

# Quarterly Report of the Receiver

Civil Case No. 02-00022

United States of America v. Government of Guam  
Guam Solid Waste Management Division

Prepared for:



U.S. District Court of Guam

Submitted by:



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**Civil Case No. 02-00022**  
**United States of America v Government of Guam**

**Solid Waste Management Division**

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 of the Government of Guam, we are pleased to submit to the Court this Quarterly Report (“Report”). The purpose of this Report is to describe to the Court the progress made toward compliance with the Consent Decree since the third Quarterly Report filed with the Court on January 14, 2009, and to outline the Receiver’s recommendations for achieving compliance with the Consent Decree. To complement this Report, the Receiver is also submitting the presentation entitled “Quarterly Report for Receivership for the Government of Guam, Department of Public Works, Solid Waste Management Division” (see Tab 2).

**Introduction**

This Report coincides with one year of work for the Receivership, and it is appropriate to briefly review what has been accomplished during the first year before turning to an in-depth discussion of the quarter that ended March 31, 2009. The Receiver’s first year of the work has been eventful and one of accomplishment, highlighted by major achievements, including:

1. Improved trash collection services, which have dramatically reduced customer complaints;
2. Repaired vehicles and purchased new equipment to support operational needs;
3. Reduced the number of SWMD employees by more than 25 percent as operations were reorganized and streamlined for more efficient organization and delivery of services;
4. Achieved significant savings as a result of dramatic reductions in leased equipment and personnel;
5. Dramatically improved working conditions for SWMD employees with working showers and kitchen facilities; provided safety shoes and uniforms;
6. Improved dust and odor control at the Ordot Dump operations, benefiting neighbors and workers;
7. Implemented a ban on materials at the Ordot Dump that has increased recycling and extended capacity of the Ordot Dump;
8. Added recycling at the Ordot Dump and transfer stations;
9. Received approval of the required rezoning for the Layon Landfill site;
10. Completed the Hydrogeologic Assessment, which has been approved by Guam EPA;
11. Received approval for initial building permits for the Layon Landfill;
12. Established cost estimates for Consent Decree projects and established a construction schedule that has been approved by the District Court;

13. Developed and approved a process to acquire all needed permits;
14. Began construction of Layon Landfill with earthworks contract awarded to Maeda Pacific Corporation;
15. Receiver Trustee Account established and \$25 million deposited as of March 31, 2009, to fund Consent Order projects;
16. Established effective communication with the Military to encourage the Military's potential use of the Layon Landfill;
17. Completed plans for new residential waste collection services and initiated procurement to implement these plans; and
18. Established regular communications with the media and public via [www.guamsolidwastereceiver.org](http://www.guamsolidwastereceiver.org) and ongoing media relations.

These accomplishments would not have been possible without the support of the District Court, the hard work and dedication of the employees of the SWMD, and the cooperation of the Governor and his Administration. We are now poised to make even more progress in the second year of our work for the Court and the people of Guam.

We will now turn our attention to a more in-depth discussion of the work completed in the quarter ended March 31, 2009. Since our last quarterly report, we have advanced efforts to bring Guam into compliance with the Consent Decree. There has been major progress in the design, permitting and construction of the Layon Landfill. In addition, the SWMD has made significant improvements in service and efficiency, as well as progress in Court-approved plans to implement a new trash cart collection system. In the financial area, we have monitored capital funding issues, analyzed SWMD expenses and revenue collections, and projected financial results and cash needs going forward. In this Report, we present the following updates for January – March, 2009:

- 1. Consent Decree projects (January – March 2009);**
- 2. Operations of the Solid Waste Management Division;**
- 3. Trash cart rollout plan;**
- 4. Community outreach**
- 5. Financial issues; and**
- 6. Next steps.**

## **1. Consent Decree Projects (January – March 2009)**

### **Design**

#### ***Landfill Liner Systems and Entrance Facilities (Phase II)***

During the quarterly period, the 90% Design Submittal for the Layon Landfill Liner Systems and Entrance Facilities (Phase II) was under review by the Guam Environmental Protection Agency (GEPA) as part of the resubmittal of the Solid Waste Management Facility Permit application. This is the primary component of the solid waste facility permit package, providing all the systems for the waste management units, Cells 1 and 2, at the facility. On March 20, GEPA and EPA gave the Receiver their comments on these documents, which we directed the design consultant, TG Engineers, PC, to address. The next steps and the process of addressing these comments are discussed in more detail in the Permitting section below.

#### ***Access Road and Utilities***

TG Engineers, PC submitted for design review the 90% Design Submittal of the Sewer line from the landfill site to the Inarajan Wastewater Treatment Plant (WWTP). These plans require a final review by Guam Waterworks Authority (GWA) and GEPA before they are submitted for a construction building permit. This design submittal is not part of the Solid Waste Facility Permit application; however, the utilities are components that must be constructed and in place for the operation of the landfill waste management units. The Receiver made these design documents available to GWA and GEPA for review on the Receiver's Web portal on March 29, 2009. The design consultant, TG Engineers, PC, will continue to follow up with the Government agencies to obtain their comments. The next step for this design package is to put it out for construction bid procurement with the Access Road and Utility Plans.

#### ***Leachate Treatment Feasibility Study for the Inarajan Wastewater Treatment Plant (WWTP)***

During this quarter, the Receiver initiated the leachate treatment feasibility study for the Inarajan WWTP. The study's scope of services includes the following tasks:

##### ***Review and Planning –***

1. Coordinate with Guam Waterworks Authority (GWA) to address rules pertaining to the discharge to the wastewater collection system, as well as GEPA and EPA regulations for the management and treatment of leachate.
2. Review and assess Inarajan WWTP's current influent loading, current operating data, and current treatment plant performance, based on existing data.
3. Obtain leachate quality data to predict expected leachate quality. This data will be obtained from tropical environments, including Andersen Air Force Base, Commonwealth of the North Mariana Islands, City and County of Honolulu, and County of Maui.
4. Meet with GWA to affirm requirements for discharging leachate to the Inarajan WWTP and to review study approach. Conduct meeting with Guam EPA to discuss and affirm requirements for leachate management and treatment.

### ***Evaluate Leachate Treatment Alternatives –***

5. Conduct a two-week bench scale treatability study to determine the ability of the Inarajan Wastewater Treatment Plant (WWTP) to treat leachate and the potential inhibition of the leachate. This task will include screening-level treatability testing to be conducted over a period of two weeks in order to identify appropriate pretreatment and the likely impact of the leachate (if any) on the Inarajan WWTP's ability to treat wastewater.
6. Assess capability of Master Plan improvements for the Inarajan WWTP to accommodate leachate load as the landfill expands and matures.
7. Evaluate alternatives for pretreatment and/or treatment of leachate at the Inarajan WWTP site based on the phased expansion of the landfill.
8. Evaluate alternatives for pretreatment of the leachate using the Master Plan future design capacity, and disposal using the existing percolation system.
  - a) Evaluate alternatives for expanding the Inarajan WWTP and percolation system to accommodate the leachate load without pretreatment, if necessary.
  - b) Evaluate alternatives for full treatment, including pretreatment, of the leachate at the Inarajan WWTP and pretreatment only at the landfill site, and disposal using the existing percolation system at the Inarajan WWTP.
  - c) Develop planning-level life cycle cost estimates for the alternatives.

### ***Recommendations-***

- 9. Prepare a draft feasibility report that compares the alternatives evaluated.**
- 10. Provide recommendation and the basis for one of the three alternatives.**
11. Submit a draft report to GWA, GEPA and EPA. Incorporate comments from these agencies into a final draft report and submit to the agencies for final approval.

The next steps in addressing the pretreatment of leachate are to design the preferred alternative, and begin the permitting and bid procurement processes for the construction. The anticipated timelines for these tasks are presented in the updated project schedule below.

### **Project Schedule Updates**

The project schedule deadlines, presented in Table 1, reflect the progress and changes that have occurred since the last update was presented in the January 14, 2009 Quarterly Report to the Court. The updated project schedule incorporates these updates and the GEPA Solid Waste Facility permit processing schedule, as reported to the Court in early February. The table below identifies those project task completion dates for the Layon Landfill work that have shifted as a result of events that have transpired since October 2008. At the time of the preparation of this report, the Receiver, in consultation with the design consultant, TG Engineers, PC, understands that the anticipated early construction completion date for Cells 1 & 2 is unchanged as presented in Table 1.

