Gmail

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

GWA Citizens Centric Report for FY2015

2 messages

Ann Borja <annborja@guamwaterworks.org> Thu, Nov 30, 2017 at 2:20 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 FY2015.

Speaker Benjamin J.F. Cruz
DEC 11 2017
Time: 1:52 AM / PM File No.
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GL # 34-17-1312

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

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Mangilao, Guam 96913

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Benjamin J.F. Cruz <senator@senatorbjcruz.com> Mon, Dec 11, 2017 at 1:57 PM
To: Guam Legislature Clerks <clerks@guamlegislature.org>
Cc: "<rennae@guamlegislature.org>" <rennae@guamlegislature.org>, BENJAMIN CRUZ <speaker@senatorbjcruz.com>

11/30/2017	11/30/2017	Guam Waterworks Authority	Citizens Centric Report for FY2015. *Emailed	34-17-1312

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Speaker Benjamin J.F. Cruz
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GUAM WATERWORKS AUTHORITY

Aturidat Kinalamten Hanom Guahan

CITIZEN CENTRIC REPORT—FISCAL YEAR 2015



Issued April 2016

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Our Mission

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



Our Vision

To be a world class provider of water and wastewater services.



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 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 over 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 41,000 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 309 employees in the following divisions: Office of the General Manager, Water Maintenance and Operation, Wastewater, Engineering, Utility Services, Finance, Human Resources, Information Technology, Compliance and Safety, Legal, and Internal Audit.

Location
Gloria B. Nelson Public Service Bldg.
688 Route 15 Fadian
Mangilao Guam

Customer Service
(671) 647-7800/3
Water Outages/ Leaks
(671) 646-4211

Business Hours
Monday—Friday
7:30 a.m. to 6:00 p.m.
Closed on GovGuam holidays

Report Fraud, Waste, and Abuse
HOTLINE (671) 647-4731
hotline@guamwaterworks.org;
All information will be held in strict confidence.

GWA | PERFORMANCE



Fiscal year 2015 marked another year of progress for your water and wastewater utility. Significant progress has been made over the last several years improving many system operations, including financial improvement, compliance with the 2011 Court Order, proper management of operating expenses, upgrades of systems, and adherence to GWA's Capital Improvement Plan. Going forward, GWA is looking to balance water quality and supply, wastewater upgrades and 2011 Court Order compliance while transitioning to a preventive maintenance approach.



Financial Improvement

GWA has continued a trend of steady financial improvement. Net operating income increased 37%, going from $27.7 million in 2014 to $37.9 million in 2015. Increases in demand sales from commercial accounts as well as strong management of operations and maintenance expenses were the drivers of the net increase.



2011 Court Order Update

In 2015, GWA substantially met all Court Order requirements. There are 24 remaining projects to meet the Court Order that are underway or pending.

Operating Expenses

GWA experienced a 40% reduction in water purchases from fiscal year 2011 through 2014. Since 2011, GWA has seen a 57% reduction in Navy water purchases. Power consumption remains flat since fiscal year 2013 and GWA is increasing resources for annual preventive maintenance.



Secondary Treatment

GWA has continued dialogue with the United States Environmental Protection Agency and the Department of Defense on the timing and shared funding responsibilities. The United States Congress has released $106.4 million for GWA improvements.



Capital Improvement Plan

The Capital Improvement Plan and associated costs are reasonable, necessary, and adequate for requirements of the 2011 Court Order and US EPA Significant Findings. GWA is taking preliminary steps to establish a preventive maintenance system that should help GWA focus its efforts and resources on assets needing the most attention.



Rate Plan

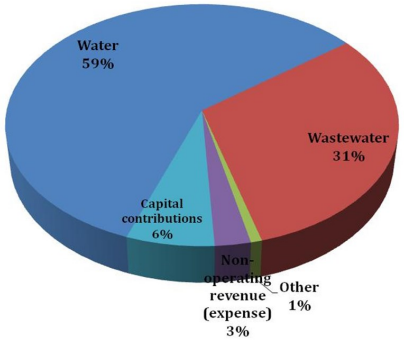
GWA's oversight and regulatory bodies, the Consolidated Commission on Utilities and the Public Utilities Commission have continued to support GWA by raising rates in order to improve financial performance and fund necessary capital improvements. In October 2013, the PUC approved a 57% cumulative 5-year rate increase, 80% of which has already been implemented. PUC approved the FY 2016 rate plan on October 1, 2015, with no change, from the 16.5% requested rate increase. Subject to an annual review from PUC, GWA anticipates a 7% rate increase in FY 2017 and a 4% increase in FY 2018, to complete the 5-year rate increases.

More GWA Accomplishments can be found online at http://guamwaterworks.org

GWA | 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 25, 2016. More information can be found on our website at www.guamwaterworks.org.

FY 2015 Revenue Sources (in thousands)

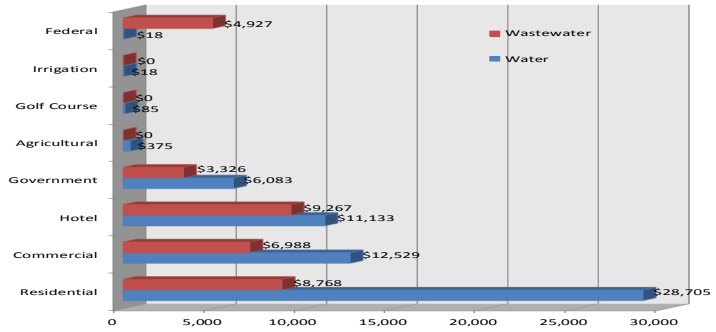


Operating revenues increased due in part to a 11.8% increase in water rates and 14.5% increase in wastewater rates during the fiscal year.

