



*Territory of Guam*  
*Territorion Guam*

OFFICE OF THE GOVERNOR  
L'PISINAN I MAGA LAHI  
AGANA, GUAM 96910 U.S.A.

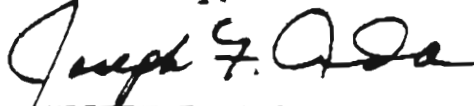
AUG 15 1990

The Honorable Joe T. San Agustin  
Speaker, Twentieth Guam Legislature  
155 Herman Cortez Street  
Agana, Guam 96910

Dear Mr. Speaker:

Transmitted herewith is Bill No. 1448, which I have signed into  
law this date as Public Law 20-190.

Sincerely,

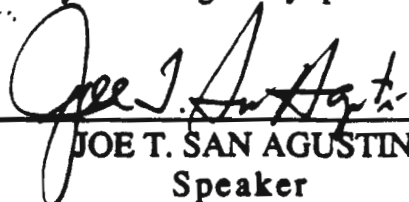
  
JOSEPH F. ADA  
Governor

Attachment

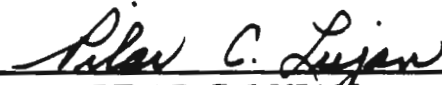
TWENTIETH GUAM LEGISLATURE  
1990 (SECOND) Regular Session

CERTIFICATION OF PASSAGE OF AN ACT TO THE GOVERNOR


This is to certify that Substitute Bill No. 1448 (LS), "AN ACT TO APPROPRIATE FIVE MILLION DOLLARS (\$5,000,000) TO THE PUBLIC UTILITY AGENCY OF GUAM TO COMPLETE PHASE II AND PHASE III OF THE UGUM WATER PROJECT," was on the 1st day of August, 1990, duly and regularly passed.

  
\_\_\_\_\_  
JOE T. SAN AGUSTIN  
Speaker

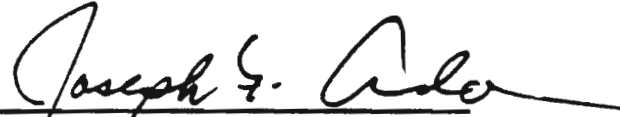
Attested:

  
\_\_\_\_\_  
PILAR C. LUJAN  
Senator and Legislative Secretary

-----  
This Act was received by the Governor this 10<sup>th</sup> day of August,  
1990, at 11:25 o'clock A.m.

  
\_\_\_\_\_  
Assistant Staff Officer  
Governor's Office

APPROVED:

  
\_\_\_\_\_  
JOSEPH F. ADA  
Governor of Guam

Date: August 15, 1990

Public Law No. 20-190

TWENTIETH GUAM LEGISLATURE  
1990 (SECOND) Regular Session

Bill No. 1448 (LS)

As substituted by the Committee  
on Ways and Means and further  
substituted by the Committee on  
Rules

Introduced by:

E. D. Reyes  
C. T. C. Gutierrez  
H. D. Dierking  
F. J. A. Quitugua  
T. S. Nelson  
M. C. Ruth  
J. G. Bamba  
D. F. Brooks  
M. D. A. Manibusan  
J. P. Aguon  
E. P. Arriola  
M. Z. Bordallo  
E. R. Duenas  
E. M. Espaldon  
P. C. Lujan  
G. Mailloux  
D. Parkinson  
J. T. San Agustin  
F. R. Santos  
T. V. C. Tanaka  
A. R. Unpingco

AN ACT TO APPROPRIATE FIVE MILLION DOLLARS  
(\$5,000,000) TO THE PUBLIC UTILITY AGENCY OF GUAM  
TO COMPLETE PHASE II AND PHASE III OF THE UGUM  
WATER PROJECT.

1 BE IT ENACTED BY THE PEOPLE OF THE TERRITORY OF GUAM:  
2 Section 1. Legislative findings. The Legislature, in passing Public Law  
3 20-6, appropriated Six Million Eight Hundred Thousand Dollars (\$6,800,000)

1 for the Ugum Water Project construction costs. The Legislature finds that  
2 escalating costs of construction have created a shortfall in the amount of Five  
3 Million Dollars (\$5,000,000) for the total requirement for the project. The  
4 Legislature further finds that any additional delays may increase this  
5 shortfall.

6 Section 2. Five Million Dollars (\$5,000,000) are hereby appropriated  
7 from the Fiscal Year 1991 revenues of the General Fund to the Public Utility  
8 Agency of Guam to supplement the amount appropriated by Public Law 20-6  
9 for the completion of the Ugum Water Project.

