Guam SOLID WASTE RECEIVER

Quarterly Report of Receivership for the Government of Guam Solid Waste Management Division

Pursuant to the Order of the
United States District Court of Guam

Presented by
Gershman, Brickner & Bratton, Inc.

August 11, 2010

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1. LAYON LANDFILL AND ACCESS ROAD CONSTRUCTION, CONSTRUCTION MANAGEMENT, DESIGN AND PERMITTING

CONSENT DECREE PROJECTS

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Construction Milestones April – June 2010

- April 2010 – commenced and completed subdrain installation beneath Cells 1 and 2
- April 2010 – commenced and completed 24-inch low perm soil layer for Cells 1 and 2
- April 2010 – commenced building walls for administration, maintenance, generator and pump buildings
- April 2010 – commenced installation of utilities in entrance area and along operations road

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Construction Milestones (cont'd)

- Completed installation of wells for groundwater monitoring
- Initiated baseline monitoring sampling events at wells and surface water locations
- Commenced subbase and basecourse placement on access road
- Commenced construction of gravity sewer line along Dandan Road
- Commenced Dandan Road shoulder improvement work
- Completed detour for Talofofo Falls Resort along new access road

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Layon Landfill and Access Road
Construction Progress (April - June 2010)

- Major earthwork along access road completed
- Completed subbase layer along access road
- Commenced construction of all access road utilities (sewer, water, power, telephone, cable)
- Completed placement of 5,100 linear feet of sewer line along Route 4

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Entrance Facilities Progress

April: Maintenance building

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Entrance Facilities Progress

Early July: Maintenance building

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Cell 1 and 2 Construction Progress

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April: Installation of subdrain and low perm soil layer

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Cell 1 and 2 Construction Progress

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June: Installation of primary liner and piping for leachate collection layer

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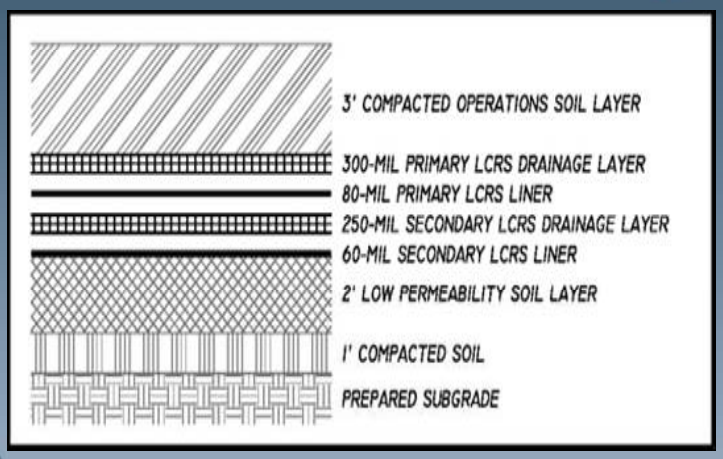
The Liner System



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Liner Installation Carefully Monitored by Independent Expert

- Third party independent expert: Vector Engineering
- Extensive expertise in landfill liner systems
- On-site oversight assures:
  - All liner materials meet specifications
  - All liner materials are properly installed
  - Conformance testing to confirm high standards

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Access Road Progress

April: Access Road earthwork

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Access Road Progress

Early July: Earthwork complete, utility work ongoing

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Access Road Progress

Early July: Dandan Road improvements – gravity sewer

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Access Road Progress

June: Sewer line construction – Route 4

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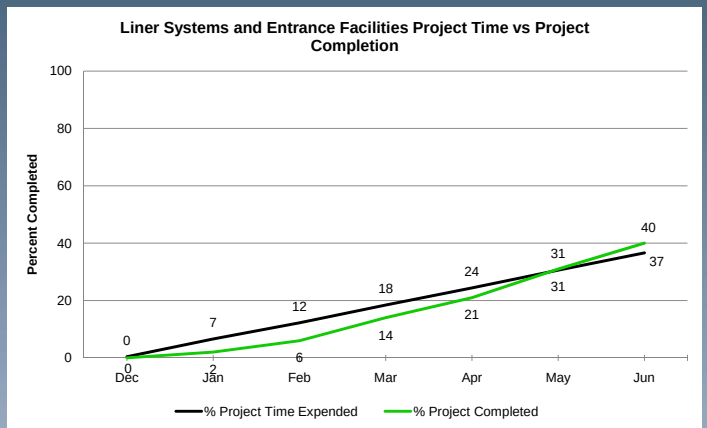
Construction Progress:
Landfill and Entrance Facilities



