



**GWA RESOLUTION NO. 12-FY2024**

**RELATIVE TO THE APPROVAL AND RECOMMENDATION TO ESTABLISH A NEW  
ARTICLE 9 WITHIN 28 GAR, CHAPTER 2, FOR THE GUAM WATERWORKS  
AUTHORITY'S SEWER HOOKUP REVOLVING LOAN FUND**

**WHEREAS**, under 12 G.C.A. § 14105, the Consolidated Commission on Utilities (“CCU”) has plenary authority over financial, contractual, and policy matters relative to the Guam Waterworks Authority (“GWA”); and

**WHEREAS**, the Guam Waterworks Authority (“GWA”) is a Guam Public Corporation established and existing under the laws of Guam; and

**WHEREAS**, the Guam Waterworks Authority Sewer Hookup Revolving Loan Fund is also known as the GWA Wastewater Revolving Loan Program and the GWA Sewer Revolving Loan Program; and

**WHEREAS**, by CCU GWA Resolution No. 08-FY2023, the CCU authorized GWA to follow 5 GCA Chapter 9 Article 3 Administrative Adjudication Law Rule-Making Procedures to add the Sewer Revolving Loan and Loan Fund rules into the Guam Administrative Rules, if required;

**WHEREAS**, in compliance with Administrative Adjudication Act for the adoption of its Sewer Hook-Up Revolving Loan Fund Rules GWA conducted a public hearing on October 27, 2023 at 10:00 a.m. at the GPWA main offices at the Gloria B. Nelson Public Service Building in Mangilao, Guam;

**WHEREAS**, the public hearing was heard after due and lawful notice was advertised via a local newspaper of general circulation;

**WHEREAS**, the proposed rules were published on GWA’s website and available for in-person review and inspection in advance of the public hearing;

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1           **WHEREAS**, a public comment period on the proposed rules was publicized AND public  
2 comments regarding the proposed amended rules were received;

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4           **WHEREAS**, having reviewed and considered the proposed rules and public comments, and  
5 in finding the need for only a specific portion of the rules to have the effect of law, the proposed Sewer  
6 Hook-Up Revolving Loan Funds rules were streamlined and amended to a FINAL proposed rule draft  
7 attached herein as EXHIBIT A;

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9           **WHEREAS**, the FINAL proposed rules at EXHIBIT A, shall establish a new Article 9 within  
10 28 GAR, Chapter 2. The FINAL proposed rule primarily concerns:

- 11                   1. The Creation and Purpose of the Sewer Hook-Up Loan Fund;
- 12                   2. The Requirement to Keep the Fund Separate:
- 13                   3. The Requirement to Publicly Post Annual Fund Statements;
- 14                   4. The Definitions for:
  - 15                                   (a) Service Lateral Connections; and
  - 16                                   (b) the Public Sewer Main;
- 17                   5. The Loan Funding Source;
- 18                   6. The Separate Establishment of Loan Terms, Conditions, Interest rates and Fees;
- 19                   7. The Place for Loan Application filing;
- 20                   8. The Loan's Security and Penalties to include;
  - 21                                   (a) disconnection of water service;
  - 22                                   (b) property liens

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24           **WHEREAS**, the FINAL proposed rules permit GWA to be readily able to expand and adjust  
25 the loan terms and the loan program without delay to address the viability of the sewer loan hook-up  
26 fund, the program, and the use of available funding;

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28           **WHEREAS**, these FINAL proposed rules are consistent with the policies adopted by the CCU,  
29 and GWA, to comply with paragraph 34 of GWA's 2011 Stipulated Order with USEPA in *CV02-*  
30 *00035 USA v. GWA and GovGuam* and to support and comply with GWA's March 2021 *Cesspool*  
31 *and Septic Tank Elimination Study*, which requires GWA to continue its sewer hook-up program and  
32 to initiate and maintain efforts to connect residents to GWA's sewer system, and;

1           **WHEREAS**, GWA's DRAFT Sewer Loan Fact Sheet which summarizes loan terms,  
2 conditions, and low interest rates as of January 2024, and as adopted by CCU Resolution No(s). 08-  
3 FY2023 and 09-FY2024, is attached here at EXHIBIT B;

