



CONSOLIDATED COMMISSION ON UTILITIES
Guam Power Authority | Guam Waterworks Authority
P.O. Box 2977 Hagatna, Guam 96932 | (671)649-3002 | guamccu.org

Special Board Meeting
CCU Conference Room, Gloria B. Nelson Public Service Building
10:30 a.m., Tuesday, October 24, 2023

AGENDA

1. CALL TO ORDER
2. NEW BUSINESS
 - 2.1 [2022 Market Update – Alan Searle and Associates](#)
 - 2.1.1 Guam Power Authority
 - 2.1.2 Guam Waterworks Authority
3. ADJOURNMENT



CONSOLIDATED COMMISSION ON UTILITIES

Presentation to CCU - 24th October, 2023





ALAN SEARLE & ASSOCIATES

GPA - Guam Power Authority

GWA - Guam Waterworks Authority

GIAA - Guam International Airport Authority

PAG - Port Authority of Guam *

GCC - Guam Community College

UOG - University of Guam

GVB - Guam Visitors Bureau



COMPENSATION MODEL

What are the critical components ?





COMPENSATION MODEL

What are the critical components ?

- A. Internal Equity
- B. External Equity



COMPENSATION MODEL

What are the critical components ?

- A. Internal Equity - *internally equitable*
- B. External Equity - *externally competitive*



COMPENSATION MODEL

What are the critical components ?

A. Internal Equity	80%	} Gov. Guam
B. External Equity	20%	



COMPENSATION MODEL

What are the critical components ?

A. Internal Equity	20%	} A.S & Assoc
B. External Equity	80%	



COMPENSATION MODEL

What are the critical components ?

- A. Internal Equity 20%
 - B. External Equity 80%
 - C. Pay Schedule / Implementation Ranges
- Regression Analysis
-
- A diagram showing a curved arrow pointing from the 20% and 80% values of items A and B towards the text "Regression Analysis".

STRUCTURED & TRANSPARENT



COMPENSATION MODEL

A. Internal Equity





JOB EVALUATION

Criteria - 12 Factors

1	Education	7	Work Environment
2	Experience	8	Physical Demands
3	Complexity	9	Discretionary Decisions
4	Scope of Work	10	Contacts
5	Problem Solving	11	Authority Exercised
6	Supervision Received	12	Supervisory Responsibility



JOB EVALUATION

Results

GPA - 260 positions

- Range 225 to 1854 points (Av. 758)

GWA - 216 positions

- Range 223 to 1854 points (Av. 768)



