



# 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., July 8, 2008

### MINUTES

#### I. CALL TO ORDER

Chairman Sanchez called the meeting to order at 5:12 p.m. He announced that all (5) Commissioners were present. Those in attendance included:

Commissioners:

Simon Sanchez	Chairman
Benigno Palomo	Vice-Chairman – GPA
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
Greg Cruz	Chief Financial Officer, GWA (CFOGWA)
Don Antrobus	Chief Engineer (CE)
Andy Balajadia	Asst. GM Operations, GPA
Randy Wiegand	Chief Financial Officer, GPA
Joey Claveria	Asst. CFO, GWA

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 (AGMCS)
Lani Mendiola	Board Secretary (A)

Guest

Rick Unpingco	Veolia
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#### II. APPROVAL OF MINUTES

No Minutes were presented for approval.

#### III. GM (CUS) REPORT

#### IV. COMMUNICATIONS

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

V. **NEW BUSINESS**

1. **(GWA) Resolution 18-FY2008: H-1 Well Transfer Request**

The GMCUS explained that this well is located at the entrance to Two Lovers Point on the way to Tanguisson and has not been transferred to GWA at this time. Resolution 18-FY2008 requests the Commission approval for Management to approach the Governor to begin discussion to officially transfer the title of this asset to GWA. He said that this was left undone for many years and when going thru the inventory of assets it was discovered that this matter is still pending.

Comm. Hara motioned to approve Resolution 18-FY2008; Comm. Nelson seconded. There was no further discussion or objection and the motion passed.

VI. **OLD BUSINESS**

1. **(GPA) Resolution 2008-17: Approval of Contractual Engineering Services**

GPA was doing several studies with several sources of funds – excess bond funds, internal revenue funds in three separate group of contractual services – load forecasting, cost of service studies, rate designs, integrated resource planning to name a few. There was indication that some of these task orders would go beyond the General Manager's approval limit. The GM attached a summary of invoices to date some of which exceeded his authority. He is requesting in Resolution 2008-17 to ratify those expenditures in particular to date.

The AGMO said the scope of work was discussed with the CCU but a resolution itself was not provided. The Chairman asked if funding for the projects in question is available and the GM confirmed funding was approved by the CCU and is available.

There was discussion on the results of some of the studies to date. The GM confirmed that the Integrated Resource Plan, a direct result of the study has already been submitted to the PUC for their consideration. The GM said there is more studies that will come out of these studies and that most of the work is done in-house that is the reason the cost for the studies are minimal.

Comm. Hara motioned to approve Resolution 2008-17; Comm. Blas seconded. There was no further question or discussion and the motion passed.

2. **(GWA) Resolution 17-FY2008: Ratification of Poll Vote dated 6/5/08**

The GMCUS explained that a poll vote was taken relative to the reprogramming of the \$9Million balance on the 2005 Bond proceeds for various capital improvement projects. PUC requires that any costs beyond 20% of the initial estimates of the Bond must be approved prior to expenditure. There are 10 projects that are earmarked for these reprogramming of funds. The CCU approval of this request would allow management to approach the PUC for their consideration. The GMCUS explained that this matter has already been forwarded to the PUC due to the poll vote action and only requests that the Commission ratify this action at this time. It was mentioned that most of the projects listed is part of the Stipulated Order – those marked with "SO" on the handout (no copy in Master File)

Comm. Nelson motion to ratify Resolution 17-FY2008 as requested by management; Comm. Blas seconded.

There was discussion relative to the various projects targeted for use of the funds. Comm. Palomo was concerned about the Ground Water Under the Influence issue. Mr. Paul Kemp explained that part of the funds would be used to test the water on 3 of the wells - \$600k is budgeted for this. EPA has publicly announced that all GWA wells are under the influence

For the record, Comm. Palomo said that he did not participate in the poll vote because he said that this matter was a major issue and should be discussed in a meeting not via a poll vote. Comm. Hara said that due to timing, the poll vote was necessary and that it was agreed by all Commissioners that a detailed discussion would be in order at the point of ratification.

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

3. **(GWA) Resolution 19-FY2008: Equipment Maintenance Superintendent Position**

The GMCUS requested the Commission to create this position – it is the fleet equipment superintendent. This position is not available at GWA at this time and is direly needed. The Chairman said that by law the CCU can create the position. The GMCUS confirmed that all requirements by the public law has been fulfilled.

Comm. Nelson asked if the position will be publicized and competitive; the GMCUS concurred. There was also discussion on the educational requirement.

Comm. Nelson motioned to approve Resolution 19-FY2008; Comm. Blas seconded. There was no further discussion or objection and the motion passed.

#### **4. Update on Central Guam Wastewater Limitation**

Engineer Julie Shane used a power point presentation to update the Commission on this matter (no copy in Master File). She said that the Engineering section worked to put together specific plans of action / steps of things that needed to get done to get the sewers upgraded. She presented projects that would work or that GWA could implement.

