

A quantitative and descriptive microscopic analysis of the cores from the 11 exploratory wells drilled in 1982 and cores from two newly drilled land fill monitoring wells on Anderson Air Force Base is almost completed. WERI is using state-of-the-art equipment for this analysis.

Computer modeling capability has been increased.

In the last 11 years, data including well performance, salinity-depth profiles, water table elevations and groundwater quality have been regularly monitored and annually recorded by GEPA.

Because of the island development and economic growth, we should do an in-depth study of the NGL using the vast data that we have now. The NGLS should be repeated periodically in the future as our collected data grow. This study will provide us with more accurate information about the dynamics of the aquifer and more accurate number for sustainable yield which will facilitate better planning and management. To do this, it is necessary to have secured sources of funding.

There are a number of other urgent water resources issues that need to be studied. I will outline them:

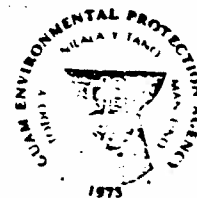
1. Minimum flow requirements for rivers in Southern Guam.
2. Potential pollution of golf courses, residential development, and farming activities.
3. and many others.

For the Regulatory agencies to be able to make proper decisions they need to have better information about our water resources. In conclusion, We fully support Bill 539, this Water research development fund could be used to insure safe water resources for our island.

FRED M. CASTRO
Administrator

JOANNE M. BROWN
Deputy Administrator

GUAM ENVIRONMENTAL PROTECTION AGENCY



D-107 HARMON PLAZA, 130 ROJAS ST., HARMON, GUAM 96911 TEL. NO. 646-8863/5 FAX: 646-9402

AHENSIAN PRUTEKSION LINA'LA GUAHAN

Senator Thomas C. Ada
Chairperson, Water, Utilities and
Electronic Communications
Twenty-Second Guam Legislature
155 Hesler Street
Agana, Guam 96910

JUL 19 1992

Dear Senator Ada:

GEPA POSITION ON BILL NO. 539

The Agency's position on Bill No. 539 is to support the intent of the Bill to provide for monetary charges for the beneficial use of publicly owned wells groundwater withdrawn by privately owned wells, to establish a water research and development fund, and for other purposes.

The fund shall be available for the purpose of funding the conduct of water resource related research activities such as updating the Northern Guam Lens Study adopted by the Government of Guam on December 1982. The update can be based on the the reevaluation of the hydrologic budget, sustainable yield and geometry of the northern Guam aquifer and also support or redefine the subbasin management zone framework established by the 1982 Lens Study.

GEPA PERMITTING PROCESS

GEPA permitting process started in 1985. Upon completion of the construction of a well, well owner must submit an operating permit application to Guam EPA with clearance from Public Utility Agency of Guam (PUAG). The well operating permit application includes the well logs, and water quality test results. A fee of two hundred fifty dollars (\$250.00) shall accompany the initial or renewal application. This fee is payable every five years. In addition to the initial or renewal fee of two hundred dollars (\$250.00), annual operating fee shall be assessed base upon the maximum pumping rate authorized, as stipulated in the operating permit. The annual operating fee shall be as follows:

<u>Pumping Rate (gpm)</u>	<u>Annual Fee</u>
0 to 150	\$ 200.00
151 to 225	\$ 250.00
226 to 325	\$ 400.00
326 to 525	\$ 600.00
greater than 525	\$ 800.00



Senator Thomas C. Ada
Page 2

Any well, prior to the issuance of the well operating permit, shall be inspected by the Administrator or his authorized representative.

PERMIT HOLDERS

Breakdown of well operator permit holders, permitted volume and actual withdrawal (attached).

Sincerely,

A handwritten signature in black ink, appearing to read "Fred M. Castro", with a long, sweeping horizontal stroke extending to the right.

FRED M. CASTRO
Administrator

Attachment

PRIVATELY OWNED WATER WELLS

WELL NO.	WELL OWNER	PERMITTED PRODUCTION		
		GPM	MGY	MGD
BCC-1	HAMAMOTO CORPORATION	150	77	.216
CIR-1	COCOS ISLAND RESORT	150	77	.216
CIR-2	-DO-	150	77	.216
FM-1	FOREMOST FOODS	150	77	.216
GOR-1	SHELL COMPANY	150	77	.216
HGC-3	HATSUHO GOLF COURSE	600	315	.864
HRP-1	HAWAIIAN ROCK PRODUCT	300	153	.432
HRP-2	-DO-	300	153	.432
IE-1	ISLAND EQUIPMENT	90	47	.130
MCR-1	MARBO CAVE RESORT	100	52	.144
MGC-3	MANGILAO GOLF COURSE	200	103	.288
MGC-4A	-DO-	200	103	.288
MGC-5	-DO-	200	103	.288
MGC-6A	-DO-	200	103	.288
TGR-1	TALOFOFO GOLF RESORT	75	39	.108
TGR-2	-DO-	75	39	.108
TGR-3	-DO-	75	39	.108
TGR-4	-DO-	40	21	.058
TGR-5	-DO-	60	31	.086
TGR-6	-DO-	40	21	.058
TGC-1	TAKAYAMA GOLF COURSE	35	18	.050
CCP-1	COUNTRY CLUB OF THE PACIFIC	40	21	.058
CCP-2	-DO-	40	21	.058
CCP-3	-DO-	40	21	.058
CCP-4	-DO-	40	21	.058
CCP-5	-DO-	40	21	.058
CCP-6	-DO-	40	21	.058
PBI-1	PEREZ BROTHERS	150	77	.216
PIC	PACIFIC ISLAND CLUB	400	206	.403
FFH-1	FADIAN FISH HATCHERY	200	103	.288
FFH-2	-DO-	200	103	.288
FFH-3	-DO-	200	103	.288
FFH-4	-DO-	200	103	.288
FFH-5A	-DO-	200	103	.288
FFH-6	-DO-	200	103	.288
FFH-7	-DO-	200	103	.288
RCA-1	MCI	200	103	.288
		25	13	.036

NOTE:

- 1) BCC-1, IE-1, GOR-1, HRP-1 & 2, CIR-1 & 2, and PBI are being used for industrial purposes.
- 2) PIC-1 is a salt water well which is being used for

Privately Owned Water Wells
Page 2

the swim-through aquarium.

- 3) FM-1 and RCA-1 are being used for drinking water.
- 4) HGC-3, MCR-1, MGC-3,4A,5, & 6A, TGR-1,2,3,4,5, & 6, TGC-1, and CCP-1,2,3,4,5, & 6, are being used for irrigation purposes
- 5) FFH-1,2,3,4,5A,6, & 7: are being used for aquaculture purposes.
- 6) GPM = GALLONS PER MINUTE
MGY = MILLION GALLONS PER YEAR
MGD = MILLION GALLONS PER DAY

1992 WATER PRODUCTION

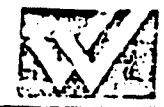
	No. of Wells	Gallons	MGD
I. PUAG	94	8,872,300,000	24.64528
II. USAF	10	1,059,500,000	2.943028
III. USN	10	205,136,000	0.569822
IV. PRIVATE WELLS *			
PIC	1	21,000,000	0.058333
FM	1	31,667,600	0.087966
IE	1	0	0
BCC	1	0	0
CIR	2	0	0
HRP	2	0	0
FFH	7	166,086,400	0.461351
GOR	1	0	0
RCA	1	0	0
PBI	1	1,069,204	0.00297
	--	29,516,669	0.081991
SUBTOTAL	18	249,339,873	0.692611
V. GOLF COURSES **			
HGC	1	101,710,000	0.282528
CCP	6	20,286,200	0.056351
MGR	4	133,706,000	0.371406
TGR	6	68,198,314	0.18944
MCR	1	2,948,400	0.00819
TGC	1	0	0
	--	0	0
SUBTOTAL	19	326,848,914	0.907914
TOTAL IV + V		576,188,787	
VI. SURFACE WATER			
Manenggon:			
Ylig R.		105,540,000	0.293166
Pago R.		2,190,000	0.006083
		107,730,000	0.006083

* PIC - Pacific Islands Club
 FM - Foremost
 IE - Island Equipment
 BCC - Hamamoto Corp. Ltd.
 CIR - Cocos Island Resort
 HRP - Hawaiian Rock
 FFH - Fadian Fish Hatcheries
 GOR - Gorco (Shell)
 RCA - RCA (MCI)
 PBI - Perez Brothers Inc.

