



CONSOLIDATED COMMISSION ON UTILITIES

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

Regular Board Meeting

CCU Conference Room, Gloria B. Nelson Public Service Building

5:30 p.m., October 27, 2015

MINUTES

1. CALL TO ORDER

In the absence of Chairman Duenas, who was off island, Vice Chairman Francis Santos presided at the Regular Meeting of Oct. 27, 2015. He called the meeting to order at 5:40 p.m. and said that four (4) Commissioners were present and that a quorum is in order. Others present include:

Commissioners:

Francis Santos	CCU Vice Chairman
George Bamba	CCU Secretary
Pedro Guerrero	CCU Treasurer
Simon Sanchez	CCU Member

Executive Mgmt.:

John Benavente	GMCUS / IGM GPA
Mark Miller	IGM / GWA
Melinda Camacho	AGMO / GPA
John Kim	CFO / GPA
Greg Cruz	CFO / GWA
Graham Botha	Staff Attorney / GPA
Sam Taylor	Staff Attorney / GWA

Management & Staff:

Paul Kemp	AGM Compliance & Safety / GWA
Ron Topasna	GWA
Vangie Lujan	Compliance / GWA
Art Perez	PIO / Communications, GPA
Karen Grape	IT / GWA
Dave Fletcher	GWA
Cora Montellano	Asst. CFO / GPA
Rudy Manibusan	IT Mgr., (A) / GPA
Jimmy Pangelinan	Transportation Mgr. / GPA
Heidi Ballendorf	Manager / Communications, GWA
Joyce Sayama	Mgmt. Analyst / GPA Ex. Office
Ann Borja	Mgmt. Analyst / GWA Ex. Office
Lou Sablan	Board Secretary / CCU

Guest:

Bill Gilman	Brown & Caldwell
Andy Niven	PUC
Jesse Gogue	Mayor's Council
George Watson	Brown & Caldwell
Nestor Licanto	KUAM
Rob Tupaz	Guam Daily Post
John O'Connor	Guam Daily Post
James Y. Kim	PAC Guam
Denis F. Regnier	Degaviso Building Agency
Michael White	CDM Smith
Mark Calvo	Gov's Office
Ogaol Nirairiki	Gov's Office
Troy Torres	Gov's Office

2. APPROVAL OF MINUTES

The Minutes of July 23, 2015 was presented for approval.

Comm. Bamba motioned to approve the Minutes subject to verification and written correction; Comm. Guerrero seconded. There was no further discussion or objection and the motion carried.

3. GM REPORT / UPDATE

3.1 GPA

1. SAIPAN RECOVERY

GPA's 15 personnel recovery team will be returning on Oct. 30. This would complete assistance to CUC on Saipan power system recovery. Estimated total assistance is about \$4.3M and we have received \$2M in payments.

2. RENEWABLES

The recent drop in oil prices and the lack of a fuel oil price trend is delaying decision on the bid. The current LEAC is below the lowest bid by about \$.05/Kwh which translates to about \$2.3M in additional cost for the first year of a 20MW PV plant. Management is working on a revised LEAC projection which would help make a final decision on the bid. Estimating an additional week is needed.

GPA continues to work towards issuing the Renewables Phase III bid invitation which will utilize about 200 acres of the identified DoD properties that could accommodate about 45MW of solar PV capacity. GPA continues to negotiate the land lease agreement; parties are near a mutual agreement.

3. GUAM DOE SOLAR PV CONTRACT

Speaker Won Pat has asked the CCU to approve the contract between GDOE and GEF. Unfortunately, we need one more week to evaluate because this is also tied into a fuel forecast. It is important to insure the contract satisfies the Public Law intention of GDOE saving on its energy bills.

4. DEMAND SIDE MANAGEMENT

The CCU Had requested this information at its last meeting and asked for CCU comments, if any. The plan is to make the program effective November 1. The following shows the rebates for air condition units. In addition the program will be offering \$50 rebates for approved washer and dryer.

System Type	Rebate	Description
Central, Ducted Air Conditioning System	\$500	≥ 18 SEER and ≥ 3 tons but < 4 tons
	\$800	≥ 18 SEER and ≥ 4 tons
Ductless Air Conditioning System	\$200	≥ 21 SEER and < 1 ton
	\$300	≥ 21 SEER and ≥ 1 ton
	\$600	≥ 28 SEER and ≥ 1 ton

3.2 GWA

This report provides an update of activities, events or points of interest since the CCU GWA Work Session Board meeting of October 21, 2015.

1. GWA and DOD NAVFAC (Naval Facilities):

- Biweekly meetings continue between GWA and DOD NAVFAC. The following are key points of recent discussions:
- The license agreement intended to allow GWA to operate and maintain the DOD owned Tumon Maui well is in near-final stage. During the last meeting, GWA was provided a checklist of the requirements that will be a part of the License Agreement in order to begin preparations for the necessary actions to meet those requirements. *(Update: GWA received the draft copy of the license agreement on Oct. 23 and it is under review.)*
- GWA is presently drafting the Letter of Intent to utilize the Air Forces' Mount Santa Rosa Reservoir in order to allow GWA contractors to inspect the GWA Santa Rosa Reservoir.

