



Commonwealth of the Northern Mariana Islands
Office of the Governor
DEPARTMENT OF PUBLIC LANDS

March 6, 2017

SA17-0094

Honorable Ralph DLG. Torres, Governor
Commonwealth of the Northern Mariana Islands
Caller Box 10007
Saipan, MP 96950

Subject: Department of Public Lands Annual Report for 2016

Dear Governor Torres:

I am pleased to submit Department of Public Lands' (DPLs) 2016 Annual Report.

Reflecting back, 2016 was a year marked by much progress. However, I have assessed the Department's needs and have determined that there are still improvements that can be made and we have begun taking steps towards making necessary changes.

The DPL has made some noteworthy accomplishments in 2016 including the establishment of regular monthly Advisory Board meetings in compliance with 15-2; updating the Comprehensive Public Land Use Plan and we are currently reviewing the submitted proposal; issuing agricultural homestead on Tinian; issuance of seven RFPs and executing one long-term lease; and seeing actual revenues exceed projections by 19.51%.

We are committed to seeing more progress, growth, and increased revenue in 2017.

Respectfully,

A handwritten signature in black ink, appearing to read "M. Teregeyo".

Marianne Concepcion-Teregeyo
Secretary, DPL

/mca

Attch.

Department of Public Lands
2016 Annual Report

Public Law 15-2 provides DPL its main responsibility which is “the administration, use, leasing, development, and disposition of all defined as public lands” and serves as trustee to all public lands with “strict standards of fiduciary care”. DPL has 67 personnel inclusive our district offices in Tinian and Rota. There are nine divisions with seven Directors and two Managers.

Rota –The Rota district office handles all aspects of DPL including administration, land claims, real estate, compliance, enforcement, and homestead sections. The Rota office hired two new personnel this year; one Homestead Technician and one Compliance Specialist. With the two positions filled, we were able to get caught up on some pending issues that were somewhat stalled due to the lack of personnel. Personnel consist of four people; a Director and three support staff. Daily tasks include collections, deposits, compliance inspections, documentation pertaining to temporary authorization agreements, homestead matters and other DPL related issues.

Tinian – The Tinian district office handles several aspects of DPL ranging from administration to enforcement. Personnel consist of four people; a Director and three support staff. Daily basic operations of the DPL Tinian District Office include the administration of homestead (agricultural and village) distribution, enforcement and inspection. Other duties include working with side vendors, beach concessions, and Agricultural Grazing Permits (AGP’s) as well as administrative duties such as timekeeping, inspection write-up, report write-ups and collections.

Saipan –The main office has a total of 59 personnel including its Secretary, four Directors, two Managers, and 53 various support staff. Divisions within DPL Saipan include Homestead, Real Estate, Compliance, Planning, Land Claims, and Accounting.

REAL ESTATE DIVISION

The Real Estate Division (RED) serves as DPL’s main source of revenue by leasing and permitting public land for various uses. The division has seen a significant increase in leasing public lands and continues to make significant improvements in streamlining its processes to keep up with the increased workload.

The Saipan Office has especially been affected by the increase of demand for public land with interests varying from parking, hotels, recreational activities, and repair shops to name a few. Long term leases that were executed and in process are as follows:

Long Term Lease:

Executed leases:

- 1) Pacific Marine Enterprises – Puerto Rico, Saipan – Boat Repair and Dock Facility

Lease Requests in Process:

- 1) Mrs. Conxiang Su Palacios d.b.a. SA Farming - Unai Dangkulu, Saipan
- 2) H & C International LLC – Garapan, Saipan – Parking

- 3) P&A Corporation – Lower Base, Saipan – LPG Facility
- 4) Skywalker Communications Group LLC – Chalan Kanoa, Saipan – Hotel
- 5) Advance Marine Saipan Corp. – Lower Base, Saipan – Water Sports Maintenance Facility
- 6) Saipan Globe International Group – Achugao, Saipan – Parking
- 7) United Brothers / TBK Auto – Lower Base, Saipan – Auto Repair Shop
- 8) Triple Star International – Lower Base, Saipan – Recycling Plant
- 9) Manbao Corp. – Gualo Rai, Saipan – Commercial Building
- 10) Saipan Zip Lines LLC – Marpi, Saipan – Zipline
- 11) Docomo Pacific Inc. (ATISA project) – Saipan, Tinian, and Rota – Fiber Optics

New Applicants for Temporary Occupancy Agreement (TOA):

Interest in utilizing public lands on a temporary basis falls under a Temporary Occupancy Agreement (formerly referred to as “permits”). TOAs generate revenues for DPL in the form of fees which in certain cases include a percentage of Business Gross Receipts. An important procedure the Real Estate Division continues to practice is coordination with other regulatory agencies regarding these requests, including CUC, DPS, DPW, DLNR, BECQ, etc. Responses from other government agencies may take anywhere from 7 to 25 working days to be received, depending on the agency.

