

Quarterly Report of the Receiver

Civil Case No. 02-00022

United States of America v. Government of Guam

Guam Solid Waste Authority

Prepared for:



U.S. District Court of Guam

Submitted by:



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Pursuant to the Order of the District Court of Guam (Court), dated March 17, 2008, appointing Gershman, Brickner & Bratton, Inc. (GBB) as Receiver for the Solid Waste Management Division (SWMD) of the Department of Public Works (DPW) of the Government of Guam (now the Guam Solid Waste Authority [GSWA]), we are pleased to submit to the Court this Quarterly Report (“Report”). The purpose of this Report is to describe to the Court the progress made toward compliance with the Consent Decree for the most recent three quarters (July 1, 2012, to March 31, 2013) and to outline the Receiver’s recommendations for achieving compliance with the Consent Decree. As an integral part of this Report, the Receiver is also submitting the attached presentation entitled “Quarterly Report for Receivership for the Government of Guam, Guam Solid Waste Authority” (see Tab 2).

Introduction

During the nine months covered in this Report, the work to achieve compliance with the Consent Decree has continued. The Receiver developed a draft closure plan for the Ordot Dump that will ensure it is not a source of future pollution. We also continued to oversee operations at the state-of-the-art, environmentally safe Layon Landfill, constructed pursuant to the Consent Decree, and we continued to operated solid waste programs for GSWA’s customers, ensuring they are served in a timely and cost-effective manner.

During the last three quarters ending in March 2013, Ordot Dump closure activities focused on completion of field investigations as well as the development of documents that culminated in submission of the 40 Percent Draft Closure Plan and the Final Closure Plan to Guam Environmental Protection Agency (GEPA) and U.S. Environmental Protection Agency (EPA). The remaining construction at the Layon Landfill was completed and operational warranty issues were addressed. In addition, we continued environmental monitoring activities, including Layon groundwater and gas monitoring; leachate, influent and effluent wastewater sampling; and marine water monitoring. We also commenced construction of the new Harmon Residential Transfer Station and Household Hazardous Waste Facility, co-located in Harmon at the GSWA compound, and we began the design process for upgrades to the three residential transfer stations.

During the reporting period, GSWA staff performed 645,567 residential trash collections from a stable customer base of just over 16,500 homes, of which 99.72 percent of the collections were on time. The

GWSA also oversaw operations at the three residential transfer stations, and staffed the scale house at the Hauler-only (commercial) Transfer Station. We continued the Curbside Recycling Pilot Program for 1,000 GSWA customers and issued an Invitation to Bid for a recycling processor in order to assess the feasibility of expanding the program to all residential customers. The Metallic and Bulky Waste Collection Program, launched in September 2011, has been well received, and during the reporting period, GSWA staff collected 1,445 items in response to 533 appointments.

In the financial area, GSWA continued to show positive results. At the end of FY2012, with GSWA having completed its first fiscal year with the new landfill and Hauler-only Transfer station in full operation, total spending was 9 percent below budget. Revenue was 10.3 percent over budget, while cash collections from residential and commercial customers exceeded the amount billed by \$781,802, reflecting GSWA's successful efforts to collect overdue account balances and ensure timely collection of current bills. These positive financial results have continued during the first six months of FY2013. We also have begun to receive payments from the Guam Waterworks Authority (GWA) to pay its past balance and the cost of disposal going forward. We continue to closely monitor the cash flow of the GSWA and its cost for both debt service and operating expenses. Throughout the reporting period, we have monitored the Department of Public Works' (DPW) bridge and roadway repairs and replacements, collected data on the tonnage of waste disposed and implemented an online payment system for customers.

In this Report, we present the following updates for July 1, 2012, to March 31, 2013:

- 1. Ordot Dump Closure**
- 2. Layon Landfill**
- 3. Operations of the Guam Solid Waste Authority**
- 4. Contract Management and Procurement**
- 5. Financial Issues and Capital Funding**
- 6. Schedule for Final Closure of the Ordot Dump and Transition of the Receivership**
- 7. Next Steps**

1. Ordot Dump Closure (July 2012 – March 2013)

In the last Quarterly Report, we documented the field investigations that support the Ordot closure plan. During this reporting period, much of the work involved the development of the closure plan. We generated and provided for EPA review two separate submittals, the 40 Percent Draft Closure Plan and the Final Closure Plan (100 Percent). This process involved regular and close coordination with EPA and GEPA for the review of submittals and evaluation of the designs that will provide a long-term, stable closure cover system. Key components of the closure cover and ancillary systems were vetted with the agencies and input incorporated where necessary.

Primary milestones in this reporting period include:

- Completion of field investigations
- Submittal and approval of the Cover Equivalency Demonstration
- Submittal and review of the 40 Percent Draft Closure Plan progress documents
- Submittal and review underway of the Final Closure Plan
- Received GWA concurrence for treatment of leachate at Hagatna Wastewater Treatment Plant (WWTP)

Work during the reporting period also included progress on the post-closure care plan, wetland restoration plans, land acquisition and Dero Road renovation design. The following sections describe the work tasks and technical reports, including coordination with the parties of the Consent Decree – the Government of Guam and EPA.

Field Investigations – Findings

A brief presentation is provided here of the field investigation findings. Detailed discussion can be found in the supporting documents of the Closure Plan. We note that the final quarterly monitoring events for the hydrogeologic evaluation were completed in February 2013. The report is being finalized.

- Landfill Gas Generation – The landfill gas generation rate is not of sufficient volume to cost-effectively develop a landfill gas-to-energy project. The mature age of the landfill, frequent fires over its history and high decomposition rates given the climatological setting of Guam all have contributed to the low gas generation rates during the post-closure care period. Gas will still need to be collected, but it will be flared and combusted in a controlled manner to reduce off-site gas migration and reduce greenhouse gas generation. The gas also needs to be collected to prevent gas from collecting under the closure cover cap and causing damage to it.
- Groundwater – Groundwater quality around the Dump is not as impaired as it might have been, given different site conditions. This is the result of the advanced state of decomposition of the refuse due to the age of the Dump and the relatively high biodegradation rate of the waste in Guam’s climate. While the groundwater quality has been impaired to some degree by the Dump, based on a year’s worth of data collection, the primary remedial action is the installation of the closure cover and a leachate collection system, which will provide for cessation of leachate discharges, controlled gas migration, and improved stormwater and surface water quality. Natural attenuation appears to be the recommended remedial action to address contaminants present at the site; however, EPA is currently reviewing the recently received third quarter data, and the report of fourth quarter data from February 2013 is being finalized and will be submitted in the next quarter.
- Additionally, no off-site constituents of concern have been found to have migrated onto the Dump site. As a result, based on the data collected under the site work plan, no illegal dump sites (known or unknown) in the vicinity presently affect the site.
- Soil (surface and subsurface) Sampling – The soil quality around the edge of the Dump outside the waste limits was tested for a comprehensive suite of constituents of concern, according to the approved sampling plan. The results of the investigation indicated that there were no constituents detected at levels of concern and no widespread impacts from the Dump operation.

- Lonfit River Surface Water Sampling – Surface water sampling in the Lonfit River and the western channel showed that leachate seeps discharging into the channel and subsequently into the Lonfit River have impaired the water of the Lonfit River in the immediate vicinity of the Dump. However, due to advection and dispersion associated with river flow, which create a mixing zone downstream of the western channel, the concentrations of constituents added to the river by the Dump are at baseline (upstream) levels shortly downstream of the western channel. With the interception of the Dump leachate as part of the closure plan, surface water quality impairments due to leachate will be removed from the surface water system.
- Lonfit River Sediment Sampling – Sampling of the Lonfit River sediments has shown that there are no impacts to the river sediments associated with constituents contained within the Ordot Dump leachate. The adjacent and downstream constituent concentrations detected in the sediments are essentially equivalent to those in the baseline (upstream) location.

Closure Plan Development

The closure plan document for Ordot Dump comprises documentation of the record of field investigations, design analysis, plans and specifications for agency review, construction of the closure cover, and all ancillary systems to manage stormwater, leachate and landfill gas, as well as monitor groundwater and gas migration. This package of documents was developed over the reporting period through a series of submissions provided for regulatory agency review, culminating in the Final Closure Plan submitted to EPA and GEPA for review on March 8, 2013. The work to develop this package is described in more detail below.

The primary deliverables in the development of the Closure Plan during this reporting period were:

- Cover Equivalency Demonstration – A design analysis presented as a technical memorandum
- 40 Percent Draft Closure Plan Submittal – A package of progress closure system design plans, which includes detailed construction plans and specifications of the closure cap, leachate collection, stormwater management, gas collection and gas migration control
- Final Closure Plan Submittal – The advancement of the 40 Percent Draft Closure Plan to the complete Final Closure Plan documents into their final form, providing detail and clarity

Cover Equivalency Demonstration – Of primary importance in the development of the Closure Plan is the design of the closure cap itself, which covers the waste and serves as the primary encapsulation barrier for the 30-year post-closure period. EPA and GEPA solid waste regulations provide for a prescriptive cover design; however, if a design other than the prescriptive cover design is proposed, an equivalency demonstration for the use of another design is required. The alternative geomembrane cover is preferred over the prescriptive soil cover at the Ordot Dump for a number of reasons, including constructability concerns about placing and maintaining soils on steep slopes, performance during adverse climate conditions, and for enhanced protection of human health and the environment due to a reduction in erosion and infiltration. The Receiver submitted an equivalency demonstration (in the form of a Technical Memorandum, included as Tab 3, on September 7, 2012, for review by EPA and GEPA. Following several comment and response periods, on January 25, 2013, EPA staff indicated they had no further comments and that the Receiver had demonstrated technical equivalency. On February

22, 2013, GEPA, in its capacity as the solid waste regulating authority on Guam, issued its approval of the cover design and concurred with EPA.

The cover design is a composite system using at its base a 60-mil thick geomembrane composed of linear low-density poly-ethylene with coral limestone aggregate over it on the slopes, benches and top. The aggregate will be held in place on the steep sideslopes with a geocell made of high-density poly-ethylene (HDPE). This geocell will hold the limestone aggregate in place, protecting the geomembrane cover and minimizing erosion of the aggregate cover. Tab 3 provides additional details on the cover system, which was chosen as the best all-around design for its durability and flexibility.

As part of the cover system evaluation, flexible solar panel installation on the geomembrane cover was also considered. Flexible solar panels have been used on exposed geomembranes at other sites on the mainland, and the cover evaluation included an analysis of this proposition. The evaluation indicated that an exposed geomembrane is not the optimal cover system for stability and durability at the Ordot Dump site. Consequently, a flexible solar panel system was not included in the final design.

40 Percent Draft Closure Plan Submittal – In order to facilitate EPA and GEPA coordination of the closure plan review and technical evaluation of the plan, the Receiver team attended a series of several meetings in this reporting period to prepare the regulatory agencies for the forthcoming heavy review/comment workload associated with the closure of the Dump, present progress on the design and provide a ‘walk through’ of closure systems as envisioned by the Receiver team, and obtain regulatory input from the conceptual stage on through to the final.

Beginning with meetings in San Francisco in July 2012, followed by meetings in Guam in November 2012, EPA, GEPA and the Receiver conducted coordinated technical discussions of the conceptual cover design and the developing closure plan concepts. The closure plan and cover design were discussed on-site at the Dump to help present the reality of the site constraints that the plan is being created to accommodate and at the same time provide the design life span needed for the long post-closure care period of 30 or more years. This field visit was followed by the submittal of the 40 Percent Draft Closure Plan on December 3, 2012, followed by an all-day technical review of these plans at EPA’s technical consultant CH2M Hill’s offices in Sacramento, California, on December 7, 2012. This meeting jump-started the EPA’s review.

The goal of the agency 40 Percent Draft Closure Plan review was to have comments finalized by mid-January 2013, with the objective of discussing the Receiver’s response to those comments at technical meetings held in San Francisco January 30 – February 1, 2013. Also, at these meetings, it was the Receiver’s objective to present a preliminary (90 percent) Final Closure Plan to the agencies for review and discussion. The Receiver team achieved this objective, as well as discussing the anticipated permit and agency review schedule going forward.

Final Closure Plan Submittal – Following the late January 2013 meetings in San Francisco, the Receiver, taking into consideration the technical discussions, advanced the closure plan documents to final form and on March 8, 2013, submitted the Final Closure Plan to EPA and GEPA for review. This submission

was followed up by technical meetings in San Francisco on March 22, 2013, to present specific aspects of the closure plan design, which are germane to the interests of the EPA Water Division – specifically the stormwater and leachate collection/treatment aspects of the design. In addition, the Receiver team briefed EPA and its technical support consultants, CH2M Hill.

The Final Closure Plan and associated supporting documents currently under review consist of the following:

1. Closure Plan
2. Design Report
3. Construction Plans
4. Construction Specifications
5. Post-Closure Plan

EPA will review these documents and provide comments to the Receiver, to which we will respond and incorporate changes, where necessary, into the Closure Plan and supporting documents. This process is anticipated to take the next few months.

Guam Waterworks Authority (GWA) Concurrence for Treatment of Leachate at Hagatna Wastewater Treatment Plant (WWTP) – A key aspect of the of the Closure and Post-Closure plans is collection and treatment of leachate, which will satisfy a fundamental stipulation of the Consent Decree – the cessation of leachate discharges to the Lonfit River from the Dump. Field investigations included the sampling of leachate, according to an approved sampling and analysis program, to evaluate the leachate and determine the impact of the volume and composition of leachate to the Hagatna WWTP. Since before the Receivership, it has long been understood by GWA, GEPA and EPA that the protection of the environment from leachate would require the conveyance of leachate through the GWA system to the Hagatna WWTP.

The Receiver consultant, Brown and Caldwell (BC), presented preliminary flow volume and data concerning the composition of the leachate to GWA during the November 2012 Guam meetings. GWA indicated, at that time, given the data presented, that they did not see anything that would cause a problem to the plant and its ability to treat wastewater. GWA staff said they would like to see additional data as they become available to confirm the accuracy of the data gathered thus far and their position that their system could accept the leachate and treat it at the Hagatna WWTP.

