



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
5:00 p.m., Tuesday, May 15, 2007

MINUTES

I. CALL TO ORDER

The Chairman called the regular meeting of the Guam Waterworks Authority to order at 5:20 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)
Randy Wiegand	Chief Financial Officer (CFO)

Legal Counsel:

Sam Taylor	GWA Staff Attorney
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Management & Staff:

Victor Torres	Data Processing Supervisor
Tony Chargualaf	Asst. GM, Collection & Distribution (AGMCD)
Don Antrobus	Chief Engineer
Elaine Cruz	Personnel Services Administrator
Bernie Sadler	Direct Responsible Charge (DRC), Sewer Treatment Disposal
Gerald Paulino	Meter
Mark Miller	Asst. GM, Production & Treatment (AGMPT)
Cora Montellano	Asst. Chief Financial Officer (ACFO)
Paul Kemp	Asst. GM. Compliance/Safety (AGMCS)
Ron S. Topasna	Direct Responsible Charge (DRC), Uguum Treatment Plant
Geigy Salayon	Customer Service Manager
Heidi Balendorf	Public Information Officer (PIO)
Julie Adams	Human Resources
B. Lou Sablan	Special Asst. to Ex. Mgmt. / Executive

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Media:

David Macaluso Pacific News Center

Guest:

Phil Roberto Representative / Senator Jim Espaldon

Gilda Toves Resident

Mr. Robert Balajadia Resident

II. APPROVAL OF MINUTES

1. March 13, 2006 (DRAFT)

The Minutes of March 13th was presented for approval.

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

2. April 17, 2007 (PENDING)

The Minutes of April 17th was tabled pending completion.

III. GM (CUS) Report

The GMCUS continues to assess some of the programs at GWA. One thing he is working at improving is collections by adding personnel; another area is leaks – a leak detection and repair program is being put together; another group being put together is a construction crew to handle low voltage and water pressure problems. One such area being addressed is in Barrigada from Crown Bakery to Latter Day Saints. He also mentioned that he is working with the US Dept. of Labor to establish an apprenticeship program for water and wastewater which should be in place by this summer. He said he would be giving updates at future GWA meetings.

There was discussion regarding the shifting of staffing and personnel to handle various needs i.e. moving them from leaks to meter installation and vice versa. It was mentioned that the problem is with the shortage of staff and the GMCUS confirmed that in order to implement the various aforementioned programs he would have to hire new personnel. The Chairman asked if the GMCUS would think about outsourcing some of the functions. He was concerned that the time it would take to hire the additional bodies would take too long. The GMCUS said he would apply a 2-prong approach by placing ads in the paper for the apprenticeship program and some of the critical hires needed in addition to outsourcing as needed. It was mentioned that there would need to be 12 new hires to replace the positions that were lost. The number of bodies needed exceeds the budgeted positions so the CCU would need to approve the numbers; management will bring this matter back to the position at the next CCU/GWA meeting.

The Chief Engineer commented that he supports having an in-house construction crew. He said having this unit in place would help ratepayers with the cost of 6-inch line extensions. He said it would pay for itself in the long-term.

The GMCUS reported that the GWA rate case has been postponed until July to give GWA time to comply with the 30-day requirement for direct mail notice as required by law.

Comm. Palomo asked about the installation of PRVs – pressure release valves, whether they were upgrades or maintenance related. Management advised that they are more an upgrade. He said it is important to let the public know that this is a continuing program to upgrade the system.

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The Chairman said that GWA is not fixing leaks, not reading meters, not disconnecting and it is all related to not having the enough bodies; it seems that until tonight's meeting this need has been downplayed prior to now. There now will be a mad rush to gear personnel back up. He wondered why GWA management waited so long. GWA is spread so thin that everything is suffering that we are looking bad in all areas. It will be a challenge for management to get the staffing right. The CCU is here to help and they need to know what is needed and the cost. Another consideration is that most of this fiscal year will go without any appreciable increase in revenues because the rate increase will not take effect until July and real revenues will not be realized until the end of the FY or even later.

There was discussion about putting the contract hires in different uniform to identify that they are not GWA employees. Right now no one can tell what GWA meter readers look like. The AGMCA said he would look into this.

IV. COMMUNICATIONS

1. Public Comment

Ms. Gilda Toves – Ms. Toves is a resident of Barrigada. She recently purchased a property in Barrigada under the First Lady's USDA Leverage Program. She said that GWAs permits section advised that she would have to install a 6-inch and 2-inch line extension as well as a fire hydrant. She wanted to know who would be responsible for the water being drawn from the hydrant during a fire. GWA permitting staff advised that she would be responsible and she didn't think this was fair. She asked for GWAs protocol on the matter. Ms. Toves said the bank is ready to move on her loan and she is asking the Commission for assistance to expedite the matter.

