



OFFICE OF THE GOVERNOR  
GUAM

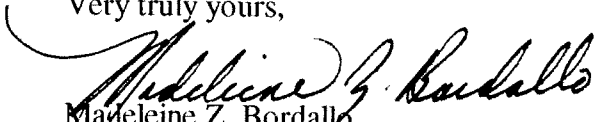
SEP 20 2002

The Honorable Joanne M. S. Brown  
Legislative Secretary  
I Mina'Bente Sais na Liheslaturan Guåhan  
Twenty-Sixth Guam Legislature  
Suite 200  
130 Aspinal Street  
Hagåtña, Guam 96910

Dear Legislative Secretary Brown:

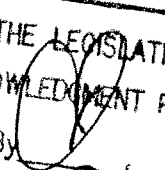
Enclosed please find Substitute Bill No. 364 (COR) "AN ACT TO ADD ARTICLE 4 TO CHAPTER 14 OF TITLE 12 OF THE GUAM CODE ANNOTATED, RELATIVE TO REQUIRING THE GUAM WATERWORKS AUTHORITY TO OUTSOURCE THE MAINTENANCE AND OPERATION OF WATER WELLS, BOOSTER PUMP STATIONS, AND METERS, AND FOR OTHER PURPOSES," which was **vetoed** and subsequently overridden by I Liheslatura, the Legislature. This legislation is now designated as **Public Law No. 26-144**.

Very truly yours,

  
Madeleine Z. Bordallo  
I Maga'Lahen Guåhan, Akto  
Acting Governor of Guam

Attachments: original bill for vetoed legislation or  
copy of bill for signed or overridden legislation  
and legislation enacted without signature

cc: The Honorable Antonio R. Unpingco  
Speaker

OFFICE OF THE LEGISLATIVE SECRETARY  
ACKNOWLEDGMENT RECEIPT  
Received By   
Time 2:43  
Date 9/20/02

0944


MINA'BENTE SAIS NA LIHESLATURAN GUÅHAN  
2002 (SECOND) Regular Session

CERTIFICATION OF PASSAGE OF AN ACT TO I MAGA'LAHEN GUÅHAN


This is to certify that Substitute Bill No. 364 (COR), "AN ACT TO ADD ARTICLE 4 TO CHAPTER 14 OF TITLE 12 OF THE GUAM CODE ANNOTATED, RELATIVE TO REQUIRING THE GUAM WATERWORKS AUTHORITY TO OUTSOURCE THE MAINTENANCE AND OPERATION OF WATER WELLS, BOOSTER PUMP STATIONS, AND METERS, AND FOR OTHER PURPOSES," returned without approval of *I Maga'lahaen Guåhan*, was reconsidered by *I Liheslaturan Guåhan* and after such consideration, did agree, on the 17<sup>th</sup> day of September, 2002, to pass said bill notwithstanding the veto of *I Maga'lahaen Guåhan* by a vote of fourteen (14) members.

  
ANTONIO R. UNPINGCO  
Speaker

Attested:

  
JOANNE M.S. BROWN  
Senator and Legislative Secretary

-----  
This Act was received by *I Maga'lahaen Guåhan* this 19<sup>th</sup> day of September,  
2002, at 11:50 o'clock a.M.

  
Assistant Staff Officer  
*Maga'lahaen's* Office

MINA'BENTE SAIS NA LIHESLATURAN GUÅHAN  
2002 (SECOND) Regular Session

**Bill No. 364 (COR)**

As substituted by the Author  
and amended on the Floor.

Introduced by:

Mark Forbes  
J. M.S. Brown  
J. F. Ada  
T. C. Ada  
F. B. Aguon, Jr.  
E. B. Calvo  
F. P. Camacho  
M. C. Charfauros  
L. F. Kasperbauer  
L. A. Leon Guerrero  
K. S. Moylan  
V. C. Pangelinan  
A. L.G. Santos  
A. R. Unpingco  
J. T. Won Pat

**AN ACT TO ADD ARTICLE 4 TO CHAPTER 14 OF  
TITLE 12 OF THE GUAM CODE ANNOTATED,  
RELATIVE TO REQUIRING THE GUAM  
WATERWORKS AUTHORITY TO OUTSOURCE THE  
MAINTENANCE AND OPERATION OF WATER  
WELLS, BOOSTER PUMP STATIONS, AND METERS,  
AND FOR OTHER PURPOSES.**

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

2           **Section 1.** Article 4 is hereby *added* to Chapter 14 of Title 12 of the  
3 Guam Code Annotated to read as follows:

4   **“ARTICLE 4.**

5   **OUTSOURCING.**

6           **Section 14401. Guam Waterworks Authority to Outsource**  
7 **Operations of Water Wells.**       Within sixty (60) days, the Guam  
8 Waterworks Authority ('GWA') shall issue a Request for Proposal  
9 ('RFP') soliciting bids or proposals from qualified parties for the  
10 operation and maintenance of all water wells currently operated by  
11 GWA, *subject* to the procurement laws of Guam. The scope of work  
12 required through this RFP shall include the daily operation of each  
13 water well; any repairs required by each water well, *inclusive* of all parts  
14 and labor; all water quality monitoring requirements as promulgated by  
15 the Guam Environmental Protection Agency ('GEPA'); water treatment;  
16 and preventative maintenance of all equipment directly associated with  
17 each well, including, but *not* limited to, pumps, generators and water  
18 treatment systems.

19           GWA shall *not* bear the cost of providing electrical power to any  
20 water wells subject to the provisions of this Section. GWA may either  
21 package all water wells in a single proposal, or may, upon its judgment,  
22 divide the existing water wells into *no more than* three (3) districts, each  
23 including a generally equivalent number of wells, and request proposals  
24 for each district.

1           The RFP shall include performance standards that will at a  
2           *minimum* require full compliance with all standards as promulgated by  
3           GEPA and the Environmental Protection Agency ('EPA') of the United  
4           States of America, as applicable to Guam, as well as production  
5           standards detailing a range of required output of potable water from  
6           wells as an aggregate, or by well district as an aggregate. Parties  
7           interested in submitting proposals shall have sixty (60) days to prepare  
8           and submit a response to GWA. The Public Auditor shall be an  
9           observer throughout the outsourcing process specified in this Section,  
10          shall receive copies of all documents involved and shall be invited to  
11          any meetings regarding the outsourcing process specified in this  
12          Section.

13           GWA shall award bids *subject* to the RFP detailed in this Section  
14          within ninety (90) days of the date of issuance of the RFP; *provided*, that  
15          qualified contractors have submitted proposals in compliance with the  
16          procurement laws of Guam and the provisions of this Section.

17           **Section 14402. GWA to Outsource Operations of Water and**  
18          **Wastewater Pump Stations.**        Within sixty (60) days, GWA shall  
19          issue a RFP soliciting bids or proposals from qualified parties for the  
20          maintenance of all water and wastewater pump stations currently  
21          operated by GWA, *subject* to the procurement laws of Guam. The scope  
22          of work required through this RFP shall include any repairs required by  
23          each water or wastewater pump station, *inclusive* of all parts and labor;  
24          all monitoring requirements as promulgated by GEPA or GWA; and

1 preventative maintenance of all equipment directly associated with each  
2 water or wastewater pump station, including, but *not* limited to, pumps  
3 and generators.

4 GWA may either package all water and wastewater pump stations  
5 in a single proposal, or may upon its judgment separately issue a RFP  
6 for water pump stations and one (1) for wastewater pump stations. The  
7 RFP detailed in this Section shall include performance standards that  
8 will at a *minimum* require full compliance with all standards as  
9 promulgated by GEPA and EPA of the United States of America, as  
10 applicable to Guam, as well as specific performance standards detailing  
11 required preventative maintenance.

12 Parties interested in submitting proposals shall have sixty (60)  
13 days to prepare and submit a response to GWA. The Public Auditor  
14 shall be an observer throughout the outsourcing process specified in  
15 this Section, shall receive copies of all documents involved and shall be  
16 invited to any meetings regarding the outsourcing process specified in  
17 this Section.

18 GWA shall award bids *subject* to the RFP detailed in this Section  
19 within ninety (90) days of the date of issuance of the RFP; *provided*, that  
20 qualified contractors have submitted proposals in compliance with the  
21 procurement laws of Guam and the provisions of this Section.

22 **Section 14403. GWA to Outsource Installation, Maintenance**  
23 **and Reading of Water Meters.** Within sixty (60) days, GWA shall  
24 issue a RFP soliciting bids or proposals from qualified parties for the

1 maintenance, installation and reading of all residential and commercial  
2 water meters currently under the purview of GWA, *subject* to the  
3 procurement laws of Guam.

