



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
5:30 p.m., Sept. 28, 2010

MINUTES

I. CALL TO ORDER

Chairman Simon Sanchez called the regular meeting of the Guam Waterworks Authority to order at 5:45 p.m. He announced that there was a quorum, and that four (4) of the five Commissioners were present; Comm. Palomo arrived later and all (5) were in attendance for the remainder of the meeting. Those in attendance include:

Commissioners:

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

Executive Mgmt:

John Benavente	GMCUS
Sam Taylor	Staff Atty., GWA

Management & Staff:

Yvonne Cruz	Chief Budget Officer / GWA
Yuka Hechanova	Internal Auditor / GWA
Heidi Ballendorf	Communication's Director / GWA
Mark Miller	AG, Production & Treatment / GWA
Victor Torres	IT Mgr. / GWA
Elaine Cruz	Personnel Administrator / GPA
Gilda Mafnas	Controller / GWA
Doris Young	Utility Services Admin. / GWA
Mark Pangelinan	Facilities Mgr., / GPA
Jamie Pangelinan	Supplies Manger / Procurement, GPA
Grace Cruz	GWA

GUEST

Cyrus Luhr	Office of Sen. Tom Ada
Rick Unpingco	Deputy GM, Veolia Water
Michael Moody	IRIA Ltd.
Robert Koss	GFT

II. APPROVAL OF MINUTES - None

III. GM (CUS) REPORT

IV. GM REPORT

1. Meter Update

September billings are tracking towards \$5M. There is an increase in zero read and low read meter percentages but the Task Force continues to address this matter and the curve is trending downwards. More staffing is being added to reduce zero reads

and to restart the change-out of remaining non-AMR meters. The identification process for these meters are running concurrently and another 4,000 meters are scheduled for delivery in October / November.

2. **DOD ROD**

The Record of Decision (ROD) relative to the buildup has been issued and the GMCUS provided a Summary of Decisions – a portion of the ROD for the CCU's perusal (copy in Master File). The ROD recommends an injection of \$740M into the power, water and wastewater infrastructure.

3. **DOD/USEPA Visits**

Officials with DOD and USEPA together with JBIC, PC Environmental and Guam EPA have had numerous meetings with GWA this past 2 weeks. Discussions centered on needed infrastructure capital improvement projects of the buildup and the timelines for funding availability for implementation of preferred alternatives recommended by the ROD. There were also discussions on the interim solutions for water and wastewater as potential ways to approve workforce housing and other buildup infrastructure needs. Solutions continue to be framed, but at this point, wastewater treatment and the NWWTP is the limiting factor. DOD and GWA has scheduled additional operational meetings to identify locations connection points to maximize availability of water to each other.

4. **Insurance**

GWA is making ready to issue more bonds and part of the prerequisite is to procure insurance. GWA is making ready to release insurance bids as required by their bond indenture. The business auto and the general liability insurance have been awarded. The property insurance resolution for an award is before the Commission tonight for review and approval. Once done, the property insurance award will be forwarded to the Public Utilities Commission for their approval since the contract amount is over \$1M.

5. **2010 Bond Issuance Schedule**

Work continues towards finalizing the Consulting Engineer's Report and the Preliminary Official Statement which are prerequisites to float the bonds. The current schedule for presentation to the credit rating agencies is Oct. 11, 2010 in San Francisco. The sale of the bonds is scheduled for mid November 2010.

6. **System Development Charge (SDC)**

The amount of SDC charges applied to-date since its inception is \$771K.

7. **PEALS Board Recognition**

GWA received an award from the Professional Engineers, Architects & Land Surveyors (PEALS) Board in recognition of having the largest number of actively licensed Professional Engineers in the Government sector. A certificate was presented to the Commission (copy in Master File). It was mentioned that there are 17 professional engineers within GPA and GWA – the equivalent to the # of professional engineers in DoD/Navy on island. Comm. Duenas commented that this speaks volumes to GPA/GWA's proactive stance to increase the pay scale of not only its professional employees but all employees. GWA and GPA are building a core team of professionals and to receive this recognition from a third party is a testament that the utilities are heading in the right direction. In addition, many of our operators are now certified and we are very proud. It was mentioned to gather all the professional engineers & certified operators at both GWA and GPA for a photo opportunity and to recognize them and publicize this great accomplishment.