In February 2016, DPL’s rules and regulations on leases and TOAs became effective and implementation was immediate. Documents formerly referred to as “permits” were categorized according to the use of the public lands in the form of Temporary Occupancy Agreements and lease terms and provisions were standardized for consistency.

Rota – The Office drafted three new and renewal temporary permits for processing and approval that were sent to Saipan for review. There are six AGP’s but all existing agricultural and grazing permittees will not be renewing their permits due to the higher costs and requirements associated with said permits.

Tinian – There are three beach concession permits; one sign board permit year-round (aside from the political sign boards every election); and one active quarry operator, FPA Corporation. There are currently 40 Agricultural Grazing Permit holders. Alter City Group is the only active long term lease. These clients combined generate the Office’s revenues and falls under the daily routine for administration and accounting.

Saipan – As of December 31, 2016, the Division received 172 new applications for TOAs. Most of the requests were allowable by DPL regulations and were processed in accordance with; those that were not in accordance with our regulations were denied. The Division received 57 renewals of various types of TOAs, as of December 31, 2016. These TOA renewals consisted of Agricultural and/or Grazing, Encroachment (commercial and non-commercial), Parking, Signboards, Maintenance (commercial and non-commercial), Concessions. Most have been renewed while others were in progress for finalization. Permit renewals include those from our DPL Tinian and Rota offices.

Request for Proposals:

Requests for Proposals to Lease Public Lands: RFPs were conducted in 2016 for sites where more than one company was interested in leasing. Here are those RFPs and the outcome:

- 1) RFP16-RED002 – Lease of Public Land in Tanapag, Saipan (Former Time Saver Launderette) – No proposals received.
- 2) RFP 16-RED003 – Lease of Public Land in Lower Base, Saipan (Lot No. 182 E 01) – One proposal received, which was incomplete.
- 3) RFP16-RED004 – Lease of Public lands in Chalan Kiya (Former Silk Road Corp.) – Three proposals received. The proposal from Foster Success Investment, LLC, for a school with sporting facilities found to be the most beneficial. The lease agreement is in process.
- 4) RFP16-RED005 – Lease and Development of Public Land in Lower Base, Saipan (Lot No. 244 E 01 – Former Rudolpho’s Restaurant) – No proposals received.
- 5) RFP16-RED006 – Lease of Public Land in Lower Base, Saipan (Lot No. 013 E 01 – Former Concorde Manufacturing) – Two proposals received. The lease agreement is in process for Joyful Hope Ventures, LLC for a cement batching plant.
- 6) RFP16-RED007 – Quarry Activities – Lot No. 011 C 02 in As Matius, Saipan – Six proposals received. Temporary Occupancy Agreement for Quarry is in process for Win Win Way Construction Co. (Saipan), Inc.

Requests for Proposals to Lease Public Lands – RFPs in process in 2015 and carried over to 2016:

- 1) RFP15-RED006 – Lease of Public Land in Marpi, Saipan – One proposal received, Imperial Pacific (CNMI) LLC for integrated resort.

Underground Fiber Optic Infrastructure: DPL finalized negotiations with Docomo Pacific for a permit to allow the telecommunications company to install its underground fiber optic infrastructure under public rights-of-ways on Saipan. Docomo’s project will be conducted in phases and DPL will receive fees assessed on per linear foot utilized. Additionally, lease processing for Docomo’s ATISA project was underway in 2016 and is anticipated to be consummated early 2017.

Daily Tasks:

In addition to communicating with clients (in-office or off-site) on a daily basis regarding new applications, renewals, follow-ups, etc., the Division also conducts site visits/inspections as well as entertains walk-in clients. The Division prepares numerous correspondences, reports and other documents on a daily and as needed basis as follows:

- Acknowledgements
- Inter Office Memos
- Information Authorizations
- Updates
- Fund Certifications
- ITBs and RFPs
- Other Correspondence as Necessary
- Denial Letters
- Letters Requesting for Additional Documents/
- Courtesy Reminders (payment, required information, etc.)
- Advertisements for RFPs, Proposed Leases
- Emails (follow-ups, providing information, etc.)
- Follow-Ups (via telephone, email, correspondence)

Challenges:

The following are obstacles experienced in 2016:

- 1) Accommodating lease requests for hotels/resorts, as there are few sites suitable for such.
- 2) Temporary use of land within the 150 foot high water mark of a sandy beach.
- 3) Permittees having concern or canceling parking TOAs, signboard TOAs, etc. due to higher annual fees, according to the new Rules and Regulations for Leases and Temporary Occupancy effective in February 2016.
- 4) Permittees having concern or canceling TOAs because of the higher coverage amounts required for liability insurance.

