



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., July 24, 2007

MINUTES

I. CALL TO ORDER

The Chairman called the meeting of GPA matters to order at 5:25 p.m.
3 of the 4 Commissioners were present, Mr. Hara has confirmed his absence.

The attendance roster follows:

Commissioners:

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

Executive Management:

John Benavente	GM, Consolidated Utility Services (GMCUS)
Danny Santos	Asst. GM, Consolidated Administration (AGMCA)
Randy Wiegand	Chief Financial Officer (CFO)

Management & Staff:

Cora Montellano	Asst. Chief Financial Officer (ACFO)
Elaine Cruz	Personnel Services Administrator
Gilda Mafnas	Controller, GWA
Rick Unpingco	Representative, VEOLIA
Julie Shane	Engineering, GWA
Ron Topasna	Direct Responsible Charge (DRC), Ugum Treatment Plant
Tony Chargualaf	Asst. GM, Collection & Distribution (AGMCD)
Paul Kemp	Asst. GM, Compliance/Safety (AGMCS)
Heidi Ballendorf	Public Information Officer (PIO)

Guest:

Phil Roberto	Representative/ Senator Jim Espaldon
Alan Searle	Alan Searle Consultants

II. APPROVAL OF MINUTES

1. May 15, 2007 (DRAFT)

The Minutes of May 15th was presented for approval.

Commissioner Nelson moved to approve the Minutes subject to verification and written correction. Without further discussion or objection the motion carried.

III. GM(CUS) Report

GM John Benavente:

Addressing the different roads (i.e. Jonestown, Perezville, Barrigada Village) in regards to water pressure. Wanted to note that Mayor expressed his thanks regarding the service they have received. Will get an update regarding other villages and their status of service needed and/or rendered. Clair has submitted a report; the GM has not seen a recent report since his trip.

Re Vehicles update – identified the requests in different areas what are there vehicle needs and equipment needs and we have identified \$1.7 billion in equipment needs, apologizes for not having listing on hand. Identified \$950K in Bonds – perhaps breaking this need in 2 fiscal years, to ensure that the monies are allotted.

Re Man power – in the process of hiring 22 Trades Helper Part will be outsourced. Looking to recruit in other divisions. Budget has been submitted. Looking also in outsourcing Leak Repair unsure if they can man up fast enough and train fast enough to be able to take care of all the leaks that are out around the island.

Re Leak Detection project – need to outsource leak detection to go out there and identify major leaks – hands are full just to repair the leaks, they do not have anyone in the Leak Detection, they are all working out in the field on the repair side.

Re Press Release once the MOU is signed from AHRD, GCC work this out with FY2008 budget.

Re Employee Recognition Program, Educational Program – should identify current training needs.

Re Management Reports – We haven't established several Management Reporting Systems, because they don't understand the system and problems that we have and we do have problems. Reservoirs are a problem. There are some mistakes in the beginning and the end.

Re Navy Water Purchase – rate will increase. Believe that the contract is expired already. There is no actual volume they can rely on in regards to contract. Awaiting MOU on how much water will be provided, there is no current volume, another issue is Navy rates they establish their rates every 2 years, the number that have communicated to us is that you can expect \$4.05 per 1000 gallons, we are currently paying \$2.20 per 1000 gallons. The Navy rates increase is unknown – note that they are able to increase rates to cover lost from prior years. The Navy rate increase is an abuse of power, this increase will be ripping us off. The numbers are not confirmed, waiting for formal submission. We are paying the Navy \$3 million, so if their

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proposal goes through with the numbers you have given – you're talking about a 50% increase, \$1.5 million – you just wiped out 1/3 of the 14% rate increase just to buy Navy water, that's it. I will say informally to your partner – the initial reaction was a major concern. Suggest requesting for justification what has changed in 2 years to justify the rate increase – there is not a water company in the world that will increase their rates by 70%. There are problems with Military and with Civilian. This proposed increase is not in our FY2008 budget.

IV. COMMUNICATION:

Board has been invited to testify at the Insular Affairs Oversight Field Hearing on Tuesday, August 13, 2007 @ 10:00 a.m.
July 31, 2007 is the deadline for any written testimony.
Chairman requested for GM John Benavente to circulate the schedule to the Commissioners in regards to Village meetings on rate change.

Commissioner Nelson and Chairman spoke in regards to the title of the letter. US Military to Government of Guam and challenges they face. One of the challenges Guam is facing is that the military is bringing more families to Guam and Guam is not ready for this increase in population.