By early January 2013, leachate sample results collected through November 2012 (data from three of four quarters) indicated that leachate data were not significantly different from the data previously presented to GWA and were consistent with data from other dumps or landfills of similar age and composition. The Receiver, on the basis of the leachate data and design analysis of the existing sewer line capacity, as well as an evaluation of the performance of the Hagatna WWTP if it were to receive the leachate, determined that both the capacity of the sewer line and ability of the plant to treat the leachate would not be adversely affected. The findings were summarized in the Receiver's letter to the GWA, dated January 28, 2013, which confirmed GWA's acceptance of the leachate into the system for

treatment. On March 15, 2013, GWA confirmed acceptance in a letter responding to the Receiver's letter (Tab 4).

It should be noted that during the January 2013 technical meetings with EPA and GEPA in San Francisco, EPA Water Division staff joined the discussion to better understand the Closure Plan and any impact it might have on GWA facilities. Specifically, EPA Water Division requested our analysis that supported the conclusion that the leachate would not have an adverse impact on GWA's systems. The Receiver subsequently followed up with two technical memorandums on March 18, 2013, which we submitted to EPA for consideration.

During the March 22, 2013, technical meetings in San Francisco, the EPA Water Division staff commented on the two technical memorandums and requested that additional information be incorporated. The Receiver recently complied with this request and provided revised technical memorandums on April 7 and 17, 2013, which also incorporated the fourth quarterly leachate sampling from February 2013. These revised memorandums are included as Tab 5. The revised technical memorandums remain unchanged as to the conclusions that the leachate will have no adverse impact on the GWA sanitary sewer system nor will it exacerbate the present performance of the WWTP. With GWA's acceptance of the leachate to its system, we have proceeded with design and construction plans for conveyance and treatment at Hagatna WWTP in order to commence with construction as planned in January 2014.

Wetland Restoration Plan – Wetlands exist along the west and south portions of the Dump site. They are significantly impacted by the waste dumped in and around them. In addition, leachate continually discharges into these wetlands, creating or maintaining some permanent wetland conditions on the Dump site and even within the waste limits. The Closure Plan creates a positive net effect, resulting in a restoration of the wetlands' quality by ceasing leachate discharges and removing waste from within large areas of the wetlands. There are certain wetland areas where impacts are unavoidable due to steep slopes of waste that cannot be realistically relocated as part of the closure. In order to mitigate this impact, a 450-foot section of the west side drainage channel will be relocated to accommodate a more realistic cover configuration for long-term stability and durability. The cover configuration was modified through a repetitive iterative process to minimize the impact to the wetlands by relocating the shortest possible length of drainage channel.

The concept for this approach was developed in July 2012 in consultation with the United States Army Corps of Engineers (ACOE), which permits any work that affects jurisdictional wetlands on the island. Through continued consultation with ACOE throughout the closure development process, we have kept the resource agencies (EPA, ACOE and GEPA) involved and informed of the impacts and restoration to be performed. In April 2013, the Receiver submitted a Section 404 permit application to the ACOE for the approval of the unavoidable impacts to the wetlands that will result from the closure plan. The permit application will also show what we believe to be a net wetland restoration impact resulting from this action. We look forward to ACOE's favorable review and approval in the issuance of the 404 permit.

Land Acquisition – Land acquisition is a necessary aspect of the Closure Plan. The Dump is located adjacent to several lots, which require acquisition to provide for a minimal buffer zone to adjacent properties. The Government of Guam Office of the Attorney General performs the lead role in that acquisition process, and we believe they are pursuing the needed acquisitions on a schedule that will allow the closure construction to proceed without delay. We will continue to work closely with the Office of the Attorney General in this important matter.

Dero Road Renovation Design – The Dump closure construction requires the installation of a new gravity sewer line, forcemain and pump station along Dero Road. This construction, as well as the Dump closure construction traffic and the past Dump operations traffic, contribute to the degradation of this secondary roadway through the village. As part of the closure effort, we are required by existing laws and regulations to bring the secondary roadway to minimum standards for safety, pedestrian and bicycle access, and stormwater drainage. The improvements extend through the village to the Dump and past the Dump property approximately three-tenths of one mile. The Receiver, taking into consideration these aspects of roadway improvement, performed a conceptual design evaluation of Dero Road, and, on the basis of the findings, generated a roadway renovation design.

The present design has been completed through the 60 percent design phase and has received comments from the Government of Guam agencies and utilities. Presently the final design documents are being prepared.

2. Layon Landfill (July 2012 – March 2013)

Remaining Construction Efforts and Operations

During the past months, the Receiver worked to ensure that remaining construction was completed. This construction consisted of change orders with post-opening completion dates for the Layon Landfill. In addition, as landfilling operations continued, the Receiver addressed ongoing warranty claims and engineering support for operations.

Landfill Entrance Facilities and Cells 1 and 2 – In March 2013, Black Construction Corporation addressed the one remaining construction change order that was pending at the time of our last Report. The change order calls for the installation of a portion of the cell drainage system. In order to ensure material availability when the dry season began, the Receiver made advanced purchases of drainage gravel and raincap material, which had to be shipped in from off island and were received in December 2012. At this time, BCC has installed a significant portion of this gravel and expects to complete the work by mid-June 2013.

Access Road (Chalan Layon) – Since the turnover of the road to DPW, maintenance of this road is DPW's responsibility. Since that time, we have continued to observe extensive growth of vegetation over stormwater drainage systems and road safety guardrails, with no apparent maintenance. We are concerned that this road is not yet included in DPW's inventory of roads to maintain on a regular basis, and if regular maintenance is not provided, the expensive infrastructure associated with this road will be jeopardized.

The Archaeological Report for this road, which provides archaeological documentation and was completed during summer 2012 as required by the Historic Preservation Office (HPO), was submitted to the HPO on December 18, 2012, for review and approval. We received the approval of the report on April 9, 2013.

Construction Management

During the reporting period, the construction management (CM) consultant, GHD, primarily provided ongoing CM for the Harmon Residential Transfer Station and Household Hazardous Waste Facility. Additionally, GHD also provided warranty support and coordination with BCC in support of operational activities as well as remaining oversight of the completion of BCC's contract work. The major CM activities consisted of the following:

- Construction inspection and reporting on the Harmon Residential Transfer Station and Household Hazardous Waste Facility
- Construction inspection and reporting on the Gravel Window Installation and remaining BCC vegetation establishment
- Support in the documentation and resolution of warranty issues
- Coordination with inspections and clearances as needed

Other CM Services - A number of the Receiver's tasks required additional CM support, which we have tasked GHD to provide. The additional work includes the following:

1. Project management and evaluation of the leachate collection system performance – GHD, with the support of BC, is performing a detailed investigation of the leachate collection and conveyance system to the Inarajan WWTP after one year of operations, to compare the projected leachate generation rates with the actual recorded values, re-evaluate the projected leachate flow rates over the next 10 years and make improvements to the system to enhance its performance and reliability.
2. Cell drainage system installation support – GHD was tasked with the CM support and inspection work of the chlorination system improvements, coordination of gravel delivery and certification of quantities delivered to the site.
3. Upgrade of residential transfer stations to meet permit standards – Support consists of the development of designs, specifications, bid procurement documents, bid support services and CM for the facility renovations, which are described in a subsequent section of this Report.

Design Support Services

Layon Landfill and Access Road – For the Layon Landfill and Chalan Layon access road, design activity is complete; however, the Receiver will continue to involve TG Engineers, Inc. (Engineer of Record) where necessary to address questions or issues that arise during operations for both the access road and the Layon Landfill. Most recently, TG Engineers was involved with the performance review of the sewer line and pump stations under the control of GWA.

Upgrade of Residential Transfer Stations – Guam’s Residential Transfer Stations have never been permitted as required by Guam Law. GEPA is requiring that these facilities be permitted as a condition to the permit for the Layon Landfill. Upgrades to these facilities are necessary to meet permitting standards.

During the reporting period, the design plans and specifications for the Harmon Residential Transfer Station and Household Hazardous Waste Facility were completed and permitted for construction. This was carried out by the Receiver’s CM consultant, GHD.

The Receiver issued a task order in December 2012 for the upgrade of the three existing transfer stations: Agat, Dededo and Malojloj. In March 2013, the Receiver generated 40 percent design plans from the conceptual plans developed in August 2011. As part of this process, we are also seeking to clarify the Government of Guam entity holding title to the land and effect its transfer to GSWA when needed. The Receiver will work closely with the Attorney General’s Office to accomplish this work.

Environmental Monitoring and Compliance

During the reporting period, the Receiver continued to advance environmental compliance coordination with EPA and GEPA by holding bi-weekly meetings and with regular reporting of data and results. These meetings provide the lead coordination for all permitting and regulatory management of design and construction work necessary to fulfill the Consent Decree requirements for monitoring and reporting to the various agencies. We appreciate the ongoing support provided by EPA and GEPA representatives.

Sound environmental practices and permit conditions require extensive and ongoing monitoring of the GSWA facilities, particularly the Layon Landfill. In this section, we will discuss each area of monitoring and our plans to ensure compliance at the landfill as well as at the transfer stations.

Layon Landfill Municipal Solid Waste Facility Permit – The Layon Landfill Solid Waste Facility Permit contains certain conditions with which the Receiver complied during construction. Now, during operations, the landfill operator, under the oversight of the Receiver/GSWA, provides permit reporting, supported with information from the third-party environmental compliance consultant, who monitors stormwater, groundwater, gas, surface water and leachate characteristics. The Receiver/GSWA and operator have worked diligently with GEPA and EPA to comply with all required permit conditions.

In this reporting period, the landfill operator, Herzog Environmental Inc. (HEI), submitted the first Layon Annual Report to GEPA in accordance with the reporting requirements of the Solid Waste Facility Permit. More detailed discussion is presented in the Operations section of this report.

Layon Groundwater and Site Monitoring – During this reporting period, the Receiver submitted to GEPA and EPA the second semi-annual sampling event results under the Detection Monitoring Plan (DMP) for groundwater and surface water. This report was presented to the agencies for review and to guide future monitoring as needed. Additionally, the first semi-annual sampling event for Operations Year No. 2 (beginning in September 2012) was performed in mid-November 2012. The analysis and results are now pending, and a report is anticipated early in the next quarter.

Inarajan Wastewater Treatment Plant (WWTP) – During the reporting period, leachate, influent and effluent wastewater and marine water sampling continued in accordance with the work plan. Leachate, wastewater characteristics (with leachate added to the influent), and the performance of the Inarajan WWTP treatment are monitored weekly. Marine water monitoring at six sample locations is also being performed weekly for enterococci, and monthly for all other parameters.

August and November 2012 marked the completion of the fourth and fifth quarter reporting periods with leachate flows entering the WWTP and the sixth and seventh reporting periods overall. Data through November 2012 show the Inarajan WWTP continues to achieve monthly treatment targets with no adverse impacts of the leachate on the WWTP. While there have been isolated short-term excursions above the triggers due to excessively heavy rainfall events, the long-term trend is continued performance of the WWTP. We will continue to work with GWA to carefully monitor these results and make any needed operational adjustments.

In addition, as we have described in previous Reports to the Court, additional capital improvements to the WWTP have been designed and will be put into place quickly, should they be needed. The design and monitoring work for Layon Landfill leachate management has been performed in accordance with the recommendations of the Layon Landfill Leachate Treatment Suitability Study, dated November 2009, and in close coordination with GWA, GEPA and EPA. The plan calls for a two-year period of monitoring at the plant after the initial acceptance of leachate at the WWTP.

Residential Transfer Station Facility Permit Compliance – The new Harmon facility, as well as several physical improvements to the existing transfer stations, are required to meet permit compliance requirements for the Layon Landfill and serve the needs of the community. These improvements were outlined in the previous sections. Each facility will require a solid waste facility permit. Several support documents, depending on location, are being developed and will be submitted with these solid waste facility permit applications.

In this reporting period, we have made substantial progress toward achieving compliance. The Harmon Residential Transfer Station and Household Hazardous Waste Facility are now under construction and the Agat, Dededo and Malojloj facilities are under design. The Harmon facility is discussed in more detail in a following section.

Agat Residential Transfer Station – As discussed in the last Report, this site required an environmental investigation to characterize the existing materials on the transfer station property and the adjacent dump area called Santa Ana. During this reporting period, the Receiver negotiated a task order for EA Science and Technology to perform the investigation and report on the findings. The investigation got underway in January 2013 and is expected to take several months to complete. When complete, the investigation will provide an accounting of the type and quantity of material and waste present as well as generate a cost estimate and work plan for the removal of the material.

At the same time, the design of the transfer facility is underway to provide the physical improvements necessary for the facility to receive a solid waste facility permit.

Dededo Residential Transfer Station – We last reported that a portion of the site is being used as a materials storage area by a business under an agreement with the Chamorro Land Trust Commission (CLTC). The Receiver met with the director of the CLTC in November 2012 to inform the CLTC that this portion of the transfer station property, on which this business is situated, will be used for the renovated transfer station, and the cessation of present activities is required. We understood from that meeting that the business will relocate to another property the CLTC administers. We also understand CLTC continues to work to relocate this business. However, as of March 31, 2013, the business continues to remain on the transfer station property. We have kept the Attorney General informed of the progress of this effort to relocate the business. Failure to get this business relocated in a timely manner will delay this work, which is required by GEPA conditions placed on the permit for the Layon Landfill.

While the CLTC has worked to relocate the business, we have proceeded with the design of the transfer facility and have initiated a task order for an investigation to characterize the existing materials and waste on the site and test for contaminants. When complete, the investigation will provide an accounting of the type and quantity of material and waste present as well as generate a cost estimate and work plan for the removal of the material.

Malojloj Residential Transfer Station – This location had no significant environmental issues identified in the environmental investigation, and design work is proceeding as planned.