2. Line Replacement Project:

- Bid evaluation for the Phase IV Line Replacement Capital Improvement Project was recently completed. The Notice-to-Proceed should be issued in a week's time.
- This will start line replacement work for the first 11 of 40 identified lines in need of replacement.

3. Training:

- 18 Supervisory and Managerial GWA staff attended a 4-hour long UOG Ethics Training Course on October 16. The course fulfills PL 28-76, which requires Government of Guam employees to have training in ethics, procurement, finance, fiduciary responsibility, open government law and the Sunshine Act.
- GWA will be interviewing applicants for Employee Training and Development Specialist III (ET&DS) on October 22, 2015. GWA has not had an ET&DS since 2009. (Update: The interview process was completed and a candidate was selected.)
- In FY2016, GWA expects to have in place and in practice an Employee Training and Development Plan for each and every existing GWA FTE position.
- GM, CFO, Operations and SCC participated in a Webinar sponsored by AWWA on Effective Utility Management: A Primer for Water and Wastewater Utilities at 2:00 a.m. this Wednesday morning, October 21, 2015.

4. Public Hearing on New Cost of Service Fees:

- During the September 22, 2015 CCU Board meeting, the CCU required that GWA conduct Public Hearings on the new updated cost of service fees.
- Public hearings were conducted at the Gloria B. Nelson Public Service Building, the Dededo community center and the Inarajan community center on October 6, 7, and 8 respectively.
- There were very few attendees from the public during the three public hearings.
- While a few of the questions fielded were on the new rates, most of the concerns expressed by the few attendees were focused on their personal water accounts and were not on the new fee rates.
- If approved by the CCU, the proposed new cost of service fees will be brought before the Public Utility Commission for further review and possible approval.

5. Fire Hydrant Replacement:

- GWA has 3,814 fire hydrants throughout the island.
- GWA has identified 418 hydrants as completely non-functioning and is presently drafting up the Scope of Work for an IFB for the replacement of the first 200 of the 418 non-functioning hydrants.
- The estimated average cost per fire hydrant replacement is approximately \$1,500, for a total estimated cost of \$300,000.
- The Invitation for Bid will be advertised during the month of November 2015.

6. GWA Large Meter Revenue Loss (Update):

Account #	Number of months in malfunctioning condition	\$ Revenue Water Usage Loss	\$ Revenue Sewer Usage Loss	\$ Total Revenue Lost (Water and Sewer)	\$ Recoverable Water Usage (4 months)	\$ Recoverable Sewer Usage (4 months)	\$ Total Revenue Recoverable Water and Sewer	Total Loss Potential	Completion Date
7974500000	16	\$ 11,606.87	\$ 9,285.50	\$ 20,892.37	\$ 3,868.96	\$ 3,095.17	\$ 6,964.13	\$ 27,856.49	9/23/2015
2616100000	24	\$ 16,269.27	\$ 13,015.42	\$ 29,284.69	\$ 3,235.85	\$ 2,588.68	\$ 5,824.53	\$ 35,109.22	10/3/2015
2516400000	66	\$ 51,184.22	\$ 40,947.38	\$ 92,131.60	\$ 3,302.21	\$ 2,641.77	\$ 5,943.98	\$ 98,075.57	
9346400000	24	\$ 38,001.60	\$ 30,401.28	\$ 68,402.88	\$ 7,600.32	\$ 6,080.26	\$ 13,680.58	\$ 82,083.46	10/6/2015
4152200000	9	\$ 64,701.00	\$ 51,760.80	\$ 116,461.80	\$ 51,760.80	\$ 41,408.64	\$ 93,169.44	\$ 209,631.24	10/14/2015
9409400000	13	\$ 39,931.82	\$ 31,945.46	\$ 71,877.28	\$ 17,747.48	\$ 14,197.98	\$ 31,945.46	\$ 103,822.74	10/12/2015
7317500000	5	\$ 15,044.12	\$ 12,035.30	\$ 27,079.42	\$ 15,044.12	\$ 12,035.30	\$ 27,079.42	\$ 54,158.83	
7096400000	219	\$ 9,625.98	\$ 7,700.78	\$ 17,326.76	\$ 179.09	\$ 143.27	\$ 322.36	\$ 17,649.13	
2137400000	6	\$ 3,235.27	\$ 2,588.22	\$ 5,823.49	\$ 6,470.54	\$ 5,176.43	\$ 11,646.97	\$ 17,470.46	
2380400000	10	\$ 3,385.20	\$ 2,708.16	\$ 6,093.36	\$ 2,256.80	\$ 1,805.44	\$ 4,062.24	\$ 10,155.60	
5404100000	16	\$ 2,250.94	\$ 1,800.75	\$ 4,051.69	\$ 750.31	\$ 600.25	\$ 1,350.56	\$ 5,402.25	
5197100000	35	\$ 1,371.01	\$ 1,096.81	\$ 2,467.82	\$ 176.90	\$ 141.52	\$ 318.42	\$ 2,786.24	10/13/2015
Total		\$ 256,607.30	\$ 205,285.84	\$ 461,893.14	\$ 112,393.38	\$ 89,914.70	\$ 202,308.08	\$ 664,201.22	

