



CONSOLIDATED COMMISSION ON UTILITIES

Guam Power Authority | Guam Waterworks Authority

P.O. Box 2977 Hagatna, Guam 96932 | (671) 648-3002 | guamccu.org

Regular Board Meeting

CCU Conference Room, Gloria B. Nelson Public Service Building

5:30 p.m., April 18, 2017

MINUTES

1. CALL TO ORDER

The Chairman called the regular monthly meeting of April 18, 2017 to order at 5:35 p.m. He announced that all (5) Commissioners were present

Others present include:

Commissioners:

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

Executive Mgmt.:

John Benavente	GM / GPA
Miguel Bordallo	GM / GWA
Melinda Camacho	AGMO / GPA
Tricee Perez	AGMA / GPA
John Cruz	AGMET / GPA
John Kim	CFO / GPA
Greg Cruz	CFO / GWA
Graham Botha	Staff Attorney / GPA
Kelly Clark	Staff Attorney / GWA

Management & Staff:

Paul Kemp	AGM Compliance & Safety / GWA
Jacqueline Taisacan	GWA
Manny Apuron	GWA
Joyce Sayama	Mgmt. Analyst / GPA Ex. Office
Kathy Beleno	Mgmt. Analyst / GWA Ex. Office
Lou Sablan	Board Secretary / CCU
Dave Fletcher	GWA

Guest:

Charlene Calvo IP&E
Angelica Perez AM Insurance
Bill Chang Brown&Caldwell

2. APPROVAL OF MINUTES

The Minutes of March 21, 2017 was presented for approval.

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

3. COMMUNICATIONS

3.1 Public Comments - None

4. NEW BUSINESS

4.1 GWA

4.1.1 GM Report Update

Tumon Maui Well:

a. Power Line Status / Generator Status

- i. Funding for the project approved. Presently moving through the Procurement Process. DOD needs to work with GPA to get the power issues resolved and transferred to GWA.
- ii. GWA will work with GEPA to renew the generator permit. GWA will work with GPA to coordinate the submission of the permit.

b. Inspection by DOD

- i. Performed on February 1, 2017. No major issues found.
- ii. Report will be completed and submitted to DOD.
- iii. Next inspection will be April 23rd.

c. Renewal of license – DOD is preparing the paper work for the yearly license.

d. Potts Junction Intertie (Water Service)

- i. Funding for the project approved. Presently moving through the Procurement Process.
- ii. Construction of the intertie deadline is June 2017
- iii. GWA is working on Encroachment Permit with Guam Department of Public Works.

e. Production:

- i. Fairly consistent for March between 1.0 and 1.1 million gallons per day (MGD), with the exception of several days of less production due to preventive maintenance being

performed which required the system to be secured - see chart below.

- ii. Total production in February was **30,085,400 gallons**. Total Production in March was **32,174,500**.

2. Issues for Agat WWTP Project

- a. GWA's payment for the appraisal received. As soon as appraisal is received, the easement document will be prepared.
- b. Appraisal still pending
 - i. Letter sent to GWA regarding cost / Payment to DoD issued.
 - ii. 120 days from the 16th of February to complete appraisal.
 - iii. Determination of mitigations for easement and document based on appraisal.
 - iv. NFM AM (Cynthia) will make a site visit for the easement documentation.
- c. Confirmed that MEC work is not required for construction of GWA waterline in this easement.
- d. Mixing zone study cooperation
 - i. Draft report of findings and mixing zone received March 2017; Final report anticipated in May 2017.
 - ii. Results favorable for GWA discharge permit limits.

There was discussion on this secondary treatment plant. Comm. Sanchez shared his thoughts that the USEPA probably doubted management's ability to comply with the related Court Order. He recommended that at the ribbon cutting management invite Justice Frances Tydingco-Gatewood. He commended the GWA employees. Comm. Guthertz added that she attended a recent event where the speaker complimented GWA/GPA noting our professionalism.

It was mentioned that there is a scheduled OEA meeting in June in Hawaii. Chairman Duenas asked GM Miguel to let CCU know the date of the meeting so the CCU can attend if it is around the same time as the AWWA Conference.

3. Santa Rosa Tank

- a. TG Engineering is working on an updated version of the designed. The two properties are adjacent to each other. The new drawing will move most of the infrastructure to GWA property.
- b. GWA is willing to do a cost share agreement for the maintenance of the project, if the infrastructure is located on Air Force Property. This will be included in the MOU.

- c. GWA will do the modeling to determine the how the project will impact both systems. Hydraulic Modeling is included in the contract with TG Engineering.
- d. GWA working on first draft of the MOU
- e. Discussions followed on easement vs. right of entry; service contracts; and property boundaries. NOTE: Right of entry is only temporary

4. OEA Coordination

- a. Funding to cover DON work related to Observation Wells project
 - i. Money will not come from GWA
 - ii. OEA is in discussion with leadership of DoD for funding source for DON work on monitoring well environmental review.