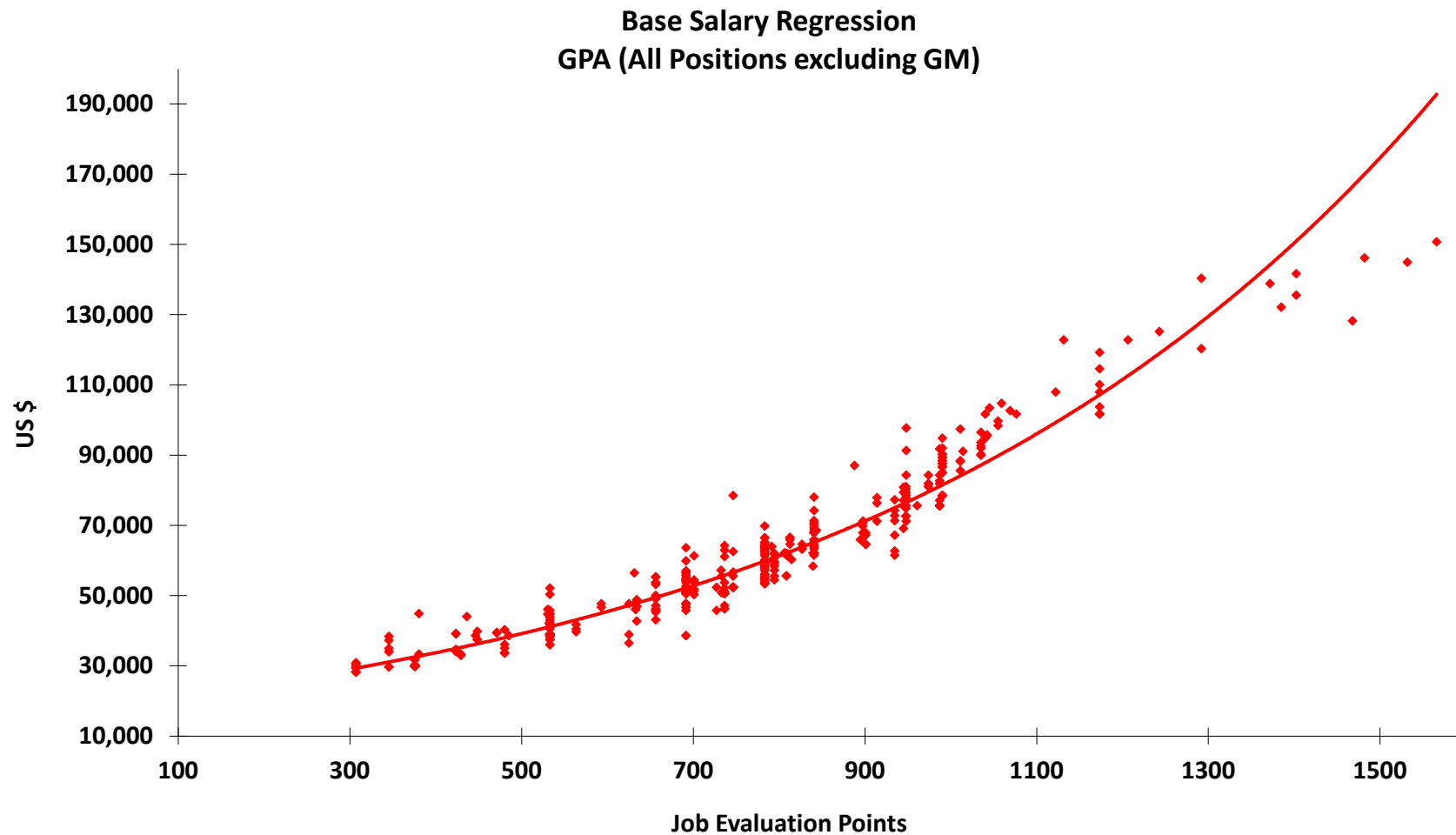
COMPENSATION MODEL

Regression Analysis - Internal



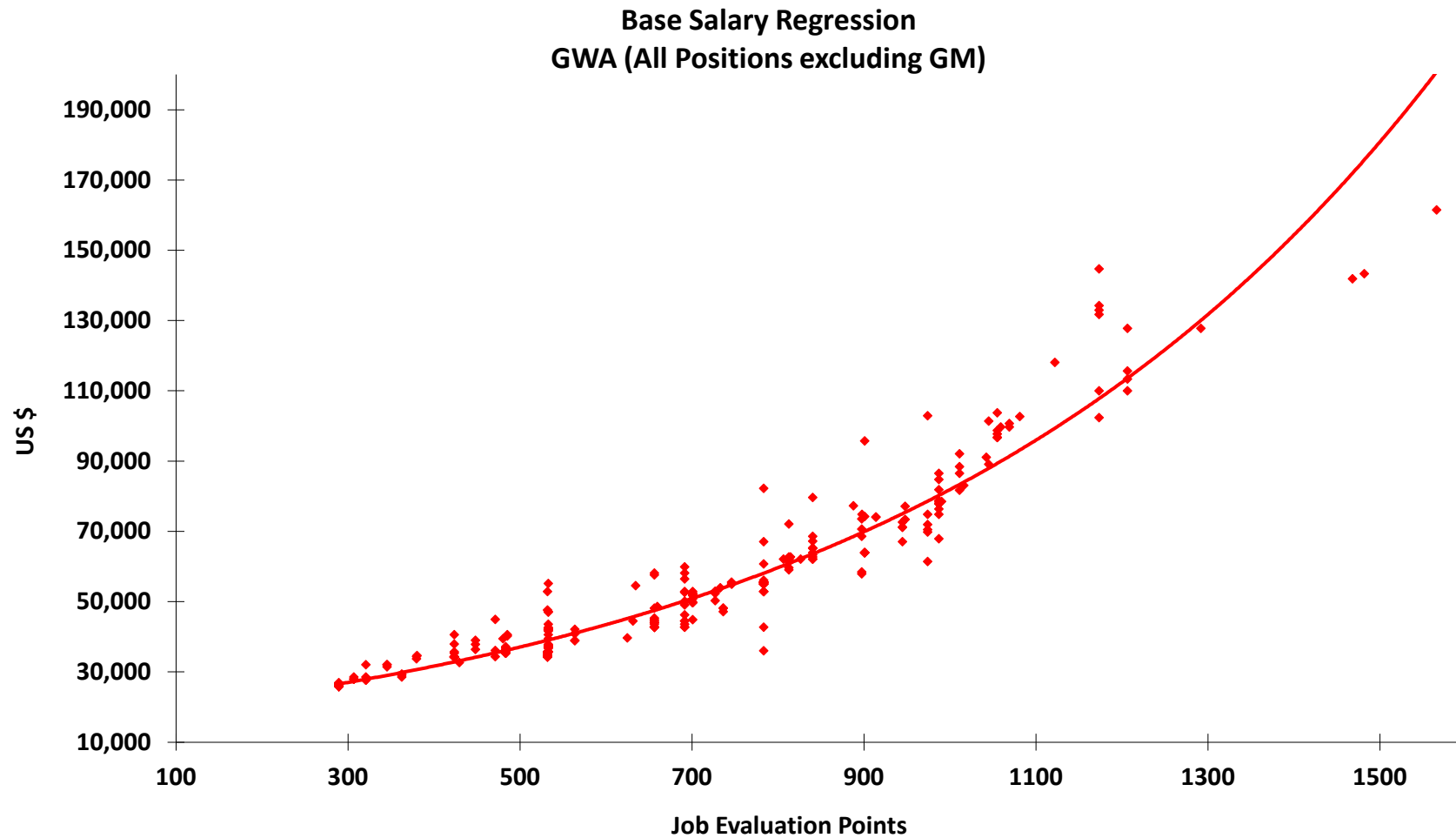


REGRESSION ANALYSIS - GPA





REGRESSION ANALYSIS - GWA





COMPENSATION MODEL

B. External Equity





MARKET DATA SOURCES

U.S. Mainland

1. American Public Power Association
2. American Water Works Association
3. U.S. Bureau of Labor Statistics
4. U.S. Department of Labor



MARKET DATA SOURCES

U.S. Mainland

5. U.S. Federal Government
6. Web Based Compensation Data
7. U.S. Utility Recruitment Companies
8. U.S. Utility Company Websites



MARKET DATA - Results

Appendix A : Pages 1 - 10 (Handout)

- Market Percentiles (5th - 95th)
- GPA - 260 positions
- GWA - 216 positions
- Data Includes Unclassified Positions



COMPENSATION MODEL

Regression Analysis - Int. + Ext.





REGRESSION ANALYSIS

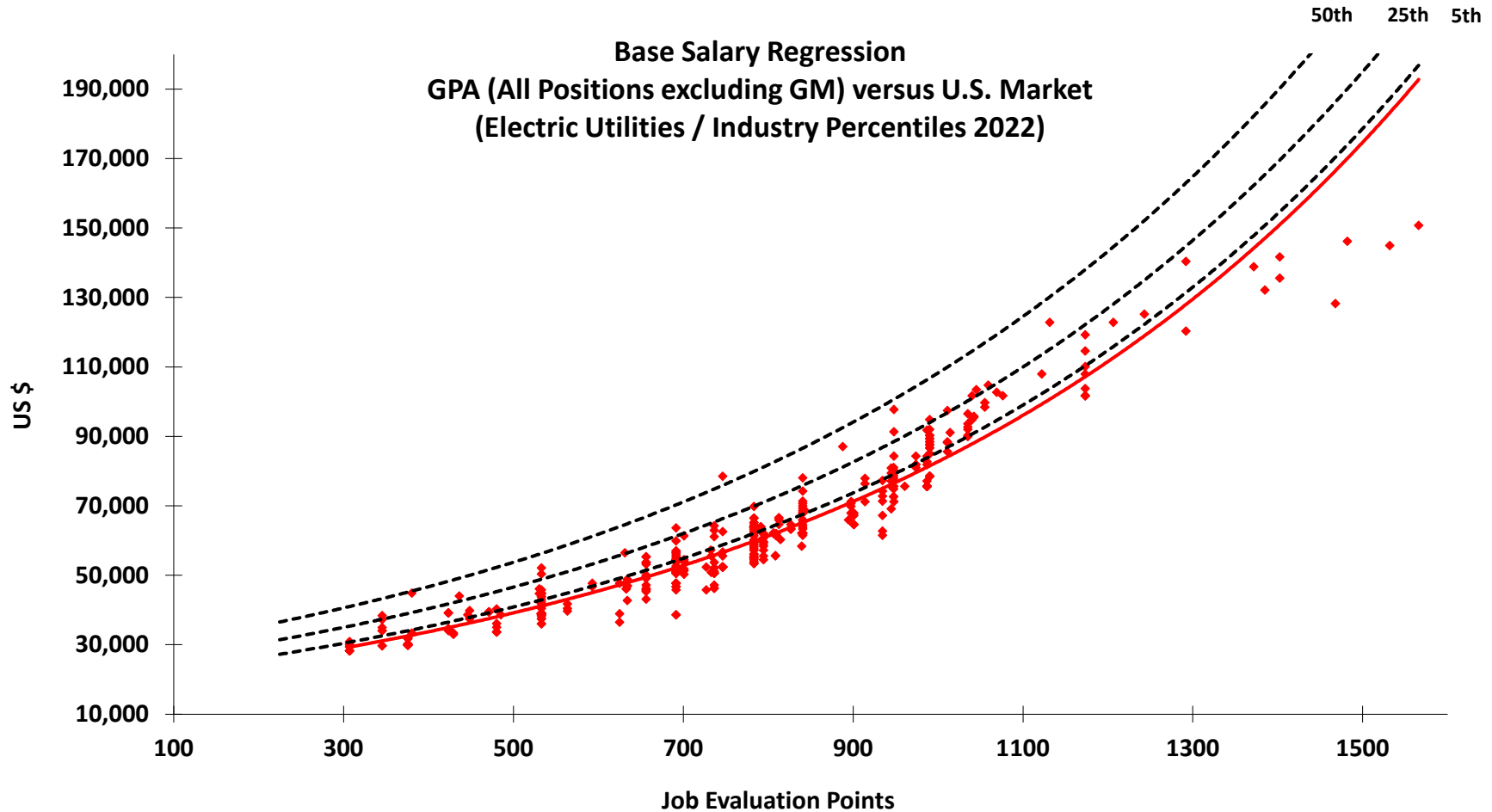
Appendix B : Page 11 (Handout)

