



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., September 1, 2009

MINUTES

I. CALL TO ORDER

Chairman Simon Sanchez called the regular meeting of Guam Waterworks Authority to order at 5:20 p.m. He announced that 3 Commissioners were present; Commrs. Palomo and Hara are off-island. Those present included:

Commissioners:

Simon Sanchez	Chairman
Gloria Nelson	Secretary
Joseph (Joey) Duenas	Treasurer

Executive Mgmt:

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

Management & Staff:

Martin Roush	Chief Engineer / GWA
John Cruz	Manager SPORD / GPA
Frank Roberto	Employee Development / GWA
Yvonne Cruz	Chief Budget Officer / GWA
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
Carmen Sian-Denton	Laboratory / GWA
Joey Claveria	Asst. CFO / GWA
Gilda Mafnas	Controller / GWA

Guests:

Cyrus Luhr	Sen. Ada's Office
Gerald Fitzgibbons	GM, Veolia Water / GWA PMC
Rick Unpingco	Deputy GM / Veolia Water / GWA PMC

II. APPROVAL OF MINUTES - None

III. GM (CUS) REPORT

1. Water System Update

The GMCUS said over the past month the rate of water well grounding is averaging normal rates. Len will cover the Ugum matter in his report later. The System still has challenges and personnel are getting to them as quickly as possible.

2. Meter Task Force Update

Meter and Revenue Crisis - The GMCUS reported that there continues to be much progress in all the various areas involved in the correction of the meter and revenue crisis . July's billing was \$4.3M and although August billings may seasonably be lower than July's GWA expects to meet a target billing of \$4.79M which is the \$4.2M goal plus a 14% revenue increase due to rates that went into effect August 1st.

Work Orders – About 13,959 investigations related to zero read meters and under-registering meters have been completed. A total of 1,289 work orders are still pending.

AMR and Non-AMR Meters – New AMR account zero reads continue to track at about 900 per month – these are accounts not previously identified. The GMCUS added that low read meters are being addressed concurrently because it's been determined that under-registering meters eventually become zero read meters.

Defective Meters – the meter repair shop is investigating and calibrating all meters being brought in by the meter task force. The shop will identify those meters which could be reused. Those identified to be unacceptable will be prepared to be returned to Metron Farnier.

New Transponders – 700 new transponders were received from Metron Farnier. There is currently a 32% no-read from the AMR transponder system Management has asked Metron to provide at least 2,500 additional units per month under warranty in hopes of getting reading percentages to the 90 percentile range by the end of the calendar year. There are about 7,000 transponders not communicating

The GMCUS commended and recognized GWA employees for working feverishly to continue to identify, correct and manage this problem. The goal is to put in place a program to sustain revenues by quickly identifying and correcting meter issues. He said the results to date are encouraging. He set a goal of no less than \$4.79M per month beginning August 1, 2009. This will enable GWA to meet the minimum revenue projection in the recently PUC approved rate plan.

The GMCUS then outlined steps that management will take to continue to resolve meter issues:

- Continued talks with the meter manufacturer regarding to reliable alternatives for GWA consideration
- Engaging consultants RW Beck to provide expertise to assist in preparing recommendations to the CCU as well as to examine GWA's meter problems and recommended options
- Continue to prospect other meters to determine which may be able to meet GWA's needs.
- Consider legal options based on current warranties in place and how it compares with risk of continuing with same meter & same results

The GMCUS advised that management estimates it can complete its recommendation by mid-October 2009.

IV. GM REPORT

1. Finance Strategy Update

The GWAGM reported that short-term borrowing is part of the Budget Bill and the RFP is being developed by GEDA and GWA staff. He said RW Beck's Rate & Operations Report was issued on August 25th (copy in Master File). He said the report was filed with the Indenture Trustees. Management will make a telephone presentation to rating agencies and will also reprogram remaining 2005 bond funds to support SOP project completions and seed money for funding new meter strategies.