She also talked about estimated billings. Her billings have been going up since January. She has made several attempts to work with GWA customer service to resolve the issue. She complained that GWAs customer service reps are not friendly, waste time and are rude to customers.

The Chairman explained to Ms. Toves that the 6-inch line is needed in order to ensure that water pressure and fire protection does not suffer when new subdivision are being built. GWA has a 5-year rule in place. If anyone hooks up to Ms. Toves' 6-inch line within the next 5 years, they are mandated to reimburse her. The Chairman said it seems that GWA is not doing a good job explaining these matters to Ms. Toves. Comm. Hara said that he visited Ms. Toves's property and gave the CCU an overview of the surrounding property.

In assessing Ms. Toves's situation, the Chairman said that GWA must test the existing 2-inch line to determine if there is sufficient pressure to allow another household to hook up to it. It was decided to have the Chief Engineer work with Ms. Toves to determine if she really needs a 6-inch line and hydrant.

Relative to the estimated billings, the Chairman agreed that estimating billings 2-3-4 months in a row is not good practice but assured Ms. Toves that theoretically if GWA reads her meter, even if the reading is 4 months apart, she is only being charged for what went through that meter, even though GWA estimated in the interim. He advised her that if her bill continues to go up, she needs to determine if she is getting estimated again or actual readings.

Mr. Robert Balajadia – is a resident who is self-constructing a house in Ipan. Mr. Vern Toby is the GWA person with whom he has been working/communicating. He bought parts and hired someone to lay the pipes only to be told when they were near completion that the material being

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used was not correct. Mr. Toby has made several visits to the site and not once did he indicate that the materials being used were substandard.

Mr. Balajadia told the Commission that Mr. Toby also advised him tap into the existing water line and to run the pipes to the property. Mr. Toby said that Mr. Balajadia was stealing water and that the fine would be \$2500. The Chief Engineer thinks that there is miscommunication and wants to talk to his staff.

The Customer Service Manager advised that she recalled that Mr. Toby advised her that he did not tell Mr. Balajadia to hook-up to the existing water line. The matter was referred to the Chief Engineer and the AGMAC will take his queue from him on this matter.

2. Department of Navy Joint Guam Program Office (JGPO)

The Chairman announced that there are (3) meetings planned between the Joint Guam Program Office and the CCU/GWA/GPA. The purpose of the meeting is to review a list of technical questions relative to options for providing service to the military in anticipation of their growth.

At this point, the discussion moved to the business portion of the meeting. Transcription is found in that section of the Minutes. Staff Reports will be discussed last.

V. STAFF REPORTS

1. Chief Engineer

Don Antrobus, Chief Engineer, advised the Commission that day to day issues take up 75% of engineering's time and continue to hamper CIP projects from moving forward. He talked about and updated the Commission re ongoing projects, including the upcoming Ugum ribbon cutting.

2. Asst. GM Consolidated Administration

The AGMAC reported that the total electronic meter change out is now 19,200. They continue to GPS accounts and change out defective transponders. They also are addressing meters that are clustered adjacent to multi dwelling units on private property. Customers are being notified regarding leaks detected via electronic reading. He reported that the new billing format will be in effect on May 1st. The significant change is the 3-month comparison of water consumption and that the bill will be sealed providing privacy for customer information. The Chairman reminded the AGMAC to think about uniforms for JJ meter readers. It must be mandatory that they wear uniforms.

3. Financial – None

4. Production / Treatment

M. Miller reported that well M-12 was inoperable for 3 years and will be finally on-line by Friday. He also mentioned that the A-7 well in Chalan Pago is hard broke. He further stated that lead times for fixing wells has gotten shorter. Doors and windows at well sites will be standardized with steel and epoxy coating. He said that CIP/O&M definition is forthcoming. Procurement for waste water is handled by Veolia 100%.

5. Collection / Distribution

Tony Chargualaf reported that a hydrant/main valve team of 3 has been put in place. The leak detection team will be back in force after being stopped due to the limited number of staff. He said audit was performed daily but this was forced to stop because the repair group kept dwindling and

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as a result only performed in badly needed areas. He lost a total of (6) staff due to criteria of level 1 certification and confirmed that this position is hard to fill so it's been quite a challenge. The GMCUS reported that part of the solution to this problem is the planned hiring of trades helpers who will be given (1) year to get certified. He reiterated that staffing is now needed for preventive maintenance.

