



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., Tuesday, February 22, 2022

MINUTES

1. CALL TO ORDER

The Chairman opened the special meeting at 5:30 p.m. He announced that four [4] Commissioners were present for a quorum and that Comm. Sanchez was absent and excused. Others present include:

Commissioners:

| | |
|---------------------|-------------------|
| Joseph T. Duenas | CCU Chairman |
| Francis E. Santos | CCU Vice-Chairman |
| Michael T. Limtiaco | CCU Secretary |
| Peter Roy Martinez | Commissioner |

Executive Mgmt.:

| | |
|--------------------|--|
| Miguel Bordallo | GM / GWA |
| John Benavente | GM / GPA |
| Christopher Budasi | AGM Administration / GWA |
| Tricee Limtiaco | AGM Administration / GPA |
| John Cruz | AGM Engineering & Technical / GPA – Online |
| Tom Cruz | AGM Operations / GWA |
| Taling Taitano | Chief Financial Officer / GWA |
| John Kim | Chief Financial Officer / GPA |
| Therese Rojas | Legal Counsel / GWA |
| Graham Botha | Legal Counsel / GPA |

Management & Staff:

| | |
|---------------------|--|
| Jon-Rey Aguugui | Personnel Svcs. Admin., Acting / GPA HR |
| Joshua Manibusan | Human Resources / GPA |
| Vangie Lujan | Senior Regulatory Analyst / GWA Compliance |
| Vlad Navasca | IT Support / GPA |
| Vien Wong | IT Support/ GPA |
| Ann Borja-Gallardes | Mgmt Analyst / GWA GM Office |
| Joyce Sayama | Mgmt Analyst / GPA GM Office |
| B. Lou Sablan | CCU Recording Secretary / GPWA |

Guest:

| | |
|-----------------|------------------|
| Joseph Claveria | Brown & Caldwell |
| Annmarie Muna | AM Insurance |

2. APPROVAL OF MINUTES

The Minutes of the CCU Special Meeting on 2/10/22 was presented for approval.

Comm. Santos motioned to approve the Minutes, second by Comm. Martinez. There was no further discussion or objection and the motion passed unanimously.

3. PUBLIC COMMENTS

No one addressed the Commission at this meeting.

4. GWA

4.1 GM Report

The GM said he had not new updates to his GM Report as provided at the GWA Work Session. A copy of the GM Report is available upon request.

4.2 Financials

The CFO said there was no new updates to the financials provided at the GWA Work Session. A copy of the financials is available upon request.

4.3 GWA Resolution 08-FY2022 / GPA Resolution FY2022-09 Relative to Merchant Banking Services for Guam Power Authority and Guam Waterworks Authority

GM Bordallo said this matter is a joint resolution for both GPA and GWA and that GPA has taken the lead to present this resolution for approval.

4.4 Resolution 09-FY2022 Relative to Authorizing the Guam Waterworks Authority to Issue an Invitation for Bid (IFB) to Procure Property, General Liability, and Other Insurance Service

If approved, this resolution will authorize management to issue an Invitation for Bid [IFB] to procure agency-wide commercial insurance as well as to petition the Guam Public Utilities Commission for approval under the contract review protocol.

The current insurance policies expire on May 1, 2022. A new IFB will be issued to replace the existing policies for a period of at least three years. The policies are necessary to comply with the existing bond indenture as well as mitigate risks of financial loss from certain perils.

Based on historical records, the policies will cost approximately \$1Million annually and will be funded by revenues. Also, it will replace existing policies beginning on May 1, 2022; there is no lapse in service.

GWA contracted with Bolton in response to RFP 2021-04 to perform risk management and insurance consulting services. Bolton is performing a review of existing policies and assisting in the preparation of an IFB. GWA IFB No. 2022-09 for Property, General Liability, and Other Insurance Services is in draft form. Once GWA obtains the appropriate approvals, the IFB will be issued.

Comm. Santos motioned to approve Resolution 09-FY2022 for discussion, second by Comm. Limtiaco.