5. GIS Data

- a. Sub-group prospective members from DOD and GWA with Bureau of Statistics and Plans who lead the GIS User Group for the Government of Guam
- b. Navy is discussing how to share GIS files with GWA. It may require Navy to convert to software used by GWA, due to the respective sizes of the systems.

6. Hydraulic modeling – on going

- a. NAVFAC will coordinate with GWA on modeling requirements and software analysis to include the modeling for the Santa Rosa tanks.
- b. GWA/NAVFAC joint effort to develop an analysis report of existing models leading toward direction.

7. Other issues

- a. GWA will write a letter with concerns related to NOVA's multiple incidences in damaging GWA's lines. NAVFAC will assist in moving GWA's concerns forward to the appropriate parties. Letter will be submitted to NAVFAC command.

Renewal for GWA license is being processed along with renewal for TMS, Tarague Waterline, and AG1 well.

OEA Grants – Guam Water-Wastewater Infrastructure Projects

- PM/CM contract awarded; NTP issued.
 - Project Management Plan in progress
 - Outfall Diffuser design in progress
 - Sewer Interceptor – in progress; GWA conducting SMH survey

- NDWWTP – RFP drafted, under GWWIST Review
- GWWIST meeting scheduled for June in Hawaii.

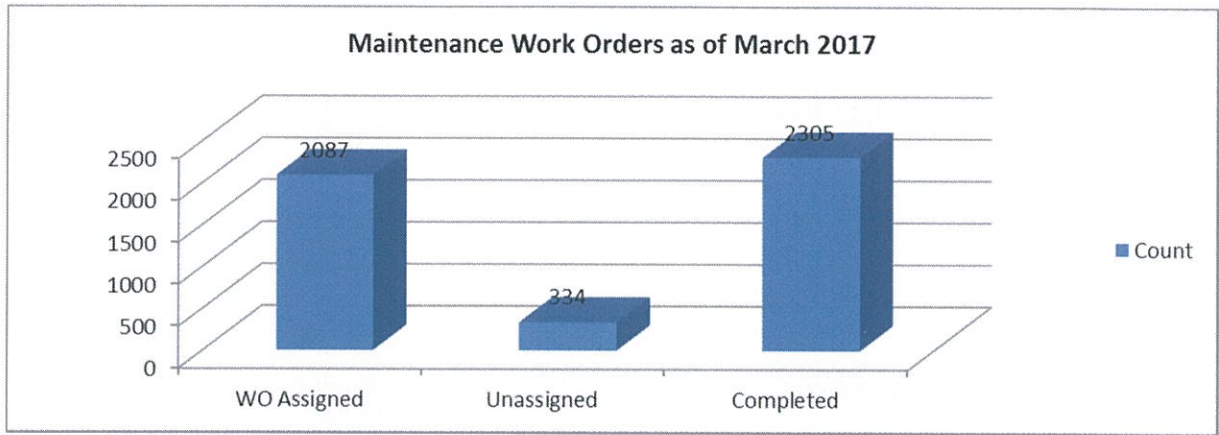
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Action Item	Date		Status	Remarks
	Date (Target)	(Actual)		
Project Funds Available	July-16	AUG-30-16	Completed	
Land Acquisition	Jan-17	Jan-17 (Compensation Pending)	On-target	
Procure PM/CM Firm	Jan-17	Jan-17 (NTP Issued Feb 10th)	On-target	
Procure Design Firm	Jul-17		On-target	RFP under review; pending release April 17th
Design -- 30/60/90/Final -- Review	Jun-18		On-target	
NEPA Analysis and Determination	Feb-17		Delayed	USEPA work on-going; procurement of contractor pending
Procure Construction Firm	Dec-18		On-target	
Construction Complete/Commence Operations	Nov-21		On-target	
Sewer line connection from MCB to GWA infrastructure	Jul-19		On-target	
MCB Initial Operating Capability	Jul-22		On-target	

Asset Management

- CMMS system went live on October 3, 2016.
- Weekly and monthly meetings continue.
- Over 4,700 Work Orders issued so far.
- Over 2,300 Work Orders completed.
- Over 538 new assets registered into CMMS for various sites and facilities, to include our new Meter Test Facility and all its Bench Test equipment from October 2016 to present.
- Over 50 heavy equipment configured into CMMS to track maintenance.
- Implementation of **Strategic Asset Management (SAM)** - Regular data collection on the physical condition and performance of assets as part of PM tasks. Updated information will be used to calculate consequence and likelihood of failure to guide O&M planning and modifications to existing processes.
- Work Order Report Summary (see below).

