


DEC 22 2007


12/22/07

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

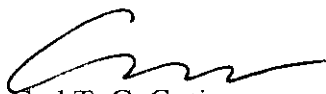
Dear Legislative Secretary Brown:

Enclosed please find Substitute Bill No. 216 (LS) "AN ACT TO AUTHORIZE GWA TO APPROPRIATE FUNDS FROM ITS BUDGET RESERVE ACCOUNT FOR CAPITAL OUTLAY EXPENSES, PAYMENT ON THE IBM/J.D. EDWARDS LOAN AND FOR WATER LEAK DETECTION SERVICES" which was I have **signed** into law as **Public Law No. 26-63**.

This legislation is supported by the Guam Waterworks Authority (GWA), however, a concern is pointed out that there is an inconsistency in the bill. Section 3 of this legislation requires GWA to reimburse its Budget Reserve Account upon securing a line of credit as referenced in Section 13 of Public Law No. 26-34. However, Public Law No. 26-58 repealed the referenced section. GWA is no longer authorized to enter into a line of credit, and there is no mechanism available to GWA to reimburse the Budget Reserve Account.

This legislation is needed in order to move forward with water leak detection services.

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

MINA'BENTE SAIS NA LIHESLATURAN GUÅHAN
2001 (FIRST) Regular Session


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

This is to certify that Substitute Bill No. 216 (LS) "AN ACT TO AUTHORIZE GWA TO APPROPRIATE FUNDS FROM ITS BUDGET RESERVE ACCOUNT FOR CAPITAL OUTLAY EXPENSES, PAYMENT ON THE IBM/J.D. EDWARDS LOAN AND FOR WATER LEAK DETECTION SERVICES," was on the 7th day of December, 2001, duly and regularly passed.



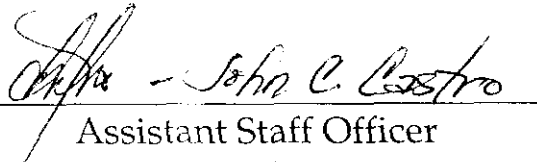
ANTONIO R. UNPINGCO
Speaker

Attested:



JOANNE M.S. BROWN
Senator and Legislative Secretary

This Act was received by *I Maga'lahaen Guåhan* this 11th day of December, 2001,
at 5:10 o'clock P. M.



Assistant Staff Officer
Maga'lahaen's Office

APPROVED:



CARL T. C. GUTIERREZ
I Maga'lahaen Guåhan

Date: 12-22-01

Public Law No. 26-63

MINA'BENTE SAIS NA LIHESLATURAN GUÅHAN
2001 (FIRST) Regular Session

Bill No. 216 (LS)

As substituted by the Committee
on Natural Resources and amended
on the Floor.

Introduced by:

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

AN ACT TO AUTHORIZE GWA TO
APPROPRIATE FUNDS FROM ITS BUDGET
RESERVE ACCOUNT FOR CAPITAL OUTLAY
EXPENSES, PAYMENT ON THE IBM/J.D.
EDWARDS LOAN AND FOR WATER LEAK
DETECTION SERVICES.

1 BE IT ENACTED BY THE PEOPLE OF GUAM:

2 Section 1. Legislative Findings and Intent. *I Liheslaturan Guåhan*
3 recognizes the need for the Guam Waterworks Authority ("GWA") to procure

1 capital outlay items for available inventory to address the *immediate* repairs to
2 water wells, and to water and wastewater pump stations.

3 Public Law Number 26-34 authorized GWA to obtain a loan or line of
4 credit with prior approval of the Public Utilities Commission ("PUC") for the
5 purposes of capital outlay described in its Exhibit A. *I Liheslaturan Guåhan* is
6 once again requesting GWA to move forward *expeditiously* to obtain the
7 necessary line of credit that has been authorized, due to the limited funds
8 available in the GWA Budget Reserve Account.

