

want to be sure local financial institution will not assist the people needing help. Additionally this program is designed for those financially unable to get normal loans.

- ❖ EPA – If this program is meant to be self-sustaining, the interest rate should be set at such a level to accommodate inflation, default risk and administrative costs. GWA – recognizes zero ability to default in this matter, as the penalty aside from water service discontinuance is a lien on the property. The Commission can review the interest rate in the future to determine sufficiency with the listed concerns and adjust accordingly.
- ❖ EPA – Beyond increased interest rates, will there be any other late fees? GWA – Not at this time are we considering any other late fees.
- ❖ EPA – Has GWA considered taking over the construction with GWA staff (or via contracts) rather than leaving construction to homeowners? GWA – Construction is not left to the homeowner. Item 4 of the proposed rules requires a licensed contractor to do the work. A requirement will be included to get quotes from three contractors.
- ❖ EPA – Will there be a dollar limit for each loan? Some projects may be so complex that the pot may be reduced significantly. GWA – Good suggestion GWA will take this under advisement.

GWA must submit a final program by October 2005 and implement by January 2006 before fines are implemented. GWA must go through the AAA process and a fair amount of time will be required. Want to complete this for the implementation of the FY06 budget.

Comm. Nelson questioned what are the consequences should approval be denied and the GM responded that even after a month nothing would happen it's just that the AAA process takes time anywhere between 60-90 days and SLC clarified 6-months. She questioned what process is the GM going to take if this needs to be expedited and his response was if the Commission had 6 months, then next month would be 6 months to the time it has to be implemented then we're looking at fines. Chairman understand that the Legislature has up to 90 days to approve it and questioned if it would take us 90 days to have it and the response from the SLC is at least 50 days to play it safe because of the notice requirement, 30-days to make changes, then submit it to the Legislature. After much discussion, Comm. Nelson made a motion approving the GM's request.

M/S/C

Comm. Nelson/Comm. Palomo

Move to authorize management to proceed with the process on this proposal. Motion carried.

Comm. Palomo mentioned that it's good that with these kinds of decisions that are long lasting that it be supported by a resolution. GM Craddick suggested if he would like to have it done now it would be okay but it would be better to wait until after it goes through the AAA process and the Legislature, which would be a more appropriate time.

05-24 Response to CSC Action on CCU Positions – GM is requesting from the Commission their response regarding the CSC’s response on the positions of AGMAC, P/T, C/D and Compliance Monitor Officer. The CSC has taken upon itself to review the positions created by the CCU and the GM does not believe the comments have merit and that a response should be provided, which may result in litigation. This is why the GM is requesting the Commission’s input before responding.

Item is also placed under the Executive Session on tonight’s agenda because the GM recommends that it be discussed with the SLC before forming a response. **There was no objection that it be discussed in Executive Session.**

05-25 Requesting Approval of Fiscal Year 05 Budget Amendment – Submitted a written report and attached was the FY05 Budget. GM explained in his report that the changes are primarily driven by the delay in implementing the financing for certain projects. Some are from the reorganization; additionally a large portion of the increase is due to increased chlorine needs, which USEPA required from GWA to alter some of its procedures. Revenues have been revised to reflect the trend towards higher sales for the first five months of the year. Additionally, debt service requirements are shown as being reduced because of the delay in financing. Net effect of the changes is to increase the operating budget by \$895,840 and overall net cash flow from the budget is increased to \$7,519,650. It was pointed out by the Chairman that under revenues from the original budget \$41.2m, we’re projecting a \$3.6m increase based on for five months, indicating that revenues are going up to a revised figure of \$44.8m. Under personnel services the Chairman indicated the minor decrease. Comm. Nelson questioned where is the decrease. The GM indicated that under the amended amount for personnel services it should have been \$236k and not \$226k. Randy explained that when he was putting a transfer out, the reason this was started to get all the invoices accurate and the increments of about \$234k that would offset the decrease so it would be \$2k surplus. The \$226k reduction is a plus and we add back the \$234k for the increments so the net change would be \$8k more. The good news is we can pay the increments; there’s been a reduction of the number of people; and the savings from the number of people that help us pay the increments. Under payroll little has changed, it is still going to be \$12,150,000 but there’s been a reduction of employees by \$226k and increased the amount of budget for increments now that the Agency is authorized to pay everyone for their increments. The Chairman questioned what are the changes under contractual the \$225m, which is outsource the meter reading; QualServe Team; leak repairs, then with the equipment rental its \$235k. Materials and supplies there’s a breakdown increase of \$292k and the chlorine increase of \$367k. Comm. Palomo questioned why is there an increase on equipment rental with the understanding that the Agency had purchased some equipment. Mr. Craddick responded that the only equipment GWA had purchased was a crane and still renting a backhoe and pumper truck. GWA is still trying to purchase two backhoes and two pumper trucks.

