



CONSOLIDATED COMMISSION ON UTILITIES

Guam Power Authority • Guam Waterworks Authority
P.O. BOX 2977 • Agana, Guam 96932

**Guam Waterworks Authority
GWA Conference Room, GWA Main Office, 2nd Floor
5:00 p.m., Tuesday, August 2, 2005**

MINUTES

Before the meeting was called to order the Chairman explained to the Commissioners and those present that because it was not clear if sufficient public notice was disseminated, legal advise was given by the SLC that the meeting could proceed but not take any action. Chairman Sanchez questioned the Commissioners if they wanted to proceed with the meeting (given a caution) and Comm. Palomo's response was he's concern about the public being properly notified and with the understanding that if someone complains that the subject taken up again. It was decided to treat it as a briefing and discussion meeting and all deliberations will be refrained.

I. CALL TO ORDER

Chairman Sanchez called the meeting to order at 5:15 p.m.

PRESENT:	Comm. Simon A. Sanchez II	Chairman
	Comm. Gloria B. Nelson	Vice-Chairperson/Secretary
	Comm. Tom C. Ada	Vice-Chairman/GWA
	Comm. Benigno M. Palomo	Vice-Chairman/GPA
	John Benavente	General Manager (CUS)
	David R. Craddick	GWA General Manager
	Joaquin "Dan" Santos	AGMAC
	Randy Wiegand	CEO
	Sam Taylor, Esq.	SLC
	Don Antrobus	Chief Engineer
	Pauline J.S. Onedera	GWA Board Secretary

GWA Staff: Mark Miller, P/T Manager; Patrick Q. Lujan, PIO; Elaine Cruz, Administrator, HR; Paul Kemp, DRC; Wilfred Apiag; Yvonne Cruz, Internal Auditor; and Richard Scroggs, W/W Plant Superintendent

Others: Joe Chargualaf, Inarajan; Rose Sizemore; Trini Torres, Chamoru Nation; Tanya Mendiola, Rep. of Sen. Brown's Office; and Katie Worth, PDN

II. APPROVAL OF MINUTES – Tabled until the next regular meeting.

III. GM (CUS) REPORT (John Benavente)

1. Summary of System Operations – Submitted a written report and also reported that he has been meeting with GWA management and employees and has had the opportunity working and observing the work done on the field. He gave a summarization of what he sees currently as a major task work that needs to be prioritized and implemented to bring GWA to the next level of service to add substantial reliability to the system. He commended the employees of GWA for their excellent efforts to keep the system functioning with very little resources and under constant crisis maintenance scenarios. Some of the initial task force categories are of the following: 1) water well pumps, motors, protection, electrical panels and island power electrical accessories; 2) booster pump stations, including pumps, motors, protection, controls, metering and etc.; 3) emergency generators systems including automatic transfer switches; 4) storage tank reservoirs, including level indicators, security fencing and telemetry; 5) centralizing system operations center that will track, monitor and direct activities related to day-to-day operations; and 6) team will plan a systematic repair program to quick correct the 300 trouble reports on leaks ASAP. In conclusion of his report he expects to activate the task groups with this month and that they can improve reliability substantially in 6 months to a year. Once again he commended the GWA employees for their continually tireless work keeping the system functioning and looking forward to their support as they bring GWA to the next level of service. He has seen the frustrations at the same time the public is not aware of that.

Comm. Nelson commented on the face-lift of the GWA Office internal and external; and how he commended the employees for their happy labor on this project and the individuals who spearheaded the project.

Comm. Palomo requested for a chart that indicates what the customers come in to complain about. The Chairman mentioned that the Commission had asked for an analysis of the leaks. He would like from the GM (CUS) a report of what the most common complaints on the customer service side and the sense of the number of leaks. The response from the GM (CUS) is they are coming up with an assessment as to the type of 1-man/2-man; what type of leak; and coming up with a plan. They are categorizing it as to service line leaks; fire hydrant leaks; and meter leaks.