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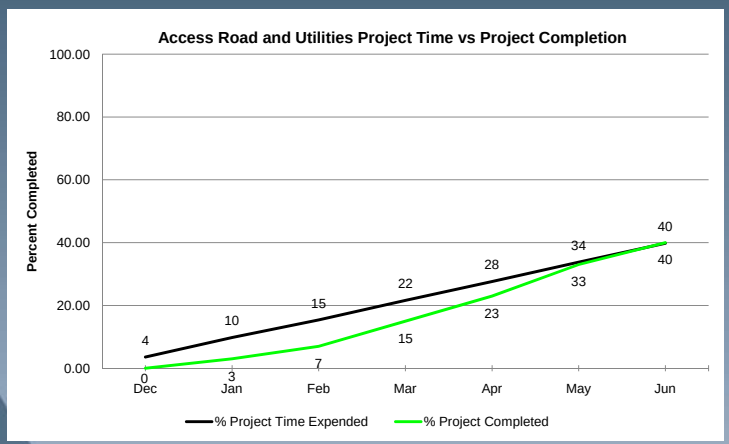
Construction Progress:
Access Road and Utilities



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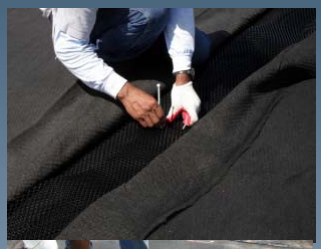
Construction Management

- Regular construction meetings with contractors
- Ongoing Construction Mgt. and Quality Assurance Plan implementation
- Ongoing on-site laboratory for construction quality assurance testing
- Mobilized specialty liner CQA team



On-site lab for quality assurance testing

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Construction Management (cont'd)

- Worked closely with Mayor and village residents
- Provided environmental review and oversight of permit conditions
- Continually pushed contractors to meet project schedule
- Provided ongoing construction documentation

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Design

- Inarajan WWTP Renovations/Monitoring:
  - Initiated design work for improvements to Inarajan WWTP
  - Conducted kickoff meetings and site visits with GEPA
  - Identified the need for monitoring plan to include a dye trace test to locate favorable marine water monitoring sites
- Continued design services support for Layon Landfill during construction to clarify design plan issues as needed

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Permitting

- Ensured ongoing compliance with all permits
- Ensured construction activities were in compliance with permit conditions
- Continued bi-weekly GEPA/EPA/Receiver coordination meetings
- Initiated monthly status meeting with GEPA/EPA to discuss Consent Decree progress
- Contractors, construction management teams coordinate with GEPA and other agencies as needed

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Permitting (cont'd)

Pump Station Property Zoning:

- Continued processing through Dept. of Land Management procedures
- July 13, 2010. Public Hearing held for both properties -- No concerns raised
- August 12, 2010. Anticipated GLUC meeting for final consideration

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Ordot Dump Closure

- Continued to implement interim filling plan
- Tracked air space volume usage
- Met with GEPA/EPA on April 30 and June 28 to discuss framework for moving forward with dump closure

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Ordot Dump Closure (cont'd)

- June 10, 2010. Receiver requested GovGuam and EPA provide regulatory/permit guidance
- July 1, 2010. EPA provided a detailed response to our request for regulatory/permit guidance
- EPA also provided specific comments to the draft RCRA environmental investigation SOW
- July 31 2010. GovGuam and GEPA provided very general response to our request for regulatory/permit guidance

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Schedule for Closing of Ordot Dump

- Consent Decree outlines a 45-month schedule for final closure of the Ordot Dump
- Receiver anticipates a shorter schedule
- Initial planning and design must be completed before a realistic schedule is established

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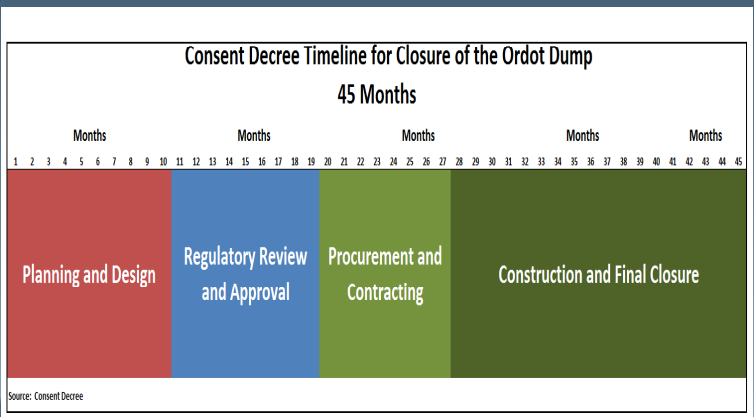

