entities and in some cases as departments of local governments. Their role is to seek out new economic opportunities and retain their existing business wealth.

There are numerous other organizations whose primary function is not economic development, but which work in partnership with economic developers. They include the news media, non-governmental organizations, foundations, utilities, schools, health care providers, faith-based organizations, colleges, universities, and other education or research institutions.

¹⁶ Sullivan, Arthur; Steven M. Sheffrin (2003). *Economics: Principles in action*. Upper Saddle River, New Jersey 07458: Pearson Prentice Hall.

¹⁷ Lewis F. Abbott, *Theories Of Industrial Modernization & Enterprise Development: A Review*, ISR/Google Books, revised 2nd edition 2003, pages 1-2.

Recommendation: The CNMI government should establish an Economic Development Office and staff it with a qualified Economic Developer whose full focus is in fulfilling this specialized task. An alternative to establishing a new office may be to designate one existing CNMI government entity as the lead to organize, manage and support all economic development activities for the local government. This office should be staffed with a qualified economic development specialist.

There is intense competition between communities, states, and nations for new business investment in today's globalized world. The struggle to attract, retain and grow business is further intensified by the use of many variations of economic incentives including tax incentives, help with investment capital, donated public land, subsidized training or benefits for employees and others.

The use of community profiling tools and database templates to measure the competitiveness of a community assets compared to other investment destinations is another important aspect of economic development. In many destinations, it is common to have an investment guide and community profile with a set of "quick facts" readily available to assist investors. This should be kept continuously updated and made easily available on the Internet or through other means.

In the CNMI, data that is of interest to potential investors is available through many different government agencies including the Department of Commerce which publishes its quarterly Economic Indicators Reports. The Marianas Visitors Authority, Public School System, Commonwealth Ports Authority and others also produce data. Private organizations including the Hotel Association of the Northern Mariana Islands, the Commonwealth Automobile Dealers Association, Insurance Association and others have data, but this is not necessarily centralized and kept current in one easily accessible location.

For example, for an investor hoping to establish a presence in the CNMI, the task of gathering all of the data a business may want to do thorough feasibility studies and detailed business plans may be a lengthy process. If data is not current, incomplete or unavailable, the investment may be considered more risky to undertake and the CNMI may lose the potential investor. Therefore, one important objective of economic development efforts should be to make a wide variety of essential information on the population, government and business easy to obtain, thereby making the investment destination more "business friendly" for potential investors.

Recommendation: The CNMI government should create and keep updated a community profile with detailed "quick facts" and place this on a website that is easy for businesses to locate. (As an example of what is used in other locations, please see Exhibit 9.2)

A local government's ability to gauge which industries or investors it should provide rebates, abatements or incentives to should depend on the measurable positive impact they will have on the community. A blanket approach to giving out tax incentives without proper measurements can lead to several potential problems:

- Too many incentives being given out, which may create a reduction in the tax base to the point where some government services cannot be funded
- The creation of an unlevel “playing field” in terms of competitive advantages for some businesses over others
- A less diversified industry base

Some of the most common factors to measure impact include job creation, taxes earned, sales to other businesses in the community, and other community benefit contributions offered by the investor. Community benefit contributions typically do not weigh heavily in the decision to offer incentives, but may include such things as charitable donations program, internships or other job training for students, or monetary contributions to the development of new infrastructure in the area surrounding a business.

When considering measurement of the success of economic development efforts such as those noted above, there is a tendency to hold economic developers accountable for two areas: creating tax revenue and jobs. However, the role of economic developers is not to actually create taxes and jobs, but to facilitate the process for existing and new businesses to do so.

The economic developer should continuously review the effectiveness and competitiveness of the government’s ED tools and programs, and make sure that they are in place and available to assist businesses in achieving their goals for profitability and growth. The full set of ED programs or tools are usually created as policy-initiatives by legislatures and can be local, regional, statewide or national in nature. (Examples are explained further in section 3.2 below.)

In the case of the CNMI, ED programs can be for developments in specific villages or underutilized rural areas (targeted in cooperation with zoning goals), island municipalities, or be implemented as CNMI-wide programs. For example, it may be desirable and justifiable for the government to target specific types of development and provide more incentives in areas such as Tinian and Rota, which need more private sector growth to sustain those communities.

Recommendation: The CNMI government should create an analytical tool (cost benefit and fiscal impact analysis) to measure the job creation, economic output and positive tax impact along with any cost or negative impacts that future economic development projects will have on the CNMI. This tool should be used consistently whenever considering extending tax or other incentives to a business to locate or expand in the islands.

3.2 Economic Development Assets, Tools and Resources

Even with all of the challenges that currently confront the CNMI economy, the islands have numerous positive assets to attract investment. These include the beautiful tropical climate and clean, scenic environment, a strategic location near major Asian population centers and Guam (a hub for shipping, transportation, telecommunications and the U.S. military for the region), the protection of U.S. laws and judicial system, and relative safety compared to many other areas of the world.

The CNMI also has an exemption to the federal Jones Act. The Jones Act (U.S. Merchant Marine Act of 1920) requires that vessels used to transport cargo and passengers between U.S. ports be owned by U.S. citizens, built in U.S. shipyards, and manned by U.S. citizen crews. This Act and relevant statutes, known as cabotage laws, are the foundation of the U.S. maritime industry. However, these regulations do not apply to the CNMI, which can use this advantage to attract ships under foreign flags, including cruise ships. This exemption offers great opportunities for the CNMI to develop a strong transshipment industry and U.S. custom pre-clearance hub. Nearly 90% of commercial vessels docking in U.S. ports fly non-U.S. flags. This is because foreign crews are one third to a half that of American crew costs, and American ship costs are 25% to 100% more than that of foreign ships. The test to utilizing the benefits of the CNMI's exemption to the Jones Act comes down to enticing cruise ships to make the CNMI a scheduled stop on their cruises, and ships must have a purpose and reason to be exempted from the Jones Act because given the CNMI's geographic location¹⁸ it does not easily lend itself to stops from foreign vessels. A full analysis as to why the exemption to the Jones Act has not been taken advantage of by the maritime industry can help determine the best approach to increase its use.

Additionally, the islands have one of the most favorable tax structures of any U.S. state or territory.

Before addressing specific suggestions with regard to CNMI tax programs and opportunities, however, it may be helpful to consider the wide range of established economic development tools that are utilized elsewhere under the U.S. flag. Some of these programs include:

- **Tax abatements**, or a reduction or elimination of the taxes a company pays to state and/or local governments. Commonly used abatements include property tax abatements, sales tax exemptions, and inventory tax abatements.
- **Tax credits** reduce or eliminate state corporate income taxes by allowing a company to deduct a certain percentage of a specific kind of expense *dollar for dollar* from what it would normally owe. Examples include credits for research and development, spending on new equipment, and employing hard-to-hire workers.
- **Industrial Revenue Bonds (IRBs)** reduce the cost of borrowing money. When local governments issue bonds, the interest on the bonds is tax-free. Companies get what amounts to a low-interest loan.
- **Infrastructure assistance** lessens the price of construction by shifting the cost of improvements or expansion of roads, sewers, water lines, and other utilities to local governments. Improvements may be made on the project site (i.e. bulldozing existing structures or preparing land) or off-site (i.e. adding a stoplight to reroute traffic or rebuilding a bridge to accommodate heavy trucks).
- **Grants** are subsidies given as cash to companies. Usually grants must be used for a specific purpose, such as worker training. Some states and cities award grants for general use.
- **Land-price write-downs** reduce the cost of purchasing land. A development authority (the quasi-governmental arm of state or local development departments) typically buys the land and then transfers it to a private developer for a price below the authority's acquisition cost. The local government may also pick up the tab for the exercise of eminent domain, demolition and clearance, and/or environmental cleanup.

¹⁸ Not geographically located in the normal or traditional shipping lanes of the Pacific.
http://www.inboundlogistics.com/articles/features/1004_feature03.shtml

- **Tax-increment financing (TIF)** uses the property tax collected on the increased property value of a new development (and in some places the newly-generated sales tax) to pay for infrastructure, land acquisition, or other costs of the development.
- **Enterprise Zones** (a.k.a. Empowerment Zones, and by state-specific names such as Michigan's Renaissance Zones or New York's Empire Zones) are geographically designated, economically-depressed areas in which companies can get multiple subsidies (usually property tax abatements, inventory tax exemptions, and various corporate income tax breaks, including employment tax credits).

Many of these programs are paid for through *tax expenditures*, i.e. tax revenue that the state (or city or county) does not collect as a result of the subsidy. Others are *direct expenditures* or money that the government allocates in its budget to pay for something it needs to do its job in serving the public. Tax expenditures far exceed direct expenditures for economic development, and are rarely tracked. Direct expenditures are part of the government's budget and must be approved by the legislature every one or two years (annually in the case of the CNMI).

Subsidy programs also fall into one of two categories, depending on how companies qualify for them. *Entitlement subsidies* are automatically available to any company that meets a certain set of criteria. For example, if a job training tax credit specified that a hotel could qualify for a \$2,000 tax credit for each new employee it trained, then any hotel that met that requirement would be entitled to claim that subsidy when it filed its income tax return.

In addition to the economic tools noted above, a list of the names of federal government economic development services and grant resources that can be used to help U.S. states and territories including the CNMI can be found in Exhibit 9.3.

Recommendation: The CNMI's economic development office should establish working relationships with more federal agencies that specialize in some aspect of ED and can provide additional technical support and grants to the CNMI.

A Discussion on Taxes

Every local, state, school district, special district, municipal utility district, and other entities¹⁹ depends on some sort of assessed tax for revenues. Other types of government generating revenue include sales tax, fees and intergovernmental transfers. In similar state, county and local entities, various districts or interests can either petition the state or the voters to tax themselves for specific purposes, use or services.

For example, a community desires to begin a community college or a hospital; both provide a needed service to their community. The elected body assigns a steering committee and the committee recommends the establishment of a special 'education' or 'hospital' district to serve the community. The committee drafts the bylaws and/or charter of the district and develops a referendum to be

¹⁹ Including but not limited to Community College Districts, Hospital Districts, Emergency Districts, and others

approved by the voters in the outlined boundary of the proposed district. Oftentimes, a referendum of this nature has a tax on property or per capita²⁰ which is collected by the taxing district or another entity. The collected tax is then transferred to the organization providing the service. In this manner, the college or hospital can provide the service, collect revenue and operate itself through its own services and enjoys the benefits of the revenues it collects both from the taxes the voters have agreed to impose on themselves.

With a 9%²¹ cap on corporate tax to the Personal Income Tax Rebate where the CNMI government rebates taxes back to the individuals, the structure is quite favorable to the private sector and individuals. However, the CNMI government does not collect various types of taxes which traditionally fund local and state government operations in throughout the U.S.

Instead, the CNMI depends heavily on the Business Gross Receipts Tax. The inherent problem with the Business Gross Receipts Tax is its dependence on the private sector to generate business in order to pay the tax. In hard economic times when the private sector is seeing a downturn in business, they pay less tax. Furthermore, there is a disincentive to pay the tax and a temptation for some to conduct business underneath the “radar” of the government.

The cyclical tax generating system under the BGRT leaves the government vulnerable to dealing with severe upturns and downturns in its revenue generating capabilities. When business is great, the government feasts on the revenue; when business is poor, the government is in famine.

In both states of the economy, the government has obligations that it must meet and services that must be provided. In this type of revenue generating system, the government will always have to cater to the private sector to ensure viability and a quick economic turnaround. Government policies will therefore more than likely cater to the private sector.

The CNMI’s taxation history demonstrates the community’s preference to keep taxation rates and levels low. During boom times in the late 1980’s and early 1990’s, this economic philosophy worked in the past due to the rapid growth of tourism and garment manufacturing in the CNMI. At one time, the CNMI had one of the highest economic growth rates of all island territories and indeed of most U.S. states. However, the economic landscape has changed to the point where the economy of the CNMI past will not be the economy of the future. The government must therefore look to diversifying its revenue from more traditional streams while reducing its dependence on others. Although change will be difficult in the short-run, diversification will serve to help stabilize the government and provide for future needs of the community.

Listed below are some of the traditional sources of revenues that are currently being collected through various other government entities in the U.S.:

- Property taxes
- Sales and gross receipts
 - General sales and gross receipts
- Selective sales taxes

²⁰ Special or Service Districts often times have a tax imposed on the residents, property, personal assets (cars) etc. which the taxing district (or Finance Departments) collects and transfers to the entity providing the service

²¹ CNMI Department of Finance; www.cnmidof.net

- Alcoholic beverages
- Amusements
- Insurance premiums
- Motor fuels
- Pari-mutuels
- Public utilities
- Tobacco products
- Other selective sales
- Licenses
 - Alcoholic beverages
 - Amusements
 - Corporation
 - Hunting and fishing
 - Motor vehicle
 - Motor vehicle operators
 - Public utility
 - Occupation and business, NEC
 - Other licenses
- Income taxes
 - Individual income
 - Corporation net income
- Other taxes
 - Death and gift
 - Documentary and stock transfer
 - Severance
 - Other
- Special District
 - Municipal Utility District
 - Hospital District
 - Special School District
 - Emergency District

A thorough assessment of which taxes are best for the CNMI is a specialized and independent study that should be conducted in consultation with tax experts. However, one recommendation is a simple new type of tax that can be implemented and fit into the CNMI economy with relatively minimal interruption in business. This is the sales tax, also known as the consumption tax. This tax has been presented in the CNMI previously and dismissed on other occasions when the economy was growing or relatively stable. It may be worthwhile to re-examine this again, given the necessity of continuing to fund essential government services in the current state of severe downturn.

A sales or consumption tax is traditionally levied on the retail price of merchandise and collected by the retailer. This tax is charged at the point of purchase for certain goods and services. The tax is usually set as a percentage by a local government. There is usually a list of exemptions and the tax can be included in the price (tax-inclusive) or added at the point of sale (tax-exclusive). Most sales taxes are collected by the seller, which pays the tax to the government. The economic burden of the tax usually falls on the purchaser, but in some circumstances may fall on the seller. Sales taxes are commonly charged on sales of goods, but many sales taxes are also charged on sales of services. Ideally, a sales tax is "fair", has a

high compliance rate, is difficult to avoid, is charged exactly once on any one item, is simple to calculate, and simple to collect.

There are typically some items or organizations that are exempted from the sales/consumption tax. Some of these items and entities are: governments (local, state and federal), registered 501(c)3 non-profits, charity groups and religious organizations. Some jurisdictions also exempt food items and/or infant items. Taxed items usually include general dry goods, alcohol, cigarettes, clothes, automobile sales and non-food items. Governments also have the option of leveling the sales tax on services such as repair technicians, utility services (may also be known as franchise taxes), and other transactions.

Consumer sales excise taxes are taxes that are imposed on the persons who make retail purchases in the CNMI. Sellers serve purely as agents who must collect the tax on the CNMI's behalf. Because the tax is primarily the purchaser's responsibility, sellers don't have the option of absorbing the tax and usually must separately state the tax on the receipts or invoices they provide their purchasers.

Of the three types of taxes noted above -- seller or vendor privilege taxes, consumer excise taxes, and retail transaction taxes -- the consumer excise tax is currently one of the easiest for the CNMI to collect in terms of compliance, collection and audit-ability.

Recommendation: The CNMI should consider instituting a sales tax on goods sold with the exception of basic necessity foods, perhaps infant items and prescription drugs. A rate of 2% to 3% is common elsewhere in the U.S. and will be perceived to have very little impact on the consumer.

Following is a brief description of the taxes found in other U.S. Territories:

Puerto Rico - The Commonwealth of Puerto Rico has implemented a sales and use tax ("sales tax") system to replace the general excise tax system. On July 4, 2006, the Governor of Puerto Rico signed into law the Taxpayer Justice Act (Act No.117, H.B. 2193). The new law imposes a municipal sales tax at a rate of 1.5% (effective July 1, 2006) and the Commonwealth sales tax at the rate of 5.5%, with an effective date of November 15, 2006²².

U.S. Virgin Islands - Taxes in the U.S.V.I. are property tax, social security tax, federal income tax and Medicare. Social Security, income tax and Medicare are the same as those on the U.S. mainland – as they are federal taxes. There is no sales tax. There is no state tax in the U.S.V.I.

American Samoa – American Samoa has the same tax structure as the U.S., with a few minor exceptions: there is a minimum 4% tax rate on personal income; 34% tax rate on taxable income that exceeds \$75,000 but does not exceed \$650,000, and the highest tax bracket is 44% of taxable income as exceeds \$650,000. There is a 5 % excise tax on items imported for commercial resale. There are no gross receipts, property, or sale taxes. Moreover, tax exemptions can be granted by the Governor of American

²² http://www.meetpuertorico.com/your_event/excise_tax.asp

Samoa on some or all taxes (except for individual income tax) for up to 10 years for the establishment or expansion of qualifying industrial or business enterprises under the Industrial Incentives Act²³.

Guam - There is a common range of other types of local taxes including liquor, tobacco, gasoline, real property, gross receipts, use, admissions, amusement, recreational facilities, and hotel occupancy. There are no separate municipal, county, school district or improvement district taxes. Other than admissions, use, and hotel occupancy taxes, there is no general sales tax imposed directly on the consumer²⁴.

Forty-five of the fifty (50) states have sales taxes and they vary from the 9.35% in Tennessee to zero for the states of Delaware, Montana, New Hampshire and Oregon. The average sales tax for all 50 states is 5.0085%. Here is the complete table.

