



# CONSOLIDATED COMMISSION ON UTILITIES

Guam Power Authority • Guam Waterworks Authority  
P.O. BOX 2977 • Agana, Guam 96932

GUAM WATERWORKS AUTHORITY  
REGULAR BOARD MEETING  
*GPA Conference Room*  
Tuesday, February 13, 2007, 5:00 p.m.

## MINUTES

### I. CALL TO ORDER

The Consolidated Commission on Utilities met in a regular meeting on February 13, 2007. There being a quorum, Chairman Simon Sanchez called the meeting to order at 5:10 p.m. The Chairman welcomed Comm. Nelson back after being away for medical reasons. The meeting was held at the Guam Power Authority Board Conference Room and those present included:

#### **Commission:**

Simon Sanchez	Chairman, CCU
Tom Ada	CCU Vice-chair, GWA - <b>(Excused – Off-island)</b>
Benigno Palomo	CCU Vice-chair, GPA
Gloria Nelson	Secretary
Eloy Hara	Treasurer

#### **Management:**

John Benavente	GM, Consolidated Utility Services (GMCUS)
David Craddick	GM, Guam Waterworks Authority (GWAGM)
Danny Santos	Asst. GM, Consolidated Administration (AGMCA)
Randy Wiegand	Chief Financial Officer (CFO)
Sam Taylor	Staff Attorney (SA)

#### **Staff:**

Cora Montellano	Asst. Chief Financial Officer (ACFO)
Mark Miller	Manager, Production & Treatment
Paul Kemp	Compliance / Safety Officer
Don Antrobus	Chief Engineer
B. Lou Sablan	Special Asst., CCU

#### **Media:**

John Davis	KUAM
------------	------

#### **Guests:**

Phil Roberto	Representative, Sen. Espaldon
--------------	-------------------------------

II. APPROVAL OF MINUTES

1. December 12, 2006 (DRAFT)

The Minutes of December 12th was presented for approval.

Comm. Palomo motioned to approve the Minutes subject to verification and written correction. Comm. Nelson seconded. There was no objection, and the motion carried.

2. January 9, 2007 (PENDING)

The Minutes of January 9<sup>th</sup> Minutes was tabled pending completion.

3. January 29, 2007 (PENDING)

The Minutes of January 29<sup>th</sup> was tabled pending completion.

III. GM(CUS) REPORT - None

IV. GM (GWA) REPORT

1. GM07-22: GWA Travel Policy

The GWAGM asked that this matter be tabled pending employee comment review by the GM.

2. GM07-23: Notification of MSG Claim (Possible Ex-session)

The Commissioners moved this matter to Executive Session.

V. COMMUNICATIONS

1. Public Comment (2 min. per person) – None

VI. STAFF REPORTS

1. Chief Engineer

The GM gave the Chief Engineers Report. He said that Michaels Corp from Wisconsin won both bids for the Outfalls totaling \$18M.

He also reported that the Ugum contract with Smithbridge was finalized. The SA said that the CE sent USEPA the request for approval and once the contract is sent back, GWA and the contractor will sign off and a notice to proceed will be released. It was mentioned that the start date would be the end of February. There was discussion if the contractor can begin work without EPA's approval, beginning with the Guam portion of the project. The SA said it was not possible because the project was not separated out – GWA and EPA; it was contracted as a whole. Management said that Smithbridge may agree to move forward with the project without waiting for USEPA approval since 90% of the project is GWA funded.

The GM also mentioned that March 2<sup>nd</sup> at 10a.m. is the re-grand opening of the Agana Treatment Plant and is also the ground-breaking for the Agana Booster Station. There was discussion regarding the staffing of Agana Treatment Plant – the GM confirmed that there are (5) employees slated with Veolia already.

The Chairman said if the Agana Treatment Plant is not fully ready for operations right away, that it could be used for educational tours for school children, the Chamber of Commerce and the Mayor's Council and others. The Commission agreed that it was a good idea.

The SA added that management is also in the process of redoing the contract for the chlorinators.

2. Asst. GM Consolidated Administration

The AGMCA announced that the new Customer Service Supervisor is Geigy Salayon. She has consolidated the revenue Protection Unit (RPU) and Customer Service Representatives to work together and she is cross training

offering both departments a better understanding of their respective responsibilities. He also submitted a 1-page report noting various data for customer service, revenue protection and the AMR installations (copy in Master File).