M/S/C

Comm. Palomo/Comm. Nelson

Move to approve the FY05 Budget Amendment as presented by the GM and CFO. There being no objection motion carried.

05-26 Tiyan NAS Gallery/Mess Hall Land Matter – Requesting action from the Commission to resolve a potential land matter at Tiyan to allow GWA to enter into agreement with the Arriola family (Joaquin C. Arriola, Esq.) recognizing GWA's use of a portion of the property until the title issue is resolved. GWA has title via Grant Deed to the Tiyan NAS Gallery/Mess Hall, which the Ancestral Land Commission has awarded to the Arriola family. GWA has a need of a 3000 sq. ft. portion of the said premises for about a year for storage of permanent customer service records currently stored in the old GWA warehouse (metal) building located to the South of the current main office building. The storage area is needed until the existing building is repaired. The proposal is enter into agreement wherein if the Ancestral Land Title is found to be superior to the GWA title that GWA would sign the property over to the family given title by the Ancestral Land Commission and the temporary use until it is no longer needed by GWA. A sketch of area was attached to the written report. GM reported that discussion has been made and the family is in agreement for the usage. There was no objection in proceeding with the Arriolas to negotiate, but something in writing for the final negotiation.

IV. PUBLIC COMMENT – None.

V. STAFF REPORTS

1. Production/Treatment (Mark Miller) – Submitted a written report. Mark informed the Commission that he wants to change the report and make one that would satisfy everyone especially with deep well production. The report Mark submitted satisfies USEPA, GEPA, and the Agency. He wants to standardize a monthly water production report. According to the GM, Mark is working with Joe Garrido on a program to identify the service areas of certain wells to get the meter book so that we can start doing audits. Mark indicated that wells in orange are repairable; red ones are challenging; and the yellow ones are with issues that need to be worked on.

2. Collection/Distribution (Tony Chargualaf) – Submitted a written report. Tony reported that on the water section he indicated that there's two pump station still operating with one pump and the other pumps would be installed by the end of this month. On the wastewater there's two stations. The issue here is the infrastructure where the discharge lines need to be renewed or replaced. The Chairman requested from Tony if he could come up with a breakdown by fiscal year of how much total gallon has spilled. Comm. Nelson recommended to management is paint GWA's facilities with the same color so that it can be identified that it's GWA's.

3. Financial Report (Randy Wiegand) – Written report was submitted.

a) Revised Financing Schedule for GWA Financing – Randy submitted a Financing Schedule for GWA's Water System Revenue Bonds with UBS Financial Services, Inc. showing the closing date for August 9, 2005. According to Mr. Craddick UBS sent another letter for clarification purposes and UBS is trying to push back a lot of the projects. Documentation for the Legislature is in process right now.

b) March Financial Statement – Although a written report was submitted, Gilda Mafnas, Accounting Supervisor, walked it through with the Commission members. The

Chairman indicated the following: total O&M \$150k higher this year than last year; benefits are higher - contribution rates for retirement funds; higher cost of Navy water; even in revenues are up \$1.7m for the first half of the fiscal year. A year ago we had a \$1.7m less in revenues; spending the same amount in O&M; and a year ago operations lost \$1.3m. This year we have \$1.7m and additional revenues; same O&M (some items higher/some lower) but now the operating income is \$175k, which is an improvement of \$1.5m comparing this fiscal year's first 6-months to last fiscal year's first 6-months. Indicating GWA turning from a loss to a small operating gain, which is a nice turnaround. The Chairman added that if wasn't for the privatization study, GWA would have made \$1.6m through June compared to losing \$1m last year. GWA has made \$2.5m turnaround in one year from lost profit, the only reason the profit is lower this fiscal year than it would have been is because of \$1.2m for privatization.

