

IN THE DISTRICT COURT OF GUAM

UNITED STATES OF AMERICA,)
)
Plaintiff,)
)
v.)
)
GOVERNMENT OF GUAM,)
)
Defendant.)
)

CIVIL CASE NO. 02-00022

RE: STATUS HEARING

QUARTERLY REPORT OF THE RECEIVER

January 14, 2010



Presented to
Chief Judge Frances Tydingco-Gatewood
U. S. District Court of Guam

GBB
SOLID WASTE
MANAGEMENT
CONSULTANTS
RECEIVER

Presented by
Gershman, Brickner & Bratton, Inc.

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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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January 14, 2010

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Quarterly Report of the Receiver
January 14, 2010

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 for the quarter ended December 31, 2009, and to outline the Receiver's recommendations for achieving compliance with the Consent Decree. As an integral part of this Report, the Receiver is also submitting the attached presentation entitled "Quarterly Report for Receivership for the Government of Guam, Department of Public Works, Solid Waste Management Division" (see Tab 2).

Introduction

In this Report, we discuss the work completed in the quarter ended December 31, 2009. Since our last quarterly report in October, we have continued working to bring Guam into compliance with the Consent Decree. There has been significant progress in construction of the Layon Landfill, including construction of the landfill operations road and earthworks. The approval of the Solid Waste Facility and the Air Pollution Control permits during the quarter marked a major milestone in the 23-year-long process of closing the Ordot Dump and building a modern solid waste disposal facility on the island. Procurement services also continued to be a major part of the Receiver's activity this quarter, focused primarily on the remaining major construction activities needed to complete the Layon Landfill.

In addition, the SWMD's operations continued to improve, with a further downward trend in customer complaints and an increase in productivity and efficiency. The Receiver has conducted registrations for the new cart-based trash collection system in 13 of Guam's villages, followed by cart delivery. Registrations in these villages show a significant increase in properly registered SWMD customers. In the financial area, operating expenses for FY2009 were nearly 28 percent under budget, and we continued to implement the new fee structure for commercial waste disposal. The Receiver also has participated in discussions with the Government of Guam and the U.S. Department of Agriculture (USDA) regarding the USDA loan/grant for the Layon Landfill. We have also continued to work with the Military to advance an agreement for their participation as a customer of Guam's solid waste system. In this Report, we present the following updates for October- December 2009:

1. Layon landfill design, permitting and construction (October-December 2009)
2. Operations of the Solid Waste Management Division
3. Trash cart rollout plan
4. Financial issues and capital funding
5. Next steps

1. Layon Landfill Design Permitting and Construction (October-December 2009)

Design

During the quarter, as work on Consent Decree projects advanced, emphasis has continued to shift to construction activities; therefore, little new design work was performed. Design services continue to support construction submittal review, design clarifications or revisions to improve ease of construction and operation and maintenance, as well as address changed conditions encountered at the site.

Pump Station Severance Mapping, Appraisal

Design changes necessitated by comments from the Guam Waterworks Authority and finalized in the previous quarter allowed us to proceed with severance mapping and the appraisal work for two pump station locations along the sewer line route. During the quarter, we completed the severance maps and the associated appraisals for each site, and the process continues for map approval and eventual rezoning by the Guam Land Use Commission.

Inarajan Wastewater Treatment

In this quarter, the Receiver reached an agreement with Guam Waterworks Authority (GWA) for the treatment of leachate at the Inarajan wastewater treatment plant. The leachate treatment feasibility study completed in the previous quarter serves as the basis for improvements to be completed at the plant for leachate treatment. A draft scope of work for the design of the treatment plant improvement has been prepared and is under review by GWA.

As a condition of the GWA's agreement to treat leachate, GWA included two conditions that are not related to leachate treatment. These conditions can be summarized as follows:

1. A requirement that GWA be charged only for the estimated dry weight of the biosolids they dispose of at the Ordot Dump or at the Layon Landfill and that they be paid a fair price for the use of biosolids as cover for the Ordot Dump and Layon Landfill; and
2. A requirement that the SWMD assist them in "every way possible to ensure that GWA's biosolids can be reused in accordance with applicable environmental regulations for uses such as farming, landfill topsoil and compost."

The first requirement has serious rate implications since reducing the charges made to GWA for the water content of their biosolids will both reduce revenue to the SWMD and create a demand from commercial solid waste customers for equal treatment since water is a component of much of the waste stream. This could seriously disrupt the revenue stream by requiring that the amount of water in different types of waste be estimated, introducing a variable into the waste measurement process that is imprecise and subject to manipulation. The second requirement is simply not a part of our Court-ordered duties, and, as such, we do not believe it is consistent with our duties as ordered by the Court.

In our response to GWA, we did not accept these requirements but instead stated that they appear to be inconsistent with the Consent Decree and Orders of the District Court. We indicated that we would bring these matters to the Court's attention and seek its guidance as to the extent we may comply with them.

Ordot Dump

The Receiver continued to implement the interim filling plan and closely track air space volume usage at the Ordot Dump. During this next quarter, routine survey results will be used to check the daily tracking of the Dump's remaining space. As of the date of this Report, there are 559 days remaining until the Ordot Dump must be closed.

Permitting

Solid Waste Facility and Air Pollution Control Permits for Layon Landfill

Guam Environmental Protection Agency (GEPA) has issued the Solid Waste Facility Permit for the Layon Municipal Solid Waste Landfill. The Notice of Decision to issue the permit was completed November 23, 2009, and allows for all activities related to the construction of the Landfill to move forward in compliance with the Consent Decree. In addition, GEPA issued the Air Pollution Control Permit at the same time. The issuance of these permits, included at Tabs 3, 4 and 5, is a major milestone in the 23-year-long struggle to close the Ordot Dump and build an environmentally compliant waste disposal facility for the island's municipal solid waste.

Building and Environmental Permits for Construction

During the quarter, the Receiver received building permits for both major construction packages: 1) Landfill Entrance Facilities & Cells 1 and 2; and 2) Access Road & Utilities. TG Engineers, PC, managed the permit applications for both packages through the Department of Public Works (DPW) building permit system. The conditions of these permits during the construction activities include an archaeological survey and construction monitoring, environmental protection plan implementation, erosion and sediment control, stormwater management and monitoring, and air pollution control. Concurrent with the building permits, the building contractors and construction management consultants continue to monitor and manage environmental permit conditions for all the construction activities. Table 1 describes all of the permits currently in place with a brief description of each permit.

Table 1

LIST OF EXISTING PERMITS FOR THE LAYON LANDFILL						
Landfill Operations Road and Cells 1 & 2						
Item No.	Permit Issued	Issuing Agency	Permit No.	Date Issued	Date of Expiration	Remarks:
1	Building Permit	Dept.of Public Works	TP08-0221	February 18, 2009	None (See Remarks)	No Expiration Date for this permit. However, a renewal of the permit will be required if work is stopped for three consecutive months
2	Clearing, Grading & Stockpiling Permit	Guam EPA	CGS-08-7300	December 21, 2009 (Renewal)	December 21, 2010	Renewal Permit Application was awaiting final signature on December 21, 2009
3	Notice of Intent (NOI)	U.S.EPA	GUR10A171	November 20, 2009	None (See Remarks)	Notice of Termination (NOT) has to be submitted after the completion of the project
Landfill Access Road and Sewer System						
Item No.	Permit Issued	Issuing Agency	Permit No.	Date Issued	Date of Expiration	Remarks:
1	Building Permit	Dept.of Public Works	B09000577	November 4, 2009	None (See Remarks)	No Expiration Date for this permit. However, a renewal of the permit will be required if work is stopped for three consecutive months
2	Clearing & Grading Permit	Guam EPA	CG-09-0060	October 23, 2009	October 23, 2010	Permit is good for one (1) year from issuance
3	Notice of Intent (NOI)	U.S.EPA	GU10A230	November 19, 2009	None (See Remarks)	Notice of Termination (NOT) has to be submitted after the completion of the project
Landfill Entrance Area Facilities and Cells 1 & 2						
Item No.	Permit Issued	Issuing Agency	Permit No.	Date Issued	Date of Expiration	Remarks:
1	Building Permit	Dept.of Public Works	B09000681	December 2, 2009	None (See Remarks)	No Expiration Date for this permit. However, a renewal of the permit will be required if work is stopped for three consecutive months
2	Notice of Intent (NOI)	U.S.EPA	GUR10A274	November 27, 2009	None (See Remarks)	Notice of Termination (NOT) has to be submitted after the completion of the project
3	Clearing & Grading Permit	Guam EPA	CG-09-0064	December 15, 2009	December 15, 2010	Permit is good for one (1) year from issuance

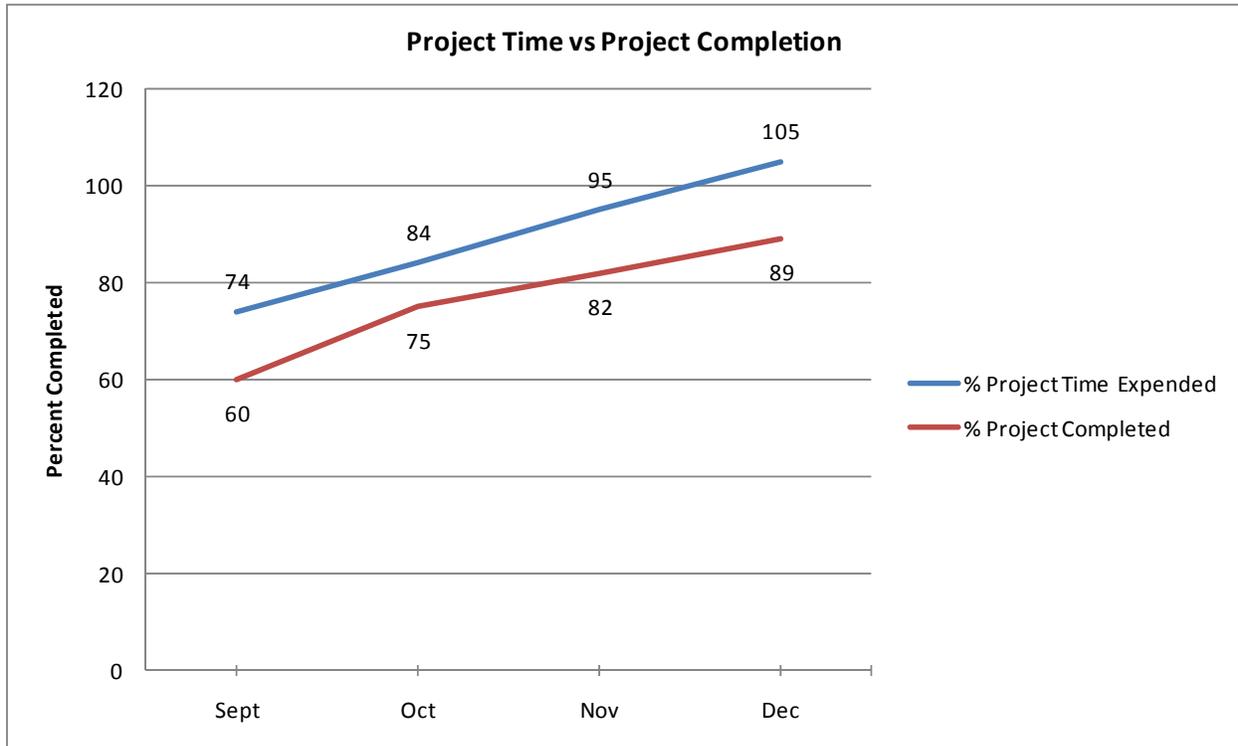
Construction

Earthworks

During this quarter, there was improved progress in the construction of the landfill operations road and earthworks primarily due to better weather conditions. The Receiver has authorized the use of alternative materials to speed the progress of work activities and has extended the contract period to 294 days (December 15, 2009) to account for weather and changed excavation conditions at the site. On December 31, 2009, the contractor was sixteen (16) days beyond the 294-day contract period. Construction progress is measured by the amount of material that has been excavated and the quantity