9 In the interim to address this current emergency, *I Liheslaturan Guåhan*
10 recognizes the need to transfer and appropriate funds from the GWA Budget
11 Reserve Account for the procurement of these capital outlay items for repairs,
12 for payment on the IBM/J.D. Edwards loan, and for water leak detection
13 services, and the total amount transferred and appropriated shall be
14 reimbursed into the GWA Budget Reserve Account from the line of credit
15 loan obtained by GWA upon approval of the PUC, or the proceeds of the
16 Water System Bonds of 2001, as authorized by § 3 of Public Law Number 26-
17 58.

18 **Section 2. Authorization to Transfer and Appropriate from the GWA**
19 **Budget Reserve Account.**

20 (a) GWA is authorized to transfer *up to* Six Hundred Fifty-eight
21 Thousand Dollars (\$658,000.00) from its Budget Reserve Account,
22 established by Public Law Number 26-34, for the purposes of capital
23 outlay expenses, for payment on the IBM/J.D. Edwards loan, and for
24 water leak detection services.

6

I MINA' BENTE SAIS NA LIHESLATURAN GUAHAN

2001 (FIRST) Regular Session

Date: 12/7/01

VOTING SHEET

Bill No. 216(15)

Resolution No. _____

Question: _____

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

16 0 0 0 1

CERTIFIED TRUE AND CORRECT:

Clerk of the Legislature

* 3 Passes = No vote
EA = Excused Absence



Office of Senator

Joanne M. Salas Brown

MINA' BENTE SAIS NA LIHESLATURAN GUAHAN

November 16, 2001

Speaker Antonio R. Unpingco
Mina' Bente Sais Na Liheslaturan Guahan
155 Hesler Street
Hagatna, Guam 96910

Dear Speaker Unpingco:

The Committee on Natural Resources, was referred **Bill No. 216 (LS): An Act to Authorize the Guam Waterworks Authority (GWA) to Transfer and Appropriate the sum of Six Hundred Fifty-Eight Thousand Dollars (\$658,000.00) from the GWA Budget Reserve Account for Capital Outlay Expenses, payment on the IBM/J.D. Edwards Loan and Water Leak Detection Services (As Substituted by the Committee on Natural Resources).** The Committee reports back to the Legislature its recommendation, **TO PASS.**

The voting sheet is as follows:

TO PASS	<u>11</u>
NOT TO PASS	<u>0</u>
TO REPORT OUT ONLY	<u>0</u>
ABSTAIN	<u>0</u>
TO PLACE IN INACTIVE FILE	<u>0</u>

Copies of the Committee Report and other pertinent documents are enclosed.

Thank you for your attention to this matter.

Sincerely,

JOANNE M.S. BROWN
Senator and Chairperson
Committee on Natural Resource

Attachments



Office of Senator

Joanne M. Salas Brown

MINA' BENTE SAIS NA LIHESLATURAN GUAHAN

November 15, 2001

MEMORANDUM

To: Committee Members

From: Chairperson, Committee on Natural Resources


Re: **Bill No. 216 (LS): An Act to Authorize the Guam Waterworks Authority (GWA) to Transfer and Appropriate the sum of Six Hundred Fifty-Eight Thousand Dollars (\$658,000.00) from the GWA Budget Reserve Account for Capital Outlay Expenses, payment on the IBM/J.D. Edwards Loan and Leak Detection Services (As Substituted by the Committee on Natural Resources).**

Transmitted herewith for your consideration and action is our Committee Report on the above subject matter.

Please indicate your choice on the attached voting sheet and return the documents to my office for transmittal to the other members.

Should you have any questions on the narrative report and the accompanying documents, please do not hesitate to call my office at 472-3450.

Your attention and cooperation on this matter is greatly appreciated.


