



BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

IN THE MATTER OF:

**GUAM WATERWORKS AUTHORITY
HYDRAULIC MODELING SERVICES
CONTRACT**

GWA DOCKET 24-10

PUC COUNSEL REPORT

INTRODUCTION

1. This matter comes before the Public Utilities Commission ["PUC"] pursuant to the Guam Waterworks Authority's ["GWA"] Petition to Approve GWA's Indefinite Delivery/Indefinite Quantity [IDIQ] Hydraulic Modeling Services Contract with Brown & Caldwell [GWA's Petition].¹
2. GWA relies on its water and wastewater hydraulic models to develop its capital improvement program, to support its analysis and decision-making regarding construction, to develop permit applications, and to support compliance with GWA's 2024 Partial Consent Decree (CD).² On November 15, 2022, GWA issued GWA-RFP-02-ENG-2023 to provide IDIQ Water and Wastewater Hydraulic Modeling Services to GWA [RFP] and determined the most qualified bidders were Brown & Caldwell and Duenas, Camacho, and Associates, Inc.["DCA"].³
3. GWA is requesting the PUC to approve GWA's Contract with Brown & Caldwell to provide the IDIQ Water and Wastewater Hydraulic Modeling Services to GWA for the amount of \$2,145,556 for a period of up to five (5) years.⁴

BACKGROUND

4. As part of the Stipulated Order in Civil Case No. 02-00035 between GWA and the U.S. Environmental Protection Agency GWA created a Water Resources Master Plan [WRMP] in 2006, which required GWA to develop and maintain computer models of GWA's water and wastewater pipe networks.⁵

¹GWA Petition at 1.

² GWA Petition at 2. NOTE: The page numbers in GWA's Petition and its exhibits are not continuous, and the page numbers cited herein refer to the page number of the PDF version of the Petition which is continuous.

³ Id.

⁴ Id.

⁵ Id., at 1.

5. On November 15, 2022, GWA issued the RFP to obtain IDIQ Water and Wastewater Hydraulic Modeling Services, and Brown and Caldwell and DCA were the only two firms that submitted proposals. GWA subsequently determined that Brown & Caldwell and DCA were the most qualified offerors, and they negotiated a \$2,145,556 contract with a term of up to five (5) years with Brown and Caldwell and a \$835,772 contract with DCA.⁶
6. On July 23, 2024, the Guam Consolidated Commission on Utilities ["CCU"] issued GWA Resolution No. 29-FY2024 authorizing GWA's Management to authorize the funding of \$2,145,556 to enable the execution of the contract between GWA and Brown and Caldwell and future task orders, and it authorized GWA's management to petition the PUC for approval of the funding of the contract.⁷

ANALYSIS

7. GWA must obtain the PUC's authorization to enter into the contract with Brown and Caldwell for the IDIQ Water and Wastewater Hydraulic Modeling Services. The PUC's Contract Review Protocol mandates that GWA obtain PUC approval for solicitations and contracts that exceed the amount of \$1,000,000.⁸ Additionally, any financial obligation that involves the use of bond funds must also be reviewed by the PUC.⁹ Here, GWA estimates that the cost of the IDIQ Water and Wastewater Hydraulic Modeling Services will be \$2,145,556 which exceeds the \$1,000,000 threshold for the PUC's approval.¹⁰ GWA plans to use a combination of grant funds, internally funded capital improvement program funds, System Development Charge Funds, and bond funds to cover the contract's costs.¹¹ Therefore, GWA must also obtain the PUC's approval of the Brown and Caldwell contract because it will be partially funded by bond funds. The \$835,772 DCA contract does not meet the \$1,000,000 contract review threshold and it is assumed here that GWA does not plan to use bond funds to cover the contracts costs because they did not request the PUC's approval of the DCA contract in their petition.

⁶ Id., at 2.

⁷ Id., at 6.

⁸ Contract Review Protocol for GWA, Administrative Docket 00-04 dated October 27, 2005 at Par.1(c).

⁹ Id., at Par.1(d).

¹⁰ GWA Petition at 6.

¹¹ Id., at 5.

8. GWA's estimated cost of the contract with Brown and Caldwell for the IDIQ Water and Wastewater Hydraulic Modeling Services is reasonable. Although this is an IDIQ contract, GWA's \$2,145,556 cost is based on an estimated number of hours required to carry out the general scope of work for specific Task Orders to be entered over a five-year period and actual expenses under the contract will be incurred on a time and materials basis.¹² Based on this methodology, GWA estimates the contract will cost \$434,752 in the first year, \$424,627 in the second year, \$407,012 in the third year, \$449,469 in the fourth year, and \$429,696 in the fifth year for a total of \$2,145,556.¹³ Additionally, during the negotiation phase of the RFP process, GWA successfully reduced the estimated cost of the contract from the \$3,799,352 initially offered by Brown and Caldwell, to the \$2,145,556 estimate at issue here, which is a reduction of \$1,653,796. To ensure that GWA receives the benefit of this reduction, it is recommended that GWA make the \$2,145,556 the maximum amount of the contract and require any costs in excess of that amount be pre-approved by GWA. Hence, the contract's estimated \$2,145,556 cost is reasonable.

9. GWA's contract for IDIQ Water and Wastewater Hydraulic Modeling Services is prudent. The contract will permit GWA to reduce costs by reducing its reliance on program management consultants.¹⁴ The contract will require Brown and Caldwell's mainland staff to travel to Guam up to four times a year to perform major training sessions at GWA's offices and additional training may be held via web conferencing.¹⁵ Also, the IDIQ contract is proper for the Water and Wastewater Hydraulic Modeling Services. Guam Procurement Regulations authorize GWA to procure an indefinite delivery and indefinite quantity contract which is a contract for an indefinite amount of supplies or services to be furnished as ordered instead of at specified times. 2 G.A.R., Div. 4, §3119(i)(2). Here, this type of contract is appropriate because GWA will be relying on bond and grant funding which GWA might not receive at once to cover the entire costs of Water and Wastewater Hydraulic Modeling Services. Additionally, GWA can only use this type of contract twice per fiscal year per supply or service and GWA has done so by awarding two IDIQ contracts for the Hydraulic Modeling Services. Thus, GWA's contract for IDIQ Water and Wastewater Hydraulic Modeling Services is prudent.

¹² Id., at 2.

¹³ Id., at 8.

¹⁴ Id., at 2.

¹⁵ Id., at 10.

10. GWA's contract for IDIQ Water and Wastewater Hydraulic Modeling Services is necessary. The hydraulic modeling services include Capacity Assurance Projects, which are projects to select and identify sewer rehabilitation and replacement in areas with inadequate capacity issues. These projects have Compliance Milestone deadlines that are part of the CD, and they must be completed by 2031 to prevent GWA from paying stipulated penalties and fees from being assessed. Thus, GWA's contract for IDIQ Water and Wastewater Hydraulic Modeling Services is necessary to complete Capacity Assurance Projects by 2031.
11. Based on the foregoing, GWA's contract for IDIQ Water and Wastewater Hydraulic Modeling Services is reasonable, prudent, and necessary.

RECOMMENDATION

12. Counsel recommends that the PUC approve GWA's petition to Approve GWA's IDIQ Hydraulic Modeling Services Contract with Brown & Caldwell.
13. A Proposed Order is submitted herewith for the consideration of the Commissioners.

Dated this 24th day of November, 2024.

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