



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., December 10, 2015**

MINUTES

1. CALL TO ORDER

Chairman Duenas called the Regular Meeting of December 10, 2015 for GPA and GWA to order at 5:33 p.m. He announced that all five (5) Commissioners were present and there was a quorum. Others present include:

Commissioners:

Joseph T. Duenas	CCU Chairman
Francis Santos	CCU Vice Chairman
George Bamba	CCU Secretary
Pedro Guerrero	CCU Treasurer
Simon Sanchez	CCU Member

Executive Mgmt.:

John Benavente	GM / GPA
Greg Cruz	GM (A) / GWA
Melinda Camacho	AGMO / GPA
John Kim	CFO / GPA
Gilda Mafnas	CFO/GWA (A)
Graham Botha	Staff Attorney / GPA
Sam Taylor	Staff Attorney / GWA

Management & Staff:

Cora Montellano	Asst. CFO / GPA Finance
Rudy Manibusan	Manager, Computer Services (A) / GPA
Paul Kemp	AGM Compliance & Safety / GWA
Vangie Lujan	Compliance / GWA
Art Perez	PIO / Communications, GPA
Tom Cruz	Chief Engineer / GWA
Karen Grape	IT / GWA
Heidi Ballendorf	Manager / Communications, GWA
Kathy Beleno	Mgmt. Analyst / GWA Ex. Office
Joyce Sayama	Mgmt. Analyst / GPA Ex. Office
Ann Borja	Mgmt. Analyst / GWA Ex. Office
Lou Sablan	Board Secretary / CCU

Guest:

George Watson	Brown & Caldwell
Bill Gilman	Brown & Caldwell
Bill Chang	Brown & Caldwell
Nestor Licanto	KUAM
James Kim	Pac Corp.

2. **APPROVAL OF MINUTES**

The Minutes of September 22, 2015 and November 10, 2015 were presented for approval.

Comm. Bamba motioned to approve the Minutes of September 22; Comm. Santos seconded. Comm. Sanchez motioned to approve the Minutes of November 10; Comm. Bamba seconded. There was no further discussion or objection and the motion passed.

3. **GM REPORT / UPDATE**

3.1 **GPA**

This report provides an update on key issues.

1. **Aggreko 40MW Temporary Power:**

The site preparation at the Yigo Substation site continues and site preparation work is 95% complete. The contracted commissioning date for the plant is December 30th. However, commissioning could be as early as December 24th. The engines and auxiliaries are on island and ready for installation when the site preparation is completed.

GPA is upgrading the 34.5KV transmission line from Harmon to Yigo and from Yigo to Anderson in order to allow full capacity to be sent out of Yigo. This project is funded by the 2014 bonds. Schedule outages continue in parts of Dededo thru Yigo as crews upgrade the transmission line.

2. **Cabras #2 Overhaul:**

The Cabras #2 Overhaul is set to begin December 28th, with the successful commissioning of Aggreko. The overhaul would take about 50 days to complete and consist of major overhaul of the boiler and the steam turbine. After the overhaul is complete, Cabras #2 capacity will increase from 45MW to 66MW. This would allow us to increase reserves and at the same time reduce fuel operating cost.

Cabras #1 unit is being taken off line tomorrow night for a three day preventive maintenance work program. This is to prepare the unit for the 50 day period Cabras # 2 is down. The new transformer of this unit is expected by May and the unit continues to be limited at this time to 42MW. The new transformer will increase the capacity to 66MW also upon the successful change-out in May.

3. **Cabras 3&4 Building Roof Removal:**

The site preparation at Cabras is near completion. The preparation work included removing electrical lines, removing fuel oil lines and the preparation of the ground area around the plant to allow the 200 ton crane to safely operate. The planned sequence is to remove the roof, allow personnel to inspect the engines and then install a temporary roof. Most of these works would be done in about 45 days. The contractor next week will begin installing the safety net required to protect the engines from falling debris as the damaged roof is removed.

Upon the successful removal of the roof, engine inspections will begin to assess the root cause of the explosion. There are several independent teams making the con-current inspection of the units and they include:

- The Insurance Adjuster
- BWSC-Hired by GPA as an independent investigative team.
- MANN- The engine designer and licensor.
- Doosan-The engine manufacture investigative team.
- GPA executive and expertise team.

In addition, a complete assessment would be made on the soundness of the foundation and the repair work needed, including timeline, to restore Unit#3.

4. **PUC Orders:**

There is a PUC meeting tonight to address several requested item by GPA. The agenda items include: Dededo CT #1 PMC bid, Bucket Trucks purchase; TEMES PMC Contract and KEWP PMC contract.

