





**Guam** SOLID WASTE RECEIVER

Quarterly Report  
of  
Receivership for the Government of Guam  
Guam Solid Waste Authority  
Pursuant to the Order of the  
United States District Court of Guam

Presented by  
Gershman, Brickner & Bratton, Inc.  
August 23, 2017




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## 1. ORDOT DUMP – POST CLOSURE MANAGEMENT



January 1, 2017 – June 30, 2017



  
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Vegetation Maintenance along Dero Rd – January 2017

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## Ordot Dump – Post Closure

- Post Closure Operations and Maintenance
  - Ongoing Activities:
    - Ensure operations are continuous and successful
    - Maintenance – both preventive and routine
    - Compliance monitoring and reporting
- All activities being performed in compliance with post closure care plan (under review) and Title V Air Permit
- Conducted annual settlement survey of the cover system – performing as expected
- Performed annual wetland monitoring – report to be submitted to US Army Corps of Engineers

  
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### Ordot Dump – Post Closure Operations, Maintenance, and Compliance Monitoring

#### Perimeter Landfill Gas Monitoring

- Network of monitoring wells detect landfill gas at the perimeter – most in place since 2012
- Two perimeter gas monitoring wells consistently have readings above compliance levels
  - Cause is identified as trash found outside the main waste pile
  - This waste was relocated to the main waste pile but residual landfill gas remains in the soil
  - This is a relatively small amount of uncontrolled landfill gas when compared to the landfill gas now being controlled
  - To achieve full compliance this issue must be addressed
  - A gas mitigation plan is being tested to evaluate its potential to effectively address this issue
  - Implementation of a solution will likely extend beyond December 31, 2017

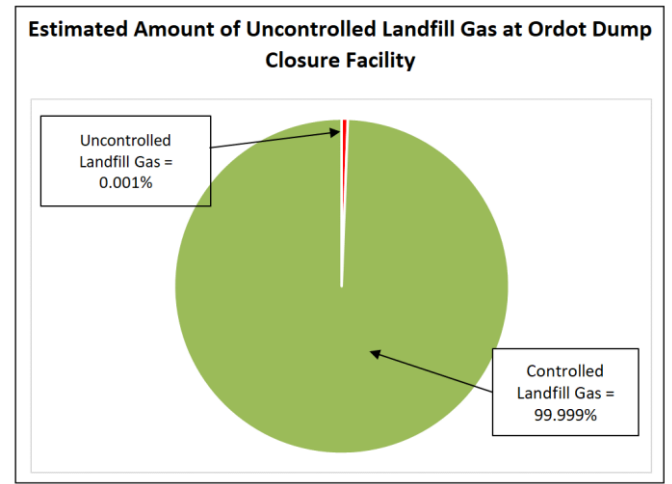
  
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### Perimeter Landfill Gas Issue is Very Small by Comparison



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



Category	Percentage
Controlled Landfill Gas	99.999%
Uncontrolled Landfill Gas	0.001%

  
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### Ordot Dump – Post Closure



Operations, Maintenance, and Compliance Monitoring

Mitigation Plan being tested

- Uses a vacuum system to extract the gas from the soil
- Soil conditions could show this method to be ineffective – testing necessary
- Testing should be complete in September
- If testing is successful, full plan implementation will take several months likely extending beyond December 31, 2017 requiring work to be completed by the post-closure operator instead of the Receiver
- If current testing is unsuccessful other solutions will need to be evaluated



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### Ordot Dump – Post Closure

Operations, Maintenance, and Compliance Monitoring

- USEPA indicates its intent to delay approval of entire Ordot post-closure plan pending results of testing
- Testing was delayed due to unavailability of drilling rigs on Guam
- Receiver agrees that resolution of this issue should be a condition of approval of the post-closure plan
- Receiver disagrees that this is a reason for further delay of entire post-closure plan



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### 2. LAYON LANDFILL AND CONSENT DECREE PROJECTS

January 1, 2017 – June 30, 2017



**PS-31** **PS-32**



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Surge tanks installed at GWA pump stations

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### Layon Landfill

Environmental Monitoring and Compliance

- Ongoing Landfill Facility Permit compliance
- May 16, 2017 GEPA/USEPA Site Visit and Operations Review
- Continued regular GEPA/USEPA/Receiver coordination meetings for all regulatory and permit aspects of work

**Conclusion: The Layon Landfill meets all applicable environmental standards and regulations.**



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### Consent Decree Projects: Residential Transfer Stations

**Agat RTS Planned Upgrades**      **Agat RTS in Progress June 2017**



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### Consent Decree Projects: Residential Transfer Stations

**Malojloj RTS Planned Upgrades**      **Malojloj RTS in Progress June 2017**



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### Consent Decree Projects: Residential Transfer Stations



Agat Residential Transfer Station





Malojloj Residential Transfer Station



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### Transfer Station Construction Progress



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### Consent Decree Projects: Residential Transfer Stations

- Upgrades at Agat and Malojloj Required by GEPA as part of Layon permit
- Dededo environmental closure required by Governor's decision to close the facility
- Work by CoreTech International continues on each of the facilities
- Contract requires completion by November 9, 2017
- Actual work is about 20 percent behind schedule – more resources needed
- Working with contractor to close the schedule gap




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### 3. OPERATIONS OF THE GUAM SOLID WASTE AUTHORITY, January – June 2017

  
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### Residential Trash Collection: Collection is 99.80% On-Time