Comm. Limtiaco questioned why the short lead before the bid release and the GM said the risk manager just came on board but also said he is confident that the bid will be done in time. Comm. Duenas asked how long the is the contract for the risk manager and the GM said 1 year.

On the motion there was no further discussion and the motion passed 4 ayes, 1 absent

4.5 Resolution 10-FY2022 Relative to Approval of Construction Contract Change Order No. 2 for the Tamuning "Hot Spots" Sewer System Rehabilitation and Replacement Project (S15-006-EOA)

This matter was tabled.

4.6 Resolution 11-FY2022 Relative to Approval of the Additional Funding to the Construction Contract for the Tank Repair and Bypass Project

The Tank Repair and Bypass project is required to complete 2011 Court Order requirements for repair, rehabilitation, or replacement of GWA's water reservoirs, was awarded to AIC International, Inc. under CCU Resolution No. 10-FY2020 and amended under Resolution No. 10-FY2021 to include various additive bid items as the project progressed. The current request for additional funding under this contract will allow additional Court Order-required improvements to be constructed. The work under this contract is necessary and urgent to meet the extended 2011 Court Order deadlines for compliance.

The Santa Ana tank bypass (Upgrade of Santa Ana BPS) is projected to be completed by the end of February 2022. Once the bypass is in service, the tank will be taken offline for API/structural inspections. It is anticipated that the tank will require major repairs.

The Umatac Subdivision Bypass (Upgrade of Geus BPS) is projected to be completed and ready for service March 2022. Once the bypass is completed, the tank will be taken offline for API/structural inspections. It is anticipated that the tank will need major repairs.

Further structural inspection was completed at Astumbo No. 1 to assess a portion of the tank shell wall. It was recommended by the API inspector that 7 wall shell plates would need complete replacement.

GWA management is seeking approval for the funding for the tank repairs to be inline with the inspection report repair recommendations to prevent delays placing the tanks online.

The tanks location and estimated costs are - Santa Ana Reservoir –off Route 2 / \$1,098,564.00. Umatac Subdivision Reservoir – off Route 4 / \$877,877.00.; Astumbo No. 1 Reservoir – off Chalan Palauan / \$760,530.00. The Total Estimated Repair Cost is \$2,736,971.00

Due to the nature of steel tank repairs, GWA management is requesting a 15% contingency of \$410,546.00 to address additional repairs needed that were not included in the Additive Bid major repair items after full API/structural inspection and interior sand blasting. Total requested funding amount is \$3,147,517.00.

The completion date and funding sources for these projects are noted below:

1. Santa Ana Repair: The Contractor shall begin work upon issuance of the Change Order Notice to Proceed (NTP) and shall be substantially completed as specified no later than 180 calendar days or otherwise negotiated. Funding Source.CIP PW 09-09: Water Reservoir Internal/External Corrosion Assessment Program
2. Umatac Subdivision Major Repair: The Contractor shall begin work upon issuance of the Change Order Notice to Proceed (NTP) and shall be substantially completed as specified no later than 180 calendar days or otherwise negotiated. Funding Source: CIP PW 09-09: Water Reservoir Internal/External Corrosion Assessment Program

3. Astumbo No. 1: The Contractor shall begin work upon issuance of the Change Order Notice to Proceed (NTP) and shall be substantially completed as specified no later than 180 calendar day or otherwise negotiated. Funding Source: CIP PW 09-11: Water System Reservoirs 2005 Improvements.

Comm. Santos motioned to approve Resolution 11-FY2022, second by Comm. Martinez. There was no further discussion and the motion passed 4 ayes, 1 absent,

4.7 Resolution 12-FY2022 Relative to Approval of Amendment for the Indefinite Delivery/Indefinite Quantity Professional Project/Construction Management Services Contract – Additional Archaeological Monitoring Under Task Order No. 4

GWA currently has an IDIQ contract task order with Brown and Caldwell (BC) for work on the SSES Phase II project, which includes the construction of a new sewer lift station. Due to Guam SHPO's concerns with construction within the project area, additional coordination with SHPO and archaeological monitoring was required. The requested amendment to this task order is necessary and urgent to complete the remaining work needed to bring the new sewer lift station into operation, mitigate disruption to sewer service to residents in the area, and avoid further delay to the completion of the SSES Phase II project.

