



COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS
OFFICE OF THE GOVERNOR

WRITTEN TESTIMONY

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Before the 117th United States Congress, House Committee on Natural Resources
Oversight Hearing
“How the Biden Administration’s Build Back Better Plan can benefit the
U.S. Territories”
March 24, 2021

Honorable Chairman Raúl Grijalva, Vice-Chairman Jesus Garcia, Congressman Gregorio Kilili Sablan and Members of the House Committee on Natural Resources, thank you for inviting my testimony on behalf of the people of the Commonwealth of the Northern Mariana Islands (CNMI) on President Biden’s “Build Back Better” infrastructure and economic recovery initiative.

As a nation, we have collectively realized for many years now, that our infrastructure is in a critical state. This is no less true in the CNMI and in fact is magnified, due primarily to the decades of pre-Commonwealth neglect and lack of infrastructure development and to extreme natural and weather-related challenges to our infrastructure, and a lack of adequate funding resources. As the newest member of the US political family charged with the complete modernization of a pre-World War II infrastructure and limited resources, this challenge has been tremendous.

The “Build Back Better” initiative aligns with and is supported by “Smart, Safe Growth” planning and project implementation efforts in the CNMI. This framework has been developed in partnership with local development planning and regulatory agencies supported by the US Federal Emergency Management Agency and US Environmental Protection Agency’s Region IX Pacific Islands Office. After experiencing two 100-year super typhoons within a three-year period, we worked to develop the *Guidance Manual for Smart, Safe Growth* that highlights strategies to ensure the growth of communities with thriving economies and healthy environments that are resilient to natural disasters. Smart, Safe Growth uses a concept of “comprehensive planning” that emerges from the intersection of three key areas of practice – hazard mitigation, climate impact adaptation, and smart growth – each associated with its own policy guidance and best practices. “Building Back Better” as well as prioritizing wise investments in nature-based solutions such as those reflected in President Biden’s “30 x 30” initiative, will help

CNMI and the entire nation invest in critical infrastructure and address resource needs to ensure communities can continue to grow while withstanding current and future weather events and natural hazards with minimal physical damage or disruption.

In communities across the United States, investments have built upon centuries of development that have eased the costs required to maintain safe, adequate, and modern infrastructure networks. In the CNMI, modern development has only been witnessed in the last four decades as investment built upon a landscape torn by years of war and colonial rule. The needs, and the costs, of building a quality, modern infrastructure for the thousands of American citizens that call these islands home are not adequately represented in contrast to those of other American communities.

The state of our infrastructure directly impacts the quality of life of our residents, our economic development, and our environment. While we have made tremendous progress in the transformation of our road systems, power grids, water and sewage systems, landfills, air and sea port developments, and public transportation systems, we have not had the funding resources necessary to address the breadth of our infrastructure needs, and certainly not in a planned wholistic, sustainable, and resilient way.

Should the infrastructure and development needs of the territories, especially the CNMI, be envisioned by a national effort toward modernizing our nation's infrastructure, a holistic and multi-sectoral approach is necessary.

The History of Infrastructure in the CNMI

In 1986, the CNMI inherited from the Trust Territory government a substandard infrastructure of severely dilapidated or completely unpaved roads, pre-WWII water delivery systems, an unreliable power generation system that was often offline, underdeveloped air and sea ports, and a communications system unable to meet the needs of the coming digital age. Much of our new Commonwealth's infrastructure, roads, water wells and distribution systems, and the power grid, were remnants of the pre-WWII Japanese administration and some later repairs and the paving of some thoroughfares during the post-WWII Naval administration. At the inception of the Commonwealth, the new government found itself confronted with an over 50-year old and badly degraded road, water, and power distribution infrastructure and environmentally hazardous wastewater and landfill conditions. Wastewater and road drainage systems were largely nonexistent. Air and sea ports, schools, hospitals, and other public facilities were also in significantly substandard states.

The newly formed Commonwealth set out on a course of infrastructure improvement, developing new roads and repaving roads, lighting roadways, replacing water pipes,

bringing new water wells online, correcting environmentally hazardous wastewater treatment and expanding the sewer system, bringing new generators online, constructing new solid waste landfill facilities, and a myriad of other efforts to bring the infrastructure and public facilities of the CNMI's three main populated islands to a state of relative modernity.

More recently, two catastrophic tropical storms, super-typhoons Soudelor in 2015 and Yutu in 2018, had devastating effects on the infrastructure of our three major islands, destroying the power grid, damaging or completely destroying public facilities including our airports and most of our schools, and adversely affecting our newly launched public transportation service.

