



GUAM SOLID WASTE AUTHORITY
BOARD OF DIRECTORS' MEETING MINUTES
Thursday, November 12, 2020
1:00 pm-3:08 pm
Guam Solid Waste Authority Via Video Conference

I. Call to Order

The Guam Solid Waste Authority (GSWA) Board of Directors' meeting was called to order by Chairman Gayle at 1:06 p.m.

II. Roll Call

Board Members:

Andrew Gayle	Chairman
Minakshi Hemlani	Vice Chairwoman
Margaret Denney	Secretary

Management & Staff:

Larry J. Gast	General Manager
Katherine Kakigi	Comptroller
Alicia Fejeran	Chief of Administration
Roman Perez	Operations

Guests:

Ken Orcutt	Office of the Attorney General of Guam
Gerry Partido	Pacific News Center

III. Approval of Minutes

The Board reviewed the minutes for the Board meeting held on October 15, 2020. Vice Chairwoman Hemlani made a motion to approve the minutes and the motion was seconded by Secretary Denney. The motion was passed unanimously.

IV. Reports

a. Operational Update

GSWA Management presented the Trash Talk report for FY2020. Comptroller Kathy Kakigi presented the operating budget and highlighted the key points summarizing GSWA revenue and expenditures. She stated that GSWA had a revenue shortfall due to the decrease in commercial tonnage. She also stated that due to unbudgeted Receiver fees and Ordot related expenses, actual expenditures were over budget by \$419,000. Ms. Kakigi also presented the Projected Fund Balance as of September 30, 2020 for the Operations Fund which is projected to be \$6.4M and the Ordot Post Closure Care Reserves which is projected to be \$4.6M. She noted that these numbers are based on preliminary month-end numbers and are subject to change.

Ms. Kakigi also presented a comparison of GSWA's performance for FY2019 and FY2020. Revenues decreased in FY2020 primarily due to COVID-19, and expenditures had increased due to debt service payments for Cell 3. Ms. Kakigi also mentioned that GEPA had submitted invoices totaling \$200,000 more in FY2020 than FY2019. Guam budget law requires GSWA to appropriate \$200,000 to GEPA annually. Ms. Kakigi is looking into why GEPA had submitted additional invoices. General Manager Larry Gast stated



these funds are used for island sustainability studies which include studies that have nothing to do with GSWA and could also be detrimental to the Authority. Board Chairman requested for Attorney Ken Orcutt to look into the legality of the budget law requiring GSWA revenue funds to be used by GEPA for these studies.

GSWA Management team also provided a brief overview of the residential and commercial customer activity and revenue, a breakdown on contractual services and expenditures, and operational and personnel data.

b. Assistant GM update

General Manager Gast reported that he and Chief of Administration Alicia Fejeran conducted interviews for the Assistant General Manager position. He recommended applicant, Pedro Leon Guerrero Jr., for the position as this applicant is highly qualified and has had extensive experience as an Assistant General Manager and Deputy Director in other GovGuam agencies. He requested for the Board's authorization to move forward in making an offer to Mr. Leon Guerrero.

Vice Chairwoman Hemlani made a motion to authorize General Manager Gast to move forward in the hiring of Mr. Pedro Leon Guerrero Jr. for the position. Board Secretary Denney seconded the motion. Motion was passed.

c. PUC Management Audit – submitted and accepted by the PUC

i. Audit Recommendations

- **Mandatory Trash Collection**
- **Rate Recommendation**

Board Chairman Gayle reported that he and Secretary Denney attended the PUC meeting where the management audit recommendations were submitted and accepted by the PUC.

One recommendation was that the rate model needed to be updated to include Landfill construction and post closure care costs, bond proceeds, debt service, fund balances and escalation from vendors. The MSW Consultants had recommended a rate increase, but GSWA would have to present a rate case to the PUC to adopt the recommendation. Chairman Gayle reported that the consultants had also indicated that the fund balance would go negative if GSWA did not proceed with a rate increase. He stated that the consultants also presented the benefits to mandatory trash collection. Chairman Gayle also briefly went over the other main points of the Management Audit report such as manpower, productivity, and review of GSWA contracts.

