



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
5:30 p.m. August 23, 2011

MINUTES

I. CALL TO ORDER

Chairman Simon Sanchez called the regular meeting of the Guam Waterworks Authority to order at 5:35 p.m. He announced that all four (4) Commissioners were present & that there was a quorum. Comm. Hara was excused. Others in attendance include:

Commissioners:

Simon A. Sanchez	Chairman
Benigno Palomo	Vice Chair, GPA
Eloy P. Hara	Vice Chair, GWA
Gloria B. Nelson	Secretary
Joseph (Joey) Duenas	Treasurer

Executive Mgmt:

Martin Roush	GWA GM
Kin Flores	GPA GM
Greg Cruz	GWA CFO
Sam Taylor	Staff Atty., GWA

Management & Staff:

Paul Kemp	Asst., GM / Safety & Compliance
Mark Miller	AGM Production & Treatment / GWA
Paul Lujan	Equipt. Maint. Superintendent / GWA
Tom Cruz	Engineer Supervisor / GWA
Yuka Cabrera	Internal Audit / GWA
Gilda Mafnas	Controller / GWA
Elaine Cruz	Personnel Services Administrator / GWA
Geigy Salayan	Customer Service Supervisor / GWA
B. Lou Sablan	Board Recording Secretary / GPA-GWA

GUEST

Gerald Fitzgibbons	GM / Veolia Water
Rick Unpingco	Asst. GM / Veolia Water
Rino Manzano	MEC
Steph Nell	Brown & Caldwell
Cyrus Luhr	Staff / Sen. Tom Ada
Vicky Gayer	Resident
Mike Duenas	
Mike Krasless	KUAM

II. APPROVAL OF MINUTES - None

III. GM (CUS) REPORT – None

IV. GM REPORT

1. DPW Highway Encroachment Permit

The GWA GM reported that DPW has provided notice to GWA to begin to apply for DPW's Highway Encroachment Permits (HEP). He said that GWA has made substantial progress in creating the SOP and building the capacity to complete the HEP. GWA and DPW met on August 16, 2011 to further discuss the HEP application matter and the required fee of \$25 per application

2. Contractor/Consultant Communications

The GWA GM advised the Commission that GWA is participating in the upcoming GovGuam DIP Forum scheduled of Sept. 14th at the Marriott Hotel.

3. Operating Agreement Between GIAA and GWA

The GIAA requested GWA's assistance to operate the airport's newly constructed system that was funded by the FAA. The successful start-up and continued operation of the GIAA water system is vital to the airport's future ability to receive grant funds. A meeting was held on August 12th and members of GWA, GIAA and GEPA discussed the Operating Agreement and are currently pending GEPA's review to ensure that the Agreement satisfies requirements and must comply with their requirements. It is hoped that GEPA will complete their review within a month.

4. Training

The GM reported that GWA has had 3 different training sessions for employees, supervisors and management. GWA began a new series of training for all employees given by the GM – "What Makes a Successful Organization" were purposely kept small in order to maximize employee participation. About 250 of GWA's 330 employees have completed the first session of the series. On August 16th, GWA conducted leadership training designed for GWA supervisors. The class entitled "Ethics" completes the first 2 parts of a 10-part series. 25 out of GWA's 53 supervisors completed this training. On August 11th, GWA applied for a grant with the Dept. of Interior. The \$117k grant strengthens current managers by giving them the opportunity to become Certified Public Managers.

5. Meter Issue

Billings are tracking 2.8% below targeted billing. August billings are tracking towards a \$5.3M total for the month. The percentage of zero reads and low reads has increased from 19.2% in July to 21.2% in August. The meter task force was recently augmented with four engineers to assist in addressing meter issues. Some of their priorities will be to assess hotel meters on capacity and sizing; reduce Navy water purchases; draft the RFP for meter purchase and review water and wastewater energy consumption and purchases. In addition, the task force is working on reduction in cost from energy usage and water purchases. The success or failures of the current meters are also being evaluated and will provide recommendations to address the 4 revenue shortfalls.

6. Stipulated Order

Judge Frances Tydingco-Gatewood issued her Order and the parties were ordered to file all oppositions by August 16, 2011, with replies on August 23, 2011. The hearing on this matter is set for 9 a.m. on Wed., Sept. 21st. Copies of all submissions were provided to the Commission.

7. GWA v. PUC; Superior Court of Guam Special Proceedings Case No. SP0118-11

The GWA GM reported that GWA filed a petition for judicial review of agency decision and declaratory judgment on the PUC order to pay GovGuam \$18M. GWA also attended a hearing by the PUC ALJ on July 12, 2011. Subsequent to the hearing the ALJ from GWA additional information on the 2010 bond funds. GWA filed a response to his request on July 27, 2011. The ALJ issued a hearing notice for August 18, 2011 to discuss numerous questions issued by the ALJ. GWA attended the hearing and filed their responses. He further reported that in the Superior Court proceedings, GWA reply brief to PUC's opposition to GWA's motion to stay will be filed on August 23, 2011. A hearing on the Stay is scheduled for Wednesday, August 31st at 1:30 p.m. in front of Judge Michael Bordallo.