Today, the CNMI is applying "Smart, Safe Growth" and "Complete Streets" concepts to support prioritization, investment, and enhancement of our critical infrastructure. This multi-disciplinary approach supports long-term planning needs for people and the economy as well as our built and natural environment. This existing framework is well suited to catalyze national "Building Back Better" efforts. Similar to other territories and rural areas, historic infrastructure deployment and capacity challenges will need to be addressed to modernize critical facilities and help our community imagine and build a resilient and more sustainable future.

The State of Infrastructure in the CNMI

The island of Saipan has the most developed infrastructure in the CNMI, with 82.5 miles of major roadways, the largest power generation system, the only EPA-certified RCRA compliant landfill facility, and an integrated wastewater management system. Some of this infrastructure builds upon the landmass of the island that allows for 14 wellfields throughout the island to provide water to the population. Saipan houses both the largest airport and most active seaport facilities in the CNMI that provide critical access for visitors to support our sole tourism industry and goods to be shipped in support of domestic consumption and commercial development. The CNMI's sole hospital is on Saipan that supports the needs of the CNMI population throughout the islands.

Yet, despite the capacity relative within the Northern Mariana Islands, these crucial infrastructure systems on Saipan are critically outdated, at capacity, or in need of substantial maintenance in order to maintain adequate standards equal to that of the larger United States.

Current power generation is provided by a network of electrical generators as old as the Commonwealth government itself. Within the three power plants on Saipan, only one is presently operating and doing so with the support of rented generator units procured

to support the lack of capacity caused by required engine maintenance. Within Power Plant 1, the average age of the generating units is 36 years old. Maintenance on these units is delayed as the parts required to perform such maintenance requires the custom building of parts that are no longer in production at exorbitant costs.

The state of the present generators precludes the installation of large-scale renewable energy platforms as the generator speed and reliability struggles to meet the intermittent fluctuations of power generation seen in solar and wind production.

Approximately 90% of the CNMI's water supply comes from over 200 shallow wells. The low land elevation of the islands and proximity to the sea level makes it difficult to recover fresh water. Sustained dry weather and the need to over-pump to provide an adequate supply, directly affect water quality. The current water collection system and rates of ground-water production are not currently adequate for providing residents with a potable water supply. To compensate for this, most of the islands' residents and businesses supplement supply with site-built water catchment tanks and in cases stand-alone reverse osmosis systems.

Saipan's wastewater management is supported by two wastewater treatment plants, built in between 1960 and 1985. These plants are severely in need of repair and replacement as age and weather conditions have deteriorated their efficacy and reliability to perform the critical task of treating the wastewater produced by the CNMI's largest population center.

Since the redevelopment and reconstruction following World War II, the United States Navy established a dock facility to dispose of waste. This dumpsite became known as Puerto Rico dump, which was the site for municipal waste between 1953 and 2003. In 1994, EPA issued an administrative order mandating the closure of Puerto Rico dump due to several violations of the Clean Water Act. In 2003, Puerto Rico dump was officially closed and the EPA certified landfill in Marpi was opened.

The Marpi Landfill has the capacity of about one million cubic yards with the approximate lifespan of 20 to 25 years. The landfill encompasses a space of 43 acres with one transfer station and was developed at the cost of about \$18.5 million.

To date, two of the six cells have been completed, however the increased demand caused by Super Typhoon Yutu has accelerated the waste stream of the developed cells, shortening the anticipated lifespan of the facility.

The Francisco C. Ada/Saipan International Airport ("SPN") is the largest and highest volume airport in the CNMI. The SPN airfield is 8,700 feet long and 150 feet wide, with one parallel and eight connecting taxiways. The airfield has the aircraft capacity of the

B747-400, but has supported the landing of larger aircraft such as the Antonov An-225 Mriya.

The Port of Saipan is the highest traffic seaport facility in the CNMI and is considered to be one of the CNMI's most significant economic zones. The port spans over 1,000 feet in length and can dock three large cargo vessels of 250 to 300 feet in length. The port is considered a "world-class" facility with 2,600 linear feet of berthing space, a 22-acre container yard, a water line, underground fuel distribution, and subterranean sewage removal system.

The conditions of infrastructure on the islands of Tinian and Rota are more severe, with numerous needs for the creation of critical infrastructure where none exists.

On both Tinian and Rota the populations do not have an integrated wastewater system, and do not have a wastewater treatment facility. Much of the wastewater is managed by septic systems in a decentralized management system, that increases risk to the islands' underground aquifer.

Neither Tinian nor Rota have an EPA-approved landfill site, and present solid waste is managed by a surface waste dump.