Continuing Challenges:

- 1) Clients/customers submitting incomplete applications or documents/information for new requests and renewals. RED Staff make numerous calls and send follow-up emails, and at times are unsuccessful in retrieving the items needed.
- 2) Clients not understanding RED standard procedures when processing permits or leases. Many become impatient and there are some that do not understand English. Many times these are the clients that submit incomplete applications. Although the Staff in the Real Estate Division are very accommodating and meet or provide listing of such needed requirements, clients still do not submit all (or submit any) of these documents or information.
- 3) The shrinking inventory of public lands for leases and utilization (especially in the industrial zones).
- 4) Public lands with environmental issues (very costly to resolve) that are difficult to lease, among others. Some of these public lands cannot qualify for environmental sites assessments (ESAs) or cleanup under EPA Brownfields program grants.

U.S. EPA BROWNFIELDS GRANTS

The Director of the Real Estate Division is also the Program/Project Director for the DPL's U.S. EPA Brownfields Program. The current grants were issued to perform Phase I and/or II Environmental Site Assessments (ESAs) - 1) Community Wide Hazardous Substance; 2) Community Wide Petroleum; and 3) Site Specific Hazardous Substance (Pina, Tinian).

The firm EA Engineering, Science and Technology was hired to perform Phase I and II ESAs under the work plan of the Site Specific Hazardous Substance grant. Under the Community Wide Hazardous Substance Brownfields grant, Allied Pacific Environmental Consulting (APEC) was awarded a contract in June 2016 to conduct the Phase II Environmental Site Assessment (ESA). With its USEPA Brownfields grants, CNMI's Division of Environmental Quality conducted the Phase I ESA for this site.

The two sites identified and approved by the USEPA for Phase II ESAs under DPL's Community Wide Petroleum grant are the former Radar Station in As Matuis and the former Cow Town site in Marpi. Both sites were illegally used to dispose drums with unknown substances (by unknown individuals). Phase I ESAs for both sites were done under BECQ's Brownfields grants for petroleum. An RFP was conducted seeking services for Phase II ESAs for both sites. Six proposals were received and are undergoing evaluation for selection.

HOMESTEAD DIVISION

The Homestead Division was established to provide public lands available to eligible Northern Mariana Islands residents who are without village lots and do not have the means to acquire village lots. The Homestead Division accepts and reviews homestead applications, prepares and processes homestead permits, prepares homestead progress inspection reports, issues warning notices for non-compliance and issues Quitclaim Deeds.

CNMI Village Homestead Program

Rota – The program affords eligible applicants 800 to 1000 square meter lots for residential purposes. Past residential subdivisions are located in Songsong Village, Annex F, Teneto Village and Sinapalo Village. New subdivisions are located in Dugi with scenic ocean views at the northeastern end of Rota and in Finafa located in the central highlands with mountain views. Other residential subdivisions are being planned.

DPL Rota has encountered some challenges with the Finafa Village Homestead Subdivision specifically. In May 2009, lots were drawn, but the permits were not released for a number of reasons including the agricultural lots abutting the village homesteads, planning-related issues and delays, the lack of access roads and absence of infrastructure. The office has therefore been reviewing its finalized Finafa survey map to determine whether DPL should re-lottery those who pulled undevelopable lots or try to place those homesteaders as close to the boundaries of the original drawn lot as possible. DPL Rota continues to assist applicants in updating their files and complete necessary documents or information as well as providing information regarding the village homestead program.

There were 272 village homestead inspections that were conducted and the appropriate letters were sent out to the respective clients. Follow-up inspections as well as final inspections will continue. We have a large number of lots that have been abandoned for years and will most likely be revoked. Many of these homesteaders are unreachable due to moving off-island and not providing updated contact information.

Tinian – DPL secured a contract with SSFM for the design of the road and infrastructure for Barangka, a new homestead subdivision with 137 lots. We are pending funds for the clearing of access roads. Permits will be issued when this is complete. Due to unsuitable land for homesteading in the Marpo area, 160 homestead permittees were given scattered lots in Marpo Heights III. As of January 15, 2017, there were a total of 196 new village homestead applications.

In September 2016, homestead inspections were performed for 39 permittees in Marpo Heights Expansion area and 23 in Carolinas Heights. All were given inspection notices with the assistance of Saipan DPL Homestead staff. Conferences with permittees were scheduled and logged. Follow-up inspections will be performed.

Saipan – There are 2,923 active village homestead (V.H.) applications. These applications extend from 1980 through 2006. A total of 32 ineligible letters were issued to due to applicants having other land interests; in which we requested a copy of the recorded land document.

