

Guam SOLID WASTE RECEIVER



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

Presented by
Gershman, Brickner & Bratton, Inc.

January 14, 2009




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1. INTRODUCTION



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Goal of this Report



Obtain the Court's approval for modifications needed in the schedule, funding of Consent Decree projects, and our plan for rolling out trash carts and a new customer account management system.



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Objectives

- Update the Court on Consent Decree projects
- Update the Court on SWMD operations
- Update the Court on funding issues
- Outline our plans to provide trash carts and implement a new account management system



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2. UPDATE ON CONSENT DECREE PROJECTS



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GEPA and USEPA Coordination Landfill Design Review and Permitting

- Bi-weekly phone calls with GEPA and USEPA
- Progress made (overview):
 - Completed Final Hydrogeological Assessment Report for Layon Landfill and 4 additional design tasks
 - Made progress on obtaining building permit for Cells 1 and 2
 - Initiated bid process for first phase of construction at Layon



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Design for Layon Landfill

Project Task	Due Date	Actual Date	Implications
Pre-final Design Cells 1 & 2 Earthworks	10/15/08	10/29/08	GEPA has completed review. Time to respond and submit final design can be shortened to make up for delay
Building Permit for Earthworks Construction	11/5/08	11/5/08	None
Hydrogeologic Report	10/7/08	11/26/08	No impact from delay
Pre-final Design Landfill Systems and Entrance Facilities	12/3/08	12/24/08	Time in schedule can be made up in development of Final Design
Solid Waste Facility Permit	12/03/08	12/24/08	Should cause no delay since this fits into the draft timeline for the permit processing prepared by GEPA



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Permitting



Summary of Activities:

- Secured Zone Change approval by GLUC Board from Agricultural to M-1 Industrial – Dec. 11, 2008
- Stormwater permit secured
- Submitted application and received partial approval of building permit for construction grading Cells 1 & 2.
 - Awaiting signoff from DPW and Contractors License Board
 - Approving agencies: GEPA, Bureau of Planning and Statistics, Dept. of Parks and Recreation, Guam Power Authority, Guam Waterworks Authority, Dept. of Land Management, Dept. of Agriculture



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Permitting (cont'd)



Summary of Activities:

- Responded to GEPA and other GovGuam agency requirements to satisfy DPW building permit approval for Cells 1 & 2
- Continued to develop timelines for Solid Waste Facility Permit processing and reviews in collaboration with GEPA/USEPA
- Worked with GEPA/USEPA to clarify Solid Waste Facility Permit regulations so Receiver can proceed with facility and construction permit processes



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Construction

Summary of Activities:

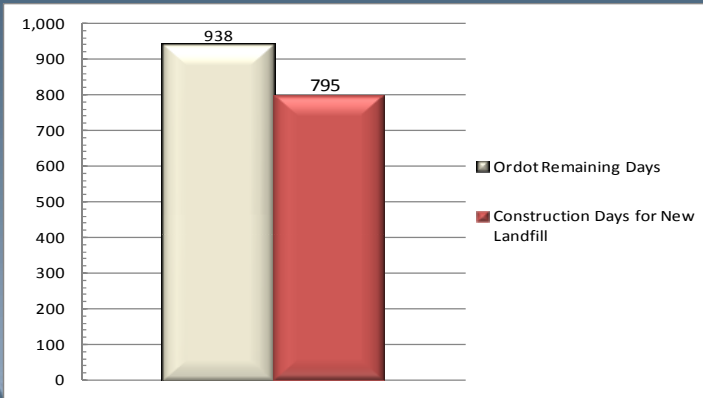
- Initiated formal bid process for Phase One of construction at Layon
 - Advertised in local newspaper and on Receiver website
 - 12 entities attended Dec. 16 pre-bid conference and site visits on Dec. 16 and 22
 - Addressed Requests for Information from prospective bidders; published and distributed addenda to bid documents
 - At request of 3 bidders, agreed to extend deadline for bids from Jan. 8 to Jan. 22, 2009, to ensure maximum competition, give bidders more time


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Remaining Capacity at Ordot Dump vs. Construction Days





Category	Days
Ordot Remaining Days	938
Construction Days for New Landfill	795

Timeframe to complete construction is tight.