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5           **WHEREAS**, to comply with the Administrative Adjudication Law Rule-Making Procedures  
6 at 5 G.C.A. §9303 GWA is required to show board approval of the FINAL proposed rules at EXHIBIT  
7 A and a certification of the entire agency record before filing copies of the proposed rules to the  
8 Governor of Guam, the Attorney General, and the Guam Legislature;

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10           **NOW BE IT THEREFORE RESOLVED**, the Consolidated Commission on Utilities does  
11 hereby approve the following:

- 12           1. The recitals set forth above hereby constitute the findings of the CCU.
- 13           2. The amended and FINAL proposed rules in the form attached as EXHIBIT A to  
14           this Resolution are hereby approved by the CCU.
- 15           3. The approved copy of these FINAL proposed rules, together with the portions of  
16           the rule-making record, shall be certified and transmitted to the Legislative  
17           Secretary of the Guam Legislature and any other required branch and office within  
18           the government of Guam to establish a new Sewer Hook-up Loan Revolving Fund  
19           at 28 GAR, Article 9, Chapter 2 for the Guam Waterworks Authority

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21           **RESOLVED**, that the Chairman certified, and the Board Secretary attests to the adoption of  
22 this Resolution.

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24           **DULY AND REGULARLY ADOPTED**, this 27<sup>th</sup> day of February 2024.

25           Certified by:

Attested by:

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27           

28           **JOSEPH T. DUENAS**

29           Chairperson

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31           **PEDRO ROY MARTINEZ**

32           Secretary

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**SECRETARY'S CERTIFICATE**

I, Pedro Roy Martinez, Board Secretary of the Consolidated Commission on Utilities as evidenced by my signature above do hereby certify as follows:

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

AYES:	<u>4</u>
NAYS:	<u>0</u>
ABSENT:	<u>1</u>
ABSTAIN:	<u>0</u>



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**28 GAR – PUBLIC UTILITIES  
CH. 2 – GUAM WATERWORKS AUTHORITY**

**CHAPTER 2  
GUAM WATERWORKS AUTHORITY**

Article            9            Guam Waterworks Authority Sewer Hook-Up Revolving  
Loan Fund

§2901. Loan Fund Created

§2902. Definitions

§2903. Funding Source(s) and Loan Terms.

§2904. Loan Application to Be Filed With the Guam Waterworks Authority

§2905. Loan Security and Penalties

**§ 2901. Loan Fund Created.**

- (a) **Declaration of Loan Intent.** There is created the "Guam Waterworks Authority Sewer Hook-Up Revolving Loan Fund" (the Fund) to offer loans to qualifying property owners who are not currently connected to the public sewer system. These loans are limited to property owners, for residential non-commercial use, to solely install service lateral connections to a public sewer main.
- a) **Separate Fund.** The Fund shall be maintained separate and apart from any other funds of the Government of Guam and shall have separate and independent financial controls and records maintained.
- (b) **Annual Statements.** GWA shall post an annual statement reflecting the financial condition of the Fund on GWA's website at the end of each fiscal year.
- (c) **Interest Loan & Administrative Charges.** The Guam Waterworks Authority is required to charge interest for said loans and the amount for loan charges shall be established by GWA. The charges shall be deposited into the "GWA Sewer Hook-Up Revolving Loan Fund" less GWA administrative costs to administer the loans.

**§ 2902. Definitions.**

As used in this Chapter:

- (a) *Service Lateral Connections* for sewer shall mean the main tap, pipe, and

fittings from a private property structure to the public sewer main, pursuant to GWA's design and construction standards and policies.

- (b) Public Sewer Main Or Public Sewer System shall mean the sewer pipe typically eight (8) inches in diameter or larger into which several laterals or other sewer lines may discharge.

**§2903. Funding Source(s) and Loan Terms.**

- (a) The GWA Sewer Hook-up Revolving Loan Fund may be supplied with monies received from any legal source and shall be only used for service lateral connections as defined above until such time as all point sources of wastewater discharge are connected to the public sewer system.
- (b) GWA shall have the full authority to manage the funds deposited into the Sewer Hook-Up Revolving Loan Fund.
- (c) The terms, conditions, fees, and interest rates of the loan shall be established by GWA subject to the approval of the Consolidated Commission on Utilities (CCU) by a CCU Resolution.
- (d) Any and all loan awards are subject to the availability of funds.

