



EDDIE BAZA CALVO
Governor

RAY TENORIO
Lieutenant Governor

Office of the Governor of Guam

June 30, 2016

The Honorable J.F. Benjamin Cruz
I Mina'trentai Tres Na Liheslaturan Guahan
155 Hesler Place
Hagatna, Guam 96910

Dear Vice Speaker Cruz,

It has come to our attention that you received a letter from the Guam Solid Waste Authority federal receiver, saying they would have to again increase the solid waste fees for residential and commercial customers to live up to their duty to pay debt owed to Guam's taxpayers.

As you know, Gershman, Brickner & Bratton, the federal receiver appointed by the District Court to oversee the closing of Ordot dump and opening of Layon Landfill, has not paid the debt service each year to repay the \$200 million loan. The federal court ordered GovGuam to take out the loan to pay for the dump and landfill.

During a public hearing last week, Department of Administration Director Christine Baletto informed you that about 36%, or approximately \$43 million, of the cumulative deficit for Fiscal Years 2014 and 2015, is because of GBB's failures to live up to its obligation to ensure the bond indenture service is paid and that all related costs were addressed in their estimate.

Also, in his June 27 letter to you, David Manning writes that \$17.9 million is the anticipated annual revenue. According to a GBB report on the GSWA website, their anticipated expenditure for the current fiscal year is \$18.6 million, which would mean they are operating beyond their budget. Perhaps this is why they can't pay their debt to Guam's taxpayers.

The Administration has repeatedly asked GBB to live up to its obligations. In the report, Manning acknowledges this, saying, "... *we have also been clear that a substantial rate increase would be needed if the Government of Guam wished to recover the debt service cost it pays with federal Section 30 funds. We have indicated on numerous occasions that the Government of Guam is free to enact a rate increase if it determines the government needs to provide the General Fund with additional revenue. We have repeatedly informed the government that the Receiver would implement any rate increase the government lawfully enacts. To date the government has taken no action to increase rates.*"



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Manning's letter references Bill 338, which offers a holistic solution to addressing GMHA's financial dilemma. However, GBB's failure to live up to obligations it initially agreed to is costing the people of Guam when this money could be used to help our island's only public hospital.

We understand that you would like to ensure responsible management of taxpayers' dollars. We look forward to hearing from you and welcome the opportunity to work together in order to find a solution that would help our island community.

Respectfully,



EDDIE BAZA CALVO
Governor of Guam