5. **Un-served Loads:**

There had been very little un-served loads since October. We have asked assistance from interruptible load customers for limited periods. Un-served loads include load shedding and interruptible loads.

The following estimates the impact on energy served for period August 31st to Dec.4th.	
Total kWh Sales Loss	2,136,984
Estimated Gross kWh	2,401,106
kWh Production for Period:	446,419,189

Percent Loss in Production	0.48%
Days of Load Shedding	14
Days of Interruptible Loading	20
Hours of Load Shedding	50
Hours in Period	2,256
Percent Hours Load Shedding	2.22%
Estimated Revenue Loss	\$245,753

6. Net Metering:

Net Metering Summary Ending November 2015:

Type:	Count	Kw Capacity
Active Customers	744	7,515
Applications Pending	152	2,455
Potential Total:	896	9,971

Active Customers Rate Class	Count	Total KW
R	688	5,857
J	16	862
K	7	158
L	1	23
P	4	282
G	21	255
S	7	79
Total:	744	7,515

Estimated Annual Non-Fuel Revenue Loss:	\$1,422,597
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3.2

GWA

This report provides an update of activities, events or points of interest since the CCU Board meeting of November 24, 2015.

1. GWA and DOD NAVFAC ("ONE GUAM"):

- Biweekly meetings continue between GWA and DOD NAVFAC. The following are key points of recent discussions.
 - GWA has drafted the Manual to include Preventive (PM) Maintenance and staffing needs. DOD is currently reviewing.
 - Navy will follow up on the permit from Guam Department of Parks and Recreation, State Historic Preservation Office, related to the CATEX (categorical exclusion).
 - GWA provided to DOD an agreement to be attached to the 2010 MOU. The agreement outlines commitments by both parties listed in the license.
 - Navy collaborated with DZSP and GWA to review and refine the PM and periodic O&M activities. Collaborative effort to start-up and test the system will wait until after the license is signed. Estimating mid-January to begin start-up/test, with water to GWA system in February.

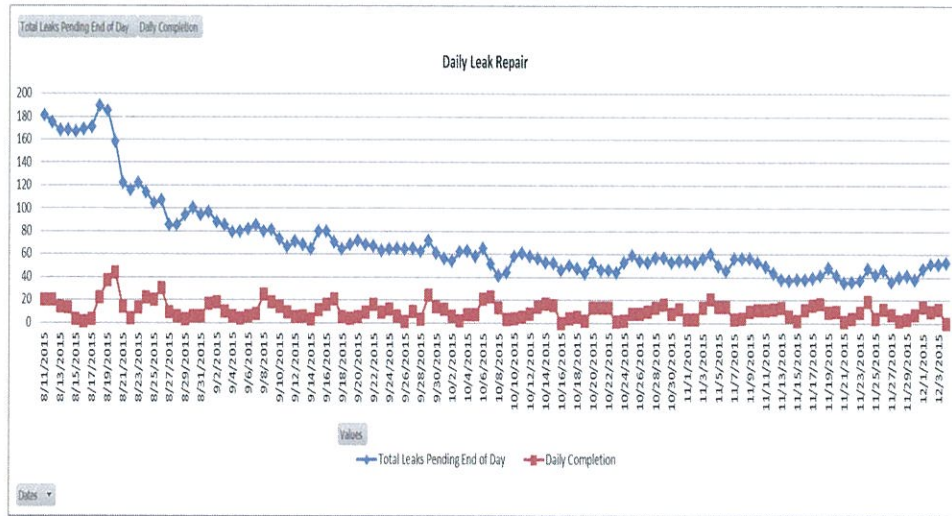
2. Line Replacement Project:

- GWA engineering received the insurance and bonding documents from the contractor last week and transmitted those items and the procurement package to Legal for review and eventual contract preparation. It will go to the PUC for approval.

