



CONSOLIDATED COMMISSION ON UTILITIES

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

GUAM WATERWORKS AUTHORITY REGULAR BOARD MEETING

GPA Board Conference Room

5:00 p.m., October 13, 2009

MINUTES

- I. Chairman Simon Sanchez called the meeting to order @ 5:25 p.m.; he announced that there are 4 Commissioners present. Comm. Joey Duenas is off-island. Those present included:

Commissioners:

Simon Sanchez	Chairman
Benigno Palomo	Vice Chair, GPA
Eloy Hara	Vice Chair, GWA
Gloria Nelson	Secretary

Executive Mgmt:

John Benavente	GMCUS
Len Olive	GWAGM
Greg Cruz	GWA-CFO
Sam Taylor	Staff Atty., GWA

Management & Staff:

Martin Roush	Chief Engineer / GWA
John Pangelinan	Water Maint. Supervisor / GWA Meter Services
Prudencio Aguon	Program Coordinator / GWA Engineering
Gilda Mafnas	Controller / GWA Finance
Julie Shane	Asst. GM Chief Engineer / Engineering
Victor Torres	IT Manager / GWA Data Processing
Brett Raily	Senior Engineer Supervisor / GWA Engineering
Jess Lujan	Asst. GM / GWA Collection & Distribution
Elaine Cruz	Personnel Services Admin. / GWA HR
Paul Kemp	Asst. GM, Compliance & Safety / GWA
Mark Miller	Asst. GM, Production & Treatment / GWA
Heidi Ballendorf	Director of Comm. & PR / GWA
Yuka Hechanova	Internal Auditor / GWA

GUEST

Rick Unpingco	Deputy GM / Veolia Water
Gerald Fitzgibbons	General Manager / Veolia Water
Jay Hass	RW Beck
Nicole	Sen. T. Ada's Office
Dion	PDN

II. APPROVAL OF MINUTES

The Minutes of September 1, 2009 was presented for approval.

Comm. Nelson motion to approve the Minutes subject to verification and written correction ; Comm. Hara seconded. There was no further discussion or objection and the motion carried.

III. GM (CUS) REPORT

1. Meter Update

The GMCUS presented his report (copy in Master File). It was divided into to parts – Meter Task Force Update and long term plans. He reported that revenues are at or near targeted levels over the past 3 months. September billings exceeded \$5.1M target which is management's projected target in their FY2010 budget. October target is to achieve at least the September levels. There is continued progress in addressing and correcting the meter and revenue crisis. Meter failure rate of about 800 units a month continues but the Task Force has been investigates about 1000-2000 meters per month so there is definite progress being made. The total numbers of zero consumption and very low consumption accounts continue to decline.

Re long term solutions – the GMCUS said that management has been evaluating the root cause which triggered the meter crisis and a plan is being addressed to move GWA into a more normal course of business. He said Metron Farnier representatives were on island last week to discuss the meter failure situation and to assist GWA in its plans for potential solutions. Thus far, it was determined that a major contributor to the meter failure was the installat6ion of a backflow prevention devise which made them susceptible to particle buildup from pipe corrosion eventually obstructing the motion of the measuring element thus causing meters to register no consumption or very low consumption. There are continued discussions on how to rehabilitate meters that have been removed so that they can be reused.

The GMCUS also mentioned that Mr. Jay Hass, GWA's consultant from RW Beck, was on island this past week to work with GWA in its efforts to determine the best course of action; he participated in the Metron Farnier meetings. Mr. Haas gave a brief on his regarding his findings working with Metron Farnier. His official report will be ready by 10/26. The GMCUS said the report will provide the recommended course of action to correct GWA's meter problems in the most efficient and cost effective manner. He added that management's recommendation to the CCU at the November meeting and will then submit the final report to the PUC once concurred by the CCU in time to meet the compliance deadline that PUC imposed.