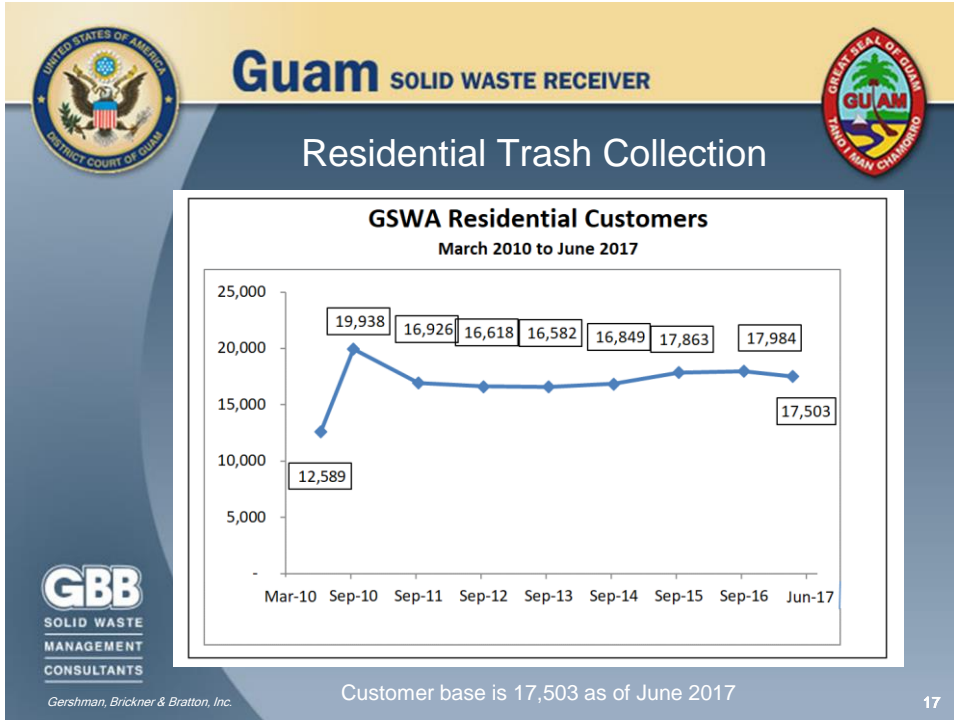


Category	Percentage
On-Time	99.80%
Missed	0.20%

- 451,991 residential trash collections
- Average pounds per house per week is 43.09
- 167 carts were repaired

  
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