

# 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:



Gershman, Brickner & Bratton, Inc.  
8550 Arlington Blvd, Suite 304  
Fairfax, Virginia 22031

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United States of America v Government of Guam**

**Guam Solid Waste Authority**

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”); covering six months: the first and second quarters of CY 2017<sup>1</sup>. The purpose of this Report is to describe to the Court the progress made toward compliance with the Consent Decree for the reporting period January 1, 2017, to June 30, 2017, 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 of the Receivership for the Government of Guam, Guam Solid Waste Authority” (see Tab 2).

**Introduction**

During the six months covered in this Report, the work to achieve compliance with the Consent Decree has advanced further to completion. The Receiver has continued post closure operations, maintenance, and compliance monitoring of the Ordot Dump Closure facility. In addition, construction continued on the GSWA residential transfer stations located in Agat and Malojloj. The Receiver also continued to oversee operations at the state-of-the-art Layon Landfill—including planning for a new cell—and continued to operate solid waste and recycling programs and services for GSWA’s customers, ensuring they are served in a timely and cost-effective manner.

During the reporting period, post closure operations at the Ordot Dump included adjusting operational practices for efficiency, continued warranty service, and equipment maintenance. In addition, environmental monitoring activities have continued. These monitoring activities include:

- Monitoring groundwater, stormwater, and landfill gas at the Layon Landfill;
- Leachate and marine water monitoring; and,
- Gas, leachate, groundwater, stormwater and cover maintenance and monitoring at the Ordot Dump, as well as the associated compliance reporting.

From an operational perspective, GSWA continued to operate smoothly and in compliance with all applicable environmental laws and regulations. The number of residential customers remained steady

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<sup>1</sup> These reporting periods are also the second and third quarters of Fiscal Year 2017.

and residential trash collection crews continued to achieve outstanding results for customers. GSWA customer service staff also continued to achieve excellent results for customers.

During the reporting period, procurement activities for GSWA included issuing a procurement for an Operator for the Ordot Dump Post Closure Care period. We also continued to work with legal counsel to pursue our claim on behalf of GSWA for liquidated damages in connection with Maeda Pacific Corporation's (MPC) failure to adhere to the contractually agreed-upon schedule for delivering the Harmon Residential Transfer Station and the Household Hazardous Waste Facility.

In the financial area, GSWA operating results for the reporting period covered by this report continued to be strong. GSWA's cash position remained stable during the reporting period and the fund balance is estimated by the Receiver to have increased during the reporting period.

Significant progress has also been made on the issues critical to the successful transition of GSWA to control by the GSWA Board of Directors; however, much remains to be done.

In this Report, we present the following updates for January 1, 2017, to June 30, 2017:

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

## 1. Ordot Dump Closure (January 2017 – June 2017)

### Operations / Post Closure Care Period

**Operations** – The Receiver has continued to manage operations of the Ordot Dump Post Closure Plan using the services of GHD<sup>2</sup> to manage operations in the post closure period, pending selection of a contract operator. A working set of Standard Operating Procedures (SOPs) was created for the gas collection and control system and leachate collection system based on the experience during this period. These were included in the scope of work of the procurement for the Ordot Post Closure Care Operations, providing potential proposers with insight into facility operations. Part of the operations continues to be warranty related work items addressed during this reporting period and are described in greater detail in the facility sections below.

Along with the operations, the compliance monitoring and reporting is an important aspect of the post closure period activities. These activities provide feedback to regulatory and permitting authorities as to the performance of every aspect of the closure system. In the reporting period, the second semi-annual groundwater and surface water monitoring events were performed April 25th through May 4th in accordance with the submitted Post Closure Care Plan. In addition, quarterly leachate sampling was performed for the first and second calendar year (CY) 2017 quarters (January 26<sup>th</sup> and June 14<sup>th</sup>) and the results reported to Guam Waterworks Authority (GWA), GEPA, and USEPA. For the Gas Collection and Control System (GCCS), regular daily and weekly monitoring was performed on gas extraction wells and perimeter gas monitoring wells. Designers from Brown and Caldwell (BC) and operational specialists from Geo-Logic Associates (GLA) remain involved in the GCCS, providing appropriate operational technical support for the system. These include addressing residual soil gas mitigation for the post closure plan as required by USEPA. As with the GCCS, the operation of the leachate collection system has been fairly routine throughout the period.

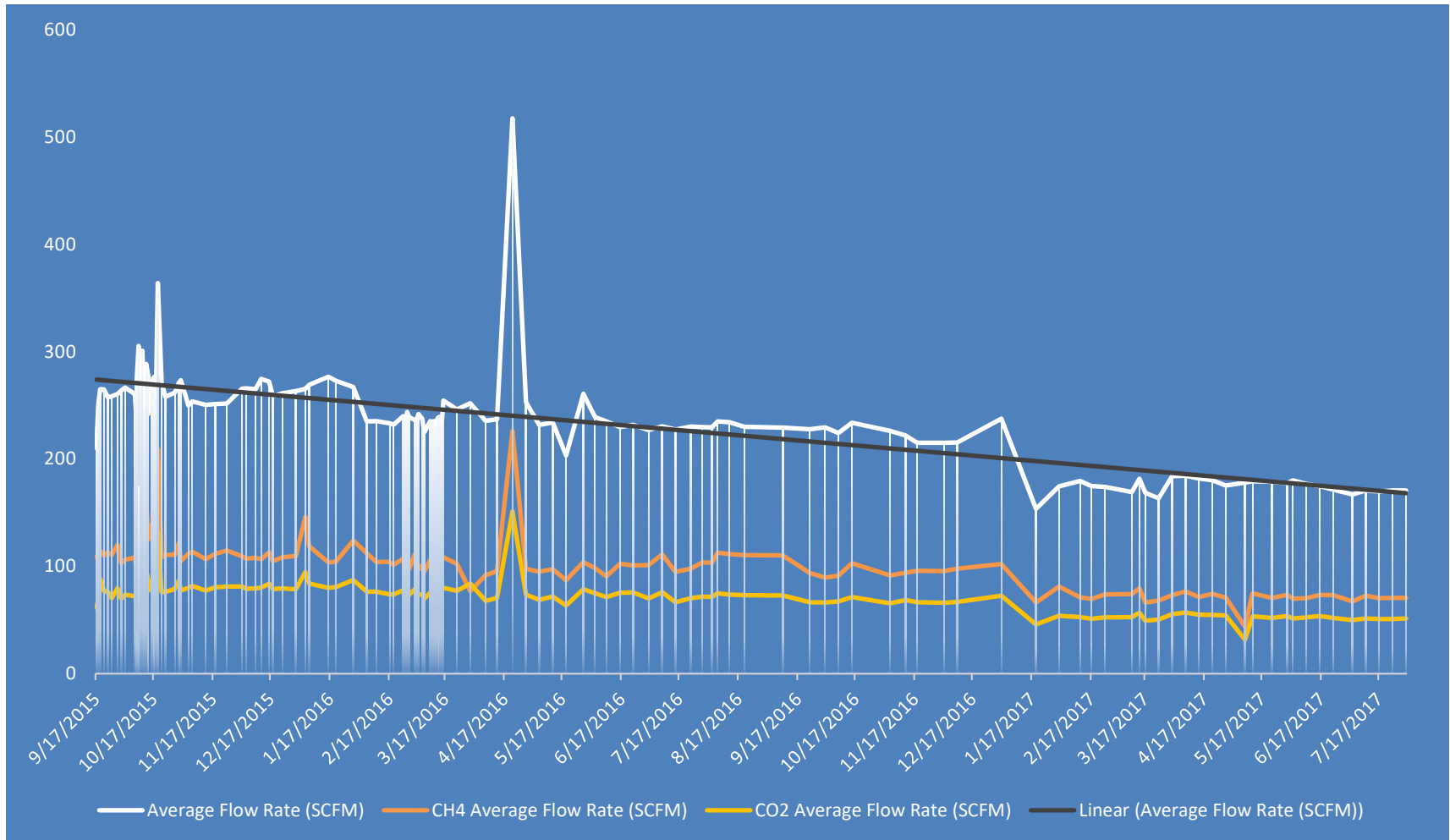
The operations, maintenance, and compliance monitoring inspections for all the closure systems in this reporting period are described in the following sections in more detail.

**Gas Collection and Control System (GCCS)** – The system continues to operate, collecting landfill gas over the entire Ordot Closure system. It has operated since September 2015 and continues to prevent millions of cubic feet of greenhouse gases escaping into the air. The gas composition is primarily a mix of methane and carbon dioxide, both of which are greenhouse gases impacting global warming. Figure 1 (next page) shows the flow rate of landfill gas since collection began.

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<sup>2</sup> GHD is the construction management consultant for the Receiver. This work is performed in conjunction with GHD's sub-consultant Geo-Logic Associates (GLA).

Figure 1 – Ordot Dump Gas Flow Rate and Composition Since Startup



As the design had anticipated, the flow rate is relatively low indicating that much of the waste is already in an advanced state of decomposition. The trend in the flow rate continues slightly downward; however, it will fluctuate from time to time. Early in the process, there were several flow fluctuations related to the initiation of the gas system and balancing of the wells. There have been no significant fluctuations over this reporting period. The flow rate is monitored as part of the GCCS operations, maintenance and management of the gas system

In addition to the routine operations, maintenance activities performed during this reporting period include:

- Monthly maintenance of the flare pad – which includes draining the blower, checking belt tension, draining the flame arrestor, cleaning the air-conditioning filter and checking the various sensors that monitor moisture, pressure and flow;
- Warranty inspections of blower bearing temperatures; and,
- Pilot Light Solenoid Valve maintenance.

The management of this system is an ongoing and continual process of monitoring the gas generated from the waste. This requires weekly monitoring of gas composition generated at each of the extraction wells and making adjustments to create optimal conditions for gas collection, combustion, and prevent adverse conditions that would cause poor performance.

***Perimeter Ordot Dump Landfill Gas Monitoring Network*** – The perimeter landfill gas monitoring system is a network of 18 wells around the entire perimeter of the closure system. These wells are monitored weekly for the presence of gas in the soil outside the closure system. The maximum allowable percentage of methane in the gas readings in each well for compliance with regulatory standards is to be less than 5 percent. With the closure system in place, all wells are in compliance with this standard, with the exception of two that are consistently reading above the standard in an area, along the north property boundary with Dero Road, from which a significant amount of waste was relocated into the main waste pile.

We are working with USEPA and GEPA to monitor and take proactive mitigative steps to reduce readings to compliant levels in this area. As we reported in May 2017, comments by USEPA and GEPA were received in the January 2017 – June 2017 reporting period and incorporated into a revised draft gas mitigation plan. This revised plan was submitted back to USEPA and GEPA on May 8, 2017, for further review. On May 12, 2017, USEPA issued both the USEPA Acceptance of Certification of Closure Complete at Ordot and USEPA Comments Post Closure Maintenance Plan in which both documents cite the gas exceedance issue.

It is important to note that the certification acceptance letter was received prior to the post closure plan comments and that the letter stated that “...with respect to the concerns USEPA raised about remediating the methane exceedances at the site boundary...USEPA accepts the Receiver’s responses and will integrate these activities into the post closure monitoring program.” The next day, on May 13, 2017, the USEPA comments to the Post Closure Plan were provided, stating that with respect to the gas exceedances

at the site boundary and the Receiver's revised gas mitigation plan, "USEPA will review as soon as practicable, as it is imperative that the investigation and pilot testing commence and remedial approach be selected prior to the Receiver's departure," and, "The Post Closure Maintenance Plan will need to be revised, accordingly." On June 13, 2017, USEPA hosted a conference call to discuss with the Receiver the USEPA approach to the gas mitigation plan and how to work collaboratively. USEPA proposed a collaborative technical review which allowed direct access to USEPA consultants for the first time, to help speed up the USEPA review process and get direct input from the technical staff. Additionally, USEPA proposed that the pilot gas test the Receiver plan proposed be dispensed with and that the Receiver go to a presumptive remedy. This would mean implementing and installing the proposed solution based on the information presently available without doing the testing needed to determine if the proposed solution will actually work. The available information included no subsurface information on the ability for gas to travel through the subsurface. Without such information, the presumptive remedy approach would no doubt have been very costly and would have either underestimated or overestimated the effort—an effort without the solid foundation of a pilot plan. It appeared the intent of USEPA was to have this mitigation plan, with a high degree of uncertainty in its success, installed well before the Post Closure Plan was accepted and a permit issued by GEPA. The Receiver did not support this approach. Through collaborative technical review and discussion regarding the Receiver's planned approach over the course of June and continuing into mid-July, there was consensus achieved that recognized a pilot gas test plan was imperative to the full-scale mitigation solution.

***Leachate Collection System*** – The leachate collection system has been operating effectively for over two years since it was put into operation in late January 2015. Reporting for this period indicates the leachate quality continues to meet GWA discharge standards to the public sewer system. Flow volumes continue to be lower than design targets since the closure system has been in place. Over the course of the six-month reporting period, more than 2.8 million gallons of leachate has been captured, with an average daily flow over the six months of approximately 16,000 gallons, and 20,000 gallons averaged daily with over 17.1 million gallons collected since operations commenced. Leachate quality and quantity continues to be reported quarterly to GWA as well as to GEPA and USEPA.

Operation of this system is a 24 hours per day, seven days per week responsibility, and requires periodic maintenance of the leachate tanks, pumps, electrical controls, piping, and a backup power generation system. Other maintenance work in the reporting period consisted of:

- Pump intake pipe clogging removal of bacterial growths; and,
- Routine pump screen cleanings.

The operational and inspection routine is conducted daily and consists of the following daily activities:

- Photo documentation;
- Pump total flow rate check;
- Tank level check; and,
- Tank secondary containment draining.

**Water Quality Monitoring Network** - There is a network of ten groundwater wells and four surface water sampling locations around the entire perimeter of the Ordot Dump closure system. The ten groundwater monitoring wells are required to be sampled on a semi-annual basis, coincident with four surface water locations during the post closure care period. Nearly all of the monitoring wells were installed during the investigatory phase of the closure design effort to understand the existing groundwater conditions and to develop baseline values from which to compare future water quality monitoring. The four surface water quality monitoring locations are the same as those in the investigatory phase. The wells of the water quality monitoring network are included in the routine site inspections and maintenance performed during this period.

The second semi-annual water quality monitoring event was conducted in April 2017 for the first half of the CY 2017. The sampling was conducted in general accordance with the sampling and analytical procedures included in the Post Closure Care Maintenance Plan (Brown and Caldwell, 2013) and the Sampling and Analysis Plan – Water Quality Monitoring for the Ordot Dump (GLA, 2016). In accordance with the Code of Federal Regulations, Title 40, Part 258 requirements, data obtained from this sampling event will be statistically analyzed following the collection of six more groundwater monitoring events. Once eight data sets are available, a suitable statistical method will be selected and employed, accounting for site specific hydrogeological conditions, as well as monitoring well construction, location, and monitoring use.

When sufficient data are available for these analyses, the results will be summarized with statistical summary tables, time-series charts, and trend analysis relative to applicable Guam and Federal Water Quality Standards. At the time of the preparation of this report, the Water Quality Monitoring report for the first half of CY 2017 has been issued and submitted to GEPA and USEPA. Preliminary review of the data results for this sampling event indicate that aside from elevated levels for Total Suspended Solids, the Total Dissolved Solids (particularly aluminum and iron concentrates) found in the results are not uncommon for groundwater samples collected from wells located in volcanic geologic formations like those found at Ordot. Based on new sampling results in this reporting period only one constituent, a Poly-Aromatic Hydrocarbon (PAH), was detected at trace levels in both upgradient and downgradient samples.<sup>3</sup> This is a resultant compound typically associated with combustion. Further sampling data gathered over time will provide a more complete and representative picture.

The Sampling Analysis Plan, noted above, presently used for the semi-annual water quality monitoring event performed in this reporting period is under review by USEPA and GEPA as part of the Post Closure Care Plan. Comments were provided May 13, 2017, by the USEPA which would expand the sampling program for the future semi-annual events. These changes are discussed further below. This sampling analysis plan for the post closure period complies with the groundwater sampling and analysis requirements in 40 CFR 258.53.

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<sup>3</sup> PAHs are a group of semi-volatile organic compounds.

The third post-construction semi-annual event is to be performed during the second half of CY 2017, which will include an expanded list of chemical analyses which will be at greater cost than is presently expended.

**Cover System** – The cover system, now installed, has been designed for long-term stability and low maintenance requirements for the duration of the Ordot Dump post closure care period. In the initial year or two of the post closure period there will be settling and adjustment of the coralline limestone infill of the geocell layer, and there will be some erosion of this material as it stabilizes and vegetation is established. During this reporting period, we completed the required annual settlement survey of the cover system in accordance with the most recent USEPA and GEPA comments, fully implementing their requirements as provided. The settlement survey is provided as Tab 3 with this report and was conducted in March and April 2017. The survey summary indicates settlement that would be anticipated in the first eighteen months since closure occurred. The settlement documented is within acceptable ranges with little to no damage or differential settlement noticeable to the naked eye. There are no areas of ponding surface water and all drainage facilities are operating as designed.

Vegetation maintenance, which requires a significant level of effort, is a fundamental aspect of cover and facility post closure care. Requirements at the time the settlement survey was completed include grass mowing of the cover area performed monthly, or weekly as required. The mowing requirements are to cut grass to a 6-inch height and to remove any woody plants from establishing on the cover area, to include Trunken Gágu (Ironwood tree), Tángan-Tángan, and Sácate (swordgrass). We have made, and continue to make, adjustments to the vegetation maintenance procedures to better correlate with vegetation growth over the cover and surrounding facility grounds. Over most of the cover, vegetation has not yet fully established but is growing rapidly. Along the perimeter fence line, full vegetation requires continuous effort to keep the fence from being overgrown. The two photos in Figure 2 present examples of that effort. Beyond mowing, very little maintenance is anticipated in the first several years of the post closure period; however, regular compliance inspections, monitoring, and reporting will be performed as required by the post closure care plan.

**Figure 2 – Facility Vegetation Maintenance**



***Stormwater Management Systems*** – Stormwater conveyance channels function as part of the cover system conveying stormwater off the cover system. These have performed adequately over the past six months with no issues. The stormwater is conveyed to the four stormwater detention ponds, which capture sediment and temporarily retain stormwater, allowing it to slowly enter the environment as required by applicable environmental regulations. These systems were put into service as soon as they were completed and regular inspections are performed along with the cover system inspections. In our last report, we continued to monitor a few locations on the cover system where there is some localized settlement of stormwater swales. During this past 6 months, we have continued inspections with no

change in settlement and no new areas exhibiting settlement. We will continue to monitor these areas and make repairs as needed.

The stormwater ponds are regularly inspected and maintained with sediment and vegetation removal. Standard maintenance procedures and frequency are being refined to assure consistency in the maintenance of these areas. The ponds continue to provide improving enhancement of the site as wetland habitat for native flora and fauna, including endangered species, as native vegetation continues to establish. The Marianas Moorhen (Pulattat) has been frequently sighted in the facility ponds.

***Perimeter Security Fencing*** – In this most recent reporting period, the fencing systems were maintained through vegetation removal from the fence and on the adjacent ground on either side. This 7,000-foot long, eight-foot-high security fence system provides a permanent barrier for the duration of the 30-year post closure care period. Routine inspections are conducted on an ongoing basis.

### **Construction Management and Construction Quality Assurance**

***Construction Certification Report*** – The purpose of this report is to document to the USEPA that, in our professional opinion, the closure system has been completed in compliance with the Contract Drawings and Technical Specifications developed by the Brown and Caldwell Ordot Dump closure design.

On May 12, 2017, USEPA formally accepted the certification of closure construction for the Ordot Dump, marking a major milestone in compliance with the Consent Decree. The Court has been provided with a copy of this document in the last Receiver report. During the preparation of the current report we received the GEPA companion acceptance letter of the completed Certification Report, dated August 10, 2017 (see Tab 4).

### **Post Closure Care Plan Review/Acceptance Process and Post Closure Care Period**

***Post Closure Care Period*** - Under Federal law and regulation, the Ordot Dump Facility must be managed and cared for in compliance with an approved Post Closure Care Plan (PCP) for thirty years following the completion of closure construction. The initial draft of our Post-Closure plan was provided to USEPA in 2013. It has been under discussion and revision since that time. Review of the current version has been repeatedly delayed by regulatory authorities. The USEPA issued comments on May 13, 2017 (see Tab 5), months after we expected them based on verbal assurances from USEPA. These are the first written comments provided to the Receiver on the Plan and Post Closure Cost since March 2015. The three primary concerns USEPA expressed in these comments are:

1. Landfill gas exceedances at the site boundary;
2. Groundwater monitoring plan revisions; and,
3. Post Closure cost estimate revisions to include gas mitigation, additional groundwater sampling, and Independent Trustee Costs.