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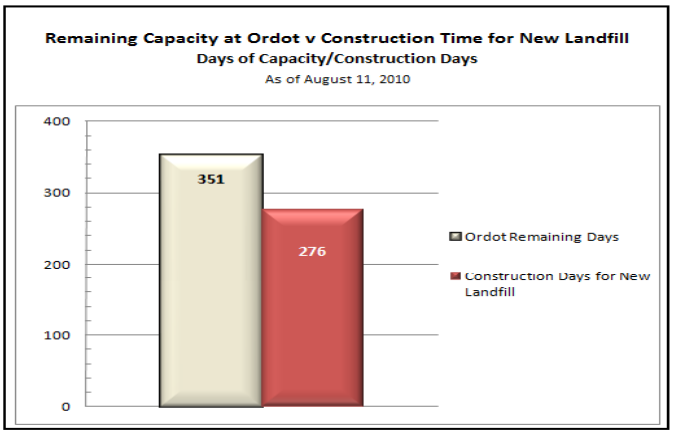

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REMAINING DAYS FROM APRIL 8 IS

475 DAYS
clund, 3/21/2010

Slide 28

c3

REMAINING DAYS FROM APRIL 8 IS

475 DAYS
clund, 3/21/2010

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2. OPERATIONS OF THE SOLID WASTE MANAGEMENT DIVISION

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Trash Cart Rollout

- Registration for trash cart system completed
- 19,416 customers as of July 30 – 60% increase over 12,080 customers in March 2008
- Customers continue to sign up for service

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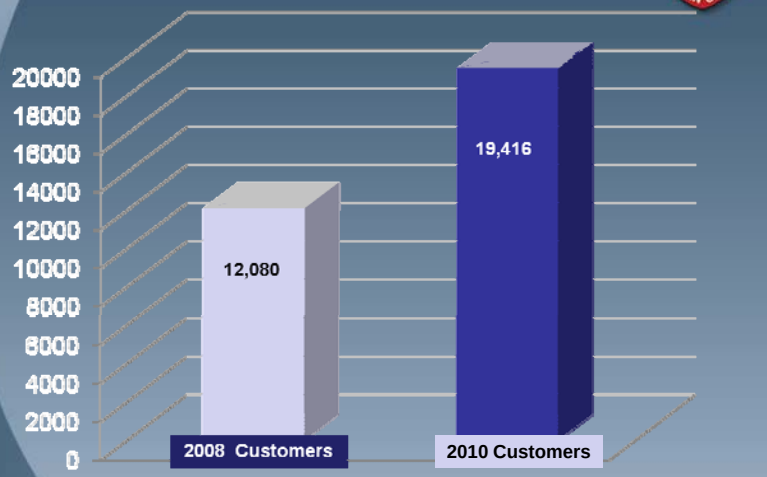

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60% increase in SWMD Customers

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Residential Collection

Benefits of Carts

- Uniform collection system
- Less rainwater in trash due to covers
- Improved neighborhood aesthetics
- Monitored with RFID tags

No uniformity in old system

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Cart Repairs

- Small number (0.74%) of carts have required repairs
- Types of repairs: axles, wheels, lids, RFID tags
- Rough terrain is primary cause

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New Customer Service Software

- Allows SWMD staff to categorize calls
- 910 calls, April – June
- Customer complaints declined as a % of customer base
- Other calls: When will my cart come? (40%); requests to register (8%); non-compliance issues (no tags on bags, banned materials, etc.)

Customer Complaints
Missed or Late Trash Collection

	2009		2010	
Month	Complaints	% of Customers	Complaints	% of Customers
April	54	0.43%	74	0.40%
May	65	0.52%	73	0.40%
June	56	0.44%	85	0.44%

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Operations Improvements

- SWMD collections unit reorganized to allow faster allocation of staff resources to where they are needed
- Ordot Dump managed so as to minimize rental equipment ($464/day vs. $11,000/day in 2008) and reduce flies and odors
- SWMD has 65 workers: 56 employees, 7 temporary staff and 2 contractors, 35% reduction from 99 in March 2008; productivity up

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Court Ordered Cleanup of DPW Compound

- Some improvements have occurred in the area adjacent to SWMD
- Contracts are in place to remove drums
- Receivership has provided funding for the removal of drums
- Funds to be reimbursed to Citibank Trust Account in October per the Court's Order

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Court Ordered Cleanup of DPW Compound

- The Court was informed in June that the tires and abandoned vehicles had been removed
- This is not accurate
- Tires and abandoned vehicles were removed from the immediate vicinity of the SWMD but remain on the compound

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Photos of DPW Compound taken on July 30, 2010

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3. CURBSIDE RECYCLING PILOT PROJECT

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Curbside Recycling Pilot Project

- Background: October 2008, Receiver discussed with Court a possible pilot recycling program
- With trash cart delivery program in place, staff and vehicles are available to move forward

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Curbside Recycling Pilot Project
(cont'd)

Description:

- 1,000 single family homes, clustered in villages throughout Guam for collection efficiency
- Each home to receive a recycling cart with green lid
- Recycling and trash collection on same day
- Recyclables delivered to processor on Guam
- Recyclables to be weighed, processed, baled and shipped off island