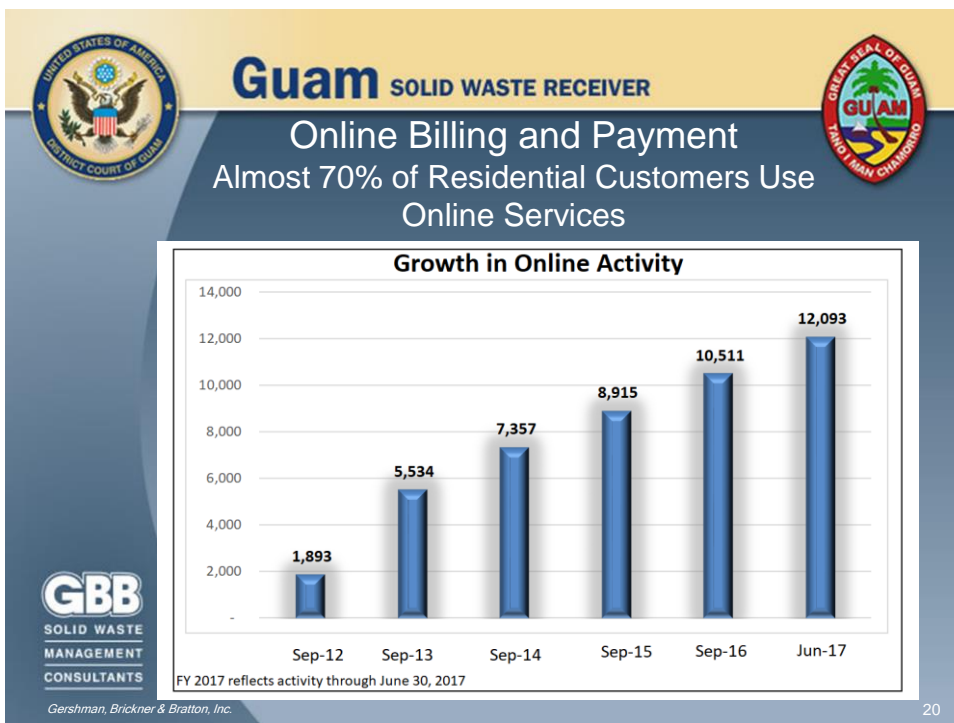
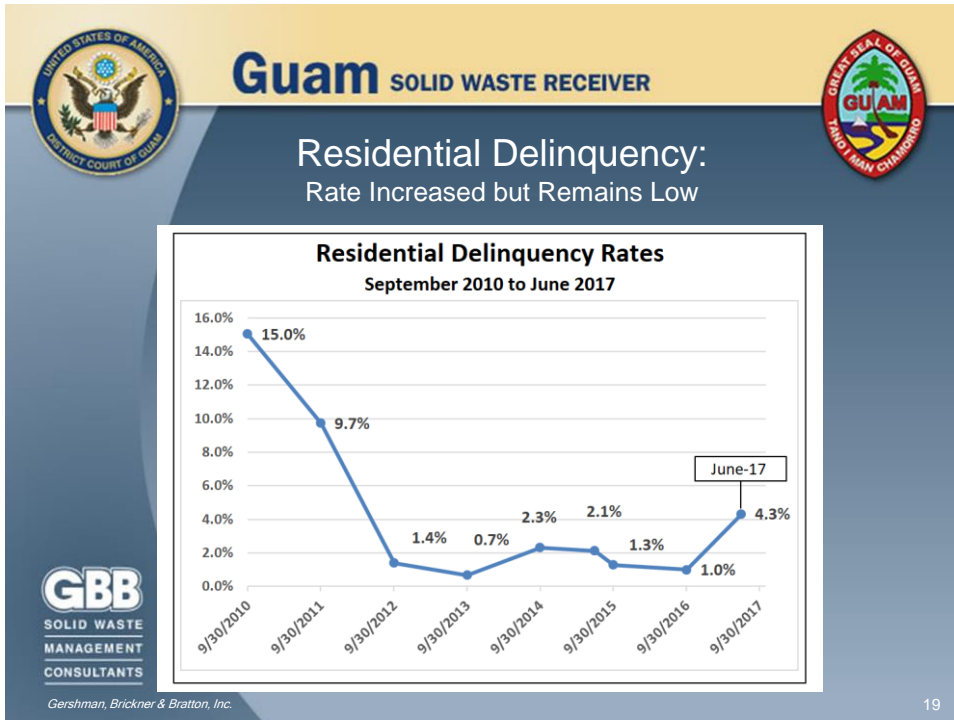
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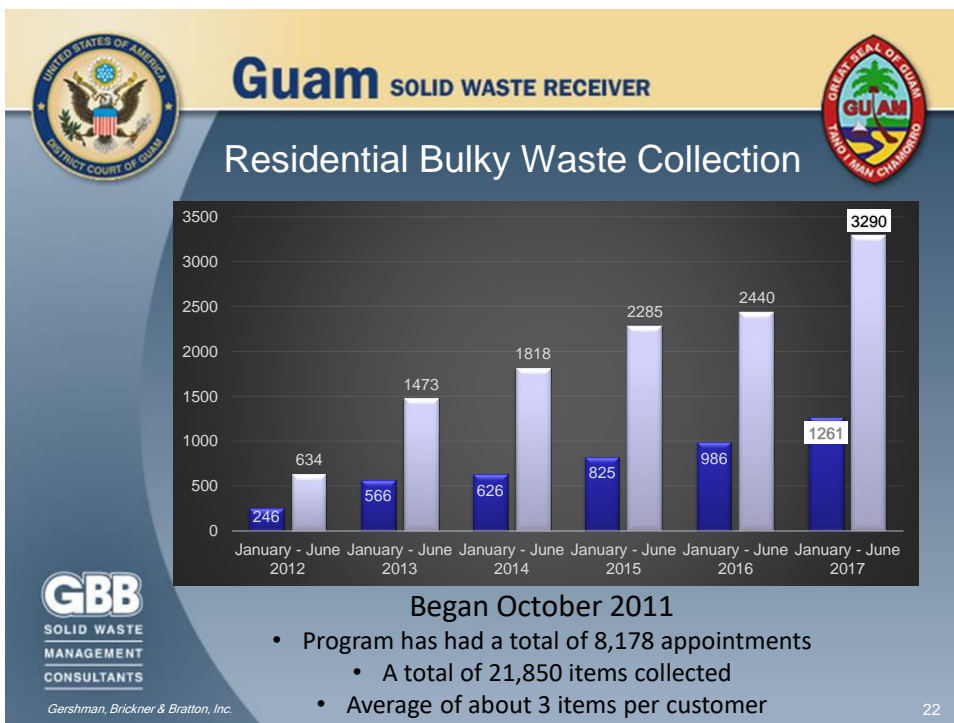
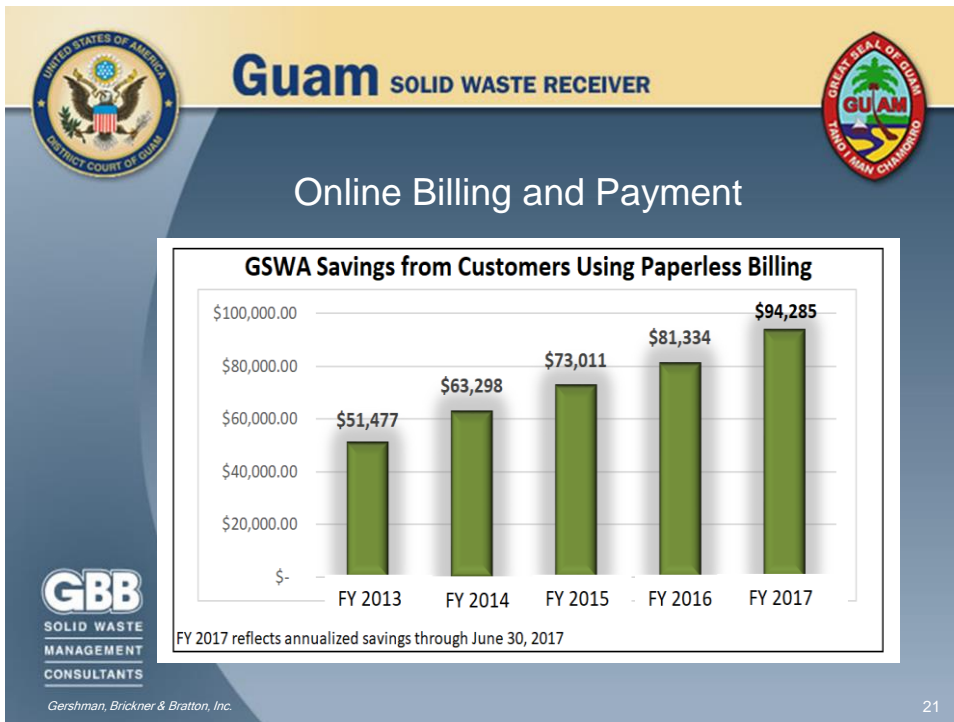
**Administration**