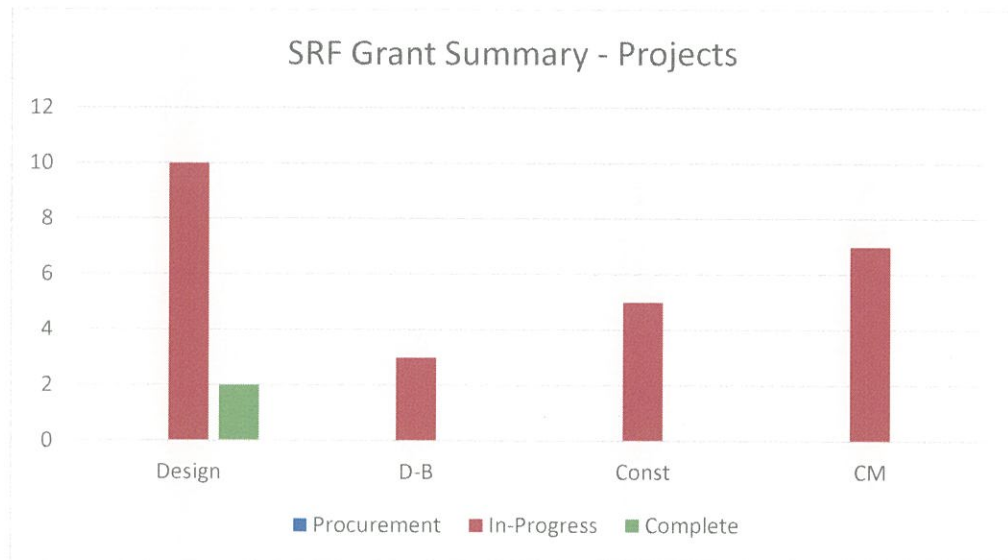


USEPA SRF Projects

- Summary of all SRF grant funded projects are shown below.

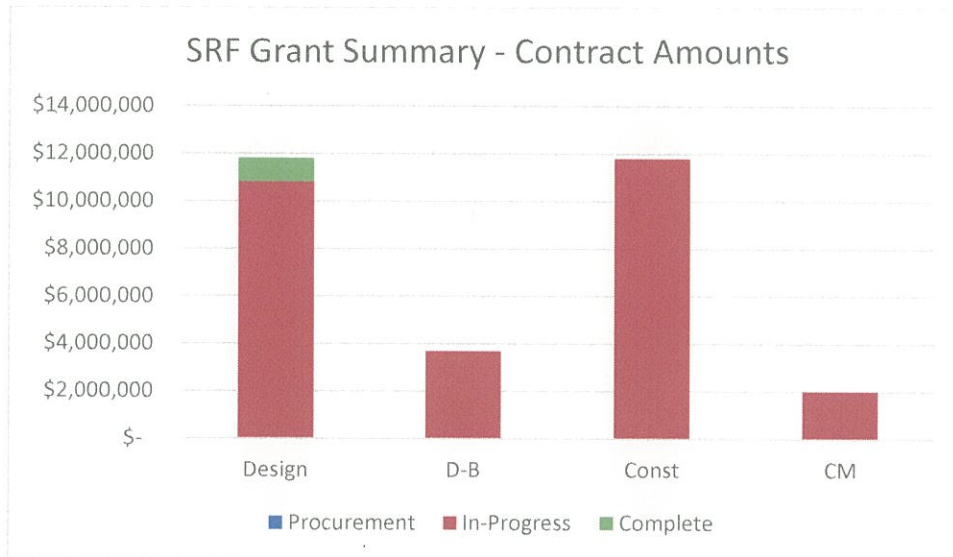
SRF Grant Summary - Projects

	Procurement	In-Progress	Complete	Totals	%
Design	0	10	2	12	44%
D-B	0	3		3	11%
Const	0	5		5	19%
CM	0	7		7	26%
Totals	0	25	2	27	
%	0%	93%	7%		