Supplemental Environmental Project and the Harmon Residential Transfer Station – The Household Hazardous Waste Facility, which will be co-located with the Harmon Residential Transfer Station, will house the Household Hazardous Waste Collection Program. This facility constitutes a significant condition of compliance with the requirements of the Supplemental Environmental Project (SEP) of the Consent Decree. The SEP requires the Government of Guam to create capacity to address household hazardous waste on the island.

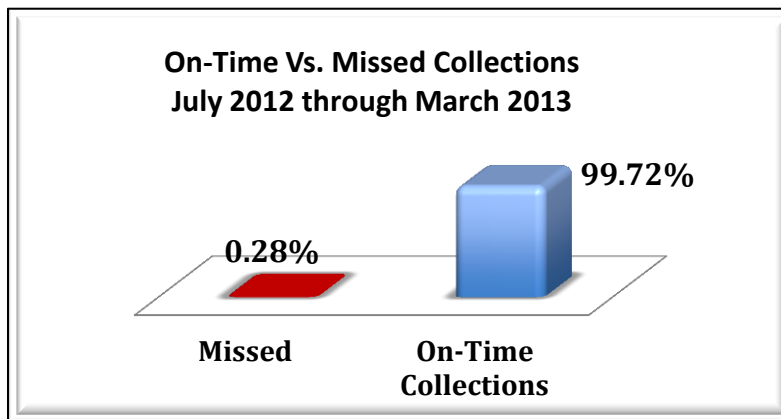
In this reporting period, the SEP, with the Harmon Residential Transfer Station, was fully designed, permitted and bid out for construction, with a Notice to Proceed to the contractor made in late November 2012. Maeda Pacific Corporation (MPC) was the low bidder and the work began at the site in January 2013. From the Notice to Proceed, MPC has 308 contract calendar days to complete the work. Construction progress photos area are posted weekly on the GSWA and Receiver websites.

3. Operations of the Guam Solid Waste Authority

Weekly Trash Collection

From July 1, 2012, through March 31, 2013, GSWA crews collected trash from an average of 16,553 customers a week, totaling 645,567 collections during the reporting period. GSWA's crews performed on-time collections 99.72 percent of the time. Figure 1 illustrates the on-time collections over the nine-month period this report covers. The crews worked Monday through Friday and collected 14,871.07 tons of trash from carts set out by GSWA customers. The average customer set out a total of about 1,797 pounds of trash.

Figure 1. On-Time Collections



GSWA management has implemented cross training for its trash collection drivers. The goal is to familiarize GSWA drivers with every collection route. To facilitate this cross training, drivers rotate to new routes at the beginning of each month. The cross training of drivers will, in the long-term, result in more efficiencies and make routes less dependent on the availability of any one driver.

Cart Repairs

From the beginning of July 2012 through March 2013, GSWA made a total of 13 cart repairs, fewer than two a month. The Toter carts are holding up well to the work demands and weather.

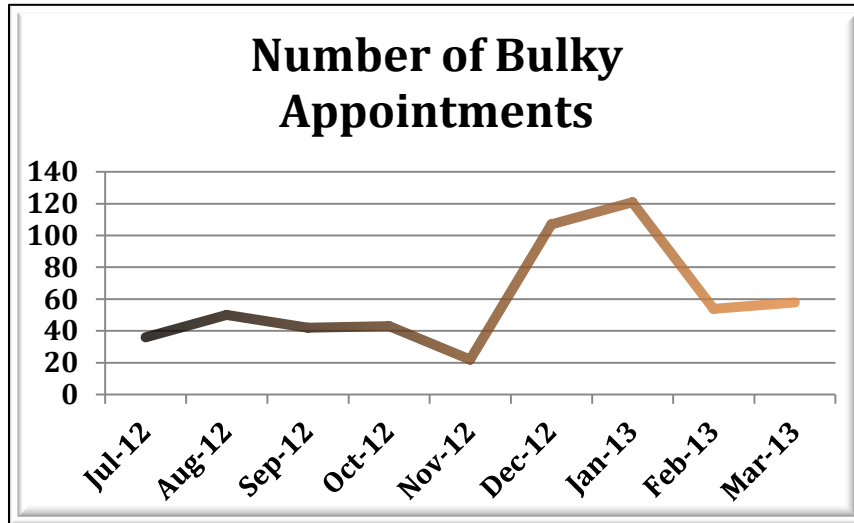
Bulky Item Collections

From July 1, 2012, through March 31, 2013, GSWA collected 1,445 metallic and bulky items in response to 533 appointments made by GSWA customers. Customers are allowed up to two free bulky item collections a year. There is a \$25 fee for each additional collection during the same year. Residents who are not current customers of GSWA and who are not a commercial entity may make an appointment for a bulky item collection for a \$25 fee. During the reporting period, individuals who are not GSWA customers made six appointments for bulky item collections; four GSWA customers paid the \$25 fee for a third collection; and 56 customers took advantage of their two free collections.

Up to five items can be placed out on the curb for bulky item collection. Metal items are taken to a local scrap yard to be recycled, while non-metal items, such as mattresses and sofas, are taken to the Layon

Landfill. Figure 2 shows the number of bulky item collections each month during the reporting period. The figure shows a spike in December 2012 and January 2013 that GSWA attributes to increased publicity about the service and replacement of large appliances during the holidays.

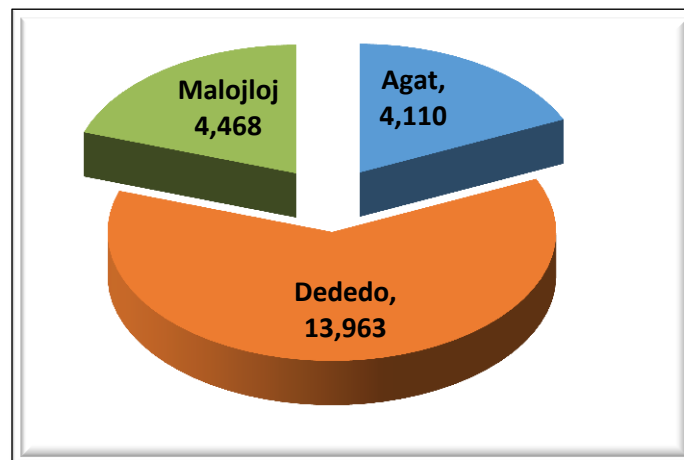
Figure 2. Bulky Item Collections, July 2012, through March 2013



Residential Transfer Stations

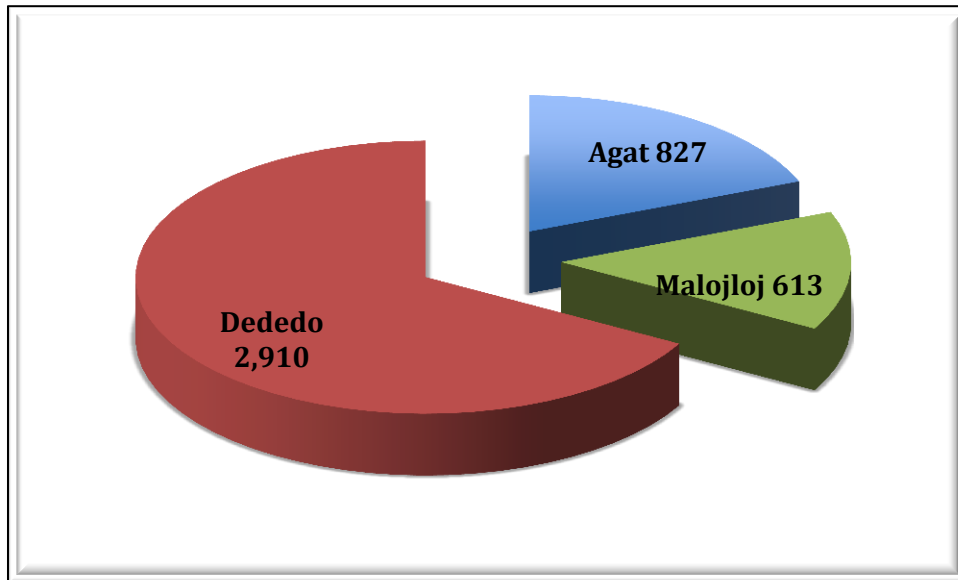
Between July 1, 2012, and March 31, 2013, the three residential transfer facilities served 22,541 customers, who brought their trash to be disposed and their cardboard, and glass bottles and jars to be recycled. Figure 3 shows that over the past nine months, 62 percent of the transfer station customers used the Dededo Transfer Station, 20 percent went to the Malojloj facility, and 18 percent used the Agat Transfer Station.

Figure 3. Number of Customers Using Each Transfer Station, July 2012 – March 2013



During the reporting period, GSWA drivers hauled 4,349.49 tons of trash from the three residential transfer stations (Figure 4). Since the Dededo Transfer Station was the most frequently used, it comprised 67 percent of this trash while Agat and Malojloj comprised 19 percent and 14 percent respectively.

Figure 4. Tonnage Hauled from Transfer Stations, July 2012 – March 2013



During the reporting period, 73.14 tons of cardboard were collected for recycling. Approximately 85 percent of this cardboard came from customers who use the Dededo Residential Transfer Station. During the reporting period, GSWA customers also deposited 25.23 tons of glass, which is reused as alternative daily cover at the Layon Landfill.

Hauler-only Transfer Station

The Hauler-only Transfer Station is used by commercial customers and large generators, such as Mayors and the Military. The majority of customers using this facility haul significant amounts of trash in large vehicles. GSWA personnel staff the scale house and handle the accounts while a private contractor, Guahan Waste Control, operates the tip floor, where the trash is transferred to large vehicles for transport to the Layon Landfill.

Commercial haulers and large generators bring their waste material to the Hauler-only Transfer Station and unload onto a tip floor where the operator of the facility screens the material for excluded waste before loading it into a large transfer trailer. Consolidating the waste in a transfer trailer reduces the amount of traffic to the Layon Landfill.

From July 1, 2012, through March 31, 2013, the Hauler-only Transfer Station received 12,970 deliveries of trash from customers, averaging 1,441 deliveries of trash each month. These customers disposed of 65,858.57 tons of trash at the facility.

For commercial haulers, excluded waste is handled pursuant to the policy established in July 2008, when the Receiver implemented a ban on certain recyclable materials at the Ordot Dump. This policy has been continued at the Hauler-only Transfer Station and Layon Landfill, since the permit for the Layon Landfill excludes these materials. Loads in commercial vehicles that are observably contaminated with excluded waste are rejected at the scale house or tipping floor.

Upon a commercial vehicle's first and second infraction, the customer is warned that a third infraction with banned material in the same vehicle will result in that vehicle being excluded from GSWA disposal facilities for a period of one week. Each additional infraction by a specific vehicle will result in an additional week of exclusion from GSWA facilities. After a one-month period during which a customer's vehicle that had previously delivered banned material has had no such infraction, the customer's vehicle is considered in good standing, with the process starting again and any next infraction being considered the first, resulting in a warning.

During the reporting period, four trucks were banned for a period of one week from using the Hauler-only Transfer Station, and 23 were cited for having banned material.

Residential Recycling

The curbside recycling pilot program with 1,000 customers continues. GSWA crews collect recyclables (paper, aluminum and bi-metal cans, and plastic #1 and #2 beverage containers), and transport them to the processor who then separates the material and sends it to be recycled. During the current reporting period, GSWA collected approximately 122 tons of recyclables.

During the first year of the program, GSWA compiled statistics and performed characterizations of the recyclables in order to assess the benefit of providing recycling to all of GSWA customers. In previous Reports, the Receiver has described to the Court the results of these activities.

GSWA recently released an Invitation for Bid (IFB) for processing recyclable materials, with responses to the IFB due on April 11, 2013. Once those responses are received, GSWA will evaluate whether a curbside recycling program for all its customers is financially feasible.

Layon Landfill

The Layon Landfill opened on September 1, 2011, under the operational management of Herzog Environmental, Inc. As the operator, Herzog not only handles the incoming trash but also is also responsible for maintaining the facility and its equipment, and controlling litter at the facility. In addition, Herzog provides fire prevention measures, such as grass cutting, brush clearing and building fire breaks for the monitoring wells and wells outside the perimeter fence. During this reporting period, Herzog also conducted 15 tours of the facility at the request of numerous groups, including mayors, military, media and the Japanese Consulate.

GSWA personnel operate the landfill scalehouse, and they handle the accounts as the incoming trash is weighed. From July 1, 2012, through March 31, 2013, 3,938 loads of trash, weighing 68,895.06 tons, crossed the scales at the Layon Landfill.

Operationally, the Layon Landfill has worked well. Guam experienced significant rainfall in August and September 2012, causing the Receiver to upgrade the pumps at Lift Station Two that direct the leachate into the Guam Water Authority's (GWA) system for treatment by GWA. The Receiver is currently working with the contractor to evaluate the benefit/risk of upgrading the pumps at Lift Station One that direct the leachate from the landfill to Lift Station Two.

On October 12, 2012, Herzog Environmental, Inc. submitted its required annual report entitled "Fill Sequence Plan, Operating Years #2 and #3 for Layon Municipal Solid Waste Landfill." As part of this report, a topographical survey of the active landfill area was performed on September 1, 2012. The total volume of landfill space used as of the date of that survey was 128,530 cubic yards out of a possible 1.4 million cubic yards of space available. During the first year of operations, landfilling operations used an estimated 25,330 cubic yards of cover, which was placed over the trash. The operator, per the Layon operating permit, places a reusable tarp over the trash five days a week and covers the trash with soil on the sixth day. In this way, the operator has conserved considerable capacity for trash. During the first year, the operator has exceeded the contractually required 1,364 pounds per cubic yards of density (how compacted the trash is). This is important because the higher the density, the more trash can be disposed per cubic yard of space.