State	Tax Rates 1/1/2008	Exemptions		
		Food	Prescription Drugs	Non- prescription Drugs
ALABAMA	4		*	
ALASKA	none			
ARIZONA	5.6	*	*	
ARKANSAS	6	3% (4)	*	
CALIFORNIA (3)	7.25(2)	*	*	
COLORADO	2.9	*	*	
CONNECTICUT	6	*	*	*
DELAWARE	none			
FLORIDA	6	*	*	*
GEORGIA	4	* (4)	*	
HAWAII	4		*	
IDAHO	6		*	
ILLINOIS	6.25	1%	1%	1%
INDIANA	6	*	*	
IOWA	5	*	*	
KANSAS	5.3		*	
KENTUCKY	6	*	*	
LOUISIANA	4	* (4)	*	
MAINE	5	*	*	
MARYLAND (5)	6	*	*	*
MASSACHUSETTS	5	*	*	
MICHIGAN	6	*	*	
MINNESOTA	6.5	*	*	*
MISSISSIPPI	7		*	
MISSOURI	4.225	1.225%	*	
MONTANA	none			
NEBRASKA	5.5	*	*	
NEVADA	6.5	*	*	
NEW HAMPSHIRE	none			
NEW JERSEY	7	*	*	*
NEW MEXICO	5	*	*	

²³ http://www.doi.gov/oia/reports/American%20Samoa_Business%20Opportunities_2007_FINAL.pdf

²⁴ <https://www.guamtax.com/info/structure.html>

State	Tax Rates 1/1/2008	Exemptions		
		Food	Prescription Drugs	Non- prescription Drugs
NEW YORK	4	*	*	*
NORTH CAROLINA (6)	4.25	* (4)	*	
NORTH DAKOTA	5	*	*	
OHIO	5.5	*	*	
OKLAHOMA	4.5		*	
OREGON	none			
PENNSYLVANIA	6	*	*	*
RHODE ISLAND	7	*	*	*
SOUTH CAROLINA	6	*	*	
SOUTH DAKOTA	4		*	
TENNESSEE	7	5.5%	*	
TEXAS	6.25	*	*	*
UTAH	4.65	1.75% (4)	*	
VERMONT	6	*	*	*
VIRGINIA	5 (2)	2.5% (2)	*	*
WASHINGTON	6.5	*	*	
WEST VIRGINIA	6	4% (8)	*	
WISCONSIN	5	*	*	
WYOMING	4	* (7)	*	
DIST. OF COLUMBIA	5.75	*	*	*
* - indicates exempt from tax, blank indicates subject to general sales tax rate.				
Source: Compiled by FTA from various sources.				
(1) Some state tax food, but allow a rebate or income tax credit to compensate poor households. They are: HI, ID, KS, OK, SD, & WY.				
(2) Includes statewide local tax of 1.0% in California and 1.0% in Virginia.				
(3) Tax rate may be adjusted annually according to a formula based on balances in the unappropriated general fund and the school foundation fund.				
(4) Food sales are subject to local sales taxes.				
(5) Sales tax rate increased from 5% to 6% on 1/3/2008.				
(6) Sales tax rate is scheduled to increase to 4.5% on 10/1/2008.				
(7) Food sales exempt through 6/30/2008.				
(8) Tax rate on food is scheduled to fall to 3% on 7/1/08. Food subject to local tax.				

Environmental Resources – The CNMI possesses some of the most beautiful environmental resources on earth. These advantages are certainly a blessing, but with them come necessary calls for preservation, restrictions on use, higher environmental clearance thresholds, protection of certain species of animals, more extensive and in-depth mitigation plans, extensive monitoring, and a variety of concerns by environmentalists.

Other than for the obvious tourism benefits, the CNMI has other opportunities to harvest and make use of its environmental resources. For example, the availability of wind, sun, geothermal energy and wave motion can all be captured and used to make electricity. Over the past few years, the CNMI economy has been seriously affected by the increase in fossil fuel costs. Hardest hit of all the islands, the increases affected Saipan with power rate increases as much as 200%, affecting small and large

businesses, the government and individual households. The high cost of fuel coupled with maintenance issues on the island's power generating facilities led to rolling black-outs, equipment losses, and a general decrease in quality of life and standard of living for many people across the community.

Keeping in mind the sensitive nature of protecting and preserving the environmental resources of the islands, harnessing existing environmental resources to produce new sources of renewable energy can bring positive economic results to the CNMI and should be one of the highest priorities to develop. This is an area of great challenge, sensitivity and emotional arguments as to how to best utilize, protect, preserve and harness the potential for new "green" energy sources with the majority's interest in mind.

Recommendations: The CNMI should make immediate and full use of the American Recovery and Reinvestment Act of 2009 economic stimulus grants under the U.S. Department of Energy to develop renewable energy throughout the islands. The CNMI should also prepare a State Energy Plan to identify and organize its energy priorities. The plan should lead to strategies, plans and programs to assist the local government, businesses and residents in reducing the cost and increasing the reliability of alternative energy sources.

The recent designation by U.S. President George W. Bush of the Marianas Trench Marine Monument in January of 2009 was a plus for the CNMI's environmental protection efforts. This new project seeks to protect vast areas of land and ocean within the designated zone. However, there are debates and disagreements in the community about how the monument will be managed, what the monument program will look like, and what true benefits will arise from this designation. The monument possesses a great opportunity to promote future business, additional tourism, world recognition, education and scientific partnerships, and new sources of federal government funds.

Recommendation: CNMI elected leaders and local government environmental specialists should meet with community groups to organize an approach to the project, and then work closely with federal agencies, including the U.S. Fish and Wildlife Service under the Department of the Interior, and National Oceanic & Atmospheric Administration (NOAA) on plans to priorities, plans and programs to "develop" the new Marianas Trench Marine Monument to its fullest potential.

Pozzolan - Another untapped natural asset of the CNMI that shows promise, especially in light of the regional military build-up is the mining of Pozzolan on the island of Pagan. The military build-up has already created a large building and construction market on Guam. Party to this build-up is the need for a tremendous amount of cement.

Although currently the subject of a CNMI legal issue over mining use rights, on Pagan there exists a valuable natural resource created by volcanic activity called "pozzolan". Previously considered to be waste product, the use of pozzolan can permit a decrease in the use of Portland cement when producing concrete. Pozzolan is more environmentally-friendly than mixing cementations materials with Portland cement. As experience with using pozzolan has increased over the past 15 years, current practice may permit up to a 40 percent reduction of Portland cement used in the concrete mix when replaced with a carefully designed combination of approved pozzolan. When the mix is designed properly, concrete can

utilize pozzolan without significantly reducing the final compressive strength or other performance characteristics.

Recommendation: The mining of pozzolan should be pursued and marketed as quickly as possible to take advantage of the window of opportunity presented by the massive construction effort planning in connection with the military build-up on Guam.

Available Space – Manufacturing and Warehouse

One can see an immediate impact on economic development whenever there is a real estate transaction.²⁵ Therefore, it would stand to reason that the CNMI should study opportunities to create more activity in this area.

The rapid loss of the garment industry on Saipan has created a surplus of factory, warehouse, commercial, and office space in the CNMI. The space has become available over the past few years due to changes in world trade under the January 2005 Multi-Fiber Agreement which ended textile quotas around the world. As a result of this, many foreign countries with low labor costs including China, Bangladesh, Vietnam and others have been able to export more garments to the U.S., and Saipan's garment industry lost its competitive edge on the world apparel market.

The current conditions of the now-vacant garment factories on Saipan continue to decline due to the fact that they are not being maintained. In some cases, if not being properly maintained by private land owners, they are subject to vandalism and the weather. Located throughout the island of Saipan, they are generally found in commercial districts.

As of May 2009, all garment factories have closed in the CNMI. The factory sizes, locations and current cost to lease the unused space may be rather favorable. However, their conditions continue to deteriorate and the cost of rehabilitating them and preparing the sites for future uses will continue to rise, if not given basic maintenance.

The CNMI does not have or subscribe to a real estate Multiple Listing Service (MLS) which can serve as the best database for reviewing available real estate and their respective characteristics. The surplus in property does present opportunities for re-use, especially in industries that may not require upgrades or that can easily modify the existing facilities to meet their needs.

Industries such as indoor aquaculture could make use of the former garment manufacturing facilities with some renovation costs²⁶. The agriculture industry can also convert existing facilities to produce or process food for export or consumption. There is plenty of available square footage for manufacturing and that includes corresponding warehouse space. One of the largest costs will likely be the provision of an adequate, quality controlled supply of fresh water.

²⁵ Sergio Loya, Economic Development Institute, Oklahoma University, 1996

²⁶ Depending on anticipated aquaculture use

As stated previously, the Economic Restoration Summit outlined four new industries that the CNMI should seek to develop. Listed below is a table that illustrates how the vacant manufacturing and warehouse spaces could compliment the new industries.

Industry	Use of Existing Garment Factories or Warehouse	If Used - Extent of Investment Renovations Required ^{1, 2}
Agriculture	Yes - Renovated	Small to Medium
Aquaculture	Yes - Renovated	Small to Medium
Call Centers	Not Ideal	Large
Education Tourism	Not Ideal	Large
¹ Small - Less than 15% of start-up capital Medium - Less than 25% of start-up capital Large - More than 25% of start up capital		
² The percentage of capital is based on several factors which are unique to each project. The factors include: characteristic of project, products, equipment, size, retrofitting infrastructure, condition of facilities, and total capital involved.		

The conversion of existing vacant garment factories, warehouses and associated facilities for further manufacturing in the CNMI is a viable and constructive use that should be explored. However, the hope and effort to convert these spaces into productive, functioning businesses will not happen by themselves. The marketing of these manufacturing sites and their future uses for new investors should be bundled together in an attractive and complete economic development package.

Manufacturing as an industry will be hard-pressed to regain a foothold in the CNMI now and in the foreseeable future. Independent of having generous tax advantages (such as the garment industry had during their existence), lower transportation costs or utilizing existing resources (natural or environmental) native to the CNMI, many phases of manufacturing must be shipped in and shipped out. The value-added benefit that the CNMI can currently add to manufacturing production is still relatively inexpensive labor. However, this advantage will likely only be temporary, as hourly wages are now raising \$.50 every year until they reach the U.S. minimum wage.²⁷

Labor-intensive garment manufacturing in the form that was formerly known in the CNMI and the monetary benefits it contributed to the CNMI government and the economy are lost for the foreseeable future. Future manufacturing opportunities will likely be smaller in scale due to more stringent limitations on the use of foreign labor under U.S. Public Law 110-229 and a declining local labor force brought about by the economic depression and exit of many residents. Such businesses may represent the final processes in assembling finished goods, depend more on the native and natural resources of the CNMI, and/or make use of regional market opportunities in Guam.

One of Asia's little known, but highly significant trends that is just coming to light is the changing face of the Chinese economy. The Chinese economy is slated to change its growth model from an export leaning economy into a domestic-demand economy²⁸. This fundamental change on China's economic

²⁷ The U.S. Fair Minimum Wage Act of 2007 included the CNMI and American Samoa in U.S. minimum wage laws for the first time.

²⁸ East-West Center, Pacific Economic Cooperation Council conference, Washington DC, May 12-13, 2009

growth policy may create certain opportunities for American businesses, including the CNMI, provided that China put in place the right patent and copyright protections. Products manufactured and produced in the U.S. are recognized around the world as having met strict American government and quality standards. These standards and the stamp of approval give the product certain credibility. The CNMI may be able to take advantage of its close location (4.5 hours from mainland China by air), relatively inexpensive labor (compared to mainland U.S. or Guam), and the existing cultural and business ties to tap into this transforming Chinese market. However, this is a long-term evolution of the Chinese growth model and what the evolution will eventually resemble is an unknown at this time.

Available Space – Office Space

There is ample available office space for businesses to relocate, but getting an accurate inventory and its current condition is hard to do without a Multiple Listing Service (MLS) or similar formal real estate database in place. A visual and personal visit to office space around Saipan confirms that space is available for the development of a call center industry. However, one challenge with starting call centers in Saipan will be the cost and proximity to central T1 fiber optic line facilities. The ideal location is near the existing IT&E central office building in Susupe, with points in between the building and the T1 line connection.

The current condition of office buildings around the CNMI vary greatly. Most buildings and office space require renovations and some are simply “shells”, requiring full build-out of interior spaces to meet business needs. Most lack modern information technology and network cabling. Modern IT equipment and wireless technology can overcome these deficiencies.

The available office space and relatively inexpensive costs per square foot (ranging from \$.20 to \$1.95 per square foot based on an informal survey) are sufficient to meet current demands, especially given the downturn in the economy.

The challenges of much of the existing office space, however, are linked more to the current condition of the buildings and the necessary support requirements that businesses (especially those coming from outside the CNMI) normally expect to find. These factors, as identified by businesspeople and federal government contractors include:

- Fluctuating electrical supply and the need for uninterruptible 24-hour backup power
- The need for 24-hour water
- 24-hour security, either through electronic surveillance or skilled labor
- Maintenance of grounds
- Renovation or fit-out costs to the exterior and interior
- Information technology requirements
- Condition, type and reliability of air conditioning units (with central air preferred)

One of the hindrances to the profitability of “quality” office space that the CNMI faces is in fact the abundance of commercial buildings that are now vacant and dilapidated. Although a formal survey has not been undertaken, many spaces appear to have remained idle for quite some time and have had little after-utilization care. Commercial signs have been left on the buildings to fade and some buildings have become deteriorating eyesores. The current oversupply of this type of office space erodes prices and the opportunity for profitability for quality office space.

Infrastructure

The state of essential infrastructure is key to the success of economic development of any area. Any location that has deteriorating, undependable and high-cost infrastructure and utilities has difficulty competing with other cities, states and foreign countries for investment. This is no different for the CNMI. Therefore, it is critical to economic development efforts that essential public infrastructure be brought up to modern, efficient and reliable levels throughout the Commonwealth.

There are currently three CNMI government departments that manage the government's utility services: the Commonwealth Utility Corporation (CUC), Department of Public Works (DPW) and the Commonwealth Ports Authority (CPA). The CNMI currently owns and operates the following utility services:

- CUC - Water
- CUC - Wastewater
- CUC - Electricity
- DPW - Solid waste
- DPW - Road maintenance
- DPW - Drainage
- CPA - Ports (Airports and Seaports)

The private sector manages the following utility services:

- Land-line Telephones
- Mobile Cellular Service
- Cable Television
- Internet Services

Of these utility services, the most strained and financially challenged are those that are provided by the government. Currently, the water and wastewater services are under a federal stop order to improve services and re-organize utility management and operations²⁹. The water and wastewater division has responded to these challenges with limited means and internal capabilities. However, the quality of public water remains a significant challenge. Waste water treatment and discharges do not comply with U.S. EPA rules and regulations. The agencies are moving to resolve these matters.

In 2008, the CUC electrical service faced its greatest challenge with a series of service outages on Saipan. When all of the threats of unmaintained equipment, lack of spare parts, and rising fuel costs congregated at the same time, it created rolling black outs and equipment breakdown coupled with a loss of key personnel. Indeed, 2008 proved to be the lowest point in CUC's history. These efforts were addressed through the rental of temporary power generating equipment.

However, having reliable, reasonably-priced and dependable electricity is a core community need. Not having reliable electricity will deter companies from investing in communities. In fact, dependable and affordable electricity, water and wastewater are critical to a community's economic success. Not having

²⁹ United States of America v. CNMI Civil Case 08-0051. Stop Order I and II. March 11, 2009.

reliable and consistent electrical service can and will cause harm to mechanical, electronic and IT hardware. If businesses must generate their own electricity, it increases their operating and maintenance costs to a point where it makes the business climate non-competitive.

The introduction of alternative energy generating capacity can have some attractive values for companies that are conscientious of “going green”. Oftentimes, energy generated from alternative methods is more expensive, but some consumers and businesses are willing to pay a little extra to reduce dependency on fossil fuel.

Electricity is critical to the four identified new industries that surfaced from the Summit. The table below summarizes the impact.

Industry	Electricity ¹	Water ¹	Wastewater ¹
Agriculture	Yes - Small Dependency	Yes - Highly Dependent	Yes - Small Dependency
Aquaculture	Yes - Highly Dependent	Yes - Medium Dependency	Yes - Medium to High Dependency
Call Centers	Yes - Highly Dependent	Yes - Low Dependency	Yes - Low Dependency
Education Tourism	Yes - Highly Dependent	Yes - Low Dependency	Yes - Low Dependency
¹ All industries depend on electricity but some more than others			

There are measureable economic development benefits to the CNMI economy, energy and utility sectors if the CNMI were to start the process of converting electrical demand away from fossil fuels to methods that generate electricity through the natural resources of the islands. One of the missing factors in the CNMI’s efforts to harness and take advantage of the environmental resources is a CNMI-wide energy plan.

As stated previously, companies and individuals can take advantage of federal grants available in the American Recovery & Reinvestment Act of 2009 to lower capital costs and create a better financial scenario to encourage electricity generated production diversity.

Recommendation: The CNMI government could create a specific tax incentive plan that targets individual or commercial investment in alternative energy infrastructure. These industry development tools can be for small, medium or large projects.

Workforce

There are currently three main workforce sectors in the CNMI: Indigenous, Foreign and American Expatriate. Foreign workers are brought in not only to supplement the need for manpower to perform the labor, but also to provide important skilled work where certain skill sets are missing in the CNMI. Few foreign workers work for the government, except in highly specialized positions. They are mostly found in the private sector and hold positions that run the gamut of companies. Signed into law in May of 2008, U.S. Public Law 110-229 will take over the CNMI’s control over immigration, creating certain changes and challenges to the availability of the foreign workforce that will undoubtedly affect how new businesses and industries view the CNMI.

The gist of the Summit and the new industries proposed in this report is to address the employment capabilities of the local indigenous population. Of the four industries proposed, three are prime candidates to employ local indigenous workers throughout their organizations -- namely call centers, agriculture and aquaculture. All three industries do not require an associate, bachelor or any higher education degree. They will however require industry or additional training for each trade.

Recommendation: The creation of industry master plans should have a training component working in conjunction with the Northern Marianas College, the Workforce Investment Act, trade schools, equipment representatives and industry experts to meet the new industry training and workforce skills requirements.

For a new industry to be successful, the local workforce must be willing to step into the jobs that will be vacated or created in that industry. Not all jobs in every business can be supervisory or managerial. Professional and skilled positions are vital and critical to all businesses. There is a natural progression of advancement and promotion within a business that the workforce must understand as being the proper path towards increased wages, greater levels of responsibility and management.

Historically, part of this challenge and hesitation that the local workforce has had in working in the private sector is the wages paid. Currently, the CNMI government pays a higher wage than the private sector. With the minimum wage increasing every year by \$.50 up to and until it reaches the U.S. minimum wage, the attractiveness of working in the private sector is expected to increase. However, the minimum wage should not be the standard by which wages should be paid. Other communities throughout the US have conducted livable wage rate studies³⁰. The CNMI through a grant request from the U.S. Department of Labor can determine what the livable wage rate is for the CNMI. This may be a controversial step, but understanding what amount of compensation is needed to balance the workforce between government and the private sector is likely to be valuable for future planning and policy making.

The expatriate American community will continue their role as entrepreneurs, holding professional jobs and working in skilled positions within the government. This report therefore forecasts a continuing need and relationship of ex-pats in the CNMI economy.