Commissioner Nelson commented that they will do whatever they want to do (military), whether you like it or not. Chairman commented that that is an interesting perspective and that they should talk about it, there is a perception on the federal side that the military doesn't think that Guam is capable in carrying out their mission, supporting their mission, maybe they need to just worry about it themselves and just take care of themselves. There is an equal perception that that is exactly how DOD have always thought about Guam, your going to do whatever you want whenever you want – so whenever we hear “we don't want an adverse impact we want it to be a positive think”, many Guamanians saying “yeah right”.

V. STAFF REPORT:

1. Chief Engineer

The Agana main wastewater treatment plant in the list station – that plan is in operation there are a few major pieces of equipment that we are still waiting to be delivered, that includes some sludge handling equipment and truck, expected to be delivered by the end of August. Has been working with the contractors on warranty issues, also included in that scope of work is the refurbishment of the Agana main pump station (there near the Chamorro Village) and we are still proceeding towards that work, we have 100% designs in hand, that are under review. The major challenge there is how to bypass that station there while the work is being done, details are still being worked on.

The Outfall Project – we still don't have 100% of the permits in hand that are needed, but expect to have by the end of July. There is a lot of prep work going on, numerous works has started that don't need permits.

Baza Gardens Wastewater Treatment Plant: Our facilities plan determines exactly how we will replace the facility. What type of new treatment plants will be in place, what the capacity of that plant will be is ongoing. We have received 10% of the submittal and that is programmed to be completed this year November.

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Agat Collection System Replacement Project: We've got the 100% submittal in hand it's currently being reviewed would like to get the final plans in place by the end of August, so we can move towards our solicitation for that project.

Ugum Water Treatment Plant Project: We've received US EPA comments and we have turned that to our contractors and who is now addressing those and moving towards a 60% submittal. Should be noted – we still have not after 6 weeks received any comments from Guam EPA it is something that we have been watching closely it is a bit of concern from us – we would like to the comments back from Guam EPA.

Groundwater Coalition Project: Solicitation is done and we have selected our low bidder, we've issued a notice to proceed. Negotiating a few contract items with them before we issue to proceed, we need extra monies to award. Working with finance to put together the final numbers of what they will need.

Sinajana Transmission Line Project: We will have a formal groundbreaking that is scheduled now for July 31st, we will start digging shortly after. All the permits and material is ready.

Santa Rita Transmission Line and the Booster Pump Station Project: 95% of the work is completed and signed a beneficial use agreement with the contractor so it is operational. Took a section of that scope of work off the table due to archeological issues that came up, and we have gotten our preliminary archeological report that is not quite to the level yet, but we can get a response from the Department of Parks & Recreation on whether we can proceed with that construction or not.

Route 5 Transmission Line Project: Contractor on board, issued notice to proceed and we are addressing some bumps with Guam EPA right now.

Mangilao Tank Replacement Project: A bit of good news, we've been working with FEMA and they have approved a release of almost \$900K to do the repair of the tank. We have about the same amount of funds from the Bonds that can be used elsewhere.

Santa Rita Spring Transmission Line: Won't have an impact on the Navy water that we use, the transmission line along Route 5 will allow us to more efficiently deliver water from Ugum over. 25% reduction from the use of Navy water is possible.

Commissioner Nelson asked if there were any plans in place to repaint the tanks, due to rust, and consistency on color, maintenance prevention. Chief Engineer responded it will need to be addressed in the next bond issuance, we have money in place right now to inspect the tanks, expect to do the solicitation for contractor to do that work in August. Part of that assessment will be repair work that's necessary, and I think painting will be necessary for every one of our tanks. Did an internal inspection of Ugum tank as part of project, we were pleased with interior condition of that tank, and it wasn't as bad as expected. Expect to do the repairs of that tank while keeping it on line.

FY08 – 8 million dollars recommended to source as quickly as possible and there is 40 million behind that. Look at all the projects and figure out which ones we will fund. FY08 look at left over Bond Funds to determine where we can use it. Look at exchange of water, it makes

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sense to use water produced in the South – in the South. We can reduce our dependency on Navy water but then we're going to have to pump water way down South and that will increase our cost – our cost will not be \$0.80 a gallon anymore.

Land Survey: Close to having a contract in place with one of our term contractors – contract expected to be signed in the next couple of days and we will be able to issue work orders against it so they can begin the survey work.

Reminder: Chairman addressed GM John Benavente regarding the letter from Congresswoman Bordallo, they say we have to provide them a list of all federal grants, federal contract received over the last 2 fiscal years, this fiscal year and the 2 fiscal years prior, I need that list by next meeting. Grants received or awarded.