4. **COMMUNICATIONS**

4.1 **Public Comments - None**

5. **LEGAL COUNSEL**

6. **NEW BUSINESS**

6.1 **GPA**

6.1.1 **Financial Updates**

It was mentioned that the Fiscal Year End will be reviewed in November's Work Session,

6.1.2 **Resolution 2015-36 / GWA Resolution 08-FY2016 Approval of GBN Public Service Building Cost Share – GPA/GWA**

The objective of this request is to minimize the total impact of the costs of the operations of the consolidated facility on the financial statements of the Guam Power Authority. GWA personnel are occupying 21,385 sq. feet representing 35% of the total office space. GPA has determined that GWA cost share for the GBN building is \$269,170 annually or 35% of the total facility. GPA determined GWA's cost share to be \$22,431 monthly. In addition to this cost, GWA will also share the cost of security guard, janitorial services, building insurance and other maintenance costs. The proposed cost sharing amount is effective October 1, 2015 once the resolution is passed. The cost allocated to GWA is assumed to be funded through its revenue funds.

Comm. Bamba motioned to approve Resolution 2015-36; Comm. Sanchez seconded.

In discussion the Commission said this matter has been in discussion for several months and that this final amount was deemed fair and reasonable.

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

6.1.3 **Resolution 2015-51 Relative to Fleet Fuel Contract**

Resolution No. 2015—51 request the Commission to approve the award of GPA's contract for regular gasoline and diesel fuel for GPA's transportation fleet. GPA released an IFB for this procurement which resulted in (3) bid submittals. GPA's evaluation team determined that Mobil Oil Guam was the lowest responsive and responsible bidder. The bid was for (3) three years commencing on Nov. 1, 2015 and expires Oct. 31, 2018 with (2) two one year extension options. The estimated total contract value is \$375,750 per year for total contract amount of \$1.127M. Services will be provided at Mobil stations island wide and will be funded through O&M funds.

Comm. Sanchez motioned to approve Resolution 2015-51; Comm. Guerrero seconded. There was no further discussion or objection and the motion passed unanimously.

6.1.4 **Resolution 2015-52 Extension of TRC Environmental Service Contract**

Resolution 2015-52 requests the Commission to Authorize management to Extend the Contract and Increase the Fund For Environmental Engineering and Technical Services and seek PUC Approval for the Extension and Increase in Funding. GPA awarded the initial Contract for Environmental Engineering and Technical Services to TRC Environmental Corporation in June 1, 2011. TRC has worked with GPA in key projects to include:

- Creation and submission of Ambient Air Quality Monitoring Plan to USEPA, from 2011-2012. Currently under USEPA's review
- Coordination with USEPA and Guam EPA for the Re-designation of Cabras and Tanguisson Areas, as well as consultant support for State Implementation Plan
- On-going work for Environmental Strategic Plan and Regulatory Support, including environmental expertise for Integrated Resource Plan
- Ad Hoc Tasks, as follows:
 - USEPA Consent Decree
 - Feasibility Study, Engineering Services for and Procurement of Oxidation Catalyst for GPA's Fast-Track Diesel Units
 - Tanguisson Deactivation Plan
 - Feasibility Study and Engineering Services for Design of Oxidation Catalyst for GPA's Slow Speed Diesel Units

GPA is at a critical point in its resource implementation plan, where fuel transition and additional/new generating units are being considered to meet load demand while ensuring compliance with regulatory requirements through the most efficient and economic means possible. TRC has provided critical support to GPA, and it would benefit GPA the most if key projects can be continued with TRC's support, given their familiarity with GPA and GPA's objectives. If the contract extension is approved, most of the work will be completed in Guam, except when coordinating with USEPA, which may need to be conducted at USEPA Region 9 offices.

The total Bond funds allocated to this contract is \$1.9 million. The total O&M funds expensed up to July 2015 is about \$840,000 and GPA expects approximately \$175,000 per year during extension, increasing the total O&M funds up to approximately \$1.75 million if extension is approved. TRC is requesting for an increase in the hourly rates provided, effective this current year, but will defer the increase to the extension period if approved. The increase will be an average of 4% of current fees. AAQM and Redesignation will be bond-funded. All other tasks will be revenue funded.

Once approved, GPA estimates 6 months to 1 year for the procurement, installation and implementation of AAQM. TRC will support GPA for the 1st year of operation and maintenance of the AAQM system.

Re-designation and State Implementation Planning will take at least one year, and will commence when GPA is able to submit to USEPA 3 years of AAQM data. Environmental Strategic Plan and Regulatory Support will be provided annually, to ensure GPA meets its continuing obligations with USEPA and Guam EPA, as well as in support of GPA's Integrated Resource Plan and Resource Implementation Plan.

