Gmail

Benjamin J.F. Cruz <senator@senatorbjcruz.com>

GWA Citizens Centric Report for FY2016

2 messages

Ann Borja <annborja@guamwaterworks.org> Thu, Dec 7, 2017 at 12:38 PM
To: senator@senatorbjcruz.com
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Hafa Adai Speaker Cruz:

Please find attached for your information a copy of GWA's Citizens Centric Report for FY2016.

Speaker Benjamin J.F. Cruz

DEC 11 2017

Time: 1:42 [ ] AM [V] PM File No

Received By:

GL # 34-17-1311

GUAM WATERWORKS AUTHORITY

Sincerely,

Ann Dueñas Borja, CPM

Management Analyst IV, Assistant to

Miguel C. Bordallo, P.E., General Manager

Guam Waterworks Authority

Gloria B. Nelson Public Service Building

688 Route 15

Mangilao, Guam 96913

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GWA 2016 Citizen-Centric Report.pdf
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Benjamin J.F. Cruz <senator@senatorbjcruz.com> Mon, Dec 11, 2017 at 1:40 PM
To: Guam Legislature Clerks <clerks@guamlegislature.org>
Cc: "<rennae@guamlegislature.org>" <rennae@guamlegislature.org>, BENJAMIN CRUZ <speaker@senatorbjcruz.com>

12/07/2017	12/07/2017	Guam Waterworks Authority	Citizens Centric Report for FY2016. *Emailed	34-17-1311

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Speaker Benjamin J.F. Cruz
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GWA 2016 Citizen-Centric Report.pdf
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GUAM **WATERWORKS** AUTHORITY
Aturidat Kinalamten Hanom Guahan

CITIZEN-CENTRIC REPORT
FISCAL YEAR 2016



About the Guam Waterworks Authority (GWA)

GWA is a public corporation subject to the regulations of the Guam Public Utilities Commission. Prior to 1996, GWA was formerly known as the Public Utility Agency of Guam, a line department of the government of Guam. Since 2003, GWA has been governed by an elected five-member Consolidated Commission on Utilities (CCU).

GWA produces, treats, transmits, stores, distributes, and sells Guam's water. Guam's principal source of potable water is pumped by 120 wells from groundwater contained in the aquifer beneath northern Guam. Surface water sources include the Ugum River, small springs, and Fena water purchased from the U.S. Navy. GWA delivers potable water to over 42,000 account holders or potentially 123,000 persons on island.

GWA also collects, treats, and disposes Guam's wastewater. Guam's wastewater system consists of 315 miles of gravity sewer network, 74 sewer pump stations, and seven wastewater treatment plants and associated outfalls. GWA collects wastewater from approximately 25,000 account holders or 75,000 civilian persons as well as U.S. defense installations in the northern and central regions of Guam and up to 136,000 international visitors during peak months.

Who We Are

There are 328 employees in the following divisions: Office of the General Manager, Water Operations (Production and Distribution), Wastewater Operations (Collection and Treatment) , Engineering, Utility Services, Finance, Human Resources, Procurement and Supplies, Information Technology, Compliance and Safety, Legal, and Internal Audit.

MISSION

We will provide outstanding customer service in delivering excellent water and wastewater services in a safe, reliable, responsible, and cost-effective manner.

LOCATIONS

Gloria B. Nelson Public Service Bldg.
688 Route 15 Fadian
Mangilao, Guam 96913
Hours: Mon-Fri | 7:00 a.m. to 5:00 p.m.

Upper Tumon Location
561 N Marine Drive
Upper Tumon, Guam 96911
Hours: Mon-Fri | 7:30 a.m. to 6:00 pm
Sat | 9 a.m. to 1 p.m.

Julale Shopping Center
Agana, Guam 96932
Hours: Mon-Fri | 8:00 a.m. to 5:00 p.m.

CONTACT

Customer Service
647-7800/3
Hours: Mon-Sat | 7:30 a.m. to 6:00 p.m.

FOR EMERGENCY WATER ISSUES
646-4211
Hours: 24/7

ISSUED DECEMBER 2017
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GUAM **WATERWORKS** AUTHORITY
Aturidat Kinalamten Hanom Guahan

CITIZEN-CENTRIC REPORT
PERFORMANCE

Fiscal year 2016 marked another year of continued progress for Guam Waterworks. Significant improvements continue in system operations, financial improvements, compliance with the 2011 Court Order (CO), proper management of operating expenses and overall efficiencies of operations. FY 2016 also saw initial steps towards improved management structure with the CCU approving new assistant GM positions.

