

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

**IN RE: PETITION TO PROCURE)
DESIGN-BUILD FOR UPPER)
TUMON CAMPUS)
IMPROVEMENTS BY GUAM)
WATERWORKS AUTHORITY)**

GWA DOCKET 24-06

ALJ REPORT



INTRODUCTION

This matter comes before the Guam Public Utilities Commission (the “PUC”) pursuant to the March 12, 2024 Petition to approve its request to initiate procurement of a design-build contract related to the Upper Tumon Campus (hereinafter referred to as the “Petition”) filed by the Guam Waterworks Authority (“GWA”).

BACKGROUND

Due to their age and damage from Typhoon Mawar, GWA’s Upper Tumon Warehouse, Meter Testing Facility, Laboratory, and Customer Service Center all require some type of repair and renovation.¹ Accordingly, GWA has prepared draft procurement documents for design-build contracts that incorporate the repair and renovation of these facilities, collectively known as GWA’s Upper Tumon Campus.²

DISCUSSION

A. Contract Review Protocol

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

¹ Petition, pp. 1-3.

² Petition, pp. 3-5.

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"³

B. GWA's Petition to Procure a Design-Build Contract for GWA's Upper Tumon Campus Improvements

In its Petition, GWA requests that the PUC approve the procurement related to the Upper Tumon Campus Improvements, which GWA submits will be completed in two phases: Phase One will address renovations to the Warehouse and the Meter Testing Facility; and Phase Two will address repairs to the Customer Service Center and GWA's Laboratory.⁴

With respect to the Warehouse and the Meter Testing Facility, GWA maintains that renovation activities and repairs are necessary because, due to its age (of 30 years), the metal roofing, gutters, and other structures have deteriorated, further impacted by the damaging effects of Typhoon Mawar.⁵ According to GWA, the result has been rain water leaking through the damaged rooftops, in turn causing extensive damage to the Warehouse and the adjacent Meter Testing Facility.⁶

Specifically, based on an internal damage assessment, about 4,500 square feet of roofing was ripped off the Warehouse building, and 100 square feet ripped off the Meter

³ GWA's Contract Review Protocol ("GWA CRP"), Administrative Docket 00-04, p. 1 (Oct. 27, 2005).

⁴ Petition, pp. 1-3.

⁵ Resolution, pp. 1-2.

⁶ Resolution, pp. 1-2.

Testing Facility.⁷ Both buildings suffered damage to their ceiling tiles, with water damage to gypsum board walls, and other damage to the interior spaces.⁸ GWA contends that due to the condition of these facilities, the “integrity of stored materials and the safety of [] occupants” is affected.⁹ According to GWA, its personnel at the Warehouse and Meter Testing Facility have been “temporarily relocated to the . . . Customer Service Center” or to Fadian.¹⁰

With respect to the Customer Service Center, improvements are needed in order for the building to meet the current requirements of Guam’s building, fire, and safety codes.¹¹ With respect to the Compliance Laboratory, GWA submits that the laboratory’s existing ventilation system needs to be replaced in order to meet U.S. indoor air quality requirements and standards.¹²

C. Scope of Services

Based on the draft procurement documents submitted for review by GWA, with regard to renovations to GWA’s warehouse facility, as an example, the project will involve the removal and replacement of existing metal roofing and siding, including insulation, roof closure strips, gutters, downspouts, rollup doors, canopies, electric exhaust fans, and louvers among others. The project will also involve the demolition and replacement of

⁷ Petition, Exhibit 1-006; and Exhibit 1-015.

⁸ Petition, Exhibit 1-006; and Exhibit 1-015.

⁹ Resolution, p. 2.

¹⁰ Resolution, p. 2.

¹¹ Resolution, p. 2.

¹² Resolution, p. 2.

existing offices at the ground floor and second floor including walls, ceiling, electrical wires, and telecommunication cables.

According to GWA, the scope of work for the subject projects will further include design analysis, environmental clearance technical support, detailed engineering drawings, specifications, all regulatory approval and permits, and construction including labor, tools, equipment, and materials.¹³

D. Projected Funding Source and Estimated Cost

According to GWA, the projected source of funding for the resulting contract involves a variety of sources, which include bond funds, internal and existing Capital Improvement Project funds, FEMA Public Assistance Program funds, and GWA property insurance claim payments.¹⁴ GWA estimates that Phase 1 of the project will cost about \$3,167,500.00; and that Phase 2 will cost about \$5,080,900.00; totaling \$8,248,400.00 to complete both phases of the project.¹⁵

E. CCU Resolution No. GWA 10-FY2024

The instant Petition is supported by Resolution No. GWA 10-FY2024 issued by the CCU (“Resolution”). Pursuant to the Resolution, the CCU found that the subject procurement is “necessary to ensure public safety, equipment protection, continued operations and improve customer service.”¹⁶ The CCU therefore authorized both the

¹³ Resolution, p. 3.

¹⁴ Petition, p. 5.

¹⁵ Petition, p. 5.

¹⁶ Resolution, p. 3.

issuance of the subject procurement as well as the corresponding cost for the entire project, which GWA estimates would total \$8,248,400.00.¹⁷

CONCLUSION

Based on the documentation provided by GWA, the ALJ finds that Typhoon Mawar caused damage to GWA's Upper Tumon warehouse and Meter Testing facility; and that such damage, which includes ripped up panels to the existing roof, compromises the safety of its occupants and quality of any material or equipment stored in the warehouse.¹⁸ GWA deemed this situation so unsafe that it has temporarily relocated its personnel to other GWA facilities.¹⁹ The repair of the Upper Tumon Campus is reasonable and necessary in order for GWA to properly store and house its inventory of spare parts.²⁰

In addition, renovations appear necessary to GWA's Upper Tumon Customer Service Center building, where customer service activities are currently provided. GWA has submitted that this 40-year old building requires renovation in order to meet current building and fire safety codes.²¹ Further, the building that houses GWA's Compliance Laboratory also needs some upgrades. Specifically, based on a PNJ Engineering report, the lab requires the installation of three (3) new Dedicated Outside Air Units to properly

¹⁷ Resolution, pp. 3-4.

¹⁸ See Resolution, p. 2.

¹⁹ See Resolution, p. 2.

²⁰ Resolution, p. 2.

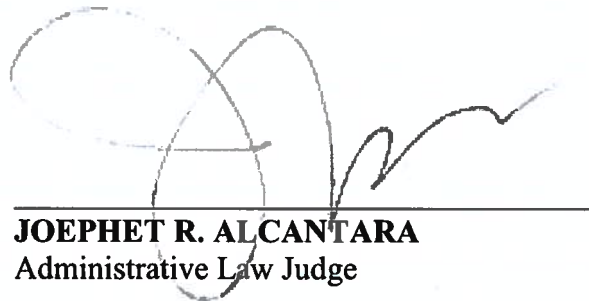
²¹ Petition, p. 3.

ventilate the labs so that it meets acceptable temperature, pressure and other air requirements.²²

RECOMMENDATION

Based on the foregoing, the ALJ recommends that the PUC approve GWA's Petition. Accordingly, GWA should be authorized to issue procurements related to the projects related to the Design-Build contracts for improvements to GWA's Upper Tumon facilities, as discussed in its Petition. A proposed Order is submitted herewith for the Commissioners' consideration.

Dated this 23rd day of April, 2024.



JOEPHET R. ALCANTARA
Administrative Law Judge

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²² Resolution, pp. 2-3.