Household Hazardous Waste

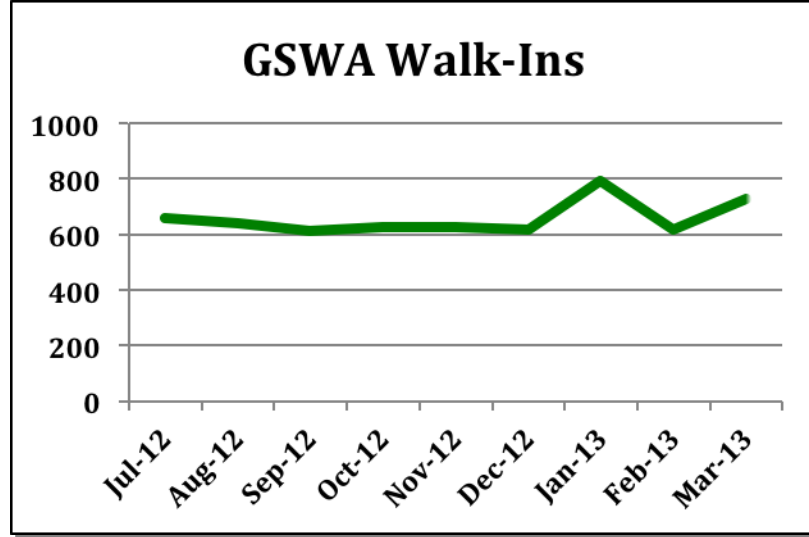
Currently, a Household Hazardous Waste facility is being constructed at the new Harmon Street Residential Transfer Station. On October 15, 2012, GSWA released a Request for Proposals (RFP) for the services of an operator who will manage the HHW facility. Two companies submitted proposals on November 27, 2012. GSWA conducted interviews with both parties in December 2012 and completed its evaluation of the proposals and reference checks in early 2013. The Evaluation Committee made its recommendation to proceed with negotiations with the winning firm, Unlimited Service Group/South Pacific Environmental. Currently negotiations are under way.

Administration

From July 2012 through March 2013, the GSWA customer base has remained very stable with an average of 16,553 customers per month.

On average, GSWA's customer service representatives (CSRs) handle 647 walk-in customers a month with whom they discuss such topics as the customer's account history, signups for collection service, mapping service locations, or recycling information for items such as scrap metal, electronics and paper. Figure 5 shows the number walk-in customers served by GSWA's CSRs during the reporting period.

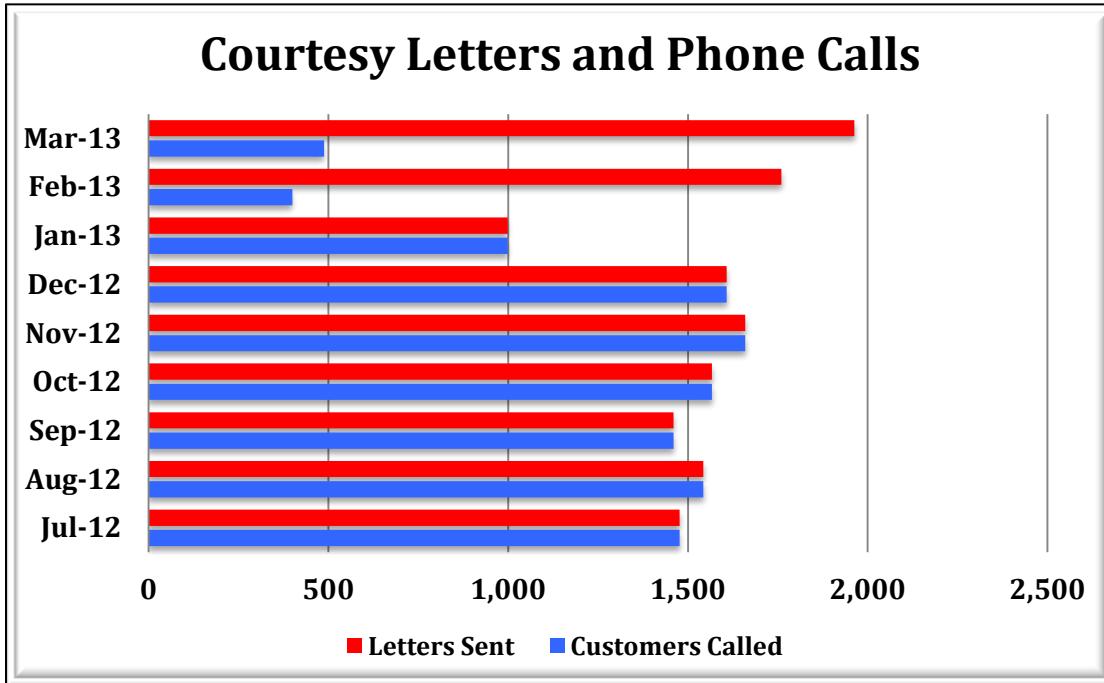
Figure 5. GSWA Walk-in Customers by Month



During the reporting period, the CSRs made 11,202 courtesy calls to customers whose payments were overdue and who were in jeopardy of having their carts removed and service terminated. These calls included answering questions and reviewing customers' accounts. During the past nine months, Customer Service mailed 14,037 letters to customers whose payments were 60 and 90 days overdue and handled, on average, 4,816 incoming calls a month, or 43,341 calls over the nine months, from residents who inquired about the services GSWA provides and general waste and recycling information.

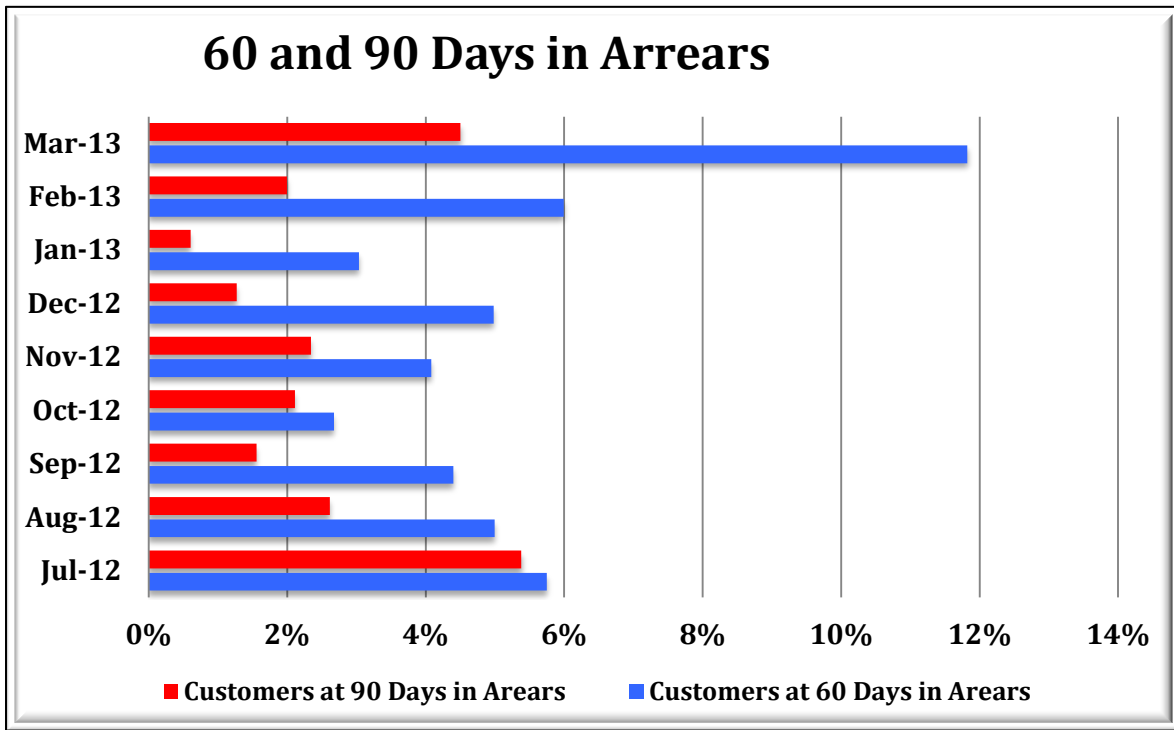
Figure 6 shows the number of outgoing calls and letters by the CSRs each month during the reporting period. In February and March, the number of phone calls was below average for a combination of reasons, including the malfunction of DPW's fiber optic line, which slowed down the billing process and GSWA's phone system. GSWA is in the process of installing its own dedicated line and server to prevent future problems of this kind.

Figure 6. Outgoing Letters and Phone Calls by Month



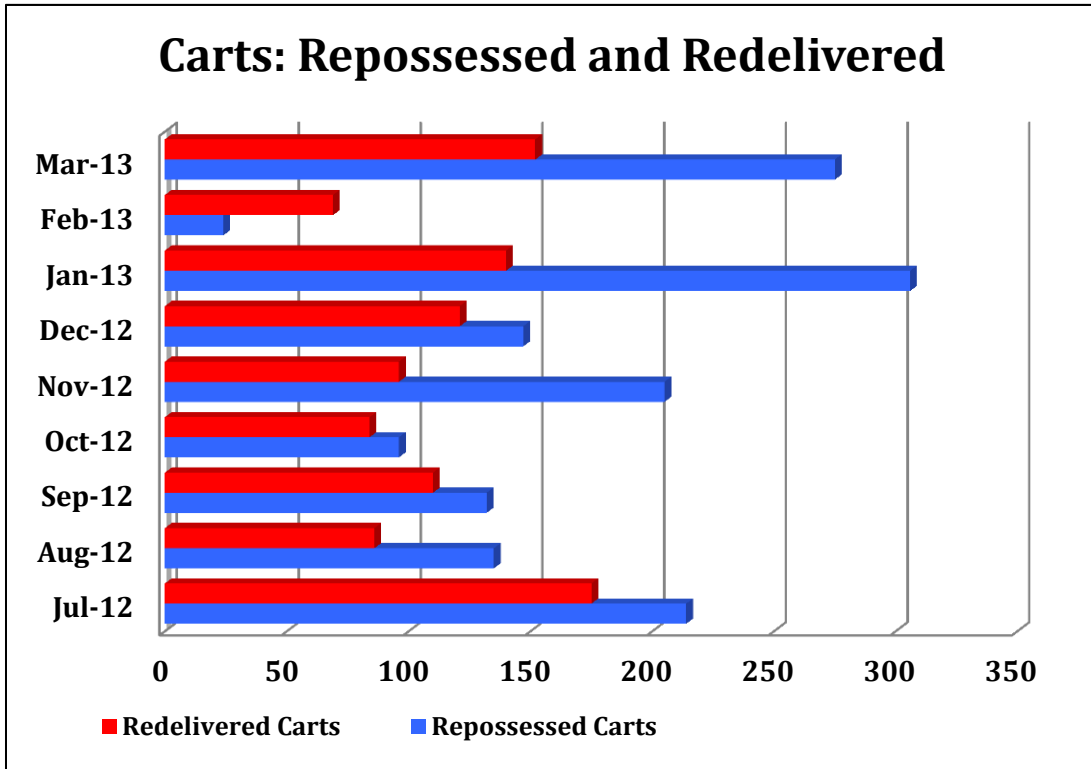
The courtesy calls and notification letters to customers who are 60 and 90 days behind in their payments have helped many to avoid having their carts removed and their collection service discontinued. GSWA has seen the percentage of customers with 60-day and 90-day overdue accounts decrease. On average, only 5 percent of customers were 60 days behind on payments during this reporting period while the average percentage for those 90 days behind was just 2 percent. These numbers included a spike in the customers at 60 days overdue in March 2013. GSWA believes that this increase was in part caused by the reduced number of calls made by CSRs in February 2013. Figure 7 shows the monthly percentage of customers both 60 and 90 days behind in their payments.

Figure 7. Customers 60 and 90 Days Behind in Payment



Once a customer is 90 days or more behind on payments, GSWA issues a work order for operations staff to remove the cart and terminate service. During the reporting period, 1,534 carts were removed for nonpayment. Of these, 1,033 customers, or 67 percent of those whose carts were removed, paid their overdue balance plus a \$50 restoration fee, and had their carts returned and collection service restored. Since the new billing service was put into place in October 2009, 309 customers have had their carts removed and paid their balances due two or more times. Figure 8 shows the number of carts removed and redelivered during each two-month period since July 2012.

Figure 8. Carts Repossessed and Redelivered



Personnel

At the conclusion of the reporting period on March 31, 2013, the number of GSWA employees stood at 55, including 19 employees secured through GSWA’s temporary agency, three contract workers and 33 government employees. The number of GSWA employees is a reduction of approximately 44 percent compared to the 99 employees in the Solid Waste Management Division when the Court appointed the Receiver in March 2008.

GSWA initiated an employee recognition program in March 2012. In most instances, the employees recognized are selected by the Operations Supervisor, the Customer Service Supervisor and the Administrator. Since March 2012, four employees have been named “Employee of the Quarter”: Joseph Babauta, Alicia Fejeran, Jesse Murakami, and Frank Babauta.

Each quarter, Certificates of Appreciation also are presented to employees. During 2012, the following 14 employees were presented with Certificates of Appreciation: Yak Diaz, Benny Cruz, Keilani Mesa, Frank Babauta, Justin Muna, Kenneth Borja, Nelson Beltran, Joseph Acfalle, Ronald Rivera, Raymond Quitugua, Junior Perez, JoPatrick Qunata, Justin Lujan, and Valarie San Nicolas. Certificates of Achievement have also been introduced and presented to four employees: Junior Perez, Frank Babauta, Luis Mesa, and Harold Charfauros.

For his work both on the collection routes and providing valuable input into procurements and route design during 2012, Frank Babauta was awarded Employee of the Year.

GSWA Board of Directors

The GSWA Board of Directors held its first official meeting on March 18, 2013. At the meeting, the Government of Guam's Attorney General's office presented a booklet containing the Guam Solid Waste Authority Statute, the Guam Open Government Law, Guam's Sunshine Law, the Guam Administrative Adjudication Law, and Attorney General Information and Guidance re Boards and Commissions.

At the time of the Board meeting, four of the five Board members had been appointed and confirmed. Members of the Board believed that the fifth member's confirmation was imminent and therefore postponed the election of chair until the fifth and final Board member is confirmed by the Guam Senate.