4 The scope of work required through this RFP shall include  
5 surveying of all existing water meters, as well as illegal or un-metered  
6 hookups; the repair or replacement of all non-functioning meters; the  
7 installation of all new water meters, *inclusive* of meters at un-metered  
8 hook-ups; all monitoring requirements as promulgated by GWA; all  
9 meter reading and the transmission of such data to GWA for billing  
10 purposes and preventative maintenance of all equipment directly  
11 associated with each meter. The RFP detailed in this Section shall  
12 include performance standards that will at a *minimum* require full  
13 compliance with all standards as promulgated by GWA.

14 Parties interested in submitting proposals shall have sixty (60)  
15 days to prepare and submit a response to GWA. The Public Auditor  
16 shall be an observer throughout the outsourcing process specified in  
17 this Section, and shall receive copies of all documents involved and  
18 shall be invited to any meetings regarding the outsourcing process  
19 specified in this Section.

20 GWA shall award bids *subject* to the RFP detailed in this Section  
21 within ninety (90) days of the date of issuance of the RFP; *provided*, that  
22 qualified contractors have submitted proposals in compliance with the  
23 procurement laws of Guam and the provisions of this Section.

1           **Section 14404. Contract Limits.**       No contract awarded  
2 subject to the provisions of this Act may be awarded for a period of  
3 greater than five (5) years, *except* that a contract for the operation and  
4 maintenance of water wells may *not* be awarded for a period of greater  
5 than ten (10) years. All contracts awarded subject to the provisions of  
6 this Act must contain performance reviews at least annually, and  
7 provisions for contract termination or penalty based upon such review.

8           **Section 14405. Conflicts.** No contract awarded subject to the  
9 provisions of this Act shall be awarded to any party who has a blood or  
10 marital relationship to the third degree of consanguinity with the  
11 General Manager of GWA, a board member of GWA, *I Maga'lahren*  
12 *Guåhan* or a member of *I Liheslaturan Guåhan*.

13           **Section 14406. System As-built Required and Loss Prevention**  
14 **Workforce Established.**     It is noted that no easily accessible as-built  
15 of the public water system of Guam exists, and that further, the public  
16 water system loses very significant amounts of water daily from  
17 undetermined or un-repaired leaks. GWA may reassign any qualified  
18 persons displaced as a result of the provisions of this Chapter to a  
19 designated loss prevention workforce whose purpose shall be twofold.

20           One, they shall be responsible for developing an as-built of the  
21 entirety of the public water distribution system, *inclusive* of all major  
22 and significant transmission and distribution lines. Two, they shall be  
23 responsible for identifying significant leakage in said system and for



1 either repairing such leaks, or identifying them for repair through  
2 contractors, as determined by GWA.

3 **Section 14407. Termination of Contracts for Reasons**  
4 **Unrelated to Performance.** Should at some point in the future, a  
5 determination be made by *I Liheslaturan Guåhan*, in law, that either a  
6 merger between the military and civilian water systems, as approved by  
7 the United States, be advisable, or that a broad-scale public-private  
8 partnership for the production of water or the transmission and  
9 treatment of wastewater be advisable, subject to legislative approval,  
10 and *if* any agreements entered into pursuant to this Chapter are viewed  
11 as impeding, such provisions may be included in each contract for the  
12 purchase of such contracts, *except* that no contract shall be purchased in  
13 any circumstance where a contractor's performance has been deemed to  
14 be unacceptable in accordance with the provisions of this Chapter.

15 **Section 14408. Transfer Authority and Funding.** GWA is  
16 authorized to transfer funds from category to category within its own  
17 budget *only* for the purpose of funding the specific outsourcings  
18 detailed in this Chapter. Furthermore, *I Maga'lahaen Guåhan* is  
19 authorized to transfer funds from Special Funds of the Executive Branch  
20 of the government of Guam, including the Typhoons Chata'an and  
21 Halong Special Reimbursement Fund, to GWA to fulfill the purposes of  
22 this Chapter; *provided*, such transfers by *I Maga'lahaen Guåhan* shall *not*  
23 exceed Three Million Dollars (\$3,000,000) without further authorization  
24 or appropriation by statute.

1           **Section 14409. Water System Integration Working Group.** It  
2 is duly noted that the integration of the military and civilian water  
3 systems on Guam is an achievable and worthy goal, *especially* inasmuch  
4 as this integration may be productive in securing Federal funding for  
5 water and wastewater system improvements, or Federal loan  
6 guarantees to accomplish the same.

7           A Water System Integration Working Group is hereby established,  
8 to consist of *I Maga'lahañ Guåhan*; Guam's Delegate to Washington, D.C.;  
9 the Speaker of *I Liheslaturan Guåhan*; the majority leader of *I Liheslaturan*  
10 *Guåhan*; the minority leader of *I Liheslaturan Guåhan*; the legislative  
11 member with oversight over the water and wastewater systems; the  
12 President of the Mayors' Council of Guam; the Chairperson of the  
13 Guam Chamber of Commerce and the Chairperson of the Consolidated  
14 Utilities Commission, when seated. This workgroup is tasked with  
15 seeking an integration of the civilian and military water systems on  
16 Guam, as well as direct Federal funding or Federal loan guarantees, or  
17 other assistance, needed to improve Guam's water and wastewater  
18 infrastructure and systems."

19           **Section 2.** The outsourcing outlined under this Act shall be conducted  
20 pursuant to the "most efficient operating" method used in outsourcing  
21 government functions as outlined in Federal law, rules and regulations.

*Overridden*

# I MINA' BENTE SAIS NA LIHESLATURAN GUAHAN

2002 (SECOND) Regular Session

Date: 9/17/02

## VOTING SHEET

*Vetoed*  
5 Bill No. 364 (COR)

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

Question: Notwithstanding the objections of the Governor, should the legislature override Vetoed Sub. Bill 364 (COR)?

NAME	YEAS	NAYS	NOT VOTING/ ABSTAINED	OUT DURING ROLL CALL	ABSENT
ADA, Joseph F.	✓				
ADA, Thomas C.	✓				
AGUON, Frank B., Jr.	✓				
BROWN, Joanne M. S.	✓				
CALVO, Eddie B.	✓				
CAMACHO, Felix P.	✓				
CHARFAUROS, Mark C.	✓				
FORBES, Mark	✓				
KASPERBAUER, Lawrence F.	✓				
LEON GUERRERO, Lourdes A.	✓				
MOYLAN, Kaleo S.	✓				
PANGELINAN, Vicente C.	✓				
SANTOS, Angel L.G.	✓				
UNPINGCO, Antonio R.	✓				
WON PAT, Judith T.					✓

TOTAL

14    0    0    0    1

CERTIFIED TRUE AND CORRECT:

\_\_\_\_\_  
Clerk of the Legislature

\* 3 Passes = No vote  
EA = Excused Absence



CARL T.C. GUTIERREZ  
GOVERNOR OF GUAM

SEP 17 2002

The Honorable Joanne M. S. Brown  
Legislative Secretary  
I Mina'Bente Sais na Liheslaturan Guåhan  
Twenty-Sixth Guam Legislature  
Suite 200  
130 Aspinal Street  
Hagåtña, Guam 96910

Dear Legislative Secretary Brown:

Enclosed please find Substitute Bill No. 364 (COR) "AN ACT TO ADD ARTICLE 4 TO CHAPTER 14 OF TITLE 12 OF THE GUAM CODE ANNOTATED, RELATIVE TO REQUIRING THE GUAM WATERWORKS AUTHORITY TO OUTSOURCE THE MAINTENANCE AND OPERATION OF WATER WELLS, BOOSTER PUMP STATIONS, AND METERS, AND FOR OTHER PURPOSES," which was **vetoed**.

This subject matter of this legislation, the outsourcing of maintenance and operation of water wells, booster pump stations, and the installation, maintenance and reading of meters, is welcome, however, there is no funding source provided that can sustain these operations.

This legislation has only the authority to transfer funds in the budget as a source to contract for the outsourcing. It also designates funds that are restricted to typhoon damage under federal funds to fulfill the purposes of this outsourcing.

Once again, privatization of a function is directed, but as a false promise. Time limits for developing RFPs are provided; time limits for the contract are provided – but an empty funding source. The type of outsourcing envisioned by this legislation is something that the Authority wishes to do, once authorization for funding to sustain it is identified and granted.

