



## CONSOLIDATED COMMISSION ON UTILITIES

Guam Power Authority | Guam Waterworks Authority

P.O. Box 2977 Hagatna, Guam 96932 | (671)649-3002 | guamccu.org

### REGULAR BOARD MEETING

CCU Board Room, Gloria B. Nelson Public Service Building

5:30 p.m., Tuesday, August 29, 2023

### MINUTES

#### 1. CALL TO ORDER

Chairman Duenas calls CCU Regular Board Meeting to order, August 29 at 5:30 p.m. For the record, present are Chairman Duenas and Commissioners Limtiaco, Sanchez, Santos, and Martinez; all are present in the CCU board room. Also present are General Managers Miguel Bordallo and John Benavente.

#### Commissioners:

Joseph T. Duenas	CCU Chairman
Francis E. Santos	CCU Vice-Chairman
Pedro Roy Martinez	CCU Secretary
Michael T. Limtiaco	Commissioner
Simon Sanchez	Commissioner

#### Executive Mgmt.:

John Benavente	GM/GPA
Miguel Bordallo	GM/GWA
John Kim	CFO/GPA
Tricee Limtiaco	AGMA/GPA
Jennifer Sablan	AGMO/GPA
Taling Taitano	CFO/GWA
Jeanet Owens	AGME/GWA
Joyce Sayama	Communications Director/GPA
Vangie Lujan	Compliance-Safety/GWA
Therese Rojas	Legal Counsel / GWA

#### Management & Staff:

Candice Ananich	Management Analysis/GPA
Ann Borja-Gallardes	Management Analysis/GWA
Reginald Diaz	Management Analysis/GPA
Tom Cruz	GWA
John Cruz, Jr.	GPA
Allan McDonald	IT/GWA

John Dixon	IT/GWA
Joleen Cruz	Communications/GPA
Bianca DeSoto	Legal Secretary/GWA
Selma Blas	Administrative Officer/GPA
Lourissa Gilman	Utility Board Secretary

**Guest:**

David Castro	Guam Daily Post
George Castro	Depo Resources/Court Reporter

## 2. PUBLIC COMMENTS

No public comments.

## 3. APPROVAL OF MINUTES

Minutes up for approval are CCU Regular Board Meetings on March 30th, recessed meeting on April 3, regular meeting on May 30, and special meeting on July 3, 2023. Vice Chairman Santos moves to approve all four minutes, Chairman Duenas states with subject to written corrections; Comm. Limtiaco second.

Chairman Duenas states minutes are subject to written correction and with no further discussion, calls for a vote; motion passes with five ayes. [Aye = 5, Nay = 0]

## 4. GPA

**4.1 Joint Resolution No. 40-FY2023 (GWA) / Resolution No. FY2023-25 (GPA) Amendment of the Credit Card Policy for GWA and GPA** - GPA GM John Benavente states this is a joint resolution with GPA and GWA. Seeking approval and adoption of the credit card policy and to amend Standard Operating Procedures to ensure appropriate level of internal controls over credit card. Vice Chairman Santos motions to approved Resolution No. FY2023-25 (GPA)/Resolution No. 40-FY2023 (GWA); Comm. Martinez second. No further discussion.

Chairman Duenas calls for the vote for Resolution No. FY2023-25 / Resolution No. 40-FY2023, motion passes with five Ayes. [Aye = 5, Nay = 0]

**4.2 GPA Resolution No. FY2023-26 Authorizing Expenditure for the Out of Service Inspection and Refurbishment of GPA Bulk Storage Tanks** – GPA seeks approval for authorizing the expenditure for the change order for the out of service inspection and refurbishment of GPA bulk storage fuel tank 1934. Every ten (10) years there is an inspection of tanks 1934 and 1935. GM Benavente mentions that prior to inspection, the tank must be drained and cleaned. GPA doesn't know how much damage, oil or sludge in in the tank. Based on the sludge in the tank, the volume exceeds what was covered in the scope of work. The cost for sludge removal is \$1,263,448.00 which will bring the contract for the Tank 1934 and Tank 1935 to \$15.2M.

Comm. Limtiaco motions to approve GPA Resolution No. FY2023-26 Authorizing Expenditure for the Out of Service Inspection and Refurbishment of GPA Bulk Storage Tank. Vice Chairman Santos second. Comm. Limtiaco asks GM Benavente what is done with the sludge? The sludge is packed and exported out. It cannot be burned. There were no other questions.