4. Contract Management and Procurement (July 2012 – March 2013)

Much of the procurement activity since our last Report to the Court, as discussed elsewhere, has been focused on completing plans for the final closure of the Ordot Dump, the essential work necessary to complete the work of the Receivership. During the balance of this year, this work will become the basis for procurement activity that will result in contracts for the construction of this vital part of our work.

Procurement was also completed on the Request for Proposals (RFP) for the operation of the Household Hazardous Waste (HHW) Program and a contract was awarded for the construction of the new residential transfer station at the GSWA compound, including the HHW facility. As noted elsewhere in this report, an Invitation for Bid (IFB) for processing recyclable materials was released during the reporting period. The procurement will be completed during the next reporting period.

During the reporting period the Receiver was informed that Herzog Environmental, the Operator of the Layon Landfill, has been acquired by the Green Group Holdings, LLC. Green Group Holdings, LLC is co-owned by Herzog Contracting Corporation (the parent of Herzog Environmental) and Phillips & Jordan, a company based in Knoxville, Tennessee. The Receiver was requested, pursuant to the contract with Herzog Environmental, Inc., to approve assignment of the contract for the operation of the Layon Landfill to GGH Guam, LLC, a subsidiary of the Green Group Holdings, LLC. The same financial protections, personnel and other resources assigned to the Layon Landfill under the original contract will continue with the Layon Landfill under the contract assigned to GGH Guam, LLC.

Table 1 provides a list of the Receiver's primary contracts, the amounts spent to date on these contracts, and the status of the work. Direct employee contracts and payments, contracts in connection with ongoing litigation, payments to the Government of Guam, and one-time expenditures are not included in the table, but are reported elsewhere in this Report.

Table 1

Consent Decree Contracts as of March 31, 2013				
Contractor	Purpose of Contract	Amount of Contract	Citibank Trust Account Expenditures	Work Status
Alpine Technology Corporation	Customer Service Software	\$ 317,466.00	\$ 300,279.85	On-going
Asia Tiger Construction	Emergency Repairs at Transfer Stations	\$ 33,377.83	\$ 33,377.83	Closed
Black Construction Corporation	Layon Landfill - Construction of Entrance Facilities and Cells 1 and 2	\$ 25,375,436.35	\$ 24,392,043.19	Close out Phase
Brown And Caldwell	Planning Environmental Monitoring for Final Closure of Ordot Dump	\$ 7,691,828.00	\$ 5,119,995.78	On-going
Core Tech International	Layon Landfill - Construction of Access Road and Utility Improvements for Community	\$ 28,369,411.00	\$ 28,275,065.29	Close out Phase
EA Science and Technology	Groundwater Quality Monitoring Services	\$ 2,572,101.76	\$ 2,007,266.69	On-going
Ella Builders	Improvements to GSWA Building	\$ 129,801.25	\$ 129,801.25	Closed
Far East Equipment Co.	New Trucks, Roll-off Containers and Trash Carts	Gov Guam Purchase Orders	\$ 3,843,586.15	On-going
Fleet Services	Crane Qualification and Rigging Course	Gov Guam Purchase Orders	\$ 24,983.25	Closed
G4 Security Services (Guam), Inc	Security Services for the Solid Waste Compound	Indefinite	\$ 16,904.38	Closed
GHD (formerly Winzler & Kelly)	Construction Management Services for Consent Decree Projects	\$ 6,375,284.00	\$ 5,868,838.81	On-going
Guahan Waste Control	Hauler-only Transfer Station	Minimum Monthly Charge Plus Per Ton Excess Charge	\$ 4,030,071.55	On-going
Hawthorne Pacific Corp	New Trucks	Gov Guam Purchase Orders	\$ 113,458.00	Closed
GGH Guam, LLC (formerly Herzog Environmental, Inc)	Operation of the Layon Landfill	Minimum Monthly Charge Plus Per Ton Excess Charge	\$ 4,677,293.07	On-going
Kevin And Steve Corporation	GSWA Power Sevice Separation	\$ 113,255.75	\$ 113,255.75	Closed
Maeda Pacific Corporation	Layon Landfill - Construction of Landfill Operations Road and Mass Grading for Cells 1 and 2	\$ 10,045,245.40	\$ 10,045,245.40	Closed
Maeda Pacific Corporation	Construction of Harmon Residential Transfer Station and Household Hazardous Waste Facility	\$ 2,410,000.00	\$ 48,304.75	On-going
Morrico Equipment Co.	Roll-off Containers	Gov Guam Purchase Orders	\$ 127,779.00	Closed
Nippo Corporation	Safety Improvements for Dero Road	\$ 19,134.30	\$ 19,134.30	Closed
Pacific Data Systems	New Computers and Software for GSWA Administration	Gov Guam Purchase Orders	\$ 39,582.61	Closed
Pacific Human Resource Services, Inc.	Temporary Staffing Services for the Solid Waste Management Division	Indefinite	\$ 1,612,283.41	On-going
Pacific Island Security Agency	Security Services for the Solid Waste Compound (replaced G4 Security Services of Guam)	Indefinite	\$ 660,547.37	On-going
Pacific Trucking Co.	Water Truck Rental for Fire Suppression	Gov Guam Purchase Orders	\$ 14,900.00	Closed
Shaw Environmental, Inc	Technical Assistance	\$ 305,347.16	\$ 26,275.17	Open
TG Engineers, PC	Layon Landfill - Design and Engineering Services	\$ 10,124,332.00	\$ 3,272,023.25	On-going
Triple J Enterprises, Inc.	New Trucks	Gov Guam Purchase Orders	\$ 91,700.00	Closed

Note: Does not include individual employee contracts or payments, contracts relating to ongoing litigation, retainage or expenditures directly paid by the Government of Guam. All contracts are inclusive of change orders approved through the date of this report and expenditures through March 31, 2013.

Tabs 6 and 7 provide the Court with a list of approved change orders for the Consent Decree contracts listed in Table 1. Tab 8 includes all individual payments made under these contracts.

5. Financial Issues and Capital Funding (July 2012 – March 2013)

Overview

Since our last Report to the Court, we have completed FY2012 and the first half of FY 2013. Finances have continued to improve during the period, and the first comprehensive audit of GSWA was completed by Deloitte, LLC. In this section, we provide the Court with updates on the following:

- Operating results for the GSWA for the FY 2012 and FY 2013 from October 1, 2012, to March 31, 2013
- Cash position of GSWA
- Status of residential customers
- Status of large commercial accounts
- Status of GWA account
- Status of Government accounts (excluding GWA)
- Capital funding
- Reserves of the GSWA
- Waste disposed at the Layon Landfill
- Bridge and roadway repairs and replacements

Operating Results for the GSWA for FY 2012 and FY 2013 from October 1, 2012, to March 31, 2013

GSWA operating results from FY 2012 and the first half of FY 2013 continue a very positive trend. Table 2 provides a summary of expenditures and revenue for the fiscal year ended September 30, 2012, compared with the approved budget. Table 5 provides the same information for the first half of FY 2013. Detailed reports of expenditures and revenue compared with the approved FY 2012 and FY 2013 budgets are provided in Tab 9 of this Report.

On September 30, 2012, GSWA completed its first full fiscal year with the new landfill and Hauler-only Transfer Station in operation. Table 2 shows that through the period, GSWA operated at 9 percent below its approved expenditure budget. Personnel costs were 17.6 percent below budget, and non-

personnel spending was about 7 percent below budget. Revenue from all sources was 10.3 percent above budget, resulting in a net surplus of more than \$1.2 million for FY 2012.

Table 2

Guam Solid Waste Authority Summary of Operating Budget FY 2012				
October 1, 2011 to September 30, 2012				
Item	Total Annual Budget	Budget to Date	Actual Spending / Revenue to Date	% over (under) Budget
Personnel Expenses	\$3,399,429	\$3,399,429	\$2,802,459	-17.6%
Other Expenses / Reserves	\$14,575,555	\$14,575,555	\$13,560,141	-7.0%
Total Expenses / Reserves	\$17,974,984	\$17,974,984	\$16,362,600	-9.0%
Total Revenue (All Sources)	\$15,947,000	\$15,947,000	\$17,592,307	10.3%
Budgeted From Fund Balance	\$2,027,984	\$2,027,984	\$0	-100.0%
Total Funding Available	\$17,974,984	\$17,974,984	\$17,592,307	N/A
Surplus / (Deficit)*	\$0	\$0	\$1,229,708	N/A

* Surplus goes to reserve for future years (i.e., fund balance) and deficits are covered by the same reserve.

From a revenue perspective, FY 2012 was also a strong year. Table 3 shows not only that revenue was strong relative to budget during the reporting period but also that billed revenue was being collected.

Table 3

GSWA Revenue Billed / Collected			
October 1, 2011 through September 30, 2012			
Customer Class	Billed	Collected	%
Commercial	\$ 10,718,078	\$ 10,305,060	96.1%
Residential	\$ 6,456,139	\$ 6,383,137	98.9%
Government	\$ 348,583	\$ 52,801	15.1%
Total	\$ 17,522,800	\$ 16,740,998	95.5%

Note: Amount collected is on a cash basis. Transfer Stations are included in the residential category. Interest income excluded.

Cash collections during FY 2012, were strong, in part, due to GSWA's increased emphasis on assuring collection from customers for both overdue account balances and the timely collection of current bills.

Fund balance is the net difference between the revenue earned by GSWA and all of its expenses. The total fund balance is the cumulative result of both the current year and past years. It constitutes a reserve available to the system to meet future needs. Table 4 provides the details of our estimate of the GSWA's fund balance for the fiscal year that ended on September 30, 2012. The fund balance is stated as an estimate since the audit of the fiscal year is not yet complete and the numbers could incrementally change when the audit is completed.

Table 4

Guam Solid Waste Authority	
30-Sep-12	
(Unaudited)	
Elements of Fund Balance	Amount
Fund Balance @ 9/30/11	\$ 11,649,411
Revenue FY 2012	\$ 17,592,307
Expenses FY 2012	\$ 16,362,600
Excess (Deficit) FY 2012	\$ 1,229,708
Estimated Fund Balance @ 9/30/12	<u>\$ 12,879,119</u>
Note: Revenue is on accrual basis.	

The financial results for the first six months of FY 2013 are also positive. Table 5 shows the results through March 31, 2013. GSWA operated 4.8 percent below its approved expenditure budget during this period. Personnel costs were 17.7 percent below budget, and non-personnel spending was about 2.5 percent below budget during this time. Revenue from all sources was 1.9 percent below budget. The net result through March 31 is a net surplus of about \$0.5 million for the FY 2013 year to date.

Table 5

Guam Solid Waste Authority				
Summary of Operating Budget				
FY 2013				
October 1, 2012 to March 31, 2013				
Item	Total Annual Budget	Budget to Date	Actual Spending / Revenue to Date	% over (under) Budget
Personnel Expenses	\$2,678,600	\$1,339,300	\$1,101,852	-17.7%
Other Expenses / Reserves	\$14,993,300	\$7,496,650	\$7,306,957	-2.5%
Total Expenses / Reserves	\$17,671,900	\$8,835,950	\$8,408,809	-4.8%
Total Revenue (All Sources)	\$18,368,200	\$9,184,100	\$9,007,819	-1.9%
Budgeted From Fund Balance	\$0	\$0	\$0	0.0%
Total Funding Available	\$18,368,200	\$9,184,100	\$9,007,819	N/A
Surplus / (Deficit)*	\$696,300	\$348,150	\$599,009	N/A
* Surplus goes to reserve for future years (i.e., fund balance) and deficits are covered by the same reserve.				

Cash collections of billed revenue have also continued to be strong during the first six months of FY2013. The slightly reduced percentages of collected revenue are likely due to strong collections of overdue amounts in the prior year. Table 6 provides the Court with a summary of cash collections compared to billed revenue.

Table 6

GSWA Revenue Billed / Collected			
October 1, 2012 through March 31, 2013			
Customer Class	Billed	Collected	%
Commercial	\$ 5,322,445	\$ 5,241,048	98.5%
Residential	\$ 3,157,814	\$ 3,166,147	100.3%
Government	\$ 491,741	\$ 157,043	31.9%
Total	\$ 8,972,000	\$ 8,564,238	95.5%

Note: Amount collected is on a cash basis. Transfer Stations are included in the residential category. Interest income excluded.

Fund balance also continued to grow during the first half of 2013, reaching an estimated \$13,478,128 as of March 31, 2013. Table 7 shows our estimate of fund balance at March 31, 2013.