** HGC - Hatsuho Golf Course
 CCP - Country Club of the Pacific
 MGR - Mangilao Golf Resort
 TGR - Talofofu Golf Resort
 MCR - Marbo Cave Resort
 TGC - Takayama Golf Course

DATE COLLECTED	DATE RECEIVED	DATE COMPLETED	SAMPLE CODE
07/05/90	07/11/90	07/19/90	9190227

AUG 16 1990



CUSTOMER ADDRESS
 FOREMOST FOODS
 PO BOX 8560
 TAMUNING, GUAM
 96911-

NATIONAL
 Water Testing
LABORATORIES, INC.
 6151 HANSEN AVENUE
 GUAM, GUAM 96913
 (670) 240-2225

DEALER ADDRESS
 RAINMAKER DEV. INC.
 PO BOX 3448
 AGANA, GUAM, 64910-

DRINKING WATER ANALYSIS RESULTS

NOTE: * Indicates that maximum levels have been exceeded, or in the case of pH are either too high OR too low.
 "nd" indicates that none of this contamination has been detected at or above our detection level.

Analysis performed	MCL (mc/L)	Detection Level	Level Detected
Microbiological:			
Total coliform (organism/100ml):	0	0.0	nd
Inorganic chemicals - metals:			
Arsenic	0.05	0.002	0.002
Barium	1.0	0.30	nd
Cadmium	0.01	0.002	nd
Chromium	0.05	0.004	0.004
Copper	1.0	0.004	0.036
Iron	0.5	0.020	0.050
Lead	0.05	0.002	nd
Manganese	0.05	0.004	nd
Mercury	0.002	0.0002	nd
Nickel	0.15	0.02	nd
Selenium	0.01	0.002	nd
Silver	0.05	0.002	nd
Sodium	—	1.0	43.0
Zinc	5.0	0.004	0.068
Inorganic chemicals - other, and physical factors:			
Alkalinity (Total as CaCO ₃)	—	2.0	210
Chloride	250	10.0	135
Fluoride	4.0	1.0	nd
Nitrate as N	10	0.5	3
Nitrite	—	0.5	nd
Sulfate	250	10.0	22
Hardness (as CaCO ₃)	—	20.0	240
pH (Standard Units)	6.5-8.5	—	6.90
Total Dissolved Solids	500	20.0	345
Turbidity (Turbidity units)	1.0	0.1	nd
Organic chemicals -- trihalomethanes:			
Bromoform	—	0.004	nd
Bromodichloromethane	—	0.002	nd
Chloroform	—	0.002	nd
Dibromochloromethane	—	0.002	nd
Total THMs (sum of four above)	0.1	0.002	nd
Organic chemicals - volatiles			
Benzene	0.005	0.001	nd
Vinyl Chloride	0.05	0.001	nd
Carbon Tetrachloride	0.05	0.001	nd
1,2-Dichloroethane	0.05	0.001	nd
Trichloroethylene	0.05	0.001	nd
1,1-Dichloroethene	0.05	0.001	nd

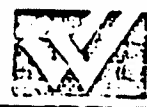
Page 2: Sample Code: 9190229

Analysis performed	MCL (mg/l)	Detection Level	Level Detected
1,1,1-Trichloroethane	0.20	0.001	nd
Bromobenzene	---	0.002	nd
Bromomethane	---	0.002	nd
Chlorobenzene	---	0.001	nd
Chloroethane	---	0.001	nd
Chloroethylvinyl ether	---	0.002	nd
Chloromethane	---	0.002	nd
2-Chlorotoluene	---	0.002	nd
4-Chlorotoluene	---	0.001	nd
Dibromochloropropane (DBCP)	---	0.001	nd
Dibromomethane	---	0.001	nd
1,2-Dichlorobenzene	---	0.002	nd
1,3-Dichlorobenzene	---	0.001	nd
Dichlorodifluoromethane	---	0.001	nd
1,1-Dichloroethane	---	0.002	nd
Trans-1,2-Dichloroethylene	---	0.002	nd
Cis-1,2-Dichloroethylene	---	0.002	nd
Dichloromethane	---	0.002	nd
1,2-Dichloropropane	---	0.002	nd
Trans-1,3-Dichloropropane	---	0.002	nd
Cis-1,3-Dichloropropane	---	0.002	nd
2,2-Dichloropropane	---	0.002	nd
1,1-Dichloropropane	---	0.002	nd
1,3-Dichloropropane	---	0.002	nd
Ethylbenzene	---	0.002	nd
Ethylene dibromide (EDB)	---	0.001	nd
Styrene	---	0.001	nd
1,1,1,2-Tetrachloroethane	---	0.001	nd
1,1,2,2-Tetrachloroethane	---	0.002	nd
Tetrachloroethylene	---	0.002	nd
Trichlorobenzene (a)	---	0.002	nd
1,1,2-Trichloroethane	---	0.002	nd
Trichlorofluoromethane	---	0.002	nd
1,2,3-Trichloropropane	---	0.002	nd
Toluene	---	0.002	nd
Xylenes	---	0.001	nd
---	---	0.001	nd
Organic chemicals - pesticides - herbicides & PCBs			
Alachlor	---	0.005	nd
Atrazine	---	0.050	nd
Chloroac	---	0.050	nd
Aldrin	0.02	0.02	nd
Dichloro...	---	0.005	nd
Dieldrin	---	0.005	nd
Endrin	---	0.0001	nd
Heptachlor	0.0002	0.0001	nd
Heptachlor Epoxide	0.01	0.002	nd
Hexachlorobenzene	---	0.0001	nd
Hexachlorocyclopentadiene	0.02	0.005	nd
Lindane	---	0.005	nd
Methoxychlor	0.004	0.004	nd
PCBs	0.1	0.05	nd
Pentachloronitrobenzene	0.008	0.004	nd
Silvex 2,4,5-TP	---	0.005	nd
Simazine	0.01	0.0005	nd
Toxaphene	---	0.050	nd
Trifluralin	0.005	0.005	nd
2,4-D	---	0.005	nd
---	0.1	0.001	nd

** These test results are intended to be used for informational purposes only and may not be used for regulatory compliance.

I certify that the analysis performed for this laboratory test was conducted in accordance with the methods of the American Public Health Association (APHA) and the Environmental Protection Agency (EPA) and that the results are accurate and reliable.

