



# 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., March 23, 2010

### MINUTES

#### I. CALL TO ORDER

Chairman Sanchez called the regular meeting of the Guam Power Authority and Guam Waterworks Authority to order at 5:05 p.m. He announced that four (4) Commissioners were present; Comm. Hara was off-island and excused. Those in attendance include:

##### Commissioners:

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

##### Executive Mgmt:

John Benavente	GMCUS
Kin Flores	GPAGM
Len Olive	GWAGM
Randy Wiegand	CFO, GPA
Greg Cruz	GWA-CFO
Graham Botha	Staff Atty., GPA

##### Management & Staff:

Martin Roush	Chief Engineer / GWA
Prudencio Aguon	Grants Administrator / GWA
Jude Calvo	Planner II / GWA
Mark Miller	Asst. GM, Production & Treatment / GWA
Paul Kemp	Asst. GM, Compliance & Safety / GWA
Ron Topasna	Water Treatment Plant Superintendent
Victor Torres	IT Manager / GWA
Yvonne Cruz	Quality Assurance, GWA
Elaine Cruz	Personnel Services Administrator / GWA
Doris Young	Utility Services Administrator, GWA
Geigy Salayon	Customer Services Supervisor / GWA
Lou Sablan	Board Recording Secretary / GPA & GWA

##### GUEST

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

#### II. APPROVAL OF MINUTES

The Minutes of January 26, 2010 was presented for approval.

Comm. Duenas motioned to approve the Minutes subject to written correction; Comm. Nelson seconded. There was no further discussion or objection and the motion carried.

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

IV. **GM REPORT**

1. **Management Audit Phase II**

Baker Tilly, Management Audit consultants, is on island and meetings are scheduled for the next couple days which will include discussion on opportunities for consolidation – 1 p.m. tomorrow and 8:30 a.m. Thursday here at GPA

2. **Strategic Planning**

Management is ready to roll into Phase II and the GWAGM is asking for work session on April 20<sup>th</sup> to cover Phase I and to give overview of Phase II. Mark Miller will be heading this project. A total of 14 meetings have been held with small group of employees in Phase I.

3. **DoD Update**

This matter is moving forward with increased intensity. Many were involved in the CEQ meeting this a.m. and a workshop and tour of the Northern District WW Plant happened this afternoon. Nancy Sutley, Chair of the CEQ an Obama appointee from Washington was present along with John McCarrol from USEPA. General Bice said that help is on the way –he was not clear in what form. The Chairman said that our Mantra has not changed – Guam needs help to do this build-up right; the utilities cannot do it by themselves and will not put out more than we can afford.

4. **USEPA Update**

USEPA has been a robust partner with latest processes with the DoD. They have been proactive with courting the federal family with money and personnel, especially technical help. The Chairman said that the sheer size of the build-up is so large and the biggest challenge is GPA/GWA has technical people but the utilities may need a team that only focuses on the technical.

EPA filed a response to GWA's 301h waiver appeal. The GWAGM said that the whole issue is going to fold into a new stipulated order / consent decree which he said is not a bad thing. This enforcement tool will enjoin the federal family into GWA's camp and provide for some of the resources we need to get to the next level

5. **USDA Update**

GWA is talking to them about potential funding for not only the moratorium project but for a suite of other projects. Mark Miller is heading the engineering team to determine which, of the near shovel ready projects, are good candidates for funding.

6. **USDOI / Dept. of Reclamation Update**

GWAGM had meeting with couple of representatives from the Dept. of Reclamation. They don't have funding but they do have the technical assistance in engineers. The arrangement will be that these professionals would be paid in kind or through the build up money. Comm. Nelson said how does this affect our on-island engineer – she was concerned that both the on-island and off-island engineer should be compensated equally. This is something that management should look at.

7. **White House CEQ Briefing**

The Chairman did an excellent job with his presentation to the CEQ officials that were visiting.

8. **WERI/EPA/USGS Guam Aquifer Study**

There were meetings last week with a consortium to include WERI, EPA, USGS on the aquifer. He said the evolution is happening very quickly. Various testing on well sites are being identified and permitted.

The GWAGM introduced Wade Tenorio who will present a Health and Safety Plan in April. Mr. Tenorio worked for various communications company in the U.S.

