



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.

October 21, 2009



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Table of Contents

1. Layon Landfill Design, Permitting and Construction
2. SWMD Operations
3. Trash Cart Rollout
4. Financial Issues and Capital Funding
5. Next Steps




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2

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1. LAYON LANDFILL DESIGN, PERMITTING AND CONSTRUCTION

CONSENT DECREE PROJECTS


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3

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Layon Landfill

- August 5, 2009 –Submitted Final Design Permit package to GEPA
- August 6, 2009 – GEPA confirmed design package to be “technically adequate”
- Access Road and Utilities: finalized bid and permit package and awarded bid on October 2nd to Core Tech International




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Landfill Design

Completed Leachate Treatment Feasibility Study

- Used surrogate landfill leachate from Andersen AFB, Saipan and Hawaii for testing
- Findings: Leachate can be treated at the Inarajan WWTP with some facility improvements
- But use of surrogate leachate calls for conservative approach until the actual leachate flow begins
- Initial lower leachate flow from Layon Landfill will give opportunity to better evaluate treatment capacity
- Recommendation:
 - Leachate to be treated at the Inarajan WWTP with improvements and closely monitored for 2 years
 - Near shore water quality to be monitored to establish baseline for comparison
 - Additional improvements if needed based on actual leachate quality and flows


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Ordot Dump

- Continued to implement interim filling plan
- Tracked air space volume usage
- No design activities this quarter




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Countdown to Ordot Closure

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DAYS



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Landfill Permitting

- GEPA and EPA completed review of Draft Solid Waste Facility Permit application; confirmed technical adequacy August 6
 - Public comment period, August 7 – Sept. 25
 - GEPA held public hearing at Inarajan Mayor's office September 16
- Other permits:
 - Air Pollution Control permit – paired with Draft Solid Waste Facility Permit application for public comment
 - Access Road & Utilities permit awaiting contract
 - Landfill Systems & Entrance Facilities permit expected in November
 - Earthwork permits– Earthwork contractor continues to manage these permits



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Procurements during the Quarter

- Construction of access road and utilities to improve services to the community and serve the landfill
- Construction of entrance facilities and landfill cells 1 and 2
- Groundwater monitoring for the Layon Landfill
- Construction management services for the remaining work on the Layon Landfill and the remaining consent decree projects



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9

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Procurement Activity for the Quarter Ending September 30, 2009

Description of Procurement	Date Procurement Advertised	Date Bids / Proposals Due	Registered Bidders / Proposers	Actual Bidders / Proposers	Winning Bidder / Proposer	Amount of Winning Bid / Proposal
Layon Landfill - Construction of Access Road and Utility Improvements for Community	9-Jul-2009	11-Sep-2009	14	4	Core Tech International	\$ 26,800,000
Construction Management Services for Consent Decree Projects	6-Aug-2009	2-Oct-2009	9	4	Pending	
Construction of Entrance Facilities and Cells 1 and 2	17-Aug-2009	21-Oct-2009	8	Pending	Pending	
Temporary Staffing Services for the Solid Waste Management Division	27-Aug-2009	11-Sep-2009	1	1	Pacific Human Resources Services, Inc.	Indefinite
Groundwater Quality Monitoring Services	19-Sep-2009	19-Oct-2009	6	Pending	Pending	



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10



Layon Landfill Operations Road and Earthworks Estimated Completion Date

Original contract completion date was **September 22, 2009**

Contract completion date of **November 25, 2009**, due primarily to adverse weather conditions, is justified under the contract.

The Contractor estimates a completion date of **February 2, 2010**.

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12

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Construction



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Construction (cont'd)



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Construction (cont'd)



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2. SWMD OPERATIONS

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SWMD Operations

- Dramatic 76% reduction in complaints, third quarter 2008 vs. 2009
- Maintained high level of on-time service despite adverse weather conditions
- Total staffing reduced from 99 in March 2008 to 63 now



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SWMD Operations (cont'd)

- Maintained small footprint on Ordot Dump's active face to minimize stormwater damage
- Addressed odor problems caused by heavy rains
- Entered into contract for coral to supplement DPW supply
- Dealt with equipment issues – need for new compactor
- Gathered accurate scale data on waste volume disposed at Ordot



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SWMD Operations (cont'd)





Recycling

- Residents continue to use recycling facilities at Agat, Malojloj, Dededo and Ordot Dump
- Glass pulverized and used as alternative Dump cover
- Cardboard taken to local processor who charges \$ per cu. yard for recycling


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3. TRASH CART ROLLOUT


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Cart Rollout Overview

- SWMD customer households receive one or more rolling trash carts for waste
- Monthly charge based on number of carts
- All non-recyclable waste goes in carts
- Recyclables go to convenience centers (or local recyclers)