of material placed in fills. As of December 31, the contractor had excavated approximately 798,500 cubic yards or 92 percent of the total material to be removed. In addition, approximately 171,979 cubic yards or 78 percent of the total fill material had been placed. The total composite construction project, including other project components such as the drainage structures and roadways, is now approximately 89 percent complete. Figure 1 shows construction progress as of December 31, 2009:

Figure 1
Construction Progress: Layon Landfill Operations Road and Earthworks Activities



The Receiver will continue to work with the construction manager and contractor to address production issues and keep the Court fully informed on progress. Based on revised production schedules prepared by the contractor and construction manager, the approximate completion date is February 2, 2010, as reported in the previous quarterly report.

Access Road and Utilities

The contract for this work was executed and the contractor, Core Tech International, continues to mobilize, provide submittals for approval, and order materials for the work. The Receiver issued the Notice to Proceed on December 11, 2009, and the contract period is 500 days from this date to complete all work and be operational. The Receiver has already held several coordination meetings with this contractor, the landfill entrance facilities contractor and the construction management consultant to coordinate upcoming work activities. Core Tech International has also held meetings with the Mayor of Inarajan to facilitate the work and provide site safety and safe working conditions for the

surrounding community along the road areas with residences. A detailed work plan is being prepared to address access along Dandan Road and Route 4 throughout the project.

Landfill Entrance Facilities and Cells 1 and 2

The contract for this work was executed and the contractor, Black Construction Corporation (BCC), continues to mobilize, provide submittals for approval and order materials for the work. The Receiver issued the Notice to Proceed on December 29, 2009, and the contract period is 500 days from this date to complete all work and be operational. The Receiver has held several coordination meetings with this contractor, Core Tech International, Maeda Pacific Corporation (MPC) and the construction management consultant to coordinate upcoming work activities. BCC has already spent significant time at the site to coordinate with MPC, which is presently working in areas soon to be occupied by BCC. According to MPC, they will not conflict with BCC's mobilization and commencement of work activities in the Cell areas, provided MPC holds to its schedule.

Groundwater Well Installation and Monitoring

The contract for this work was executed and the consultant, EA Engineering Science and Technology (EA), has initiated discussions with GEPA to acquire the needed well installation permits. The contract consists of the installation of monitoring wells and sampling of groundwater and surface water over a 12-month period prior to the initiation of land-filling activities at Layon. The data will be applied to generate the Detection Monitoring Program that will be used when the landfill is in operation. The consultant will need to work closely and collaboratively with GEPA to procure the permits, begin well installation and stay on schedule.

Construction Management

The contract for construction management of the Landfill Entrance Facilities, Cells 1&2 liner systems and the Access Road and Utilities was negotiated during the first half of December with an Intent to Award issued to Winzler & Kelly on December 18, 2009. As of December 31, 2009, the contract has been signed by the Receiver and Winzler & Kelly and is in the final stages of contract review and approval by the Government of Guam.

Update on Procurement

Procurement services continued to be a major focus of the Receiver's activity during the quarter that ended December 31, 2009. Table 2 summarizes the procurement activity for the period ending December 31, 2009.

Table 2

Procurement Activity for the Quarter Ending December 31, 2009					
Description of Procurement	Registered Bidders / Proposers	Actual Bidders/ Proposers	Winning Bidder / Proposer	Contract Status	Amount of Winning Bid / Proposal
Layon Landfill - Construction of Access Road and Utility Improvements for Community	14	4	Core Tech International	Approved	\$ 26,800,000
Construction Management Services for Consent Decree Projects	9	4	Winzler & Kelly	Pending	\$ 3,875,284
Construction of Entrance Facilities and Cells 1 and 2	8	3	Black Construction Corporation	Approved	\$ 20,477,000
Temporary Staffing Services for the Solid Waste Management Division	1	1	Pacific Human Resources Services, Inc.	Approved	Indefinite
Groundwater Quality Monitoring Services	6	3	EA Engineering, Science & Technology, Inc.	Approved	\$ 857,750

We are pleased to report that all of the contracts required to complete the Layon Landfill are now in place. We have had excellent cooperation and support from the Office of the Attorney General and the Office of the Governor, and the contracts have been completed in a timely manner. Table 3 provides a listing of all contracts currently in place to support the Receivership's work to achieve full compliance with the Consent Decree.

Table 3

Consent Decree Contracts In Place as of December 31, 2009			
Contractor	Purpose of Contract	Amount of Contract	Work Status
Maeda Pacific Corporation	Layon Landfill - Construction of Landfill Operations Road and Mass Grading for Cells 1 and 2	\$ 9,879,225	On-going
Core Tech International	Layon Landfill - Construction of Access Road and Utility Improvements for Community	\$26,800,000	On-going
Black Construction Corporation	Layon Landfill - Construction of Entrance Facilities and Cells 1 and 2	\$20,477,000	On-going
EA Engineering, Science & Technology, Inc.	Groundwater Quality Monitoring Services	\$ 857,750	On-going
TG Engineers, PC	Layon Landfill - Design and Engineering Services	\$ 8,351,233	On-going
Winzler & Kelly	Construction Management Services for Consent Decree Projects	\$ 3,875,284	On-going
Shaw Environmental, Inc.	Technical Assistance	\$ 305,347	On-going
Pacific Human Resources Services, Inc.	Temporary Staffing Services for the Solid Waste Management Division	Indefinite	On-going
Alpine Technology, Inc.	Customer Service Software	\$ 215,468	On-going
Far East Equipment	New Trucks, Roll-off containers and Trash Carts	\$ 1,600,794	On-going
G4 Security Services of Guam	Security Services for the Solid Waste Compound	Indefinite	On-going

During the first half of 2010, we will focus procurement activity on the next phase of our work. This will include:

- Consultants to investigate the environmental damage resulting from operation of the Ordot Dump and to recommend the necessary remedial action to be included in the work to close the Ordot Dump;
- Selection of a qualified firm to design the closure plan for the Ordot Dump;
- Selection of a qualified operator for the new Layon Landfill; and
- Procurement, through either construction or contract, of a properly located and licensed commercial transfer station to consolidate waste for transport to the new Layon Landfill.

2. Operations of the Solid Waste Management Division

Overview

When the Court appointed the Receiver on March 17, 2008, working conditions at the Solid Waste Management Division (SWMD) were poor. The SWMD:

- had only one working trash truck to collect nine daily routes;
- rented two trash trucks from the private sector that often failed mechanically;
- operated a three-shift day during which the sole working trash truck operated nearly around the clock in order to collect customers' trash;
- had no reliable, accurate way to calculate the tonnage of trash disposed at the Ordod Dump;
- spent as much as \$11,000 a day to furnish rental equipment and contract operators because its equipment was broken;
- was organizationally hamstrung by the poor credit management of the Government of Guam; and
- had exceptionally low employee morale, poor working conditions, and minimal accountability.

The current condition is very much the opposite:

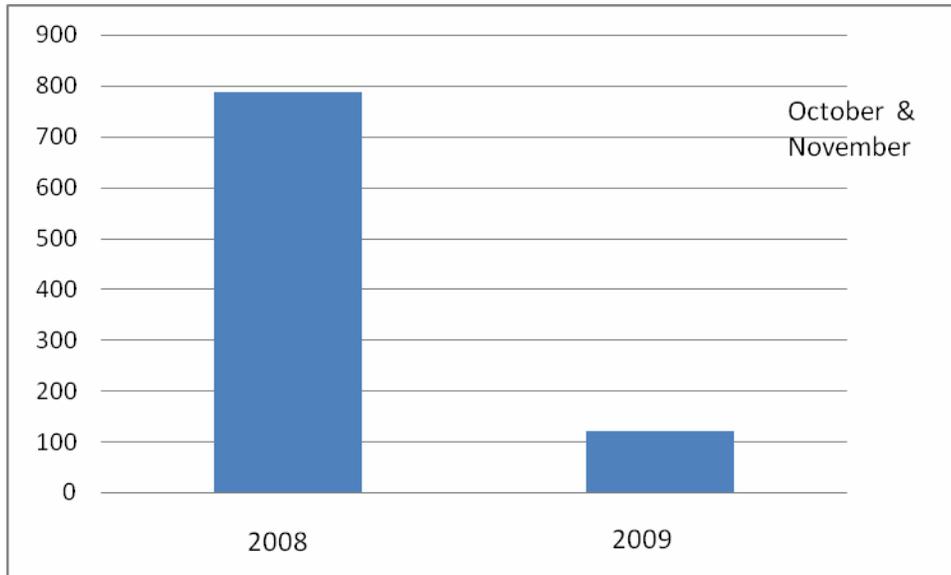
1. Ten working trash trucks now leave the yard at 4 am and complete their routes by 2 pm;
2. Daily routes have been consolidated from nine to six;
3. Account management is improving;
4. A scale was purchased and installed to accurately measure all trash disposed at the Ordod Dump; and
5. Equipment repair is contracted out and performed in a timely manner.

Customer Service

The downward trend in customer complaints continues, as we have noted in our previous reports. The total number of complaints to the SWMD for the months of October and November 2008 was 788. For those same months in 2009, the number of complaints dropped 85 percent to 120, as illustrated in Figure 2. Running the routes on time and managing the transfer stations and Ordod Dump in a professional manner has led to this reduction in customer complaints.