DATE COLLECTED	DATE RECEIVED	DATE COMPLETED	SAMPLE CODE
07/05/90	07/11/90	07/19/90	9190225



AUG 16 1990
 NATIONAL HEALTH AND ENVIRONMENTAL EFFECTS RESEARCH LABORATORY
 FEDERAL BUREAU OF INVESTIGATION
 U.S. DEPARTMENT OF JUSTICE
 400 ANDREWS AVENUE
 WASHINGTON, D.C. 20535

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 PO BOX 8560
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 96911-

DEALER ADDRESS
 RAINMAKER DEV. INC.
 PO BOX 3448
 AGANA, GUAM, 64910-

DRINKING WATER ANALYSIS RESULTS

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Analysis performed	MCL (mc/L)	Detection Level	Level Detected
Microbiological:			
Total coliform (organism/100ml):	0	0.0	nd
Inorganic chemicals - metals:			
Arsenic	0.05	0.002	0.002
Barium	1.0	0.30	nd
Cadmium	0.01	0.002	nd
Chromium	0.05	0.004	0.004
Copper	1.0	0.004	0.036
Iron	0.3	0.020	0.058
Lead	0.05	0.002	nd
Manganese	0.05	0.004	nd
Mercury	0.002	0.0002	nd
Nickel	0.15	0.02	nd
Selenium	0.01	0.002	nd
Silver	0.05	0.002	nd
Sodium	---	1.0	43.0
Zinc	5.0	0.004	0.068
Inorganic chemicals - other, and physical factors:			
Alkalinity (Total as CaCO ₃)	---	2.0	210
Chloride	250	10.0	135
Fluoride	4.0	1.0	nd
Nitrate as N	10	0.5	3
Nitrite	---	0.5	nd
Sulfate	250	10.0	22
Hardness (as CaCO ₃)	---	20.0	240
pH (Standard Units)	6.5-8.5	---	6.90
Total Dissolved Solids	500	20.0	545
Turbidity (Turbidity units)	1.0	0.1	nd
Organic chemicals - trihalomethanes:			
Bromoform	---	0.004	nd
Bromodichloromethane	---	0.002	nd
Chloroform	---	0.002	nd
Dibromochloromethane	---	0.002	nd
Total THMs (sum of four above)	0.1	0.002	nd
Organic chemicals - volatiles:			
Benzene	0.005	0.001	nd
Vinyl chloride	0.005	0.001	nd
Carbon tetrachloride	0.005	0.001	nd
1,2-Dichloroethane	0.005	0.001	nd
Trichloroethylene	0.005	0.001	nd
1,1-Dichloroethene	0.005	0.001	nd
1,2-Dichloroethene	0.005	0.001	nd

Page 2

Analysis-performed	MCL (mg/l)	Detection Level	Level Detected
1,1,1-Trichloroethane	0.20	0.001	nd
Bromobenzene	---	0.002	nd
Chlorobenzene	---	0.002	nd
Chloroethane	---	0.001	nd
Chloroethylvinyl ether	---	0.002	nd
Chloromethane	---	0.002	nd
2-Chlorotoluene	---	0.001	nd
4-Chlorotoluene	---	0.001	nd
Dibromochloropropane (DBCP)	---	0.001	nd
Dibromomethane	---	0.002	nd
1,2-Dichlorobenzene	---	0.001	nd
1,3-Dichlorobenzene	---	0.001	nd
Dichlorodifluoromethane	---	0.002	nd
1,1-Dichloroethane	---	0.002	nd
Trans-1,2-Dichloroethylene	---	0.002	nd
Cis-1,2-Dichloroethylene	---	0.002	nd
Dichloromethane	---	0.002	nd
1,2-Dichloropropane	---	0.002	nd
Trans-1,3-Dichloropropane	---	0.002	nd
Cis-1,3-Dichloropropane	---	0.002	nd
2,2-Dichloropropane	---	0.002	nd
1,1-Dichloropropane	---	0.002	nd
1,3-Dichloropropane	---	0.002	nd
Ethylbenzene	---	0.001	nd
Ethylene dibromide (EDB)	---	0.001	nd
Styrene	---	0.001	nd
1,1,1,2-Tetrachloroethane	---	0.002	nd
1,1,2,2-Tetrachloroethane	---	0.002	nd
Tetrachloroethylene	---	0.002	nd
Trichlorobenzene (s)	---	0.002	nd
1,1,2-Trichloroethane	---	0.002	nd
Trichlorofluoromethane	---	0.002	nd
1,2,3-Trichloropropane	---	0.002	nd
Toluene	---	0.001	nd
Xylene	---	0.001	nd
Organic chemicals - pesticides - herbicides & PCBs			
Alachlor	---	0.005	nd
Atrazine	---	0.050	nd
Chlordane	0.02	0.02	nd
Aldrin	---	0.005	nd
Dieldrin	---	0.005	nd
Endrin	---	0.0001	nd
Heptachlor	0.0002	0.0001	nd
Heptachlor Epoxide	0.01	0.002	nd
Hexachlorobenzene	---	0.0001	nd
Hexachlorocyclopentadiene	0.02	0.005	nd
Lindane	---	0.005	nd
Methoxychlor	0.004	0.004	nd
PCBs	0.1	0.05	nd
Pentachloronitrobenzene	0.003	0.004	nd
Silvex 2,4,5-TP	---	0.005	nd
Simazine	0.01	0.0005	nd
Toxaphene	---	0.050	nd
Trifluralin	0.005	0.005	nd
2,4-D	0.1	0.001	nd

** These test results are intended to be used for informational purposes only and may not be used for regulatory compliance.

I certify that the analysis performed for this report was done in accordance with the laboratory tests and procedures listed on the report and that the results are accurate and reliable.

CALVO AND CLARK
ATTORNEYS AT LAW

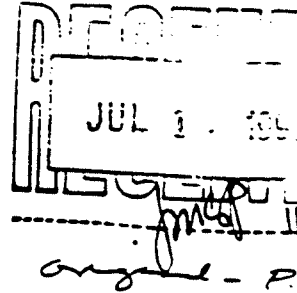
SUITE 202, FIRST SAVINGS AND LOAN BUILDING
655 S. MARINE DRIVE, TAMUNING, GUAM 96911
TEL (671) 646-9355 • FAX (671) 646-9403

EDUARDO A. CALVO
ARTHUR B. CLARK

July 16, 1993

VIA HAND DELIVERY

Senator Thomas C. Ada
TWENTY-SECOND GUAM LEGISLATURE
155 Hesler Street
Agana, Guam 96910



RE: Bill No. 539, An Act to Establish Monetary Charges for Water Extracted by Private Well Operators; and Bill No. 547, An Act to Amend §55.60 of Title 9, GCA, to Authorize the Governor to Declare a State of Emergency During Periods of Draught

Dear Senator Ada:

I am writing this letter on behalf of my client, Sohbu Guam Development Co., Inc. dba The Country Club of the Pacific ("CCP").

On July 6 and 12, 1993, respectively, your office dispatched letters to Mr. Koichi Suzuki, General Manager of CCP, providing him with a copy of Bill Nos. 539 and 547. Mr. Suzuki asked that I express his gratitude for your consideration in forwarding these bills to him for his review.

Having had an opportunity to review both bills, CCP would like to take the opportunity to offer its input regarding the bills, to include their possible impact upon the private well operators and the Territory of Guam in general.

