



**CCU Regular Board Meeting**  
**CCU Conference Room, Gloria B. Nelson Public Service Building**  
5:30 p.m., Tuesday, October 25, 2022

**MINUTES**

**1. CALL TO ORDER**

The Chairman called the regular board meeting to order at 5:38 p.m. He indicated that there are action items to be presented from both the Guam Power Authority (GPA) and Guam Waterworks Authority (GWA). He announced for the record that all Commissioners were present for a quorum, Commissioners Limtiaco, Martinez, Sanchez and himself; with the exception of one vacancy. He verified that there were no public comments on-line or signed in, Candice confirmed.

**Commissioners:**

- Joseph T. Duenas, Chairman
- Michael Limtiaco, Vice Chairman
- Pedro Roy Martinez, Secretary
- Simon A. Sanchez, Commissioner

**Executive Management:**

**GPA:**

- John Benavente, GM
- Tricee Limtiaco, AGMA
- John Cruz, AGMETS (Online)
- Melinda Mafnas, AGMO
- John Kim, CFO

**GWA:**

- Miguel Bordallo, GM
- Theresa Rojas, Legal Counsel
- Christopher Budasi, AGMAS
- Tom Cruz, AGMO
- Mauryn McDonald, Senior Engineer (Online)
- Taling Taitano, CFO

**Management and Staff:**

**GPA:**

- Joyce Sayama, Communications Manager
- Candice Ananich, MA III
- Reginald Diaz, MA III
- Vien Wong, IT

**GWA:**

- Evangeline Lujan, Compliance and Safety
- Ann Borja-Gallardes, MA IV
- Allen McDonald, IT

**OTHER ATTENDEES:**

- Daily Post - Norman Taruc

**ON-LINE ATTENDEES:**

- AM Insurance – Trish Granillo
- Guam Legislature – Michael Carlson

**2. APPROVAL OF MINUTES**

GPWA Regular Monthly Board Meeting minutes for September 27, 2022 was presented for review and approval. Motion to approve was made by Commissioner Simon Sanchez, seconded by Commissioner Martinez seconded, with all in favor.

September 27, 2022 GPWA Regular Board Meeting minutes was unanimously approved.  
[Ayes = 4, Nays = 0]

### 3. PUBLIC COMMENTS

There were no public comments made at this meeting.

### 4. GPA

#### 4.1 GM Report

No updates were made to GPA GM report.

#### 4.2 Financial

No updates were made to the GPA Financial report.

#### 4.3 Resolution FY2023-01: Relative to the Approval of Engineering, Procurement and Construction Management Contract

To initially provide consulting and technical support as Owner's Engineer for the execution of the ECA for the Ukudu Power Plant, including contract management, design document reviews, construction monitoring and support for the new Ukudu Power Plant located in Harmon.

LNG storage and regasification will be located within the Apra Harbor. Consulting and technical support for the Ukudu Power Plant construction, commissioning and post commissioning support is estimated at \$6,241,727.00 from December 2022 to February 2025. The new power plant is targeted for completion by April 2024 but may likely be by October 2024.

A budget for an LNG study is to be requested in 2023 and is not included in this budget request. If approved by CCU and PUC, an LNG infrastructure could be completed approximately 2027. This project will be revenue funded. This was the result of Re-solicitation of GPA RFP-21-010.

GM Benavente explained that this is a time and material contract, there isn't a fixed price, therefore, SPORD will be working within this budget.

Commissioner Limtiaco asked if the reason for the re-solicitation was due to a lack of bidders the first time. GM Benavente indicated that there were issues with documents submitted by bidders the first time, to avoid future delays, the team decided to cancel the first one and to rebid. At that point, one of the initial bidders didn't resubmit a bid the second time around, which resulted in there being only one official bid submitted in response to the re-solicitation. Commissioner Limtiaco asked whether construction has already started, if so, are they behind schedule and if they are, how far behind schedule are they. GM Benavente stated that there were still some remaining funds from the original contract so the project was extended until the new contract is in effect. The remaining funds from the original contract should last until the end of the month so

they're taking this time to review drawings and everything else that's coming in to maximize funds and save time. Commissioner Sanchez asked if they have been the contract managers from the start (original bid contract), and GM Benavente confirmed that they are and that they've been a part of the planning for the past 5 ½ years. Chairman Duenas commented that it is very important that the Board and GPA know where everything is, (i.e. buried pipes and cables), when the power plant is turned over to GPA after 25 years. He further asked if the project is still on target for completion on April 2024, GM Benavente confirmed that it is.

