



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., February 21, 2017

MINUTES

1. CALL TO ORDER

The Chairman called the regular monthly meeting of February 21, 2017 to order at 5:33p.m. He announced that all (5) Commissioners are present.

Others present at the meeting include:

Commissioners:

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

Executive Mgmt.:

John Benavente	GM / GPA
Miguel Bordallo	GM / GWA
John Kim	CFO / GPA
Greg Cruz	CFO / GWA
Kelly Clark	Staff Attorney / GWA
Graham Botha	Staff Attorney / GPA

Management & Staff:

Paul Kemp	AGM Compliance & Safety / GWA
Vangie Lujan	Compliance & Safety / GWA
Ron Topasna	GWA
Heidi Ballendorf	PIO / GWA
Art Perez	PIO / GPA
Joyce Sayama	Mgmt. Analyst / GPA Ex. Office
Ann Borja	Mgmt. Analyst / GWA Ex. Office
Lou Sablan	Board Secretary / CCU
Dave Fletcher	GWA
Vicente Pangelinan	GWA

Guest:

Angelica Perez	AM Insurance
Annmarie Muna	AM Insurance
Andy Niven	PUC
Nestor Licanto	KUAM
Kurt Bilz	Brown & Caldwell
George Watson	Brown & Caldwell

2. APPROVAL OF MINUTES

The Minutes of January 12, 2017 and January 24, 2017 were presented for approval.

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

3. COMMUNICATIONS

3.1 Public Comments - none

4. NEW BUSINESS

4.1 GWA

4.1.1 GM Report Update

GM Bordallo said there is no change to the General Manager's Report presented at the GWA Work Session and has nothing to add. The government water and wastewater meetings are ongoing and the quarterly meeting is happening this afternoon.

Comm. Bamba asked management to update the Commission relative to the water - question update on water outage in the south. The GM reported that there was a main break in Talofoto, a substantial leak and management did not want to lose all that water so it was decided to close the schools and fix the break. All is fixed and back to normal now.

Also, Comm. Santos commented about a complaint that aired at one of the local talk shows about referencing Public Works how construction on road work never goes back to original condition after GWA tears up the road. He said he is sure GWA has the same problem. GM Bordallo concurred that GWA does have the same issue and that he has met with the DPW director to discuss this matter. He said a list of about 100 incidences were noted and GWA checked to see if any of them were GWA's responsibility. For those that were, it was agreed that GWA would handle the repair. The result of this process determined that not all of these types of incidents are GWA's; some are private contractors. He added that management released a Request for Information for bidders to do the repair work but there was no responsive bidders. He said the basic response from bidders is that the project is not big enough for the big companies and too big a project for smaller companies by way of bonding. In the meantime, GWA has implemented immediate remedies for projects that are going on from now forward. Our recent performance is significantly better than past performance and this is the pattern that management is holding until we find a responsive bidder or decide to make it part of our standard operating procedure permanently. The GM said that management is

Comm. Guthertz asked if GWA corrected the problem in Inarajan by the Talofoto bridge. She said it's been several months and the mayor said she was promised that it would be prepared. The GM said management is waiting for the contractor to mobilize repair. The Commissioner asked if management could please push the contractor along because the Mayor is very upset.

Comm. Santos asked what does management do to contractor that break lines that belong to GWA. The GM said the work orders issued to respond to the incident is listed and the work is billed to the contractor. When this happens the contractor is put on notice and they are advised strongly that there are costs related to the incident.

Some suggestions to try to resolve this problem is the approach the Contractors Licensure Board or to black list contractors who are culprits or repeat offenders. If it is a federal contractor then management can initiate a dialog with the feds to come to terms with these types of issues.

Comm. Sanchez said that perhaps legal counsel can review and determine what can be done legally afford relief and address these types of problems. The penalty has to be substantial for it to be prohibitive. Perhaps the legislation needs to be revisited.

Comm. Santos said let's be proactive to ensure that contractors are held accountable. Management will have discussion with DPW Glenn Leon Guerrero since they too are guilty of this, not just independent contractors.

Comm. Guthertz asked if communication companies have impacted the community in the same way. Management said not as much as DPW and other independent contractors.