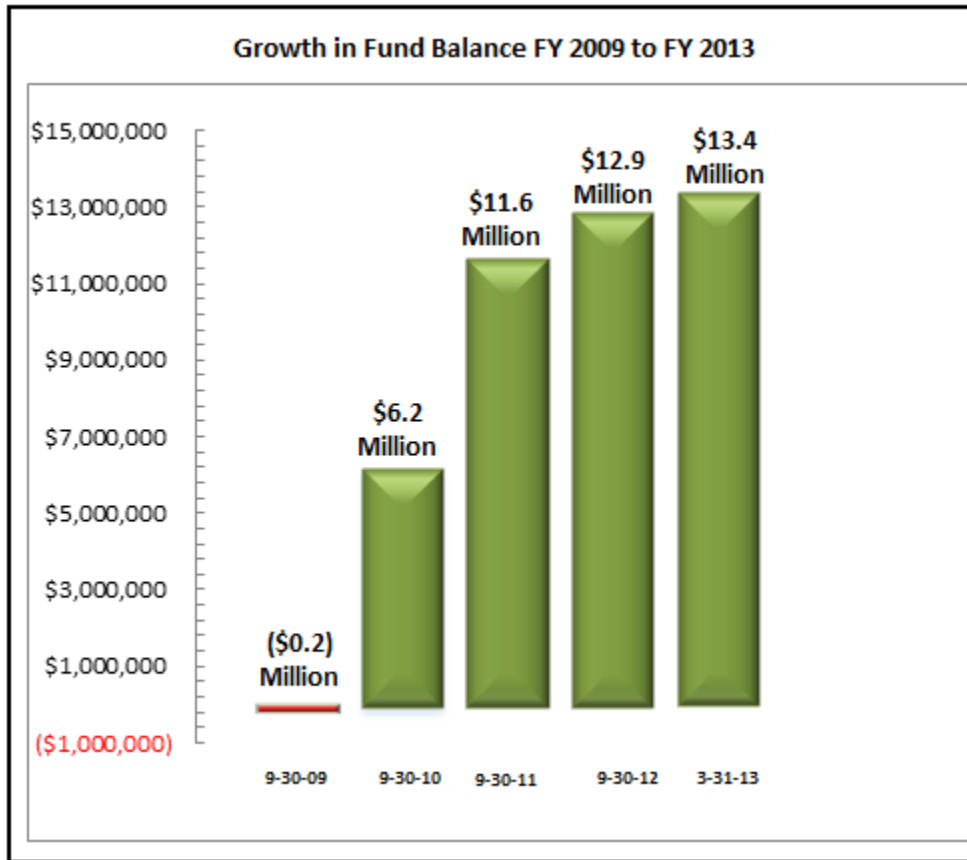
Table 7

Guam Solid Waste Authority	
31-Mar-13	
(Unaudited)	
Elements of Fund Balance	Amount
Fund Balance @ 9/30/12	\$ 12,879,119
Revenue FY 2013	\$ 9,007,819
Expenses FY 2013	\$ 8,408,809
Excess (Deficit) FY 2013	\$ 599,009
Estimated Fund Balance @ 3/31/13	\$ 13,478,128

Note: Revenue is on accrual basis.

Figure 9 illustrates the improvement in GSWA's fund balance since September 30, 2009.

Figure 9



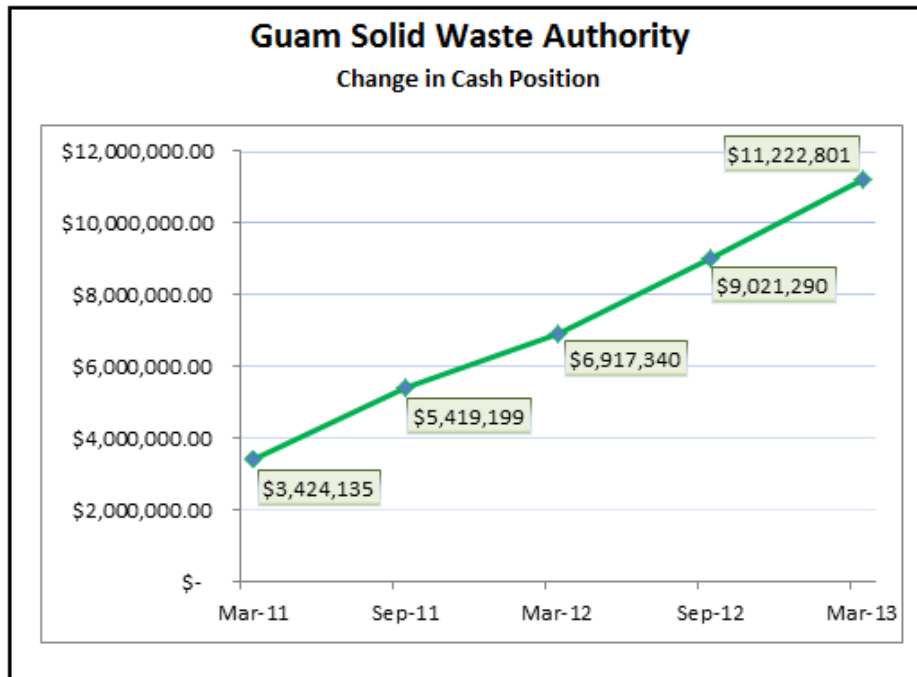
Payments for operating the GSWA are made through the Government of Guam or through the Citibank Primary Account, pursuant to the procedures approved by the Court. Tab 10 provides a detailed list of the transactions affecting the Citibank Primary Account for the period.

Cash Position of GSWA

GSWA's cash position continued to show improvement during the reporting period. The timely payment by most customers during the period as well as the Government's continued payments to return the cash improperly taken from GSWA in 2010 were both important factors in the continuing improvement of this vital aspect of the management of GSWA. In fact, the Government completed its payback of 2010 excess withdrawals in December 2012. Tab 11 provides the Court with a complete history of the payback process established by the Court's Order of March 3, 2011.

As the Court well knows from the history of this case, having sufficient cash available to support the operations of the organization is critical to the success of both the Receiver in implementing the Consent Decree and GSWA in meeting the needs of its customers. Figure 10 outlines the improvement in GSWA's cash position since 2009.

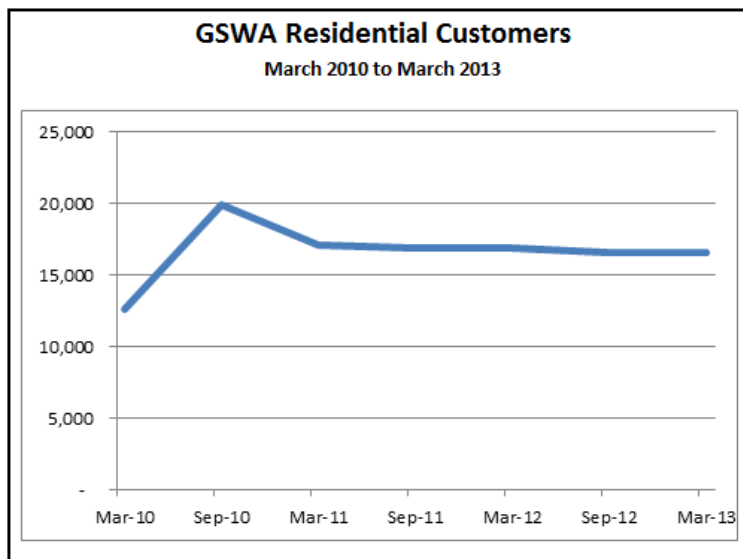
Figure 10



Status of Residential Customers

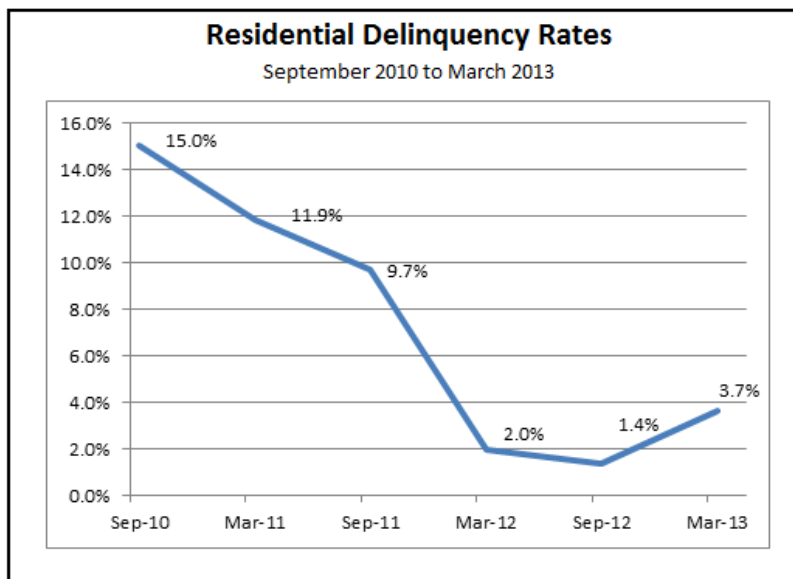
The base of residential customers has remained very stable over the past year. After an initial increase to near 20,000, the number of residential customers has settled in a range of 16,500 to 17,000 customers. Figure 11 illustrates the recent stability of the residential customer base.

Figure 11



Delinquency rates among residential customers also remained low during the reporting period. While there are fluctuations from month to month, when measured in six-month intervals over the past year, delinquency rates have remained low and stable. The delinquency rate for March 2012 was 2.0 percent and 3.7 percent for March 2013.

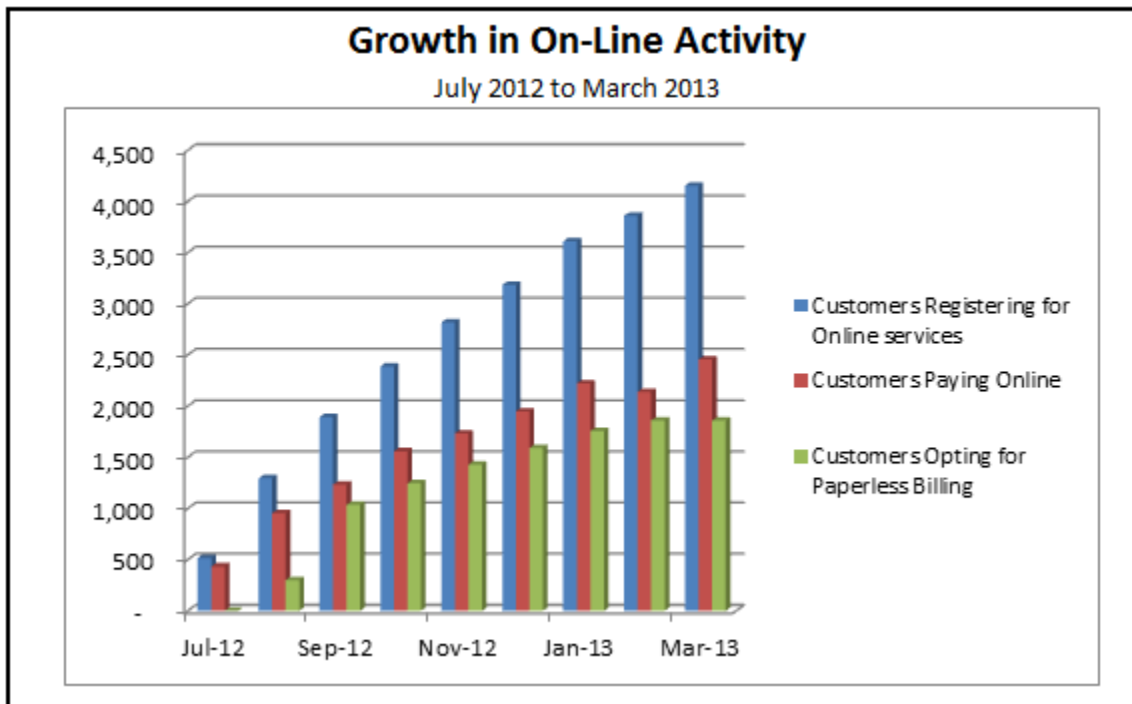
Figure 12



To further improve services to residential customers, in July 2012 we began a new online payment system. The new system, which had no up-front cost, allows residential customers who register for the service to view their account, receive their bill and make payments – all online. The system is voluntary for GSWA customers, and there is no additional cost to customers who use the online system.

The online system has been well received by GSWA customers. Figure 13 illustrates the growth in its use since it was implemented last summer. In recent months over 2,000 customers have used the system to pay their bills each month, and almost 4,000 have used the system to access their accounts. In addition, there has been steady growth in customers registering for paperless billing, with the number now approaching 2,000.

Figure 13



The online system is also very cost-effective. It currently costs approximately \$500 per month with no set-up cost. Other options for comparable service in Guam cost thousands of dollars in set-up costs alone. The paperless billing option for customers provides a savings to GSWA by eliminating the cost of mailing bills to customers, which more than pays for the monthly cost of the service. Bank processing fees for the use of credit cards are comparable to other systems, including the former system operated for the Government of Guam.

Status of Large Commercial Accounts

Large commercial accounts are the chief source of the system's revenue and the highest priority in GSWA's collection effort. These accounts are:

1. Mr. Rubbishman
2. Lagu Sanitation
3. Pacific Waste Systems
4. Trashco
5. Island Waste Management

We continue to focus much attention on these accounts to ensure that they do not become delinquent. Both Mr. Rubbishman and Trashco are in good standing with no issues with respect to their accounts at this time. We have had intermittent issues with both Pacific Waste Systems and Island Waste Management, but we have successfully worked with both companies to address these issues.

Lagu Sanitation continues to operate under a settlement agreement approved by the Court. While Lagu Sanitation has been late with its payments on several occasions and has been unable to make the payments electronically as required by the settlement agreement, the company has made the required payments each month. Recently, Lagu Sanitation approached the Receiver, through the Office of the Attorney General, with requests for significant modifications to the settlement agreement. This request is currently under review by the Receiver.

Status of the GWA Account

The total outstanding balance of the GWA account was \$1,179,450.41 on March 31, 2013. As noted in our last Report, GWA presented a proposal to the Public Utilities Commission (PUC) to allow the authority to pay both its past balance and fund the cost of disposal going forward. At the time of our last Report, GWA had expected approval from the PUC last summer. Approval was delayed but did occur as a part of a 9.1 percent rate increase granted GWA, which took effect February 1, 2013. Given the lag between the implementation of the increase and realization of the cash flow, GWA did not begin making payments to GSWA until March 2013. In March, GSWA received a payment of \$125,000. GWA's is committed to pay \$125,000 per month until the past balance is paid in full and to begin paying all current charges for March 2013 forward.

Status of Government Accounts (excluding GWA)

As we have noted in prior Reports, several Government of Guam agencies (other than GWA) also have accounts with GSWA. These accounts are managed through the Department of Administration. As a group, these accounts continue to be problematic. On March 31, 2013, the cumulative balance on these accounts was \$90,458.26. We continue to work with the Department of Administration to develop better management of these accounts and address the unpaid balances.

Capital Funding

In 2008, after a few months of work, the Receiver made preliminary estimates of the cost of achieving compliance with the Consent Decree. These estimates subsequently became the basis for the 2009 Section 30 Bond Issue. Since that time we have completed the Layon Landfill (with the exception of a gravel window, which is now under construction), the access roads and utilities, and are nearing completion of the design of the closure plan for the Ordot Dump. Accordingly, we can now estimate more accurately the projected final cost of achieving compliance. We will disclose these estimates to the Court under seal. Releasing them to the public could have a negative effect on the bidding process, since bidders would also have access to the information.