Regarding the AMR, he advised that a little more than 11,000 meters have already been installed. There are still issues with transponders and its inability to pick up readings. Management holds weekly conference calls with Metron Farnier re defective transponders; they have advised that they will do some analysis and will get back to management. Another issue is that the laptop associated with the automatic reading is not able to pick up the transponder and Metron Farnier is also looking into this defect. The AGMCA again confirmed that KGI has reconfirmed that they will be able to meet the completion deadline for installations and that they would be hiring (3) additional engineers and bodies to do AMR installations.

He reported that he and the GM met with the AG's office regarding meter tampering and illegal connection to draw focus and to do the actual investigation and to bring the level of public awareness up. The mandate from the AG's office is that GWA call their office before moving forward.

### 3. **Financial**

The CFO presented the December 2006 Financials (copy in Master File). These are some highlights: there is \$76M total in Restricted and Unrestricted Cash - \$1.7M in unrestricted funds and \$74M in restricted funds. Re Cash Flow, in YTD December there is positive cash flow of \$1.6M; re Assets, AR trade is up by \$2M possibly due to higher billing and holiday payables; retained earnings have improved in the last quarter - \$1.3M inclusive of grants and interest revenues; Expenses are down vs. a year ago; Benefits are \$500k lower than last year – the CFO said that this year unfunded liability is not budgeted; last year it was budgeted but not accrued; this year it was not budgeted and not accrued; next year management will budget and accrue for this expense. Re Budget vs. Actual, YTD is \$1.2M lower than actual on expenditures due to PMC budget for full year. For 1<sup>st</sup> Qtr, FY07, GWA is \$1.3M ahead of its earnings projection but the accrued liability for retirement is not factored-in. It was mentioned that in FY06, GWA ended the year with a loss of \$3M due to the booking of \$1.8M retirement liability (to correct the books) and \$1.2 in operations.

It was also noted that beginning July 1<sup>st</sup>, GWA will begin to pay \$642k to the trustee monthly (for GWA's bond funds). The trustee will then pay to the lenders in December. The Chair recommended to the CFO to take a snapshot of what the fiscal year-end looks like by taking the actual 1<sup>st</sup> quarter, and the projected budget for the remaining 3 quarters; plug in any anticipated expenses i.e. LEAC increases etc. to determine trending. The Chair asked that this snapshot be prepared for the next operations meeting.

The CFO also provided a status of the 2005 Series Revenue Bond as of 12/31/06 (copy in Master File). 26 different projects totaling \$83M have been identified for specific projects; there is still \$17M unencumbered pending projected cost for other projects such as line replacements etc.

The Chairman asked about PUC filings needed for GWA's rate case. The CFO said February 15<sup>th</sup> was the targeted deadline but cannot meet it. The Chair commented that he must advise Georgetown and PUC as soon as possible. There was also discussion regarding status of fund accounts; the CFO said that all the fund requests are caught up in the last couple of months. PUC is requesting water loss reports and the Asst. CFO is working on formatting this report so that it would be easier to complete and file with PUC every month.

The Chair asked the status of the GWA CFO position. Management confirmed there are no applicants. The GM confirmed that he is hiring a head hunter, hopefully under \$15k. The island has a shortage of CPA's; the hospital, Ernst and Deloitte have all been looking for several months. The CFO also confirmed that GWA does not have a very good reputation but the most important reason is the lack of qualification.

Comm. Nelson asked the status of Anthony Camacho's replacement; the GMCUS confirmed that GPA hired the firm of Anthony Camacho as outside legal service temporarily; his contract is for 600 hours. This issue affects GPA more than GWA because of military duty for both Atty's. Botha and Camacho. The Commission asked the GMCUS to update the Commission on this issue at the next GPA meeting.

4. **Production / Treatment**

M. Miller said he and the Task Force is at their last well. The TF would like to ask the GPAGM for an extension of the Task Force next week. He will cite successes and the RTF goals and objectives for the extension of the program for the next 20 or so wells. He said he very seldom has calls regarding outages due to well issues.

He confirmed that he is the Contracts Manager for the WW PMC. He meets with the PMC Committee every Tuesday and will prepare a PMC Evaluation Report for the next Operation meeting. He reported that overall, things with the PMC are on track overall. PMC is currently still performing assessments and have asked management to keep the status quo for the next 3 months.