- Tamuning to Hagatna – considered the most critical upgrade of the sewer model for the central Guam area. The Scope of Work has been written and Veolia has been asked to give a quote to get the work done. The initial funding budget is \$10,000; some will be done in-house.
- Agana Main Sewage Pump Station – improvements are needed because pumps are running inefficiently. It is proposed to replace the motor control and add variable frequency drives (VFD's) to increase efficiency and provide protection to maintain motor efficiencies. It is recommended to replace pumps / motors to more efficient models. Veolia has been asked to obtain approximate costs.

Other solutions that Ms. Shane mentioned and is being assessed include:

- Route 4 Relief Sewer Repair – the assessment is complete and the line is worse than expected. There are severe adverse slopes and a large section needs replacement
- Mamajanao and the New Chaot Sewer Pump Station Improvement – the efficiency assessment is completed and the pumps are running reasonably efficiently; it is proposed to add VFD.
- Route 1 Relief – Tamuning to Hagatna WWTP Force Main – it is recommended to take all of Tamuning / West Tumon load off Agana Main SPS and Marine Corps. Drive interceptor. It would be a design / build / finance project. Modeling work must be completed first and accurately sized for future growth to 2033; it is estimated that \$20-25Million would be needed for this project.

### **VII. STAFF REPORTS**

#### **1. Legal - None**

#### **2. Human Resources**

The GMCUS updated the CCU on the search for a GWA GM. He said that there were several applicants but after reviewing the applications; two were interviewed already and there 2 more applicants yet to be interviewed. It was discussed to set up an interview with the remaining applicants next week.

#### **3. Compliance / Safety**

Mr. Paul Kemp reported that GWA lost 2 DRC's – Bernie Sadler in water and Patrick Trevino in waste water.

#### **4. Chief Engineer - None**

#### **5. Asst. GM Consolidated Administration**

Customer Service Supervisor, Geigy Salagon reported on meter leaks and meter services; RPU Supervisor, Becky Balajadia reported that aggressive efforts being made to call delinquent customers in an effort to collect arrears; Customer Service Representative, Lisa Agustin reported that AMR meters are 36% completed. The approximate deadline is January 2009 and estimated that the assessment will be completed in approximately 5 months. The Chairman asked Geigy Salagon and Joey Claveria to show the GMCUS the before and after impact on AMR's. The AGMCA reported that there continues to be issues with transponders; hands on assessment is ongoing.

#### **6. Collection & Distribution**

Asst. GM for C&D, Jesse Lujan reported on a 12-inch break in Agana and Tamuning causing low to no water pressure in these areas and that repairs are being made; there is a backlog in water leak repairs in 9 areas including fire hydrants.

#### **7. Production & Treatment**

Asst. GM of P&T, Mark Miller reported that the BFV's in 13 wells were installed; that the parts inventory has arrived; the wastewater inspection on Route 1 is going well and certification training has started for wastewater operators.

#### **8. Financial**

The May 2008 financials were discussed. Joey Claveria commented the staff for their work in preparing the handout. He said that GWA's cash flow is constant and in the black; bond covenants and required reserves are being met; accounts receivables are at \$25Million; he reported aggressive collection efforts on accounts past 60-day; MTD revenues are at

\$5Million, a favorable variance from budget of \$400k; power expense is \$300k over budget; water purchase from Navy is also up by \$100k; equipment rental is 93k over budget and Julie Shane explained the use of pumper trucks as a key factor to this over expenditure; material / supplies and miscellaneous expenses are also over budget. The Asst. CFO explained that the miscellaneous account needs to be revisited to identify the detail object code. On a MTD basis GWA lost about \$250k. The Chairman asked the GMCUS to look into the Supplemental Annuity Surcharge and the Equipment Rental expenses due to the high over expenditures of these categories. The GMCUS will ask the Budget Officer, Yvonne Cruz provide the detailed breakdown on items overspent. In summary the Chair reiterated that revenues are up \$6Million; Utilities are up \$2.5Million; salaries and wages increased by 20%, up \$1.4Million as a result of the CTP adjustment; supplemental annuity is up \$1.3Million. He added that the PUC may grant a rate relief on some of these areas and the Chairman said that management needs to move faster to address the rate relief issue because it will positively impact the financials.

**9. Communications / PIO – None**

**VIII. ANNOUNCEMENTS**

**1. Next CCU Meeting: GPA – 7/29/08; GWA – 8/12/08**

The Chairman announced that Comm. Nelson recommended that the CCU conduct village meetings in the North, Central and Southern Guam in an effort to be more transparent and to allow residents a chance to question any of their concerns because there is a lot of misconceptions in the public – this will allow some of these issues to be addressed.

There was discussion on the structure of the village meetings and after several scenarios, it was decided that the (4) meetings in August and September would be spread out to the regions; to work with the mayors relative to village specifics; to conduct the business meeting at 4 p.m. and the public forum at 6 p.m. The Commission asked that the PIO from both agencies work together to publicize the meetings in the media. It was also mentioned to have the department heads available at the meetings to readily respond to constituent concerns.

**IX. ADJOURNMENT**

With no further business to bring before the Commission, the meeting adjourned at 7:48 p.m.

Attested

  
SIMON A. SANCHEZ II, Chairman

  
GLORIA B. NELSON, Secretary

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