Very truly yours,

Carl T. C. Gutierrez  
I Maga'Lahen Guåhan  
Governor of Guam

Attachments: original bill for vetoed legislation or  
copy of bill for signed or overridden legislation  
and legislation enacted without signature

cc: The Honorable Antonio R. Unpingco  
Speaker

OFFICE OF THE LEGISLATIVE SECRETARY

ACKNOWLEDGMENT RECEIPT

Received By

Time

2:50 PM

Date

9/17/02

0924


MINA'BENTE SAIS NA LIHESLATURAN GUÅHAN  
2002 (SECOND) Regular Session

CERTIFICATION OF PASSAGE OF AN ACT TO I MAGA'LAHEN GUÅHAN


This is to certify that Substitute Bill No. 364 (COR), "AN ACT TO ADD ARTICLE 4 TO CHAPTER 14 OF TITLE 12 OF THE GUAM CODE ANNOTATED, RELATIVE TO REQUIRING THE GUAM WATERWORKS AUTHORITY TO OUTSOURCE THE MAINTENANCE AND OPERATION OF WATER WELLS, BOOSTER PUMP STATIONS, AND METERS, AND FOR OTHER PURPOSES," was on the 4<sup>th</sup> day of September, 2002, duly and regularly passed.

  
ANTONIO R. UNPINGCO  
Speaker

Attested:

  
JOANNE M.S. BROWN  
Senator and Legislative Secretary

This Act was received by *I Maga'lahaen Guåhan* this 10 day of September, 2002,  
at 5:35 o'clock P.M.

  
Assistant Staff Officer  
*Maga'lahaen's* Office

APPROVED:

  
CARL T. C. GUTIERREZ  
*I Maga'lahaen Guåhan*

Date: \_\_\_\_\_

Public Law No. \_\_\_\_\_

OFFICE OF THE LEGISLATIVE SECRETARY
ACKNOWLEDGMENT RECEIPT
Time <u>2:50 P.M.</u>
Received By _____
Received By _____
Time <u>9/17/02</u>
ACKNOWLEDGMENT RECEIPT
OFFICE OF THE LEGISLATIVE SECRETARY

6

# I MINA' BENTE SAIS NA LIHESLATURAN GUAHAN

2002 (SECOND) Regular Session

Date: 9/4/02

## VOTING SHEET

SBill No. 364(COR)

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

Question: \_\_\_\_\_

*Vote*

NAME	YEAS	NAYS	NOT VOTING/ ABSTAINED	OUT DURING ROLL CALL	ABSENT
ADA, Joseph F.	✓				
ADA, Thomas C.	✓				
AGUON, Frank B., Jr.	✓				
BROWN, Joanne M. S.	✓				
CALVO, Eddie B.	✓				
CAMACHO, Felix P.	✓				
CHARFAUROS, Mark C.	✓				
FORBES, Mark	✓				
KASPERBAUER, Lawrence F.	✓				
LEON GUERRERO, Lourdes A.	✓				
MOYLAN, Kaleo S.	✓				
PANGELINAN, Vicente C.	✓				
SANTOS, Angel L.G.	✓				
UNPINGCO, Antonio R.	✓				
WON PAT, Judith T.	✓				

TOTAL

15    0    0    0    0

CERTIFIED TRUE AND CORRECT:

\_\_\_\_\_  
Clerk of the Legislature

\* 3 Passes = No vote  
EA = Excused Absence

6  
9/4/02

MINA'BENTE SAIS NA LIHESLATURAN GUÅHAN  
2002 (SECOND) Regular Session

**Bill No. 364 (COR)**

As substituted by the Author  
and amended.

\*

Introduced by:

- Mark Forbes
- J. M.S. Brown
- J. F. Ada
- T. C. Ada
- F. B. Aguon, Jr.
- E. B. Calvo
- F. P. Camacho
- M. C. Charfauros
- L. F. Kasperbauer
- L. A. Leon Guerrero
- K. S. Moylan
- V. C. Pangelinan
- A. L.G. Santos
- A. R. Unpingco
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**AN ACT TO ADD ARTICLE 4 TO CHAPTER 14 OF  
TITLE 12 OF THE GUAM CODE ANNOTATED,  
RELATIVE TO REQUIRING THE GUAM  
WATERWORKS AUTHORITY TO OUTSOURCE THE  
MAINTENANCE AND OPERATION OF WATER  
WELLS, BOOSTER PUMP STATIONS, AND METERS,  
AND FOR OTHER PURPOSES.**

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

2        **Section 1.** Article 4 is hereby *added* to Chapter 14 of Title 12 of the  
3        Guam Code Annotated to read as follows:

4

1 "ARTICLE 4.  
2 OUTSOURCING.

3 Section 14401. Guam Waterworks Authority to Outsource  
4 Operations of Water Wells. Within sixty (60) days, the Guam  
5 Waterworks Authority ('GWA') shall issue a Request for Proposal  
6 ('RFP') soliciting bids or proposals from qualified parties for the  
7 operation and maintenance of all water wells currently operated by  
8 GWA, *subject* to the procurement laws of Guam. The scope of work  
9 required through this RFP shall include the daily operation of each  
10 water well; any repairs required by each water well, *inclusive* of all parts  
11 and labor; all water quality monitoring requirements as promulgated by  
12 the Guam Environmental Protection Agency ('GEPA'); water treatment;  
13 and preventative maintenance of all equipment directly associated with  
14 each well, including, but *not* limited to, pumps, generators and water  
15 treatment systems.

16 GWA shall *not* bear the cost of providing electrical power to any  
17 water wells subject to the provisions of this Section. GWA may either  
18 package all water wells in a single proposal, or may, upon its judgment,  
19 divide the existing water wells into *no more than* three (3) districts, each  
20 including a generally equivalent number of wells, and request proposals  
21 for each district.

22 The RFP shall include performance standards that will at a  
23 *minimum* require full compliance with all standards as promulgated by  
24 GEPA and the Environmental Protection Agency ('EPA') of the United



1 States of America, as applicable to Guam, as well as production  
2 standards detailing a range of required output of potable water from  
3 wells as an aggregate, or by well district as an aggregate. Parties  
4 interested in submitting proposals shall have sixty (60) days to prepare  
5 and submit a response to GWA. The Public Auditor shall be an  
6 observer throughout the outsourcing process specified in this Section,  
7 shall receive copies of all documents involved and shall be invited to  
8 any meetings regarding the outsourcing process specified in this  
9 Section.

10 GWA shall award bids *subject* to the RFP detailed in this Section  
11 within ninety (90) days of the date of issuance of the RFP; *provided*, that  
12 qualified contractors have submitted proposals in compliance with the  
13 procurement laws of Guam and the provisions of this Section.

14 **Section 14402. GWA to Outsource Operations of Water and**  
15 **Wastewater Pump Stations.** Within sixty (60) days, GWA shall  
16 issue a RFP soliciting bids or proposals from qualified parties for the  
17 maintenance of all water and wastewater pump stations currently  
18 operated by GWA, *subject* to the procurement laws of Guam. The scope  
19 of work required through this RFP shall include any repairs required by  
20 each water or wastewater pump station, *inclusive* of all parts and labor;  
21 all monitoring requirements as promulgated by GEPA or GWA; and  
22 preventative maintenance of all equipment directly associated with each  
23 water or wastewater pump station, including, but *not* limited to, pumps  
24 and generators.

1 GWA may either package all water and wastewater pump stations  
2 in a single proposal, or may upon its judgment separately issue a RFP  
3 for water pump stations and one (1) for wastewater pump stations. The  
4 RFP detailed in this Section shall include performance standards that  
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8 required preventative maintenance.

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17 qualified contractors have submitted proposals in compliance with the  
18 procurement laws of Guam and the provisions of this Section.

19 **Section 14403. GWA to Outsource Installation, Maintenance**  
20 **and Reading of Water Meters.** Within sixty (60) days, GWA shall  
21 issue a RFP soliciting bids or proposals from qualified parties for the  
22 maintenance, installation and reading of all residential and commercial  
23 water meters currently under the purview of GWA, *subject* to the  
24 procurement laws of Guam.

1           The scope of work required through this RFP shall include  
2 surveying of all existing water meters, as well as illegal or un-metered  
3 hookups; the repair or replacement of all non-functioning meters; the  
4 installation of all new water meters, *inclusive* of meters at un-metered  
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19 qualified contractors have submitted proposals in compliance with the  
20 procurement laws of Guam and the provisions of this Section.

21           **Section 14404. Contract Limits.** No contract awarded  
22 subject to the provisions of this Act may be awarded for a period of  
23 greater than five (5) years, *except* that a contract for the operation and  
24 maintenance of water wells may *not* be awarded for a period of greater

1 than ten (10) years. All contracts awarded subject to the provisions of  
2 this Act must contain performance reviews at least annually, and  
3 provisions for contract termination or penalty based upon such review.