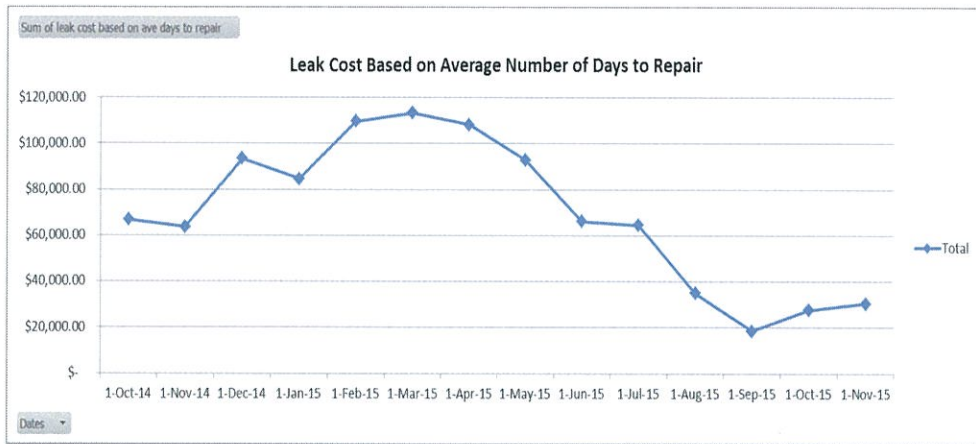
3. Reorganizational Plan Meeting:

- The 2nd meeting was held on Monday, November 30. Commissioners Bamba and Guerrero met with the Program Managers and me to review the 1st draft of the Reorganizational Plan for the senior management level. The input was provided by most of the managers who were contacted by Heidi Ballendorf. Heidi made revisions and presented the 2nd draft at the 3rd meeting on Monday, December 7. The discussions held require some changes. The Board members would like to present the latest draft at the December 10 CCU GPWA Board Meeting.

4. Pending Leak Repairs as of December 3, 2015:



5. Cost Savings Based on Prompt Leak Repair:



6. Update/Summary of All USEPA Projects:

- Summary of all SRF grant funded projects (copy in Master File)

Project	Project Description	Grant Expiration Date	Project Manager	Phase	Anticipated Completion Date	Contract Amount	Contractor	Status 12/2/2015
1 Northern District SSES & I/I Study	Sanitary sewer system evaluation study (SSES) and inflow and infiltration (I/I) study designed to evaluate high I/I areas within the Northern sewer basin with the goal of identifying projects to eliminate them.	9/30/2017	J. Davis	Design	9/30/2017	\$ 792,980	Stanley	Engineering scope 95% complete.
				Construction				
				Const. Mgmt				
<i>The project does not involve construction.</i>								
2 Critical Sewer Pump Stations (7 stations)	Rehabilitation of various components of 7 pump stations that were identified to by the CDM design team: Macheche, Ypaopao, Astumbo 1, Fujita, Santa Ana, Southern Link, and	9/30/2017	CDM	Design	3/30/2017			Procurement package under preparation.
				Design/Build				
			J. Davis	Const. Mgmt				
3 Southern SSES Rehabilitation (Agat-Santa Rita-Umatac-Merizo)	Rehabilitation of segments of sewer lines in Umatac, Merizo, Agat, and Santa Rita where the Sanitary Sewer Evaluation Study recommends rehabilitation.	9/30/2017	Brown & Caldwell	Design	1/1/2017	\$ 1,535,018	Reliable Builders	Project underway.
				Construction				
				Const. Mgmt				
4 RT2 Agat War in the Pacific Sewer Line Rehabilitation and Replacement	Rehabilitation of a large segment of sewer line fronting the War in the Pacific Park in Agat that has collapsed	9/30/2017	Brown & Caldwell	Design	7/15/2016	\$ 323,019	SSFm	Notice to proceed issued.
				Construction	6/1/2017			
				Const. Mgmt	6/1/2017			
5 Asan-Adelup-Hagatna RT1 Sewer Line Rehabilitation and Replacement	Rehabilitation of sewer lines from the War in the Pacific Asan Park to the Governor's Complex in Adelup. This line is asbestos concrete that is dilapidated and some areas have disintegrated.	9/30/2017	Brown & Caldwell	Design	8/15/2016	\$ 1,784,902	HDR	Contract being executed.
				Construction	9/30/2017			
				Const. Mgmt	9/30/2017			
6 RT4 Relief Sewer Line Rehabilitation and Replacement	Rehabilitation of sewer lines that are located from Agana McDonalds to Marine Drive that have been known to overflow due to structural issues.	9/30/2017	Brown & Caldwell	Design	9/15/2016			Fees being negotiated.
				Construction	9/30/2017			
				Const. Mgmt	9/30/2017			
7 Groundwater Wells Rehabilitation (D-3, D-17, D-18, D-22, M-9)	Rehabilitation of existing deep wells and/or in cases where pipe column needs replacing will be re-drilled. D-3, D-17, D-18, D-22, and M-9.	9/30/2017	Brown & Caldwell	Design	<i>The design was previously completed under bond funding.</i>			
				Construction	2/1/2017			
				Const. Mgmt	2/1/2017	\$ 824,102	EA	Contract being executed.