The Village Homestead Program has 133 active homesteaders and performed an overall of 346 village homestead inspections with the inclusion of reinstated homesteaders. These inspections consisted of monthly regular inspections, and monitoring of permit extensions and vacant lots. The Division issued 14 revocations due to non-compliance with Permit provisions and seven surrendered their lots due to financial problems totaling 21 lots. Combined with the existing 16 vacant lots (that were not issued in the previous lottery), there are 37 lots available for lottery. Of these lots, 27 lots are vacant with the remaining 10 considered inaccessible for vehicles, unsuitable, with rocky terrain, and others with encroachment issues. Two (2) homesteaders successfully complied with their permit provisions; therefore, quitclaim deeds and certificate of compliance were processed, recorded, and issued to them. Two (2) Grant of Public Domain (GPD) designations were executed and submitted to NMHC.

The Division has an inventory of scattered lots derived from revocations due to noncompliance of permits, lots that were surrendered mostly for financial reasons, and relocating abroad.

Challenges:

- 1) Tinian – Seven years ago, 479 village homesteaders drew lots across three homestead areas on Tinian: West San Jose, Barangka, and Marpo Heights. Development of these subdivisions however, has long been pending due to the hold up of CIP funds for infrastructure to make these areas habitable.

CNMI Agricultural Homestead Program

The Agricultural Homestead Program issues 10,000 square meter lots (or 1 hectare) to eligible applicants for subsistence farming purposes. The Homestead Division continues to accept agricultural homestead applications for those who are eligible.

Rota – There are 480 agricultural homestead applicants. Current agricultural subdivisions are located in As Nieves, I-Chenchon, Gampapa and Dugi at the northeastern and southeastern end of Rota. Other designated subdivisions are being planned for in other locations. Subsistence crop cultivation and protection of native trees and wildlife on the homestead lot is emphasized.

There is continued review of the list of eligible applicants for the remaining lots. There has not been any issuance of Agricultural Homestead due to the absence of adopted regulations governing the homestead program. We also assisted applicants in the following:

- 1) Updated their files and provided information regarding our homestead program.
- 2) Assisted homesteaders by providing them with a copy of their land map as part of the requirement for the One Start Non-Commercial Earthmoving Application with Bureau of Environmental and Coastal Quality (BECQ).
- 3) Prepared one Quitclaim Deed for review and processing by the DPL Homestead Division.

Tinian – There were initially 427 agricultural homestead applications, 151 of which were disqualified, therefore, 276 applications remain with ongoing review to ensure eligibility requirements are met. Completion of the first phase of the agricultural homestead was pending designated public lands suitable for this purpose. It was later determined that the most suitable land for agriculture is Kastiyu plateau.

Goals & Challenges:

The Homestead Division and district offices continue to update applicants' information and perform land interest research for eligibility purposes. The goal is to accommodate all pending applicants that have completed their files and remain eligible. The opening of new subdivisions will help the Division fulfill this goal.

Saipan – the Division looks forward to the completion of the As-Gonno Subdivision in Saipan to at least fulfill part of this goal. The Village Homestead Program will actively continue to exercise, monitor, and enforce its' Rules and Regulations.

LAND CLAIMS

The Land Claims Division's main goal is to settle all pending land claims in a prudent manner. The responsibility of this Division is to conduct thorough research and investigation on all claims to ensure that each claim is legitimate. Claims handled by this Division are as follows:

- 1) Land Exchange
- 2) Land Compensation
- 3) Pre-War
- 4) Agricultural Homestead Waiver
- 5) Short Exchanges
- 6) Short Conveyance
- 7) Landlocked Properties
- 8) Late Claims

Rota – There is continued review and research into land claim cases. An accurate list of all completed and pending land claims is being compiled to ensure the office has a better list of public lands inventory.

Saipan – There are 13 claims that are pending for various reasons including but not limited to: review and investigation, re-appraisal, final decision, or compensation. Lastly, two claims were completed with the quitclaim deeds executed.

Goals & Challenges:

The Division will continue to expedite all pending land exchanges and continues to request for \$85 million in appropriated funding for land compensation. The biggest challenge is seeking assistance from the Legislature to find funds to compensate land owners who prefer monetary compensation.

PLANNING DIVISION

The Planning Division continues to meet the daily demands of all other divisions of the Department of Public Lands as well as other government agencies and the public at large. Planning is tasked with multiple responsibilities, from Land Use Review, Mappings, Surveys, Project Development (Homestead Development), among others, has been quite a challenge for the Division. In 2016, interest in real estate climbed tremendously leaving an unprecedented need for Land Use Review, Mappings, and most especially, surveying. Coupled with Government Capital Improvement Projects, the survey team of the DPL has been extremely busy with as-built, severance, retracement, and parcel surveys.

Survey:

Survey services all DPL Divisions and surveyors are constantly working diligently to determine encroachments, boundary lines, homestead retracements, among others. It is worth noting that compared to the prior year, planning division has more than doubled its surveying work over the same one-year period. In addition to surveying, the team also shows boundary lines to new homestead recipients and performs as-built surveys to determine encroachments, which continues to be a primary task for the surveyors.