Chairman Duenas calls for the vote for Resolution No. FY2023-26, motion passes with five Ayes. [Aye = 5, Nay = 0]

- 4.3 GPA Resolution No. FY2023-27 Recognition of GPA Employees for Outstanding Work During Post Typhoon Mawar Power Restoration** – The next five resolutions are all very similar. It is recognizing the teams that have all worked during the restoration of Typhoon Mawar. This has been the fastest recovery in all GM Benavente’s career with GPA. Recognizing first and foremost, the GPA employees that have work 16 hours a day to make that happen.
- 4.4 GPA Resolution No. FY2023-28 Recognition of APPA Mutual Aid Utility Partner, Snohomish PUD for Assisting GPA During Post Typhoon Mawar Power Restoration** – GPA’s Mutual Aid Utility Partner, Snohomish PUD sent about 15 personnel to work on the transmission system. By Snohomish PUD working on that system, it allowed GPA employees to continue to hook up customers throughout the restoration period.
- 4.5 GPA Resolution No. FY2023-29 Recognition of Mutual Aid Utility Partner, CNMI Commonwealth Utilities Corporation (CUC) for Assisting GPA During Post Typhoon Mawar Power Restoration** – GPA’s brothers from the Commonwealth of the Northern Marianas, who GPA has helped in the past, have come to Guam to assist in the recovery. The CUC has sent 12 personnel during the whole duration of the restoration.
- 4.6 GPA Resolution No. FY2023-30 Recognition of Mutual Aid Utility Partner, Pohnpei Utilities Corporation (PUC) for Assisting GPA During Post Typhoon Mawar Power Restoration** – This is the first time GPA has worked with the partners from Pohnpei. Eight personnel from Pohnpei Utilities Corporation came to in to assist in the restoration process.
- 4.7 GPA Resolution No. FY2023-31 Recognition of Hyatt Regency Guam for Providing Assistance to GPA and its Utility Partners During Post Typhoon Mawar Power Restoration** – Lastly, GPA needed to house and transport all the linemen that came in to assist which could have been a logistical nightmare with FEMA also arriving to help the island The Hyatt made all the effort to make sure all the linemen that came in to assist GPA was housed and took care of their accommodation. GM Benavente would like to take the time to recognize them for their assistance and service.

Vice Chairman Santos suggest to group all five resolutions together and Chairman Duenas agrees. Therefore, Vice Chairman Santos motions to approve all five resolutions; Comm. Sanchez second. No other discussion.

Chairman Duenas calls for the vote for Resolution No. FY2023-27, 28, 29, 30, and 31. Motion passes with five Ayes. [Aye = 5, Ney = 0]

#### 4.8 GPA GM REPORT

GM Benavente states GPA is working on key initiatives trying to get Interruptible Load Program going. The DOD is helping GPA in the evening with 7 megawatts of support. GPA is getting ready to roll out the conservation program. GM Benavente explains how the customers can help themselves save money and while at the same time help everyone else to elevate load shedding.

GPA has about 500 customers not returning due to typhoon Mawar. The receivable revenue is close to normal in July. In June, right after the storm, was a loss but now it's close to normal. The loss was about \$7M, expenses are close to \$7M. Chairman Duenas asks, GPA is also getting reimbursement that is exclusive of the FEMA reimbursement which is 90% to 10%.

Comm. Sanchez asks about the protest on the maintenance and repair of the 41 megawatt generators. GM Benavente agrees, yes. Comm. Sanchez asked if that has been resolved or is there any progress. GPA is working on it with legal counsel, Atty. Rojas. Atty. Rojas reports that the two protest that were reported during last week's GPA work session, one of them has been resolved. There is still a stay on the procurement because this is still one protest, but that should be resolved very shortly. Comm. Sanchez and Santos asks would that allow the procurement to proceed? Atty. Rojas states, yes, the stay will be lifted. Also, there is still the right of the protestor to appeal the decision.

Comm. Sanchez ask that GM Benavente is hopeful to get that capacity back online by the end of the year. GM Benavente states in the next six to nine months. More importantly, the first four to six to accomplish with incremental capacity increase.

GM Benavente mentions the Yigo CT return to service would be about November/December 2023 timeframe. The rotor has been shipped to Texas for repair. Once rotor is received putting it back together can be done fairly quickly. GPA is not only working for the next six months but for the next two to five years. Nothing has changed, all the objectives GPA has had before the storm, like getting Ukudu back, fuel savings, getting more renewables (energy), all of that are still on the table...there is just a little delay in the process. GPA can take a look at Cabras 1 and 2, is there anything that can be done to make it last longer. Its good GPA has an AGMO to take up the tasks. The new AGMO, Sablan, has been doing a good job.

