

On My Mind
8/23/02

It would be interesting to know who it was, on the B&B team, who decided that it wasn't necessary for the governor, in his speech to the legislature last week, to spend any time clearing up conflicting statements regarding budget imbalance, cash-flow problems, or the legality of deficit spending that had been made by various members of his administration - even though those conflicting statements were what had caused the confusion the governor claimed he wanted to clarify.

Instead, the Governor, in defensive mode, gave what amounted to a rather egocentric - preview of the annual state of the commonwealth speech - mentioning only his alleged accomplishments but not those of any other branch of government. Judging from reported reactions to the speech, this was not what most people expected - or wanted - to hear.

Clearly, someone goofed. Misread the temperature of the audience. Was out of touch and out of sync, and therefore, to mix metaphors, was unable to prescribe what it was that would calm the troubled waters.

True, the Senate, under President Manglona's blindly loyal leadership, had no problem with the governor's speech, but that doesn't really excuse the missed diagnosis, the delivery of the wrong medicine.

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The comment by Dr. Kenneth E. Wright, Northern Marianas College's new president, that before soliciting funds for the college from other sources, he would first want to make sure that the college was making maximum use of the resources it already had, was certainly refreshing.

Wright made the remark, according to a *Variety* report, in an interview following the governor's alleged "clarification" speech last week.

Wouldn't it be nice if other government agencies did the same! The Commonwealth Ports Authority, for instance, is once again considering asking the public for more money. It has already imposed a parking fee at both the airport and the seaport. It has even rescinded the courtesy drop-off waiver at the seaport. Apparently still unable to live within its budget, it recently contemplated installing poker machines at waiting areas under its jurisdiction as a form of revenue generation.

And now it is considering charging every passenger using the airport a fee. Yet nowhere is there any indication that before levying yet another charge upon the public, the CPA has made any attempt to streamline its own operation, to trim the fat from its budget, to reduce unnecessary expenditures within its own agency. Instead, it simply devises new fees and charges to underwrite what appears to be an unrestrained budget and style of operation.

What CPA needs to do first is make sure it is making maximum use of the resources it already has. Judging from past accounts of profligate spending, such a move is long overdue.

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Unfortunately, the CPA is one of those weird creatures - independent agencies of government - so does not come under the control of the executive branch. Which means that the CPA is free to impose new "taxes" upon the public even while the Governor is telling us all that he will impose no new taxes. Hmphhh!

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No one can deny that consultants have their uses. But it is equally true that sometimes use of consultants only makes things worse. A good example is the job done by consultants hired by the Office of the Attorney General (under the previous AG, we would hasten to add) to write the CNMI Harmful Substance Cleanup Regulations. Those regulations were written at the behest of a messianic assistant attorney general, who was determined to sue the U.S. Department of Defense, among others, for the PCB contamination in Tanapag in an attempt to win millions of dollars for Tanapag residents - as well as a hefty fee for the AG's office - and needed the regulations as a basis for the suit.

The regulations were written by east coast consultants (read: Washington, D.C.-oriented), for metropolitan application - complex and full of jargon - making them not only difficult to understand, but even more difficult to apply in the CNMI with its limited technical expertise and resources.

In fact, the regulations are so complicated that the original contractor had also been expected to assist the CNMI in implementing them, and to provide technical guidance to the Division of Environmental Quality, the CNMI agency responsible for administering the regulations, in enforcing them. In other words, the CNMI was not expected to enforce those regulations without continuing assistance from the consultants who drew them up. What a sweet deal that was!

Fortunately, the AG's office ran out of funds to pursue the suit, with which, no doubt, the consultants were also supposed to assist.

Unfortunately, however, the regulations were completed, and were adopted by the CNMI. And the CNMI is now saddled with a set of regulations governing hazardous substance clean-up that it has neither the skill, the training, nor the funds to implement and enforce.

Whatever other faults he may have, the Attorney General is not at fault for his inability to meet recent demands that the regulations be invoked against those who have contaminated Saipan groundwater. The present regulations are unenforceable, inapplicable, inappropriate. Despite the more than \$250,000 already spent on the Harmful Substance Cleanup Regulations, the first thing the AG should do is scrap them. The second thing he should do is draft new ones that are within the capabilities and resources of the CNMI to implement and enforce on its own.

The moral of the story is: Consultants are only as useful, helpful, as their work product is.

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While it seems legitimate to grant the Tinian Dynasty tax waivers under the Qualifying Certificate program, due to the handicap it's been under without the promised but not yet improved Tinian airport, there doesn't seem much legitimacy to the Hyatt's request for tax waivers. Hyatt has a world-wide chain to cushion losses, as the Dynasty does not. Besides, Hyatt, as well as other existing establishments, were given significant tax cuts and waivers when they first were established. The intent of the QC program is to encourage future investors, not further subsidize existing ones.

It seems particularly risky to grant such large tax waivers for as long as current applicants for Qualifying Certificates are asking. The Hyatt, for example, is requesting a 100% waiver of all taxes for the next 25 years. Doesn't that amount to a considerable reduction in government's future revenues?

A waiver of fees during construction of a new resource-generating project is one thing. A prolonged waiver long after the project is, presumably, reaping benefits for its sponsors/owners is something entirely different. Siphoning off future revenue to the benefit of the developer is not the way to boost the CNMI's economy. It deprives the government of legitimately expected future revenue for as long as the waiver is in effect, crippling the islands' capability for improvement and growth far into the future.

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The story, in yesterday's <I>Tribune</I>, about the Environmental Protection Agency study that found 11 water wells on Saipan contaminated with volatile organic compounds, and various other contaminants in additional wells, fails to mention the rather critical fact that those contaminated wells are NOT part of the public water system. The contaminated wells are all private wells. They too, of course, affect the island's groundwater, but so far their contamination has not affected the wells in the CUC water system.