IV. GM REPORT

1. All Employee Meetings October 28th and 29th

The GM reported that there's a scheduled employee meeting to be held at the Gate Theatre in Tiyan on 10/28 & 29th; it would be held on 2 days to afford all GWA's employees the opportunity to attend. The discussion would focus on GWA's strategic planning and team building.

2. Finance Strategy Update

On 10/8th there was negotiation meeting with BOG and they will revisit their requirement for GovGuam to guarantee GWA's loan. Senator Ada agreed to introduce a bill relative to GovGuam's guarantee of GWA's short-term financing. He also reported that the Fitch Rating Agency downgraded GWA's rate status from positive to stable.

3. Insurance Update

Engineering is working on a comprehensive inventory of assets. When Moody gets this information it is hoped that it would help with GWA's credit standing. The GM also mentioned GWA's plan to visit Lloyds of London to lobby for better insurance rate

4. Management Audit Update

One big complaint during Phase I was the lead time to get responses back. He said that these were massive, detailed requests and involved every functioning area of the Authority. Mark Miller is the point person for this process and VK is impressed with his methodology. VK is planning a visit to Guam in November. Chairman is glad GWA has a driver; he reiterated that this is not a witch hunt - it is a way to find a way to improve ourselves. VK will look at processes and will make recommendation to help GWA and encouraged everyone to participate.

5. DoD Update

GWA met with DoD and other military affiliated organizations i.e. JGPO, NAVFAC and others on 10/7/09. There are individual follow-up meetings scheduled with functional area staff to hammer out more technical issues relative to the Northern Waste Water TP. Chairman recommended for GWA to begin discussions with DoD & EPA on this matter more sooner than later and also recommended that the GWA team begin to discuss their strategy.

6. EPA Update

GWA is crafting an appeal to the recent 301(h) waiver denial which will be presented to the CCU shortly; EPA has a balance on year end DoD funds and confirmed that it would give it to GWA for upgrades for its hydraulic model for both water and sewer.

7. SDC Update

This matter is on the Agenda tonight for CCU approval under Old Business.

8. Ugum Report

There have been the normal hick-ups in the last 60 days due to the heavy rains but nothing unusual.

9. Employee Recognition Program Update

Elaine Cruz, HR Administrator said she would like to initiate GWA's Employee Recognition Program in October (1st Qtr) and has set up purchase order for plaques and mentioned that selection process for committee members is ongoing.

Comm. Nelson said the burning issue is the communication between management and the employee. The interface process is very important – communication will come about with that. She would like to see more communication between employees and supervisors.

V. COMMUNICATIONS

1. Public Comments – None

2. Correspondence

Chalan Koda petition – GM said issue here is that there are a multitude of people hooked up to a 2 inch line. The impediment is to get the right of way to access another waterline. Most likely GWA would have a breakthrough to get the right of way and there is an interim solution. There's been a lot of activity at the Chalan Koda area in the last 30-45 days. The Chairman said it would be a good idea to have a Chalan Koda meeting to inform constituents what GWA is doing to resolve the problem. GM concurred that this is good idea and may happen soon. Chairman said we owe Chalan Koda residents a response.

VI. NEW BUSINESS

1. Resolution 02-FY2010: Ratification of PO Overage for Testing Services

Paul Kemp said there are 2 issues relative to this matter – the original purchase order ran out prior to FY and more parts were needed – net effect was that purchase is over P.O. amount; overage is \$15,335. Management asking CCU for approval to increase the purchase order. The matter was after the fact and must be brought before the Commission for approval.

Comm. Hara motioned to approve Resolution 02-FY2010; Comm. Nelson seconded. There was no further discussion or objection and the motion passed

2. Military Buildup Discussion: Challenges and Directions

The GM said that different developments are being proposed and built verses the lack of infrastructure. The GM said that GWA would not allow a developer to build if the infrastructure is not able to withstand the add-on. Management would explain to developers what they need to do to in order to be serviced i.e. to build and expand the infrastructure in their particular area. If an infrastructure is not there they cannot build.