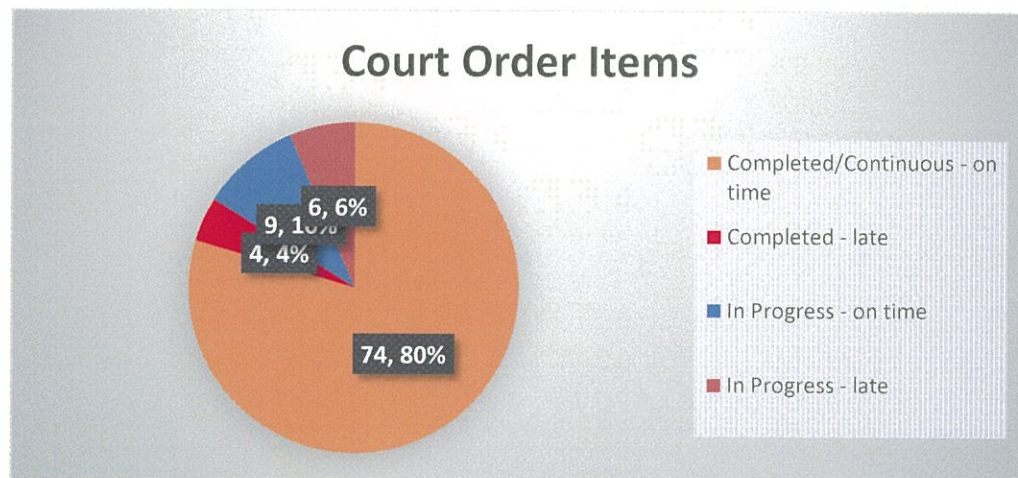
SRF Grant Summary - Contract Amounts

	Procurement	In-Progress	Complete	Totals	%
			\$		
Design	\$ -	\$ 10,812,544	994,468	\$ 11,807,012	40%
D-B	\$ -	\$ 3,697,408		\$ 3,697,408	13%
Const	\$ -	\$ 11,799,256		\$ 11,799,256	40%
CM	\$ -	\$ 2,021,827		\$ 2,021,827	7%
			\$		
Totals	\$ -	\$ 28,331,035	994,468	\$ 29,325,503	
%	0%	97%	3%		



Court Order

	Items	On-time Items Completed/Continuous	Items Delayed	Completed Late	Items on Schedule	Performance %
Court order total	93	74	4	6	9	95.7%



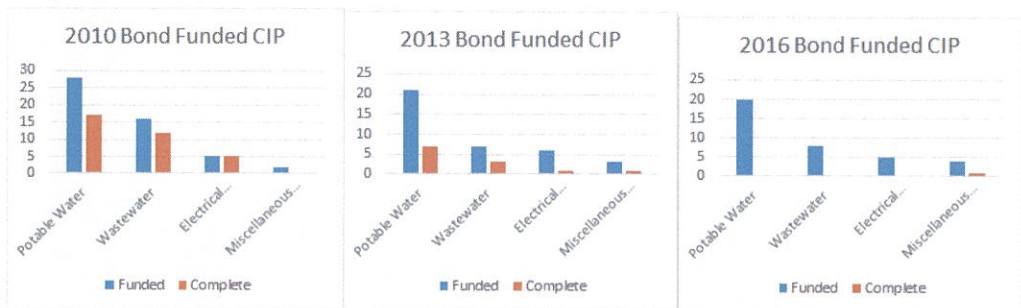
- 6 items delayed.
 - SSES (2 items)
 - Agat/SR System (2 items)
 - CI Residual Monitors
 - Meters
- Final Date to complete all Court Order items is December 31, 2020.
- Overflow or Bypass events reported to USEPA – One Customer Cleanout spill on March 30, due to FOG.
- The new Agat WWTP is operational.

CIP Summary

CIP Summary - Project Encumbrance

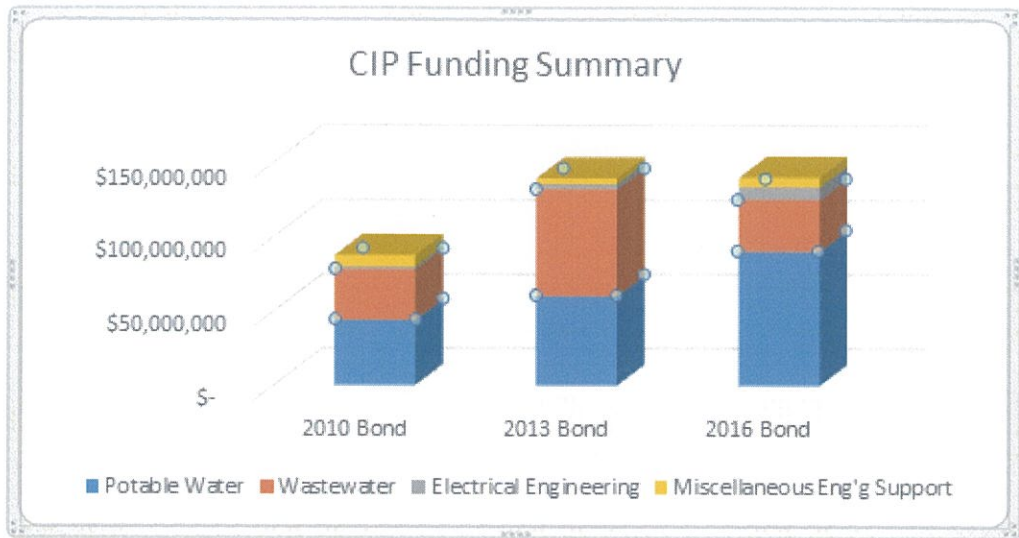
CIP Summary - Project Encumbrance

	2010 Bond		2013 Bond		2016 Bond		Total CIP Projects	%
	Funded	Complete	Funded	Complete	Funded	Complete		
Potable Water	28	17	21	7	20	0	35	49%
Wastewater	16	12	7	3	8	0	22	31%
Electrical Engineering	5	5	6	1	5	0	10	14%
Miscellaneous Eng'g Support	2	0	3	1	4	1	4	6%
Totals	51	34	37	12	37	1	71	100%
% of Total CIP by Fund Source	72%		52%		52%			
% of CIP Funding Completed	67%		32%		3%			



