

**BEFORE THE GUAM PUBLIC UTILITIES COMMISSION**

IN THE MATTER OF: ) GWA Docket 23-05  
)  
GWA YIGO SEWER PUMP STATION )  
FLOOD MITIGATION AND FACILITY ) **ALJ REPORT**  
REHABILITATION CONSTRUCTION )  
PROJECT )  
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**INTRODUCTION**

This matter comes before the Guam Public Utilities Commission ["PUC"] pursuant to the Petition of the Guam Waterworks Authority ["GWA"] for PUC Approval of GWA's Additional Funding for the Yigo Sewer Pump Station ["SPS"] Flood Mitigation and Facility Rehabilitation Construction Project (the "Project").<sup>1</sup>

**BACKGROUND**

On July 31, 2018, GWA contracted with AECOM Technical Services for the design of the Project. After the design was completed, GWA issued an Invitation for Bid for construction services on December 17, 2020.<sup>2</sup> On April 26, 2021, GWA entered a construction contract with IAN Corporation ("IAN") for the demolition of features within an existing sewer pump station building and for the demolition of specific equipment for the Yigo Sewer Pump station. New rehabilitation and flood mitigation features for the pump station were to be constructed.<sup>3</sup> The contract price awarded was \$928,884.74.<sup>4</sup>

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<sup>1</sup> GWA Petition, GWA Docket 23-05, dated March 13, 2023.

<sup>2</sup> Id., at p. 1.

<sup>3</sup> Id., at p. 2.

<sup>4</sup> Id.

The Yigo SPS is located within a known flood area and the SPS building, including the wet well, dry well, and upper levels of the SPS, floods during extreme or heavy wet weather events. Due to “age, usage, and flooding, the SPS condition deteriorated and required replacement or rehabilitation of electrical panels, instrumentation, controls, power sources, ventilation, and other miscellaneous building improvements for operation and safety concerns.”<sup>5</sup>

The Agreement between GWA and IAN requires the completion of the following work:

“Yigo Sewer Pump Station: demolition of existing building features and equipment, including the existing power pole and power meter, plumbing fixtures and piping, water service piping, electrical system, ventilation system, building fascia and monorail beam and construction of rehabilitation and flood mitigation features including structural wall repairs, flood barrier gates, raised louver sills, cantilever monorail beam, elevated platforms, ventilation system, site work, site water piping, utility tie-in connections, protective coatings, electrical system, instrumentation and controls, testing, startup, and appurtenant work, as shown and specified, complete and operable, in accordance with the Contract Documents.”<sup>6</sup>

The Project was supposed to be substantially completed with 360 calendar days from the Notice to Proceed.<sup>7</sup>

During the construction process, additional safety and operability concerns of the current SPS were identified, which led to some additional changes in design for the

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<sup>5</sup> GWA Petition at Exhibit A-01, Guam Consolidated Commission on Utilities GWA Resolution No. 13-FY2023, Relative to Approval of Additional Funding for the Yigo Sewer Pump Station Flood Mitigation and Facility Rehabilitation Construction Project, GWA Project No. S18-001-BND, approved and adopted on February 21, 2023.

<sup>6</sup> GWA Petition, AGREEMENT BETWEEN OWNER AND CONTRACTOR FOR CONSTRUCTION CONTRACT, at EXHIBIT A-06.

<sup>7</sup> Id., at EXHIBIT A-06-EXHIBIT A-07.

Motor Control Center (MCC), Hoist, and Platform.<sup>8</sup> After the redesign and discussions with IAN for the additional changes in scope, GWA and IAN negotiated Change Order No. 1 in the additional amount of \$184,491.28.<sup>9</sup> Draft Change Order No. 1 would approve the following changes to the scope of work:

1. Revision of the height of the Motor Control Center to address the clearance issue between the proposed MCC and the ceilings and monorail beam.
2. Upgrade of the hoist capacity from the 1 Ton to 2 Ton for additional capacity and useful life.
3. Change of design and material for an elevated platform to allow for safer working conditions, as well as ease of maintenance of the pump station mechanical and electrical equipment, especially in the event of area flooding.<sup>10</sup>

If the Change Order is approved by the PUC, the total contract price would be \$1,113,376.02.<sup>11</sup>

GWA petitions the PUC to review and approve the cost of \$184,491.28 to IAN, for Project No. S18-001-BND, through Change Order No. 1, to fund the additional work required to complete improvements and the service needed to rehabilitate the Yigo Sewer Pump Station.<sup>12</sup>

### **DISCUSSION**

#### **1. GWA's Contract Review Protocol.**

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<sup>8</sup> Id., at EXHIBIT A-02.

<sup>9</sup> Id.

<sup>10</sup> Draft Change Order No. 1, at GWA Petition, Exhibit A-14.

<sup>11</sup> Id.

<sup>12</sup> GWA Petition, GWA Docket 23-05, dated March 13, 2023, at p. 1.