JOANNE M.S. BROWN

Attachments

MINA' BENTE SAIS NA LIHESLATURAN GUAHAN

Committee on Natural Resources


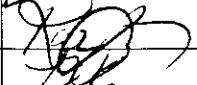

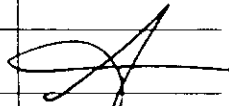


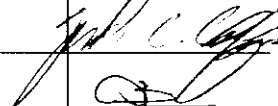
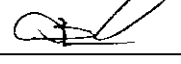

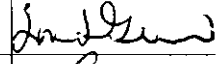

Joanne M.S. Brown

Chairperson

VOTING SHEET

COMMITTEE REPORT

Bill No. 216 (LS): An Act to Authorize the Guam Waterworks Authority (GWA) to Transfer and Appropriate the sum of Six Hundred Fifty-Eight Thousand Dollars (\$658,000.00) from the GWA Budget Reserve Account for Capital Outlay Expenses, payment on the IBM/J.D. Edwards Loan and Leak Detection Services (As Substituted by the Committee on Natural Resources).

COMMITTEE MEMBERS	TO PASS	NOT TO PASS	TO REPORT OUT ONLY	ABSTAIN	INACTIVE FILE	SIGNATURE
Joanne M.S. Brown Chairperson	✓					
Kaleo S. Moylan Vice Chairman	✓					
L. Kasperbauer Member	X					
Felix P. Camacho Member						
M. Forbes Member	✓					
V. Pangelinan Member	✓					
Thomas C. Ada Member	✓					
M.C. Charfauros Member	✓					
Angel L.G. Santos Member	✓					
Judith T. Won Pat Member	✓					
Lou Leon Guerrero Member	✓					
A.R. Unpingco Ex-Officio Member	✓					

**COMMITTEE ON NATURAL RESOURCES
SENATOR JOANNE M.S. BROWN
CHAIRPERSON**

**Friday, November 9, 2001
8:30 p.m.
Public Hearing Room**

**COMMITTEE REPORT ON BILL NO. 216 (LS)
GUAM WATERWORKS AUTHORITY**

I. Call to Order:

The Committee on Natural Resources convened at 8:45 a.m.

- II. Confirmation Hearing of Juan C. Tenorio, member, Board of Directors, Guam Waterworks Authority and Bill No. 216 (LS): An Act to Authorize the Guam Waterworks Authority (GWA) to Transfer and appropriate the sum of Four Hundred Thousand Dollars (\$400,000.00) from the GWA Budget Reserve Account for Capital Expenses.

III. Committee members present:

Chairperson Joanne M.S. Brown
Senator Lou Leon Guerrero
Senator Ben Pangelinan
Senator Frank Aguon

- IV. Written Testimonies and Informational Handouts: (None presented.)

V. Discussions:

Chairperson Brown stated that the Guam Waterworks Authority had requested for \$400,000.00 from the GWA Reserve Account for critical repairs.

Committee Report
On Bill No. 216 (LS)
November 9, 2001

Mr. Herbert Johnston, General Manager, GWA reported that:

- the \$400,000.00 will be used for immediate repairs to water wells and wastewater pump stations;
- the \$400,000.00 will be borrowed from the GWA Reserve Account and will be reimbursed when GWA's capital improvement line of credit is approved by the GWA Board, GEDA and the PUC some time in January of 2002;
- that the procurement of these items will take a few months to arrive as it is ordered from off-island.

Mr. Johnston also reported that:

- the GWA Reserve Account currently has a balance of \$1.2 million; however, due to the recent reclassifications and increments of employees, the Reserve Account may also be tapped to fund these personnel actions for a total of \$300,000.00;
- that the JD Edwards contract with IBM has only been financed for October and November of 2001;
- that GWA would need additional funding of \$103,000.00 per month to pay for the two year obligation with a balloon payment of \$800,000.00 at the end of the two year contract which has a balance of \$2.3 million;
- that in Fiscal Year 2002, \$1.3 million is owed to IBM; and that if IBM is not paid, then it would jeopardize the creditability of GWA for future loans;
- that the IBM contract was initiated in 1978 or 1979 and was amended through the years by the GWA Board and the PUC; and,
- that GWA would also be needing an additional \$40 million dollars to meet USEPA compliance standards.

**Committee Report
On Bill No. 216 (LS)
November 9, 2001**

The Chairperson reiterated that the Reserve Account is a limited resource and the continuous tapping into that account would deplete that resource instantly.