Improves efficiency and safety of trash collection and builds a solid foundation for more recycling


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Cart Rollout Update

- 7,000 trash carts and 17 lifters delivered
- Customer service software contract awarded to Alpine Technologies
- Implementing improvements so customer payments and account information go directly to SWMD
- Temporary staffing to support SWMD during remaining cart rollout




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Importance of Registration

- All current and new customers must register
- Corrects poor data that has hampered Guam's past management
- Improves accountability for customer payments
- Critical to the new system's ability to pay for new landfill
- Customers who do not register will become self-haul customers of the transfer stations




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Registration Piloted in Umatac

- Worked with Mayor to hold registration at his office
- 3 staff registered customers over 2 days
- Home visits followed up with current customers
- 46 of 64 current customers registered
- Carts delivered to newly registered customers
- Customer service software "glitches" resolved
- SWMD staff received additional training



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Registration Sequence by Village

1. Umatac (completed)
2. Merizo
3. Inarajan/Malojloj
4. Talofofo
5. Yona
6. Chalan Pago
7. Sinajana
8. Agana Heights
9. Hagatna/Anigua
10. Asan
11. Piti
12. Santa Rita
13. Agat
14. MongMong/Toto/Maite
15. Barrigada
16. Mangilao
17. Tamuning/Tumon/Harmon
18. Dededo
19. Yigo



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Timeline for Cart Rollout


Registration and Service Fall 2009 – Early 2010

Activities summary:


- Finalize registration form – completed
- Develop registration procedures and sequence of villages to be registered - completed
- Meet with each Mayor a week before registration in his/her village
- Registrations in each village (1:00 p.m. to 8:00 p.m.)
- Continuous registration at SWMD Office during normal office hours and Saturdays during registration period
- Cart deliveries approximately one to two weeks after registration is completed in each village

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26



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4. FINANCIAL ISSUES




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27




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Operating Expenses for FY2009



Substantially Below Approved Budget

- Payroll/benefits – 30% under budget
- Non-personnel expenses – 50% under budget
- Total spending – more than 38% under budget



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28





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Operating Expenses for FY2009



**Solid Waste Management Division
Budget v Spending
FY 2009**

Item	Approved Budget	Budget October thru August	Spending October thru August	% over (under) Budget
Personnel Expenses:				
Regular Salaries	\$2,530,220	\$2,319,368	\$1,683,602	-27.4%
Overtime/Special Pay	\$50,000	\$45,833	\$18,404	-59.8%
Benefits	\$853,016	\$781,931	\$507,304	-35.1%
Sub-total	\$3,433,236	\$3,147,133	\$2,209,310	-29.8%
Non-Personnel Expenses:				
Travel	\$0	\$0	\$0	N/A
Contractual Services	\$1,992,186	\$1,826,171	\$1,072,543	-41.3%
Supplies and Materials	\$500,000	\$458,333	\$130,137	-71.6%
Equipment	\$10,000	\$9,167	\$4,589	-49.9%
Other Expenditures	\$84,416	\$77,381	\$27,203	-64.8%
Capital Outlay	\$151,597	\$138,964	\$28,310	-79.6%
Sub-total	\$2,738,199	\$2,510,016	\$1,262,782	-49.7%
Grand-total	\$6,171,435	\$5,657,149	\$3,472,092	-38.6%



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29


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Billings and Collections

**SWMD Revenue Billed / Collected
October 1 through September 30
FY 2008 and 2009**



Customer Class	FY 2008			FY 2009		
	Billed	Collected	%	Billed	Collected	%
Commercial	\$ 3,494,335	\$ 4,111,225	117.7%	\$ 2,549,214	\$ 2,557,765	100.3%
Residential	\$ 2,035,436	\$ 1,209,671	59.4%	\$ 1,340,610	\$ 1,124,018	83.8%
Government	\$ 53,135	\$ 58,766	110.6%	\$ 17,135	\$ 2,990	17.4%
Other	\$ 50,370	\$ 140,559	279.1%	\$ 35,291	\$ 19,544	55.4%
Total	\$ 5,633,276	\$ 5,520,221	98.0%	\$ 3,942,250	\$ 3,704,317	94.0%

- New commercial tipping fees (\$100 per ton) boosted revenue during quarter
- Collection rate from residential customers increased
- Overall billings remain below 2008



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30





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Estimated Final Results for FY2009

Solid Waste Management Division Operating Account
Estimated Fund Balance
30-Sep-09
Unaudited

Elements of Fund Balance	Amount
Fund Balance @ 9/30/08	\$ 86,374
Estimated Revenue FY 2009	\$ 3,947,775
Estimated Expenses FY 2009	\$ 3,787,737
Excess (Deficit) FY 2009	\$ 160,038
Estimated Fund Balance @ 9/30/09	<u>\$ 246,412</u>