2. Insurance Update

Risk Consultant, IRIS, Ltd., issued a draft Proposed Insurance Program on August 21st. Based on the report, management is recommending purchasing \$20 Million "First Loss" policy with a \$1 Million deductible through a competitive procurement process. Premiums would be approximately \$150K per year and are reflected in the budget presented.

3. Strategic Planning Update

The GM reported that key staff completed their third day of strategic planning Friday, August 28th. Dr. Annette Santos and Larry Gamboa from UoG were the facilitators. He presented the Commission with output from the first 2 sessions that took place on August 12th / 13th.

4. Management Audit Update

5. **DoD Update**

The draft Economic Impact Study (EIS) has been issued and is being reviewed by resource agencies. GWA is not in the review loop at this time. He reported that the aggregate population growth impact could be as high as 80,000.

6. **SDC Update**

The staff is fine-tuning growth related to CIP cost and the schedule as slipped by 30 days. The CCU review and approval is scheduled in October; PUC action is also in late October but effective November 1st.

7. **Ugum Report**

The GWAGM explained the Ugum incident that happened over the weekend. He explained that the standard NTU for safe drinking water used to be 1 NTU but has been dropped down to .3NTU. He mentioned that there was an outbreak in the U.S. due to 2 micro-organisms and mentioned that Guam does not have these organisms. The water at Ugum dropped down to below .3 NTU and was not in compliance. The water that was recommended for boiling but shortly afterwards the NTU went to .3 and met safe water requirements. He mentioned that Ugum management was still struggling with turbidity levels due to sand settlement at the bottom of the tank.

8. **Education / Training Report**

The GM reported that there were numerous ongoing training at GWA some that he mentioned include certified operator training, apprenticeship program SOP's OJT's, follow-up testing/evaluation, organization-wide APWA self-assessment and certification program and others. He also mentioned that a certified OSHA trainer was in house. He mentioned that there's a comprehensive in-house training being developed.

9. **Employee Recognition Program Update**

He reported that GWA HR is adapting the GPA's employee recognition program and when completed GWA will adopt said policy; \$25k is the budgeted for this expense.

Comm. Nelson asked Veolia to sponsor at least one (1) high level scholarship for GWA; Mr. Fitzgibbons said he would look into the possibility.

Frank Roberto & Elaine Cruz, HR Administrator, presented the draft employee selection criteria as adapted to date. The Chairman said without the employees GWA is nothing and it is time that a program like this is being implemented.

V. **COMMUNICATIONS**

1. **Public Comments – None**

VI. **NEW BUSINESS**

1. **GPA Resolution 2009-39: Authorizing Mgmt. to Proceed with award of PMC for Cabras 1&2**

GPA's Acting GM presented Resolution 2009-39 for approval he said this bid was initially release 2 years ago but got hung up in a procurement protest with the OPA who ruled that GPA do a re-bid. There were 3 bidders that submitted bids – Korea East-West Power Co, O&M Energy and TEMES. The bid proposals were evaluation and it was determined that TEMES is the most responsive bidder. The PMC contract period is for 5 years. The GM said that after CCU approves their request, GPA will petition the PUC for their approval.

Comm. Nelson motion to approve Resolution 2009-39 as presented; Comm. Duenas seconded. There was no further discussion or objection and the motion passed.

2. **GPA Resolution 2009-40: Amendment of GTA P.O. 12910**

Relative to Resolutions 2009-40 and 41 respectively, the Acting GM said he was not aware of this resolution until a few minutes before the meeting and feels that he would like more time to investigate the reason behind the requests. He said he is comfortable with GWA's increase due to the rare increase but is not clear as to the rationale for the GTA request.

GPA has a current purchase order with GTA for local telephone service. It was determined that the value for their service will exceed \$300k for FY2009 and would exceed the GM's obligating procurement authority. It was mentioned that the reason the resolution needs to be approved now is that there is a bill that needs to be paid and the existing P.O. is insufficient to cover the expense.

Comm. Nelson motion to approve Resolution 2009-40 obligating up to \$300k subject to the Acting GM's discretion and informing the specifics by email; Comm. Duenas seconded. There was no further discussion or objection and the motion passed.