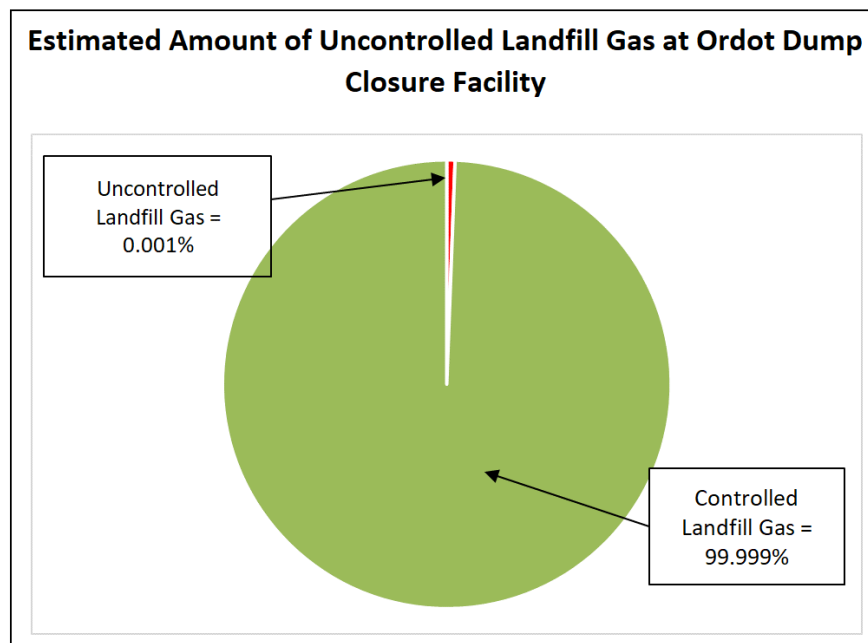
At the status hearing held on May 17, 2017, Karen Ueno of USEPA informed the Court that she anticipated a tentative approval of the plan by the end of summer, with final approval expected in November 2017. However, in a letter dated July 24, 2017 (see Tab 6), Ms. Ueno announced a further delay based on her concerns about unavoidable delays that had occurred in the effort to get drilling rigs into place to begin

testing the feasibility of a possible solution to the landfill gas exceedances at the site boundary. In June, USEPA belatedly explained that it wants a full mitigation system installed and operating before the PCP can be accepted at the end of November 2017.

While we appreciate the confidence that USEPA expresses in the Receiver and will endeavor to address this issue, we cannot assure the Court or USEPA that this can be done prior to December 31, 2017. In fact, a reasonable schedule for completing all of this work, assuming the testing presently underway confirms that the plan being tested will resolve the problem, is mid-to-late spring 2018. To adhere to the schedule for ending the Receiver's work by December 31, 2017, this work will need to be handed off to the operator of the Ordot Dump Closure Facility for completion. While we support the inclusion of a condition placed on the approval of the Post Closure Plan requiring that this matter be addressed, we think it is unnecessary to delay further approval for the entire plan.

The problem of the exceedances is important but, in the Receiver's judgement, not so vital as to ask the Court to extend the Receivership to address. During the post-closure period for the Ordot Dump many issues of equal or greater importance will undoubtedly occur. In fact, we estimate that the amount of landfill gas escaping into the atmosphere as a result of the landfill gas exceedances at the site boundary to be well under one percent of the total landfill gas that the closure system is currently capturing. This is illustrated by Figure 3.

**Figure 3 – Estimated Amount of Uncontrolled Landfill Gas at Ordot Dump Closure Facility**



Given the time constraints on the Receiver at this point, the Receiver's time is better spent working to provide an orderly hand-off of our responsibilities than rushing to complete this one item. While

important to resolve, it is unlikely that this problem will be resolved by December 31, 2017, and we believe it can be addressed by the operator of the facility who will be in place after the Receivership.<sup>4</sup>

Notwithstanding the foregoing conclusion, the Receiver has worked diligently with USEPA to develop the gas mitigation plan and plan for its implementation and we will continue to do so. As for the other concerns about the post-closure plan, revisions to the cost estimate will be incorporated when the data is available as a result of a successful procurement and the revisions to the groundwater monitoring plan have already been incorporated.

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<sup>4</sup> The work schedule is further complicated because the Receiver is also developing the required documents to be submitted with the Transfer Station Operations Permit application to GEPA/USEPA as soon as practicable for review and permit issuance before the end of December 2017.

## 2. Layon Landfill and Other Consent Decree Projects (January 2017 – June 2017)

### Construction Management

During the reporting period, the construction management for the remaining areas of the Receiver's construction work consisted of the following:

- Construction management oversight activity for:
  - GWA Pump Station surge tank installation and testing - completed; and
  - Agat, Malojloj, and Dededo Transfer station construction management - ongoing.

**GWA Pump Station surge tank installation** – This work was brought to a successful conclusion in May 2017, with the final installation and testing of the surge tanks in operation at each of the two GWA sewer pump stations, PS-31 and PS-32, located on the portion of the Southern GWA sanitary sewer collection system which serves the Layon Landfill. This improvement completes operational betterments to the GWA system carrying leachate from the landfill.

**Figure 4 – Surge tanks installed at GWA pump stations**



### ***Upgrade of Agat, Malojloj Residential Transfer Stations and Dededo Residential Transfer Station Closure***

- Notice to proceed was issued to Core Tech International Corporation, on November 9, 2016, to execute the renovation of the Agat and Malojloj Residential Transfer Stations and the environmental closure of the Dededo Residential Transfer Station within a contract period of 365 calendar days. June 30, 2017, the end of this reporting period, is contract day 233 with 132 days remaining to complete the work. In this reporting period, there were two issues that required changes to the construction sequencing and possible impacts to the schedule: Prehistoric finding at Malojloj, and the additional waste that required removal at Agat. While we expressed concern in our last report that these issues could delay completion of the work, we can now report that they did not affect the schedule. However, the contractor is presently behind the schedule by as much as 20 percent. The contractor has recently committed to changes in the amount of labor and increased work days to make up the current deficit in the schedule. The changes are

needed for the contractor to finish all construction work by the end of December 2017, beyond the present contract deadline of November 8, 2017.

The work at Agat and Malojloj continuing in this reporting period and consisted of the full range of construction activities including remaining clearing work, full grading of the sites, demolition of old buildings and infrastructure, initial construction of the concrete pads for stationary compactors, concrete retaining walls, utilities and storm drainage work, and the completion of the environmental removal of waste and affected soil. See photos, Figure 5.

**Figure 5 – Transfer Station Construction Progress**



Agat Residential Transfer Station



Malojloj Residential Transfer Station

At the time of the preparation of this report, the sites are graded and work is ongoing with cast-in-place concrete and asphalt paving, building foundations and block wall construction, and utility work at both the Agat, and Malojloj locations. Additionally, work on the environmental closure of the Dededo

Residential Transfer Station recently began on August 1 and is expected to be completed before the end of 2017. See photo, Figure 6.

**Figure 6 – Demolition of Dump Ramp at the Dededo Residential Transfer Station**



### **Environmental Monitoring and Compliance**

Sound environmental practices and permit conditions require extensive and ongoing monitoring of the GSWA facilities, particularly the Layon Landfill. During the reporting period, the Receiver continued to facilitate environmental compliance with USEPA and GEPA by holding bi-weekly meetings and by regularly reporting data and the results of environmental testing and monitoring. In this section, we will discuss each area of monitoring and our plans to ensure compliance at the Layon Landfill as well as at the transfer stations.

***Layon Landfill Municipal Solid Waste Facility and Title V Air Permits*** – Since GEPA’s issuance of both the Facility Operations permit and Title V Air permit on January 28, 2015, environmental reporting is in compliance with permit conditions.

The Layon Landfill Solid Waste Operations Facility and Title V Air permits contain multiple reporting requirements. During operations, the landfill operator, under the oversight of the Receiver, provides

permit reporting, supported with information from the third-party environmental compliance consultant, on stormwater, groundwater, landfill gas, surface water, and leachate. The Receiver and operator coordinate on the reporting and work diligently with GEPA and USEPA to comply and remain up-to-date with all required permit conditions. During this reporting period, semi-annual and annual reports were submitted as required under the Title V Air Permit in January 2017, and annual stormwater reporting and quarterly gas monitoring were submitted on time to GEPA and USEPA.

In addition to the foregoing, the Layon Landfill must be in compliance with its Federal Industrial Stormwater NPDES permit. The Layon Landfill has the required Stormwater Pollution Prevention Plan (SWPPP) to carry out the requirements under this permit. Regular inspections are conducted, maintenance performed, best management practices implemented, testing is completed, and the Layon Landfill remains in full compliance.

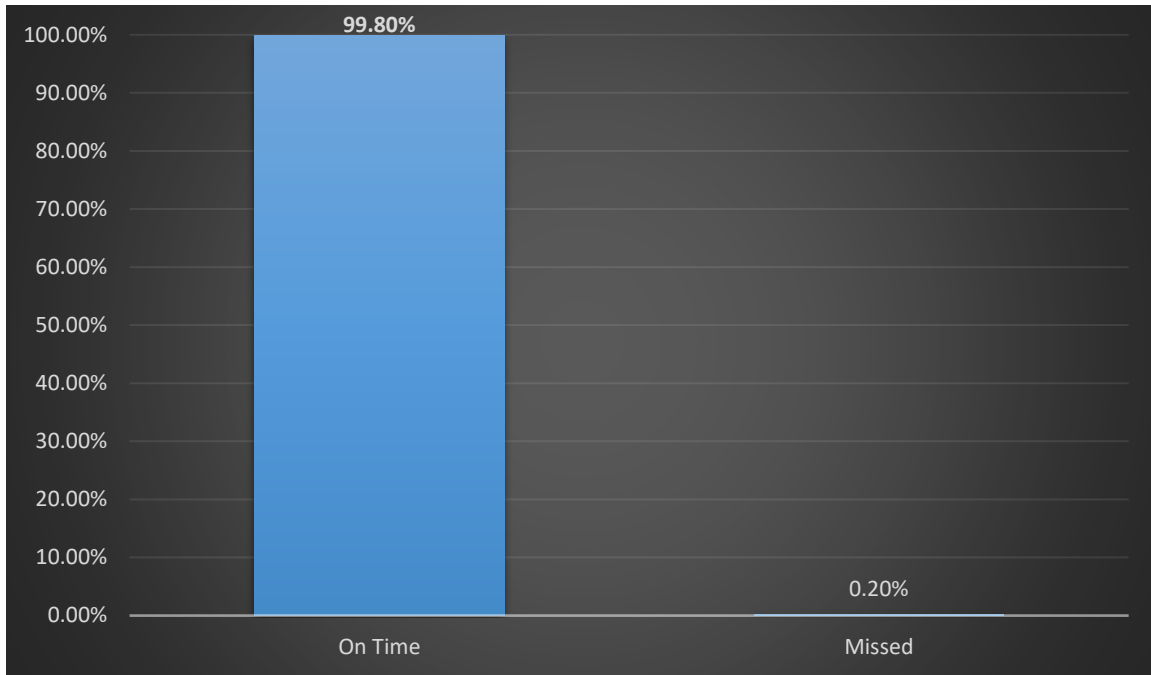
***Layon Landfill Groundwater and Site Monitoring*** – The first semi-annual monitoring event for Operations Year No. 6 (September 2016 to August 2017) was submitted on time in the first quarter 2017 to GEPA and US EPA and in May 2017, the second semi-annual event was performed. The second semi-annual report is due in the next quarter when laboratory results are available. This is one of the many permit-required reporting documents that are reviewed and discussed, as needed, with the regulatory agencies. Reporting and results continue to be in general compliance with the permit conditions.

***Inarajan Wastewater Treatment Plant (WWTP)*** – During the reporting periods, leachate and marine water sampling continued in accordance with the monitoring work plan under the Layon permit. Leachate characteristics are monitored bi-monthly, and the performance of the Inarajan WWTP is evaluated based on GWA sampling of influent and effluent when available. Marine water monitoring at six sample locations is also being performed quarterly. GWA has not recently conducted effluent sampling to understand the plant's recent performance; however, marine water results do not differ significantly from the background locations, and leachate quality appears to be following trends consistent with landfill age and maturation. The Layon second quarter report was submitted and the third operational quarter sampling event for marine water occurred on March 28, 2017. Sampling for leachate and marine water quality will continue in the future quarters at the current frequency and the Receiver will coordinate with GWA to confirm reported volumes treated by the WWTP. Reports are distributed to GEPA, GWA, and USEPA regularly.

### 3. Operations of the Guam Solid Waste Authority (January 2017 – June 2017)

During the current reporting period, GSWA crews performed 451,991 trash collections, of which 99.80 percent were on-time collections. Figure 7 illustrates the on-time collections during the reporting period.

Figure 7 – GSWA On-Time Trash Collections, January 1, 2017 – June 30, 2017



GSWA residential crews collected 10,488.81 tons of trash from their residential customers over the six-month reporting period. Each GSWA customer-household generated an average of 43.09 pounds of trash each week (6.16 pounds per day), an increase from the last reporting period when the average was 41 pounds of trash each week.

This high level of performance was maintained even though during this reporting period GSWA saw a fifty percent increase in maintenance costs for its fleet of 25 cubic yard trash collection trucks, as compared to the same months in 2015 (\$335,887 for Jan – June 2017 versus \$224,214 for Jan – June 2015). This increased cost in maintenance is a direct result of a nearly three-year procurement protest over GSWA’s trash truck procurement. Fleet Services Inc., GSWA’s contractor for maintaining its vehicles, has done an excellent job in getting trucks repaired quickly. The contractor services GSWA vehicles as early as 3 a.m. when GSWA calls for roadside repair.

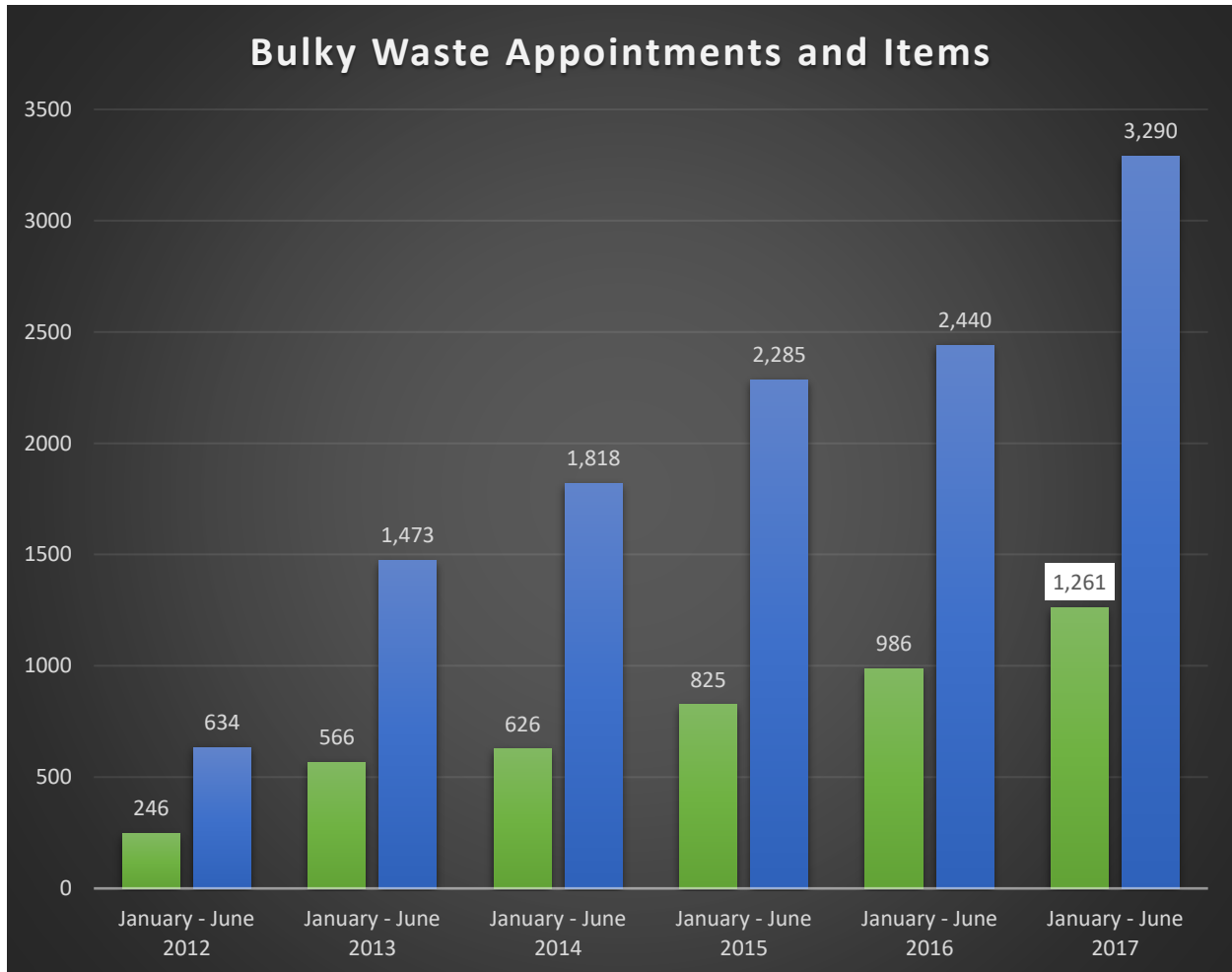
#### **Cart Repairs**

During this reporting period, GSWA had 167 damaged or broken carts. This is an average of 28 carts per month, compared to an average of 19 carts per month in the preceding six months, that needed repair. The carts are holding up well to the work demands and Guam weather.

## **Bulky Item Collections**

From the beginning of the Bulky Waste program in October 2011 through June 2017, customers have made 8,178 appointments with GSWA to collect 21,850 bulky items, or an average of 2.67 items per appointment. For this reporting period, as shown in Figure 8, GSWA completed 1,261 appointments, collecting 3,290 items—an average of 2.60 items per pickup. The Bulky Waste program collects items such as sofas, mattresses, and white goods which include washing machines and water heaters. These are mainly large and bulky items that customers have difficulty transporting to a disposal point. GSWA’s curbside residential customers are allowed up to two free bulky item collections each calendar year. The fee for each subsequent collection during the same year is \$25. Residents who are not curbside residential customers of GSWA and are not a commercial entity may make appointments for bulky item collection for \$25 per collection. Metal objects are taken to a local scrap yard to be recycled and non-metal items, such as mattresses and sofas, are disposed at the Layon Landfill.

**Figure 8 – GSWA Bulky Waste Appointments and Items Collected, January 1, 2017, through June 30, 2017**



## **Residential Transfer Stations**

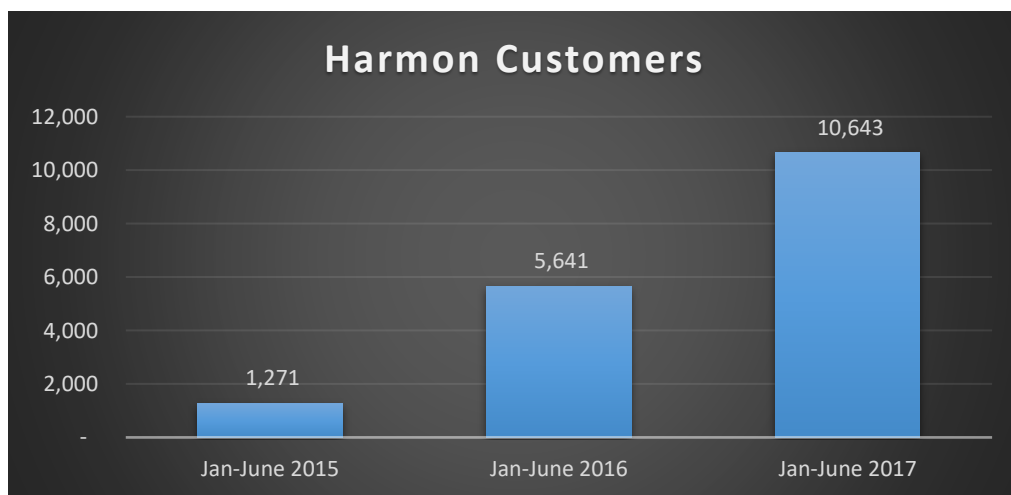
The three Residential Transfer Stations are inexpensive options for residents of Guam to dispose of their trash and to recycle. These facilities are open Thursday through Monday from 9 am to 5 pm. These facilities have undergone significant change in recent years with the addition of the Harmon facility, the closure of the Dededo facility and the upgrades now underway at the Agat and Malojloj facilities. To measure the effect these changes have had on customer use we must measure them against the year before these changes occurred. For this purpose, the base is the period January – June 2014. Using this base, the number of customers using these facilities from January through June 2017 is still slightly lower (-1.65 percent less) than the number of customers who used these facilities during the same period of the base year, January through June 2014. For this reporting period, tonnage is 1.99 percent higher than it was for the same months in 2014. Table 1 shows historical information for the past three years of both number of customers and tonnage. The growth in 2015 is primarily due to the fact that both the Dededo and Harmon facilities were open for several months before the Dededo facility was closed.

**Table 1 – Residential Transfer Stations Comparison to 2014**

	Jan-June 2014	Jan-June 2015	Jan-June 2016	Jan-June 2017
<b>Customers</b>	14,011	14,968	11,436	13,780
<b>Percent Change</b>	100%	6.83%	-18.38%	-1.65%
<b>Tons</b>	2,277.97	2,532.69	2,067.72	2,323.23
<b>Percent Change</b>	100%	11.18%	-9.23%	1.99%

The number of customers using the Harmon Residential Transfer Station has increased significantly since it opened as shown in Figure 9.