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31




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Total Staffing

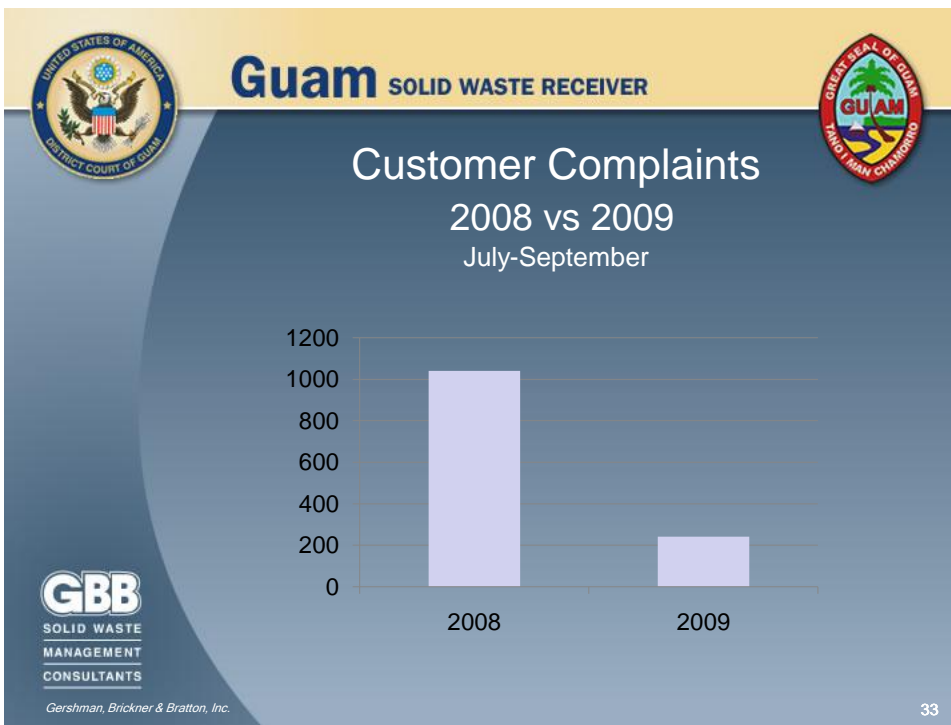


Period	Total Staffing (Approximate)
Mar 08	100
Sep 08	75
Mar 09	72
Sep 09	65



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32



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- The slide is titled "Status of Citibank Trustee Account". It features a blue background with a yellow header. Logos for the United States of America District Court of Guam and the Great Seal of Guam are in the top corners. The GBB logo (Solid Waste Management Consultants) is in the bottom left, and the text "Gershman, Brickner & Bratton, Inc." is at the bottom left. The page number "34" is in the bottom right.
- To meet requirements of Section 30-backed bond indenture, sub-account created for bond proceeds
 - August 11 – Transfer to sub-account the \$20M proceeds from Bank of Guam loan, less capital expenditures
 - Funds to be used for capital expenses only
 - When balance falls below \$10M, sub-account will be replenished from bond proceeds held by Bank of Guam
 - Initial Citibank account to be used for Consent Decree purposes authorized by the Court




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Citibank Trustee Account

As of September 30, 2009

Account	Balance
Primary Account	\$6,108,971.20
Construction Sub-account	\$14,833,914.61





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Note: Detailed transactions are included in Tab 1 of this report. Does not include retainage obligations of \$453,392.17

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35

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Status of USDA Loan/Grant



- Currently Section 30 backed bonds fully fund the estimated cost of the Consent Decree Projects
- USDA has announced a loan/grant for \$103.5 million as potential funding for the new landfill
- No request has been made to the Court to approve the substitution
- Court approval is required
- Letter of July 20, 2009, from USDA to Governor outlining loan/grant terms and conditions
- Letter raises numerous issues that must be resolved before any substitution is considered



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36





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Status of USDA Loan/Grant (cont'd) Issues



Recommendation:
The Court should require that all of the issues outlined in this report (Tab 1) be resolved to the Court's satisfaction, and that the Attorney General, bond counsel and USDA certify the following to the Court:

- The loan/grant funding from USDA is approved and funds are available to disburse to pay for Consent Decree projects
- All documents and representations required by the USDA loan/grant have been reviewed and the Government of Guam is in full compliance with all of the terms and conditions of the loan/grant
- The procedures for disbursing funds by the Receiver are substantially the same as those already approved for the Section 30-backed bonds
- There are no other issues that would detrimentally affect the use of the USDA loan/grant by the Receiver to complete the Consent Decree projects in accordance with the Court-approved construction schedule



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37

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Interim Fee Structure Commercial Tip Fees 3-Step Phase-in