Saipan Surveyor Team: Completed survey – 135 (52 weeks)

- 1) Rota: 44 – Agricultural Homestead lots – retracements
 7 – Parcels for Designations
- 2) Tinian: 18 Parcels for Agricultural Homestead lots
 4 – Parcels for Designations
- 3) Saipan: 34 Parcels, As-built, Topographic, and Severance survey
 28 – Retracement survey of Homestead lots

Rota – The Rota office assisted in addressing the needs of various government agencies by preparing 4 Designations of Public Lands for finalization in Saipan. These Memos and draft Designations have been issued with only one pending finalization.

Challenges:

The lack of Government surveyor demands DPL surveyors to assist and perform additional duties. Ranging from CIP project, DPW (rights-of-ways, ponding basins, easements, etc.) are just a few of the additional duties being performed by DPL surveyors to assist our government so that on-going projects are not disrupted.

Projects:

Homesteads:

- 1) Rota – Dugi Homestead Subdivision: This project has been delayed pending relocation to another site. Limestones are making it impossible for homestead recipients to construct on their assigned lots.

Finafa Homestead Subdivision: This project has been delayed pending a temporary access road. Planning is preparing an RFP for this project.

DPL is anticipating on issuing 244 Agricultural Homesteads in Gampapa, Dugi, and As Nieves, 44 of which have completed retracement.

- 2) Saipan – DPL anticipates on issuing 228 lots in the As Gonno Village Homestead. An RFP for redesign is pending with the aim of increasing the number of lots from 228 to approximately 450 lots.

Land Use Review: Total requests for land use review: 49 (Commonwealth wide). This number has tripled as compared to the prior year. Also, Planning Division has completed 8 Designations and 6 Authorizations.

Challenges:

The overwhelming need for survey continues to delay outstanding surveying needs on Tinian and Rota. The constraints include cost, time, and level of priority. The surveyors therefore cannot be stationary. Although surveyors travel to other islands for weeks on end, ultimately they are limited in their time to perform off-island projects.

COMPLIANCE DIVISION

The Compliance Division's role is to enforce the terms and conditions of all public land leases and temporary permits in the CNMI. The DPL has over 80 long-term leases and about 223 temporary permits. Such enforcement includes but is not limited to conducting semi-annual inspections, monitoring timely remittance of lease rental and permit fees, and submission of all requisite documents. In addition, the Division conducts periodic site inspections around the island to ensure that anyone that uses public land obtains DPL's prior written authorization.

Rota – There were 90 inspections performed in 2016. Review and inspections of all encroachments continue to be performed in order to document any new or additional encroachments. Copies of encroachment inspections were forwarded to the Saipan office for review and final action. Other compliance inspections continue as well. Non-compliance notices are being drafted and inspections and communications with the permittees are also ongoing.

Tinian – There were 7 seven inspections performed in 2016 that took place in the beginning and middle of the year. Renewals of those clients is in progress as they were all in-compliance. There is ongoing review of existing clients to ensure compliance.

Saipan – The Compliance Division consists of 12 employees. Six (6) are assigned to carry out the daily operational duties and responsibilities on Saipan while the other six (6) assume the duties and responsibilities enforcing and collecting the Managaha Landing and User Fee on Managaha Island. The operation at Managaha Island is open seven days a week.

Accomplishments:

- 1) Issued notices of unauthorized use of public land to individual(s) found encroaching on public land. The notice informs the individuals to remove their encroachments off public land or visit our office to apply for a temporary permit, and pay a nominal fee for the use of the public land property.
- 2) Inspected over 17 public land leases and 120 temporary permits to ensure compliance with their respective agreements with DPL.
- 3) Created a policy on having uniform issuance and expiration dates on the following types of permits:

Types of Temporary and Long Term Permits	Issuance and Expiration Dates
Beachfront Concession	January 1 st thru December 31 st
Agricultural and Grazing Permit	February 1 st thru January 31 st
Parking Permit (<i>Parking/Encroachment</i>)	March 1 st thru February 28 th
Signboard and Maintenance	April 1 st thru March 31 st
Encroachment, Container Storage, and Staging	May 1 st thru April 30 th
Roadside Vendor, Telecommunication Tower, Rock Quarry, <i>Others</i>	June 1 st thru May 31 st

- 4) Created a one page temporary permit renewal.
- 5) Assisted our Finance Division with the collection of DPL's accounts receivable and delinquent lease/permit accounts.
- 6) Collected **\$1,996,920.00** of the Managaha Island \$5.00 Landing and User Fee. A total of 399,384 tourist visited Managaha Island last year.
- 7) Issued several notices of violation and default to Permittees and Lessees for violating the terms and conditions of its respective agreements and having them cure the violations within a specific timeframe.