Cabras 1 and 2 has trip but GPA was able to squeeze by due to the rainy weather which will give some time to get Cabras 2 up by September 1<sup>st</sup>. GPA will take advantage of the rainy weather to do test. The issues haven't all been assessed, the aim is to get the unit back and then plan for the repairs. Comm. Limtiaco asks if the boiler tube leaks are unique or are they the repairs that were previously done? GM Benavente states some are in the same areas and some in other areas. TEMES helps get materials, parts and additional expertise. Going to the PUC for the TEMES extension is critical for GPA.

Comm. Limtiaco asked if there is an update on the revised Ukudu project timeline? It is still in January 2026 timeline. GPA needs to see how to expedite it, but it may cost additional manpower for the overtime. Will need to make a determination if it is worth it or not. The key is getting the other capacity ready and the earliest to see the kilowatt hour on that machine is close to the summer of 2025, second quarter, when testing of the combustion turbine after the fuel get up there. The pipeline should be done by then.

Chairman Duenas asks about the Phase Four Renewables...GM Benavente mentions the opening is in October for the technical and the price proposal is about two weeks or so after that.

Chairman Duenas asks if there are any other questions for GM Benavente and CFO John Kim. No questions. Chairman asks GWA GM Bordallo to go straight to the resolutions.

## 5. GWA

**5.1 GWA Resolution No. 18-FY2023 Relative to Approval of the Indefinite Delivery/Indefinite Quantity Undersized Waterline Replacement Design and CM Contract** – This primarily for design and construction management for replacement of 2” galvanized waterlines and underserved waterlines within GWA’s distribution system as identified in the Water Resource Master Plan. There was an RFP that was put out with 15 firms registered for proposals and eight firms submitted proposals and the Evaluation Committee ranked Brown and Caldwell as the most qualified for the award. The initial scope estimate and fee proposal was negotiated to \$2.6M. However, GWA intends to award for individual task order basis. GWA has \$1.5 in USEPA grant funding that GWA intends to use to fund the initial portion of the contract. Therefore, GWA is seeking approval from the Board. If additional funds are needed later to augment the project, bond funds or Internally Funded CIP will be used for any shortfalls of the USEPA grant fund.

Vice Chairman Santos motions to accept GWA Resolution No. 18-FY2023 Relative to Approval of the Indefinite Delivery/Indefinite Quantity Undersized Waterline Replacement Design and CM Contract; Comm. Sanchez second.

Chairman Duenas ask for discussion. With no questions, Chairman Duenas calls for a vote to approve of Resolution No. 18-FY2023. Motion passes with five Ayes. [Aye = 5, Nay = 0]

**5.2 GWA Resolution No. 36-FY2023 Relative to Approval of an Increase in Funding Scope of Work for the Pressure Zone Realignment Construction Phase 1 Project** – Seeking additional funding for phase one of the pressure zone realignment contract. This addition funding seeks to address change order improvements that are required for various sites within the overall project. The nature of additional improvements is for fence repair for the Clara site. For the Kaiser site capping of the existing pressure reducing valve and additional connections to existing piping and their appurtenances. For the Maimai site, an additional concrete walkway to the SCADA pedestal and new fencing for site security. For the Terao site, new air relief valve installation and security fencing. For the Ukudu site, additional fittings based on different site conditions and also new fencing. Then at various locations, installation vault ventilation. These change orders are currently being negotiated. In order not to delay the completion of the project, we seek, not to exceed, the amount of \$900K for the addition work which would bring the total authorized funding to \$7.29M. Work is anticipated to be complete by the end of the year 2023. Funding source will be a combination of grant funding and three bond line items all relating to the distribution system water audit for water loss control and metering. GWA has combined the DMA improvements with this particular contract. Chairman Duenas asks if the contract will take GWA to 50% of the Pressure Zone Realignment...GM Bordallo states it will complete Phase 1. The Phase 2 design has been completed. Chairman Duenas asks if there is a Phase 3. GM Bordallo thinks there may be an additional phase, but is not exactly sure.

Comm. Limtiaco motions to approve Resolution No. 36-FY2023 Relative to Approval of an Increase in Funding Scope of Work for the Pressure Zone Realignment Construction Phase 1 Project; Comm. Martinez second.