Senator Pangelinan inquired if the amortization of the JD Edward was based on a two-year schedule. Mr. Johnston replied that it was based on a two-year amortization schedule with a balloon on the 24th month. Mr. Johnston reported that the JD Edwards appropriation was not requested in the FY 2002 budget request, but was submitted in prior budget requests.

The Chairperson inquired as to the Governor's Executive Order requesting \$500,000.00 for GWA to contract for leak detection services and asked where GWA would obtain the funding. Mr. Johnston reported that it was critical to contract leak detection services because the recent major earthquake created major water leaks which eventually would lead to substantial water loss. He reported that FEMA would not provide funding for assessment purposes, but only for restoration.

The Chairperson asked that a copy of the FEMA report on the assessment of the earthquake be transmitted to the Legislature for its review. She stated that Committee on Natural Resources will schedule a mark-up meeting on the Guam Waterworks Authority on Tuesday, November 13, 2001 at 9:00 a.m. in her conference room to deliberate on the funding of JD Edwards System, on funding of the leak detection services; and for GWA to provide the Committee with a summary on the specific purpose of the \$400,000.00 request.

VI. Adjournment:

The Committee on Natural Resources adjourned at 9:52 a.m.

Prepared by: Susan L. Corbin
Legislative Assistant
Office of Senator Joanne M.S. Brown

**COMMITTEE ON NATURAL RESOURCES
SENATOR JOANNE M.S. BROWN
CHAIRPERSON**

Tuesday, November 13, 2001

9:00 p.m.

Mark-Up Meeting

Conference Room

Office of Senator Joanne M.S. Brown

I. Call to Order:

The Committee on Natural Resources convened at 9:20 a.m.

- II. Bill No. 216 (LS): An Act to Authorize the Guam Waterworks Authority (GWA) to Transfer and appropriate the sum of Four Hundred Thousand Dollars (\$400,000.00) from the GWA Budget Reserve Account for Capital Expenses; and, on Executive Order 2001-31, Relative to Declaring A 'State of Emergency' and 'Emergency Situation' in the Wake of the October 13, 2001 Earthquake

III. Present were:

Chairperson Joanne M.S. Brown

Senator Ben Pangelinan

Senator Kaleo S. Moylan

Mr. Fred Castro, Senator Moylan's Office

Mr. Marcello Illarmo, Senator Tom Ada's Office

Mr. Herbert Johnston, Jr., General Manager, Guam
Waterworks Authority

Mr. Carlos Taitano, Assistant General Manager,
Guam Waterworks Authority

Ms. Yvonne Cruz, Guam Waterworks Authority

Ms. Zeny Nace, Comptroller, Guam Waterworks Authority

IV. Discussion:

The Chairperson announced that the mark-up meeting was to further discuss on Bill 216 (LS), which would authorize \$400,000.00 from the GWA Budget Reserve Account to address immediate repairs to the water wells and wastewater pump stations; and to address the Governor's Executive Order 2001-31 pertaining to the State of Emergency of the Guam Waterworks Authority (GWA) on the damage sustained by the October 13, 2001 earthquake which would also authorize \$500,000.00 from the GWA Budget Reserve Account to contract for water leak detection services. The GWA Budget Reserve Account will be reimbursed when the line of credit from GEDA and the Public Utilities Commission is approved.

Mr. Herbert Johnston, Jr., General Manager, Guam Waterworks Authority stated that:

- The local vendors can not and will not supply GWA with the items needed to repair the water and wastewater pump stations, addressed in Bill 216(LS);
- He has had continuous discussions with the Guam Economic Development Authority on GWA's refinancing (line of credit);
- There have been some major water outages in Malojloj and Merizo over the weekend and in the northern section of the island.

The Chairperson reiterated that the GWA failed to include the JD Edwards obligation to IBM CreditCorp on the FY 2002 Budget Request and that the Legislature has only funded the monthly payments for October and November, 2001.

Ms. Yvonne Cruz noted that the JD Edwards obligation was not a line item budget, but is justified under the working capital.

Mr. Johnston noted that he has been in dialoguing with IBM CreditCorp since September to refinance GWA's obligations, but has not received a response.