Challenges:

- 1) Lack of citation powers. Currently, the law does not give DPL any citation power to tackle the daily discovery of encroachments, squatters, and illegal business activities conducted on public lands. Having citation power would benefit the interest of Northern Mariana Islands descent by collecting citation fees to help defray the cost of operational expense including funding of future homestead projects. Also, the citation will require the occupiers to pay a certain fee as well as to cease, remove, or obtain a permit with DPL for the use of public lands.

ACCOUNTING DIVISION

The Fiscal Year 2016 has been a remarkable year for the Finance Division. The audit for Fiscal Year 2015 is completed with a surplus from operations amounting to \$2,874,349 which was offset against the \$5,000,000 advance payment made to Marianas Public Land Trust (MPLT) on December 29, 2014. From September 2007 to April 11, 2016, DPL remitted to Marianas Public Land Trust (MPLT) a total of **\$12,854,186.16**.

Fiscal Year 2016 Revenue Forecast against Collection for Saipan, Rota & Tinian

Actual collections exceeded forecasts by 19.51%. This is the result of an increase in the business gross receipts portion of rent revenues received by the major hotels.

Total Leases/Permit Fees	4,340,678.45
Revenue Forecast	<u>3,632,188.00</u>
Over/Short	\$708,490.91

Comparison of expenditures against actual collections:

Payroll cost	\$1,989,785.93
Accounts Payables	650,341.94
Travel	<u>75,452.81</u>
Total	\$2,715,580.68

Other Payments made:

MPLT - PL#18-71	\$5,000,000.00
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Less: FY 2014 Audit Result	1,155,595.00
FY 2015 Audit Result	<u>2,874,349.00</u>
Advance Bal. as of FY 2015	\$970,057.00
Add: Closed BOS, remitted- 4/11/16	<u>800,334.16</u>
Total Advance Bal. 9/30/16	\$1,770,391.16

Leases- Security Deposits: (Liabilities)

Honest Profit (HPIL) plus interest	100,239.27
Alter City - plus interest earned	300,724.75
Alter City - advance payment	340,000.00
Imperial Pacific Int'l.	250,376.03
H.S. Lee Construction Co.	70,084.96
Pacific Marine Ent.	12,907.78
American Trading Saipan Corp	<u>5,000.00</u>
Total Liabilities	\$1,079,332.79

Homestead Funding:

In FY 2014, **\$2,000,000** was budgeted for the Homestead project in Tinian, Rota and Saipan. The \$675,264.50 contract was awarded to Pacific Cooperation, Ltd. and SSFM, CNMI, LLC for \$468,000.00 for the Right of Way and Excavation of the Ponding Basin for the West San Jose Village Homestead Subdivision, Tinian. The total completed and paid to date was **\$1,143,264.50** with a remaining balance of **\$856,735.50** which was carried forward to FY 2017 budget.

Federal Grants:

The Department of Public Lands was awarded grants from Brownfields Programs a total of \$750,000.00; \$350,000 for Site-Specific Hazardous Substance Assessment, \$200,000 for Community-Wide Hazardous Substance Assessments and \$200,000 for Community-Wide Petroleum Assessments for the duration of three years (FY2014 - 2016). Of these awards, **\$180,638.55** was expended with a remaining balance of **\$569,361.45**. All three (3) grants were extended until 12/31/17.

Challenges:

The DPL negotiated with Ernst and Young, the representative of Sage 100 ERP, to upgrade the accounting system. Upgrading from obsolete 2003 Peach Tree software, will enable the division to generate financial reports promptly and efficiently thereby increase productivity. Conversion from Peach Tree to Sage 100 ERP is still in progress.

In order to exceed the revenue forecast for FY 2017, timely appraisal of leases every five year period and prompt renewal of permits must be performed.

Recommendations:

Active Lessees and Permittees that are over 120 days delinquent should be terminated and prohibited from engaging in business with DPL until such time that they resolve their outstanding balances. Also, by initiating collections from delinquent accounts, we can reduce outstanding accounts receivable. Lastly, reconciliation of accounts due to the CNMI must be performed periodically for early detection of errors.

ADMINISTRATION / SUPPORT

The administration's main goal is to provide management administrative support across the divisions within DPL with competent, committed workforce, provide optimal work environment for obtaining high productivity, continuous employment, training and benefits towards fulfilling the Department's mission, and the Secretary's vision.

Staff Appraiser:

The Staff Appraiser's major duties and responsibilities are to serve as the In-house Staff Appraiser as well as the Review Appraiser for DPL. These appraisals are related to land leases and use permits, land claims, and land exchanges and are vital as the values shown in the reports are used as basis for lease rental negotiation purposes, and in the negotiation of land exchanges.