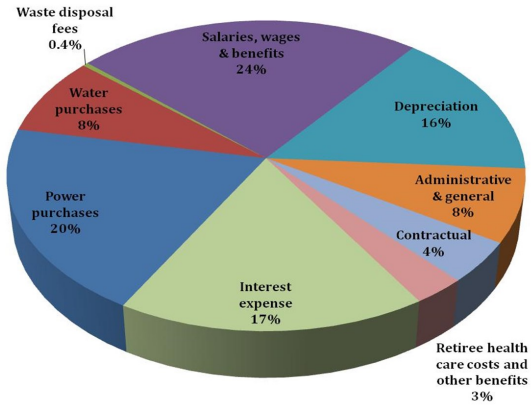
		FY 2015	FY 2014	% change
Operating revenues:				
Water	$	59,518	53,241	12%
Wastewater		33,886	28,906	17%
Other		707	574	23%
Non-operating revenues		9,815	5,578	76%
Capital contributions		3,587	3,560	1%
Total	**$**	**107,513**	**91,858**	**17%**

Sources of Water and Wastewater Revenues by Customer Type (in thousands)

Water revenues for increased by $6.3 million when compared to the previous fiscal year. Wastewater revenues also increased by $5 million. Overall, water revenues increased by 12% and wastewater revenues increased by 17%.



FY 2015 Major Expense Categories (in thousands)



Operating expenses are generally driven by power, water purchases, and salaries and wages and account for two-thirds of operations and maintenances expenses. Overall, operating expenses decreased by $1.9 million over the prior year. Non-operating expenses decreased primarily due to bond issuance costs and loss on disposal of certain assets.

		FY 2015	FY 2014	% change
Operating expenses:				
Power purchases	$	14,026	16,426	-15%
Water purchases		5,099	5,179	-2%
Waste disposal fees		1,344	1,494	-10%
Salaries, wages & benefits		16,168	17,991	-10%
Depreciation		14,543	13,351	9%
Administrative & general		6,503	6,235	4%
Contractual		2,793	2,681	4%
Retiree health care costs and other benefits		3,491	2,519	39%
Nonoperating expenses:				
Interest expense		20,865	20,032	4%
Bond issurance consts		0	4,169	0%
Loss on inventory write-down		0	0	#DIV/0!
Loss on property, plant and equipment disposa		222	5,012	-96%
Federal expenditures		2,692	2,590	4%
Others, net		221	861	-74%
Total		**$ 84,834**	**85,908**	**-1%**

GUAM WATERWORKS AUTHORITY

Aturidat Kinalamten Hanom Guahan

Challenges & Outlook
What's Next for GWA?

Much like previous years, GWA's focus looking forward will be on water supply reliability, reduced dependence on Department of Defense Navy water supply, water quality, leak detection, line repair, meter replacement, preventive maintenance and complying with requirements of the 2011 Federal Court Order.

A major emphasis for 2016 will also be to transition to a preventive maintenance from a reactive maintenance approach. Management recognizes the need for a stepped-up preventive maintenance program is at its highest point in view of infrastructure investment of more than $400 million by way of past bond borrowings to replace, rehabilitate and repair assets.

Operations and maintenance expenses for the most part will be influenced by an escalated PM program. These expense include an increase parts inventory, critical parts and preventive maintenance parts in order to sustain a viable PM program; an accelerated vehicle maintenance and replacement program in response to increased demands for working vehicles; and filling of existing vacancies to allow GWA to perform the inspection, maintenance, and operation procedures set forth by the PM program.

GWA has planned for new financing in the amount of $161 million in FY 2016. The financing will be undertaken in conjunction with GWA's 2014-2019 Capital Improvement Plan. It is projected to generate approximately $129 million of water and wastewater projects. The projects are primarily related to the 2011 Federal Court Order. The financing has been approved by the CCU and PUC and the bond sale was completed in mid-February 2016.

The Hagatna and Northern District Wastewater treatment plants require upgrades to secondary treatment. Discussions with US EPA are ongoing relative to scheduling. GWA and US EPA had recently started discussion on a financial capability model which is typically the first of several things leading up to a scheduling timeline.

GWA expects to receive federal funding for the Northern District plant upgrade as the buildup from the relocation of US military personnel from Japan to Guam will directly impact the plant. DOD has offered to provide up to $170 million to assist with the upgrade. Approximately $105 million has already been appropriated and authorized to DOD for water and wastewater projects. The funding is subject to meeting certain federal requirements and these conditions are actively being addressed in order to get the upgrade underway.

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
Secretary

Pedro S.N. Guerrero
Treasurer

Simon A. Sanchez II
Commissioner

GUAM CCU

GUAM WATERWORKS AUTHORITY

WE WANT TO HEAR FROM YOU!

Citizen-Centric Reporting AGA

Do you like this report? Do you believe it should include different or additional information? Please let us know by contacting Vincent Duenas at (671) 300-6850 or vincentd@guamwaterworks.org. More information is available on GWA's website, www.guamwaterworks.org or www.guamccu.org.