If approved, Contract Extension will commence in June 1, 2016. If unapproved, GPA will request for approval for an RFP for Environmental Engineering and Technical Services to continue work currently assigned to TRC. Schedule is as follows:

Comm. Sanchez motioned to approve Resolution 2015-52; Comm. Bamba seconded. There was no further discussion or objection and the motion passed

6.1.5 Resolution 2015-53 GPA Signatories Authorizing Banking Transactions

With the hiring of new CFO John Kim, GPA is required to update bank signature cards with various financial institutions, letter of credit facilities and other financial instruments and accounts on island. Due to the staffing change, management deemed it appropriate to update respective files.

With this new update, the following persons are authorized to sign financial instruments including checks, Letters of Credits, bank transfers and other transaction documents and to authorize other types of payments on behalf of the Guam Power Authority:

JOHN M. BENAVENTE, P.E., General Manager
MELINDA R. CAMACHO, P.E., Assistant General Manager of Operations
JOHN J.E. KIM, Chief Financial Officer
CORAZON R. MONTELLANO, Assistant Chief Financial Officer
LENORA M. SANZ, Controller

Transaction amounts of \$10,000.00 or less will require a single signatory. All other transactions will require two (2) signatories. The Chairman and Secretary of the Consolidated Commission on Utilities are authorized to sign specific banking resolutions for individual banks from time to time which are generally consistent with this authorization.

Comm. Sanchez motioned to approve Resolution 2015-53; Comm. Bamba seconded. There was no further discussion or objection and the motion passed.

6.1.6 Resolution 2015-54 Relative to FY2016 Insurance Renewal

GPA's current Property Insurance policy is set to expire on November 1, 2105. Resolution 2015-54 seeks CCU approval to renew GPA's insurance coverage. To complicate matters, on August 31, 2015 an explosion followed by a fire occurred at the Cabras 3 & 4 Power Plant leaving the plant heavily damaged and inoperable. GPA contracted an engineering firm to assess and recommend the necessary actions required to secure the power plant building and engines. Management was advised that the estimated time needed to complete this task is approximately three months. In September members of GPA Management and the CCU met with its Re-Insurance Underwriters in London to provide updates on various GPA matters and provide assurances for GPA's recovery from the Cabras 3&4 incident. GPA anticipated that, because of the magnitude of the impending claim on property insurance, the premium for this extended period would be significantly greater than a comparable period in the current policy.

The Underwriters have offered an annual renewal of the current policy to November 1, 2016, subject to no changes to the existing SOV (statement of values) or any location/exposure reported, and with all coverage terms, conditions & definitions per the expiring policy except as noted as follows:

- Annual Period- One year from November 1, 2015 to November 1, 2016
- Annual Premium- \$6,662,309
- Annual Changes to the Policy:
 - The annual aggregate deductible of \$7,500,000 is removed
 - Expediting Expenses are limited to \$20,000,000 in the aggregate for the year
 - Increased Cost of Construction provision is limited to declared value plus 10%
 - An exclusion for loss or damage resulting from the inspection, commissioning & testing of reactivated generating units is added; and

GPA is answerable to the renewal conditions as noted:

- Receipt of bi-weekly updates in respect of progress toward stabilizing the roof structure and time schedule for adjutor access to the site
- Receipt of details of the condition, inspection, commissioning & testing plan for all reactivated generating units
- Receipt of detailed loss history (from installation to the present) on all Cabras units
- When the root cause is established, if a common problem condition exists among any Cabras units, elimination of that problem condition is a pre-condition for policy renewal

Comm. Sanchez motioned to approve Resolution 2015-54 for discussion; Comm. Bamba seconded.

In discussion, CFO Kim said there's a caveat to this and shared that insurers mentioned that once the root cause analysis comes in, they would have the option to increase or decrease the premium in February 2016. Comm. Sanchez recommended approval of the resolution for now, to comply with bond covenants and then revisit this matter in a few months to re-access where things are at that time. Comm. Guerrero said was concerned that GPA is insuring T&D underground for \$35M when it is not needed. GM Benavente said there is ongoing dialogue with insurance folks to re-evaluate these matters. Comm. Santos said he is not comfortable with current risk managers because they do not have the best interest of the Authority. In addition, when leaving the meeting in London, insurers asked GPA in good faith not to change the policy and GPA agreed. Then the insurers come back with changes that are significant in scope and conditions. He said this is very troubling and he is asking that the while the CCU must approve this resolution tonight, that management must restate our values. He added that It does not make any sense why assets that are not operational are being insured like Dededo CT 1&2 and Cabras #4. GPA is paying \$1.6M more for assets that we should not be insuring. GM Benavente said he agrees that the values are high and will work with insurers and to respond to these questions. At the end of the discussion, it was decided to move forward and approve the resolution but they still do not understand why Dededo CT is being insured. GM Benavente said management will work with the insurance folks and re-evaluate these plants

Comm. Sanchez said he would like to amend the resolution, page 3, above line 8 adding another whereas saying "the additional premium to be charged for period Nov2015-Nov 2016 in the amount of \$1.6M shall only be paid to the insurers and re-insurers and none of the premium to be used to pay any additional commissions to brokers"; Comm. Bamba seconded.