**Table 1.  
Project Schedule Deadlines**

<b>Task</b>	<b>Estimated Completion Date (October Report)</b>	<b>Revised Estimated Completion Date</b>	<b>Actual Completion Date</b>
GEPA Clearing & Grading Permit	1/2/09		12/23/08
DPW Building	1/2/09		1/13/09
Earthwork Construction Cells 1 & 2	7/6/09	9/22/09	
Landfill Liner System Pre-Final Design	12/24/08		2/05/09
Bid Review & Award (Landfill Liner System)	4/30/09	8/7/09	
Permit Phase (Landfill Liner System)	4/30/09	8/29/09	
Construction Phase (Cell 1)	9/1/10	9/1/10	
Construction Phase (Cell 2)	7/26/11	7/26/11	

**Permitting**

***Solid Waste Facility Permit for Construction***

The Receiver continued to coordinate with GEPA and EPA as they conducted their review of the Solid Waste Management Facility Permit application and/or the supporting technical documents. Throughout the review period, which ended March 17, 2009, the Receiver responded to GEPA’s preliminary review comments to help facilitate responses/clarifications. GEPA and TG Engineers, PC, held regular technical teleconferences to answer GEPA staff’s questions during their review of the documents and to assist with GEPA’s review of the Site Specific Groundwater Monitoring Plan. GEPA made an effort to prioritize the review of this document in order to help the project move ahead with the installation of groundwater monitoring wells at the earliest possible opportunity.

During this quarter, the Receiver also worked with GEPA and EPA to facilitate a revised permit processing schedule that would provide additional time for GEPA to prepare a draft permit and for the permit and design consultants, TG Engineers, PC, to address and incorporate comments, as necessary, into the permit and supporting documents. The revised permit processing schedule, formally approved by the Court, still targets August 27, 2009, for a Notice of Decision, which will signify approval of the Solid Waste Management Facility Permit for construction. The final operational permit approval is conferred upon the facility when the liner system is installed and the facility is ready to accept waste.

During this next quarter the following permit milestones are anticipated:

1. April 20, 2009 - GEPA comments to be addressed and incorporated, as necessary, in order to facilitate final review by GEPA/EPA;
2. April 29, 2009 - A letter of Technical Adequacy is anticipated to be issued by GEPA; and

3. May 22, 2009 - The final version of the permitting documents, to be generated by TG Engineers, PC, is due to GEPA so that the Draft Permit issuance and public comment period can begin on or about May 29, 2009.

As the Court knows, the design of the landfill already has significant redundancy included. The initial comments from the reviewers indicate that they may require additional redundancy to be added. If they do add such additional requirements, the cost will increase and the design time will also be affected. We are working with Guam, U.S. EPA and the design team to evaluate these issues, and we will keep the Court fully informed.

#### ***Construction Permits – Earthwork Related***

The Receiver also supported efforts by the permit consultant (TG Engineers, PC) to satisfy GEPA's building and construction permit requirements and other agency conditions related to the permit for the mass earthwork for the landfill's operations road and Cells 1 & 2. This support consisted of regular correspondence with GEPA and consultation with TG Engineers, PC, related to the GEPA permit conditions, including erosion and sediment control requirements, water quality monitoring plan, well abandonment permits, Department of Agriculture re-vegetation plan, bird monitoring and Historic Preservation Office Archaeological construction observation.

#### ***Final Integrated Hydrogeologic Assessment***

GEPA issued its final approval of the Integrated Hydrogeologic Assessment on March 20th. This document clearly indicated that the Layon Landfill is not a drinking water resource for Guam. The Integrated Hydrogeologic Assessment provides guidance for the designers of the new landfill to ensure that the water in the vicinity is protected in accordance with all applicable environmental standards. The Assessment is a living document for the site in that its groundwater model will be continually updated and refined as operational groundwater monitoring data are gathered in accordance with GEPA regulations and permit conditions. The document also serves as the basis for all future hydrogeologic evaluations that will be performed at the site for construction of new cells.

#### **Construction**

During this period, there has been significant progress in the construction of the Cells 1 & 2. The following tasks highlight the Receiver's progress:

1. Completed the bid phase for the construction of Cells 1 & 2 and awarded the construction contract on January 29, 2009;
2. Initiated construction with a Notice to Proceed on February 25, 2009;
3. Contractor mobilized to the site through March 11, 2009;
4. Installed environmental controls, including erosion and sediment controls;
5. Flagged project site wetlands for identification and protection;
6. Conducted regular bird surveys, according to the Department of Agriculture's permit requirements;

7. Initiated full-time archaeological observation, in accordance with Department of Recreation, Historic Preservation Office requirements;
8. Initiated construction management services, providing construction administration, construction observation and quality assurance services; and
9. Initiated weekly construction meetings held with contractor, construction manager and Receiver representative to track progress.

As of March 31, 2009, one month into the seven-month schedule (210 days), the project is approximately 4 percent complete relative to a construction target goal of approximately 9 percent according to the contractor's latest construction schedule. We are working with the construction manager and contractor to address production issues and will keep the Court fully informed on progress.

### ***Landfill Operations Road***

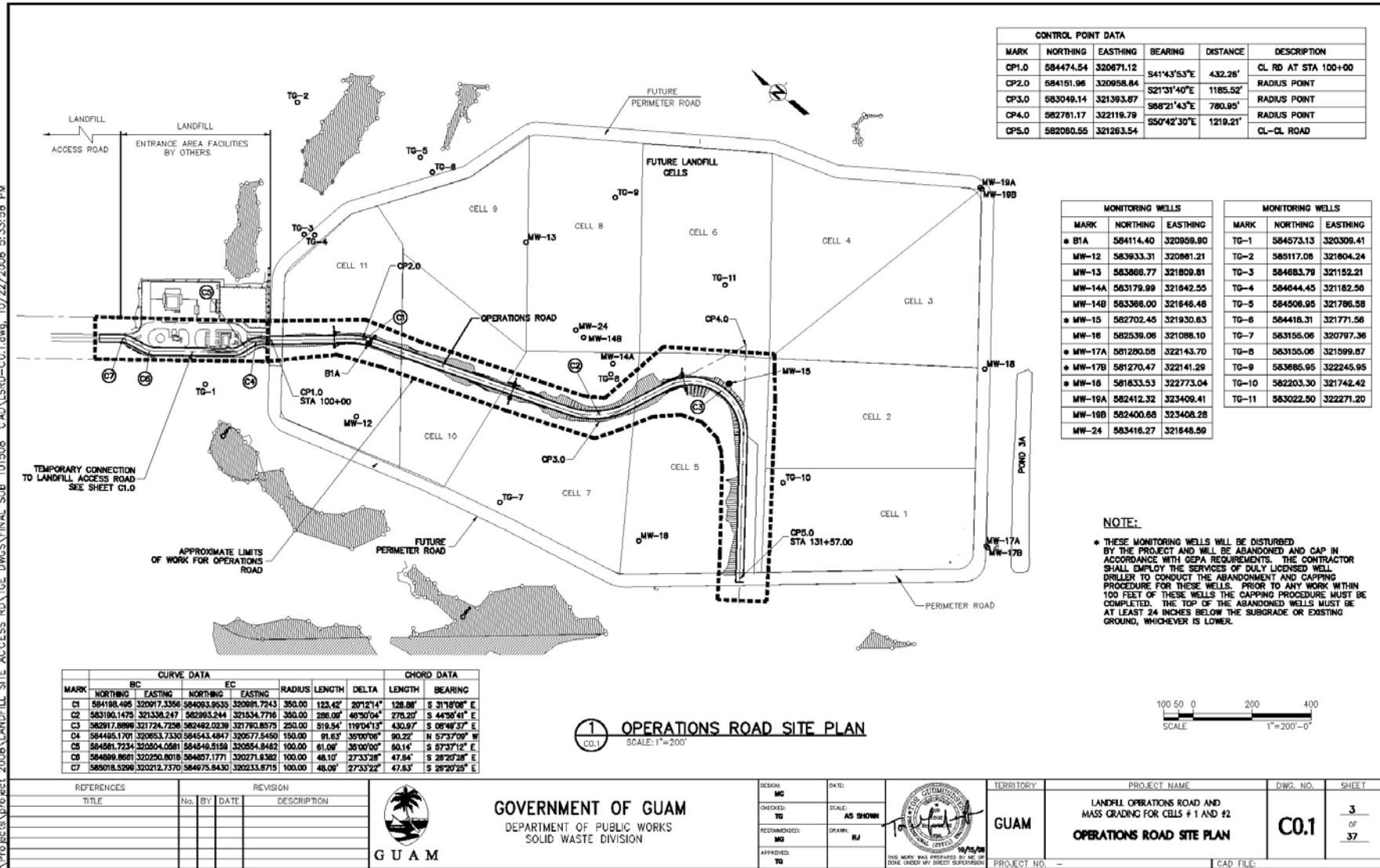
One of the two primary construction projects is to build an operations road from the future entrance facilities area where the weigh scale will be at the north end of the site to Cells 1 & 2 at the south end of the site (Figure 1). The road is approximately 3,150 feet in length and requires approximately 100,000 cubic yards of material to be excavated and placed along its length, in addition to multiple stormwater conveyance structures for stormwater management.