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Curbside Recycling Pilot Project
(cont'd)

Materials collected:

- Fiber/cardboard, paper
- Aluminum and metal cans
- Plastic bottles and jars #1 (PET) and #2 (HDPE)

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Curbside Recycling Pilot Project
(cont'd)

- Program to be phased in, from north to central to south areas
- To test costs and efficiencies at different collection intervals, homes to be divided into 3 groups:
  - Weekly recycling collection
  - Every other week recycling collection
  - Monthly collection

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Curbside Recycling Pilot Project
(cont'd)

Program evaluation based on:

1. Participation in recycling – assessed through periodic waste characterization study of 50 households in pilot
2. Contamination/trash in recycling cart
3. Weight of material collected
4. Cost of providing services; revenue offsets

Results will be used to evaluate the future direction of curbside recycling collection

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4. METALLIC AND BULKY ITEM COLLECTION

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Metallic and Bulky Item Collection

- 2008: Court approved a collection system for metallic and bulky items
- With trash cart system in place, Receiver and SWMD have developed a plan for new collection service

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Outline of Metallic and Bulky Item Collection

Items collected

- Metallic: appliances, hot water tanks
- Bulky items: sofas, mattresses, furniture

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Outline of Metallic and Bulky Item Collection (cont'd)

SWMD residential customers:

- Receive 2 free collections a year
- Additional collections for a set fee
- Fee applied to monthly invoice
- Up to 5 items/pickup

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Outline of Metallic and Bulky Item Collection (cont'd)

- Options for residents and businesses that are not SWMD residential customers:
  - Metallic items go to scrap dealers
  - Non-metallic bulky items to be accepted at Ordot Dump until new landfill opens
  - When landfill opens: 2 transfer stations (one in North and one in Malojloj) will receive non-metallic bulky items
- Receiver to evaluate extending the bulky item program for non-customers at a later time

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Equipment and Staff Needed for Metallic and Bulky Item Collection Program

- Original estimate -- $553,500
  - 2 knuckle-boom trucks
  - 3 trailers
  - 2 transport trucks
- Revised estimate -- $305,000
  - 2 knuckle-boom grapple hook trucks
- SWMD staff operating trucks will be re-assigned from daily trash routes that have been consolidated

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5. CONTRACT MANAGEMENT AND PROCUREMENT

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Activity during the Quarter

- Management of Consent Decree contracts
- Preparing for procurements for:
  - Commercial Transfer Station
  - Operator of Layon Landfill
  - Initial work to begin closure of Ordot Dump

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Current Contracts

All contracts to complete Layon Landfill are now in place.

Consent Decree Contracts as of June 30, 2010

Contractor	Purpose of Contract	Amount of Contract	Citibank Trust Account Expenditures	Work Status
Maeda Pacific Corporation	Layon Landfill - Construction of Landfill Operations Road and Mass Grading for Cells 1 and 2	$ 10,045,245	$ 9,542,983	Close-Out Phase
Core Tech International	Layon Landfill - Construction of Access Road and Utility Improvements for Community	$26,832,053	$ 3,150,576	On-going
Black Construction Corporation	Layon Landfill - Construction of Entrance Facilities and Cells 1 and 2	$22,053,298	$ 3,785,301	On-going
EA Engineering, Science & Technology, Inc.	Groundwater Quality Monitoring Services	$ 857,750	$ 46,220	On-going
TG Engineers, PC	Layon Landfill - Design and Engineering Services	$ 9,522,562	$ 1,192,022	On-going
Winzler & Kelly	Construction Management Services for Consent Decree Projects	$ 3,875,284	$ 995,985	On-going
Shaw Environmental, Inc.	Technical Assistance	$ 305,347	$ 1,371	On-going
Pacific Human Resources Services, Inc.	Temporary Staffing Services for the Solid Waste Management Division	Indefinite	$ 233,143	On-going
Alpine Technology, Inc.	Customer Service Software	$ 240,078	$ 181,708	On-going
Far East Equipment	New Trucks, Roll-off containers and Trash Carts	Gov Guam Purchase Orders	$ 2,017,588	On-going
G4 Security Services of Guam	Security Services for the Solid Waste Compound	Indefinite	$ 16,904	Closed
Pacific Island Security Agency	Security Services for the Solid Waste Compound (replaced G4 Security Services of Guam)	Indefinite	$ 32,774	On-going

Note: Does do not include retainage or expenditures directly paid by the Government of Guam. All contracts are inclusive of change orders approved through June 30, 2010.