Task Order No. 4 construction is located at Lemai Drive, Santa Rita in the Hyundai Subdivision and the total cost for Amendment No. 5 to Task Order No. 4 is \$18,018. A \$3,000 credit for unused funds in the contract is available and will be applied toward the cost of Amendment No.5 bringing the requested amount to \$15,018.

GWA management also seeks to increase the total amount of the IDIQ contract by an additional \$50,000 to address future change orders that may arise during the remainder of the IDIQ contract. Therefore, the total cost of Amendment No. 5 to the IDIQ Contract is \$65,018.00.

The current authorized IDIQ contract amount is \$2,548,232.00. Task Orders issued to date include:

- Task Order No.1 – Consulting Engineer's Report
- Task Order No.2 – Project/Contract Management for Rt.4 Sewer Rehabilitation
- Task Order No.3 – Project/Contract Management for Rt.1 Sewer Rehabilitation
- Task Order No.4 – Project/Construction Management for SSES phase 2 Hyundai Subdivision Lift Station
 - Change Order No.1 - Extension of performance time and associated increase in total fee due to construction delays; plus adding archaeological services to the scope of work.
 - Change Order No. 2 – Extension of performance time (no-cost change order).
 - Change Order No. 3 – Extension of performance time (no-cost change order).
 - Change Order No. 4 – Extension of performance time and associated increase in total fee due to construction delays.
- Task Order No.5 - Cost of Service Study (PUC Stipulation)
- Task Order No.6 – Water Meter Technical Assistance
- Task Order No.7 – Consent Decree and Hydraulic Modeling Assistance
- Task Order No. 8 – Water Resources Master Plan Interim Update

An additional \$65,018.00 will be added to the IDIQ Contract to cover Task Order No. 4 Amendment No. 5, which will increase the IDIQ Contract amount to \$2,613,250.00.

Task Order No. 4 is anticipated to be completed by September 30, 2022 and the funding source for Task Order 4 Amendment 5 will be from the EPA SRF Grant Funds. Remaining funds under the maximum

approved IDIQ contract amount will be funded accordingly by Task Order.

Comm. Santos motioned to approve Resolution 12-FY2022, second by Comm. Peter Roy Martinez. There was no other discussion and the motion carried. The vote was 4 ayes, 1 absent.

5. GPA

5.1 GM Report

GM Benavente said the only addition to the GM Report is the status of the public hearing for Bills 212 and 213. Bill 212 is on the Legislative Agenda and will be voted on shortly. Bill 213 will be on the March legislative Agenda. A copy of the GM Report in its entirety is available upon request.

Comm. Limtiaco asked the GM to go regarding the Ukudu Update and asked relative to the fuel pipeline, how will diesel be brought up to plant and when will it be completed. The GM said the pipeline will be complete 10 months before the plant is completed. The GM added that the pipeline is now being cleaned to remove excess oil. Soon they will be cutting pipes and added that pipe shipments are already arriving

Comm. Limtiaco asked the GM to clarify the process of fuel receiving and delivery to Ukudu. The GM said when the fuel arrives it is stored in tanks. Comm. Limtiaco asked what happens at Ukudu relative to storage. The GM responded that Ukudu will serve as filling station for the northern plants relative to fuel.

5.2 Financials

CFO Kim reported from January's end that monthly revenues were down compared to 12.2M vs. PY – 12.7; kWh sales were also down 122.3 vs. 129.2; fuel revenues were up 12.9 vs. 11.3; O&M Cost were also up 5.4.; Debt service coverage was up 1.87 vs. 1.72 for PY. The LEAC under-recovery is at 22.4M

5.3 GPA Resolution FY2022-09/GWA Resolution 08-FY202 Contract Award for Merchant Banking Svcs.

GPA and GWA issued a Request for Proposal (RFP) for a one-year contract for Merchant Banking Services with the option to extend for four one-year periods. The proposal from First Hawaiian Bank (FHB) was the most comprehensive and acceptable.