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3. UPDATE ON SWMD OPERATIONS



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Operations

Staffing:

- Maintained single daily collection crew shift, down from 3 shifts when Receiver appointed
- Reduced SWMD staff by 27%, largely through attrition, with increased productivity
- Staff morale is high
- Moved customer service and billing staff from DPW location to SWMD offices; improved interaction between collection and customer service staff



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Operations (cont'd)

Ordot Dump:

- Continued improvements at Ordot Dump
 - Placed daily cover on trash
 - Maintained perimeter of Dump site
 - Minimized visual exposure of trash
 - Reduced odors and dust
- Met with Ordot Mayor and neighbors, October 24, 2008
 - Residents complimentary about improvements
 - Residents want Dump closed ASAP



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Operations (cont'd)

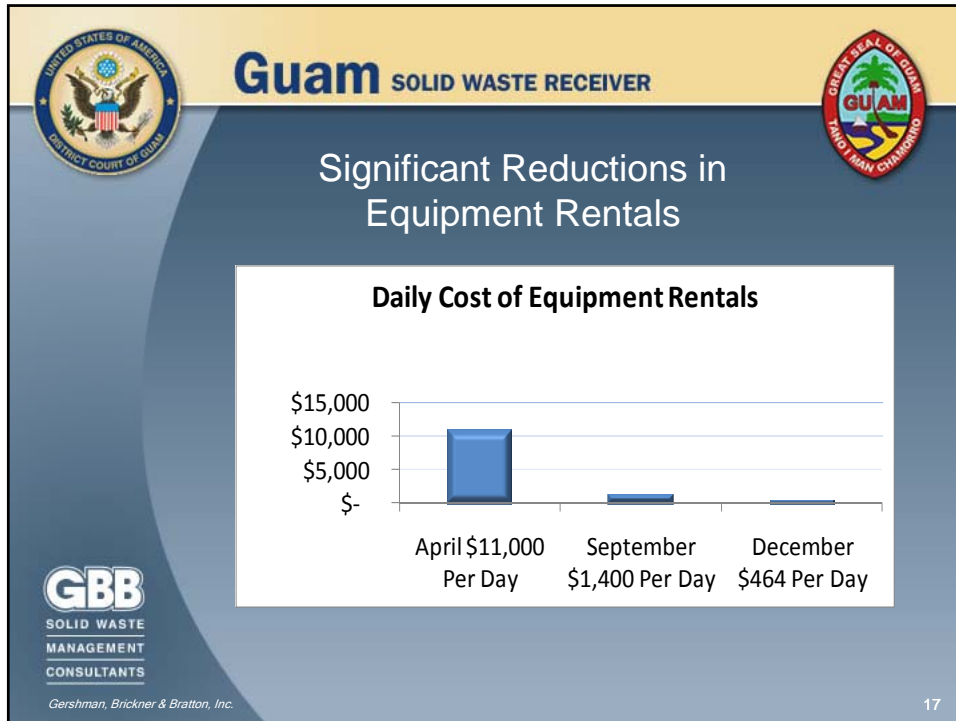
Equipment:

- Reduced dependence on rental equipment from \$11,000 per day April 2008, to \$1,400 per day Sept. 2008, to \$464 per day now
- Preparing to install new scale at Ordot Dump



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- ### Guam SOLID WASTE RECEIVER
- ## Operations (cont'd)
- #### Recycling:
- Global recession hit recycling markets
 - Guam Transport and Warehouse no longer accepting mixed paper; no markets
 - Receiver exploring alternatives but mixed paper (cardboard, paper, magazines) now goes to Ordot
 - Ordot Dump: increased volume of trash with holiday waste and mixed paper
- GBB
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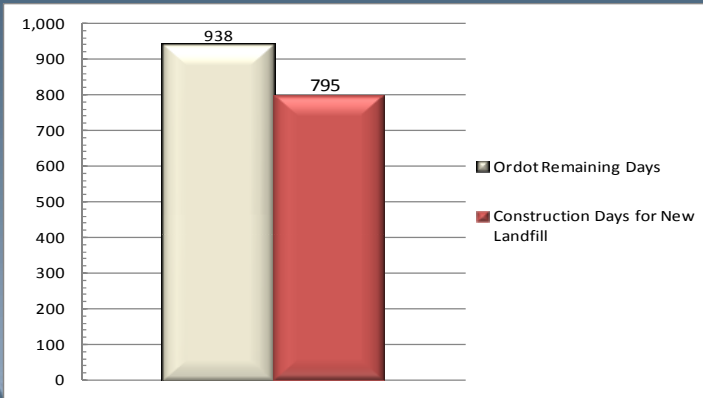
4. UPDATE ON FUNDING ISSUES


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Designation of Trustee

- Oct. 22, 2008 Court Order: GovGuam to deposit \$20 million with a Trustee by Jan. 5, 2009
- Receiver issued RFP in consultation with Public Financial Management, Inc., and Office of the Attorney General of Guam
- RFP sent to all Guam Banks and 3 mainland banks (total of 11 banks)
- Proposals received from Bank of Guam, Citibank, N.A., (Guam Branch), and U.S. Bank
- **Citibank, N.A., (Guam Branch) selected as Trustee**



