



GUAM SOLID WASTE AUTHORITY

LOURDES A. LEON GUERRERO
Governor of Guam

JOSHUA F. TENORIO
Lt. Governor of Guam

IRVIN L. SLIKE
General Manager



GSWA BOARD RESOLUTION NO. 2022-011

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AUTHORIZING GSWA MANAGEMENT TO EXERCISE ITS RENEWAL OPTION AND NEGOTIATE NEW TERMS OF THE AGREEMENT TO OPERATE THE LAYON LANDFILL

WHEREAS, Gershman, Brickner & Bratton Inc. (GBB), in its capacity as Receiver for GSWA, entered into a contract with GGH Guam, LLC under SWD 001-10 for the Operation of the Layon Landfill; and

WHEREAS, the Assignment Agreement was entered between GBB and GSWA and took effect upon termination of the Receivership; and

WHEREAS, GSWA's contract with GGH was awarded in 2011 with a term of seven (7) years with two (2) options to renew for an additional five (5) year period; and

WHEREAS, current Layon Operator contract's first renewal term is set to expire in September 2023; and

WHEREAS, GSWA has until September 2022 to inform GGH in writing if GSWA will exercise its second renewal option; and

WHEREAS, recent inflation has drastically impacted pricing under the current contract terms beginning FY2022; and

WHEREAS, GSWA General Manager has begun discussions with GGH to negotiate contract terms should GSWA enter into the second renewal term; and

WHEREAS, GSWA is seeking Board Approval to renew and amend the current contract to allow significant savings and to include additional necessary requirements for a successful operation of the Layon Landfill; and

WHEREAS, the parties have agreed to the following amendments:

- a. SECTION 2.02 Renewal Term is amended to now reflect a minimum continuous contract period through September 2026 with a potential renewal period extending through September 2027. The terms of the renewal period shall be agreed upon before January 31, 2026 before or by 11:59pm.
- b. SECTION 3.01 (B) The Base Operating Fee is amended to now read Green Group is agreeable to immediately roll back the current Base Operating Fee by 7.323% (one-half of the most recent CPI adjustment) for the remaining unbilled months for the current contract year and cap any future adjustment thereafter during the extension term to no more than 5%.



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The following formula shall be used to determine if an additional annual CPI adjustment over the 5% maximum would be warranted:

- 0% to 5% annual CPI increase - the annual CPI rate increase would be according to the contract terms.
- 5% to 10% annual CPI increase - the annual CPI rate increase would be capped at 5%.
- 10% and higher annual CPI increase - the annual CPI rate increase would be 50% of the calculated rate increase according to the contract terms.

The index is weighted with equipment, labor, and fuel. The percentages that determine the annual CPI rate increase according to the contract is illustrated in the table below:

Base Operating Fee:

Fixed Component (no adjustment applied) 18%

Construction Machinery & Equipment 30%

Employment Cost Index 37%

Diesel Fuel 15%

- c. SECTION 3.01 (C) Excess Operating fee is amended to now read Green Group is agreeable to accept 100,000 tons per contract year under the Base Operating Fee and be entitled to receive additional compensation of \$25.00 for tonnages exceeding this level. This per ton rate would not be applicable to future pricing adjustments.
- d. SECTION 4.01 Onsite Excavation Areas and Stockpiles is amended to now include ***Additional Cover Soil Placement on Cell 3.*** At no additional cost to GSWA, Green Group agrees to putting an additional twenty-four (24) inches of final cover material on the exterior slopes of Cell 3 as the cell is constructed.
- e. SECTION 4.03 Final Cover Construction is amended to include that Green Group agrees that the placement of final cover (Cell 1 and Cell 2) other than cell 3 should be at a maximum of \$5.00 per cubic yard. The exact costs are to be determined later in the contract upon further evaluation by both parties.
- f. SECTION 13.04 Convenience Termination Election in Certain Circumstances is amended to now include that this section of the contract shall not be effective until September 2026.

WHEREAS, the amount required for the renewal term is estimated at \$11.7 million dollars; and

WHEREAS, the funding for the renewal term will derive from GSWA's Operating Fund; and



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THEREFORE, BE IT HEREBY RESOLVED by the Board of Directors as the Governing Body of the Guam Solid Waste Authority approves GSWA's management team's request, subject to the approval of the Guam Public Utilities Commission, as follows:

1. The GSWA management team is authorized to negotiate, accept, and amend the terms of the contract with the current vendor on behalf of the Authority.

BE IT FURTHER RESOLVED that the Board of Guam Solid Waste Authority does hereby authorize the management team to submit the renewal contract to the Public Utilities Commission, as required.

Ayes: 5

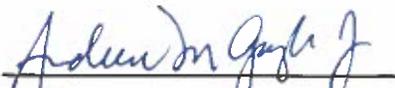
Nays: 0

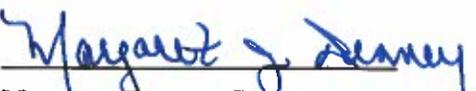
Absent: 0

Abstain: 0

Upon said roll call, the text of the foregoing was duly enacted as a Resolution of the Board of Guam Solid Waste Authority, Guam, on the 27nd day of July 2022.

**GUAM SOLID WASTE AUTHORITY
BOARD OF DIRECTORS**


Andrew Gayle, Chairman


Margaret Denney, Secretary

ATTEST:

ALICIA FEJERAN, CLERK

BY: 