In addition to features offered in its technical proposal, the First Hawaiian Bank, in its price proposal, offered Visa Utility Program and MasterCard® Utility Industry Program rates which offer low interchange rates for utilities. This program features a very favorable interchange rate introduced specifically for the utility industry and GPA and GWA expect to save approximately \$1,000,000 and \$220,000 respectively, each year in merchant fees under this new contract.

First Hawaiian Bank has proposed to provide all implementation support at no extra cost to the Authority in addition to maintaining consistent pricing throughout the duration of the contract.

Relative to cost, for a one-year contract with the option to extend for four one-year periods at the cost of approximately \$600,000 per year and \$3 million for five years for GPA and \$350,000 per year and \$1,750,000 for five years for GWA. It was mentioned that completion will be Approximately 2-3 months after PUC approval and the funding source is revenue based.

Comm. Santos motioned to approve joint GPA Resolution FY2022-19 and GWA Resolution 08-FY2022, second by Comm. Martinez. There was no further discussion and the motion passed 4 ayes, 1 absent.

5.4 GPA Resolution FY2022-10 Opening of Bank Account with First Hawaiian Bank

The Guam Power Authority (GPA) and the Guam Waterworks Authority (GWA) were authorized by this Commission to issue a Request for Proposal (RFP) for a one-year contract for Merchant Services with the option to extend for four one-year periods. GPA and GWA awarded the Merchant Services contract to First Hawaiian Bank

GPA will need a dedicated checking account to deposit the payments processed through the First Hawaiian Bank merchant service contract in order to facilitate the monthly reconciliation of both online and on premise debit and credit card payments processed with deposits made and fees deducted or paid for those same services.

This checking account will be subject to the First Hawaiian Bank fee schedule covering this type of account and GPA will maintain appropriate balances to minimize or avoid such fees.

Transaction amounts of \$10,000.00 or less will require a single signatory. All other transactions will require two (2) signatories.

Comm. Santos motioned to approve Resolution FY2022-10, second by Comm. Martiez. There was no discussion and the motion passed 4 ayes, 1 absent.

5.5 GPA Resolution FY2022-11 GPA Physical Security Proof of Concept Contract Award Increase

The Physical Security Proof of Concept (POC) will involve five (5) GPA sites for the review, design and buildout of Physical Security to include Access Control, Communications, Video Surveillance, Electrified Locks, Additional Fencing, Intrusion Detection Systems, Perimeter Lighting and other solutions. In addition, the designs will create standardized solutions for Physical Security which can be applied to other GPA assets.

Relative to location, the following 6 sites were selected: Talofofu Plant, Harmon Substation, Dededo CT, Fadian Main Office and Piti Substation

The initial contract award was \$996,670 for the review, design and project management of the project. The additional cost for the buildout is approximated at \$500,000 to bring the total contract costs to **\$1,496,670**. The buildout will be issued by a task order for each of the sites.

| Description | Amount | Note |
|--|-------------|--|
| Current PO | 996,670 | Labor and Expense Fee for the review and design of the Physical Security POC |
| Estimated Solution Cost of Facility \$100,000 x 5 sites (GPA) | 500,000 | Buildout Cost for 5 sites (Approx. 70,000 - 100,000) |
| New Total Project Cost Estimate | \$1,496,670 | |

The contract is planned for an initial period of two (2) years that commenced on October 1, 2021 and to expire on September 30, 2023, with the option to extend for one (1) additional one-year terms. The design phase completion breakdown as follows – Talofofu Plant / 71%, Harmon Substation / 68%. Dededo CT / 70%, Fadian Main Office / 60% and Piti 7 Substation / 72%.

| Description | Amount | Funding Source |
|-------------|--------|----------------|
|-------------|--------|----------------|

| | | |
|---|-------------|---|
| Current PO | 996,670 | 2014 Bond Funding for Physical Security |
| Estimated Solution Cost of Facility \$100,000 x 5 sites (GPA) | 500,000 | Bond Funds/Revenue Funds |
| Total Project Cost Estimate | \$1,496,670 | |

Sheffield Scientific LLC was the only respondent to the RFP and was determined to be the most qualified.