Figure 2

October and November Complaints, 2008 Compared to 2009



Operations

At the Ordot Dump, the SWMD continues to maintain cover and adequate compaction, and to clean up around the Dump perimeter. The SWMD has established purchasing arrangements for coral in the event that the Department of Public Works (DPW) cannot provide coral in the quality, quantity, and/or time needed to assure that the Ordot Dump is adequately covered at the end of each working day, its roads are properly maintained, and ground swells and channels are able to handle rain events. A few key pieces of equipment at the Ordot Dump have had consistent mechanical problems. One of these is the landfill compactor, a tractor with large spiked metal rollers that compacts the trash into smaller footprints, thereby maximizing space in which to deposit material. The Receiver had included the cost of a new landfill compactor in its cost estimates for completing the new landfill in Layon and fulfilling the terms of the Consent Decree. In order to maintain efficient operations at the Ordot Dump and minimize the risk of operating the Ordot Dump without a working compactor, we will purchase a new compactor earlier than expected. The specifications for the new compactor will enable us to minimize the use of another piece of equipment, the D9 dozer, also currently used at the Ordot Dump and plagued with mechanical problems. The new landfill compactor will be transferred to the Layon Landfill when its operations begin. We expect to finish the procurement of this landfill compactor by the end of January.

The SWMD also continues to have mechanical problems with a track loader, another piece of equipment at the Ordot Dump. The Receiver is proceeding with the development of procurement documents for replacement of this equipment, which was also included in the approved capital budget to fulfill the terms of the Consent Decree.

Recycling

Residents continue to use the recycling facilities at the Agat, Malojloj and Dededo Transfer Stations/Convenience Centers and at the Ordot Dump. The SWMD transports glass bottles and jars to the Ordot Dump where they are stockpiled until there is enough volume for the material to be pulverized by heavy equipment and used as alternative daily cover. During this last quarter, we have processed two roll-off containers full of glass bottles at Ordot Dump. Each container holds about 35 cubic yards of material.

The SWMD also takes cardboard to a local cardboard processor, who charges the SWMD \$3 per cubic yard for this material. The processor bales the material and ships it overseas to users who remanufacture it into new cardboard boxes. The SWMD has taken 18 cubic yards of cardboard material to the processor since the Receiver's last quarterly report.

While the amount of cardboard coming directly to the SWMD is relatively small, the Receiver's action in banning this commonly recycled material from the Ordot Dump has been instrumental in causing a significant increase in overall cardboard recycling on Guam. Unfortunately, we have been unable to obtain complete information on this important subject from Guam EPA, but Guahan Waste has provided the Receiver with detailed information. As of December 31, 2009, the ban on placing cardboard in the Ordot Dump has been in effect for 18 months (there was a transition period at the beginning; therefore the full effect was probably not achieved for several weeks). During this time, Guahan Waste Recycling reports recycling over 11,896,633 pounds (5,948 tons) of cardboard. In the 18 months that preceded the ban, Guahan reports recycling 6,460,577 pounds (3,230 tons) of cardboard. It should also be noted that this dramatic increase in recycling occurred during a time when there also occurred a significant decrease in the value of recycled cardboard due to the world's economic downturn.

SWMD Administration

As was reported previously to the Court, the SWMD administrative staff has been consolidated in a single facility located at the DPW. An existing, but out of order, elevator in the SWMD building was repaired and put back into service to allow those customers and workers who wished or needed to use it to do so.

While significant improvements have been made in the facilities of the SWMD, a very serious problem remains. A large volume of tires and junk vehicles surround the DPW facility. While the visual aspects of this problem are a concern, it is well established that conditions such as these pose a potentially serious health hazard to the public coming to the SWMD and to the SWMD workers by creating an environment where mosquitoes can breed and possibly infect SWMD workers and customers. We have been unsuccessful in our efforts to get the Department of Public Works to address this problem. We would ask that the Court direct that this health hazard be properly addressed and that the tires and junk vehicles be properly disposed of in accordance with applicable law and regulations.

As has also been previously reported to the Court, the Government of Guam's contractor for the tipping fee service, Data Management Resources, LLC (DMR), abruptly severed ties with the SWMD. DMR has refused to continue its normal support services to the SWMD on terms that the Receiver can accept.

As a consequence of DMR's termination of services to the SWMD, DMR has ended all communication with Alpine Technologies, SWMD's contractor, to develop and implement customer service software that can electronically communicate with the Government of Guam's accounting software, which DMR maintains for the Department of Administration. This has also resulted in the Division's inability to use any new data in the tipping fee system for invoicing SWMD customers. Invoicing must currently be done manually while the SWMD is implementing a new billing feature of its customer service software. DMR's decision to stop providing SWMD with its normal services has made the invoicing of customers a slower and more cumbersome process, resulting in some bills getting to customers late. The Receiver has informed the Director of the Department of Administration of this situation and has suggested that if DOA wishes to be able to link electronically with the SWMD's invoicing system, it will have to develop the communication link to that system. We have pledged our assistance to DOA in whatever course of action they deem appropriate in this matter.

Personnel

When the Court appointed the Receiver in March 2008, there were 99 employees in the SWMD; at the end of September last year, the SWMD had 76 employees. Currently, there are 60 employees at the SWMD who productively accomplish more for the Division's customers and provide service in a timely manner. As is discussed later in this Report, the SWMD is currently using a temporary services contract to augment staffing during the cart rollout process.

3. Trash Cart Rollout Plan

Pilot Registration Events

Registration for the new cart rollout program began in the Village of Umatac on September 28, 2009. The SWMD worked the first four registration events as pilot registrations so as to eliminate potential problems before moving into the larger villages. As a result of an assessment of the pilot registrations, the SWMD made the following adjustments:

1. The procedure for processing new SWMD customers was refined so as to handle larger volumes;
2. A system of temporarily assigning a unique number to each customer's home was implemented to allow SWMD cart delivery crews to quickly find and deliver carts to customers; and
3. The SWMD developed a system whereby it worked with each Mayor to distribute registration information, sign people up, deliver the carts, and notify all non-cart customers that collection service will be discontinued unless they sign up for the new cart-based service.

The following table shows when each of the four pilot registrations took place, how many customers in each of those villages the SWMD had when the registration process began, and how many are registered for the new cart-based collection as of December 31, 2009. When one compares the total number of new customers in the pilot villages with the number of customers the SWMD had under the old system for those villages, there is a 53 percent increase in customers under the new system.

Table 4

Pilot Registration

VILLAGE	DATE OF REGISTRATION IN VILLAGE	CUSTOMERS UNDER OLD SYSTEM	CUSTOMERS UNDER NEW SYSTEM	NEW CUSTOMERS COMPARED TO OLD
Umatac	Sept. 28-29	64	80	25% increase
Merizo	Oct. 26-27	154	192	25% increase
Inarajan/Malojloj	Nov. 9-10	97	175	80% increase
Talofoyo	Nov. 16-17	279	464	66% increase
	Totals:	594	911	53% increase

Generally, 50 percent of the customers signed up during registration events; 25 percent signed up when they saw neighbors getting carts delivered to their homes; and the remaining 25 percent came to the SWMD offices and registered after they received notification from the SWMD that collection services would be discontinued unless they registered. The time between registration in the village and when the SWMD gave notice to former customers that their services would terminate was approximately four weeks.

Full Registration Events

The SWMD began its full registration drive with the Village of Yona on November 23, 2009. The process used in Yona is typical of how the SWMD implements registration events in each of the villages.

A week before registration began, SWMD representatives met with Mayor Jose "Pedro" T. Terlaje and his staff, explained the program, provided flyers for them to hand out to residents in the village, and identified the facility where the registration event would be held. The Receiver then issued to the media a press release and posted the release on the Receiver's website. The week before the registration was scheduled, trash collection crew supervisors secured photocopies of maps of the village from the Department of Public Works' One-Stop service. These maps are considered by the Department of Public Works to be the most up-to-date resources for accurate road placements, road names, residential unit locations, and addresses.

Unfortunately, these maps are often not current and have to be supplemented with drawings from individual homeowners and assistance from the Mayors' offices. The SWMD collection crew supervisors study the map of the village with assistance from the drivers of trash collection routes in each village. By the time the registration event takes place, these "mappers" are fully versed with the area's roads and houses so they are able to quickly help locate customers' homes on a map during the registration process.

Registration events in each village allow local residents to register for trash collection service between 1 p.m. and 8 p.m. These hours enable residents who work during the day to register after their workday is completed. When a resident first walks into these registration events, a SWMD representative provides the customer with a registration form and a booklet listing the SWMD's services, and asks for their driver's license in order to make a copy. While residents are filling out the registration forms, a SWMD customer service representative (CSR) provides an overview of SWMD services and the fee schedule. Once the customer has finished filling out this form and providing a simple hand drawn map locating their home in the village, the customer sits down with a CSR who goes over the registration form for final approval and reviews the new collection service, underscoring the customer's responsibilities. The registration form is then handed to the "mappers" who locate the customer's house on the map and send the registration form back to the CSR, who inputs the information into the SWMD's customer service software.

Customers leave these registration events with a brochure describing the new service, four free trash tags, each worth \$4.00, to place on excess trash bags or on their old trash cans if they wish the SWMD to dispose of them, and a brightly colored, letter-size piece of paper with a unique number for them to place outside of their homes so SWMD cart delivery crews can easily identify their house.

As of December 31, 2009, the full registration processes that started in Yona has moved through Agat. Table 5 shows the village registration schedule. The registration process is expected to be completed by the end of January; however, completing the cart deliveries will require several additional weeks.

Table 5

Full Registration Events Schedule

VILLAGE	REGISTRATION EVENTS
Yona	November 23 & 24, 2009 (completed)
Ordot/Chalan Pago	November 30 & December 1, 2009 (completed)
Sinajana	December 3 & 4, 2009 (completed)
Agana Heights	December 14 & 15, 2009 (completed)
Asan/Piti	December 17 & 18, 2009 (completed)
Santa Rita	December 21 & 22, 2009 (completed)
Agat	December 28 & 29, 2009 (completed)
Mongmong/Toto/Maite	January 4 & 5, 2010
Barrigada	January 7 & 8, 2010
Mangilao	January 11 & 12, 2010
Tamuning/Tumon/Harmon	January 14 & 15, 2010
Dededo	January 18 – 22, 2010
Yigo	January 25 – 29, 2010

As in the pilot registration villages, the customers who register at these events comprise about half of the customers from the village who eventually sign up for the SWMD cart-based trash collection service. Additional customers generally sign up either after they see their neighbors getting their carts delivered or after the SWMD provides customers on the old solid waste collection system with a final notice that service will be terminated unless the customer signs up for the new cart-based system. The majority of the carts are delivered the same week as people register, but in some instances it has taken up to two weeks for delivery. Approximately four weeks after the registration event in a village has closed, the final notice of service termination is delivered to customers who have not yet signed up for the new cart-based service.