Mr. Gayle stated that the mandatory trash collection recommendation received a lot of interest and requested that Larry and team begin preparing a proposal or summary of what this would require. He mentioned that if external consulting were needed, that it should be considered. He believes that this may also help with illegal dumping.

d. Policy and Procedure Recommendations

i. Charges for bill printing

Comptroller Kakigi presented a recommendation to charge \$2.00 for customers who opt for paper billing. She stated that GSWA pays about \$0.88 per printed invoice.

Chairman Gayle stated that there shouldn't be a charge for printing or sending delinquent notices, however, GSWA may consider charging a late fee.

Secretary Denney inquired if there would be a significant number of customers who may not have the means to access their invoices electronically. Chairman Gayle stated that there would be some people with restricted access, but more people will have access to smart



phones.

Vice Chairwoman Hemlani made a motion to authorize management to proceed in implementing a \$2.00 printed bill fee. Secretary Denney seconded. Motion passed. Vice Chairwoman also suggested that Comptroller Kakigi look into a late fee for past due customers.

ii. Prompt pay discount for commercial haulers

Chairman Gayle reported that the Attorney General provided an opinion regarding the discounts for Commercial haulers for timely payment. Comptroller Kakigi provided a breakdown of the financial impact of the commercial hauler discounts which amounts to about \$700,000 per year.

Chairman Gayle also explained that the Receiver had implemented these prompt payment discounts to encourage commercial haulers to collect or pay their tipping fees due to a previous law stating that any outstanding tipping fees from a customer of a commercial hauler would have to be collected by Dept. of Public Works Solid Waste Management Division. However, the enabling legislation had changed this law and placed the onus on the commercial hauler, and the discount is no longer needed.

Vice Chairwoman Hemlani motioned to authorize management to create a plan on how to implement the discontinuation of the prompt payment discount. Secretary Denney seconded. Motion was passed.

iii. Deposit requirement for new residential subscribers

Comptroller Kakigi presented a recommendation for imposing a \$50.00 deposit requirement for new customers. She noted that these deposits will not be considered revenue but will instead stay in a separate bank account. Chairman Gayle stated these deposits will help with operational efficiency. Attorney Orcutt stated that these procedure changes would have to go through the Administrative Adjudication Law process.

Secretary Denney made a motion for management to proceed in the process of implementing the \$50.00 deposit. Vice Chairwoman Hemlani seconded. Motion was passed.

Ms. Hemlani requested that if this fee should be implemented through the PUC, that it be done at the same time that the rate increase is requested. This would also reduce the expense of the cost of the PUC docket.

e. Committee Reports

i. GM Search / Succession Plan

Chief of Administration, Alicia Fejeran, reported that there has been one General Manager applicant who has met the minimum requirements; however, there is a concern about his ability to work on Guam due to his citizenship.

ii. Zero Waste

Chairman Gayle reported that he had not heard about any upcoming Zero Waste round table meetings. Secretary Denney stated that she received a revised bill to review and discuss with Senator Perez. Chairman Gayle asked that GSWA interests be represented.

V. Unfinished Business

a. Cell 3 Construction Update

General Manager Gast reported that Northwest Linings will be arriving on Guam in the first week of December and that the liner would be down before January 1st, 2021. Mr. Gast stated that the



contract should be completed by April 2021.

Secretary Denney inquired if Core Tech had been complying with safety regulations. Mr. Gast stated that he had submitted a letter of non-compliance and that they had submitted back a response. Mr. Gast is now working on a rebuttal to their response.

b. Ordot Post Closure Update

Chairman Gayle stated the Receivership was supposed to be ending in November 2020. General Manager Gast stated that he was informed by GBB that they had completed their end of the work and are now waiting on USEPA's review and to turn it over to Guam EPA to put out the public notice for the permit process.

Bank of Guam was selected as the Trustee by the Receiver through an RFP process.

Chairman Gayle inquired with Attorney Orcutt if a status update could be requested from the Court or USEPA. Attorney Orcutt will send an email to USEPA for a status update.

VI. New Business

None.

VII. Open Discussion

None.

VIII. Public Forum

None.

IX. Next Meeting

The next Board meeting is scheduled for Thursday, December 10, 2020 via video conference at 1 p.m.

X. Adjournment

Vice Chairwoman Hemlani moved to adjourn meeting at 3:08 p.m. The motion was seconded by Secretary Denney and passed unanimously.