Before addressing the bills' potential impact, we wish to first ask you to consider that Bill No. 539's representation that private well owners are using 2.4 billion gallons per year, as compared to 10 billion gallons used from public wells, distorts the actual impact that water consumption by private well owners has on the island's water reserves. These numbers fail to take into account that most of the water used by private well owners, especially golf courses, are strictly for irrigation purposes only. Except for what is lost by evaporation, it is my understanding that the majority of the water used by private well owners finds itself back in the aquifer for re-use and the public is not significantly deprived by the private well owners' use of this natural resource.

Senator Thomas C. Ada
July 16, 1993
Page 2

On that basis, it seems inequitable to assess a private well owner a per gallon charge for water that is being re-circulated rather than actually consumed. We would ask your committee to re-evaluate its numbers so as to determine a number that more accurately represents the amount of water consumed by private well owners.

As for the bills' potential impact on the golfing industry and the local economy, I am sure that you are aware that the tourism industry in Guam is suffering due to a recent global economic recession and due in part to the recent onslaught of local weather disasters. As a result, the island is experiencing a notable decline in tourist arrivals. Though the island is far from the verge of economic ruin, the effects of the decline in tourism arrivals are being felt throughout the entire community, including the golfing industry.

Due to the slow down in tourism, many of the golf courses have experienced a loss in revenues generated from off-island golfers as compared to previous years. Also, the number of golf courses on island has dramatically increased in the last few years, with future courses scheduled to open soon. The golfing industry is becoming increasingly more competitive, again resulting in an anticipated loss of revenues.

These factors, along with the government imposed costs of maintaining its private wells (approximately \$50,000 per year for permits, operating fees, water analysis reports, etc.) have drastically cut into the revenues of CCP and, I would assume, the other golf courses as well. Any water usage fee for private well owners would severely hamper a golf course's ability to provide its patrons with the type of service and quality courses that they have come to expect on Guam.

It is only a matter of time before Guam finds itself in serious competition with the Philippines, Malaysia and Indonesia for the Japanese golfers, which is not an insignificant group. Accordingly, if Guam wants to continue to attract off-island golfers and to remain competitive in the tourist industry, it must provide the off-island golfers with reasonable playing fees and well-manicured courses.

Bill No. 539, by requiring a usage fee for water use, would seriously undermine any golf course's ability to attain either of those goals. Bill No. 547, by preventing a golf course from being able to even water its courses, would definitely affect the course's appearance. As it is, CCP only uses the water from its private wells to irrigate the teeing greens, fairways and greens.

It is not inconceivable, especially given the current draught, that a golf course of typical size could use as much as 50 million gallons of water annually. There has been much speculation as to what amount would be charged as a usage fee. Amounts such as 10¢ per gallon have been mentioned. Applying such an amount to the estimated annual water consumption, a golf course could find itself paying millions of dollars just for water - this would simply drive the golf course out of business. Even at 1¢ per gallon, a golf course would need to either make some serious budget cuts, negatively affecting the quality of services or the condition of the playing surfaces, or it would have to significantly increase its playing fees in order to absorb the usage tax' impact.

In either event the golfer leaves the golf course, and the island, with a negative impression and it is only a matter of time before word spreads throughout the Japanese golfing community. It would not be long before the tourist golfers start choosing other more affordable and/or memorable destinations to travel to. A loss of over a hundred thousand tourists per year, which we estimate to be the number of golfers coming to Guam, would certainly have a severe impact on the island's economy.

Ideally, we would like to see the current system of charges remain in effect, i.e. the assessment of annual operating fees and permits. We feel that the current system presents the most equitable option and ask that your committee take the items identified above into consideration in your evaluation of Bill No. 539.

Bill No. 547 on the other hand, by restricting the watering of golf courses indefinitely, could have serious irreversible effects on the playing conditions at the golf courses, especially on the greens. If a golf courses is not permitted to water its greens for more than three days, the greens will actually begin to die. Because the greens are comprised of bermuda hybrid grass, not indigenous to the island, should the greens die, they must be re-sodded or re-planted by stolonization, which is a rather lengthy process. It would take a minimum of three (3) months before the greens would begin to regenerate themselves. There is no question that the conditions of the courses would be so deplorable that Guam will receive a terrible reputation amongst the tourist golfers. Under these conditions, it is likely that the golf course would not even open at all. Again, we do not think that the island economy can afford a further significant decline in the number of its visiting tourists.

We are not unaware of the local draught situation; indeed, we all live on Guam and when the island suffers, we all

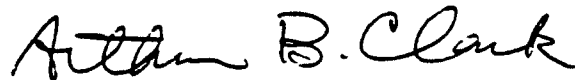
Senator Thomas C. Ada
July 16, 1993
Page 4

suffer. However, Bill No. 547 has the potential impact of closing down one of the island's major tourist attraction, golfing. Droughts are generally seasonal, but the negative economic effects that could result from Bill No. 547 could be even more serious than the drought itself. At the very least, the golf courses need to be able to water their greens and teeing grounds every other day, though daily watering would be preferable. We would ask that these exceptions being somehow incorporated into Bill No. 547.

If you wish to discuss this matter in detail with a representative of CCP, prior or subsequent to the scheduled hearing, please inform me and I can make the necessary arrangements. I'm sure that a CCP representative can provide you with more detailed technical information of what I have only touched upon in this letter. I'm sure that you will find this information valuable in your determination and evaluation of these bills.

Thank you for your consideration.

Sincerely,



Arthur B. Clark

ABC:sbn/dh
cc: Mr. Koichi Suzuki
s30356.1tr

Phones: (Office)
16-4945/6 • 646-1565
Plant Sales: 646-4675
Fax: 649-2972



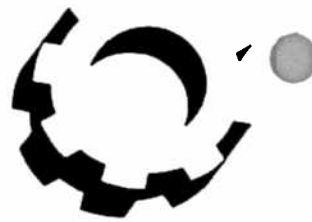
BILL NO. 579
PUBLIC HEARING: Monday, July 19, 1993
9:30 a.m.

Mr. Chairman:

PEREZ BROS., INC. OPERATES A PRIVATE WELL AND IS A MANUFACTURER OF READY-MIX CONCRETE, CONCRETE HOLLOW BLOCKS, AND SCREENED & WASHED AGGREGATES. THE MANUFACTURING PROCESS, AT ONE STEP OR ANOTHER, OF THE ABOVE-MENTIONED PRODUCTION ACTIVITIES, REQUIRES WATER TO MAKE, MEET & EXCEED THE PRODUCT SPECIFICATIONS OF OUR CUSTOMERS.

OUR ROCK CRUSHING OPERATION ABOVE ALL OTHER PRODUCTION ACTIVITIES REQUIRES THE MOST AMOUNT OF WATER, ABOUT 1.3 MILLION GALLONS MONTHLY. LUCKILY, NONE OF THIS WATER IS TAKEN FROM NEIGHBORING PUAG WATERLINES. FORTUNATELY, IN PRODUCING SCREENED AND WASHED AGGREGATES, THE MAJORITY OF THIS WATER GOES BACK TO RECHARGING THE VERY SAME AQUIFER THAT IT IS EXTRACTED FROM, VIA THE NATURE OF THE OPERATION. THAT IS, WATER RUN-OFF FROM DRYING STOCKPILES OF AGGREGATES PERCULATE THROUGH THE LIMESTONE.