6. Update/Summary of All USEPA Projects (cont'd):

• Summary of all SRF grant funded projects

Project	Project Description	Grant Expiration Date	Project Manager	Phase	Anticipated Completion Date	Contract Amount	Contractor	Status 12/2/2015
8	Sewer Pump Station Backup Power (2 stations)	Construction of the housing and installation of new genset for the Casimero pump station (Mongmong) and the Namo pump station (Yona central).	9/30/2017	B. Cruz	Design			<i>The design will be incorporated into the design/build package.</i>
					Design/Build	9/30/2017		Procurement package under preparation.
					Const. Mgmt	9/30/2017		
9	Water Hydraulic Model (SCADA ready Instruments to update Model)	Design and construction of instrumentation at key water sites in the Barrigada service area necessary to update GWA Water hydraulic model.	9/30/2017	M. Lopez	Design	8/20/2017		Project advertised on 11/17/2015.
					Construction	7/15/2017		
					Const. Mgmt	7/15/2017		
10	Sewer Pump Station High Water Alarm Systems (20 stations)	This project will design and installed telemetry equipment/SCADA type alarms that will alert when pump station failure occurs.	9/30/2017	C. Yam	Design			<i>The design will be incorporated into the design/build package.</i>
					Design/Build	3/30/2017		Procurement package under preparation.
					Const. Mgmt	3/30/2017		Procurement package under preparation.
11	Brown & Caldwell Project Management	Brown & Caldwell to provide program management services and support.	9/30/2017	T. Cruz	Design	2/6/2017	\$ 1,089,000	Project underway.
					Construction			<i>No construction involved in project</i>
					Const. Mgmt			
12	Wastewater, Water and Source Water System Master Plan Upgrade	Update of the existing water and wastewater master plan while factoring in military integration and secondary treatment plant options.	9/30/2017	Brown & Caldwell	Design	3/1/2017	\$ 2,623,300	Project underway.
					Construction			<i>The project does not involve construction.</i>
					Const. Mgmt			
13	Southern SSES Sewer Rehabilitation (Baza Gardens-Talofofo)	Rehabilitation of segments of sewer lines in Windward Hills, Talofofo area where the Sanitary Sewer Evaluation Study recommends rehabilitation.	9/30/2017	Brown & Caldwell	Design			<i>The design was previously completed under bond funding.</i>
					Construction	6/3/2017		Procurement package under preparation.
					Const. Mgmt	6/1/2017		
14	Tumon Sewer Hot Spots	Investigation and evaluation of possible solutions to long plaguing issues where sewer overflows are known to occur in Tumon San Vitores.	9/30/2017	Brown & Caldwell	Design	8/15/2016		Procurement package under preparation.
					Construction	9/30/2017		
					Const. Mgmt	9/30/2017		
15	Groundwater Wells Rehabilitation (F-3, A-2, A-7, A-12, D-5)	Rehabilitation of existing deep wells and/or in cases where pipe column needs replacing will be re-drilled. The deep wells to be rehabilitated are A-2, A-7, A-12, D-5, & F-3.	9/30/2018	Brown & Caldwell	Design	9/15/2017		Procurement package under preparation.
					Construction	2/1/2018		
					Const. Mgmt	2/1/2018		
16	Talofofo Sewer Pump Stations (4 stations)	Design and construction of 4 sewer lift stations in the Talofofo village where sewer lines are installed but never completed.	9/30/2018	J. Davis	Design (for Talofofo and Chalan Pago PS)	12/14/2016		Project implementation plan in progress.
					Construction	12/15/2017		
					Const. Mgmt	12/15/2017		

Project	Project Description	Grant Expiration Date	Project Manager	Phase	Anticipated Completion Date	Contract Amount	Contractor	Status 12/2/2015
17	Chalan Pago Sewer Pump Station	Design and construction of sewer lift stations and gravity lines in Scott Laguana, Santa Cruz Street Chalan Pago.	9/30/2018	J. Davis	Design			<i>The design will be included with the Talofofo Pump Station design project.</i>
					Construction	12/15/2017		
					Const. Mgmt	12/15/2017		
18	Tamuning Sewer Hot Spots	Sewer rehabilitation for lines at Winner Apartments, Segund Leon Guerrero, and behind Guam Premium Outlets	9/30/2018	Brown & Caldwell	Design	10/14/2016		Procurement package under preparation. Draft project implementation plan sent to EPA.
					Construction	2/1/2018		
					Const. Mgmt	2/1/2018		
19	Macheche Hill Sewer Rehabilitation/Replacement	Rehabilitation of sewer lines on Macheche road. Segments of this sewer line has collapsed recently and is consider a high priority.	9/30/2017	CDM	Design	9/14/2016		Design underway.
					Construction	9/30/2017		
					Const. Mgmt	9/30/2017		

