



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. September 20, 2011

MINUTES

I. CALL TO ORDER

Chairman Simon Sanchez called the regular meeting of the Guam Waterworks Authority to order at 6:10 p.m. He announced that all five (5) Commissioners were present & that there was a quorum. 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
Greg Cruz	CFO, GWA
Sam Taylor	Staff Atty., GWA

Management & Staff:

Paul Kemp	Asst., GM / Safety & Compliance
Heidi Ballendorf	Public Affairs Director / GPA-GWA
Mark Miller	AGM Production & Treatment / GWA
Vince Leon Guerrero	Procurement / GWA
Paul Lujan	Equipt. Maint. Superintendent / GWA
Jesse Lujan	AGM Collection & Distribution / GWA
Tom Cruz	Engineer Supervisor / GWA
Yuka Cabrera	Internal Audit / GWA
Gilda Mafnas	Controller / GWA
Elaine Cruz	Personnel Services Administrator / GWA
Geigy Salayon	Customer Service Supervisor / GWA
Ann Borja	Management Analyst / GWA
Kathy Mikel	Dispatch Supervisor / GWA
Bryan Arceo	Utilities Service / GWA
B. Lou Sablan	Board Recording Secretary / GPA-GWA

GUEST

Rick Unpingco	Asst. GM / Veolia Water
Gerald Fitzgibbons	GM / Veolia Water
Steph Nell	Brown & Caldwell
Jimmy	Staff / Sen. Tom Ada

II. **APPROVAL OF MINUTES - None**

III. **GM (CUS) REPORT - None**

IV. **GM REPORT**

1. **Training**

The GWA GM reported that GWA began a new series of training for all employees; he was the instructor. The first was on "What makes a Successful Organization". About 300 of GWA's 330 employees attended. In addition, GWA Supervisors also attended an "Ethics" class which was repeated due to popular demand; 40 of 53 supervisors completed this training along with additional 20-25 non-supervisory employees. GWA received a grant with the Dept. of Interior to build Management and Leadership capacity in the Agency. The \$117k grant strengthens current managers and builds the foundation for future managers by giving them the opportunity to become "Certified Public Managers". The grant requested that 25 individuals participate in the program and includes the funding for the prerequisite to completing 60 contact hours of supervisor training at the UOG.

2. **Meter Issue**

Billings are currently tracking 4.7% above projections. September billings are expected to be \$5.6M for the month. The percentage of zero reads decreased from 22.5% in August to 22.4% in September when comparing the first 8 routes of the cycle. The meter task force was recently with four engineers to assist in addressing meter issues. Their priorities are hotel meter assessments, reduction of navy water purchases, draft of RFP for Meter Purchases and review of water and wastewater energy consumption and purchase. The task force is also working on cost reduction of energy usage and water purchases. He added that the success and failures of the current meters are being evaluated and management expects to provide recommendations to address the revenue shortfalls.

3. **Stipulated Order**

Chief Judge Frances Tydingco-Gatewood issued her Order and the parties were ordered to file oppositions by August 16th. All parties must file their respective replies by August 23rd. A hearing on this matter is currently set for 9a.m., Wed., Oct. 5th. The parties have since filed their Oppositions and Replies as noted and copies of all were provided to the Commission.

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

GWA filed with the Superior Court a petition for judicial review of the agency decision and declaratory judgment on the PUC order to pay GovGuam \$18.3M. A hearing was held by Judge Michael Bordallo on August 31st and tentative dates for filing briefs and the schedule of the next hearing was discussed. Management will update the Commission as the dates are firmed up.

5. **FY2010 PUC Rate True-Up**

GWA and Georgetown filed their Stipulation re FY2011 Annual True-up for FY2012 Rates on August 31st. Subsequently ALJ Mair issued his report to the PUC recommending that GWA increase its rates in order to recoup the \$18.3M obligation mandated by P.L. 30-145. The ALJ wishes to conduct a public hearing to get testimony from the public on Oct. 13, 2011 at 9:30 a.m. and will then submit a report to the PUC prior to its next regularly scheduled meeting on Monday, Oct. 17th. Relative to the 2010 Series Bonds, the ALJ recommended that the PUC approve the reprogramming of the 2010 Series Bonds only if GWA reserves, restricts and leaves unencumbered the amount of \$18.3M, the amount due to GovGuam under P.L. 30-135. If GWA is unwilling to do so, then the PUC should deny the petition. Relative to GWA's annual "true-up", the ALJ recommends that the PUC approve the findings, recommendation, rate increases and the programs described in the Stipulation filed by GWA and Georgetown.