Chairman Duenas ask for questions. With no questions, Chairman Duenas calls for a vote of Resolution No. 36-FY2023. Motion passes with five Ayes. [Aye = 5, Nay = 0]

- 5.3 GWA Resolution No. 38-FY2023 - Relative to Approval of Additional Funding of Construction Contract for the Tank Repair and Bypass Project** – This relates to two existing projects that are part of a court order for tank rehabilitation, specifically, the Umatac Subdivision tank and the Malojloj tank. Under the current contract, there is an additive bid item for major repairs at the Umatac tank. Currently in the contract is at \$877K approximately. Based on the recent cost increases for this type of work, the engineering team is seeking, not to exceed the amount, of \$1.725M. Similarly, the Malojloj tank, the additive bid item was estimated at \$1.128M. Seeking, not to exceed, the amount of \$2.275M to account for cost escalations when the projects are actually initiated. The reason why GWA doesn't know, at this point, is once the tanks are taken offline, they're undergoing the inspections now and then the contracting will be required to submit an estimate or proposal based on what the inspections find which is not known yet until that is completed. The estimates are the best estimates from the engineering department based on the conditions that are observable. Once the inspections come back, the contractor will submit pricing which is why they are seeking the advance approval not to exceed the amount. This will be an additional \$4M bringing the total funding authorization to \$19.54M if approved. This project is bond funded.

Vice Chairman Santos motions to approve Resolution No. 38-FY2023 Relative to Approval of Additional Funding of Construction Contract for the Tank Repair and Bypass Project; Comm. Limtiaco second.

Chairman Duenas ask for questions. With no questions, Chairman Duenas calls for a vote of Resolution No. 38-FY2023. Motion passes with five Ayes. [Aye = 5, Nay = 0]

- 5.4 GWA Resolution No. 39-FY2023 – Relative to Approving the Charge-Off of Guam Waterworks Authority Receivables Deemed Uncollectible** – CFO Taitano states the receivables are four years or older. This is done annually, but the last time the Board approved a write-off was August 2022. There are 1,624 accounts which equal \$887,381 and majority of those are trade receivables. Schedule A to the resolution is a further breakdown of the receivables. CFO Taitano will answer any questions.

Vice Chairman Santos motions to approve Resolution No. 39-FY2023 Relative to Approving the Charge-Off of Guam Waterworks Authority Receivables Deemed Uncollectible; Comm. Sanchez second. Comm. Limtiaco asks if this was the same charge for GPA that was discussed before and tried to resolve? CFO Taitano states yes. Its slightly lower, but the reason why GWA hasn't been able to get paid off is because GWA can't find any documentation and some of them are old accounts. Comm. Limtiaco asks if this is the same with the airport? CFO Taitano replies it has to do with the well pullout, she believes. GM Bordallo replies it if for capital repair their system in order to keep the system up and running. GWA provided pump and motor from inventory for the change out and it's for the cost of the labor and equipment. The cost of capital maintenance is supposed to be paid for by the airport as written in the contract agreement. However, GWA has been trying renegotiate that contract that

expired quite some time ago. So, while the contract negotiations are ongoing, they have not taken care of the amounts. GWA will still try to recover the cost if GWA moves forward with a new contract. It's the airport's system, but GWA just operates it. Comm. Limtiaco asks about the 15% hotel...are these hotels still in business? CFO Taitano states it has to do with the hotel that shut down. GWA filed with their bankruptcy to try to collect any money that eventually gets distributed to the Verona Hotel debtors.

Vice Chairman Santos moves to approve; Comm. Sanchez second. With no further questions, Chairman Duenas calls for a vote of Resolution No. 39-FY2023. Motion passes with five Ayes. [Aye = 5, Nay = 0]

**5.5 GWA Resolution No. 40-FY2023 (GWA)/Resolution No. FY2023-25 (GPA) – Relative to the Amendment of the Credit Card Policy for the Guam Waterworks Authority and the Guam Power Authority** – CFO Taitano mentions that Resolution No. 40-FY2023 was adopted as a joint resolution with GPA... the credit card policy. All CCU Commissioners were in agreement and moved on.

**5.6 GWA Resolution No. 41-FY2023 - Relative to Approval of the Construction Contract for the Ugum Water Treatment Plant Rehabilitation** - This project is urgent and necessary. It was needed before the typhoon. Since the typhoon, there's more of a need to conduct this rehabilitation and replace some of the major equipment at the Ugum Surface Water Treatment Plant. The CCU previously approved a resolution authorizing funding and GWA put the project out to bid. After receiving no bids on the initial IFB, the second bid produced two bid proposals and the lowest responsible offer came in at \$9.18M which was higher than the budget and your prior authorization so GWA has identified additional funding that can be used and seeking Board's approval to award along with a 10% contingency for a total funding authorization of \$10.1M. Anticipate project completion with 425 calendar days and funded from GWA Bonds and EPA Grant funds.