V. **COMMUNICATIONS**

1. **Public Comments**

Mr. Augusto Cruz from Ipan who was present on behalf of his friend on a GWA matter relative to his power and water hook-up. There was an existing water and sewer line enough to service the home but GWA permit section said that GWA must follow the plan which involves cutting the road. Comm. Nelson said that she is confident that Mr. Olive and Mr. Benavente can handle this matter. Mr. Olive said he has a couple of solutions and agreed to meet Mr. Cruz for further discussion.

VI. **NEW BUSINESS – None**

VII. **OLD BUSINESS**

1. **GPA Resolution 2010-22: Liquidity Study**

The CFO said that RW Beck has completed the Liquidity Study and presented it to GPA in December 2009. The CCU has met in a workshop to discuss the Liquidity Study in depth. In it they made 4 recommendations – to adopt a minimum cash target of 60 days, to maintain the 1.75 debt service coverage ratio, to change the way GPA calculates the debt service coverage ratio to include all GPA

debt – bond, IPP and loans, and to establish a target of loan to equity ratio of between 30-40%. Management is asking the CCU to allow management to petition the PUC and request they adopt these targets for rate setting. The CFO said to implement these costs over 5 years it would mean a 2.8% increase in FY10, 2% in April 1, 2011, 6.3% in FY12, no increase in FY13 and 4.7% increase in FY14 and a 2.1% increase in FY15. These are fairly modest rate increases for the next 5 years and management believes it can restore the financial health of the Authority – build up cash reserves, achieve debt service coverage.

Comm. Duenas motioned to approve Resolution 2010-22 for discussion; Comm. Palomo seconded

In discussion, some amendments were made to the resolution to refine the Resolved portions – the 2<sup>nd</sup> resolve, line 27, to change the word “continue” to “petition”; Line 29 to include the date RW Beck performed the Liquidity Study – dated December 30, 2009; to include item #2 to first resolve on Line 30 – “this study provides for changes which include...” Line 32 remove phrase and make it part of a new last sentence on Line 34 and add the long term equity target of 30-40% should be implemented in 10 years, 2020.

On the question, there was no further discussion or objection and the motion carried.

## **2. GPA Resolution 2010-25: Relative to Amending CCU Bylaws**

Comm. Duenas said this Resolution is just to change the CCU meetings to the 2<sup>nd</sup> and 4<sup>th</sup> Tuesday of every month beginning in May 2010.

Comm. Duenas moved to approve the Resolution as amended; Comm. Palomo seconded. There was no further discussion or objection and the motion carried.

## **3. GPA Resolution 2010-26: Relative to Amending UOG's MOU**

The CFO said in June management approached the CCU with draft MOU for UOG to assist GPA with its strategic plan. The previously approved work was for \$30k and management is asking to increase this to \$100k. The Chairman said that \$100k is a lot of money – about \$8k per month and a big number. The Chairman wanted to know what GPA is paying for; he asked management for a detailed scope of work. The matter was tabled

## **4. CTP**

The GM said this item is to be included in discussion under Resolution 09-FY2010 below.

## **5. Resolution 09-FY2010: Exempt CTP Employee Overtime**

The GWAGM said this resolution not only deals with exempt CTP overtime but also reaffirms prior budgets for FY09 as well as requesting a budget amendment of FY2010 of \$420k. The CFO has blessed this request and what it will accomplish is to pay increments for FY09 and FY10 and to provide for time and a half for CTP exempt employees and to migrate all CTP employees to 15<sup>th</sup> percentile for compensation. The adjustments would all be applicable to the FY2010 budget which is why \$420k is requested; this will cover the FY09 CTP amount / increment \$253 which was budgeted but not paid; and FY10 increments and pay exempt overtime of \$165k

The Chairman amended the resolution accordingly – Line 22 add \$420k for: 1) \$145,600 for the migration of CTP pay scale from 5<sup>th</sup> to 15<sup>th</sup> percentile, effective April 1<sup>st</sup>, 2) to pay the increments for non-CTP and pay for performance for CTP employees \$108,006k 3) and exempt overtime cost of \$165,800k

Comm. Duenas motioned to approve Resolution 09-FY2010; Comm. Nelson seconded

The GWAGM recommended that John Kotla Pangelinan be somehow memorialized in this resolution to honor his hard work and dedication. Comm. Nelson suggested that rather than do this with Resolution 09-FY2010 that a separate resolution be drafted to solely honor Mr. Pangelinan instead. All agreed.