Table 6 shows the results of the full registration as of December 31, 2009. However, the majority of these villages have not proceeded through the notice of termination of service stage. We fully expect the number of new customers to increase after the termination notices are sent out.

Table 6

Registration of Customers per Village during Full Registration

VILLAGE	CUSTOMERS UNDER OLD SYSTEM	CUSTOMERS UNDER NEW SYSTEM	NEW CUSTOMERS COMPARED TO OLD
Yona	672	819	22% increase
Ordot/Chalan Pago	552	647	17% increase
Sinajana	391	500	28% increase
Agana Heights	323	404	25% increase
Hagatna/Anigua	89	26	71% decrease
Asan/Piti	486	387	20% decrease
Santa Rita	368	325	12% decrease
Agat	290	339	17% increase
Totals	3,171	3,447	9% increase

Table 7 shows that when the customers from the pilot and the full registration events are combined, the registration drive thus far has registered not only the same number of customers the SWMD had in those villages under the old system but an additional 16 percent.

Table 7

Total Registrations Completed as of End of December, Through Agat Registration

EVENTS	CUSTOMERS UNDER OLD SYSTEM	CUSTOMERS UNDER NEW SYSTEM	NEW CUSTOMERS COMPARED TO OLD
Pilot Registration	594	911	53% increase
Full Registration	3,171	3,447	9% increase
Combined:	3,765	4,358	16% increase

Cart Deliveries and Inventory

The SWMD initially ordered 7,000 95-gallon trash carts. Based on the results of the registration process, on December 3, 2009, the SWMD placed a second order for 9,000 additional carts. These carts are scheduled to arrive on island during the first half of February 2010. This delivery schedule may cause a minor delay in providing carts to customers toward the end of our scheduled registration events. If there is a delay, the CSRs will explain the reason to customers who sign up for the new service, and no termination notices will be sent to customers under the old system until after customers receive their carts.

Delivery of carts to the homes of customers has been difficult due to the poor address system on Guam. As discussed earlier, SWMD delivery crews spend a significant amount of time preparing maps of each village, working with customers' personal drawings of their homes' locations, and driving around the village to prepare for the registration events and deliveries. The SWMD also implemented a low-tech

but efficient method to expedite the delivery of carts by giving each new customer a brightly colored, letter-size paper with a unique number. Customers place these numbers where they can be seen from the road to enable delivery crews to quickly ascertain whether the location is the proper address to leave a cart. Once the delivery crew drops the cart at the customer's location, they digitally encode the Radio Frequency Identification (RFID) tag with the customer's physical address and billing data.

Alpine Technologies serves as the SWMD's consultant in constructing and implementing technologies for the new customer service database. After some difficulty with the handheld personal digital assistant (PDAs), Alpine has developed software that has been stable during the full registration events. Alpine also has upgraded the PDAs so the customer service system can be faster and easier to administer.

Temporary Labor

The registration events have demanded significant staff resources over a short period of time. The SWMD decided not to hire full-time employees for this short burst of activity and instead procured the services of a temporary labor agency, Pacific Human Resources, Inc. This company has furnished qualified workers who supplement the Division's staff during the registration period. Although the number of temporary workers who work on these events changes from time to time and is expected to increase as we register the more populated villages, there are generally six temporary service employees who act as the core group supplementing SWMD staff.

4. Financial Issues and Capital Funding

Financial Issues

Overview

During the period of this Report, we continued to closely monitor the finances of the SWMD and manage the capital funds provided by the Government of Guam for implementation of the Consent Decree. In order to provide the Court with complete reporting on financial issues, this section will include the following areas:

1. Operating results for the SWMD for FY 2009
2. Projected Revenue for FY 2010
3. Status of the Citibank trustee account
4. Status of the USDA loan/grant
5. Update on the implementation of the new fee schedule
6. Update on the volume of waste
7. Status of discussions with the Military as a potential customer of the new system

1. Operating Results for the SWMD for FY 2009

As we have consistently reported, the operating expenses for the SWMD were substantially under budget in FY 2009. Payroll and benefits for the first eleven months of FY 2009 were almost 28 percent under budget, and non-personnel expenditures were under budget by about the same percentage.

These reductions in expenditures are the direct result of significant improvements in the quality of the equipment owned and operated by the SWMD and the improved work environment for employees of the SWMD. Table 8 summarizes the expenditures and compares them to the approved budget of SWMD for FY 2009.

Table 8

Solid Waste Management Division Budget v Spending FY 2009			
Item	Approved Budget	FY 2009 Actual Spending*	% over (under) Budget
Personnel Expenses:			
Regular Salaries	\$2,530,220	\$1,893,291	-25.2%
Overtime/Special Pay	\$50,000	\$20,981	-58.0%
Benefits	\$853,016	\$573,764	-32.7%
Sub-total	\$3,433,236	\$2,488,036	-27.5%
Non-Personel Expenses:			
Travel	\$0	\$3,545	N/A
Contractual Services	\$1,992,186	\$1,265,165	-36.5%
Supplies and Materials	\$500,000	\$442,188	-11.6%
Equipment	\$10,000	\$4,599	-54.0%
Other Expenditures	\$84,416	\$51,636	-38.8%
Capital Outlay	\$151,597	\$221,738	46.3%
Sub-total	\$2,738,199	\$1,988,871	-27.4%
Grand-total	\$6,171,435	\$4,476,907	-27.5%
<small>*Does not include encumbrances</small>			

FY2009 expenses of the SWMD were also significantly lower than expenses of the previous fiscal year. Table 9 compares the operating expenses of the SWMD for FY 2009 with audited expenses for FY 2008. The year over year operating expense reduction is slightly more than 32 percent.

Table 9

SWMD Operating Expenses FY 2008 and FY 2009	
FY08 Expense	\$6,598,240
FY09 Expense	\$4,476,907
Percent Change	-32.1%
<small>Note: FY08 expense is audited. FY09 is unaudited.</small>	

Revenue for FY 2009 year was also down compared with the previous fiscal year. As we have noted in past reports, this is primarily due to the ban on accepting certain recyclable materials implemented by the Receiver at the Ordot Dump. The ban was necessary to preserve space at the Ordot Dump in order to provide the needed time for construction of the new landfill at Layon. Table 10 compares the revenue of the SWMD in FY 2009 with the revenue for FY 2008.

Table 10

SWMD Revenue FY 2008 and FY 2009	
FY08 Revenue	\$5,268,998
FY09 Revenue	\$4,448,558
Percent Change	-15.6%
<small>Note: FY08 revenue is audited. FY09 is unaudited.</small>	

It should also be noted that the rate increase for commercial customers, implemented on July 1, 2009, did not significantly impact revenue during FY 2009 since the lag time between billing and payment of the new fees will push most of the effect of the rate increase into FY 2010.

Table 11 provides a concise summary of the bottom-line results for the SWMD during FY 2009.

Table 11

Solid Waste Management Division Fund Balance 30-Sep-09 Unaudited	
Elements of Fund Balance	Amount
Fund Balance @ 9/30/08	\$ 86,375
Revenue FY 2009	\$4,448,558
Expenses FY 2009	\$4,476,907
Excess (Deficit) FY 2009	\$ (28,349)
Fund Balance @ 9/30/09	<u>\$ 58,026</u>

While it is too early in the FY 2010 budget year to accurately evaluate expenditure trends, expenditures remain at the same approximate levels as in FY 2009. Revenue is, however, significantly increasing. In the next section we will outline the revenue the SWMD can reasonably expect to receive in FY 2010.

2. Projected Revenue for FY 2010

The 2010 fiscal year will bring about many changes in the manner in which the SWMD manages its revenue. With the implementation of the new cart-based residential trash collection system and the new customer service system, many of the problems of the past, with accountability for fees, will be eliminated. While there will be some transition issues that may cause a gap in billing for some customers, by the end of 2010 the system should be fully implemented and billing control significantly enhanced.

The new scale system is also bringing about a higher level of accountability for commercial customers. In 2010, we will fully implement the interim rates approved by the Court and integrate the scale system with the new customer service system. These improvements are vital to the future stability of Guam’s solid waste management system and the Government of Guam’s ability to repay the debt it has incurred to finance the Consent Decree projects.

Commercial customers are the largest source of revenue to the SWMD. Revenue from these customers will increase significantly during FY 2010 as the interim commercial rates are fully implemented. Table 12 provides an estimate of the expected revenue from commercial customers in FY 2010.

Table 12

Estimated FY10 Commercial Revenue	
	Amount
October - November (Actual Billed)	\$ 981,998
December - February (Projected based on 7/1/09 Rate)	\$ 1,411,079
March - September (Projected based on 1/1/10 Rate)	\$ 4,214,421
Total	\$ 6,607,498

With respect to residential customers, we now expect to complete the rollout of the new cart-based system in late February or early March. This means that the first phase of the new fee structure will be implemented in April. While we are presently seeing an increase in the number of residential customers, to be conservative, we continue to use the current level of approximately 12,500 customers for revenue estimating purposes. Using these assumptions, Table 13 provides an estimate of the revenue that can reasonably be expected in FY 2010 from residential customers.

Table 13

Estimated FY 2010 Residential Revenue	
October - March (Rate \$10)	\$ 750,000
April - September (Rate \$17)	\$ 1,275,000
Total	\$ 2,025,000

Note: This estimate is based on 12,500 residential customers.

Since the rates charged to customers at the Transfer Stations will also increase in proportion to the residential collection rates and at the same time that residential collection rates increase, an increase in revenue from the Transfer Stations can also be expected. Table 14 provides an estimate of the revenue from Transfer Stations in FY 2010.

Table 14

Estimated FY 2010 Transfer Station Revenue	
October - March (Rate \$2.50-\$5.00)	\$ 52,233
April - September (Rate \$4.00-\$8.00)	\$ 83,572
Total	\$ 135,805

Note: Lower rate is for under 3 CY and higher rate for over 3 CY.

Given these important changes, FY 2010 will be an important year for the SWMD's efforts to achieve a viable and financially responsible solid waste management system for Guam. Total revenue for the system will begin to rise toward the levels needed to pay for the ongoing operation of the system, set aside reserves for the system's future needs and repay the debt incurred by the Government of Guam to achieve compliance with the Consent Decree. Table 15 summarizes our current estimates for this revenue in FY 2010.