6. Compliance

Mr. Paul Kemp reported that the Hagatna Main Waste Water Lift Station will not be ready by June 1st and will begin the notice to USEPA. He does not expect any fines for now. Relative to meter installations, the GMCUS and AGMAC both met with KGI who again reconfirmed that they will meet the November 30th deadline. Staff Attorney Taylor mentioned that GWA has recourse with KGI but thinks it will be hard to enforce because GWA has not been doing a good job of supporting our contention that they are messing up and they are making counterclaims against GWA for GWA not supporting their efforts to install which means that they will be asking for delays.

Mr. Kemp updated the Commission relative to Water Under the Influence issue. He said he will begin monitoring of the first (3) wells from which the island wide evaluation program would be developed which will then go into a full year evaluation. He doesn't expect all wells to be called such but some will and it will be expensive to treat.

Relative to bio-solids, he said he is recovering back those that have been distributed and the report is due on Friday. He does not anticipate any penalties because EPA has accepted that GWA has made good effort to get it back. The SA said that GWA is having difficulty getting notices to farmers and individuals because of limited/poor information/data on the farmers.

7. Human Resources

The Chairman reported that (2) CFOs have been interviewed by senior management, Comm. Hara and the Chairman. The highest rank candidate will be approached by the aforementioned Interview Team.

GWA has been preparing with HR and Veolia for GWAs Apprenticeship Program which is in its final stages. Approval is anticipated within (2) weeks and will be tied in with GCC for DOL certification.

Regarding the DOI Training Grant, the SA reported that he reviewed the RFP and talked about a possible extension for DOL training. It is still available to GWA. The Chairman asked him to research and give a status report to the Commission.

The GMCUS hopes that hopefully at the June GWA meeting, the (2) HR units at GPA/GWA will identify Comparison Training Program including in-service that are in place. He hopes to bring this report back to the Commission

So far, there is (1) applicant for the GWAGM position. Paul Kemp was successful in placing ads on AWWA, EPA and other sites. To date, there have been (6) applicants but only (1) met minimum qualifications.

8. Legal

1. Update on Bill 101 – GWA has taken the necessary steps and does not feel that this bill will see the light of day.

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2. Update on Bill 74 – the revised budget has passed the Legislature (copy is in Master File). This is the Lujan amendment. He asked the Commission to read through it and email him any questions or concerns.
3. Update on Bill 106 – this is another bill by Senator Palacios to provide for filling of vacancies of the CCU midterm. If the CCU would like to take a position either way, he would handle the specifics. It was decided that this is a Legislative issue and it was decided to leave it with the them.

VI. OLD BUSINESS

1. Customer Shut-off Valve Update

The GMCUS said that past practice at GWA did not encourage customers to install shut off valves because the GWA meters were accessible to customers so no program was in place to enforce the mandatory installation since it was not necessary. The new automated meters changed this scenario because it included a lock on the GWA side of the meter and customers could no longer access the valve to shut off the water in the event of a leak or repair. This also benefits GWA because the locked valves on the GWA side protects the equipment.

In the interest of moving the program forward because it is good for the customer, management proposed the following shut-off valve policy: to discontinue the mandatory installations and threat of disconnection, for existing customers (while still encouraging customers to continue to install the shut-off valve explaining the benefits to them); initiate AAA process going forward, changing the verbiage from “should install customer shut of valve” to “shall install customer shut off valve”; fund complete installation of AMR change out including shut-off valves, subject to funding and priority; credit customers for cost, up to \$100 during the period April 2-16, 2007 – the period when forced installations took precedence, provided customers can show proof. It was anticipated that this cost would be \$42k. It was mentioned that the credit would be given within 30-days via customer billings.

In discussion it was mentioned that this policy is driven by Senator Palacios’s proposed bill. The proposed policy was revisited and discussed again. There was lengthy discussion regarding the ability of customers to access shut off valve on GWA’s side.

The GMCUS reiterated his recommendation:

1. discontinue the forced disconnection
2. based on future funding and priority, consider funding customer shut of valve
3. proceed with Triple A process to amend rules to state “should” rather than “shall” for all new customers.
4. at minimum, credit customers within 30-days, up to \$100, who were damaged through disconnection or threat of disconnection for the period April 2-16, 2007.

Comm. Nelson motioned to adopt the GMCUS recommendation 1, 3 & 4 and on point 4, the Commission agreed to leave the administration of the program to management; Comm. Hara seconded. There was no further discussion or objection and the motion passed.

The Chairman asked the GMCUS to provide the Commission a summary in writing together with Administrative guidelines.

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2. \$5k Additional Adjustment DRC Settlement

The GMCUS requested the Commission for an additional \$5k towards the settlement for GWAs former General Manager, David Craddick. He explained that the Commission tasked him with the final settlement for Mr. Craddick. The original figure provided was \$80k but after discussion with Mr. Craddick, the final figure is \$85k.