Interim Commercial Tipping Fees	
Effective Date	Rate/ton
Previous fee	\$ 72.60
July 1, 2009	\$ 100.00
January 1, 2010	\$ 128.00
July 1, 2010	\$ 156.00



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38


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Interim Fee Structure Commercial Tip Fees

SWMD Commercial Revenue Billed
July - September
FY 2008 and 2009



Month	2008	2009	% Chg
July	\$ 289,300	\$ 436,804	51.0%
August	\$ 230,060	\$ 474,750	106.4%
September	\$ 230,255	\$ 440,034	91.1%
Total	\$ 749,615	\$ 1,351,588	80.3%

New fees have increased billings by 80%



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39

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Interim Fee Structure Residential and Self-drop Fees


- Interim fees to be implemented beginning month after rollout of new cart system is completed
- Fees to be phased-in

Interim Residential Collection Fees

Effective Date	Rate/month
Current	\$ 10.00
December 1, 2009	\$ 17.00
May 1, 2010	\$ 24.00
November 1, 2010	\$ 30.00



Interim Self-Drop Fees for Transfer Stations

Effective Date	Self-Drop (Under 3 CY)	Self-Drop (Over 3 CY)
Current	\$ 2.50	\$ 5.00
December 1, 2009	\$ 4.00	\$ 8.00
May 1, 2010	\$ 5.50	\$ 11.00
November 1, 2010	\$ 7.50	\$ 15.00



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40


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Scale Data

Actual Solid Waste Delivered to the Ordot Dump
June 1 through September 26, 2009



Description	Weekly Average	
	As of 6/27/2009	As of 9/26/2009*
Commercial Solid Waste (Compacted)	712,163 lb	726,536 lb
Commercial Solid Waste (Non-Compacted)	1,086,910 lb	1,269,074 lb
Agat Transfer Station (Non-Compacted)	25,220 lb	29,433 lb
Dededo Transfer Station (Non-Compacted)	76,550 lb	84,986 lb
Malojloj Transfer Station (Non-Compacted)	18,650 lb	22,861 lb
Ordot Transfer Station (Non-Compacted)	41,570 lb	57,122 lb
Mayors' Solid Waste (Non-Compacted)	48,500 lb	61,415 lb
GovGuam Solid Waste (Non-Compacted)	141,605 lb	78,192 lb
Residential Packer Trucks SWMD	698,140 lb	748,099 lb
Grand Total:	2,849,308 lb	3,077,719 lb
Weekly Tons of MSW	1,425	1,539
Average Daily Tons of MSW	237	256
Projected Annual Tons of MSW	74,082	80,021

*Cumulative data includes data from 6/1/09.



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41

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Scale Data by Customer Type

Category of Customer	Tons/Week (6-1 to 9-26-2009)	Estimated Annual Tons	Percent
Commercial	998	51,886	65%
Residential	374	19,451	24%
Transfer Station	97	5,054	6%
GovGuam	39	2,033	3%
Mayors	31	1,597	2%
Total	1,539	80,021	100%



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42



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Military Participation

- Key to long-term rate stability
- Eliminates need for new Military landfill on Guam
- July 17, 2009: Governor Camacho and Attorney General Lintiaco executed Letter of Intent (LOI) with the Military
- July 27, 2009: Military executed the LOI
- Receiver is working with all parties to develop a final agreement



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43





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5. NEXT STEPS



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44




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Layon Landfill design, permitting and construction

- Finalize the leachate treatment agreement with GWA
- Design, permit and construct the preferred alternative
- Begin monitoring programs
- Plan and develop revised design scopes for the Ordot Dump redesign effort as well as more detailed schedule for the next phases of closure work.

During this next quarter, the following permit milestones are anticipated:

- GEPA to formally address public comments to the draft solid waste facility permit, received during the public comment period.
- GEPA to issue a Notice of Decision on the Application for a Solid Waste Facility Permit for the Layon Landfill.
- GEPA to issue a Solid Waste Facility Permit in accordance with the Consent Decree schedule provided all conditions are met as agreed to and as stipulated.



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Trash Cart-based System

- Mail registration form to current customers and post on website
- Finalize registration schedule
- Hold meetings with each of 19 mayors a week before registration in his/her village
- Hold registrations in each village
- Deliver carts to customers after registration




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46



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Financial Issues and Capital Funding


- Continue to monitor expenditures and revenues
- Continue careful management of the Citibank Trustee Account
- Continue to assist the Government of Guam in its effort to address issues associated with financing through the USDA
- Carefully monitor the scale data to ensure that the appropriate fees are charged
- Analyze tonnage data for any effect on long-term rates
- Develop, in conjunction with the Government of Guam and the Military, a long-term agreement to provide service to the Military to stabilize rates for the entire Island


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47

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48