CIP Summary - Project Amounts

	2010 Bond		2013 Bond		2016 Bond		Total CIP Projects	%
	Funded	%	Funded	%	Funded	%		
Potable Water	\$ 41,903,305	48%	\$ 58,317,117	42%	\$ 64,647,830	46%	\$ 164,868,252	45%
Wastewater	\$ 36,009,577	41%	\$ 73,837,883	53%	\$ 60,227,170	43%	\$ 170,074,630	46%
Electrical Engineering	\$ 1,748,118	2%	\$ 3,395,000	2%	\$ 8,750,000	6%	\$ 13,893,118	4%
Miscellaneous Eng'g Support	\$ 7,741,000	9%	\$ 3,775,000	3%	\$ 6,394,460	5%	\$ 17,910,460	5%
Totals	\$ 87,402,000	100%	\$ 139,325,000	100%	\$ 140,019,460	100%	\$ 366,746,460	100%
%	23.8%		38.0%		38.2%			

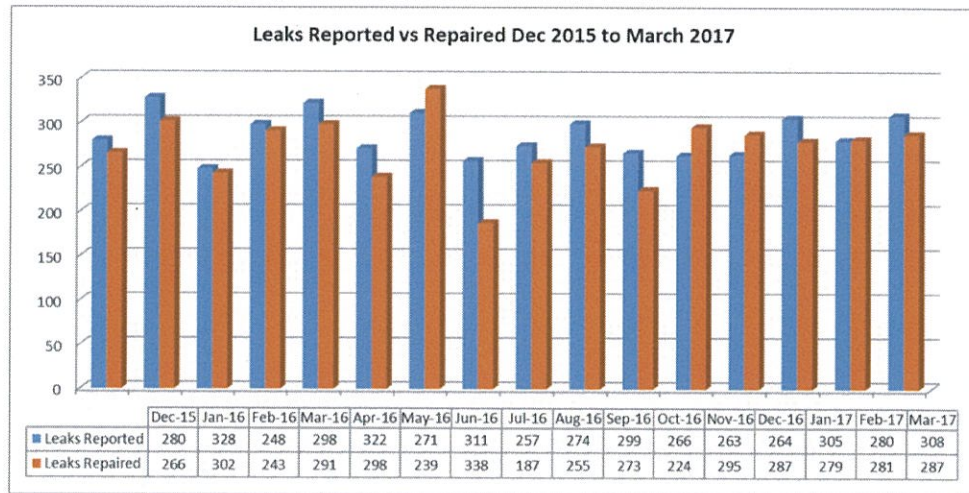


Land Acquisition Status

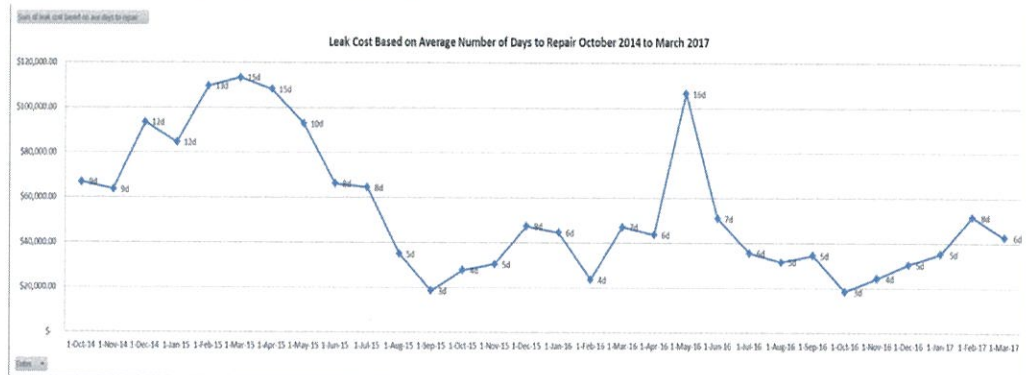
- ALC property for NDWWTP: Survey in progress; Appraiser in procurement.
- CLTC properties: See Land Acquisition chart below.
- Private properties needed for Court-order improvement projects: See Land Acquisition chart below.