8. **GM Recruitment**

Thus far, 32 applications have been received for the GM position, 29 applicants qualify. The GMCUS requested that a subcommittee be formed to assist in the ranking of the qualified applicants and to prepare a recommendation for CCU consideration. A complete CCU only list was provided (copy not in Master File). The Commission concurred with the GMCUS request and Comm. Hara and Comm. Nelson were nominated as members to the Recruitment Committee. The GMCUS was commended for his dedication and hard work as Interim GM. The Chairman recommended that all applicants be acknowledged for submitting their applications and to update them on the status of the recruitment process.

V. **COMMUNICATIONS**

1. **Public Comments – None**

VI. **NEW BUSINESS**

1. **GPA Resolution No. 2010-49: Security Guard Services**

In January 2010, GPA awarded the contract for unarmed security guard services to Pacific Island Security Agency; the contract was entered into in May 2010. The terms for the contract was for (1) year base with an additional (2) option, not to exceed 3 years. The contract specifies services be provided for GPA's warehouse and storage to include the T&D Center 24/7 and the Harmon Business Office from 5p.m. – 7 a.m. Mon.-Thurs.; 5 p.m. – 12 a.m. Fri., and 24 hours service on Sat/Sun. and 12 a.m. – 7 a.m. Monday. In addition, 1 guard will be provided 24/7 to the Cabras plant. The total contract amount is \$326.7K which exceeds the GM's obligating authority.

Comm. Hara motioned to approve Resolution 2010-49; Comm. Nelson seconded.

In discussion, Comm. Duenas recommended that Exhibit A be marked specifically and also recommended that the resolved, Section 2 be amended to say "to spend" rather than "proceed". It was decided to list the contract amount \$326,734.80 in the resolved section.

On Resolution 2010-49, there was no further discussion or objection and the resolution was passed as amended.

2. Resolution No. 28-FY2010: Approval of FY2011 Budget

The GWA FY2011 budget was presented for approval. Resolution 28-FY2010 mirrored the 5-year financial projections as presented to the PUC and meets requirements for cash flow demands, most operational needs, debt service and some general plant purchases. It reflects an 8% increase in revenues as compared to FY2010 – a total of \$74.3M; the existing workforce is a priority – 307 FTE and 19 apprentices - the budget asks for 20 additional employees; it also provides for pay for performance for CTP and performance increments for the Hay Group of employees – a total of \$18.7M overall. RE non-labor costs, the FY2011 budget includes increases for insurance - \$1.7M, chemicals – \$400K. Division Managers submitted general plant requests of approximately \$14M for items ranging from structural improvements, heavy equipment and vehicle purchases, a new Customer Service Information System and other programmatic developments, but at this time, only \$7M is budgeted for this area section. In summary the FY2011 projected budget calls for \$74.2M in revenues; O&M Expense of \$62.2M; Net income of \$15.8M & debt service ratio of 1.94.

The Interim GM and the CFO also requested the flexibility with budget projections and expenses to determine how best to address GWA's regular needs, additional staffing and resources in preparation for the military build-up. In addition, they will identify priority use of funds based on compliance issues, best return on investment and improved operational efficiencies without compromising debt service requirements.

Comm. Duenas moved to approve Resolution 28-FY2010 for discussion; Comm. Hara seconded.

In discussion there was a recommendation to add language to the 1st resolved to add at the end "attached as Exhibit A" ; and the same to the 2nd resolved; to add the following to the 3rd resolved – "GWA management in their monthly financial report will update the Commission comparing FY2011 budget to actual expenditures". It was also recommended to change Resolved #3 to Resolved #4 and to add a new #3 mirroring #1/#2 in verbiage with amended language – "CCU adopts GWA's fiscal 2011 budget request for expenses of \$3.8M for non-operational expenses as presented to the CCU in its Fiscal 2011 Budget ..."; to delete the original Resolved #4 in its entirety; to add a new #5 with language "the CCU authorizes GWA General Manager to spend this FY2011 Budget as approved, by this Resolution. He may transfer between object categories without further CCU approval"; Comm. Palomo asked to amend the regular adopted date from Sept. 1 to Sept. 28.