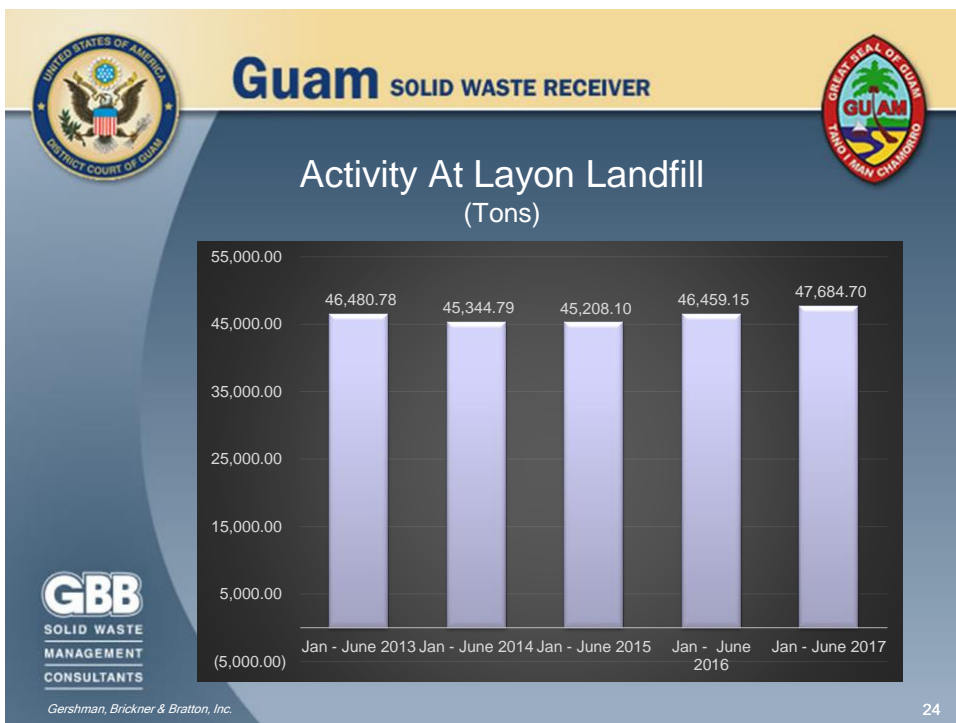
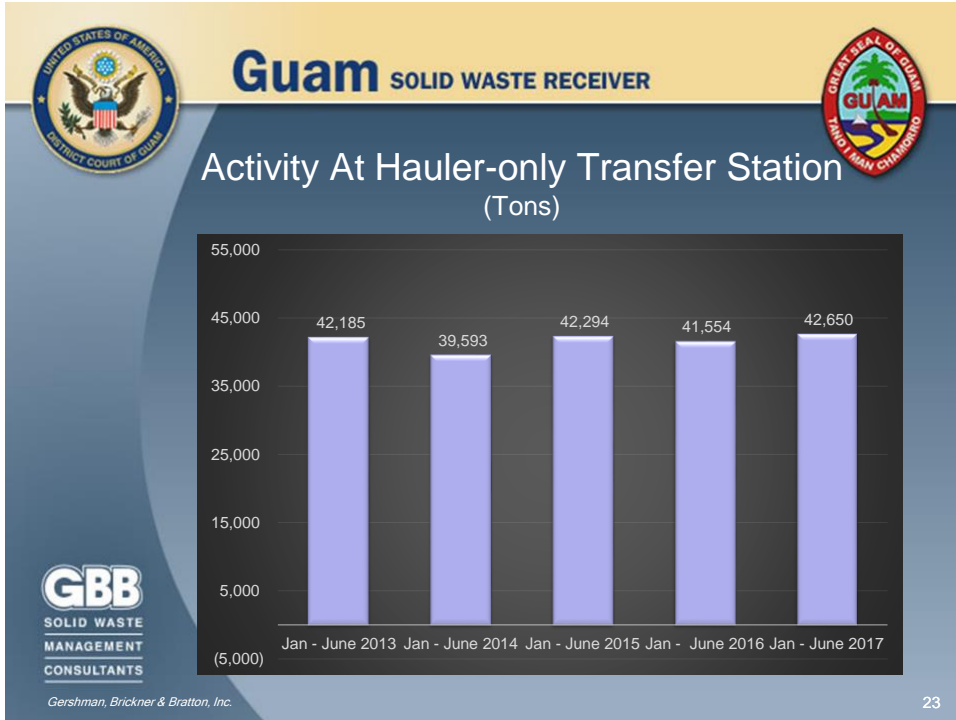
- Customer Service:
  - Assisted 4,295 walk-in customers
  - Made 6,161 courtesy phone calls to customers who were late paying their bills and in jeopardy of having their carts repossessed for lack of payment
  - Sent 9,569 courtesy letters to customers who were 60 and over 90 days behind on their payments
  - Answered 28,248 incoming calls
  - Made 20,220 total outgoing calls
- Total staffing
  - There were 54 Full-time employees, a reduction of 45% from the 99 FTE the SWMD had in 2008