GWA Facility	Location	Gov. or Private Property	Land Acquisition Status
	<u>Ugum</u>	Private	Relevant documentation sent 01/05/17 to legal for condemnation process. Beginning of land acquisition process for adjacent properties.
	<u>Manenggon</u>	Private	<u>Escrow open</u> on 03/29/17. Original signed Contract of Sale documents should be received in 7 days.
	<u>Santa Rita</u>	Gov't. - CLTC	Survey map finalized and recorded on 03/10/17.
	<u>Astumbo</u>	Gov't. - CLTC	Survey map ongoing.
	<u>Upper Tumon</u>	Gov't. - CLTC	Survey map finalized and recorded on 02/27/17.
	<u>Piti</u>	Private	Engineering currently reviewing options for relocating the <u>Piti</u> tank from current location to area east of the Nimitz Estate Subdivision. Private property owner rejects GWA inquiry in land acquisition. Forthcoming meeting with GM for alternative options.
Deep Well	Y-8	Gov't. - CLTC	GWA Engineering working with DCA to obtain survey services.
	AG-12	Dept. of Agriculture/ <u>Manhita Farms</u>	<u>GWA Engineering</u> working with DCA to obtain survey services.
Booster Pump Station	<u>Brigade</u>	Private	Survey severance map transmitted 02/13/17 to E.M. Chen for property owner signature. 1 st offer letter received by property owner on 01/24/17.

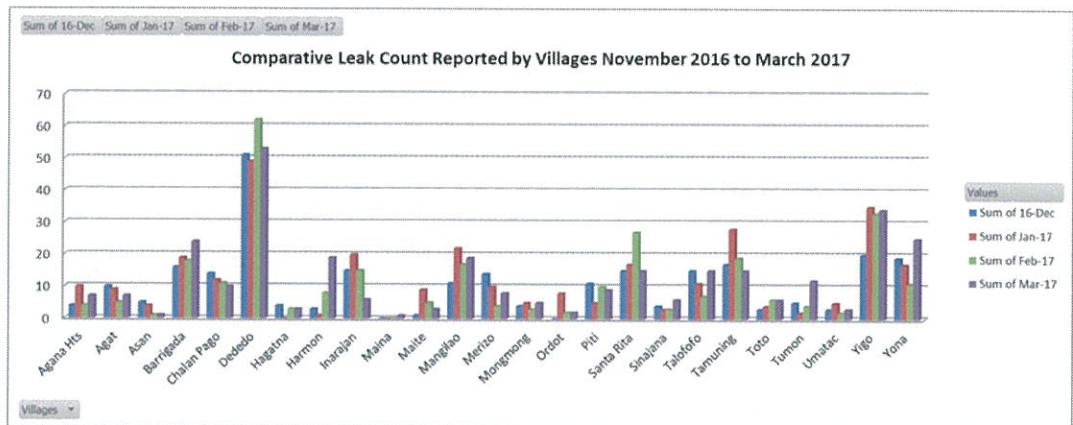
Leak Repair: Leaks Reported and Repaired (Monthly)



Leak Repair: Cost Savings – Days to Repair (Monthly)



Leak Repair: Reported by Village



4.1.2 Financials

CFO Cruz reported for March, revenues are 7% below projections and is confident that underlying reason is GWA's problematic meter. He said the goal is to replace meters ASAP but study shows that water sales trending lower than prior years adding that he has reviewed production data which shows a significant variance - 3/2016 vs, 3/17/2017 - 340 below prior year. He said he would provide the CCU a related report.

4.1.3 Resolution No. 26-FY2017 Relative to Approving the Existing Collective Bargaining Agreement Between the Guam Federation of Teachers and the Guam Waterworks Authority

The objective of Resolution 26-FY2017 is to renew the March 22, 2016 Collective Bargaining Agreement ("CBA") for another one (1) year term. It is urgent because the current CBA needs to be renewed. The Renewal Agreement from the GFT makes no changes to the existing CBA currently in effect. It was mentioned that 10% of employees are members under this Agreement

Comm. Guthertz motioned to approve Resolution 26-FY2017; Comm. Bamba seconded. With no objection or discussion, the motion passed.

4.1.4 Resolution No. 27-FY2017 Relative to Approval of Change Order No. 1 for the Design Build of the Macheche Sewer Line Replacement Project

The objective of the change order is to address recommendations raised by the Guam Environmental Protection Agency as best as possible and within GWA funding availability. Specifically, GEPA recommends GWA lower the invert elevation of the sewer collection system as part of the project scope so as to allow for expansion of available sewer service to adjacent properties and streets; this will capture existing customers on septic systems, and allow undeveloped properties in this area to be able to connect onto the new collection system in the future, further protecting groundwater resources in the area. The design Build contractor has submitted a proposal to GWA relative to the recommendation of GEPA, however, GWA is assessing the details of the proposal as some of the additional scope noted in the proposal may or may not be eligible under the USEPA grant conditions. GWA management is in general agreement to GEPA recommendation as a means of working towards obtaining full approval of the building permit and enhancing groundwater resource protection.

