



COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS

FROILAN C. TENORIO
Governor

JESUS C. BORJA
Lt. Governor

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SEP 21 1995

The Honorable Juan S. Demapan
President of the Senate
Ninth Northern Marianas
Commonwealth Legislature
Saipan, MP 96950

The Honorable Diego T. Benavente
Speaker
House of Representatives
Ninth Northern Marianas
Commonwealth Legislature
Capitol Hill
Saipan, MP 96950

Dear Mr. President and Mr. Speaker:

Enclosed for your information is a copy of Executive Order No. 95-1,
Operations and Maintenance (O&M) Impact Assessments.

The executive order requires the Department of Public Works or other agency planning to conduct a Capital Improvement Project to prepare an assessment of the annual fiscal effects of operating and maintaining the project over its useful life. These assessments will greatly assist the agencies involved, the Governor, and the Legislature in estimating future budgetary needs. They will make it possible to assure that we do not spend a large amount of funds on projects and then allow them to become unusable due to lack of funds for maintenance and repairs.

The executive order has taken effect immediately.

Sincerely,

A handwritten signature in black ink, appearing to read "Froilan C. Tenorio".

FROILAN C. TENORIO



EXECUTIVE ORDER NO.95-1

OPERATIONS AND MAINTENANCE (O&M) IMPACT ASSESSMENTS

Authority: 1 CMC § 7201, 7202, 7206; Constitution, Article III, Section 1.

Scope: Section 7201 of 1 CMC, Division 7, requires the Governor to prepare a balanced budget and to include the budget programs of government corporations. Section 7202 sets forth the required content of proposed annual budgets, including schedules of amounts not requiring appropriations, and including estimates of the total cost of capital improvement programs and projects. Section 7206 authorizes the Governor to prescribe the form and content, the classification of data, and the manner in which the budgets of government corporations are to be prepared and presented. Therefore, this Executive Order is binding on all agencies, instrumentalities, and other entities of the Government of the Commonwealth of the Northern Mariana Islands, including all government corporations, that seek to conduct any capital improvement program or project, regardless of the proposed source of funds.

Purpose: The purpose of this Executive Order is to require that an operations and maintenance (O&M) impact assessment be completed for all Commonwealth Government construction projects that exceed \$100,000, so that the agency involved, the Governor, and the Legislature can be aware of the effect of the project on the government operations budget over the life of a proposed project.

Background: The CNMI has to date received a total of eight grants from the U.S. Department of the Interior for the Operations and Maintenance Improvement Program (OMIP), including \$331,000 to the CUC to strengthen the legal, financial and management practices at CUC. In addition, a "Partnership Agreement" between the Department of the Interior and the CNMI Government was entered into on March 20, 1995, and concurred in by the CUC and the Commonwealth Development Authority, to further reinforce the financial standing of CUC and to support its operation in a sound business-like manner. A condition of the grants and the partnership agreement requires that each new capital improvement project (CIP) include an O&M impact assessment for its useful life.

Page 16 of the December 1994 Fifth Year Review of the CNMI recommends that legislation or an executive order require O&M impact assessments for all CIP in excess of \$100,000. Page 2-6 of the December 1990 CNMI Plan of Action for O&M improvement originally identified the need for an O&M impact assessment so that the Legislature and the Governor have sufficient information to make informed decisions regarding proposed capital improvement projects.

IT IS HEREBY ORDERED as follows:

1. An O&M impact assessment shall be prepared in connection with each proposed CIP, the total capital cost of which is estimated to exceed \$100,000. The assessment shall be prepared and submitted to the Governor as early in the planning process as practical.

2. For projects proposed to be conducted by any agency that reports ultimately to the Governor, the Department of Public Works (DPW) shall prepare the O&M impact assessment. Other agencies shall either prepare such assessment themselves or arrange for DPW to prepare such assessment on their behalf on a reimbursable or nonreimbursable basis, as may be agreed upon by the head of such agency and the Secretary of Public Works.

3. The following information, at a minimum, shall be included in any O&M impact assessment:

Name of the Project:

Project Schedule--

Design Start Date:

End:

Duration:

Land Acquisition Start Date:

End:

Duration:

Construction Start Date:

End:

Duration:

Permits Required:

Handover Date:

Life of the project:

Capital Costs--

Construction cost of the project:

Cost of land, right-of-way, or easement:

Cost of design services:

In-house:

Architect/Engineer:

Other Costs:

Contingencies:

Total Capital Costs:

Annual Amortization (Total Capital Costs ÷ Life of the Project):

Project Management - Project Management (CIP) Agency:

Operating Agency:

Agency to accomplish periodic preventative maintenance:

Agency to perform repairs:

Staffing:

Operations:

Maintenance:

Possible Private Contracts for Operating or Maintenance Services:

Annual O&M Costs (including personnel, personnel benefits, and contracted services)--

Operating cost (other than Utilities)--

Direct Operations:

Security and other Specialized Services:

Janitorial and Custodial Services:

Utilities cost--

Electric power:

Water:

Wastewater:

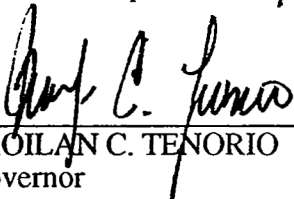
Solid waste collection and disposal

Maintenance Costs--
Equipment Maintenance:
Equipment Repair:
Painting:
Landscaping/grounds:
Other:
TOTAL ANNUAL O&M COSTS:

4. The completed O&M impact assessment shall be transmitted to the Legislature with any request for authorization of or funding for the CIP project in connection with which the assessment was prepared. This requirement may be waived under urgent circumstances, as determined by the Governor.

5. This Order shall take effect immediately.

DONE at Saipan this 21st day of Sept., 1995.



FROILAN C. TENORIO
Governor

Date: 9/21/95