IV. GM (GWA) REPORT

GM 05-36 CSC Letter re Payment to GWA Employees Full Increments – Submitted a written report. No action is requested just reporting that he has received a memo from CSC indicating that the Governor has restored salary increments for classified employees pursuant to P.L. 27-106. Memo inquires effective date of increment restoration. GWA restored increments for one-step as budgeted in October 2004; will be paying current FY05 increments; will be budgeting FY06 increments; and one more back year in the FY06 budget. He has discussed the matter with the CSC director and the GM's

impression is that the CSC director believes that the administrative action for the general employees of GovGuam is binding on GWA whether funds have been appropriated or not. The GM attached a copy of the relevant passage of the law cited. Steps other than the first delayed step and current have not been paid because funds are not available.

Chairman Sanchez reported that he and the GM have discussed this with Randy and one of the decisions the Commission needs to make is whether to restore full increments as was done with GPA. According to the GM he understood that it was not full that the first increment was paid as being current. The GM(CUS) mentioned that GPA had paid to whatever the anniversary date of the individual is (up to date). The Chairman requested that for clarification purposes for tonight's meeting verify what GPA did and what GWA did because he wants the Commission to treat the employees of both agencies the same. Randy (CEO) explained that what was done with GPA had budgeted for all their increments and the budget was approved before was frozen, but GWA budgeted for one increment. Comm. Nelson questioned in the previous budget the increment was not budgeted for GWA. The response was only for one during the year only for a one step because of the freeze imposed by the Legislature. When the freeze was lifted it allowed their next steps to occur at their anniversary. According to the Chairman the law does not specifically did not do retro. It was requested by the Chairman that management organize the information on what was done at GPA and GWA for 05 and what would be allowed to do under the law. After much discussion, the CEO clarified that the increments were paid according to steps and their performance evaluation up to their anniversary dates and not retroactive from the time the increments were frozen. The Chairman mentioned that the Commission may want this information to decide that they want to treat both companies the same; what are the financial implications; and how to pay them. He suggested that management come up with what was done for GPA and GWA. Comm. Nelson questioned if GPA received their one-step and the response from the GM(CUS) is that GPA received all their steps up-to-date. Chairman explained that GWA budgeted for one, GPA budgeted for the full and part of it was to be conservative on GWA side. As if there are funds available as the GM's letter mentioned there may be possible sources of funds to pay for GWA depending on what level of increase he wish to restore. Once the amount is determined, one possible source of funds could be a petition to PUC to use the rate stabilization of funds to use for the purposes of funding obligation. He indicated that since the budget meeting is to be held in two weeks it could be resolved. The Administrator of GWA HR was questioned if the GWA employees are rated at every increment and the response was, "yes, every time their anniversary is due."

Comm. Palomo commented that he agrees with treating employees from both agencies the equally and believes in giving meritorious increments.

GM 05-37 GFT Representation of GWA Employees – Written report submitted. No action is requested for this report just informing the Commission that communication was received from DOA giving public notice of GFT's petition for exclusive representation of GWA employees. DOA will be reviewing the matter and have asked for documents to be produced. After talking with employees the selling point appears to be tied to lower cost health plan and privatization issues. Chairman would like for management on the next

meeting brief the Commission on the process on how it protects their representation and if it's going to occur they would like to know what the parameters are.

V. PUBLIC COMMENTS

1. Mr. Joe Chargualaf (Landfill Issue), Inarajan Resident/Concerned Citizen - Expressed that he would continue to pursue this issue. Feels that the CCU must take a definitive stand in protecting the only surface Guam water that is very potential and viable outsource for the southern community and possibly the entire island. The Chairman questioned Mr. Chargualaf if he was aware of the resolution that the Commission had just recently passed and the response was yes but has not read it. The Chairman mentioned that there are seven or eight specific areas that the Commission would like to have more information and analysis. The Commission is hesitant to take formal or final position until that information is obtained. The Chief Engineer (GWA's) and the GM helped craft a list of considerations and issues to be addressed as part of their review. Mr. Chargualaf stands to be corrected because he has not seen the resolution. He stressed once again his deep concerns of the landfill issues.