Comm. Limtiaco motions to approve Resolution No. 41-FY2023 Relative to Approval of the Construction Contract for the Ugum Water Treatment Plant Rehabilitation; Comm. Sanchez second. Comm. Sanchez mentions Ugum supplies the South, while the rehabilitation, is GWA still able to provide them water? GM Bordallo states, yes, the plant will continue to operate. Chairman Duenas asks how did Ugum plant do during the storm and heavy rain? GM Bordallo replies it was required to be shut down due to increases in turbidity before the storm hit. Once the storm hit, there was some damage to lines in the South leading out of the plant which caused a drop in the level in the reservoir which was secured. Then immediate response activities included repairing leaks and gave the operators the opportunity to clean the surface water intake...raw water intake at the pump station. There was a lot of debris on top of that, but the plant was able to come back to pre-storm capacity within six days. The southern water system was the first to be fully restored. The GWA guys there did a tremendous job getting the plant up and running. Comm. Sanchez comments this is a major refurbishment in quite some time.

Chairman Duenas ask for questions. With no questions, Chairman Duenas calls for a vote of Resolution No. 41-FY2023. Motion passes with five Ayes. [Aye = 5, Nay = 0]

**5.7 Resolution No. 42-FY2023 - Relative to Approval of Amendment of Bond Proceeds**

**Reallocation** – Seeking approval for an amendment that was previously approved which is intended to correct the bond reallocation resolution. GWA indicated a certain amount of 2020A Bonds that were being reallocated, to include 2013 and 2016 bond accounts where additional unexpected proceeds were withdrawn and reallocated. The total amount does not change, but want to correct for the record the correct source of those funds that are going to be reallocated therefore seeking the Board’s approval for this resolution.

Comm. Sanchez motions to approve Resolution No. 42-FY2023 - Relative to Approval of Amendment of Bond Proceeds Reallocation; Comm. Santos second.

Chairman Duenas ask for questions. With no questions, Chairman Duenas calls for a vote for Resolution No. 42-FY2023; motion passes with five Ayes. [Aye = 5, Nay = 0]

**5.8 GWA Resolution No. 43-FY2023 – Relative to Approval of GWA’s FY2024 Interim Budget –**

CFO Taitano states as the Board remembers, Resolution 33-FY2023 approved the FY24 budget along with the True Up Projections. The True Up Projections was submitted to the PUC on June 1<sup>st</sup>. By this point, the hope was the PUC would have acted on it. However, it is not on the PUC August agenda. It is the understanding of CFO Taitano that it will be placed on the September agenda, but the meeting won’t happen until September 29<sup>th</sup> which is before the fiscal year ends. The intension is to ask for approval of the interim budget so there is no disruption in services. As soon as the PUC acts, GWA will come back to the CCU with any adjustments that were made by the PUC. Comm. Sanchez moves to approve Resolution No. 43-FY2023 – Relative to Approval of GWA’s FY2024 Interim Budget; Comm. Santos second.

Chairman Duenas ask for questions. With no questions, Chairman Duenas calls for a vote for Resolution No. 43-FY2023; motion passes with five Ayes. [Aye = 5, Nay = 0] Chairman Duenas would like to recognize the GWA team for seven years in a row of clean audits! All Commissioners commended GWA for a good job.

**6. EXECUTIVE SESSION**

Chairman Duenas recognized the motion to go into Executive Session; Vice Chairman Santos moves to go into Executive Session.

**6.1 GWA Litigation Matter**

7. Back in regular session with all five Commissioners. Attorney Rojas asks the Board to consider a motion to authorize the GWA GM to enter and execute the draft version or what will become a final version of a partial consent decree between the United States EPA, GWA and the Government of Guam; Comm. Sanchez so moved; Comm. Santos second.

Chairman Duenas ask for further discussion. With no discussion, Chairman Duenas calls for a vote to recess; motion passes with five Ayes. [Aye = 5, Nay = 0]



**8. ADJOURNMENT**

Chairman Duenas entertains a motion; Comm. Santos motions to adjourn; Comm. Limtiaco second. Meeting adjourned at 6:49 p.m.

//s/

Lourissa L. Gilman

Attested



JOSEPH T. DUENAS, Chairman



PEDRO ROY MARTINEZ, Secretary

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