TWENTIETH GUAM LEGISLATURE  
1989 (FIRST) Regular Session

ROLL CALL SHEET

Bill No. 1448

Date: 8/1/90

Resolution No. \_\_\_\_\_

QUESTION: \_\_\_\_\_

	<u>AYE</u>	<u>NAY</u>	<u>NOT VOTING</u>	<u>ABSENT</u>
J. P. Aguon	✓			
E. P. Arriola	✓			
J. G. Bamba	✓			
M. Z. Bordallo	✓			
D. F. Brooks	✓			
H. D. Dierking	✓			
E. R. Duenas	✓			
E. M. Espaldon				✓
C. T. C. Gutierrez	✓			
P. C. Lujan	✓			
G. Mailloux	✓			
M. D. A. Manibusan	✓			
T. S. Nelson	✓			
D. Parkinson	✓			
F. J. A. Quitugua	✓			
E. D. Reyes	✓			
M. C. Ruth	✓			
J. T. San Agustin	✓			
F. R. Santos	✓			
T. V. C. Tanaka	✓			
A. R. Unpingco	✓			

(20)

(1)

# Twentieth Guam Legislature

155 Hernan Cortez  
Pacific Arcade  
Agana, Guam 96910  
Telephone: (671) 472-3407/8/9  
FAX: (671) 477-3161



Chairman, Committee  
on Ways & Means  
  
Vice-Chairman, Committee  
on Tourism & Transportation

CARL T. C. GUTIERREZ  
Senator

July 11, 1990

Honorable Speaker Joe T. San Agustin  
Speaker, Twentieth Guam Legislature  
163 Chalan Santo Papa  
Agana, Guam 96910

Dear Mr. Speaker:

The Committee on Ways & Means wishes to report out its findings on **BILL NO. 1448**, to the full Legislature with the recommendation to **Do Pass as Substituted**.

The Committee Voting Record is as follows:

TO PASS:	<u>10</u>
NOT TO PASS:	<u>0</u>
ABSTENTIONS:	<u>0</u>
REPORT OUT ONLY:	<u>0</u>
OFF-ISLAND:	<u>1</u>

Copies of the Committee Report and all pertinent documents are attached for your information.

Sincerely,

Handwritten signature of Carl T. C. Gutierrez in cursive.

CARL T. C. GUTIERREZ  
Chairman

Attachments

Twentieth Guam Legislature  
Committee on Ways & Means  
**VOTING SHEET**

BILL NO.  
**1448**

AN ACT TO APPROPRIATE FOUR MILLION EIGHT HUNDRED THOUSAND DOLLARS (\$4,800,000) FROM THE FISCAL YEAR 1991 REVENUES OF THE GENERAL FUND TO THE PUBLIC UTILITY AGENCY OF GUAM FOR THE COMPLETION OF PHASE II AND PHASE III OF THE UGUM WATER PROJECT.

	<u>TO PASS</u>	<u>NOT TO PASS</u>	<u>TO REPORT OUT ONLY</u>	<u>TO PLACE IN INACTIVE FILE</u>
<i>C. Gutierrez</i> Senator Carl T. C. GUTIERREZ Chairman	✓			
<i>H. Dierking</i> Senator Herminia D. DIERKING Vice-Chairman	✓			
<i>J. P. Aguon</i> Senator John P. AGUON Member	✓			
<i>G. Bamba</i> Senator George BAMB Member	✓			
<i>D. Brooks</i> Senator Doris BROOKS Member	✓			
<u>OFF ISLAND</u>				
<i>M. Espaldon</i> Senator Ernesto ESPALDON Member	✓ 7/18/90 mem			
<i>M. Manibusan</i> Senator Marilyn MANIBUSAN Member	✓			
<i>T. Nelson</i> Senator Ted S. NELSON Member	✓			
<i>D. Parkinson</i> Senator Don PARKINSON Member	✓			
<i>F. A. Quitugua</i> Senator Franklin J. A. QUITUGUA Member	✓			
<i>M. Ruth</i> Senator Martha C. RUTH Member	✓ 7/12/90			

**COMMITTEE ON WAYS & MEANS  
COMMITTEE REPORT  
ON**

**BILL NO. 1448: AN ACT TO APPROPRIATE FOUR MILLION EIGHT HUNDRED THOUSAND DOLLARS (\$4,800,000) FROM THE GENERAL FUND TO THE PUBLIC UTILITY AGENCY OF GUAM FOR THE COMPLETION OF PHASE I AND PHASE II OF THE UGUM WATER PROJECT.**

The Committee on Ways & Means held a public hearing on Friday, June 29, 1990 beginning at 9:00 a.m. at the Legislative Conference Room to gather testimony on Bill NO. 1448. Senator Carl T. C. Gutierrez, Chairman of the Committee conducted the hearing, being joined by Senators Martha C. Ruth, Ted S. Nelson, and Franklin J. Quitugua.