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

3. Resolution No. 26-FY2010: Property Insurance

The Staff Atty. requested the CCU to approve GWA's property insurance bid. It was released 8/17th and AM Insurance was the sole and only responsive bidder for \$1.8M. The bid response was attached for reference (copy in Master File). Mr. Mike Moody, Risk Management Consultant, reviewed the proposal and submitted written recommendation to award the insurance to AM Insurance. Evaluation Committee members Vince Guerrero and Greg Cruz both reviewed AM Insurance submittals and deemed it to be responsive to the bid. This matter is required for GWA to issue bonds. Mr. Fred Horecky, ALJ for PUC, will ask the PUC for approval to have their Chairman make the approval on a timely basis so that GWA can move forward with bond issuance.

Comm. Duenas motioned to approve Resolution 26-FY2010 for discussion; Comm. Hara seconded.

In discussion Comm. Duenas made some amendments in the resolved line 18 – to add "attached as Exhibit A" after the amount in parenthesis; in line 19 – to replace the phrase "should be" with "is".

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

Mr. Moody was asked to give his comment. He said GWA has about 1/2 Million of assets to protect and he is working with GWA staff to work within the facets of the policy to reduce costs in the future & expects this process to be completed by the end of the year. Adequate records were not available in the past which makes it extremely difficult to make proper and informed decisions. He reiterated the importance of keeping proper records and said things are much better now.

4. Resolution No. 27-FY2010: Contracts Administrator and Pay Grade Adjustment

The Interim GM said GWA does not have anyone who monitors GWA's contracts or to process small claims. In addition in the determination of the pay grade for the equipment maintenance superintendent was kept at the same level as the supervisors pay grade and lower than the other superintendents – this request is to properly place this position its correct pay grade.

Comm. Hara motioned to approve Resolution 27-FY2010 for discussion; Comm. Duenas seconded.

Comm. Duenas recommended several amendments to the resolved section - #1 / line 32 ... professional "classified" position and to add "and the job standard for said position attached hereto a Exhibit A" and delete "is necessary to the efficient operations of the Guam Waterworks Authority"; to add a new #2 - "the salary range is \$44k - \$49.7k to as contained in Exhibit B; to change the original Resolved #2 to Resolved #3; to delete the original Resolved #3 in its professional "classified" position; line 8 - replace "being changed" to "changed"; line 9 - replace "due to uniformity and right sizing of all Superintendents positions pay grade within the Authority" with "based on the complexity of the job as attached Exhibit C"

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

VII. **OLD BUSINESS - None**

VIII. **STAFF REPORTS**

Relative to staff reports, the Commission asked managers of to update on pressing issues.

1. **Chief Engineer**
2. **Communication / PIO**
3. **Compliance & Safety** - got permission to use membranes at Ugum and target is to have this operational by Friday.
4. **Financial** - debt service still on target; looks good that revenues will hit \$6M revenues
5. **Human Resources**
6. **Internal Audit**
7. **Legal - Staff Atty.** Taylor submitted written recommendation for Executive Session to discuss 1 item
8. **Utility Services** - photo binder about challenges re sensus meter change outs; on-line billpayments will launch Friday
9. **Wastewater M&O** - full compliance at Northern Treatment Plant; issues with pump stations, a major outage at Route 16. Good news re certification, plant compliance holding steady.
10. **Water M&O** - discussion on Letter to the Editor relative to meter leaks; RFP for outsourcing to assist with leak repairs is being drafted; expected to have contractor in place in 2 months

IX. **ANNOUNCEMENTS**

1. **Next CCU Meeting:**

The Chairman announced that the next CCU meeting would be for GPA on Oct. 19th and GWA on Oct. 26th.

At the recommendation of Legal Counsel, the Chairman asked for a motion to move the meeting to Ex. Session.

Comm. Duenas motioned to move the meeting to Executive Session; Comm. Hara seconded

X. **EXECUTIVE SESSION**

1. **Collective Bargaining Issue**

This matter was discussed.

The Chairman asked for a motion to move the meeting back to Regular Session and Comm. Duenas motioned ; Comm. Hara seconded.

In regular session, Comm. Duenas motioned to approve the actions discussed in Executive Session; Comm. Nelson seconded. There was no further discussion and the motion carried.

XI. **ADJOURNMENT**

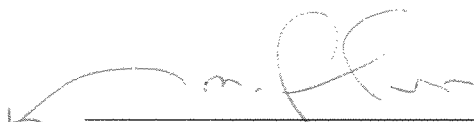
There being no further business to bring before the Commission, the meeting adjourned at 8:20 p.m.

llsl

bls

Attested:


SIMON A. SANCHEZ II, Chairman


GLORIA B. NELSON, Secretary