Table 15

SWMD Estimated FY 2010 Total Revenue	
Commercial Customers	\$6,607,498
Residential Customers	\$2,025,000
Transfer Stations	\$ 135,805
Total	\$8,768,302

3. Status of the Citibank Trustee Account

The Citibank Trustee Account has continued to operate efficiently, with a high level of cooperation from all parties. As the Court will recall, there are now two accounts: the original account, now known as the primary account, and the construction sub-account.

The primary account was utilized during the quarter ending December 31, 2009, to pay expenses of the Receivership that could not be charged to the construction sub-account. In addition, at the Government of Guam's request, the Court ordered \$1,000,000 transferred from the primary account to the account maintained by the Court at the Bank of Hawaii for the purpose of paying the cost of the Receiver. Table 16 provides each transaction that occurred in the primary account during the period.

Table 16

Citibank Transaction Report Primary Account				
10/1/2009 through 12/31/2009				
Date	Transaction	Description	Memo	Amount
9/30/2009		Beginning Balance		\$ 6,108,971.20
10/15/2009	Payment	District Court Account At The Bank Of Hawaii	Court Ordered Payment	\$ (1,000,000.00)
10/21/2009	Deposit	Credit Adjustment	Transfer of 10/15 returned due to technical error	\$ 1,000,000.00
10/21/2009	Payment	District Court Account At The Bank Of Hawaii	Court Ordered Payment (Successful resubmission of 10/15 transfer	\$ (1,000,000.00)
10/29/2009	Payment	Linda J. Ibanez	Contract Employee	\$ (7,766.67)
10/30/2009	Deposit	Interest Earned	Interest Inc	\$ 7,087.64
11/12/2009	Payment	Pacific Human Resource Services, Inc.	Temporary Contract Employees	\$ (2,699.06)
11/12/2009	Payment	Depo Resources	Transcript for GEPA Public Hearing of 9/16/2009	\$ (1,015.00)
11/12/2009	Payment	Shimbros	Sound system for GEPA Public Hearing of 9/16/2009	\$ (350.00)
11/12/2009	Payment	Pacific Human Resource Services, Inc.	Temporary Contract Employees	\$ (2,572.48)
11/24/2009	Payment	Pacific Human Resource Services, Inc.	Temporary Contract Employees	\$ (2,795.52)
11/25/2009	Payment	Linda J. Ibanez	Contract Employee	\$ (7,804.17)
11/30/2009	Payment	Pacific Human Resource Services, Inc.	Temporary Contract Employees	\$ (3,576.18)
11/30/2009	Deposit	Interest Earned	Interest Inc	\$ 6,293.70
12/1/2009	Payment	Pacific Human Resource Services, Inc.	Temporary Contract Employees	\$ (4,622.42)
12/17/2009	Payment	Pacific Human Resource Services, Inc.	Temporary Contract Employees	\$ (7,199.80)
12/24/2009	Payment	Pacific Human Resource Services, Inc.	Temporary Contract Employees	\$ (4,792.02)
12/24/2009	Payment	G4 Security Services (Guam), Inc	Security Services	\$ (9,309.63)
12/29/2009	Payment	Pacific Human Resource Services, Inc.	Temporary Contract Employees	\$ (5,020.74)
12/29/2009	Payment	Linda J. Ibanez	Contract Employee	\$ (7,766.67)
12/31/2009	Payment	Pacific Human Resource Services, Inc.	Temporary Contract Employees	\$ (7,290.30)
12/31/2009	Deposit	Interest Earned	Interest Inc	\$ 1,254.99
1/6/2010	Deposit	Interest Earned	Additional interest earned for 12/31/09	\$ 5,221.49
		BALANCE 12/31/2009*		\$ 5,054,248.36

*Includes interest earned at 12/31/2009 but not credited until 1/6/2010

Activity in the construction sub-account was somewhat lower than expected during the quarter due to heavy rains that continued to slow construction. Table 17 provides the Court with a full report of all transactions that occurred in this account during the period.

Table 17

Citibank Transaction Report				
Construction Subaccount				
10/1/2009 through 12/31/2009				
Date	Transaction	Description	Memo	Amount
9/30/2009		Beginning Balance		\$ 14,833,914.61
10/13/2009	Payment	Alpine Technology Corporation	Customer Service System - Invoice # 1807	-47,777.50
10/15/2009	Payment	Maeda Pacific Corporation	Progress Payment Number 6	-260,372.70
10/19/2009	Payment	Treasurer Of Guam	GEPA permit fee	-4,548.29
10/30/2009	Deposit	Interest Earned		18,687.94
11/12/2009	Payment	TG Engineers, PC	Task Orders 1, 2, and 3 Invoices - 09-21-02, 09-58-03, 09-58-04, 09-37-06	-137,055.33
11/12/2009	Payment	Maeda Pacific Corporation	Progress Payment Number 7	-297,032.85
11/24/2009	Payment	Treasurer Of Guam	GEPA permit fee	-2,544.76
11/24/2009	Payment	Far East Equipment Co.	Equipment Purchase - Invoice # FEEC 289-2009	-12,600.00
11/30/2009	Payment	far East Equipment Co.	Equipment Purchase - Invoice # FEEC 288-2009	-142,337.76
11/30/2009	Deposit	Interest Earned		17,587.32
12/13/2009	Payment	Maeda Pacific Corporation	Progress Payment Number 8	-262,480.50
12/17/2009	Payment	Alpine Technology Corporation	Customer Service System - Invoice # 1828	-23,625.75
12/17/2009	Payment	TG Engineers, PC	Task Order # 4 - Invoice 09-105-01	-22,770.98
12/31/2009	Deposit	Interest Earned		3,444.01
1/6/2010	Deposit	Interest Earned	Additional interest earnings for 12/31/09	\$ 14,136.32
BALANCE 12/31/2009*				\$ 13,674,623.78

*Includes interest earned at 12/31/2009 but not credited until 1/6/2010

While no additional funding was requested for the construction sub-account during the period, as construction activity picks up during the next quarter, we expect additional funding to be needed in the account. When the balance of the account is reduced to under \$10 million, the Receiver will requisition additional funding using the requisition process outlined in our last report to the Court. This process will replenish the construction sub-account to \$20 million with funds from the bond trustee of the Government of Guam’s 2009 Section 30-backed bonds. This process will be completed each time the account is reduced to less than \$10 million until such time as the Consent Decree projects are completed and all contractors and other parties are fully compensated in accordance with their contracts.

Table 18 provides the Court with an accounting of the retainage being held for vendors paid from the Citibank Trustee Account.

Table 18

Retainage on Trustee Account Payments		
As of 12/31/2009		
Date	Description	Amount
Maeda Pacific Corporation		
	Retainage.....	\$ 527,377.63
TG Engineers, PC		
	Retainage.....	\$ 7,675.02
Total Retainage Held.....		\$ 535,052.65

When the retainage is considered, the Construction sub-account has a balance of \$13,139,571.13 available for future Consent Decree obligations.

4. Status of the USDA Loan/Grant

In keeping with the Court's Order that we assist the Government of Guam in this matter, we have participated in a number of discussions between the Government of Guam and USDA during this period and will continue to assist as requested. Because unresolved issues remain between the Government of Guam and USDA, no request has yet been submitted to the Court to approve the USDA loan/grant as a substitution for the Section 30-backed bonds currently funding the Consent Decree projects. In our October 21, 2009 report to the Court, we outlined a number of issues that need to be addressed before we could recommend approval to the Court of any request to substitute the USDA loan for the Section 30-backed bonds. Discussions between the Government of Guam and USDA since the October 2009 hearing have addressed several of these issues; however, we continue to recommend that all of the issues be resolved in writing by the Government of Guam and USDA to assure that there is no misunderstanding.

From the recent discussions in which we have participated, three major issues have emerged with respect to the loan/grant. Each of these issues will be summarized below with our understanding of the status of each.

(1) Timing of the loan - The Government of Guam is requesting advance funding of the full loan amount in order that they may immediately reallocate \$88 million in Section 30 bond proceeds from the Consent Decree projects to other projects. The USDA has indicated in recent discussions, as was also said in its letter to Governor Camacho dated July 20, 2009, that they expect the Government of Guam to obtain construction financing and that the USDA loan/grant would become available only when construction is complete. The USDA loan/grant would become the permanent financing of the project upon completion of construction and, at that time, the Section 30-backed bonds used to pay for construction of the landfill would be available for reallocation to other projects of the Government of Guam. The reallocation of these funds to other projects under this approach could not reasonably be expected to occur until mid to late 2011. It is our understanding that the Government of Guam has requested that the Secretary of Agriculture waive this requirement so that the Section-30 backed bonds can be released immediately. While this matter has not received a formal response from USDA, USDA has informally agreed to monthly reimbursements of actual expenses. Assuming this informal understanding is formally approved, some portion of the Section-30 backed bonds would have to be maintained to assure adequate cash flow for the Consent Decree projects.

(2) Buy American and Davis-Bacon requirements - The USDA loan/grant has specific requirements related to both the source of goods purchased for the projects it finances (i.e., "Buy American" requirements) and the wage rates of the construction workers (i.e., "Davis-Bacon" requirements). Since these requirements are not a part of the Government of Guam's procurement process and since the procurement process and construction of the new landfill started before the possibility of a USDA loan/grant was known, these requirements were not

included in the construction contracts for the Layon Landfill. In order to address these requirements, all of the construction contracts will need to be amended to include these provisions. USDA has provided the specific recommended language, and the Receiver has requested that the Office of the Attorney General draft the appropriate amendments. This request was submitted to the Attorney General on December 9, 2009, and is pending with the Attorney General.

Because neither of these requirements is needed by the Receiver to complete the Consent Decree projects and each will likely have some associated cost, we believe it necessary for the Government of Guam to request, in writing, that these amendments, and the additional cost associated with them, be added to the contracts. To date, no such request has been forthcoming.

Because some of the construction work is complete or nearing completion, some products have been installed that are from sources that do not qualify under the Buy American requirements. Since removing and replacing these products would create unacceptable delays in completing the new landfill, and since acquiring some products (i.e., asphalt and concrete are examples) from American sources, due to Guam's geographical location, may be problematic, the Government of Guam is requesting a waiver of the Buy American provision as it relates to these situations. To the best of our knowledge, the waiver request has not been formally submitted at this point and the likelihood of its success is uncertain. Since construction of the new landfill is now entering a phase of accelerated work, delays in obtaining the waiver or receiving the Governor's request to amend the construction contracts may make it difficult to achieve compliance with these USDA requirements.