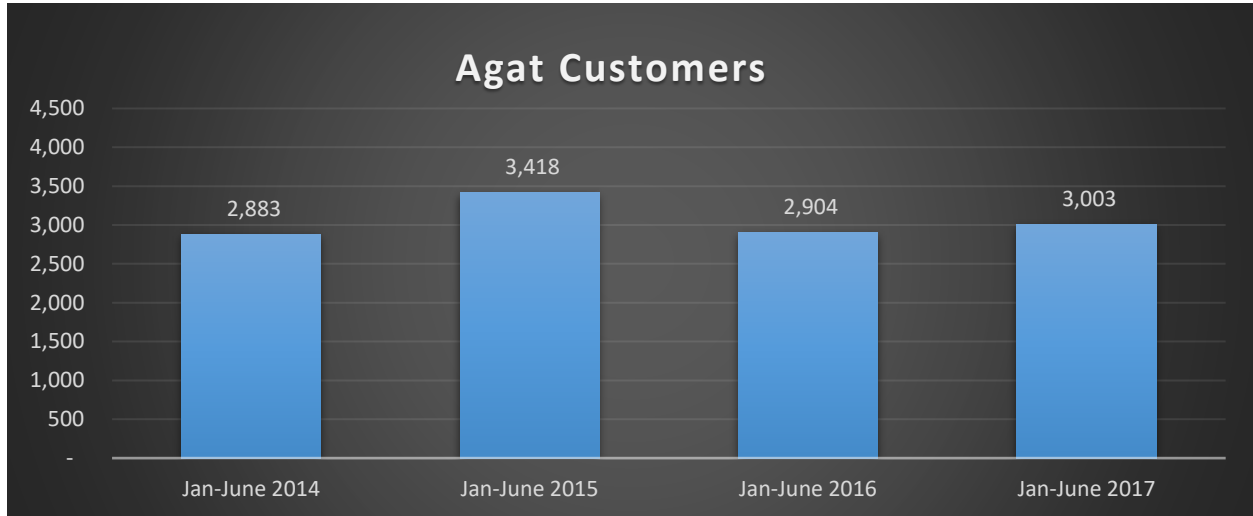
**Figure 9 – Customers Using the Harmon Residential Transfer Station, January – June of 2014 Through 2017**



With respect to the Agat facility, Figure 10 shows that the number of customers has ranged from a low of 2,883 for January through June 2014 to a high the next year of 3,418, an upward swing of 535 customers.

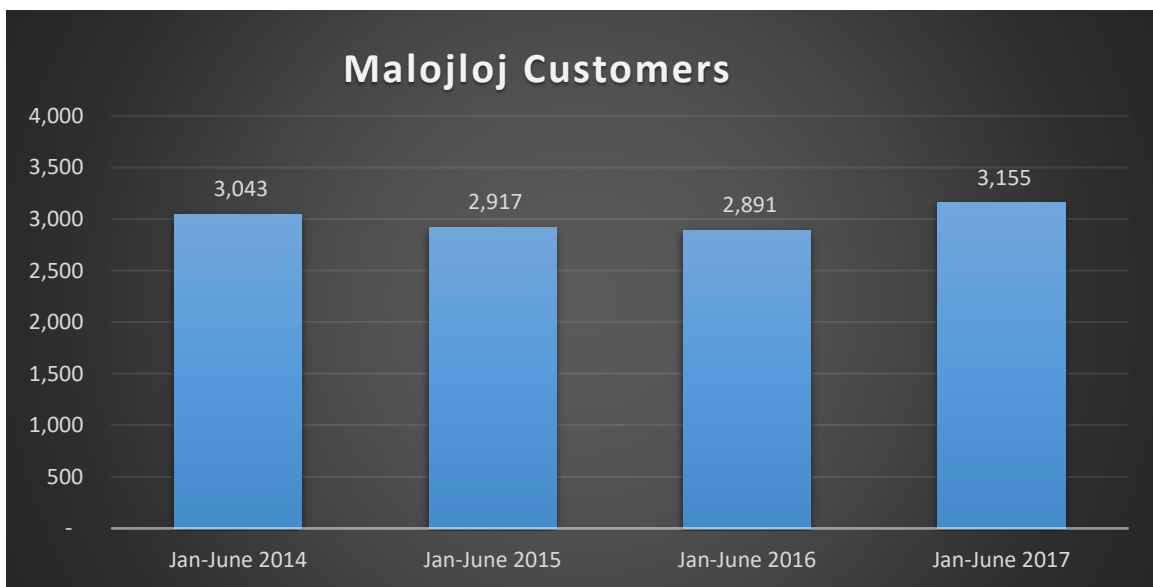
For this reporting period, there were 3,003 customers who used the facility, although throughout much of this time construction on the new facility was taking place, causing traffic and space complications.

**Figure 10 – Customers Using the Agat Residential Transfer Station, January – June of 2014 Through 2017**



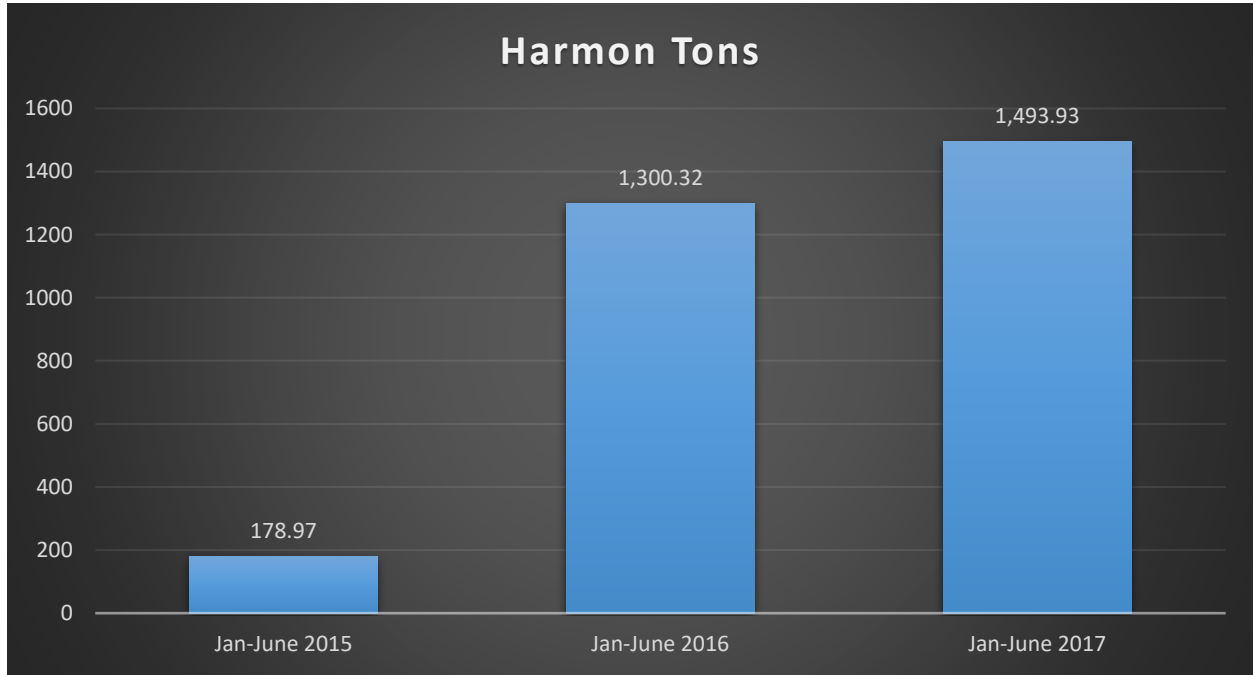
As with Agat, Malojloj’s customer usage has also increased even with construction of its new facility occurring on site. Historical information is shown in Figure 11.

**Figure 11 – Customers Using the Malojloj Residential Transfer Station, January – June 2014 Through 2017**

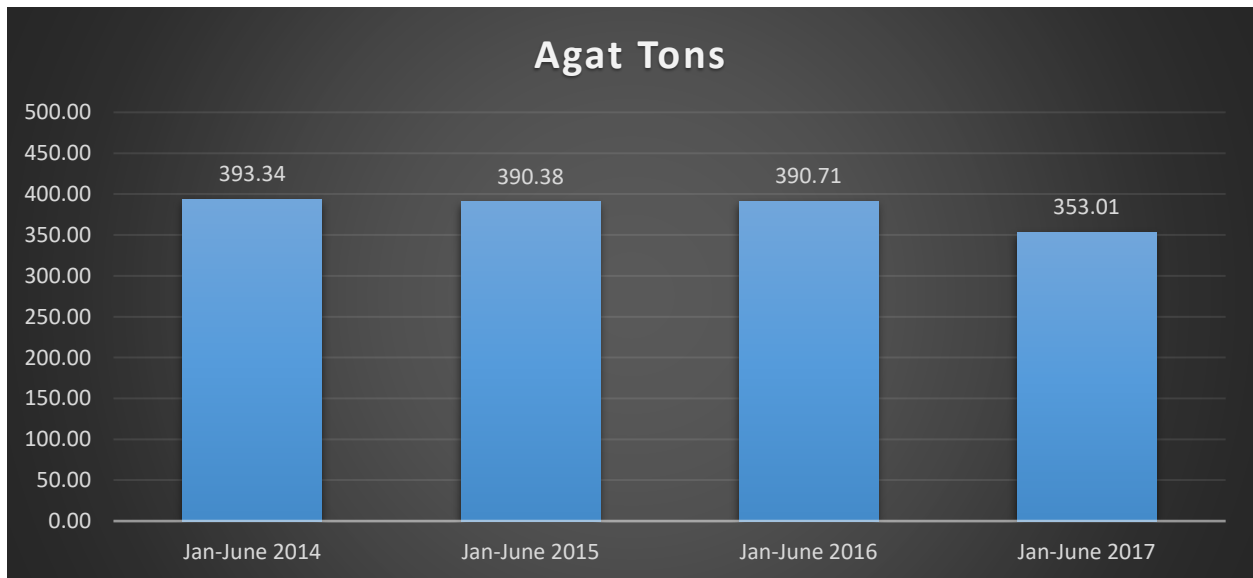


MSW tonnages brought to both the Harmon and Malojloj Residential Transfer Stations have increased over the same months from the previous year, whereas tonnage into Agat has decreased slightly during the same period as shown in Figures 12, 13, 14, and 15 below.

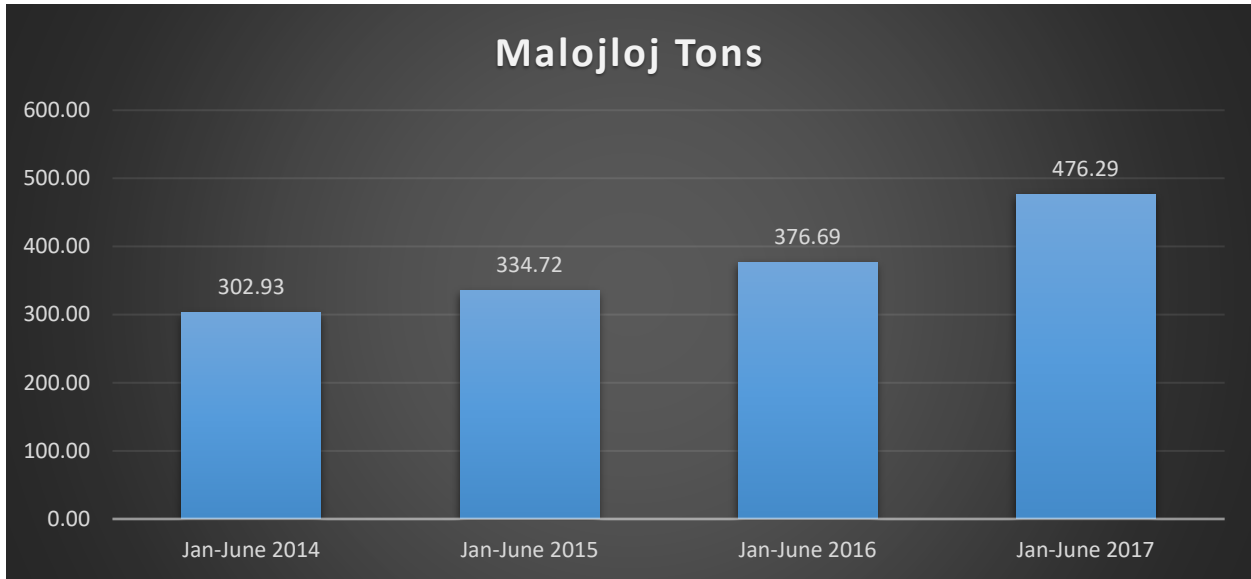
**Figure 12 – MSW Tonnage to Harmon Residential Transfer Station**



**Figure 13 – MSW Tonnage to Agat Residential Transfer Station**



**Figure 14 – MSW Tonnage to Malojloj Residential Transfer Station**



**Hauler-only Transfer Station**

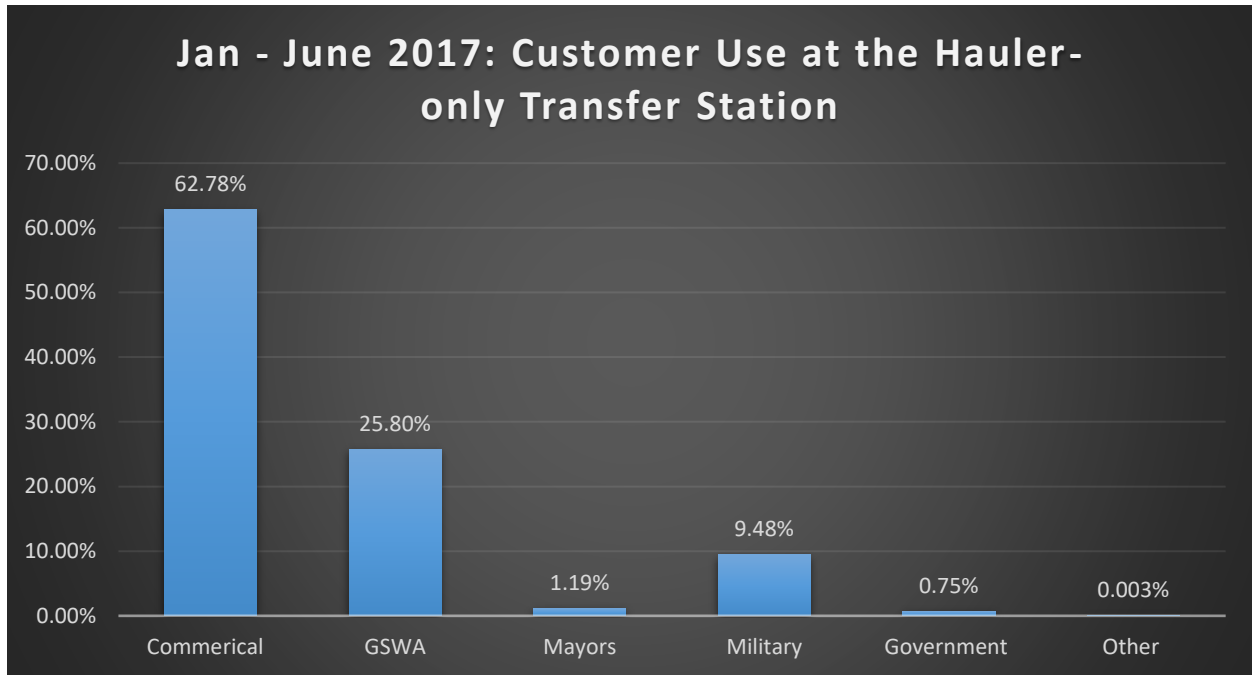
The majority of the municipal solid waste (MSW) going into the Layon Landfill is from the Hauler-only Transfer Station. Commercial haulers bring their trash to the Hauler-only Transfer Station as does GSWA, the northern Mayor’s offices, the military, government agencies, and some non-profit organizations who do community clean-ups. Table 2 compares figures for the same six calendar months each year, going back to 2013, for these customers of the Hauler-only Transfer Station. The last line of Table 2 uses the January through June 2013 total tonnage into the Hauler-only Transfer Station as a base period and compares each subsequent period of time to that base period of January through June 2013. For example, in 2014, the tonnage dropped -6.15 percent compared to the same months in 2013. In 2015, the tonnage increased by just 0.26 percent compared to the same months in 2013. In 2016, the tonnage dropped by -1.50 percent compared to the same months in 2013. In this reporting period, the tonnage increased 1.10 percent compared to the same months in 2013. These comparisons to the base year allow us to state that tonnage has been fairly steady.

**Table 2 – Customer Tonnage for Hauler-only Transfer Station**

	Jan - June 2013	Jan - June 2014	Jan - June 2015	Jan - June 2016	Jan - June 2017
<b>Commercial</b>	25,516.36	25,121.65	25,990.69	26,622.78	26,777.79
<b>GSWA</b>	12,095.38	10,187.48	11,782.82	10,313.66	11,003.73
<b>Mayors</b>	580.59	456.05	510.90	519.54	507.52
<b>Military</b>	3,786.44	3,698.17	3,844.39	3,926.02	4,041.65
<b>Government</b>	203.91	127.48	163.00	170.48	318.16
<b>Other</b>	2.56	1.95	2.06	1.36	1.28
<b>Total</b>	42,185.24	39,592.78	42,293.86	41,553.84	42,650.13
<b>Percent change from 2013</b>	<b>100%</b>	<b>-6.15%</b>	<b>0.26%</b>	<b>-1.50%</b>	<b>1.10%</b>

Figure 15 shows the percentage of each customer grouping as listed in Table 2 for this reporting period.

**Figure 15 – January – June 2017 Customer Tonnage Percentage at the Hauler-only Transfer Station**



GSWA employees staff the scale house and handle the customer accounts while a private contractor, Guahan Waste Control, operates the tip floor (where the trash is dumped) and the transfer trailers that transport the trash to the Layon Landfill. Once the material is dumped onto a tip floor, the operator of the facility screens it for excluded waste before loading it into a large transfer trailer for transport to the Layon Landfill. Consolidating the waste into large transfer trailers significantly reduces the amount of truck traffic to the Layon Landfill.

For the reporting months from January through June 2017, there were 9,700 scale crossings bringing in 42,650.13 tons of municipal solid waste to the Hauler-only Transfer Station.

### **Layon Landfill**

The trash that is delivered to the Hauler-only Transfer Station, after excluded waste has been removed, is loaded into tractor trailers and transported to the Layon Landfill. The Layon Landfill also accepts direct deliveries from nearby mayors. Materials not appropriate for the Hauler-only Transfer Station (e.g., biosolids,) are also delivered directly to the Layon Landfill by the GWA. When GSWA collects from customers in the southern area of the island and from its two residential transfer stations also located in the south, GSWA will direct haul to the Layon Landfill. Periodically both commercial and non-profit organizations make arrangement to direct haul to the Layon Landfill as well.

Table 3 compares the same six calendar months of figures from 2013 through this reporting period for these customers of the Layon Landfill. The last line of Table 3 uses the January through June 2013 total tonnage into the Layon Landfill and compares each designated period to the January through June 2013

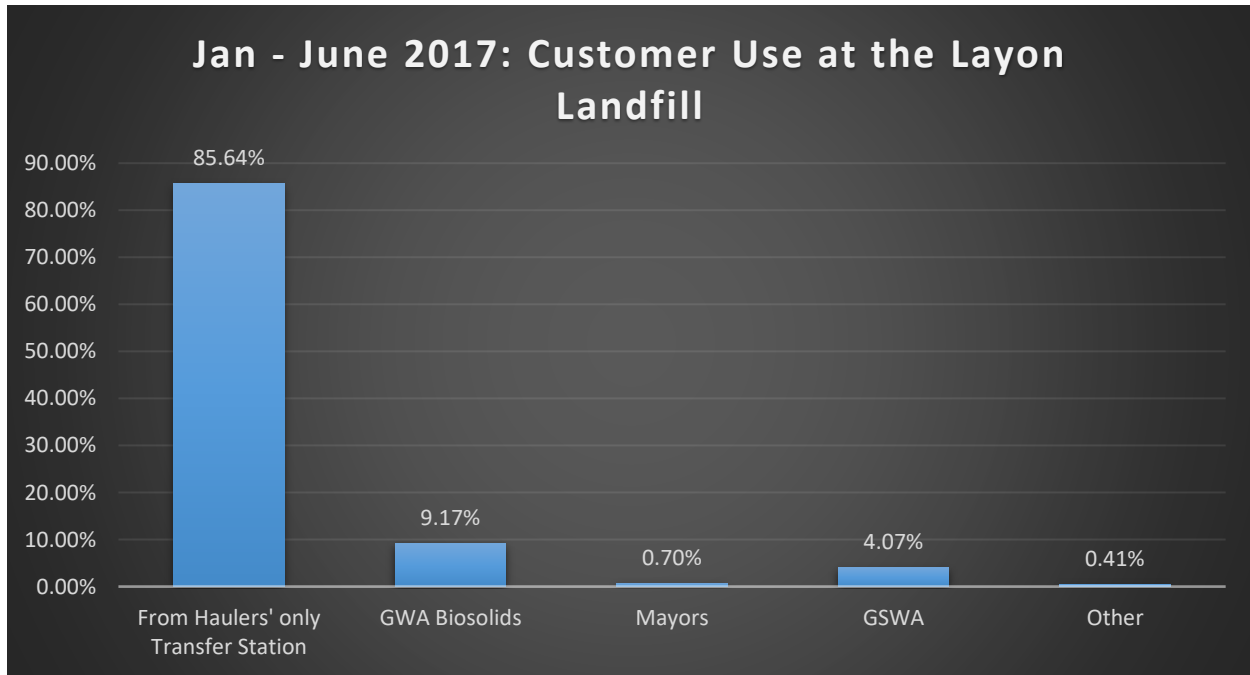
total. In the same time span in 2014, 2015, and 2016, the total tonnage was less than the tonnage brought in during the same months in 2013 from a low of -2.74 to a high of -0.05 percent. When compared to the same months in 2013, the tonnage for this reporting period increased by 2.59 percent.