The Chairperson questioned whether the Executive Order was critical for contracting leak detection services. Mr. Johnston confirmed that the earthquake had compromised some of the older pipes which would contribute to greater loss of water.

Senator Pangelinan questioned if the production capacity versus the billing capacity can be compared to indicate the volume of water loss. Mr. Johnston stated that estimates of water production versus the estimates of billable invoices takes significant time and the loss of water becomes tantamount before figures can be verified.

Mr. Johnston reported that inspectors and engineers were tasked to document cracks and damage assessments from the October 13, 2001 earthquake for FEMA. He stated that to date GWA has expended \$600,000.00 that will be reimbursed by FEMA.

Mr. Castro questioned how GWA acquired the figure of \$500,000.00 for the leak detection services. Mr. Johnston responded that based on the amount of force mains and "spaghetti" lines, the figure was an estimate for a one-year period.




Senator Pangelinan questioned whether the Department of the Navy was also going to contract a leak detection company to determine leaks in their jurisdiction. Mr. Carlos Taitano replied that he would inquire from the Navy.

The Chairperson noted that the Committee would probably fund the December 2001 payment of the JD Edwards System to the IBM CreditCorp and reminded GWA that the reserve account will be depleted if emergencies continue to arise and recommended that GWA seek to refinance its line of credit as expeditiously as possible.

**MINA 'BENTE SAIS NA LIHESLATURAN GUAHAN
2001 (FIRST) Regular Session**

Bill No. 216(US)

Introduced by:

J.M.S. Brown 
L.A. Leon Guerrero 
V.C. Pangelinan 

**AN ACT TO AUTHORIZE THE GUAM WATERWORKS
AUTHORITY (GWA) TO TRANSFER AND
APPROPRIATE THE SUM OF FOUR HUNDRED
THOUSAND DOLLARS (\$400,000.00) FROM THE GWA
BUDGET RESERVE ACCOUNT FOR CAPITAL
EXPENSES.**

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

2
3 **Section 1. Legislative Findings and Intent.** *I Liheslaturan Guahan*
4 recognizes the need for the Guam Waterworks Authority (GWA) to
5 purchase capital outlay items for available inventory to address the
6 immediate repairs to water wells and wastewater pump stations.

7 Public Law 26-34 authorized GWA to obtain a loan or line of credit
8 with prior approval of the Public Utilities Commission (PUC) for the
9 purposes of capital outlay described in Exhibit A. *I Liheslaturan Guahan* is
10 once again requesting GWA to move forward expeditiously to obtain the
11 necessary line of credit that has been authorized.

12 In the interim to address this current emergency, *I Liheslaturan*
13 *Guahan* recognizes the need to transfer and appropriate funds from the
14 GWA Budget Reserve Account for the purchase of these capital outlay items
15 for the repairs and the amount transferred shall be reimbursed into the GWA
16 Budget Reserve Account from the line of credit loan obtained by GWA upon
17 approval of the PUC.

18 **Section 2. Authorization to Transfer and Appropriate from the GWA**
19 **Budget Reserve Account.**

20 (a) GWA is authorized to transfer up to Four Hundred Thousand
21 dollars (\$400,000.00) from its Budget Reserve Account established
22 by Public Law 26-34 for the purposes of capital expenses.

1 (b) The sum of Four Hundred Thousand Dollars (\$400,000.00) shall
2 be appropriated and expended for the following expenditures:

3 (1) Wastewater Division Services - the sum of Eighty Two
4 Thousand Nine Hundred dollars. (\$82,900.00) is
5 appropriated to purchase trash pumps and various size
6 pumps and motors; and

7 (2) Water Division Services - the sum of Three Hundred
8 Seventeen Thousand Dollars (\$317,000.00) is appropriated
9 to cover equipment rental costs, and to purchase various size
10 meters, pumps, motors and vacuum regulators.

11 **Section 3. Reimbursement of GWA Budget Reserve Account.** Upon
12 approval of the Line of Credit Loan authorized by Public Law 26-34, GWA
13 shall reimburse into the GWA Budget Reserve Account the amount of Four
14 Hundred Thousand Dollars (\$400,000.00).