A SERIES OF WATER HOLDING & SETTLING PONDS ARE AN INTEGRAL PART OF OUR OPERATIONS, AND GENERALLY SPEAKING, THE QUARRYING INDUSTRY AS A WHOLE. ADEQUATELY STORED WATER INSURES CONTINUOUS CRUSHING & RE-CYCLING (RE-USING) OF WATER. IN THE MID-80'S, LOW WATER PRESSURE IN THE BARRIGADA

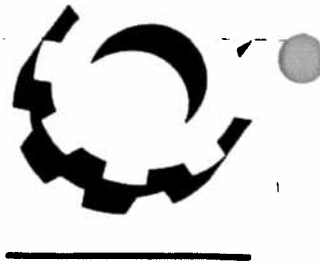


HEIGHTS AREA WAS ADVERSELY IMPACTING ALL OF OUR OPERATIONS AND REDUCED OUR ABILITY TO SERVE & PROTECT OUR CUSTOMERS' WANTS & DEMANDS. WE WERE TRUCKING WATER FROM HARMON TO OUR HOLDING TANKS IN BARRIGADA. TO SUSTAIN EFFICIENCIES AMONGST OUR INTERDEPENDENT & CLOSELY RELATED DEPARTMENTS WHILE MAINTAINING OUR CUSTOMER BASE, WE HAD TO INVEST IN A WATER WELL AT CONSIDERABLE COST. SINCE EARLY 1988, OUR WELL HAS GIVEN US BUT A FEW MECHANICAL PROBLEMS. ONLY TYPHOONS AND MAJOR POWER OUTAGES HAVE CAUSED DISRUPTIONS IN EITHER OUR WORKERS' AND CORPORATE INCOME OR CUSTOMER SERVICES. SOMETIME LATER, TITLE 10 GUAM CODE ANNOTATED, CHAPTER 46 DECLARED ALL OF THE WATER RESOURCES OF GUAM TO BE THE PROPERTY OF THE PEOPLE OF GUAM.

MR. CHAIRMAN, THAT IS A CONDENSED HISTORY OF OUR OPERATIONS, THE ROLE WATER PLAYS AND HOW AND WHY WE HAD TO SECURE AND PROVIDE WATER FOR OURSELVES AND OUR CUSTOMERS.

FOR PEREZ BROS., INC. TO SAY, "DON'T CHARGE FOR WATER WELL USE", IS NEITHER A WINNABLE SITUATION FOR OUR COMPANY NOR OUR CUSTOMERS, WHO ULTIMATELY WILL BEAR A PORTION OF THIS MONETARY CHARGE YOU ARE CONTEMPLATING.

MONIES COLLECTED WOULD GO INTO ESTABLISHING A WATER RESEARCH & DEVELOPMENT FUND AND FOR OTHER PURCHASES. ACCORDINGLY, THE RATES TO BE SET "SHALL REFLECT THE COST OF ACTIVITIES, RELATIVE TO SAID WELLS, REQUIRED TO BE PERFORMED BY PUAG & THE GEPA, AS REQUIRED BY LAW, PLUS A MONETARY



CHARGE AS COMPENSATION TO THE PEOPLE OF GUAM FOR THE
EXTRACTION OF WATER, A TERRITORIAL RESOURCE." THIS
COMMITTEE SHOULD ALSO BE APPRISED THAT WE TOO PERFORM
BENEFICIAL MAINTENANCE OF OUR WELL TO PROTECT OUR AQUIFER.
THESE MANAGEMENT CARE EXPENDITURES, ^{in addition to the cost of distribution} ARE ABSORBED BY OUR
COMPANY. IN SETTING YOUR FEE, RECALL AND CONSIDER THESE
EXPENSE FIGURES ACCORDINGLY AND PROPORTIONATELY ALONG WITH
THE VALUE OF THE EXTRACTED WATER.

ABOVE ALL, THE RATE STRUCTURE MUST REFLECT THAT IT IS
ESSENTIALLY AN AQUIFER PROTECTION AND WATER ROYALTY FEE.
ANY RATE STRUCTURE ABOVE THAT WILL ADVERSELY IMPACT ON THE
ISLANDS' VARYING MARKETS AND ECONOMICS.

THANK YOU FOR LISTENING, MR. CHAIRMAN.



Island Equipment Company

SUITE 401
388 SOUTH MARINE DRIVE, TAMUNING, GUAM 96911

PHONE: (671) 649-4326

July 19, 1993

VIA TELEFAX - 477-7281

*Original & Copy
7/22*

Senator Thomas C. Ada
Twenty-Second Guam Legislature
Committee on Water Utilities
Agana, Guam 96910

RE: PUBLIC HEARING ON BILL NOS. 539 and 547

Dear Senator Ada:

We are writing to express our concerns relative to the above-captioned bills currently pending before the Legislature. Island Equipment Company is a local manufacturer and/or distributor of gas products including but not limited to oxygen, carbon dioxide, dry ice and liquid propane gas. Our plants are located in Tamuning and Agat and rely heavily upon water. These plants operate long hours and sometimes through a given twenty-four hour period. We are the sole local supplier of some of these products to the Guam Memorial Hospital and United States Navy.

We have several water wells in operation with others planned or in the permit stage. Our manufacturing is water dependent thus we are keenly aware of the necessity of monitoring and protecting our water resources. The cost of well development and operation is expensive. We are concerned with the restrictions that the Government of Guam may impose upon our water operations and possible adverse impact to our investment. Further, our understanding of the proposal fails to address the source of funding for the maintenance and metering equipment associated with government monitoring. We strenuously oppose any government activity which will unreasonably burden the private sector by requiring payment for additional equipment and/or services. The business advantage to investing in private wells has been the establishment of an uninterrupted supply of water with amortized costs that are equal or less than that of the public water source. The private well owner is responsible for maintaining purity and cleanliness at his own expense so costs of private water continue through the life of the well operation. Given these expenses, private water wells do not provide free water.

MANUFACTURERS AND EXPORT WHOLESALE WAREHOUSE DISTRIBUTORS

It is unfair to expect private well owners to participate in a government program to establish water research and development where the government expects or requires the private owners to bear an inordinate share of such program costs. We urge you and your fellow senators to closely consider the costs and their allocation. Please provide us with the legislative intent towards anticipated costs and funding sources for those costs. We will then be in a better position to assess the merits of the proposed legislation.

We appreciate this opportunity to express our opinion to your committee. We trust you will find this to be in order and we urge you to communicate your need for further information upon this matter.

Sincerely,

ISLAND EQUIPMENT COMPANY



HAROLD STEMPERL
Vice President/General Manager

GWFG

cc: Ken Novack

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GAYLE & TEKER

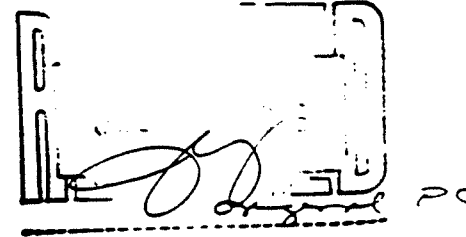
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220 EAST MARINE DRIVE
AGANA, GUAM 96910

AGANA BAY BUILDING
TELEPHONE: (671) 477-9891/
FACSIMILE: (671) 472-2601

ANDREW M. GAYLE
LAWRENCE J. TEKER
PHILLIP TORRES
MARTIN F. DEINHART
ANA MARIA G. GABRIEL

July 16, 1993

Senator Tom C. Ada,
Committee on Water Utilities
& Electronic Communication,
22nd Guam Legislature,
155 Hesler Street,
Agaña, Guam 96910.