4.1.2 Financials – None

4.1.3 Resolution No. 18-FY2017 Relative to Approval of the Route 1 (Asan-Adelup-Hagatna) Sewer Rehabilitation and Asan Sewer Break Repair Construction Project

Resolution 18-Y2017 was a poll vote item. The poll vote was taken on Feb. 15, 2017 and passed by a vote of four (4) ayes, zero (0) nays and one (1) no response.

For the record, the objective of this project is to rehabilitate, repair or replace deteriorating gravity sewer lines in Asan. Approximately 88 linear feet of 18-inch diameter gravity sewer line near Harley-Davidson has collapsed and needs to be replaced. A potential collapse has occurred across the Asan "War in the Pacific" National Historical Park which also requires attention. This project will assist GWA in addressing these issues and any other potential collapses that may arise within the project area of Route 1, from the Asan "War in the Pacific" National Historic Park to the Agana Main Pump Station.

The construction services contract was proposed by Pacific Rim Constructors for \$757,302.00 for the base bid, and 1,713,356.00 for the additive bid, for a total basis of award amount of \$2,470,658.00. This contract amount, which is primarily based on unit pricing, includes the furnishing of all labor, tools, equipment and materials, and agency coordination needed to complete the sewer infrastructure rehabilitation in the locations noted.

GWA management is seeking a total authorized funding amount to a maximum of Two Million Four Hundred Seventy Thousand Six Hundred Fifty-Eight Dollars (\$2,470,658.00) - \$757,302 base bid and \$1,713,356.00 for additional bid. The funding for this project will be from USEPA Grant Funds. The estimated completion is September 2017.

Comm. Bamba motioned to ratify Resolution 18-FY2017 as per poll vote; Comm. Guthertz seconded. There was no further discussion or objection and the motion passed.

4.1.4 Resolution No. 19-FY2017 Relative to Approval of the Critical Wastewater Pump Station Repairs and High Water Alarms Construction Project

If approved, Resolution 19-FY2017 will improve operation functionality at certain sewer pump stations that are currently being monitored on a rotating basis by GWA personnel. The plan is to install an alarm system that would reduce GWA's response time, operation and maintenance cost, and potential environmental impact.

The sewer pump stations included in this project are: Southern Link, Yigo, Harmon, Ypao, Agana Main, Mamajanao, Barrigada, Dairy Road, Mangilao, Tai Mangilao, Pago Double, New Chaot, Asan, Piti, #13, #16, #17, Inarajan Lift and Inarajan Main.

The winning bid was from Pacific Rim Constructors, Inc., considered the lowest and most responsive with bid amount of One Million Four Hundred Forty-Four Thousand Eight Hundred Eighty-Eight Dollars (\$1,444,888.00). With the normal ten percent (10%) contingency in the amount of One Hundred Forty-Four Thousand Four Hundred Eighty-Eight Dollars and Eighty Cents (\$144,488.80), the total authorized funding amount is One Million Five Hundred Eighty-Nine Thousand Three Hundred Seventy-Six Dollars and Eighty Cents (\$1,589,376.80). Funding for this project will be from USEPA SRF Grant Funds and, if necessary, GWA 2013 and 2016 Bond Funds applicable to the project. Completion expected to be September 2017.

Comm. Bamba motioned to approve Resolution 19-FY2017; Comm. Guthertz seconded. There was no further discussion or objection and the motion passed.

At this point, Chairman Duenas recognized PUC representatives and Mr. Tom Connor from USEPA.

4.1.5 Resolution No. 20-FY2017 Relative to Approval of 2016 Bond Fund as an Alternative Funding Source to PMO Amendment No. 5

Resolution 20-FY2017 provides an alternative funding source to fund work authorization related to Amendment #5 to the PMO contract. GWA management seeks to approve and implement remaining portions of authorizations that were part of Amendment #5, which were not executed at the time, through future contract change orders but now seeks CCU approval to include as a funding source the 2016 Bond proceeds that are applicable to the PMO's work and which are eligible to be used.

The CCU approved the PMO amendment #5 previously via Resolution No. 39-FY2015 but Resolution 39 only cited the funding source for the Amendment #5 "will be from the 2010 and 2013 bond series proceeds...". This resolution will amend the funding source to include 2016 Bond proceeds. Completion date of work remaining under Amendment #5 is December 2018.

Comm. Bamba motioned to approve Resolution 20-FY2017; Comm. Guthertz seconded. There was no further discussion or objection and the motion passed.