Marianas Military Build-up

The military build-up in Guam presents many opportunities for the CNMI. When one adds the military build-up opportunities with the ARRA federal stimulus package assistance, the opportunity to start and sustain an economic recovery is possible with concrete steps.

There have been and continues to be numerous seminars and conferences which highlight the economic opportunities and needs on the island of Guam which the CNMI can take advantage of. In the early part of this military build-up, environmental assessments and construction will dominate the economic activity for Guam.

³⁰ Living wage is a term used to describe the minimum hourly wage necessary for a person to provide comfortably for their needs above the 'minimum poverty' line.

There are several areas of impact that the CNMI will undoubtedly feel that are a direct result of the military build-up. Because the state of the economy in Guam is on the rise, skilled members of the workforce who can legally work on the island may depart the CNMI and take jobs in Guam. Businesses that have transferrable business models will also naturally look to the island of Guam to expand their operations.

The A.B. Won Pat International Airport in Guam is the Micronesian region's airline hub, with a range of services emanating from the facility including passenger, cargo and freight. The Guam Seaport at Hagatna will also see an increase in activity and this port of entry is undergoing major renovations and expansion to serve as a hub for the ocean transshipment of goods and at the same time meet the needs of the U.S. Navy.

Taking advantage of its close proximity to Guam, the CNMI is already a Rest and Relaxation (R&R) destination for military personnel. The challenge, however, lies in the fact that many enlisted personnel cannot afford the current high cost of flying to the CNMI for some R&R³¹ along with the hotel, food and recreation for a three-day, 2 night stay. The military does have a Friends and Family program where they can take week-end Navy ship trips to the CNMI for relaxation, but these trips are not frequent enough nor do they offer regular schedules to positively affect the CNMI economy in a sustained manner.

Recommendation: The CNMI through the MVA and private tourism companies should consider more direct marketing and R&R packages specifically targeting military personnel in Guam to visit the CNMI.

The CNMI can also take advantage of the Marianas military build-up by providing products, services, warehousing and staging areas near the ports that can provide trans-shipment and/or spillover storage and logistics space for Guam.

In gauging the military's demands as well as the needs of the tourism industry in Guam for products, the CNMI should review the North American Industry Classification System (NAICS) for Guam³². The NAICS is a business activity database that documents the level of activity for each business classification. All businesses in the U.S. have a NAICS business classification and by knowing which NAICS activities are seeing an increase in activity from year to year, the CNMI can understand what business activities are prime to service or support.

The CNMI's assigned economic developer can document these business activities for Guam and learn what industries, supplies and services are in demand, and then encourage private CNMI businesses to connect with potential buyers in Guam.

³¹ Average plane ticket cost is \$185 (Continental 5/27/2009)

³² NAICS was developed under the auspices of the Office of Management and Budget (OMB), and adopted in 1997 to replace the Standard Industrial Classification (SIC) system. It was developed jointly by the U.S. Economic Classification Policy Committee (ECPC), Statistics Canada. This can be found on the following page: www.investorwords.com/1653/economy_of_scale.html

For example, there is documented upsurge of live flowers being imported to Guam, indicating that this may be a good area of opportunity for the CNMI’s agriculture industry. When the word ‘flowers’ is entered into the NAICS database, the following information was produced³³:

Common Key Words	NAICS Code	US NAICS Title
"Field nurseries (i.e., growing of flowers and shrubbery)"	111421	Nursery and Tree Production
"Flowers, artificial (except glass, plastics), manufacturing"	339999	All Other Miscellaneous Manufacturing
Artificial flowers merchant wholesalers	424930	"Flower, Nursery Stock, and Florists' Supplies Merchant Wholesalers"
Flowers merchant wholesalers	424930	"Flower, Nursery Stock, and Florists' Supplies Merchant Wholesalers"

3.3 Hinderances or Challenges to Economic Development in the CNMI

In order to consider what needs to be done to promote economic development in the CNMI, one also needs to study the hindrances or challenges that businesses face when doing business in the Commonwealth. The following list emerged in discussions with local businesspeople and government officials, media reports, public hearings during the CEDS field work, and the Economic Summit meetings. The commonly discussed hindrances to investment that the CNMI faces today include:

Lack of a Central Economic Development Point of Contact – As discussed earlier in this report, the CNMI lacks a central point of contact or information clearing house for interested investors or other parties to find out how to do business in the CNMI. Having an effective, efficient and professional economic development office(r) is important to help investors navigate through the labyrinth of data and information required to make investment decisions and business plans.

Lack of Economic Development Tools to Address Important Factors of Business Operations – Currently, most economic development incentives or tools for investors interested in the CNMI address land and taxes. But business operations are much more than and include such needs as relocation expenses, equipment purchases, workforce training, healthcare costs and other issues. A number of federal government entities (please see Exhibit 9.5) help businesses address these issues in a pro-active manner. The CNMI should consider putting together a menu of economic development tools in order to become more competitive in attracting business.

Qualifying Certificate (QC) - Public Law 12-32, the Investment Incentive Act of 2000 authorizes the granting of rebates and/or abatements of up to one hundred percent (100%) for a period of up to

³³ <http://www.naics.com/cgi-bin/n02keys2.pl>

twenty-five (25) years to qualified investors. However, almost since its inception this program has been heavily debated by the local community and the CNMI Legislature as being too generous. For instance, it may not allow the CNMI government the ability to adequately recover some of its investments in infrastructure and other services provided to the businesses that receive the QCs. The results and effectiveness of this program in its present state should be reviewed and the terms and length of the program should be re-evaluated. It is recommended that an in-depth study of how other jurisdictions handle such programs be undertaken. (For example, a local government in the Washington D.C. metropolitan area provides QCs, but only on a year-to-year basis, renewable annually based on an application process, and limits the overall volume of the program so as not to interfere with a necessary level of tax collections.)

Restrictive Land Ownership - Land ownership and the lack of full outright ownership of land is an important impediment to luring private investment to the CNMI. Having made this statement, it beckons another question: Will the elimination of the Restrictive Land Ownership clause under Article XI and XII of the CNMI Constitution lead to a noticeable increase in foreign or local investment in the CNMI? There are many other factors associated with investment decisions and ownership of land by itself is not the sole factor. However, when given the opportunity to own land in fee simple on the island of Guam or elsewhere, versus only being able to lease land in the CNMI, clearly this makes investment in land in the CNMI less competitive. The ability to finance physical improvements to businesses through bank loans is also heavily impacted by limited land lease terms. Conversely, some community and investor sentiment is that a relaxing of the restrictions on land ownership will immediately promote a flurry of new land transactions, which will generate tax dollars and new investment activity in the CNMI.

Inter-Governmental Relations - The CNMI has had a history of what some would classify as poor or inadequate federal relations with certain U.S. government agencies. This is obviously due to the great distance and cost in traveling over 20 hours by air to the U.S. capitol of Washington D.C. for ongoing dialogue. Other factors that have worked to the CNMI's disadvantage include a previous lack of representation in Congress (although this changed in 2009), uncertainty or unfamiliarity with U.S. laws that have applied in the Commonwealth, and disagreement over basic economic policies, namely immigration and minimum wage. Additionally, the CNMI has had various views on self-government and the degree to which U.S. policies and restrictions should be imposed on a remote island economy that is more dependent upon its Asian neighbors for business.

The CNMI government has a duty and must look after its citizens first and foremost, and if confronting other government agencies is determined to be in the best interest, then all aspects of the relationship should be considered but should not deter the government from taking the steps it deems necessary for the benefit of the Commonwealth. However, for the sake of taking full advantage of the political affiliation and substantial financial and technical assistance the islands are entitled to as part of the U.S., there should be a great ongoing effort by the CNMI to have frequent communications with federal agencies at various levels.

Tax Abatements for School Districts – There are many instances where public school systems grant tax abatements (in conjunction with other government entities) to businesses and corporations. However, there is a common concern is that tax abatements for school districts hurt the workforce of the future, and whereas a city or county will abate and not receive taxes from that business, corporation or development, the school district will continue to provide services that stem from the social and population impact of that business. Often times a city or county does not transfer or offset the schools

district's fiscal loss of that business tax abatement, but the district still has to educate the population's children. So in essence, public school district tax abatement(s) to a business or corporation decreases the educational spending per child for that district. The CNMI does not currently have a school district tax, but this is a practice to consider.

New Industry Challenges – A thorough list of the challenges that the four proposed new industries face cannot be fully outlined in this report without the development of specific industry master plans. The hindrances to development of each industry may be different based on the nature of each industry and should be researched, analyzed and thoroughly vetted in the respective industry master plans. However, there are some macro efforts that that the CNMI government can undertake to facilitate the development of these industries until they fully take hold and gain momentum necessary to grow on their own.

The following efforts will help facilitate and jump-start these new industries:

- Cause the development and formulation of industry master plans
- Take inventory of available space, both developed and undeveloped, and take steps to zone or set aside such space for the respective industry requirements as outlined in the industry master plans
- Consider special and/or temporary utility rates as incentives for these new industries
- Assist these new industries with starting professional associations
- Thoroughly analyze, review and then take action on resolving the high cost of shipping goods developed or grown in the islands to market.
- Target the improvement of inter-governmental relationships for the new industries to counterparts in the federal government
- Involve CNMI multi-governmental departments in a new industry task force to facilitate, remove barriers, clarify policies and increase the facilitation and start-up of these new industries.

The CNM government must serve as an important facilitator to development of new industries. Therefore, any steps that the government can take on the points stated above will help move the effort forward. Momentum is important and efforts to build upon what was done before are vital to the success of the effort.

3.4 Economic Development Inducements – Current Practices

Each state, county and city typically has its own set of economic development tools that can be used to assist businesses in locating, starting up or expanding operations for the benefit of their communities. A list of the economic development incentives for the following states, some of their counties and cities are listed in the table below, as well as in Exhibit 9.5 at the end of this report:

State	County	City
Florida	Seminole	Altamonte Springs
		Casselberry
		Hollywood
Indiana	Montgomery	Terra Haute
Missouri	Kansas City	Kansas City
Texas	Bexar	San Antonio
		Kerrville
Massachusetts		
Georgia		Atlanta

At the Summit, the team advised the participants that within six to eight weeks, the legislature should be asked to consider a number of bills or actions that should be considered in order to jump-start the new industries and make the CNMI more competitive in its economic development efforts. It was felt that the research and corresponding effort required to prepare for this legislative action would indeed produce the types of incentives, abatements, and would also explore the plethora of economic development tools that are best suited for the CNMI at this time. These efforts would also include a review of existing incentives, rebates, etc. and make recommendations changes, if any. Absent of the time and research required to vet this effort, it would be premature to make direct and specific recommendations on which economic development tools would be best suited for the CNMI.

4 Proposed Industries

4.1 Agriculture

The Northern Marianas College-Cooperative Research Extension and Education Service (NMC-CREES) is the lead entity that is providing technical assistance to the agriculture community in the CNMI. It provides quality technical programs, services, and information to benefit the people, the environment, and the economy of the Commonwealth of the Northern Mariana Islands. With continuous interaction, collaboration and a unified direction, the department is helping to improve the economic well being, living conditions and overall quality of life of it stakeholders.

The CREES group led an agriculture conference in February 2009 that included various stakeholders such as farmers, families, youth, individuals, government agencies, and various ethnic communities. The assistance of CREES is imparted to the three islands and its technical and research advice is a major contribution to the ongoing effort to make agriculture a mainstay in the CNMI economy and to increase local production and consumption of food products. The conference report has not been released as of the date of this report and CREES was not able to contribute a great deal of information from the findings of that conference at the Summit. However, it is expected that CREES will take the lead in assisting and serving as a technical team member/advisor to the agriculture community.

A full and in-depth analysis of the most appropriate incentives, special utility rates, logistics marketing, product packaging and distribution assistance should be reviewed and developed in the industry master plan for agriculture.

Recommendation: Analyze and create tax incentives or rebates for industries, activities, products or services that directly affect or assist the agriculture industry.

Recommendation: Banning previous commitments for the funds or any legal or legislative restrictions, a suggestion is to utilize any funds earmarked in the Covenant Agreement, Article VII, Section 702 (b)³⁴ for the principal purpose of supporting Agriculture and Aquaculture farmers.

4.2 Call Centers

What are they?

A call center is an office where a company's inbound calls are received and/or outbound calls are made. Call centers are increasingly popular in today's society, where many companies have centralized customer service and support functions and outsourced them for greater efficiency and reduction in operating costs. Call centers employ trained specialty staff in customer service, sales, telephone operating and support functions. Depending on the size of the call center, a single office could have anywhere from a few dozen to hundreds of telephone operators.

Call centers provide a number of advantages to companies. By centralizing telephone-based service and support in one location, companies can easily be adjusted to match call volume. Call centers can be located almost anywhere, allowing companies to take advantage of time zones and cheaper labor rates in different locations. Call centers also centralize the technology needs of companies, allowing major telecommunications setups to be installed in a concentrated area of call centers instead of a number of smaller offices, making upgrades and training easier to complete.

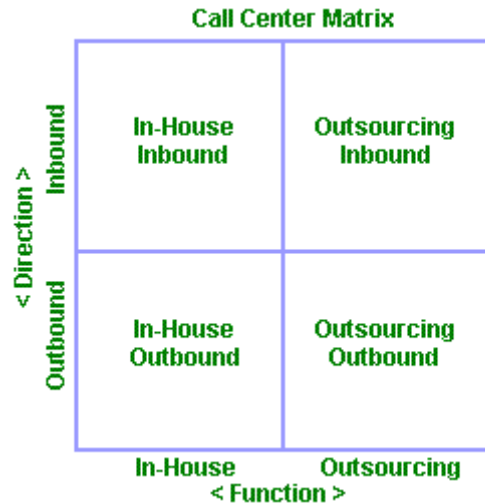
Call centers have been increasingly popular as the general business trend toward outsourcing services has increased. With outsourcing, companies contract out some functions to other companies who specialize in a function. As it can be expensive to maintain call center equipment and staff, some companies choose to [outsource](#) their telephone functions to an external call center. In this case, external call center staff can be trained to answer phone calls from a number of different clients.

What type of activities do call centers participate in?

Call centers can be "in-house" or outsourced". In-house call centers function as a part of a business and provide service to that business. An outsourcing call center is a business that provides call center services to other companies.

Another important distinction is that call centers can handle inbound calls, outbound calls, or both. Inbound call centers are reactive in nature and must staff accordingly; they react to calls when they occur. Outgoing call centers, sometimes called telemarketing centers, are proactive in nature, hiring and scheduling staff to make calls to specific individuals at certain times. Though seemingly similar in nature, inbound and outbound centers have very distinct and dynamic differences.

³⁴ http://www.cnmilaw.org/covenant_i_x.htm#article7



What is happening in the call center industry?

Not long ago, it was common for organizations to view their in-house contact center for customers wanting to call the business as a necessary nuisance. Depending on the nature of the business, it is a required cost of doing business. In the case of large businesses which receive a high volume of incoming calls, some have preferred to turn the entire operation over to a service bureau with the primary intention being to merely cut costs.

Today, however, the contact center is widely recognized as a critical business unit without which many enterprises cannot thrive. The contact center represents the ears of the organization, collecting invaluable customer data that can lead to overall business improvement and increased revenue. Consequently, companies don't want to hand over their contact center operations to just any agency. Nor do many want to hand over the entire operation. Today, most contact centers that opt to outsource do so on a smaller scale, using the outsourcer as a strategic extension of their own center to help fill in gaps, handle overflow, and expand services, hours of operation and/or channel options. Because today's contact centers are more selective of whom they let handle their customers, the outsourcers themselves have begun to provide more services. Today outsourcing specialists embrace the latest tools, trends and best practices.

To get a better glimpse of what is happening today in contact center outsourcing – including what percentage of organizations currently outsource customer contacts, what types of contacts they are outsourcing, and the biggest outsourcing benefits and challenges they've experienced, the International Calls Management Institute of Colorado Springs, Colorado surveyed 279 call center professionals. These were mostly from North America, but managers around the globe also responded. Following are some of the key findings of the survey:

- Nearly one in three respondents (29.4%) in the survey indicated that their call centers currently outsource customer contacts to an outside agency/service bureau.
- Very few centers rely on their outsourcer to handle most or all of the contact volume: 42.9% of responding centers outsource only 1%-20% of customer contacts the company receives; only

7.9% of respondents reported using an outsourcer to handle most or all (81%-100%) of the customer contacts received by the company.

- The most common types of customer contacts outsourced by respondents include:
 1. Basic request contacts (30.2%)
 2. Overflow contacts (25.4%)
 3. After-hours/weekend contacts (25.4%)
 4. Foreign language contacts (14.3%)
 5. Contacts resulting from special promotions (12.7%)
- Cost reduction remains the most common driver of outsourcing decisions: 65.1% of respondents cited this as a “key reason for outsourcing.” Other key reasons cited include:
 1. To handle overflow (41.3%)
 2. To provide extended hours of operation (27%)
 3. To tap into the outsourcer’s overall experience and expertise (27%)
- Only 4.8% of respondents cited improved e-support as a primary reason for outsourcing.
- Most respondents indicated that their outsourcing ventures were managed either by a team comprised of both managers from the client contact center and the outsourcing agency (46%), or by a dedicated manager/management team at the outsourcing agency (39.7%).
- Respondents reported using a variety of methods for keeping tabs on how the outsourcer’s agents are handling customers. The most common include:
 1. Receive daily reports on key performance attributes (79.4%)
 2. Have access to call recordings (65.1%)
 3. Directly monitor outsourcer’s agents remotely on occasion (58.7%)
 4. Survey customers handled by outsourcer and evaluate feedback (49.2%)
 5. Have access to real-time performance data via the Web (42.9%)
- The top five outsourcing benefits cited by respondents include:
 1. Lower operating costs (33% said they have experienced this “in moderation”; 21% have experienced it “in abundance.”)
 2. Expanded hours (29% in moderation; 21% in abundance)
 3. Better handling of peak traffic (27% in moderation; 22% in abundance)
 4. Improved staffing flexibility (24% in moderation; 19% in abundance)
 5. Higher productivity (30% in moderation; 10% in abundance)
- The three most pressing outsourcing challenges/problems reported by respondents were:
 1. Keeping tabs on outsourcer’s performance in real time
 2. Building a sense of team and commitment to our organization’s mission/values
 3. Outsourcer not meeting our performance objectives
- Satisfaction levels with the outsourcing partner's performance are mixed:
 1. Very satisfied, 39.7%
 2. Somewhat satisfied, 49.2%
- One in four (26.1%) respondents has outsourced in the past, then brought operations back in-house due to dissatisfaction.

