



CONSOLIDATED COMMISSION ON UTILITIES

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

GUAM WATERWORKS AUTHORITY REGULAR BOARD MEETING & VILLAGE OPEN FORUM *Tamuning Community / Senior Center* 4:00 p.m., October 7, 2008

MINUTES

I. CALL TO ORDER

The Chairman announced that Comm. Palomo and Blas would be late but the presence of Comm. Nelson, Hara and he constitutes a quorum; he called the meeting to order at 4:50 p.m. For the record, Comm. Blas arrived a few minutes later. Those present included:

Commissioners:

Simon Sanchez	Chairman
Benigno Palomo	Vice-Chairman – GPA (Excused)
Eloy Hara	Vice-Chairman - GWA
Gloria Nelson	CCU Secretary
J. Margaret Blas	Member

Executive Management:

John Benavente	GM, Consolidated Utility Services (GMCUS)
Kin Flores	GM. Guam Power Authority
Danny Santos	Asst. GM, Consolidated Administration
Greg Cruz	Chief Financial Officer, GWA (CFOGWA)
Don Antrobus	Chief Engineer (CE)
Andy Balajadia	Asst. GM Operations, GPA

Legal Counsel:

Sam Taylor	GWA Staff Attorney (SAGWA)
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Management & Staff:

Jesse Lujan	Collection / Distribution, GWA
Gilda Mafnas	Controller, GWA
Mark Miller	Asst. GM, Production & Treatment (AGMPT)
Paul Kemp	Asst. GM. Compliance/Safety
Becky Balajadia	RPU Supervisor
Geigy Salagon	Customer Service Supervisor
Ron Topasna	
Doris Young	
John Unpingco	
Heidi Ballendorf	PIO, GWA
Ron Okada	T&D Mgr., / GPA
Elaine Cruz	Personnel Services Administrator
Richard Bersamin	Customer Service Mgr. / GPA
Art Perez	PIO, GPA
Melinda Camacho	Mgr. of Engineering / GPA
Victor Torres	IT Supervisor, GWA

Guest

Rick Unpingco Veolia	
Ted Nelson	Resident
Phil and Phyllis Card	Resident

Jess Palican	Barrigada Mayor
Ben Gumataotao	Piti Mayor
Frank Blas	Tamuning Mayor
Tony Charfauros	Resident
John Davis	KUAM

II. **APPROVAL OF MINUTES**

The Minutes of May 20, 2008 was presented for approval.

Comm. Nelson 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**

IV. **COMMUNICATIONS**

1. **Public Comments (2 min. per person)**

V. **NEW BUSINESS**

1. **Hiring of GWA General Manager**

The GMCUS reported that three (3) applicants were considered but 2 did not meet STIP requirements. Management interviewed Mr. Len Olive and considered him to be the best, suitable applicant and he presented an employment agreement to the Commission for their consideration. The contract is for 3 years subject to annual review. His starting salary would be \$110k per annum. If the Commission approves his contract, he would start on Oct. 27th.

Comm. Hara said he supports the hiring of Dr. Olive. He believes that he is the right candidate to bring GWA to the next level. Comm. Nelson said it was unanimously discussed during interviews of each individual applicant and discussed the pros and cons. After much discussion, Mr. Olive came up on top of all others and she concurs with the Commission's decision to choose Mr. Olive. The Chairman said GWA has a lot of emerging talent and could one day step into this position. Dr. Olive was very enthusiastic to begin to mentor / develop talent so that one day they could take on the GM position. Dr. Olive's experience and professional background makes him the best person to help bring employees the training they need.

Comm. Hara motion to approve the hiring of Mr. Len Olive as GM to GWA; Comm. Nelson seconded. There was no further discussion or objection and the motion carried.

The Chairman announced that Mr. Benavente will take on his former responsibility of GMCUS. Comm. Nelson commended Mr. Benavente for a job well done and deserves a resolution from this Board for the job he accomplished with the absence of Mr. David Craddick. Mr. Benavente commended the employees for their hard work and cooperation in assisting him to move GWA's mission forward.

2. **Resolution 01-FY2009: Authorizing the Creation of a New GWA Position**

The GMCUS said the one of the key portion of the STIP is to improve GWA's Training and Development programs. There is no Training / Development Manager position at GWA and this resolution asks the Commission to create this position.

Comm. Nelson said she is a proponent of training and development. She said that earlier she asked Legal Counsel for the reference to the Guam Law referenced in the second whereas and would like to see the law cited here. It was noted that the public law in reference in P.L. 28-113. She asked that the resolution be amended accordingly. She also mentioned the importance of a grant writer position that could be funded by the federal government; she believes very strongly that there are funds available through grants but GWA is not taking advantage of it.