The present, Tinian landfill is an open dump site of approximately 20 thousand cubic yards. The landfill is currently in violation of regulations by the EPA and CNMI Bureau of Environmental and Coastal Quality (BECQ) and, at current flow of solid waste, is estimated to meet capacity in coming years.

Similar to Tinian, solid waste in Rota is received by an open dump of approximately 20 thousand cubic yards and is in violation of EPA and BECQ regulatory requirements.

On Tinian, the only active source for freshwater is the Maui II horizontal well, skimmed from the Marpo swamp that is charged by rainfall. The Marpo swamp wetland area is exposed basal lens groundwater. This present system presents challenges to the construction and development of the newly approved U.S. Airforce divert airfield, which is presently working toward construction on the Tinian International Airport.

Most of the island of Rota's freshwater comes from two water caves within the Sabana region. These caves are nestled between limestone rocks and low-permeability volcanic rocks. The two caves are known as the Main Cave located at 1,150 feet above sea level and the other, Onan Spring at the same elevation.

The Tinian International Airport ("TIQ") hosts a runway of 8,600 feet with 1 parallel and two connecting taxiways. The aircraft capacity of the airfield is of the B777-747 class

aircrafts. The TIQ terminal facility houses 3 ticket counter positions and CNMI Customs and Quarantine counters.

The Tinian Seaport is comprised of a 1,000-foot-long dock, three quays and two piers. The main quay has a usable length of 2,200 feet with depths between 25 and 29 feet. Piers 1 and 2 to the southwest of the main quay each have a usable length of 500 feet and a depth of 25 feet. One of the shorter quays reside between the main quay and pier 1 and the other between piers 1 and 2. Both Piers were constructed in 1945 and have fallen into disrepair and are largely unusable.

The Benjamin Taisacan Manglona International Airport has an airfield with a runway that spans 7,000 feet in length with two connecting taxiways and an aircraft capacity of a B373-400 type air craft or smaller. The terminal facility houses three ticket counter positions, two U.S. Customs and Border Protection stations, and CNMI Customs and Quarantine counters. The holding room has the capacity to hold 120 passengers.

On Rota, the West Harbor is the primary seaport facility located on the southwest side of Songsong village. There are two docking areas that comprise West Dock, one is approximately 100 feet long and the other is 150 feet long. Berth 1 was constructed during the Japanese occupation of the islands prior to World War II to facilitate export from the Nanyo Kohatsu Kabushiki sugar mill. The harbor and berth were severely impacted by Typhoon Pamela in 1976 and, following recommendations from the U.S. Army Corps of Engineers, the second berth was completed in 1983. This dock can support two vessels simultaneously.

The CNMI's Northern Islands are currently devoid of even basic air and sea port, water, and electrical power infrastructure. Increased utilization of the islands of Alamagan, Pagan, and Agrihan, for residential and agricultural use, and future tourism, will require an investment in basic infrastructure. Current small residential populations on these islands are especially challenged by the lack of adequate water catchment and distribution systems, electrical power, and air and sea ports. The only aircraft runway is a pre-WWII unpaved strip, that has been unusable for a number of years due to weather damage. Similarly, the existing and unusable sea port on Pagan was originally constructed before 1945 during the Japanese administration of the islands. The Northern Islands are ideally suited for alternative energy solutions.

Infrastructure Needs and the Way Forward in the CNMI

Many of the CNMI's roads are in substandard condition and in need paving or repaving. This is an opportunity to see the kind of investment we need to see our thoroughfares redesigned to better accommodate traditional vehicle transportation, but at the same time integrate a "complete street" design, that incorporates bike lanes,

sidewalks, and appropriate lighting and landscaping. Such a redesign and re-envisioning of our roadways, that takes into consideration a variety of forms of transportation, will better serve our community and facilitate numerous sustainability objectives including helping to reduce our carbon footprint. It will further provide us with the opportunity to address longstanding issues with drainage and runoff that causes significant damage to our marine environment.

In 2020, U.S. Public Law 116-20 appropriated \$56 million to the EPA to plan for improvements to solid waste management on Saipan, Tinian and Rota. These funds are to be awarded in phases over the course of five years and targeted at the supplementing the necessary expenses to recover from the impacts of Super Typhoon Yutu.

The CNMI Office of Planning and Development received \$565,980 for the formation of the inter-island solid waste taskforce. The taskforce includes the Department of Public Works, representatives from the Offices of the Mayors of Tinian and Rota, and the Bureau of Environmental and Coastal Quality. The CNMI is grateful for this assistance and looks forward to a sustainable waste management solution that meets the highest environmental standards and supports our goal of achieving sustainable production and consumption patterns as well as growth and resource use that meets the needs of current and future generations.

