

Marshall Islands Chamber of Commerce

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Meeting Minutes

Tuesday, October 17, 2006

Marshall Islands Resort

Meeting called to order by President Jack Niedenthal at 12:01 P.M. Approximately 60 members and guests were in attendance. The next regular meeting will be on Tuesday, November 14, 2006.

- **Minutes** – approved electronically prior to meeting
- **Revised Bylaws** – approved
- **Guests**
 1. Hon. Mattlan Zachras, Minister of Public Works, Republic of the Marshall Islands (RMI)
 2. Smith Ysawa, Secretary of Public Works, Republic of the Marshall Islands (RMI)
 3. Imang Chong Gum, Public Works
 4. Maurie William, MEC
 5. Alinton Robert, Majuro Water and Sewer
 6. Iva Reimers, Ministry of Resources and Development
 7. Tony Tomlinson, BECA
 8. Steve Wakefield, Acting GM, MEC
 9. Steve Why, Marshall Islands Conservation Society
 10. Mike Mullins, Consultant, Ministry of Resources and Development
 11. JR Lopez-Vito, Sales and Operations Manager, TAT Petroleum (Guam) Inc., Mobil
 12. Tony Neil, Executive Director, Pacific Power Association, Fiji

13. Sonja Stroud, US Embassy Intern
14. Terry Mellons, General Manager, Majuro Water and Sewer
15. BECA Consultant, Public Works PMU Unit
16. Herculano Lagunay, Public Works PMU Unit

- **Financial** – \$3988.99 balance in BOG
- **Chamber President's Remarks**

Kommolol Anij kin ien in. I would like to take this opportunity to recognize the Hon. Minister of Public Works, Matt Zachhras, and all the other officials present connected with the Ministry of Public Works, members of the Diplomatic Corps, the general public in attendance, and of course our Marshall Islands Chamber of Commerce membership.

The Ministry of Public Works is very important to the lives of every man, woman and child in the Marshall Islands. The simple fact that this meeting was cancelled last week because of the high waves underscores this statement. The responsibility that Minister Zackhras and his crew has is huge, so on behalf of the Marshall Islands Chamber of Commerce I would like to thank you all for being here at this forum.

Today we are going to try to talk about two main topics: solid waste disposal and the energy situation here in the RMI, along with a few other miscellaneous items. We have many questions, so I would like to try to keep the discussion moving. Because we have so much ground to cover today, I would ask that when recognized members of the audience ask questions and try not to make speeches.

After the Minister's opening remarks, Ben Chutaro will give a short power point presentation about the solid waste problem here in the RMI. Then we will go immediately into our Q & A session.

Thank you all again for coming today.

- **Guest Speaker** – Mattlan Zachras

I would like to thank the Chamber of Commerce for inviting the Ministry of Public Works today. The Public Works staff is here today along with Majuro Water and Sewer, and MEC staff. Project Manager Tony Tomlinson is also here today. We weren't able to get the KAJUR staff.

The primary responsibilities of Public Works is to upgrade government property, maintain outer island airfields, maintain the public easement (road) in Majuro, manage the energy sector, and maintain the Majuro public landfill site. Some outer island airfields need upgrading. This will require more funds. Some airfields are closing down.

Work needs to be done with the landfill site. Government agreed to accept an Asian Development Bank (ADB) Technical Assistance (TA) grant to study the requirements. One of the purposes of this ADB TA is to increase “ownership” of the solid waste issue by all concerned. A separate corporation is being incorporated now. This has been a primary recommendation of the ADB TA and the Solid Waste Taskforce. Once incorporated, government will select a Board of Directors. The Board will then select a general manager.

Other interested parties such as the Marshall Islands Conservation Society have been active in the area of solid waste such as in the solicitation of other grants to help with the solution.

The energy sector is comprised of Jaliut, Wotje, KAJUR, MEC, and MWSC. Everyone in the Marshall Islands has been affected by recent fuel price increases. There is a US Department of the Interior TA presently studying electricity costs and rates. KAJUR is going through challenges. Power rationing is still occurring even though new or repaired engines have been delivered. MEC is assisting with some remaining technical issues.

There is a pending JICA water project that is in the design phase now.

Guest Presentation – Ben Chutaro showed a PowerPoint presentation about solid waste in Majuro.

- **Questions** – except as noted otherwise, all answers were from Mattlan Zachras

SOLID WASTE

Q. Chamber. We currently have a split responsibility between MALGOV and Public Works on the responsibilities for the rubbish collection and the responsibilities at the dump sites. What is your opinion on who should be totally responsible for the collections and dump site, MALGOV or Public Works, or do you have another suggestion?

Q. Chamber. What is PW position on the proposed Solid waste corporation? What is the hold up in getting this corporation approved? What is the timetable--if any--for a decision on who will be responsible for collecting and the proper disposal and handling of the waste at the dumpsite?