- All positions (excluding GM's)
- Both utilities approximate the 5th market percentile (2022 market data)
- Exponential regression line (average)



REGRESSION ANALYSIS - GPA

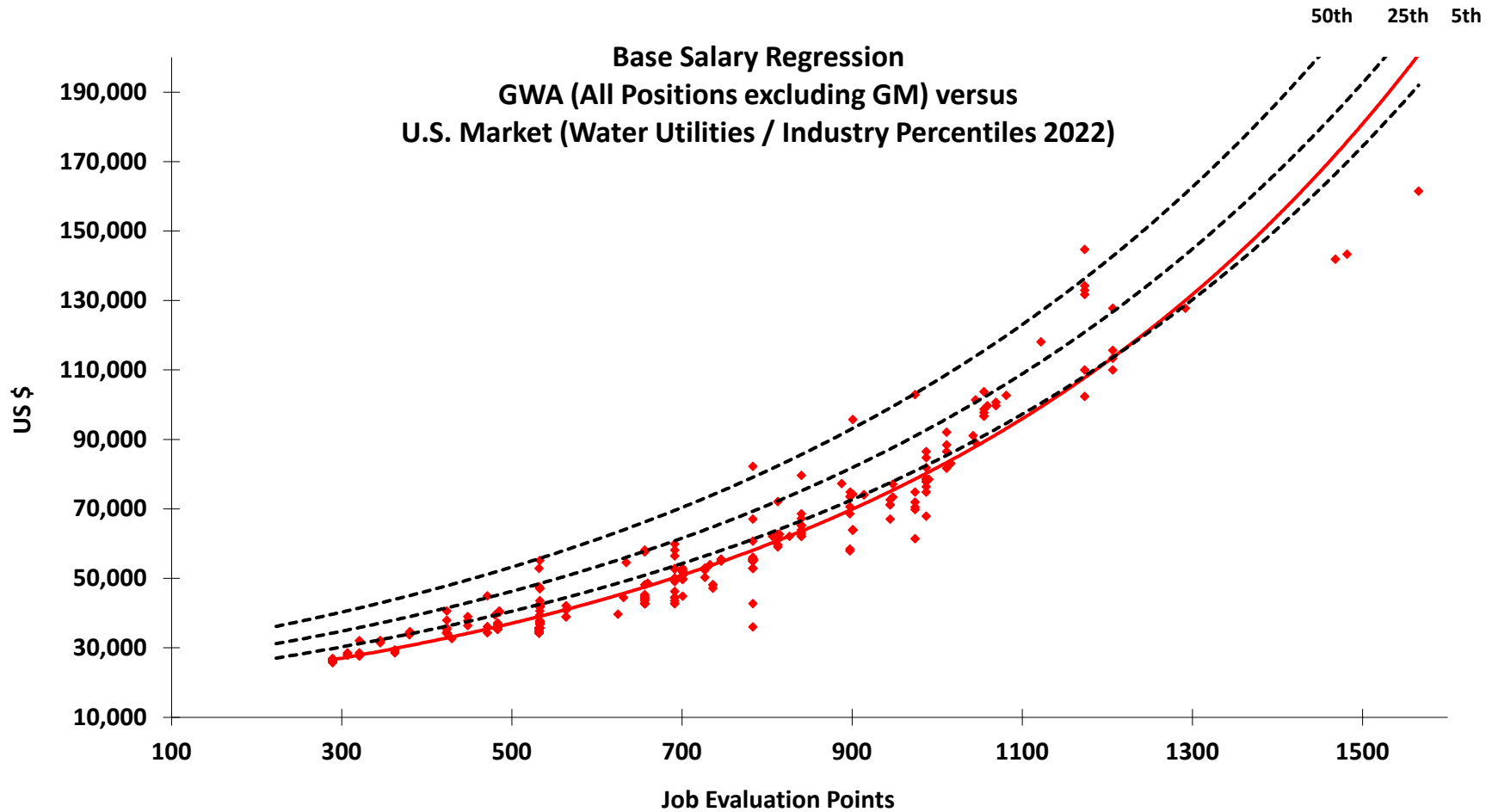
APPENDIX B





REGRESSION ANALYSIS - GWA

APPENDIX B





**Before examining the cost
results the following are
seven factors impacting
GPA & GWA's
current market position
(5th market percentile / 2022)**



1. MARKET REVIEWS

I cannot over emphasize the importance of conducting regular market reviews in order to confirm and monitor market Position

Appendix A : Pages 1 - 10 (Handout)



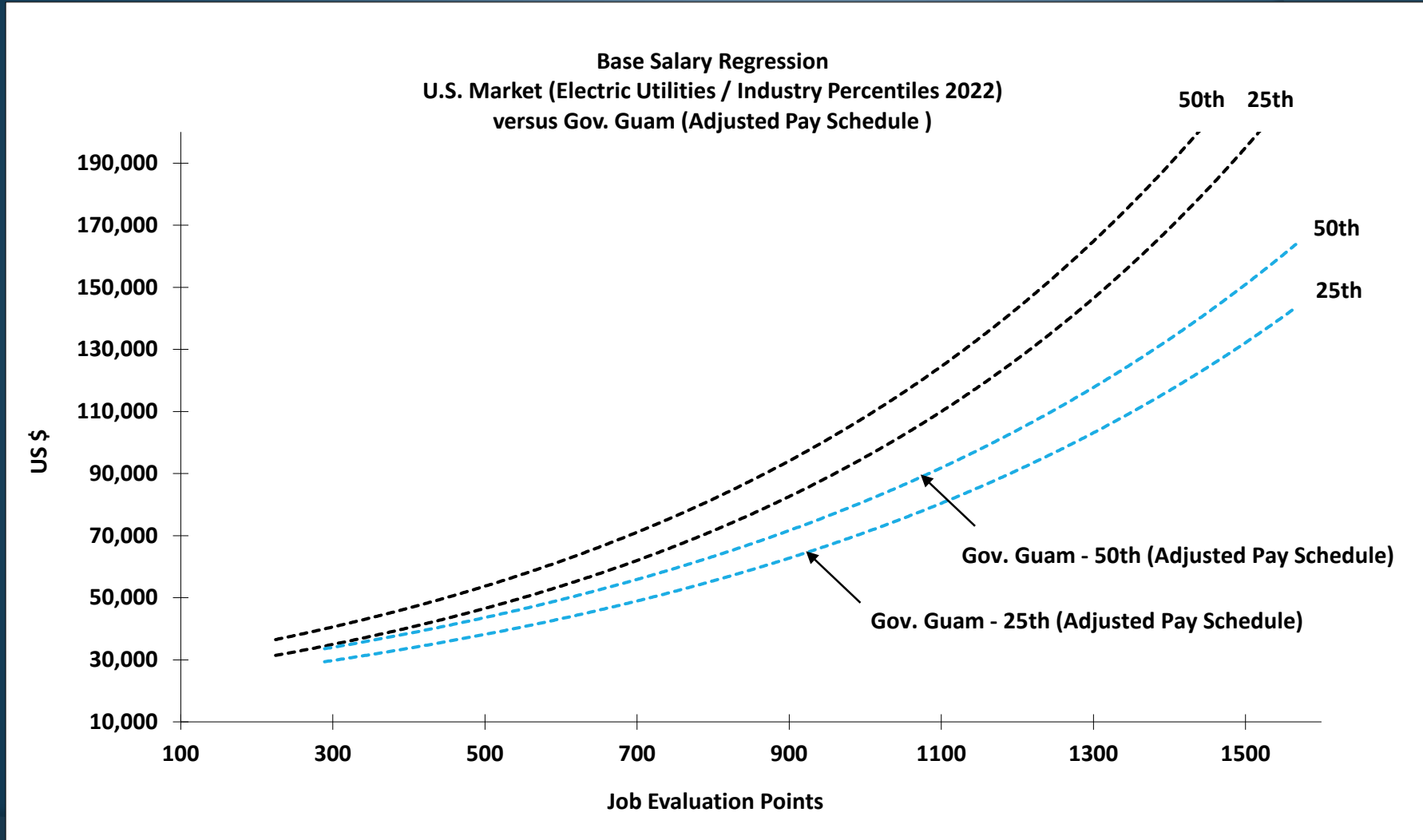
The Basic Premise :

