

**BEFORE THE GUAM PUBLIC UTILITIES COMMISSION**

IN THE MATTER OF:	)	GWA Docket 22-04
	)	
THE PETITION OF THE GUAM	)	
WATERWORKS AUTHORITY TO	)	
APPROVE CONTRACT CHANGE	)	
ORDER NO. 2 WITH GIANT	)	<b>ALJ REPORT</b>
CONSTRUCTION CORP. FOR THE TAI	)	
ROAD/S-13 AND CANADA-TOTO	)	
LOOP/BLAS STREET WATERLINE	)	
REPLACEMENT PROJECT; GWA	)	
<u>PROJECT NO. M19-001-BND.</u>	)	



**INTRODUCTION**

1. This matter comes before the Guam Public Utilities Commission [“PUC”] upon the Petition of the Guam Waterworks Authority [“GWA”] for approval of Change Order No. 2 with Giant Construction Corp. for the Tai Road/S-13 and Canada-Toto Loop/Blas Street Waterline Replacement Project.<sup>1</sup>
2. Change Order No. 2 will upgrade the existing small diameter galvanized service laterals currently connected to the old 6-inch ACP line serving several homes along Taison Road, with a large 6-inch main to improve service levels, at a cost of \$558,135.00.<sup>2</sup>
3. Taison Road is a “branch road” connected to the Canada-Toto Loop. There are existing revenue meters all located at the intersection of Canada-Toto Loop/Taison

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<sup>1</sup> GWA Petition for Approval of Change Order No. 2 with Giant Construction Corp. for the Tai Road/S-13 and Canada-Toto Loop/Blas Street Waterline Replacement Project, GWA Docket 22-04, filed November 18, 2021.

<sup>2</sup> Id., at p. 2.



Road. The meters are connected to the existing 6-inch ACP line and leading to long runs of 1 to 1 ¼ -inch galvanized pipe to the houses further down the road.<sup>3</sup>

### **BACKGROUND**

4. On April 29, 2021, the PUC approved the Tai Road/S13 and Canada-Toto Loop/Blas Street Waterline Replacement and the Contract with Giant Construction Corporation.<sup>4</sup>
5. The PUC determined that the project was necessary to address the increasing frequency of water outages in the Canada-Toto Loop area; the project would address recurring waterline breaks along the Tai Road/S13 and Canada-Toto Loop/Blas Street. Existing meters would be disconnected from an existing 6-inch asbestos cement pipe (ACP) and then reconnected to the existing 12-inch PVC water line.<sup>5</sup>
6. The project would also replace old and persistently leaking 2-inch and 6-inch ACP with new polyvinyl chloride (PVC) pipe ranging from 6-inches to 12-inches in diameter, including upgrade of service laterals of various lengths.<sup>6</sup>
7. The PUC authorized GWA to expend up to the amount of \$2,140,292.00 for the Contract with Giant Construction Corporation.<sup>7</sup>

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<sup>3</sup> GWA Resolution No. 03-FY2022, Relative to Change Order No. 2 Contract Approval for the Tai/Road/S13 and Canada-Toto Loop/Blas Street Waterline Replacement Project, p. 2, adopted and approved on October 26, 2021.

<sup>4</sup> PUC Order, GWA Docket 21-03, dated April 29, 2021, at p. 4.

<sup>5</sup> Id., at p. 3.

<sup>6</sup> Id.

<sup>7</sup> Id., at p. 4.



8. After the PUC approved the Contract award, GWA Management negotiated Change Order No. 1 with Giant Construction, to obtain the services of an archeological firm to prepare the archeological research design for the Tai Road and Blas Street/Canada-Toto Loop intersection as required by the Department of Parks and Recreation/State Historic Preservation Office.<sup>8</sup>
9. The cost of Change Order No. 1 is \$16,318.00.<sup>9</sup>
10. On October 26, 2021, the CCU approved GWA Resolution No. 03-FY2022.<sup>10</sup> GWA was authorized to expend \$558,135.00 for Change Order No. 2, subject to PUC review and approval.<sup>11</sup> Funding for the Change Order will be from 2020 Bonds under the MP-PW Pipe-12 Rehabilitation and Replacement Program funds.<sup>12</sup>
11. Change Order No. 2 changes the existing contract scope with Giant Construction Corporation to replace the existing 1 to 1 ¼-inch galvanized pipe along Taison Road with new 6-inch diameter PVC pipes, installs fire hydrants for fire protection, and relocates existing service water meters from the entrance of Taison Road to the front of each house.<sup>13</sup>

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<sup>8</sup> GWA Resolution No. 03-FY2022, Relative to Change Order No. 2 Contract Approval for the Tai/Road/S13 and Canada-Toto Loop/Blas Street Waterline Replacement Project, p. 2, adopted and approved on October 26, 2021, at p. 3.

