



## 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., November 22, 2017**

### MNUTES

1. **CALL TO ORDER**

The Chairman called the regular meeting of November 22, 2017 to order at 5:36 p.m. He announced that four (4) Commissioners were present and that there was a quorum. It was also mentioned that Comm. Sanchez was enroute.

Those present included:

**Commissioners:**

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

**Executive Mgmt.:**

John Benavente	GM / GPA
Tom Cruz	GM (A) / GWA
Paul Kemp	GM (A) / GWA
Melinda Camacho	AGMO / GPA
John Cruz	AGMET / GPA
Tricee Limtiaco	AGMA / GPA
John Kim	CFO / GPA
Greg Cruz	CFO / GWA
Graham Botha	Staff Attorney / GPA
Kelly Clark	Staff Attorney / GWA
Tom Cruz	

**Management & Staff:**

Lisa San Agustin	Utility Service Administrator / GWA
Heidi Ballendorf	PIO / GWA
Zina Charfaurous	HR / GWA
Ron Topasna	GWA

Joyce Sayama  
Ann Borja  
Lou Sablan

Mgmt. Analyst / GPA Ex. Office  
Mgmt. Analyst / GWA Ex. Office  
Board Secretary / CCU

**Guest:**

Charlene Calvo	IP&E
Angelica Perez	AM Insurance
Annamarie Muna	AM Insurance
George Watson	Brown & Caldwell
Bill Gilman	Brown & Caldwell

2. **APPROVAL OF MINUTES**

The Minutes of October 20, 2017 was presented for approval.

Comm. Bamba motioned to approve the Minutes subject to verification and written correction; Comm. Santos seconded. On the motion there was no further discussion or objection and the motion passed. The vote was (4) yes; (1) absent

3. **COMMUNICATIONS**

3.1 **Public Comment- None**

4. **NEW BUSINESS**

4.1 **GPA**

4.1.1 **GM Report Update**

GM Benavente reported on LEAC and the anticipated increase in February 2018. He said GPA's fuel cost is trending upward once more. In 2008 the barrel price was at it's highest \$142 per barrel. It went down to \$28 per barrel in February 2016 and is currently on its way upward once more at \$66 per barrel on Nov. 4, 2017. He added that LEAC fuel forecast prices should be based on the 5-day period which is ten days before the PUC meeting that determines the LEAC factor. This is done precisely to capture the most favorable scenario / factor. Further it is also based on the 5-day Morgan Stanley Fuel Price Forecast.

# LEAC Update – LEAC Rate

Projected LEAC Rate	Projected Increase from current rate of \$0.117718			Projected Under-Recovery 7-31-2018				
	50% Recovery	75% Recovery	100% Recovery	50% Recovery	75% Recovery	100% Recovery	50% Recovery	75% Recovery
Dispatching 7B-22							(ml)	(ml)
GPA Fuel Cost (\$65-\$70/Bbl)	\$ 0.142881	\$ 0.153971	\$ 0.165062	\$ 0.0252	\$ 0.0363	\$ 0.0473	\$ 14.3	\$ 7.1

Projected Under-Recovery of \$18.5 mill as of Jan. 31, 2018

Date	\$/Bbl		Asia Noon Call Forward Prices in MT	Premium - HSFO per barrel	Premium - LSFO per barrel	Weighted Avg Premium	Price/Bbl	Price/Bbl w Premium
Oct-17	\$57.79	Actual						
Nov-17	66.09	Actual						
Dec-17	67.21	Forecast	\$ 372.73	\$ 6.52	\$ 12.49	\$ 8.61	\$ 58.60	\$ 67.21
Jan-18	67.11	Forecast	372.08	6.52	12.49	8.61	58.50	67.11
Feb-18	66.91	Forecast	370.78	6.52	12.49	8.61	58.30	66.91
Mar-18	66.91	Forecast	370.83	6.52	12.49	8.61	58.31	66.91
Apr-18	66.36	Forecast	367.29	6.52	12.49	8.61	57.75	66.36
May-18	66.36	Forecast	367.29	6.52	12.49	8.61	57.75	66.36
Jun-18	66.36	Forecast	367.29	6.52	12.49	8.61	57.75	66.36
Jul-18	65.70	Forecast	363.11	6.52	12.49	8.61	57.09	65.70
Aug-18	65.70	Forecast	363.11	6.52	12.49	8.61	57.09	65.70
Sep-18	\$65.70	Forecast	\$ 363.11	\$ 6.52	\$ 12.49	\$ 8.61	\$ 57.09	\$ 65.70