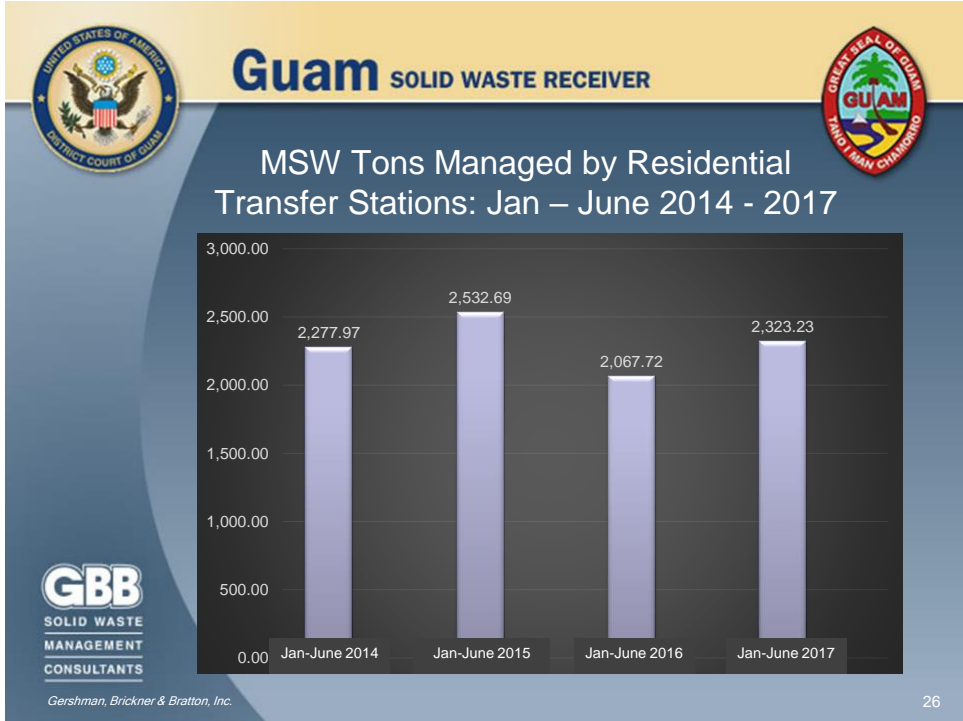
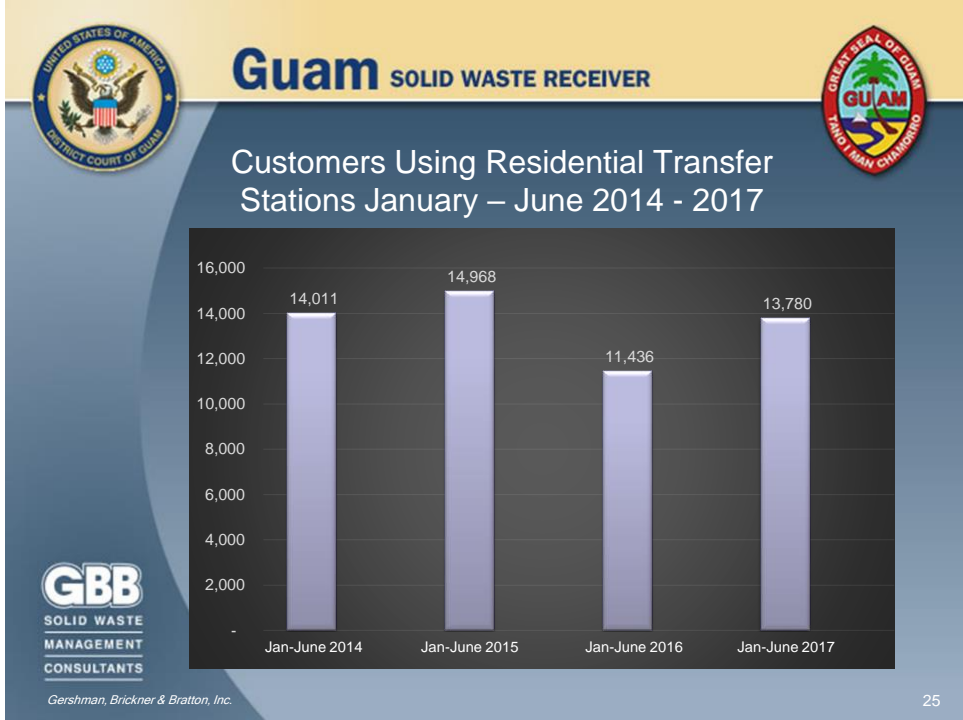
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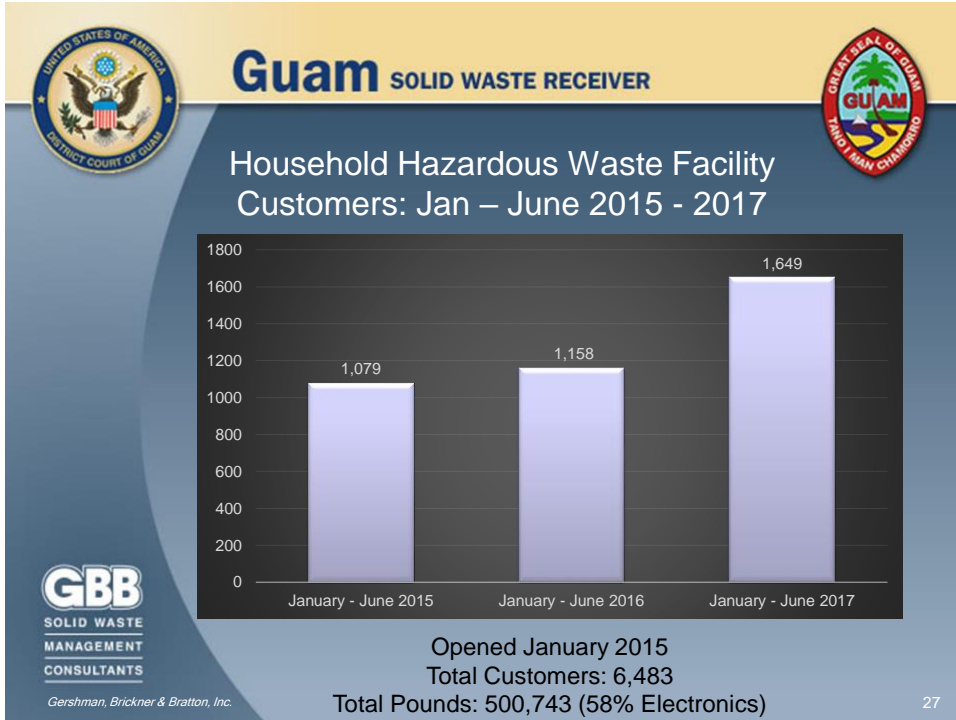
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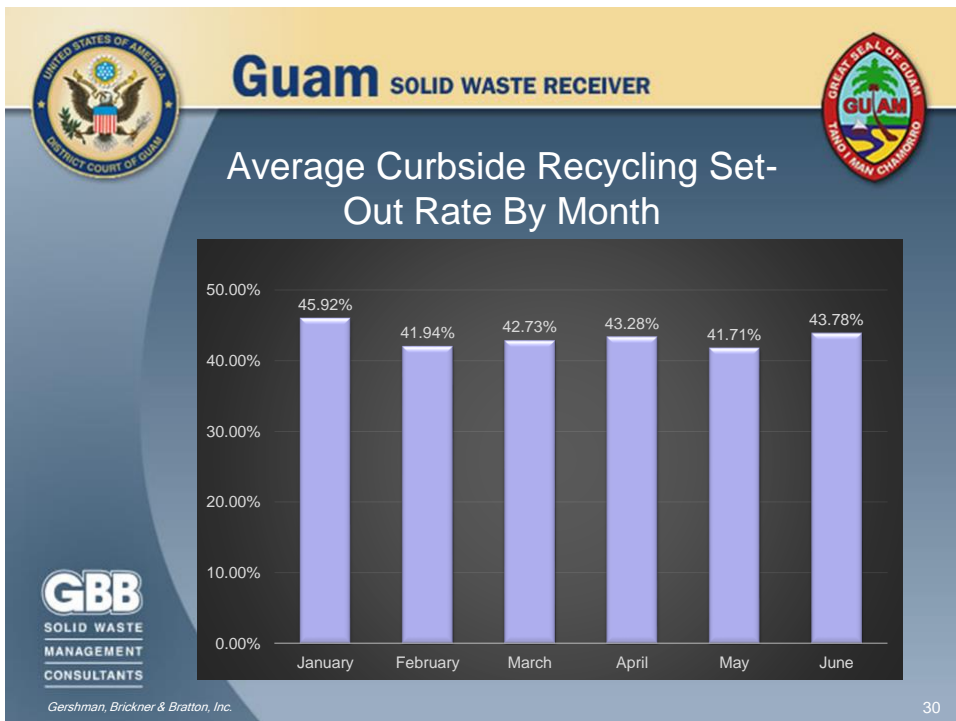
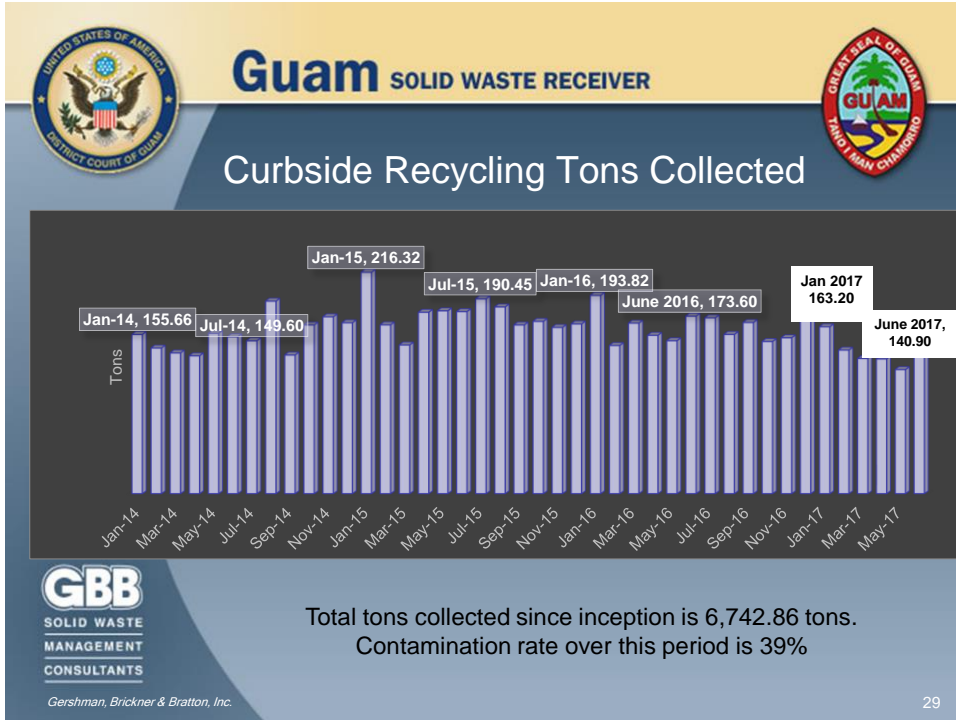