“you cannot make strategic decisions on pay unless you know your true market position”

c.f. Gov. Guam - 22% increase



REG. - Utilities v's Gov. Guam





2. U.S. INFLATION

The current rate of inflation in the U.S. (the highest in 40 years) is exceeding salary growth



U.S. Inflation Rates : 2008 - 2022

September 2023 - 3.7%





3. INDUSTRY SALARY TRENDS

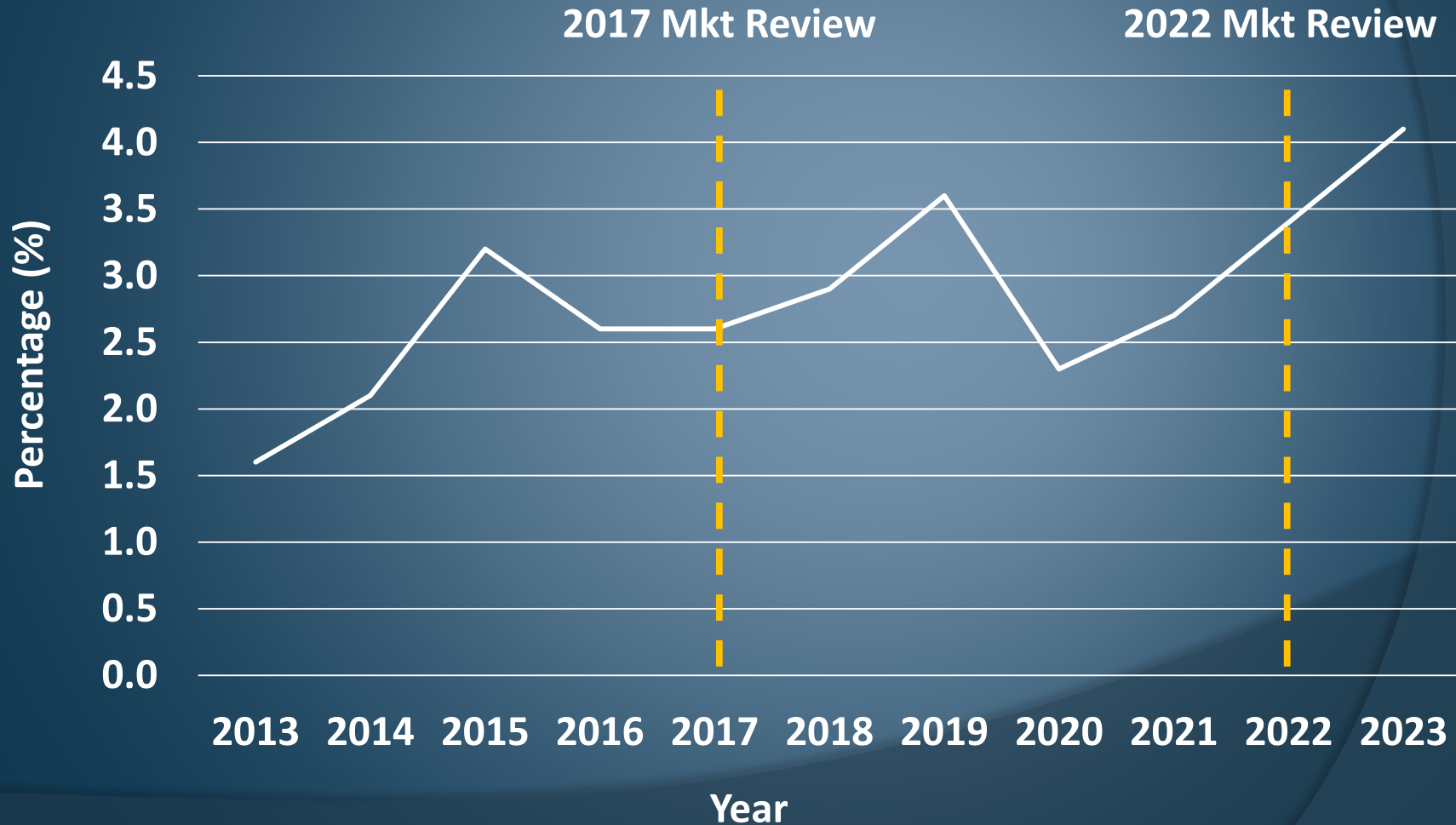
National salary growth within the U.S. is approximately 3% annually (average)

Salary growth within the utilities industry is currently trending in excess of 3% annually



BLS - Change in Total Compensation

Utilities : 2013 - 2023





4. METHODOLOGY (Imp. Range Comparator)

For each cost option an implementation range is generated for every position. In comparing salaries we have historically used the range minimum value as the comparator.



e.g. Line Electrician II

Grade I (15th Market Percentile)

	6				7	
D	A	B	C	D	A	B
44,483	44,927	45,377	45,830	46,289	46,752	47,219



e.g. Line Electrician II

Grade I (15th Market Percentile)

	6				7	
D	A	B	C	D	A	B
44,483	44,927	45,377	45,830	46,289	46,752	47,219



Range Minimum



Range Maximum



e.g. Line Electrician II

Grade I (15th Market Percentile)

	6				7	
D	A	B	C	D	A	B
44,483	44,927	45,377	45,830	46,289	46,752	47,219

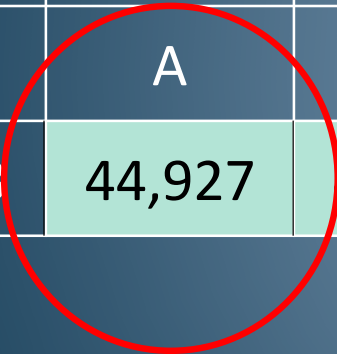
Comparator Value (Costings Historically)



e.g. Line Electrician II

Grade I (15th Market Percentile)

	6				7	
D	A	B	C	D	A	B
44,483	44,927	45,377	45,830	46,289	46,752	47,219



True 15th Market
Percentile Value



Recent History :

Market review conducted in 2017

2017 - migrated to 15th mkt percentile

2020 - migrated to 20th mkt percentile



Recent History :

Market review conducted in 2017

2017 - migrated to ~~15th~~ (10th) mkt percentile

2020 - migrated to ~~20th~~ (15th) mkt percentile



Current Costing / Moving Forward



	7				8	
D	A	B	C	D	A	B
46,289	46,752	47,219	47,691	48,168	48,650	49,136



Range Minimum
True Market
Percentile Value



Range Maximum



5. COMPETITIVE RECRUITMENT

Recruitment (for selected positions) is becoming increasingly competitive e.g. Engineering, IT, Scada, technical position etc



NAVFAC - Guam

Base Salary (hires from U.S. mainland)

12.62 % - COLA (tax free)

15.95% - Locality Pay (taxable)

12.38% - Non Foreign Post Diff. (taxable)

"Show me the Money"



How do we counter this ?