2. Asst. GM Consolidated Administration

Danny Santos reported 20,877 operating transponders, 1300 defective transponders – not reading the right signals. One problem is that we replace the same transponder twice – we have those numbers. Are we seeing less defective transponders? We have 6 illegal connections that are reported – 3 of them were reported between yesterday and today. A woman (a wife) reported that her husband illegally tapped in to water line. Concern estimated reading – contact all account holders and assist us in locating meters. GPSS account current. Government of Guam accounts current. There are 329 customers who applied for shut off valve reimbursement the amount is roughly about \$41K, deadline is August 31st.

3. Financials:

Gilda: We are doing good as far as financials - positive 1.2 million. Construction part is 55 million. Receivables increased by 10% - 24 million. Revenue is down by \$96K – expenses we are trying to control down by 13%. Operating revenue is down by 2.8 – operating expenses is down by 1 million.

Chairman commented that revenue is getting better and it indicates better meter reading and billing is occurring. Track revenue vs. total production of water, it will provide more insight on what impact the new meters have. Next time you see Senator Ray Tenorio and Senator Jesse Lujan I got call at noon from Senator Tenorio that day started doing the numbers representing the Guam Contractors we got it down to 3.6 had to run down to the Legislature after 5pm. We got there and he says can we take \$300K for GPSS and GMH retirees so they can retire? They took it – they took it out. Senator Lujan is very open to the idea – appropriating the difference, they are not going to raise the license fee to appropriate the difference to cover. One thing I we will take up on the CCU level if we find out they haven't passed enough for 15,000 lights in 12 months, we will start disconnecting – if they only pass 80% of the budget you only give them 80% of the lights, you inform the Governor, Mayors and DPW and let them deal with that. That was one of the criticisms as a rate payer. 3 counts of Guam that gets free power and GWA and the schools and street lights, so that's not fair for everybody else. 2.7 out of 15 we have 13.3 to go on the old debt and we concerned he cheated as our current fees only generate 4 billion when the bill is running 5 million so that is why taking up with GPA and we say okay FY08 has only 80% of the budget and we will only get 80% of lights and then we send the notice out and start disconnecting every 5th light because that way the reason the

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Legislature gave us 2.7 is because they disagree with Joe T. and they believe in what we are saying – they are asking what are we going to do with that money – if you pay us and keep us current then we will use that to give back to the customers.

4. Production and Treatment:

F16 update: Pleased to say that at 2:00 today that went back on line. Please note that there are some filter damage problems that fall under the Airport – it has been rectified by their contractor and to ensure minimal problems contractor will order spare parts. Critical well NAS 1 has been down for 2 weeks. Customers experiencing up and down water pressure.

D5 update: Is secured looking into possible illegal tap, possible because investigation is still ongoing. There is a meter there but unsure if it is GWA's meter, and then will see from there why the meter is not registering, water is flowing through it but it is just not registering.

Y14 well pumping 400 gallons per minute, it is the well that hasn't operated since 2001 due to vandalism it will help Yigo Reservoir – we are in the process of putting it back in line, hopefully in 3 weeks. Security issues are a problem for this well location is a remote area.

Power Outage: Generators did not run the duration of the outage, need to address this problem.

5. Collection/ Distribution:

Tony gave oral report. 20 people hired. Outsource and hire 30 – 40 people – whatever it takes to staff up operations.

Trades helper interviews start next week – GMCUS confirmed 2 months before staffing is up to par. Currently 16 staff as compared before in excess of 30 people. Challenge was not enough people to do job. Tony staff was assigned to AMR and it compromised day to day operations. Lack of staffing. Struggle to get people on board cannot focus on any particular area. CCU must do something – outsource introduction with hiring and training new staff. GMCUS referred to daily storage log to explain / point out systemic problems.

Complaints regard water leaks and low water pressure. Tanks and wells: Need to fix broken wells, so we can ensure better service to community. Need to address how to move water from zone to zone. Need to check wells with leaks (i.e. wells that pump only 1000 gallons a minute). Fill tanks for reserve and to keep pressure up – it will result in less complaints and better service.

6. Compliance – Staff Report

Paul: Pretty much good news we have 3 of our projects moved from watch list to finish. Homeland Security has more monies than anyone, we applied for some.

Agana this station the engineering has figured out how to keep water flowing around this plant. Recommendation on how to keep treatment plant on line. General impression demonstrated enough in the Stipulated Order bring up recruitment.

