

On My Mind

3/3/00

It's difficult to decide just how to react to the headline "Study says CNMI needs 900 more hotel rooms" which appeared in the <I>Tribune</I> earlier this week. Can that "need" for 900 more hotel rooms be ignored as the finding of just another of those studies that will end up on a dusty shelf with so many others that have been made in the past? Or is the threat real, calling for some active lobbying against the study's conclusion?

The study said that the 900 additional hotel rooms would be needed in order to generate enough revenue to compensate for the closure of the CNMI's garment factories in 2005. The CNMI's Strategic Economic Development Council, for whom the study was done, acknowledged that in order to achieve that goal, air service to the CNMI would have to improve, and, of course, thousands of additional tourists to fill those 900 rooms would have to be enticed to come to the CNMI.

Adding 900 hotel room is the equivalent of building three more Hyatt Regency hotels, or four more hotels the size of the Grand Hotel, or three and a third more the size of the Saipan Diamond Hotel.

Given that, so far as I know, there's no new developer out there ready to build another large hotel, nor land set aside to do so, nor a CRMO permit obtained - much less commitment by airlines to increase service, or any reliable indication that present hotels will even hit an optimum occupancy rate - it does appear that the threat of 900 new hotel rooms for the CNMI materializing any time in the near future is rather remote.

But just in case someone is taking the suggestion seriously, it should be pointed out that there are other ways to generate revenue than by increasing the number of hotel rooms, and thus subjecting the islands - their beaches, reefs, corals, fishes - to thousands of more tourists. One can still bring in tourists but at a far lower infrastructure cost by marketing the CNMI as a cruise ship destination. One can also generate revenue - without increasing the number of tourists - by marketing to the high end of the tourist trade, or catering to meetings, symposia and conventions.

Not to mention generating revenue through the encouragement of industries other than tourism.

What's more, the question has yet to be addressed as to just how much revenue the CNMI really needs in order to remain vibrant and viable. Despite the slowdown in the economy and the government's alleged austerity measures, the government is still not operating at its most effective and efficient levels. There still is too much overlap, too much waste, too much "fat" on government personnel rosters. Projected revenue requirements should not, therefore, be based on present expenditure patterns.

In addition, it is a mistake to view the "good old days" of the late 1980's as the standard by which revenue levels should be judged. Saipan's hotels have been longing, ever since, for those golden days when occupancy rates were in the 80% and 90% range. Those are not typical occupancy rates, and it is unrealistic to count on their returning. Those were boom times, and no boom

lasts forever. Nor do they recur in the same place all that often.

What is needed now is a realistic (if that word can even be applied here!) assessment of just how many tourists the CNMI can accommodate and still preserve its attraction as a true “tropical paradise;” how large a government work force is needed to service the tourists and satisfactorily serve the people of the CNMI and how many people (if any) would be left jobless; how much revenue a more typical occupancy rate would generate; and whether, in fact, the result would be any revenue shortfall at all. Only then need the CNMI be concerned with what other industry to develop, how much further to develop tourism.

The CNMI is a small place. It is not infinitely expandable. Its limits must be understood, respected, accommodated.

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It’s gratifying to see that the PCB contamination in Tanapag is getting so much attention. The villagers are organizing, a class action suit is being planned, Green Peace has offered lobbying and other help, the Legislature is getting involved, and, thanks to Washington Rep Juan N. Babauta, the need for action has been put squarely before the White House inter-agency task force on insular concerns. It’s about time!

As with any “hot” topic, though, as more and more people get involved, there is a risk that everyone will want to act at once, and that they will all want to do the same things. Confusion could result, with overlap and redundancy in some areas and gaps in others.

Such appears to be the case with the joint resolution passed by the House this week asking that the Governor appoint a task force to “take care of the issues” related to the PCB contamination. One of the main responsibilities of the task force, according to the report in the <I>Tribune</I>, would be to conduct an in-depth study on the level of the PCB exposure in the environment, which it would then report to the governor “within 12 months.”

It so happens that an in-depth study of the level of PCB contamination is already being planned by the CNMI’s Division of Environmental Quality (DEQ), with the U.S. Environmental Protection Agency (EPA). The taking of soil samples is tentatively scheduled to begin by early summer. If things go as presently planned, control samples will be taken at the same time as DEQ’s sampling and analyzed by Green Peace laboratories. Actual remediation should follow within three to four months - long before the Legislature’s proposed due date for reporting the extent of the problem to the Governor.

Evaluation of the degree of contamination is also of concern to the law firm that is considering taking on the class action law suit. Whether there is some means of combining the law firm’s assessment efforts with those of DEQ - to ensure that the results don’t become an issue of comparing oranges and apples - remains to be seen. But regardless of that question, what is not needed is yet another assessment of the level of contamination.

What is needed is to make sure that the assessment, this time, is properly done, in accordance with federal standards established by the Comprehensive Environmental Response Compensation and Liability Act (CERCLA).

The task force being proposed by the House Joint Resolution is also charged with offering recommendations for relocating the Tanapag cemetery and village homes affected by the contamination and possible compensation, and with assessing the cost and rehabilitation efforts to clean up the area. The task force would consist of two lawmakers, two representatives from the executive branch, two residents from Tanapag, one each from the Washington Rep's office, DEQ and DPH, and an assistant attorney general. A budget of \$500,000 has been proposed for the task force effort.

It is, however, not clear how this task force would relate to the PCB task force already established under the aegis of the Commonwealth Health Center. Or whether, if \$500,000 is allocated to the proposed task force, another \$500,000, requested by CHC to help pay for medical testing of Tanapag villagers, would still be available.

What appears to be missing is an awareness that the cemetery, the most highly contaminated spot identified so far, will again become the focus of considerable community activity with the observance of All Soul's Day on November 2nd. If remediation is not achievable by then, certainly greater protective measures should be in place to allow observance of the holy day without further endangering the people of Tanapag.

It would, it seems to me, be more helpful if the Legislature offered leadership and support, rather than duplication of effort and mere reports.