



**GPA RESOLUTION NO. 2021 -17**

**RELATIVE TO AUTHORIZING EXPENDITURE FOR THE OUT OF SERVICE INSPECTION AND  
REFURBISHMENT OF GPA BULK STORAGE FUEL TANKS**

**WHEREAS**, the Guam Power Authority (GPA) operates and maintains the bulk storage fuel tanks located at Piti, Guam, which are managed by the current Contractor, Isla Petroleum and Energy Holdings, LLC (IP&E) and are used to supply fuel to GPA's base load units; and

**WHEREAS**, the bulk storage fuel tanks last underwent internal inspection and refurbishment in 2007; and

**WHEREAS**, the tanks appurtenances including auxiliary equipment are required to be assessed, recalibrated and refurbished to comply with regulatory requirements; and

**WHEREAS**, upon completion of the out of service/internal inspection and refurbishment of the bulk storage fuel tanks, they will be utilized to store ULSD fuel to supply Piti Power Plant 7 and upon ULSD conversion for Piti Power Plants 8 and 9 and the proposed 180 MW power plant; and

**WHEREAS**, the Contract was awarded to Tristar Terminals Guam, Inc. on December 02, 2019; and

**WHEREAS**, the project is currently on-going and Tristar Terminals Guam, Inc. submitted a request for a Construction Change Order (Attached Exhibit A); and

**WHEREAS**, the Construction Change Order is for the incremental volume of the sludge to be removed from Tank 1935 and disposed of as per EPA regulations; and

**WHEREAS**, the actual incremental volume of the sludge is approximately 1,519 barrels in excess of what was covered in the previously approved Scope of Work and Contract Amount totaling \$9,542,710.56; and

**WHEREAS**, the proposed Construction Change Order total cost is \$1,200,010.00 which reflects a discounted amount of \$790 per barrel to dispose of sludge; and

**WHEREAS**, completing the additional work is required in order to perform the next sequence of project activities and meet the USEPA compliance schedule.

1           **WHEREAS**, GPA is requesting the approval of the CCU for the proposed Construction  
2 Change Order of Tristar Agility for the Out of Service Inspection and Refurbishment of GPA Bulk  
3 Storage Fuel Tanks Project.

4  
5           **NOW, THEREFORE, BE IT RESOLVED**, by the Consolidated Commission on Utilities as  
6 follows:

- 7  
8           1. After careful review of the attached documents, the Consolidated Commission on  
9 Utilities finds the expenditure for the Out of Service Inspection and Refurbishment of  
10 GPA Bulk Storage Fuel Tank Construction Change Order to be reasonable, prudent and  
11 necessary for the use of Insurance Proceeds.
- 12           2. The General Manager is hereby authorized increased obligating authority from  
13 \$9,542,710.56 to \$10,742,720.56 for the Out of Service Inspection and Refurbishment  
14 Services for the GPA Bulk Storage Fuel Tanks Construction Change Order utilizing  
15 Revenue Funds.

16  
17           **RESOLVED**, that the Chairman certifies and the Board Secretary attests the adoption of  
18 this Resolution.

19  
20           **DULY AND REGULARLY ADOPTED AND APPROVED THIS 27<sup>th</sup> DAY OF JULY, 2021.**

21  
22 Certified by:

23   
24 \_\_\_\_\_

25 JOSEPH T. DUENAS

26 Chairperson

27 Consolidated Commission on Utilities

28 Attested by:

29   
30 \_\_\_\_\_

31 MICHAEL T. LIMTIACO

32 Secretary

33 Consolidated Commission on Utilities

1 I, Michael T. Limtiaco, Secretary for the Consolidated Commission on Utilities (CCU), as  
2 evidenced by my signature above do certify as follows:

3 The foregoing is a full, true, and accurate copy of the resolution duly adopted at a regular  
4 meeting of the members of Guam Consolidated Commission on Utilities, duly and legally held at  
5 a place properly noticed and advertised at which meeting a quorum was present and the  
6 members who were present voted as follows:

7

8

Ayes: 3

9

Nays: 0

10

Absent: 2

11

Abstain: 0



TTGI/PRJT/OUT/JUL/2021/001B

July 16, 2021

**Mr. Joven Acosta, PE**  
Manager of Engineering  
Guam Power Authority (GPA)  
P.O. Box 2977  
Agana, Guam 9693-2977

**SUBJECT: TTGIVC004 -Tank 1935 Non-Hazardous Waste Disposal – Change Order / Variation Form**  
**Contract# C-028-19**  
**Invitation#GPA-028-19**  
**PO# 27002 OP**  
**Project Name: Out of Service Inspection and Refurbishment of GPA Bulk Storage Fuel Tanks**

Dear Mr. Acosta,

I refer to the email sent by our Project Manager, Mr. Balbido to GPA on June 1, 2021 with the subject: RE: GPA Tank 1935 - Project Update - Progress Meeting No. 13 and our subsequent conference calls with the GPA engineering team on June 2, 2021 and July 14, 2021; Tristar Terminals Guam Inc. ("TTGI") has expended all efforts and has maxed out product recovery and hauling of liquid pumpable product from Tank 1935 to Cabras WOF. TTGI submits this letter to notify GPA of a material change in working conditions at Tank 1935 relative to the non-hazardous waste and sludge disposal activities. In accordance with section 10. Changes in Work and Clause VIII in the General Provisions of the subject contract, we seek your understanding that based on the actual condition of the tank, a change order is warranted in order for TTGI to progress with the project.

In line with this, we humbly submit our Change Order Variation Form Notice No. TTGI VC004 to carry out the following activity to resume the original project schedule.

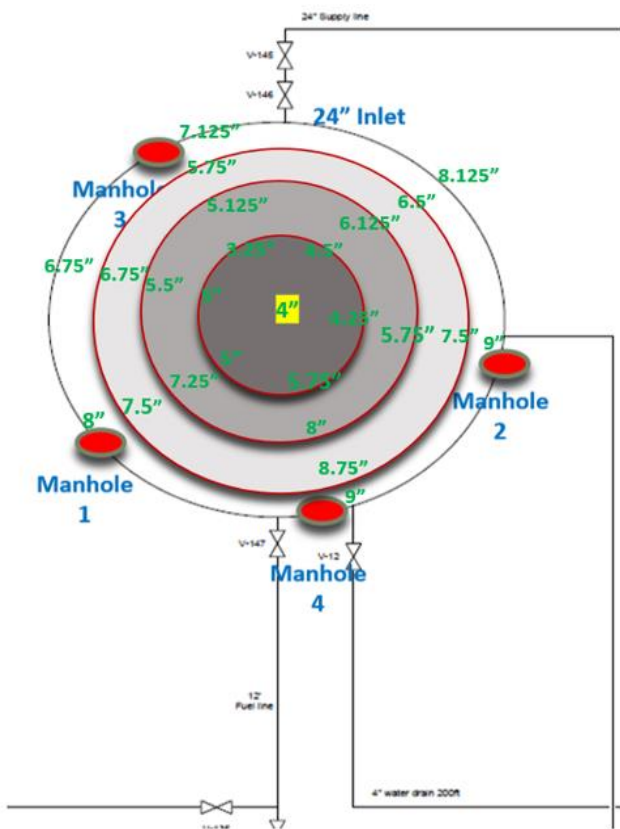
1. Removal of remaining solid sludge from Tank 1935 by combining two methodologies to efficiency remove the sludge.  
(1) Use of vacuum truck to suction sludge and dispose to 3rd party disposal facility; (2) Manually scoop out solid chunks of sludge and load into drums, transport to 3rd party disposal facility by flatbed trucks for disposal.
2. Disposal of residual solid sludge as per local and federal requirements.