4 **Section 14405. Conflicts.** No contract awarded subject to the  
5 provisions of this Act shall be awarded to any party who has a blood or  
6 marital relationship to the third degree of consanguinity with the  
7 General Manager of GWA, a board member of GWA, *I Maga'laha*  
8 *Guåhan* or a member of *I Liheslaturan Guåhan*.

9 **Section 14406. System As-built Required and Loss Prevention**  
10 **Workforce Established.** It is noted that no easily accessible as-built  
11 of the public water system of Guam exists, and that further, the public  
12 water system loses very significant amounts of water daily from  
13 undetermined or un-repaired leaks. GWA may reassign any qualified  
14 persons displaced as a result of the provisions of this Chapter to a  
15 designated loss prevention workforce whose purpose shall be twofold.

16 One, they shall be responsible for developing an as-built of the  
17 entirety of the public water distribution system, *inclusive* of all major  
18 and significant transmission and distribution lines. Two, they shall be  
19 responsible for identifying significant leakage in said system and for  
20 either repairing such leaks, or identifying them for repair through  
21 contractors, as determined by GWA.

22 **Section 14407. Termination of Contracts for Reasons**  
23 **Unrelated to Performance.** Should at some point in the future, a  
24 determination be made by *I Liheslaturan Guåhan*, in law, that either a

1 merger between the military and civilian water systems, as approved by  
2 the United States, be advisable, or that a broad-scale public-private  
3 partnership for the production of water or the transmission and  
4 treatment of wastewater be advisable, subject to legislative approval,  
5 and *if* any agreements entered into pursuant to this Chapter are viewed  
6 as impeding, such provisions may be included in each contract for the  
7 purchase of such contracts, *except* that no contract shall be purchased in  
8 any circumstance where a contractor's performance has been deemed to  
9 be unacceptable in accordance with the provisions of this Chapter.

10 **Section 14408. Transfer Authority and Funding.** GWA is  
11 authorized to transfer funds from category to category within its own  
12 budget *only* for the purpose of funding the specific outsourcings  
13 detailed in this Chapter. Furthermore, *I Maga'lahaen Guåhan* is  
14 authorized to transfer funds from Special Funds of the Executive Branch  
15 of the government of Guam, including the Typhoons Chata'an and  
16 Halong Special Reimbursement Fund, to GWA to fulfill the purposes of  
17 this Chapter; *provided*, such transfers by *I Maga'lahaen Guåhan* shall *not*  
18 exceed Three Million Dollars (\$3,000,000) without further authorization  
19 or appropriation by statute.

20 **Section 14409. System Integration Working Group.** It is  
21 duly noted that the integration of the military and civilian water  
22 systems on Guam is an achievable and worthy goal, *especially* inasmuch  
23 as this integration may be productive in securing Federal funding for

1 water and wastewater system improvements, or Federal loan  
2 guarantees to accomplish the same.

3 A Water System Integration Working Group is hereby established,  
4 to consist of *I Maga'lahaen Guåhan*; Guam's Delegate to Washington, D.C.;  
5 the Speaker of *I Liheslaturan Guåhan*; the majority leader of *I Liheslaturan*  
6 *Guåhan*; the minority leader of *I Liheslaturan Guåhan*; the legislative  
7 member with oversight over the water and wastewater systems; the  
8 President of the Mayor's Council of Guam; the Chairperson of the  
9 Guam Chamber of Commerce and the Chairperson of the Consolidated  
10 Utilities Commission, when seated. This workgroup is tasked with  
11 seeking an integration of the civilian and military water systems on  
12 Guam, as well as direct Federal funding or Federal loan guarantees, or  
13 others assistance, needed to improve Guam's water and wastewater  
14 infrastructure and systems."

15 **Section 2.** The outsourcing outlined under this Act shall be conducted  
16 pursuant to the "most efficient operating" method used in outsourcing  
17 government functions as outlined in Federal law, rules and regulations.



# MINA' BENTE SAIS NA LIHESLATURAN GUÅHAN

Kumitehan Areklamento, Hinanao Gubetnamenton Hiniråt, Rifotma yan Rinueba,  
yan Asunton Fidiråt, Taotao Hiyong yan Hiniråt

*Senadot Mark Forbes, Gebilu  
Kabisiyon Mayuråt*

08 SEP 2002

Speaker Antonio R. Unpingco  
I Mina' Bente Sais Na Liheslaturan Guåhan  
155 Hesler Street  
Hagåtña, Guam 96910

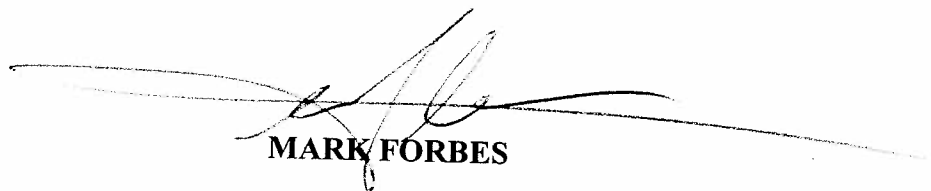
Dear Mr. Speaker:

The Committee on Rules, General Governmental Operations, Reorganization and Reform, and Federal, Foreign and General Affairs, to which Bill No. 364, was referred, wishes to report its findings and recommendations **TO DO PASS BILL NO. 364, as substituted: "An Act To Require the Guam Waterworks Authority to Outsource the Maintenance and Operation of Water Wells, Booster Pump Stations, and Meters, and Other Matters."**

The voting record is as follows:

<b>TO PASS</b>	<u>6</u>
<b>NOT TO PASS</b>	<u>0</u>
<b>ABSTAIN</b>	<u>0</u>
<b>TO PLACE IN INACTIVE FILE</b>	<u>0</u>
<b>TO REPORT OUT</b>	<u>0</u>

Copies of the Committee Report and other pertinent documents are attached. Thank you and si Yu'os ma'ase for your attention to this matter.

  
**MARK FORBES**

Attachments



# MINA 'ENTE SAIS NA LIHESLATURAN GUÅHAN

Kumitehan Areklamento, Hinanao Gubetnamenton Hiniråt, Rifotma yan Rinueba,  
yan Asunton Fidiråt, Taotao Hiyong yan Hiniråt

*Senadot Mark Forbes, Gehilu  
Kabisiyon Mayuråt*

08 SEP 2002

## MEMORANDUM

**TO:** Committee Members

**FROM:** Chairman

**SUBJECT:** Committee Report- BILL NO. 364, as substituted: "An Act To Require the Guam Waterworks Authority to Outsource the Maintenance and Operation of Water Wells, Booster Pump Stations, and Meters, and Other Matters."

Transmitted herewith for your information and action is the report on Bill No. 364, as substituted, from the Committee on Rules, General Governmental Operations, Reorganization and Reform, and Federal, Foreign and General Affairs.

This memorandum is accompanied by the following:

1. Committee Voting Sheet
2. Committee Report
3. Bill No.364, as substituted
4. Public Hearing Sign-in Sheet
5. Fiscal Note/Fiscal Note Waiver

Please take the appropriate action on the attached voting sheet. Your attention and cooperation in this matter is greatly appreciated.

Should you have any questions regarding the report or accompanying documents, please do not hesitate to contact me.

Thank you and si Yu'os ma'ase.



**MARK FORBES**

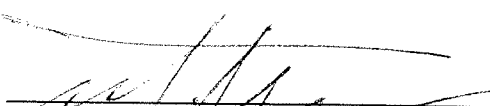
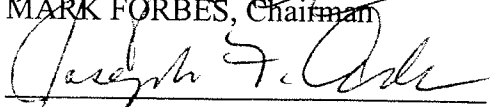
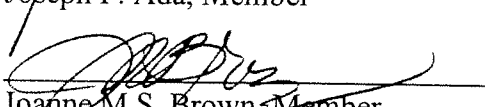

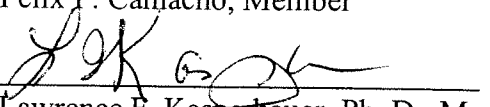
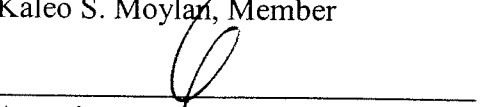
Attachments



**Committee on Rules, General Governmental Operations, Reorganization and Reform, and Federal,  
Foreign and General Affairs**  
**I Mina' Bente Sais Na Liheslaturan Guåhan**

**Voting Record**

BILL NO. 364, as substituted: "An Act To Require the Guam Waterworks Authority to Outsource the Maintenance and Operation of Water Wells, Booster Pump Stations, and Meters, and Other Matters."