Financial Improvement

GWA has continued a trend of steady financial improvement. Net operating income increased 30% going from $29.2 million in 2015 to $37.9 million in 2016. Revenue improvements during this period are largely attributable a 16.5% rate increase to non-lifeline water and wastewater rates in FY16.

2011 Court Order Update

In 2016, GWA continues to meet all CO requirements, giving GWA a net performance of 93.5% with 74 of the 92 CO projects being met.

System Improvement Projects

Over the next several years, GWA will be deploying over $500 Million dollars worth of improvements to the water and wastewater systems. For a complete summary of the projects, log onto: www.guamccu.org/gwaprojects/gwa-capital-improvement-project-maps.

Rate Plan

GWA oversight and regulatory bodies, the Consolidated Commission on Utilities (CCU) and the Public Utilities Commission (PUC), have continued to support improvements at GWA by raising rates in order to fund the necessary improvements as laid out in the CO and GWA's Capital Improvement Program.

In October 2013, the PUC approved a 57% cumulative 5-year rate plan increase—the 5-year rate plan covers FY 2014 to FY 2018. PUC approved the FY 2016 rate plan on October 1, 2015 with no change from the 16.5% original request. GWA anticipates a 7% rate increase in FY 2017 and a 4% rate increase in FY 2018 to complete the final year of the five year rate plan.

OPERATING EXPENSES

GWA experienced a 40% reduction in water purchases from FY 2011 through 2014. Since 2011, GWA has reduced its reliance on Navy Water purchases by 57%. This is a huge savings to consumers and greatly impacts GWA's bottom line. GWA's power consumption remains flat since FY 2013. Operating expenses are generally driven by power, water purchases and salaries expenses. Historically, these costs account for almost 2/3rd of O&M expenses. In FY 2016, O&M expenses increased, going from $64.0 million in FY 2015 to $64.9 million in FY 2016. Operating expenses increased by $1.0 million or 1.5% over the prior fiscal year.

The contributing factors were increases in depreciation, contractual expenses, water purchases, waste disposal fees and administrative & general expenses. Notably, contractual expenses related to IT maintenance costs, generator repair & maintenance charges, and equipment & building rental increased in FY 2016 over FY 2015. Also, Navy water purchases increased due to a combination of; (1) approximately 58.7 thousand additional kgals of water purchases, and (2) a 14% increase in the tariff. The increase in waste disposal fees culminated in 1,223 tons more sludge disposed in FY 2016 over FY 2015.







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CITIZEN-CENTRIC REPORT
FINANCES

An independent audit was conducted by Deloitte & Touche LLP, resulting in a clean audit opinion. The Office of Public Accountability released GWA's audited financial statements on January 17, 2017. More information can be found on our website at www.guamwaterworks.org.

(in thousands)	ACTUAL (Audited) September-16	ACTUAL (Audited) September-15	Increase / (Decrease)
OPERATING REVENUES			
Water	66,941	59,518	7,423
Wastewater	38,954	33,886	5,067
Other Revenues	520	707	(187)
Capital Contributions	5,489	3,587	1,902
Total Operating Revenues	**$ 111,903.91**	**$ 97,697.94**	**$ 14,205.98**

(in thousands)	ACTUAL (Audited) September-16	ACTUAL (Audited) September-15
Operating Expenses:		
Power Purchases	11,226	14,026
Water Purchases	6,374	5,099
Waste Disposal Fees	1,565	1,344
Salaries and Wages	18,486	16,168
Depreciation Expense	15,348	14,543
Bad Debt Expense	1,034	980
Adminstrative and General	7,009	6,503
Contractual Expense	4,117	2,793
Retiree health care costs and other ber	3,348	3,491
Nonoperating Expenses:		
Interest expense	24,642	20,865
Loss on property, plant and equipment	50	222
Federal Expenditures	1,058	2,692
Others, net	2,870	221
Total	**$ 97,127.51**	**$ 88,948.86**

Water revenues increased by 12% from $7.3M in FY16 when compared to FY15. Wastewater revenues increased by $4.9M, a 15% increase of FY15.