4. COMMUNICATIONS
4.1 Public Comments - None

5. LEGAL COUNSEL - None

6. **NEW BUSINESS**

6.1 **GPA**

6.1.1 **Financial Updates**

CFO Kim reported that the increase in net assets for the month ended was \$0.4 million as compared to the anticipated net decrease of \$0.4 million at the beginning of the year. The total kWh sales for the month were 3.57% more than projected and non-fuel revenues were \$0.2 million more than the estimated amounts. O & M expenses for the month were \$6.5 million which was \$0.2 million less than our projections for the year. Other expenses for the month such as interest expense, IPP costs, (net of interest income and other income) totaled to \$3.9 million which was in line with the projected amount. There were no other significant departures from the budget during the period. The Quick Ratio reflects the basic challenge facing GPA. GPA has current obligations of approximately \$68 million and approximately \$96 million in cash and current receivables. The LEAC under recovery for the month is \$1.3 million. The Debt Service Coverage ratio is calculated using the methodology in use before the Fiscal Year 2002 change in accounting practice. He added that the 100 days of cash attributed to lower fuel costs.

Comm. Santos said Govt. AR is missing; it's usually there; he asked that it be included in the financials every month.

6.1.2 **Resolution 2015-65 Relative to Authorizing Expenditure for the Procurement of 34.5 KV SF₆ Circuit Breakers**

This project upgrades the existing aging 34.5 kV power circuit breakers to SF₆ breakers to improve system reliability and personnel safety at the Harman and Apra Substations. The failure of antiquated oil circuit breakers poses a severe burn hazard as the insulating medium is expelled in the air during an explosion and is flammable at high temperatures. The total project costs include equipment/materials \$274,900.00, construction management \$1,200, and construction \$20,000 for overall total of \$296,100. The expected completion date is September 30, 2016. GPA has an approved Capital Improvement Project budget for these items in the amount of \$274,900. Construction labor and material costs will be covered under the T&D Division's Operational and Maintenance budget as T&D personnel will perform the breaker replacements. JMI Edison, R&D Marketing, Benson Guam Enterprises Inc., and America's Best Electricmart submitted bids for GPA's consideration in FY13. Benson Guam Enterprises Inc. was awarded an indefinite quantity contract under Bid Invitation No. GPA-016-13. The contract term is for one (1) year with GPA's option to renew for two (2) additional one (1) year term, with the mutual agreement of both parties. This purchase order exercises the 3rd contract renewal term.

Comm. Bamba motioned to approve Resolution 2015-65; Comm. Guerrero second. On the motion there was no further discussion or objection and the motion passed.

6.1.3 **Resolution 2015-66 Relative to Maintaining the LEAC Rate for the Period 2/1/16 – 7/31/16**

PUC established the Levelized Energy Adjustment Clause (LEAC) for the civilian customers. It is a pass through rate that allows GPA to recover its fuel costs and fuel related costs under a factor which is reset and trued up every (6) six months. Any over or under recovery of the fuel costs will be carried forward to the next LEAC period. This request is for the Commission to authorize the management of the Guam Power Authority to petition the Guam Public Utilities Commission to maintain the current LEAC rate of \$.104871/kWh for the period of February 1, 2016 to July 31, 2016. No change in the LEAC factor would result in a slight over-recovery of about \$300K by the end of the upcoming LEAC period. This is based on several assumptions noted in the resolution.

If approved, the following distribution level per \$/kWh

Secondary Level 13.8KV	\$0.104871
Primary Level 13.8 KV	\$0.101512
Transmission Level 34.5 KV	\$0.101202
Transmission Level 115 KV	\$0.099877

Comm. Sanchez motioned to approve Resolution 2015-66; Comm. Bamba seconded. On the motion there was no further discussion or objection and the motion passed

6.1.4 **Resolution 2015-67 Relative to Authorizing GPA to Contract for Unarmed Uniformed Security Guard Services**

This contract provides 24-hour security services for GPA facilities to ensure secure operations. Security guard services are used at the GPA main office, Cabras power plant, Supply warehouse and storage yards, and the T&D Service Center. GPA released an RFB and there were two bidders – Pacific Island Security and G4S. Pacific Island Security was deemed the lowest, most responsive bidder. Services are billed at \$29,464.83 per month. The contract is for one year with the option to renew annually not to exceed a total of 3 years commencing on May 1, 2013 to April 30, 2016. The breakdown of annual costs follows:

FY 2013	\$147,324.15
FY 2014	\$353,577.96
FY 2015	\$353,577.96
FY 2016	\$206,253.81
TOTAL COST	\$1,060,733.88

GPA has an approved O&M budget under Facilities for these services.