Discussion on chlorine sites, approximately 2 cylinders per site; 120 sites. 450 lbs. of chlorine at each of our wells. And at Ugum we can have 10 cylinders any of 5-6 tons. It is not very safe it is pretty close to residential, security issues need to be addressed. Risk assessment,

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public will be notified, need to start working on this plan. If there is a leak we do have personnel to handle matter. We don't have good reliable alarm on site to tell us or to warn us that there is a chlorine leak. There are emergency alarms. Dangers of sniffing chlorine depend on quantity. There is a vendor who sells chlorine containment vessels that provides secondary container for the cylinder for \$70K each will need 2 per site.

7. Human Resources:

GM position – biggest challenge is 10 year experience. Procurement for recruiting head hunter. Request for price quote for ad in the Wall Street Journal and LA Times. Saipan put out an ad and they received 15 applicants ask Saipan for their GM listing (remind GMCUS) ask them how many ads did they run. Jim Highsmith is the only applicant that qualifies – can you please give *Board* his application and resume. Inform him that we received his application and are interested in talking with him. Chair asked Elaine to advise all other applicants that they do not qualify. Inform Mike Lee to reduce 10 years experience to 5 years. It is a hard case to find someone with the years needed.

Certified apprenticeship program has been approved. Heidi will work on something to inform the public.

Float – 1st place.

8. Legal:

GWA/Georgetown entered stipulation re: Rate Case. 14% increase granted. Extend Tiyan - install meter. File report for Bonds. To provide them with a report to come up with a final or a minimum reserve accounts are suppose to hold and what their entitled, what is our deficiencies if any in those account.

VI. **OLD BUSINESS:**

1. Veolia Water 6-Month Review

Chairman requested for Kevin Patrick to start off with report. Chairman further noted that Commissioner Hara is familiar with Kevin Patrick's presentation from the week before, and suggested that is one thing they will work on in his absence and figure on something like Mr. Hara has never seen before.

Mr. Kevin Patrick

Mr. Patrick greets the *Board* and Guests and thanks them for the opportunity to present where GWA is at now and how they will be moving forward. Let's go through quickly what we have achieved together with GWA. One of the things they have gone through is the strategy, through the strategy reports. Combined and clean strategy to move forward. Mr. Patrick further talked about achievements, staffing, training, and certification training.

Furthermore, they discussed improved pump availability [138 – 152 (+14)]. CIP/PIP's – ½ of budget dedicated to lift stations current challenges. Also spoke in regards to recruitment (filling positions, creating new positions), training program Competency Based Training (CBT), questions asked regarding women in training programs at this current time there is no women in training program. Also spoke in regards to formalizing Central Maintenance Division, reducing use of pump trucks and use of shared equipment.

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Standard Operating Procedures (SOP) – Standard Maintenance Procedures (SMP)

Chairman asked for updated information regarding Training Manuals and SOP's. They discussed issues regarding the stipulation in the above matter. The only SOP they have is the one from DOA which needs to be revised to be more user friendly and more detailed (step by step).

2. Resolution 22 FY07: AMR/Bond Project Funding Re-allocation

Management requested the CCU to petition to PUC to reprogram the Bond funds. AMR Bond Project Funding.

Discussion followed about figures but they didn't match. 8 million funding vs. 7.4 million the difference is AMR Bond Project Funding.

Due to the discrepancies, the CCU asked Management to table the issue until August. The matter was tabled for 2 weeks.

VII. NEW BUSINESS:

Resolution 21 – 05207

Report breaks down GWA's feeling on how to best handle multi-family dwelling problem. The multi-family dwelling problem can be summed up in the documents that Danny provided to the Commission which is the spaghetti network mess which is often located in these multi-family dwelling where you have meters located on the 1st, 2nd and 3rd floor of apartment buildings right next to the doorway obviously not acceptable to GWA and there not really acceptable from the operational stand point and also from the safety stand out. Meters are locked behind a door. GWA regulation specifies that easement should be given for any GWA property located on private property and if it is not GWA must take back its property. Options should be given to private property owners. Chairman advised working session to discuss in detail. CCU to Management discuss with public - tabled.

VIII. ANNOUNCEMENT:

1. Next meeting:
 - a. Guam Power Authority - August 14th.
 - b. Guam Waterworks Authority – August 28th.

IX: ADJOURNMENT:

With no other business to bring before the Commission, the meeting adjourned at 8:50 p.m.

Attested:


SIMON A. SANCHEZ II, Chairman


GLORIA B. NELSON, Secretary

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