2. Rose Sizemore (Landfill Issue), Concerned Citizen – Presented her concerns on the landfill issue as she had addressed in her letter to the CCU members dated August 2, 2005. She presented samples of water taken from boring holes in the Dandan, Inarajan area. She expressed how the CCU and the GWA GM have the power together to protect the water resource and the response from the Chairman was that they share that power with other entities including GEPA. In the resolution it was indicated that the Commission did not take a position on the site because it was not their authority and other players have to make the decision. He clarified that the CCU does not have the ability to pass a resolution to indicate where to place the landfill but to work with other players and raise concerns or issues as may as they make that selection. Ms. Sizemore feels that the resolution is not strong enough. Mr. Craddick explained it's not the abundance of water that we can provide it's the risk of contaminating the areas that can provide. Chairman Sanchez explained this is becoming a battle when the Consultant says it's okay and other consultants says it's not okay and this is difficult for policy makers that are lay people to make a call and this is why the CCU has been cautious about absolutely taking position on DanDan because not enough information is available nor are they charged to site a landfill. The Commission is charged to protect water resources, which is what they are doing, which is how they got engaged with the DanDan evaluation and paid to have our consultant to take a look at it so that guidance can be given. He added that the Commission is collaborating with the group, who has the power to finally decide where to put it because the CCU does not have that power.

3. Trini Torres (Landfill Issue & Privatization), Chamoru Nation – Expressed her concerns about the landfill sight in DanDan. It's for the future of the young people and their voices need to be recognized and included in the decision. We need to boost them up, not to discourage and show a bleak future. No matter what you do it's going to disturb our topography; the hydrological certification; they really haven't done proper hydrological assessment of the area especially point to point of different sides of the area. Hydrological assessments of the other sights that have been proposed in the past have

been requested and they have not been given. People are disturbed about the landfill being in DanDan because it's going to affect a lot of the water resource. **Privatization** – She expressed her concern that she does not support the privatization of GWA. She mentioned that Chamoru Nation does not support it and they still stand firm. It belongs to the Chamoru people and no one should decide what to do with it except the Chamoru people.

At this time Comm. Nelson expressed that she would like to congratulate two strong women who came to speak out for the good of the future and Mr. Chargualaf for his concern is so deep in, she hopes he stays healthy he's been really supportive of this.

VI. STAFF REPORTS

1. Production/Treatment – Report was given by Mark Miller. Submitted a report that was for the month of July. More wells are up; don't fail as much as they used to. Comm. Ada commented that he would like to have Mark's analysis and conclusions on the things that the Commission should be concerned about. It was questioned if there's a problem with the budget to key in for the supplies and equipments needed. Response was the difficulty was where they have spending a lot of the operations money. Indicated that there is an operation and CIP budget and constantly has to tap, create, take, balance and move operations' money for CIP.

2. Collection/Distribution – Recent Santa Rita/Southern Water Woes and Multiple Well Failures - Because Tony Chargualaf was repairing a main break his report was given by the GM. Problems that occurred such as where Ugum shut down for a few result and while that occurred a number of wells were lost up north because of electrical problems and the combination had low flow going in to brigade booster, nobody turned the pump off and it burned out because of low flow, and two more pumps have been placed in order for the other two pumps and stationed back where it will be full operational. Mr. Benavente also mentioned that 6 months to a year is what is needed to show that the Agency is capable and that we can serve and do serve at this period of time. Bottom line is once all these things are together with money going, we're going to do it, and inform the public. He understands how Mr. Miller and the rest of the employees on a day-to-day running around trying to get the system up. A procedure has been set up that when there is storm headed our way, they are to get off the Guam power and get on the generators so that the wells don't burn out and shutting down unexpectedly.