**Table 3 – Customer Tonnage for Layon Landfill**

	Jan - June 2013	Jan - June 2014	Jan - June 2015	Jan - June 2016	Jan - June 2017
From Hauler-only Transfer Station	41,598.98	38,572.48	40,631.39	39,465.64	40,838.33
GWA Biosolids	3,733.82	4,676.18	3,090.01	4,550.11	4,373.81
Mayors	281.5	256.75	381.31	432.89	333.36
GSWA	496.24	1,143.37	755.46	1,764.40	1,942.32
Other	370.24	696.01	349.93	246.11	196.87
<b>Total</b>	<b>46,480.78</b>	<b>45,344.79</b>	<b>45,208.10</b>	<b>46,459.15</b>	<b>47,684.70</b>
<b>Percent change from 2013</b>	<b>100%</b>	<b>-2.44%</b>	<b>-2.74%</b>	<b>-0.05%</b>	<b>2.59%</b>

Figure 16 shows the percentage of use for each category of customer listed in Table 3.

**Figure 16 – January – June 2017 Customer Tonnage Percentage at Layon Landfill**



The day-to-day operations of the Layon Landfill are managed by Green Group Holdings, LLC, (GGH), the Receiver’s contracted operator, while GSWA employees manage the scale house and all accounts. The facility is open from Monday through Saturday every week and during all holidays except for Christmas

Day and New Year's Day. During the reporting period, the Layon Landfill had 3,492 scale crossings bringing in 47,684.70 tons or an average of 13.66 tons per load.<sup>5</sup>

### **Household Hazardous Waste**

The Household Hazardous Waste Facility (HHWF) is located at the Harmon Street Residential Transfer Station and is open five days a week (Thursday through Monday) from 9:00 a.m. to 5:00 p.m. It is free to residents of Guam. Businesses and institutions cannot use the HHWF because it is designed and permitted for household hazardous waste only and providing such a "free" service to businesses and other large organizations would be cost-prohibitive. The HHWF is operated by Unlimited Services Group, whose representatives greet the customers, remove the acceptable material from the vehicle, separate the materials into the proper category, and store the material for disposal, reuse, or recycling.

From its opening to the end of June 2017, GSWA's HHWF had collected 500,743 pounds of Household Hazardous Waste. Approximately 58 percent of this sum was composed of electronics and 42 percent of it was other household hazardous waste that includes, among other things, motor oil, lead paint, and insecticides. In our last Quarterly Report to the court, the percentage of electronics was at 47 percent.<sup>6</sup>

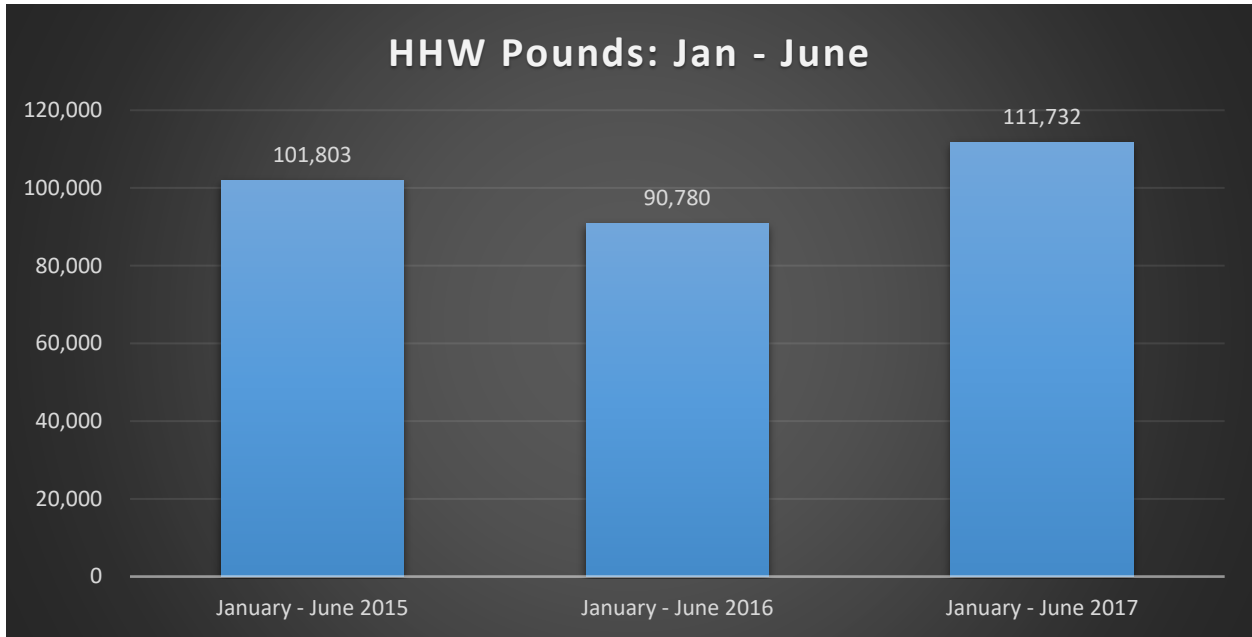
During the current reporting period, 1,649 customers used the HHW facility. These customers brought in 83,782 pounds of electronics and 27,950 pounds of other HHW products such as poison, paint, motor oil, cleaners, aerosols, batteries, and other assorted HHW items. Figures 17 and 18 show the number of customers and the quantities of HHW brought to the facility during the same months for each year.

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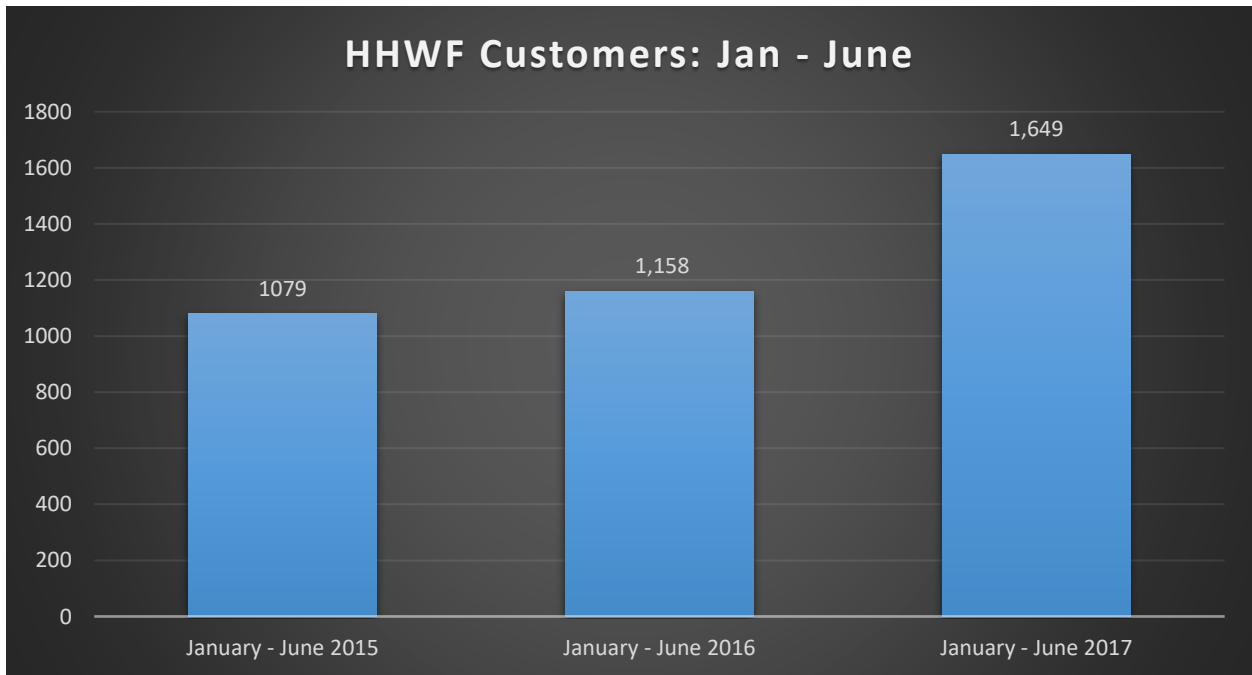
<sup>5</sup> The Mayors Offices which regularly used the Layon Landfill during this reporting period were from the villages of Yona, Talofoto, Merizo, Agat, Santa Rita, Umatac, and Inarajan. A total 364.31 tons were brought into the Layon Landfill by the offices of the mayors. The Talofoto Mayor's Office continues to bring into Layon a sizable amount more than the other mayors that use Layon (54 percent of the total sum the mayors, in total). The Talofoto Mayor's office brought in 198.03 tons of trash, which was much more than the tonnage brought in by any mayor's office using either the Layon Landfill or the Hauler-only Transfer Station, and more than the most populated village on Guam, Dededo. Agat Mayor's office comes in to the Layon Landfill with the second-largest amount, 50.79 tons, and Umatac is third with 24.15 tons. The Mayor's Offices which regularly used the Hauler-only Transfer Station during this same period were Sinajana, Agana Heights, Ordot Chalan Pago, Hagatna, Mangilao, Tamuning, Mongmong-Toto-Maite, Barrigada, Dededo, Piti, Asan, and Yigo. The Dededo Mayor's Office brought in the most trash to that facility (120.33 tons) during this reporting period, with Mangilao (93.75 tons) and Hagatna (90.39 tons) bringing in the second and third most tons of trash among the Mayors Offices using this facility.

<sup>6</sup> The share of electronic components has increased in the waste streams of developed countries over the past seventeen years. This has become an increasing financial burden to many states who wish to divert electronics from the MSW stream. At least twenty-five states have passed legislation requiring, in some form, producer responsibility. These laws range from requiring manufacturers to take back the items they sell to covering the cost, in whole or part, of government programs that collect, process, transport and dispose of electronic items. Given the rapid increase in the number of electronics received at the HHWF, Guam's Government may wish to look into such a policy. [http://www.electronicstakeback.com/wp-content/uploads/Compare\\_state\\_laws\\_chart.pdf](http://www.electronicstakeback.com/wp-content/uploads/Compare_state_laws_chart.pdf)

**Figure 17 – Number of HHW Pounds: January – June 2015, 2016 and 2017**



**Figure 18 – Number of Monthly Customers at HHWF from January through June 2015, 2016 and 2017**



Operating cost for the Household Hazardous Waste Facility is fixed by contract each month but disposal cost varies by the amounts and type of waste to be disposed. Table 4 outlines the cost of operating and waste disposal for the reporting period.

**Table 4 – Household Hazardous Waste Facility Operating and Disposal Cost**

<b>Household Hazardous Waste Facility Operating and Disposal Cost January -June 2017</b>			
<b>Month</b>	<b>Operating Cost</b>	<b>Disposal Cost</b>	<b>Total</b>
Jan-17	\$ 21,912	\$ 22,189	\$ 44,101
Feb-17	\$ 21,912	\$ 20,206	\$ 42,118
Mar-17	\$ 21,912	\$ 20,576	\$ 42,488
Apr-17	\$ 21,912	\$ 22,498	\$ 44,410
May-17	\$ 21,912	\$ 17,530	\$ 39,442
Jun-17	\$ 21,912	\$ 35,597	\$ 57,509

**Administration**

GSWA Customer Service creates and maintains the customer accounts, provides work orders to operations, and invoices customers. Customer Service works with both GSWA customers and GSWA operations to make sure that both have the proper information to assure that there are minimal service interruptions to the customer. The Receiver has implemented work order and billing software and consolidated the GSWA’s many phone numbers into one multi-line number used by GSWA’s customer service representatives (CSRs). One CSR begins work at 3:00 a.m. each day to assist with operations. It is that person’s responsibility to note in the customers’ files such items as blocked roads that prohibited GSWA collection trucks from collecting customers’ trash and or recycling. The CSR also handles notices of violation, such as when contamination is found in customers’ recycling carts. Drivers will notify the CSR, who will immediately place the information into the customer’s account and notifies the other CSRs, of these situations. After 8:00 a.m., CSRs will attempt to call the customers and inform them of the problem and advise them about how such problems can be resolved and avoided in the future. CSRs also notify agencies, such as Guam Power Authority or any of the telephone companies, if drivers report downed electrical/telephone wires or the appropriate Mayor’s Office if, for instance, there is a tree limb blocking a secondary road.

GSWA’s CSRs assisted 4,295 walk-in customers from January through June 2017. The CSRs meet with walk-in customers to discuss their account histories, sign them up for collection service, map their service locations, and discuss which items can be recycled with GSWA. Over the course of this reporting period,

GSWA received 28,248 calls and made 20,220 outgoing calls providing information about GSWA services and information on customer accounts.<sup>7</sup>

During the reporting period, the CSRs sent 9,569 letters and made 6,161 courtesy calls to customers who were late paying their bills and in jeopardy of having their carts repossessed for lack of payment. When a customer falls 60 days behind in payment, GSWA Customer Service staff contact the customer by mail and telephone to provide a reminder to the customer, encouraging them to make payment to ensure that their account is restored to good standing. If the customer fails to pay and falls 90 days or more behind in payment, a work order is placed to repossess the cart and terminate service. GSWA operations staff repossessed 955 carts during this reporting period and 563, or 59 percent, of those customers paid their balance due plus a \$50 reinstatement fee to have GSWA's service restored. The number of carts repossessed was smaller than needed, unfortunately, because of mechanical difficulties with GSWA's vehicle fleet due to the vehicle procurement protest lodged and continued by a local company.

In GSWA's continued effort to cross train employees, CSRs and Scale House Operators are cross trained and rotate to different posts. GSWA has also been selecting operational employees who show a desire to learn Customer Service work activities. Two sanitation workers have been fully trained and have worked as CSRs, and one of these employees has been fully trained and has worked as a scale attendant. This allows for greater utilization of personnel and for the personnel to have a better understanding of how GSWA operates. Scale House Operators are now assigned work that normally was only performed in the GSWA main offices as they carry out their Scale House duties.

### **Personnel**

On June 30, 2017, GSWA had the equivalent of 54 full time equivalent (FTE) positions. There were 28 FTE Government of Guam employees and 25 FTE workers employed by the Receiver through a contract with Pacific Human Resources, Inc. (PHRS). Additionally, there was one employee under direct contract with the Receiver. When the Receiver was appointed by the Court in March 2008, the Division of Solid Waste had 99 employees. The current staffing level reflects a reduction of 45 percent.

As we have reported to this court in past reports, transitioning employees from PHRS to classified employee positions with the Government of Guam is a vital, issue for GSWA's future success. These are employees who operate GSWA's trucks, who work in GSWA customer service and administration, and are scale house attendants who account for the tons crossing over GSWA scales. Rather than transition these employees to classified positions, the Board of Directors has decided to seek legislation to extend the contract with PHRS although a previous opinion from the Guam Attorney General's Office states that such an extension is not within the legal authority of the Government of Guam. To date, the legislation has not passed. At this late period of time in the transition, this issue has not been resolved and is increasing the level of nervousness among the GSWA staff. This has created a pall over the PHRS employees, motivating

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<sup>7</sup> GTA began providing GSWA with its monthly phone reports for February 2017. GSWA took the average for incoming calls and outgoing calls for the five months of data respectively to estimate January's incoming and outgoing calls.

some to seek employment elsewhere in anticipation of pending unemployment, which has caused minor operational difficulties for GSWA.

Adding to this sense of nervousness are what can only be characterized as *rumors* that came out of the Department of Administration's Human Resources Division suggesting that classified employees working in GSWA were officially employees under the Department of Public Works. These can be termed *rumors* because while the information is attributed to the Department of Administration's Human Resources Division, we never received any direct communication from that agency on this issue. Classified employees at GSWA began hearing these rumors and began to wonder for whom they actually were working. On June 6, 2017, a union representative for a former employee misstated in the press that his client actually had worked for the Department of Public Works and not GSWA.<sup>8</sup>

To resolve this issue the Receivership asked for a meeting with the Director of the Department of Administration, Christina Belete which took place on July 11, 2017. At this meeting both the Attorney General of Guam and the Director of Administration confirmed that by law, the classified Government of Guam employees were indeed under the management of GSWA. To finalize the paperwork, however, the HR division of DOA had to stamp each personnel file. GSWA manager Alicia Fejeran brought all of the employee files down to the Government of Gaum's HR division where an HR employee stamped each file, thereby completing what the Director of DOA had concluded was necessary for DOA's HR to close its books on the transition of these employees.

GSWA continues to have difficulty with DOA's HR Division assistance with various human resource issues.

### **GSWA Board of Directors**

During the reporting period, the GSWA Board of Directors scheduled seven (7) Board meetings: one of these was cancelled, and all others were attended by a quorum or more of the Board of Directors. The minutes and agenda for each meeting are posted on the GSWA website (which can be found at <http://www.guamsolidwasteauthority.com/bod.html>), and the audio of each meeting is also available online through the website of the Office of Public Accountability (OPA). The Receiver provided staffing support for the six (6) board meetings held during this reporting period and briefed the Board on GSWA activities at each meeting.

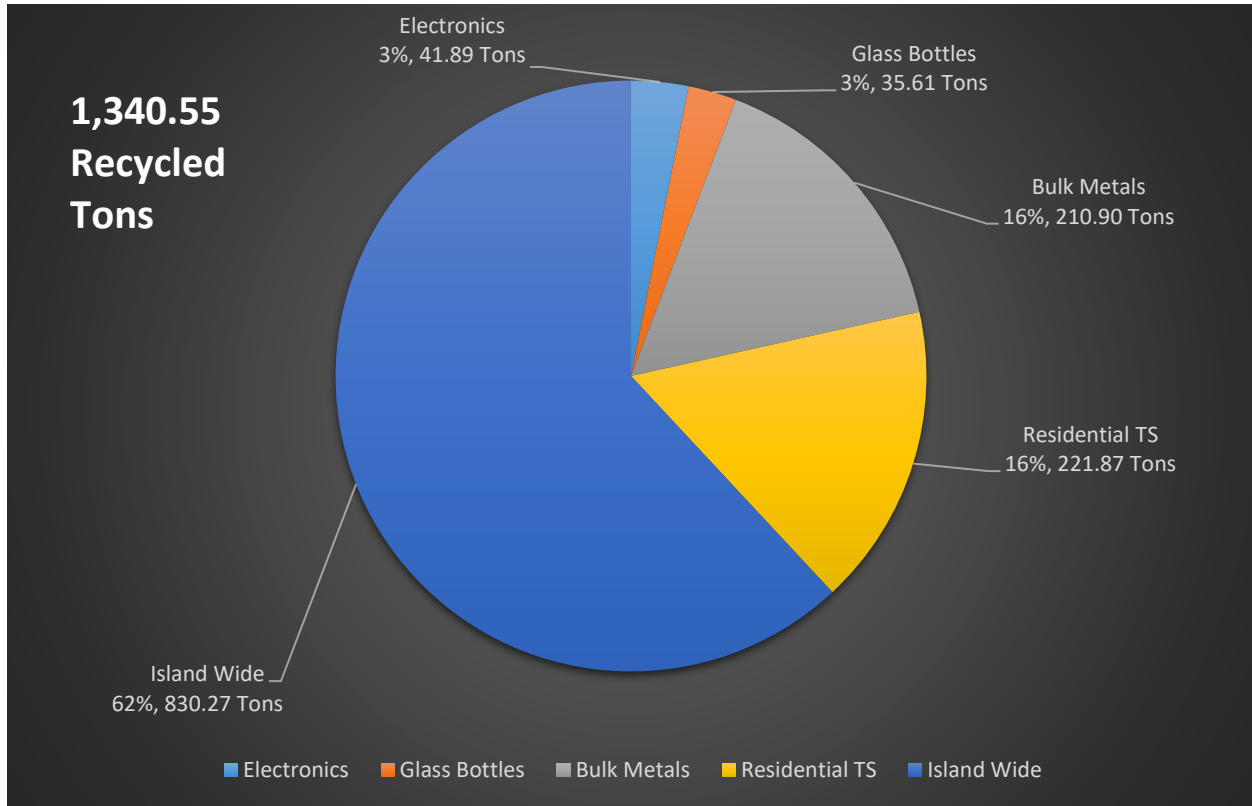
### **Recycling Programs**

Over this reporting period, GSWA collected for purposes of recycling or reuse 1,340.55 tons of materials as Figure 19 illustrates.

