



# CONSOLIDATED COMMISSION ON UTILITIES

Guam Power Authority • Guam Waterworks Authority  
P.O. BOX 2977 • Agana, Guam 96932

## GUAM WATERWORKS AUTHORITY REGULAR BOARD MEETING & VILLAGE OPEN FORUM *Agat Community Center* 4:00 p.m., August 13, 2008

### MINUTES

#### I. CALL TO ORDER

Chairman Sanchez called the meeting to order at 4:15 p.m. He announced that all (5) Commissioners were present. Those in attendance included:

##### Commissioners:

Simon Sanchez	Chairman
Benigno Palomo	Vice-Chairman – GPA
Eloy Hara	Vice-Chairman - GWA
Gloria Nelson	CCU Secretary
J. Margaret Blas	Member

##### Executive Management:

John Benavente	GM, Consolidated Utility Services (GMCUS)
Kin Flores	GM, Guam Power Authority
Danny Santos	Asst. GM, Consolidated Administration
Greg Cruz	Chief Financial Officer, GWA (CFOGWA)
Don Antrobus	Chief Engineer (CE)
Andy Balajadia	Asst. GM Operations, GPA
Randy Wiegand	Chief Financial Officer, GPA

##### Legal Counsel:

Sam Taylor	GWA Staff Attorney (SAGWA)
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##### Management & Staff:

Jesse Lujan	Collection / Distribution, GWA
Gilda Mafnas	Controller, GWA
Mark Miller	Asst. GM, Production & Treatment (AGMPT)
Paul Kemp	Asst. GM. Compliance/Safety
Joey Claveria	Asst. CFO
Becky Balajadia	RPU Supervisor
Geigy Salagon	Customer Service Supervisor
Heidi Ballendorf	PIO, GWA
Elaine Cruz	Personnel Services Administrator
Art Perez	PIO, GPA
Inas Mesgnon	GWA Wastewater Collection / Distribution
Gerald Paulino	GWA
Lenora Sanz	Controller, GPA
Victor Torres	IT Supervisor, GWA
Glenn Santos	GWA
Julia Gumataotao	Resident
Mercy Castro	Utility Services Administrator, GPA
Melinda Camacho	Engineering Mgr., GPA
Frank Aquino	GPA

<u>Guest</u>	
Rick Unpingco	Veolia
Tom Ada	Resident
Jeff Johnson	PUC Chair
Kevin Patrick	Veolia
Donald Wen	GM, GRH
C.C. Geronimo	GRH
Yang Hee	Tou-Youy
Benny Camacho	Resident
Glicerio Nasis	Resident
Becky North	Resident
John Davis	KUAM

**II. APPROVAL OF MINUTES**

No Minutes were presented for approval at this meeting

**III. GM (CUS) REPORT**

**IV. COMMUNICATIONS**

**1. Public Comments (2 min. per person)**

**V. NEW BUSINESS**

**1. Resolution 20-FY2008: Motion District Court for Use of EPA Fines**

In Resolution 20-FY2008, management requested to authorize legal counsel of GWA to submit a petition to the U.S. District court of Guam asking the court to allow all fines levied by the U.S. EPA against GWA for violation of the STIP be used by GWA to improve GWA infrastructure. The resolution noted that as of 8/13/08, GWA has incurred \$239k in fines and the CCU feels that it could be used more effectively spent on Guam trying to improve the island's public sewer and water system for the people of Guam rather than going to USEPA coffers. A recent decision by the US District Court involving the closure of the Ordot Dump agreed to allow GovGuam to use about \$2Million in fines levied by USEPA to the limited purpose of compliance with a related Order. In the resolution, the CCU would authorize legal counsel to petition for similar relief as the Court granted GovGuam in the Ordot dump matter.

Comm. Nelson motioned to approve Resolution 20-FY2008; Comm. Palomo seconded. There was no further discussion or objection and the motion passed.

**2. Resolution 21-FY2008: Approval of KGI Settlement**

Resolution 21-FY2008 requested the CCU to approve a settlement with GWA and Kusakabe Guam Inc. (KGI) relative to the cancellation to the AMR contract. GWA contracted Kusakabe for the purchase of water meters and related equipment and the installation of the meters. GWA experienced numerous problems with the contractor and through its Demand Cure Letter, required KGI rectify the problems or the contract would be canceled. KGI's responses lacked any indication that they would fully address the problems outlined. GWA formally cancelled the contract in December and after several meetings/discussions they reached an agreement to settle all outstanding disputes. The agreement was that GWA would pay KGI \$800k for invoices totaling \$1Million plus interest of \$83k. KGI would ship GWA (2) 40ft. containers with numerous fittings and assorted items.

