

## On My Mind

3/4/05

The news, headlined in both papers today, that some CNMI funds deposited in local financial institutions are not protected with adequate collateral is disquieting, to say the least. Coming on top of stories of more garment factory closures, with their associated decline in government revenue; the Commonwealth Utility's difficulty in meeting fuel costs for the power plant; the ongoing stories of funding shortages for the school system, the public health service and the police department; and a seemingly government-wide inability to pay its vendors; it's enough to cause more than a little concern about the economic future of the CNMI. What limited funds the government supposedly does have, it seems, are not being properly taken care of.</P>

<P>There is not enough money to pay legal obligations, such as the court-ordered payment to Tony Pellegrino's Marine Revitalization Corporation. There's not enough money to protect our health and environment and fund the EPA-ordered repair of the Agingan sewer treatment plant. There's not enough money to protect our safety and hire new police officers. There's not even enough money to help retirees try to keep up with rising costs and pay them their 2.7% Cost of Living Allowance - which was supposed to go into effect with the beginning of the new calendar year - but did not. And this in the face of local price increases of up to 10% predicted by various retailers as a result of the fuel surcharge and an increase in shipping fees.</P>

<P>Meanwhile the coconut wireless has it that the government payroll is increasing (as election time nears), members of the legislature continue to refuse to consider trimming some of the ample fat from their budgets, and most of the voters who put them there continue to expect hand-outs and special favors, while fighting any attempts to either cut costs or to pay more for government-provided services.</P>

<P>It's not a pretty picture. Planning (that taboo word!) and foresight would have prevented some of it. Strong leadership would have helped. Is it now too late? Can the CNMI declare bankruptcy? And then what would happen? How does that saying go about living in interesting times?</P>

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<P>More news of a disquieting nature: Contrary to the statement, twice-repeated in the pages of this past Monday's <EM>Marianas Variety</EM>, Pacific Telecom Inc., due to become the new owner of Verizon's MTC, will not then become a franchise under Verizon. PTI is an independent entity, and will thus have no relationship, no connection, with Verizon once it assumes ownership of MTC.</P>

<P>That there will no longer be a large, fiscally sound and internationally known organization behind the CNMI's local telecommunications company is, in fact, what has been at the heart of the governor's concerns with the terms of the purchase of MTC by PTI - a fact the import of which I myself had not fully grasped until just this past week. What I had not seen - or understood - before was that the governor's concerns have, in essence, focused on the strength and stability of PTI's corporate structure, and the soundness of its financial resources. The specific aspects of these concerns have changed over the months, as resolution of aspects of the negotia-

tions was achieved. But the focus of the concerns has not changed, nor have the remaining concerns yet been satisfactorily addressed.</P>

<P>More specifically, while the Commonwealth Telecommunications Commission has accepted the reports of its two financial consultants, Deloitte Touche and Economists.com, the Commission has not yet <ital>accepted</ital> the recommendations made by its consultants in those reports. The decision will, reportedly, be made in the form of final orders issued by the Commission. And, depending on how the Commission rules, those orders may be appealed, according to Jay Livingstone, the assistant AG serving as the governor's counsel in the MTC-PTI transaction.

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<P>In terms of a partial fibre-optic cable divestiture - which the governor has insisted upon, and PTI has so far refused to consider - it is becoming increasingly clear that MTC's monopoly, which it appears PTI intends to continue, is already adversely affecting the CNMI's economy. Livingstone explained - over a long lunch earlier this week - that the CNMI offers an ideal location for what are known as server farms and call centers - both of which would benefit from the U.S. tax laws, low labor costs and geographical location, and both of which could bring in sufficient revenue to help off-set the garment industry decline. But at the current cable access rates charged by MTC in the past, and by PTI in the future, those ventures are not cost-effective, he said.</P>

<P>The issue of cable divestiture will be resolved as a "contested" case, separate from the main purchase agreement, and will be heard by the Commission with briefs submitted by all three interested parties - the governor, the consumer counsel and MTC/PTI.</P>

