



# CONSOLIDATED COMMISSION ON UTILITIES

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

## REGULAR MEETING OF Guam Waterworks Authority *GPA Board Conference Room* 5 p.m., Tuesday, October 30, 2007

### MINUTES

#### I. CALL TO ORDER

The Chairman called the regular meeting of the Guam Waterworks Authority to order at 5:15 p.m. and announced that all (4) Commissioners were present.

The attendance roster follows:

#### Commissioners:

Simon Sanchez	Chairman
Benigno Palomo	Vice-Chairman – GPA
Gloria Nelson	CCU Secretary
Eloy Hara	Vice-Chairman – GWA

#### Executive Management:

John Benavente	GM, Consolidated Utility Services (GMCUS)
Danny Santos	Asst. GM, Consolidated Administration (AGMCA)
Greg Cruz	Chief Financial Officer, GWA
Andy Balajadia	Asst. General Manager, Operations, GPA
Randy Wiegand	Chief Financial Office, GPA

#### Legal Counsel

Sam Taylor	Staff Attorney, GWA
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#### Management & Staff:

Julie Quinata	Personnel Services Admin., GPA
Pam Aguigui	Chief Budget Officer, GPA
Ron Okada	T&D Manager, GPA
Tom Borja	Facilities Mgr., GPA
Jamie Pangelinan	Supply Mgmt., Admin., GPA
Melinda Camacho	Engineering Mgr., GPA
Herb Pinaula	Transportation Mgr., GPA
Sylvia Ipanag	Planning & Reg. Supv., GPA
Gilda Mafnas	Controller, GWA

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John J. Cruz	Spord Mgr., GPA
Jon Quidachay	GWA
Robert Taitano	GPA
Mark Miller	Asst. GM, Production&Treatment, GWA

### Guest:

Ben Lizama	Representative, Senator Jim Espaldon's Office
Ann Card	Card & Card
Phil Card	Card & Card
Rick Unpingco	VEOLIA
Kevin Patrick	VEOLIA

## II. APPROVAL OF MINUTES

### 1. June 19, 2007 (DRAFT)

The Minutes of June 19<sup>th</sup> was presented for approval.

Comm. Nelson moved to approve the Minutes subject to verification and written correction; Comm. Hara seconded. Without further discussion or objection the motion carried.

## III. GM (CUS) Report - None

## IV. COMMUNICATIONS - None

## V. OLD BUSINESS

### 1. Resolution 01-FY2008: Approval of Compensation Study and Pay Plan

Resolution 01-FY2008 we have reviewed this whole package. Resolution is in compliance with PL 28-113 and PL 28-159. Will substitute the term transition for migrate. Commission did adopt the percentiles in #2 for those fiscal years. Any objections to Counsel's recommendation to add phrase subject to budgetary approval of the CCU. Also, to substitute migrate to transition. Any objections?

As amendment Commissioner Nelson moved to approve Amendment, Commissioner Hara seconded. Without further discussion or objection the motion carried.

### 2. Status of Recruitment for GWAGM

The GMCUS reported that Trinity Consultants will be meeting with management regarding GM and Engineering positions tomorrow.

### 3. Status of Systems Development Charge

Management will be meeting with Phil Roberto from Senator Espaldon's office on Thursday, to begin looking at district models and charts, our consultants that will work on the charts will be here November. This is just a status report. Commissioner Palomo suggested GM to give work session to CCU in preparation, to determine the different models and figure out what will work best.

### 4. Award of Groundwater Chlorination System Contract

The Chief Engineer reported that the Bid for the project is ongoing. It is a STIP requirement and must move forward with PUC approval. Chief Engineer broke the project down to 2 phases.

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Phase I - \$1,071,280; the 2<sup>nd</sup> part which we will be requesting CCU to approve is Phase II - \$1,158,727; Total is \$2,683,700. Funding for Phase I is EPA source. Phase II is a funding source from the Bond funds. Asanuma background, the bid was extremely high. GWA estimate was 1.8. They do have background in performing this kind of work. Any project over \$250K must have CCU approval. Amend "Asanuma" spelling.

Commissioner Hara moved to approve Amendment, Commissioner Palomo seconded.  
Without further discussion or objection the motion carried.

## VI. NEW BUSINESS

1. **Engineering Scholarship Program Policy** – policy similar to GPA's Engineering Scholarship Policy. Revise GPA's to meet GWA's operation. Commissioner Palomo asked the question "Are we limited to US Accredited Institution"? Will P.I. education be included? John Benavente answered "must match PEALS Board criteria". Establish a standard to put in this measure, no matter where their education is. Seek PEAL's Board guidance. We mimicked a policy from GPA. Pre-approve this and make amendments later. Want management to do its research. Tabled until PEALS Board criteria is reviewed. Revisited – will approve as stands and can make amendment later.

Commissioner Nelson moved to approve Motion, Commissioner Hara seconded. Without further discussion or objection the motion carried.

In-Service training, Commissioner Nelson reminded John Benavente not to disregard other non engineering positions.