### ***Cells 1 & 2 and Pond 3A***

The second area of primary construction is the excavation of the area comprising Cells 1 & 2 and the stormwater management pond 3A (Figure 2). The cells and pond comprise approximately 24 acres, and their construction requires about 800,000 cubic yards of material to be excavated and placed into two stockpiles for long-term storage for future landfilling operations. In addition to moving the material, this task involves construction of several stormwater management structures and the installation of approximately 5,000 linear feet of permanent chain-link safety fence.

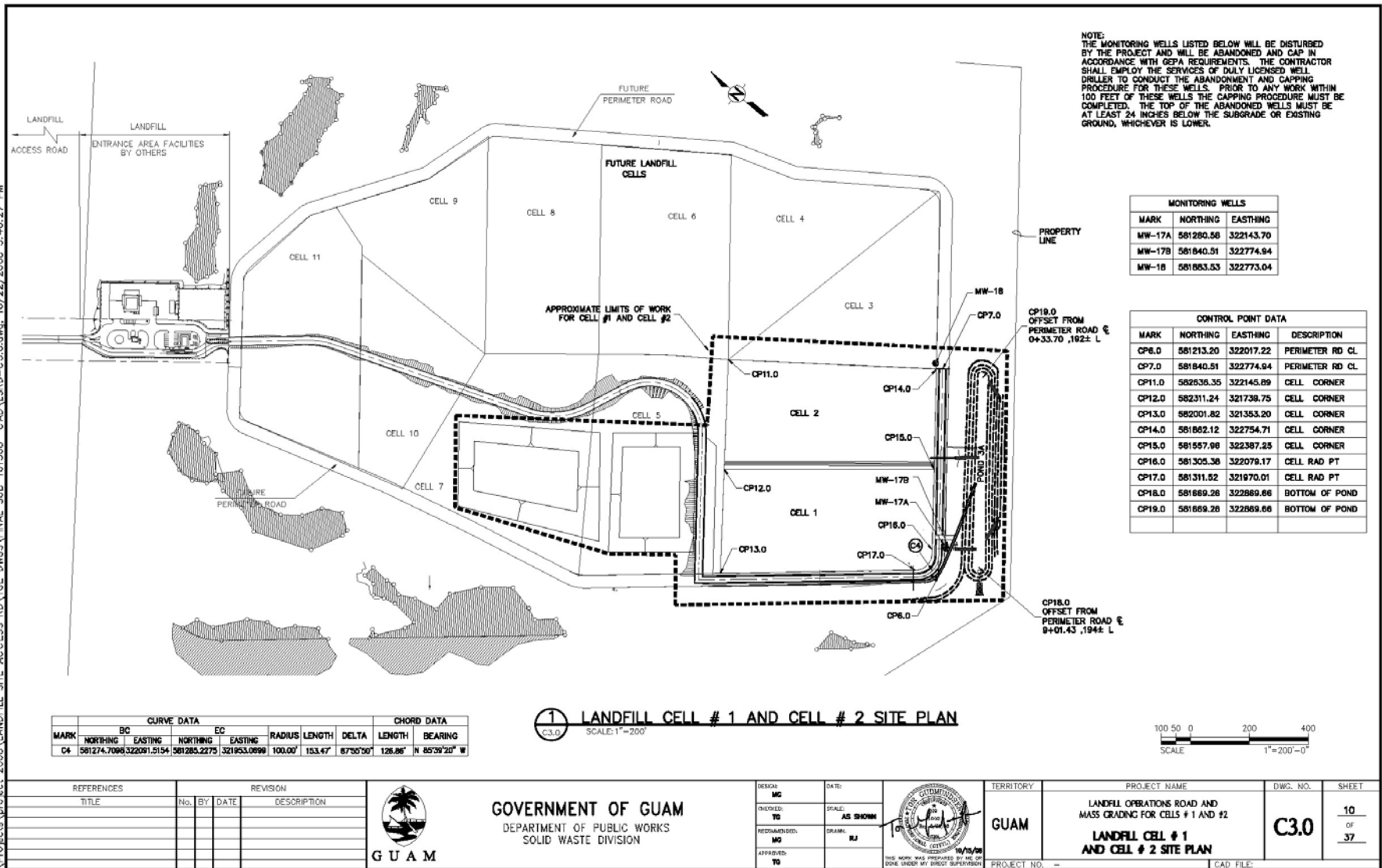


Figure 1.  
Landfill Operations Road Site Plan



None of the activity is within wetland areas of the site.

**Figure 2.**  
**Excavation of Area for Cells 1 & 2**



None of the activity is within wetland areas of the site.

### ***Temporary Erosion and Sediment Controls***

Prior to any work commencing at the site, the contractor developed an environmental protection plan to prevent construction activities from impacting the environment outside of the limits of construction. In coordination with GEPA, the contractor installed silt fences, and checked dams and other controls, which were inspected and approved by GEPA. The temporary environmental controls will be maintained and monitored throughout the duration of construction activities.

## **2. Operations of the Solid Waste Management Division**

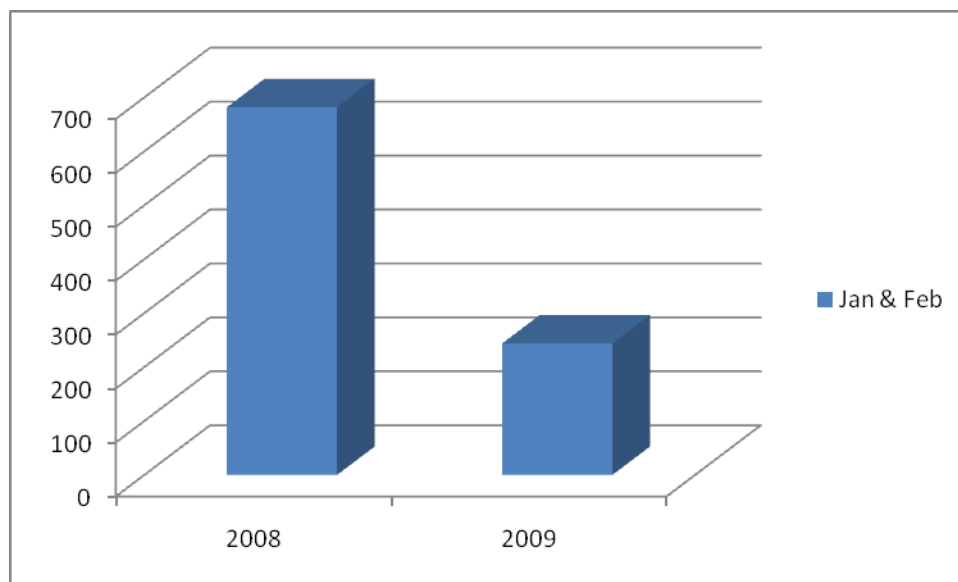
### **Improved Service and Efficiencies**

The SWMD has become more efficient by every measure, and service to its customers has improved in reliability and customer friendliness. In both the October 22, 2008 and the January, 14 2009 reports to the Court, the Receiver discussed improvements in equipment, employee morale, and operational efficiency. This past quarter, the SWMD is seeing these changes result in fewer complaints to its customer call center. As the Court may recall, the Receiver was appointed at a time when the SWMD had only one working trash truck to collect nine daily routes. The SWMD rented two trash trucks from the private sector that often failed mechanically. The result was a three-shift day where the SWMD's sole working trash truck operated nearly around the clock in order to collect the day's routes. Many customers came to expect their trash collection to occur late at night, rather than in the morning when it should have been collected.