4.3 Aquaculture

The idea of standing up an aquaculture industry in the CNMI is not new. Research indicates that for the last five years, various local news media have reported that the Aquaculture industry was poised to “take hold” in the CNMI. So what is proposed here is not new or has not been heard before in the

CNMI; the difference is the urgency of building more viable economic activity quickly in light of the economic times the CNMI is facing. Another consideration is to help establish the aquaculture industry “right” from the beginning so as to avoid any unnecessary harmful environmental impacts.

A first step is to develop a complete industry master plan and a separate plan of action and milestones to ensure implementation.

In February 2009, the USDA released the Farm Census for the CNMI for the years ending 2007. This report included both agriculture and aquaculture farms and is available online at www.agcensus.usda.gov/Publications/2007/Full_Report/Outlying_Areas/cnmi.pdf

Recommendation: Following the creation of the Aquaculture industry master plan, develop tax rebates or incentives that directly support activities related to aquaculture activities.

What is Aquaculture?

Aquaculture is the agriculture of the oceans. “Mariculture” is another term for the specialized branch of aquaculture involving the cultivation of marine organisms for food and other products in the open ocean, an enclosed section of the ocean, or in tanks, ponds or raceways.

To provide a more balanced view of the marine ecosystem and the seafood industry, this section focuses on both the cultivation of seafood and the harvesting of seafood from the wild. There are two types of aquaculture farming: capture and cultivate.

- Capture fisheries are the most widely known and recognized form of harvesting aquatic organisms and have been practiced since prehistoric times. Recreational fishing is a form of capture fishing, although for commercial purposes, capture fishing is much more efficient and productive.
- Culture fisheries involve growing a selected organism, or in some cases several selected organisms in a controlled environment, where the sole purpose of the organisms is to be harvested and then sold commercially. This can be done in an open-ocean or an enclosed facility.

Aquaculture farms are very similar to their land-based counterparts in terms of concept and management strategies. However, aquaculture is a form of agriculture that includes the cultivation, propagation and marketing of aquatic organisms. It shares many similarities in concept to cattle farming and many of the same management techniques are used in aquaculture. Like more traditional forms of agriculture, the goal of aquaculture is to maximize production at a minimal cost to maintain a profit margin.

Aquaculture is poised to become an important source of protein for the world's growing population. Because the capture fishing industry has peaked and is likely to decline as wild stocks are diminished, Aquaculture will become an important source of seafood products. Already nearly one-third of all aquatic products consumed in the United States were produced on fish farms. Almost all of the catfish and rainbow trout, half the shrimp, and one third of all salmon consumed in the United States are raised on fish farms. The aquaculture industry of the United States, however, is very small compared to the

industry in other nations. Listed below is the distribution of aquaculture production by volume worldwide³⁵ as well as the results of the latest U.S.D.A. census on aquaculture in the CNMI:

China: 56%	India: 9%
Japan 4%	Indonesia: 4%
Thailand 3%	USA: 2%
Philippines 2%	Korea: 2%
Taiwan: 2%	France: 2%
Others: 14%	

2007 U.S. Agriculture Census Statistics for CNMI aquaculture production

US Censes – 2007		
Activity	Year	
	2002	2007
Aquaculture Farms	5	5
Ponds	3	15
Tanks	11	51
Quantity Sold (lbs)	2,700	33,350
Sales	\$ 6,150	\$66,725

What type of activities does aquaculture participate in?

If aquaculture is to continue to grow its operations, it must be environmentally stable as well as profitable. This is no small challenge, as aquaculture, in its modern form and capacity is a relatively new industry and more research is required to determine at what level and in what manner aquaculture should be practiced to maintain an environmental balance.

Unfortunately, many of the existing aquaculture farms were not designed to be environmentally friendly and, in some cases, no attention to the environment was given during their construction and operation. Since aquaculture is in its infancy as a new industry for the CNMI, there is still time for the local government to put in place proper environmental controls before any substantial degradation occurs. Fortunately, a great deal of study has been done by environmental organizations in the U.S. and this research and information on best practices should be made available to local farmers and the CNMI government as part of the industry master planning process.

What is happening in the aquaculture industry today?

Various factors are driving the aquaculture sector to intensify. One is the virtually unlimited market for the sale of seafood products. Another is the limited availability of sites for farming. As availability of sites for aquaculture becomes increasingly limited in other parts of the world, and the ability to exploit non-agricultural land is restricted, along with economic drivers, the aquaculture production systems are

³⁵ 2005, National Aquaculture Association

being increasingly intensified. What this means is that aquaculture continues to explore new species options (and particularly high value species) in regions and countries where aquaculture is well established.

As some traditional agricultural systems become increasingly less viable, there has been a trend to promote or enable diversification. This may take the form of conversion from agriculture to aquaculture (e.g. rice land for aquaculture), or the integration of aquaculture into existing farming systems. In such diversification, people enter into aquaculture to increase their earning capacity, without giving up their primary occupation as farmers. Further, secondary use of water bodies for aquaculture is also increasing in Asia and Latin America, as a diversification in the use of water bodies. This is becoming more viable in many countries as fish seed is more widely available now at affordable prices.

Influence of markets, trade and consumers and how this can help the CNMI grow Aquaculture

Producers and processors of seafood products are slowly moving toward greater value-adding and development of processed products for export markets as an avenue for increasing foreign exchange earnings and improving profitability. In such circumstances, the choice of species for farmers is becoming geared to the demand for products in the international markets.

- With more stringent demands of export markets, small-scale operators are facing increasing difficulties in producing enough volume and the right products for export, especially in light of high shipping costs for live seafood products. This has been the main challenge for CNMI producers since the beginning of the industry. A strategy to offset this is the formation of producer associations, which has demonstrated positive results in countries such as India and Viet Nam. As more businesses enter the market, the development of an association which can share the costs of technical expertise and improve economies of scale in marketing, logistics and shipping may be a viable way for the CNMI to help its aquaculture farmers.
- There is a clear trend towards development and implementation of safety and quality standards to ensure wholesomeness of aquaculture products that are free from diseases in aquaculture operations that are environmentally benign. The international and national demand for safe and higher quality aquatic products is increasing and there is a clear need for improvement. This is another justification for why the CNMI must take immediate actions to start the industry carefully, and take the right precautionary measures to avoid diseases that can destroy seafood harvests and investments.

4.4 Education Tourism

What is Education Tourism?

The term education tourism or edu-tourism refers to any program in which participants travel to a location as a group with the primary purpose of engaging in a learning experience directly related to the location. It is comprised of several sub-types of activities including ecotourism, heritage tourism, rural/farm tourism, and student exchanges between educational institutions. The notion of traveling for educational purposes is not new³⁶ and its popularity in the tourism market is only expected to increase.

³⁶ <http://unpan1.un.org/intradoc/groups/public/documents/IDEP/UNPAN002585.pdf>; Gibson, 2001; Holdnak & Holland, 1996; Kalinowski & Weiler, 1992

This Summit and fact paper suggests education tourism as a highly compatible niche market opportunity to expand on the mass tourism market that already exists in the CNMI. It calls for a coordinated, sustained approach to realize the industry's full social and economic potential for the CNMI community and foreign students, offering a seamless transition into a higher education system.

Resource Base for Education Tourism

The CNMI is already endowed with abundant tourism resources as well as private schools that can serve as the foundation for edu-tourism. These resources may be categorized into the following dimensions: cultural/historical, ecotourism/nature based tourism/rural tourism, and study abroad programs.

The Asian Education Tourism Markets may be grouped into three categories:

- (a) Intra-regional – CNMI and Guam (Retaining our own students)
- (b) Sub-Asia – Philippines, Japan, and Korea
- (c) Asia – Inclusive of Sub-Asia groups, China and Russia

The CNMI cannot expect to develop a sustainable edu-tourism industry based solely on the attractiveness of the destination to general tourist interests. The core requirement is the learning aspect of the opportunity and therefore, there must be a focus on quality and there must be infrastructure and services in place to support foreign students in their daily living needs while staying in the CNMI. The tourist aspect is the peripheral, yet equally important and an economically viable benefit of the industry.

The CNMI needs to build and nurture the educational component, most particularly the English as a Second Language (ESL) course which is the primary attraction for foreign students who come to the CNMI from Asia to learn. Additionally, foreign students in private schools should not only learn in the educational setting of their coursework, but should also be actively encouraged and perhaps even required to make field trips to historical and environmental sites. Research suggests that interest in the activities that most people engage in as adults were first developed during childhood and adolescence³⁷. Therefore, by encouraging the involvement of school children and their families in their formative and impressionable years, the CNMI will be creating a cadre of future visitors to help sustain regular tourism in the future.

To stimulate edu-tourism travel, both for long and short-stay visits to the CNMI, the local government should consider amending, tailoring and strengthening existing travel and immigration protocols to facilitate easy movement among foreign nationals within the region as allowed by law. Furthermore, conscious promotional efforts by MVA should be undertaken within the CNMI's existing core markets (Japan, Korea) to heighten public awareness of available edu-tourism opportunities and their accessibility.

In addition, the CNMI educational community and Northern Marianas College should work in a coordinated manner to design and create edu-tourism programs that match the interests of students so that a seamless transition from the private schools to the college takes place.

³⁷ <http://unpan1.un.org/intradoc/groups/public/documents/idep/unpan002585.pdf>; McGuire, Dottavio & O'Leary.

In promoting edu-tourism, especially for youths, it is vitally important to ensure that students not only receive a quality experience, but that safety is maintained at all times. Students also need the right facilities with chaperones if they are to stay in the CNMI for extended-stay programs (six weeks is the minimum for ESL courses at the Northern Marianas College).

Dormitory housing for students is currently provided at only two private schools -- Eucon International and Ladera International School of Saipan -- thereby limiting the ease of larger numbers of foreign students to stay in the CNMI for long stays. Privately arranged housing is available, but more difficult for families to research, secure, chaperone and pay for. Students staying outside of school dormitories also need to arrange for their own transportation, which is a hindrance, especially for youths that are under the legal driving age. This is an area where the CNMI is currently less competitive than other edu-tourism destinations because of a lack of certain facilities, services and public transportation.

As with the other industries, a master plan should be developed for edu-tourism which identifies the unique challenges to developing the industry. The master plan should do a comparative analysis of other edu-tourism destinations and recommend best practices, strategies and next steps, with separate action plans and milestones for growing the industry.

4.5 Industries Explored but not Pursued

During the pre-economic summit hearings, several other ideas for new industries were suggested by and/or presented to the participants for consideration. Upon further review, these proposed new industries were not pursued for reasons that are outlined in the corresponding descriptions below.

4.5.1 **Medical Tourism** – The CNMI currently does not have enough physicians, types of specialists nor much of the advanced medical equipment and technicians needed to meet the community’s own internal demands or needs. The islands now outsource their most severe or specialized medical procedures either to Guam, Hawaii, Japan or the Philippines. Therefore, the CNMI is currently not equipped to undertake this type of tourism. Additionally, substantial competition from nearby foreign countries exists at lower costs, with higher service standards, abundant support facilities, and with greater ease of transportation.

4.5.2 **Green Energy Manufacturing and Manufacturing** – Because of rising costs of labor, manufacturing as a whole has experienced a steady decrease in the CNMI and the U.S. mainland over the past 15 years. In the 1990’s and up until 2005, the CNMI was a prime manufacturing location for the garment industry because of its lower wages, favorable customs treatment and tax structure in relationship to the U.S. Once these advantages were removed, the garment manufacturing industry moved to foreign countries. The CNMI does not have an excess of natural resources which manufacturing industries may need³⁸. Any manufacturing business or process that takes place will require the importation of equipment, raw materials, and perhaps additional skilled labor. The industry may also likely require the establishment of specialized training, as well as secondary and tertiary businesses to cater to the primary industry if certain specialties are not readily available in the CNMI. This depends on the nature of the manufacturing and will vary.

³⁸ With the exception of Pozzolan.

The logistics, shipping and transportation costs can offset any advantages that the CNMI currently has except the “Made in the USA” label that does have some advantages in international markets. The supply chain of manufacturing understands that raw products or materials have to ship into the CNMI, the CNMI labor adds value to the product by assembling it, and then the product is shipped to intended destinations. The Summit recognized that one of the items that must be addressed is the high cost of shipping that currently exists in the CNMI due in part to the lack of any economy of scale³⁹. The costs of shipping will decrease once the transshipment of goods and products increases in volume, but certain shipping costs will be fixed. Apart from growing, producing or mining natural resources native to the CNMI, or simply adding value by assembling pieces of goods originally manufactured elsewhere, the costs of manufacturing products in the CNMI will be hard pressed to compete with other manufacturing destinations.

4.5.3 **Expand tourism further** – Expanding the tourism outreach is a viable and credible effort that should be examined through an updated tourism master plan (the current 5-year plan was developed in 2006 and is somewhat outdated due to the passage of new U.S. law federalizing immigration). However, this is an effort to make further inroads into an existing industry and will not bring the desired result of diversifying industries supporting the CNMI community.

5 The Summit Format

The team believed that getting the public/private sector input separately and independently from government officials was necessary and crucial for gaining adequate feedback and input into the Summit. Therefore, the Summit format was pattern to reflect this plan of action with specific milestones.

March 19, 2009	Public / Private Sector: Pre-Economic Restoration Summit Session. Length: 4 hours Milestone: Present industries, breakout sessions, gather feedback and present the findings to the Legislative and Government Officials on March 27, 2009
March 27, 2009	Legislature / Government Officials: Pre-Economic Restoration Summit Session. Length: 3.5 hours Milestone: Present the findings from the Public / Private Sessions, present industries, gather feedback and present the findings to the entire Economic Restoration Summit attendees in conjunction with the industry experts on March 27, 2009
April 2-3, 2009	Economic Restoration Summit. Present the findings for the both Pre-Economic Restoration Summit sessions in a forum with the recommended industry experts for feedback, validation and consensus building.

³⁹ [Reduction in cost per unit](#) resulting from increased [production, realized](#) through [operational efficiencies](#). [Economies of scale](#) can be accomplished because as production increases, the cost of producing each additional unit falls.

6 The Agenda

The ERS Summit was a culmination of two previous pre-economic restoration summit sessions held for the private sector/public session and legislators/government officials. The specific industry notes and a comparative analysis of the meetings between the private/public sectors are contained in Exhibit 9.7 at the back of this report. The respective agendas for each session are included below:

6.1 Private Sector – Public Session Agenda

Friday, March 27, 2009 1:00 to 4:30 pm	Multipurpose Center, Saipan
12:30 – 1:00 pm	Registration
1:00 – 1:10 pm	Welcome Remarks Manny Sablan, Chairman, Commonwealth Development Authority
1:15 – 1:35 pm	Presentation on Results of 3/19 with the Private Sector Sixto Igisomar / Sergio Loya
1:35 – 2:45 pm	Breakout Session* - <i>Call Centers, Aquaculture, Eddo-Tourism, Agriculture - Explore Legislative Initiatives for Economic Development</i> Michael Ada / Sergio Loya
2:45 – 4:00 pm	Breakout Session Findings and Q & A
4:00 – 4:30 pm	Wrap up and Next Steps

* Breakout Session – As the industries in the Breakout Session were discussed, participants were asked to consider and apply the following topics to the industries:

Capital	Infrastructure
Markets	Logistics (Getting the product from Point A to Point B)
Workforce Skills	External Sources of Capital or Seed Money
General and Entrepreneurial Interest	Developing a Professional interest
Industry Master Plan	

6.2 Legislatures / Government Officials Agenda

Friday, March 27, 2009 1:00 to 4:30 pm	Multipurpose Center, Saipan
12:30 – 1:00 pm	Registration
1:00 – 1:10 pm	Welcome Remarks Manny Sablan, Chairman, Commonwealth Development Authority

1:15 – 1:35 pm	Presentation on Results of 3/19 with the Private Sector Sixto Igisomar / Sergio Loya
1:35 – 2:45 pm	Breakout Session* - <i>Call Centers, Aquaculture, Edu-Tourism, Agriculture - Explore Legislative Initiatives for Economic Development</i> Michael Ada / Sergio Loya
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Workforce Skills	External Sources of Capital or Seed Money
General and Entrepreneurial Interest	Developing a Professional interest
Industry Master Plan	

6.3 Economic Restoration Summit

Thursday, April 2, 2009	Location: Fiesta Resort, Saipan
8:00 – 8:30 am	Registration – Continental Breakfast
8:30 – 8:45 am	Call to order Manny Sablan, Executive Director, Commonwealth Development Authority
8:45 – 9:00 am	Welcome Remarks Honorable Benigno R. Fitial, Governor
9:00 – 9:30 am	CEDS Presentation Michael Ada, Secretary of Commerce and CEDS Co-Chair
9:30 – 10:00 am	Public-Private Partnerships Art Smith, President
<i>10:00 – 10:15am</i>	<i>Break</i>
10:15 – 11:10 am	Presentation on Results of Aquaculture Sergio Loya Aquaculture Speaker Shaun Moss, Ph.D., Oceanic Institute

11:10 am – 12:00 pm	Presentation on Results of Agriculture Sergio Loya Agriculture Speakers Tony Pellegrino
12:00 – 12:35 pm 12:35 – 1:10 pm	<i>Lunch</i> Keynote Speaker - Guam Lt. Gov. Michael Cruz Question & Answer Session
1:30 – 2:30 pm	Presentation on Results of Edu-Tourism Sergio Loya Edu-Tourism Wayne Pangelinan
2:30 – 2:45 pm	<i>Break</i>
2:45 – 3:30 pm	American Recovery and Re-investment Act (Federal Stimulus Package) <i>Update on CNMI Efforts, How the Private Sector can Benefit</i> Michael Ada, Secretary of Commerce
3:30 – 4:00 pm	Wrap up and Preview for Summit Day 2

8:30 - 12 noon	Friday, April 3, 2009
8:30 – 9:00 am	Networking Continental Breakfast
9:00 – 9:15 am	Recap of Previous Day Events
9:15 – 10:05 am	Presentation on Results of Call Centers Sergio Loya Call Centers IT&E
10:05 – 11:15 am	Breakout Sessions Call Centers, Agriculture/Aquaculture, Edu-Tourism
11:15 am – 11:45 am	Next Steps and Closing Remarks

7 The Summit Speakers and Areas of Expertise

The Summit team was challenged to find the right experts and speakers for the conference given the short turn-around period for the conference as well as substantial budget limitations for travel and paying professional speaker fees. However; the speakers that did address the conference were experts in their respective fields and/or had extensive experience and knowledge about industries in the CNMI. Here is a brief description of each speaker:

- CNMI Governor Benigno R. Fitial – Welcoming Remarks. In addition to his current office, the Governor is a former legislator and business executive.
- Guam Lieutenant Governor Michael Cruz – Dr. Cruz is a former senator, a practicing surgeon in the US Army, and a current candidate for Governor of Guam.