A. The timetable depends on how we all cooperate. MALGOV handles collection. EPA provides the regulations. Public Works manages the dumpsite. The government has allocated \$350,000 for this year. The new authority could be incorporated as early as this week.

Q. Neal Skinner. Will any work be subbed out?

A. We hope it can.

Q. Carmen Bigler. When with the authority start to work? Will it take a long time to work? It's important to start working now.

A. The Solid Waste Taskforce has been a disappointment having accomplished little even though staffed with capable people. The authority needs to select the right board members.

Q. David Strauss. Why can't we cover the dump?

A. Equipment has been down. Alternative equipment increases cost. But, I'll do it.

Q. Chamber. Has MALGOV had any meetings with Public Works regarding the poor condition of the rubbish bins and refuse trucks?

A. We've had a few meetings and provided some funds.

Q. Danny Muno. In 2004 the ROC offered to donate bins. The RMI didn't accept. Why?

A. Jerry Kramer. The RMI prioritizes the application of a single ROC allocation. The bins never had a high enough priority.

A. Why not do it right now? Perhaps we should have covered bins.

Q. Steve Why. We plan to fix the dumpsters and paint them green Will Public Works and the Chamber of Commerce support this?

A. Public Works will match funds.

A. Jack Niedenthal. Tell us, and we'll do it.

Q. Art Coburn. Why are small bins better?

A. Ben Chutarro. Small binds allow compaction and fewer costly trips to the dump.

A. Roger Cooper. I'm working with Steve Why. We're days away from doing something with green waste that constitutes 35 – 50% of the landfill. We'll turn it into compost. In four months, these compost piles will be suitable for use in covering the dump and growing plants. Green painted waste bins will be going out to the entire island.

A. Ben Chutarro. Business waste amounts to 30% of the landfill.

Q. Chamber. Why has the Solid Waste Task Force been having meetings since 2001 with nothing to show for all this time spent meeting?

Q. Chamber. Is the public dumpsite safe? Why is there no security at the dump as required by the Solid Waste Regulations?

A. Public Works has someone there. It's hard to push people away. A better approach is to move the cans to some other place.

A. Carmen Bigler. We should put a fence around the dump for better security. We can do public awareness training. And we can do like the Salvation Army and pick up roadside donations.

A. Steve Why. People now scavenging in the dump will be given a job.

Q. Chamber. What is the estimated life of the seawall at the dump? Are there plans to extend the seawall at the dump a hundred feet in the Rita direction?

A. There is a short lifespan. We're looking for ways to do it better. We're working with the ADB engineer to extend the life of the current dump.

Q. Chamber. Do you feel that we can safely burn the rubbish? What is PW position on the incinerator? Have they used it? Do they plan to use it?

A. We should burn rubbish. But there have been resident complaints. We're looking for the correct burning equipment.

Q. Chamber. Is the government considering the recommendations brought forth by the current ADB study on solid waste management?

A. Yes.

Q. Tom Maus. Tarawa was successful in can recycling due to a tax on cans.

A. This is being considered. The Cabinet wants to wait for the new corporation.

A. Jerry Kramer. I'm told that it hasn't worked well in Tarawa.

A. Ben Chutaro. The trouble with Tarawa is that it's a government project. It should be run by the private sector.

A. Jerry Kramer. We've made progress with this new corporation.

A. We have the same challenges as other Pacific islands.

POWER/WATER ISSUES

Q. Chamber. Do MEC, KAJUR and other public Power authorities that we have in the RMI all fall under the authority of PW? Who does KAJUR/MEC/others report to, and is the entity that these agencies report to also in charge of creating policies and directives for them to follow?

A. All ultimately report to Public Works, but the Boards are responsible.

Q. Chamber. Since the breakdown of KAJUR, who has control of it now? We know MEC manages KAJUR but if there is a board for KAJUR, who are the board members and how are members selected?

A. KAJUR is now under the MEC Board of Directors.

Q. Chamber. Is MEC going to be sold? Is it going to be offered as a public company and sell stock? Will it remain under government control?

A. The government is now doing its due diligence. According to the bylaws, stock can be sold, and MEC can engage in joint ventures on either the distribution side or with fuel sales. We expect a draft report from the DOI sponsored consultants in November. Then the government can make a decision regarding any offers.

Q. Chamber. How many households in Majuro have had the power shut off? Do you feel the ones that have been disconnected will ever be reconnected?

A. Greg, MEC. 310 customers have been disconnected for non-payment. Collection efforts vary but ultimately collection is pursued through the AG's office.

