



# 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., January 26, 2010

### MINUTES

#### I. CALL TO ORDER

Chairman Sanchez called the regular meeting of the Guam Power Authority and Guam Waterworks Authority to order at 5:20 p.m. He announced that all five (5) Commissioners were present.

#### Commissioners:

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

#### Executive Mgmt:

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

#### Management & Staff:

Martin Roush	Chief Engineer / GWA
Yuka Hechanova	Internal Auditor / GWA
Paul Kemp	Asst. GM, Compliance & Safety / GWA
Jess Lujan	Asst. GM, Collection & Distribution/ GWA
Ron Topasna	Water Treatment Plant Superintendent
Ignacio Mesngon	Pumping Station Supervisor
Brett Railey	Engineer
Gilda Mafnas	Controller / GWA
Heidi Ballendorf	Director of Comm. & PR / GWA
Rose Cruz	Customer Service Representative
Victor Torres	IT Manager / GWA
John Pangelinan	Water Construction / Maint. Superintendent
John Blas	
Ed Aguon	Pumping Station Supervisor
Joseph Duenas	Administrative Asst., / GWA Wastewater
Seph Evangelista	Personnel Specialist / GWA HR
Tom Cruz	Engineer Supervisor
Vince Pangelinan	Centralized WW Plant Superintendent
Jennifer Crisostomo	Administrative Aide, GWA HR
Julie Adams	Personnel Specialist / GWA HR
Lou Sablan	Board Recording Secretary / GPA & GWA

#### GUEST

Rick Unpingco	Deputy Manager / Veolia Water
Gerald Fitzgibbons	General Manager / Veolia Water
Yookyung Kim	

## II. APPROVAL OF MINUTES

The Minutes of December 15, 2009 was presented for approval.

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

## III. GM (CUS) REPORT - None

## IV. GM REPORT

### 1. Exempt Employee Overtime

This item is reported in New Business, Section VI.3. below.

### 2. Short Term Loan

The GWAGM reported that GWA's short-term loan is stalled in the Legislature. The GM said he would look into bond anticipation notes with GEDA. The GM asked the CFO to look into it and perhaps go in a different direction.

### 3. Management Audit Update

The GM reported that Virchow Kraus / Baker Tilly will be providing the electronic Phase II draft report this week. A delivery conference call is scheduled for Friday, January 29<sup>th</sup>.

### 4. DoD Update

The GM reported that the Environmental Impact Statement review is in process. The Joint Program Office meetings are scheduled for January 12<sup>th</sup> and 13<sup>th</sup>. The Legislative hearing is scheduled for tomorrow and the Chairman recommended attendance to learn more about the issues. He also said the MOU is still a work in progress.

### 5. EPA Update

The 1<sup>st</sup> Qtr. SOP status conference was held on January 13<sup>th</sup> and GWA and EPA need to move forward in collaboratively.

### 6. SDC Update

The System Development Charge is scheduled to be heard by the PUC on January 29<sup>th</sup>.

## V. COMMUNICATIONS

### 1. Public Comments - None

## VI. NEW BUSINESS

### 1. GPA Resolution 2010-06: Smart Grid Project Mgmt. Office

GPA sought and received authorization from the CCU to explore Smart Grid Technology and its potential impacts on the Authority to determine whether or not it was feasible to pursue such grant funding under the American Recovery and Reinvestment Act of 2009 (ARRA) for which funding may be available through a 50% matching program. GPA has received initial indication that it would be awarded a \$33.2million Smart Grid Project and due to its complexity, outside project management would be required; PUC approval would also be required because management has estimated that the cost of the Smart Grid project management service would like exceed the \$1.5million threshold. The GPA GM is requesting the Commission to endorse the Smart Grid Program and the continue pursuit of the ARRA grant funding.

Comm. Duenas motioned to approve Resolution 2010-06; Comm. Hara seconded. There was no further discussion or objection and the motion passed.