Re: *Bill No. 539 and Bill No. 547.*

Dear Senator Ada:

I am writing this letter on behalf of my client TH Corporation which owns and operates the Mangilao Golf Course ("Mangilao") in Mangilao. Mr. Taichi Koizumi, General Manager for Mangilao received a letter from your office regarding Bill No. 539 seeking comment. I have discussed the matter with my client and we have reviewed the bill. As you know Mangilao operates an eighteen (18) hole golf course which caters to tourist and local golfers, operating on a two (2) tier green fee system to better accommodate the local golfer and would be directly effected by the passage of the bill.

I have reviewed the proposed legislation with my client. Mangilao is concerned that Bill No. 539 as drafted could have a drastic impact upon its operation and could also have a drastic impact upon the golfing industry which is a significant contributor to the revenue base of the territory of Guam. Mangilao along with the other golf courses make this island a preferable tourist destination for those seeking to include golfing in their leisure activities. In fact the addition of new golf courses within the last two (2) years have made Guam a world class attraction to golfers, which has been noted in golfing magazines circulated around the world. However, Bill 539 could adversely impact that newly earned reputation. We think the practical effect of the bill would impact Mangilao economically, would harm the aesthetic appearance of the golf course which, once damaged, takes months to rehabilitate and in turn effects the revenue to the territory of Guam. Last year for example, from June 1992 to May 1993, Mangilao paid gross receipt taxes of approximately Four Hundred Thirty Seven Thousand Dollars (\$437,000) even with the slow down in the economy.

Mangilao pumps brackish water from its three (3) private wells to irrigate the golf course. Mangilao's wells do not tie in to PUAG's system or interfere with PUAG's pumping of water. We are informed that the water recirculates back into the ground and eventually into the water basin from which the wells draw water creating a symbiotic relationship and allowing the re-use of the same water over and over again for irrigation

Page 2
Phillip Torres, Esq. to
Senator Tom C. Ada,
July 16, 1993.

LAW OFFICES
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purposes. In such a case the impact on the water table is minimal. The golf course uses PUAG potable water for the clubhouse and does not use potable water for irrigation.

We are aware that golf courses are not the most popular attraction in the eyes of many local people on Guam. However, we think many people are mis-informed about the economic contribution that golf courses make to the territory. Even though Mangilao is concerned about the impact of the bill we are in agreement that the protection of Guam's water resources is a necessary governmental function. The creation of the Mangilao Golf Course is a solid indication that TH Corporation has a long term investment in the environment health and economic health of the territory of Guam. In fact during the development of the golf course TH Corporation contributed Five Hundred Thousand Dollars (\$500,000) to the Island Water and Sewer Infrastructure Development Fund towards the construction of water production and transmission facilities as part of an agreement with PUAG. That check was presented to PUAG on March 23, 1992.

Before any action is taken to bring this bill to the floor for a vote it would seem that certain issues need to be clarified. For example, the bill states that 2.4 billion gallons of water are drawn by private water well operators and that such water usage is obtained at no cost to private well operators. We think that is a mis-statement of the facts. For the benefit of the territory we think an overall assessment should be done to insure that the impact upon the tourism industry, which is so vital to the economic health and revenue of Guam, is not adversely impacted by Bill No. 539. For example, charging golf courses Five Cents (\$.05) for one thousand gallons of water used during dry season would result in perhaps an additional Thirty Thousand Dollars (\$30,000) in operating expenses per month. That amount of money on top of the debt service facing the newer golf courses would have a drastic impact upon a golf course. It would require vast changes and could impact the quality of service provided. That in the long run impacts everybody.

With regard to Bill No. 547, we are confused about its necessity since we understand that there is no water crisis with PUAG. Along with the rest of the public we will be seeking additional information in this regard. We appreciate the advance notice on the bills and the opportunity to voice our opinion. We look forward to the opportunity to participate in the hearings.

Sincerely yours,

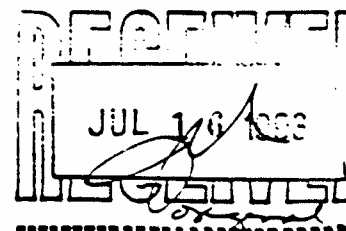
GAYLE & TEKER,



Phillip Torres.



July 14, 1993



Via Hand Delivery

Senator Thomas C. Ada
Committee on Water Utilities
and Electronic Communications
22nd Guam Legislature
155 Hessler Street
Agana, Guam 96910

Re: 22nd Guam Legislature
Bill 539

Dear Senator Ada:

I am writing to you on behalf of MDI Guam Corporation ("MDI") and in respect of your Bill 539. MDI is currently operating a twenty seven hole golf course and resort ("LeoPalace Resort") in the Municipality of Yona. The LeoPalace Resort is one of numerous contributing members of Guam's visitor industry. This industry constitutes the only significant private sector source of revenue for all of Guam.

The health of Guam's economy and the financial security of all its People is determined directly by the corresponding well being of Guam's visitor industry. The tourist industry is however, presently suffering from a variety of adverse influences. External conditions such as the depressed world economy and internal circumstances including restrictive immigration policies, excessive development regulations and relatively high taxes are combining to harm Guam's visitor industry.

The direct result of this negative activity is the reduction of employment and payrolls in both the private sector and the

Senator Thomas C. Ada
22nd Guam Legislature
July 14, 1993
Page 2

Government of Guam. When Guam's visitor industry suffers, for whatever reason, all of the People of Guam experience an immediate and adverse reaction. The Guam Legislature itself is currently engaged in the painful process of reducing its own employee salaries by eight per cent. Such significant payroll reductions could threaten the livelihood of a not inconsiderable number of Guam's citizens, if unchecked.

These facts compel the conclusion that the Guam Legislature should dedicate its efforts towards fostering and protecting, rather than hindering, Guam's visitor industry. Prior Legislatures have recognized and embraced this most important mandate (See Public Law 14-41 relating to the creation of Guam's "H" Zone). P.L. 14-41 was the Legislature's imaginative solution to Guam's ailing economy in 1977. The "H" Zone provided the foundation for the prosperity Guam has recently enjoyed.

Bill 539 however, does not appear designed to further this goal. The proposed legislation, if enacted into law, would only saddle the visitor industry with additional overhead expenses and send a negative message to both visitors and business.

Bill 539 obligates all users of private water wells to pay a monetary charge on the water pumped from such wells. The largest users and consumers of private water wells on Guam are privately owned golf courses. These golf courses comprise a substantial revenue producing segment of the visitor industry. Large rates assessed against Guam golf courses for water pumped from privately owned wells will threaten the existence of these already overburdened businesses.

Senator Thomas C. Ada
22nd Guam Legislature
July 14, 1993
Page 3

I therefore urge you on behalf of MDI to withdraw your support for Bill 539. This Act can only harm the community by further burdening an already weak visitor industry.

Please allow me to also offer a legal reason why this legislation should not be approved. The subterranean water Bill 539 would assess constitutes the property of the overlying landowners. If Public Law 20-6 has in fact appropriated this water to the Government of Guam, a public taking has probably occurred. The overlying landowners in that event would likely be entitled to compensation from the Government. If the Legislature insists on passing Bill 539, MDI may have no choice but to seek compensation from the Government for this taking.