Comm. Hara said this position is very timely since GWA would have a new GM in place shortly. He said the Training and Development Manager would be his right hand in the Training and Development arena; he supports the creation of this position.

The Chairman recommended the amendment to page 2, line10 – deleting "both A&B position along with". There was no objection.

Comm. Hara motioned to approve Resolution 01-FY2009 as amended; Comm. Nelson seconded. There was no further discussion or objection and the motion passed.

3. Resolution 02-FY2009: Approval for Supporting GEPA's Operator Certification Training

The Staff Attorney presented resolution 02-FY2009 for approval. He said that some oral statements occurred between GWA and GEPA relative to some compliance and safety training conducted by GWA in conjunction with GEPA. GWA did make a statement on the part of GWA officials saying that there must be related documentation before any action is taken on the matter. GEPA proceeded on the oral statements from GWA officials and ignored the need to provide proper documentation. GWA made the payment of this procurement conditional upon the provision of these records however, the records were not provided because they were never generated. The training was conducted at the Guam Marriott Hotel who provided the training in good faith and their services were acceptable to GWA and GEPA. Resolution 02-FY2009 apportions the costs amongst the parties in the manner that was basically agreed to by the parties. It allows for GWA to pay the Marriott \$6,050 and allows GWA to accept certain payables from GEPA to GWA in the amount of \$1,380. It also allows GWA to invoice GEPA for \$977 for GEPA's share of the training. It also allows payment to Angel Marquez for \$770, a GEPA official, who used his credit card to secure the facility for the training.

The Chairman cited that the resolved section should reflect the total net amount that GWA needs to expend - \$4,400. The Chairman asked that the resolution be amended to incorporate this total settlement amount in the resolved section.

Comm. Nelson motion to approve Resolution 02-FY2009 as amended; Comm. Hara seconded. There was no further discussion or objection and the motion carried.

For the record, Comm. Blas arrived at this point.

5 Resolution 03-FY2009 Travel Policy Amendment

Staff Attorney Taylor presented this request to amend GWA's Travel Policy created by the CCU in March 2007. This stems from the fact that GWA has difficulty recruiting certain highly trained and necessary personnel from off-island. The substantive changes includes the ability to ship goods to include vehicles up to \$3k, temporary lodging allowance, 2-way coach trip ticket, if employment is less than 2 years, expenses would be reimbursed to GWA.

GMCUS said this change is a result of the hardships GWA is having in off-island recruitment. The change is needed to make it more lucrative. The change is not identical to GPA at this time but if approved, the GMCUS would look into making sure that it would apply to GPA as well.

Comm. Nelson motioned to approve Resolution 03-FY2009; Comm. Blas seconded. There was no further objection or correction and the motion passed.

6. Resolution 04-FY2009: Approval of Short-term Loan from Veolia

The Staff Attorney presented for approval a request by management to approve an issuance / credit facility of \$5 Million for a maximum term of 5 years to fund certain critical projects that GWA has identified on the WW side in conjunction with Veolia. There is a continuing need to upgrade the WW system and some of the projects targeted would include safety project upgrades. In Veolia's PMC contract there is a provision which allowed the contractor to loan GWA short-term loans. GWA is authorized under Guam Law to borrow up to \$5 Million up to 5 year subject to GEDA approval and the Governor's signature. It also requires PUC review and approval under GWA's contract review protocol. The credit facility containing the terms and conditions that was agreed upon by GWA and Veolia were attached to the resolution. He added that GWA would like to have some flexibility going forward to be able to modify some of the terms and conditions if needed / warranted by GEDA or PUC. The credit facility is fairly straightforward – the staff attorney proceeded to highlight the contents of credit facility. In summary, the GMCUS said that the loan would allow GWA to use cash today for projects and pay later in increments. WW needs this injection of cash.

Comm. Blas motion to approve Resolution 04-FY2009 subject to GEDCA, PUC and the Governor's approval as required by law. Comm. Nelson seconded. There was no further discussion or objection and the motion passed.

VI. OLD BUSINESS

1. Moratorium Update

The GMCUS had a press conference on this matter and expressed to the media where GWA is on the matter. He reiterated the sites involved in the moratorium. He mentioned 3 solutions – Phase I – upgrading of pump system and synchronization; Phase II – upgrade of sewer WW line in East Agaña; Phase III – construction of force main system from Bank Pacific in Tamuning to Hagatna Treatment Plant. The 3 phases would cost about \$30-\$40 Million and management is in process of preparing bid specs for release by the end of the year. It would be a Build-Construct-Finance project and if all goes well, GWA will lift the moratorium by April 1, 2009.