Q. David Strauss. How about prepaid meters like Ebeye?

A. Ebeye has 3 million in receivables even with the prepaid meters. There hasn't been good management of this on Ebeye.

Q. Chamber. Who decided on the power rate structure for MEC?

A. In 2005 the government approved a tariff template based on published world oil prices. Now MEC management proposes rates, and the MEC Board can approve based on this template.

Q. Art Coburn. Will costs now come down?

A. David Strauss. The oil in the tanks has already been purchased at a fixed price.

A. Agreed.

Q. Jack Niedenthal. Are we almost out of fuel?

A. Yes. The tanker is loading today and will arrive about the time that we run out of oil. It takes the tanker 12-15 days to arrive. MEC now has 180,000 gallons of oil.

Q. Jack Niedenthal. Have we stopped selling fuel?

A. Yes.

Q. Jack Niedenthal. Why are there scheduled power outages on weekdays when businesses are open?

A. MEC staff person. People want to do their laundry and shopping on Saturdays. Employees don't want to work on Sunday.

Q. Art Coburn. Do we have a national emergency fuel reserve?

A. No.

Q. David Strauss. How much will this load of fuel cost?

A. We need 3 million for this shipload, and we now have half of that.

Q. Jack Niedenthal. What happens if you can't find the other 1.5 million?

A. They only unload what we pay for.

Q. Jack Niedenthal. What's the plan to pay off the debts?

A. We'll try to consolidate the debts. Some of the pending MEC proposals deal with that. Were we to charge our customers enough to cover our present costs to operate MEC, we would have to raise "lifeline" customers from 20 to 21 cents per kilowatt hour; residents from 20.5 to 24.5, commercial from 25.5 to 29.5, and government from 25.5 to 31.5.

Q. Jack Niedenthal. Will the fishing vessels stop coming if we can't reliably supply them with fuel?

A. We went from a consignment system to now having to "pay as you go." The 8.9 million balance of the RUS loan costs 270 thousand per quarter.

A. Steve Wakefield. The insurance claim is under review.

A. When you're on a consignment arrangement, if you stop selling fuel the fuel in your tanks becomes instant debt.

Q. David Strauss. Is it true that Mobil is pulling out of Jaliut and Ebeye?

A. True. Mobil has told us that there are no economics of scale there.

Q. Ben Chutaro. What happened to the letter that the Chamber of Commerce wrote to David Cohen requesting that the US State Department investigate Mobil oil business practices in the Marshall Islands?

A. Tom Maus. Ask Al Fower. This relates to the US Department of the Interior.

Q. David Strauss. When will Mobil stop serving Jaliut and Ebeye?

A. We don't know yet.

Q. Ben Chutaro. Does Mobil want to unload its Uliga tank farm to reduce their costs?

A. Yes. This is also true for the FSM.

Q. Chamber. Does MEC have any plans on offering residents of Majuro solar alternatives vs. not having power for lights and refrigeration? Is there grant money available to set up solar systems on Majuro?

Q. Chamber. Is the water that is provided to the households in Majuro from MWSC safe to drink at the start of the line? at the end of the line?

Q. Chamber. MEC lost \$600,000 in 2003 (not counting Compact contribution), over a million in 2004, and over three million in 2005. What were the causes of the losses?

Q. Chamber. Who was responsible for agreeing to pay Mobil 18% interest on the outstanding debt? Why was this done?

Q. Chamber. How is the recruiting process for new GM coming along? Have candidates been selected and interviewed?

A. The current general manager will stay on for approximately three months and, perhaps based on the President's desires, will stay until all current issues are solved.

GENERAL QUESTIONS

Q. Chamber. Why doesn't PW clean and landscape all public areas and roadsides?

Q. Chamber. When will they fix the grave-sized pothole on the road by the Pub? Who is responsible for surveying the roads for potholes and making sure they get repaired?

Q. Chamber. Are those PW guys sweeping the road or prisoners (we could make better use of our prisoners if they are not the ones sweeping instead of government workers)?

Q. Chamber. Are there any ongoing investigations regarding illegal hookups of electricity and water?

Q. Jack Niedenthal. Who is responsible for fixing the roads, cleanup, etc.?

A. Public Works is in charge of surveys of the road. This is a huge task. It's a lot of work to upgrade the road from the airport to Laura. A frequent problem is the availability of asphalt. We have some now leftover from the airport project. We work with the Ministry of Justice to utilize prisoner labor.

Q. Art Coburn. I'd like to thank Public Works for the speed bumps near the new Baptist Adjeltake School.

Q. Carlos Domnick. The President mentioned a disaster coordination committee that failed. Who is in the committee, and why did it fail to mobilize?

A. Everything has been said by the President.

Q. David Strauss. How many engineers do you have including BECA?

A. 3.

- **Committee Reports** - None

Meeting adjourned at 2:30 PM.

Minutes prepared by:

Jim McLean

Approved _____

Approved with Corrections _____