It was mentioned that on January 31<sup>st</sup> the LEAC under recovery would be \$18M, the Commission would have to decide how much of this shortage would be recovered with the new LEAC adjustment. With a 50% LEAC increase the under recovery would only be \$14M; at 75% the balance of the under recovery would be \$7.1M

Comm. Duenas said with no adjustment the \$18M under recovery will continue to grow. It was mentioned that this is the

## LEAC Update - Sample Residential Bill

	RATE SCHEDULE R							
	Existing Rate		Proposed Rate (50%)		Proposed Rate (75%)		Proposed Rate (100%)	
KWH		1,000		1,000		1,000		1,000
Monthly Charge	\$ 15.00	\$ 15.00	\$ 15.00	\$ 15.00	\$ 15.00	\$ 15.00	\$ 15.00	\$ 15.00
Non-Fuel Energy Charge								
First 500 KWH	0.069550	34.78	0.069550	34.78	0.069550	34.78	0.069550	34.78
Over 500 KWH	0.086870	43.44	0.086870	43.44	0.086870	43.44	0.086870	43.44
Emergency Water-well charge	0.002790	1.40	0.002790	1.40	0.002790	1.40	0.002790	1.40
Insurance Charge	0.000000	-	0.000000	-	0.000000	-	0.000000	-
Working Capital Fund Surcharge	0.000000	-	0.000000	-	0.000000	-	0.000000	-
Total Electric Charge before Fuel Recovery Charges		94.61		94.61		94.61		94.61
Fuel Recovery Charge	0.117718	117.72	0.142881	142.88	0.153970	153.97	0.165062	165.06
Total Electric Charge		\$212.32		\$ 237.49		\$ 248.58		\$ 259.67
Increase/(Decrease) in Total Bill				\$ 25.16		\$ 36.25		\$ 47.34
% Increase/(Decrease) in Total Bill				11.9%		17.1%		22.3%
% Increase/(Decrease) in LEAC rate				21.4%		30.8%		40.2%





The GM said this analysis will be updated for the December meeting to give the Commission a closer look at actual trends coming to the end of the year.

There was discussion on the next CCU meeting date. Comm. Santos asked Legal Counsel if the board can act telephonically. Legal Counsel said no. The law must be changed to enable telephonic meetings.

After some more discussion, it was decided to change the December meeting schedule from Dec. 12 to Dec. 7<sup>th</sup> to allow travel to Bond Rating and USEPA meetings stateside.

#### **4.1.2 Financials**

##### **4.1.3 Resolution 2017-43 Tristar Doc Pipeline & RFO Storage Extension**

The Guam Power Authority (“GPA” or “Authority”) utilizes the services of Tristar Terminals Guam, Inc. (“Tristar” or “TTGI”) pier facility for the docking of ocean freight vessels delivering fuel to GPA facilities through a Dock Facility User Agreement.

GPA utilizes the Tristar fuel pipeline facilities for the delivery and transport of Fuel Oil to and from GPA’s fuel storage facilities through a Pipeline Agreement.

GPA utilizes the Tristar fuel storage facilities for GPA’s additional RFO storage requirements through a RFO Storage Lease Agreement.

TTGI is the sole service provider for the Dock Facility User Agreement, Pipeline Agreement, and RFO Storage Lease Agreement (or “3 Agreements”). The current contracts for the 3 Agreements will expire on August 31, 2018.

The fee schedules for the Pipeline Agreement and RFO Storage Lease Agreement for the 4 year extension period will be at the same annual incremental rate of 4% based on standard Consumer Price Index changes and increased operational cost; and

The estimated total expenses for the 3 Agreements for the 4-year extension period as shown in Exhibit A are as follows: \$6,324,864 for the Dock Agreement; \$2,138,024 for the Pipeline Agreement; and \$6,674,891 for the RFO Storage Agreement.

GPA and TTGI have negotiated for an extension of the 3 Agreements for up to 4 years, renewable annually. The Dock Agreement fee schedule shall remain the same until March 31, 2019.

Extension of the Agreement and the fee schedule thereof is subject to change and is incumbent upon Tristar’s contract renewal with the Port Authority of Guam (PAG) beyond March 31, 2019.

It was mentioned that the funding source for this expense is LEAC.