For your reference and consideration, the following points justify TTGI's claim that the advised activity falls outside the Scope of Work.

**Change Order/Variation Clam Justification:**

1. With reference to the RFP scope of work and RFI amendments of our contract GPA 028-019; under the Section 0101 item 1.c3, "Non-Hazardous Waste and Sludge Disposal – The total approximate volume of oil, water, and sludge at eighteen (18) inches high for the tanks is 8,394 barrels per tank. The remaining non-hazardous oil can be disposed at Cabras Waste Oil Facility. Residue and sludge shall be disposed by the Contractor in accordance with local and federal EPA regulations." While it was also clarified by GPA under the same amendment (item 1c3 page 82a), Tristar's RFI about the expected volume of sludge in each tank which says; "Non-Hazardous Waste and Sludge Disposal – The total approximate volume of oil, water, and sludge is at 6inches high for the tanks is 1,000 barrels for oil recovery per tank. The approximate volume of sludge is about 150 barrels after the oil recovery per tank."

2. TTGI carried out the scope outlined in change order TTGIVC003, and upon completion of the oil recovery process, after tank blending, it was found that the remaining solid sludge residue is more than the RFP, subsequent RFI's & change order TTGIVC003's approximated volume of 150 and 551bbls respectively. Based on current theoretical calculations of the sludge volume prior cutter stock injection, then subtracting volume of oil that was recovered and transported to Cabras WOF, the remaining quantity in the tank is approximately in the range between 2,220 to 3,148bbls (based on latest dip last July 14, 2021). As the floor of the tank is coned up and as-built drawings of the tank floor are unavailable, it is unfeasible for TTGI to accurately calculate the exact remaining quantity of sludge. To account for the tank floor slop and the existing tank floor deflections, TTGI assumes that around 70% of the volume calculated using the straight-line method (3,148 x 70%) will be the anticipated volume of sludge in the Tank.



From Center of Tank	Manhole Nos.							VOLUME CALCULATIONS - STRAIGHT LINE METHOD		
	1 (in)	2 (in)	3 (in)	4 (in)	1-3 (in)	2-3 (in)	AVG (in)	Cylinder (cubic ft)	Cylinder- Shaded Areas (cubic ft)	Cylinder- Shaded Areas(BBL)
ft 100	8	9	7.13	9	6.75	8.125	8.00	19,799	9,874	1,570
ft 75	7.5	7.5	5.75	8.75	6.75	6.5	7.125	9,925	6,134	975
ft 50	7.25	5.75	5.125	8	5.5	6.5	6.35	3,791	3,363	535
ft 25	5	4.25	5.25	5.75	5	6.125	5.23	428	428	68

<b>Total Estimated Volume (CU.FT / BBL)</b>	<b>19,799</b>	<b>3,148</b>
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**TANK VOLUME TABULATION:**

	VOLUME (BBL)	Comments
A Current Tank Content	2,220	Assumed 70% of actual tank content of 3,148 bbl
B Original Volume for Disposal	150	based on RFP, manual scooping of solid sludge into drums.
C Approved Volume for Disposal - Change Order TTGIVC003	551	based on approved change order TTGIVC003
<b>Variance - Volume to be disposed without approval</b>	<b>1,519</b>	Chargeable to Change Order TTGIVC004

3. As of May 29, 2021; TTGI was able to recover a total of 94,300 gal or 2,244bbls from T1935. TTGI carried out the following techniques / methods to demonstrate that all efforts had been made to maximize recovery.