On the Resolution as amended, there was no further discussion or objection and the motion passed.

## **VIII. STAFF REPORTS**

### **1. Communications / PIO**

A handout was provided in the packet. Comm. Nelson applauded Heidi Ballendorf for getting the word out relative to outages and expectations for the public. Comm. Nelson said it helps to know these things in advance.

### **2. Human Resources**

The Chairman inquired on the status of the pay for performance system distribution. The GWAGM said that a report will be formatted and distributed to the CCU. There was discussion on consolidation of some divisions like HR, Transportation and others. The Chairman also asked about the status of the Employee Recognition Award Program and mentioned that this was supposed to happen already but to date there's no action. Comm. Nelson said that perhaps HR needs assistance. The Chairman said that both agencies have their strengths and weaknesses and perhaps consolidating will benefit both agencies capitalize on each other's strengths. More discussion followed on the benefits of consolidating not only HR but other divisions.

**3. Compliance & Safety**

Wade Tenorio will present Health and Safety at the next meeting. Mr. Kemp said he's been working with FEMA and Homeland Security and announced that FEMA will assign water and wastewater assets during an emergency. RE penalties, he said it doesn't look promising; the Chairman said he spoke with Nancy Woo / John McCarroll who confirmed that GWA would be fined again for missed deadlines. On April 7<sup>th</sup>, GWA will file another status report to update the Judge on pending matters. USEPA will fine us on current STIP which still has a handful of things to be completed. The plan is to migrate from the STIP to a new agreement and said this process has already started. This new agreement could be used to engage the rest of the Federal government to achieve compliance. He added that they are very much GWA's ally in terms of trying to get the build-up to fund certain needs.

**4. Chief Engineer**

The Chief Engineer reported on status of grants that were awarded to GWA. To date about \$8million has been awarded; \$70Million has been applied for. The Chairman said this is great news and congratulated Prudencio Aguon and Jude Calvo, GWA's grant writers, for their good work. Chief Engineer Roush explained the process once the grant is received – it said it's a positive effect but requires strict monitoring. Comm. Nelson concurred and said that federal grants must be refunded if not used properly and GWA does not have the funds for refunds. Both Mr. Aguon and Calvo were applauded for a job well done. Comm. Nelson mentioned that she is especially interested in grants that could be applicable to the low-income group of ratepayers and asked the grant writers to be conscious of this so that we can assist this group of ratepayers supplement their income.

**5. Water M&O**

The GWAGM reported that Ugum was taken off line for the contractor today. The system has been stable and sustainable. Navy water has been reduced significantly especially since the major 12" leak by the tank farm was repaired. The GMCUS added that in FY09 there were 34 well pull-outs to date there's only 11 which is very significant.

**6. Wastewater M&O**

Gerald Fitzgibbons said the systems are holding steady. He reported that the ARRA projects are ready to break ground; Gen sets at 4 of the pump stations have been reinstated and overall, operations are good with no major incidents / events.

**7. Administration - None**

**8. Financial**

Comm. Duenas pointed out that there's a \$7Million income and such a big turnaround over a year ago. He praised the CFO and team for a job well done despite that Actual v. Budget is still short \$1.3Million; the trend looks very promising and asked them to do continue work hard; he thanked management and team for their hard work. The CCU said that once the Bank of Guam \$30Million loan comes through, they would like to sit with the management team to learn / review the spending plan.

**9. Legal - None**

**IX. ANNOUNCEMENTS**

**1. Next CCU Meeting**

The Chairman announced that next CCU meeting will be for GPA on April 13<sup>th</sup> and April 27<sup>th</sup> for GWA.

**X. EXECUTIVE SESSION**

**1. 301(h) Litigation** – There was no executive session.

**XII. ADJOURNMENT**

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

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bls

Attested:

  
SIMON A. SANCHEZ II, Chairman

  
GLORIA B. NELSON, Secretary