TRISTAR AGREEMENTS - Estimated Expenses

Fee Schedule	Parameters	Contract Extension Sep2018-Aug2022			
				Annual \$/yr	4-Year Total \$
<b>A. Dock Agreement</b>					
1. Dock Operator O.T. Fee (Minimum of 4 Operators)	Outside 0800H-1600H on Weekdays	\$38.00 per manhour	\$7,296.00	\$80,256.00	\$321,024.00
	All hrs on weedays & holidays	48 hrs/shipment 11 ships/yr			
2. Excess Laytime	0-36 hrs upon start of discharge	\$0.00 per Hour			
	Over 36 hrs & less than 72 hrs	\$1,000.00 per Hour			
	Over 72 hrs	\$600.00 per Hour			
	Excess hrs	12 hrs/shipment 11 shipment/yr	\$12,000.00	\$132,000.00	\$528,000.00
3. Imports (RFO Receiving)					
a. Throughput Fee	RFO received (Gross) - PAG Fee	\$0.50 \$/bbl 240,000 bbl/shipment 11 shipment/yr	\$120,000.00	\$1,320,000.00	\$5,280,000.00
4. Exports (Bunkering)					
a. Port Royalty Fee	RFO delivered (Gross) - PAG fee	\$0.66 \$/bbl	\$1,980.00	\$47,520.00	\$190,080.00
b. Maritime Security Fee	RFO delivered (Gross) - PAG Fee	\$0.02 \$/bbl	\$60.00	\$1,440.00	\$5,760.00
<b>SUB-TOTAL</b>			<b>\$141,336.00</b>	<b>\$1,581,216.00</b>	<b>\$6,324,864.00</b>
<b>B. Pipeline Agreement</b>					
1. Pipeline Rental (B-Line)	Pipeline from Dock to Navy tie-in		<b>\$/Month</b>	<b>Annual \$/yr</b>	<b>4-Year Total \$</b>
		Sep 2018- Aug 2019	\$41,956.95	\$503,483.39 4%	
		Sep 2019- Aug 2020	\$43,635.23	\$523,622.72 4%	
		Sep 2020- Aug 2021	\$45,380.64	\$544,567.63 4%	
		Sep 2021- Aug 2022	\$47,195.86	\$566,350.34 4%	
<b>SUB-TOTAL</b>			<b>\$44,542.17 avg</b>	<b>\$534,506.02 avg</b>	<b>\$2,138,024.08</b>
<b>C. Storage Agreement</b>					
Based contracted storage capacity					
1. Fixed Lease Fees	TK1902	0 bbls	<b>\$/Month*</b>	<b>Annual \$/yr</b>	<b>4-Year Total \$</b>
	Sep 2018- Aug 2019	TK1903 278,500 bbls	\$107,251.80	\$1,287,021.64 4%	
	Sep 2019- Aug 2020	TK1910 0 bbls	\$111,541.88	\$1,338,502.50 4%	
	Sep 2020- Aug 2021	TK1911 37,000 bbls	\$116,003.55	\$1,392,042.60 4%	
	Sep 2021- Aug 2022	*Total storage capacity 315,500 bbls	\$120,643.69	\$1,447,724.30 4%	\$5,465,291.04
2. Bunkering Fee					
	(P/L fee from tanks to navy tie-in)				
	RFO delivered (Net)	\$4.20 \$/bbl	\$12,600.00	\$302,400.00	\$1,209,600.00
<b>SUB-TOTAL</b>			<b>\$93,608.18 avg</b>	<b>\$1,153,538.21 avg</b>	<b>\$6,674,891.04</b>
			<b>\$279,486.35 avg</b>	<b>\$3,269,260.23 avg</b>	<b>\$15,137,779.12</b>
			<b>\$/Month</b>	<b>\$/yr</b>	<b>Total for 4 Yrs</b>

During his presentation, GM Benavente showed the Commissioners and others in attendance a map of the GPA Cabras property and pipeline & storage locations for their better understanding. It was greatly appreciated by all.

Bamba - questioned the one year lease with option as opposed to GPA owning the storage tanks. GM Benavente confirmed that the goal is to clean and refurbish GPA tanks for future use.

Chairman Duenas asked clarification re MEC8&9 and TEMES, does GPA have lease hold interest on the Navy properties. GM Benavente confirmed the boundaries on the map that are lease hold and those that will be transferred to GPA, fee simple.



Comm. Bamba motioned to approve Resolution 2017-43; Comm. Guthertz seconded. There was no further discussion or objection and the motion passed.

#### **4.1.4 Resolution 2017-44 Bond Refinancing**

GPA has been pursuing strategies for reducing debt service payments. One strategy that has emerged as a result of historically low interest rates has been the concept of refunding portion of GPA's 2010 Series A revenue bonds for interest rate savings.

