

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION



IN THE MATTER OF:)

GWA DOCKET 19-09)

THE PETITION OF THE GUAM)
WATERWORKS AUTHORITY TO)
RATIFY EXPENDITURES FOR)
ADDITIONAL SECURITY SERVICES)
FOR ITS CONTRACT WITH G4S)
SECURE SOLUTIONS)

PUC COUNSEL REPORT

INTRODUCTION

1. This matter comes before the Guam Public Utilities Commission ["PUC"] pursuant to the Guam Waterworks Authority's ["GWA"] Petition for Approval to Ratify Expenditures for Additional Security Services under GWA's contract with G4S Secure Solutions for Security Services ["G4S"].¹
2. GWA requests that the PUC ratify GWA's increase of the contract amount to \$1,015,356.09 which exceeds the Contract Review Protocol by the amount of \$15,356.09.

BACKGROUND

3. In April, 2015 GWA and G4S entered into a contract for security services. The contract had a one (1) year initial term with three (3) options to renew for one (1) year.² After the one (1) year initial term expired, GWA exercised all three options to renew for one (1) year periods.³
4. GWA implemented a new policy from 2016 to 2018 wherein GWA's customer service centers at several locations were open on Saturdays. This policy increased the costs of the last two option periods of the GWA/G4S security services contract by approximately \$75,000 because it increased GWA's need for security guards who

¹ GWA Petition for Approval to Extend the Term of its Contract with G4S Secure Solutions for Security Services, GWA Docket 19-09, filed on May 10, 2019 at 1.

² Id., at 1.

³ Consolidated Commission on Utilities ["CCU"] Resolution No. 16-FY2019, Relative to Authorizing the Ratification of Expenditures for Security Services with G4S and GWA to Seek the Approval of the Public Utilities Commission to Ratify Cost Exceeding \$1 Million Dollars at 1.

had to be present during the periods in which GWA's customer service centers were open.⁴

5. On June 5, 2018, CCU ratified GWA's payment of \$75,000 for the increase in the cost of the GWA/G4S security services contract, which only covered contract costs up to April, 2018, and it authorized GWA's management to expend up to \$1,000,000 for the remaining term of the last contract option.⁵
6. Despite the CCU increasing GWA's spending authority for the GWA/G4S security services contract, by January, 2019, GWA exceeded the cap by \$15,356.09.⁶
7. On February 26, 2019, the CCU adopted Resolution No. 16-FY2019 which ratified GWA spending the additional \$15,356.09 above the prior \$1,000,000 spending cap.⁷ GWA used its internal revenue funds to pay for the additional contract costs.

ANALYSIS

8. The PUC's Contract Review Protocol for GWA mandates that for multi-year contracts with fixed terms and fixed annual costs, GWA must obtain PUC approval if the total costs during the entire contract term exceeds the one-million-dollar (\$1,000,000) review threshold.⁸ Here, the \$15,356.09 in additional costs for the GWA/G4S security services contract require the PUC's approval because said amount exceeds the \$1,000,000 contract review amount.
9. The security services provided by G4S are an important safeguard protecting GWA's facilities, employees, and customers. In its petition, GWA refers to a "recent security incident that took place at one of its facilities."⁹ Sadly, alongside this incident, GWA has had other recent security incidents that justify its contract with G4S. On January 31, 2016, a person called GWA to report that bombs were planted in every Guam High School and Middle School, hidden in backpacks and lockers,

⁴ GWA Petition at 1.

⁵ Id., at 1.

⁶ Id., at 2.

⁷ CCU Resolution No. 16-FY2019 at 2.

⁸ PUC Order re Contract Review Protocol for GWA, PUC Administrative Docket 00-004, filed on October 27, 2005 at paragraph 4(c) at 2.

⁹ GWA Petition at 2.

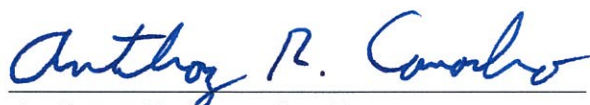
and that the caller would shoot survivors with an assault rifle.¹⁰ In February, 2018, suspicious persons posing as GWA employees approached several residents of Machanao, Dededo, asking them if they could check or change their water meters.¹¹ These incidents co-exist with the omnipresent threats of an internal or external active shooter and terrorism. Hence, the security services contract is a necessary one, and it was reasonable for GWA to require security guards to be present whenever its customer service centers are open to the public despite the resulting increase in contract costs resulting in the \$15,356.09 in costs that exceed the \$1,000,000 contract review threshold.

10. Based on the foregoing, GWA's request to ratify the additional \$15,356.09 in costs exceeding the \$1,000,000 contract review threshold for its security services contract with G4S is reasonable, prudent, and necessary.

RECOMMENDATION

14. Counsel recommends that the PUC ratify GWAs expenditure of \$15,356.09 in costs exceeding the \$1,000,000 contract review threshold for its security services contract with G4S.
15. A Proposed Order is submitted herewith for the consideration of the Commissioners.

Dated this 27th day of May, 2019.



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PUC Legal Counsel

¹⁰ Automated call to GWA threatens all middle, high schools, News Story Published by KUAM News on January 31, 2016

¹¹ GWA: Be wary of people posing as Waterworks employees, Pacific Daily News article published on February 16, 2018.