**TESTIMONY**

Mayor Gregorio Borja of Santa Rita testified orally in favor of the Bill. As you all know we were up there last year for the initial ground breaking and we all took that long walk down to the river and I'm glad to see that it's being started and we would like to continue it so that the southern community may enjoy good water not like the Santa Rita and Agat when we got shut off from our supplier a few weeks ago. However, we support this and I know it's not going to be completed overnight, but in the long run it will provide the water needed for the southern community.

Mayor Albert Topasna of Umatac also testified orally in support of the Bill. We need the water . . . we need water and power.

Mr. Anthony C. Blaz, Chief Officer, Public Utility Agency of Guam submitted written testimony in favor of the Bill. The Ugum Water Project, also known as the Malojloj-Inarajan Water Source Development Project, is a very critical project that will provide an abundant supply of surface water source to the people of the south and reduce the strain on the northern water aquifer system. The Ugum Water Project was initially estimated to cost \$6.8 million a year and a half ago. currently, construction costs have pushed the project's price tag up to \$11.6 million, with strong indications of an increase after July 30, 1990. Currently, the project is



moving ahead as scheduled with the pump station, the road, and the transmission lines being installed. As soon as this phase is completed, we need to mobilize immediately the construction of the treatment plant and water storage facility.

## **RECOMMENDATION**

The Committee on Ways & Means recommends that Bill NO. 1448 be passed by the Twentieth Guam Legislature as Substituted.

TWENTIETH GUAM LEGISLATURE  
1990 (SECOND) Regular Session

Bill No. 1448

As Substituted by the  
Committee on Ways & Means

Introduced by:

E. D. REYES  
C. T. C. GUTIERREZ

AN ACT TO APPROPRIATE FOUR MILLION EIGHT HUNDRED  
THOUSAND DOLLARS (\$4,800,000) FROM THE FISCAL YEAR 1991  
REVENUES OF THE GENERAL FUND TO THE PUBLIC UTILITY AGENCY  
OF GUAM FOR THE COMPLETION OF PHASE II AND PHASE III OF THE  
UGUM WATER PROJECT.

1 BE IT ENACTED BY THE PEOPLE OF THE TERRITORY OF GUAM:

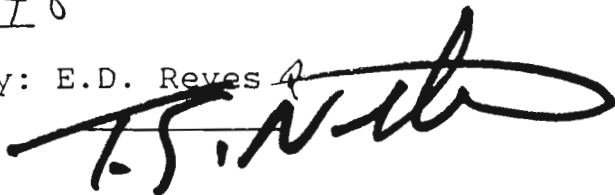
2 Section 1. Legislative Findings. The Legislature, in passing  
3 Public Law 20-6, appropriated Six Million Eight Hundred Thousand Dollars  
4 (\$6,800,000) for the Ugum Water Project construction costs. The  
5 Legislature finds that escalating costs of construction have created a  
6 shortfall in the amount of Four Million Eight Hundred Thousand Dollars  
7 (\$4,800,000) for the total requirement for the project. The Legislature  
8 further finds that any additional delays may increase this shortfall.

9 Section 2. Four Million Eight Hundred Thousand Dollars  
10 (\$4,800,000) are hereby appropriated from the Fiscal Year 1991 Revenues  
11 of the General Fund to the Public Utility Agency of Guam to supplement  
12 the amount appropriated by Public Law 20-6 for the completion of the  
13 Ugum Water Project.

TWENTIETH GUAM LEGISLATURE  
1990 (SECOND) Regular Session

Bill No. 1448

Introduced By: E.D. Reyes



90 MAY 14 PM 1:21

AN ACT TO APPROPRIATE FOUR MILLION EIGHT HUNDRED THOUSAND DOLLARS (\$4,800,000) FROM THE GENERAL FUND TO THE PUBLIC UTILITY AGENCY OF GUAM FOR THE COMPLETION OF PHASE II AND PHASE III OF THE UGUM WATER PROJECT

BE IT ENACTED BY THE PEOPLE OF THE TERRITORY OF GUAM:

SECTION 1. Legislative Findings. The Legislature, in passing Public Law 20-6, appropriated \$6,800,000 for the Ugum Water Project construction costs. The Legislature finds that escalating costs of construction have created a shortfall in the amount of \$4,800,000 for the total requirement for the project. The Legislature further finds that any additional delays may increase this shortfall.