GPA expects that opportunities will arise from time to time to refund all or a portion of its other then outstanding revenue bonds for debt service savings, which is expected to result in potential savings to ratepayers. Low interest rate warrants action from the CCU.

After several months of reviewing this strategy with Barclays, GPA Bond Counsel, and GEDA, GPA believes this strategy provides significant benefit for GPA ratepayers. This transaction will need the approval of the Guam Legislature, GEDA, the PUC, and the Governor. The CCU desires to pursue this plan for refinancing of GPA's debt service costs in order to provide a net present value savings to ratepayers.

The present value of debt service on the refunding bonds shall be at least two percent (2%) less than the present value of debt service on the prior bonds, using the yield on the refunding bonds as the discount rate.

The projected NPV savings from refinancing 2010 Series A revenue bonds is \$6.74 million or 4.48% NPV savings.

Legal Counsel Botha clarified that Barclay's and Orrick are comfortable to bring borrowing up to \$150M and based on what GWA had for their pricing and it is expected GPA will get same or better.

Chairman Duenas reported that Sen. Nelsons group that this matter will be heard on Monday at 9 a.m. The Commissioners agreed it would be good to be present in case any questions arise.

Comm. Guthertz motioned to approve the resolution as presented; Comm. Bamba seconded. There was no further discussion or objection and the motion carried.

#### **4.1.5 Resolution 2017-45 (GWA Resolution 08-FY2018) GPWA CC&B Upgrade**

The Consolidated Commission on Utilities has undertaken a number of initiatives to identify opportunities within, in which the ratepayers of Guam will be better served if both utilities work together as a consolidated utility. GPA and GWA have planned and implemented the replacement of its previous Customer Information System (CIS) with Oracle's Customer Care & Billing (CC&B) system as of March 2015. GPA and GWA both realize that there are efficiencies and cost savings in having a consolidated effort in implementing and maintaining a single CIS. In April of 2016 GPA and GWA procured the services of Prithibi LLC to provide training, GAP analysis review and ongoing support for the operation of CC&B and extended off site support of the system till June 2018.

In November of 2016, the GAP analysis document was presented to both GPA and GWA which listed deficiencies in the implementation of the CC&B system that impacts the short and long term operation of the CC&B System. In one of the noted deficiencies is that GPA and GWA are utilizing physically separate databases in Oracle CC&B and that there will be efficiencies in terms of cost and resources if one CC&B database is utilized for both utilities.

Change order increase amount total is \$1.6M with following breakdown:

- GPA – From: \$552,853 to \$1,312,853 (\$760,000)
- GWA –From: \$551,853 to \$1,391,853 (\$840,000)

It was mentioned that the project completion date is September 2018 and will be funded with revenue funds.

GM Benavente said that changes are necessary to have one customer service process for power water customers

Bamba - This is the beginning of seamless service to our ratepayers; He also asked the Board Secretary to load the Gap Analysis to Board books.

Comm. Bamba motioned to approve GPA Resolution 2017-45 / GWA Resp0;itopm 08-FY2017; Comm. Guthertz seconded. There was no further discussion or objection and the motion passed unanimously.

The GM said this next matter is not on the Agenda but he would like to make a request to the CCU relative to the Governor's Executive Order. The Judiciary and Legislature have both followed suit and he is requesting the same for GPA and GWA. He said the employees are deserving and would like to ask the Commissioner for their consideration. He said he and Acting GM Tom Cruz of GWA is also on board with this request.

Comm. Guthertz said as a public administration professor said it would not be good to be inconsistent with the Governor of Guam moved to approve the motion to approve November 24<sup>th</sup> as a holiday; Comm. Bamba seconded.

Comm. Duenas said he has a legal question and asked if the Commission can do this despite the item is not an Agenda item. Legal Counsel Botha said yes the GM can make the recommendation and the item can be placed on the Agenda for the December meeting for official ratification.

There was discussion on holiday pay and it was confirmed that shift workers who work on Nov. 24<sup>th</sup> qualifies for Holiday Pay.

Comm. Guthertz asked if an emergency develop, employees will be activated to respond; the GM confirmed yes that is correct.

Comm. Duenas said he usually votes no on these types of request but GPA has been through some catastrophic events and was still able to provide the service which is a mark of a good organization. On the GWA side, today's GWA is different. We continue to get better and because of that he supports this request.

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

The Commission thanked everyone and wished everyone a Happy Thanksgiving.