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<sup>8</sup> "DPW Employee Fights to Regain Job" Guam Post: June 6, 2017. [https://www.postguam.com/news/local/dpw-employee-fights-to-regain-job/article\\_01da088c-49d0-11e7-a076-cb9b917fc353.html](https://www.postguam.com/news/local/dpw-employee-fights-to-regain-job/article_01da088c-49d0-11e7-a076-cb9b917fc353.html)

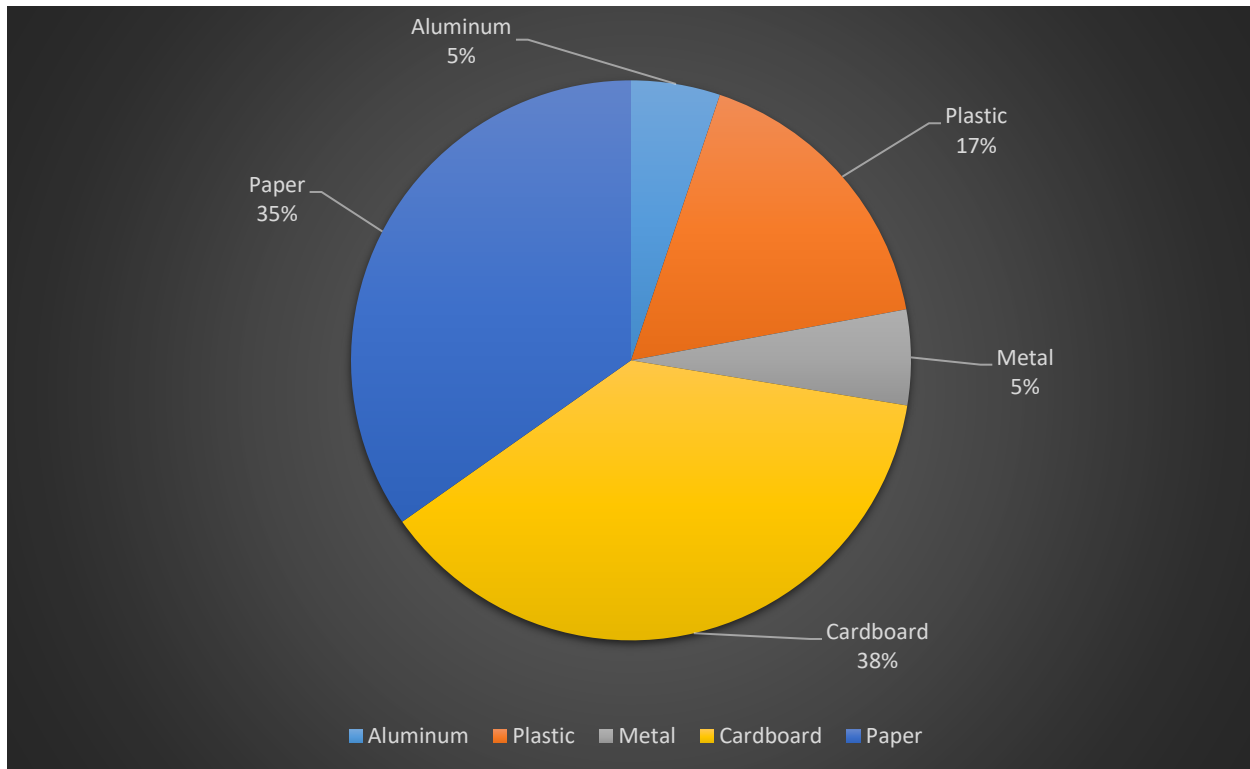
**Figure 19 – GSWA Recycling and Reuse Tonnage January - June 2017**



GSWA’s Island-wide Curbside Recycling program accounts for 830.27 tons, or 62 percent, of the total recycled and reused by GSWA. GSWA received \$4,950.26 in revenue for the recyclable material collected at the curb for this reporting period. The majority of GSWA’s residential trash customers have recycling carts. Residential customers who live on roads where the large garbage trucks cannot travel because of road conditions, low hanging wires and branches, or other reasons resulting in an inability to turn the vehicle around, receive trash collection with what GSWA refers to as Baby Packer trucks. These vehicles are essentially pickup trucks with small containers on their beds. The customers on the Baby Packer trash routes were not provided recycling carts because the Baby Packer trucks cannot efficiently serve these customers for recycling. The Authority has recently ordered new collection vehicles, and will soon order recycling carts which will allow the customers on Baby Packer routes to finally have recycling service.

Since it began, the Island-wide Recycling program has collected 6,742.86 tons of material for recycling at the curb, averaging 160.54 tons a month over the life of the program to date. Figure 20 shows the percentage breakdown of the recyclables collected at the curb in the Island Wide Recycling program for this reporting period.

**Figure 20 – Percentage Breakdown of Curbside Recyclables Collected January through June 2017**



As we reported in our last Quarterly Report, the international market for post-consumer (recycled) plastic is poor because the price of competing crude oil is low. For this reporting period, the processor only accepted 2.8 tons of plastics in January when GSWA normally collects between 22 to 26 tons a month of plastic. Also, GSWA’s processor limited the plastics it took to just plastics numbered one and two whereas in the past it had accepted multiple kinds of plastics that had mistakenly been placed into the recycling cart by customers. In no month during this reporting period did the processor accept more than 19.50 tons of plastic. The post-consumer plastics market is tenuous and dependent on the Chinese market, and there are news reports that China may further restrict or stop receipt of post-consumer plastic.<sup>9,10</sup>

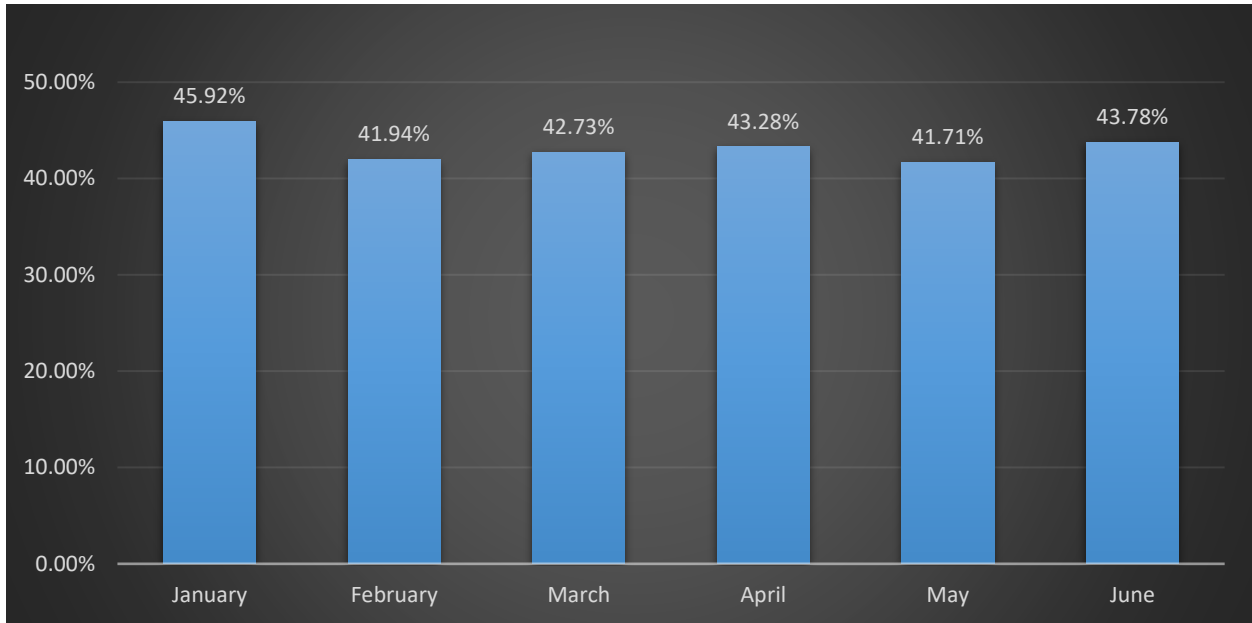
The recycling set out rate is defined as the proportion of households that set out a recycling cart for collection on any given collection day. Some customers may set their recycling cart on each collection day but many will set them out only when it is full. Depending on their individual recycling habits they may set the carts out once a month or once every two months or twice a month. In the previous two reporting periods, the average set out rate was 47 percent. During this reporting period, however, the average over

<sup>9</sup> In February 2017, China enacted a surge to enforce regulations regarding import of recovered plastics called “National Sword.” <https://resource-recycling.com/recycling/2017/05/23/national-sword-upending-exports/>

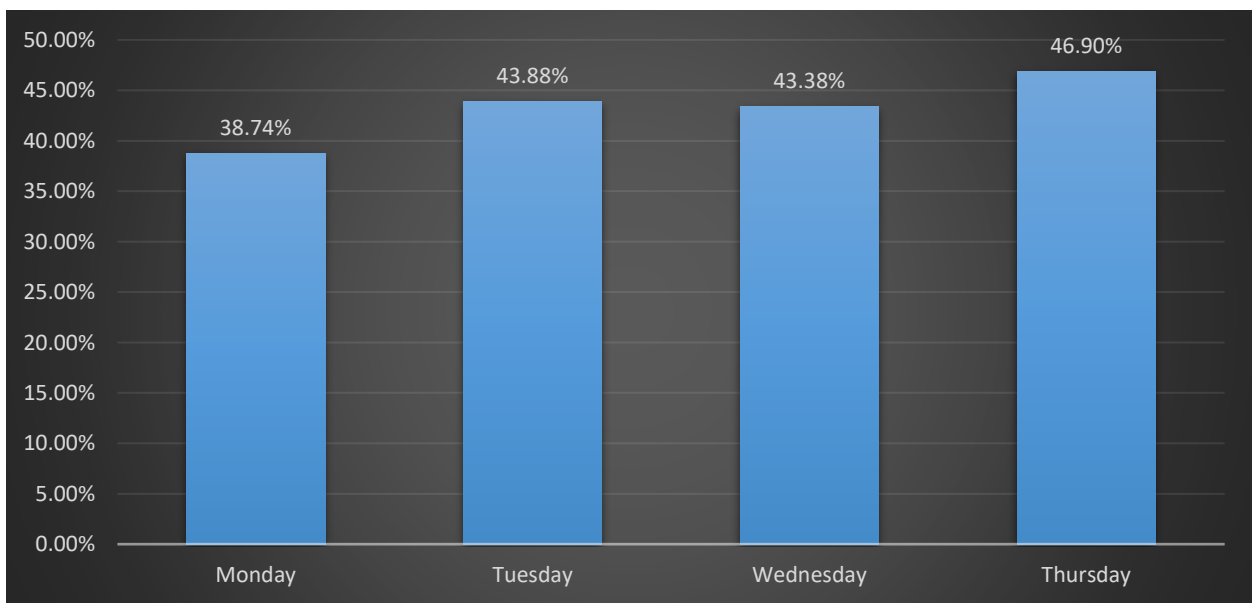
<sup>10</sup> In July 2017, China filed notice with the World Trade Organization of its intention to ban import of many recovered wastes, including unsorted paper and several grades of plastic. <https://resource-recycling.com/recycling/2017/07/19/china-says-it-will-ban-certain-recovered-material-imports/>

the reporting period was 43 percent. Monday’s route averaged set-out rate over the reporting period was 38.74 percent. Only in the month of January did Monday’s customers have a set-out rate above 40 percent, with 43.25 percent. Monday’s route collects in Yigo and a portion of the Dededo villages. Thursday’s route, which includes the area from the village of Yona to the southern portion of the island, has the highest set-out rate of 46.90 percent and was the only route that rose above fifty percent during this reporting period. Figure 21 shows the Average Set-Out Rates by Month and Figure 22 shows the Average Set-Out Rates by Day.

**Figure 21 – Curbside Recycling Monthly Set-Out Rates January – June 2017**

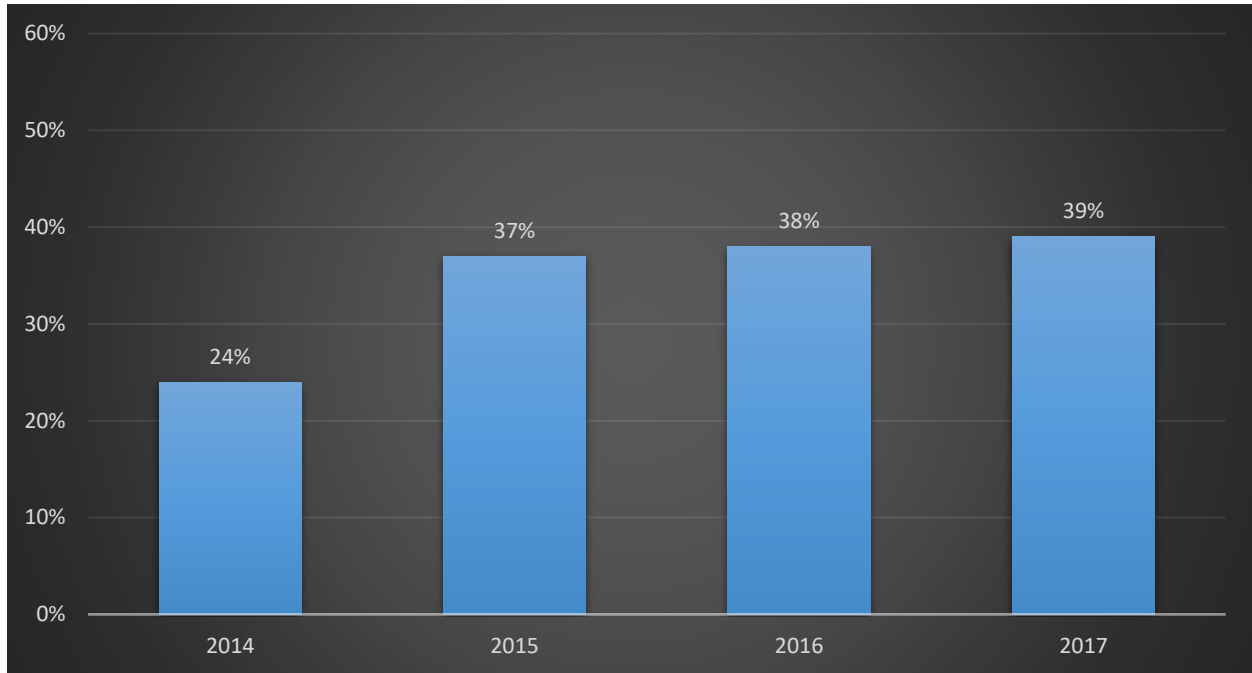


**Figure 22 – Curbside Recycling Average Set-Out Rates by Day, January – June 2017**



Since GSWA began the roll-out of the Island-wide Curbside Recycling program, it has tracked the contamination found in the recycling carts as shown in Figure 23. Over the life of the program, the average contamination is at 33 percent. Figure 23 shows the average contamination rate for each calendar year the program has been in operation including the first six months of 2017.

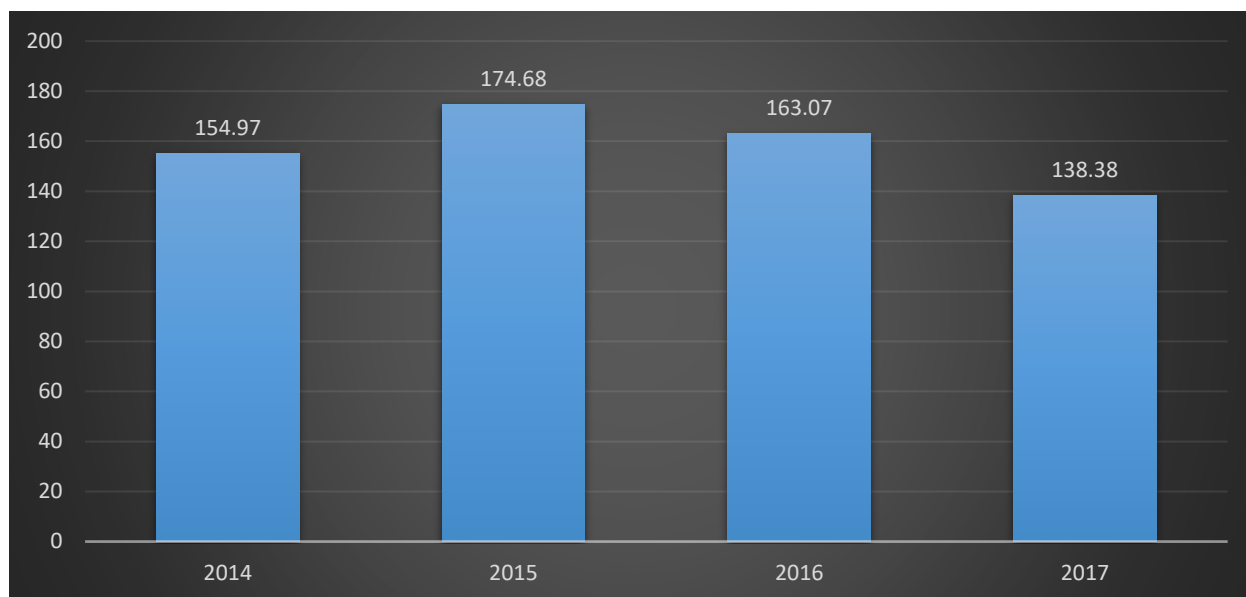
**Figure 23 – Curbside Recycling Program Contamination Rate**



During this reporting period, residential trash customers who have both trash and recycling services disposed of 9,343 tons of trash and recycled 830.27 tons, resulting in 8.16 percent of residential trash diverted to recycling which is a decline of 1.47 percent from the previous reporting period.

Finally, the monthly average recycling weight has dropped below the first year's average tonnage for the first time. Certainly a portion of this is the problem with the plastics market which has become more restrictive in the post-consumer plastics it will accept and the continual refinement in lightweight packaging. Figure 24 shows the average monthly tons in the first calendar year of operation was nearly 155 tons; in the second year, it went up to nearly 175 and in 2016 dropped between the two previous years at 163. In the first six months of 2017 the average monthly tonnage is approximately 138.

**Figure 24 – Average Monthly Recycling Tons**



In the Special Report of the Receiver, “Island-wide Curbside Recycling,” dated August 13, 2013, we recommended, and the Court subsequently approved, implementation of a curbside recycling program. The assumptions and calculations upon which the program is based are fully described in the above-referenced Special Report. In the Special Report, the Receiver recommended using the current rate charged per ton (\$171.60) for waste disposal at the Layon Landfill as the benchmark cost against which the new program should be compared.

The per ton recycling cost has increased above the tip fee for trash during this reporting period for the first time. We believe there are three primary reasons for this increase. First, as mentioned earlier in this section, the cost to repair GSWA’s 25 cubic yard trash collection vehicles has increased by fifty percent compared to the same months in 2015. GSWA had released a procurement to replace these collection vehicles in October 2014, but the procurement was stalled for nearly three years because of a protest by a local vendor. Once the protest was legally denied, GSWA continued with the procurement and has placed an order for replacement trucks which are expected to arrive by the end of this calendar year, whereupon it is expected that maintenance costs will drop significantly. Maintenance difficulties can and do cause recycling collection to be done later in the day thereby sometimes increasing the overtime cost of labor which contributes to the increased cost per ton to collect those recyclables. Second, also mentioned earlier in this section, the international market for post-consumer plastic has collapsed because of the low price of competing crude oil. This market collapse has had a domino effect for GSWA’s local processor of plastics. The processor must now charge GSWA for the recycling of plastics at a flat fee of \$12,480 a month. These charges for plastic began in February 2017, causing an increase in cost to the program while making processing a fixed cost. Third, as shown in Figure 24, above, GSWA has seen a decrease in the monthly tonnage of curbside recyclables it collects. There has also been a decrease in the set-out rates of recycling carts. When fixed costs (the numerator) are divided into fewer tons (the denominator), the calculation results in a higher cost per ton. GSWA is exploring the idea of hiring a

recycling coordinator to develop educational alliances with neighborhood associations and local institutions, such as churches and schools, to promote curbside recycling in their neighborhoods. Figure 25 illustrates the cost per ton of trash compared to the cost per ton of recycling for this reporting period.

**Figure 25 – Cost Per Ton of Landfilling vs. Curbside Recycling**

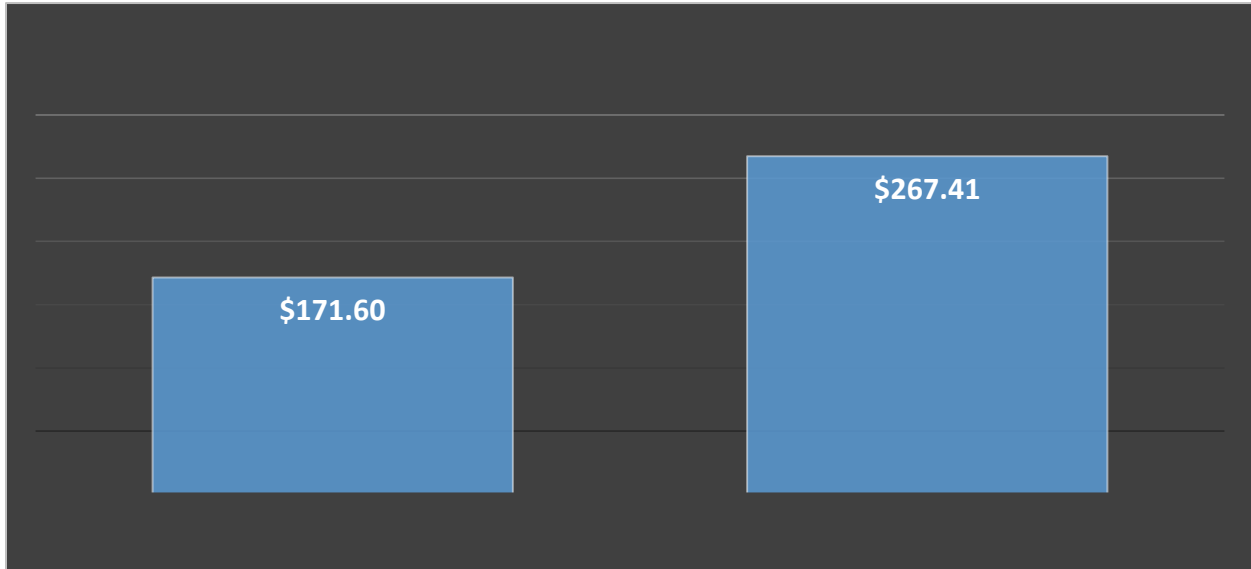


Table 5 summarizes the cost of recycling over the six months that this report covers:

**Table 5 – January through June 2017 Curbside Recycling Costs**

Cost Factor	Cost
Cost of Carts	\$37,740.84
Overtime for Personnel	\$21,992.19
Fuel	\$21,152.25
Maintenance/Tires	\$88,219.49
Education	\$589.62
Recycling Processing	\$77,215.39
New Plastics Charge	\$62,400.00
5% Contingency	0
Less: Landfill Fees	\$(19,079.67)
Less: Transfer Station Fees	\$(24,958.01)
Less: Pilot Recycling Costs	\$(39,000.00)
<b>Total Cost</b>	<b>\$226,272.10</b>
Revenue	\$4,247.68
<b>Net Expense</b>	<b>\$222,024.42</b>
<b>Cost Per Ton</b>	<b>\$267.41</b>

#### **4. Contract Management and Procurement (January 2017 – June 2017)**

During this reporting period, there were several important procurement issues. The most time-consuming issue during this period was the final resolution of the procurement of new trucks to replace trash/recycling collection vehicles that are past their useful life. With this Court's invaluable assistance and guidance, we have resolved this important issue. Even with the final decision of this court supporting the Receiver's procurement efforts, Morrico Equipment Company sought an injunction from the 9<sup>th</sup> Circuit U.S. Court of Appeals to again halt this vital procurement. On April 25, 2017, the appellate court refused to intervene and the matter was finally resolved. The needed trucks are now on order and delivery is expected before the end of this calendar year.