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Commercial Transfer Station

- Facility will consolidate waste from residential and business customers into larger truckloads for transport to Layon Landfill
  - Improves efficiency, reduces cost, decreases truck traffic near landfill
- A permitted private facility already exists in Guam
- To assess interest of this facility and others, Receiver issued Request for Expression of Interest on July 12
- Next steps will be determined by results of RFEI

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Operator for Layon Landfill

- Receiver developed initial RFP for the operator
- RFP reviewed by Office of the Attorney General
- RFP to be finalized in late August, early September
- Contract to be finalized in early 2011

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Closure of Ordot Dump

- April: Receiver submitted draft scope of work for consultants who will:
  - Investigate environmental damage from Dump
  - Recommend remedial action
- EPA and GEPA have provided suggestions
- Receiver to revise scope of work and proceed with initial procurement this fall

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GovGuam Solid Waste RFP

- Funded through the Office of Economic Assistance of the Department of Defense
- **Scope of Work:**
  - Analyze alternative waste management for household waste, household hazardous waste, commercial solid waste, industrial solid waste applicable, thus reducing the amount of waste going into the Layon Landfill
  - Evaluate each alternative
  - Identify costs associated to plan, procure, build, operate and maintain preferred alternatives
  - Identify proposed strategy to implement
  - Provide draft legislation for implementation of preferred alternatives when applicable
- Objectives and purpose of the proposed work are unclear to us
- Funding may be more effectively applied to enhance recycling

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6. FINANCIAL ISSUES AND CAPITAL FUNDING

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Operating Results FY2010

Expenditures: 55% Below Approved Budget

- Payroll/benefits – 34.8% under budget
- Non-personnel expenses – 68.2% under budget

Solid Waste Management Division
Operating Budget
FY 2010
October 1, 2009 to June 30, 2010

Item	FY 2009 Actual Expenditures	FY 2010 Approved Budget to Date	FY 2010 Actual Spending* to Date	% over (under) Budget
Personnel Expenses:				
Regular Salaries	$ 1,903,710	$1,653,284	$1,121,297	-32.2%
Overtime/Special Pay	$ 22,911	$261,413	$151,033	-42.2%
Benefits	$ 577,238	$503,491	$303,192	-39.8%
Sub-total	$2,503,859	$2,418,188	$1,575,522	-34.8%
Non-Personnel Expenses:				
Travel	$ 3,545	$0	$0	N/A
Contractual Services	$ 1,265,160	$2,825,101	$778,813	-72.4%
Supplies and Materials	$ 442,188	$503,380	$339,908	-32.5%
Equipment	$ 4,599	$66,000	$3,761	-94.3%
Utilities - Power and Water	$ 16,860	$65,375	$18,866	-71.1%
Communications	$ 17,703	$12,042	$10,838	-10.0%
Capital Outlay	$ 221,738	$185,000	$9,150	-95.1%
Miscellaneous	$ 1,255	$7,000	$2,004	-71.4%
Sub-total	$ 1,973,048	$ 3,663,898	$ 1,163,341	-68.2%
Grand-total	**$ 4,476,907**	**$6,082,086**	**$2,738,863**	-55.0%

*Does not include encumbrances

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Revenue Billed and Collected

SWMD Revenue Billed / Collected
October 1 through June 30
FY 2010

Customer Class	Billed	Collected	%
Commercial	$ 5,329,878	$ 4,455,130	83.6%
Residential	$ 1,245,235	$ 1,173,782	94.3%
Government	$ 216,716	$ 13,163	6.1%
Total	$ 6,791,829	$ 5,642,075	83.1%

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

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SWMD Fund Balance FY2010

Solid Waste Management Division Fund Balance 30-Jun-10 (Unaudited)	
Elements of Fund Balance	**Amount**
Fund Balance @ 9/30/09	$ (182,596)
Revenue FY 2010	$6,791,829
Expenses FY 2010	$2,738,863
Excess (Deficit) FY 2010	$4,052,966
Fund Balance @ 6/30/10	$3,870,370
Note: Revenue is on accrual basis.	

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New Solid Waste Billing Process for Residential Customers

- In operation for 6 months
- SWMD staff managing system well
- Plans underway to integrate billing for commercial customers
- Working with GovGuam to reconcile with the accounting system
- Customers have option to pay using GuamPay or mail payment to SWMD

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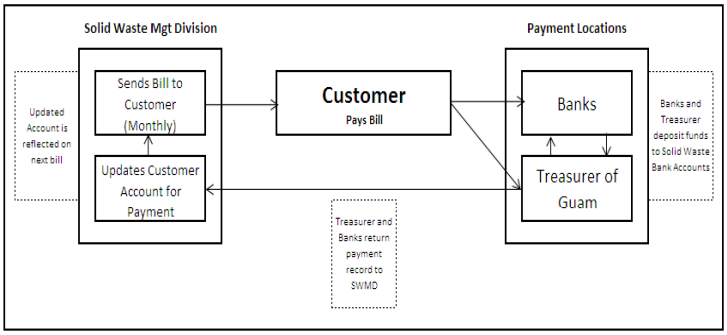
How Payment Process Works



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Problems with Payments through Treasurer of Guam

Issues:

- Information sent to SWMD about customer payments made through Treasurer of Guam is delayed
- Treasurer has interrupted access to online and credit card payments without notice
- Other errors make it difficult to update customer accounts

Recommendation: Receiver contracts with a commercial bank on Guam to receive all customer payments, including mailed payments, on behalf of SWMD and deposit funds directly to SWMD's bank account. Bank would transmit information about payments daily and develop updates for those who pay using GuamPay.