3. **GPA Resolution 2009-41: Amendment of GWA P.O. 12926**

GPA has a current purchase order with GWA for water service at various GPA facilities. It was determined that the value of GWA provided services would be \$260k for FY2009 and exceeded the GM's obligating authority.

Comm. Nelson motioned to approve Resolution 2009-41 not to exceed the specified \$260k; Comm. Duenas seconded. There was no further discussion or objection and the motion carried.

4. **Resolution 22-FY2009: GWA FY2010 Budget**

The Chairman said that a work session was held previous to this meeting which allowed the Commission to review the budget in detail; a lot of questions were responded to at that meeting and the approval process is to introduce the resolution and officially approve same. At this point the Budget Officer, Yvonne Cruz proceeded to read Resolution 22-FY2009 (copy attached). The budget mirrored the 5-year financial projections presented and approved by the PUC with the rate case report in July 2009.

Comm. Nelson motioned to approve Resolution 22-FY2009; Comm. Duenas seconded.

In discussion the Chairman had minor amendments – to add Whereas that CCU adopt revenues as found in GWA fiscal 2010 budget request; to add same reference in whereas 2 & 3. He said the budget shows GWA returning to profitability; it shows GWA hitting debt service coverage – something lacking the last few years; it shows a very tight payroll budget; the FY will start without commitment for pay increase for GWA employees. There is \$800k budget set aside for this but it is predicated on hitting projected revenues. The Commission is committed to adjust accordingly if the revenue projections are met and commits to it being retroactive to January 1, 2010 if revenue / cash flows allow. He thanked employees for their sacrifice. The budget holds a glimmer of opportunity.

On the motion as amended, all was in favor and the motion carried.

VII. **OLD BUSINESS - None**

VIII. **STAFF REPORTS**

1. **Legal**

Legal Counsel said the new budget bill allows for \$1000 payment to anyone who would be retiring in 2009. The bill hasn't passed yet but is on the Governor's desk for his signature. The Chairman asked management to see what the impact would be because it is not in the FY2010 budget.

2. **Financial**

The CFO said that the numbers are still challenging – he reported that GWA broke even in July as it did in June. It was mentioned that GWA will lose money this year.

3. **Water / Wastewater M&O**

The GM said there was an error in the leak detection portion of the CCU report provided and an amended copy would be provided by the Recording Secretary on Friday. There was nothing significant in the waste water side.

4. **Administration - None**

5. **Chief Engineer**

The Chief Engineer reported that there are 6 grants that are in the hopper. GWA just received its stimulus related grant. There was discussion relative to the new CE Report format the Chairman said it was a great summary format but mentioned that the CCU likes to see the \$ amounts of the project and recommended that the CE reformat the report form to include \$ amount funding. The CE said his goal is to implement and transition to the Project Management Institute (PMI) model of reporting and believes that the CCU would appreciate this standard report once it is complete because it encompasses a much broader scope. The Chairman recommended that at least for the ongoing projects, that they are given information showing the status i.e. amount, location, description, funding source & percent completion. It helps the CCU tell the community what is actively going on.

6. **Compliance / Safety**

Carmen Denton reported that GWA was fined \$19k on 8/17th due to GWA's ground water reservoir chlorination system not in compliance. She also has other comments but it was not audible.

There was discussion regarding what happens after the STIP projects are completed. The Chairman asked management to begin to have this type of discussion with USEPA.

7. **Human Resources**
Comments noted in Section V.9 above.

8. **Communications / PIO – None**

IX. **ANNOUNCEMENTS**

1. **Next CCU Meeting:**

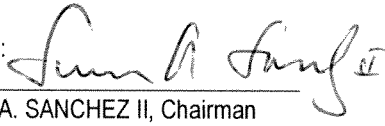
The Chairman announced that the next CCU meeting would be for GPA on September 15, 2009.

IX. **ADJOURNMENT**

With no further business to bring before the Commission, the meeting adjourned at 7:30 p.m.

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Attested:


SIMON A. SANCHEZ II, Chairman


GLORIA B. NELSON, Secretary