- Recovering product from the manholes, switching from 1 manhole to another.
- Recovering product from the 3" x 50 ft stinger pipe, to ensure liquids trapped near the center is recovered.
- Tank entry by TTGI personnel to manually agitate the remaining liquids inside the tank.
- Utilized 3 different sizes of strainers to load the truck and used of 100ft suction hose combined with the tank entry by TTGI personnel to manually agitate the remaining liquid product across the whole tank area.
- Reviewing the time assumptions of the change order TTGIVC003 and actual days worked; TTGI has exerted more than planned hours / days for the whole activity to attain the target recovery volume but due to various

factors, we were not able to meet. Including the idle and stoppage days due to the limitations at the WOF, TTGI has spent excess of 22 days more than the planned schedule in accomplishing the tasks under the approved change order TTGIVC003. TTGI has incurred \$110,000 in unplanned expenses to employ standby resources to support the project.

Variation in Time & Material Assumptions in TTGIVC003		Change Order TTGIVC003	Actual	Incremental Qty	TTGI Standby Run Rate Per Day	TTGI Unplanned Cost
Transportation Cost of Cutter Stock	Injection					
No of Trip Hours		0	16			
No of Trip Days		0	2	2 Days		
Manpower & Equipment Blending	Blending					
No of Days		18	49	31 Days		
No of Blending Equipments(Pumps)		1	2	1		
Manpower & Transportation for Recovery	Recovery					
No of Hours		352	120			
No of Days		44	15	-29 Days		
Start Date		16-Feb-21	16-Feb-21			
Complete Date		7-May-21	29-May-21			
Idle Days		80	102	18 Days		
<b>Total</b>		<b>62</b>	<b>66</b>	<b>22 Days</b>	<b>\$ 5,000</b>	<b>\$ 110,000</b>

4. We assess that basis the current state inside the tank and the remaining sludge which are mostly solid chunks are insoluble; kindly refer to following justifications below to support our assessment.
  - a) The average of 4 hours loading, and 5 hours discharge a 3,000 gal truck.
  - b) We received several feedbacks from the vacuum truck drivers about sludge chunk clogging the WOF filters.
  - c) Last May 11, 2021, when TTGI was about to discharge 3,000gal of recovered product from T1935, we were advised by GPA personnel that the WOF was down for maintenance due to accumulated sludge on its chambers and were advised that they will no longer receive the contents from T1935 due to product quality issues.
  - d) We resumed the last recovery operations between May 28-29, 2021, the maintenance servicing of the WOF; and we noted that last May 29, 2021; for the usual 4hours of loading the vacuum truck, we were only able to fill half of its capacity, 1,700gal. versus the normal full load of 3,000gal. Then, during discharge activity at the WOF, our project supervisor together with the vacuum truck operator opened and cleaned the incoming filter of the WOF and found small chunks of sludge and viscous product that clogs up the filter. As GPA had witnessed, we had to forcefully bring the products back to T1935 to prevent damage on the vacuum truck's pump.
  - e) All these activities that transpired are witnessed by GPA engineering representatives.
  - f) TTGI performed in-house experiment by taking samples of the remaining sludge from various areas inside the tank to have it assessed and analyzed; wherein we tried to blend the chunks of sludge with slop oil cutter stock. The blend ratio that we used is 1:1; then rapid shaking for approx. 1 min to simulate the blending with the transfer pump; then verified if the sludge will break down. Apparently, only around 20% (60ml) was recovered from the cutter stock volume (300ml) blended; and the chunks of sludge remained insoluble. It is our theory that given the visual & physical characteristics of the remaining sludge which are almost tar/asphalt alike; these are all insoluble. This was sent to GPA via email dated May 4, 2021, with subject RE: Permit To Work 9099 -T1935 Product Recovery to the WOF, Degassing and Ventilation.



- 5. TTGI is requesting for a change order only for the incremental volume of the sludge residue to be recovered from T1935, and disposed of as per EPA regulations; cost of manpower, transportation and disposal for the additional volume that we need to undertake. Given that the actual sludge residue volume (approximately 2,393 bbl = 2,543bbl – 150bbl from original RFP SOW) is significantly higher than the original planning factor volume of 150bbbs and TTGIVC003’s approximated volume of 551 bbl. TTGI’s bid proposal was based on the RFP scope of works with consideration to the RFI amendments.