## **4.2 GWA**

### **4.2.1 GM Report Update**

Acting GM Tom Cruz updated the Commission on Mt. Santa Rosa status. Customers in this area are susceptible to water outages because of the Yigo Well Y-15 being off line and the Gayinero Booster



Pump Station experiencing pump failure. Any main break along Rte 15 brings water levels down. There

There are Solutions Moving Forward to stabilize water system operations for the Mt. Santa Rosa customers. GM Cruz named the following:

- Having available spare pump and motor for Y-15 at all time
- Having the ability to “re-zone” the Mt Santa Rosa zone which reduces the demand area serviced.
- Having the ability to pump water from the Yigo Booster Pump Station (adjacent to the new Yigo reservoirs) to the Mt. Santa Rosa reservoir
- Having available spare pump and motor for Y-15 at all time
- Having the ability to “re-zone” the Mt Santa Rosa zone which reduces the demand area serviced.
- Having the ability to pump water from the Yigo Booster Pump Station (adjacent to the new Yigo reservoirs) to the Mt. Santa Rosa reservoir
- Completing the “One Guam” Intertie between the DoD tank and GWA tank in the Mt. Santa Rosa area.
- Assessing the viability for a 50K gallon reservoir at highest elevation on Mt. Santa Rosa.
- Maintaining pump and motor redundancy at the Mt Santa Rosa BPS.
- Maintaining back-up generator operations at the Mt. Santa Rosa BPS
- Completing the “One Guam” Intertie between the DoD tank and GWA tank in the Mt. Santa Rosa area.
- Assessing the viability for a 50K gallon reservoir at highest elevation on Mt. Santa Rosa.
- Maintaining pump and motor redundancy at the Mt Santa Rosa BPS.
- Maintaining back-up generator operations at the Mt. Santa Rosa BPS

As a “just in case”, below are the solutions for the Tiyan area as discussed in the meeting.

Solutions moving forward to stabilize water system operations for the Tiyan customers

- Having available spare pump and motor for NAS-1, M-2, M-5, M-6, M-7, M-15 and some of the Y-Series wells at all time.
- Maintaining the Granulated Activated Carbon (GAC) system at NAS-1.
- Having the GIAA water system available during emergency
- Looping the Tiyan area from Route 8 near Tri-Intersection to improve system reliability.
- Leak Detection and Line Replacement Program due to asbestos concrete piping (ACP) in the Tiyan area reaching its life expectancy. (Old Navy infrastructure)
- Eliminating the 16” diameter water main running below the Airport runway to keep water in South Tiyan area. Associated with this is the completion of the new water main from Route 8 (near Cars Plus) to the West Tiyan area.

Comm. Duenas asked when and how much (to build tank higher than homes in Mt. Sta. Rosa) - 2018, One Guam 2019; 50kgal tank; this all falls in line with the court order and the timeline management is looking at is 2019 and 2020.

Comm. Sanchez mentioned that one of the last things we do when we finish the court order we have to look at all 31 tanks. The Court Order put these tanks at the back of the line; we can revisit and change the priority. Comm. Sanchez said we must repair the tanks in priority starting with the area that is most affected first. Unfortunately Mt. Sta. Rosa is one of the last tanks for repair.

Comm. Guthertz asked for current status of Mt. Sta. Rosa, GM Cruz said they all have water now and management is trying to keep the water wells stay on line. The parts are here and GWA is building their inventory. Comm. Sanchez said there’s more ailing the Mt. Santa Rosa than just parts to a pump and management needs to keep the ball in the air to keep water flowing and buy us more time.



GM Benavente said the Y15 well parts are in and management is trying to manage this piece. Because we are dependent on Yigo tank we have to have high production, brand new wells in the north to be able to direct 1000kgals to Yigo tank to keep it full. He mentioned a couple of wells that are being constructed that can help fill this need.

Comm. Santos commented when potential resident want to build up in Mt. Sta. Rosa why would management allow it? Comm. Sanchez said we cannot change the sins of the past but in the future we should not allow more building in that area.

Comm. Bamba said if all these solutions are acted upon and will building homes be allowed.

Comm. Duenas said it is incumbent by management to make recommendation not to build until such time that management feels that service will not be hampered. It is DPW that stamps the permits and management needs to advise them of intent to deter further building in that area.

GM Cruz said the Commission requested for a monthly report on meters. USA Lisa San Agustin gave a report on the number of meters installed to date – 5,000 meters to date. A long discussion followed on this matter. The graph below is a summary of her report.