Commissioner Sanchez asked how many barrels will be eliminated due to the new power plant, GM Benavente indicated that there will be a reduction of about 500,000 – 600,000 barrels a year in addition to its being cheaper and cleaner fuel. Also important to note is that GPA will be in compliance with EPA standards, as agreed in the consent decree signed in 2020, resulting in no penalties having to be paid. Furthermore, upon completion of the new power plant, more capacity will be added with the potential to add even more load and renewables because peak demands will be reduced from around 270 down to around 220. This new plant is the cornerstone for our future progress and development. Despite delays from COVID and other world events, there has been approximately 30% of construction already completed and large materials will be arriving over the next month. The community will start to see the progress with the movement of large materials to the site and will notice the power plant come together. GM Benavente shared that although base rates have recently increased, it has been over a decade since the last increase and exhaustive measures have been taken to keep costs down as much as possible. Such as the \$47,000,000 from base rate savings, the additional \$25,000,000 in monthly \$100 credits, \$15,000,000 from the previous LEAC and \$100,000,000 introduced by Senator San Augustine and the current administration from recovery funds; furthermore, that he firmly believes that this new Ukudu Power Plant is the solution to bringing energy costs down.

Motion to approve Resolution FY2023-01: Relative to the Approval of Engineering, Procurement and Construction Management Contract, was made by Commissioner Martinez, seconded by Commissioner Sanchez – no opposition. [Aye = 4, Nay = 0]

#### **4.4 Resolution FY2023-02: Relative to Approval of Property Insurance**

Guam Power Authority's Bond Indenture agreement requires GPA to "secure and maintain property insurance on all facilities constituting the system against risks of loss or damage to the extent that such insurance is obtainable at reasonable cost." The indenture further requires GPA to carry insurance, "of a scope and nature as that usually carried in the industry."

GPA's current Property Insurance policy was awarded in 2018 with a term of a three (3) year period with two (2) options to renew for an additional one (1) year period. GPA's current Property Insurance policy's first one-year option to renew is set to expire on November 1, 2022, and GPA would like to exercise the second one-year option to renew.

The coverage will be for all GPA assets. The annual premium will be billed at cost of \$7.1 million (\$5.8 million + 22%) which reflects the challenging insurance market conditions.

The current policy will be in place until November 1, 2023 and is revenue funded.

GM Benavente stated that this is presented for approval because of the bond requirement to provide full coverage of property insurance of all assets. Currently contracted as a sole bidder in the current three-year term with two options to renew for a one-year period. The current year ends on November 1, 2022 and GPA seeks to avail of the second, one-year option to renew. He further stated that market conditions are challenging in obtaining premium underwriters, he noted that at his recent presentation in London, more than half were new to the market. This is an initial proposal amount, although final numbers are still being discussed but it was decided to present this amount and work down based on what can be worked out between parties. The current price is \$7.1 million, consisting of \$5.8 million plus a 22% market increase. This is the highest the Authority has had to pay since 2018, which was \$6.7 million; in addition to current market trends and world wild events, the aging Cabras 1 & 2 units are contributing factors to pricing. Cabras 1 & 2 will no longer be insured by 2025. CFO John Kim interjected that measures to try to bring down costs are to reduce the current blanket amount of \$200,000,000 to \$150,000,000 and to increase the deductible to \$5,000,000, using self-insurance measures as leverage to reduce the premium by 3% to 5%.

Motion to approve Resolution FY2023-02: Relative to Approval of Property Insurance was made by Commissioner Limtiaco, seconded by Commissioner Martinez – none opposed.  
[Ayes = 4, Nays = 0]

## 5. GWA

### 5.1 GM Report

No updates were made to the GWA GM Report

### 5.2 Financial

No updates were made to the GWA Financial Report

### 5.3 Resolution No. 01-FY2023: Relative to Approval of the Southern SSES Rehabilitation Phase II (Baza Gardens–Talofofa–Santa Rita) Construction Contract Increase (GWA Project No. S15-001-EPA)

The intent of this resolution is to increase the funding authorization amount by \$93,681.09 to execute upcoming Change Order 10 and provide an additional contingency amount for Propacific Builder Corporation's (PPBC) services to perform further archaeological work if artifacts are found.