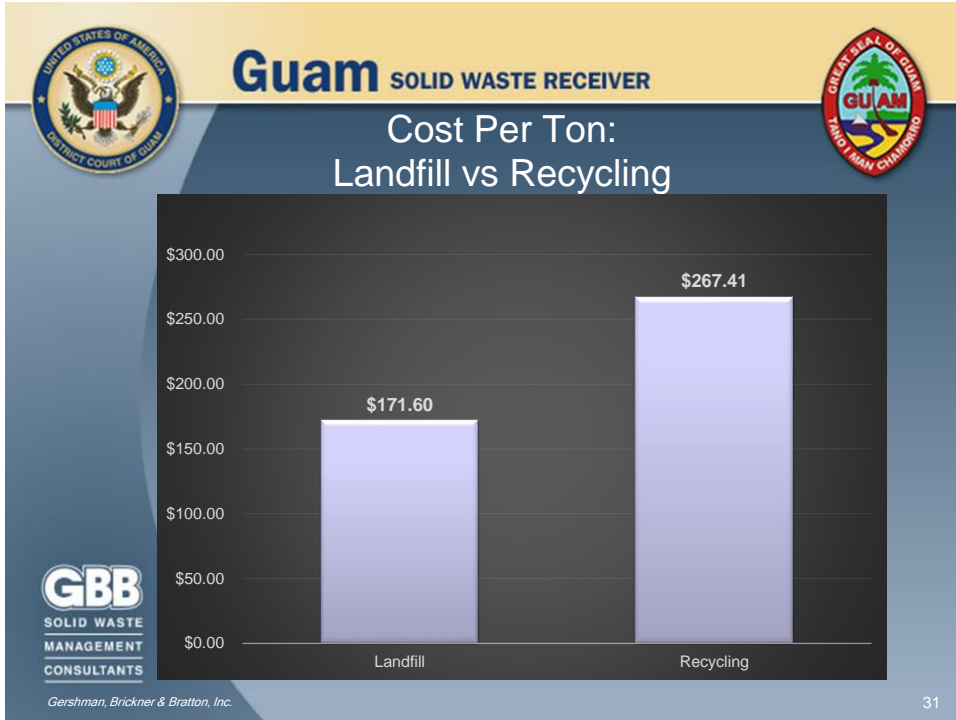












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- Recycling cost has increased significantly
  - Periodic fluctuations in cost for recycling are not unusual based on the markets for recycled material
  - Increased cost of truck maintenance also contributed to this cost increase
  - The poor condition of trucks also contributed to the a shortage of trucks increasing overtime to complete all of the work
  - New trucks now on order will reduce this cost



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# 4. CONTRACT MANAGEMENT AND PROCUREMENT

January 1, 2017 – June 30, 2017



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# Procurement Activities

- Liquidated damages with Maeda Pacific Corporation is scheduled for trial March 12, 2018
  - Issues to be decided narrowed to:
    - Reasonableness of amount included in contract in relation to actual damages
    - Date of substantial completion
- Procurement was issued June 16, 2017 for Ordot post closure operator; however, no proposals received by due date on August 10, 2017
- It is the intent of Receiver to enter into negotiations with qualified companies to secure a contract
- Procurement for the trustee and independent engineer (required to implement the Receiver's financial plan) to be issued in coming weeks



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# 5. FINANCIAL ISSUES AND CAPITAL FUNDING

January 1, 2017 – June 30, 2017



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# Financial Results of GSWA



(January 1 through March 31, 2017)

- Strong financial results for the period
  - Revenue exceeded the budgeted estimate by 9.5%
  - Cash collections from customers exceeded the total amount billed by 3.8%
  - Operating cash on hand remained stable during the reporting period
  - Estimated fund balance (difference between expenses and revenue) increased to \$24.3 million
- Reserves for equipment replacement, post-closure, cell closure and new cells fully funded
- More detailed results are reported in Tab 12



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### Financial Results of GSWA (April 1, 2017 – June 30, 2017)

- Strong financial results continue
  - Revenue exceeded the budgeted estimate by 8.2%
  - Cash collections from customers exceeded the total amount billed by 3.2%
  - Operating cash on hand at June 30, 2017 was \$10.5 million
  - Estimated fund balance (difference between expenses and revenue) increased to \$25.3 million
- Reserves for equipment replacement, post-closure, cell closure and new cells fully funded
- Timing issues will affect these numbers
- More detailed results are reported in Tab 14



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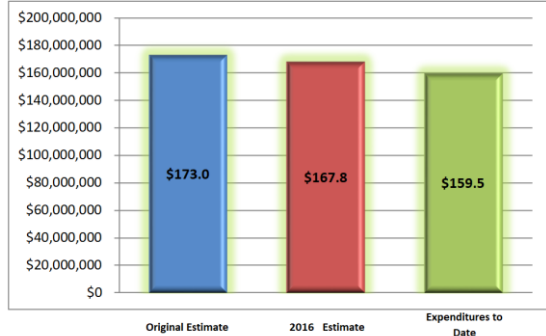
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### Capital Funding

**Capital Funding Estimates and Expenditures**  
Consent Decree Projects  
Expenditures as of June 30 2017





Category	Amount
Original Estimate	\$173.0
2016 Estimate	\$167.8
Expenditures to Date	\$159.5

See Tab 24 for details. Includes Dero Road and Residential Transfer Station Projects. Post-closure for Ordot Dump is not included since it is not a capital expense.