There was discussion regarding mainline breaks by contractors. The GWAGM said he charges them for the repair cost only. It was mentioned that there should be a penalty incurred for breakage in order to encourage contractors to be more careful. Comm. Palomo said management should establish a policy re line breaks by contractors. The GWAGM said he will research the matter.

There was discussion regarding a backup plan for drought season. Mark Miller said GWA has no conservation rate in its rate structure – a form of penalty. The GWAGM gave examples of the types of structure that is used in other states. There was discussion whether the Master Plan addresses drought season. The Chairman said the concept is good and perhaps management could think about this for the next fiscal year.

5. **Collection / Distribution**

There were no major operational issues discussed.

6. **Compliance**

Mr. Kemp reported that EPA approval all items submitted in January some include the chlorinator projects, the GPS project and others. Mr. Kemp said EPA is requiring spill control, counter prevention measures and GWA is very close to having a program together. GWA will have 30 days to be in compliance. The deadline for emissions has not been published – it may possibly be June. Mark Miller added that the emissions permitting will be included in the task force report.

7. **Human Resources**

There was no HR report. Comm. Palomo reminded management that he has asked for a staffing pattern a couple of times and to date none has been provided. The Chairman asked management to provide this at the next GWA meeting.

8. **Legal**

• **Bill 19 – Water Rates for Non Profits**

Sen. Respicio and Barnes are looking to create a new special rate for sport recreational facilities located in government properties that is leased or operated for not –for-profit organizations and that the rates be similar to the lowest rates charged to customers for each utility.

The CCU mentioned some of their concerns: any subsidy of one group means the rates are raised for another group to make up the difference; this could lead to public facilities being turned over to non-profits like the UOG Fieldhouse or the Paseo Stadium in order for the government to avoid paying their appropriate power bill and what would prevent a future megaplex to do the same. The Commission feels that the intent is commendable but this matter is better done collaboratively rather than legislatively.

• **Bill 44 – GFT Bill re GFT Benefits**

Bill 44 is the Fair Share Bill – it is the repeal of the Right to Work statute. A hearing is not yet set. The GFT Union is at GWA with 80 employees. By law, non-union members would be required to contribute a portion based on those benefits that are given as a result of negotiations. The Commission is concerned about those employees that are not union members. According to Matt Rector, GFT's Administrator, the fair share contribution is 80% of union dues; this would have to be paid by non union members. The CCU's position is why should the Union be guaranteed an income; it does not believe any employee should pay for something that they choose not to join.

VII. OLD BUSINESS

1. 2-in Line Issue

The Chairman explained that this rule has been in the books for a very long time and GWA is now enforcing it. The rule specifies that if the hook-up is less than 100 ft. and there's sufficient pressure on a nearby line, management has been selectively authorizing the hook-up. Anything beyond a 100ft. is called a service extension line and has to be 6-inches and depending on its length, may have to have fire hydrants for the fire flow engineering requirement.

Comm. Hara explained that customers are complaining that they receive different reasons from GWA staff – everyone has their own explanation / interpretations. Comm. Hara said that he can talk the average persons language and he can assist by making customers understand why they cannot hook up to an existing line. A major complaint that he receives from customers is that they get so many different explanations from different GWA personnel, depending on who they are talk to. It is important that everyone is on the same page.

After a very lengthy discussion, it was decided to have Legal Counsel, assisted by Comm. Hara, to develop a policy / resolution for CCU adoption.

2. Resolution 09-2007 Creation of Sewer Hook-up Revolving Fund Ratification

This matter was tabled.

3. Resolution 11-2007 Relative to Master Plan Ratification

This matter was tabled.

4. Resolution 12-2007 Creation of Communication Mgr. Position

Resolution 12-2007 was presented for approval to create a Communication Manager Position. The Commission already voted to create the position, the resolution is to memorialize it.

**Comm. Palomo motioned to approve the Resolution; Comm. Hara seconded. There was no objection or further discussion and the motion passed.**

5. Management Evaluations

The Chairman updated the Commission on Executive Management Evaluation. Dr. Annette Santos is doing the compilation. The Self Reviews have been submitted, the Peer Reviews are due this Friday. He asked managers that have not submitted their review to please do so immediately. The only missing piece is the Board Review. He asked the Commission to submit their completed reviews by next Friday. Once Dr. Santos receives all evaluation forms, she will complete her compilation and the CCU can then begin the review process.