Taking into account the points above, TTGI respectfully requests for GPA to approve a project CO/VC basis our discussion during our Zoom teleconference last June 2, 2021 and July 14, 2021. We estimate the net value of this change order to be **\$1,200,010**. This change order takes into consideration a discounted per barrel fixed disposal fee of \$790 from the \$1,000 disposal fee proposed with change order TTGOVC003. TTGI had exerted all efforts to negotiate with 3<sup>rd</sup> party vendors by optimizing the methodology of disposal from drumming to bulk disposal thereby bringing significant savings in materials(drums) costs to GPA. As a matter of good faith, TTGI has not considered any margins in our per bbl unit cost. Kindly refer to detailed cost build up calculation and the table below for the changes to the contract price with this change order.

Contract Details	Value
<b>Original Contract Amount</b>	\$ 8,969,510.00
<i>Previously Authorized Changes</i>	
Change Order#TTGIVC002   GPA PO# 27002OP   Amendment I	\$ 29,387.56
Change Order#TTGIVC003   GPA PO# 27002OP   Amendment II	\$ 543,813.00
<b>Previously Approved Contract Amount</b>	<b>\$ 9,542,710.56</b>
<i>This Change Order Amount</i>	
Change Order#TTGIVC004	\$ 1,200,010.00
<b>Revised Contract Amount</b>	<b>\$ 10,742,720.56</b>
<b>Net Change to Contract Value</b>	<b>\$ 1,200,010.00</b>
<b>% Change from Contract Value</b>	<b>12.58%</b>

**Terms, Conditions and Assumptions for this change order i.e. TTGIVC004**

- 1) The volume of sludge is assumed as per the calculation stated in point 2 in this letter.
- 2) Considering the condition of the tank and to ensure project continuity, TTGI will accept a maximum tolerable volume variance of 100 bbbs above the assumed quantity i.e. up to a ceiling limit of 2,320 bbbs.
- 3) TTGI will not assess any additional fees to GPA for quantities handled and disposed up to the ceiling limit
- 4) Sludge volumes to be disposed in excess of the ceiling limit will be assessed at a rate of \$741 per bbl. TTGI will submit a change in working condition notification to GPA before proceeding to handle any volumes above the ceiling limit.

Rest assured that TTGI will bill GPA based on actual quantity of sludge recovered and disposed with a unit rate of \$790 per barrel up to the ceiling limit; this will be documented by custody transfer reports and non-hazardous waste manifest.

TTGI would like to also emphasize to GPA that our contractors are on standby to perform the next sequence of project activities viz, pre-cleaning tank interior, interior and exterior surface preparation with a planned start date in the last week of June 2021. TTGI reserves the right to claim from GPA any standby fees assessed by our subcontractors due to delays in executing the aforementioned project activities.



Please note that prior to conducting the aforementioned activity, TTGI requires approval from GPA that reimbursement of the additional expenses shall be issued. Once TTGI is in receipt of GPA's approval for this CO/VC, TTGI shall commence the preparation for the product injection, blending, recovery and disposal activities.

TTGI respects GPA's due processes and commits to completing the project in a timely manner. TTGI is ready to proceed with the recovery and disposal of the non-hazardous waste and sludge based on the quantity approved in change order TTGIVC003. Our project will coordinate with GPA's engineering team to commence this activity in the soonest time.

Should you require clarification regarding this letter, please feel free to contact me at (671) 565-2333 or via email at [vikraman@tristar-guam.com](mailto:vikraman@tristar-guam.com)

Sincerely,

A handwritten signature in blue ink, appearing to read "KK Vikraman", is written over a horizontal line.