<sup>9</sup> Id.

<sup>10</sup> GWA Resolution No. 03-FY2022, Relative to Change Order No. 2 Contract Approval for the Tai/Road/S13 and Canada-Toto Loop/Blas Street Waterline Replacement Project, p. 2, adopted and approved on October 26, 2021.

<sup>11</sup> Id., at p. 2.

<sup>12</sup> Id., at p. 3.

<sup>13</sup> Id., at p. 2.



### ANALYSIS

12. After the PUC approved the initial project with Giant, it became apparent to GWA that the project did not include Taison Road, a branch road connected to the Canada-Toto Loop having existing revenue meters all located at the intersection of Canada-Toto/Taison Road.<sup>14</sup>
13. The Taison Road Revenue meters were connected to the existing 6-inch ACP line and leading to long runs of 1 to 1 ¼ -inch galvanized pipe to the houses further down Taison Road.<sup>15</sup>
14. This configuration of service lateral connection to residents along Taison Road resulted in water flow and pressure issues which would not be improved by the original scope of construction of the water line replacement at the Canada-Toto Loop.<sup>16</sup>
15. On August 13, 2021, Giant Construction Corp. submitted a proposal for the Taison Road 6-inch PVC waterline and service lateral and connection work to GWA. The Taison Road Waterline Project was approved by GWA's consultant, Duenas, Camacho & Associates ["DCA"]. DCA indicated that the Giant proposal was in response to additional requirements GWA had under the original bid project to

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<sup>14</sup> Id.

<sup>15</sup> Id.

<sup>16</sup> Id.



install new 6-inch waterline along Taison Road and to replace existing 2-inch waterline. DCA Inc. recommended approval of Change Order No. 2.<sup>17</sup>

16. A copy of the Giant Construction proposal for Change Order No. 2 is attached hereto as Exhibit "1".
17. While Change Order No. 2, and the Taison Road work, expand the scope of the original bid, such works appears to be entirely consistent with the intent of the original bid. Taison Road is a "branch road connected to the Canada-Toto Loop." However, if Taison Road is not included in the project, water flow and pressure issues will not be improved for the residents of Taison Road in accordance with the original scope of construction of the waterline replacement at Canada-Toto Loop.
18. The work under the proposed change order is consistent with the original scope of the project. The parties are also authorized to negotiate change orders under the project.
19. GWA's consultant, DCA, approved Change Order No. 2 as being consistent with the original scope of the project.
20. For the same reason set forth by the PUC in its Order approving the original project in GWA Docket 21-03, Change Order No. 2 should also be approved: these Taison Road breakage and pressure issues remain and cannot be addressed under the prior and initial scope of construction.

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<sup>17</sup> CCU Resolution No. 03-FY2022, at Exhibit A.



21. Serious water and pressure issues have caused problems for the customers in the area, including Taison Road. The PUC found that these issues should be addressed as soon as possible, and that the project was also consistent with the PUC-GWA goal of reducing non-revenue water loss, as well as to improve the system where service delivery has been below standard.<sup>18</sup>
22. Including Change Orders No. 1 and No. 2, the total approved contract amount would now be \$2,520,173.00.

### **RECOMMENDATION**

23. The Administrative Law Judge recommends that the PUC approve Change Order No. 2 for the Taison Road Work with Giant Construction Corporation.
24. GWA should be authorized to expend up to the amount of \$2,520,173.00 as the total contract amount.
25. As to the additional cost of \$558,135.00 for Change Order No. 2, the usual cost contingency of 20% indicated in GWA's Contract Review Protocol should apply.
26. A Proposed Order is submitted herewith for the consideration of the Commissioners.

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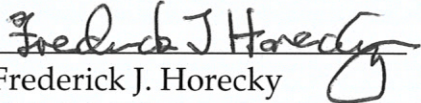
<sup>18</sup> PUC Order, GWA Docket 21-03, dated April 29, 2021, at p. 4.