The Governor's Emergency Procurement Declaration allowed the Receiver to procure three new trash trucks and contract with a private maintenance contractor to rehabilitate the SWMD's nine broken trucks. In the October 22, 2008 report to the Court, the Receiver reported that the SWMD had consolidated the three shifts into one. Rather than work around the clock, the collection crews now leave the yard at 4 a.m. and work through the morning. After years of late collections, customers, however, had become used to setting out their trash cans later in the day. Although there was media coverage about the transition to one-shift collection, there was a set-out lag whereby many customers continued to set out their trash cans at their "normal" time, not realizing that the single-shift collection crews had already completed collection. Believing that the trash trucks had not come by their houses at all, these customers then called the SWMD customer service staff to report a missed collection and register a complaint.

However, during the first quarter of 2009, there has been a dramatic drop in complaints made to the SWMD. Chart 1 compares the number of January and February complaints for the years 2008 and 2009. The total number of complaints in January/February 2008 was 682, while in January/February 2009 the total was 244, a 64 percent decline. These numbers are evidence that SWMD's customers are receiving more consistent and better service.

**Chart 1.**  
**January/February Complaints to SWMD, 2008-2009**



Since December 2008, the Receiver has consolidated the SWMD administrative section in a single location, which has resulted in improved service and work efficiency. The administrative staff had been in two separate buildings. In December 2008, the Receiver moved the customer call center and registration representatives into the same building with the collection crews and other administrative personnel. The consolidation of the administrative staff in proximity to the collection crews allows for greater and clearer communication between collection supervisors and customer service representatives which, in turn, has resulted in both a better understanding of service problems by both staff groups and quicker responses by SWMD staff to those problems.

As part of the consolidation, the section's files were put into order, with unused files inventoried and active files reorganized in an orderly system that is more efficient for the administrative staff. Having the information easily accessible allows the administrative personnel to work with customers in a timely manner and helps to avoid repeat calls. The decreasing number of complaints in 2009 derives from both consistent service at the curb and better communication and organization in the administrative section of the SWMD. These activities, consolidation of administration, better maintenance on the vehicles, and management of collections, resulted in a milestone for SWMD. According to staff reports, Wednesday, March 24, was the first day on which the SWMD had no complaints from customers. In fact, that week saw a total of only five complaints registered with the SWMD, and the month of March had a total of 62 complaints.

### **Increased Registrations**

On January 14, 2009, the Receiver reported to the Court that the SWMD had 12,080 registered residential customers. As of March 16, 2009, the number of registered residential customers has increased to 12,243. The addition of 163 customers is another indicator that service has stabilized and residents want to register for SWMD's collection service. The SWMD invoiced these customers on time by mail in the first and second quarters of this year.

### **Operations Improvements**

During the Receiver's discussions with Guam's Mayors and with residents during community outreach meetings held in March 2009, the Receiver heard requests to open the Transfer Stations on Sunday and Monday. Effective April 5, 2009, this change has been made. The new schedule is expected to make disposal easier and more convenient for the majority of customers and, hopefully, diminish illegal dumping.

Since the Ordot Dump has few commercial and residential customers on Sundays and with the Convenience Centers/Transfer Stations now open on Sundays giving citizens a place to dump their household trash, the Receiver is reviewing the option of closing the Ordot Dump on Sundays to allow for a better allocation of employees by rescheduling those who work at the dump on Sunday to days that are busier. The Receiver will keep the Court informed as to whether it makes operational sense to close the Ordot Dump on Sundays.

The Ordot Dump continues to be managed in a manner that minimizes flies, odors, and the use of expensive rental equipment. The SWMD continues to implement proper waste management practices, thereby diminishing the number of flies and prevalence of odors on the dump's premises and in the surrounding area. Odors and flies are still generated, but the amount and number are less than when the Receiver came to Guam for the first time in April 2008.

As has been reported to this Court in several previous hearings, when the Receiver arrived, the SWMD was spending up to \$11,000 per day to rent heavy equipment for all of its facilities but primarily for the Ordot Dump. No such equipment was rented in the Division's collection section this past quarter, and only \$464.00 a day was spent for equipment used at the Ordot Dump. The only other heavy equipment that was rented from January 11<sup>th</sup> through the 18<sup>th</sup> of this quarter was used to repair the groundwater drainage and silt fencing along the entrance road to the site of the future Layon Landfill.

In the Receiver's January 14, 2009 report to the Court, we noted that the new scales that had been purchased were delayed in arriving on Guam. On March 17, 2009, the contractor began preparing the foundations for the scales, which have now arrived. The footings for these scales have been formed, and the concrete has been poured and is curing at the time of this Report. The scale installation is expected to be completed in this quarter, as early as during April.

Residents continue to use the recycling facilities at the Agat and Dededo Transfer Stations/Convenience Centers and the Ordot Dump. The SWMD transports glass bottles and jars to the Ordot Dump where they are stockpiled until enough volume has been accumulated for the material to be pulverized by heavy equipment and used as alternative daily cover. The division takes cardboard to a local cardboard processor, who charges the SWMD \$3 per cubic yard for recycling disposal. The processor bales the material and ships it overseas to users who turn it into new cardboard boxes.

In October 2008, we reported a reduction from 99 SWMD employees in March 2008 to 76 at the end of September, largely due to attrition. In January, that number dropped to 72, a 27 percent reduction in personnel with a commensurate increase in productivity. Since January 2009, the SWMD added one employee, putting the total at 73.

### **3. Trash Cart Rollout Plan**

#### **Overview**

In our October 22, 2008 Report to the Court, we outlined three options to achieve a sustainable residential solid waste management system in Guam:

1. Basic Services, including a cart system for trash collection and staffed, strategically located convenience and recycling centers;
2. Curbside Recycling added to the Basic Services scenario; or
3. Mixed Waste Recycling, which includes the Basic Services scenario plus a Mixed Waste Processing facility to recover recyclable material.

In its Order dated October 22, 2008, the Court accepted our recommendation to implement the Basic Services option—the least costly among the three alternatives—which enables Guam to build a more sustainable solid waste system that both meets the requirements of the Consent Decree and establishes a strong foundation from which to grow more advanced programs, including Curbside Recycling and Mixed Waste Recycling, at a later date.

In our January 14, 2009 Report to the Court, we outlined the steps we planned to take to implement the Basic Services scenario with trash cart rollout:

- Procurement development;
- Procurement;
- GPS and routing;
- New registration of customers;
- Delivery of trash carts; and
- New customer service tracking.

What follows is our update on the trash cart rollout plan based on activities performed since the Court hearing on January 14, 2009.

### **Update on Procurement**

The Receiver has initiated the procurement for the purchase of carts and cart lifters. The Government Service Agency (GSA) released a bid for trash carts on March 18, 2009, and contractors submitted their bids on April 14, 2009. The responses are currently being evaluated.

GSA also released the procurement for the purchase of replacement trucks for the SWMD's special collections routes (what the SWMD's employees refer to as "Babypacker routes") on April 6 and will be returned on April 17. In its Report to the Court on January 14, 2009, the SWMD projected that it would need up to five (5) Babypacker trucks. Upon further evaluation of the need, we concluded that three (3) new Babypacker trucks would suffice.

The development of specifications for customer service software and Radio Frequency Identification Devices (RFID) required the Receiver to do a considerable amount of research. The Government of Guam's procurement rules require that procurement for such a software package(s) be released as Information for Bids (IFB). However, after considering the complexity of the software system(s), the necessity for a two-phase bid, the need for integration with the Government of Guam's current billing system, and the activities that take place on the collection routes, the Receiver felt it necessary to package the procurement as a Request for Proposals (RFP). In our opinion, an IFB would likely cause a serious and unreasonable delay in the implementation of the new registration drive. The Receiver has the authority to issue a procurement as an RFP, based on the Court's March 17, 2009 appointment of the Receiver where the Court specifically states: "In awarding any future contracts, the Receiver shall follow the procedures required in Guam's statutes and regulations, unless, in the best judgment of the Receiver, such compliance would unreasonably delay the progress in meeting the mandates of the Consent Decree." This RFP was released on April 10, 2009, and proposals are to be submitted on or before May 15, 2009.