One option is migrating to a higher market percentile (which is what this review is about) but there are also other options worth exploring :



How do we counter this ?

One option is migrating to a higher market percentile (which is what this review is about) but there are also other options worth exploring :

1. Above Step Recruitment
2. Migrating selected positional groups



1. Above Step Recruitment

We may need to re-examine the wording of this policy, but the tool nonetheless, is there to be used by each General Manager re : hard to fill positions

Note : Use Appendix B to explore options

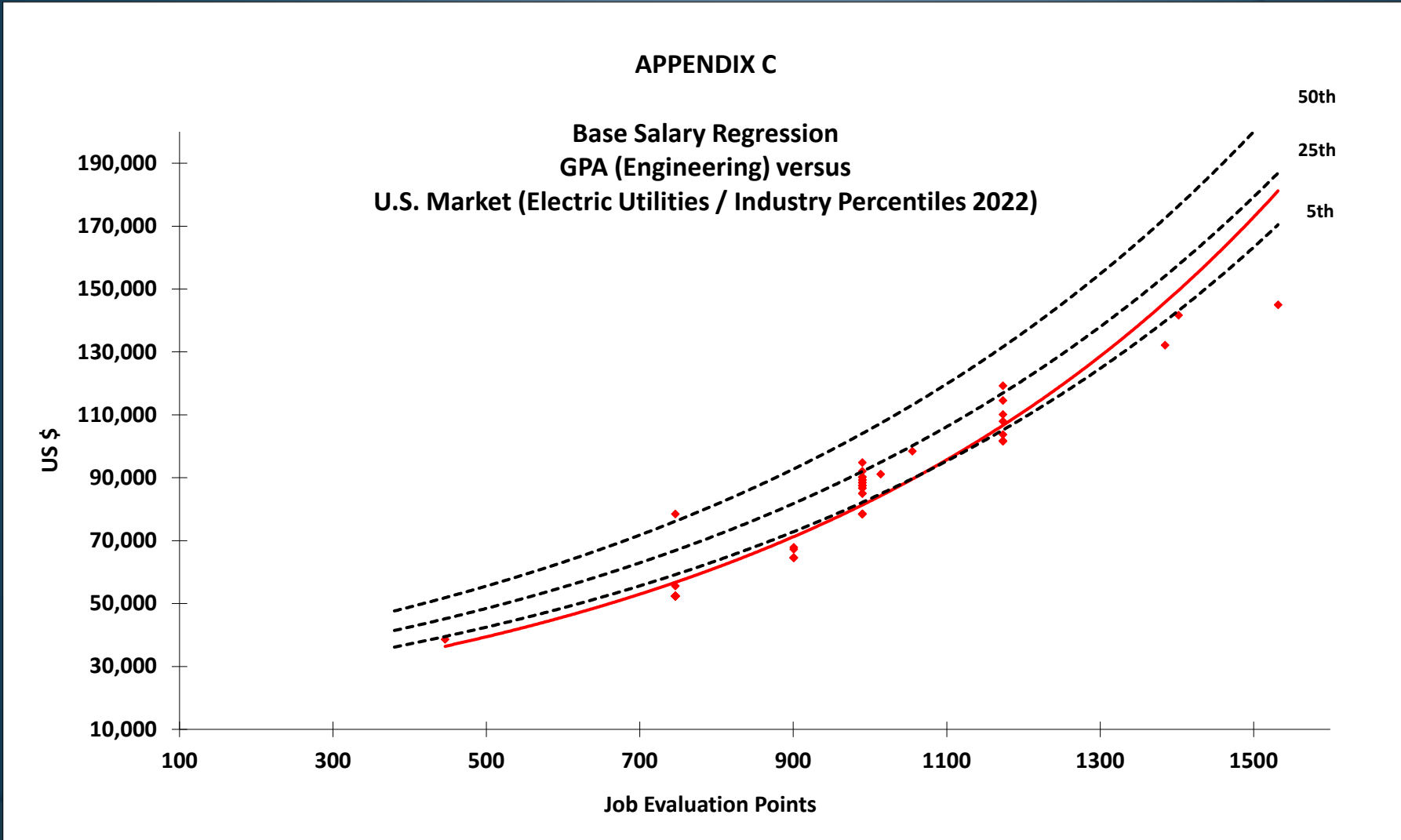


2. Migrating selected positional groups

Where a selected positional group is under pressure re : attraction & retention the option is there for that group to be positioned at a higher market percentile



REGRESSION - GPA Engineering

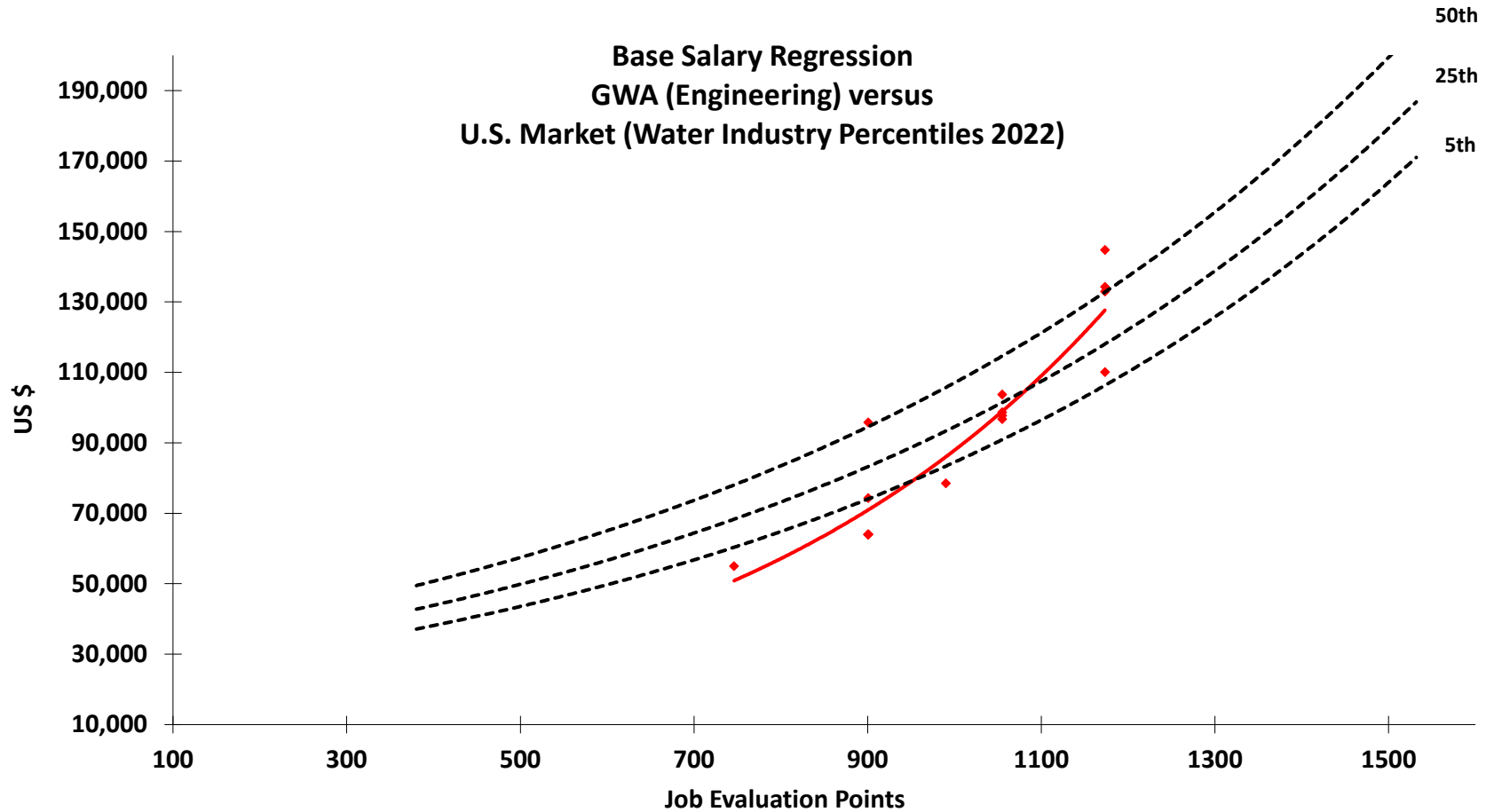




REGRESSION - GWA Engineering

APPENDIX C

Base Salary Regression
GWA (Engineering) versus
U.S. Market (Water Industry Percentiles 2022)