Change Order 10 will allow PPBC to purchase and install a davit crane, solids basket, and concrete standing pad at the sewer lift station to assist in performing preventive

maintenance. The final cost proposal for Change Order 10 is anticipated to be submitted soon and expected to be no more than \$70,000.00. These items were not included in the lift station's original scope of work. The project's remaining authorized contingency is \$18,561.11, resulting in an additional authorized amount of \$51,438.49 required for Change Order 10.

The Archaeological work required by the State Historical Preservation Office will be started under previously-authorized funding. An additional contingency amount of \$42,242.20 is requested in the event archaeological artifacts are found and PPBC's services are needed to perform additional investigations up to 20 days. GWA will only compensate PPBC for the actual time and materials used to perform additional archaeological activities. The project is anticipated for completion in February 2023.

The requested funding authorization increase is \$93,681.09. The funding increase would bring the total authorized funding amount to \$1,402,477.59. Funding source is provided by Unites States Environmental Protection Agency Title 2 Construction Grants.

GM Bordallo explained that this increase is being requested to provide additional funding for Change Order 10, of which \$51,000 is to provide for additional equipment for preventive maintenance at the new pump station. There is a remaining balance of \$18,000 in the contingency budget which will be included with this amount for a total of \$70,000 that is needed. Additionally, \$42,000 is needed for 20 days of archeological monitoring work required by SHPO before the project can be closed out. The total funding amount for both, which is being requested today, equals \$93,681.09. Anticipated completion, including archeological monitoring is still February 2023

Commissioner Sanchez moved to approve Resolution No. 01-FY2023: Relative to Approval of the Southern SSES Rehabilitation Phase II Construction Contract Increase, seconded by Commissioner Limtiaco – unanimously approved. [Aye = 4, Nay = 0]

**5.4 Resolution No. 02-FY2023: Relative to Approval of the Funding Increase to the IQ Contract with JMI-Edison for Submersible Pumps and Motors for Deep Wells**

GWA GM, Mr. Bordallo requested that this resolution be tabled to next month to allow for more evaluation. information and research.

**5.5 Resolution No. 03-FY2023: Relative to Requesting Approval to Procure Construction Services Related to the Ugum Surface Water Treatment Plant Rehabilitation**

The Ugum Surface Water Treatment Plant Rehabilitation (SWTP) is an infrastructure improvement project supported in the GWA Master Plan that will refurbish the existing equipment and systems. Since 2015, the plant was assessed three times by Brown and Caldwell (2015), Du Pont (2021) and DCA (2022). The DCA assessment incorporated

analysis of the two earlier reports with its own review and concluded that the plant is in relatively poor operating condition and significant rehabilitation work is needed.

Some equipment is failing, or missing and some are beyond repair and require replacement. The plant operators have been forced to improvise the repair of equipment using inventive alternative methods to keep the plant producing the required daily amount of treated water. This current condition of the equipment limits the plant capability, operability, and reliability. This project is urgently needed to provide efficient and reliable operation of the plant and continued provision of safe drinking water to GWA customers in Southern Guam.

The Ugum SWTP is located in Talofofo, approximately one-half mile west of Highway 4, south of the village of Yona, and north of Inalahan. The plan provides water to GWA's southern customers. The cost estimate is \$4,626,050.00. This amount includes a 10% contingency. The estimated completion date is 365 calendar days from Notice to Proceed (NTP) date. The funding source for this project is GWA Bonds.

GM Bordallo requested the approval for construction services for rehabilitation and reliability improvements to Ugum SWTP. This is an existing project in GWA's 20-year master plan and also in the 5-year Capital Improvement Plan (CIP) for reliability upgrades and replacement of major equipment at the plant, this resolution seeks approval because this additional procurement will exceed the authorized threshold amount, once approved by the Board, GWA will present for PUC approval.

Commissioner Limtiaco moved to approve, Resolution No. 03-FY2023: Relative to Requesting Approval to Procure Construction Services Related to the Ugum Surface Water Treatment Plant Rehabilitation, seconded by Commissioner Martinez – none opposed.  
[Aye = 4, Nay = 0]


## 6. OTHER DISCUSSION

None

## 7. ADJOURNMENT

Commissioner Michael Limtiaco made a motion to adjourn, the meeting adjourned at 7:37pm with no opposition.

Attested:

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

  
\_\_\_\_\_  
PEDRO ROY MARTINEZ, Secretary

cma