GWA has received a proposal in the amount of Five Hundred Forty Six Thousand Five Hundred Two Dollars and Fifty Four Cents (\$546,502.54) from the design build contractor. GWA however anticipates the final change order amount to be negotiated down for the same reason stated above. In addition, the contractor requests an additional 6 months on top of the current contract completion date to complete the addition scope proposed. Funding for this project will be primarily from the USEPA State Revolving Fund, and if necessary SDC Funds and 2013 Bond Funds under line item CIP WW 09-06.

Comm. Guthertz motioned to approve Resolution 27-FY2017; Comm. Bamba seconded. There was no further discussion or objection and the motion passed unanimously.

4.2 GPA

4.2.1 GM Report Update

GM Benavente gave the following updated report.

1. **Scheduled Baseload Outages:** The following summarizes available reserves for planned outages this year.

Generating Units	Apr-17	Jun-17	Jul-17	Oct-17
CABRAS 1	60	60	0-(c)	60
CABRAS 2	60	0-(b)	60	60
MEC8	44	44	44	44
MEC9	0-(a)	44	44	44
AGGREKO	40	40	40	40
MEDIUM SPEED DIESELS (10 Units)	28	36	36	36
YIGO CT	15	20	20	20
MACHECHE CT	20	20	20	20
TEMES CT	39	39	39	39
DEDEDO CT1	20	20	20	20
DEDEDO CT2	20	20	20	20
AVAILABLE CAPACITY	346	343	343	403
EXPECTED PEAK DEMAND	250	258	263	265
RESERVE	96	85	80	138
(a) MEC 9 on Scheduled 28 days Overhaul				
(b) Cabras 2 on Scheduled 14 days Main Transformer Changeout and Boiler Chemical Cleaning				
(c) Cabras 1 on Scheduled 75 days Boiler/Turbine Overhaul and Boiler Chemical Cleaning				

There was discussion about reserves and peak demands. Comm. Bamba voiced his concern about rolling outages should any of these plants go down during overhaul. Comm. Sanchez said there's always a risk when Cabras 1&2 are down. It's a catch-22 because these units must undergo maintenance. It was mentioned that the plants will be in a better situation in another 4-5 years. Regular maintenance is vital. This is just a vulnerable period right now. The CCU said they appreciate the challenges and know there is a goal and plan in place to get us as quickly as possible.

2. **Legislative Bill 78-34:** Attached is Bill 78-34 just introduced by Senators Nelson, Rodriguez and Biscoe Lee relative to the establishment of the Guam Renewable Energy Task Force and the adoption of the Guam Energy Action Plan. GPA will prepare comments on the bill for the commission's consideration and for submittal as testimony at the yet to be set public hearing date. In consideration that this bill substantially involves GPA and that we would like to be here to testify, I will ask Senator Nelson to respectfully schedule the public hearing after May 3rd.

Comm. Sanchez commented that the sad part about the bill is that the authors did not ask about the history of this report and now they want the community to adopt with this recommendation. When you read it it's not complete; it does not have all the components of renewable. Demand side management, commitment to renewables, which we are way ahead, and no mention of transportation. Comm. Sanchez gave some background information leading to the 2013 Report mentioned by Sen. Nelson. Comm.

Sanchez said the use of the word "you shall" means that the CCU has no discretion and it shows the inexperience of the authors. It is obvious they have no appreciation of what is already being done. Comm. Guthertz suggested that GM Benavente develop the testimony for this. Comm. Santos said that the Commission also needs to draft testimony of our own. Task forces should make recommendation to legislators but not to elected officials.

4.2.2 Financials

CFO Kim said there was nothing new to add from last week's work session report. He reiterated that revenues increased by 2.5% for both base revenues and kWh sales. Also the number of customers continues to trend upward to include government customers. KWh hours on residential segment is also growing. He reported that Accounts Receivables are within 30-days to include DPW that was slightly in arrears at last reporting.

4.2.3 Resolution 2017-09 Relative to Contract Award Diesel Fuel No. 2 GWA Water and Wastewater System Standby Generators

The Guam Power Authority's current contract for Supply of Diesel Fuel Oil No. 2 for the Water and Wastewater Systems Standby Generator sites is expiring in April 2017. The fuel supply contract is necessary to provide uninterrupted supply of fuel for the Water and Wastewater Systems Standby Generator sites. Diesel Fuel Oil No.2 will be supplied and delivered into various GWA water and wastewater systems standby generator sites. The 2-year contract is estimated to cost about \$447,000.00 (\$223,700 per year). Total savings is estimated at about \$70,000.00 compared to the previous contract. The contract is for an initial period of two years, with the option to extend for three (3) additional one-year terms and the funding source is revenue funds. Morrico Equipment has been determined to be the lowest most responsive bidder for this procurement.

The GM explained that the diesel fuel being purchased will supply approximately 200 standby generators and various well locations island wide.