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<P>On a somewhat brighter note: Though it was buried on page 8 of the <EM>Pacific Sunday News</EM>, word that there are now paper cups that are decomposable, biodegradable - and insulated - may turn out to be one of the most important stories in decades. Trash disposal has been an increasing problem of late - not only in the CNMI and in Guam, but as an unhealthy and vermin-ridden blight on the landscape, world-wide.</P>

<P>One of the many undesirable components of that accumulated trash is styrofoam - as used in cups, plates, take-out dishes., etc. While some places have tried to ban the use of styrofoam, because it is neither biodegradable nor decomposable, it has been a difficult battle, since it is so convenient, and there has been no readily-acceptable substitute.</P>

<P>Now comes word that thanks to a request from the U.S. Navy, a paper company in Ohio has created such a substitute - in fact 20 million of them: cups that meets the Navy's criteria of being decomposable, biodegradable and that won't burn a sailor's hand. According to the article, which originally came from <EM>The Cincinnati Inquirer</EM>, the U.S. Army has inquired about cups for its troops as well, but in brown rather than white, since white cups, according to the article, can be picked up on overhead satellite photos, which could put troops at risk.</P>

<P>No mention was made in the article about how soon the cups would be available on the open market, but once they are, styrofoam should be outlawed - everywhere. In the meantime, we

should all put pressure on manufacturers to make it happen sooner rather than later.</P>

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<P>The <EM>PDN</EM> has been full of stories and ideas about trash disposal, while Guam struggles with where to put its next landfill, the U.S. Environmental Protection Agency having put Guam on notice to close its Ordot dump. Another site has been approved by the local environmental agency, but many people are not happy with the choice. John Wittmayer, a Guam resident, in his "Devil's Advocate" column in the <EM>Marianas Variety</EM> several weeks ago, suggested that Guam recycle or re-use 100% of its waste, rather than the mere 2% it is now re-cycling.</P>

<P>Wittmayer would do this by imposing a green tax on all non-biodegradable products high enough to enable Guam to either return everything that was imported back to its country of origin, or find a way of re-cycling it. A beginning has already been made with the enactment, in Guam, of an "advanced disposal fee" law passed last year. It was supposed to take effect this month, with fees tacked on to the purchase price of trucks, busses, cars, tires, appliances, batteries, and heavy equipment that would be deposited into a revolving recycling fund to pay for the items' eventual disposal. But implementation was stalled at the last minute due, apparently, to a lack of adequate governing regulations.</P>

<P>With concern already expressed that the new landfill in Marpi is filling up more rapidly than expected, isn't it high time that the CNMI passed its own advanced disposal fee law?

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<P>While space for burials has not yet become a problem in the area, another environmentally friendly idea I've come across of late is the Eternal Reef. Arin Greenwood, a free-lance writer and an Assistant AG in the CNMI Attorney General's office, reported on the idea in an article in the on-line publication <EM>Strata Magazine</EM>.</P>

<P>Eternal Reefs are round cast-concrete structures weighing as much as 4,000 pounds and full of holes, which are being deployed in ocean areas needing more fish habitat - so far off the coasts of Florida, Maryland, North and South Carolina, Texas and Virginia. Made of pollutant-free concrete mixed with human "cremains," they are designed to last more than 500 years. According to one of the web references on the subject, over 500,000 of the so-called Reef Balls are in use world-wide.</P>

<P>In addition to watching as the reef balls are sunk, wrote Greenwood, "Family members are also provided with exact latitude and longitude coordinates of the reef ball of interest to them, so that they can visit the artificial reefs on their own."</P>

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<P>Last but not least, this month's <EM>Commonwealth Register</EM> contains proposed regulations governing the licensing of postsecondary educational institutions in the CNMI. Promulgated by Northern Mariana College's Board of Regents, the regs seem to require that an institution wanting to offer courses in the CNMI would have to have everything in place - from a lease for the building to the hiring of faculty, stocking of the library and a published catalog, before even applying for a license, as well as having to pay a non-refundable \$10,000 fee. The <EM>Register</EM> is available on-line at "www.cnmiago.gov.mp." Deadline for comments

submitted to the NMC president is March 17.