(3) USDA Prohibition of Free Service – USDA requires that there be no "free service" in projects financed by USDA loans. The Government of Guam provides free service to the Mayors and a few community groups. It is our understanding that a change in this requirement would need the approval of the Guam Legislature. It is not clear whether the Government will eliminate the free service currently provided or seek a waiver of this requirement from USDA.

We must also note that the Government has before it an application for financial assistance from a private company seeking to build a landfill and waste-to-energy plant on Guam. The Government of Guam has clearly represented to USDA that all non-hazardous solid waste on Guam, other than the waste diverted through traditional recycling efforts, will be disposed of at the new Layon Landfill. While the current financing of the Layon Landfill is not dependent upon the revenue of the Landfill, the USDA loan would be dependent on the Landfill's revenue. Continued consideration of the request for financial assistance from the private company is inconsistent with the Government's representations to USDA and, we believe, must be finally resolved before any closing of the USDA loan could occur.

Recommendations

The Receiver recommends that the Court require all of the issues outlined above, and those included in our report of October 21, 2009, be clarified in writing to the satisfaction of the Court. Further, the Receiver recommends that, as a condition of any approval requested of the Court to substitute the

USDA loan/grant for the Section 30-backed bonds currently funding the Consent Decree projects, the Attorney General of Guam and the United States Department of Agriculture must certify the following to the Court:

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

5. Update on Implementing the New Fee Structure

As indicated earlier in this Report, implementation of the interim fees is continuing. The most recent change in fees took place on January 1, 2010, as the second phase of the interim commercial rates was implemented. Table 19 illustrates the fee change that has occurred and the remaining adjustment still to be implemented.

Table 19

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

As noted in our previous reports, the new fees for residential customers and transfer station customers will be effective with the rollout of the new cart and customer service system. These fee increases will also be phased in as the increases in commercial fees have been phased in. We now expect the rollout of the new cart system to be completed in February or March. Under this schedule, the first phase of the implementation of the new fees will occur in April 2010. Tables 20 and 21 show how the phased-in approach for monthly residential collection and transfer station fees will be implemented:

Table 20

Interim Residential Collection Fees		
Effective Date	Rate/month	
Current	\$	10.00
April 1, 2010	\$	17.00
October 1, 2010	\$	24.00
April 1, 2011	\$	30.00

Table 21

Interim Self-Drop Fees for Transfer Stations				
Effective Date	Self-Drop (Under 3 CY)		Self-Drop (Over 3 CY)	
Current	\$	2.50	\$	5.00
April 1, 2010	\$	4.00	\$	8.00
October 1, 2010	\$	5.50	\$	11.00
April 1, 2011	\$	7.50	\$	15.00

We will keep the Court and the public informed of any change in this schedule.

In keeping with the Court's Order of January 23, 2009, the Receiver has made an inquiry to counsel of the Public Utilities Commission (PUC) concerning a schedule for petitioning the PUC for approval of commercial and residential rates. We were advised that due to the PUC's schedule of other rate matters and the need for a full year of scale data, it would be best to begin this process in mid-2010. With the Court's permission, we will proceed as suggested by counsel to the PUC.

6. Update on the Volume of Waste

We now have seven full months of detailed scale data for waste deposited in the Ordot Dump. Table 22 provides an update on this vital information through January 1, 2010. The table shows, by class of customer, the actual amount of waste delivered per week, the amount this represents on an annual basis and the percent of the total waste each customer class contributes.

Table 22

Actual Solid Waste Delivered to the Ordot Dump			
June 1, 2009 through January 2, 2010			
Customer Type	Tons		
	Week	Year	Percent
Commercial Customers	1,008	52,415	65%
Residential Customers	378	19,660	24%
Transfer Station	102	5,304	7%
Mayors	29	1,508	2%
Government of Guam	40	2,083	3%
Total	1,557	80,971	100%

Note: The tons per week is the average of the actual tonnage delivered each week. Tons per year is the amount per week multiplied by 52 weeks.

The data continue to show a lower level of waste than many had estimated prior to the actual data becoming available with the installation of the new scale system at the Ordot Dump. With seven months of data now available, we do not expect the waste numbers will change significantly. We will continue to carefully monitor the data and keep the Court and other interested parties informed. Detailed data on each week's waste delivery to the Ordot Dump are included in this Report as Tab 6.

7. Status of Discussions with the Military as a Potential Customer of the New System

Pursuant to the Letter of Intent with the Military signed in July 2009, discussions have continued since the last status hearing toward a long-term agreement for the Military's use of the new landfill at Layon. While the Receiver will be a party to the long-term agreement, it is primarily a contract between the Military and the Government of Guam.

Since the last status hearing, the Military has released its Draft Environmental Impact Statement (DEIS) which addresses a wide variety of issues related to the anticipated Military build-up on Guam. With respect to solid waste, the DEIS concludes:

"The Preferred Alternative for solid waste would be the continued use of Navy Landfill at Apra Harbor until Layon Landfill is opened, which is scheduled for July 2011. In July 2011, DoD would use GovGuam's Layon Landfill for disposal of municipal solid waste as set forth in the letter of intent."

Using the scale data we have collected since June 1, 2009, and estimates provided by Naval Facilities Engineering Command (NAVFAC) for the expected amounts of Military waste that will be produced on an annual basis in 2014, we can reasonably estimate the waste stream that Guam must manage. Table 23 provides this estimate based on the best data currently available.

Table 23

Estimated Annual Guam Waste Stream (excluding recycled materials)		
Source of Waste	Tons	Percent
Military*	54,878	40.4%
Commercial Customers	52,415	38.6%
Residential Customers	19,660	14.5%
Transfer Station	5,304	3.9%
Mayors	1,508	1.1%
Government of Guam	2,083	1.5%
Total	135,849	100.0%

*Based on estimates provided by NAVFAC for 2014

While this estimate is conservative, since it assumes no growth for the non-military waste stream between now and 2014, it clearly demonstrates the significance of the waste stream coming from Military sources on Guam.

While there are certainly benefits to the Military that justify the DEIS recommendation, the benefits to the customers of the SWMD must be our primary concern. We believe these benefits are significant. They include:

- Stable rates for residential and commercial customers of the SWMD that, over time, will be significantly lower than rates would be without the participation of the Military;
- Environmental benefits that arise from eliminating the need for additional landfills on Guam;
- The opportunity for greater cooperation with the Military on recycling and other mutually beneficial programs that will positively affect Guam's environment; and
- The opportunity to cooperatively plan for the future of Guam's solid waste management system to both minimize the waste stream and assure that Guam benefits from all improvements in solid waste management best practices as they continue to evolve in the future.

To achieve a long-term agreement that will secure these benefits, it will be necessary for the Government of Guam and the Military to continue to work toward identifying and implementing the requirements for a successful long-term agreement. The Receiver continues to work to facilitate a successful agreement. We will keep the Court fully informed.

5. Next Steps

Landfill Design, Permitting and Construction

- Initiate design for Inarajan WWTP improvements
- Initiate water quality monitoring programs for WWTP improvements
- Initiate construction activities on Access Road, Utilities, Landfill Entrance Facilities and Landfill Systems for Cells 1 & 2
- Initiate well installation and monitoring activities
- Continue construction management oversight to include all new construction
- Plan for Ordot Dump redesign effort as well as more detailed schedule for the next phases of closure work

Trash Cart Rollout

- Continue registration process in remaining villages
- Deliver carts to customers after registration
- Take delivery on more than 9,000 additional carts
- Fully implement the new billing system for residential and commercial customers

Financial

- 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
- Provide assistance as requested to the Government of Guam and USDA as they address the outstanding issues concerning the USDA Loan/Grant
- Continue to advance the long-term agreement with the Military



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.

January 14, 2010



Gershman, Brickner & Bratton, Inc.



Guam SOLID WASTE RECEIVER

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2. SWMD Operations
3. Trash Cart Rollout
4. Financial Issues and Capital Funding
5. Next Steps



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1. LAYON LANDFILL DESIGN, PERMITTING AND CONSTRUCTION

CONSENT DECREE PROJECTS


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Layon Landfill Milestones

- November 24, 2009 –GEPA issued Solid Waste Facility Permit
- December 11, 2009 - Notice to Proceed for Access Road and Utilities
- December 18, 2009 – Notice of Award for construction management services
- December 29, 2009 – Notice to Proceed for Landfill Entrance Facilities and Cells 1 & 2 Liner Systems




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Landfill Design

- Leachate Treatment Agreement reached with GWA
 - Initiated draft design scope of work for improvements to Inarajan WWTP
- Initiated Pump Station Severance Mapping
 - Completed severance maps for two pump stations along the sewer line route to the Inarajan WWTP
 - Completed appraisal work for both pump station locations
 - Processing continues through Guam Land Use Commission


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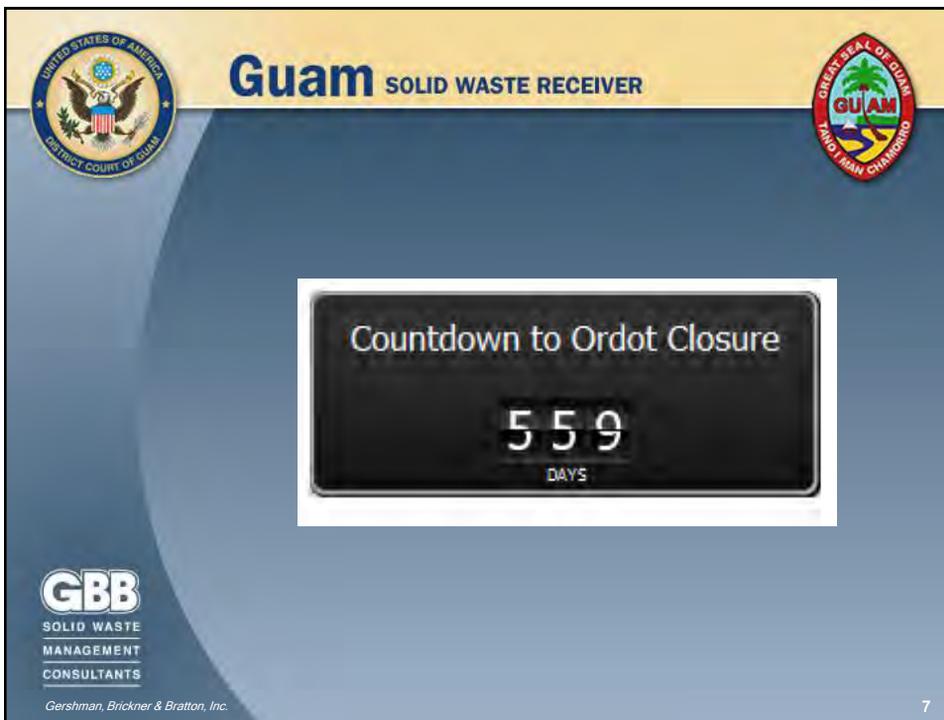
Ordot Dump

