



GUAM SOLID WASTE AUTHORITY
BOARD OF DIRECTORS' MEETING MINUTES
Thursday, October 15, 2020
1:00 pm-2:05 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 1:03 p.m.

II. Roll Call

Board Members:

Andrew Gayle	Chairman
Minakshi Hemlani	Vice Chairwoman
Margaret Denney	Secretary
Jim Oehlerking	Member

Management & Staff:

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

Guests:

Ken Orcutt	Office of the Attorney General of Guam
Nestor Licanto	KUAM News
Charlene Flores	Senator Perez's Office

III. Approval of Minutes

The Board reviewed the minutes for the Board meeting held on September 24, 2020. Vice Chairwoman made a motion to approve the minutes and the motion was seconded by Secretary Denney. The motion was passed unanimously.

IV. Reports

a. Management Report

i. Financial Update

a. Letter to Governor re: CIP Grants

Chairman Gayle stated that he is working with management and sent a letter to the Governor of Guam requesting for financial assistance via grants. He stated that the Governor's Office is requiring additional information and that Comptroller Kakigi is working on that with Bertha Duenas from the Governor's Office. Comptroller Kakigi stated she will reach out to the program manager about the CIP Grant and provide the Board with an update. Chairman Gayle stated he would like to be able to do this yearly since GSWA obligations are not going to decrease and this would provide some financial relief. Vice Chairwoman Hemlani asked if there was a timetable or cycle for the grants.



Comptroller Kakigi responded that it varies and that grants do have cutoff dates and she will find out more from the program manager.

ii. PUC Management Audit Update

General Manager Gast stated that since he has been in Florida that he has been working with MSW Auditors every day. He stated he submitted his last update to Walt Davenport from MSW and expects that something will be presented to the Public Utilities Commission sometime next week. Chairman Gayle states he has hopes that the management audit makes it to the next PUC meeting at the end of the month.

iii. FY 2021 Budget Presentation

Comptroller Kakigi presented that GSWA revenues have been trending flat since 2016. She stated that management anticipates a further reduction in revenues due to the COVID-19 impact. She presented that she has provided to the Board numbers that would show a reduction of 25% and presented different scenarios with this reduction for the first six months and the last six months during the fiscal year. Comptroller Kakigi stated that this anticipation in the reduction of revenues comes from the commercial accounts. Comptroller Kakigi highlighted the material variances such as the increase for personnel costs mainly due to an 88% increase in the employer's share for health and medical. Member Oehlerking inquired on how health rates are negotiated and Comptroller Kakigi explained that the Department of Administration handles the negotiations and then the rates are passed on to the Government Agencies. Comptroller Kakigi reminded Board that the draft budget was submitted prior to receiving the new rates for medical. She also highlighted a budget shortfall for the contracted employees under Pacific Human Resources. General Manager Gast went into detail about the shortfall and how GSWA cannot operate with the current budget. Comptroller Kakigi mirrored General Manager Gast's concerns about expenditures exceeding the approved budget and not meeting GSWA's operational needs. Comptroller Kakigi stated that she is anticipating an additional \$1.1m shortfall. General Manager Gast stated that some programs will need to be reevaluated if additional funding is not found to fund them such as the recycling program. He stated that if the recycling program ceases it will just cause GSWA to break even. Comptroller Kakigi explained the expenditures and the impact that the decrease in revenues and shortfall will have. She stated that management is projecting a shortfall between \$2.4m – 2.8m total. Comptroller Kakigi stated that the scenarios were based on the average of the last four months; June, July, August, and September. Comptroller Kakigi also highlighted that there will be a major shortfall for the contractual services and the vehicle maintenance of GSWA's fleet. She stated that the numbers are based on actuals of the last two fiscal years.

Chairman Gayle inquired as to whether GSWA management is operating on this budget. Comptroller Kakigi stated that management is not operating on this budget but that the cuts made were to balance the budget. General Manager Gast reiterated that GSWA cannot operate and fulfill its operational needs based on the approved budget.