The GWA Contract Review Protocol requires that the PUC must review “[A]ll Professional service procurements in excess of \$1,000,000...”.<sup>13</sup> Any financial obligation which involves the use of bonds must also be reviewed by the PUC.<sup>14</sup> GWA indicates that the initial contract amount of \$928,884.74 must be increased by \$184,491.28 to complete the additional scope bringing the new contract amount to \$1,113,376. For proposed Change Order No. 1, GWA will utilize Bond funds from Bond MP-WW-Pump-01.<sup>15</sup> The funding for the Project must be approved by the PUC.<sup>16</sup>

**2. GWA has justified the “Need” for the improvements and service under Change Order No. 1 to rehabilitate the Yigo Sewer Pump Station.**

During the initial construction process by IAN, additional safety and operability concerns of the current Yigo SPS were identified, which led to the changes proposed in Change Order No. 1 in the design for the Motor Control Center (MCC), Hoist, and Platform.<sup>17</sup> Unless Change Order No. 1 is approved, the additional safety and operability concerns that were not identified under the prior and initial scope of construction could not be addressed.<sup>18</sup>

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<sup>13</sup> Contract Review Protocol for Guam Waterworks Authority, Administrative Docket, Docket 00-04, dated October 27, 2005, at Par. 1(c).

<sup>14</sup> Id., at Par. 1(d).

<sup>15</sup> GWA Petition, GWA Docket 23-05, dated March 13, 2023, at p. 3.

<sup>16</sup> Contract Review Protocol for Guam Waterworks Authority, Administrative Docket, Docket 00-04, dated October 27, 2005, at Par. 1.

<sup>17</sup> GWA Petition, Guam Consolidated Commission on Utilities GWA Resolution No. 13-FY2023, Relative to Approval of Additional Funding for the Yigo Sewer Pump Station Flood Mitigation and Facility Rehabilitation Construction Project, GWA Project No. S18-001-BND, approved and adopted on February 21, 2023, at EXHIBIT A-02.

<sup>18</sup> GWA Petition, GWA Docket 23-05, dated March 13, 2023, at p. 3.

After IAN Corporation proposed the provision, installation and testing of new MCC equipment and two new hoists, and an elevated Platform, stairs, railing, and ladder, GWA's Construction Contractor for the Project, Duenas, Camacho and Associates, Inc., approved the proposed Change Order No. 1 and the additional cost for work and services thereunder of \$184,491.28.<sup>19</sup>

**3. The Additional Funding for Change Order No. 1 for the Yigo SPS appears to be reasonable, prudent and necessary.**

The record demonstrates that the cost for proposed Change Order No. 1 was extensively negotiated between IAN and GWA's project representative Duenas, Camacho and Associates, Inc.<sup>20</sup> The ultimate price for the change order was reduced significantly from IAN's initial proposal, and GWA's representative negotiated detailed changes in specific price items proposed by IAN. The final Proposal for the cost of Change Order No. 1, at \$184,419.28, is attached hereto as Exhibit "A".<sup>21</sup>

**4. Board Resolution.**

GWA Resolution No. 13-FY2023, the Guam Consolidated Commission on Utilities ["CCU"] found that Change Order No. 1 was "fair, reasonable, **and needed to complete the work under the contract.**"<sup>22</sup> (emphasis added). The CCU authorized the funding

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<sup>19</sup> Letter to GWA General Manager Miguel Bordallo from Duenas, Camacho and Associates Inc., dated February 2, 2023, at EXHIBIT A-15.

<sup>20</sup> GWA Petition, GWA Docket 23-05, dated March 13, 2023, at EXHIBIT A-14 through EXHIBIT A-66.

<sup>21</sup> Id. at EXHIBIT A-17.

<sup>22</sup> GWA Petition at Exhibit A-01, Guam Consolidated Commission on Utilities GWA Resolution No. 13-FY2023, Relative to Approval of Additional Funding for the Yigo Sewer Pump Station Flood Mitigation and Facility Rehabilitation Construction Project, GWA Project No. S18-001-BND, approved and adopted on February 21, 2023, at EXHIBIT A-03.

amount for the contract in the total amount of \$1,113,376.02, including funding for the Change Order No. 1 in the amount of \$184,491.28.<sup>23</sup> Finally, this CCU further authorized the management of GWA to petition the PUC for approval for Change Order No. 1.<sup>24</sup>

## **5. Project Delay.**

It appears that the additional work for the Project will delay its competition. However, the Parties have not yet agreed upon the time extension. DCA stated in its February 2, 2023, letter to GWA: "A review of the contractor's August 18, 2022, time extension and make up schedule is ongoing and further negotiations for this time extension request are expected to continue."<sup>25</sup>

## **RECOMMENDATION AND CONCLUSION**

Based upon the documentation in the record, GWA has justified approval by the PUC of the GWA Yigo Sewer Pump Station Flood Mitigation and Facility Rehabilitation Construction Project. Having reviewed the Petition of GWA and the supporting contract documents presented, the ALJ concludes that the PUC should approve the total funding of the contract in the amount of \$1,113,376.02, which includes funding for Change Order No. 1 from Bond MP-WW-Pump-01.

A Proposed Order is submitted herewith for the Commissioners' consideration.

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<sup>23</sup> Id. at EXHIBIT A-03.

<sup>24</sup> Id.

<sup>25</sup> Letter to GWA General Manager Miguel Bordallo from Duenas, Camacho and Associates Inc., dated February 2, 2023, at EXHIBIT A-15.

ALJ Report  
Approval for GWA Additional  
Funding for Yigo SPS  
GWA Docket 23-05  
March 23, 2023

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Respectfully submitted this 25th day of March, 2023.

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Frederick J. Horecky  
Chief Administrative Law Judge

## DATE: \_\_\_\_\_

CONTRACT NO: GWA S18-001-BND

Revision Control No.

Cost itemized in the attached support sheet represents the additional costs from original scope of work to changed scope of work.

## Sub's Remarks

**Estimated time extension and justification**

**Sub-contractor name:**

Date January 31, 2023

## EXHIBIT A