- Continued to implement interim filling plan
- Tracked air space volume usage
- Initiated planning work for the closure design activities




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United States of America
DISTRICT COURT OF GUAM

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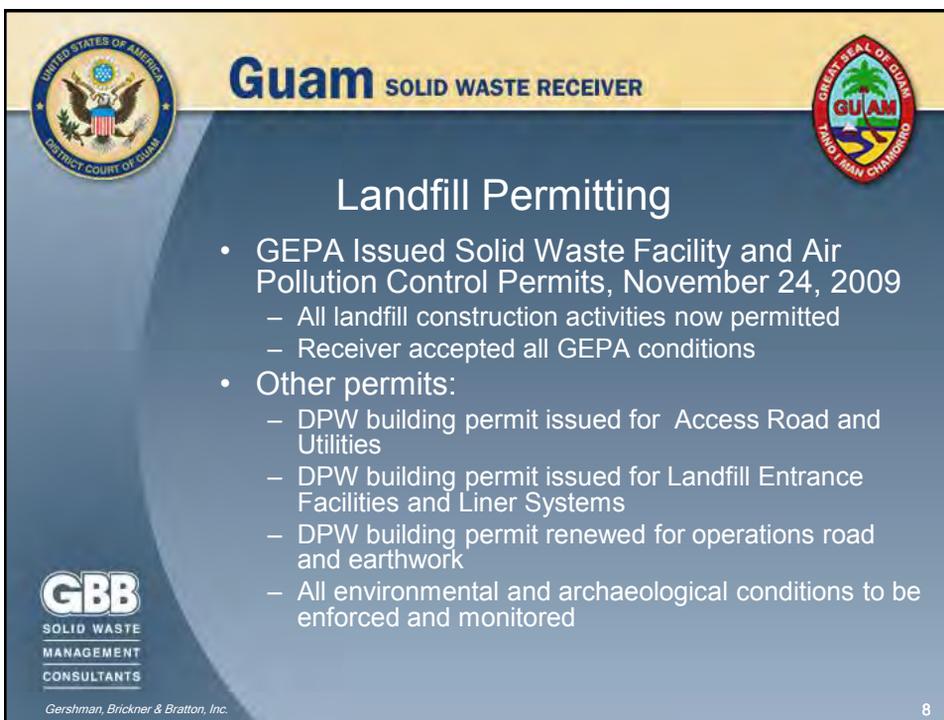
Countdown to Ordot Closure

559
DAYS

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Landfill Permitting

- GEPA Issued Solid Waste Facility and Air Pollution Control Permits, November 24, 2009
 - All landfill construction activities now permitted
 - Receiver accepted all GEPA conditions
- Other permits:
 - DPW building permit issued for Access Road and Utilities
 - DPW building permit issued for Landfill Entrance Facilities and Liner Systems
 - DPW building permit renewed for operations road and earthwork
 - All environmental and archaeological conditions to be enforced and monitored

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Procurements

- Issued notice to proceed for construction of access road and utilities
 - Close coordination with Mayor and residents on upcoming work
- Issued notice to proceed for construction of entrance facilities and landfill cells 1 and 2
 - Black Construction Corp. coordinating with Maeda Pacific Corp.
- Executed contract for groundwater monitoring for the Layon Landfill
- Issued notice of award for construction management
 - Winzler & Kelly to perform remaining Layon Landfill work and remaining consent decree projects



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Procurement Activity for the Quarter Ending December 31, 2009

Description of Procurement	Registered Bidders / Proposers	Actual Bidders / Proposers	Winning Bidder / Proposer	Contract Status	Amount of Winning Bid / Proposal
Layon Landfill - Construction of Access Road and Utility Improvements for Community	14	4	Core Tech International	Approved	\$ 26,800,000
Construction Management Services for Consent Decree Projects	9	4	Winzler & Kelly	Pending	\$ 3,875,284
Construction of Entrance Facilities and Cells 1 and 2	8	3	Black Construction Corporation	Approved	\$ 20,477,000
Temporary Staffing Services for the Solid Waste Management Division	1	1	Pacific Human Resources Services, Inc.	Approved	Indefinite
Groundwater Quality Monitoring Services	6	3	EA Engineering, Science & Technology, Inc.	Approved	\$ 857,750



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Consent Decree Contracts In Place as of December 31, 2009			
Contractor	Purpose of Contract	Amount of Contract	Work Status
Maeda Pacific Corporation	Layon Landfill - Construction of Landfill Operations Road and Mass Grading for Cells 1 and 2	\$ 9,879,225	On-going
Core Tech International	Layon Landfill - Construction of Access Road and Utility Improvements for Community	\$26,800,000	On-going
Black Construction Corporation	Layon Landfill - Construction of Entrance Facilities and Cells 1 and 2	\$20,477,000	On-going
EA Engineering, Science & Technology, Inc.	Groundwater Quality Monitoring Services	\$ 857,750	On-going
TG Engineers, PC	Layon Landfill - Design and Engineering Services	\$ 8,351,233	On-going
Winzler & Kelly	Construction Management Services for Consent Decree Projects	\$ 3,875,284	On-going
Shaw Environmental, Inc.	Technical Assistance	\$ 305,347	On-going
Pacific Human Resources Services, Inc.	Temporary Staffing Services for the Solid Waste Management Division	Indefinite	On-going
Alpine Technology, Inc.	Customer Service Software	\$ 215,468	On-going
Far East Equipment	New Trucks, Roll-off containers and Trash Carts	\$ 1,600,794	On-going
G4 Security Services of Guam	Security Services for the Solid Waste Compound	Indefinite	On-going



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Upcoming Procurement Activity

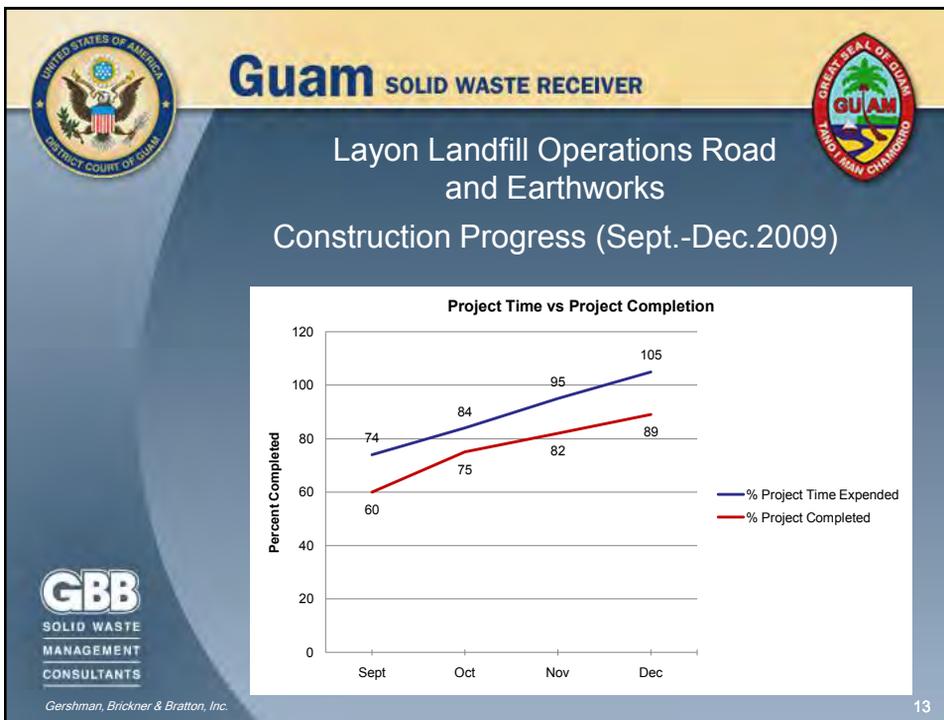
This will include:

- Consultants to investigate the environmental damage resulting from operation of the Ordot Dump and recommend remedial action
- Selection of a qualified firm to design the closure plan for the Ordot Dump
- Selection of a qualified operator for the new Layon Landfill
- Procurement, through either construction or contract, of properly located and licensed commercial transfer station



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The text block provides an update on the estimated completion date for the Layon Landfill Operations Road and Earthworks project. It states that the original contract completion date was September 22, 2009, but this has been revised to December 15, 2009, due to increased rock material to be excavated. The contractor now estimates a completion date of February 2, 2010, which is unchanged from the October report.

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

Contract completion date of **December 15, 2009**, due primarily to increased rock material to be excavated, is justified under the contract.

The Contractor estimates a completion date of **February 2, 2010**. This date unchanged from the October Report.

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Construction

Construction: Cell #1



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Construction (cont'd)



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Construction (cont'd)

Stormwater Management Structures
and Increased Rock Removal

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2. SWMD OPERATIONS

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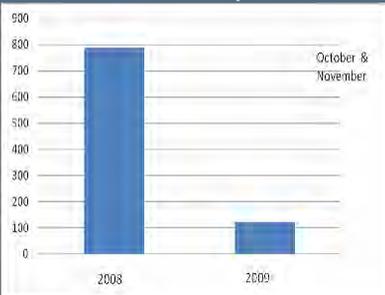


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SWMD Operations

- 85% reduction in complaints, Oct./Nov. 2008 vs. 2009 (788 vs. 120)
- Total staffing reduced from 99 in March 2008 to 60 now

Customer Complaints



Year	Customer Complaints
2008	788
2009	120

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SWMD Operations (cont'd)

- Data Management Services no longer provides support for the old tipping fee system
- Invoices now done manually while SWMD implements new billing system
- Some bills during the interim are delayed
- Full implementation of the new system will be completed in 2010

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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 \$3 per cu. yard for recycling



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Cardboard Recycling



Guahan Waste Recycling

Period	Pounds of Cardboard
18 Months Prior to Ban	6.5 million
18 Months After the Ban	11.9 million
Percent Increase	84%



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SWMD Operations (cont'd)

- Maintained cover and adequate compaction on Ordot Dump's active face; cleaned perimeter
- Established purchasing arrangement for coral to supplement DPW supply
- Dealt with mechanical problems
- Procurements underway for:
 - Landfill compactor
 - Track loader
- Gathered accurate scale data on waste volume disposed at Ordot


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Serious Health Hazards Surround SWMD