In the matter of the Receiver's effort to collect liquidated damages against Maeda Pacific Corporation, the Superior Court of Guam denied our request for summary judgment on the enforceability of the liquidated damages clause, and granted our request for summary judgment on Maeda's *quantum meruit* claim<sup>11</sup>. The matter is still set for trial on March 12, 2018, with the issues to be decided as follows: 1) whether the liquidated damages provided for in the contract were reasonable in relation to the anticipated damages or actual damages; and 2) the date of substantial completion.

During the reporting period, we completed and issued the Request for Proposals for an operator for the Ordot Dump Closure Facility during the post closure period. Unfortunately, no proposals were received in response to the procurement. Our next step in the work to secure a contract for an operator for the closure facility is to identify companies we believe qualified to do the work and enter into competitive negotiations with those companies expressing interest in the contract.

The status of the Receiver's primary contracts, including the amounts spent as of March 31, 2017, and June 30, 2017, are summarized in Tabs 7 and 8. Individual payments occurring during the reporting periods for these contracts are included in Tabs 9 and 10. Information on 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 these tables; however, all payments occurring during the reporting periods for these items are included elsewhere in this Report.

Tab 11 provides the Court with a list of approved change orders, as of March 31, 2017, and June 30, 2017, for the open Consent Decree construction contracts referenced above.

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<sup>11</sup> As explained by counsel, this claim is Maeda's back-up claim for recovery in the event the court did not accept Maeda's argument that the liquidated damages clause in the contract is unenforceable.

## **5. Financial Issues and Capital Funding (January 2017 – June 2017)**

### **Overview**

In this section, we will provide an analysis of the operating finances of GSWA during the reporting periods included in this report. We will also provide updates on the status of capital funding for Consent Decree-related capital projects, the reserves of GSWA, and other related issues.

Specifically, in this section, we provide the Court with updates on the following:

- GSWA operating results for the period ending March 31, 2017, and the period ending June 30, 2017;
- Cash position of GSWA;
- Status of residential customers;
- Status of large commercial accounts;
- Status of GWA and other government accounts;
- Status of the Construction Subaccount;
- Host Community Premium Surcharge Fees;
- Capital funding;
- Compensation to Former Landowners of Ordot Dump Property;
- Compensation to Former Landowners of Layon Landfill Property;
- Reserves of GSWA; and
- Waste disposed at the Layon Landfill.

### **GSWA Operating Results for January 1, 2017, to March 31, 2017**

Table 6 provides the Court with a summary of expenditures and revenue for the reporting period, compared with the approved budget for FY 2017<sup>12</sup>. A more detailed report of expenditures and revenue compared with the approved FY 2017 budget is provided in Tab 12 of this Report.

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<sup>12</sup>The approved budget includes certain expenditures that are classified as operating expenditures by GovGuam while the Receiver classifies them as capital expenditures and does not include them in the operating budget. To facilitate a clear comparison with the audited numbers for FY 2016, we have adjusted the approved budget and included them in the budget. GovGuam also includes Host Community Premium Benefits as an item in the GSWA operating budget while the Receiver considers it to be a pass-thru item and does not include it in the operating budget. Again, to facilitate comparison to the audit, we have adjusted the approved budget to include Host Community Premium Benefits.

**Table 6 – GSWA Summary of Operating Budget for the Period Ending March 31, 2017**

<b>Guam Solid Waste Authority Summary of Operating Budget FY 2017</b>				
As of March 31, 2017				
Item	Total Annual Budget	Budget to Date	Actual Spending / Revenue to Date	% over (under) Budget
Personnel Expenses	\$3,000,000	\$1,500,000	\$1,209,653	-19.4%
Other Expenses / Reserves	\$17,209,597	\$8,755,799	\$7,631,503	-12.8%
<b>Total Expenses / Reserves</b>	<b>\$20,209,597</b>	<b>\$10,255,799</b>	<b>\$8,841,156</b>	<b>-13.8%</b>
Total Revenue (All Sources)	\$17,845,681	\$8,922,841	\$9,769,558	9.5%
Budgeted From Fund Balance	\$2,363,916	\$1,332,958	-\$928,402	-169.6%
<b>Total Funding Available</b>	<b>\$20,209,597</b>	<b>\$10,255,799</b>	<b>\$8,841,156</b>	<b>N/A</b>

Personnel expenses during the period were below budget as were non-personnel expenses. Revenue was significantly above the approved budget estimate for the budget to date.

Cash collections of the amounts billed by GSWA for the fiscal year through March 31, 2017, are shown in Table 7.

**Table 7 – GSWA Revenue Billed/Collected October 1, 2016, through March 31, 2017**

<b>GSWA Revenue Billed / Collected</b>			
October 1, 2016 through March 31, 2017			
Customer Class	Billed	Collected	%
Commercial	\$ 5,275,537	\$ 5,624,260	106.6%
Residential	\$ 3,432,509	\$ 3,575,294	104.2%
Government	\$ 876,924	\$ 751,603	85.7%
<b>Total</b>	<b>\$ 9,584,970</b>	<b>\$ 9,951,157</b>	<b>103.8%</b>

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

Cash collections from all accounts for this quarter exceeded billing for these accounts by 3.8 percent. When non-billed revenue (i.e. recycling, residential transfer stations, trash tags, and restoration and reactivation fees) is excluded, cash collections from all accounts YTD exceeded billing for these accounts by 2.0 percent.

Cash collections from Government of Guam agencies were strong due to payments from GWA. However, when GWA is excluded, cash collections from other GovGuam agencies continued to be weak. When GWA is excluded, only 41.8 percent of the amounts billed GovGuam agencies was paid and the cumulative unpaid balance continued to grow. We have described in past reports how this matter is addressed by the Receiver and we will elaborate further on the growing unpaid balance for GovGuam later in this Report. Tab 13 provides a listing of GovGuam agencies with their outstanding balances at the end of March 2017.

Fund balance analysis for the period ending March 31, 2017, shows an increase in fund balance of \$928,402. Table 8 outlines the elements of the estimate.

**Table 8 – GSWA Fund Balance as of March 31, 2017**

<b>Guam Solid Waste Authority</b>	
<b>Fund Balance</b>	
<b>31-Mar-17</b>	
<b>Elements of Fund Balance</b>	<b>Amount</b>
Actual Fund Balance @ 9/30/16	\$ 23,402,597
Revenue FY 2016	\$ 9,769,558
Expenses FY 2016	\$ 8,841,156
Excess (Deficit) FY 2016	\$ 928,402
Actual Fund Balance @ 3/31/17	\$ 24,330,999
Note: Revenue is on accrual basis.	

**GSWA Operating Results for FY 2017 from April 1, 2017 to June 30, 2017**

Table 9 provides the Court with a summary of expenditures and revenue for the reporting period ending June 30, 2017, compared with the approved budget for FY 2017. A more detailed report of expenditures and revenue compared with the approved FY 2017 budget is provided in Tab 14 of this Report.

**Table 9 – GSWA Summary of Operating Budget for the Period Ending June 30, 2017**

<b>Guam Solid Waste Authority</b>				
<b>Summary of Operating Budget</b>				
<b>FY 2017</b>				
As of June 30, 2017				
(Unaudited)				
Item	Total Annual Budget	Budget to Date	Actual Spending / Revenue to Date	% over (under) Budget
Personnel Expenses	\$3,000,000	\$2,250,000	\$2,072,666	-7.9%
Other Expenses / Reserves	\$17,209,597	\$12,756,198	\$11,444,408	-10.3%
<b>Total Expenses / Reserves</b>	<b>\$20,209,597</b>	<b>\$15,006,198</b>	<b>\$13,517,074</b>	<b>-9.9%</b>
Total Revenue (All Sources)	\$17,845,681	\$13,384,261	\$14,486,426	8.2%
Budgeted From Fund Balance	\$2,363,916	\$1,621,937	-\$969,352	-159.8%
<b>Total Funding Available</b>	<b>\$20,209,597</b>	<b>\$15,006,198</b>	<b>\$13,517,074</b>	<b>N/A</b>

All expenses during the period remained below budget. Revenue exceeded the approved budget estimate for the budget to date by more than 8 percent.

Cash collections of the amounts billed by GSWA for FY 2017 through June 30, 2017, are shown in Table 10.

**Table 10 – GSWA Revenue Billed/Collected October 1, 2016 – June 30, 2017**

<b>GSWA Revenue Billed / Collected</b>			
October 1, 2016 through June 30, 2017			
Customer Class	Billed	Collected	%
Commercial	\$ 7,746,343	\$ 8,043,534	103.8%
Residential	\$ 5,181,801	\$ 5,346,749	103.2%
Government	\$ 1,277,087	\$ 1,263,588	98.9%
<b>Total</b>	<b>\$ 14,205,232</b>	<b>\$ 14,653,871</b>	<b>103.2%</b>

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

Cash collections from all accounts for this quarter exceeded billing for these accounts by 3.2 percent. When non-billed revenue (i.e. recycling, residential transfer stations, trash tags, and restoration and reactivation fees) is excluded, cash collections from all accounts YTD exceeded billing for these accounts by 1.3 percent.

As noted earlier, cash collections from Government of Guam agencies were primarily attributable to payments from GWA. However, when GWA is excluded cash collections from other GovGuam agencies continued to be weak. When GWA collections are excluded, 64.3 percent of the amounts billed GovGuam agencies was paid. There was some minor progress during the reporting period, with the total balance actually declining a small amount.

Our fund balance analysis for the period ended June 30, 2017, indicates an estimated year-to-date increase in the unrestricted fund balance<sup>13</sup> for FY 2017 of almost \$1.9 million. Table 11 outlines the elements of the estimate.

**Table 11 – GSWA Fund Balance as of June 30 2017<sup>14</sup>**

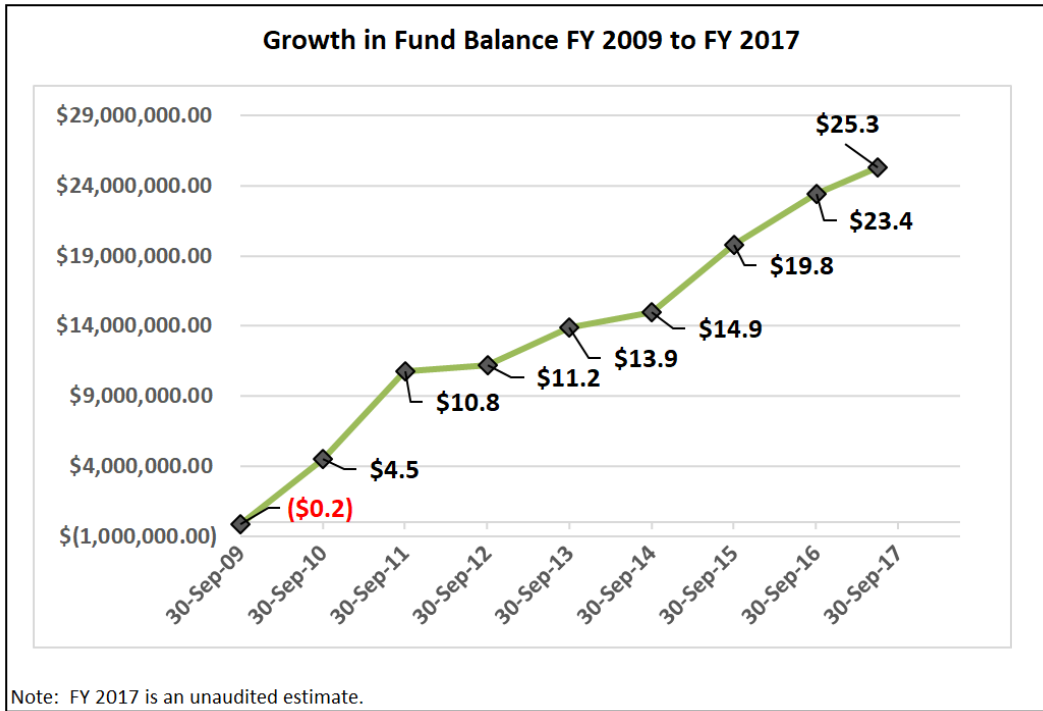
<b>Guam Solid Waste Authority</b>	
<b>Fund Balance</b>	
<b>30-Jun-17</b>	
<b>(Unaudited)</b>	
<b>Elements of Fund Balance</b>	<b>Amount</b>
Estimated Fund Balance @ 3/31/17	\$ 24,330,999
Revenue YTD FY 2017	\$ 14,486,426
Expenses YTD FY 2017	\$ 13,517,074
Excess (Deficit) FY 2017	\$ 969,352
Estimated Fund Balance @ 6/30/17	<u>\$ 25,300,351</u>
Note: Revenue is on accrual basis.	

Fund balance continues to grow at a faster rate since we are now accumulating funds, pursuant to the Orders of this Court, to pay for the following items: rehabilitation of Dero Road, upgrades to the residential transfer stations, environmental closure of the Dededo Residential Transfer Station, and post closure care of the Ordot Dump. Figure 26 illustrates how the fund balance from operations have changed over the time GSWA has been in receivership.

<sup>13</sup> Fund balance is composed of both restricted and unrestricted reserves. Restricted fund balance is composed of reserves restricted to specific purposes such as future capital expenses or by a legal restriction through either court order or law.

<sup>14</sup> See footnote 3 of the Receiver’s Quarterly Report dated August 4, 2016.

Figure 26 – Growth in Fund Balance FY2009 to FY2017



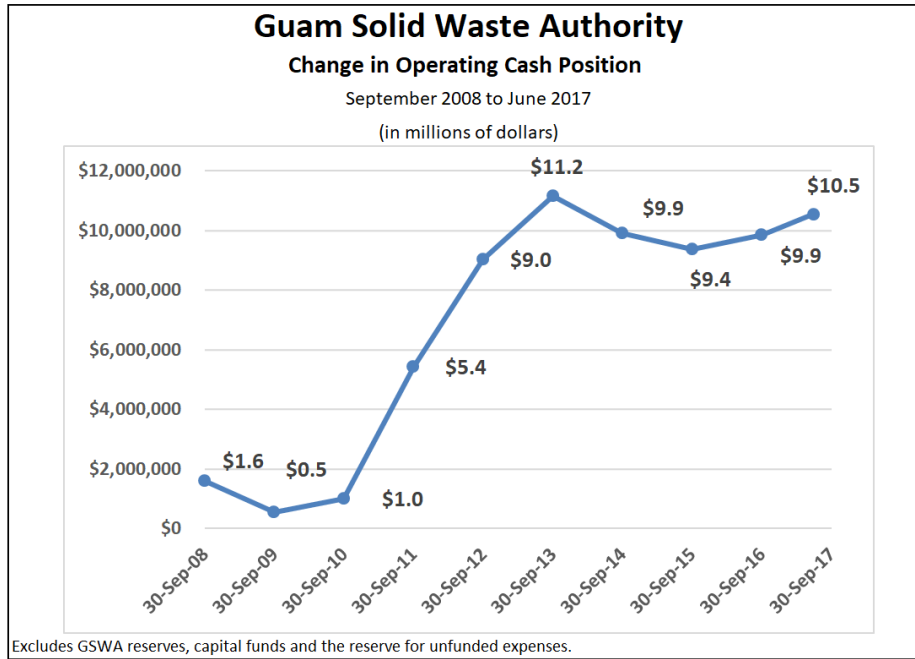
Payments for operating expenses of GSWA are made through the Department of Administration (DOA) and through the Receiver’s trust account known as the Primary Account. Payments made by the Receiver are handled pursuant to the Disbursement Procedures approved by the Court. Tab 15 and Tab 16 provide a detailed list of the transactions affecting the Primary Account that occurred during the reporting periods. Payments are also made from the Construction Subaccount (for capital expenses) and the Reserve for Unfunded Expenses (for capital expenses and certain operating expenses for the Ordot Dump). These payments will be addressed later in this Report.

**Cash Position of GSWA**

GSWA’s operating cash position remains relatively stable, increasing to about \$10.5 million during FY 2017. GSWA’s reserves (equipment replacement, cell closure, Layon Post Closure Care, new cell development) including the reserve for unfunded projects, are not included in GSWA’s operating cash position since these funds are not available to pay routine operating expenses.<sup>15</sup> Figure 27 shows GSWA’s operating cash position at the end of each fiscal year since the Receivership began and the cash balance at June 30, 2017.

<sup>15</sup> The Reserve for Unfunded Expenses does pay operating expenses for post closure care of the Ordot Dump Closure Facility during the period of time required to fully fund the Ordot Dump Closure Facility post closure care reserve.

**Figure 27 – Change in GSWA Cash Position (Million \$)**



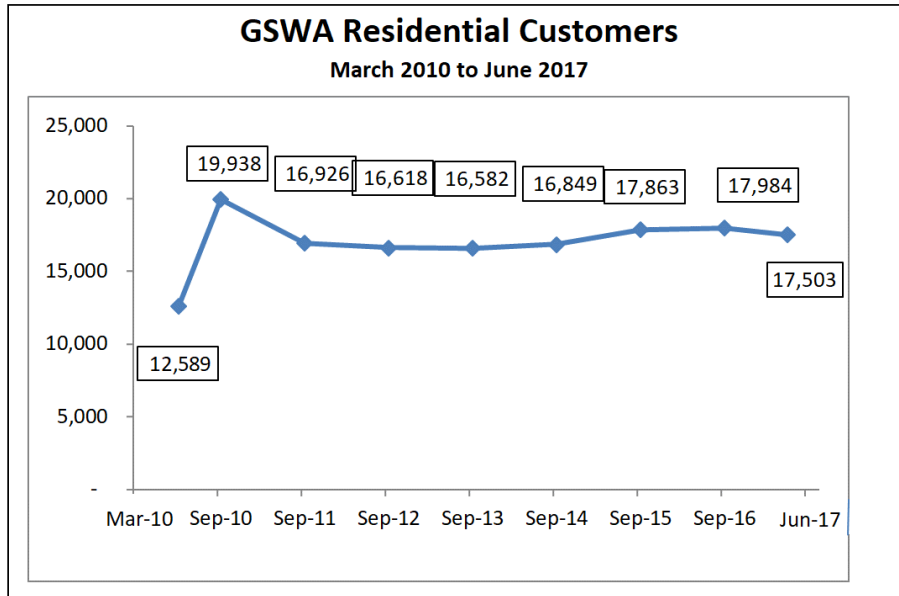
Cash is a vital part of the results achieved by the Receivership. With adequate cash, an organization such as GSWA can function and carry out its mission with efficiency and a level of success that simply cannot be achieved without sufficient cash. It is also true that GSWA now has other cash reserves that are set aside for equipment replacement, properly closing landfill cells when they are full and constructing new cells when they are needed.<sup>16</sup> These special purpose reserves should not be confused with the need for an operating cash reserve. They are not for the same purposes and both are vital to the long-term success of GSWA. These reserves are restricted portions of GSWA’s fund balance.

**Status of Residential Customers**

The number of curbside residential customers declined by almost three percent during the reporting periods. Despite the decline, Figure 28 illustrates the very stable base of GSWA residential customers.

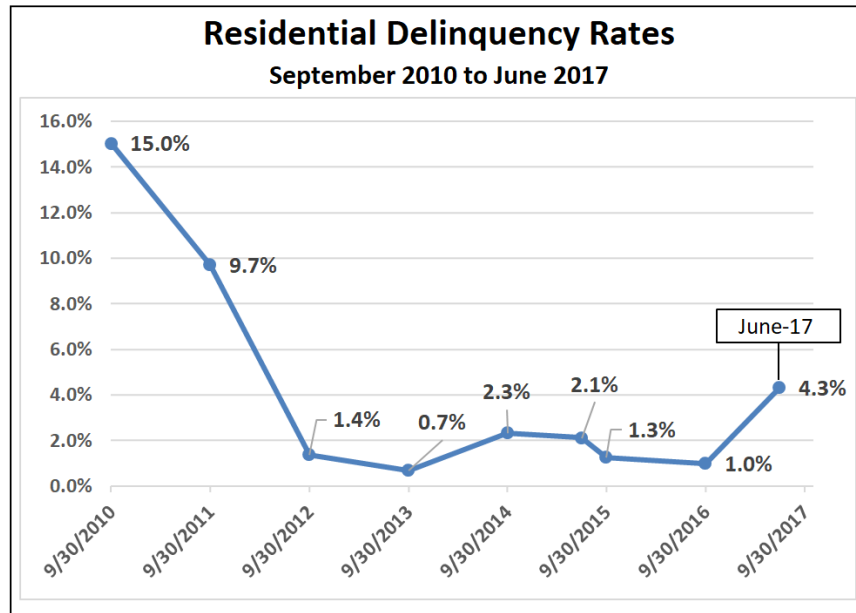
<sup>16</sup> Fully funding cells for closure and constructing new cells is one of the objectives of the Receiver’s Financing Plan. Assuring that these reserves remain restricted to the purpose for which they were created, and replenishing these reserves as they are properly used for these purposes, are two of the primary fiduciary duties of the Board of Directors in its post-Receivership management of GSWA.