The Chairman asked what if SDC is not enough for the capacity of the new development; the GM said there are creative ways to find a solution i.e. a trade such as a credit for future SDC's, LID (Local Improvement District Laws) is a basic framework for utilities and can be modified and then charge SDC on top of LID or look at some kind of credit.

VII. OLD BUSINESS

1. Resolution 01-FY2010: Ratification of SDCs

The GM thanked the Commission for their presence at SDC work shop held prior to this meeting. He gave an overview of the SDC and its rationale. He cited that the SDC charge being proposed is \$5600 basic single family unit (\$2100 – water and \$3400 – wastewater). The stipulation incorporates the methodology and has support of Georgetown, PUC's consultants. The Stipulation will go before the PUC for their approval; once approved the stipulation will be incorporated into GWA's Rules and Regulations.

Comm. Palomo motioned to approve Resolution 01-FY2010 as amended; Comm. Nelson seconded

Management made 2 amendments to the Stipulation – to define "Commission" as the PUC. CCU worked thru the verbiage of Resolution 01-FY2010. Change "required" to "mandate"; Line 26 – "desires" to "accepts"; Page 2, Line 8 add "as amended" after phrase "proposed rules"

On resolution as amended – all were in favor and motion carried

VIII. **STAFF REPORTS**

1. **Legal** - None

2. **Financial**

The CFO reported that October is the best month ever.- overall netted \$1.2M; debt service coverage is in line; Outpacing last years by about \$300k. The Chairman commended management for holding expenses down. The CFO projected that GWA will not lose as much as they did last year.

3. **Water M&O**

Jess Lujan reported that the leak detection team continues their work; they've reported 2,000+ leaks and 71% of them have already been repaired. He also reported on the percentages of incoming complaints vs. # addressed / repaired. Chairman is concerned that based on the figures provided in the report there is still 40% of leaks not yet identified and said it's crucial to know where these leaks are.

4. **Wastewater M&O**

Veolia's Gerald Fitzgibbons said August / Sept were busy months due to overflows due to the heavy rains. He said there is steady improvement in the Northern Treatment Plant. In Sept. there were 180 work orders for the month a downward trend vs. when they first took over – the productivity and cooperation of the employees is apparent. Training is ongoing related to operations activity. They've created new SOP's on operations in the plants and many would be initiated in November after some training – they are slowly getting more organized as to how the work gets done.

5. **Administration** - None

6. **Chief Engineer**

Martin Roush introduced Prudencio Aguon, GWA's new Grants Administrator. He provided the Board with a list of grants that GWA has applied for, its description and status to date. The approved amount to date is about \$19Million; the Chair recommended that the report be expanded to show when the funds begin to flow in and out and to show the total amount applied for, approved and how it can be spent.

Comm. Nelson commended all the efforts being put forward relative to grants and recommended that management also seek grants for training and staff education as well.

7. **Compliance / Safety**

Paul Kemp said safety performance continues to improve. GWA has a very robust program ongoing and is working closely with Veolia and is happy with outcome.

8. **Human Resources**

HR comments noted under GM's Report, Section IV.9

9. **Communications / PIO**

Heidi Ballendorf presented proposed 2-minute infomercial. The concept is to continue with infrastructure upgrades tying in the theme of "Better Water Better Lives. The GM and other management can use this piece as a tool when making presentation to the public i.e. Chamber, GHRA and others. Aside from radio, the PIO said she would like to get some coverage on TV as well dependent on funds. There was discussion on the annual mailer re major accomplishments the past 12 months. Heidi said she already began discussions with Art on the project

IX. **ANNOUNCEMENTS**

1. **Next CCU Meeting**

The Chairman announced that the next meeting is for GPA on 10/27/09.

X. **ADJOURNMENT**

With no further business to bring before the Commission the meeting was adjourned at 7:50 p.m.

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Attested:


SIMON A. SANCHEZ II, Chairman


GLORIA B. NELSON, Secretary