3. Financial: a) Update on UBS and Parker Hunter Financing– Tentative schedule for the big bond financing between UBS is September 15, 2005. Issue on this date is currently set to Level I so the schedule has slipped and the consultants have complained that they haven't been getting enough data from us. There may be something at the next meeting for the Commission to approve before going to the Legislature. It will be a list of bonds and the strategy for financing. UBS recommended a strategy where they got the MSG details to look at ransom scenarios and under the scenarios there's a slight benefit defusing the MSG finances so we don't have to deal with the restrictions that are in the MSG documents. This is the last piece and once agreement can be reached on which direction we are going then it would be brought before the Commission, get approval,

take it to the PUC and the Legislature. Another thing is paying off the privatization bills; past due payables; and strongly recommended not to do that, but the CEO has been getting calls from Black and Veatch because there was a promise ten months ago that within a few months we are going to be able to pay them for the work; whereas they stopped working since January. The bond people are working to see if there's any way they can get things done quickly and trying to do the issuance closer to October than November.

Comm. Ada's concern is the borrowing of money from Parker Hunter and bringing in money to pay off payables. Finds it hard to that the accounts receivable are rising; bringing in the money but not collecting it. The GM mentioned there would be a big change this month because resources are being focusing on the disconnections. It was questioned how much the government owes GWA; response was \$2.5m. Chairman Sanchez mentioned that more will be known when the budget gets put together. **b) 2006 Budget Status – Working session scheduled for Wednesday, August 17th.** **c) June Financial Statement** – Reported out by Gilda Mafnas and whereas an audited balance sheet as of June 30, 2005 was submitted. Status of fire hydrant was being discussed and Chairman mentioned that PUC says we have the right to charge the Fire Department for fire hydrant charge, so the historic policy is that Government of Guam, not GWA pays GWA to maintain and provide water to fire hydrants and the result has been the \$5m receivable for six years of \$800,000 not being paid that was written off.

4. Compliance Report – Chairman questioned what was the response to the warning letter from Ben Machol regarding the generators and GM reported that we are not in complete compliance with them. Questioned raised by Chairman if we are in a position to get a full-time compliance officer working on this; response from GM, EPA was going to get letter to us within the week.

5. HR Report – Comm. Palomo questioned if everyone has met their qualifications according to their levels; response was yes. It was questioned by the Chairman if everyone who has received the one-step increment was any employee deemed unsatisfactory or did not qualify for it; response there were two.

6. Legal – Bill No. 167 - Reported by Sam Taylor, Esq. regarding a 49,030 sq. meters of land in Yona belonging to GWA where the law states that 1.2 acres being transferred to GPSS where as GWA keeps 1.5 acres. **Bill No. 133** – Authorizes the AG of Guam to supervise all attorneys who act on behalf of the entire of government including GEC, GPA, GWA and also CCU itself. Specifically the AG's would have the authority to assume authority to represent the CCU in full mast. According to the Chairman, the Bill has been heard.

7. Chief Engineer Report – Written report submitted regarding CIP Wastewater Projects; CIP Water Projects; Non-CIP Projects and other on-going projects. Chairman questioned what is the status of the \$2m project for Santa Rita in which \$1.5m came from Guam Legislature and \$500k we had. Been waiting for the groundbreaking for this and in the design completion mode since January.

8. AGMA Report - Mr. Santos reported that he has circulated some plans to both GPA and GWA regarding the consolidation. Received constructive comments; will be meeting with HR of both Agencies on Thursday to identify the area to come up with a mission statement. Met with John Benavente, Dave Craddick and Joaquin Flores so there's a clear understanding. The guidance he received from CCU to look at the functional areas and merge those leaving the core mission of GPA/GWA the focus on providing reliable pumping water and power. Addressing the possible merger repair of dispatch and customer service. In the initial discussion of both GPA/GWA identifying all issues and the biggest is it's not remarkable. The utility should be implemented by the end of September at GPA following that GWA will be receiving a series of testing and training, and hopefully, it would be implemented by the end of the year or the beginning. It's been long-term processing and he wants to assure that no one is being displaced.