VI. STAFF REPORTS

1. Communications / PIO

Heidi Ballendorf, PIO reported that the celebrity campaign would kick-off on 10/24/08 – 17 island wide celebrities have signed on to testify on the safety of drinking GWA water. The campaign will also highlight that GWA water is inexpensive

with only 1 penny per gallon. There will also be some water conservation programs that will run in conjunction with GWA's leak detection program in early 2009.

2. Financials

Greg Cruz, CFO reported on the August 08 Financials but was not audible. The Chairman recapped highlights – sales 11.5% growth, there seems to be trend in consumption. Largest impact – utility purchases at \$18 Million – last year it was only \$13.5 Million. Overall GWA is projected to lose \$2Million this FY. It is hoped that PUC would give some relief to GWA via rate increases.

3. Production & Treatment

Mark Miller reported that GWA had its annual well inspection and in 2005 there were over 600 well deficiencies noted by Guam EPA, in 2006 it was 300 and in 2007 it was 196 and today there were only 46 well deficiencies noted. This is great news due to aggressive efforts by management and operations. Of the 120 wells 70 had zero deficiencies. This speaks volumes in the effort put forth by P&T. Production is still well within the standard monthly production and all wells that can operate are operating except needing major capital financing. WW is up to 93% operational ready. The GMCUS said that there are 7 wells that are on stand-by mode in an effort to save energy.

The Chairman asked the GMCUS to follow-up with Capt. Fuligni regarding response to GWA's letter regarding Navy's increased water rates. The Navy has an obligation to our community and the Commission to provide GWA an opportunity to analyze their cost to see if their proposal is justified.

4. Collection / Distribution

Jess Lujan, Asst. GM, C&D talked about GWA's water leak log – it is evident that 90% of complaints are being addressed monthly. Comm. Nelson asked about painting / maintenance on water tanks – the GMCUS said that assessments are ongoing and then the work will be put to bid

5. Asst. GM Consolidated Administration

Danny Santos, AGMCA reported on GAIN receivables. The Chairman wanted to know why the bill was allowed to get so big. The AGMCA said that GAIN is trying to work with Dept. of Agriculture to get legislative approval for funding. The AGMCA made other comments but was not audible. The Chairman said GWA waited too long to act and now the problem is not easily fixable. Becky Balajadia reported that DOA was supposed to be paying for the water but failed to do so. Other government agencies that have been discovered in arrears include Dept. of Corrections, Dept. of Parks and Recreation, & Guam Fire Department. The Chairman said GovGuam needs to get their act together and GWA should cut off Government Accounts when they are in arrears. The CCU is being criticized for allowing government agencies to stay connected even if they are in arrears while disconnecting Mrs. Cruz for the same thing. He said GWA must be equitable to all customers and cut all who do not pay. The Chairman would like to see a list of government agencies that are in arrears.

The AGMCA reported that Metron Farnier reported on the transponder problem – a failure rate of 15%. They reported that transponder radios do not operate optimally in hot and humid conditions. He asked the AGMCA to ask why there is an 85/15 disparity when humidity is the same everywhere on island.

6. Chief Engineer

The Chief Engineer announced that to date there is 2 new hire and possibly 1 more shortly. A comprehensive assessment of all water tanks is being done – phase I is to get an idea of the condition of the tanks in order to get a detailed assessment. A construction solicitation was prepared for the types of repairs that are anticipated in the detailed assessment – this will be released in a couple of weeks. The objective is to be prepared to do the repairs at the same time that the tanks are taken out of service for detailed assessment. The Barrigada tank is one of the priority tanks along with a few others. As part of the assessment, structural repairs would be determined so it can operate at 100% capacity. All this is an issue of the cost of repairs – which would be determined in 4-6 weeks.

7. Compliance / Safety

Paul Kemp, Asst. GM, Compliance/Safety reported that USEPA is on island and seem to be happy with status quo. There is an exit interview with them on Monday at 2 p.m. There is no eminent threat of fines.

8. Human Resources - No Report

9. Legal – No Report

VIII. ANNOUNCEMENTS


1. The next CCU Meeting is for GPA on 10/21/08 in Yigo.

IX. **ADJOURNMENT**

With no further business to bring before the Commission, the meeting was adjourned at 6:30 p.m.

Attested


SIMON A. SANCHEZ II, Chairman


GLORIA B. NELSON, Secretary

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