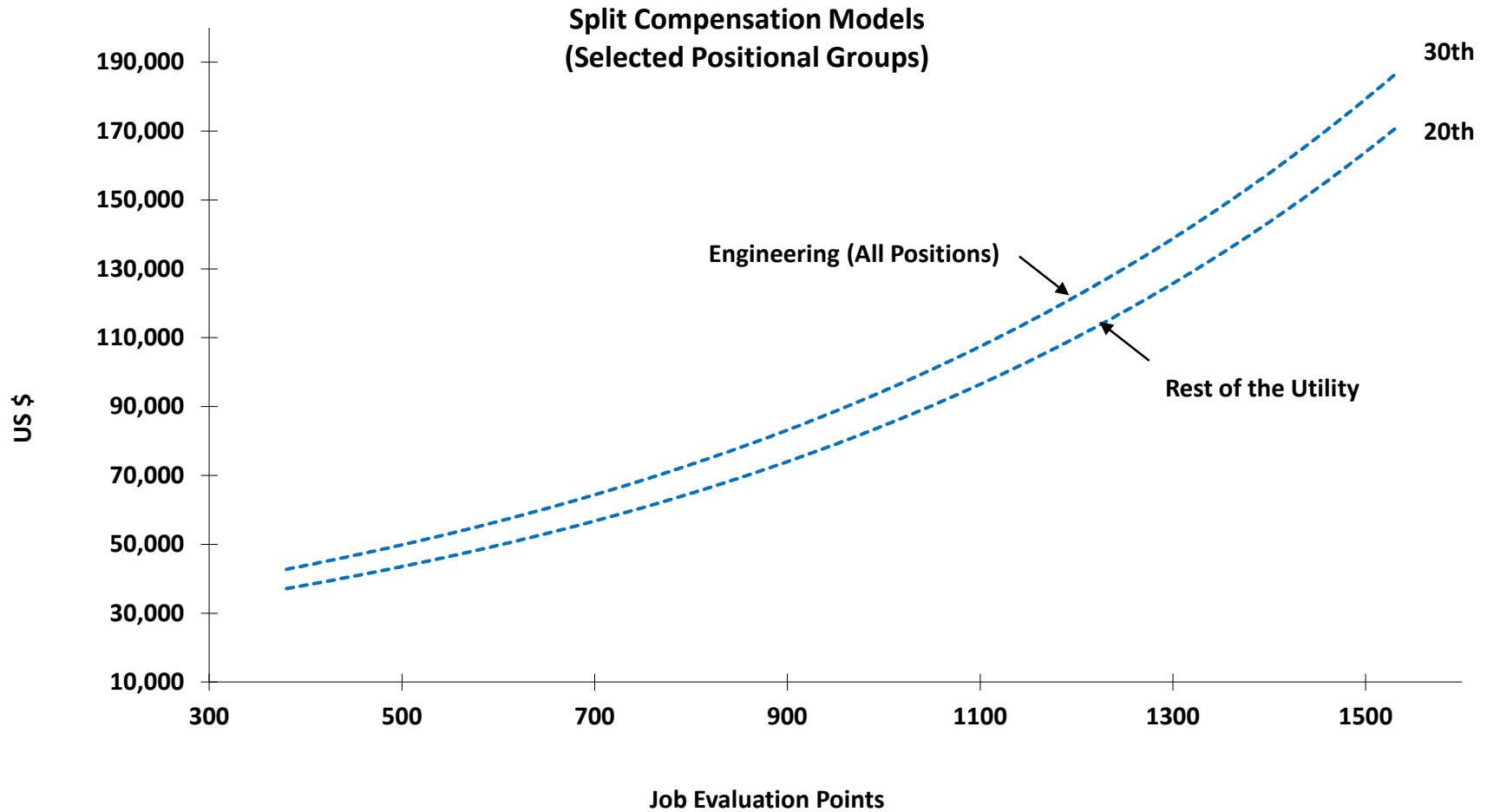
Action :

As an option we could migrate e.g. Engineering (and/or any other vulnerable positional group) to a higher market percentile

Note : Use Appendix B to explore options



Split Compensation Models





6. REWARDING QUALIFICATIONS

Recognition and reward for certified, technical and professional qualifications

Both GPA / GWA are vulnerable to the dynamics of a changing workforce

i.e. older / retiring staff perhaps unwilling to learn / acquire new skills etc



Example :

The first challenge is to identify the key qualifications of all CTP positions

Once completed the CTP position could have both a range minimum value plus a differential sub-step value in recognition of the qualification



e.g. Engineer Supervisor

	3				4	
D	A	B	C	D	A	B
118,330	119,513	120,709	121,916	123,135	124,366	125,610



Range Min



Range Min

		5				6
C	D	A	B	C	D	A
126,866	128,135	129,416	130,710	132,017	133,337	134,671



PE Qualification



7. TARGET MARKET PERCENTILE

It makes sense that the base salary target (for all positions) should be the 50th market percentile c.f. U.S. Utilities Market

Note : the 50th market percentile represents the market average



Strategy (Prevailing Market) :