	<u>TO PASS</u>	<u>NOT TO PASS</u>	<u>TO ABSTAIN</u>	<u>INACTIVE FILE</u>	<u>REPORT OUT</u>
 MARK FORBES, Chairman	✓	_____	_____	_____	_____
 Joseph F. Ada, Member	✓	_____	_____	_____	_____
 Joanne M.S. Brown, Member	✓	_____	_____	_____	_____
 Eddie B. Calvo, Member	✓	_____	_____	_____	_____
_____ Felix P. Camacho, Member	_____	_____	_____	_____	_____
 Lawrence F. Kasperbauer, Ph. D., Member	✓	_____	_____	_____	_____
_____ Kaleo S. Moylan, Member	_____	_____	_____	_____	_____
 Antonio R. Umpingco, <i>Ex-Officio Member</i>	✓	_____	_____	_____	_____
_____ Thomas C. Ada, Member	_____	_____	_____	_____	_____
_____ Lou A. Leon Guerrero, Member	_____	_____	_____	_____	_____
_____ Vicente C. Pangelinan, Member	_____	_____	_____	_____	_____

**I MINA' BENTE SAIS NA LIHESLATURAN GUÅHAN**  
**COMMITTEE ON RULES, GENERAL GOVERNMENTAL**  
**OPERATIONS, REORGANIZATION AND REFORM, AND**  
**FEDERAL, FOREIGN AND GENERAL AFFAIRS**

**SENATOR MARK FORBES, CHAIRMAN**

**COMMITTEE REPORT**  
**ON**  
**BILL NO. 364, as substituted:**

**“An Act To Require the Guam Waterworks Authority to Outsource  
the Maintenance and Operation of Water Wells, Booster Pump  
Stations, and Meters, and Other Matters.”**

## **I. OVERVIEW**

The Committee on Rules, General Governmental Operations, Reorganization and Reform, and Federal, Foreign and General Affairs held a public hearing at 9:00 a.m. on August 15, 2002 in the Public Hearing Room, Temporary Legislative Building, Hagatna, Guam.

Senators present at the public hearing were:

Senator Mark Forbes, Chairman

Senator Tom Ada, Member

Senator Joanne Brown, Member

## **II. SUMMARY OF TESTIMONY**

The following individuals submitted oral or written testimony to the Committee:

David B. Tydingco, president, Guam Hotel & Restaurant Association

Carl Peterson, Board Chairman, Guam Chamber of Commerce

Gabe Simon, chairman, GHRA engineering and environmental committee

Jeff Jones, executive vice president, Triple J

Mr. David B. Tydingco, president, Guam Hotel & Restaurant Association, testified before the Committee in favor of Bill No. 364. Mr. Tydingco read from his written testimony, in which he discussed the "totally unacceptable conditions with respect to the delivery of water and sewer service. He spoke of the lack of accountability at GWA, which forces businesses to spend thousands of dollars to deal with water and sewage problem when GWA doesn't deliver. He spoke of thousands of dollars in lost business when businesses do not have water or sewer service. He said privatization of water and sewer facilities will begin the process of providing greater accountability and improved reliability of services.

Mr. Carl Peterson, Board Chairman, Guam Chamber of Commerce, testified before the Committee in favor of Bill No. 364. Mr. Peterson read from his written testimony, in which he said that the private sector can deliver utility services at lower costs and higher quality and consistency of service delivery. He said the bill builds on proven successes in outsourcing segments of GWA's responsibilities, including water wells that have been outsourced for several years now that have had good reliability.

Mr. Gabe Simon, chairman, GHRA engineering and environmental committee, testified before the Committee in favor of Bill No. 364. Mr. Simon supported Mr. Tydingco's testimony, speaking of problems with GWA's pumps in the Tumon area. In response to questioning, Mr. Simon spoke of how a GWA contractor rebuilt the wrong pump station in Tumon, and how the newly built station is not working.

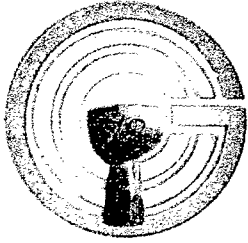
Mr. Jeff Jones, executive vice president, Triple J, and a member of the board of the Chamber, testified before the Committee in favor of Bill No. 364. Mr. Jones said that the system has failed us. He said he first wanted to privatize the entire system, but realized that this was not the most expedient way to go. The compromise is outsourcing various aspects of the water system. He would also like to privatize the management of GWA – the employees are only as good as those leading them. His big concern is whether we can get GWA to implement the law, saying that he doesn't know if it's better to put in teeth or an incentive – he's a believer in incentives, but doesn't know how that can be done.

## **III. FINDINGS AND RECOMMENDATION**

The Committee on Rules, General Governmental Operations, Reorganization and Reform, and Federal, Foreign and General Affairs finds that Bill No. 364 addresses an urgent need in our community – that of a reliable water

system to all areas of Guam. The problems that have plagued our water system are frequent, great, and unnecessary. The Committee finds that the outsourcing of certain maintenance and operations of the water system will likely result in improved service to the community and more efficient operations of the water system, including water and sewage pump stations and meter reading.

Accordingly, the Committee on Rules, General Governmental Operations, Reorganization and Reform, and Federal, Foreign and General Affairs, to which Bill No 364 was referred does hereby submit its findings and recommendations to I Mina' Bente Sais Na Liheslaturan Guahan **TO DO PASS BILL NO. 364, as substituted:** "An Act To Require the Guam Waterworks Authority to Outsource the Maintenance and Operation of Water Wells, Booster Pump Stations, and Meters, and Other Matters."



1924-2002

**GUAM CHAMBER OF COMMERCE**  
PARTNERS IN PROGRESS

August 13, 2002

SENATOR MARK FORBES  
26<sup>th</sup> Guam Legislature  
155 Hesler Place  
Hagåtña, Guam 96910

**RE: Bill No. 364--An Act to Privatize Electromechanical Functions within Guam Waterworks Authority**

Dear Senator Forbes:

In brief, it is the long held position of the Guam Chamber of Commerce that the Private Sector can bring many advantages to the operation of Guam's Utilities, both from a *cost of services* point of view, and (more importantly) from a *quality and consistency of services* point of view.

Little argument conflicts with the established evidence that the Private Sector, with proper guidance and incentive, can deliver utility services at costs lower than that of Government Agencies. Several factors establish this condition:

- By its very nature, the Private Sector is driven to reduce costs, either through contract requirements, or its own desire for a net profit to justify its entry into the contract.
- Due to competition for the work, and the ubiquitous competition to keep the work, the incentive is for private industry to operate at optimal efficiency. Cost management plays a critical role in competitiveness.

Further, *quality and consistency* of service delivery are most effectively maintained through rational arrangements with the Private Sector. Both are essential for the health of the enterprise, because:

- Quality becomes a "given" because the strictures placed on quality in a rationally created contract will make a failure in quality (either in the product or its delivery) one of the surest ways for the contracting party to lose its contract.
- Negligence concerning quality exposes the company to a range of legal risks.

Consistency in the delivery of the service requires the firm to operate at peak efficiency for the same reasons as it must deliver *quality*. Further,

- Peak efficiency requires competent, well-trained employees. This ultimately means *well paid* employees.
- Peak efficiency requires optimal "up time". That is to say, it is rarely efficient for a plant to be out of operation---if for no other reason than if the equipment that produces the product (in this case, water) isn't operating, there can be no desired income.

It is not the intent of this paper to give lessons on the advantages of outsourcing utility services. We point out the above to clarify the basis on which we offer the following statement of support for Bill No. 364.

The Chamber is very pleased that the formation of this Bill was done through an extensive and often exhaustive process of consultation with the Private Sector, several members of the Legislature, and further, input and participation with the Administration.

The bill, while not attempting to provide a blanket, wide ranging conversion to private operation of GWA, does provide a vehicle for rapid and cost effective solutions to a number of on-going challenges facing the Authority. One of the most prospective aspects of this Bill is it's impact on the operation of GWA, while having only modest impact on the employees of GWA. The number of employees affected is very small, and the sense is that essentially no job losses will be necessary for its implementation.

This legislation builds on proven successes in outsourcing of segments of GWA's responsibilities, and thus has very little of the risk associated with an untried experiment.

GWA has had several wells outsourced for some years now, and their success is demonstrable.

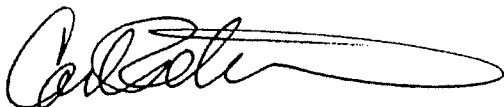
- During the aftermath of Typhoon Chata'an, the water wells under private management worked 100% of the time—before, during and after the typhoon.
- The private sector wells were able to deliver 130-160% of their normal demand after the typhoon, while many other (non-private) wells were not in service, thus providing extensive relief to our citizens.

