



5 September 2003

INFORMATION PAPER

SUBJECT: Capital Improvement Program for the Commonwealth Utilities Corporation (CUC), CNMI

1. Purpose: To provide information on the subject project.
2. Points of Major Interest and Facts.

a. By letter dated 6 May 2003, Governor Babauta requested the Honolulu District’s assistance in performing project management and overall execution of various Capital Improvement Program (CIP) projects for the Commonwealth Utilities Corporation (CUC). The primary reason for transferring the management of certain CUC projects is to avoid paying arbitrage penalty. In FY00, the Commonwealth of the Northern Mariana Islands (CNMI) sold \$60M of CIP bond. The Internal Revenue Service guideline states that CNMI must spend approximately 50% of the proceeds in the first two years. CNMI’s expenditures have been less than 20%. CNMI transferred their projects to the District, to avoid paying arbitrage penalty and to show the expenditure of bond funds. Projects that were transferred are:

Kagman Homestead Waterline, Papago, Saipan	\$500,000
Replacement of Asbestos Waterline, Gualo Rai, Saipan	400,000
Water Reservoir in Precinct II, Saipan	400,000
San Vincente Waterline Replacement, Saipan	500,000
Sinapalu III Waterline, Rota	372,656
Rota Water Well Drilling Reservoir, Rota	705,000
* Kagman Subdivision Sewer System, Saipan	10,000,000
New Tinian Wastewater Collection System, Tinian	<u>5,600,000</u>
Total	18,477,656 **

* Kagman Subdivision Sewer System consists of Phase I Kagman Collection System and Phase I Kagman Wastewater Treatment Plant Facility.

** Koblerville Homestead Sewer System, \$1.0M, was deleted from the original list as funds from the CIP bond will not be used to award the construction contract. Therefore the Revised total is approximately \$18.5M.

b. All of these projects are in various stages of development. For all these projects, the Honolulu District will advertise for construction, award construction contract and perform construction management. The District will be the Contracting Officer.

c. Two Support Agreements (SA), New Tinian Wastewater Collection System (\$95,000 to award A-E contract to develop 35% conceptual plan and district office services) and Kagman



Subdivision Sewer System (\$75,000 for District office services) were processed. Funds for CNMI are expected by the end of September 2003.

d. The status of the projects is as follows:

(1) Kagman Homestead Waterline - Plans and specs are complete. However, there are land issues with Marianas Public Land Authority. Upon resolution, project will be advertised.

(2) Replacement of Asbestos Waterline (Gualo Rai) - Design underway by Winzler & Kelly. Final plans and specs are scheduled to be submitted in October 2003. Project scheduled to be advertised in early calendar year 2004.

(3) Water Reservoir in Precinct II - Scope of work being developed. Project may be advertised in late FY04.

(4) San Vincente Waterline Replacement - Scope of work being developed. Project may be advertised in late FY04.

(5) Sinapalu III Waterline - Plans and specs are complete. Project scheduled to be advertised in early calendar year 2004.

(6) Rota Water Well Drilling Reservoir - Scope of work being developed in conjunction with USGS (US Geological Survey, Rob Carruth). Scope may only entail drilling for water on Rota. Drilling sites have been tentatively identified.

(7) Kagman Subdivision Sewer System: Kagman Collection System (\$1.0M) - Plans and specs are complete. Project to be advertised in October 2003 timeframe. CUC requested "actions" on this project prior to November 2003 election. Wastewater Treatment Plant Facility - 35% review underway by POH. Final plans and specs are scheduled to be submitted in December 2003. To be advertised for construction in early calendar year 2004. High priority project.

(8) New Tinian Wastewater Collection System - Highest priority project. Funds requested to prepare 35% conceptual plan. This information to be used to prepare RFP for design-build. RFP to be issued in FY04.

3. Congressional Interest. Representative Tenorio is interested in the execution of CUC projects to improve the water supply and wastewater system within CNMI.