On amendment #1 there was no further discussion or objection and the motion passed.

Comm. Sanchez motion to amend the resolution on page 3 by deleting lines 5&6 relative to premium finance options for the annual renewal; Comm. Bamba seconded. On amendment #2 – there was no further discussion or objection and the motion passed.

Comm. Sanchez motioned to amend the resolved section of the resolution deleting lines 18,19 & 20; Comm. Bamba seconded. On amendment #3 there was no further discussion or objection and the motion passed.

On main motion as amended there was no further discussion or objection and the motion to approve Resolution 2015-54 passed unanimously.

It was mentioned that the premium will be paid to Dongbu. Comm. Santos stated for the record that he asked for the breakdown of the premium distribution and there were no responses / action. It was mentioned that 75% of the premium was going to the insurers so where does the other 25% go? GPA's consultants refrained from any response and did not want to divulge this information.

6.1.7 Resolution 2015-55 Relative to Cabras 3 & 4 Roof Removal Contract

The Cabras 3&4 Plant suffered an explosion on August 31, 2015, which caused the collapse of the building's roof and rendered both units inoperable. The Plant is currently being managed by Korea East WEST (KEWP) through a Performance Management Contract with GPA. The IWPS is at a vulnerable state, lacking adequate generation reserve capacity to support the outage of a large generation unit without the Cabras 3 and 4 baseload units. The collapsed roof poses an extreme hazard which is hampering investigation efforts into the root cause of the incident, as well as hindering the full damage assessment efforts. GPA proposes to use the Self-Insurance fund for the roof demolition of the Cabras 3&4 Plant and associated building demolition work. GPA is pursuing reimbursement of any eligible costs with Dongbu Insurance Ltd. and associated insurance underwriters, and GPA proposes to reimburse the Self-insurance fund with the insurance proceeds. KEWP as the PMC is authorized to procure required services for the operations and maintenance of the Cabras 3&4 plant. KEWP has received quotes from Pernix LLC, Black Construction Co., and Smithbridge for the required roof demolition and associated demolition work. GPA has successfully negotiated with Pernix LLC as the lowest responsive bidder in the amount of \$4,798,888.00 with Incentive Pay not to exceed \$500,000 to expedite project completion time.

Comm. Sanchez motioned to approve Resolution 2015-55 for discussion; Comm. Bamba seconded.

In discussions, Chairman Santos asked why KEWP was involved with this procurement and asked who really is overseeing this project. Legal Counsel explained that KEWP is still the PMC contract for Cabras 3&4 and in order to expedite the process management asked them to directly get bids from vendors who can potentially do this type of project - Black Construction, Pernix and Smithbridge. KEWP in conjunction with GPA's structural engineering consultant laid out the scope of work and solicited bids from these vendors. Pernix was the lowest responsive bidder.

Comm. Bamba said he has a concern that the project is a \$5M expenditure and this was not an open bid. GM Benavente said KEWP circumvents the procurement process and because this project is time sensitive this it is a good thing. At times the process is stalled due to procurement appeals. KEWP is GPA's PMC for Cabras 3&4 and this is within their scope of work.

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

6.1.8 Resolution 2015-56 Relative to Temporary Power

When Guam Power Authority experienced a major failure of its base load units at the Cabras 3&4 power plant when an explosion and a fire occurred in the Cabras 4 engine on August 2015, the power system lost 78.6 MW of base load capacity and is having difficulty meeting system demand. If the system suffers additional outage of another Cabras steam unit, GPA has little to no reserve capacity and with the additional potential outage of both units, Cabras 1&2, GPA will be short approximately 40 MW. The Authority has solicited capacity lease services for an additional 40-55 MW of temporary generation to ensure GPA has sufficient reserves even with the potential outages of the Cabras 1&2 units. The Authority has identified potential sites to connect these temporary power generation units at the Yigo substation site. Management proposes to use the Self-Insurance fund for the temporary power generation units and is pursuing reimbursement of any eligible costs with Dongbu Insurance Ltd. and associated insurance underwriters; GPA proposes to reimburse the Self-insurance fund with the insurance proceeds. GPA has solicited the Temporary Power Services thru GPA-RFP-15-008 and has selected Aggreko International Projects Limited to be the most qualified and responsive proponent among four (4) proponents. GPA has completed final negotiations with Aggreko and approval is requested to allow the General Manager to petition the PUC to approve the contract with Aggreko International Projects Limited to supply, install, operate and maintain a 40 MW temporary power services for a one (1) year period, with the potential for two additional one (1) year periods if needed, at the Yigo substation site for \$11,781,392 per year, plus an Energy Conversion Charge of (\$4.40/MWh). The proposed Aggreko 40MW power plant is more efficient than GPA's combustion turbine units and it is estimated that it would reduce annual fuel costs between \$6.3M to \$9.1M in the first year of operations without Cabras units 3 & 4. Due to the reduction in fuel costs the net cost of the 40MW plant would be between \$2.6M and \$5.4M per year.