In its previous Report to the Court, the Receiver discussed the need to purchase more recycling containers for the Transfer Stations. These containers have now been ordered. One of these recycling containers for cardboard will be placed at the Malojloj Transfer Station so that people in that area will also have a convenient option to recycle their cardboard. The second container will be used as a switch-out container that will make collection and transportation more efficient. This container will be stationed at the SWMD's yard until a recycling container at one of the Transfer Stations is filled and needs to be collected. The driver will then transport the empty container on a roll-off truck to the location of the full container, switch the full one with the empty one, and take the full container to the cardboard processor. With the switch-out container, the transport truck will not have to return the container from the cardboard processor's facility back to its Transfer Station location. Having this extra container will result in time and fuel savings, and frees the truck and driver for other activities.

### **Update on Routing**

In preparation for the registration drive, the Receiver is undertaking an analysis of collection routes so that SWMD staff will be able to tell customers during registration which day their trash will be collected. The first phase of the routing analysis has been completed. GPS data collection has been conducted for forty (40) weekly trash truck routes and fifteen (15) weekly Special Collection/Babypacker routes. We will use these data to develop an improved routing system that will produce efficiencies and result in fewer trucks performing the same number of collections. SWMD employees who will no longer be needed on collection services will work on the registration and cart rollout process as well as future SWMD services, such as the bulky item collection by appointment.

### **Update on Registration**

The goal of the registration process is to facilitate a smooth transition to the cart-based system for trash collection. At the same time, the registration process provides an opportunity to gather information from customers, necessary for service delivery and billing, and also to share information with our customers about SWMD services and waste reduction practices.

In our January 14, 2009 Report to the Court, we estimated that registration could begin as early as May 2009, depending on the results of the procurements. The results of the procurements are thus far preliminary and suggest that registration will begin in June or July 2009. On February 18, 2009, we presented to the Council of Mayors our plans for the registration process, asking for their input and help in both disseminating information regarding the registration and providing logistical assistance during the registration itself. We will work closely with each of the 19 Village Mayors to hold registration events at their offices at a minimum of twice during the designated registration week for their village, including registration hours on Saturday.

During registration, residents will complete a registration form to sign up for collection service and a trash cart, confirm their house and pickup locations on a map, and receive a brochure with information about SWMD services and waste reduction tips. The Receiver plans to provide the registration form on the Internet for individuals to fill out and bring to the registration sign-up location. The SWMD will mail the registration form to current customers to fill out at their convenience before registering in person.

### **Timeline for Cart Rollout**

Since the January 14, 2009 Court hearing, we have made minor changes to the timeline for the trash cart rollout. The following timeline shows both the updated timeframe and items that have been completed thus far.



### ***Phase 1. Infrastructure Development, December 2008 – April 2009***

Activities summary:

- Routing and training with GPS units, route mapping (completed);
- Cart procurement (completed);
- Procurement for new pickup trucks and lifters (completed);
- Evaluating the billing and customer service system and developing the procurement (completed);
- Initiating rate discussions with the Public Utilities Commission;
- Customer meetings held (completed);
- Presentation for Mayors' Council; and
- Development of public education materials in draft form (completed).

### ***Phase 2. Deliveries and Implementation, May 2009 – June 2009***

Activities summary:

- Cart delivery and staging at the coral pit;
- Truck deliveries, attaching lifters;
- Delivery of products for billing and customer service implementation;
- Training of customer service personnel on new billing products/software;
- Media relations and publicity about the registration process; and
- Public education materials finalized, printed and delivered to SWMD

### ***Phase 3. Registration and Service, June 2009 – November 2009***

Activities summary:

- Completion of registration form;
- Mailing of registration forms to customers;
- Development of registration procedures and sequence of villages to be registered;
- Meetings with each of 19 mayors a week before registration in his/her village;
- Registrations in each village;
- Cart deliveries approximately one week after registration is completed in each village; and
- Media relations to publicize cart deliveries.

## **4. Community Outreach**

### **Overview**

During the quarter, Receiver representatives met with Guam's Mayors and organized three community discussion groups to discuss the trash cart rollout plan and obtain comments from

the community. In addition, we held meetings with members of the environmental, business and school communities, also to discuss plans for the trash cart rollout.

### **Meeting with Mayors**

On February 18, as noted in the section above, a Receiver representative met with Guam's Mayors at a Mayors' Council meeting to present the plan for the trash cart rollout, outline plans for community meetings with residents to explore their opinions about solid waste issues, and ask for the Mayors' support in selecting residents to participate in three small group discussions, which were held in early March (described below).

### **Community Meetings**

On March 3, 4 and 5, the Receiver held three community meetings/small group discussions with Guam residents in the south, central and northern village districts. The Mayors of each of Guam's 19 villages were asked to select two residents—SWMD customers and non-customers—to attend the meetings. The meetings were intentionally small, ranging in size from six to 11 participants, in order to provide opportunities for candid, in-depth discussion of solid waste issues and the trash cart rollout plans. A total of 27 residents participated, representing villages of Umatac, Agat, Merizo, Tamuning-Tumon-Harmon, Chalan, Pago-Ordot, Mangilao, Barrigada, Piti Nimitz Hill, and Hagatna Heights.

The purpose of the small group discussions was to gain a better understanding of residents' attitudes and opinions about current trash collection services, the proposed registration process for trash collection service, the trash cart, public education materials, and outreach methods. At each meeting, participants viewed a short slide presentation that described the trash cart rollout plan, completed two worksheets designed to obtain their opinions on various elements of the new system, and engaged in a group discussion led by a Receiver representative. They also had a chance to view a trash cart, similar to the one the SWMD will distribute to customers. SWMD staff was available to answer questions.

A full report of the small group discussions is included as Tab 6. The following summarizes the major themes expressed during the sessions:

#### ***Trash collection and recycling***

Most residents reported that their trash now is collected consistently early in the morning, and customer service at the SWMD is responsive when problems are reported. When it comes to **recycling**, residents said they want to recycle more and recognized that recycling is a way to extend the life of the Ordot Dump to allow time for construction of the new landfill and to extend the life of the Layon Landfill. They suggested that the transfer stations be open on Sundays and Mondays when they are most likely to need to dispose of recyclables and trash. Participants said that some residents who do not have transportation find it impossible to take recyclables to the transfer stations at Agat and Dededo and to the Ordot Dump.

***New services: trash cart***

Residents commented that the new trash carts will be convenient for residents and trash collectors, reduce litter (can't be knocked over by animals) and represent a fresh start for the SWMD. However, residents expressed the fear that the carts might be stolen and that non-customers would use them. A few residents thought they would probably need more than one cart, while others thought the cart would be too big for their needs and suggested a smaller cart (with a reduced fee). Residents thought the idea of the excess trash stickers is good and fair, but many felt that two free stickers per year will not be enough due to the number of parties and fiestas hosted by many families.

***Collection ban***

While residents generally accept the reason for the ban on cardboard, vegetative waste and inert materials (to extend the life of the Ordot Dump), they said there are too few convenient disposal/recycling options for these materials. They fear that illegal dumping, already a problem in Guam, will increase with the ban.

***Registration***

Residents agreed that holding registration at the Village Mayors' offices will be convenient and help the Mayors update their village listings. Those who have Internet access would like to be able to register online or at least to download the registration form. Residents thought the proposed registration form was easy to understand.

***Bulky waste and household hazardous waste collection services***

Residents applauded the future bulky waste collection service as a deterrent to illegal dumping and as an added convenience for SWMD customers. Residents also thought the future HHW collection services will be a benefit to the community and the environment.

***Fees***

The issue of collection fees (described during the presentation as likely to be \$30.43 per month for one cart) raised comments, questions and concerns. While some residents thought the fee was fair and a good, reasonable price, others thought it was too high, especially for elderly, disabled and low-income residents. Some suggested a tiered fee structure, based on cart size or amount collected. Residents questioned how the fee was calculated, and Receiver representatives explained that the fee reflects collection and disposal costs.

