



## **OFFICE OF SENATOR SABINA FLORES PEREZ**

Chairperson

Committee on Environment, Revenue and Taxation, and Procurement

*I MINA'TRENTAI SINGKO NA LIHESLATURAN GUÅHAN*

35<sup>TH</sup> GUAM LEGISLATURE

### **Senator Perez's Comments from today's public hearing for Bill 79-35**

*Guam, May 3, 2019* – Bill 79-35 is an important bill for our people, and for our island. It finances the construction of a new cell at Layon, protecting our environment from a potential disaster when the landfill runs out of space in two years. It also provides financing that ends the receivership of GSWA, and does so without raising rates.

Since 2008, Guam's solid waste services have been under court-ordered receivership. The receivership was due to end by December of 2017, but the handover was repeatedly delayed over the Court's concerns of GovGuam's ability to handle the financing and operations of solid waste services. This year, Chief Judge Tydingco-Gatewood made clear that, as a final step to ending the receivership, GovGuam must finance an expansion of the Layon landfill.

With the finish-line in sight, the Governor assembled a team to develop a final financing plan. In numerous meetings, I witnessed some of the best of our government in action. Even our federal counterparts were impressed by the progress, expressing to Judge Tydingco-Gatewood in court that GovGuam was now moving with lightning speed. These efforts, resulting in Bill 79-35, allowed Judge Tydingco-Gatewood to end our decade-long, onerous receivership.

Bill 79-35 authorizes GovGuam to issue one or more series of bonds for an aggregate amount not to exceed \$30M, to finance the construction of a new cell at the Layon landfill. Because the market is wary of GSWA's recent receivership, the bonds are backed by GovGuam in order to obtain more favorable borrowing terms, but these bonds are still paid for by revenues collected from services provided by GSWA. Interest rates are set not to exceed 6%, but given current market rates, the fiscal team estimates borrowing at under 4%. The maturity date will be in 12.5 years, which corresponds with 2 years of construction and the 10 year lifespan of the new cell.

This bill is critical in demonstrating to the Department of Justice, USEPA and the Courts that we are capable of regaining control of solid waste services. We cannot risk the ire of the Court, or the return of the receiver, by failing to finance the expansion of Layon. For only with the receiver gone can we pursue competitive contracts, reduce costs, and ensure the best value of our funds.

Timing is of the essence. Layon landfill is expected to reach full capacity in two years. Bear in mind that construction of a new cell takes two years. So, we must secure financing, and begin construction, before this rainy season starts. Otherwise, we face a significant environmental threat in just two years.



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We must finance the expansion of Layon. We can either borrow under reasonable terms, and without raising rates, as outlined in this bill. Or, we reject this bill, and we pay for construction through immediate and extreme rate increases.

Borrowing is never easy. But for capital improvement projects, it's the prudent course of action. Our constituents elected us to make tough, sound financial decisions. The bill before us today provides a path that expands Layon while protecting ratepayers.

I thank the eight co-sponsoring Senators for their bi-partisan support, and the Committee on General Government Operations, Appropriations, and Housing for hearing the bill today. And I thank my remaining colleagues who I hope will support this measure once their questions are answered. I also thank the Governor and her fiscal team, the Guam Solid Waste Authority, GEDA, DOA, BBMR, USEPA and Guam EPA, and the Office of the Attorney General of Guam, for their collaborative efforts in crafting this plan.

Our island is ready to step up and take responsibility for our solid waste services. With Bill 79-35, we're ending the receivership, we're protecting ratepayers and the environment, and we're taking back our landfill.

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