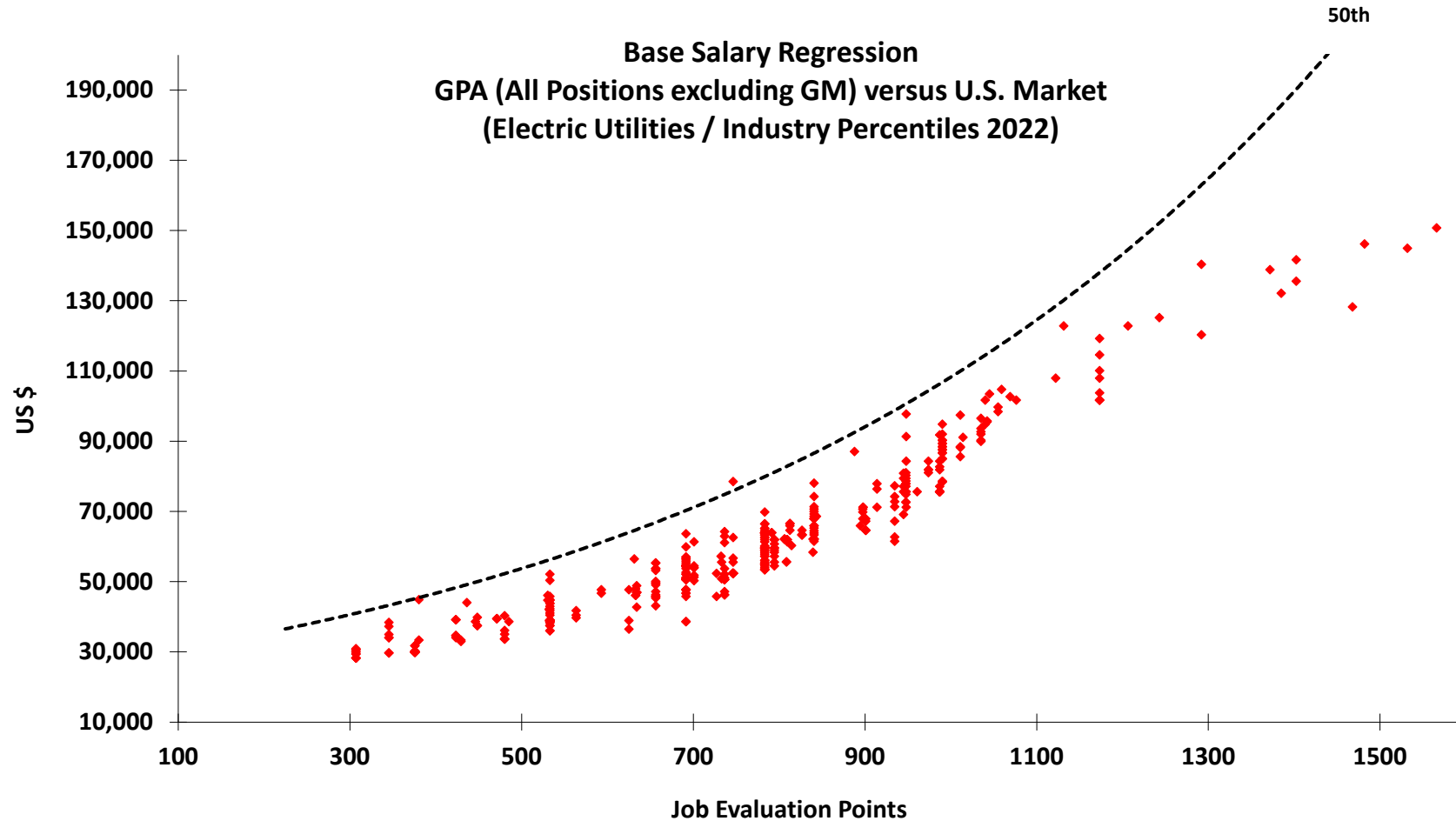
For employees < 50th increments would continue to added to base salary

For employees > 50th increments could be paid out as a lump sum payment as opposed to the amount being added to base salary
(Note : until market catches up)