Comm. Santos motioned to approve Resolution 2017-09; Comm. Sanchez seconded. There was no further discussion or objection and the motion passed unanimously.

4.2.4 Resolution 2017-10 Relative to Petitioning the PUC for Approval Relative to Contract for the Management, Operation and Maintenance of GPA's Fuel Bulk Storage Facility

The Guam Power Authority's current contract with Vital Energy, Inc. for the management of the GPA Fuel Bulk Storage Facility at the Piti Fuel Farm is set to expire on May 31, 2017. The Authority issued a new Multi-Step Invitation for Bid under IFB GPA-014-17 for the Management, Operation, and Maintenance of the Fuel Bulk Storage Facility on November 2016. IP&E Guam LLC, and Tristar Terminals Guam, and Vital Energy, Inc. submitted bids for GPA's consideration. Vital Energy Inc., was disqualified for submitting a price proposal that is determined to be non-compliant with the requirements of the bid. IP&E Guam LLC has been determined to be the lowest, most responsive and responsible bidder. The total cost for the 2-year base period is \$1,644,300.00 for mandatory

services. This contract is for an initial term of 2 years with three optional one-year extensions. The total cost for the 2-year base period is \$1,644,300.00 for mandatory services. This contract is for an initial term of 2 years with three optional one-year extensions. The funding source is revenue funds.

It was mentioned that this matter will send PUC petition for approval. Comm. Santos asked clarification for Spill Response Company Membership Fees GM responded this is fee in case any spill occurs - GM MB helped with response it's a consortium of group of entities that can respond 24/7 rather than one entity being responsible because it is very expensive and the cost is shared. Comm. Santos asked what the insurance is. Comm. Sanchez said he thinks is a liability insurance in case anything happens while they are responding to our event at our property Comm. Santos said to please get further clarification / details and get back to the Commission.

In addition Comm. Santos would like clarification for item #1 and #6 asking the difference between O&M Budget for 91K and management and admin fee for \$516k isn't it the same? GM Benavente said he would have to get back to the Commission. Chairman said he would like management to explain the difference. It was mentioned that the bid abstract shows the responses by all bidders and it shows the differences.

Comm. Sanchez asked about the non-compliance by Vitol. The GM said there is a letter from the evaluation committee that explains this non-compliance. The Legal Counsel also commented that there was also a line item that was a negative value which the Committee could not accept or understand.

Comm. Guthertz motioned to approve Resolution 2017-10, seconded by Comm. Santos. The vote was 4-yes, 1 abstention by Comm. Bamba. The motion carried.

4.2.5 Resolution 2017-11 Relative to Ratification of Additional Expenses for Aggreko's Temporary Power Services

The Guam Power Authority (GPA) 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 31, 2015. The power system has lost about 79 MW of base load capacity placing GPA in the position of having difficulty meeting system demand upon an additional base load or large emergency unit outage. The Authority has contracted Aggreko under GPA-RFP-15-008 to provide for 40 MW capacity of leased generation for the first year to mitigate part of the capacity loss in order to maintain other base load units. GPA had approved change orders for the total amount of \$540,213.90 for additional work necessary for the plant construction completion and operation. The total change order amount had exceeded the GM's authority of \$250,000.00. GPA is requesting for approval to ratify the additional expenses in the amount of \$540,213.90 funded by insurance proceeds. Expenses were deemed immediately necessary in order to expedite the commissioning of the units due to generation capacity shortfall.

Comm. Santos motioned to approve Resolution 2017-11; Comm. Guthertz seconded. There was no further discussion and the motion passed.

5. **OLD BUSINESS - None**

6. **ANNOUNCEMENTS**

6.1 **Next CCU Meetings**

The Chairman announced that the next CCU meeting would be a work session for GWA on May 17 followed by GPA work session on May 18 and the May CCU meeting on the 23rd.

The Chairman also announced that WERI is scheduling a tour to the island Aquifers on June 6.

He asked for a motion to move the meeting to Executive Session after a 10 minute recess; it was 7:05 p.m.

7. **EXECUTIVE SESSION**

7.1 **Personnel Matter**

This matter was discussed.

The meeting was moved back to Regular Session at 7:40 p.m. The Chairman said there was no further action needed and called for a motion to adjourn.

Comm. Bamba moved to adjourn and Comm. Guthertz seconded.

It was 7:45 p.m.

8. **ADJOURNMENT**

There was no further business to bring before the Commission and the meeting was adjourned at 7:30 p.m.

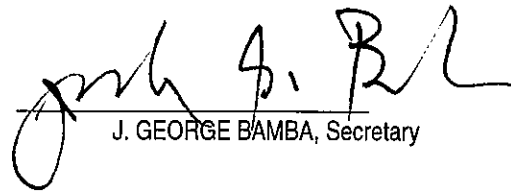
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Attested:



JOSEPH T. DUENAS, Chairman



J. GEORGE BAMBA, Secretary