- Michael Ada, Secretary of Commerce – Mr. Ada has administrative, managerial and operational responsibility for the Commerce Department and economic well-being of the Commonwealth. He concurrently serves as the banking and insurance commissioner for the CNMI, and public sector co-chairman of the CEDS Commission.
- Manny Sablan, Executive Director, Commonwealth Development Authority (CDA) – Mr. Sablan is a former CDA board member. CDA is the CNMI’s premier development agency that issues bonds and business loan guarantees.
- Art Smith, President, MAI. – Mr. Smith is an international expert on Public-Private Partnerships (PPP), government efficiency and was involved in the CEDS plan.
- Sergio Loya, MAI. – Mr. Loya is a certified project manager and former City Manager with experience living and working in Micronesia and Island economies.
- Shaun Moss, Ph.D., Oceanic Institute – Dr. Moss is the program manager for a USDA shrimp research program based out of Hawaii Pacific University
- Tony Pellegrino – Mr. Pellegrino is a local entrepreneur operating long-standing businesses in water bottling and tourism, as well as in the agriculture and aquaculture industry in Saipan. He is currently the only business in the CNMI authorized to market products to the Defense Commissary Agency (DeCA) in Guam.
- Wayne Pangelinan – Mr. Pangelinan is a local entrepreneur who is active in the education tourism in the CNMI through his employment at the Ladera International School on Saipan. He is the former marketing director for the Marianas Visitors Authority and served as their de-facto speaker and organizer for the small group of established edu-tourism schools.
- Larry Knecht, IT&E - Mr. Knecht is the General Manager of IT&E-Saipan, the leading local telecommunications service provider and a cellular phone company operating in the CNMI and Guam. IT&E has already established a 30 FTE call center in the CNMI handling cellular phone inquiries for Hawaiian Telephone.

8 The Next Step

The wrap up and next steps session of the Economic Restoration Summit are outlined in the scope of work that is part of the Summit contract. This includes the following actions:

Deliverables

- A draft of the Summit results in a report format – approximately 21 days after the Summit delivered to the CNMI for comment and edits.
- A Final report will be due 30 days after the end of the Summit and after receiving input from the CNMI government

During the Summit, in one question and answer period, a suggestion was made for a course of action that is necessary and critical to maintaining the momentum of the Summit and ensuring that the foundation necessary to ensure the success of economic development efforts.

It was acknowledged by the CNMI participants that there is an ongoing need for the Legislature to review the economic development challenges that are currently being experienced by CNMI citizens and businesses.

Deliverables

- In six (6) to eight (8) weeks, the team should take into consideration a range of economic development legislation to discuss and consider, with the intent of laying the legal foundation for economic development and supporting the four identified industries. *(Note: There was no funding identified for the consultant to undertake this effort. However, an amendment to the EDA grant that funded the production of the CEDS and the Summit may be possible. MAI offered to assist the CNMI in this effort, if desired.)*

9 Exhibits

9.1 Economic Summit Press Release

For Immediate Release: March 30, 2009

Contact: Secretary of Commerce Michael Ada
(670) 664-3077

CNMI to Host Economic Restoration Summit April 2-3

SAIPAN. In an effort to develop and act on solutions to the CNMI's economic downturn, the Department of Commerce and Commonwealth Development Authority are teaming up to host the 2009 "Economic Restoration Summit" on April 2 and 3, 2009. The event will be held at the FIESTA Resort & Spa, Saipan.

"The objective of the summit is to bring together key stakeholders of the CNMI community and selected industry experts to discuss and determine a roadmap for developing new industries to help us pick up the CNMI economy," said Secretary of Commerce Michael Ada. "The development of new industries for the CNMI is vitally important at this time. This conference will help bring together CNMI resources, both public and private, in order to support entrepreneurs who make a commitment to participate in our revitalization."

As part of the activities lined up in March to prepare for the summit, two meetings were held to gather preliminary information and ideas from the public and private sector. The Pre Economic Summit Public Session with private sector stakeholders was held March 19 from 8:30 a.m. to 1:00 p.m. The second meeting was held on March 27 from 1:00pm to 4:30pm for legislative and government officials.

The findings from these meetings will be presented at the Economic Restoration Summit on April 2 and 3. During the day and a half of meetings and brainstorming sessions, several guest speakers will present perspectives from new or emerging industries, including call centers, agriculture, aquaculture and other possible new industries for the CNMI.

The new "CNMI Comprehensive Development Strategic Plan for 2009-2014" will also be launched by the CEDS Chairpersons, as well as a session on the "American Recovery & Re-investment Act: What the CNMI is doing to Capitalize and How Existing Businesses can Benefit."

Everyone is invited to participate in this Summit. Please contact Edmond Villagomez or Maggie Camacho at the Department of Commerce at 664-3018/3077. Seating will be limited to the first 100 participants who register for the Summit.

For more information, contact the Commonwealth Development Authority or visit the Department of Commerce website at www.commerce.gov.mp.

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Pre Economic Summit Public Session

**Multi-Purpose Center/
NMC Campus on Rota & Tinian**
Thursday March 19, 2009
8:30 am - 1:00 pm

Topics:
Opportunities in the CNMI
Challenges in the CNMI
Potential Industries
Government Regulations

To register, please send your:
Name, Contact Information,
Address, Company/
Corporation Name/Island Location
To: cnmibizz@gmail.com
Or Call: 664-3018/3077

Event will be broadcasted through Video Tele-Conference for Rota & Tinian

Registration is limited
Deadline for registration
is 3:00 p.m., March 18, 2009



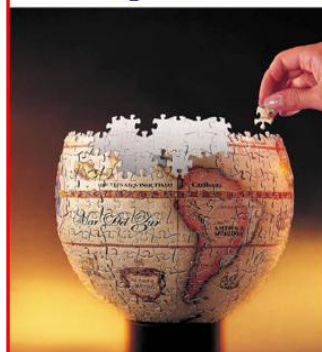
*Sponsored by: Department of Commerce,
Commonwealth Development Authority (CDA)
Northern Marianas College and IT&E*



Economic Restoration Summit

Legislative
& Government
Session

You are cordially invited to join us in a
Joint Legislative & Government meeting to
explore solutions to restore our economy



March 27, 2009
12:30pm - 4:30pm

Multi-Purpose Center
Susupe

*Sponsored By: Department of Commerce,
Commonwealth Development Authority,
Northern Marianas College, and IT&E*

RSVP: 664-3018/3077 cnmibizz@gmail.com

9.2 Where Additional Grants and Loans are Located

These programs are provided by the Department of Agriculture, the Department of Commerce and other Federal Government agencies. Listed below are the most pertinent and applicable to the CNMI. It includes the program identifying number and official name of the program.

- 10.353 National Rural Development Partnership
- 10.670 National Forest Dependent Rural Communities
- 10.672 Rural Development, Forestry, and Communities
- 10.766 Community Facilities Loans and Grants
- 10.767 Intermediary Relending Program
- 10.770 Water and Waste Disposal Loans and Grants (Section 306C)
- 10.771 Rural Cooperative Development Grants
- 10.772 Empowerment Zones Program
- 10.773 Rural Business Opportunity Grants
- 10.850 Rural Electrification Loans and Loan Guarantees
- 10.851 Rural Telephone Loans and Loan Guarantees
- 10.852 Rural Telephone Bank Loans
- 10.854 Rural Economic Development Loans and Grants
- 10.855 Distance Learning and Telemedicine Loans and Grants
- 10.857 State Bulk Fuel Revolving Fund Grants
- 10.858 RUS Denali Commission Grants and Loans
- 10.859 Assistance to High Energy Cost Rural Communities
- 11.302 Economic Development Support for Planning Organizations

- [10.901 Resource Conservation and Development](#)
- [11.300 Grants for Public Works and Economic Development Facilities](#)
- 11.303 Economic Development Technical Assistance
- 11.312 Research and Evaluation Program
- 12.600 Community Economic Adjustment
- 12.607 Community Economic Adjustment Planning Assistance
- 12.611 Community Economic Adjustment Planning Assistance for Reductions in Defense Industry Employment
- 14.244 Empowerment Zones Program
- 14.246 Community Development Block Grants/Economic Development Initiative
- 14.248 Community Development Block Grants Section 108 Loan Guarantees
- 14.250 Rural Housing and Economic Development
- 14.511 Community Outreach Partnership Center Program
- 15.875 Economic, Social, and Political Development of the Territories and the Freely Associated States
- [15.919 Urban Park and Recreation Recovery Program](#)
- [21.020 Community Development Financial Institutions Program](#)
- 21.021 Bank Enterprise Award Program
- 44.002 Community Development Revolving Loan Program for Credit Unions
- 70.002 Foreign Investment Financing
- 70.003 Foreign Investment Insurance
- 90.100 Denali Commission Program
- 93.252 Community Access Program

- 93.569 Community Services Block Grant
- 93.570 Community Services Block Grant Discretionary Awards

9.3 Public-Private Partnerships

Excerpt from CEDS report on Alternative Sources of Financing

Even a cursory review of the projects considered by this CEDS report will demonstrate that the infrastructure needs of the CNMI are numerous, and the aggregate cost of the required investments, at more than three times the annual budget of CNMI, quite daunting. This level of investment clearly exceeds the capacity of the CNMI public sector. The question thus becomes: what other sources of investment are there, and how can they be attracted to CNMI?

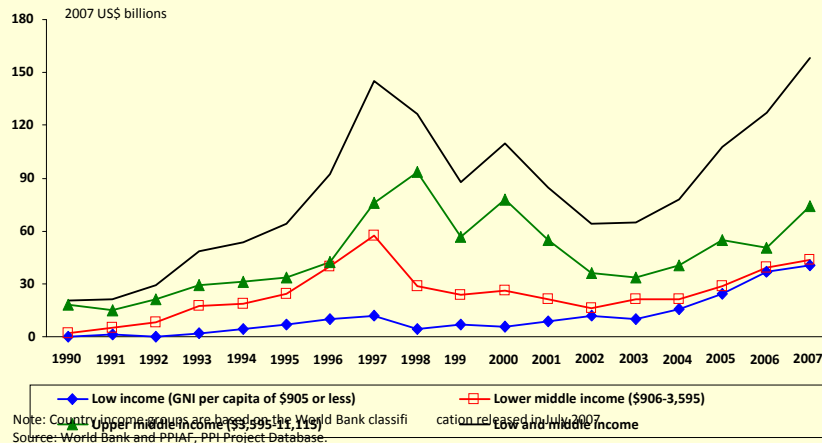
This problem is by no means unique to CNMI. Countries around the world face growing infrastructure financing gaps; i.e., gaps between the sum of required new investment in infrastructure and required operations and maintenance, and the actual expenditures on capital investment and O&M. In many countries, this financing problem is compounded as public sector managers face political pressures to keep the cost of service provision below the point of cost recovery or to avoid tackling inefficiencies, overstaffing, and patronage hiring in state-owned enterprises.

The United States is no exception when it comes to the infrastructure financing gap. The American Society of Civil Engineers (ASCE) estimates total US infrastructure investment needs over a five-year period to be \$1.6 trillion, an amount 10% greater than the GDP of Spain (2007 World Bank data). The problem is well-illustrated by the road sector, where the Federal Highway Administration estimates that revenues lag required expenditures by nearly \$40 billion dollars per annum.

Given this challenge, there has been a growing effort by governments to engage the participation of the private sector in the provision of infrastructure and public services. This is a world-wide phenomenon, occurring in countries at all income levels, as shown in the table below. In East Asia, the Republic of South Korea and the Philippines are among the countries that have successfully sought private sector participation; the United States has also seen participation of the private sector, in infrastructure projects at the local, state, and Federal levels.

The Private Sector Entry – Historical Trend in Investment 1990 – 2007

Investment in -middle -income countries grew by 46%, and in low -income and lower -middle -income countries by 10%.



Private participation in infrastructure can take many forms, ranging from traditional operation and maintenance contracts to privatization. However, the greatest growth has been between these two extremes of the spectrum, in the form of public-private partnerships, or PPPs. A PPP may be described as “a contractual agreement between a public agency (Federal, state or local) and a private sector entity. Through this agreement, the skills and assets of each sector (public and private) are shared in delivering a service or facility for the use of the general public. In addition to the sharing of resources, each party shares in the risks and rewards potential in the delivery of the service and/or facility,” (National Council for Public-Private Partnerships website, www.ncppp.org). A PPP differs from privatization in that ownership of the infrastructure asset remains with the public sector.

Increasingly, PPPs are being seen as instruments of economic development. As early as 2002, a study commissioned by the Economic Development Administration concluded that PPPs “are now a standard concept in business and state and local government circles, especially in the economic development realm.”

PPPs, however, are almost unknown in CNMI. A rare exception would be the concession contract for Managaha Island, in which the private partner provides recreational/tourism services, while assuming the demand risk of so doing (i.e., the risk that visitation levels will be sufficient to cover expenses), and sharing the revenues with the public sector.

This is only one form of PPPs, out of a variety of models. Other common models include, the BTO and BOT.). In the BTO or Build-Transfer-Operate model, a private partner finances and builds an infrastructure asset. Once construction is complete, the private partner transfers ownership of the asset

to the government, which then leases the plant back to the partner, under a long-term lease during which the partner operates the plant. Thus the private partner assumes the risks of capital and construction, while the government assumes the risks of plant ownership and, typically, demand fluctuation.

Another common form of partnership is the BOT, or Build-Operate-Transfer model. In this type of partnership, the private partner finances, builds, owns, and operates the asset for a specified period of time, during which it would collect user fees or scheduled government payments. At the end of this period, ownership is transferred to the Government. This transaction structure transfers significantly more risk to the private partner than BTO, since the private partner is exposed to various legal, environmental, and regulatory risks during the extended period of private ownership.

These two examples involve construction of a new asset, but PPPs can be established for existing assets as well. The City of Chicago, for example, entered into a long-term PPP for operation, maintenance, and improvement of the Chicago Skyway, a city-owned toll road. In this common type of Brownfield PPP, a private partner assumes the responsibility of operating, maintaining, and improving the asset, in exchange for receiving the revenues from user fees. This model can be used for any type of asset for which user fees are applicable, such as a water or power plant. Frequently, as in the case of the Chicago Skyway, the private partner will make an up-front payment to the government for the right of entering into this agreement. The potential for, and magnitude of, an up-front payment is, of course, dependent upon the private party's assessment of the long-term revenue stream to be derived from the asset. One way that this revenue is generated is through management efficiencies and technology insertions made by the private partner.

Finally, there are real estate-based partnerships, in which the private sector is granted use of under or unutilized real estate, in exchange for providing an asset to the government. For example, in Washington, DC, the new James F. Oyster School, a \$12.5 million public middle school, was built for the District by a private developer, at no cost to the government, in exchange for the right to build an apartment building on vacant District land adjacent to the school site. (The developer also received tax abatement for the apartment building.)

The above examples do not exhaust the public-private partnership models available, but give some sense of their variety and flexibility. The potential benefit to CNMI of leveraging scarce public capital by having the private sector participate in providing needed assets and services is obvious. Therefore, in evaluating the various projects identified in the CEDS study, the CEDS Committee carefully evaluated the potential for a PPP-based approach.

Several possibilities were identified. Perhaps most compelling would be a Chicago Skyway type Brownfield concession for the CUC power generation on Saipan. An up-front payment by the concessionaire could then be used to help finance other needed projects for CNMI. Deteriorating public assets in downtown Garapan (public housing and Garapan elementary) are potential candidates for an Oyster School type of transaction, in which the replacement facilities could be located out of the heart of downtown, and the existing locations redeveloped for commercial purposes. Pinatang Park on Rota is a candidate for a Managaha Island type of agreement, although we would recommend a longer contract period, which allow the concessionaire the ability to invest more in developing the island, thus enabling greater economic benefit.

Sample - States Economic Development Tools

Florida Economic Development Incentive Tools		
State		Incentives
Florida	1	Qualified Target Industry (QTI) Tax Refund - The Qualified Target Industry (QTI) Tax Refund incentive is available for companies that create high wage, value added jobs in targeted high value-added industries such as (but not limited to): communications, corporate headquarters, research & development, manufacturing, and electronic equipment. Pre-approved applicants who create jobs in Florida receive tax refunds of \$3,000 per net new Florida full time equivalent job created; \$6,000 in an Enterprise Zone or Rural County. For businesses paying 150 percent of the average annual wage, add \$1,000 per job; for businesses paying 200 percent of the average annual salary, add \$2,000 per job. New or expanding businesses in selected targeted industries or corporate headquarters are eligible. http://www.cuesfau.org/toolbox/subchapter.asp?SubchapterID=81&ChapterID=6
	2	Quick Response Training (QRT) Incentive
	3	Incumbent Worker Training (IWT) Incentive
	4	Economic Development Transportation Fund (Road Fund) - The Economic Development Transportation Fund, commonly referred to as the "Road Fund," is an incentive tool designed to alleviate transportation problems that adversely impact a specific company's location or expansion decision. The elimination of the problem must serve as an inducement for a specific company's location, retention, or expansion project in Florida and create or retain job opportunities for Floridians. Eligible projects include those that facilitate economic development by eradicating location-specific transportation problems (e.g., access roads, signalization, road widening, etc.) on behalf of a specific eligible company (e.g., a manufacturing, corporate/regional headquarters, or recycling facility). Up to \$2,000,000 may be provided to a local government to implement the improvements. The actual amount funded is based on specific job creation and/or retention criteria.
	5	Specialized Incentives
	6	Expedited Permitting Assistance
	7	Capital Investment Tax Credit - The Capital Investment Tax Credit is an annual credit against the project's Florida corporate income tax for up to 20 years. Eligible projects are those in designated, high-impact sectors (currently silicon technology, biotechnology, biocertain transportation equipment manufacturing or certain information technology facilities) that create at least 100 jobs and invest at least \$25 million in eligible capital costs. Eligible capital costs include all expenses incurred in the acquisition, construction, installation and equipping of a project from the beginning of construction to the commencement of operations. The level of investment and the project's Florida corporate income tax liability for the 20 years following commencement of operations determines the amount of the annual credit. Florida's Corporate Income Tax Rate is 5.5% of apportioned taxable income.
	8	High Impact Business Performance Incentive Grant - The High Impact Business Performance Incentive Grant is a negotiated incentive used to attract and grow major high impact facilities in Florida. Grants are provided to pre-approved applicants in certain high-impact sectors as designated by the Governor's Office of Tourism, Trade and Economic Development (OTTED).
	9	Permit Streamlining Initiatives - Florida has developed permit-streamlining procedures to assist existing, expanding or new-to-Florida businesses. This is achieved through a commitment among the state's regulatory agencies and local governments to provide quicker, less costly and more predictable permitting processes for significant economic development projects without reducing environmental standards.