KK Vikraman  
General Manager

**Enclosed:**

- Change Order Variation Claim Form
- Detailed Cost Build Up





### Change Order/Variation Claim Form

Project RFP No.: GPA-028-19 Date: 07-16-2021  
 P.O. No: 27002 OP CO/VC No.: TTGI-VC-004  
 Contractor: Tristar Terminals Guam, Inc.  
 Project Title: GPA Bulk Tank Refurbishment Project

Tank 1935 Non-hazardous Waste & Sludge Disposal with approx. volume of 2,220 bbls versus 150 bbls from RFP.

This work was not included in the tender documents because:

<input type="checkbox"/> 1. Cash Allowance	<input type="checkbox"/> 5. Cost Saving	<input type="checkbox"/> 9. CM Error
<input type="checkbox"/> 2. Design Discrepancy	<input type="checkbox"/> 6. Design Improvement	<input type="checkbox"/> 10. Contract Reconciliation
<input type="checkbox"/> 3. Regulatory Change	<input type="checkbox"/> 7. Owner Change/Advice	<input checked="" type="checkbox"/> 11. Not Originally Identified in RFP
<input checked="" type="checkbox"/> 4. Site Condition	<input type="checkbox"/> 8. Furniture/EquipmentChange	

Drawings/Sketches attached: (refer to enclosed)

1. Not Applicable

Contract/Invoice Documents attached: (refer to enclosed)

1. Out of Service Inspection & Refurbishment of GPA Bulk Storage Fuel Tanks Contract (No. C-028-19)
2. Change Order Letter Dated 16-Jul-2021

All terms and conditions of the original contract apply however the contract amount is hereby increased by the sum of this Change Order.

Original Contract Amount	Previously Authorized Changes	Previously Approved Contract Amount	This Change Order Amount	Revised Contract Amount
\$8,969,510.00	\$573,200.56	\$9,542,710.56	<b>\$1,200,010.00</b>	\$10,742,720.56
Percent Change to Contract Amount:		12.58%		

Terms, Conditions and Assumptions for this change order i.e. TTGIVC004

- 1) The volume of sludge is assumed as per the calculation stated in point 2 in this letter
- 2) Considering the condition of the tank and to ensure project continuity, TTGI will accept a maximum tolerable volume variance of 100 bbls above the assumed quantity i.e. up to a ceiling limit of 2,320 bbls.
- 3) TTGI will not assess any additional fees to GPA for quantities handled and disposed up to the ceiling limit
- 4) Sludge volumes to be disposed in excess of the ceiling limit will be assessed at a rate of \$741 per bbl. TTGI will submit a change in working condition notification to GPA before proceeding to handle any volumes above the ceiling limit.

**Requested by**

Cristofer Allan E. Balbido   
 Tristar Terminals Guam, Inc. Representative & Project Manager

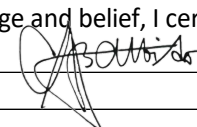
July 16, 2021  
 Date (mm-dd-yyyy)

**Approvals**

Authorized Guam Power Authority Representative

Date (mm-dd-yyyy)

**Detailed Cost Build – up:**

Prime Contractor Direct Costs (Per Day)		
Additive Costs		
A	Labor	\$ 564,964.71
B	Material	\$ -
C	Equipment	\$ 635,045.29
D	Subtotal of Additive Cost	\$ 1,200,010.00
Deductive Costs (Use parenthesis to denote negative figures)		
E	Labor	\$ -
F	Material	\$ -
G	Equipment	\$ -
H	Subtotal of Deductive Cost	\$ -
I	Total Direct Cost (D+H)	\$ 1,200,010.00
J	Contractor Margin @ 15%	\$ -
K	Day/s required to complete	66
L	Total Gross Direct Costs (Per Day)	\$ 18,299.53
M	Total Cost	\$ 1,200,010.00
N	Approximate Volume of Incremental Sludge	1519
O	Cost Per Bbl for Disposal	\$ 790.00
		D/O
<p>To the best of my knowledge and belief, I certify that all costs listed above are correct.</p> <p>Contractor Signature <u></u> Date <u>July 16, 2021</u></p>		