- Conditions at DPW facility:
 - Leaking drums
 - Scrapped cars and school buses
 - Piles of tires
- Conditions hazardous to customers and staff





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Serious Health Hazards Surround SWMD

Tires and scrapped busses at DPW facility



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Serious Health Hazards Surround SWMD

- These conditions are a health hazard to employees and customers
- Despite numerous requests, DPW has not addressed the problem
- The compound should be cleaned and the material should be disposed of in accordance with applicable rules and laws

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3. TRASH CART ROLLOUT


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Cart Program Overview

- SWMD customer households receive one rolling trash cart for waste
- New monthly charge to be phased in
- Customers receive 4 free trash tags for excess trash; \$4 per tag fee thereafter
- All non-recyclable waste in cart
- 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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Registration Process

1. 4 pilot registration events Sept. – Nov. 2009: Umatac, Merizo, Inarajan/Malojloj, Talofoyo
2. Evaluation of pilots, refinements to registration process
3. Rollout of full registration to remaining villages, November 2009 – January 2010



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Pilot Registration Results

VILLAGE	DATE OF REGISTRATION IN VILLAGE	CUSTOMERS UNDER OLD SYSTEM	CUSTOMERS UNDER NEW SYSTEM	NEW CUSTOMERS COMPARED TO OLD
Umatac	Sept. 28-29	64	80	25% increase
Merizo	Oct. 26-27	154	192	25% increase
Inarajan/Malojloj	Nov. 9-10	97	175	80% increase
Talofoyo	Nov. 16-17	279	464	66% increase
	Totals:	594	911	53% increase



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Full Registration

Full registration events began with Yona, Nov. 23;
proceeded to Agat, Dec. 28-29

VILLAGE	CUSTOMERS UNDER OLD SYSTEM	CUSTOMERS UNDER NEW SYSTEM	NEW CUSTOMERS COMPARED TO OLD
Yona	672	819	22% increase
Ordot/Chalan Pago	552	647	17% increase
Sinajana	391	500	28% increase
Agana Heights	323	404	25% increase
Hagatna/Anigua	89	26	71% decrease
Asan/Piti	486	387	20% decrease
Santa Rita	368	325	12% decrease
Agat	290	339	17% increase
Totals	3,171	3,447	9% increase



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Full Registration Schedule

VILLAGE	REGISTRATION EVENTS
Yona	November 23 & 24, 2009 (completed)
Ordot/Chalan Pago	November 30 & December 1, 2009 (completed)
Sinajana	December 3 & 4, 2009 (completed)
Agana Heights	December 14 & 15, 2009 (completed)
Asan/Piti	December 17 & 18, 2009 (completed)
Santa Rita	December 21 & 22, 2009 (completed)
Agat	December 28 & 29, 2009 (completed)
Mongmong/Toto/Maite	January 4 & 5, 2010
Barrigada	January 7 & 8, 2010
Mangilao	January 11 & 12, 2010
Tamuning/Tumon/Harmon	January 14 & 15, 2010
Dededo	January 18 – 22, 2010
Yigo	January 25 – 29, 2010



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Typical Registration Event: Yona, Nov. 23 & 24

- First day: 140 people registered
- Second day: 226 people registered
- Second day: delivered 140 carts


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Registration Process at Yona

1. Customers fill out registration form; customer service rep (CSR) explains SWMD services
2. Customer moves to waiting area before meeting with CSR
3. Customer meets with CSR to finalize registration




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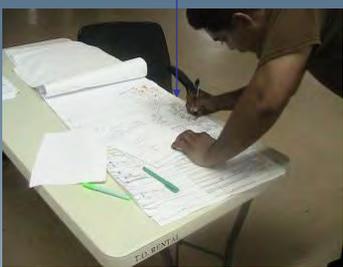
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Registration at Yona (cont'd)

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4. Mapping: Customer information is plotted on a map

Map from DPW One-Stop needs to be reworked and updated by hand



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Finding the Customer

Problem: Guam's address system is not accurate

- DPW's One-Stop centralized map is not up to date
- Updates are often taped to existing map
- Address numbers, if existent, vary for a single residence
- No current up-to-date GIS map of streets and residences

DPW One-Stop map updated with tape



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Finding the Customer

Solution:
At registration, we give customers a colored piece of paper with a number to tape to a delivery location where delivery crews can see it

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Yona Cart Delivery

 Transferring carts from supply truck to small delivery trucks for hard-to-reach homes in a subdivision



 Reading the RFID tag and delivering cart to happy customers who had registered only the day before



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4. FINANCIAL ISSUES



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Operating Results FY2009

Expenditures: **28% Below Approved Budget**

- Payroll/benefits – 28% under budget
- Non-personnel expenses – 28% under budget

Item	Approved Budget	FY 2009 Actual Spending*	% over (under) Budget
Personnel Expenses:			
Regular Salaries	\$2,530,220	\$1,893,291	-25.2%
Overtime/Special Pay	\$50,000	\$20,981	-58.0%
Benefits	\$853,016	\$573,764	-32.7%
Sub-total	\$3,433,236	\$2,488,036	-27.5%
Non-Personnel Expenses:			
Travel	\$0	\$3,545	N/A
Contractual Services	\$1,992,186	\$1,265,165	-36.5%
Supplies and Materials	\$500,000	\$442,188	-11.6%
Equipment	\$10,000	\$4,599	-54.0%
Other Expenditures	\$84,416	\$51,636	-38.8%
Capital Outlay	\$151,597	\$221,738	46.3%
Sub-total	\$2,738,199	\$1,988,871	-27.4%
Grand-total	\$6,171,435	\$4,476,907	-27.5%

*Does not include encumbrances



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Operating Results FY2009 vs. FY2008

**SWMD Operating Expenses
FY 2008 and FY 2009**

FY08 Expense	\$6,598,240
FY09 Expense	\$4,476,907
Percent Change	-32.1%

Note: FY08 expense is audited. FY09 is unaudited.

**SWMD Revenue
FY 2008 and FY 2009**

FY08 Revenue	\$5,268,998
FY09 Revenue	\$4,448,558
Percent Change	-15.6%

Note: FY08 revenue is audited. FY09 is unaudited.



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Projected Revenue for FY2010

SWMD Estimated FY 2010 Total Revenue

Commercial Customers	\$ 6,607,498
Residential Customers	\$ 2,025,000
Transfer Stations	\$ 135,805
Total	\$ 8,768,302

Changes in 2010 will bring:

- New accountability with improved billing
- Fully implemented interim rates for commercial customers integrated with new scale system
- Phased-in fees for residential customers
- Increased fees at Transfer Stations



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Status of Citibank Trustee Account

- Two accounts: primary account and sub-account for Section 30 bond proceeds
- Activity in construction sub-account lower than expected due to weather delays in construction
- Next quarter: When balance is expected to fall below \$10M, Receiver will request that sub-account be replenished from bond proceeds held by Bank of Guam
- Primary Citibank account to be used for Consent Decree purposes authorized by the Court



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Citibank Trustee Account As of December 31, 2009

Account	Balance
Primary Account	\$5,054,248.36
Construction Sub-account	\$13,674,623.78

Note: Detailed transactions are included in Tab 1 of this report. The balances include interest earned on 12/31/09 but not credited to the accounts until 1/6/10. Balances are not reduced for retainage obligations of \$ 535,052.65.



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Status of USDA Loan/Grant

- Receiver continued to participate in discussions with GovGuam and USDA
- Some issues we raised in October report have been addressed verbally
- Need to address all other issues, including:
 - Timing of the loan
 - Buy-American and Davis-Bacon requirements
 - USDA prohibition of free service
 - GEDA's consideration of an application for financial assistance from a private company seeking to build a landfill and WTE facility is inconsistent with GovGuam representations to UDSA that all waste on Guam will be disposed at Layon Landfill



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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 clarified and resolved, in writing, to the Court's satisfaction, and that the Attorney General, 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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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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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	
April 1, 2010	\$ 17.00	
October 1, 2010	\$ 24.00	
April 1, 2011	\$ 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	
April 1, 2010	\$ 4.00	\$ 8.00	
October 1, 2010	\$ 5.50	\$ 11.00	
April 1, 2011	\$ 7.50	\$ 15.00	



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Volume of Waste: Scale Data

- 7 months of detailed scale data now available

Actual Solid Waste Delivered to the Ordot Dump
June 1, 2009 through January 2, 2010

Customer Type	Tons		Percent
	Week	Year	
Commercial Customers	1,008	52,415	65%
Residential Customers	378	19,660	24%
Transfer Station	102	5,304	7%
Mayors	29	1,508	2%
Government of Guam	40	2,083	3%
Total	1,557	80,971	100%

Note: The tons per week is the average of the actual tonnage delivered each week. Tons per year is the amount per week multiplied by 52 weeks.



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Military Participation

- Key to lower and stable long-term rates
- July 2009: Governor Camacho and Attorney General Lintiaco executed Letter of Intent (LOI) with the Military
- Military's Draft Environmental Impact Statement concludes that DoD would use Layon Landfill for disposal of MSW after July 2011



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Military Participation (cont'd)

Estimated waste stream with Military participation

Source of Waste	Tons	Percent
Military*	54,878	40.4%
Commercial Customers	52,415	38.6%
Residential Customers	19,660	14.5%
Transfer Station	5,304	3.9%
Mayors	1,508	1.1%
Government of Guam	2,083	1.5%
Total	135,849	100.0%

*Based on estimates provided by NAVFAC for 2014.



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Military Participation (cont'd)

Benefits of military participation to SWMD customers and Guam:

- Lower, stable rates for residential and commercial customers/lower than without Military
- No new landfills needed
- Opportunity for cooperation with Military on recycling and other environmental programs
- Opportunity to plan for the future of Guam's SW management system, implement best practices



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5. NEXT STEPS



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Next Steps: *Landfill Design, Permitting and Construction*

- Initiate design for Inarajan WWTP improvements
- Initiate water quality monitoring programs for WWTP improvements
- Initiate construction activities on Access Road, Utilities, Landfill Entrance Facilities and Landfill Systems for Cells 1 and 2
- Initiate well installation and monitoring activities
- Continue construction management oversight to include all new construction
- Plan for Ordot Dump redesign as well as more detailed schedule for the next phases of closure work



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Next Steps: *Trash Cart Rollout*

- Continue registration process in remaining villages
- Deliver carts to customers after registration
- Take delivery on more than 9,000 additional carts
- Fully implement the new billing system for residential and commercial customers



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Next Steps: *Financial Issues 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
- Provide assistance as requested to the Government of Guam and USDA as they address the outstanding issues concerning the USDA Loan/Grant
- Continue to advance the long-term agreement with the Military



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