Florida Economic Development Incentive Tools		
	10	Qualified Defense Contractor Tax Refund - The Qualified Defense Contractor Tax Refund is a tool to preserve and grow Florida's high technology employment base---giving Florida a competitive edge as defense contractors consolidate defense contracts, acquire new contracts, or convert to commercial production. Pre-approved projects receive tax refunds of up to \$5000 per job created or saved in Florida. Conversion of defense jobs to civilian production, the acquisition of a new defense contract, or the consolidation of a defense contract are eligible projects.
	11	Sales Tax Exemption - Electricity exemptions from sales tax on electricity and boiler fuels used during the manufacturing process.
	12	Aviation Industry Tax Exemptions
	13	Space Industry Tax Exemptions
	14	No state personal income tax
	15	No state-level ad valorem tax
	16	No inventory tax
	17	Exemptions from sales tax on manufacturing machinery and equipment used in production
	18	Sales and use tax exemptions for research and development costs
	19	Sales tax exemptions for the motion picture, television, and recording industries
	20	International transactions exempted from documentary stamp tax and international backing transactions from intangible tax
County	Incentives	
Seminole		The Economic Development Department of Seminole County initiated a Jobs Growth Incentive Fund in 1995 for companies creating new jobs. Seminole County will consider awarding funds for expenses such as impact and permit fees, relocation costs, equipment purchases, land acquisition, building construction, loan interest pay-down, lease-hold improvements or any other legitimate business expense as determined by the Board of County Commissioners. Special consideration will be given to projects seeking to locate in targeted redevelopment areas. Preference will be given to projects that will be constructing new buildings. This program is available to new, relocating, and expanding companies in Seminole County. New start-up companies must create a minimum of 3 new jobs that will earn 80% of the county's average annual wage. Expanding companies must increase their employee base by a minimum of 10% and the jobs created must earn at least 80% of the county's average annual wage. Companies relocating to Seminole County will need to create a minimum of 25 new jobs and must earn at least 115% of the county's average annual wage. The county's average annual wage is currently \$38,297.
City	Incentives	
Altamont Springs	1	The city offers development incentives that reduce building and impact fees for qualified new construction projects within the Central Business District. To qualify, commercial and office projects must be at least 100,000 square feet. Mixed-use projects must be at least 150,000 square feet.
Cassleberry	2	The city has worked in partnership with Seminole County to provide incentives for significant projects on a case-by-case basis.
Hollywood		Small Business Administration HUB Zone Program - A "HUB Zone" is an area that is located in one or more of the following: a qualified census tract (as defined in section 42(d)(5)(C)(i)(I) of the Internal Revenue Code of 1986); a qualified "non-metropolitan county" (as defined in section 143(k)(2)(B) of the Internal Revenue Code of 1986) with a median household income of less than 80 percent of the State median household income or with an unemployment rate

Florida Economic Development Incentive Tools	
	<p>of not less than 140 percent of the statewide average, based on US Department of Labor recent data; or lands within the boundaries of federally recognized Indian reservations.</p> <p>ELIGIBILITY: A small business must meet all of the following criteria to qualify for the HUB Zone program: it must be located in a "historically underutilized business zone" or HUB Zone. it must be owned and controlled by one or more US Citizens, and at least 35% of its employees must reside in a HUB Zone.</p>
4	<p>Economic Development Ad Valorem Tax Exemption (City Incentive) - An Ad Valorem Tax exemption may be granted to an eligible new or expanding business by the City of Hollywood and will not exceed 25% of the City portion of the ad valorem tax. The City Commission may grant up to 50% for new or expanding businesses which locates in the Liberia Area Business Corridor. The period of time for which the exemption will remain in effect shall not exceed eight (8) years and is determined by the total number of points in four (4) categories. Businesses that may have a detrimental impact on the environmental quality of the City are ineligible. An annual review must be submitted to continue the ad valorem abatement beyond the first year after adoption of the Ordinance.</p>
5	<p>Local Alternative Economic Development Incentive Program (LAEDI) (City Incentive) - The Local Alternative Economic Development Incentive Program provides an enhanced competitive advantage in the attraction of new and expanded businesses to the City. The eligibility requirements include: The business shall not participate in the Economic Development Ad Valorem Tax Exemption Program, must make capital investments in a facility in the City of Hollywood of not less than \$1,000,000 or \$500,000 if in a target area, must be newly located within the City or represent an expansion of an existing business, must create a minimum of at least ten (10) new permanent full-time jobs and will not include the increased assessed value of tangible personal property. Points are awarded based upon jobs created, ownership and capital investment. Each point shall make a business eligible for an annual payment of up to \$1,000; up to a maximum annual payment of \$100,000. The maximum annual payment to any eligible firm over its lifetime shall not exceed \$500,000.</p>
6	<p>Qualified Target Industry Tax Refund (QTI) (State/County/City incentive) - The Qualified Target Industry (QTI) Tax Refund incentive is available for companies that create high wage, value added jobs in targeted high value-added industries such as (but not limited to): communications, corporate headquarters, research & development, manufacturing, and electronic equipment. Pre-approved applicants who create jobs in Florida receive tax refunds of \$3,000 per net new Florida full time equivalent job created; \$6,000 in an Enterprise Zone or Rural County. For businesses paying 150 percent of the average annual wage, add \$1,000 per job; for businesses paying 200 percent of the average annual salary, add \$2,000 per job. New or expanding businesses in selected targeted industries or corporate headquarters are eligible.</p>
7	<p>High Impact Performance Incentive Grant (HIPI) - The High Impact Performance Incentive Grant (HIPI) is a negotiated incentive used to attract and grow major high impact facilities in Florida. Grants are provided to pre-approved applicants in certain high-impact sectors designated by the Governor's Office of Tourism, Trade and Economic Development. In order to participate in the program, a company must be in a designated high impact sector; create at least 100 new full-time equivalent jobs (if a research and development facility, create at least 75 new full-time equivalent jobs) in Florida in a three (3) year period; and make a cumulative investment in the state of at least \$100 million (if a research and development facility, make a cumulative investment of at least \$75 million) in a three (3) year period.</p>

Florida Economic Development Incentive Tools

8	<p>Capital Investment Tax Credit (CITC) - The Capital Investment Tax Credit is an annual credit against the project's Florida corporate income tax for up to 20 years. Eligible projects are those in designated, high-impact sectors (currently silicon technology, biotechnology, biocertain transportation equipment manufacturing or certain information technology facilities) that create at least 100 jobs and invest at least \$25 million in eligible capital costs. Eligible capital costs include all expenses incurred in the acquisition, construction, installation and equipping of a project from the beginning of construction to the commencement of operations. The level of investment and the project's Florida corporate income tax liability for the 20 years following commencement of operations determines the amount of the annual credit. Florida's Corporate Income Tax Rate is 5.5% of apportioned taxable income.</p>
9	<p>Quick Response Training Incentives - Quick Response Training (QRT) is a customer-driven training program designed to assist new value-added businesses and provide existing Florida businesses the necessary training for expansion. This program is customized, flexible and responsive to individual company needs. Workforce Florida Inc. is Florida's innovative private-public partnership for competitive workforce incentives. For additional information on these incentives, visit http://www.workforceflorida.com.</p>
10	<p>Incumbent Worker Training Program - Incumbent Worker Training (IWT) is a program provides training to currently employed workers to keep Florida's workforce competitive in a global economy and to retain existing businesses. The program is available to all Florida businesses that have been in operation for at least one year prior to application and require training for existing employees. For additional Information on the IWT program, visit http://www.workforceflorida.com.</p>
11	<p>Economic Development Transportation Fund - The Economic Development Transportation Fund, commonly referred to as the "Road Fund," is an incentive tool designed to alleviate transportation problems that adversely impact a specific company's location or expansion decision. These grants are limited to \$2 million and are awarded to the local government for public transportation facility improvements.</p>
12	<p>Urban Incentives - Florida offers increased incentive awards and lower wage qualification thresholds for businesses locating in many urban core/inner city areas that are experiencing conditions affecting the economic viability of the community and hampering the self-sufficiency of the residents. For more detailed information on urban incentives, visit http://www.eflorida.com.</p>
13	<p>Enterprise Zone Incentives - Florida offers an assortment of tax incentives to businesses that choose to create employment within an enterprise zone, which is a specific geographic area targeted for economic revitalization. These include a sales and use tax credit, tax refund for business machinery and equipment used in an enterprise zone, sales tax refund for building materials used in an enterprise zone, and a sales tax exemption for electrical energy used in an enterprise zone, visit http://www.eflorida.com.</p>
14	<p>Brownfield Incentives - Florida offers incentives to businesses that locate in Brownfield sites, which are underutilized industrial or commercial sites due to actual or perceived environmental contamination. The Brownfield Redevelopment Bonus Refund is available to encourage Brownfield redevelopment and job creation. Approved applicants receive tax refunds of \$2,500 for each job created. For more detailed information on Brownfield incentives, visit http://www.eflorida.com.</p>

Indiana Economic Development Incentive Tools		
State		Incentives
Indiana	1	Indiana Economic Development Corporation - The Indiana Economic Development Corporation (IEDC) is the State of Indiana's lead economic development agency. IEDC was officially established in February 2005 to replace the former Department of Commerce. In order to respond quickly to the needs of businesses, IEDC operates like a business.
	2	Indiana Department of Workforce Development - Indiana Department of Workforce Development (IDWD) manages and implements innovative employment programs for Hoosiers, unemployment insurance systems, and facilitates regional economic growth initiatives for Indiana. http://www.in.gov/dwd/
	3	Hoosier Business Investment Tax Credit (HBITC) - The Hoosier Business Investment Tax Credit (HBITC) program was established to encourage capital investment in Indiana by providing a credit against a company's Indiana tax liability. The credit amount is based on a company's qualified capital investment with the final credit amount determined by the IEDC based on an analysis of the economic benefits of the proposed investment.
	4	Economic Development for a Growing Economy (EDGE) - The Economic Development for a Growing Economy (EDGE) program was created to reward companies creating new jobs and contributing to the growth of Hoosier income. EDGE credits are calculated as a percentage of payroll tax withholding for net new Indiana jobs. EDGE credits may be awarded for a term of up to ten years.
	5	Venture Capital Investment Tax Credit - The Venture Capital Investment Tax Credit program was established to improve access to capital for fast growing Indiana companies by providing individual and corporate investors an additional incentive to invest in early stage firms. Investors who provide qualified debt or equity capital to Indiana companies receive a credit against their Indiana tax liability.
	6	Certified Technology Park Program - The Certified Technology Parks program was created as a tool to support the attraction and growth of high-technology business in Indiana. Designation as a Certified Tech Park allows for the local recapture of certain state and local tax revenue which can be invested in the development of the park.
	7	Industrial Development Grant Fund - The Industrial Development Grant Fund provides money to local governments for off-site infrastructure projects associated with an expansion of an existing Indiana company or the location of a new facility in Indiana. State funding through the IDGF program must be matched by a combination of local government and company financial support.
	8	Industrial Recovery Tax Credit - The Industrial Recovery Tax Credit provides an incentive for companies to invest in facilities requiring significant rehabilitation or remodeling expense. After a building has been designated as an industrial recovery site, companies may be eligible for a tax credit calculated as a percentage of qualified rehabilitation expense.
	9	Skills Enhancement Fund - The SEF Fund is a tool to encourage companies to invest in their existing workforce and train new employees. SEF provides reimbursement for eligible training expenses over a two year term. Companies may reapply for additional SEF Funds after their initial two year term.
	10	Technology Enhancement Certifications for Hoosiers (TECH) Fund - The TECH Fund funded jointly by the Indiana Department of Workforce Development and the Indiana Economic Development Corp. was created to help Indiana businesses train their existing information technology professionals. The maximum award of \$50,000, of the IT training costs, or \$2,500 per employee, whichever is less, can be used for costs associated with a company's IT professionals earning recognized certifications in areas including: systems administration, systems engineering and software development.

Indiana Economic Development Incentive Tools		
	11	Indiana Finance Authority Loan Guaranty Program - The IFA can guarantee loans for high-growth/high-tech companies, manufactures, rural development projects, value-added agricultural enterprises and other types of businesses that create a significant number of Hoosier jobs. To date, IFA has provided over \$83 million guaranteed loans to Indiana businesses.
	12	Office of Regulatory Ombudsman - The Indiana Economic Development Corporation Office of Regulatory Ombudsman acts as a mediator, expediter and problem-solver in areas affecting businesses, communities and economic development organizations. The Ombudsman's office can assist in the permitting process, serve as a liaison with state agencies and provide information about state regulations and requirements. The Office of Regulatory Ombudsman can be contacted at 800-280-0584.
County		Incentives
Montgomery	1	PERSONAL PROPERTY INVESTMENT - Personal Property tax deductions are used for investments in machinery and equipment such as presses, forklifts, lathes, conveyors, etc. Research development equipment such as computers, scanners, testing, etc. The abatement may be as much as ten years with a ten percent annual decrease in the percentage of taxes abated. For a taxpayer that is not subject to a 30% floor, the deduction will be calculated based on the depreciation schedules on Schedule A of the personal property tax return. For a taxpayer that is subject to the 30% floor, the deduction is calculated based on the depreciation schedules on Schedule A of the personal property tax return (Form 103-Long) and the MVR (minimum value ratio)
	2	REAL PROPERTY INVESTMENT - An incentive designed for new structures or the rehabilitation of a property that increases the assessed value of a property. Industries include manufactures, warehouses and commercial service businesses. A retail business may apply (if located in an Economic Development Target Area). Some eligible vacant buildings (SEA260) qualify for maximum two year abatement if they are zoned commercial/industrial, and have been unoccupied for at least one year. Does not include land and cannot be an excluded facility. • A real property tax abatement deduction is the result of an increase in assessed value due the rehabilitation of redevelopment of real property A township assessor will notify the taxpayer of the increase in assessed value of their property using form 11. The deduction placed on the tax bill is the product of this increase in assessed value pursuant to a form 11 and a deduction percent (set by statute) The real property tax may be awarded up to 10 years.
	3	TAX INCREMENT FINANCING (TIF) - TIF is a tool which captures increases in assessed value from a new development. TIF can be used for any capital project that is in, serving of benefiting and economic development or redevelopment area. TIF is used to offer incentives to induce new private investment to fund infrastructure and other improvements beneficial to the investor and the community. Districts are established by redevelopment commissions and approved by county or city officials.
	4	NON TAX INCENTIVES - The following incentives may be presented by MCED to the granting authority with qualifying information to support the recommendation. Direct loans, Loan Guarantees, Industrial Revenue Bonds, Workforce Assistance, Technical Assistance, Development Impact Fee Waivers, Land Donations, Infrastructure Improvement
	5	LINKAGE AND CLAWBACK - The community may provide linkage or a clawback clause that links company performance with certain incentives and allows payback on certain upfront investments in the event a company fails to meet the performance criteria outlined in the abatement request.
City		Incentives

Indiana Economic Development Incentive Tools		
Terra Haute	1	<p>Property Tax Abatement - Both the Terre Haute Common Council and the Vigo County Council have solid histories of approving both real and depreciable personal property tax abatement for manufacturing companies who plan to make a significant investment in our community and create good-paying jobs for our citizens. Real property tax abatement is a declining percentage of the increase in assessed value of real property improvements based upon one of ten time periods and percentages. Land does not qualify for abatement. Depreciable personal property abatement is a declining percentage of the assessed value of newly-installed manufacturing equipment, based upon one of ten time periods and percentages. Used manufacturing equipment can also qualify for abatement as long as the equipment is new to the state of Indiana.</p>
	2	<p>Job Training Assistance - Indiana's Skills Enhancement Fund (SEF) program, a program administered by the Indiana Department of Commerce, is designed to provide financial assistance to existing, new and expanding businesses committed to training their workforce. Basic Skills, Transferable Skills, Company-Specific Skills and Quality-Assurance Skills are the areas in which financial assistance can be obtained. Examples of specific activities eligible for reimbursement include instruction costs, travel costs and materials/supplies costs. The SEF program is one of several job training assistance programs available through the Indiana Department of Commerce.</p>
	3	<p>Industrial Development Grant Fund - The IDGF is a state-funded program that provides assistance to local units of government for off-site infrastructure projects in support of business development that creates a significant number of new Indiana jobs. Eligible uses include construction, extension or completion of sanitary sewer lines, roads, streets, water lines, railroad spurs and sidings and fiber optic lines. The infrastructure project must support new business development, which is defined as either an expansion of an existing company or the location of a new manufacturing facility. The grant award is based on significant new job creation. Eligible entities include cities; towns; counties; special taxing districts; economic-development commissions; water, sewage, solid-waste and conservancy districts. The IDGF program is administered by the Indiana Department of Commerce.</p>
	4	<p>EDGE - Indiana's Economic Development for a Growing Economy (EDGE) tax credit program provides the State of Indiana with a tool for competing with other states in the fostering of new employment opportunities. EDGE is a refundable tax credit against a company's Indiana income tax withholding liability. EDGE can be awarded for up to 10 years and up to 100% of projected withholdings attributable to the company's Indiana project. The company must demonstrate that receiving the tax credit was instrumental in its location decision. The EDGE statute requires that the company maintain operations at the project site for at least two times the number of years of the tax credit award. Also, the average wage for the new job positions to be created as a result of the project must meet or exceed the county average wage. The EDGE program is administered by the Indiana Department of Commerce.</p>
	5	<p>Tax-Exempt Bonds and Volume Cap - Both the City of Terre Haute and Vigo County have successful track records of working with local manufacturers to provide tax-exempt bond financing. Tax-exempt bonds provide capital financing at lower rates than most conventional financing sources. Volume cap is the amount of tax-exempt financing for certain types of private companies allowed in a state in a calendar year. Eligible entities include Indiana manufacturing companies and certain not-for-profit organizations. A company must obtain an award of volume cap before it can have tax-exempt bonds issued for its project. Volume cap awards in the State of Indiana are made by the Indiana Development Finance Authority.</p>
	6	<p>Tax Increment Financing Assistance - Tax increment is the property tax revenues collected on the increased assessed valuation of real property in an area being developed or redevelopment. Tax increment may also include property tax revenues collected on the increased assessed valuation of depreciable personal property of any designated taxpayer in</p>