**Figure 28 – GSWA Residential Customers**



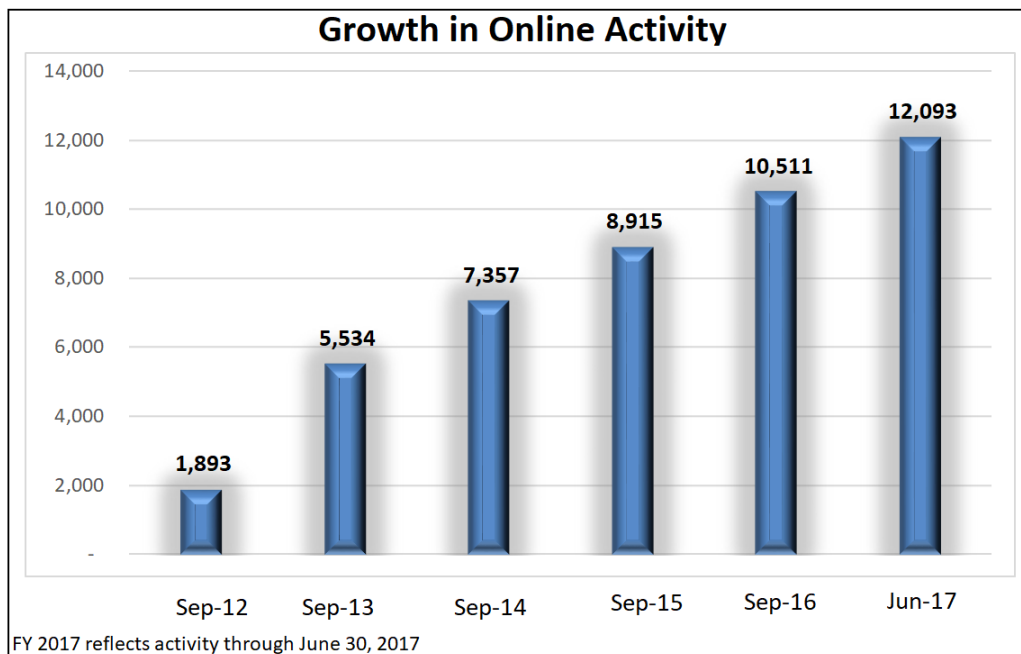
Residential delinquency rates increased during the reporting period, attributable to a large extent to the lack of dependable trucks to repossess carts from delinquent customers. Figure 29 shows the trend in residential delinquency rates from September 2010 to June 2017. When trucks are unavailable to repossess carts, delinquency will increase since the policy of repossessing carts from delinquent customers has proven to be a highly effective method for keeping delinquency rates very low. Fortunately, with the Court’s support, the barrier to replacing trucks has been resolved.

**Figure 29 – Residential Delinquency Rates**



Online payments and account management by residential customers continued to grow as illustrated in Figure 30. The number of customers registering for online services increased to 12,093, an increase of 15.1 percent for the current fiscal year as of June 30, 2017. More than two-thirds, or 67.4 percent, of GSWA residential customers access their accounts online.

**Figure 30 – Growth in Online Activity**

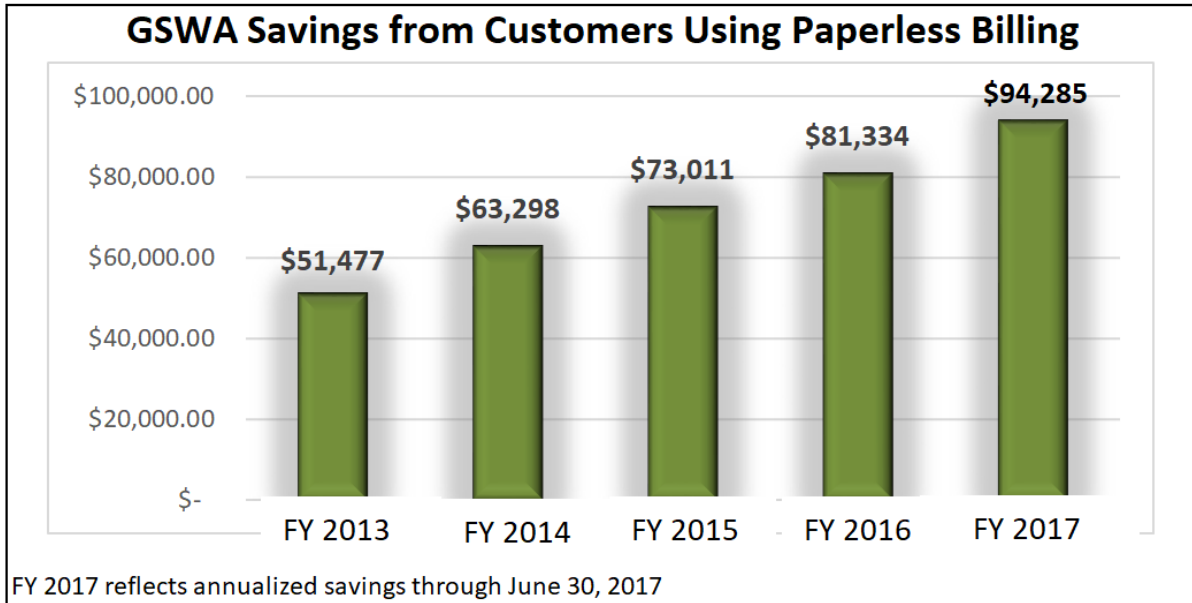


Online access to residential accounts is provided to GSWA customers through the cooperative work of PayPal and BMS Technologies, working in conjunction with Alpine Technology, the provider of GSWA’s customer service technology. Working together, these companies provide a very cost-effective means of providing online services.<sup>17</sup>

Online services also include providing GSWA residential customers with the option of electing “paperless billing.” As we have reported in prior reports, the use of this billing method is both environmentally friendly and it saves GSWA a substantial amount of money by avoiding printing and handling costs for a paper bill, as well as bank charges and the postage required for paper bills. Figure 31 illustrates how the savings have grown as more residential customers choose the convenience of this system.

<sup>17</sup> As noted above, PayPal and BMS work in conjunction with GSWA’s customer service system which is provided by Alpine Technology. The Alpine customer service system was acquired as a part of the Receiver’s work to replace a GovGuam system that was old, unreliable, and resulted in a complete loss of control over the residential customer’s accounts prior to the Receivership. The initial cost of this system was approximately \$215,000 and GSWA has a continuing relationship with Alpine to maintain and host the system. The average monthly cost for the Alpine System is about \$2,800.

Figure 31 – Customer Use of Paperless Billing



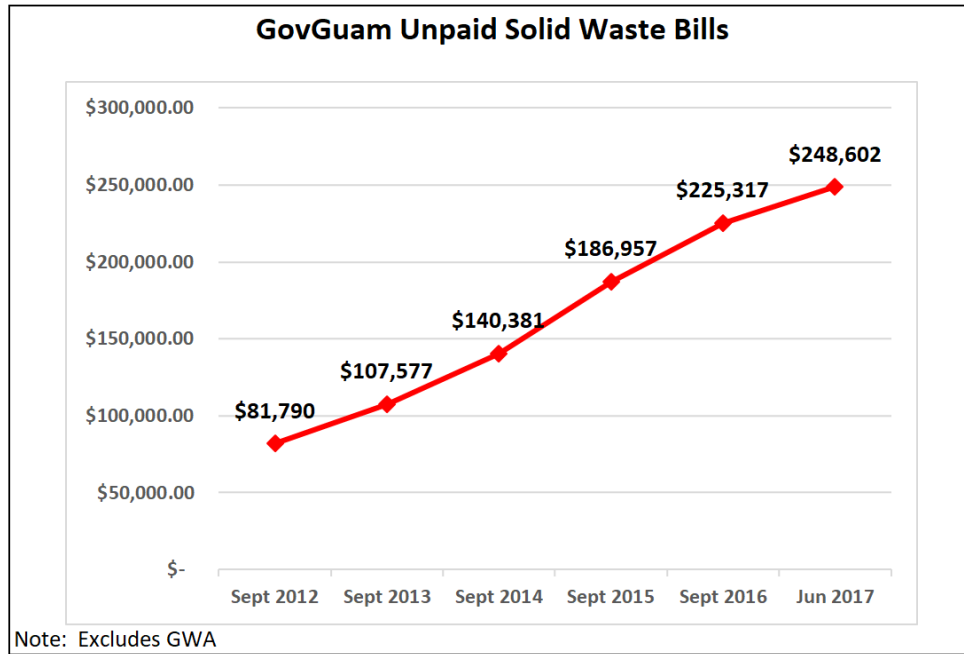
**Status of Large Commercial Accounts**

Large commercial haulers are the source of most of the waste managed by GSWA and, consequently, these customers also produce most of the system’s revenue. These commercial haulers collect waste from businesses on Guam, schools, churches and other large institutions, some government agencies, the military facilities on Guam, and Guam’s multi-family residential housing units (all housing facilities with more than four units are served exclusively by commercial haulers while GSWA may directly serve those with four or fewer units). Only Island Waste, the smallest of the large commercial accounts, was delinquent at the end of the reporting period. We are currently working with the company to address the situation. All other major commercial accounts were in good standing during the reporting period.

**Status of GWA and Government Accounts**

GWA continues to remain in good standing. Unfortunately, most other GovGuam accounts remain in arrears. The unpaid balance in these other accounts has grown consistently for years. Figure 32 shows how the growth in the total amount owed by government agencies (excluding GWA) continues to grow. Tabs 13 and 17 provide a detailed listing of the balances of Government Agencies as of March 31, 2017 and June 30, 2017 respectively.

Figure 32 – GovGuam Unpaid Solid Waste Bills



We have reported on this issue on numerous occasions to this Court. In its Order dated May 23, 2017, this Court ordered as follows: “In light of the increased balances owed by several Government of Guam agencies to the GSWA, the court orders the Attorney General and the Department of Administration to work closely with the Receiver to address how these mounting arrears can be reduced and explore whether there is a more efficient method to collect what is owed from these government agencies. The Attorney General shall file a status report on this issue within 60 days from the date of this Order.”

On July 20, 2017, the Office of the Attorney General filed its status report as ordered by the Court. The report was based on a meeting that occurred on July 11, 2017, between Chace Anderson, Receiver Operations Manager, and Director Christine Baleto. The meeting was requested by Mr. Anderson to address certain personnel issues. The Attorney General also attended the meeting. During the meeting, the issue of the delinquent GovGuam accounts was also discussed.

It is clear from the Attorney General’s Status Report that there was a misunderstanding in the meeting on this issue. Mr. Anderson did not agree to stop off-setting these unpaid balances against the amounts GSWA owes the General Fund. As a fiduciary for GSWA, the Receiver has a duty to consider the amount owed to GSWA by the General Fund when determining the amount GSWA owes to the General Fund for other expenses paid by the General Fund on GSWA’s behalf.<sup>18</sup> Periodically, DOA bills GSWA for these expenses and GSWA transfers funds to the General Fund to reimburse the General Fund. It is when GSWA

<sup>18</sup>DOA also pays certain bills for the Guam Solid Waste Authority (GSWA). These bills include payroll and benefits for the GovGuam employees who work for GSWA, fuel for GSWA vehicles, certain contractual charges for vehicle repairs, supplies, electricity, and other services.

pays these expenses to the General Fund that the amounts paid to the General Fund are reduced by (i.e. off-set) the unpaid balance owed by the General Fund to GSWA. The way to stop the offsetting of the amount owed is for the General Fund to pay the amounts owed to GSWA on time. As fiduciary for GSWA, we have an obligation to consider both sides of the debt issue. There is nothing in this process that would cause the General Fund agencies with delinquent balances to ignore or forget to pay their bill. Each Mayor and other GovGuam account is billed monthly for the GSWA services they consume plus any past unpaid balance and no amount of these bills or unpaid balances has ever been written-off or otherwise forgiven by the Receiver. We have repeatedly asked DOA to assist in getting these bills paid, but no assistance has been forthcoming.

From the Receiver's perspective, GSWA has only three options available to address this problem: (1) continue to ask DOA for help getting the bills paid, although we have no reason to believe this will produce anything other than a growing debt; (2) cut off services to the delinquent agencies and pursue collection of the amounts owed through litigation; or (3) Provide DOA with a monthly bill showing the amounts owed by every General Fund Agency. DOA would then charge the proper amount to each respective agency's budget and credit GSWA with the amount against the sums otherwise owed to the General Fund by GSWA.

Option 1 is our current approach to addressing the matter and, while it works eventually, we agree that it would be better for all concerned if the bills were simply paid in a timely manner as they should be paid. Option 2 is a poor choice since it would allow trash to simply pile up in affected departments (these include Parks and Recreation, Mental Health, Public Health, Police, the Mayor's Council, and individual Mayors). This would not be a healthy situation and it would also require costly litigation that is of little real value since it would be one arm of GovGuam suing another arm of GovGuam. Option 3 is the best solution and the only one providing a permanent solution. It would eliminate the need for offsets and provide the proper accounting throughout GovGuam. GSWA has offered this solution on several occasions but DOA has not shown a willingness to work with us to implement it. DOA, in fact, already handles all bills for vehicle fuel in this manner. It also handles billings from the Guam Power Authority (GPA) in this manner. It continues to be our hope that they will also adopt it to resolve this problem for GSWA.

As for the solution recommended in the Attorney General's Status Report - to notify DOA when bills go unpaid to allow the Director to "seek payment for GSWA's services from the accounts of various agencies," there is nothing stopping DOA from seeking payment under the current procedures. In fact, over the years we have asked DOA for assistance in addressing this problem but received no response. While we firmly believe the better way is for DOA to treat GSWA just as they already treat GPA, as long as GSWA is paid in full for its services in a timely manner, we will support any reasonable approach.

### **Status of the Construction Subaccount**

Payments from the Construction Subaccount were \$355,216.51 during the period ending March 31, 2017. Interest earnings were added to the account in the amount of \$347.79. The balance in the construction subaccount on March 31, 2017, was \$958,426.91. Tab 18 provides a detailed listing of all transactions affecting the account during the period ending March 31, 2017.

Payments from the Construction Subaccount were \$389,309.00 during the period ending June 30, 2017. Interest earnings were added to the account in the amount of \$274.07. In addition, \$85,800.00 was transferred to the Construction Subaccount from the Equipment Replacement Account to fund the purchase of capital equipment. The balance in the construction subaccount on June 30, 2017, was \$655,191.98. Tab 19 provides a detailed listing of all transactions affecting the account during the period ending June 30, 2017.

Table 12 provides the Court with an accounting of the retainage held for contractors paid from the Construction Subaccount and the Reserve for Unfunded Expenses Account.

**Table 12 – Retainage on Trustee Account Payments**

<b>Retainage on Trustee Account Payments</b>		
<b>As of 6/30/2017</b>		
<b>Company</b>	<b>Description</b>	<b>Amount</b>
BME & Sons, Inc.	Retainage	\$ 16,402.47
Brown & Caldwell	Retainage	\$ 9,423.08
Core Tech International	Retainage	\$ 182,004.98
EA Science and Technology	Retainage	\$ 19,395.43
GHD (formerly Winzler & Kelly)	Retainage	\$ 70,932.20
<b>Total Retainage Held.....</b>		<b>\$ 298,158.16</b>

**Host Community Premium Surcharge Fees**

During the reporting period, January 1, 2017, through March 31, 2017, GSWA assessed Host Community Premium Surcharge (HCPS) fees totaling \$85,292.17, bringing the total assessed HCPS fees during FY2017 to \$176,531.36. Due to the lag time allowed by Guam Law between billing and payment, HCPS fees collected during the period were \$59,616.20. These funds were distributed in equal amounts to the Villages of Inarajan and Ordot-Chalan Pago.<sup>19</sup> A copy of the report filed with the Public Utilities Commission (PUC) for this period is attached as Tab 20.

During the reporting period, April 1, 2017, through June 30, 2017, GSWA assessed Host Community Premium Surcharge (HCPS) fees totaling \$84,767.80, bringing the total amount of HCPS fees assessed for FY 2017 to \$261,299.16. To simplify future reporting, we changed the methodology for paying the fees to the respective communities<sup>20</sup> for this and future payments resulting in a total payout of \$176,884.28. This

<sup>19</sup> We also corrected a small error from the previous report in this report. See letter to the PUC dated April 20, 2017. This letter is included as Tab 20.

<sup>20</sup> See letter to the PUC dated July 20, 2017, for a full explanation of the change in methodology. This letter is included as Tab 21.

amount was distributed in equal amounts to the Villages of Inarajan and Ordote-Chalan Pago. A copy of the report filed with the PUC for this period is attached as Tab 21.

**Capital Funding**

Figure 33 provides the Court with an update on the Receiver’s use of the capital funds available to implement the requirements of the Consent Decree. This figure reflects the use of capital funds as of June 30, 2017. A much more detailed table is provided as Tab 22, providing the Court with project by project numbers.

**Figure 33 – Use of Capital Funds**

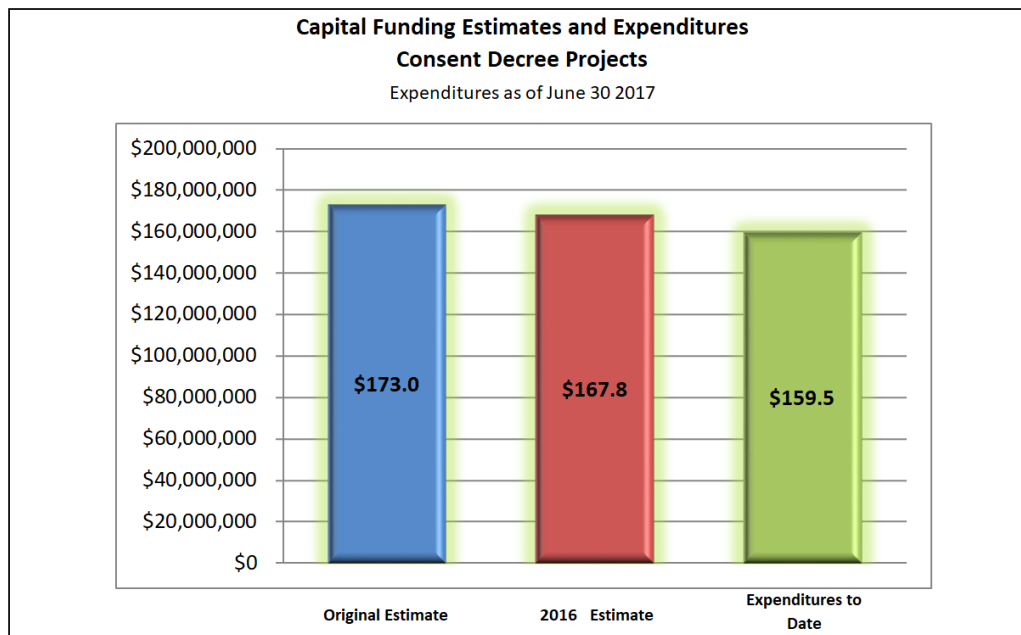


Figure 33 (above) and Tab 22 include both the capital projects funded by the 2009 Section 30 Bond Issue and the projects funded through the Reserve for Unfunded Expenses.<sup>21</sup> Expenditures from the Reserve for Unfunded Expense during the reporting periods are detailed in Tab 23.

**Compensation to Former Landowners of Ordote Property**

The most significant remaining land acquisition issue still pending is the valuation of Lot 450. This matter is currently pending before the Superior Court of Guam and there have been significant developments since our report dated May 17, 2017, to this Court. The former owners are now pursuing a strategy similar

<sup>21</sup> In its Order of May 2, 2016, the Court adopted the financing plan recommended by the Receiver in its Quarterly Report dated October 21, 2015. Under this financing plan the Reserve for Unfunded Expenses receives a monthly amount of \$374,758.08 to fund the rehabilitation of Dero Road, upgrades to the residential transfer stations, the environmental closure of the Dededo Residential Transfer Station and the post closure care of the Ordote Dump. The financing plan also makes provision for the estimated cost of the closure of Cells one and two and the opening of a new cell at the Layon Landfill.

to the one followed by the former owners of the land acquired by GovGuam for the Layon Landfill. As is well-known, that approach resulted in an enormous increase in cost to Guam's taxpayers for the land GovGuam acquired for the new landfill.

As this Court may recall, the Receiver has engaged an appraiser recommended by the Office of the Attorney General. This appraisal company, Compass Real Estate Consulting, Inc., has excellent qualifications and is familiar with the economic effect landfills have on nearby property values in both island communities and properties in the vicinity of ocean fronts. This appraiser has successfully assisted us in completing all of the land acquisitions completed to date for the Ordot Closure at fair and reasonable values.