Comm. Nelson motioned to approve the request and increase Mr. Craddick's settlement not to exceed \$85k; Comm. Hara seconded. There being no objection or further discussion, the motion carried.

VII. NEW BUSINESS

1. Meter Reading Contract Amendment

This matter was tabled.

VIII. ANNOUNCEMENTS

A. Future Meeting

The Chairman announced that the next meeting of the Commission is scheduled for May 22nd for GWA; no staff reports are required for this meeting. He also scheduled a meeting for GPA on June 5th.

IX. EXECUTIVE SESSION

Executive Session began at 9:10 p.m.

1. GovGuam Claim – Dante Trinidad

This matter was discussed.

Executive Session ended at 9:15 p.m. and Regular Session began immediately.

Comm. Palomo motioned to approve the recommendation of management and counsel to settle the claim as discussed in Executive Session; Comm. Hara seconded. There was no further discussion or objection and the motion carried.

X. ADJOURNMENT

With no other business to bring before the Commission, the meeting adjourned at 9:25 p.m.

Attested:


SIMON A. SANCHEZ II, Chairman


GLORIA B. NELSON, Secretary

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**CONSOLIDATED COMMISSION ON UTILITES
REGULAR MEETING OF
Guam Power Authority
Tuesday, 5/15/07**

SUMMARY OF MOTIONS, RESOLUTIONS & PENDING ACTIONS

I. MOTIONS & RESOLUTION

ITEM #	AGENDA ITEM	MOTION OR RESOLUTION	VOTES
1.	APPROVAL OF MINUTES: <u>March 13, 2006</u>	Comm. Palomo moved to approve the Minutes subject to verification and written correction; Comm. Nelson seconded. Without further discussion or objection the motion carried.	Ayes – 4 Nays - 0
2	Customer Shut Off Valve	The GMCUS reiterated his recommendation: 1. discontinue the forced disconnection 2. based on future funding and priority, consider funding customer shut of valve 3. proceed with Triple A process to amend rules to state “should” rather than “shall” for all new customers. 4. at minimum, credit customers within 30-days, up to \$100, who were damaged through disconnection or threat of disconnection for the period April 2-16, 2007. Comm. Nelson motioned to adopt the GMCUS recommendation 1, 3 & 4 and on point 4, the Commission agreed to leave the administration of the program to management; Comm. Hara seconded. There was no further discussion or objection and the motion passed.	Ayes – 4 Nays - 0
3	<u>\$5k Additional Adjustment DRC Settlement</u>	Comm. Nelson motioned to approve the request and increase Mr. Craddick’s settlement not to exceed \$85k; Comm. Hara seconded. There being no objection or further discussion, the motion carried.	Ayes – 4 Nays – 0
4	GovGuam Claim – Dante Trinidad	Comm. Palomo motioned to approve the recommendation of management and counsel to settle the claim as discussed in Executive Session; Comm. Hara seconded. There was no further discussion or objection and the motion carried.	Ayes – 4 Nays – 0

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II. PENDING

ITEM#	AGENDA ITEM	PENDING ACTION	RESPONSIBLE PARTY
1	GMCUS Report RE Staffing	The number of bodies needed exceeds the budgeted positions so the CCU would need to approve the numbers; management will bring this matter back to the position at the next CCU/GWA meeting.	GMCUS
2	Public Comment: Gilda Toves Robert Balajadia	In assessing Ms. Toves's situation, the Chairman said that GWA must test the existing 2-inch line to determine if there is sufficient pressure to allow another household to hook up to it. <u>It was decided to have the Chief Engineer work with Ms. Toves to determine if she really needs a 6-inch line and hydrant.</u> The Customer Service Manager advised that she recalled that Mr. Toby advised her that he did not tell Mr. Balajadia to hook-up to the existing water line. <u>The matter was referred to the Chief Engineer and the AGMAC will take his que from him on this matter.</u>	D. Antrobus D. Santos D. Antrobus
3	Staff Report	Regarding the DOI Training Grant, the SA reported that he reviewed the RFP and talked about a possible extension for DOL training. It is still available to GWA. <u>The Chairman asked him to research and give a status report to the Commission.</u> <u>The GMCUS hopes that hopefully at the June GWA meeting, the (2) HR units at GPA/GWA will identify Comparison Training Program including in-service that are in place. He hopes to bring this report back to the Commission</u>	S. Taylor GMCUS
4	Customer Shut-off Valve Update	<u>The Chairman asked the GMCUS to provide the Commission a summary in writing together with Administrative guidelines</u>	GMCUS