**NON AND LOW REGISTERING METER PROJECT  
MONTHLY COMPLETION  
JAN 2017 THRU OCT 2017**

COMPLETED FIELD ACTIVITY - JAN THRU OCT 2017 (POSTED IN CIS)	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	TOTAL:	OCT 2017 COMPLETED FIELD ACTIVITIES (IN PROCESS) TO BE POSTED IN CIS
GWA - Test Meter	30	9	9	371	745	87	393	743	1000	1007	4394	218
GWA - Meter Exchange	393	179	220	276	482	353	501	807	1526	1039	5776	39
GWA - Verify Zero Report	30	124	114	94	96	402	261	199	550	89	1959	165
GWA - Verify Low Usage	0	0	0	2	37	36	196	488	657	202	1618	135
<b>TOTAL:</b>	<b>453</b>	<b>312</b>	<b>343</b>	<b>743</b>	<b>1360</b>	<b>878</b>	<b>1351</b>	<b>2237</b>	<b>3733</b>	<b>2337</b>	<b>13747</b>	<b>557</b>
# OF METERS TESTED AS PER METER TEST FACILITY REPORTS:	345	350	144	252	305	210	302	397	1013	1130	4448	
# OF BACKBILLINGS APPLIED AS PER FINANCE REPORTS:	0	0	0	20	122	84	29	111	219	80	665	\$ 472,257.00 TOTAL AMOUNT (\$\$\$\$) OF BACK BILLS
# OF FIELD CREW PERFORMING CHANGE OUTS:	19	10	13	9	21	21	14	24	35	28		
# OF ADMIN STAFF TO CREATE AND POST FIELD ACTIVITIES IN CIS:	7	4	5	6	9	9	10	13	15	15		
# OF SUPPLY STAFF TO ISSUE MATERIALS AND PROGRAM NEW METERS:	2	2	2	2	2	2	2	2	2	2		
# OF TEST FACILITY PERSONNEL TESTING METERS:	2	2	2	3	3	3	3	3	3	3		
# OF ACCOUNTANTS CALCULATING BACK BILLS:	0	0	0	2	3	2	2	3	3	2		
<b>TOTAL:</b>	<b>30</b>	<b>16</b>	<b>20</b>	<b>17</b>	<b>32</b>	<b>32</b>	<b>26</b>	<b>39</b>	<b>52</b>	<b>45</b>		

#### 4.2.2 Financials – not discussed

#### 4.2.3 Resolution 04-FY2018 Relative to Mastercard Payments for Commercial Accounts

In March 2016, the Guam Power Authority (GPA) and Guam Waterworks Authority (GWA) procured and awarded the merchant banking services contract to the Bank of Hawaii (BOH). BOH is able to offer both GPA and GWA the Utility Interchange rate when utility bills are paid with MasterCard which will offer commercial customers the convenience of paying their bills using their MasterCard.

At all three locations (Fadian-Mangilao, Julale Shopping Center, Agana & GWA Upper Tumon), Online, Pay-by-Phone, and future releases of the Integrated Voice Response Pay-by-Phone and Mobile App.

This rate is \$0.65/transaction for MasterCard consumer credit cards, \$0.45/transaction for MasterCard debit cards and \$1.50/transaction for MasterCard commercial and business cards plus BOH’s nominal processing fee passed on to GWA.

A large commercial customer would generate fees of approximately between \$50 - \$100 using a commercial or business MasterCard. GWA estimates the total cost to the Authority will be approximately \$115,000 annually assuming all commercial accounts use MasterCard.

This action will take effect Immediately, upon the approval by the CCU and the funding source is revenue funds.

Comm. Santos motioned to accept Resolution 04-FFY2017; Comm. Guthertz seconded. All voted yes and the motion passed.

However, CFO Cruz asked if there be a slight amendment to Line 16, 3<sup>rd</sup> Resolved to say payment from “non residential customers” instead of just commercial customers

Comm. Sanchez asked to rescind the previous vote and the accept the CFO’s recommendation to amend the resolution by replacing the word commercial to non residential; Comm. Guthertz seconded.

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

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

#### **4.2.4 Resolution 05-FY2018 Construction Contract for Tumon #2, Chaot #2 Reservoirs**

The project is spread across three different water reservoir sites as well as at water system control devices such as Pressure Regulating Valves. The following describes the project locations and general scope of work.

##### Tumon No. 2 (Nissan) Reservoir

- The existing steel reservoir will be replaced with a new concrete reservoir (1.0 MG). The work will also include upgrading three PRVs on Pale San Vitores Road and Marine Corps Drive.
- The work is listed in the Base Bid.