4. Compliance Report (Paul Kemp) – Written reported submitted. There's been no notice of violation. According to the GM there is two more people coming in for the DRC positions from Montana and Indiana in the next few weeks. Chairman questioned how many more are needed ideally and response from the GM is he is working on a schedule with Tony and Mark to do a more detail coverage of the smaller systems. Chairman asked the status of the generators and in Paul's report it was indicated that 28 are to be installed by the 22nd of July. The status of the Santa Rita project was being questioned by the GM of the design and according to Mark, Danny Galiza (Engineer) is handling this project.

5. HR Report (Elaine Cruz) – None was reported due to her absence.

6. Legal Report (Sam Taylor, Esq.)

a) GTA Employee Transfers – Did a research on this topic and still looking for some documents from the GTA sale, which the Legislature ratified and adopted which have a bearing on this issue. According to the GM he has not seen a list from GTA. According to the SLC we're required to have an open and fair competition for every position.

b) Contract Formation - No report since he is still working on it and doing research on it. This is on the contract to outsource meters and contracts in general such as the bids, RFP, doing a general explanation. At this time the Chairman brought to the attention of the GM that in the past there has been procurements that GWA has had problems with such as to issuance and inquiries were made about the protocol, and whether Legal reviews the RFP before they go out. GM responded that it should be reviewed by the SLC before it goes out. By the time it comes to him (GM) it's time to get it out already.

VI. OLD BUSINESS

1. GM Report 05-09 Performance Indicators – None. The Chairman brought up about the arrival of the QualServe Team that would be arriving on the 14th of this month. GM reported there's going to be an in briefing on Tuesday and out-briefing on Friday.

contract is that when there is a back up to contract it out. **Tabled for the next meeting due to the absence of Comm. Ada.**

VIII. COMMUNICATION

1. Ltr from Frank Blas, Jr. (Recovery Coord. Office) – This letter was in regards to GWA not filing the report and that the Agency would have to pay FEMA back. Some reports were done, some were not, and some, where the money given was not sufficient enough. Mr. Craddick has no idea of a lot of them because most of them were in the past. He assigned it to Treatment/Production and Collection/Distribution to get with Jude Calvo and respond to it. Comm. Nelson asked who is responsible to file the report and Mark Miller explained that in the past the Planning Division having worked there coordinated with the in-house engineers whenever there was FEMA project, payment or FEMA reimbursement. The difficulty GWA had was the planner who was in charge was in leave of absence for a year for educational purposes who turned it over to Jude Calvo, who has done his reports. Mark's explained his involvement and what needs to be done. It is serious because FEMA is no longer giving an extension, do an inventory of what projects had been done, cannot make the report. What makes it difficult is some of the repair work that has been done, some of it has come and gone. Example if an aluminum door was repaired it has been stolen. The case is: 1) done work and no justification; and 2) never used the money. Chairman Sanchez mentioned that he if some of these happened in 1996 and the Agency cannot document it he respects that but documents should be together and report that can be presented to FEMA and clearly distinguish find out who is responsible for filing this report. Point of contact is Jude Calvo for this project. **Note: Leave on Agenda.**

Being no objection the Commission recessed and went in to Executive Session.

IX. EXECUTIVE SESSION

1. CSC Legal Matters

CCU/GWA meeting reconvened at 9:00 p.m.

Chairman informed those present that a motion is in order ratifying a letter to Mr. Craddick to CSC regarding the creation of the Assistant General Manager of Administration. Moved by Comm. Palomo and second by Comm. Nelson. Being no objection, motion carried.

Second motion: Inform CSC that the contract with Mr. Paul Kemp has been terminated. Moved by Comm. Nelson and second by Comm. Palomo. Being no objection, motion carried.

Third motion: To clarify the intention of the CCU that the Production/Treatment Manager and the Collection/Distribution Manager was to create these positions as Assistant General Manager for Production/Treatment and Assistant General Manager for Collection/Distribution. Moved by Comm. Palomo and second by Comm. Nelson. Being no objection, motion carried.

X. ANNOUNCEMENT

1. Next CCU/GWA regular meeting will be on Tues., June 7, 2005 @ 5:00 p.m.

XI. ADJOURNMENT


Meeting adjourned at 9:15 p.m.

Respectfully submitted by:



PAULINE J.S. ONEDERA
GWA Board Secretary

Attested by:



COMM. GLORIA B. NELSON
CCU Vice-Chairperson/Secretary

Minutes approved on: June 7, 2005