VII. OLD BUSINESS

1. Status of Generators (EPA July warning letter) – Will respond to it.

2. Possible Outsourcing of Disconnections – Outsourcing the reading of meters and GWA employees will be disconnecting because of liability issues. Outsource of meter reading will be no more than 15 months. It was suggested by the Commission members that some sort of identification be provided to the reader meters and make sure that the public is properly notified.

3. Update on Barriers Legislation: Reported out by Comm. Ada - (a) GPA Civil Service Proposal – Because the Commission has been worried about the loss of technical skill people, CCU authorized GPA to explore separating GPA from CSC process and Sen. Brown was open to include GWA and set a meeting to discuss this. **(b) Clarifying CCU Authority over Procurement (not GSA)** – According to Comm. Ada, the initial reaction to the barriers legislation and Speaker Forbes the more detailed the bill is the heavier it is. There's one bill just on procurement and it was requested in that bill is to authorize the Commission to do their own legislation and go through AAA and Speaker Forbes mentioned that the CCU draft their procurement regulation and forward it to the Legislature. They found after further discussing this that the major problem is what happens when someone raises a protest and it gets tied up in court. **(c) CCU Vacancies** – Comm. Ada mentioned that Speaker Forbes suggested that the CCU draft up how this should be amended. His (Spkr. Forbes) feelings is that if the CCU is a longway away from the next election, the Commission should get together and identify candidates and select; fill it as oppose to having the Governor appoint. Select and send it to the Legislature for confirmation. Language is needed to that affect to amend. **(d) Lifeline Rates** – They felt that was sensitive enough, they want to see what the language is going to be like and they want to approve the language as opposed to leaving us on how the Commission is going to handle this.

4. Status of Liability Insurance/Risk Manager Selection – Chairman questioned status and mentioned that insurance is needed for bond and liability insurance for MSG. GM responded this was done, but Chairman mentioned that they will let us use the \$50k that

Risk Cap recommended but we are to supposedly replace it with liability coverage. According to the GM we don't have to. If we think it would save money we don't have to have the \$50k, but according to the Chairman the policy of the Commission was to get a Risk Manager as they did at GPA to help water structure permanent insurance program.

VIII. NEW BUSINESS

1. Customer Requirements for New Meter Hookup/\$400 Fee – Chairman questioned if there is a breakdown on the fees of the \$400 hookup and the basis of these charges. Response from CEO Rand Wiegand is that the meters are expensive. A report of this expected at the next meeting.

2. High Pressure/GWA Requirement for Customer to Install PRV – Comm. Ada brought this up in regard to the problem in Ordot, but according to the GM these PRV can go out all the time, it is recognized that there's going to be a system problem from time to time.

3. Revisiting PPP: (a) Review of BOT Law's Applicability to PPP – Chairman Sanchez reported that in the roundtable discussion with the Legislature, the Speaker and Vice-Speaker Brown expressed particular interest in revisiting the bill that Comm. Ada passed when he was a Senator and it was introduced, sponsored and voted into law. The Commission would like the SLC to look at the BOT law for the CCU and give an analysis to how it works; its capability or incapability to use in working on PPP. **(b) Re-starting Process** – Chairman mentioned that all CCU has done is decided to revisit it; work has been done on options; incurred obligation for that; whether to revisit and have a consultant for PPP; how does the Commission want to revisit it; have the SLC review the BOT law and give a write up on how it works.

IX. COMMUNICATIONS

1. Ltr from Rose Sizemore re DanDan – read out during Public Comment.


2. GovGuam Fire Hydrant AR

X. EXECUTIVE SESSION – NONE.

XI. ANNOUNCEMENT – Next CCUGWA Meeting, Wed., August 17, 2005 and Budget working session.

XII. ADJOURNMENT - Meeting adjourned at 9:10 p.m.

Respectfully submitted by:


PAULINE J.S. ONEDERA
GWA Board Secretary

Attested by:


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