Annual Water Revenues (Excluding System Development Charges)

(in thousands)			2016 to 2016 Comparison	
Class Type	**ACTUAL (Audited) September-16**	**ACTUAL (Audited) September-15**	**Increase / (Decrease)**	**% Change**
Agricultural	432	375	56	15%
Golf Course	98	85	13	15%
Commercial	13,737	12,529	1,208	10%
Federal	38	18	20	109%
Government	6,361	6,083	278	5%
Hotel	13,116	11,133	1,984	18%
Irrigation	59	18	41	223%
Residential	32,453	28,705	3,748	13%
Total	**$ 66,295.02**	**$ 58,947.06**	**$ 7,347.96**	12%

Annual Wastewater Revenues (Excluding System Development Charges)

			2016 to 2016 Comparison	
Class Type	**ACTUAL (Audited) September-16**	**ACTUAL (Audited) September-15**	**Increase / (Decrease)**	**% Change**
Commercial	8,047	6,988	1,059	15%
Federal	6,580	4,927	1,653	34%
Government	3,376	3,326	50	2%
Hotel	11,698	9,267	2,431	26%
Residential	8,457	8,768	(312)	-4%
Total	**$ 38,157.73**	**$ 33,276.34**	**$ 4,881.40**	15%



GUAM **WATERWORKS** AUTHORITY
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CITIZEN-CENTRIC REPORT
WHAT'S NEXT?

Challenges and Outlook

GWA's focus looking forward in 2017 will be on improving water supply reliability, maintaining our high level of water quality, improving leak detection, line repair/replacement efforts, and continuing compliance with the 2011 Court Order. GWA will also prioritize critical projects to improve wastewater service including improved collection system cleaning and maintenance island-wide, and upgrades to the system in the southern regions of Guam with the Baza Gardens wastewater conveyance project, and the state-of-the-art Agat-Santa Rita Wastewater Plant (A-SRWWTP).

GWA starts off FY 2017 with a major milestone in expansion of our asset management program, utilizing technology to improve our maintenance efforts with our newly developed computerized maintenance management system, or CMMS. The CMMS will shift our focus from the reactive, corrective repair activities, to a more PROACTIVE, preventive maintenance program by automatically generating preventive maintenance work orders and tracking progress through to completion of each task. The CMMS is also capable of being integrated, in the future, into a "mobile workforce" platform, allowing operations crews to access real time data for parts and materials, work order assignments and record project completion. GWA will also utilize this system to enhance our leak repair efforts, as well as accurately record maintenance expenditures to improve decision-making on asset rehabilitation or replacement. The goal of this Asset Management tool is to protect the investments that our ratepayers have made in our water and wastewater systems.

As we improve our maintenance capabilities and programs, GWA operations and maintenance expenses will be impacted by an increase in maintenance efforts, in-house repair and rehabilitation projects (hydrant replacements, sewer lines replacements, etc.) and associated equipment and material expenses.

These expenses will also include an increased inventory for parts and materials, vehicle maintenance for our aging fleet, and short-term rentals in response to occasional increased demands for working equipment and vehicles, as well as increased labor expenses to fill existing vacancies for operations personnel to allow GWA to perform the maintenance, and operations needed to meet our established levels of service.

In the later part of 2016 GWA secured approximately $140 Million in bond financing. These funds will be used as planned in our Capital Improvements Program (CIP) for continued improvement of the water and wastewater systems throughout Guam.

GWA also obtained funds at the end of FY2016 from Department of Defense, Office of Economic Adjustment (OEA) to upgrade the Northern District Wastewater Treatment Plant (NDWWTP), and make other improvements to the wastewater collection system to address the impacts from the buildup for the relocation of US military personnel from Japan to Guam. Approximately $105 million has already been appropriated by Congress and authorized to DOD for water and wastewater infrastructure and approximately $55 million of this amount has been granted to GWA. The initial funding will cover the project and construction management of the various projects, construction of upgrades to a main sewer interceptor serving northern Guam, and the design of the upgrades to the NDWWTP. GWA continues to work with the OEA to secure additional grant funding for the construction of those upgrades.

Leadership

Miguel C. Bordallo, P.E.
General Manager

Greg P. Cruz, C.P.A.
Chief Financial Officer

Consolidated Commission on Utilities

Joseph (Joey) T. Duenas
Chairman

Francis E. Santos
Vice-Chairman

J. George Bamba
Treasurer

Judith Guthertz
Secretary

Simon A. Sanchez II
Commissioner

Doc. No. 34GL-17-1311.*

WE WANT TO HEAR FROM YOU!

Do you like this report? Do you believe it should include different or additional information? Please let us know by contacting our general manager at mcbordallo@guamwaterworks.org. More information is available on GWA's website, www.guamwaterworks.org or www.guamccu.org.