Review Appraiser responsibilities include review and recommendation to the Secretary if a third-party appraisal report is acceptable or informs the Secretary of any deficiencies in the report that must be addressed. The Staff Appraiser also provides advice to the Secretary on land valuation matters in general. The following is a summary outlining the important tasks and accomplishments undertaken by the Staff Appraiser during the year 2016:

- 1) In-House Appraiser – Performed appraisal valuations and completed 46 appraisal reports. Of these 46, all were for public lands.
- 2) Review Appraiser – Completed the review of 29 third-party appraisal reports. These reports were submitted by lessees/grantees/claimants for review and consideration by DPL. Of these 29 reports reviewed, 24 were for public lands, and 5 for private lands.

Hearing Officer:

Generally, the role of the Hearing Officer is to conduct administrative hearings (pursuant to the Commonwealth Administrative Procedure Act ["APA"], 1 CMC § 9101 et seq.) brought under the Village Homestead Act, Agricultural Homestead Act, Agricultural Homestead Waiver Act, and other statutes under the jurisdiction of DPL. As part of the hearing process, the Hearing Officer performed the following:

- 1) Drafted and issued five (5) *Notice of Status Conference* to appellants whose village homestead permits were revoked by DPL;
- 2) Drafted and issued four (4) *Notice of Hearing* to appellants whose village homestead permits were revoked by DPL;
- 3) Conducted status conferences on five (5) appeals for village homestead permit revocation;
- 4) Conducted administrative hearings on four (4) appeals for village homestead permit revocation;
- 5) Drafted and issued two (2) *Notice of Status Conference* to appellants whose application for village homestead permits were denied by DPL;
- 6) Conducted status conferences on two (2) appeals for village homestead permits application denials by DPL;

- 7) Researched, drafted and issued *Stipulation to Reinstate Village Homestead Permit and Order to Continue Hearing* to five (5) appellants;
- 8) Researched, drafted and issued *Administrative Order* dismissing appeal against four (4) appellants; and
- 9) Researched, drafted and issued Administrative Decision and Order dismissing appeal favorable to one (1) appellant.

Administrative hearing proceedings for those appellants who were issued *Stipulation to Reinstate Village Homestead Permit* and *Order to Continue Hearing* are ongoing until the Hearing Officer issues his final orders.

The Hearing Officer, outside of his role of conducting administrative hearings, also assisted the DPL Secretary with the following:

- 1) Request for Proposals for DPL Projects: Participated in the review and evaluation process for Request for Proposals (“RFP”) from participating vendors for DPL.
- 2) Proposed Pagan Village and Agricultural Homestead Programs: Coordinated meetings and discussions with other CNMI government agencies on a proposed plan to open village and agricultural homestead lots in Pagan.
- 3) DPL ex-clients delinquent accounts: Assisted and continue to assist in an effort to collect outstanding payment obligations by past clients. This is an ongoing project. Researched and drafted delinquent notice letters.
- 4) Performed legal research on various issues pertaining to DPL’s function to manage and dispose of public lands (e.g., land leases, instructions by the legislature and other government agencies’ attempt to usurp DPL’s functions).
- 5) Reviewed proposed legislations relating to the management and disposition of public lands, conducted legal research, and drafted comment letters.
- 6) DPL Administrative Hearing Rules and Regulations: Reviewed the rules and regulations and determined that there is a need to update and revise them which deals mostly with the village homestead and agricultural homestead acts.

Financial Management Advisor:

The role is to assist the Secretary in general operational, business, and financial related matters. The overarching purpose is to assist the Secretary in improving the efficiency and productivity of certain aspects of DPL for the long-run. This included improving the financial accounting and reporting system, streamline certain processes, and providing business and financial analysis to aid in leasing decisions. The advisor also assisted the Secretary in various meetings with our Governor, and members of the legislature. A summary of 2016 accomplishments are as follows:

- 1) Accounting and Reporting System:
 - a. Assisted the Accounting Division in implementing Sage 100 ERP accounting software; the new system should provide the accounting team the ability to maintain a General Ledger System, a required system of internal control that vastly improves the integrity of our accounting processes. This would clear certain audit findings from 2015. It will also streamline the current accounting processes as it will eliminate redundant manual inputting of transactions, and will

improve the integrity of our financial management system and DPL's financial reporting capabilities; created the template spreadsheets to determine monthly payments for clients with past due amounts, and created amortization schedules to illustrate the application of payments; and created template spreadsheets to standardize repayment options offered to clients by the Secretary. Bottom line: implementation of Sage 100 is estimated to increase productivity by 50% as duplicative processes will be eliminated; also, financial integrity is estimated to improve by at least 30% as 1/3 of audit findings will be removed.