ALJ Report  
Approval for Contract Change Order No. 2  
with Giant Construction Corporation  
GWA Docket 22-04  
November 26, 2021

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Dated this 26<sup>th</sup> day of November 2021.

  
Frederick J. Horecky  
Chief Administrative Law Judge





# GIANT CONSTRUCTION CORP.

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E-mail: giantconst@gmail.com

Aug. 13, 2021

## Guam Waterworks Authority

Mr. Miguel Bordallio  
General manager  
P.O. Box 3010  
Hagatna, Guam 96913

Attention : Mr. Mauryn McDonald P.E. / Acting Chief Engineer

Project : Tai Road/S-13 and Canada-Toto Loop/Blas Street Water line Replacement  
GWA Project No. M19-001-BND

Subject : Proposal of Taison Road 6 inch PVC water line and service lateral and connection work

**GUAM WATERWORKS AUTHORITY  
TAI ROAD/S-13 AND CANADA/TOTO LOOP/BLAS STREET WATERLINE  
REPLACEMENT  
GWA Project No. M19-001-BND**

**UNIT PRICE of Additional work in Taison Road**

### Additional Work Order Taison Road breakdown

Work consists of replacing an existing 1 inch and 2 inch water line to a new 6 inch PVC water line along the Taison Road and reconnecting all service connections. New 6 inch water line connect to existing 12" main line on the Canada-Toto Loops.

Item No	Description	Unit	Unit Price	Qty	Bid Amount
1	Mobilization and Demobilization ( For additional costs associated with bonding, insurance and permits for this additive bid )	Lump Sum	\$ 78,000.00	1	\$ 78,000.00
2	Erosion Control Measures ( Includes silt fence and all other required temporary best management practices necessary to control sediment runoff )	Lump Sum	\$ 8,400.00	1	\$ 8,400.00
3	6" PVC Pressure Pipe <b>Class 235 psi ( DR 18 )</b> ( Includes excavation, bedding, pipe, backfill and any necessary asphalt or grass replacement )	Lin. Ft	\$ 175.00	1,052	\$ 184,100.00
4	1" Service Line	Lin. Ft	\$ 105.00	325	\$ 34,125.00
5	Reconnection of 3/4" Single Meter installation on 6-inch Water Main ( Includes Service Saddle and all Fittings necessary to make the	EA	\$ 2,900.00	24	\$ 69,600.00
6	Fire Hydrant Assembly (Includes 5 LF of 6 Inch PVC lateral service line and all pipe, bends and thrust blocks necessary to complete the installation)	EA	\$ 7,000.00	2	\$ 14,000.00
7	2" Permanent Blowoff Assembly in Vault (Complete in Place)	Lump Sum	\$ 5,200.00	1	\$ 5,200.00
8	Combination Air Release Valve in valve box	Lump Sum	\$ 5,500.00	1	\$ 5,500.00



9	Pressure Testing and Disinfection of New Waterline ( Taison Road )	Lump Sum	\$ 12,500.00	1	\$ 12,500.00
10	Fittings and thrust block	EA	\$ 8,500.00	0.7	\$ 5,950.00
11	Traffic Control including traffic control work, flagman, all traffic control devices, placement and removal fo devices and detours, cleanup, restoration, and Incidentals.	Lump Sum	\$ 20,000.00	1	\$ 20,000.00
12	12" x 6" Connection Tapping work ( Wet Tapping )	LS	\$ 13,500.00	1	\$ 13,500.00
13	2" HDPE pipe	LF	\$ 98.00	670	\$ 65,660.00
14	Disconnect the existing water line form existing 12" water line on Canada-Toto Loop road	LS	\$ 4,000.00	1	\$ 4,000.00
15	Existing service water meter relocate near house	EA	\$ 1,400.00	9	\$ 12,600.00
16	As-Builts drawings	Lump Sum	\$ 5,000.00	1	\$ 5,000.00
17	Design work include survey work	Lump Sum	\$ 20,000.00	1	\$ 20,000.00
<b>Additional work Proposal of Taison Road ( TOTAL Item 1 through 17, Inclusive )</b>					<b>\$ 558,135.00</b>
<b>( Please write out total bid amount in words below )</b>					
<b>Five Hundred Fifty Eight Thousand One Hundred Thirty Five Only</b>					



Chung, In Chul  
Giant Construction Corp.

**EXHIBIT**