Comm. Sanchez motioned to approve Resolution 2015-56 for discussion; Comm. Bamba seconded.

In discussion, Comm. Guerrero asked clarification on Aggreko International. Who are they? It was mentioned that they are one of the major global providers of temporary power. Chairman Santos asked if they are licensed to do business on Guam. Legal Counsel Botha said that they have to show that they are licensed to do business anywhere in the world. If they win the bid, then they have to apply for a Guam business license.

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

6.2.1 Financial Updates

It was mentioned that the FYE will be reviewed at the GWA WS in November.

6.2.2 Resolution 01-FY2016 Relative to GWA Line Replacement – Phase IV Construction Contract

GWA was successful in its Line Replacement - Phase I, Phase II and Phase III projects that upgraded service laterals and replaced old and persistently leaking waterlines island wide. GWA has replaced approximately 16,500 linear feet throughout the island and intends to continue the waterline replacement program as part of GWA's efforts to reduce the non-revenue water rate as well as improvements to the system where service delivery has been below standard. GWA is now ready to move forward with Phase IV of the project. IFB packages were picked up by thirteen (13) parties and GWA received bid proposals from seven (7). Initially, Black Construction's Bid Proposal of \$6,813,332.00 was the lowest but further review of the resulted in the discovery that Black Construction's proposal contained an error which resulted in their correct bid amount of \$16,813,332.41 and was no longer the lowest, responsive bid. GWA Engineering therefore analyzed all other bid proposals and determined that Giant Construction Corporation with a bid amount of \$7,887,046.50 was lowest responsive and responsible bidder. Management seeks CCU approval of the bid proposal amount and award to Giant Construction Corp. along with a five percent (5%) contingency of \$394,352.33 to bring the total authorized funding amount to \$8,281,398.83. The source of funding for the construction project will be from the Bond proceeds.

Comm. Bamba motioned to approve Resolution 01-FY2016; Comm. Sanchez seconded. There was no other discussion or objection and the motion passed.

Comm. Sanchez asked management to notify the community and to put it on website and Facebook.

6.2.3 Resolution 02-FY2016 Relative to Rte. 1 "Asan-Adelup-Hagatna" Sewer Design Contract

GWA has received a grant from USEPA under the State Revolving Fund program to improve the sewer collection system, which included approximately 13,300 linear feet along Route 1, from the Asan "War in the Pacific" National Historical Park to the Agana Main Pump Station. The stretch of gravity sewer line indicated is deteriorating and has experienced collapses in a number of locations causing SSOs and surcharging upstream. GWA and USEPA agree that efforts to rehabilitate, repair or replace the sewer line are necessary and the first order to do so is through a scope of services that include general civil engineering, geotechnical engineering, and archeological investigation for wastewater collection system evaluation, analysis and detailed design. GWA has advertised the Request for Proposal and 25 packages were downloaded by interested parties and eight (8) engineering firms submitted completed packets. GWA's selection Committee reviewed and evaluated the eight (8) proposals and generated a short list of the top three (3) firms with a recommendation to award a contract to the firm HDR ENGINEERING, INC. ("HDR"). GWA negotiated the scope and fee for the Engineering services to be provided in the amount of \$1,327,449.00 with design service options related to additional Field Investigation Services and Construction Engineering Services in the amount of \$295,189.00 should this service option be needed. The design service options noted above are viewed by GWA engineering as potentially necessary based on the condition of the existing asbestos cement sewer pipe and the discovery of archaeological and cultural resources along the sewer line route. These options for design service will be based on negotiated Time and Materials rates for service. GWA Management seeks approval of the fee proposal amount of \$1,622,638.00, plus a ten percent (10%) contingency of \$162,263.80 for a total amount of \$1,784,901.80. The funding for this project will be from USEPA Grant Funds with an estimated project budget for field investigation, Engineering design and rehabilitation of \$4,506,500.00.

Comm. Sanchez motioned to approve Resolution 03-FY2016; Comm. Botha seconded. There was no further discussion or objection and the motion passed.