Comm. Santos motioned to approve Resolution 2015-67; Comm. Bamba seconded. There was no further discussion or objection and the motion carried.

6.1.5 Resolution 2015-68 Relative to Bank Guarantee Account for Aggreko Int'l Projects Ltd.

On August 31, 2015, an explosion and fire at the Cabras 3&4 Power Plant occurred, taking out 79MW of baseload generation. Since then, all the diesel-fired peaking units have been operating in order to supply the electricity requirements of the island. In order to provide relief for these units and for the remaining baseload generators to undergo regular and extensive overhauls and maintenance, supplemental generation was deemed necessary. The contract to provide temporary power services was awarded to Agrekkko. During the contract negotiations, Agrekkko requested for some form of payment guarantee to them. The result of discussions with ANZ Guam Inc., GPA's bank providing the Letter of Credit Facility for fuel, was to establish a Bank Demand Guarantee Facility. ANZ would provide Agrekkko with a payment guarantee on behalf of GPA. This guarantee facility will cost \$45,000.00 and will be effective as soon as the resolution is approved and payment is transmitted to ANZ. This facility will be funded through the Self-Insurance fund

Comm. Bamba moved to approve Resolution 2015-68; Comm. Sanchez seconded.

In discussion the Commissioners asked if interest would be applied and management said yes but the guarantee is only for 1 year - the anticipated time frame for resolution of the loss of the Cabras 3&4 generation plants.

Comm. Sanchez asked management to report on Cabras 3&4 employees - where area they and what are they doing in the interim.

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

6.2 GWA

6.2.1 Financial Updates

The GWA CFO said there are no financials to report at this time. The Agency is working on their yearend report which he will give at the next CCU meeting.

6.2.2 Resolution 10-FY2016 Relative to Contract Approval for the Agat Santa Rita WWTP Construction Project

The objective of this project is for GWA to replace the existing Agat/Santa Rita Wastewater Treatment plant with a new one that can treat the wastewater to secondary limits. There is an urgency for this project given the replacement of the WWTP is the solution GWA reported to USEPA to meet the 2011 Court order specific to the Agat WWTP. The construction activity are located in the Village of Agat across from the Navy Camp Covington and includes but is not limited to the plant headworks, equalization, oxidation ditches, clarifiers, UV disinfection facility, administration building, maintenance facility, off-site water connections, modifications to the Ga'an pumping station, onsite connection to the existing Tipaloo SPS. The lowest responsive and responsible bid submitted was by Sumitomo Mitsui Construction Co., Ltd. in the amount of Fifty Six Million Two Hundred Thousand Dollars and Zero Cents (\$56,200,000.00). With a five percent contingency of Two Million Eight Hundred Ten Thousand Dollars and Zero Cents (\$2,810,000.00) the total authorized funding amount requested is Fifty Nine Million Ten Thousand Dollars and Zero Cents (\$59,010,000.00). The contractor must meet the construction milestone of treating wastewater to secondary limits by December 31, 2016 after which ancillary construction are to be completed 660 calendar days after NTP. The funding for this project will be from the 2013 Bond Funds under the line items CIP WW 11-08 "Agat/Santa Rita STP Replacement" and Internally Funded CIP, if applicable

Comm. Bamba motioned to approve Resolution 10-FY2016; Comm. Santos seconded. There was no further discussion or objection and the motion passed.

6.2.3 Resolution 11-FY2016 Relative to Contract Approval for the Malojoj Elevated/Booster Pump Station Upgrade

The objective of the project is for GWA to remove the existing Malojoj elevated tank that has been determined to need major structural repairs and replace the elevated tank with a booster pump station that can pressurize the service area to a level similar to what the elevated tank would have provided. An existing booster pump station is on site this this facility will undergo upgrades. The removal of the existing elevated tank is necessary as the tank's structural integrity is in question and removal of the tank would eliminate potential property damage if the tank were ever to collapse expectantly. The construction activities will be in the

village of Inarajan where the existing Malojloj Elevated Tank is located. The lowest responsive and responsible bid submitted is Six Hundred Twenty One Thousand Nine Hundred Forty Five Dollars and Zero Cents (\$621,945.00). With a Ten Percent contingency of Sixty Two Thousand One Hundred Ninety Four Dollars and Fifty Cents (\$62,194.50) the total authorized funding amount requested is to Six Hundred Eighty Four Thousand One Hundred Thirty Nine Dollars and Fifty Cents (\$684,139.50) The contract has a construction period of 300 calendar days and the source of funding for the construction project will be from the 2010 and 2013 bonds.