6. **System Development Charge**

The GM said that the SDC now stands at \$3.0M – water \$1.05M; Wastewater \$1.03M; Younex Housing Project \$0.50M and other \$0.46M (TAWSA)

7. **Barrigada Sewer Pump Station Upgrade Project Award of Grant Funds.**

GWA was awarded \$525.2K in fiscal year 2011 grand funding through the Office of Insular Affairs' Water and Wastewater Program. These funds are earmarked for the Barrigada Sewer Pump Station Upgrade project as requested in GWA's Proposal.

The GM also reported that Santa Rita Springs came on line on Sept. 2nd and will reduce navy purchases. He added that the true cost savings will be assessed with good data in the future.

V. **COMMUNICATION**

1 **Public Comment** – None

VI. NEW BUSINESS

1. Resolution 24-FY2011: Approval of FY2012 Budget

Comm. Nelson motioned and Comm. Duenas seconded to approve Resolution 24-FY2011 for discussion.

The GM said a work session was held in advance by the CCU to review the numbers. In Resolution 24-FY2011, management requested the Commission to approve the Revised Budget for FY2012 in the amount of \$73.1M in revenues and \$70M in expenses. The CFO said that the FY2012 budget mirrors the financial projections presented and approved by the Public Utilities Commission. It also includes approval to raise base rate by 12.77%, reduce PUC surcharge from 9.6% to 2%; a request to raise legislative surcharge from 3.49% to 5.6%, a 3% increase for residential and 7% increase for commercial accounts. Debt service is projected at 1.75%; He added that GWA continues its ongoing efforts to address court-ordered capital projects; implement programs for the purpose of improving GWA's financial position and for the military build-up on Guam over the next several years. He also said that the proposed FY12 budget meets requirements for cash flow demands, most operational needs, debt service, and some general plant purchases and provides for \$1.3M for rate payer benefits in the short and long run as stipulated by the PUC. He added that the GM and CFO requires flexibility with the budget projections and expenses to determine how best to address GWA's operational and maintenance needs, additional manpower and resources to align GWA's operations to meet all local, federal and customer requirements. The GWA and CFO will identify priority use of funds based on compliance issues, best return on investment and Improved operational efficiencies without compromising debt service requirement.

The Chairman noted that the revised budget needs to be revised per discussion in work session; Capital Expenditure move up from \$500k to \$1.356M and Cash Surplus moves down from \$1.3 to 556.5k

On the motion, there was no further discussion and the resolution as amended was approved unanimously.

Commissioner Duenas reminded management to advise the Commission of their plan for usage of SDC charge at a future meeting.

2. Resolution 25-FY2011: Relative to Settlement of Soriano Family Govt. Claim

The Staff Attorney recommended that this matter be discussed in Executive Session due to this matter is still under Litigation in Superior Court.

Comm. Duenas motioned and Comm Hara seconded to move the meeting to Executive Session; there was no discussion and the meeting continues in Executive Session.

Executive Session started at 6:35 p.m. and end at 6:50 p.m.

Comm. Hara motioned to approve Resolution 25-FY2011 as discussed and amended in Executive Session; Comm. Duenas seconded. There was no further discussion or objection and the motion passed.

VII. OLD BUSINESS

VIII. STAFF REPORTS

Staff Reports were submitted (copies in Master File) but not discussed.

1. **Communications**
2. **Compliance & Safety**
3. **Engineering**
4. **Financial**
5. **Human Resources**
6. **Legal**
7. **Utility Services**
8. **Wastewater M&O**
9. **Water M&O**

IX. ANNOUNCEMENTS

Next CCU Meeting

The Chairman announced that the next CCU meeting would be for GPA on October 11th and GWA on October 25th.

X. EXECUTIVE SESSION

1. Litigation Matter

This matter was discussed.

Comm. Nelson motioned and Comm. Duenas seconded to move the meeting to Regular Session. There was no objection and the motion carried; it was 6:50 p.m.

Regular Session started immediately; Minutes continues under New Business, Item #2.

XI. ADJOURNMENT

There being no further business to bring before the Commission, the meeting was adjourned at 7:00 p.m.

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Attested:

SIMON A. SANCHEZ II, Chairman

GLORIA B. NELSON, Secretary