Actual cost cannot be known until bids are received and construction is actually completed. While our estimates include significant contingencies, it is very likely that change orders will be required throughout the construction process and provision must be included to provide for these unknown situations.

In addition to the likely increase in cost for the Ordot Dump closure itself, there are a number of items that have been added to the list of projects since the original estimates were made. We will comment on each of these items and also on the decision of the local court in the matter of the land values for the property upon which the Layon Landfill was constructed, to provide the Court with our perspective on these issues. The additional projects include:

- **Dero Road Upgrades** – The Ordot Dump has a significant effect on Dero Road. Construction of the permanent closure of the Ordot Dump will have an additional impact on Dero Road. It is our understanding that whenever construction affects the roadway, the Government of Guam requires the roadway to be brought up to its current standards for road projects.
- **Litigation Assistance** – This assistance was requested by the Office of the Attorney General to assist that office in litigation related to the Consent Decree. The Court has been kept informed about all of these expenses.
- **Route 4 Safety Enhancements** – These safety enhancements are necessary to address public safety concerns along Route 4 that the Government of Guam indicated that it could not fund. This allocation of funds was authorized by a Memorandum of Agreement between DPW and the Receiver, authorized by the Court and approved by the Attorney General and Lt. Governor.
- **Residential Transfer Station Upgrades** – These upgrades were made necessary as a result of Guam EPA's decision to make them a condition of the permit for the Layon Landfill.
- **Emergency Repairs** – These repairs at the Transfer Stations and the GSWA Compound are necessary to address public safety issues.
- **USDA Expenses** – This expense reimbursement was requested by the Government of Guam and approved by the Court.

Based on the revised estimates, it is likely that there will not be enough money from the 2009 Section 30 Bonds to cover all of the projects. As we have consistently maintained in our previous Reports to the Court, the closure of the Ordot Dump must be the priority. Unless we are otherwise directed by the Court, we will complete the planning and design phases for all the projects, but defer contracting for any additional construction for those projects until we have successfully bid the final Dump closure project and are confident that we have sufficient resources to complete the projects as designed.

To the extent that funds remain available, or the Government of Guam makes additional funds available, we will complete the other projects in the following priority order:

1. Residential Transfer Station Upgrades
2. Dero Road Upgrades
3. Route 4 Safety Enhancements
4. Inarajan WWTP Expansion & Leachate Pre-Treatment – Layon

It should be noted that item 4 is a contingency item for additional improvements at GWA's Inarajan WWTP, if they are needed. After a full year of monitoring, there is no indication that the additional improvements are needed.

As the Court has stated, the Attorney General has been an important part of the progress made to date in achieving compliance with the Consent Decree. Without doubt, the work of the Attorney General has saved the Government of Guam hundreds of thousands in legal expenses to date. Of particular importance at this time is the Attorney General's work to clear up land ownership issues on lands required for the closure of the Ordot Dump. On this issue and many others, any limitation on the Receiver's access to the Attorney General will likely delay the final closure of the Ordot Dump and significantly increase cost.

Layon Landfill Land Cost (Superior Court of Guam Civil Case No. CV0084-08)

The Court is aware that separate litigation has been underway with respect to the value of the land acquired by the Government of Guam for the Layon Landfill. This litigation occurred in the local courts of Guam. On December 10, 2012, the Superior Court of Guam entered a judgment against the Government of Guam in the amount of \$25,115,683, less the \$3,410,000 deposited by the Government with the Court at the time of the taking. The judgment bears interest at the rate of 6 percent per annum from January 24, 2008, until it is paid. The Government of Guam did not appeal the decision.

On February 4, 2013, Lt. Governor Ray Tenorio wrote to the Attorney General of Guam arguing for use of the remaining funds available to the Receiver from the 2009 Section 30 Bonds and seeking guidance on the proper form for requisitioning the funds for that purpose. The Receiver was provided with a copy of the Lt. Governor's letter.

On February 7, 2013, the Receiver wrote to the Lt. Governor to clarify our position that all funds available to the Receiver were reserved for completion of the projects for which the Receiver is charged with responsibility by the District Court and to correct some incorrect information contained in the Lt. Governor's letter. On February 8, 2013, Deputy Attorney General Patrick Mason responded for the Attorney General's Office essentially referring the matter to the Government of Guam's Bond Counsel. On February 22, 2013, the Lt. Governor wrote to the Government's Bond Counsel posing a number of specific questions. On February 27, 2013, Bond Counsel responded to the Lt. Governor. On March 27, 2013, the Lt. Governor wrote to the Receiver and on April 10, 2013 the Receiver responded. Copies of this correspondence are included in Tab 12.

Essentially, it is the Government of Guam's position, as explained by the Lt. Governor, that the funds currently available to the Receiver to achieve compliance with the Consent Decree should be used to pay the judgment of the local court for compensation to the land owners of the land upon which the Layon Landfill was built. It is the Receiver's position that our responsibility is to the District Court of Guam and that we cannot release any funds for any purpose not directly related to the Orders of the District Court of Guam.

It is further our position that the District Court of Guam's Order, dated November 3, 2011, restricts the use of the all savings not specifically approved by the Court for other Consent Decree-related purposes, including for the closure of the Ordot Dump. Specifically, the Court clearly stated in this Order the following: "On this point, the court agrees with the United States and the Receiver. The costs of the final closure of the Ordot Dump are still uncertain; therefore, it is imperative that the bond proceeds remain available for the final closure."

On May 10, 2013, the Office of the Governor filed a response to the motion of the former landowners to intervene in this case. Without commenting on the legal issues presented to the Court, there are a number of factual issues upon which we will comment. These include:

1. The Governor's Office states that "Because siting of the landfill implicates acquisition of the real property necessary to host the landfill, it is clear that acquisition is one of the Consent Decree responsibilities that are charged to the federal Receiver." It is not accurate to suggest that all Consent Decree responsibilities are charged to the Receiver. Indeed, the siting of the landfill and the acquisition of the site occurred before the Court issued its Order appointing a Receiver. The site was chosen by the Government of Guam and accepted by the Court well before its decision to appoint a Receiver. The Attorney General has stated that "title to the property immediately vests in the government upon the filing of the declaration of taking in the Superior Court and the government's deposit of estimated compensation." The record in this case clearly shows that the declaration of taking and the deposit of estimated compensation occurred on January 24, 2008, nearly two months before the Court appointed a Receiver in this matter. While the Receiver recognized that there was a possibility that the litigation concerning the land value could result in a higher cost, there was no way to predict the outcome or estimate any additional amount that might be owed to the landowners.
2. In its response, the Governor's Office states that ".....the Receiver has previously reported to this Court that the acquisition cost of the land is an unpaid capital cost of compliance that requires funding." The Receiver has never disputed that the land cost is a capital cost of the Consent Decree and that the Government must pay it. However, at the time the estimates were made for the bonds, the Receiver stated clearly to the Court its understanding that the landowners had, in fact, been fully compensated. In the Quarterly Report dated October 22, 2008, the same report in which the Receiver made the preliminary estimates for Consent Decree compliance upon which the Government subsequently based its bond issue, the Receiver stated: "Funds to fully compensate the owners of the land have been deposited with the Superior Court of Guam."

3. The Governor's Office also noted that "Bond Counsel was asked whether the condemnation judgment is a "Project Cost" as that term is defined in the bond indenture. In response, Bond Counsel replied: Yes. The [condemnation] Judgment establishes the cost of land upon which the Series 2009A Project is being built and "payment of the Judgment" would therefore be payment of a portion of the cost of the acquisition and the construction of the portion constituting a new municipal solid waste disposal facility to be located in the Layon area." However, Bond Counsel was also asked if the Indenture or the Supplemental Indenture governing the terms of the bonds required the Government to pay the Judgment under any of its covenants or other contractual obligations. Bond Counsel answered no. This is an important point because no funds were included in the bond issue that was for the purpose of paying for this land.
4. The Governor's response states that "The Consent Decree Bonds are the only immediate funding source available for payment of the just compensation award." This appears to be by design since there is no information to indicate that the Government has taken any action to make another funding source available. The Government of Guam has the same authority today that it used to make the Consent Decree Bonds available but it has chosen not to use it. Based on the time required to complete the financing for the Consent Decree Bonds, it is clear that the Government has already had sufficient time to make additional funds available. On October 22, 2008, the Court ordered the Government of Guam to choose a financing option and to "deposit \$20 million to a trustee to be subsequently designated by GBB and approved by the court by January 5, 2009." This was done with the deposit being made to the trustee on January 2, 2009, 73 days after the Order of the Court. On April 2, 2009 the Government authorized long-term bonds to repay the \$20 million bank loan and finance the construction of the new landfill and closure of the Ordot Dump. On June 18, 2009, the bond issue closed and the Government received the bond funds. This took a total of 78 days from the Government's decision to receipt of the funds. More than 150 days have now elapsed since the Judgment of the Superior Court of Guam was announced with the Government having taken no action other than to attempt to divert the funds already designated by the Court for the Closure of the Ordot Dump.
5. The Governor's Office further states "at this time, the Government of Guam is unable to finance or borrow more money to pay the just compensation judgment because it is very close to its debt ceiling." Without disputing Director Manglona's statement, it is clear that this presents no barrier to the Government should it decide to finance the local Court's Judgment with additional debt. The Governor and the Legislature hold the powers of the Government of Guam and it is through this power that the debt limit is set. The debt limit has been raised each time the Government decided to issue new debt that would otherwise have exceeded the debt ceiling, and it can be raised again if the Government chooses to raise it.
6. The Governor's Office goes on to say "If the Government could raise otherwise money to pay the just compensation, it could also raise money to pay for a commensurate shortfall in funding the closure of the Ordot Dump..." If the statement just before this saying that the Government is unable to finance or borrow more money because it is close to its debt ceiling is accurate, then this statement would indicate that the final closure of the Ordot Dump would be delayed until the Government can pay down its debt or that it will have to pay for the cost from its general revenue. If, as we believe to be true, the debt ceiling is not a meaningful barrier to

additional financing, then the Government can go ahead with an additional financing if it determines to pay the landowners' judgment. Indeed, as we indicated in number 4 above, it could have already paid it with additional financing had it taken the necessary steps instead of attempting to divert the funding for the closure of the Ordot Dump to this purpose.

7. To justify its request to the Court, in its response, the Governor's Office states "...the cost of closing the Ordot Dump is not due immediately..." As the Court well knows, the permanent closure of the Ordot Dump is now more than three years overdue because the Government failed to adhere to the original schedule for final closure contained in the Consent Decree.
8. Finally, in its response, the Governor's Office argues that the Court should allow it to divert the money currently set aside for closure of the Ordot Dump because "Prudence and simple fiscal responsibility dictates that debts be paid first, and that extras such as new landfill cells, road paving, etc. which are not accumulating \$110,000 a month in interest be paid for as new funding becomes available." As the Court knows, the choice is not between paying the former landowners and "new landfill cells, road paving, etc." The choice the Government is asking the Court to make is to agree to defer the closure of the Ordot Dump in order to allow it an expedient way to satisfy the judgment of the local court. The Receiver submits that contrary to the position of the Government in this matter, prudence and simple fiscal responsibility dictate that the Government pays all of its legally mandated expenses when they are due.

It should also be noted that the Lt. Governor, in his letter of March 27, 2013, suggested that any shortfall in funding necessary to close the Ordot Dump should preferably be closed by seeking federal grants. As the Court will recall, the Receiver, with the Court's permission, worked closely with the Government of Guam to acquire a combination of loans and grants totaling \$103,555,300, only to have the Government of Guam withdraw its request for the federal funding at the last minute. Given this history and the current financial debates ensnaring Washington, the Government of Guam is not likely to be successful in a renewed effort in this area.

With respect to the judgment of the local court, it is not our intent to question the judgment or suggest that the judgment not be paid. We simply maintain that our responsibility is to the Orders of the District Court. We recall how difficult it was to obtain the needed funds and we have been very diligent in their use to ensure that the final closure of the Ordot Dump occurs in an environmentally responsible manner that is in compliance with all Guam and federal laws and regulations.

It remains the Receiver's recommendation that capital savings be reserved for the closure of the Ordot Dump. If, after the closure is complete and all other requirements of the Consent Decree have been achieved, any capital funds remaining could be released for other purposes. If it is determined that payment cannot wait, the Government is free to raise additional capital to satisfy the judgment of the local court. With the Court's permission, the Receiver would be happy to assist the Government in this matter in any way that would be helpful.

Finally, it should be noted that in the Lt. Governor's letter of March 27, 2013, he states that the Receiver's position on this matter will "likely require the Government to challenge the Receiver's refusal" to pay the local court's judgment against the Government. He further states that "simple fiscal

prudence requires that any other joint requisitions (the method used to fund the Citibank Construction Subaccount) not be authorized by the Office of the Governor until these funding issues are resolved.” Such a circumstance would create a barrier to the final closure of the Ordot Dump and, as we said to the Lt. Governor in our letter of April 10, 2010, would require us to immediately seek an Order from this Court directing that the Receiver continue to have full access to the 2009 Section 30 bond proceeds.

Status of the Citibank Construction Subaccount

Payments from the Citibank Construction Subaccount were \$ 5,950,479.53 during the period July 1, 2012, through March 31, 2013. Deposits to the Construction Subaccount were \$11,607,302.85, including interest earnings and transfers from the Section 30, Series 2009A Construction Account at the Bank of Guam. The balance in the Citibank Construction Subaccount on March 31, 2013, was \$17,724,927.07. Tab 13 provides a detailed listing of all transactions affecting the account during the reporting period.

Table 8 provides the Court with an accounting of the retainage being held for contractors paid from the Construction Subaccount.