This legislation moves us forward towards modern, proven methods of water management. It begins the process of moving us away from Government operation of Public Utilities, something the rest of the USA (and in fact most of the world) has been doing for decades with great success.

The bill properly leaves to GWA the responsibility to develop an effective Request for Proposals. As a large number of examples exist for effective outsourcing/privatization in the USA, we are confident that the Authority will be able to find among these a set of bidding procedures suitable for application here, as well as means to avoid pitfalls experienced by others.

The Guam Chamber of Commerce is proud to support this forward thinking, results oriented legislation.

Sincerely,



CARL PETERSON  
Board Chairman



GUAM HOTEL & RESTAURANT ASSOCIATION

SUITE 101, 643 CHALAN SAN ANTONIO • TAMUNING, GUAM 96913  
P.O. BOX 8565 • TAMUNING, GUAM 96931  
TEL: (671) 649-1447 • FAX: (671) 649-8565  
E-Mail: ghra@ghra.org • Website: www.ghra.org

August 13, 2002

Honorable Mark Forbes  
Chairman  
Committee on Rules, Federal Affairs and Governmental Re-organization  
Mina Bente Seis Na Liheslaturan Guahan  
155 Hesler Street  
Hagatna, Guam 96910

Re: Privatization of GWA Maintenance

Hafa Adai Mr. Chairman, Members of the Committee:

My name is David Tydingco, President of the Guam Hotel & Restaurant Association and I am here with Mr. Gabe Simon, Director of Engineering for the Pacific Islands Club and Chairman of the GHRA Engineering and Environmental Committee. We are here to testify in support of privatizing the maintenance of water wells and sewer lift stations now currently managed by the Guam Waterworks Authority.

Our community has been forced to deal with totally unacceptable conditions with respect to the delivery of water and sewer service. The boil water notice for our island and the lack of water or water pressure are symptoms of a much greater problem. We do not believe it is simply a money issue. The hardworking men and women of the Guam Waterworks Authority currently lack the knowledge and resources to deal with some of the more technically complicated operating systems under their purview.

The current system lacks accountability in how GWA provides service to its customers. If we as customers fail to pay our bills, our service is simply terminated. If GWA is unable to deliver the service they are mandated to provide, we as customers are forced again to deal with these problems without any recourse. I am attaching as Exhibit "A" a copy of a letter sent to GWA by a GHRA member back in May 2002 requesting some relief as GWA was unable to provide water service. This company first requested water tanker service from GWA but it was unavailable. The company was then forced to hire on its own a private operator to deliver water to its facility in order to survive. After Typhoon Chata'an, this same company was forced to hire a private company to truck water from July 5<sup>th</sup> to July 21<sup>st</sup> because of a lack of water service. Needless to say, this business has lost 1 thousands of dollars in additional operating costs, not to mention the

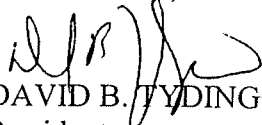
the appropriate technical training, resources, and tools to do so. We have seen privatization work in the past. I recall not to long ago that the government recommended the complete shut down of the Tanguisson Power Plant because it felt that it was beyond economical repair. Through privatization, Tanguisson is now a model power plant, operating efficiently with the same people who were there prior to its privatization.

We believe that privatization is not the cure-all. But it will begin the process of providing greater accountability with improved reliability of services. We recommend the following:

1. Immediately put out to bid the private maintenance of GWA water and sewer facilities. This could be done over a period of time, but time frames must be established to accomplish the privatization efforts. We strongly recommend that we use the work already done by the GHRA Engineering Committee as a basis for privatizing the maintenance of the four lift stations serving the Tumon/Dededo/Harmon Area. This could then be used as a template for privatizing other parts of the system.
2. Accountability must be put in place for customers who suffer as a result of the failure of GWA or its contractors to perform. There must be a penalty for non-performance and some relief for customers.
3. In the case of eminent failure of the system, recognizing the financial difficulties the government is facing, we request that members of our community be given the option to front-load the cost of repairs and be reimbursed through set-offs of future bills.
4. GHRA also requests that it be reimbursed for direct costs already incurred in assisting GWA to meet its mission.

Our community, and our people have already paid for these services and deserve no less. We ask for your favorable consideration on the above.

Senseramente,

  
DAVID B. TYDINGCO  
President

Guam Hotel & Restaurant Association



LADERA  
TOWER

310 LADERA LANE, MANGILAO, GUAM 96913 U.S.A. • TEL: (671) 735-1111 • FAX: (671) 735-1108

received  
5/22/02  
"A"

h  
7-3002

May 20, 2002

**Mr. Gil Shinohara**  
Acting General Manager  
Guam Waterworks Authority  
P.O. Box 3010  
Hagatna, Guam 96932

Dear Mr. Shinohara,

Due to the sudden stop of water supply from Guam Waterworks Authority from April 6 to April 10, many of our hotel guests made heavy and serious complaints and checked out earlier than their original schedule because they could not even use their toilet or take a shower in the rooms. Some guests moved to other hotels in the Tumon Area.

Because of the horrible water situation, we had to call Hawaiian Rock located next to Ladera Tower to ask for help in supplying us with water. They kindly supplied us in such a short notice using their own water tank. We had to incur extra and unexpected expenses for getting water from Hawaiian Rock. Enclosed please refer to a copy of the invoice from Hawaiian Rock.

We would like to inform you that we have deducted the amount of \$1465.00 that was for truck rental and labor charge only, a bill from Hawaiian Rock, from your April billing to us. Because of the water shortage incident we have not only lost guests but we had also made such a negative image of Ladera Tower and Guam as a whole to our Japanese and Korean Market not forgetting our long-term tenants.

We hope that in the future the hotels should be considered exclusive from other residents. Guam Visitors Bureau, GHRA and Government of Guam have been spending so much money to promote Guam to tourists coming from Japan and Korea. They also have paid much attention to ensuring that these tourists would have a most comfortable stay while on Guam and when they go back to their homes, by word of mouth, they could encourage more people to come to Guam. However, if we have this type of inconvenient situation, which concerns basic infrastructure and facility that we should provide without any difficulty or question, we may encounter a more difficult state with our tourism industry in the future.



# HAWAIIAN ROCK PRODUCTS CORP.

P.O. BOX H  
AGANA, GUAM 96910

Tel. No.: (671) 734-2971~8  
Fax: No.: (671) 734-6374 / 3744

INVOICE 77073

## ACCOUNTING

72947  
LADERA TOWERS  
130 LADERA LANE  
MANGILAO, GUAM 96913  
ATTN: MR. DAN PARK, GENERAL MANAGER

DATE: APRIL 16, 2002

YOUR P.O. NUMBER	JOB SITE	OUR DELIVERY TAG NO.	DESCRIPTION	UNIT PRICE	AMOUNT
			TO BILL YOU FOR THE FOLLOWING WORK DONE:		
	TRUCK RENTAL AND DELIVERY OF PORTABLE WATER TO LADERA TOWERS.		TRUCK RENTAL: TOTAL NO. OF HOURS: REGULAR TIME: 2:00 PM TO 4:00 PM (4-9-02) 7:00 AM TO 10:00 AM (4-10-02) 5 HOURS @ \$79.00/HOUR		395.00
			OVERTIME RATE: 4:01 PM TO 2:30 AM (4-9-02) 10 HOURS @ \$89.00/HOUR		890.00
			NO. OF GALLONS: 13 TRIPS @ 4,000 GALS. PER TRIP = 52,000 GALS. @ \$0.00356		185.12
			STAND PIPE: LABOR AND MATERIALS, LUMP SUM		180.00

CERTIFY THAT THE ABOVE BILL IS CORRECT AND JUST THAT PAYMENT THEREFORE HAS NOT BEEN RECEIVED.  
*Accounting*  
ACCOUNTANT

**PAY THIS AMOUNT**  
\$1,650.12

### FOR OFFICE USE ONLY

SEQ. NO.	DATE			AMOUNT	TAX	SYMBOLIC CODE					DESCRIPTION
	MONTH	DAY	YEAR			JOB NUMBER	AR	CS	OP	DT	
	04	16	02	1 650 12	C11	105069	0007	000	00	99	

THIS ACCOUNT IS DUE WITHIN 30 DAYS FROM INVOICE DATE. IF NOT PAID IN FULL WITHIN 30 DAYS OF SAID DUE DATE, PURCHASER EXPRESSLY AGREES THAT A 1/2% PERCENT PER MONTH SERVICE CHARGE SHALL BE ADDED TO THIS ACCOUNT COMPUTED ON THE UNPAID BALANCE UNTIL THE ACCOUNT IS PAID IN FULL. PURCHASER AGREES TO PAY REASONABLE ATTORNEY'S FEES IF REFERRED FOR LEGAL ACTION AND OTHER COSTS INCURRED FOR COLLECTION.