4.1.6 Resolution No. 21-FY2017 Relative to the Amendment of the Classification Standards of the Water Meter Repairer and the Water Meter Repairer Supervisor Positions

It is necessary and urgent for the CCU to approve the above request to support the amendment of the Water Meter Repairer and Water Meter Repairer Supervisor positions to read Water Meter Maintenance and Repair Worker I and Water Meter Maintenance and Repair Worker Supervisor respectively. Resolution No. 57-FY2016 approved the creation of the Water Meter Maintenance and Repair Worker series of positions on September 27, 2016. GWA subsequently requests to amend the positions' titles to allow the Department of Administration to appropriately assign position classification

codes to the amended positions in order for the Authority to move forward with its recruitment efforts to optimize the operations and maintenance of the Test Bench Facility. These positions are to staff the Meter Calibration section of the Authority, specifically the Test Bench Facility and will be funded by revenue funds.

Comm. Bamba motioned to approve Resolution 21-FY2017; Comm. Guthertz seconded. There was no further discussion or objection and the motion passed.

4.1.7 Resolution No. 22-FY2017 Ratification of Purchases Under Indefinite Quantity Contract with JMI-Edison for the Purchase of Submersible Pumps and Motors for GWA Deep Wells

With Resolution 22-FY2017, management is requesting the Commission to purchase pumps and motors to improve reliability of GWA's water supply system. The project is to provide submersible pumps and motors to GWA Deep Wells to ensure adequate stock is available at all times and bring back online existing down wells. The cost is \$963,018.62, for the purchases of submersible pumps and motors during the initial contract term of three (3) years and purchase orders as listed below:

Cost Summary

PO Purchases	\$736,164.47
Additional Purchases	\$226,854.15
TOTAL	\$963,018.62

The indefinite quantity contract will be in place for an initial term of three (3) years and purchases will be ongoing on an as-needed basis over the life of the contract term and will be funded by Bond Fund Programs Budget and Water Production O&M Budget.

Comm. Bamba motioned to approve Resolution 22-FY2017; Comm. Guthertz seconded. There was no further discussion or objection and the motion passed.

Comm. Guthertz commented that at the last work session this was discussed and we need to determine why our pumps burn out. Is it the pumps, motors or design of installation. It might also warrant a consideration of a redesign to cut down burn out of motors. The lifetime of these motors is 7 years and it seems we are running then down in 3 years. The GM said GWA has a working group at looking at grounding and analyzers and quality of the power and any equipment on the front end all these options trying to find a solution.

Comm. Bamba added with this purchase, what is GWA's total inventory- once completed . The GM said GWA has 105 wells and these purchases will replenish GWA's inventory which we have depleted. We are getting to a critical point with stock on hand.

4.2 GPA

4.2.1 GM Report Update

Investment Conference date change is tomorrow at 2:30 p.m. with welcoming reception at 5:30 p.m. Other highlights the GM mentioned is that management is working on Dededo CT plant and will be commissioned by the end of March.

Chairman asked other than that just scheduled regular maintenance and the response was yes. He also said reserves would be back up to par. He said his report is available for review.

4.2.2 Financials

CFO John Kim reported that January revenues are better than expected – 12.8 compared to PY at 12.6. KwH sales is \$131,000 vs. budget of \$121,000, the demand was much higher than previous year. Customer numbers increased to 50,700 vs. 50,100 for prior year, primarily residential. Comm. Santos asked the CFO to update the commercial residential sales by quarter so the Commission can see the trend. The GM said that the figures provided will include those in the pipeline. Fuel Revenue is \$11.8M

dropped slightly compared to December. O&M is ranging at \$5M, consistent and better than last year and more favorable than budget projections. Debt service ratio is 2.21 which is still good. Net income is \$1.19M and YTD is \$6.39M.

Comm. Bamba asked about on the debt service ratio – if it was calendar or fiscal year; the CFO clarified it was Fiscal Year.