MDI would prefer to avoid litigation. MDI wishes to work with the Government of Guam and contribute to the growth of Guam's economy. I accordingly respectfully request that you withdraw Bill 539 from the legislative agenda. Thank you for providing me with the opportunity to present MDI's position on Bill 539.

Please do not hesitate to contact me if I can be of assistance or further clarify my comments.

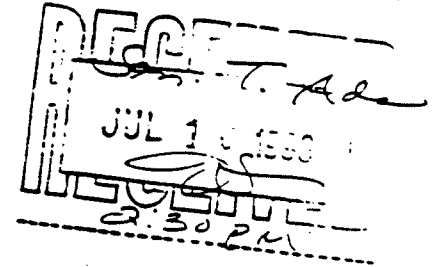
Yours Very Truly,

Hajime Harada,
Manager, Golf Course Operations
LeoPalace Resort and Country Club

PUAG TAKAYAMA GOLF COURSE, LTD.
P.O. BOX BT
AGANA, GUAM, 96910
TEL: 789-1612 FAX: 789-2474

July 16, 1993

Senator Thomas C. Ada
155 Hesler St.
Agana, Guam, 96910



RE: Comments on Bill 539

Thank you for providing Takayama Golf Course the opportunity to comment on Bill No. 539 which proposes to assess charges on the use of ground water withdrawn from privately owned wells on Guam.

For the past 40 years Takayama has provided recreational golf opportunities primarily to local residents of Guam. If the Government of Guam were to assess ground water use charges on Takayama, these costs would simply be passed on to the consumer. While Takayama can favor local golfers by establishing rates for play that are lower than those paid by tourists, increased costs associated with water use fees would be passed uniformly onto all golfers. Hence the Government might just as well be passing legislation that would directly tax all golf rounds played at Takayama.

The suggestion of increased costs per round of golf should not be taken lightly. For example, if a golf course operator supplemented irrigation needs with an average of 500,00 gallons of ground water per day and that water were taxed at .01 per gallon or \$5,000, the cost per round for a 100 round day would be \$50.00. Clearly, local golfers could not absorb such an increase in fees.

Perhaps we would not object as strenuously to a water use fee if the Government were to install wells at Takayama and operate them, charging us a fee that covered these costs as is the case with water and other utility services offered by PUAG. In this regard we feel Section 1 (a) of Bill 539 is misleading when it attempts to equate water sold by PUAG to consumers from a government installed and maintained system as compared with systems installed and maintained by private parties. Surely "private well operators" cannot be considered to be obtaining water at "no cost" when the capital required for installing and operating a system of wells can easily run into millions of dollars over a sustained period of time.

A tax on ground water would only drive those currently making use of this renewable resource to seek other water sources. Accordingly, it might make economic sense for a water user to capture rainfall prior to percolation through devices such as catchments and reservoirs. In addition, golf course operators and others close the seashore might find it economical to desalinate sea water to blend

with other water irrigation needs. This scenario would have the effect of being disadvantageous to all parties; i.e. the private operator is forced to spend additional sums to acquire water from other than well sources passing these increased costs on to consumers and without the government obtaining any additional revenue in the process since the alternative sources are not taxed by the Government.

If the theory behind Bill 539 is that water itself is a public resource and those using it should "purchase" it from the public, it would only follow that the government would have to devise a scheme to tax usage from such alternate water sources. Much ground water, after all, is only water in transition; this is, after the water falls to earth and before it percolates into the ocean.

Bill 539 is obviously well intentioned in that it appears drafted to protect "Guam's sole source aquifer" (Section 1 (b)). We assume this reference is to the potable aquifer that underlies much of Northern Guam. Takayama is far to the South of this potable aquifer and overlies one of the many brackish water aquifers in Southern Guam that is a mixture of fresh and salt water. The salt water component of our aquifer infiltrates from the sea.

If the Government is intent upon taxing the use of ground water by private operators on Guam, we have the following recommendations:

1. That Bill 539 be tabled until it can be determined approximately how much it will increase the cost of a round of golf on Guam. This will give our golfers a chance to comment on the legislation based upon the impact it will have upon them.
2. That PUAG be directed to determine the cost of purchasing well infrastructure currently in place from private operators and the operating cost of such systems so that assessments for water usage from such wells can be truly comparable with assessments charged users of the public system currently installed and operated by PUAG.
3. That the legislation clarify whether it would affect use of surface and salt water by private operators who would look to these alternative sources if ground water is to be singled out for taxation.
4. That your committee appoint an advisory group representative of current private well operators to assist in its future deliberations of this subject.

We appreciate the opportunity to comment on this Bill.

Very truly yours,


Seinosuke Yamamoto
General Manager

LAW OFFICES
GAYLE & TEKER

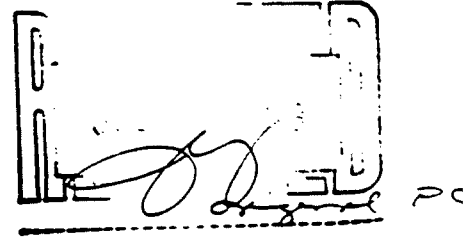
A PROFESSIONAL CORPORATION
220 EAST MARINE DRIVE
AGANA, GUAM 96910

July 16, 1993

ANDREW M. GAYLE
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MARTIN F. DEINHART
ANA MARIA C. GABRIEL

AGANA BAY BUILDING
TELEPHONE: (671) 477-9891
FACSIMILE: (671) 472-2601

Senator Tom C. Ada,
Committee on Water Utilities
& Electronic Communication,
22nd Guam Legislature,
155 Hesler Street,
Agaña, Guam 96910.



Re: *Bill No. 539 and Bill No. 547.*

Dear Senator Ada:

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Page 2
Phillip Torres, Esq. to
Senator Tom C. Ada,
July 16, 1993.

LAW OFFICES
GAYLE & TEKI
A PROFESSIONAL CORPORATION

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With regard to Bill No. 547, we are confused about its necessity since we understand that there is no water crisis with PUAG. Along with the rest of the public we will be seeking additional information in this regard. We appreciate the advance notice on the bills and the opportunity to voice our opinion. We look forward to the opportunity to participate in the hearings.

Sincerely yours,

GAYLE & TEKER,



Phillip Torres.

Good morning ladies and gentlemen. My name is Jere Johnson. I am the President of Hawaiian Rock Products. I am here today to testify against both Bills No. 539 and No. 547.

First of all, I would like to provide the following information:

Hawaiian Rock does require a substantial amount of water in our production process. At our Fadian Quarry, we have two (2) wells which have produced the following amounts of water over the last five (5) years:

1988	242 million gallons
1989	264 million gallons
1990	287 million gallons
1991	288 million gallons
1992	166 million gallons

We also purchase water from PUAG for use in our Fadian office area and our other facilities in Yigo, Piti and Tamuning Plants. We have established our own source of water at Fadian over thirty (30) years ago because we knew that PUAG would never be able to fulfill our needs without depriving the needs of other water users.