# PACIFIC MACHINERY, INC.

INVOICE GS14134

ORIGINAL

"B"

**PAYMENT**  
Please send payment to:  
**Pacific Machinery**  
196 E. Harmon Industrial Park Road  
Harmon, GU 96913

HILO, HAWAII 961-3481  
JE, KAUAI 245-4057 • HAWAIIAN FLUID POWER 833-4516 (INDUSTRIAL PRODUCTS 839-7777)  
HAWAIIAN FLUID POWER MAUI 877-6881 • HFP INDUSTRIAL PRODUCTS GUAM (671) 646-9051

<http://pacificmachinery.cat.com>

SOLD TO

GUAM HOTEL & RESTAURANT ASSOCIATION  
P.O. BOX 8565  
TAMUNING, GUAM 96931

SHIP TO

ATTN: GABE SIMON  
GWA - ROUTE 16 GENERATOR  
PH: 671 646-9171  
FX: 671 648-2470

INVOICE NUMBER	INVOICE DATE	CUSTOMER NUMBER	CUSTOMER ORDER NUMBER			STORE	DIV	SALESMAN	TERMS	PAGE
GS14134	04-19-02	314152	PENDING			03	E		1	4
PSO / WO NO.	DOC. DATE	PC	LC	MC	SHIP VIA			INV SEQ NO.		
GS14134	02-07-02	10	10	10				1		
MAKE	MODEL	SERIAL NUMBER			EQUIPMENT NUMBER	METER READING		MACH ID NO.		
AA	3512	024Z03223						ECC3474		
QUANTITY	ITEM	N/R	DESCRIPTION			UNIT PRICE		EXTENSION		

\* \* \* PROFORMA INVOICE \* \* \*

FROM GENERATOR. MECHANICS DID NOT SEE ANYTHING  
BURNING BUT GENERATOR STARTED TO SPARK BEFORE

GUAM HOTEL & RESTAURANT ASSOCIATION

3977

Pacific Machinery, Inc.

7/24/2002

Date	Type	Reference	Original Amt.	Balance Due	Discount	Payment
07/24/2002	Bill	GS141134	4,484.33	4,484.33		4,484.33
				Check Amount		4,484.33

#646-9118 x 5  
NOVA

**FILE COPY**

*[Signature]*  
J. Mantanoza

Bank of Hawaii Checking      Repairs to Fujita Pump Station      4,484.33

\* \* \* C A S H \* \* \*

**TERMS:** NET 30 DAYS FROM INVOICE DATE  
A FINANCE CHARGE OF 1% PER MONTH, THE PERIODIC RATE, WILL  
BE MADE ON PAST DUE BALANCES. THE PERIODIC RATE, EQUALS AN ANNUAL  
PERCENTAGE OF 12%.

PAY THIS AMOUNT	▶	4 4 8 4 . 3 3
AMOUNT CREDIT	▶	

Not returnable.  
Items not shown are backordered.

Claims for shortages must be made within two days from date merchandise is received. Parts are not acceptable for return after 30 days from date of purchase. All returns are subject to approval, and must be accompanied by this invoice number.



# MINA 'ENTE SAIS NA LIHESLATURAN GUAHAN

Kumitehan Areklamento, Hinanao Gubetnamenton Hinirát, Rifotma yan Rinueba,  
yan Asuntón Fidirát, Taotao Hiyong yan Hinirát

*Senadot Mark Forbes, Gehilu  
Kabisiyon Mayurát*

08 AUG 2002

## MEMORANDUM

TO: Chairman  
Committee on Rules, General Governmental Operations, Reorganization and  
Reform, and Federal, Foreign and General Affairs

FROM: Chairman  
Committee on Rules, General Governmental Operations, Reorganization and  
Reform, and Federal, Foreign and General Affairs

SUBJECT: Principal Referral - Bill No. 364 (COR)

The above bill is referred to your Committee as the Principal Committee, in accordance with Section 6.04.05.01. of the Standing Rules. Your Committee is the Committee authorized to perform the public hearing on this bill and to amend or substitute the bill, as well as report the bill out to the Body. It is recommended that you schedule a public hearing at your earliest convenience.

Thank you for your attention to this matter.

**MARK FORBES**

Attachment

*Raid  
Rules  
8-8-02*

*2nd Reg*  
*9/3/02*  
*Discovered*  
*9/3/02*

*3rd Reg*  
*9/3/02*

**MINA'BENTE SAIS NA LIHESLATURAN GUAHAN  
2002 (SECOND) Regular Session**

**Bill No. 364(COR)**  
As substituted by the Author.

Introduced by:

Mark Forbes  
J.M.S. Brown  
\_\_\_\_\_

**AN ACT TO REQUIRE THE GUAM WATERWORKS  
AUTHORITY TO OUTSOURCE THE MAINTENANCE  
AND OPERATION OF WATER WELLS, BOOSTER  
PUMP STATIONS, AND METERS, AND OTHER  
MATTERS.**

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

2 **Section 1.** A new Article 4 is added to Chapter 14, 12GCA to read:

3 **“ARTICLE 4. OUTSOURCING**

4 **Section 14401. Guam Water works Authority to Outsource Operations of**

5 **Water Wells.** Within sixty (60) days, the Guam Waterworks Authority shall  
6 issue a Request for Proposals (RFP) soliciting bids or proposals from qualified parties  
7 for the operation and maintenance of all water wells currently operated by the Guam  
8 Waterworks Authority, subject to the procurement laws of Guam. The scope of work  
9 required through this RFP shall include the daily operation of each water well; any  
10 repairs required by each water well, inclusive of all parts and labor; all water quality

1 monitoring requirements as promulgated by the Guam Environmental Protection  
2 Agency; water treatment; and preventative maintenance of all equipment directly  
3 associated with each well, including but not limited to pumps, generators and water  
4 treatment systems. The Guam Waterworks Authority shall not bear the cost of  
5 providing electrical power to any water wells subject to the provisions of this section.  
6 The Guam Waterworks Authority may either package all water wells in a single  
7 proposal, or may upon its judgment, divide the existing water wells into no more than  
8 three (3) districts, each including a generally equivalent number of wells, and request  
9 proposals for each district. The RFP shall include performance standards that will at  
10 a minimum require full compliance with all standards as promulgated by the Guam  
11 Environmental Protection Agency (GEPA) and the Environmental Protection Agency  
12 (EPA) of the United States of America, as applicable to Guam, as well as production  
13 standards detailing a range of required output of potable water from wells as an  
14 aggregate, or by well district as an aggregate. Parties interested in submitting  
15 proposals shall have sixty (60) days to prepare and submit a response to the Guam  
16 Waterworks Authority. The Public Auditor shall be an observer throughout the  
17 outsourcing process specified in this Section, and shall receive copies of all  
18 documents involved and shall be invited to any meetings regarding the outsourcing  
19 process specified in this Section.

20 The Guam Waterworks Authority shall award bids subject to the Requests for  
21 Proposals (RFP) detailed in this section within ninety (90) days of the date of  
22 issuance of the RFP, provided that qualified contractors have submitted proposals in  
23 compliance with the procurement laws of Guam and the provisions of this section.”

24 **Section 14402. Guam Waterworks Authority to Outsource Operations of**  
25 **Water and Wastewater Pump Stations.** Within sixty (60) days, the Guam

1 Waterworks Authority shall issue a Request for Proposals (RFP) soliciting bids or  
2 proposals from qualified parties for the maintenance of all water and wastewater  
3 pump stations currently operated by the Guam Waterworks Authority, subject to the  
4 procurement laws of Guam. The scope of work required through this RFP shall  
5 include any repairs required by each water or wastewater pump station, inclusive of  
6 all parts and labor; all monitoring requirements as promulgated by the Guam  
7 Environmental Protection Agency or the Guam Waterworks Authority; and  
8 preventative maintenance of all equipment directly associated with each water or  
9 wastewater pump station, including but not limited to pumps and generators. The  
10 Guam Waterworks may either package all water and wastewater pump stations in a  
11 single proposal, or may upon its judgment separately issue an RFP for water pump  
12 stations and one for wastewater pump stations. The Requests for Proposals detailed  
13 in this section shall include performance standards that will at a minimum require full  
14 compliance with all standards as promulgated by the Guam Environmental Protection  
15 Agency (GEPA) and the Environmental Protection Agency (EPA) of the United  
16 States of America, as applicable to Guam, as well as specific performance standards  
17 detailing required preventative maintenance. Parties interested in submitting  
18 proposals shall have sixty (60) days to prepare and submit a response to the Guam  
19 Waterworks Authority. The Public Auditor shall be an observer throughout the  
20 outsourcing process specified in this Section, and shall receive copies of all  
21 documents involved and shall be invited to any meetings regarding the outsourcing  
22 process specified in this Section.