**§2904. Loan Application To Be Filed With the Guam Waterworks Authority.**

- (a) All qualifying applicants for this loan program shall file an application on the prescribed form with the Guam Waterworks Authority.

**§2905. Loan Security and Penalties.**

- (a) GWA shall have the authority to impose the following conditions as security and as a penalty for a Borrower's failure to repay the loan.
  1. **Disconnection of water service.** Disconnection of water service shall take effect until the amounts due and owing are repaid in full and/or brought current; and
  2. **Property Liens.** Liens may be placed on the subject property and may not be lifted or otherwise discharged until the full amount due and owing under the borrower's loan agreement is paid in full. Liens shall run with the land and not be subject to discharge by sale, mortgage, judgment or for any other cause until the loan is paid in full.



"Better Water. Better Lives."

Gloria B. Nelson Public Service Building | 688 Route 15, Mangilao, Guam 96913

Telephone No.: (671) 300-6058

### DRAFT Wastewater Revolving Loan Fact Sheet

Septic tank/leaching field systems and cesspools discharge wastewater to the ground. To protect our groundwater and surface water resources, Guam Waterworks Authority offers low-interest loans to qualified homeowners to connect to the public wastewater system, which will eliminate use of their septic tank/leaching field or cesspool.

Loans are limited to property owners of residential, non-commercial buildings, for the purpose of installing a wastewater service lateral to a GWA public sewer main.

Priority will be given to the following applicants:

- over the Northern Aquifer or immediately adjacent to an existing surface water body (river or ocean)
- all other low-income residential purposes.

For more information, please contact [permits@guamwaterworks.org](mailto:permits@guamwaterworks.org) or 671-300-6058.

Application Requirements and Loan Information		Applicants Receiving Public Assistance
(1) Maximum Loan Amount	\$50,000	\$50,000
(2) Contractor Estimates for Sewer Lateral Construction	Two	Two
(3) Declined Loan Applications from Financial Institutions	One	Waived
(4) Loan Repayment Term	10 years	15 years
(5) Repayment Start Date	30 days after construction completion and payment to the contractor.	
(6) Interest	The interest rate is based on the USDA Home Loan interest rate at the time the loan is entered into.	
Liens	Liens will be placed on the property until the loan amount is paid in full.	
Loan Security and Fees	The applicant is responsible for mortgage recording, credit report, preliminary title report, and Uniform Commercial Code filing fees.	
Nonpayment	Water service will be disconnected until the payments are made. The property lien would remain until the loan is paid in full.	

#### (1) Maximum Loan Amount and (2) Contractor Estimates

- a. The loan amount will be based on the lower of two construction estimates provided by licensed contractors. The contractors will be required to submit a non-collusion affidavit with the construction estimates.
- b. Funds will be released to the selected contractor upon satisfactory inspection by GWA or its agent.
- c. The contractor cost estimate requirement is waived if the sewer connection is part of a GWA capital improvement project that involves sewer lateral construction.

**(3) Declined Loan Applications from Financial Institutions**

- a. This loan is available only to Applicants that own the premises being served and have been refused a loan for a similar purpose by one bank licensed to do business in Guam.

**(4) Loan Repayment Term**

- a. Monthly installment payments
- b. Loan Term shall not exceed 15 years for applicants receiving public assistance.
- c. Loan term shall not exceed 10 years for all other applicants.

**(5) Repayment Start Date**

- a. Payments shall start 30 days after sewer lateral construction has been completed and the contractor has been paid.
- b. The start date may be deferred for a maximum of 5 years for customers who connect to a sewer main within 1 year of the main being built.

**(6) Interest**

- a. As of January 1, 2024, the interest rate for Single Family Housing direct home loans is 5.125% for low-income and very-low income borrowers.
- b. A \$25,000 loan with a 10-year term and 5.125% interest rate would have a monthly payment of \$266.69.
- c. A \$50,000 loan with a 10-year term and 5.125% interest rate would have a monthly payment of \$533.39.