6.2.4 Resolution 03-FY2016 Relative to CM Contract for the Ground Water Wells Rehabilitation Project

GWA has received a grant from USEPA under the State Revolving Fund program to improve the water production wells, which included five (5) deep wells, D-03, D-17, D-18, D-22, and M-09, in the villages of Dededo and Mangilao. The identified deep wells underwent an evaluation program, and GWA has determined that these wells are inoperable due to either pump failures, collapsed well casings, or improper boring and casing diameters. Further, GWA has determined that these wells are critical to the water production system and returning them to service will provide additional redundancy and increased reliability for the water system. Management has procured and completed the engineering design services that included aquifer quality review, general civil engineering, geotechnical engineering, mechanical engineering, and electrical engineering design for deep well evaluation, analysis, and rehabilitation in May 2011 by Winzler and Kelly and accepted by GWA in May 2014. GWA and USEPA agree that efforts to rehabilitate, repair or replace the deep wells are necessary and the proceeding order to accomplish such task is through services that include construction management. An IFB was advertised soliciting statement of qualifications and there were 7 respondents. The Selection Committee reviewed and evaluated the seven (7) proposals which resulted in a recommendation to award a contract to the firm EA ENGINEERING SCIENCE, AND TECHNOLOGY, INC. GWA negotiated the price for the construction management services to be provided in the amount \$749,184.00. Management seeks approval of the fee proposal plus a ten percent (10%) contingency of \$74,918.40, for a total amount of \$824,102.40. Funding for this project will be from USEPA Grant Funds with an estimated project budget of 5,764,500.00.

Comm. Sanchez motioned to approve Resolution 03-FY2016; Comm. Bamba seconded. There was no further discussion or objection and the motion passed.

6.2.5 Resolution 04-FY2016 Relative to Adoption of the Hawaii Water Systems Standard

GWA currently does not have an official "standards" related to water infrastructure requirements and best practices for water utility development and improvements from which GWA can provide guidance and direction to new development wanting to connect onto the GWA water system as well as guidance in working with water operations when improvements are required for any component of the water system. GWA has a record of water standards used when it was the Public Utility Agency of Guam (PUAG) but it is outdated and no longer applicable to current regulatory requirements. The CCU approved the Water Resource Master Plan (WRMP) prepared by Brown and Caldwell in which the WRMP was a comprehensive analysis of the water system and which used the Hawaii Water Standards of 2002 as a guide to develop water system improvements alternatives and needs for the next twenty years. The absence of an official standards that GWA can refer to when discussing new development into the water system causes uncertainty in some cases and more importantly industry good practice necessitates that a utility has standards, as such this resolution seeks to officially adopt the latest version of the Hawaii Water Standards given this document was used to plan out the development of the water system over a twenty year period. GWA also seeks approval of a provision to the adoption of the latest version of the Hawaii Water Standards that grants the GWA General Manager the authority to modify and amend any sections within the Hawaii Water Standards that are not applicable to water system GWA operates and maintains. Management recognizes having water standards of its own is an appropriate document to have and as such GWA shall work to develop a draft "GWA Water Standards" and will provide the proposed Standards to the CCU on or before September 30, 2016, after which the proposed "GWA Water Standards" shall undergo appropriate reviews and approval to effectuate the "GWA Water Standards".

Comm. Sanchez motioned to approve Resolution 04-FY2016; Comm. Bamba seconded.

In discussion Comm. Guerrero said that GWA should work to develop its own water standards for Guam. Comm. Sanchez mentioned that during the Court Order process it was also mentioned to make our own but this changed during the second Court

Order. He recommended adopting Hawaii Standards for now and GWA will draft one for Guam by Sept. 2016 – a year from now.

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

6.2.6 Resolution 05-FY2016 Relative to GWA's Updated CIP for the Purposes of Planning & Executing Project

On November 23, 2010, GWA closed on the 2010 bond issuance and on December 12, 2013 GWA closed on the 2013 bond issuance that provided net proceeds for Capital Improvement Projects (CIP's) in the final amount of Eighty Seven Million Four Hundred Two Thousand Dollars (\$87,402,000.00), and One Hundred Thirty Nine Million Three Hundred Twenty Five Thousand Dollars (\$139,325,000.00), respectively, for CIP's. GWA has revised the previously approved 2014-2019 CIP dated October 28, 2014, and revisions to the Plan which includes capital projects with expenditures coming from the following sources: (a) balance of the 2010 bond funds which is approximately \$6,600; (b) balance of the 2013 bond funds is approximately \$103,529,000; (c) \$128,450,000 from the anticipated 2015 bond issuances; (d) \$72,250,000 from anticipated 2018 bond issuance; (e) \$44,100,000 in State Revolving Funds from the USEPA; (f) \$5,800,000 in System Development Charges; (g) \$1,638,000 in grant funding from a variety of federal sources; (h) balance of the revenues for internal CIP fund estimated at \$41,700,000, all resulting in a grand total of \$404,067,000 in capital expenditures over the next 5 years. The 2015-2020 CIP also identifies for planning purposes a \$169,500,000 funding need for wastewater infrastructure improvements at the Northern District WWTP northern collection system upgrade as well as the Northern Guam Lens Aquifer (NGLA) monitoring associated with the military buildup. The 2015-2020 CIP identifies existing and new CIP projects that require in most cases design, construction and construction management implementation as well as provides an update to the funding and projects needs for the 2015 Bond issuance.