### 2. GPA Resolution 2010-10: Relative to 2<sup>nd</sup> Extension of Unleaded & Diesel Fuel Supply

The GPA GM said that the 3 month extension for the current supply contracts with Shell Guam will expire on January 31, 2010 and GPA intends to award 2 bids for the procurement of regular unleaded and diesel fuel oil before the existing contract expires. Management requested the Commission to allow GPA to extend the current contract for 1 month so GPA can purchase Regular Unleaded and diesel Fuel in the event that GPA is unable to award the contract before January 31<sup>st</sup>.

Comm. Duenas motioned to approve Resolution 2010-10 as written; Comm. Nelson seconded. There was no further discussion or objection and the motion passed.

### 3. Resolution 09-FY2010: Relative to Overtime for CTP Employees Previously Exempt

This matter was tabled until the February CCU meeting because the CCU wants to understand the magnitude of approving this resolution. They said they are not saying no – they just want to get more detail. The Chairman requested data on the number of positions affected, their current pay structure vs. the people that they supervise. The CFO confirmed that currently 250 employees are covered under CTP and 65 under the Hay Scale. The GM agreed that management is ill-prepared and agreed to table the resolution until the February meeting. The Chairman asked management to organize the numbers and bring the matter back to the Commission with a well thought-out plan.

### 4. Resolution 10-FY2010: Relative to 2005 Bond Reallocation

This matter was discussed in Executive Session. Related motion / action is listed under Executive Session, Section X.2 below.

## **5. Distribution of By-laws & Code of Conduct**

Comm. Duenas said the By-laws have been bounded and a signed Code of Conduct was provided to all the Commissioners for their signature. It was mentioned that the resolution that adopted the By-laws be included in the bound copy.

Staff Attorney Taylor said this resolution speaks specifically to Commissioners and he recommended that another resolution be drafted specifically related to senior management. The Commission concurred and Atty. Taylor was tasked to complete the latter and submit to the Commission for further action when completed.

## **6. Meter Investigations**

This matter was not discussed.

# **VII. OLD BUSINESS**

## **1. Resolution 05-FY2010: Relative to Fire Hydrants**

The GWAGM distributed a report from operations regarding the Fire Hydrant program that details what it would cost to maintain both long and short term. The CFO added that there was ambiguity in the codes and it was not clear who would be responsible for the maintenance. Jess Lujan, mentioned that lots of hydrants are dry barrel hydrants and need to be replaced. He said the estimated cost for repair is about \$12million.

There was some discussion relative to the maintenance of hydrants. Staff Atty. said when the statute was repealed no appropriations were made and as a matter of law GovGuam is not authorized to pay GWA for the hydrants. In addition, the hydrants are part of GWA's system and as such GWA has accepted to take charge of the operations of the hydrants and now cannot just decide not to do it anymore. The GWAGM said management must decide how to charge for hydrants; he said it could be through a specific "hydrant / fire protection surcharge" or through a rate increase. The Chairman added that the hydrants could be charged just like the streetlights; he said if this is the strategy that management will pursue then he said the streetlights should not be written off yet.

The Chairman said that this report is a good beginning but GWA need to consider recurring costs and replacement costs. The GWAGM said that the hydrants are one of many asset management programs that management will bring before the Commission. It was decided to table Resolution 05-FY2010 and to bring it back for CCU consideration with a more detailed and well thought-out plan. Resolution 05-FY2010 was tabled.

# **VIII. STAFF REPORTS**

## **1. Communications / PIO**

PIO Ballendorf presented the Commission with the GWA School Curriculum, a copy of the GWA phone book ad, and other brochures and campaigns that can now be printed because some funding was released for PIO department.

## **2. Human Resources - None**

## **3. Compliance & Safety**

Mr. Kemp reported that 4 more S.O. project are due on Feb. 15<sup>th</sup> but will not be completed on time. Mr. Kemp said the delay is due to the lack of funds. The Chairman wants management to talk to USEPA to mitigate fines by requesting for an extension. The Chairman asked management to work together to find a solution / plan and to start to build a case. Mr. Kemp said he was in communication with USEPA on the missed deadline which resulted in the \$57k fine for the island-wide tank program.