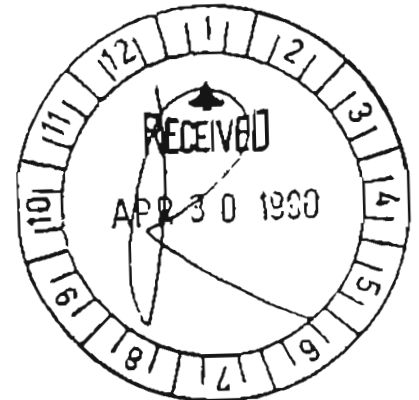
SECTION 2. There are hereby appropriated the sum of Four Million Eight Hundred Thousand Dollars (\$4,800,000) to the Public Utility Agency of Guam to supplement the amount appropriated by Public Law 20-6 for the completion of the Ugum Water Project.



*Territory of Guam  
Territorio Guam*

OFFICE OF THE GOVERNOR  
URFINAN I MAGA LAHI  
AGANA, GUAM 96910 U.S.A.

*Rec'd Secy*  
APR 30 1990



The Honorable Joe T. San Agustin  
Speaker, 20th Guam Legislature  
163 Chalan Santo Papa  
Agana, GU 96910

Dear Mr. Speaker:

The Malojoj-Inarajan Water Source Development, also known as the Ugum Water Project, recently broke ground for Phase I construction of access road and pipeline. This vital project, when completed, will provide an abundant supply of surface water to the people of the south and reduce the strain on the northern aquifers system.

As you know, Public Law 20-6, which was signed into law one year ago, appropriated \$6.8 million to fund the project's construction costs. However, Guam's economic boom has had an extraordinary impact on the construction industry with the demand for construction services which now exceed the available supply of contractors. This has adversely impacted on many government construction projects, which are now faced with escalating costs brought about by competing projects in the private and public sectors and the scarcity of general contractors.

Therefore, the Ugum Water Project is now expected to cost considerably more than originally estimated, due to vendor scarcity and other competing projects that were far more expensive and lucrative for contractors. PUAG has already completed design work on the project, at a cost of \$718,000, funding for which was provided by P.L. 17-79 and FY89 PUAG Operating Fund. PUAG has also completed the Phase I construction of the access road and pipeline, at a cost of \$1,684,000, funding for which was included in the appropriation made possible by P.L. 20-6. PUAG handled construction management for Phase I internally.

However, PUAG is not in a position to do Contract Management Phase II/III and Inspection, as this must be performed by the contractor at a cost of \$380,000; nor is PUAG in a position to fund \$648,000 for contingency and administrative costs. This last item is particularly important in that, as you

The Honorable Joe T. San Agustin  
Page Two

know, we are now requiring contractors to conduct archeological reviews of areas which undergo construction in order to identify and preserve any Chamorro artifacts, burial sites or other items which may be in the area. Only in this way can we maintain and preserve the heritage of our people, which I'm sure you will agree is vital to the cultural survival of our people.

Recently, two bids were solicited for the construction of Phase II and III of the Ugum Water Project. The first bid solicitation resulted in the submission of no bid. The second bid solicitation went out in November 1989 and was closed in December 1989; two vendors submitted bids:

- |                              |                |
|------------------------------|----------------|
| 1. Black Construction Corp.  | \$9,994,000.00 |
| 2. Hanil Development Company | 8,888,000.00   |


The bid was awarded to Hanil Development Company on January 24, 1990. The quoted bid of \$8,888,000.00 - which brings the total project price to \$11.6 million - was originally good for 60 days, which has already passed; however, because Hanil has posted a performance bond, the firm has agreed to extend the quoted price. Any further delay, however, could increase the quoted price significantly.

There is, therefore, a sense of immediate urgency on this critical project. Indicators reveal that construction prices will continue to rise, which will push the cost of the Ugum Project even higher. Therefore, I must respectfully request an additional appropriation of \$4.8 million in order that Phase II/III construction of the treatment plant and water storage facility are not jeopardized.

It is imperative for the executive and legislative branches to once again join hands in the spirit of cooperation in order to make the dream of our southern villagers come true. Let us continue to work together to put a final end to the southern water problems by completing this vital Ugum River Water Project. I urge you and your colleagues to join with us in taking immediate action to complete this project.