2. **Navy Fena Response** – September 19<sup>th</sup> a letter to the Chair informing us that the rate for Navy purchase water was going to increase from \$2.09 - \$2.10 to \$4.05 per 1000 gallons. Fena maintenance has increased. Need to determine if it should be charged to GWA. We are responsible to our rate payers. CFO looked into this and came up with \$2.09 to run Fena. Ask the Navy for more break-down for their rates. If we want to raise our rates, we will have to go to the PUC. We are working on the least cost we can get to our customers. Contract based on actual operational cost, provide cost and data to us. Revise the aspect on taking Fena back. Include the Congress in the loop. Navy submitted cost 7 million to produce water to GWA. GWA states they can run Fena for \$700k vs. the Navy saying they need to run it for 7 million. The contract needs to justify cost – we question their cost. Inform them that we should not pay for their loss in prior years. Agree to non-binding review by PUC so we can get an answer to our question who is not the Navy and not GWA. Request for AG Limtiaco to review to see if the previous AG Moylan correctly bound the Government of Guam and the People of Guam who did not participate in that decision. There was no resolution, there was no letter from the Governor saying I agree or disagree. Was that decision appropriate – and we want to revisit that settlement and raise the whole issue of Fena again. Revisit and take back Fena, will ask AG Limtiaco to begin that process. Ask Congresswoman Bordallo to introduce legislation to have GWA and Navy to negotiate to take over the system. Commissioner Nelson stated that we must begin to give Congresswoman Bordallo data so she can begin to formulate plans.

Chair suggests CCU adopt the following and need to make a motion:

1. Request for Navy to clarify 7 million in expenses. Respond to Navy with our own analysis, highlighting the difference in cost and requesting for more detail of their cost, making the point that our analysis is much less.
2. Enter into a non-binding review by PUC.
3. Request Congresswoman Bordallo to introduce legislation.

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4. Request AG Limtiaco to review litigation.

Commissioner Nelson moved to approve Motion, Commissioner Palomo seconded. Without further discussion or objection the motion carried.

Commissioner Palomo suggested chronological folder – chain of events of how it all started and to cc all leaderships (i.e. GOVERNMENT, LEGISLATURE). Management will work on letter.

## VII. STAFF REPORTS

### 1. Legal

Filed an Answer to Claim (collapse to the tank) and they have asked for \$400K and we are going to vigorously pursue that.

### 2. Human Resources

New Employment Development Specialist will start Monday. His name is Frank Roberto. Drug testing is still ongoing. Interviews are ongoing for apprentices.

### 3. Compliance

I have relocated some of the items. The issues I am working on right now are the delay notice preparation for water meters. Ugum we have already submitted one we are in the process of submitting the second based on the references in the Stipulated Order to the Comprehensive Performance Evaluation Study which the work that is in there has already been done and we have met all of those requirements and we will re-submit that one. The Bonds help we will be doing something on the chlorine programs we have to get that bid out, but because of the changes Guam EPA made in it for us we are probably going to make the deadline in the Stipulated Order. We will submit again for 31, 12 and 42 when the work is done. Paragraph 39 and 42 there is a difference of opinion on it. The Stipulated Order refers pacifically to the Comprehensive Performance Evaluation Study done out in Ugum the thing listed in there are the things that we have already done, I think we have a very good case that it is done, they put it into the order to do the change out – to do an upgrade, one of the things is that we have accepted – will you continue to do the upgrade, were already into that process, I don't see how they can object to it. We got a warning letter on the out falls they were included in the letter 12, 42, 35 and 41.

### 4. Chief Engineer

I sent a digital copy of this to each one of your emails. If there any questions just call me. Just a couple of highlights, we're continuing to work on the completion of the design for the Ugum project – we have been able to give several approvals on equipment items that have been ordered, so by the time we get the design completed we should have some of those pieces on island and will be able to go to work. The old Agat Wastewater Collection Project we will have those solicitation collection out in November. For the Detection Project hasn't been obligated towards the task force, we have put out solicitation to put in some well electrical projections and drives for about 20 of our wells that solicitation is currently on the street the deadline will be sometime during the month of November. Santa Rita Route 5 Project we should be breaking ground in November there are a couple of permits from DPW they are trying to get and then will be able to go to work. The Groundwater Coronation Project the report we will be sending to the PUC asking for additional bond money is going to require justification on why the cost of the project is significantly larger than we originally submitted, the project is defined in PUC in 2005 is about 1.5 million dollars primary this included the amount of grant money we received from EPA which intended to do about 35 sites, we are now doing 120 well sites and with this coronation upgrades. Regarding the Mangilao

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tank if there is some FEMA money that is available for that project which has been here for a long time because of the insurance issue, we've got the approval in the middle of the summer and we have forwarded on this project. FEMA wants to see by December some movement on that in order to obtain that funding. We will send out solicitation for that project in about 8 days for the replacement of that tank. We will investigate the tank to see if we can take it out and put in another site.

### 5. Asst. GM Consolidated Administration

I have the order to present to you the GWA Collection Strategy. It is basically to 4 simple parts. The 1<sup>st</sup> part is the mission statement. The 2<sup>nd</sup> part is the challenges. The 3<sup>rd</sup> one is the solution. The 4<sup>th</sup> one will be the organizational chart.