In discussion, Comm. Palomo asked management to learn from this matter and not repeat the same mistakes in the future.

Comm. Nelson motioned to approve the resolution; Comm. Blas seconded. There was no further discussion or objection and the motion carried.

**3. Resolution 22-FY2008: Approval of Leak Detection Contract**

In Resolution 22-FY2008, management asked the CCU to approve the leak detection and training services contract between GWA and GRH Technologies Construction Co. The STIP handed down by the U.S. District Court requires GWA to develop and implement a comprehensive leak detection program. GWA did not have a leak detection program and published a solicitation for leak detection services and did not receive even 1 response. After the bid closed, GRH Technologies submitted a proposal to engage in leak detection services and provide leak detection training and sophisticated equipment at the end of the contract. Procurement law allows GWA to enter into a contract with GRH because it is the only source known to GWA to provide such services and also as an unsolicited offer. The STIP mandates and PUC also indicated to GWA that it wants them to implement a leak reduction program due to high water loss. The CCU believes that due to these reasons, this contract would be in the best interest of the people.

In discussion it was mentioned to amend the resolution to include the length of the contract between GWA and GRH; to add another whereas to detail GWA's water loss and the savings that would be gained by implementing the contract.

Comm. Palomo motioned to approve Resolution 22-FY2008 as amended; Comm. Hara seconded. There was no other discussion or objection and the motion passed.

**4. Resolution 23: FY2008: Approval of Metron-Farnier Contract**

Resolution 23-FY2008 requested the CCU to approve a contract between Metron Farnier and GWA for the provision of water meters and related equipment. This resolution is a result of the cancellation of the KGI contract noted above. GWA cancelled its contract with KGI who purchased meters from Metron Farnier for the GWA contract. GWA still has ongoing need to purchase water meters compatible with the existing meters and meter reading equipment to use for new accounts related to growth. GWA wishes to enter in to a sole source contract with Metron Farnier for the purchase of the water meters specifically provided for in the KGI contract and to purchase additional meters what will work with GWA's existing radio read meters. The GMCUS recommended moving forward with the Metron Farnier contract

Comm. Blas motioned to approve Resolution 23-FY2003; Comm. Nelson seconded. There was no further discussion or objection and the motion was unanimously approved.

**5. Navy Purchased Water Rate**

The GMCUS advised the Commission that he received a letter from Capt. Fuligini of the Navy advising GWA they have decided to roll back the proposed water rate increase originally set at \$4.16 per 1000 gallons to \$3.80 per 1000 gallons. GWA's current rate is \$3.25 per 1000/gallons. It was mentioned that last year the navy initiated a 50% rate increase and this year, they increased water by 14%. There was lengthy discussion relative to GWA's capability to run the FENA system more efficiently and effectively than the navy. At the end of the discussion, the Chair asked the GMCUS to initiate discussion with the navy to 1) negotiate a lower water rate 2) ask for a meeting to discuss and develop analysis of a possible takeover of FENA by GWA and 3) to have legal counsel pursue a FENA claim.

**VI. OLD BUSINESS**

**1. GPA Commercial Paper Update**

GPA's CFO updated the Commission on the status of its \$20Million Commercial Paper. He said this obligation has been outstanding for the past 11 years. He said that last month he advised that it had been drawn against the line of credit with Cathay Bank and the line had been termed out into a loan creating an immediate requirement to repay the line over a three year period. This would require GPA to repay about \$7Million each year. The CFO reported that since then, he has worked over the agreement with GPA Bond Counsel, Stan Dirks, and it now appears that the term out provision had not been activated. GPA has recently extended the commercial paper facility through October 6, 2008 and the parties have agreed that the term out provision will not be activated so long as the facility is ongoing.

**VII. STAFF REPORTS – This matter was tabled.**

1. Legal
2. Human Resources
3. Compliance
4. Chief Engineer
5. Asst. GM Consolidated Administration
6. Collection & Distribution
7. Production & Treatment
8. Financial
9. Communications / PIO

**VIII. ANNOUNCEMENTS**

**1. Next CCU Meeting: GPA – 8/26/08, Dededo; GWA – 9/9/08, Sinajana**

The Chairman announced that the village open forum would begin after the official business meeting was adjourned and after a 10 minute break. He asked all residents who would like to address the CCU to please sign in on the appropriate sheet.

**IX. ADJOURNMENT**

With no further business to bring before the Commission, the business portion of the meeting adjourned at 6:10 p.m.

Attested

  
SIMON A. SANCHEZ II, Chairman

  
GLORIA B. NELSON, Secretary

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