Comm. Santos motioned to approve Resolution FY2022-11, second by Comm. Martinez.

Comm. Limtiaco commented about the cost. If there are only five [5] sites why is the cost \$1.5Million and the GM said the design alone is \$900k. In the discussion it was mentioned that they will build 1, asses lessons learned and then modify as others are built. Comm. Santos asked relative to the location of Harmon Substation and Counsel Botha said it is across the Micronesia Mall.

On the motion the vote was 4 ayes, 1 absent and the motion carried.

5.6 GPA Resolution FY2022-12 Creation of Position Safety & Physical Security Manager

The island-wide power system is critical infrastructure that must be continually safeguarded. The creation of a GPA Safety and Physical Security Manager formally position that is commensurate with the duties and responsibilities to protect the island’s critical power infrastructure.

The position creation has been properly noticed. If approved by the CCU, the position will become effective March 25, 2022 The current salary for the existing position of Safety Administrator is \$78,516-\$81,704 per annum; the salary for thus new positing is \$95,821-\$99,712 per year and the funding source is revenue based.

Comm. Santos motioned to approve Resolution FY2022-12, second by Comm. Martinez

Comm. Limtiaco commented about the qualification saying it is very specific requiring national secret clearance

Asst. GM Limtiaco responded that this position is part of cyber security and whoever fills this position will be included in Homeland Security Briefings so national security clearance is a requirement.

On the motion the vote was 4 ayes / 1 absent; the motion passed.

5.7 GPA Resolution FY2022-13 Creation of GIS Supervisor

If approved, Resolution FY2022-13 will provide a position that is commensurate with the duties and responsibilities to sustain GPA’s robust and full-integrated GIS. This position is within the GIS positions series.

The current salary for the rights of way supervisor is \$75,619 - \$78,689 per year. The salary range for this new position of GIS Supervisor is \$86,731 - \$90,252 per annum

The position creation has been properly noticed and if approved, will become effective March 25, 2022 and funded by revenue funds.

Comm. Santos motioned to approve Resolution FY2022-13, second by Comm. Martinez.

Comm. Duenas asked if this position is created will the rights-of-way position be eliminated and the GM confirmed yes. Asst. GM Limtiaco said that GPA is moving from a traditional utility to a modern utility. As technology requirements grow there is the need to correct series positions which will help with upward mobility. Some job standards are from the 70's and there will be a huge review for affected positions and changes will be made. She added that eventually some positions will be eliminated

On motion the vote was 4 ayes, 1 absent

GM Benavente said that 2 professional engineers were lost to the military; engineering supervisors also will be leaving and 1 will be retiring. There are also critical positions in IT that are in jeopardy due to competition with the military. He said he is giving the CCU heads up and will bring back this issue back after careful review and assessment.

It was mentioned that Mr. Alan Searle will do another wage market survey. The last survey was done in 2017; the bid opens in March. Mr. Searle is on extended contract right now. It was also mentioned that he now does most all of the autonomous agencies.

6. OTHER DISCUSSION

6.1 CCU Rules Update

This matter was not discussed.

7. ANNOUNCEMENTS

7.1 Next CCU Meetings

The Chairman announced that the next meeting would be for GWA on March 15; GPA on March 17 and the CCU regular monthly meeting on March 22.

8. ADJOURNMENT

There being no other business to bring before the Commission. Comm. Santos motioned to adjourn, second by Comm. Martinez. The meeting adjourned at 6:23 p.m.

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Attested



JOSEPH T. DUENAS, Chairman



MICHAEL T. LIMTIACO, Secretary