REGRESSION ANALYSIS - GPA

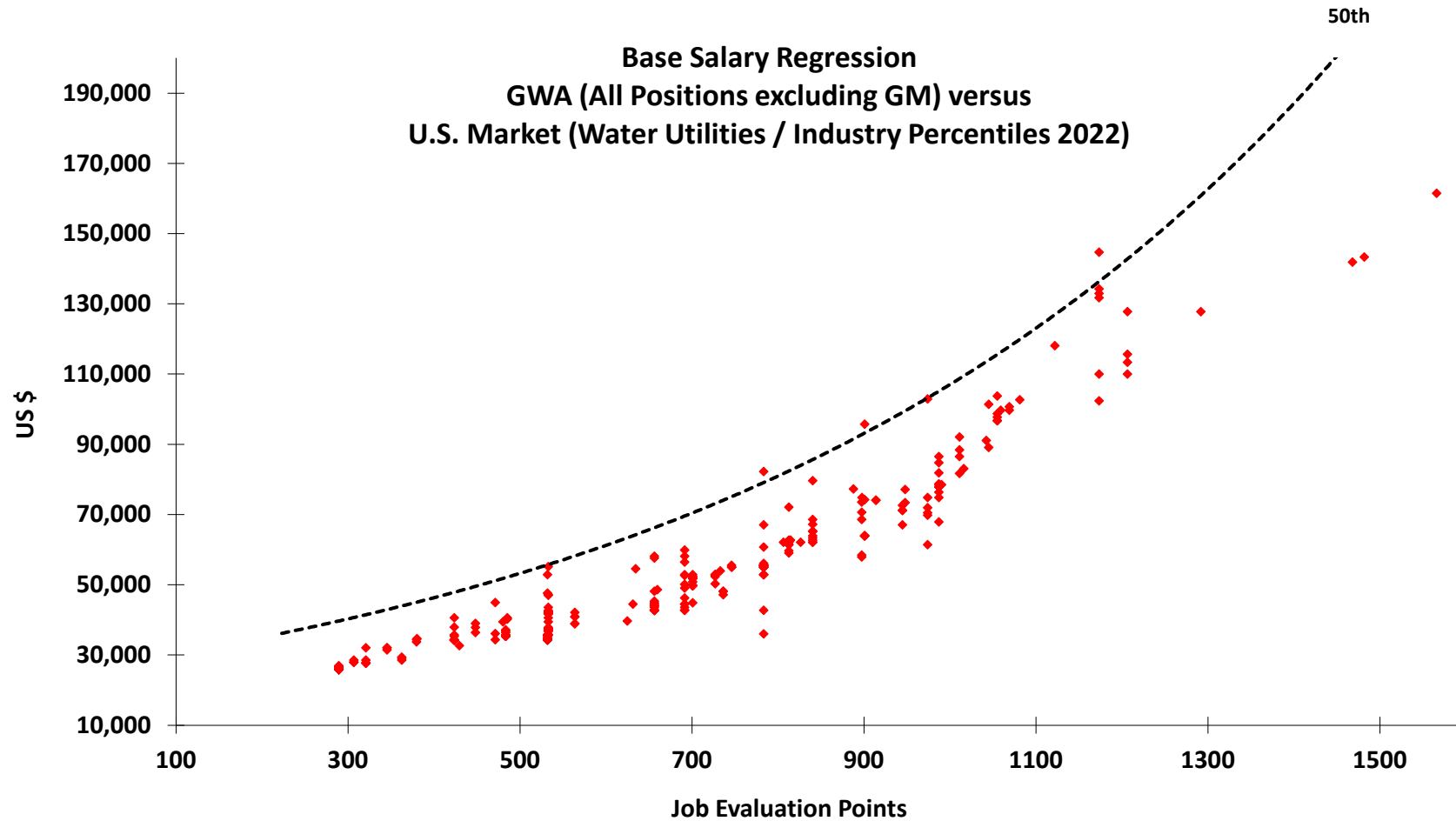
APPENDIX B





REGRESSION ANALYSIS - GWA

APPENDIX B



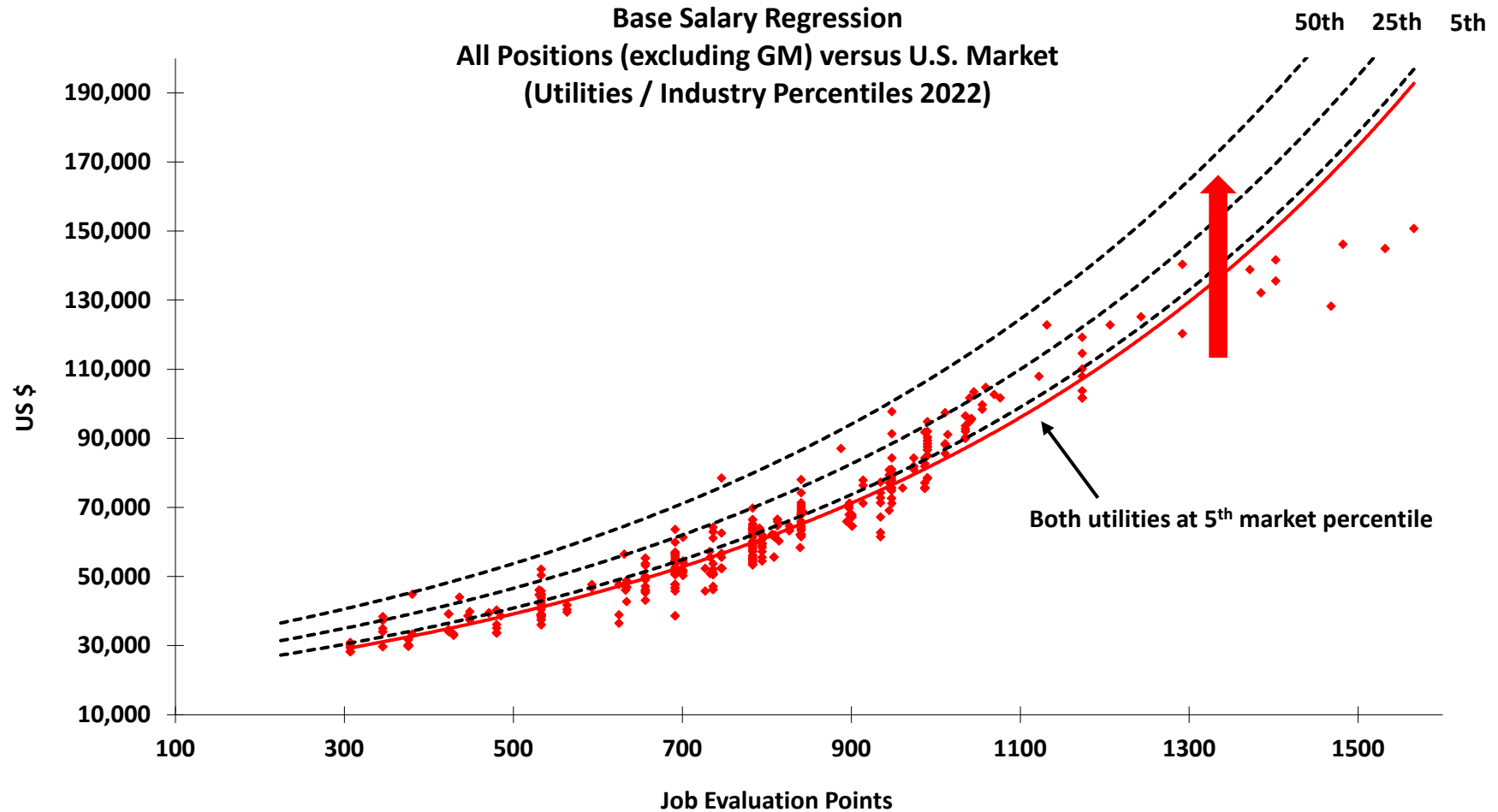


GPA / GWA - COST RESULTS





STRUCTURAL ADJUSTMENT





GPA / GWA - COST RESULTS

- We examined five (5) cost options : migrating both utilities to the : 10th, 15th, 20th, 25th & 30th market percentiles
- Results based on 2022 market data
- We understand both utilities are on a two (2) year budget cycle with \$2m per annum being set aside for structural adjustments in base salary



GPA / GWA - COST RESULTS

- Each cost result (in the handout) is based on migrating the utility from the current staffing pattern
- Additional cost results are presented in the following slides but are contingent on PFP being paid annually

GPA Cost Results - Two Options





GPA - Cost Summary

Option 1	F/Y24	1,797,804	20 th
	F/Y25	949,818	30 th
	TOTAL	\$ 2,747,622	

Option 2	F/Y24	2,525,622	25 th
	F/Y25	212,411	30 th
	TOTAL	\$ 2,738,033	



GPA Implementation - Option 1

F/Y24 - Migrate to 20th after F/Y23 PFP is paid (Jan 2024)

	No Emp.	% Emp.	Cost (\$)
Current Emp. < 20th	331	80.3	1,764,480
Current Emp. > 20th	81	19.7	33,324
	412	100.0	1,797,804

F/Y25 - Migrate to 30th after F/Y24 PFP is paid (Jan 2025)

	No Emp.	% Emp.	Cost (\$)
Current Emp. < 30th	365	88.6	949,818
Current Emp. > 30th	47	11.4	N/A
	412	100.0	949,818



GPA Implementation - Option 2

F/Y24 - Migrate to 25th after F/Y23 PFP is paid (Jan 2024)

	No Emp.	% Emp.	Cost (\$)
Current Emp. < 25th	360	87.4	2,504,423
Current Emp. > 25th	52	12.6	21,199
	412	100.0	2,525,622

F/Y25 - Migrate to 30th after F/Y24 PFP is paid (Jan 2025)

	No Emp.	% Emp.	Cost (\$)
Current Emp. < 30th	331	80.3	212,411
Current Emp. > 30th	81	19.7	N/A
	412	100.0	212,411



GPA - Cost Summary

Option 1	F/Y24	1,797,804	20 th
	F/Y25	949,818	30 th
	TOTAL	\$ 2,747,622	

Option 2	F/Y24	2,525,622	25 th
	F/Y25	212,411	30 th
	TOTAL	\$ 2,738,033	



GWA Cost Results - Two Options





GWA - Cost Summary

Option 1	F/Y24	2,353,776	20 th
	F/Y25	779,429	30 th
	TOTAL	\$ 3,133,205	
Option 2	F/Y24	2,946,431	25 th
	F/Y25	179,417	30 th
	TOTAL	\$ 3,125,848	



GWA Implementation - Option 1

F/Y24 - Migrate to 20th after F/Y23 PFP is paid (Sep 2024)

	No Emp.	% Emp.	Cost (\$)
Current Emp. < 20th	325	88.6	2,335,970
Current Emp. > 20th	42	11.4	17,806
	367	100.0	2,353,776

F/Y25 - Migrate to 30th after F/Y24 PFP is paid (Sep 2025)

	No Emp.	% Emp.	Cost (\$)
Current Emp. < 30th	336	91.6	779,429
Current Emp. > 30th	31	8.4	N/A
	367	100.0	779,429



GWA Implementation - Option 2

F/Y24 - Migrate to 25th after F/Y23 PFP is paid (Sep 2024)

	No Emp.	% Emp.	Cost (\$)
Current Emp. < 25th	336	91.6	2,932,368
Current Emp. > 25th	31	8.4	14,063
	367	100.0	2,946,431

F/Y25 - Migrate to 30th after F/Y24 PFP is paid (Sep 2025)

	No Emp.	% Emp.	Cost (\$)
Current Emp. < 30th	301	82.0	179,417
Current Emp. > 30th	66	18.0	N/A
	367	100.0	179,417



GWA - Cost Summary

Option 1	F/Y24	2,353,776	20 th
	F/Y25	779,429	30 th
	TOTAL	\$ 3,133,205	
Option 2	F/Y24	2,946,431	25 th
	F/Y25	179,417	30 th
	TOTAL	\$ 3,125,848	

Thank You





GPA - Cost Summary

Option 1

F/Y24	1,797,804	20 th
F/Y25	949,818	30 th
TOTAL	\$ 2,747,622	

Option 2

F/Y24	2,525,622	25 th
F/Y25	212,411	30 th
TOTAL	\$ 2,738,033	



GWA - Cost Summary

Option 1	F/Y24	2,353,776	20 th
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