8. FY2010 PUC Rate True-Up;

The GM said that management submitted to the PUC the rate true-up report on June 23, 2011. The report basically asked for the rate to be increased to 9.9% for FY2012 mainly because of cost increases in water purchases, property insurance, employee and retiree supplemental and health care benefits. Also Georgetown Consulting Group issued their Report to the PUC recommending approval of the 9.9% proposed increase by GWA. They detailed recommendations to produce additional revenue and lower expenses. They also recommended increasing the Legislative Surcharge to 5.75% - a positive turn of events.

9. System Development Charge

The GM reported that the System Development Charge is up to \$3.04M - \$1.05M for water and \$1.03M for wastewater and Others \$0.96M

V. COMMUNICATIONS

1. Public Comments (2 min. per person)

Barrigada Resident Vicky Daher said she has had a lot of problems with GWA through the year and she said it's impossible to reach someone to help her. She said the problem it all started when she noticed that her bills were getting higher and higher. She said she

was not using much water because she did not trust the water sharing that she raises mice for a pet shop and they were not thriving. She received a \$400 bill for one month which shocked her. She was paying the bill a little at a time. She was advised by GWA that her water was disconnected but she told GWA that she had water and that it was not disconnected. She then received a bill that was lower and she thought that finally they resolved her billing issue. She then received a letter from GWA telling her that her water consumption is exceptionally low and that they want to do a check on her meter. She agreed and GWA came to replace her meter. GWA then sent her a billing for \$400 and GWA wrote to her telling her that they suspect she has a leak. She did not see any leaks in the ground to support GWA's claim that she has a leak. Meanwhile, the water bill keeps getting larger – it is now up to \$800. She said that she had a plumber look at her house and found that there was in fact a leak on her hot water side. This scenario started 5 months ago and she said that GWA did not attempt to advise her of her leak. She said that GWA mistreated her and did not handle her situation well. They are uncaring and don't care about people. She said the current \$800 bill was caused by the new meter that GWA installed at her home. She said she should not have to pay the \$800 and that GWA should help her. Martin Roush, GWAGM said he would look into her situation and work with Miss Daher to resolve her issue. Ms. Daher thanked the CCU for the opportunity to address them. The CCU asked Mr. Roush to update the Commission on this matter after he has researched the matter further.

VI. NEW BUSINESS

1. GPA Resolution No. 2011-44: Renewable Bid Selection

The GPAGM said that there are 5 renewable bids being reviewed - close to 100 mw capacity available. He said management has narrowed down the recommended list and that administratively management needs the CCU to approve petitioning the PUC to authorize the GM to release a notice of intent to award. The next step would be to allow 60 days for engineering analysis and then negotiate final terms, mobilization, performance bonds etc. He said that something of this magnitude – large costly contracts, he would like to have a public form of the materials that was presented to the CCU at the renewable energy work session at the Sept. 6th CCU/GWA meeting. He would like to table any action on Resolution No. 2011-44 until that time.

2. Resolution No. 20-FY2011 – Ugum Surface Water Treatment Plant Rehabilitation – Change Order #6

In Resolution 20-FY2011, management asked the Commission to approve Change Order No.6 to the Ugum Surface Water Treatment Plant rehabilitation project and to authorize all procurement necessary to complete the rehabilitation and meet deadlines. Ugum is one of the Stipulated Order projects which include the Ugum Surface Water Treatment Plant Rehab project. – a design-build contract awarded to Smith Bridge Guam Inc. The rehabilitation work will convert the Ugum Surface Water Treatment Plant from conventional treatment to membrane treatment. The current award value is \$8.4M. GWA is aware that the Ugum SWTP Rehab will not function as intended unless a number of out-of-scope items are addressed. These out-of-scope items have been combined into Change Order No. 6. The contractor requires immediate funding because they will purchase long-lead equipment and other materials in the design and construction service phase in the amount of \$1.5M. GWA is also aware that there will also be additional construction management and project management costs of about \$100k and the total funding requested to complete change Order No. 6 and the Ugum SWTP Rehab project is \$1.6M plus a 20% contingency for a total of \$1.9M. The source of funding for this project is the 2010 bond proceeds. The need to program these funds is due to the fact that timing of the conditional funding from the U.S. Govt. appears to be uncertain and GWA must act swiftly in order to meet the proposed deadlines set by the Stipulated Order.

Comm. Duenas motioned and Comm. Hara seconded to approve Resolution 20-FY2011.

In discussion Comm. Duenas asked reconfirmation re the funding source for this change order. Martin Roush confirmed that a letter from Mike Lee confirmed that SRF funds could be likely and if bond funds are tapped, it will be reimbursed when the SRF fund come through.

On the motion there was no further discussion or objection and the motion carried.

3. Resolution No. 21-FY2011 – Water Audit Program and Water Loss Control Plan

Comm. Hara motioned and Comm. Duenas motioned to approve Resolution 21-FY2011 for discussion.