Member Oehlerking inquired as to why GSWA still uses contractual employees versus bringing on in-house employment. General Manager Gast explained that they are mainly used in operations and currently are scheduled when they are needed and are sent home when they are not necessary. He reiterated that all of the Administrative employees are classified and only operations utilize the contractual employees. Member Oehlerking inquired on whether it would be more cost effective to move them in-house. General Manager Gast stated it is not more cost effective and that moving them in-house would be an increase. Comptroller Kakigi stated that it would be costlier as well due to the increase in just health insurance.



Comptroller Kakigi explained that GSWA is only approved to spend \$19.4m and only left with three variable contracts such as Pacific Human Resources, Fleet Services, and Triple J Tires. Member Oehlerking asked whether the fixed contracts have COVID relief. Chairman Gayle stated that the vendors are still performing their regular duties and services so there is no relief.

Comptroller Kakigi reminded the Board that GSWA is not authorized to operate at a deficit and needs the Board's assistance with direction on how to move forward. The Board and management discussed not having a reserves but agreed that it is bad practice to do so and that they will need to discuss a plan to address the shortfall.

The Board inquired as to when the Receivership will be ending and no longer be a cost to GSWA. General Manager Gast stated that it is expected to end in November 2020.

b. Committee Reports

i. GM Search / Succession Plan

Chief of Administration Fejeran stated that there was a notification that five individuals downloaded the applications; however, no one has submitted a completed application for the General Manager position. She stated the last download was on October 2, 2020.

Chief of Administration Fejeran stated that there were three applications submitted for the Assistant General Manager of Operations position and that they were sent to General Manager Gast for his review. She stated that the job announcement was posted on Pacific Daily News; however, no additional applications have been received. Chairman Gayle asked General Manager Gast if he was vetting the applicants. General Manager Gast stated that he will be making selections for interviews and coordinating the interviews with the applicants. Attorney Orcutt stated he will look into the statute further to confirm if the Board needs to approve the selected candidate prior to hiring.

ii. Zero Waste

Charlene Flores from Senator Perez's office informed the Board that the Senator is looking to hopefully hold a meeting by the first week of November and she will update the Board regarding a date.

V. Unfinished Business

a. Cell 3 Construction Update

General Manager Gast stated that the construction is still progressing well. He stated there was a postponement on the northwest lining. General Manager Gast informed the Board that two letters have been sent to CTI regarding unsafe work practices that have been observed. He also informed the Board that if they do not comply or implement the safety protocols, then he will have to enforce that they have only one shift per day. Chairman Gayle asked if this will affect their timeline. General Manager Gast responded that he hopes CTI adjusts their safety practices. He stated that the northwest lining is the major part of the project.

b. Ordot Post Closure Update

Chairman Gayle stated that there will be a meeting with Walter Leon Guerrero from GEPA and hopefully they will be able to get a general update. General Manager Gast stated that the last that he saw was November 15, 2020 as the final turnover date for the Receivership.

VI. New Business



Chairman Gayle stated that he was informed that GSWA and General Manager Gast have been named in a class action lawsuit. Attorney Orcutt stated he is going to research further into the lawsuit. He stated that the lawsuit filed is seeking double pay on behalf of Government of Guam employees based on the double pay under the CARES ACT. He informed the Board that the Attorney General's office will represent GSWA; however, there needs to be a specific motion to authorize the AG's office to represent General Manager Gast.

Chairman Gayle brought up the current status of Comptroller Kakigi's contract and informed her that they are still working on it. Comptroller Kakigi stated she was seeking the Board's approval on her membership with Government Finance Officers Association to be paid for by GSWA. She stated that it stipulates in her contract that she has to receive Board approval. Vice Chairwoman Hemlani made a motion to approve Kathy's membership with the GFOA to be paid for by GSWA and the motion was seconded by Member Oehlerking. The motion passed unanimously.

Chairman Gayle requested that the Trash Talk Report be updated and presented at the next Board meeting.

VII. Open Discussion

None.

VIII. Public Forum

None.

IX. Next Meeting

The next Board meeting is scheduled for Thursday, November 12, 2020 via video conference at 1 p.m.

X. Adjournment

Vice Chairwoman Hemlani moved to adjourn meeting at 2:05 p.m. The motion was seconded by Secretary Denney and passed unanimously.