1<sup>st</sup> part the mission statement: GWA will have timely collection of receivables –that will reduce write offs and will actively investigate illegal connections.

2<sup>nd</sup> part is challenges: We have about 2500 accounts, or 7% of our customers there is about 2.7 million dollars, 1,300 accounts or 3% of our customers that are on a payment arrangement. The 2<sup>nd</sup> challenge we have about 863 customers or 3% of our customers receive estimated bills. The 3<sup>rd</sup> 646 or 2.7% of our customers are being billed with consumption. We have about 6.9 million in revenues. #2 based on investigation the zero readings are at the minimum or no use at all or absence of water line connections, either on the government or private side, zero consumption because the meter is not turning that is a 2% overall based on 28,000 customers. Estimated billing is done with customers pass 6 months bill on an average. Estimated billing needs to be stopped, need to inform the customer (i.e. if the meter is being blocked), that we need to get to the meter to do an accurate reading. It is a crime with regards to an illegal hook up, we follow protocol call the cops, it goes to the AG's office and then a fine is placed on the arrestee. There are 38,000 active meters, and 10,000 accounts that are inactive. 45,000 customers and this include the inactive of 10,000. We should state that we have 38,000 active meters for billing. We have 19 illegal connections as of this date.

3<sup>rd</sup> part is solutions: We will try to disconnect customers who due over 60 days. We have disconnected up to 151 a day, we also have promissory notes report who have defaulted on their promissory notes. There are customers who have their services disconnected who will have their family reconnect under their name. Bad checks are not allowed to use checks anymore, they have to use cash. Customer is asked to update their information. Estimated billing solution we will investigate and act before the next billing cycle. Will refer inactive accounts to Small Claims and/or Collection Agencies. Illegal connections we have a readiness protection team respond on all illegal connection – Guam Police will be called, police report number given and case referred to AG's office.

Collections/Revenue: Collection department will be in charge of non payment, Revenue perfection team, illegal connection, meter tapering, zero use and other kinds of issues we deal with as far as revenue is concerned. GPSS has zero balance.

### 6. Financials:

Report on the long standing issue relative to funding the requirement, the Stipulated Order. They want us to plan on rate increase. We will formally submit to the PUC that it is one account, question will be how fast you want to fill it. Time frame is unreasonable, we are going to argue that we want the Bond. We show improvement in sales, 2% increase vs. last years. There is 22%

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increase on consumption alone. On the revenue side almost 73% increase. We are reporting a loss as of August almost \$700K year to date, compared to losing a million last year. We expected more grants from the U.S.

### 7. Production & Treatment

A report was submitted but not discussed.

### 8. Collection & Distribution

A report was submitted but not discussed.

### 9. PIO Report

CCU Newsletter – combine Guam Power Authority and Guam Waterworks Authority. Increase the value of water. Provide village news. Goal to release CCU Newsletter will be Thanksgiving. Distribution area will be to ALL customers and public offices.

Story boards at Customer Service to show how problems were solved. Tap water presentation given, we have safe tap water. Possibly do TV shots in Chamorro, Filipino.

Will give GWA a face lift on their logo, promote community to access our website, will work to ensure it is user friendly. Slide presentation regarding website. Educational pieces for children provided on website. GWA started to begin field trips for kids to show the importance of our water.

The ideas will be brought back at the next meeting for approval. Commission is okay with the general path you are going.

## VIII. EXECUTIVE SESSION

Executive Session began at 6:55 p.m.

1. Rectify Poll Vote  
This matter was discussed.
2. Legal Counsel Compensation – 95K per annum.  
This matter was discussed.

Executive Session ended at 7:30 p.m. and Regular Session began immediately.

Commissioner Palomo moved to approve Motion to Rectify Poll Vote, Commissioner Nelson seconded. Without further discussion or objection the motion carried.

Commissioner Nelson moved to approve Motion for Legal Counsel Compensation at 95K per annum, Commissioner Palomo seconded. Without further discussion or objection the motion carried.

## IX. REGULAR SESSION

Regular session resumed at 7:30 p.m.

## X. STAFF REPORTS

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**XI. ANNOUNCEMENTS**

**A. Future Meeting**

The Chairman announced that the next meeting of the Commission is scheduled for November 13<sup>th</sup> for GWA and November 27<sup>th</sup> for GPA.

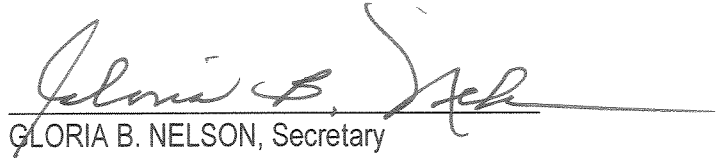
**XII. ADJOURNMENT**

With no other business to bring before the Commission, the meeting adjourned at 9:00 p.m.

Attested:



SIMON A. SANCHEZ II, Chairman



GLORIA B. NELSON, Secretary

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