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Delinquent Customers

- Over 80% of SWMD Customers pay on time and in full
- 14% (2,600) of SWMD customers currently delinquent
- An additional 4% (900) of customers are late with payments and close to delinquency
- Receiver asks Court to approve policy to address delinquencies
  - After 30 days a reminder call from Customer Service
  - After 60 days notification that unless account is paid in full within 30 days, service ends and cart is recovered
  - To restore service customer must pay sum due, plus prepayment of one month and $50 for restoring service
  - If delinquent account is turned over to a collection agency, to restore service, customer must pay all sums due, plus prepayment of one month, plus $100 fee
  - Customers are responsible for cost of carts (damaged or unrecovered)

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Updated Capital Funding Requirements

- No changes since April Report to Court
- Estimated savings in cost of Layon Landfill: approx. $21 million

Layon Landfill and Related Consent Decree Projects

As of June 30, 2010

Capital Budget Item	Approved Budget	Revised Budget: Actual Contract Amount	Revised Budget: Reserve for Change Orders	Revised Estimate	Savings
Layon Landfill	$ 81,022,300	$ 58,930,596	$ 3,980,443	$62,911,039	$18,111,261
Construction Management - Layon	$ 7,316,400	$ 3,875,284	$ 1,550,114	$ 5,425,398	$ 1,891,002
WWTP Expansion & Leachate Sewer and Pre-Treatment - Layon	$ 11,025,000			$11,025,000	$ -
Landfill Equipment	$ 6,380,000			$ 5,217,415	$ 1,162,585
Transfer Station/HHWF	$ 5,505,000			$ 5,505,000	$ -
Transfer Station Equipment	$ 2,440,000			$ 2,405,000	$ 35,000
Operating Equipment*	$ 5,941,400	$ 2,199,297		$ 5,941,400	$ -
Total New Construction/Equipment	**$ 119,630,100**	**$ 65,005,177**	**$ 5,530,557**	**$98,430,252**	**$21,199,848**

*Actual contract amounts are equipment purchases completed as of June 30, 2010.

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Status of Citibank Trustee Account

- Primary Citibank account used for Consent Decree purposes authorized by the Court that cannot be charged to construction subaccount
- GovGuam replenished construction account in April with deposit of $11,616,263.70
- Details of all transactions in both accounts are included in the Report to the Court

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Citibank Trustee Account

As of June 30, 2010

Account	Balance
Primary Account	$3,787,021.92
Construction Subaccount	$10,967,238.46

Note: Detailed transactions are included in Tabs 6 and 7 of the narrative report.

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Status of USDA Loan/Grant

- Receiver assisted GovGuam and USDA as they worked to finalize loan/grant
- Most issues we raised in October, January and April reports remained outstanding
- Contract requirements for "Buy American" and "Davis-Bacon" provisions are important in landfill contracts now in close-out or almost half completed
- Governor Camacho has now declined the USDA Loan/Grant for reasons not related to the Court or Receiver

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Preliminary Rate Recommendations for PUC

- Receiver has updated preliminary rates using new information and data available since April, including:
  - Scale data for waste disposed at Ordot Dump
  - GEDA confirmation that grant portion of USDA loan/grant will not materialize since project savings is greater than grant amount
  - GEDA confirmation that GovGuam contribution under USDA loan/grant is fixed at $39,874,646 and will not decline proportionally to USDA assistance
  - Allocation added to reserve for closure cost of landfill gas collection system
  - Updated information for cost of commercial transfer station

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Preliminary Rate Updated Recommendations for PUC

Preliminary Rate Comparison
(Updated 8-11-2010)

	100% Bond Financing (2009A Section 30)		USDA and Bond Financing (2009A Section 30)	
Customer Type	Without Military	With Military	Without Military	With Military
Commercial (per ton)	$177.00	$142.00	$164.00	$131.00
Residential (per month)	$32.00	$27.00	$30.00	$25.00

Note: Self-haul rates remain the same as previously recommended.