The actual size of the land acquired from the former owners of Lot 450 is 10.6250 acres and was a part of a much larger tract of land a little more than 961 acres in size prior to its acquisition by GSWA. In other words, about 1.1 percent of the total tract owned by the former owners of Lot 450 was acquired by GSWA. The former owners are the Columbus Development Corporation and Pan Micronesia Development Corporation. It is vacant land. At the time of its acquisition by its current owners in 1977, the Ordot Dump had been in operation for several decades and, to the best of our knowledge, there were no plans to close the facility at that time. The 1977 purchase price for the land was \$6,105,450.<sup>22</sup>

Compass Real Estate Consulting has provided the Receiver and Receiver's Counsel with detailed appraisal reports on the 10.625 acres acquired for the Ordot Closure. These reports determine its fair market value to be \$460,800. We believe this to be a fair and reasonable value. These reports have been reviewed by the Receiver and Receiver's Counsel, provided to counsel for the former owners, and are the basis for the payments totaling \$460,800 paid by GSWA to the Clerk of the Superior Court of Guam. This includes the value of the land acquired plus what is known as severance damages. Severance damages compensate the former owner for any damage to the remaining land not acquired by GSWA.

As we previously reported, the former owners of Lot 450 have submitted an appraisal by Nick Captain<sup>23</sup> in which he finds the value of the land actually taken to be \$340,000 and damages to the remaining property of \$1,900,000—more than four times the value of these damages found by Compass Real Estate Consulting. Most of the difference in Mr. Captain's appraisal is in his estimate of severance damages, with Mr. Captain finding damages almost eight times greater than the appraisal provided by Compass Real Estate Consulting. We believe this to be excessive and continue to believe the appraisal by Compass Real Estate Consulting is correct.

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<sup>22</sup> An additional lot, bringing the total owned to 961 acres, described as lot 450-4, was added in 1985 for a purchase price of \$301,833.

<sup>23</sup> Mr. Captain is a Guam-based appraiser who served as the Government of Guam's appraiser in the acquisition of the land for the Layon Landfill. Superior Court of Gaum Judge Alberto C. Lamorena III, in his decision in that matter, stated the following about Mr. Captain's work in that case: "Given what this court considers to be significant conflicts between the two appraisal reports, as well as unconvincing explanations for Mr. Captain's newest adjustments, this Court is left with no choice but to assign no weight to the bulk of Mr. Captain's land value assessment."

The former owners have recently submitted a much higher claim based on the work of Landmark Research Group, LLC, the same firm upon which the former owners of the Layon property relied. While the Landmark appraisal finds the value of the 10.625 taken to be worth less than Mr. Captain's valuation, they find much higher severance damages at \$6,557,400. However, the Landmark appraisal also adds an additional and somewhat novel claim for "loss of use" at \$34,665,976. This brings the total claim to \$41,223,376. The values for the land and the damages are summarized in Table 13.

**Table 13 – Range of Value for 10.625 Acres Adjacent to Ordot Dump**

<b>Range of Value for 10.625 Acres Adjacent to Ordot Dump</b>			
<b>Elements of the Claim</b>	<b>Compass Real Estate</b>	<b>Captain &amp; Associates</b>	<b>Landmark, LLC</b>
Value of Land Taken	\$ 258,000	\$ 340,000	\$ 321,750
Severance Damages	\$ 202,800	\$1,560,000	\$ 6,235,650
Loss of Use Damages	\$ -	\$ -	\$34,665,976
Total Claim	\$ 460,800	\$1,900,000	\$41,223,376
<b>Cost per acre</b>	<b>\$ 43,369</b>	<b>\$ 178,824</b>	<b>\$ 3,879,847</b>

The basis for the enormous increase in value claimed as a result of the Landmark Research Group, LLC, is a theory that asserts a hypothetical loss based on a zoning change approved by GovGuam in 1992, changing the zoning of the land from "Agricultural" to "Planned Development." The claim seems to be based on the former owners' assertion that the approval of the zoning change together with GovGuam's failure to immediately close the Ordot Dump makes GovGuam financially responsible for the delay in the owners' development of the larger tract of land from which the 10.625 acres was taken to complete the closure of the Ordot Dump. The economic theory behind this hypothetical claim is highly questionable and highly speculative. It assumes that had the Ordot Dump been closed in 1992 the former owners would have invested in the development, the development would have been successful, and the returns would have been uniformly constant.<sup>24</sup> If the former owners wish to pursue such a claim, it is our position that it has nothing to do with GSWA's need to acquire this 10.625 acres to complete the closure.

The Receiver's counsel and Compass Real Estate Consulting continue to develop the research needed to fully refute this claim in court. The trial of this issue is scheduled for November 16, 2017.

#### **Other Pending Land Issues**

With respect to the issue of the size of Lot 3434, the Superior Court dismissed the eminent domain proceeding regarding Lot 3434 without prejudice, and found that a land registration proceeding was the

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<sup>24</sup> Guam's economy during this time was not in a period of constant growth as the Landmark study suggests.

better forum to determine size and ownership of Lot 3434. Legal counsel is preparing to initiate the land registration proceeding as directed by the Superior Court

The only other pending land issue is finalizing the easement for stormwater improvements on Dero Road. We are currently attempting to reach the land owners to complete the signature process for this transaction.

**Compensation to Former Landowners of Layon Landfill Property**

In our May 17, 2017, report we updated the compensation paid to the former owners of the Layon Landfill through December 31, 2016. In this report, we provide an update through July 31, 2017. The unpaid balance has continued to accrue interest at six percent increasing the cumulative interest to \$9,783,234, an increase of \$91,628. In addition, the former owners claimed an additional \$359,213 in tax credits. The net effect of all of this is a remaining liability as of July 31, 2017 of \$4,797,513.<sup>25</sup> Table 14 outlines the details of the total liability and the remaining unpaid judgment.

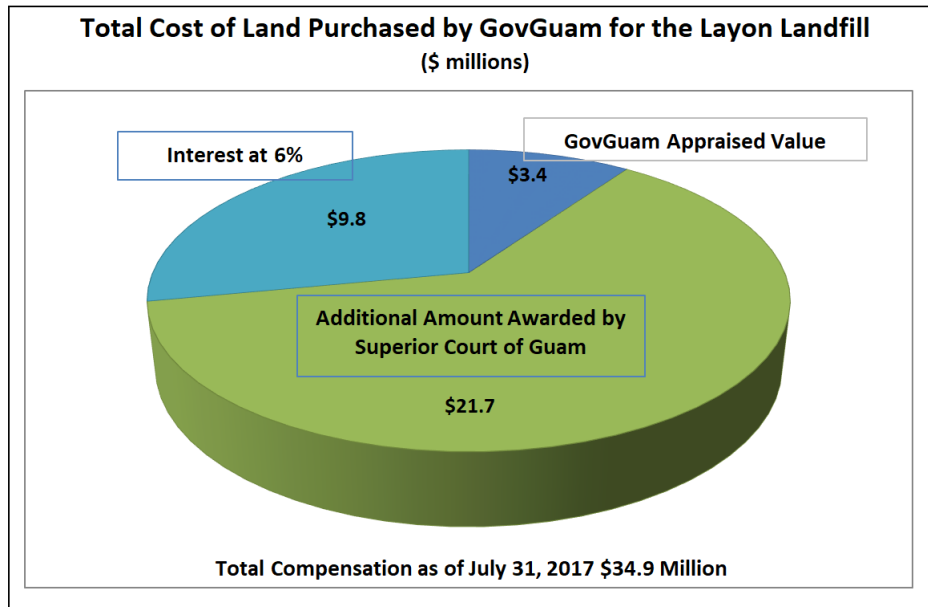
**Table 14 – Total Liability and Unpaid Balance**

<b>LAYON LANDFILL CONDEMNATION PAYMENTS</b>	
As of July 31, 2017	
Original GovGuam Appraised Value	\$3,410,000
Additional Compensation per Judgment (CV0084-08)	\$21,705,683
6% Interest from 01/24/2008	\$9,783,234
<b>Total Liability</b>	<b>\$34,898,917</b>
Tax credits paid	(\$26,691,404)
Cash paid from Federal Compact/Impact Funds	(\$3,410,000)
<b>Balance of Unpaid Judgment</b>	<b>\$4,797,513</b>
<small>Minor differences between this table and the table allocating payments to specific former owners is due to rounding. There is also a \$20,000 difference in the appraisal report provided to the Receiver and the amount the Superior Court of Guam indicates the Government of Guam had already deposited with the Court for this land. We accept the Court's determination of the amount deposited since some of this occurred before the Receivership.</small>	

As we have noted before, the land’s total cost was artificially high by any reasonable method of valuation and it is made even more expensive by the artificially high interest rate paid to the former landowners. Figure 34 illustrates the elements of the total cost of the land.

<sup>25</sup> See Tab 24 for a copy of the information provided by the Governor’s Legal Counsel.

**Figure 34 – Total Cost of Land Purchased by GovGuam for the Layon Landfill**



As noted in our previous report, based on information from the Office of the Attorney General, the following former owners have been paid in full:

- Calvo’s Insurance Underwriters, Inc.;
- Lee and Joan Holmes;
- Douglas F. Cushnie;
- Joaquin C. Arriola; and,
- Young Chull Kim.

Given this information, the remaining balance of \$4,797,513 as of July 31, 2017, is owed to:

- Oxford Properties & Finance, Ltd.;
- Valencia Investments Corporation;
- Jones and Guerrero Company, Inc.; and,
- Alfred and Diana Ysrael.

We do not have information that would allow us to estimate the amount that is owed to the remaining former owners.

### **Reserves of the GSWA**

Table 15 outlines the status of the reserves of GSWA on June 30, 2017. These reserves are for the purpose of setting funds aside to pay for the future needs of Guam’s solid waste system. These reserves are maintained in separate bank accounts at the Bank of Guam. Tab 25 provides the Court with all transactions affecting each of these accounts from January 1, 2017 to June 30, 2017.

Table 15 – Reserves of the Guam Solid Waste Authority

<b>Reserves of the Guam Solid Waste Authority</b>	
<b>As of 6/30/2017</b>	
<b>Reserves</b>	<b>Total</b>
<b>Equipment Replacement Reserve</b>	\$ 3,279,100.53
<b>New Cell Development Reserve</b>	\$ 281,005.75
<b>Cell Closure Reserve</b>	\$ 281,005.75
<b>Post-Closure Care Reserve Layon Landfill</b>	\$ 562,010.97
<b>Total Reserves.....</b>	<b>\$ 4,403,123.00</b>

The Receiver has also established two reserves in addition to the reserves reported above. These reserves are pursuant to this Court’s approval of the Receiver’s financial plan to pay for the remaining Consent Decree projects and the post closure care of the Ordot Dump. The first of these is the Reserve for Unfunded Expenses. This is the account into which we deposit the funds previously provided to the Government of Guam to offset the Government of Guam’s debt service expense which is paid with federal Section 30 funds. On June 30, 2017, the balance in this account was \$6,372,963.99<sup>26</sup>. Tab 23 of this report provides the Court with a detailed accounting of all transactions that have affected this account during the reporting periods covered by this report.

The Receiver has also established the Ordot Dump Post Closure Care Reserve. On June 30, 2017, its balance was \$3,502,436.46.<sup>27</sup> Tab 26 provides the Court with a full accounting of all transactions affecting Ordot Dump Post Closure Care Reserve during the reporting periods.

Both of the accounts are performing as we expected at this point; therefore, we are pleased to report that the Receiver’s financial plan is performing well and is on track to accomplish its purposes.

**Waste Disposed at the Layon Landfill January 1 – June 30, 2017**

The total waste handled by GSWA increased by 2.9 percent to date during FY 2017. Table 16 shows total waste disposed by customer type during FY 2017 through June, compared to FY 2016 through June.

<sup>26</sup> On the date of this report the balance in the Reserve for Unfunded Expenses is \$5,419,691.30.

<sup>27</sup> On the date of this report the balance in the Ordot Dump Post Closure Care Reserve is \$3,836,154.18.

**Table 16 – Total Waste (Tons) Disposed by GSWA, FY16 and FY17**

<b>Change in Waste (Tons) Disposed by GSWA</b>			
<b>By Customer Group</b>			
Comparing October to June FY2016 with October to June FY2017			
<b>Customer</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>% Change</b>
Residential	15,084	15,876	5.3%
Commercial	41,502	41,783	0.7%
Military	5,855	6,176	5.5%
Government	6,933	7,429	7.1%
Mayors	1,426	1,324	-7.2%
Transfer Stations	3,232	3,549	9.8%
Other	93	170	82.2%
<b>Total</b>	<b>74,125</b>	<b>76,306</b>	<b>2.9%</b>

Note: About 4 percent of the waste handled by GSWA is not landfilled due to removal of excluded waste and water loss.

Residential, military, and residential transfer stations have grown at a relatively fast rate with commercial waste below normal and mayors actually declining when compared to the previous year. Government customers, a category dominated by GWA, grew at a strong rate and the category of Other also grew at a very strong rate driven by an increase in glass bottles<sup>28</sup> and the bulky waste program.

The total rate of growth is 2.9 percent, a growth rate that is above the 2.3 percent assumed growth upon which it is projected that Cells 1 and 2 would reach capacity in late August 2021. Should the growth rate continue to exceed 2.3 percent, as has been the case in recent months, the capacity of Cells 1 and 2 will be reached sooner than projected, as projections are dependent upon usage rates.<sup>29</sup> GSWA should continue to monitor this closely to ensure that additional landfill capacity is available when Cells 1 and 2 are exhausted.

<sup>28</sup> Glass is crushed and used as alternative daily cover for the Layon Landfill.

<sup>29</sup>See pages 50-53 of the Receiver’s Quarterly Report dated August 4, 2016.

## 6. Transition Issues and Progress (January 2017 – June 2017)

In the Quarterly Report of the Receiver dated October 21, 2015, the Receiver recommended and the Court subsequently approved a timeline for transition and certain tasks that need to be completed to assure a successful transition. The timeline calls for transition to occur on January 1, 2018.

The following tasks were also outlined in the Receiver's recommendations and we would like to take this opportunity to report to the court the status of these tasks based on the Receiver's progress and our understanding of the Board's progress. The current status is as of the date of this report.

1. Implementation and monitoring of the financial plan to complete Consent Decree Projects and fund Post Closure Care of the Ordot Dump.
  - **Current Status** – The plan has been implemented and, as outlined in our report dated May 17, 2017, and elsewhere in this document, it is performing as expected, funding all remaining projects, post closure care for the Ordot Dump and the funds needed by GSWA for future capital needs, specifically including the additional cell capacity that will be needed in the near future.
2. Approval by USEPA and GEPA of Ordot Closure Construction.
  - **Current Status** – Complete (see letter from USEPA dated May 12, 2017, submitted to the Court as Tab 3 in the Receiver's Report dated May 17, 2017) GEPA has also now formally approved (see letter dated August 10, 2017 included as Tab 4 of this report.)
3. Approval by USEPA and GEPA of the Post Closure plan for the Ordot Dump.
  - **Current Status** – The plan is still pending with both agencies (see discussion of this issue on pages 11 – 13 of this report).
4. Planning for the work to be done and completing the environmental clean-up and construction of the upgrades to the Residential Transfer Stations and the Dero Road project.
  - **Current Status** – In the Court's Order dated May 23, 2017, it accepted the Receiver's recommendation that no further action be taken with respect to the remaining stormwater issue on Dero Road. Accordingly, the Dero Road project is complete. With respect to the upgrades to the Agat and Malojloj Residential Transfer Stations, the contractor is behind schedule but is implementing increased resources to catch up and continues to provide assurances that the projects will be completed by the end of 2017. Work has now started on the environmental closure of the Dededo Residential Transfer Station. We believe this work will be completed before the end of 2017.
5. Obtaining operating permits for the Agat and Malojloj Residential Transfer Stations.
  - **Current Status** – Work is underway and should be completed by the end of 2017, contingent on the upgrades actually being completed. It should also be noted that USEPA's additional requirements regarding gas mitigation at Ordot has complicated the work schedule with respect to this effort.
6. Procurement
  - **Current Status** – Procurement for all construction work covered by the "additional projects" has been successfully completed. We issued the procurement for the post closure operator of the Ordot Dump Closure facility on June 16, 2017, with a due date of August 10<sup>th</sup>, and no proposals were received. We will now attempt to enter into a competitive negotiation with companies we believe to be qualified with our objective being to secure a contract with a qualified operator. We continue to work on the

procurement for the trustee and independent engineer and expect to issue procurements for both in the coming weeks.

7. The Board's determination of how it will manage the closure of Cells one and two at the Layon Landfill and the construction of a new cell.
  - **Current Status** – We assume the Board is awaiting the hiring of a General Manager to address this matter. The Receiver is beginning the preliminary steps outlined in the Quarterly Report of the Receiver dated October 21, 2015. We will request that the Board of Directors give us time on the agenda at one of their upcoming meetings to discuss this with them as a part of our transition work.
8. Recruitment of a General Manager and Controller.
  - **Current Status** – In early January 2017, the Receiver began working with the Board to recruit the General Manager and Chief Financial Officer. The Receiver continues to assist the GSWA Board in its efforts to hire a General Manager and Financial Officer. The job announcements were widely advertised on behalf of the Board both on Guam and in industry circles where persons qualified for such positions would pursue such an opportunity. The Receiver has also assisted the Board further by evaluating the qualifications of the applicants and working with the Board to schedule interviews which will advance the process further. The Board has made an offer to a qualified candidate for General Manager contingent on completion of an acceptable background check. With respect to the finance position, there was no interest from qualified individuals in the Chief Financial Officer position as initially advertised. To broaden its search, the Board has revised the job description to solicit applications for a financial Controller. We agree with this change and are hopeful it will yield qualified candidates for the Board's consideration.
9. Transitioning the Receiver's temporary staffing to full-time GovGuam employees.
  - **Current Status** – As we understand it, the Board continues to pursue legislation through the Guam Legislature to allow the Board to continue all Receiver Contracts for a limited time. The status of the legislation is not clear to the Receiver. We continue to have concern that this solution does not address the underlying legal issue identified by former Deputy Attorney General Pat Mason.<sup>30</sup> Mr. Mason advised that, while the Receiver has the authority to contract for employees, it would violate the Guam Organic Act for GovGuam to contract for employees. We are unaware of any subsequent opinion of the Guam Attorney General or Court that would conflict with Mr. Mason's opinion. The Receiver is therefore concerned that the approach being taken by the Board may not resolve this critical transition issue.
10. As we have noted on several occasions, current GSWA rates are based upon this Court's authorization allowing the Receiver to establish interim rates pending adoption of permanent rates by the Public Utilities Commission (PUC). While the Receiver presented rates to the PUC in 2012, no permanent rates have been adopted. Upon the Board's request, the Receiver presented a new rate study to the Board on December 31, 2016, for the purpose of allowing the Board to begin a rate making process.
  - **Current Status** – It is the Receiver's understanding that the Board has decided to address this matter through the legislation discussed above.
11. Updates to GSWA's operating rules and regulations. The Board has adopted and implemented rules governing its own deliberations and actions. Additional rules and regulations also exist that

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<sup>30</sup> See Tab 29 of the Receiver's May 2017 Report for a copy of Mr. Mason's advice. Assuming Mr. Mason is correct, it would appear to require an act of Congress, not the Guam Legislature, to resolve the matter through legislation.

predate the Receivership and the creation of GSWA as an autonomous agency. Many of these rules appear to be inconsistent with the current practices of GSWA and its rate structure. The board has yet to review these rules for the purpose of bringing them up to date.

- **Current Status** – As directed by the Court, the Receiver is in the process of assisting the Board in this effort. We hope to have suggestions to them in the coming weeks.

## **7. Next Steps**

### **Ordot Dump Closure**

- Continue operations, maintenance and monitoring until Post Closure Operator is on board.
- Obtain acceptance by USEPA of the Construction Certification Report.
- Continue to facilitate GEPA and USEPA regarding Post Closure Care Plan review.
- Continue the procurement of an Operator for the Ordot Dump Post Closure Care.
- Continue to move forward with the gas mitigation activities

### **Design and Construction Management**

- Project construction management for renovation activities at Agat, Malojloj, and Dededo Transfer Stations

### **Layon Operational Support**

- Continue to provide operations support to landfill operator, as needed
- Continue field investigations in support of design services for the development of new landfill cells.

### **Environmental Compliance and Monitoring**

- Continue to conduct GEPA and USEPA bi-weekly meetings to guide and manage environmental permitting and compliance.
- Continue the environmental monitoring and compliance reporting for the Ordot Closure Facility.
- Continue to report and manage environmental compliance monitoring of the Layon Landfill operations.
- Continue to manage, monitor, and report the results of the quarterly Inarajan WWTP monitoring program.

### **Procurement and Contract Management**

- Continue to pursue a contract with a qualified operator for the Post Closure operation of the Ordot Dump Closure Facility.
- Develop the procurement for the Ordot Trustee.
- Work with legal counsel to address remaining land issues and procurement issues.

### **Financial**

- Carefully manage the Trustee Accounts and other bank accounts of GSWA and 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.
- Monitor government accounts and work with GovGuam to address deficiencies.

- Manage and fund the capital needs of GSWA and the Consent Decree in compliance with the Orders of the District Court.
- Continue to monitor the status of the Government of Guam's payments to the former Layon Landowners.

**Transition**

- Continue to work with the Board of Directors to achieve a successful transition.