Some reasons that GWA was not able to meet the deadline for the tank program and other unfinished projects include the fact that GWA was faced with a \$17Million expenses in power and Navy water, this expense affected the bond money, the original \$105k in bonds did not stretch very far, and the short-term loan is stuck in legislative review.

The Staff Attorney recommended a letter by management to Alexa Strauss / EPA to apprise her of the above reasons and to ask for an extension on the other S.O. projects with February deadlines. The Chairman asked the Staff Atty. to appeal the \$57k and to build a case for the other 4 projects due in February.

## **4. Chief Engineer**

Chief Engineer Martin Roush and Engineer Tom Cruz did a verbal presentation. They distributed a bubble map showing the pressure zones in the water system. There was brief discussion on the importance of this feature and how it helps with other monitoring / planning efforts. The CE said that he will bring this material back in a work session to further educate the CCU.

## **5. Water M&O**

Ron Topasna reported that the leak detection contract Phase I has been completed; there's a backlog on repairs; \$4million gallons worth of leaks were found and addressed in Phase I.

## **6. Wastewater M&O**

Veolia's GM said the past month was very wet and it was a challenge to keep wastewater in the system & not popping manholes. 95% of all the pumps were working so Veolia management is keeping the system going. There have been a challenge with the Hagatna WW TP and septic sludge Veolia is trying to mitigate this issue and there is slight improvement. The Veolia GM said another key project that Veolia is implementing is process management planning to focus on operational procedure, process and planning, recording and installation issues. A lot of work is being done at the Northern Treatment Plant; the team there is doing a stellar job given the conditions.

Comm. Palomo commented on incidences related to clogs due to grease and wanted to know if something can be done to mitigate this matter. The Staff Atty. commented that DPHSS is the enforcer relative to the proper use of grease traps. GWA could implement structural fine program; it has the authority under the current rules. It was discussed for GWA to be more forceful by sending them letters of warning and perhaps threaten to cut off water service to repeat offenders.

**7. Administration – None**

**8. Financial**

The CFO presented the CCU with a snapshot of GWA's 5-year financial plan ending FY2010. The reported detailed that GWA will be \$1.3million short of projections; overall at FYE, income will be \$1.6million attributed to cut back in expenditures. GWA purchased \$600k of water from the Navy to date which represents twice the normal usage; the increased usage was attributed to Ugum being down in December; the GMCUS said there are pumping station issues that also added to the higher consumption. Capitalized labor was also a factor and the CFO said there is still a chance to make this cost up. The CFO highlighted other areas with large variances.

**9. Legal - None**

**IX. ANNOUNCEMENTS**

**1. Next CCU Meeting:**

The Chairman announced that the next meeting will be for GPA on February 9<sup>th</sup> and GWA on February 23<sup>rd</sup>.

At this point, the meeting was recessed; it was 7:45 p.m. Comm. Duenas motioned to move the meeting to Executive session; Comm. Hara seconded. Executive Session began at 8:10 p.m.

**X. EXECUTIVE SESSION**

**1. GTA Billing Dispute**

This matter was discussed.

**2. Meter Issues**

This matter was discussed.

Executive Session ended at 9 p.m.; Regular Session started immediately

~~Comm. Duenas motioned to approve the GTA issue as discussed in Executive Session; Comm. Palomo seconded. There was no further discussion or objection and the motion carried.~~

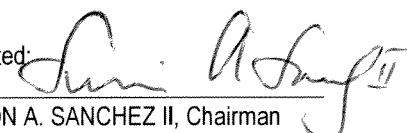
~~Comm. Palomo motioned to approve Resolution 10-FY2010 per the issues as discussed by the GMCUS and term sheet as discussed by the Staff Atty. The reallocation of the bond funds was approved and management will petition the PUC for approval; Comm. Duenas seconded. There was no further discussion or objection and the motion passed.~~


**XI. ADJOURNMENT**

With no further business to bring before the Commission, the meeting was adjourned at 9:15 p.m.

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Attested:

  
SIMON A. SANCHEZ II, Chairman

  
GLORIA B. NELSON, Secretary