The CNMI's Draft Comprehensive Sustainable Development Plan envisions applying Smart, Safe Growth and other development guidelines to holistically improve resource use across sectors. Much like the "Build Back Better" initiative, CNMI's first Comprehensive Sustainable Development Plan recognizes the need to align infrastructure investments to achieve modern infrastructure that supports good education and health systems as well as good paying jobs. The goals and objectives identified in the Comprehensive Sustainable Development Plan identify metrics for renewable energy and water systems deployment while recognizing need to also continue to invest in education and social services. These planning efforts align with national efforts to address the climate crisis, build a clean energy economy, address environmental injustice, and create millions of good-paying jobs. As reflected in the CNMI's 2019 Comprehensive Economic Development Strategy, investment in our social and built infrastructure is anticipated to help diversify and stabilize our economy, an effort that is needed now more than ever as we work to recover from the financial and community impacts of COVID19.

Challenges and Opportunities

Dedicating resources toward the financing of infrastructure is critical but is only one step toward the modernization of the CNMI's infrastructure. This Committee is familiar with the CNMI's ongoing struggles to support the demands of the economy with the

present workforce, and in the environment of severe infrastructure demands, the availability of construction workers in particular represents a significant limitation to our ability to advance our community. As the Nation works to Build Back Better, there are opportunities to acknowledge and address the unique capacity and infrastructure challenges of the U.S. Territories in order to work towards national efforts to provide immediate and long-lasting relief to our communities and businesses.

As indicated in the recent CNMI Economic Census, produced by the U.S. Census Bureau, the CNMI currently has 2,803 individuals employed in the Construction Trades. By way of demonstrating the severe limitation this has on the ability to undertake large-scale and essential developments, one project alone, the Tinian Divert Airfield construction by the U.S. Airforce, has the potential to require as much as 2,099 construction workers for the development of this critical infrastructure project for the United States armed forces. This one development may require 75% of the available construction labor present in the CNMI. The ramifications are not solely isolated to availability of workers. As increased demands continue to be placed in support of ongoing developments, costs associated with construction will grow rapidly, reducing the efficacy of federal infrastructure dollars and limiting the range of opportunities that would otherwise be available per dollar of investment in the larger United States.

In one year alone, between 2019 and 2020, the average wages within the broad classification of Construction Occupations increased by 26.3%. With construction wages far in excess of federal minimum wage standards and in line with prevailing wages across occupations, it is clear that the issue is centered around the supply of labor available to a small island economy of our size.

The prudent utilization of federal funds, in both proposals contained in the Build America Better package, or in the present construction activities to support military development and disaster recovery and resilience requires a long-term solution to the CNMI's construction worker difficulties.

I ask for this initiative to revisit this long-standing conversation, and for your understanding of our circumstances both in need for greater levels of infrastructure investment and the means by which we can adequately utilize this investment to break ground and complete these projects. In 2020, through the Further Consolidation Appropriations Act of 2020, the Congress recognized these limitations in providing for a separate allocation of 3,000 CW-1 visas for foreign workers engaged in construction trades, with the caveat that the workers must be employed in the service of an existing contract directly connected to or associated with recovery from a presidentially declared major disaster or emergency. I would submit that the present state of the CNMI's infrastructure constitutes a looming emergency, and that this apportionment be

broad in its application to permit the 3,000 CW-1 allotment for all construction activities, to support continued public and private investment throughout the CNMI.

The relationship of infrastructure developments and access to labor under the CW-1 visa classification and the Northern Mariana Islands U.S. Workforce Act is not solely limited to availability of workers. Under the present law, the CNMI must produce an annual prevailing wage calculation that will govern the wages paid to employees petitioned under the CW-1 program. Should the sampling requirements for this survey provided by the U.S. Department of Labor not be met for a particular occupational category (i.e. 3 employers with 30 employees for each Standard Occupational Classification), then the wages revert to those in Guam or in the national prevailing wage for that specific occupation. This requirement presents two challenges that must be noted:

First, the CW-1 visa is the only program within the U.S. Immigration System that requires an annual survey. Applications for H visas utilize a two-year timeframe for survey applicability. This presents a pronounced issue with labor market and business cycle fluctuations, wherein disruptions to the economy, such as disasters or industry closures, have a profound impact to the survey results that establish a benchmark for future surveys, leading to rapidly inflating costs that do not account for economic conditions.