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Capital Funding

- Deepening global recession and lower oil prices could mean lower costs for landfill construction
- Competitive bids needed to determine actual cost
- Receiver recommended Section 30-backed Revenue Bonds; now endorsed by Governor, GEDA, BBMR Director and U.S. Government Financial Expert
- Legislature passed Governor's request for \$20 million but ended session without passing legislation authorizing revenue bonds
- Legislature's decision not to authorize revenue bonds amounts to a decision to fund Consent Decree projects with cash



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GovGuam's Cash Position

- Court ordered GovGuam to provide information about its cash position and for all funds under GovGuam control
- Cash position of Government improved 2005-07 but unclear as of Sept. 30, 2008 (appears to deteriorate)
- Compared with three small U.S. states and Hawaii, Guam's cash position is weak (Guam: 67 cents for each dollar owed in short-term payables vs. \$12 to \$33 for other jurisdictions)
- **Conclusion: GovGuam has a chronic cash shortage. Failure of Legislature to authorize Section 30-backed Revenue Bonds will exacerbate difficult cash position.**



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Revised Funding Recommendation

Legislature's refusal to authorize Section 30-backed Bonds means the initial \$20M must be supplemented by Government cash contributions to Trustee account:

Alternative 1: Monthly cash contributions; amounts vary each month (10/22/08 Report).

Alternative 2: Fixed weekly cash contributions March 1, 2009 to Sept. 12, 2012. Increase in tipping fee July 1, 2009, and new fees for residential collection will reduce weekly amount over time. May be more manageable than monthly contributions.



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GovGuam Weekly Cash Contributions



- \$993,700 March 1, 2009 – June 30, 2009
- \$893,700 July 1, 2009 – Jan. 31, 2010
- \$847,600 Feb. 1, 2010 – Feb. 28, 2011
- \$784,700 March 1, 2011 – June 30, 2011
- \$384,700 July 1, 2011 – Sept. 30, 2012

Increased revenues from tipping fees, rising from \$100,000 to \$211,000, July 1, 2009 – 2012, reduce weekly contributions July 2009 – August 2012. Contributions from Government also reduced by estimated interest income of \$826,500. Total Government contributions \$128,641,700.



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Section 30-backed Revenue Bonds

- Remain an option for Government
- All cash contributions could be recovered
- \$20 million initial loan could be repaid
- Eliminate pain of cash payments
- Recommended by financial experts
- Decision up to Guam Legislature



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Financial Plan Revisions Due to Removal of Recycling Revolving Fund

- Bill 383 removed Recycling Revolving Fund from Dept. of Public Works; placed with GEPA
- Removes about \$2.5 million in annual funding from Receiver's October 22, 2008 plan – funds to help pay for solid waste management system
- Recommendations:
 - Residential collection fees increase from \$29.85 to \$30.43 per month, 2% increase
 - Commercial tipping fees increase from \$154.97 to \$155.99, 0.6% increase
- Result of removal of Recycling Revolving Fund: Guam's solid waste program is fragmented; responsibility for waste tires, junked vehicles placed with GEPA



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5. TRASH CART ROLLOUT PLAN



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Three Options Presented in October 2008 Report:

1. Basic Services (Court Approved)
2. Curbside Recycling
3. Mixed Waste Recycling



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Court Approved Option: #1. Basic Services

- ✓ SWMD customers receive one or more rolling carts for waste per household
- ✓ Monthly charge based on number of carts
- ✓ All non-recyclable waste goes in carts
- ✓ Special bulky waste pick-up services
- ✓ Recyclables go to convenience centers



Least costly option; allows Guam to build a solid foundation for achieving higher recycling levels in the future



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Account Management: Key Issue to Be Resolved Under New System

- SWMD collects weekly from 15,900 households (HH)
- SWMD cannot match customer accounts with collection addresses for 4,000 of these HH
- Only 12,080 HH are invoiced for service
 - SWMD cannot track about 4,000 HH that receive service but may have cancelled service or have not paid
- Result:
 - 4,000 HH receive free service
 - 4,000 HH accounts don't have matching addresses
 - SWMD does not collect sufficient revenues to cover costs of daily operations



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Plan for Trash Cart Rollout

- Implementation: Jan. - Nov. 2009
- New system will provide:
 - Trash carts, greater convenience for residents
 - More efficient collection routes
 - Increased safety for collection crews
 - New registration of customers
 - New billing system
 - New customer service tracking that links customers and billing accounts to cart locations
 - Public education and outreach



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Ban on Materials to Extend to Residents

- July 2008 ban on corrugated cardboard, construction and demolition debris, vegetative waste will be extended to residents under the new system
- Residents will be notified about the ban when they register for their carts; informed about disposal and recycling sites for banned materials
- Residents to be encouraged to recycle at convenience centers


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Trash Carts: Size and Number

Covered, rolling carts for residential trash only; recyclables to go to 3 convenience centers