Thank you and Si Yu'os Ma'ase.

Sincerely,

  
JOSEPH F. ADA  
Governor



**PUBLIC UTILITY AGENCY OF GUAM**

GOVERNMENT OF GUAM  
POST OFFICE BOX 3010  
AGANA, GUAM 96910  
(671) 646-8891/6

JUN 29 1990

TESTIMONY ON BILLS  
1415, 1435, 1448, 1437, 1449

RELATING TO WATER AND SEWER PROJECTS IN SOUTHERN  
AND CENTRAL GUAM

Submitted by  
Anthony C. Blaz, Chief Officer  
Public Utility Agency of Guam  
June 29, 1990

Good morning, Mr. Chairman and members of the Legislative Committee on Ways & Means. I am here today to testify in support of three bills relating to water and wastewater infrastructure development in southern and central Guam. Specifically, PUAG is in full support of the following bills that would fund three very important utility projects.

Bill 1415 - An Act to Appropriate \$1,500,000 to PUAG for the  
Merizo-Umatac Sewer System.

The Merizo-Umatac area is presently experiencing severe sewer problems due to heavy infiltration and inflow into the sewer system. These problems contribute to increased health hazards as more and more area residents experience flooding and overflowing sewerlines. The current facilities and

JUN 29 1990

infrastructure systems are in urgent need of renovations to correct the present deficiencies. Bill 1415 provides the necessary funding for these system renovations and will provide a long overdue solution to a potentially dangerous situation.

Bill 1435 - An Act to Appropriate \$450,000 from the Fiscal Year 1991 Public Utility Agency for the design and construction of sewer lines collector at West Broom Road, Municipality of Barrigada.

Since the main sewer system was installed in Barrigada over 10 years ago, the West Broom Road residents have not had the benefit and convenience of a sewer system for their area. The sewer lines collector is a new project that will rectify this situation providing much needed sewer access services to all the residents of West Broom Road in the Municipality of Barrigada.

Bill 1448 - An Act to Appropriate \$4,800,000 to the Public Utility Agency of Guam for the completion of Phase II and Phase III of the Ugum Water Project.

The Ugum Water Project, also known as the Malojloj-Inarajan Water Source Development Project, is a very critical project

JUN 29 1990

that will provide an abundant supply of surface water source to the people of the south and reduce the strain on the northern water aquifer system.

The Ugum River Project was initially estimated to cost \$6.8 million a year and a half ago. Currently, construction costs have pushed the project's price tag up to \$11.6 million, with strong indications of an increase after July 30, 1990. Please note that, currently, the project is moving ahead as scheduled with the pump station, the road, and the transmission lines being installed. As soon as this phase is completed, we need to mobilize immediately the construction of the treatment plant and water storage facility.

Bill 1437 - An Act to Appropriate \$7,000,000 for the purpose of installing emergency generators on PUAG water wells.

PUAG has a total of 89 wells, of which only 24 are equipped with emergency generators. Power outages of at least 24 hours cripple the Agency's service capability causing a breakdown of the water system resulting in massive water outages islandwide.

Additionally, current development taking place on the island is placing a tremendous stress on the water system. Island




JUN 29 1990

residents are subjected to repeated inconveniences during water outages from breakdowns in the water system. More importantly, however, is the endangerment to the health and welfare of the people of Guam because of breakdowns in the water system. The installation of emergency generators on PUAG water wells are essential and vital for the residents of Guam and can be made possible through passage of Bill 1437.

Bill 1449 - An Act to appropriate \$6,670,980 for the purpose of completing the Leyang and South Barrigada Sewer Collector System.

The appropriation of funding under Bill 1449 would allow PUAG to complete the Barrigada Sewer Project, Phase III, which when completed will service the residents of Leyang and South Barrigada.

The passage of the aforementioned legislations are necessary in order to provide much-needed sewer and water services to the people of Guam. PUAG appreciates the confidence and trust that this legislative body places on the Agency. We look forward to the continued encouragement and support of the Legislative Branch, and on behalf of the people of Guam, extend "UN DANGKULO NA SI YU'OS MAASE".