23 The Guam Waterworks Authority shall award bids subject to the Requests for  
24 Proposals (RFP) detailed in this section within ninety (90) days of the date of

1 issuance of the RFP, provided that qualified contractors have submitted proposals in  
2 compliance with the procurement laws of Guam and the provisions of this section.”

3       **Section 14403. Guam Water Works Authority to Outsource Installation,**  
4 **Maintenance and Reading of Water Meters.**     Within sixty (60) days, the Guam  
5 Waterworks Authority shall issue a Request for Proposals (RFP) soliciting bids or  
6 proposals from qualified parties for the maintenance, installation and reading of all  
7 residential and commercial water meters currently under the purview of the Guam  
8 Waterworks Authority, subject to the procurement laws of Guam. The scope of work  
9 required through this RFP shall include surveying of all existing water meters, as well  
10 as illegal or un-metered hookups; the repair or replacement of all non-functioning  
11 meters; the installation of all new water meters, inclusive of meters at un-metered  
12 hook-ups; all monitoring requirements as promulgated by the Guam Waterworks  
13 Authority; all meter reading and the transmission of such data to the Guam  
14 Waterworks Authority for billing purposes and preventative maintenance of all  
15 equipment directly associated with each meter. The Requests for Proposals detailed  
16 in this section shall include performance standards that will at a minimum require full  
17 compliance with all standards as promulgated by the Guam Waterworks Authority.  
18 Parties interested in submitting proposals shall have sixty (60) days to prepare and  
19 submit a response to the Guam Waterworks Authority. The Public Auditor shall be  
20 an observer throughout the outsourcing process specified in this Section, and shall  
21 receive copies of all documents involved and shall be invited to any meetings  
22 regarding the outsourcing process specified in this Section.

23       The Guam Waterworks Authority shall award bids subject to the Requests for  
24 Proposals (RFP) detailed in this section within ninety (90) days of the date of



1 issuance of the RFP, provided that qualified contractors have submitted proposals in  
2 compliance with the procurement laws of Guam and the provisions of this section.”

3 **Section 14404. Contract limits.** No contract awarded subject to the  
4 provisions of this act may be awarded for a period of greater than five (5) years,  
5 except that a contract for the operation and maintenance of water wells may not be  
6 awarded for a period of greater than ten (10) years. All contracts awarded subject to  
7 the provisions of this act must contain performance reviews at least annually, and  
8 provisions for contract termination or penalty based upon such review.

9 **Section 14405. Conflicts.** No contract awarded subject to the provisions of  
10 this act shall be awarded to any party who has a blood or marital relationship to the  
11 third degree of consanguinity with the General Manager of the Guam Waterworks  
12 Authority, a board member of the Guam Waterworks Authority, *I Maga'lahaen*  
13 *Guahan* or a member of *I Liheslaturan Guahan*.

14 **Section 14406. System as-built required and loss prevention workforce**  
15 **established.** It is noted that no easily accessible as-built of the public water system of  
16 Guam exists and that further, the public water system loses very significant amounts  
17 of water daily from undetermined or unrepaired leaks. The Guam Waterworks  
18 Authority may reassign any qualified persons displaced as a result of the provisions  
19 of this chapter to a designated loss prevention workforce whose purpose shall be  
20 twofold. One, they shall be responsible for developing an as-built of the entirety of  
21 the public water distribution system, inclusive of all major and significant  
22 transmission and distribution lines. Two, they shall be responsible for identifying  
23 significant leakage in said system and for either repairing such leaks, or identifying  
24 them for repair through contractors, as determined by the Guam Waterworks  
25 Authority.

1           **Section 14407. Termination of contracts for reasons unrelated to**  
2 **performance.** Should at some point in the future, a determination be made by *I*  
3 *Liheslaturan Guahan*, in law, that either a merger between the military and civilian  
4 water systems, as approved by the United States, be advisable, or that a broad-scale  
5 public-private partnership for the production of water or the transmission and  
6 treatment of wastewater be advisable subject to legislative approval, and if any  
7 agreements entered into pursuant to this chapter are viewed as impeding such,  
8 provisions may be included in each contract for the purchase of such contracts, except  
9 that no contract shall be purchased in any circumstance where a contractor's  
10 performance has been deemed to be unacceptable in accordance with the provisions  
11 of this chapter.

12           **Section 14408. Transfer authority and funding.** The Guam Waterworks  
13 Authority is authorized to transfer funds from category to category within its own  
14 budget only for the purpose of funding the specific outsourcings detailed in this  
15 chapter. Furthermore, *I Maga'lahaen Guahan* is authorized to transfer funds from  
16 Special Funds of the Executive Branch of the government of Guam, including the  
17 Typhoons Chata'an and Halong Special Reimbursement Fund, to the Guam  
18 Waterworks Authority to fulfill the purposes of this Chapter, provided such transfers  
19 by *I Maga'lahaen Guahan* shall not exceed Three Million Dollars (\$3,000,000)  
20 without further authorization or appropriation by statute.

21           **Section 14409. System Integration Working Group.** It is duly noted that the  
22 integration of the military and civilian water systems in Guam is an achievable and  
23 worthy goal, especially inasmuch as this integration may be productive in securing  
24 federal funding for water and wastewater system improvements, or federal loan  
25 guarantees to accomplish the same. A Water System Integration Working Group is

1 hereby established, to consist of *I Maga'lahaen Guahan*, Guam's Delegate to  
2 Washington, The Speaker of *I Liheslaturan Guahan*, the majority leader of *I*  
3 *Liheslaturan Guahan*, the minority leader of *I Liheslaturan Guahan*, the legislative  
4 member with oversight over the water and wastewater systems, the President of the  
5 Mayor's Council and the Chairman of the Guam Chamber of Commerce, and the  
6 Chairperson of the Consolidated Utilities Commission, when seated. This work  
7 group is tasked with seeking an integration of the civilian and military water systems  
8 in Guam, as well as direct federal funding or federal loan guarantees, or others  
9 assistance, needed to improve Guam's water and wastewater infrastructure and  
10 systems.”

Passed FA No. 1  
Date: 9/3 Time: \_\_\_\_\_

**I MINA'BENTE SAIS NA LIHESLATURAN GUÅHAN**

**FLOOR AMENDMENTS/CHANGES**  
**Bill No. 364**

**Senator Proposing Amendment:** vcp

*(Below for Senator to complete)*

Please describe proposed amendment, including where change to occur:

Add a new Section 364 to Bill ~~374~~ to read as follows:

*"Section \_\_\_\_ . The outsourcing outlined under this Act shall be conducted pursuant to the "most efficient operating" method used in outsourcing government functions as outlined in federal law, rules and regulations."*

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*(Below only for Clerk of Legislature's use and processing)*

Date: September 3, 2002

Floor Amendment No. 1 of a total of \_\_\_\_ changes on above Bill.

Votes For Amendment: \_\_\_\_\_ Votes Against Amendment: \_\_\_\_\_

**AMENDMENT PASSED:** ✓

Amendment Failed: \_\_\_\_\_

Amendment Withdrawn: \_\_\_\_\_

**APPROVED AS TO FORM PASSED**

  
AUTHOR OF AMENDMENT

Concur *(initial)*

  
Clerk of Legislature

\_\_\_\_\_  
Speaker

\_\_\_\_ Ass't. Amend. Clerk  
\_\_\_\_ Engrossment Staff





# MINA BENTE SAIS NA LIHESLATURAN GUAHAN

Kumitchan Areklamento, Hinanao Gubetnamenton Hinirát, Rifotma yan Rinueba,  
yan Asunton Fidirát, Taotao Hiyong yan Hinirát

*Senadot Mark Forbes, Gehilu  
Kabisiyon Mayurát*

## WAIVER OF FISCAL NOTE

In accordance with §9105 Title 2 GCA, I hereby certify that prompt committee action on Bill 364 is necessary to the proper conduct of legislative business. Therefore, I am waiving requirement of a fiscal note on Bill 364.

MARK FORBES

Chairman,  
Committee on Rules, General Governmental Operations,  
Reorganization and Reform, and Federal, Foreign  
and General Operations