The GM said that Georgetown filed with PUC as part of the FY2010 Annual True Up for FY2011 Rages a recommendation that stipulated that GWA agrees to implement by January 12, 2012, the AWWA water audit standards contained in the AWWA M36 publication - the standard used by all major utilities. The monthly reports shall represent GWA's water balance including the identification of its apparent loss indicator, real loss indicator and non-revenue water rate. This water balance report shall be provided together with the monthly financial reports provided to the PUC. This issue was also included in Georgetown's PUC filing relative to FY2010 Rate Decision. GWA wants to implement the Water Audit Program and Water Loss Control Plan which will develop a method and instructions manual for GWA to perform a water audit using the AWWA M36 method. This Water Audit Program defines the AWWA M36 water audit and provides a desktop audit as a starting point for the utility's initial water audit. The GM said this Water Audit Plan will also develop a Water Loss Control Plan that defines a standard water loss control program and reviews GWA's existing water loss control plans, programs and efforts.

The Chairman asked how the plan was developed and the GM said he customized M36 for GWA; he said he had to have something that would take GWA the right step forward.. He said he based it / focused on Texas's Dept. of Water Resource and using jurisdictions within the states of Texas (Austin City Council) and California (San Francisco) – these states helped develop the M36

manual. The GM said that he also reviewed the master plan, CIP's, priorities, every GWA audit etc. He said after this extensive review, management will develop an action plan – short, medium and long-term based on this review. This will also set the tone of how GWA moves forward. This will also give Georgetown confidence that GWA is moving in the right direction.

Comm. Duenas said he would like to add in the resolved section that GWA would implement the Water Audit Plan and Water Loss Control Plan as attached Exhibit A.

~~On the motion, as amended, there was no further discussion or objection and the motion passed.~~

VII. OLD BUSINESS - None

VIII. STAFF REPORTS

1. Communications - None

2. Compliance & Safety – Report provided but not discussed

3. Engineering – Report provided but not discussed

4. Financial – Report submitted not discussed

5. Human Resources

The total number of employees stands at 326. They held an Operators Certification Workshop on August 18-19, 2011 at the Guam Plaza Hotel. The Operators Examination is scheduled for August 24th. There is opening for a Management Analyst IV,- an in-house promotion and there are 2 positions pending GM's approval for meter Reader Supervisor and Trouble Dispatcher. There is vacancy for a network analyst and technical support analyst.

6. Legal - None

7. Utility Services - None

8. Wastewater M&O

Gerald Fitzgibbons, GM for Veolia reported on productivity of the maintenance team. Pump station availability is good – becoming more available and reliable around the mid-ninety's. There's a significant increase due to wet weather spills – fewer big spills and more frequent smaller spills. The good news is the assets are performing better. The bad news is the Barrigada pump station overflowed. There were backflow into customer properties. Veolia is working with engineering to restate the redundancy in that section. FOG was a contributing factor as there are 2 eating establishments on this line. Agat met its full concentration permit for the month – a good outcome for the month.

9. Water M&O

Paul Lujan highlighted the customer satisfaction section of the report. He said 493 work orders there are 115 pending. Of the 370 completed, 71 were repaired within 24 hours 120 with 1-3 days and 117 within 4-7 days and 73 within 8 days. He also said the hydrant group is conducting pressure tests surveys. They also tend to customer complaints relative to hydrant leaks. 12% of the hydrants are not functioning properly. The upgrade from wet to dry barrels is ongoing. The plan is to change out all the hydrants within a year. Yigo and Dededo have the largest inventory of hydrants – 700+. There was discussion on the difference of wet and dry barrels. Five villages were affected by emergency outages; it took 40 hours to recover from this emergency outage. He reported that there were 5 planned outages. The public was advised in advance which allows them to plan better. There was discussion on purchase from the Navy. There was discussion on areas where Water M&O can be improved. Each department is asked to use the work order system, across the board to better manage the data so it can be used to manage and improve the system. Management does not want anyone to be left out of the loop – this is important for cost control and better maintenance practices.

IX. ANNOUNCEMENTS

Next CCU Meeting

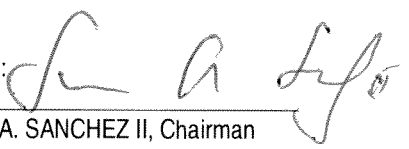
The Chairman announced that the next meeting will be for GPA on Sept. 6 and Sept. 20th for GWA.

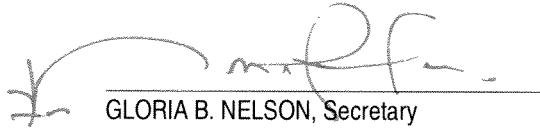
X. **ADJOURNMENT**

There being no further business to bring before the Commission, the meeting was adjourned at 6:55 p.m.

\\sll
bls

Attested:


SIMON A. SANCHEZ II, Chairman


GLORIA B. NELSON, Secretary