

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

**PETITION TO APPROVE THE
DESIGN AND CONSTRUCTION
MANAGEMENT SERVICES FOR
WATERLINE REPLACEMENT AT
VARIOUS BRIDGES WITH
GHD, INCORPORATED**

GWA DOCKET NO. 23-10

ORDER



INTRODUCTION

This matter comes before the Guam Public Utilities Commission (the “PUC” or the “Commission”) pursuant to the Petition to Approve the Design and Construction Management Services for Waterline Replacement at Various Bridges (the “Petition”) with GHD, Incorporated, filed by the Guam Waterworks Authority (“GWA”) on September 18, 2023.

On September 26, 2023, the Administrative Law Judge of the PUC (the “ALJ”) assigned to this matter filed an ALJ Report that included his findings and recommendations based on the administrative record before the PUC. The ALJ found the following.

DETERMINATIONS

On November 17, 2022, GWA issued RFP-03-ENG-2023, which sought the services of qualified engineering firms to develop a procurement package for GWA’s waterline replacement in various bridges and to provide construction management services for the waterline repair work in the bridges.¹ A total of six (6) firms submitted proposals.² Thereafter, GWA selected GHD, Incorporated (“GHD”) as the top contender and negotiated pricing for the services.³

¹ Request for Proposals RFP03-ENG-2023 (“RFP”), p. 14 (Nov. 17, 2022).

² Petition, p. 2 (Sept. 18, 2023).

³ Petition, p. 2.

On July 25, 2023, the Consolidated Commission on Utilities (the “CCU”) authorized GWA to enter into an agreement with GHD at a cost of \$1,232,909.00, and further authorized an additional ten percent (10%) contingency, for a total contract cost of \$1,356,199.90.⁴

A. Review of GWA’s Contract with GHD

Pursuant to 12 G.C.A. §12105, GWA may not enter into any contractual agreements or obligations which could increase rates and charges without the PUC’s 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”⁵ Moreover, pursuant to GWA’s Contract Review Protocol issued in Administrative Docket 00-04, GWA must seek PUC’s approval for any uses of bond funds.⁶ In this instance, GWA requests PUC review and approval since the contract cost will exceed \$1 million and will involve the use of GWA bond funds.

B. Design and Construction Management Services for Waterline Replacement at Various Bridges

GWA’s Waterline Replacement at Various Bridges is a substantial design and construction project.⁷ According to a preliminary assessment by GHD, it estimates that sixteen (16) waterlines require replacement; thirteen (13) waterlines require repairs or maintenance; four

⁴ CCU GWA Resolution No. 34-FY2023, p. 3 (July 25, 2023).

⁵ GWA’s Contract Review Protocol (“GWA CRP”), Administrative Docket 00-04, p. 1 (Oct. 27, 2005).

⁶ GWA CRP, p. 1.

⁷ RFP, p. 14.

(4) sewer lines require replacement; five (5) sewer lines require repairs or maintenance; and seven (7) pipelines require structural support repairs or replacement.⁸

Specifically, the initial order of this project necessitates the professional design and construction management services of a qualified engineering firm to develop construction procurement documents for the waterline replacement at the various bridges, and to oversee construction and project execution.⁹ Accordingly, the qualified firm must be experienced in the preparation of design, plans, specifications, cost estimates, contract documents, and in construction management.

C. Scope of Work

With respect to design services, GHD will perform site investigations and assess GWA's water and sewer lines with the goal of crafting recommendations for the rehabilitation or replacement of these waterlines, and establishing a priority list of bridge waterlines that require immediate attention.¹⁰ GHD will thereafter prepare construction drawings, specifications, cost estimates, supporting design calculations, a construction schedule, a list of all required permits, and other documents necessary for the construction rehabilitation or repair projects.¹¹ The drawings will include piping, valving, fittings, and appurtenances for the bridge pipelines, just to name a few design requirements. GHD will also be responsible for conducting field surveys, which must include easements, and property lines, existing utilities, meters, and other necessary information.¹²

⁸ Petition, Exhibit A-08.

⁹ RFP, p. 14.

¹⁰ Petition, Exhibit A-08

¹¹ Petition, Exhibit A-10.

¹² Petition, Exhibit A-10.