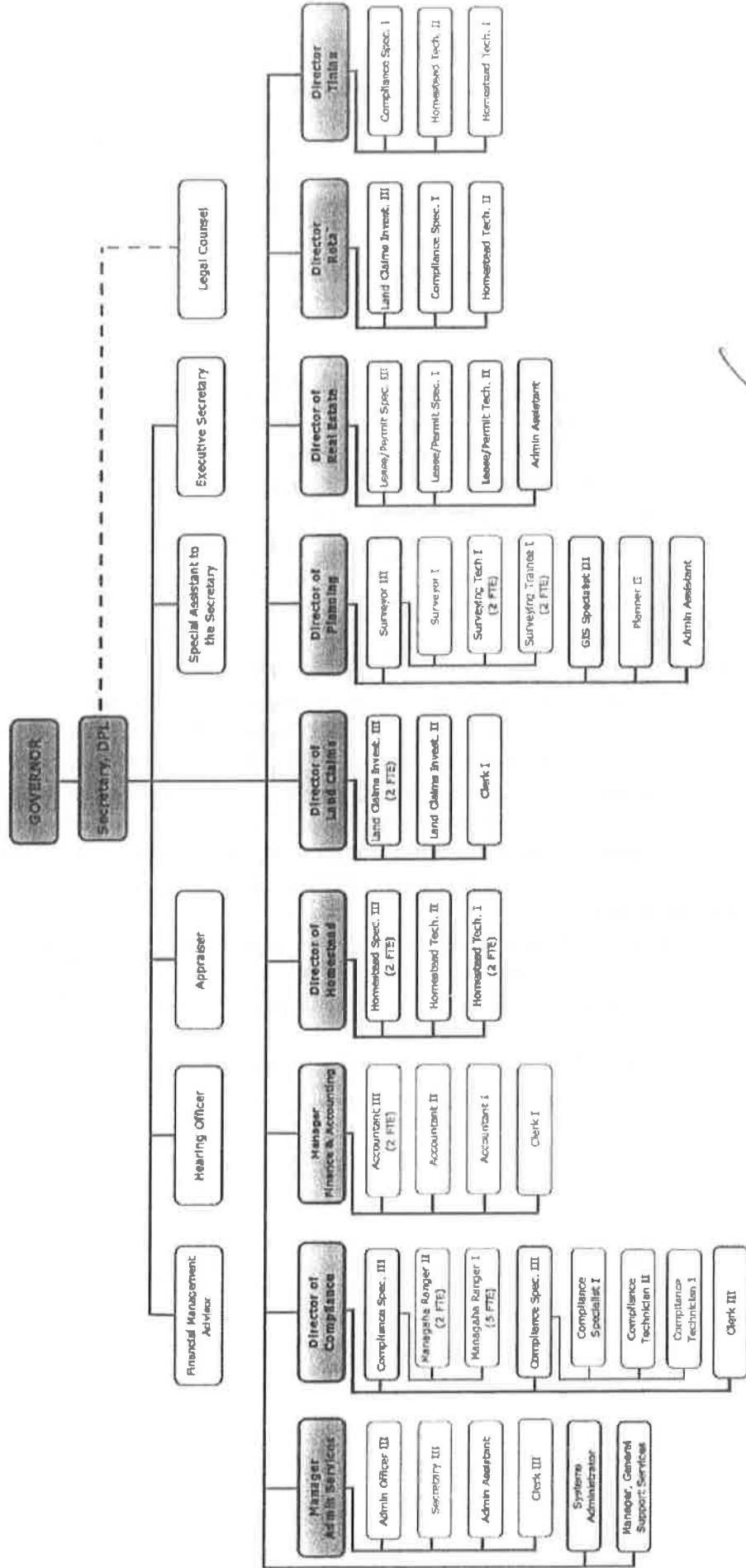
- 2) Land Use Plan Update:
 - a. Assisted in streamlining the RFP and the process.
- 3) Request for Proposals for Temporary Occupancy Agreements, and Long-Term Leases:
 - a. Streamlined the evaluation approach – improved efficiency by 50% with standardized forms and evaluation criteria; and assisted in evaluating proposals submitted in response to an RFP; provided analysis on rent comparison among competing proposals, designed and created schedule to illustrate minimum rents (base rent + applicable percentage of 80% of BGR) to insert into the lease agreement – reduced processing of evaluators by 25% and a basis for direct comparison.
- 4) Regulations on the Management and Disposition of Public Lands:
 - a. Assisted the Secretary in implementing regulations for the management and disposition of public lands as required by PL15-02 – improves processing time by 75%; streamlined the various TOA templates to minimize inputs and clarified certain provisions by adding tables – improved processing time by 60%; and streamlined processing of TOAs by eliminating unnecessary redundant steps in response to the Attorney General's guidance letters; and streamlined processing of TOAs by eliminating unnecessary redundant steps.
- 5) Provide Analysis:
 - a. Provided financial analysis to illustrate varying scenarios to aid the Secretary in decision making;
 - b. Provided advice on the business aspects of leases and TOAs as requested by the Secretary; and
 - c. Drafted letters and memos with varying subjects as instructed by the Secretary.



DEPARTMENT OF PUBLIC LANDS



Organizational Chart



Approved: [Signature] Date: 8/18/14
Secretary