Comm. Bamba motioned to approve Resolution 11-FY2016; Comm. Santos seconded.

In discussion Comm. Bamba motioned to amend page 117, changing DCK to Sumitomo; Comm. Sanchez seconded.

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

6.2.4 Resolution 12-FY2016 Relative to Contract with Total Chemical for Anionic Polymer and Inorganic Coagulant

Resolution No. 12-FY2016 is relative to Approval of the Contract with Total Chemical Resources, Inc. for the Purchase of Anionic Polymer and Inorganic Coagulant (ACH) and Approval of the Contract with JMI Edison for the Purchase of Cationic Polymer for our Chemically Enhanced Primary Treatment Facilities. Twenty proponents downloaded bid documents but there were only 2 submittals. Both bidders were awarded portions of the bid. This procurement is for the Northern and Agana Wastewater Treatment Plants; the objective is to constantly have chemical stock at all times because failure not to treat wastewater is subject to monetary fines. Delivery of chemicals is sixty (60) days after receipt of order, this is an ongoing contract initiated for a total of three (3) years with 2 one year options to renew up to a maximum of 5 years.

	<u>Annual</u>	<u>3 years</u>
3 year contract for Polymers (Anionic),	\$156,468.20	\$ 469,404.60
3 year contract for ACH	\$851,739.68	\$2,555,219.04
3 year contract for Polymer (Cationic)	\$200,188.45	<u>\$ 600,565.35</u>
Total amount of contract for three (3) years:		\$3,625,188.99

Comm. Santos motioned to approve Resolution 12-FY2016; Comm. Sanchez seconded.

In discussion Legal Counsel Taylor recommended minor changes to the resolution as to form not structure. Comm. Sanchez motioned to adopt Counsel Taylor's recommendation; Comm. Bamba seconded.

Comm. Santos asked who had this contract before and Counsel Taylor responded that GWA has been purchasing from this vendor for some time. Adding that only 2 vendors on island provide chemicals, Total Chemical and JMI but for different materials. Counsel Taylor also mentioned that this matter will be filed with PUC for their approval in their January agenda.

There was some discussion on the language of the resolution relative to terms. It was clarified that the language is to approve the first 3 years and not the next 2 years.

Comm. Sanchez motioned, based on advice of Counsel, to amend the resolution further deleting #7, line 15-17 on Boardbooks page 128 and to renumber items 8&9 accordingly; Comm. Bamba seconded.

On the motion for amendment, there was no further discussion or objection and the motion to amend passed. On the main motion to approve Resolution 12-FY2016 as amended, there was no further discussion or objection and the motion passed.

The Commission reminded management to review current requirements and see if there is another alternative that may work better to cut down on cost in the future.

6.2.5 Resolution 13-FY2016 Relative to Contract with JMI Edison for Cationic Polymer

This matter was tabled.

6.2.6 Resolution 14-FY2016 Relative to Contract with Total Chemical for Purchase of Chemicals for the Ugum Water Treatment Plant

Resolution 14-FY2016 is a request for approval to provide chemicals to the Ugum Water Treatment Plant located in Talofofo and to ensure adequate stock is available at all times. The objective is to build inventory of chemical stock because failure to treat the water is subject to monetary fines for non-compliance with the Safe Water Drinking Act.

The following lists the chemicals being procured and related costs.

Item No	Description	3 year Cost
1	Aluminum Chlorhydrate 50%	\$512,354.85
2	Sulfuric Acid 50%	\$5,355.00
3	Sodium Hydroxide 50%	\$48,480.00
4	Poly DADMAC 40%	\$8,877.00
5	Citric Acid 50%	\$10,860.00
	Total Cost	\$585,926.85

Delivery of chemicals is 60 days after receipt of order, ongoing contract initiated for a total of three (3) years with the option to renew for an additional two (2) one (1) year terms; all prices shall be fixed for the initial one (1) year term. The funding source for this procurement is O&M funds. Management reported that 19 proponents downloaded bid documents but only 3 submitted proposals Total Chemical was deemed the lowest most responsive bidder.

Comm. Bamba motioned to approve Resolution 14-FY2016; Comm. Guerrero seconded. There was no further discussion or objection and the motion passed.