##### Hyundai Reservoir

- The existing steel reservoir will be replaced with a new concrete reservoir (1.0 MG). The work will also include a new booster pump station at the reservoir site and water line upgrades in the surrounding service area.
- The reservoir work is listed in the Base Bid. The booster pump station and water line upgrades are listed in the Additive Bid.

##### Chaot Reservoir

- A new reservoir (0.5 MG) will be constructed adjacent to the newly built Chaot No. 1 reservoir (0.5 MG). This will bring the capacity of the site back to 1.0 MG. The A-series wells that feed the Chaot and Agana Heights system will be disconnected from the distribution line; making the wells feed directly to the Sinajana-Agana Heights transmission lines. The chlorination systems at the central chlorination building will be modified. The Dero Road PRV will be rehabilitated.
- The A-series well, chlorination system, and Dero Road work are listed in the Base Bid. The reservoir work is listed in the Additive Bid.
- This project is a Court Order project thus falls under the deadline requirements established.

The bid proposal submitted by AIC International, Inc. is \$14,828,194.00. With a 10% contingency of \$1,482,819.40, the total project funding amount will be \$16,311,013.40. It was mentioned that the funding source would be per following:



1. PW 09-11: Water System Reservoirs 2005 Improvements
2. PW 12-04: Agana Heights and Chaot Tank Construction
3. PW 12-06: Tank Replacement Piti and Hyundai Tanks

The completion dates for the work follows:

1. Tumon No. 2 Base Bid Substantial Completion: The Contractor shall begin work upon issuance of the Notice to Proceed (NTP) and Tumon No. 2 base bid work shall be substantially complete as specified no later than 425 calendar days from NTP.
2. Hyundai Base Bid Substantial Completion: The Contractor shall begin work upon issuance of the Notice to Proceed (NTP) and Hyundai base bid work shall be substantially complete as specified no later than 425 calendar days from NTP.
3. Chaot No. 2 Base Bid Substantial Completion: The Contractor shall begin work upon issuance of the Notice to Proceed (NTP) and Chaot No. 2 base bid work shall be substantially complete as specified no later than 180 calendar days from NTP.
4. Hyundai Additive Bid Items Substantial Completion: Additive Bid Item #8 if awarded will add 60 calendar days to the Hyundai Base Bid Substantial Completion. Additive Bid Item #9 if awarded will add zero (0) calendar days to the Hyundai Base Bid Substantial Completion. Additive Bid Item #10 if awarded will add 60 calendar days to the Hyundai Base Bid Substantial Completion.
5. Chaot No. 2 Additive Bid Item Substantial Completion: Additive Bid Item #5 if awarded will add 185 calendar days to the Chaot No. 2 Base Bid Substantial Completion. Additive Bid Item #6 if awarded will add zero (0) calendar days from NTP to the Chaot No. 2 Base Bid Substantial Completion. Additive Bid Item #7 if awarded will add zero (0) calendar days from NTP to the Chaot No. 2 Base Bid Substantial Completion.

Acting GM Cruz requested a change on page 122 to change line 9 to edit and include PW09-03 water distribution system replacement and PW09-04, upgrade pressure zone realignment to both the whereas and resolved sections of the resolution. He said these are a part of the project and the verbiage was left off.

Comm. Guthertz motioned to amend the whereas and resolved section as stated by the Acting GM; Comm. Sanchez seconded

Comm. Bamba motioned to approve the resolution ; Comm. Guthertz seconded.

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

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

#### **4.2.5 Resolution 06-FY2018 Change Order for ConstrMgmtSvc for Rehab of GWA Wells**

The objective of Change Order No. 3 is to extend the Construction Management (CM) services 97 days to match the contract time extension approved for the construction contract. Additional funding is needed for Change Order No. 3 to manage the construction, on a time and materials basis. These wells have been inoperable for a significant amount of time. Once they are put on line and operational, it will add almost 1,000 MGDs back to the island's water system.

This project is located at Groundwater Wells D-03, D-17, D-18, D-22, and M-09 within the villages of Dededo, and Mangilao. Construction activities will be limited to the property boundaries of the well sites.

The original contract value for this CM Services was Seven Hundred Forty Nine Thousand One Hundred Eighty Four Dollars (\$749,184.00), plus a ten percent (10%) contingency of Seventy Four Thousand Nine



Hundred Eighteen Dollars and Forty Cents (\$74,918.40). The value of the Change Order No. 3 proposal is One Hundred Nineteen Thousand Three Hundred Eighty One Dollars (\$119,381.00). Approval of Change Order No. 3 will bring the total authorized funding amount to a maximum of Nine Hundred Forty Three Thousand Three Hundred Sixty One Dollars and Thirty Two Cents (\$943,361.32).