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### Compensation of Former Landowners of Land Required for Closure of the Ordot Dump

- All land needed for the Ordot Dump closure has been acquired by the Receiver on behalf of GSWA
- Three issues are still pending
  - Lot 3434 – Legal counsel is preparing to file the land registration proceeding to determine the size and ownership of Lot 3434 as directed by the Superior Court of Guam
  - Dero Road Easement – working to obtain signatures on final documents
  - Lot 450
    - This is a 10.625-acre tract that was a part of a much larger 961-acre tract owned by Columbus Development Corporation and Pan Micronesia Development Corporation
    - It is undeveloped land
    - GSWA's appraisal performed by an independent appraiser selected by the Office of the Attorney General is \$460,800
    - Former owners have now filed their own appraisals dramatically increasing their claim



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### Compensation of Former Landowners of Land Required for Closure of the Ordot Dump (cont'd)

- Former owners have now filed two of their own appraisals
- Both of these appraisals dramatically increase the former owners' claim
- The claim is now **\$41.2** million and essentially is a claim for loss of income based on GovGuam's failure to close the Ordot Dump in 1992
- Trial to determine value is now set for November 16, 2017



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### Lot 450 - Range of Cost Per Acre



**Range of Value for 10.625 Acres Adjacent to Ordot Dump**

Elements of the Claim	Compass Real Estate	Captain & Associates	Landmark, LLC
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>



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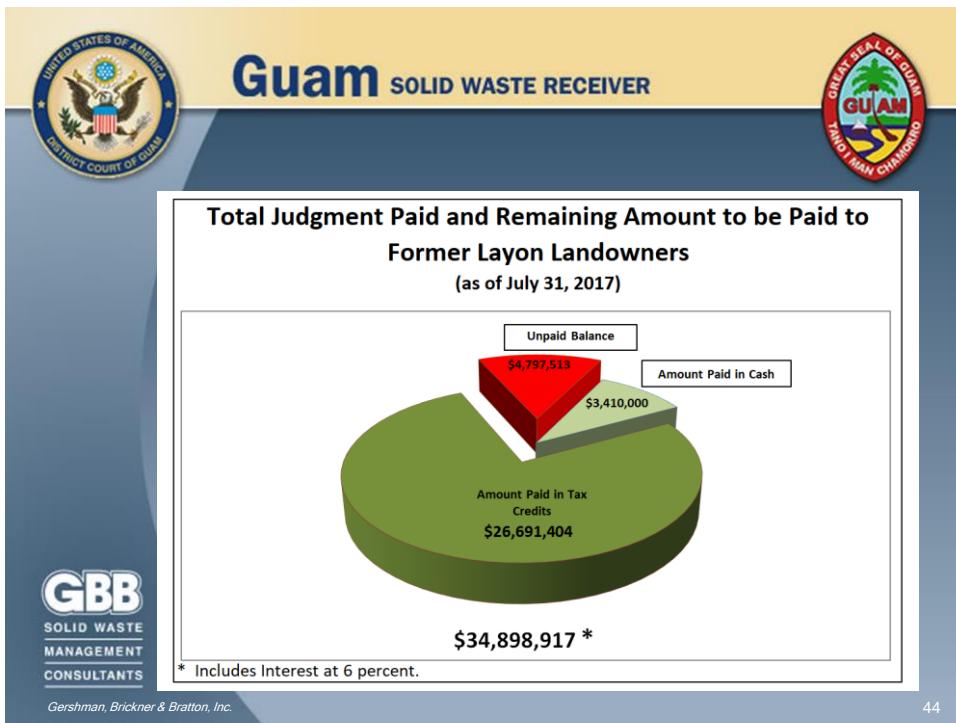
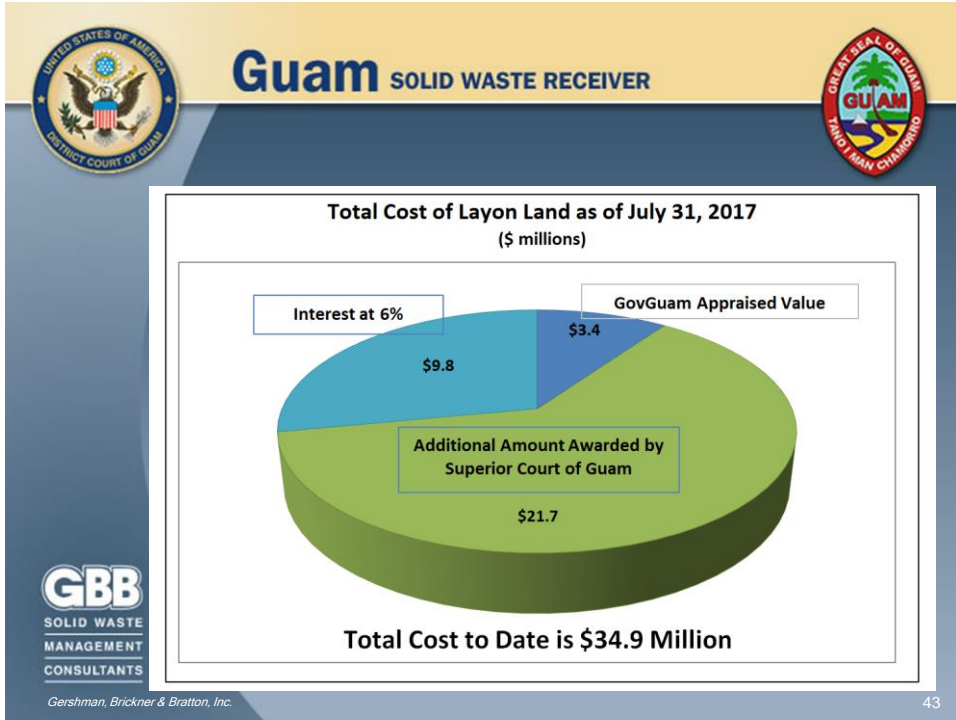
### Compensation Paid to Former Owners of Land Required for the Layon Landfill