***Public education***

During the slide presentation, residents learned about the Receiver's plans for public education about the new trash cart system, and they reviewed color copies of a draft brochure and cart hanger. They commented that the brochure and cart hanger contain important, useful information and suggested that the graphics be made more relevant to Guam with a "human face." In general, they did not think translated versions of the English-language brochure would be necessary. They also commented on a list of four campaign slogans, and provided suggestions on preferred outreach methods. Few residents were aware of or had visited the Receiver website [www.guamsolidwastereceiver.org](http://www.guamsolidwastereceiver.org), even though the majority of residents in

the groups have Internet access. Residents suggested various ways to reach out to the community, encouraging us to “be everywhere!”

### **Stakeholder Discussions**

The Receiver representative also held a series of stakeholder discussions, March 1-6, 2009, to obtain input from a select number of Mayors, environmentalists, school officials, business representatives and media regarding the Receiver’s plans for implementing a new, cart-based collection system for customers of the SWMD.

The Receiver representative held the following meetings:

#### **1. Environmental Community**

**Peggy Denny**, I-Recycle (2 meetings)

**Paul Tobiason**, Recycling Association of Guam (RAG)

**Berrie Straatman**, RAG

**John Dierking**, RAG

**Barbara Dumgca**, RAG

#### **2. Printers** (to assess printing capabilities for printing outreach materials)

**Janice Flores**, Graphic Center, Inc., Romy Adca, American Printing, and

**Jun Distor**, Victoria Printing and Graphics, dba Island Banners and Signs

#### **3. Melissa Savares**, Mayor of Dededo Village

#### **4. Agnes Perez**, Operations Manager, Home Depot

**Patty Limtiaco**, Contract Services Supervisor, Home Depot

#### **5. Betty Ann Guerrero**, Station Coordinator, KUAM TV (phone meeting)

#### **6. Stephen C. Ruder**, Ruder Integrated Marketing Strategies

#### **7. Sylvia Calvo**, School Program Consultant, Guam Public School System

### **5. Financial Issues**

#### **Overview**

The Receiver addressed a number of financial issues during the quarter that ended March 31, 2009. In this section, we provide the Court with an update on these issues and our assessment of the current state of the finances of the SWMD. Specifically, this section will address the following areas:

1. Operating expenses of the SWMD for FY 2009 through February 28, 2009 (the most recent available);
2. Revenue collections for FY 2009 through February 28, 2009 (the most recent available);
3. Current estimates of the results for the full FY 2009;
4. Projections for FY 2010 through FY 2012;
5. The current status of the Citibank Trustee Account;
6. Projected cash needs in order to assure that the Court's approved construction schedule is maintained;
7. The status of the design and technical assistance contracts currently in place for the Consent Decree projects; and
8. Compensation issues during transition to new programs and facilities.

### **Operating Expenses**

One of the most obvious ways to demonstrate management improvements is by analyzing the operating expenses for the current fiscal year. Through reductions in the staff of the SWMD, achieved primarily through attrition, we have significantly reduced payroll and related expenses. While complete results are not yet available for March (the Government of Guam's financial process requires until late April to produce final results for March), for the first five months of FY 2009, the SWMD budget is 29 percent under its approved budget for payroll and related expenses. It is important to remember that these reductions in payroll have been accompanied by a dramatic increase in the efficiency of the operations as demonstrated by the following changes:

- The number of shifts for collection has been reduced from three to one;
- The entire island is now serviced during this one shift;
- Morale among SWMD employees is high; and
- Customer complaints have been dramatically reduced.

Much the same can be said for non-personnel expenditures, which are 24.2 percent below budget for the same period. This is largely attributable to the dramatic improvements made in equipment, including the purchase of some new equipment and significant advances in the quality of the maintenance and care given to all equipment. The cost of rental equipment during the period continued to hold steady, averaging \$464 per day in March. As noted earlier in this Report, expenditures of about \$11,000 per day were being regularly incurred for rental equipment when the Receivership began. The reduction to \$464 represents an annualized savings of about \$3.8 million for the people of Guam. Table 2 summarizes all expenditures compared to the budget for the first five months of FY 2009.

Table 2.

<b>Solid Waste Management Division Budget v Spending FY 2009</b>				
Item	Approved Budget	Budget October thru February	Spending October thru February	% over (under) Budget
<b>Personnel Expenses:</b>				
Regular Salaries	\$2,530,220	\$1,054,258	\$773,411	-26.6%
Overtime/Special Pay	\$50,000	\$20,833	\$14,890	-28.5%
Benefits	\$853,016	\$355,423	\$228,758	-35.6%
Sub-total	\$3,433,236	\$1,430,515	\$1,017,059	-28.9%
<b>Non-Personel Expenses:</b>				
Travel	\$0	\$0	\$0	N/A
Contractual Services	\$1,992,186	\$830,078	\$466,758	-43.8%
Supplies and Materials	\$500,000	\$208,333	\$85,175	-59.1%
Equipment	\$10,000	\$4,167	\$2,125	-49.0%
Other Expenditures	\$84,416	\$35,173	\$10,648	-69.7%
Capital Outlay	\$151,597	\$63,165	\$300,000	374.9%
Sub-total	\$2,738,199	\$1,140,916	\$864,706	-24.2%
<b>Grand-total</b>	<b>\$6,171,435</b>	<b>\$2,571,431</b>	<b>\$1,881,765</b>	<b>-26.8%</b>

**Revenue Billings and Collections**

An essential element to achieving compliance with the Consent Decree and the overall success of the SWMD is its ability to recover its cost through efficient billing and collection processes. This has been a major problem as documented in several recent audits.

Table 3 provides an overview of billings and collections for the first five months of FY 2009 compared to the results for all of FY2008. As can be seen, there is a very positive trend in the percentage of billed revenue actually collected, largely due to a decision to stop billing customers who have not responded in many years (continued billing to these addresses was a waste of postage). The SWMD still provides residential collection services to approximately 4,000 customers who are not properly registered and who do not pay for the service. As we have discussed in previous reports, this problem will be addressed in 2009 with the new cart-based system.

Table 3.

<b>SWMD Revenue Billed / Collected</b>						
<b>October 1 through February 28</b>						
<b>FY 2008 and 2009</b>						
Customer Class	FY 2008			FY 2009		
	Billed	Collected	%	Billed	Collected	%
Commercial	\$ 1,644,340	\$ 1,607,166	97.7%	\$ 964,435	\$ 1,015,802	105.3%
Residential	\$ 1,085,068	\$ 439,671	40.5%	\$ 601,050	\$ 474,421	78.9%
Government	\$ 27,840	\$ 6,705	24.1%	\$ 6,390	\$ 2,990	46.8%
Other	\$ 25,660	\$ 87,201	339.8%	\$ 6,155	\$ 19,544	317.5%
<b>Total</b>	<b>\$ 2,782,908</b>	<b>\$ 2,140,743</b>	<b>76.9%</b>	<b>\$ 1,578,030</b>	<b>\$ 1,512,757</b>	<b>95.9%</b>

Another trend of significance is the decline of billed and actual collections from commercial customers. This trend may be explained by the reduced volume of waste going to the Ordod Dump due to the ban on recyclable materials. The lack of an accurate scale system at the Ordod Dump to measure the waste is a continuing concern. As the Court will recall, there has been no accurate scale system at the Dump for many years. Just prior to the appointment of the Receiver, the SWMD rented a scale to take measurements for a few weeks. Its cost was exorbitant and its accuracy uncertain. As already noted in this Report, a scale system that is owned by the SWMD and which will be properly calibrated to ensure accuracy is presently being installed. This will allow for accurate weights for the first time in many years and will lend valuable insight into these issues.

Finally, there is a significant reduction in the amounts billed in the customer categories of "Other Commercial" and "Government." We believe this decline to be attributable to a significant increase in the use of the large commercial collection services by these customers. An accurate scale system will also lend additional insight into this area.

**Estimated Results for FY 2009**

In an enterprise like the SWMD, financial results depend both on expenditures and revenue, as well as the results of previous fiscal years as evidenced by the unobligated fund balance from the prior fiscal year. Table 4 is an estimate of the final results for FY 2009 taking all of these factors into consideration.

**Table 4.**

<b>Solid Waste Management Division Operating Account</b>	
<b>Estimated Fund Balance</b>	
<b>30-Sep-09</b>	
<b>Unaudited</b>	
<b>Elements of Fund Balance</b>	<b>Amount</b>
Fund Balance @ 9/30/08	\$ 86,375
Estimated Revenue FY 2009*	\$4,337,457
Estimated Expenses FY 2009**	\$3,690,484
Excess (Deficit) FY 2009	\$ 646,974
Estimated Fund Balance @ 9/30/09	<u>\$ 733,349</u>
* Estimated FY 2009 Revenue assumes implementation of the recommended commercial fee of \$155.99 per ton on 7/1/09.	
** Estimated expenses assume continuation of the current spending trends for balance of FY 2009.	