Table 8

Retainage on Trustee Account Payments		
<i>As of 3/31/2013</i>		
Company	Description	Amount
Core Tech International Corporation	Retainage	\$ 94,345.71
EA Science and Technology	Retainage	\$ 20,651.15
Brown and Caldwell	Retainage	\$ 62,692.43
GHD (formerly Winzler & Kelly)	Retainage	\$ 22,764.07
Total Retainage Held.....		\$ 200,453.36

When the retainage obligations are considered, on March 31, 2013, the Construction Subaccount had a balance of \$17,524,473.71 available for future Consent Decree obligations.

Reserves of the GSWA

Reserves are critical to the long-term success and efficient operation of Guam’s solid waste system. These reserves are funds set aside to cover the costs of replacing equipment as needed, paying for the closure of existing landfill cells as they are filled, developing new cells to replace the closed cells, and post-closure care of the landfill. Table 9 summarizes the status of these reserves on March 31, 2013.

Table 9

Reserves of the Guam Solid Waste Authority				
As of 3/31/2013				
Reserves	Bonds	Cash	Total	
Equipment Replacement Reserve	\$ -	\$ 913,190.66	\$ 913,191	
New Cell Development Reserve	\$ 22,500,000	\$ 67,096.20	\$ 22,567,096	
Cell Closure Reserve	\$ 7,500,000	\$ 67,096.20	\$ 7,567,096	
Post-Closure Care Reserve Layon Landfill	\$ -	\$ 134,192.31	\$ 134,192	
Post-Closure Care Reserve Ordot Dump	\$ -	\$ -	\$ -	
Total Reserves.....	\$ 30,000,000	\$ 1,181,575	\$ 31,181,575	

Note: The bonds allocated to these reserves are for future construction purposes and are subject to reallocation for the closure of the Ordot Dump and/or post-closure maintenance of the Ordot Dump if it becomes necessary. Cash held for these reserves is deposited in the respective reserve accounts at Citibank, Guam and the bonds are in the construction account for the 2009 Section 30 Bond issue at the Bank of Guam.

As noted earlier, it is very likely that the bonds allocated to reserves will be required to complete the Consent Decree projects. Assuming that is the case, the Government of Guam will have to go to the bond market again when it is time to pay for the closure of the current cells and the building of new cells.

Post-closure care for the Ordot Dump is another issue that must be addressed. Typically, funds are set aside throughout the life of a landfill to provide for post-closure care after the facility is closed. There are no funds set aside for the post-closure care of the Ordot Dump. The requirements of post-closure care are included in the closure plan and are estimated to cost approximately \$533,129 the first year. Table 10 shows the detailed estimates of the cost of implementing the post-closure plan's

Table 10

POST-CLOSURE CARE COST ESTIMATE ORDOT DUMP					
Category	Year				
	1	2	3	4	5
Cover Maintenance & Erosion Repairs	\$ 89,600	\$ 92,288	\$ 95,057	\$ 97,908	\$ 100,846
Leachate Sampling & Monitoring	\$ 26,000	\$ 26,780	\$ 27,583	\$ 28,411	\$ 29,263
Leachate Treatment	\$ 290,175	\$ 298,880	\$ 307,847	\$ 317,082	\$ 326,595
Power	\$ 8,760	\$ 9,023	\$ 9,293	\$ 9,572	\$ 9,859
Pump Replacement & Pipe Cleaning					
Water Sampling, Analysis & Reporting	\$ 58,490	\$ 60,245	\$ 62,052	\$ 63,914	\$ 65,831
Five-Year Monitoring and Report					\$ 28,982
Groundwater Monitoring Well Repairs			\$ 3,825		
Groundwater Monitoring Well Replacement					
Quarterly Landfill Gas Monitoring	\$14,280	\$14,708	\$15,150	\$15,604	\$16,072
Landfill Gas Monitoring Well Repairs					
Landfill Gas Monitoring Well Replacements					
Landfill Gas O & M	\$ 32,000	\$ 32,960	\$ 33,949	\$ 34,967	\$ 36,016
Landfill Gas Collection System					\$ 115,927
Quarterly Drainage Inspection, Monitoring & Reporting	\$ 3,200	\$ 3,296	\$ 3,395	\$ 3,497	\$ 3,602
Weed Removal & Minor Erosion Repairs	\$ 5,120	\$ 5,274	\$ 5,432	\$ 5,595	\$ 5,763
Pond Silt Removal					\$ 2,856
Drainage Ditch Replacement					
Security Fencing Repair & Replacement	\$ 1,000	\$ 1,030	\$ 1,061	\$ 1,093	\$ 1,126
Routine Inspections	\$ 1,780	\$ 1,833	\$ 1,888	\$ 1,945	\$ 2,003
Settlement Surveys at 5-Year Intervals					\$ 18,908
Minor Settlement and Rodent Repairs					\$ 2,319
Water Supply & Sewerage	\$ 2,724	\$ 2,806	\$ 2,890	\$ 2,977	\$ 3,066
Inflated Yearly Totals	\$ 533,129	\$ 549,123	\$ 569,421	\$ 582,564	\$ 769,033

first five years. These activities must be conducted for 30 years after the final closure is complete. The unadjusted cost of post-closure care for the 30-year period is \$18,626,404. Assuming 3 percent inflation and 2 percent investment earnings, the required contribution to the reserve in 2016 to fund the post-closure care is approximately \$14,292,170. The full 30 year cost projection is included in this Report as Tab 14.

Waste Disposed at the Layon Landfill

The amount of waste disposed in the system is critical information that must be constantly monitored. In this Report, we include tonnage data for waste disposed in the full fiscal year that ended September 30, 2012, and for the waste disposed during the first six months of FY 2013.

Table 11 shows total waste disposal from October 1, 2011, through September 30, 2012, compared to the same period a year earlier. Total waste disposed grew 13.9 percent with most of that growth coming from the addition of the Military as a customer of the system. If the Military is excluded, waste disposal from the sources GSWA has historically served increased 3.6 percent. The largest area of growth, excluding the Military, was commercial waste, which increased 4.4 percent over the prior year. The large increase in the category “Other” is primarily attributable to the addition of the Bulky Item Collection Program.

Table 11

Change in Waste (Tons) Disposed at Layon Landfill			
By Customer Group			
October 2011 through September 2012			
Customer Group	FY 2011	FY 2012	% Change
Residential	19,791	20,291	2.5%
Commercial	51,992	54,289	4.4%
Military	-	8,285	N/A
Government	2,150	2,057	-4.3%
Mayors	1,399	1,412	0.9%
Transfer Stations	5,379	5,540	3.0%
Other	55	118	116.9%
Total	80,765	91,992	13.9%

During the first six months of FY 2013, growth in waste disposed continued but at a much slower pace. Both residential and commercial accounts experienced an actual decline in waste disposal, with strong growth rates limited to the Mayors and other government accounts. The growth in government accounts was driven largely by GWA. These results are shown in Table 12.

Table 12

Change in Waste (Tons) Disposed at Layon Landfill			
By Customer Group			
October 2012 through March 2013			
Customer Group	FY 2012	FY 2013	% Change
Residential	10,221	9,844	-3.7%
Commercial	27,401	26,717	-2.5%
Military	3,902	4,034	3.4%
Government	1,029	2,797	171.9%
Mayors	686	796	16.0%
Transfer Stations	2,806	2,939	4.8%
Other	50	36	-28.8%
Total	46,094	47,163	2.3%

Bridge and Roadway Repairs and Replacements

Access to the Layon Landfill via critical roadways and bridges has been a key issue since the beginning of the Receivership. The Receiver has diligently monitored roadway repair and replacement projects through DPW’s weekly reports ordered by the Court. Table 13 compares the scheduled completion date for each project as reported by DPW prior to the last hearing and the April 1, 2013, status report submitted by DPW to the Court.

Table 13

Status of Consent Decree Bridge and Roadway Projects		
Project	Completion Date in 6/25/12 Status Report	Completion Date in 4/1/13 Status Report
Ylig Bridge Replacement		July-13
Togcha Bridge Rehabilitation	February-12	Project Complete
Talofofa Bridge Rehabilitation	August-12	Project Complete
Route 4 Pago Bay to Route 17	February-13	April-13
Route 4 Togcha River to Ipan Beach	Fall-12	4/10/2013*
As-Alonso Area of Route 4	TBD	TBD
Route 4 Safety Issues	TBD	TBD

*Bid date.

6. Schedule for Final Closure of the Ordot Dump and Transition of the Receivership

The final closure of the Ordot Dump, with a design that meets Guam and federal laws and regulations, is the reason for the Consent Decree and the Receivership. All of the work that has preceded it, while critical and necessary to replace Guam's old and highly deficient solid waste system, was preparatory to the closure itself. With the work having progressed to this point, we can project a schedule for completion of this work. While unforeseen events or circumstances and the shortfall of funding potential outlined elsewhere in this Report, can alter this schedule, Figure 14 (see next page) outlines the schedule as we currently understand the project.

With the completion of this work, it will be appropriate for the Court to consider the timing for concluding the Receivership. As the Court has directed, and as discussed earlier in this Report, we have begun working with the Board of Directors of GSWA to ensure a smooth transition when the Receivership ends. Figure 15 (see next page) outlines our current thinking concerning the timeline for transition to the Board's control of GSWA. Again, it must be emphasized that unforeseen events or circumstances and the potential shortfall of funding outlined elsewhere in this Report, can alter this schedule. However, absent such unforeseen events, circumstances and/or funding shortfalls, Figure 15 outlines the schedule as we currently understand it.

It is our goal to continue our work with the Board to ensure that its members are well prepared to assume full responsibility when the Court determines it appropriate to transition from the Receivership to Board control.

Figure 14

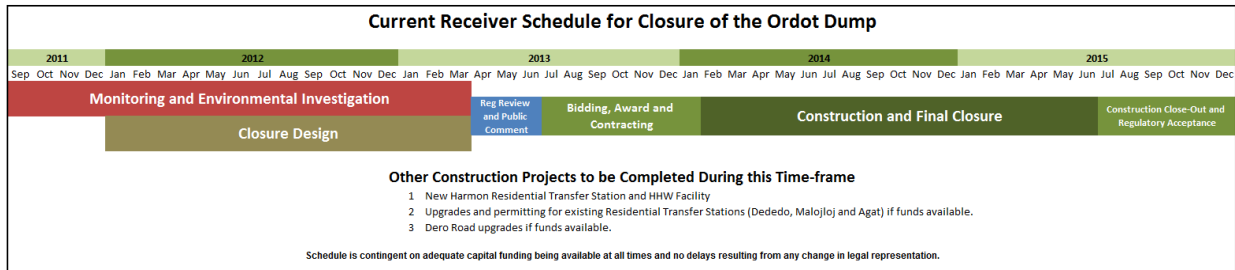
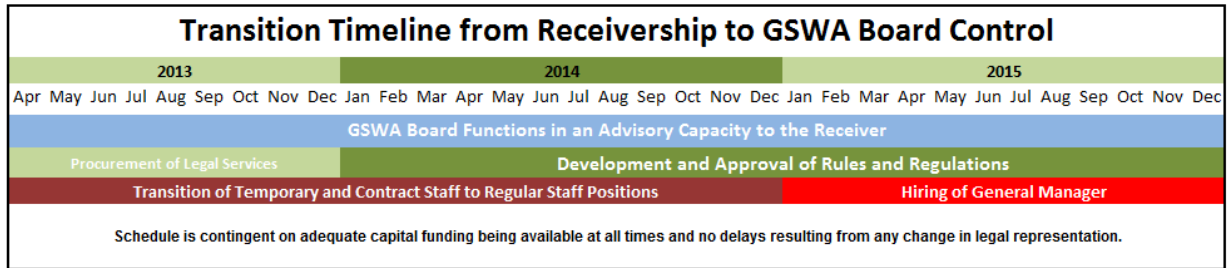


Figure 15



7. Next Steps

Ordot Dump Closure

- Attend closure plan review meetings requested by EPA in May, 2013
- Advance review with EPA and GEPA of the Final Closure Plan
- Support review of the 404 Permit application by U.S. Army Corps of Engineers
- Submit 401 Water Quality Certification application to GEPA
- Submit Federal Consistency Determination application to Bureau of Plans and Statistics
- Develop bid procurement package for closure construction
- Develop request for proposal (RFP) procurement package for closure construction management
- Submit Building Permit application for closure construction to DPW

Design and Construction Management

- Continue to address Layon Landfill warranty work as needed and finish gravel window work
- Continue construction progress of the Harmon Residential Transfer Station and Household Hazardous Waste Facility (SEP project)
- Continue designs for Agat, Dededo and Malojloj transfer stations

- Work with Office of the Attorney General and CLTC for relocation efforts at Dededo Transfer Station property
- Continue to follow up with DPW on the execution of projects to address Route 4 safety issues
- Continue to track DPW progress on bridge/road work and the As-Alonso area stability study

Environmental Compliance and Monitoring

- Continue to conduct GEPA/EPA bi-weekly meetings to guide and manage environmental permitting and compliance
- Report the second-year of operations semi-annual results of the Detection Monitoring Program
- Continue to support environmental compliance of the Layon Landfill operations
- Continue to manage, monitor, and report the results of the Inarajan WWTP monitoring program
- Continue progress of investigations at the Agat and Dededo transfer stations

Operations

- Finalize HHW negotiations
- Evaluate RFP responses for recycling processing
- Develop recycling collection routes and recycling cart delivery program
- Evaluate and refine collection routes
- Develop electronic uploading of accounts with banking institution

Financial

- Continue to work with contactors to ensure an orderly closeout of the construction contracts
- Support the work for final approval of the design of the closure of the Ordod Dump
- Support the procurement of a contractor to construct the final closure of the Ordod Dump
- Carefully manage the Citibank Trustee Accounts and the bank accounts of the GSWA; keep all parties informed
- Continuously monitor the system's cash flow to ensure that sufficient cash is on hand at all times
- Continue to carefully monitor expenditures and revenue collections
- Monitor the volume of waste and update rate information accordingly
- Continue to enforce the policies to ensure that delinquent residential and commercial accounts are paid in full or service is terminated
- Continue to work with GWA to address the Authority's account balance
- Assist the members of the GSWA board in preparing for their role after the Receivership ends