- One 96-gallon cart per household
- Second 96-gallon cart for additional fee



Example of rolling cart


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Trash Carts: Size and Number (cont'd)

- Carts to be serviced by rear-loading trucks with hydraulic lifters
- Provision made for excess trash collection with separate fee per container



Truck equipped with hydraulic lifter

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Procurements: Carts and Lifters

- Procurement objective: Avoid excess inventory
- Procurement:
 - 96-gallon carts
 - 25 hydraulic lifters for SWMD trucks
 - 5 “baby packers” – trucks for hard-to-reach set-out locations
- Cart specifications: wheeled, covered, dark color (different from other collectors’ carts), insignia for SWMD, radio frequency (RFID) chips for cart tracking, and RFID readers for trucks
- Possible cart procurement through National Intergovernmental Purchasing Alliance (NIPA)
- Carts to be stored in secure staging area before delivery to customers

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Registration for Carts and Service



Objectives:

- Facilitate smooth transition to cart-based collection system
- Gather customer information for accurate service delivery and account management
- Inform residents about SWMD services and waste reduction opportunities; encourage recycling



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Registration for Carts and Service (cont'd)

- Registration to begin in the south and move to more populated areas in north, May-Nov. 2009
- In-person registration venue: Mayors' offices, twice during a designated registration week and on Saturday
- Cart delivery about one week after registration
- New fees effective with cart delivery
- Collection day determined at registration
- Receiver exploring mail and online registration for current SWMD with confirmed addresses



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Cart Tracking

Issue: SWMD needs to track carts and match with billing accounts

- Solution: radio frequency identification (RFID) tags applied to carts during manufacture and matched with GPS data points for customer addresses
- RFID would add cost for onboard computers on trucks but most cost-effective for overall program





RFID Tag on Cart

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Collection Routing

Issue: Cart-based system presents opportunity for more efficient routing

- Using GPS units on three new SWMD trucks, crews now recording routing data, analyzing routes, and developing new maps
- Routing software may be able to accelerate the routing process
- Before registration begins (May 2009), GPS data analysis, route mapping and evaluation to be completed

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Billing and Customer Service



Issue: of 15,900 HH receiving SWMD service, only 12,080 pay due to lack of addresses for billing; little ability to query accounts or match accounts to physical addresses

- New opportunity to improve billing process with technologies and customer service software that link customer addresses, set-out locations and carts with billing accounts



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Public Education

- Goal: Build awareness about and support for new cart-based system
- Overview of strategies:
 - April 2009. Meetings with customers and Mayors
 - May – November 2009. Printed materials to inform residents about the new system, registration process, SWMD services and fees, recycling tips
 - April – November 2009. Media outreach
 - January – November 2009. Website updates



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Public Education (cont'd)

- Customer meetings (April 2009)
 - Seek customers' comments on new system
- Mayors' meetings (April 2009)
 - Seek Mayors' opinions/suggestions
- Public education materials
 - Logo and slogan
 - Brochure – passed out at registration
 - Laminated cart hanger – attached to cart
 - Flyers, truck signs, etc.



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Timeline for Cart Rollout

Phase 1. Infrastructure development
December 2008 – April 2009

Activities summary:

- Routing and training with GPS units, route mapping
- Cart procurement
- Procurement for new pickup trucks and lifters
- Evaluating the billing and customer service system and developing the procurement
- Initiating rate discussions with the Public Utilities Commission
- Development of public education materials in draft form



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Timeline for Cart Rollout (cont'd)

Phase 2. Deliveries and Implementation
March 2009 – May 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
- Customer meetings
- Presentation to Mayors' Council; meetings with Mayors
- Media relations and publicity about the registration process
- Public education materials finalized, printed and delivered to SWMD



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Timeline for Cart Rollout (cont'd)

Phase 3. Registration and Service
May 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
- Media relations to publicize cart deliveries



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6. NEXT STEPS



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Next Steps

1. Award contract for cells 1 & 2 earthwork and begin construction
2. Complete the solid waste facility permit process
3. Develop procurement documents for future construction bids
4. Continue to improve the SWMD organization
5. Complete and obtain approval for all design plans needed to move forward
6. Continue to provide assistance for GovGuam as requested in implementing the funding recommendation
7. Develop procedures for managing the Trustee account in conjunction with GovGuam officials, and seek Court approval



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Next Steps (Cont'd)

8. Initiate interim increases in fees as approved by the Court
9. Initiate trash cart rollout plan
 - Procure trash carts
 - Select and implement a new account management system
 - Register customers and distribute the carts
 - Extend materials ban to residential customers
 - Implement public education plan
10. Advance Military involvement with execution of MOU and Service Agreement
11. Keep the Court, GovGuam, our customers, and other interested parties informed



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