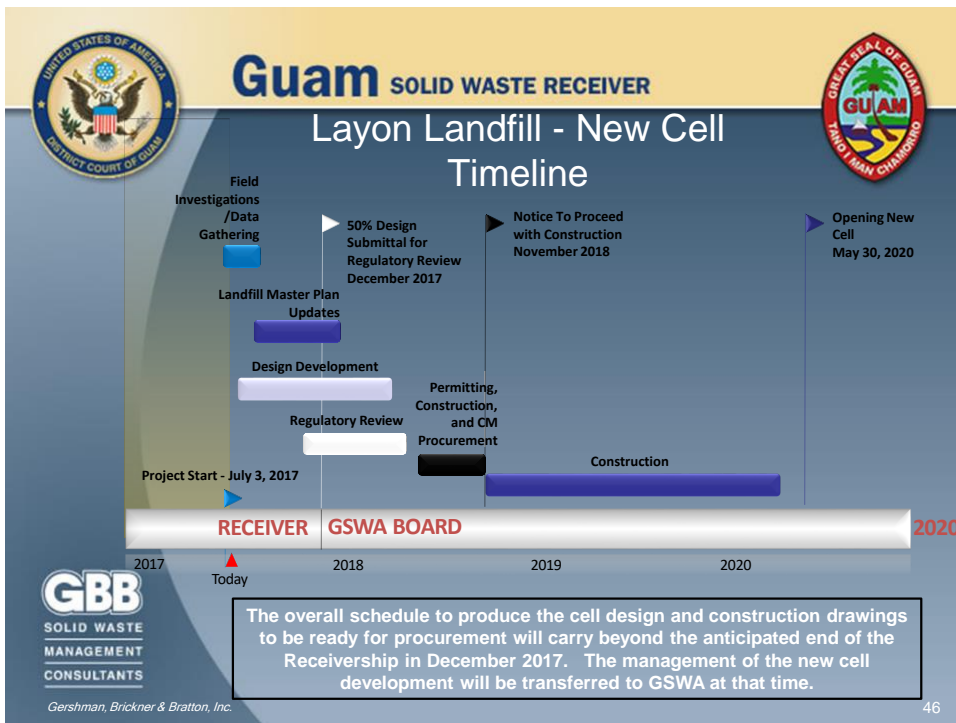
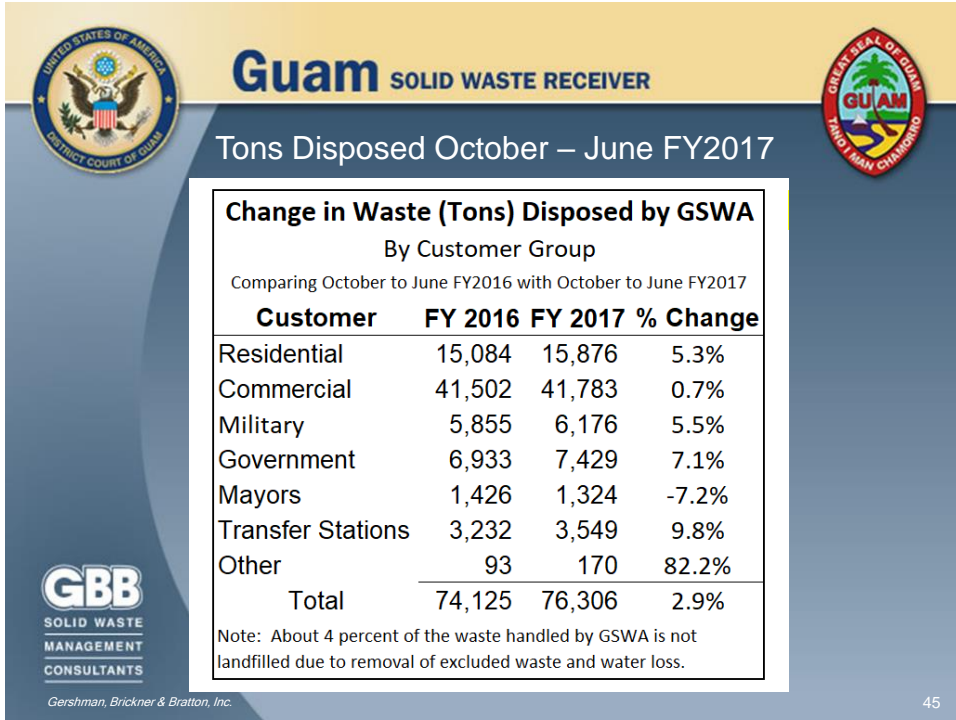
- Legal Counsel to the Governor has provided a update on the status of these payments at July 31, 2017
- Only small changes have occurred since the last report
- Interest added since last report was \$91,628
- Tax credits in the amount of \$359,213 were claimed by former owners since the last report
- The remaining liability on July 31, 2017 was \$4,797,513





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The overall schedule to produce the cell design and construction drawings to be ready for procurement will carry beyond the anticipated end of the Receivership in December 2017. The management of the new cell development will be transferred to GSWA at that time.



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### Status of Issues for Transition on January 1, 2018

5. Obtaining operating permits for the Agat and Malojloj Residential Transfer Stations **Status** – *Work is underway and should be completed by the end of 2017*
6. Procurement **Status** – *Procurement for all construction has been successfully completed. Procurement for the post-closure operator of the Ordot Dump facility did not receive any proposals. Competitive negotiation to achieve a contract is the next step. Procurements for the trustee and the independent engineer yet to be issued.*



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### Status of Issues for Transition on January 1, 2018

1. Implementation and monitoring of the financial plan to complete Consent Decree Projects and fund Post-Closure Care of the Ordot Dump - **Status:** *The plan has been implemented and it is performing as expected*
2. Approval by USEPA and GEPA of Ordot Closure Construction - **Status:** *Complete (see letter 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 - **Status:** *The plan is still pending with both agencies (see earlier 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 - **Status:** *Dero Road project is complete. Upgrades to the Agat and Malojloj Residential Transfer Stations are behind schedule but Receiver is working with contractor to close the gap in the schedule. 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.*



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### Status of Issues for Transition on January 1, 2018

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 – **Status** – *We assume that 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.*



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### Status of Issues for Transition on January 1, 2018

8. Recruitment of a General Manager and Financial Officer - **Status** – *The Receiver continues 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. The Board has made an offer to a qualified candidate for General Manager contingent on completion of an acceptable background check and an acceptable contract. To broaden its search for a financial officer, the Board has revised the job description to solicit applications for a Controller. We agree with this change and are hopeful it will yield qualified candidates for the Board's consideration.*



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### Status of Issues for Transition on January 1, 2018

9. Transitioning the Receiver's temporary staffing to full-time GovGuam employees **Status** – *The Board has been working with their attorney to pass legislation in the Guam Legislature to allow the Board to continue all Receiver Contracts for a limited time. To the Receiver's knowledge this has not yet been accomplished. It is further our understanding based upon legal advice that the Receiver was given by former Deputy Attorney General Pat Mason that, while the Receiver has the authority to contract for employees, it would violate the Guam Organic Act of 1950 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 concerned that the current approach being pursued by the Board may not resolve this critical transition issue*



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### Status of Issues for Transition on January 1, 2018


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 has 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 – **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 - **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.*




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**NEXT STEPS ARE INCLUDED IN  
TAB 1 (Narrative Report)**




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