ANTHONY C. BLAZ  
Chief Officer



Bill No. 1448      Date Received: June 22, 1990  
 Amendatory Bill Yes  No       Date Received: June 22, 1990  
 Department/Agency Affected: Public Utility Agency of Guam  
 Department/Agency Head: Anthony Blaz  
 Total Fiscal Year Appropriation: \_\_\_\_\_

Bill Title (concise): AN ACT TO APPROPRIATE FOUR MILLION EIGHT HUNDRED THOUSAND  
DOLLARS (\$4,800,000) FROM THE GENERAL FUND TO THE PUBLIC UTILITY  
AGENCY OF GUAM FOR THE COMPLETION OF PHASE II AND PHASE III OF THE  
UGUM WATER PROJECT.

Change in Law: NO

Bill Attempts to:      Bill is for:  
 Increase Program Funding       Operations  
 Decrease Program Funding       Capital Improvement  
 Reallocate Present Program Funding       Other

FINANCIAL/PROGRAM IMPACT

<u>PROGRAM CATEGORIES</u>	<u>Minimum Estimated Required Funds (For Five Years)</u>		
	<u>GENERAL FUND</u>	<u>FEDERAL</u>	<u>OTHER</u>
<u>Utilities &amp; Infrastructure</u>	<u>\$4,800,000</u>	_____	_____
_____	_____	_____	_____
<u>GRAND TOTAL</u>	<u>\$4,800,000</u>	_____	_____

ESTIMATED MULTI-YEAR FUND REQUIREMENTS

<u>SOURCES</u>	<u>1st</u>	<u>2nd</u>	<u>3rd</u>	<u>4th</u>	<u>5th</u>
<u>General Fund</u>	<u>N/A</u>	_____	_____	_____	_____
<u>Federal Fund</u>	_____	_____	_____	_____	_____
<u>Other Fund</u>	_____	_____	_____	_____	_____
<u>GRAND TOTAL</u>	_____	_____	_____	_____	_____

ESTIMATED MULTI-YEAR REALIZED REVENUES

<u>SOURCES</u>	<u>1st</u>	<u>2nd</u>	<u>3rd</u>	<u>4th</u>	<u>5th</u>
<u>General Fund</u>	<u>See Comments</u>	_____	_____	_____	_____
<u>Federal Fund</u>	_____	_____	_____	_____	_____
<u>Other Fund</u>	_____	_____	_____	_____	_____
<u>GRAND TOTAL</u>	_____	_____	_____	_____	_____

*Paul Leon Guerrero*  
Paul D. Leon Guerrero  
 PROGRAM MANAGER  
*Michael J. Heidy*  
MICHAEL J. HEIDY  
 DIRECTOR

Date Review Terminated: June 22, 1990

COMMENTS:

COMMENTS ON BILL NO. 1448

Bill 1448 if enacted, would appropriate \$4.8M for the completion of the Ugum Water Project. However, Bill 1448 failed to identify the funding source for the appropriation. Estimates by PUAG officials indicate that the amount identified in the bill would be insufficient due to higher material cost. An additional amount of \$200,000 is needed.

Status of General Fund Revenues vs. Appropriations:

Revenue Estimate (P.L. 20-41)	\$384.0M
Less Appropriations/Obligations to date (up to P.L. 20-183)	<u>475.1M</u>

Excess appropriations over revenues	<u><u>\$(91.1M)</u></u>
-------------------------------------	-------------------------

*Michael J. Reidy*  
92 MICHAEL J. REIDY

TWENTIETH GUAM LEGISLATURE  
1990 (SECOND) Regular Session

**Introduced**

Bill No. 1448 (LS)

MAY 21 '90

Introduced By: E.D. Reyes *R*

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AN ACT TO APPROPRIATE FOUR MILLION EIGHT HUNDRED THOUSAND DOLLARS (\$4,800,000) FROM THE GENERAL FUND TO THE PUBLIC UTILITY AGENCY OF GUAM FOR THE COMPLETION OF PHASE II AND PHASE III OF THE UGUM WATER PROJECT

1 BE IT ENACTED BY THE PEOPLE OF THE TERRITORY OF GUAM:

2 SECTION 1. Legislative Findings. The Legislature, in passing Public  
3 Law 20-6, appropriated \$6,800,000 for the Ugum Water Project construction  
4 costs. The Legislature finds that escalating costs of construction have  
5 created a shortfall in the amount of \$4,800,000 for the total requirement  
6 for the project. The Legislature further finds that any additional delays  
7 may increase this shortfall.

8 SECTION 2. There are hereby appropriated the sum of Four Million  
9 Eight Hundred Thousand Dollars (\$4,800,000) to the Public Utility Agency  
10 of Guam to supplement the amount appropriated by Public Law 20-6 for the  
11 completion of the Ugum Water Project.