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Interim Rates

- July 1: Third phase of commercial interim rates took effect - $156 per ton
- July 1: Interim residential rates increased to $17

Interim Residential Collection Fees

Effective Date	Rate/month
July 1, 2010	$ 17.00
January 1, 2011	$ 24.00
July 1, 2011	$ 30.00

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Bridges and Roadway Repairs and Replacements

- June 7: Receiver filed report expressing concern about completion schedule for bridges and road repairs
- DPW revised schedule is tight given planned opening of landfill in mid-2011
- High risk of further delay
- DPW should put contracts in place to minimize delays

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Volume of Waste

First Full Year of Scale Data

Actual Solid Waste Delivered to the Ordot Dump

June 1, 2009 through May 29, 2010

Customer Type	Tons	Percent
Commercial Customers	52,220	65%
Residential Customers	19,412	24%
Transfer Stations	5,114	6%
Mayors	1,392	2%
Government of Guam	2,362	3%
Total	80,501	100%

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Military Participation

- Key to lower and stable long-term rates
- Receiver met with representatives of the Governor's office and the Military
- July 20: Receiver received comments and suggested changes to draft agreement from the Office of the Attorney General
- We will continue to work with all parties

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7. NEXT STEPS

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Construction, Design and Permitting

- Continue Layon Landfill and Access Road construction management oversight to include all new construction
- Continue to push all project schedule activities to meet deadlines
- Continue Baseline Groundwater Monitoring Plan oversight of monthly monitoring and reporting for preparation of draft Detection Monitoring Plan
- Continue Inarajan oversight and coordination with GWA to install monitoring systems and start marine monitoring activities
- Work to revise and finalize scope of work for Ordot Dump Closure RFP to incorporate EPA and GEPA guidance and issue RFP

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SWMD Operations

- Continue to refine the billing system for SWMD customers, tightening checks and balances on billing and implementing stronger internal auditing processes
- Continue planning for a curbside recycling pilot program
- Continue planning for the collection program for metallic and bulk items, including procuring trucks and planning staffing allocation