According to the Department of Administration, the fund balance for the fiscal year that ended September 30, 2009, was \$86,375. This is an unaudited balance. The final audit will not be completed until later this year. Assuming implementation of the interim commercial tipping fees approved by the Court in its order of January 23, 2009, and spending trends in the final seven months of FY 2009 comparable to those trends as they have emerged in the first five months of FY 2009, the fund balance should increase to approximately \$733,000 by September 30, 2009.

**Projections for FY 2010 through FY 2012**

With landfill construction underway, it is now time to focus on the transition in long-term finances necessary to effect compliance with the Consent Decree. Table 5 projects the cost of the new system and the expected revenue that will result from the new system during the period FY 2009 through FY 2012 when the new facilities and programs will become fully operational.



Table 5.

<b>Solid Waste Management Division</b>				
<b>Estimated Results FY 2009 through FY 2012</b>				
(Excludes Depreciation)				
Expenditures/Revenue	FY 2009 Estimated Results	FY 2010 Budget	New Facilities Open	
			FY 2011 Budget	FY 2012 Budget
<b>Expenditures:</b>				
Landfill Operations/Transfer Stations	\$ 1,367,405	\$ 1,825,043	\$ 2,820,225	\$ 3,760,300
Residential Trash Collection	\$ 1,837,379	\$ 2,452,306	\$ 3,463,575	\$ 4,618,100
Household Hazardous Waste and Transfer Stations	\$ -	\$ -	\$ 477,525	\$ 636,700
Pilot Curbside Recycling Program	\$ -	\$ -	\$ -	\$ 14,900
Administration	\$ 485,700	\$ 789,589	\$ 743,850	\$ 991,800
Community Information / Public Education and Outreach	\$ -	\$ -	\$ 174,900	\$ 174,900
Debt Service				\$ 5,422,688
Total Expenditures	\$ 3,690,484	\$ 5,066,938	\$ 7,680,075	\$15,619,388
<b>Revenue:</b>				
Tipping Fee Revenue (\$155.99 per ton)	\$ 3,198,847	\$ 12,099,052	\$ 12,099,052	\$ 12,099,052
Residential Revenue (\$30.43 per month)	\$ 1,138,610	\$ 5,112,240	\$ 5,112,240	\$ 5,112,240
Total Revenue	\$ 4,337,457	\$ 17,211,292	\$ 17,211,292	\$ 17,211,292
Surplus/(Deficit)	\$ 646,974	\$ 12,144,354	\$ 9,531,217	\$ 1,591,904
Fund Balance	\$ 733,349	\$ 12,877,703	\$ 22,408,920	\$ 24,000,824

Table 5 is based on the following **assumptions**:

1. The fund balance for FY 2009 includes the estimated fund balance for FY 2008 estimated by the Department of Administration to be \$86,375;
2. Section 30-backed bonds issued in June 2009 with the first debt service due December 1, 2009;
3. Debt service is payable each December 1<sup>st</sup> and June 1<sup>st</sup> and is based on a revised bond model prepared by Public Financial Management, Inc., to reflect current market conditions. The revised bond model is attached as Tab 3;

4. Debt service through December 1, 2011, is capitalized and paid from the Capitalized Interest Fund (CAPI);
5. Debt service payable by the SWMD is 74.89 percent of the total debt service with the remainder of debt service attributable to the Ordot Dump closure, which is to be paid from Government of Guam tax revenue or grants;
6. Tipping fee revenue includes revenue from government agencies and other commercial customers;
7. 77,563 tons of trash is annually disposed at the new landfill based on measurements of daily space consumption at the Ordot Dump. This is a more conservative estimate than earlier estimates;
8. New commercial rate of \$155.99 becomes effective July 1, 2009; and
9. Residential collection revenue includes revenue from self-haulers and 14,000 residential customers (estimated), with the new monthly rate of \$30.43 effective with the roll-out of the new trash cart program and estimated completion of the roll-out by the end of November 2009.

**It is important to emphasize that the amount of waste and the number of residential customers are assumptions.** The amount of waste is based on an average of our high and low daily space consumption at the Ordot Dump, as measured through December 2008. This figure of 77,563 tons is reduced from our previous estimate of 98,640 tons annually. As we implement the new scale system for weighing all trash over the next few months, we will revise this figure, again. As for the number of residential customers, we will have a more accurate figure following the registration period for the new cart system.

These projections are consistent with the estimates included in the Quarterly Report of October 22, 2008. Tab 4 extends these projections through 2019. These additional projections were provided to the Government of Guam to assist in its preparation of a loan application to the United States Department of Agriculture.

### **Capital Funding**

Timely access to capital funding is the most important factor in our capacity to achieve compliance with the Consent Decree. We have consistently recommended Section 30-backed bonds as the most appropriate and least problematic method of financing available to the Government of Guam. Our recommendation for Section 30-backed bonds has been supported by the independent expert of the United States Government, Jonathan S. Shefftz, Public Financial Management, Inc.; the Bank of America; Guam's Bond Counsel; the Guam Economic Development Agency; the Director of the Guam Bureau of Budget and Management Research; and the Governor of Guam. Unfortunately, the Guam Legislature effectively blocked this method of financing on three separate occasions and continues to insist that it be used only if non-investment grade deficit financing bonds are sold simultaneously. As a last resort, we recommended and the Court, after careful consideration, approved our request that the

Government of Guam be required to begin making weekly deposits to the Trustee Account to assure an uninterrupted flow of capital to complete the Consent Decree projects.

This Report will not review any of the issues that have transpired between the Court and the Government of Guam in enforcing the Order for weekly payments, but we do need to provide the Court an update on the status of the funds that have been made available to the Consent Decree projects as a result of the Court's decisions. Table 6 provides a summary of the status of the Trustee Account as of March 31, 2009. The details of individual transactions are provided in Tab 5.

**Table 6.**  
**As of March 31, 2009**

<b>Summary of Trustee Account</b>			
Citibank, N.A. , Guam Branch			
	<u>Cash Deposits to Date</u>		
<b>Income</b>			
Initial Deposit	\$ 20,000,000.00		
Interest Earnings	\$ 71,206.21		
Additional Deposits	<u>\$ 4,968,500.00</u>		
<b>Total</b>	<b>\$ 25,039,706.21</b>		
	<u>Cash Payments to Date</u>	<u>Total Amount Obligated to Date</u>	<u>Balance Remaining</u>
<b>Expenditures</b>			
TG Engineers, PC	\$ -	\$ 931,283.00	\$ 931,283.00
Maeda Pacific Corporation	\$ -	\$ 8,360,000.00	\$ 8,360,000.00
Cart Roll-Out	\$ -	\$ 2,318,000.00	\$ 2,318,000.00
Misc	\$ 64,828.25	\$ 64,828.25	\$ -
Bank Charges	\$ -	\$ -	\$ -
	<u>\$ 64,828.25</u>	<u>\$ 11,674,111.25</u>	<u>\$ 11,609,283.00</u>
<b>Cash Balance</b>	<b>\$ 24,974,877.96</b>		
<b>Balance Available for Consent Decree</b>	<b>\$ 13,365,594.96</b>		

In future reports, we will continue to update this format to allow the Court to review all of the transactions occurring in this matter. While Table 6 indicates a balance available for future contracts of almost \$13.4 million, it is imperative that the deposits continue or be replaced with funds from the sale of Section 30-backed bonds if the Court-approved schedule is to be maintained.

We made our initial recommendations to the Court for Section 30-backed bonds in the October 22, 2008 Quarterly Report. We anticipated that it would take several months to successfully sell the Section 30-backed bonds. We asked for a \$20 million bridge payment, which the Court approved and which was provided by the Government of Guam, to allow the process to move forward while the bonds were being marketed. Almost six months have passed since we made that recommendation.

Accordingly, it is essential that access to the needed capital be maintained either through the weekly payments or by the actual sale of Section 30-backed bonds. Any other approach, at this point, will result in delays of indefinite magnitude, which are clearly inconsistent with the Court-approved construction schedule and would place Guam at great risk of running out of space at the Ordot Dump prior to completion of the Layon Landfill.