6.2.7 Resolution 15-FY2016 Relative to App. of CO No. 3 for the Energy Efficiency Retrofit Pump Station Project

The objective of this resolution is to allow GWA's contractor to conduct additional work needed for the three booster pump stations upgrades. The additional scope of work includes replacements of corroded underground piping necessary for proper completion of the project, corrosion protection for existing pipes as well as other improvements to provide a safer and more efficient work environment for operators and maintenance personnel. The additional work was deemed necessary after the site inspection for an excavated trench revealed to GWA and the contractor that there were corroded pipes that needed replacement in order to extend the functionality and life of the facility. In addition it was determined by GWA engineering and operations that it would be in the best interest of GWA if improvements related to the safety of operation personnel and security of the facility is address prior to the facility being handed back to GWA.

This project is critical to GWA in that the retrofit work will replace older inefficient motors at the three booster pump station with more efficient ones. The three BPS were previously determined to be high power consumers due to the motors that were in use thus replacement and retrofit of the facility is intended to improve power consumption as well as system operability.

The construction activities are located at (3) Booster Pump Stations (BPS) located at Pago Bay, Windward Hills, and Malojloj. Change Order No. 3 will increase the current contract amount by One Hundred Sixteen Thousand Eight Hundred Fifty Four Dollars and Fifty Eight Cents (\$116,854.58). With this addition, the total increase funding authorized will be One Million Five Hundred Fifty Six Thousand Three Hundred Eighty Six Dollars and Seventy Cents (\$1,556,386.70). The funding source for this additional expense will be from the 2013 Bond proceeds. The contractor has stated to GWA the additional work will still stay within the current approved completion date of February 28, 2016.

Comm. Santos motioned to approve Resolution 15-FY2016 for discussion; Comm. Sanchez seconded.

Discussion that there's lots of items on the change order; Tom Cruz explained (old mp3); Tom - project will be done in Feb 2016. The design was done in 2012 and a couple of change orders happened already between 2012-2013. As the project progressed there were things found that needed to be fixed that wasn't foreseen. The core of the project is to replace pumps and motors for efficiency. There are 3 pump stations involved in this project and all of them are being worked on. Comm. Sanchez asked if the intention was to do all three at one time or one at a time. CE Cruz said the contractor sets the schedule based on deadline that management gives them. Legal Counsel Taylor said this is the final change order – majority of work is done. Comm. Sanchez asked management to report back in January status of each of the pump station project. In addition, Comm. Bamba wants to know cost of each change order for total new contract value. Comm. Sanchez said the answer to Comm. Bamba's question answer is on the whereas section. Comm. Sanchez said management has to do better in writing up this resolution because it is very confusing..

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

Comm. Sanchez said the Commission wants management to get better prepared for these meetings and said that the last few minutes have been very painful and would like to see materials in advance of discussion. The resolutions that were introduced were confusing and needed a lot of clean up. Comm. Santos said he would like to see resolutions at least 2 days in advance.

7. **OLD BUSINESS - None**

8. **ANNOUNCEMENTS**

8.1 **Next CCU Work Session – GPA 1/20/16; GWA 1/21/16; Meeting: 1/26/16**

The Chairman announced that the next CCU Work session is for GPA on 1/20/16 and GWA on 1/21/16 followed by the January CCU meeting on Jan. 26, 2016

Comm. Sanchez motioned to move the meeting to Executive Session; Comm. Bamba seconded. It was 7:15 p.m.

9. **EXECUTIVE SESSION**

9.1. **Personnel Matter**

This matter was discussed.

The meeting was moved back to Regular Session. The time was approximately 7:40 p.m..

Chairman Duenas announced that the meeting has now moved back to Regular Session from Executive Session. He said all (5) Commissioners were still present and the Chairman will entertain a motion to approve what was adopted in Executive Session

Comm. Simon Sanchez motioned that Greg Cruz be paid as the Acting GM retroactive to the date of his appointment, the annual equivalent of \$155k, but only up until the new GWA GM reports for duty on or about January 4, 2016. Further, Comm. Simon Sanchez motioned that Gilda Mafnas' pay be increased by \$5k for the period that she is acting CFO, since Greg Cruz is Acting GM, until on or about January 4, 2016, the anticipated time that Mr. Cruz resumes his duties as CFO. Both motions were seconded by Comm. George Bamba. On the motion there was no further discussion or objection and the motion passed.

Comm. Santos moved to adjourn; Comm. Bamba seconded.

10. **ADJOURNMENT**

There was no further business to bring before the Commission; and the meeting adjourned at approximately 8:00 p.m.

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Attested:


JOSEPH T. DUENAS, Chairman


J. GEORGE BAMBA, Secretary