With regard to construction management services, GHD will act as a full-time construction manager for the initial construction projects until the budget for construction management services is depleted.¹³ This work will also include procurement support, such as responding to bid questions from potential bidders, and assisting with reviewing proposals contained in construction bids, and vetting bidders.¹⁴

During construction, GHD will be required to monitor and inspect the contractors' progress daily; perform all quality assurance testing and surveying; review progress payment requests; issue corrective action notices dealing with quality of workmanship, non-compliance, safety, and performance; prepare any field orders to change specific scope of work requirements, change orders (change in cost, performance time, or technical provisions, or design changes); coordinate inspection of contractor's surveys and material testing; review contractors' progress and verify material supply list; and furnish daily construction reports that may highlight deficient work, safety violations, examples of acceptable work, and other critical items; and conduct weekly progress meetings with contractors, among other construction management tasks.¹⁵

GHD will also perform engineering services during construction, such as reviewing submittals, shop drawings, test results, schedule updates, performing inspections, and interfacing with government agencies, on behalf of GWA.¹⁶ Post-construction, GHD will assist GWA with the development of a punch list and with punch list inspections, just to name a few post-construction tasks.¹⁷

¹³ Petition, Exhibit A-11.

¹⁴ Petition, Exhibit A-11.

¹⁵ Petition, Exhibit A-12.

¹⁶ Petition, Exhibits A-12 & A-13.

¹⁷ Petition, Exhibit A-13.

D. Cost and Funding Source

As discussed above, the original cost of the contract is \$1,232,909.00. GWA has identified bond proceeds as the source of funding for this contract.

CONCLUSION AND RECOMMENDATION

GWA requests the assistance of an engineering firm for the professional design and construction management services to replace its waterlines because the water and sewer line conditions found at various bridges suffer from severe corrosion. Based on preliminary findings, it is estimated that at these bridge sites, sixteen (16) waterlines require replacement; thirteen (13) waterlines require repairs or maintenance; four (4) sewer lines require replacement; five (5) sewer lines require repairs or maintenance; and seven (7) pipelines require structural support repairs or replacement.¹⁸

The ALJ found that replacement, rehabilitation and repair of these waterlines are therefore a critical component to GWA's capital improvement plan since these lines are in such disrepair. Any damage to the exposed waterlines under these bridges threaten water distribution to connected lines and can further add to GWA's water loss. Similarly, the exposed sewer lines are a potential health, environmental and safety risk, exposing the area at the bridge site to possible sewage leaks. As a result, there is no doubt that GWA's waterline replacement project at these bridge sites is a significant and vital project for the community. The ALJ further found that, GWA's selection of GHD, out of six (6) other qualified engineering firms, indicates that the selection was fairly competitive.

Based on this record, and for the other reasons set forth herein, the ALJ recommended that the PUC authorize the amount of \$1,232,909.00 in bond funds for GWA to expend on the

¹⁸ Petition, Exhibit A-08.

contract with GHD. While GWA requests an additional ten percent (10%) contingency on top of that amount, the ALJ recommended the approval of the original stated contract price, subject to the regular contingency allowable under GWA's Contract Review Protocol.

The Commission hereby adopts the findings in the September 26, 2023 ALJ Report and therefore issues 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:

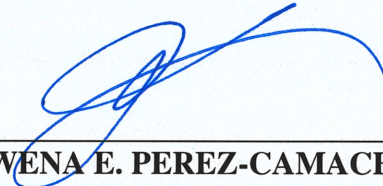
1. That the instant Petition is hereby APPROVED; and that GWA is authorized to expend \$1,232,909.00 in bond funds for its contract with GHD, Incorporated, subject to the regular contingency allowable under GWA's Contract Review Protocol.
2. GWA is ordered to pay the PUC's regulatory fees and expenses, 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]

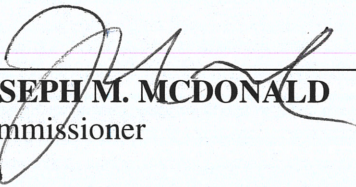
SO ORDERED this 28th day of September, 2023.



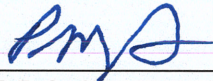
JEFFREY C. JOHNSON
Chairman



ROWENA E. PEREZ-CAMACHO
Commissioner



JOSEPH M. MCDONALD
Commissioner

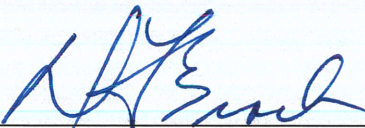


PEDRO GUERRERO
Commissioner



MICHAEL A. PANGELINAN
Commissioner

PETER MONTINOLA
Commissioner



DORIS FLORES BROOKS
Commissioner

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