In Bill 539, you state that this water is obtained at no cost to us. This is far from accurate:

1. There was a substantial expense in drilling and developing our two (2) wells. Each well requires pumping equipment, electrical service, backup generators and water distribution.
2. In addition Guam EPA monitors our wells very closely. This is also very costly:

- a. They require expensive water meters that accurately measure the amount of water used.
 - b. They limit the capacity of the pumps that we can use in our wells.
 - c. They have required us to drill an additional monitoring well to ensure that our pumping does not damage the fresh water lens.
 - d. They routinely inspect our wells and our pumping records to ensure that they are maintained properly.
 - e. We pay an annual operating fee of \$400 for each well.
 - f. We pay an additional fee of \$250 for each well every five (5) years.
3. Because of the limitation on our pumping rate imposed by Guam EPA, we have been forced to do the following:
- a. Build a substantial water storage system.
 - b. Install a water recycling system to conserve on water. This alone cost about \$400,000. This is the principle reason for the drop in our water usage from 1991 to 1992.

At this time, I do not have an accurate cost of our own water, but it is definitely not free. The replacement cost for all of the equipment related to our water production is somewhere between one (1) and two (2) million dollars.

In Section (a) of Bill 539, you state that one of the reasons for this Bill is to charge private well operators who are getting water for free. As I have shown above for Hawaiian Rock Products, this is not true. I am sure that the other private well owners have similar expenses.

In Section 1(b) you state another purpose of the bill is to protect the aquifer. I assure you that the Guam EPA is already doing an excellent job in insuring that the private well owners and PUAG do not damage the aquifer.

We are one of the principle producers of construction materials on the island. The majority of our products over the next few years will be used to build housing, Government of Guam Infrastructure projects (Airport, Roads, Schools, etc.) and Federal projects. Any increase in our cost will have to be passed on to the consumers. At a time when the island needs affordable housing we cannot afford an increase in the cost of construction materials.

I see the implementation of this bill as another form of taxation. In the construction industry, we are already subject to compounding taxation with the Gross Receipts Tax that adds 4% each time a locally produced material is passed from the Supplier to Subcontractor to Contract to Owner.

At this time the island does not need an increase in the cost of construction materials through another tax. Therefore, I am opposed to Bill No. 539.

Although I agree with the intent of Bill 549, I am concerned about how the bill will be administered. I have a responsibility to our 350 employees, shareholders and the construction industry on Guam. Without water we cannot produce our materials. The only limitation to our producing water is the effect it will have on the aquifer beneath our Fadian Quarry. I believe that the Guam EPA already has controls in place to insure that we will not damage this aquifer on times of drought. Therefore I am opposed to Bill No. 547 placing restrictions on private well operators.

Thank you for letting me testify on these bills today. I would be happy to answer any questions.

AUG 19 '93

TWENTY-SECOND GUAM LEGISLATURE
1993 (SECOND) Regular Session

Bill No. 539 (LS)

Introduced by:

T.C. Ada *TC*
V.C. Pangelinan *VP*

AN ACT TO PROVIDE FOR MONETARY CHARGES
FOR THE BENEFICIAL USE OF PUBLICLY OWNED
GROUND WATER WITHDRAWN BY PRIVATELY
OWNED WELLS, TO ESTABLISH A WATER
RESEARCH AND DEVELOPMENT FUND, AND FOR
OTHER PURPOSES.

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

2 **Section 1. Legislative Finding and Intent.**

3 (a) In addition to the approximately 10 Billion gallons per
4 year of water drawn from wells operated by the Public Utility
5 Agency of Guam (PUAG), permitted private water well operators
6 currently draw ground water at a rate of approximately 2.4 Billion
7 gallons per year. The publicly owned water produced by PUAG is
8 sold to consumers in the community and for other public uses. The
9 publicly owned water drawn by private well operators, for irrigation
10 and commercial purposes, are obtained at no cost to private well
11 operators.

12 (b) The Legislature finds that the Government of Guam has a
13 duty to conserve and control Guam's limited water resources for all
14 the inhabitants of Guam. In order to effectively accomplish this, an
15 active research and development program must be maintained by
16 the Government of Guam. This will provide planners information
17 necessary for accurately projecting sustainable yields, determining
18 the impacts of development and basically understanding the impacts
19 of mans activities upon Guam's sole source aquifer.

20 (c) Whereas, Title 10 Guam Code Annotated, Chapter 46,
21 (Water Resources Conservation Act) declared all of the water

1 resources of Guam to be the property of the people of Guam, the
2 Legislature finds it appropriate that monetary charges should be
3 established to compensate for the public resources extracted from
4 the aquifer by private well operators.

5 **Section 2.** A new Section 12015.3 is added to Title 12, Guam
6 Code Annotated, Chapter 12, to read:

7 **"Section 12015.3. Monetary Charges for the Beneficial**
8 **Use of Water Obtained From Privately Owned Water Wells.**

9 Rates shall be established for water obtained from privately owned
10 water wells.

11 (a) Said rates shall reflect the cost of activities, relative to
12 said wells, required to be performed by PUAG and the Guam
13 Environmental Protection Agency, as required by law, plus a
14 monetary charge as compensation to the people of Guam for the
15 extraction of water, a Territorial resource.

16 (b) The Public Utility Agency of Guam shall establish
17 separate classes of monetary charges for water, potable and non-
18 potable water (brackish water for irrigation use), drawn from
19 privately owned wells."

20 **Section 3.** A new Section 46116 is added to Chapter 46, Title
21 10, Guam Code Annotated to read:

22 **"§46116. WATER RESEARCH AND DEVELOPMENT FUND.**

23 There is created, within the Government of Guam, a special fund,
24 hereinafter known as the "Water Research and Development Fund"
25 (Fund). The Fund shall be available for the purpose of funding the
26 conduct of water resource related research which will contribute to
27 the effective planning and management of Guam's underground and

1 surface water resources, and the development of programs which
2 promote the best use of these resources.

3 (a) The Fund shall be administered by a committee
4 comprised of a representative of the University of Guam Water &
5 Energy Research Institute, the Guam Environmental Protection
6 Agency and the Public Utility Agency of Guam. The committee shall
7 be chaired by the Administrator of the Guam Environmental
8 Protection Agency and shall meet, at a minimum, quarterly, for the
9 purpose of executing the objectives of this §46116."

10 **Section 4.** Section 21206, Government Code (as amended by
11 P.L. 16-59:4), is amended to read:

12 "§21206. The Public Utility Agency of Guam shall have the
13 power as is necessary for the administration and operation of all
14 water and sewage [~~other utility~~] services furnished by the agency,
15 except electric power which has been transferred to exclusive control
16 and operation of the Guam Power Authority and telephone service.
17 Such power shall include the authority to (1) establish [~~make a~~]
18 monetary charges to all persons, firms, corporations and
19 governments, including the government of Guam, to whom public
20 utility services are furnished by the agency or whoever is permitted
21 to withdraw water from private wells, and (2) metering and revenue
22 collection therefrom."

23 **Section 5** Section 46114 (Fees) of Chapter 46, Title 10, Guam
24 Code Annotated is amended to read:

25 "§46114. **Fees.** (a) All fees, monetary [~~and~~] charges and
26 penalties under this Chapter and Section 12015.3. of Title 12 Guam

1 Code Annotated, Chapter 12, shall be deposited in the Water
2 Research and Development Fund [~~General Fund~~"]

3 **Section 6. Implementation of this Act.** The Public Utility
4 Agency of Guam shall, within sixty days (60) of enactment, submit to
5 the Legislature the schedule of monetary charges pursuant to Section
6 2 , of this Act. The Legislature shall act, within ninety days (90) of
7 receipt, upon the proposed schedule of monetary charges developed
8 by the Public Utility Agency of Guam.