

amended to include additional task orders, which involved, for instance: additional work in GWA's Consulting Engineer's Report; project management for GWA's Route 1 and Route 4 Sewer Rehabilitation; a Cost of Service study; and technical assistance with GWA's water meters.² This amendment increased the total amount of the contract to around \$1.7 million.³

In September 30, 2020, this contract was amended again to include additional work on the Consulting Engineer's Report and extended work on the construction projects, such as the Route 1 and Route 4 Sewer Rehabilitation projects.⁴ This amendment added \$192,094 to the contract, resulting in a cost of over \$1.9 million for the entire contract.⁵

On May 25, 2021, the Consolidated Commission on Utilities (the "CCU") issued GWA Resolution No. 22-FY2021, which essentially approved a third amendment to the subject contract, adding Task Order No. 8; and further approved an additional \$328,946.00 to the contract.⁶

A. Review of GWA's ID/IQ Contract with Brown and Caldwell for Project Management and Construction Management Services

Pursuant to 12 G.C.A. §12105,⁷ GWA may not enter into any contractual agreements or obligations which could increase rates and charges without the PUC's

² Amendment to Owner-Engineer Agreement No. 1, pp. 1-2 (Aug. 21, 2020).

³ Amendment to Owner-Engineer Agreement No. 1, p. 1 (Aug. 21, 2020).

⁴ Amendment to Owner-Engineer Agreement No. 2, pp. 1-2 (Sept. 30, 2020).

⁵ Amendment to Owner-Engineer Agreement No. 2, p. 1 (Sept. 30, 2020).

⁶ GWA Resolution No. 22-FY2021, issued by the Consolidated Commission on Utilities, pp. 2-3 (May 25, 2021) (hereinafter referred to as the "Resolution").

⁷ Formerly 12 G.C.A. §121004.

express approval. Additionally, pursuant to GWA's Contract Review Protocol issued in Administrative Docket 00-04, "[a]ll professional service procurements in excess of \$1,000,000" require "prior PUC approval under 12 G.C.A. §12004, which shall be obtained before the procurement process is begun"⁸ GWA must also seek PUC's approval for any uses of bond funds.⁹

B. GWA's Request for Approval of Amendment No. 3, Task Order No. 8, Owner-Engineer Contract with Brown and Caldwell

In its Petition, GWA requested that the PUC authorize Amendment No. 3, to the June 17, 2019 Owner-Engineer contract with Brown and Caldwell for Project Management and Construction Management services. Amendment No. 3 would add Task Order No. 8, to the Engineer's Scope of Work, which specifically tasks the Engineer with completing an update to GWA's 2018 WRMP.¹⁰ GWA intends on completing this WRMP update, which will review GWA's progress on system recommendations and capital improvement projects.¹¹ GWA also anticipates that certain work will be required in order to complete this WRMP update, particularly tasks required by a U.S. Environmental Protection Agency ("U.S. E.P.A.") Consent Decree.¹²

GWA maintained that the cost for Task Order No. 8 (Amendment No. 3) is "\$328,946.00 with a ten (10%) contingency of \$32,895.000 increasing the Brown and

⁸ GWA's Contract Review Protocol ("GWA CRP"), Administrative Docket 00-04, p. 1 (Oct. 27, 2005).

⁹ *Id.*

¹⁰ Petition, p. 2.

¹¹ Resolution, p. 1.

¹² Resolution, p. 1.

Caldwell PM/CM IDIQ contract by \$361,841.00.”¹³ GWA further maintained that “Task Order No. 8 (Amendment No. 3) creates a new total contract amount of \$2,296,795.00.”¹⁴

GWA submits that, “to date,” 60% of this total contract amount is funded by bond money; and that 40% is funded by U.S. E.P.A. grants.¹⁵ GWA further submitted that “since the amount of the IDIQ contract funded by non-U.S. E.P.A. grant funds exceeds the PUC protocol limit of \$1,000,000”, GWA must obtain PUC approval of the contract.¹⁶ GWA notes that with respect to Amendment No. 3, this work will be paid by GWA bond funds applicable to the project and other funding sources.¹⁷

C. Board Resolution No. 22-FY2021

The instant request is supported by GWA Resolution No. 22-FY2021. In the Resolution, the CCU approved a third amendment to the subject contract, adding Task Order No. 8; and it approved an additional \$328,946.00 to the contract.¹⁸ The CCU also approved a 10% contingency of \$32,895.00.¹⁹ In the Resolution, the CCU also found that “Task Order 8 is required as part of GWA’s continuing commitment to improve GWA operations, effectively manage the CIP and improve customer service.”²⁰

¹³ Petition, p. 2.

¹⁴ Petition, p. 2.

¹⁵ Petition, p. 2.

¹⁶ Petition, p. 2.

¹⁷ Petition, p. 1.

¹⁸ Resolution, pp. 2-3.

¹⁹ Resolution, pp. 2-3.

²⁰ Resolution, p. 2.