### **Design Consultant Contracts**

Another important element of the finances of the SWMD, relative to the Consent Decree projects, relates to the contracts with TG Engineers, PC, and Shaw Environmental. TG Engineers, PC, is the firm selected by the Government to design the landfill and manage the permitting process. Shaw Environmental was retained by the Government to provide technical assistance with respect to the Consent Decree projects. As the Court will recall, the Government of Guam signed both contracts prior to the beginning of the Receivership. Since both are primarily funded by federal grant funds that were put into place prior to the Receivership, we want to take this opportunity to bring the Court up to date on their current status.

Table 7 summarizes the contract with TG Engineers, PC, providing a brief description of the original contract and each amendment to the contract, the amount of the original contract and the amount of each amendment, and the payments made through March 31, 2009.

**Table 7.**

<b>Summary of Contract for Design of New Landfill TG Engineers, PC</b>					
Date Signed by Governor	Agreement	Description of Services	Contract Amount	Payments as of 3/31/09	Remaining Balance
5/3/2005	Original Contract	Engineering Services for Task I of Phase I, 40% Plans, Specifications & Estimates (PS&E)	\$ 800,000	\$ 764,229	\$ 35,771
8/5/2005	Amendment No.1	Amendment No. 1 - engineering services for Task II of Phase I, 40% PS&E for the Grading and Layout of Refuse Area 1 and associated landfill facilities, including access road.	\$ 530,003	\$ 530,003	\$ -
Not Signed	Amendment No. 2 (Settlement Agreement)	Settlement Agreement was made between the government of Guam and the Consultant for \$1,410,950 for services performed and documents developed between October 24, 2005 and February 1, 2006 .	\$ 1,410,950	\$ 1,410,950	\$ -
6/12/2006	Amendment No.3	Engineering services for Task IV of Phase II, Final PS&E incorporating the approved comments from the pre-final (100%) PS&E.	\$ 1,562,096	\$ 1,021,939	\$ 540,157
7/31/2006	Amendment No. 4	Engineering services for Task IV of Phase II, Final PS&E incorporating the approved comments from the pre-final (100%) PS&E.	\$ 64,968	\$ 37,004	\$ 27,964
9/13/2006	Amendment No. 5	Engineering services for Task IV of Phase II, Final PS&E incorporating the approved comments from the pre-final (100%) PS&E.	\$ 1,576,178	\$ 1,453,391	\$ 122,787
3/2/2007	Amendment No. 6	Incorporating the Value Engineering Study alternatives selected by DPW and GEPA into the final design of the Layon Landfill. Amendment No. 6 also identifies credits to Amendment Nos. 3 and 5, Part 1 for work deleted from the scope for the leachate discharge pipe line from the landfill to the Inarajan Wastewater Treatment Plant.	\$ 790,348	\$ 315,011	\$ 475,337
6/18/2008	Amendment No. 7	No-Cost Contract Extension to 12/31/08.	\$ -	\$ -	\$ -
12/31/2008	Amendment No. 8	Design for Leachate Sewer line and Cell 1 & 2 Mass Excavation Accelerated Bid Package, Construction Permits	\$ 276,847	\$ -	\$ 276,847
Submitted 3/24/09	Amendment No. 9*	To fund Task Order # 1 for archaeology survey services and Task Order # 2 for construction management services.	\$ 727,331	\$ -	\$ 727,331
Submitted 3/18/09	Amendment No. 10*	To fund Task Order # 3 for feasibility study for leachate discharge and treatment.	\$ 203,952	\$ -	\$ 203,952
<b>Total</b>			<b>\$ 7,942,673</b>	<b>\$ 5,532,527</b>	<b>\$ 2,410,146</b>
* Trustee funded					

Table 8 provides the same analysis for the contract with Shaw Environmental.

**Table 8.**

<b>Summary of Contract for Consent Decree Projects Shaw Environmental, Inc</b>					
Date Signed by Governor	Agreement	Description of Services	Contract Amount	Payments as of 3/31/09	Remaining Balance
2/14/2007	Original Contract	Review Consent Decree Schedule and provide technical assistance as needed.	\$ 237,772	\$ 237,772	\$ -
2/25/2008	Amendment No. 1	Compare landfill disposal option with Waste to Energy disposal option.	\$ 30,000	\$ 25,967	\$ 4,033
1/5/2009	Amendment No. 2	Provides for Task Orders for subsequent work.	\$100,000		\$ 100,000
	<b>Total</b>		<b>\$ 367,772</b>	<b>\$ 263,739</b>	<b>\$ 104,033</b>

These contracts are important to the work of the Receivership and the Consent Decree projects. We appreciate the Government’s assistance in making the necessary amendments to the contracts and processing payments to them in a timely fashion.

The only other contract in this area when we arrived was with Duenas, Bordallo, and Camacho for services in connection with the closure of the Ordot Dump. As we have reported before, the design for closure of the Ordot Dump is no longer a viable design since the Ordot Dump has expanded so dramatically since it was developed. Accordingly, at an appropriate time, we will begin a procurement process to select a design team for this important project.

**SWMD Compensation Issues**

Following our appointment as Receiver, the emergency status of Ordot Dump and the enormous problems that plagued residential trash collections necessitated that employees of the SWMD work at night and on the weekends to correct these deficiencies. Over the course of a year, these employees have risen to the challenge without complaint. While most employees receive overtime pay for such work, a few of our key staff received no additional compensation for their efforts. We have worked for months without success to try to find a way within the Government of Guam’s system to adequately compensate these dedicated employees.

As we implement the new cart system for residential customers and prepare for the opening of the Layon Landfill, the closing of the Ordot Dump, and the SWMD’s related facilities and programs, the demands placed on these same key staff will continue and in some cases increase. This is not sustainable and will result in the loss of these valuable employees.

Since, at this point, we are convinced that we will not be successful working through the Government's personnel system to adequately address this problem, we are faced with two alternatives. The first is to bring in outside contractors at a much higher cost to assist in this process. Some outside contractors will be engaged under any circumstances, but the use of these contractors will be significantly increased if we are not able to continue to call on a few key staff in the SWMD for these extraordinary efforts. The other alternative is to compensate these individuals through payments from the Trustee Account for the additional work they are asked to undertake. Since this option will be significantly less expensive, **we ask that the Court approve use of the Trustee Account for this purpose.** Should the Court approve this request, we will keep the Court and the Government of Guam fully informed of any payments made to employees.

## **6. Next Steps**

During the next quarter, the Receiver will seek to make additional improvements in the SWMD and ensure that progress on the design, permitting and construction of the Layon Landfill continues. We will also begin to implement the new trash cart-based system. Specific tasks include:

### **Continue with Layon Landfill design, permitting and construction**

- Finalize solid waste facility permit supporting documents to be issued with GEPA Draft Permit;
- Coordinate with Guam Waterworks Authority (GWA) to address rules pertaining to the discharge to the wastewater collection system, as well as GEPA and EPA regulations for the management and treatment of leachate;
- Perform sample collections of leachate and sewage for use in bench scale treatability study;
- Conduct bench scale treatability study for leachate;
- Finalize Landfill Systems and Entrance Facilities design package and issue for construction bid procurement;
- Initiate construction permitting process for Landfill Systems and Entrance Facilities;
- Finalize Access Road and Utilities design package and issue for a construction bid;
- Initiate construction permitting process for Access Road and Utilities;
- Develop comprehensive construction management scope of work and issue a Request for Proposals; and
- Continue construction of operations road, cells, stormwater management pond

### **Implement the trash cart-based system**

- Initiate interim commercial rates and develop a strategy for implementation of interim residential rates for review and approval by the Court;
- Take delivery of carts and stage at the coral pit;

- Take delivery of Babypacker trucks, attach lifters;
- Take delivery of products for billing and customer service;
- Train customer service personnel on new billing products/software;
- Conduct media relations and publicity about the registration process;
- Finalize and print public education materials;
- Mail registration form to current customers and post on website;
- Develop registration procedures and sequence of villages to be registered;
- Hold meetings with each of 19 mayors a week before registration in his/her village;
- Hold registrations in each village;
- Deliver carts to customers about one week after registration; and
- Conduct media relations to publicize cart deliveries.