The project is scheduled to be substantially completed by end of November 2017 and the funding source for this project will be from USEPA Grant and, if necessary, GWA Bond funds applicable to the project type.

Comm. Santos moved to approve Resolution 06-FY2018; Comm. Bamba seconded. There was no further discussion or objection and the motion passed.

#### **4.2.6 Resolution 07-FY2018 Contingency Fund for Route 1 Sanitary Sewer Rehab/Replacement for Asan Sewer Break Repair**

Due to the deteriorating conditions of the sewer lines on Route 1 in Asan and Adelup, GWA is requesting additional funding authorization via a contingency fund to the contract with Pacific Rim Constructors, Inc. (PRC) for the Route 1 (Asan-Adelup-Hagatna) Sewer Rehabilitation Asan Sewer Break Repair Project. This additional authorization funding will provide GWA with construction services as, and if needed, on a time and materials basis, should additional sewer lines collapse before the re-bid of Route 1 Sewer Rehabilitation and Replacement (Asan-Adelup-Hagatna) Project for Asan and Adelup is awarded and is under construction which is expected to occur before March 3, 2018.

The contingency amount is ten percent (10%) of the original contract value of Two Million Four Hundred Seventy Thousand Six Hundred Fifty Eight Dollars (\$2,470,658.00) or Two Hundred Forty Seven Thousand Sixty Five Dollars and Eighty Cents (\$247,065.80). Approval of the contingency will bring the authorized total amount for the contract with PRC to Two Million Seven Hundred Seventeen Thousand Seven Hundred Twenty Three Dollars and Eighty Cents (\$2,717,723.80).

GWA intends to change order the construction services contractor to March 2018 when GWA anticipates an award to the Route 1 Sewer Rehabilitation and Replacement (Asan-Adelup-Hagatna) Project for Asan and Adelup area.

It was mentioned that the funding for the additional work will be from the USEPA State Revolving Fund and, if necessary, GWA Bond funds applicable to the project.

Comm. Bamba motioned to approve Resolution 07-FY2017; Comm. Guthertz seconded. There was no further discussion or objection and the motion carried.

#### **4.2.7 Resolution 08-FY2018 (GPA Resolution 2017-45) GPWA CC&B Upgrade)**

This matter was discussed / passed at the GPA portion of the meeting, Section 4.1.5

#### **4.2.8 Resolution 09-FY2018 Approval of NDWWTP Land Acquisition Funding**

The objective of the resolution is to seek CCU approval to use other funding sources such as System Development Charge Fund and bond funds under CIP line items applicable to the project to supplement the balance of the funds required to use towards the purchase of the GALC property for the purposes of upgrading the NDWWTP to secondary treatment.

The fair market value for the purchase of the GALC property adjacent to the NDWWTP is Two Million Four Hundred Ninety Thousand Dollars (\$2,490,000.00). GWA currently has Five Hundred Sixty Thousand Dollars (\$560,000.00) from the OEA grant and One Million Dollars (\$1,000,000.00) for 2010



Bond funds applicable for the purchase of the GALC property. The balance of the funds required is approximately One Million Dollars (\$1,000,000.00).

Acquisition of the subject property should take approximately 3-4 months after approval of funding availability. This time frame includes final property map approval and recording at Guam Land Management as well as escrow services to purchase the property from GALC.

The funding will be from System Development Charge Fund and bond funds under CIP line items applicable to the NDWWTP Secondary Treatment Upgrade project.

Comm. Bamba motioned to approve Resolution 09-FY2017; Comm. Guthertz seconded. There was no discussion or objection and the motion passed.

5. **OLD BUSINESS - None**

6. **ANNOUNCEMENTS**

6.1 **Next CCU Meetings: CCU Meeting Dec. 12**

The Chairman announced that the December meeting will be moved up to December 7<sup>th</sup>.

He then asked for a 10 minute recess; it was 7:04 p.m.

Executive Session started at 7:15 p.m.

7. **EXECUTIVE SESSION**

7.1 **Litigation Matter**

This matter was discussed

8. **ADJOURNMENT**

There was no further business to bring before the Commission and the meeting was adjourned at 7:40.m.

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bls

Attested:

  
\_\_\_\_\_  
JOSEPH T. DUENAS, Chairman

  
\_\_\_\_\_  
J. GEORGE BAMBA, Secretary