Some of the major projects identified in the 2015-2020 CIP include, but which are not limited to, the following:

- Water Booster Pump Station Rehabilitation to improve pumping capacity and energy efficiency at critical BPS throughout the island;
- Island wide sewer collection system improvements to reduce I&I and improve collection system efficiency and WWTP processing;
- Design and construct the New Agat Santa Rita Wastewater Treatment Plant to replace the existing plant and meet NPDES permit limits;
- Baza Gardens Wastewater Treatment Plant conversion to a pumping facilities to pump wastewater to the new Agat Santa Rita WWTP ;
- Umatac-Merizo Wastewater Treatment Plant Upgrades to bring the plant into compliance with the NPDES permit limits;
- Umatac-Merizo Wastewater Systems which will address required improvements at the treatment plant and collection systems;
- Water line replacement which will reduce GWA's water loss and improve GWA's power cost, given less water is needed to pump out of the wells;
- Sewer pump station upgrades which will provide more efficient pumping operations reducing GWA power consumption and improve system reliability to prevent sewer spills;
- Implement a SCADA system to allow GWA to have real time information on the water and wastewater facilities throughout the island which will allow for better planning and troubleshooting;
- Rehabilitate down hard wells and develop new wells for additional source water capacity to address the islands natural population growth as well as growth related to the military build-up;
- Replace many of GWA's steel water storage tanks with concrete tanks that have a better life cycle cost;
- Refurbish some of GWA's steel water storage tanks that will give the tanks an additional ten to fifteen years of life to allow GWA the ability to replace the tanks as necessary; and
- Replace all existing water meters, manual reads and AMR, that have failed with new AMR water meters that were evaluated to have better reliability which will allow GWA to maintain revenues projects.

Comm. Sanchez motioned to approve Resolution 05-FY2015; Comm. Bamba seconded. There was no further discussion or objection and the motion passed unanimously.

6.2.7 Resolution 06-FY2016 Relative to Baza Gardens WWTP Improvement Design Project

The objective of the design project is for a design engineer firm to develop design drawings, specifications and construction cost estimates of a conveyance system that will move wastewater received at the Baza Gardens WWTP to the new Agat Wastewater Treatment Plant.

The design engineering firm will work to meet the design requirements and criteria already established which includes addressing key components such as a new head works facility to provide preliminary treatment before pumping, flow equalization to reduce peak transfer flow rates, transfer pumping station, a conveyance pipeline consisting of force main and gravity sections and odor control facilities.

This project is Court Order related and is very time sensitive thus very necessary and urgent for GWA. The on-going procurement for design services is necessary and also specified to have a milestone deadline of October 31, 2015. GWA shall execute a design contract and issue notice to proceed with the design, which unfortunately GWA will not meet the exact

language, but is working to issue a notice to proceed as soon as possible. The approval of the "intent of the project" is what is being sought from the CCU.

The design limits include the Baza Gardens WWTP, Route 17 and Route 5. See Figure 4-18 attached herein which is an excerpt from the Brown and Caldwell Basis of Design Report and the high end of the design estimate range is \$3,000,000.00. The design should be completed at least by August of 2016 to allow for the construction bid process to commence in order to meet another Court order deadline. The funding for this project will be from the Internally Funded CIP fund and the 2010, 2013 and 2015 Bond Funds under the line items CIP WW 09-08 and WW 11-03

Comm. Sanchez motioned to approved Resolution 06-FY2016; Comm. Bamba seconded. There was no further discussion or objection and the motion passed.

6.2.8 Resolution 07-FY2016 Relative to GWA's Proposed Misc. Fees and Charges Cost of Service Study

Comm. Sanchez motioned to approve Resolution 07-FY2016 for discussion purposed but Comm. Bamba asked to table the resolution until CCU is satisfied with proposed service fees. Comm. Sanchez withdrew his motion. This matter was tabled until the next CCU meeting in November.

7. OLD BUSINESS - None

8. ANNOUNCEMENTS

8.1 Next CCU Meeting

Chairman Santos announced that the next meeting would be for work session - GPA on Nov. 12 and GWA on Nov. 18; the November CCU Meeting will be on 11/24/15.

Chairman Santos said that Legal Counsel has recommended discussion items for Ex. Session and asked for a motion.

Comm. Bamba motioned to move the meeting to Ex. Session; Comm. Sanchez seconded.

There was a short recess 7:50 p.m. which was followed by Executive Session at approximately 8 p.m.

9. EXECUTIVE SESSION

9.1. Personnel Matter

This matter was discussed.

The meeting was brought back to Regular Session at 8:15 p.m. and Acting Chairman Santos asked for a motion to recess the meeting of Oct. 27, 2015.

Comm. Bamba motioned to recess the October 27th meeting subject to the call of the Chairman; Comm. Sanchez seconded. There was no objection or further discussion and the motion passed. It was 8:25 p.m.

10. ADJOURNMENT

Upon his return back on island and on November 4, 2015, Chairman Duenas called for a SPECIAL MEETING on Nov. 10 at 11 a.m. instead of continuing 10/27/15 meeting; this was supported by media notice dated November 4, 2015.

There was no further business to bring before the Commission; and the meeting of Oct. 27, 2015 officially adjourned at approximately 10:43 a.m. on Nov. 4, 2015.

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Attested:


JOSEPH T. DUENAS, Chairman


J. GEORGE BAMBA, Secretary