Secondly, the reversion to Guam wages negates the important distinctions between the two economies of this region. Guam is a larger, more developed economy, with a different labor force makeup that supports different types of economic activity. One would not make the case that wages in California would appropriately depict the labor conditions in Oregon, yet for many occupations, wages represent the Guam economy and not the conditions of the CNMI. This raises significant challenges to the long-term labor force planning required of large-scale development projects. Should a development, as is the case, require foreign labor to construct, the variations that occur through the present prevailing wage processes, multi-year labor cost projections represent a significant hurdle toward prudent utilization of available resources.

The CNMI's geographic location further impedes progress toward progress beyond labor costs and acquisition. Most notably, the impacts caused by Super Typhoon Yutu brought to light to vulnerability of our built environment to the forces of nature. This is a pronounced demonstration of the risks and degradation to our physical infrastructure, but the climatic conditions of the islands, seismic activity, and prevalence of natural disasters require a level of infrastructure investment to mitigate this impacts that are on a magnitude far greater than that of the larger United States. Adding to this the complications with transporting the range of construction materials

to the CNMI, and the processes for undertaking large-scale projects in this remote region, significant hurdles present themselves as increased costs of development.

A notable example of these challenges with construction in the CNMI is outlined in a recent Government Accountability Office Report (GAO-20-614T) that found “significant delays” in the implementation of FEMA’s Permanent Housing Construction Program due to contracting and construction challenges. These specific challenges have resulted in 65% of the program’s applicants opting out the program due to the need for housing sooner than FEMA could provide for it.

To further support holistic resiliency investment efforts, we need the support of our federal partners to streamline processes, reduce the obstacle of complex requirements and lengthy approval periods, and allow for significant flexibility. The CNMI asks that the territories be provided the flexibility necessary to determine what infrastructure needs are most critical to them and to determine how federal funding resources dedicated to this are ultimately utilized. Rather than a “one size fits all” approach, the challenges that are unique to the territories will require a plan that can be customized by and for the territories.

One program that fit this design was a significant component of the CNMI’s Covenant agreement with the United States. Section 701 of this agreement states that the United States Government will “assist the Government of the Northern Mariana Islands in its efforts to achieve a progressively higher standard of living for its people as part of the American economic community and to develop the economic resources needed to meet the financial responsibilities of local self-government.”

To fulfill this commitment the United States put forward an effort to provide Capital Improvement Project funds toward the creation of a modern infrastructure that would support the advancement of the CNMI people. The Office of Insular Affairs in administering this program has aided the Commonwealth in phenomenal advancements over the course of our recent history, but the structure of the program is in dire need of review and modernization to keep pace with the increased costs of infrastructure.

Funding provided to this program has been locked at \$27.72 million since its inception for the CNMI in 1978 under Section 701 of U.S. Public Law 92-241 and continued at this level when it was modified to include Guam, American Samoa, and the U.S. Virgin Islands under U.S. Public Law 104-134. The CNMI once again urges the review of the CIP Grants Program to allow for an increase in the budgeted amount that adjusts for inflationary costs and current infrastructure needs of the U.S. territories.

Federal funding is but one crucial avenue for financing the infrastructure priorities of the CNMI. For communities around the United States, access to the capital markets

provides access to crucial financing to support large-scale capital investments that spur economic growth. The CNMI has not issued any new debt since fiscal year 2007, allowing our public debt to decrease from 16 to 8 percent of GDP. However, despite low indebtedness and a strong track record of repayment, access to the capital markets is limited by our size, economic volatility, and prevalence of devastating natural disasters. Adjusted and consistent schedules for CIP allotments have the potential for being adequate security for public debt that can support more rapid advancements of our islands' infrastructure in coordination with the goals and objectives of OIA and the federal government.

The CNMI has made great strides in the overall improvement of its infrastructure over a relatively short period of time. That said, there is still a significant amount of work to be done to bring our infrastructure into the 21st century, from accessibility to potable water to a viable public transportation system and less reliance on unsustainable and non-renewable energy sources. The people of the CNMI, hard-working folks who are used to struggle and hardship, are also deserving of a modern infrastructure that supports economic development, a better quality of life, safety and health, and consideration of the health of the environment. The "Build Back Better" initiative is an opportunity to address many of the longstanding concerns of the CNMI that are specific to our ability to better manage our economic development and make a real investment in the infrastructure of the CNMI and the lives of its people.

Thank you for the opportunity to provide my written testimony on the "Build Back Better" infrastructure initiative. I am in full support of the initiative and look forward to working closely with the administration of President Biden to see this landmark initiative fully implemented.

/s/RALPH DLG. TORRES
Governor