Indiana Economic Development Incentive Tools	
	an area being developed or redeveloped and all other depreciable personal property located and taxable on the designated taxpayer's site of operations in the area being developed or redeveloped. Tax increment revenues may be used to pay the principal and interest on any bonds issued for the purpose of financing or refinancing the redevelopment or economic development of the allocation area; establish, augment or restore the debt service reserve for bonds; pay principal and interest on bonds issued by the unit to pay for local public improvements in or serving the allocation area; make payments on leases in the allocation area and provide funding for numerous other initiatives as defined by statute.
7	Industrial Energy Efficiency Fund - The Industrial Energy Efficiency Fund, a program administered by the Indiana Department of Commerce's Energy Policy Division, provides loans to businesses to improve energy efficiency in the industrial process. The loans are available for the acquisition and installation of energy-efficient equipment. To be eligible for this program, the business must operate (or will operate) within the State of Indiana and have an SIC classification of 20-39. The interest rate for the program is 0%. Repayment terms may be tied to projected energy cost savings, with a maximum of 10 years. The maximum amount available per applicant is \$250,000 or 50% of the total eligible project costs, whichever is less.
8	Recycling Promotion and Assistance Fund - Also administered by the Indiana Department of Commerce's Energy Policy Division, the Recycling Promotion and Assistance Fund provides loans to businesses to enhance the development of markets for recyclable materials. The loans are available for the acquisition and installation of specialized manufacturing equipment and machinery, or for the conversion of existing equipment and machinery for the manufacturing of products that contain recycled materials or for the final processing of secondary materials. The interest rate for the program is 0%. Terms can be up to seven years. At least a 10% equity investment is required. Only non-hazardous materials are eligible. Up to the lesser of \$500,000 or 50% of the total eligible project costs can be borrowed through the program. Companies that complete their RPAF loan in good standing are eligible to apply for an additional loan up to \$500,000.
9	Foreign Trade Zone - The Vigo County Industrial Park, Fort Harrison Industrial Park and Aleph Business Park are all part of the Terre Haute International Airport's Foreign Trade Zone. A Foreign Trade Zone (FTZ) is an area technically outside of United State commerce, where goods can be stored, assembled, manipulated and repackaged without being subject to tariffs, duties or inventory taxes until the goods leave the FTZ and officially enter U.S. commerce. Additional information on our FTZ can be found at www.huf.com .
10	Airport Development Zone - Businesses locating in the zone receive tax credits similar to those available in the Urban Enterprise Zone. The Indiana General Assembly has designated the area around Terre Haute International Airport as an Airport Development Zone to encourage development of the area - primarily for airport-related businesses. In addition, the Airport Authority is permitted to use tax increment financing to pay for public infrastructure to support business activity within the zone. The Airport Development Zone encompasses 5,070 acres and includes the 180 acre Aleph Park. Additional information on our Airport Development Zone can be found at www.huf.com .
11	Office Regulatory Ombudsman - The Indiana Department of Commerce's Office of Regulatory Ombudsman could, arguably, be the State's most useful technical-assistance program. The Ombudsman acts as a mediator, expediter and problem-solver in areas affecting businesses, communities and economic development organizations. The Ombudsman's office can assist in the permitting process, serve as a liaison with state agencies and provide information about state regulations and requirements. The Office of Regulatory Ombudsman can be contacted at 800-280-0584.

Missouri Economic Development Incentive Tools	
State	Incentives
Missouri	1 Missouri Quality Jobs Program - The program provides significant incentives to for-profit and non-profit businesses, not including retail trade and some others. To qualify, the average wage of the new jobs must equal or exceed the county average, the company must offer health insurance and pay at least 50% of the premium, and create net new jobs at the project facility, based on the type of project: Technology businesses: 10-99 new jobs within two years. Small/Existing businesses: 20-99 new jobs (rural areas) within two years. 40-99 new jobs (other areas) within two years. High Impact businesses: 100 or more new jobs within two years.
	2 Enhanced Enterprise Zone - The Enhanced Enterprise Zone (EEZ) program provides discretionary state tax credits, which are refundable and/or sellable, to new or expanding businesses located within a Missouri Enhanced Enterprise Zone. Enhanced Enterprise Zones are specified geographic areas designated by local governments and certified by the Department of Economic Development (DED). Individual business eligibility will be determined by the zone, based on creation of sustainable jobs in a targeted industry or demonstrated impact on local industry cluster development. Service industries can be eligible if a majority of their annual revenues will be derived from services provided out of the state. Headquarters or administrative offices of an otherwise excluded business may qualify if the offices serve a multi-state territory.
	3 BUILD Missouri Bonds (Business Use Incentives for Large-scale Development) - The BUILD program provides state tax credits, which are refundable, to the business in the amount of debt service payments for industrial revenue bonds related to a portion of project infrastructure costs. Manufacturing and services (interstate commerce) projects are eligible if the capital improvements exceed \$15 million and at least 100 new jobs are created within three years. Office projects are eligible if the capital improvements exceed \$10 million and at least 500 (200 in distressed areas) new jobs are created within three years. The BUILD Missouri Program is an incentive tool that allows the Department of Economic Development and the Missouri Development Finance Board to finance a portion of the costs of qualifying capital investments for eligible businesses which seek to locate or expand in Missouri. This is a discretionary program and the amount offered to a company is determined by both the Department of Economic Development and the MDFB Board.
	4 New Jobs Training Program - The New Jobs Training Program provides education and training to workers employed in newly created jobs in Missouri. Whether the new jobs are as a result of new industry locating in Missouri or an existing industry that is expanding its work force in the State, the Missouri Community College New Jobs Training Program can offer the resources necessary to train workers in new jobs at a reduced cost to the new or expanding business. This program provides assistance in reducing the cost associated with expanding a workforce or locating a new facility in the State of Missouri through these training services: • Customized training for the specific needs of the industry • Adult basic education • General occupational skills training. Training assistance can include skills assessment, orientation, pre-employment training, training facilities and equipment, instructors, curriculum development, travel and a variety of other training related services.

Missouri Economic Development Incentive Tools	
5	<p>Customized Training Program - The Customized Training Program provides assistance to eligible Missouri businesses to reduce training costs and improve productivity. The program is available for businesses to help train their workers through skill training, including technical or soft skills, which can take place in a classroom setting at the business facility or at one of more than 80 educational facilities throughout Missouri. Whether the new jobs are a result of new industry locating in Missouri or an existing industry that is expanding its work force in the State, the Customized Training Program can offer the resources necessary to train workers in new jobs at a reduced cost to the new or expanding industry. GOTOSTLOUIS.ORG • 314.231.5555 Training assistance may be available for costs such as curriculum development, instructional salaries, training materials and a variety of other training related services. Instruction may be provided by local educational agencies, vendor trainers or employees of the business involved. Funding is provided as a grant to the company and can be applied for on an annual basis.</p>
6	<p>Property Tax Abatement - Missouri cities and counties have a variety of methods that provide property tax abatement for improvements to real and/or personal property. The methods include Enhanced Enterprise Zones, Chapter 353 Urban Redevelopment Corporations, Chapter 100 bond financing, Tax Increment Financing, Land Clearance for Redevelopment Authorities, and other methods in certain specific communities. Each city/county has its own policies regarding the type of project, size (investment, job creation, other), wage levels, and other requirements. The approval of abatement is solely at the discretion of the city/county government.</p>
7	<p>MissouriCareerSource.com Employee - Recruitment Missouri Career Source offers no-cost access to Missouri's largest hiring pool and broadest variety of skill sets. It is a streamlined five-step job posting processes that provides increased control over a firm's ability to ensure qualified matches. It provides ranking of candidates for a more precise match to business needs. It can provide an individual internet home page with a consolidated list of all job postings, searches, and communication. All MissouriCareerSource.com customers can receive personal assistance from staff at Missouri Career Centers, which provide a variety of assistance for worker recruitment, screening, training, and other related services. See MissouriCareerSource.com or call 1-888-728-JOBS.</p>
City	Incentives
1	<p>Payments in Lieu of Taxes (PILOTS) - In accordance with the Real Property Tax Increment Allocation Redevelopment Act, Missouri Revised Statutes, Section 99.855.1, 100% of the incremental taxes resulting from the increase in assessed real property values within the redevelopment area shall be made available to the special allocation fund. Payments in Lieu of Taxes (PILOTS) are defined as the increase in real property assessed values over the most recently ascertained assessed value in the year of project area adoption. The PILOTS are billed annually by the County and the City and deposited directly to the special allocation fund. This is then paid to the Tax Increment Financing Commission (TIF). Browse the Economic Development Corporation webpage for more information.</p>
2	<p>Tax Increment Financing (TIF) - In accordance with the Real Property Tax Increment Allocation Redevelopment Act, Missouri Revised Statutes, Section 99.845.3, 50% of the incremental taxes resulting from economic activities within the redevelopment area shall be made available to the special allocation fund. The Statute states that "For redevelopment plans and projects adopted or redevelopment projects approved by ordinance after August 31, 1991, 50% of the total additional revenue from taxes which are imposed by the municipality or other taxing districts, and which are generated by economic activities within the area of the redevelopment project over the amount of such taxes generated by economic activities within the area of the redevelopment project in the calendar year prior to the adoption of the redevelopment project by ordinance, while tax increment financing remains in effect, but excluding taxes imposed on sales or charges for sleeping rooms paid by transient guest of hotels and motels, licenses, fees or special assessments and personal property taxes, other than payments in lieu of taxes, shall be allocated to, and paid</p>
Kansas City	

Missouri Economic Development Incentive Tools	
	by the collecting officer to the treasure or other designated financial officer to the treasurer or other designated financial officer of the municipality, who shall deposit such funds in a separate segregated account with the special allocation fund." For more information, browse the Economic Development Corporation webpage or contact the City of Kansas City Finance Department at (816) 513-1173.
3	Chapter 353 Urban Redevelopment - Chapter 353 enables a developer to acquire property using the power of eminent domain. Up to the first 10 years, the City can abate all taxes with the exception of the taxes on land. For this area the developer Old Town Redevelopment Corporation (OTRC) submitted a detailed development plan for this area in 1984. The plan was reviewed by the City staff, the City Planning Commission, and the City Council. In September 1984 City Council passed Ordinance 56936 (amended March 1989) approving the OTRC development plan, declaring this project site blighted, and granted 353 status to OTRC (see attachment).
4	Urban Redevelopment District - In May 1989 City Ordinance 63986 was passed which rezoned this area. The area was rezoned from Districts M-2a (Heavy Industry) and C-3a2 (Intermediate Business - High Buildings) to District URD (Urban Redevelopment District). The purpose of the URD is to encourage and accommodate redevelopment of blighted sections of the City and to encourage the latitude and flexibility in design to assure the state purposes of a redevelopment plan.
5	Enterprise Zone - This project is located within a designated Enterprise Zone (EZ). The Kansas City, Missouri EZ is an area of general economic distress that has been given special designations by the City and State. The unemployment and poverty levels of zone residents are significantly higher than the statewide average. The goal of the program is to attract new business and encourage existing business to expand or modernize their operations located within the EZ. Because of recent State legislation in 2005, area Enterprise Zones are being re-designed to meet state requirements. We hope to have the changes completed soon. Until such time, we will not be taking any new applications for the Enterprise Zone.
6	Enhanced Enterprise Community - This area is within the U.S. Department of Housing and Urban Development's Enhanced Enterprise Community (EEC). The goal of the EEC program is to direct funding toward areas of Kansas City which are currently experiencing economic and social distress. This area is located within the EEC urban core and could receive future economic, social and public service programs addressing these issues.

Texas Economic Development Incentive Tools	
State	Incentives
Texas	1 Tax Increment Financing - Finance infrastructure improvements repaid by future tax revenues, freezes tax value, utilizes incremental future value to fund improvements.
	2 Section 380 Grants - Sales tax rebate to relocating or expanding business based on increase sales tax base with a net growth impact.
	3 Freeport Exemption - Allows property tax exemptions for goods for 175 days or less (Adopted March 1990).
	4 Public Improvement District - Partnership with developer for infrastructure improvements with an assessment return.
	5 Texas Capital Fund Grant - Infrastructure Funds up to \$750k for a specific infrastructure project. Real Estate Up to \$750k for acquisition, construction or rehabilitation of property for business development. Main Street Funds up to \$150k for Main Street district infrastructure improvements.
	6 Go Texan - Dollar for dollar matching fund for small business with Texas agriculture products
	7 Texas Enterprise Fund - Funds from the Governor's Office for Economic Development for out of state business development
	8 Texas Leverage Fund - Loans to businesses using 4B sales tax funds
	9 Linked Deposit Program - Loans to historically utilized businesses in an enterprise zone
	10 Texas IRB Program - Industrial revenue bond program providing taxable and non-taxable bond financing for land for industrial or manufacturing projects
	Texas Enterprise Fund - A designated area representing a 20% or higher poverty rate eligible for economic development activities; area must be approved by the State
City	Incentives
San Antonio	Economic Development Incentive Fund (EDIF) - to provide a financial incentive in the form of economic development grants and/or loans to help do the following: Attract, retain and/or expand companies in targeted industries, including green tech, clean tech and corporate and regional headquarters; Assist development projects at and around military bases, particularly those bases affected by Base Realignment and Closure, such as Fort Sam Houston and Lackland Air Force Base. Promote development projects at educational institutions, and other nongovernmental institutions which create jobs and support growth in the targeted industries; Promote commercial and mixed-use development projects in targeted areas, particularly in the Downtown area; Attract a new corporate or regional headquarters to the Downtown area or the retention and/or expansion of an existing corporate or regional headquarters into the Downtown area; Promote multi-family, market rate housing Downtown; and Stimulate development and investment in distressed areas, such as the federal Empowerment Zone and State Enterprise Zone census tract areas.
Kerrville	1 Tax abatements - Property tax abated for a set period of years depending on reinvestment zone location of project and associated thresholds
	2 4B Sales Tax for Economic Development - Business development for expansions or relocations for building assistance, workforce development, job training, relocation expenses. Infrastructure partnerships agreement to share infrastructure costs as utilities, street development
	3 Lease Abatements - Publicly owned building or ground lease relief on the front end of an expansion.
	4 Land Exchange - Publicly owned property used in partnership with developer in exchange for economic impact to tax, property values.
	5 Low Interest Loan Pools - Partnering with local financial institutions for lower interest rates for improvements or startups (KMS district established in 1995).
	6 Hotel/Motel Tax - Use for lawful economic development activities within the HOT categories of tourism.
	7 Residential Development - Property set asides for workforce housing programs in return for infrastructure improvements

Texas Economic Development Incentive Tools	
8	Workforce Housing Projects - Per unit grant or credit for new construction or rehabilitation of existing structures.
9	Waiver of Fees - Relief from building, tap, recovery, etc. fees to lessen upfront expenses.

Massachusetts Economic Development Incentive Tools		
State		Incentives
Massachusetts	1	Job Creation Incentive Payment – For life science manufacturers, a rebate of 50% of the payroll withholding taxes paid by the new employees to the state. These rebates are available to companies hiring 10 or more new workers in a calendar year.
	2	Workforce Training Fund (WTF) - Provides grants up to \$250,000 to upgrade skills of new or incumbent workers. For exceptional opportunities, participating businesses can receive up to \$1,000,000. The Hiring Incentive Training Grant provides up to \$2,000 in training funds for hiring eligible unemployed workers.
	3	Investment Tax Credit (ITC) – A 3% ITC for investments in tangible depreciable assets to all state manufacturers. Massachusetts also provides a Sales & Use Tax Exemption for manufacturers and companies engaged in R&D.
	4	Economic Development Incentive Program - Job creation projects within target municipalities are potentially eligible to receive several types of tax benefits through the EDIP: The TIF—a 5-100% exemption on property taxes on the value added to a property by the participating company, for a period of 5 to 20 years. A 100% exemption on personal property. The EOA-ITC—Provides a 5% Investment Tax Credit for investments made on depreciable facilities or equipment.
	5	Research and Development Tax Credit - Costs that qualify for the Federal R&D tax credit are eligible for a 10% Massachusetts R&D Tax Credit. A 15% R&D Tax Credit is available for costs related to university -based research.
	6	Single Sales Tax Treatment - Provides a significant, relative advantage to Massachusetts manufacturers with multi-state operations. It apportions corporate income based solely on the ratio of in-state sales to total sales. Other states often use three factors –including wages and property -and double or triple weight in-state sales.
	7	Incentives Financing – MassDevelopment, the state’s economic development bank, provides an array of financing tools to assist growing companies. The Emerging Technology Fund can provide up to \$2.5 million in low-cost financing to eligible technology-based firms. MassDevelopment provides export assistance loans, equipment loans, and guarantees to growing manufacturers and is the state’s purveyor of Tax-Exempt Industrial Development Bonds.
	8	Infrastructure Grants - Municipalities can seek grant funds of up to \$2 million to assist with the costs of roadway, water, and sewer projects associated with job creation projects through the CDAG and PWED grants.