D. Original Owner-Engineer Contract with Brown and Caldwell for Project Management and Construction Management Services

The subject contract involves general Engineering services, which is identified in the contract as follows:

To provide Indefinite Delivery/Indefinite Quantity (ID/IQ) professional project/construction management and utility consulting services for various types of water and wastewater utility projects and utility management activities as well as consulting engineering services in support of municipal planning, utility management analysis and regulatory compliance but not limited to the services indicated in the scope of work.²¹

The Task Orders to this contract have included, for instance, work on GWA's Consulting Engineer's Report; project management for GWA's Route 1 and Route 4 Sewer Rehabilitation; a Cost of Service study; and technical assistance with GWA's water meters.²² Subsequent Task Orders have further included extended work on the construction projects, such as the Route 1 and Route 4 Sewer Rehabilitation projects.²³

E. Task Order No. 8, Costs, and Funding

According to GWA, under Task Order No. 8, the Engineer will provide a general update to GWA's WRMP, issued back in August of 2018.²⁴ The update will include a summary of the financial planning work recently completed; including the 2020

²¹ Agreement Between Owner and Engineer for Professional Services, GWA Project No. M19-003-BND, p. 1 (June 17, 2019).

²² Amendment to Owner-Engineer Agreement No. 1, pp. 1-2 (Aug. 21, 2020).

²³ Amendment to Owner-Engineer Agreement No. 2, pp. 1-2 (Sept. 30, 2020).

²⁴ Petition, Exhibit 2 ("Task Order No. 8"), p. 1.

Consulting Engineer's Report, and the PUC Analytical Studies.²⁵ Also included in the scope of work is a comprehensive update of GWA's water system hydraulic model, which was last analyzed in 2016.²⁶

GWA further submitted that the Consent Decree negotiations are in the works.²⁷ However, GWA has included an optional task as part of the new Task Order, incorporating the Engineer's review of the Consent Decree and comment on its impact on the Master Plan projects, schedules, and possible changes to the Master Plan CIP and CIP Schedules to meet the Consent Decree requirements.²⁸

According to GWA, the following services and costs comprise the total amount of \$328,946.00 for Task Order 8: \$26,190 for task management; and \$45,370 for updates to GWA's Capital Improvement Projects, asset management, and financial planning.

Task Order No. 8 also includes \$126,454 for a Water System Update, which involves: an update on an examination of GWA's water distribution, and supply, and storage systems; booster pump evaluations; water loss control; recommendations on fire hydrants; and updating GWA's project sheets. Task Order No. 8 further includes \$44,370 for a Wastewater System Update, gravity piping evaluations, wastewater treatment evaluations, solids management, and updating GWA's project sheets with new projects, to name a few. Moreover, this task order includes \$37,146 for Updating the Report; and \$21,304 to examine a Consent Decree's impact on the WRMP.

²⁵ Petition, Exhibit 2 ("Task Order No. 8"), p. 1.

²⁶ Petition, Exhibit 2 ("Task Order No. 8"), p. 2.

²⁷ Petition, Exhibit 2 ("Task Order No. 8"), p. 2.

²⁸ Petition, Exhibit 2 ("Task Order No. 8"), p. 2.

GWA submitted that Task Order No. 8 will be paid for by GWA Bond funds, internal funding for Capital Improvement Projects, or other funding sources.²⁹

Since 2018, GWA reduced its use of a Program Management Office to oversee many of GWA's major construction projects. GWA previously indicated that even though Program Management Office was eliminated in 2019, it will still require assistance with engineering services, construction, and specialty consulting on complex projects.³⁰

The ALJ found that, as indicated in the CCU Resolution, "Task Order 8" is supposed to assist with "GWA's continuing commitment to improve GWA operations, effectively manage the CIP and improve customer service."³¹ The ALJ agreed. Indeed, the ALJ further found that GWA is in a critical juncture in its efforts to improve its quality of service and enhance its water and wastewater infrastructure, and GWA's engineering construction services contract plays a vital role in GWA's successful and timely completion of its construction projects. Additionally, the ALJ found the Engineer's role is especially crucial in instances where GWA lacks resources in planning, management analysis, and regulatory compliance.

Based on the documentation provided by GWA in this docket, and for the other reasons set forth herein, the ALJ recommended that the PUC authorize the amount of \$328,946.00 for Amendment 3 to the June 17, 2019 Agreement Between Owner and Engineer for Professional Services. The ALJ did not recommend any additional

²⁹ Resolution, p. 2.

³⁰ *See, e.g.*, GWA's PMO Transition Overview, GWA Docket 16-06, p. 9 (Dec. 29, 2016).

³¹ Resolution, p. 2.

contingency amount since all PUC-approved GWA contracts are already subject to 20% contingency above an authorized amount.

The Commission hereby adopts the findings in the October 25, 2021 ALJ Report and therefore issued the following.

ORDERING PROVISIONS

Upon careful consideration of the record herein, and for good cause shown, on motion duly made, seconded and carried by the affirmative vote of the undersigned Commissioners, the Commission hereby ORDERS the following:


1. That the instant Petition is hereby APPROVED.
2. That GWA is authorized to enter into Amendment 3 to the June 17, 2019 Agreement Between Owner and Engineer for Professional Services with Brown and Caldwell in the amount of \$328,946.00.
3. GWA is ordered to pay the PUC's regulatory fees and expenses, including and without limitation, consulting and counsel fees, and the fees and expenses associated with this matter. Assessment of the PUC's regulatory fees and expenses is authorized pursuant to 12 G.C.A. §§ 12103(b) and 12125(b), and Rule 40 of the Rules of Practice and Procedure before the PUC.

[SIGNATURES TO FOLLOW ON NEXT PAGE]


SO ORDERED this 28th day of October, 2021.




JEFFREY C. JOHNSON
Chairman

ROWENA E. PEREZ-CAMACHO
Commissioner

JOSEPH M. MCDONALD
Commissioner

PEDRO GUERRERO
Commissioner

MICHAEL A. PANGELINAN
Commissioner

PETER MONTINOLA
Commissioner

DORIS FLORES BROOKS
Commissioner