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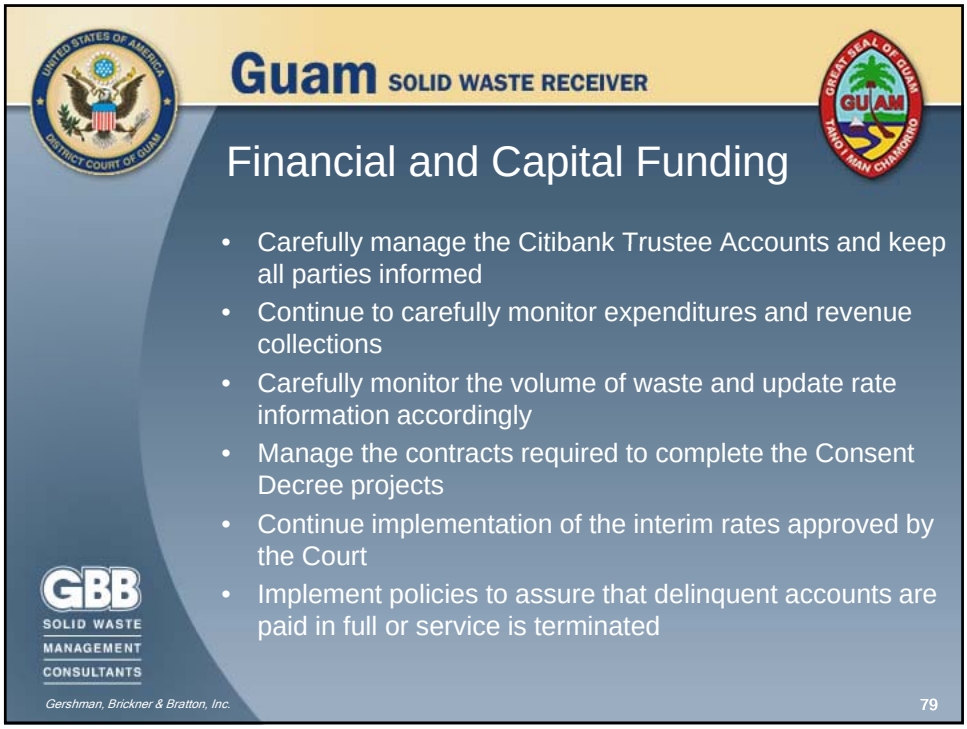
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Financial and Capital Funding
• Carefully manage the Citibank Trustee Accounts and keep all parties informed
• Continue to carefully monitor expenditures and revenue collections
• Carefully monitor the volume of waste and update rate information accordingly
• Manage the contracts required to complete the Consent Decree projects
• Continue implementation of the interim rates approved by the Court
• Implement policies to assure that delinquent accounts are paid in full or service is terminated
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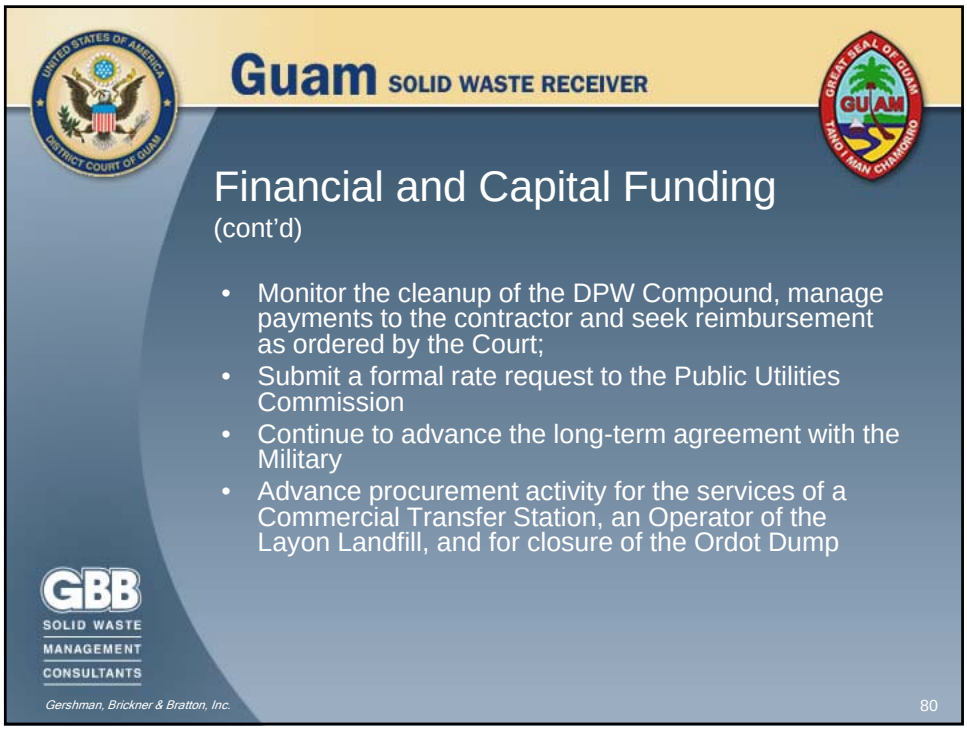
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Financial and Capital Funding
(cont'd)
• Monitor the cleanup of the DPW Compound, manage payments to the contractor and seek reimbursement as ordered by the Court;
• Submit a formal rate request to the Public Utilities Commission
• Continue to advance the long-term agreement with the Military
• Advance procurement activity for the services of a Commercial Transfer Station, an Operator of the Layon Landfill, and for closure of the Ordot Dump
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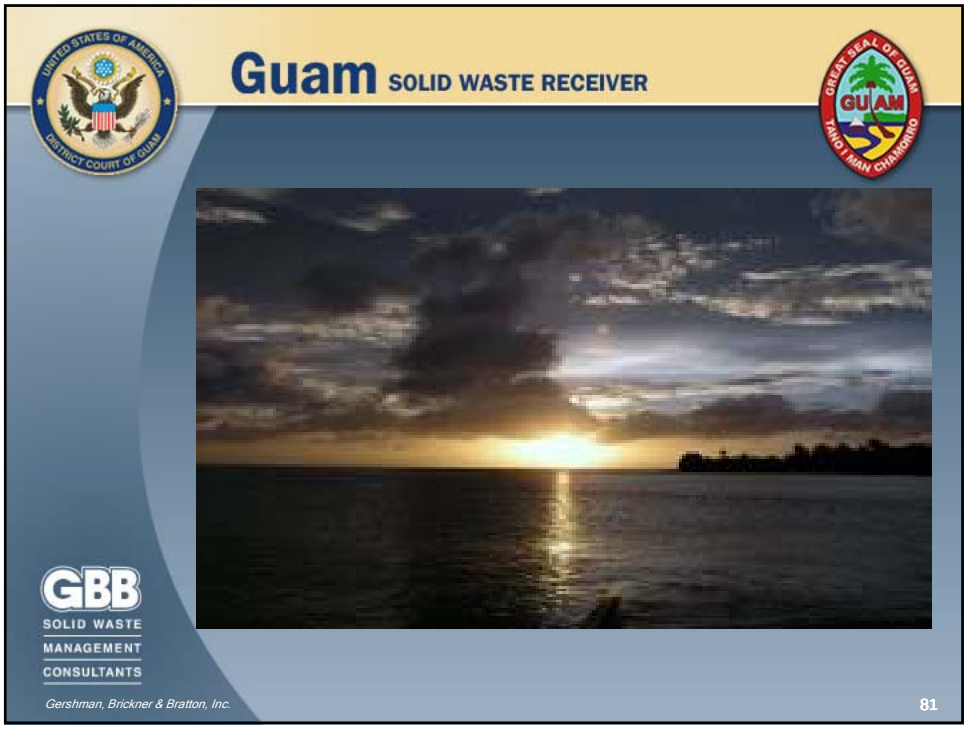
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