4.2.3 Resolution 2017-07 Relative to Approval of the Contract Extension for Korean East-West Power (KEWP) for the Management, Operation and Maintenance of the GPA Cabras 3&4 Power Plants

GPA intends to issue a 12-month contract extension to Korea East West Power (KEWP) until such time that the Insurance claim is settled or a final agreement with the Insurers as to the valuation of the loss due to the August 31, 2015 incident is determined. The contract extension period is from March 2017 to February 2018. If the insurance settlement is reached sooner, GPA will exercise its option to terminate the contract earlier. GPA needs to preserve the Cabras 3&4 Plant during the insurance process. KEWP has a vast historical knowledge of the operations of the Plant, and GPA has relied on them to direct the operations and maintenance of the Plant. There have been and continues to be numerous data requests from GPA's Insurers regarding the Cabras 3&4 Plant. GPA has a duty to cooperate with its Insurers under the policy. GPA continues in such cooperation. KEWP has proven to be instrumental in addressing the inquiries by the Insurers as GPA moves forward with its insurance claim. It is of special note that the Insurers themselves have hired their own technical experts to counter GPA's claim. GPA is taking reasonable efforts to protect its interests. The Cabras 3&4 Plant suffered severe and extensive damage. It has proven difficult in the aftermath of the plant explosion and fire to perform some of the repairs needed to facilitate the some required work. KEWP will continue to perform historical plant expertise / insurance claim technical support, damage assessment, plant preservation and expedited procurement, where needed, until the claim is settled.

GPA is currently negotiating the contract costs with KEWP. The fixed management fee, which includes travel, living allowances, wages, and applicable taxes, is expected to cost \$65,820 which is approximately 30% less than the Fixed Management Fee in 2015 (before the Cabras 3&4 Plant fire). Additionally, to expedite the routine preservation efforts, a portion of the contract under Preservation Management Services as a reimbursable item will also be included in the amount not to exceed \$25,000.

The anticipated costs for the 12-months extension are \$789,840 for *Fixed Management Fee* and \$300,000 for *Preservation Management Services* (Reimbursable) for a total of \$1,089,840.

The following constitutes the Preservation Management Services:

Preservation Management Services (Reimbursable Routine O&M)

Object Code	Description	Amount
15	Heavy Equipment Rental	\$ 2,309.23
25	Technical Services	\$ 841.75
26	EPA Compliance	\$ 536.34
35	Other Maintenance	\$ 3,337.21
40	Communication	\$ 600.40
46	Accessory equipment	\$ 14,145.14
62	Other Materials	\$ 1,849.62
65	Office Supplies	\$ 1,361.70
66	Safety Supplies	\$ 18.62
TOTAL		\$ 25,000.00

Comm. Bamba motioned to approve Resolution 2017-07; Comm. Guthertz seconded. There was no further discussion or objection and the motion passed.

5. OLD BUSINESS - None

6. ANNOUNCEMENTS

6.1 Next CCU Meetings: GWA WS – March 15; GPA WS – March 16; CCU Meeting – March 21

The Chairman announced that the next meeting would be a work session for GWA on March 15 and GPA on March 16 followed by the CCU meeting on March 21.

He then called for a motion to move the meeting to Executive Session to discuss personnel matters.

Comm. Bamba motioned to move the meeting to executive session; Comm. Guthertz seconded. It was 6:06p.m.

7. EXECUTIVE SESSION

7.1 Personnel Matter

This matter was discussed.

At around 7:10 p.m., Chairman Duenas announced that the meeting has now moved back to Regular Session from Executive Session. Four (4) Commissioners were still present – Comm. Duenas, Santos, Bamba and Guthertz along with General Manager John Benavente and Legal Counsel Graham Botha. The Chairman said he will entertain a motion to approve what was adopted in Executive Session.

Comm. Bamba motioned that the Commission concur with the recommendation of the General Manager, John Benavente to hire Mrs. Beatrice Perez Limtiaco for position of Asst. General Manager of Administration at the salary of \$128,282; Second by Comm. Guthertz. All were in favor and the motion passed.

Comm. Bamba motioned to concur with the recommendation of the General Manager, John Benavente, to promote Mr. John Cruz, Manager of SPORD to Asst. General Manager of Engineering and Technical at the proposed salary of \$145,000; second by Comm. Guthertz All were in favor and the motion passed.

Comm. Santos motion to increase the salary of current Asst. General Manager of Operations, Mrs. Melinda Mafnas from \$138,871 to proposed salary of \$145,000; Seconded by Comm. Guthertz. All were in favor and the motion carried.

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

8. ADJOURNMENT

There was no further business to bring before the Commission and the meeting was adjourned at 7:35 p.m.

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Attested:



JOSEPH T. DUENAS, Chairman



J. GEORGE BAMBA, Secretary