Georgia Economic Development Incentive Tools	
State	Incentives
Georgia	<p>Georgia Job Tax Credit Program - Provides for a statewide job tax credit for any business or headquarters of any such business engaged in manufacturing, warehousing and distribution, processing, telecommunications, tourism, or research and development industries, but does not include retail businesses. If other requirements are met, job tax credits are available to businesses of any nature, including retail businesses, in counties recognized and designated as the 40 least developed counties. Counties and certain census tracts in the state are ranked and placed in economic tiers using the following factors: highest unemployment rate; lowest per capita income; and highest percentage of residents whose incomes are below the poverty level.</p> <p>1</p>
	<p>Federal and State Housing Tax Credit Programs - The Housing Tax Credit Program allocates federal and state tax credits to owners of qualified rental properties who reserve all or a portion of their units for occupancy for low income tenants. DCA's process for allocating funds through the OAH is outlined in Georgia's Qualified Allocation Plan. This document describes (1) the federal and state resources available for financing rental housing through the plan, (2) the legislative requirements for distributing these resources, (3) the State's preference for the location and type of such housing, (4) the process used for evaluating applications and awarding these resources, and (5) program compliance requirements and procedures. DCA offers a streamlined, single application to access funds available through the HOME Rental Housing Loan and Housing Tax Credit programs. The competitive application process for these funds occurs in the spring of each year. DCA offers only one annual application cycle for these funds.</p> <p>2</p>
	<p>Opportunity Zones - Local governments which undertake redevelopment and revitalization efforts in certain older commercial and industrial areas can now qualify those areas for the State's maximum state job tax credit of \$3,500 per job. The incentive which is available for new or existing businesses which create two or more jobs are credits which can be taken against the business's income tax liability and state payroll withholding. The credits are available for areas designated by DCA as "Opportunity Zones". DCA will consider designations for areas that are within or adjacent to a census block group with 15% or greater poverty where an enterprise zone or urban redevelopment plan exists. Opportunity Zone Tax Credit Incentives: the maximum Job Tax Credit allowed under law - \$3,500 per job created, the lowest job creation threshold of any job tax credit program - 2 jobs, use of Job Tax Credits against 100 percent of income tax liability and Withholding, expansion of the definition of "business enterprise" to include all businesses of any nature. The maps and documents outlined below list currently available Zones. Zone administrators are generally listed on the maps or in the documents.</p> <p>3</p>
	<p>Local Development Fund - While program policies and guidelines remain in effect, NO LOCAL DEVELOPMENT FUNDS ARE AVAILABLE for State Fiscal Year 2007, the period from July 1, 2006 through June 30, 2007. If funding is restored by the Georgia General Assembly, a notice will be posted at this website location. The Local Development Fund is designed to provide limited state assistance for community projects that arise out of local planning and development efforts. It is the intent of the Local Development Fund to be flexible enough to respond to unique local needs without duplicating other sources of assistance. Applicants should address the consistency of their proposed project with their comprehensive plan or, if applicable, their solid waste management plan. Eligible applicants are limited to municipalities, counties, consolidated governments and joint partnerships of municipal, county and consolidated governments. Dates for Local Development Fund competition will be announced by the Commissioner of the Department of Community Affairs based upon the level of appropriations provided by the Governor and General Assembly.</p> <p>4</p>

Georgia Economic Development Incentive Tools	
	<p>Regional Economic Assistance Projects (REAP) - Regional Economic Assistance Projects (REAP) provides a mechanism for local and state governments and the private sector to cooperate on large-scale tourism-related projects with multiple uses that will create jobs and enhance the local tax base. REAP will assist in producing growth and development, particularly in rural areas, resulting in additional local tax revenue and providing high-caliber employment opportunities in the tourism and hospitality industries. Upon meeting the requirements of the REAP statute and the REAP Rules, including local government endorsement and certification by the Georgia Department of Community Affairs, a developer of a certified REAP project may apply to the Georgia Department of Revenue for a state license for the sale of malt beverages, wine, or distilled spirits by the drink for consumption on the premises only.</p>
	Appalachian Regional Commission Business Development Revolving Loan Fund
	Appalachian Regional Commission Economic Development Grant Program Bond Allocation Program
	Bond Allocation Program
	CDBG Loan Guarantee Program (Section 108 Program)
	Community Development Block Grant Program
	Downtown Development Revolving Loan Fund
	Employment Incentive Program
	One Georgia Programs (Edge and Equity)
	Regional Assistance Program (RAP)
	Regional Economic Business Assistance (Reba) Programs
	Redevelopment Fund Program -
	<p>"Business Expansion Support" Act (BEST) - The proposed changes to BEST include six components that will increase Georgia's overall competitiveness for economic development projects having a high impact on the state through large job numbers and/or high salaries. The Quality Jobs Tax Credit, The R&D Tax Credit, the Port Tax Credit, Retraining Tax Credit, Discretionary Withholding Option, and Mega Tax Credit.</p>
City	Incentives
Atlanta	<p>Atlanta Commercial Revitalization Deduction Program - Federal law established a Community Reinvestment Program in the Community Renewal Tax Relief Act of 2000 as codified under Title 26, Subtitle A, Chapter 1, Subchapter X, Section 1400I, et seq. of the Internal Revenue Code of 1986, as amended ("the Internal Revenue Code"). The Internal Revenue Code, among other things, authorizes certain community revitalization federal tax deductions for businesses in federally designated Renewal Communities, provided that these deductions are allocated by the Commercial Revitalization Agency of the state where the Renewal Community is located and further provided that the deductions are allocated pursuant to a Qualified Allocation Plan (the "Plan"). As outlined in the DCA Board's Resolution of November 2, 2005, this plan became effective upon the Governor's designation of the Georgia Department of Community Affairs as the State's Commercial Revitalization Agency. DCA is working with the City of Atlanta and its agents to implement the Commercial Revitalization Deductions Program (CRD Program) as authorized under applicable provisions of Section 1400I(d)(3) of the Internal Revenue Code.</p>

9.4 The Scope of Work

The scope of work for this report involved seven (7) factors that were developed by the Department of Commerce and staff of the Commonwealth Development Authority. These tasks are identified below:

- 1) Identify all assets and strong points of the CNMI to include tax advantages, natural resources, tax incentives, available space, infrastructure, workforce, proximity to Asia, proximity to an anticipated growth market in Guam, favorable government conditions, exemptions to US federal laws (Jones Act & Labor caps), as well as any other asset that could be utilized for either the introduction or development of a sustainable industry.
- 2) Identify hindrances within the CNMI to include restrictive land ownership, shipping rates, logistical challenges, poor federal relations, workforce issues, utility issues, isolation from US mainland, lack of governmental regulations, restrictive governmental requirements, as well as any other hindrance that could serve as a deterrent to the introduction or development of sustainable industry.
- 3) Identify no more than four (4) key industries, which either can be introduced or further developed in the CNMI based on the findings of items 1 & 2. The contractor may identify more than four industries, however they should be prepared to justify the top four industries in accordance to their long-term* economic benefit to the CNMI based on job creation, tax base contribution, exportable value, and impact to the natural environment.
- 4) Locate firms operating in the identified industries and make attempts to have a representative from the industry to attend and present at the summit. This individual would ideally represent an industry association and would be required to discuss the conditions ideal for choosing an operational destination. This trip should also serve for the industry representative to learn more about the CNMI as an operational destination and should be leveraged to meet with CNMI leaders in an effort to drive investment into the CNMI.
- 5) Co-facilitate a closed door government session, which is aimed at identifying required government action to ensure the successful development of identified industries. These sessions should provide recommendations to both the legislative and executive branches which would lend themselves to the development of these sustainable industries. This will be an opportunity for the contractor to provide a thorough explanation as to the arrival of the identified industries based on assessments of the strengths and barriers that exist in the CNMI.
- 6) Co-facilitate a public session which is aimed at getting public feedback on the identified industries. This could be done in focus groups or in a large session with a target focus of creating public buy-in to the focused industries.
- 7) Co-facilitate the summit. This will include coordinating logistical issues, marketing efforts (costs to be covered by either the Department of Commerce or CDA).

9.5 Pre-Economic Restoration Summit Notes: Public/Private Sector and Legislature/Government Sector

Aquaculture													
<p>PUBLIC and PRIVATE Sector</p> <ol style="list-style-type: none"> 1. Aquaculture Park on Tinian <ol style="list-style-type: none"> a) Modeled after Aquaculture Laboratory in Kona, Hawaii b) Exporting to Eastern Asian Countries c) Market 2. Aquaculture on Rota <ol style="list-style-type: none"> a) Market Benefits b) Issue <ol style="list-style-type: none"> (1) Manpower (2) High Cost-High Energy Use c) Regulations d) Potential large scale operations and jobs 3. Aquaculture - Saipan <ol style="list-style-type: none"> a) Aquaculture Park on Tinian <p>What is the ambient temperature of the Abalone? What about the</p> <ol style="list-style-type: none"> (1) population produced as a byproduct? <p>(a) Tropical vs. Salt Water Species</p> <p>What kind of industries and byproduct industries need to be formed beforehand</p> <ol style="list-style-type: none"> c) What kind of initial Capital is needed to get into this business? <ol style="list-style-type: none"> (1) Major Costs are the Pumps and Pipes for aeration <p>Proper organization to aide in forming a these type of industries as it is</p> <ol style="list-style-type: none"> (2) too expensive to be done by a small business <p>Forming a professional Association for Industries would be the</p>	<p>LEGISLATURE</p> <p>The should know the supply chain of the industry</p> <p style="padding-left: 20px;">Know each step</p> <p style="background-color: yellow;">Amend the laws the currently exist to help with water</p> <p style="padding-left: 20px;">Currently, not taxed if < 50,000 gallons</p> <p style="padding-left: 20px;">perhaps amend to < 150,000 gallons</p> <p style="padding-left: 20px;">Re-visit the water rates structure for Aqua and Agricultures</p> <p>BGR Tax</p> <p style="padding-left: 20px;">Currently, 0 taxes for first \$20,000 in sales</p> <p style="padding-left: 20px;">Consider raising that to ????</p> <p style="background-color: yellow;">Understand each step of the process and examine its costs.</p> <p style="padding-left: 20px;">Find the best areas in the supply chain to target for potential tax incentives or subsidies.</p> <p>Encourage Pool purchases of supply, equipment, etc.</p> <p>Examine Opportunities to Raise Capital</p> <table style="width: 100%; border: none;"> <tr> <td style="padding-left: 20px;">Rural Dev.</td> <td style="padding-left: 100px;">SBA</td> </tr> <tr> <td style="padding-left: 20px;">EDA</td> <td style="padding-left: 100px;">Private</td> </tr> <tr> <td style="padding-left: 20px;">CDA</td> <td style="padding-left: 100px;">MPLT</td> </tr> <tr> <td style="padding-left: 20px;">Private</td> <td style="padding-left: 100px;">Various Lending Guarantee Prog.</td> </tr> </table> <p>Understand and acknowledge the high cost of moving product to market (Guam)</p> <p style="padding-left: 20px;">High costs due to no export-bound products.</p> <p>Perhaps the time to Examine a PPP for transportation</p> <p>Skills</p> <p style="padding-left: 20px;">Develop local skills for the market</p> <table style="width: 100%; border: none;"> <tr> <td style="padding-left: 20px;">Labor force</td> <td style="padding-left: 100px;">Marketing force</td> </tr> <tr> <td style="padding-left: 20px;">Support force</td> <td style="padding-left: 100px;">Entrepreneur Force</td> </tr> </table> <p style="padding-left: 20px;">Not Labor Intensive during growth phase</p> <p style="padding-left: 20px;">Labor force needs increase during harvesting</p> <p style="background-color: yellow;">Diversify the growth of Aquaculture Production</p> <p>Supports a Professional Association</p> <p>Support an Industry Master Plan</p>	Rural Dev.	SBA	EDA	Private	CDA	MPLT	Private	Various Lending Guarantee Prog.	Labor force	Marketing force	Support force	Entrepreneur Force
Rural Dev.	SBA												
EDA	Private												
CDA	MPLT												
Private	Various Lending Guarantee Prog.												
Labor force	Marketing force												
Support force	Entrepreneur Force												

Education Tourism

PUBLIC

1. Education
 - a) Edu-tourism/Vocational Education
- 2 Asian Market & Local Market
 - (a) Benefits
 - (i) Cheaper
 - (ii) Closer Location
 - b) We need to get a better job of improving our local workforce job ethics, and skills
 - c) Invest on the workforce of the CNMI local population
 - d) Guam and Hawaii have been attracting the CNMI workforce
 - e) Decrease the drop out ratio for our High School students

Agriculture	
PUBLIC and PRIVATE Sector	LEGISLATURE
<p>HUGE Potential. Affected by CNMI Labor Issue</p> <p>Tinian - Huge Potential due to Military Build Up on Tinian and Guam</p> <p>(1) Buyers only want to deal with 1 entity</p> <p>Believes there is a lack of support from the CNMI</p> <p>(2) May need assistance with cheaper/imported Chinese goods</p> <p>(3) Logistics Issue</p> <p>(a) Multitude of Regulations that need to be abided by</p> <p>(b) Competitive Farmers</p> <p>(c) Standardization</p> <p>(d) Expensive Exportation Cost</p> <p>(e) Equipment</p> <p>(f) Utilize Freedom Air or other air transportation</p> <p>(i) Use of Banned Items such insecticides</p> <p>(g) Local transportation of goods (in Tinian)</p> <p>Packaging and other value-added steps and processes</p> <p>(h) Manpower to produce the results - workforce</p> <p>(4) Storage facilities</p> <p>(5) Water irrigation systems</p> <p>(6) Processing Area</p> <p>(7) Heavy equipment – need for</p> <p>(8) Simple gardening tools – many</p> <p>(9) Regulations</p> <p>(10) Marketing</p> <p>(11) Homeland Security</p> <p>Business License/Export License and other Government</p> <p>(12) regulations</p> <p>(13) Accounting and Business good judgment</p> <p>(14) COOP can help with the agriculture needed items</p> <p>KEY TO COOP IS THE ADMINISTRATOR</p> <p>ROTA</p> <p>(a) Huge Potential due to Military Build Up on Tinian and Guam</p> <p>(1) Issues</p> <p>(a) Water Issue</p> <p>(b) Certification of Products such as Livestock or produce</p> <p>(c) Expensive Exportation Cost</p> <p>(2) Logistic issues. Moving the product from Point A to Point B</p> <p>(3) Taking agriculture at value and transforming its by-product into a domestic export</p> <p>Forming COOPS or groups is only way to start selling to Military - ONLY WAY</p>	<p>Understand the military opportunities in Guam</p> <p>Support COOP or strategic alliance among stakeholders</p> <p>Coordinate with Guam Farmers/Volume</p> <p>Local production should meet Market Demand</p> <p>Quantify Product Demand vs Product Output capability</p> <p>Understand NMC CREES role</p> <p>Production</p> <p>Land/Farming - Reserve for future expansion (Urban Sprawl)</p> <p>Technology and Science</p> <p>Mapping Process</p> <p>Special Rates/Tax Subsidies</p> <p>Consider special production products (Coffee)</p> <p>Marketing</p> <p>1 entity/group to market (COOP perhaps)</p> <p>Export Setbacks</p> <p>Settle logistic issues - Transportation, Storage</p> <p>Quality Control - Quality Grading - Packaging</p> <p>Education and Promotion (NMC)</p> <p>Value Added</p> <p>Become efficient in the practice of farming</p> <p>Workforce</p> <p>For this industry to withstand time, external pressures, there must be a contingent plan to deal with Federalization</p> <p>SUMMARY</p> <p>Land Use</p> <p>Science, Technology and Equipment</p> <p>Feasibility of Speciality Crops</p> <p>Tax Breaks and other subsidy programs</p> <p>Water, Power</p> <p>Fertilizer and Pesticide Costs</p> <p>Equipment maintenance and repair</p> <p>MARKETING</p> <p>COOPs will help defray those costs</p> <p>Administration of COOP is the Key</p> <p>Export Setbacks</p> <p>Packaging</p> <p>Quality Control</p> <p>Explore Value Added processes</p> <p>A CNMI Brand</p> <p>Encourage Local Demand</p>

Call Centers	
PUBLIC / PRIVATE Sector A Call Centers, Aquaculture & Alternative Industries 1. Call Centers a) Benefits (1) Capital (2) Personnel (a) Local Labor Force (b) English/Linguistic Speaking People (3) Call Center skills are transferrable skills to other industries (4) Internal Training Centers (5) Incentives or Government Freebies (a) Office Space (b) Time Differences (c) Competitive Wages (d) Continuous Training b) Cons (1) Not Small Business Friendly (2) Business needs succession plan (3) Cultural Differences & Values (4) Language Barriers	LEGISLATURES 1. Capital Need further research Clear understanding of start up costs 2. Market - What and where is the market? Continental US Asia Australia 3. Workforce Skills Workforce Investment Act telephone, computer, customer service Make training available Transferrable skill(s) to other areas Attractive to younger workforce 4. Industry Master Plan What type of Legislative help will be needed? Regulate the cost for Call Center use? Does is need Regulation? 5. Infrastructure - Fiber Optic Line Do we have the infrastructure in place 6. Logistic Equipment? Training Cost of the use of cable 7. External Source of Capital Is there external capital available? Other funding sources What type of help does a call center need? Line, Computers, Training, Facility - other? 8. Help start a professional organization ADVANTAGE Potential good employment, transferrable skills, not difficult to establish CNMI on map again - good, ongoing business already DISADVANTAGE only 1 fiber optic line, unstable power source, other? 9. Social Impact - Minimum 10. Laws/Regulations No Porn centers Employee screening, Tax incentives for computers 11. Who governs the Rates? FAVORABLE VIEW OF THE INDUSTRY

Appendix G: CNMI Economic Restoration Summit Advertisements & Photos



Pre Economic Summit Public Session

**Multi-Purpose Center/
NMC Campus on Rota & Tinian**

Thursday March 19, 2009
8:30 am - 1:00 pm

Topics:
Opportunities in the CNMI
Challenges in the CNMI
Potential Industries
Government Regulations

To register, please send your:
 Name, Contact Information,
 Address, Company/
 Corporation Name/Island Location
 To: cnmibizz@gmail.com
 Or Call: 664-3018/3077
Event will be broadcasted through Video Tele-Conference for Rota & Tinian

Registration is limited
 Deadline for registration
 is 3:00 p.m., March 18, 2009







Sponsored by: Department of Commerce,
 Commonwealth Development Authority (CDA)
 Northern Marianas College and IT&E

P-1: Newspaper Advertisement No. 1.

Economic Restoration Summit

Legislative & Government Session

You are cordially invited to join us in a
 Joint Legislative & Government meeting to
 explore solutions to restore our economy



March 27, 2009
 12:30pm – 4:30pm

Multi-Purpose Center
 Susupe

Sponsored By: Department of Commerce,
 Commonwealth Development Authority,
 Northern Marianas College, and IT&E

RSVP: 664-3018/3077 cnmibizz@gmail.com



P-3: Governor Benigno R. Fitial (R) with CDA Director Manny Sablan (L).



P-4: Members of the Legislature during the Pre-Summit Event.



P-5: Secretary Michael Ada conferring the opening remarks of the Summit.



P-6: Representative Torres (center) in discussion with other attendees at the Pre-Summit event.



P-7: Members of the Community & Mount Carmel School at the Summit.



P-8: Members of the Business Sector at the Pre-Summit Even

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