VIII. NEW BUSINESS

1. Draft CCU By-laws

The Chairman distributed copies of the CCU draft by-laws for the Commission's review. The GWAGM drafted it based on GPA's old by-laws. He asked the Commission to begin studying it with plans to adopt it at a future meeting.

IX. ANNOUNCEMENTS

The Chairman announced that the next CCU meeting would be at GPA on February 20, 2007.

X. EXECUTIVE SESSION

**Comm. Hara motioned to move the meeting to Executive Session; Comm. Palomo seconded. There was no objection. It was 8:00 p.m.**

The Chairman moved the meeting back to Regular Session at 8:20 p.m.

XI. ADJOURNMENT

With no further discussion to bring before the Commission, the meeting was adjourned at 8:20 p.m.

Attested by:

  
\_\_\_\_\_  
SIMON A SANCHEZ, II, Chairman

  
\_\_\_\_\_  
GLORIA B. NELSON, Secretary

//bls//

**CONSOLIDATED COMMISSION ON UTILITES  
REGULAR MEETING OF  
Guam Waterworks Authority  
Tuesday, 2/13/07, 5:00 p.m.**

**SUMMARY OF MOTIONS, RESOLUTIONS & PENDING ACTIONS**

**I. MOTIONS & RESOLUTIONS**

<b>ITEM #</b>	<b>AGENDA ITEM</b>	<b>MOTION OR RESOLUTION</b>	<b>VOTES</b>
1	<b>Approval of Minutes:  December 12, 2006</b>	The Minutes of December 12th was presented for approval.  Comm. Palomo motioned to approve the Minutes subject to verification and written correction. Comm. Nelson seconded. There was no objection, and the motion carried.	Ayes - 4 Nays - 0 Absent - 1 Abstained - 0
2	Resolution 12-2007 Creation of Communication Mgr. Position	Comm. Palomo motioned to approve the Resolution; Comm. Hara seconded. There was no objection or further discussion and the motion passed.	Ayes - 4 Nays - 0 Absent - 1 Abstained - 0

**II. PENDING ACTION**

<b>ITEM#</b>	<b>AGENDA ITEM</b>	<b>PENDING ACTION</b>	<b>RESPONSIBLE PARTY</b>
1	Human Resources	Comm. Palomo reminded management that he has asked for a staffing pattern a couple of times and to date none has been provided. The Chairman asked management to provide this at the next GWA meeting.	<b>GM</b>
2	2-inch Line Rule	After a very lengthy discussion, it was decided to have Legal Counsel, assisted by Comm. Hara, to develop a policy / resolution for CCU adoption.	<b>S. Taylor Comm. Hara</b>
3	CCU By-laws	The Chairman distributed copies of the CCU draft by-laws for the Commission's review. The GWAGM drafted it based on GPA's old by-laws. He asked the Commission to begin studying it with plans to adopt it at a future meeting.	<b>Commission</b>

**CONSOLIDATED COMMISSION ON UTILITES  
REGULAR MEETING OF  
Guam Waterworks Authority  
Tuesday, 2/13/07, 5:00 p.m.**

ITEM#	AGENDA ITEM	PENDING ACTION	RESPONSIBLE PARTY
4	Financials:  Snapshot re FYE 2007 Trends	The Chair recommended to the CFO to take a snapshot of what the fiscal yearend looks like by taking the actual 1 <sup>st</sup> quarter, and the projected budget for the remaining 3 quarters; plug in any anticipated expenses i.e. LEAC increases etc. to determine trending. The Chair asked that this snapshot be prepared for the next operations meeting.	CFO
	PUC Matters	PUC is requesting water loss reports and the Asst. CFO is working on formatting this report so that it would be easier to complete and file with PUC every month.	Asst. CFO
	Staff Attorney Status	Comm. Nelson asked the status of Anthony Camacho's replacement; the GMCUS confirmed that GPA hired the firm of Anthony Camacho as outside legal service temporarily; his contract is for 600 hours. This issue affects GPA more than GWA because of military duty for both Atty's. Botha and Camacho. <u>The Commission asked the GMCUS to update the Commission on this issue at the next GPA meeting.</u>	