

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

PETITION TO APPROVE DESIGN-)
BUILD CONTRACT FOR UPPER)
TUMON WAREHOUSE RENOVATION)
TO CANTON CONSTRUCTION)
CORPORATION BY GUAM)
WATERWORKS AUTHORITY)
_____)

GWA DOCKET 25-09

ALJ REPORT



INTRODUCTION

This matter comes before the Guam Public Utilities Commission (the “PUC”) pursuant to the September 5, 2025 Petition to Approve Design-Build Contract Award for Upper Tumon Warehouse Renovation to Canton Construction Corporation (hereinafter referred to as the “Petition”) filed by the Guam Waterworks Authority (“GWA”).

BACKGROUND

Back in April of 2024, this Commission reviewed and approved procurement related to the Design-Build contracts for renovations and improvements to GWA’s Upper Tumon facilities. As indicated in the Petition, Phase 1 of the project concerns improvements to GWA’s Upper Tumon Warehouse and its Meter Testing Facility.¹ According to GWA, Phase I was estimated to cost around \$3,167,500.00.²

In December of 2024, GWA issued Invitation for Bid IFB-01-ENG-2025 (“IFB”), which solicited bids for its Upper Tumon Warehouse Renovation project.³ In response to the IFB, GWA received three bids.⁴ Thereafter, upon GWA’s evaluation of the bids, GWA

¹ Petition, p. 1.

² Petition, p. 1.

³ Petition, p. 2.

⁴ Petition, p. 2.

determined that Canton Construction Corporation (“Canton Construction”) submitted the lowest responsive and responsible bid.⁵ On May 27, 2025, the Consolidated Commission on Utilities (the “CCU”) issued Resolution No. GWA 38-FY2025, which authorized GWA to award the bid to Canton Construction, and further authorized a total cost of \$2,193,994.00 for the project.⁶

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 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”⁷

B. GWA’s Petition to the Contract Award for the Design-Build Contract for Phase 1 of GWA’s Upper Tumon Campus Improvements

GWA submits that the rehabilitation and renovations to GWA’s Upper Tumon Warehouse are “essential and critical for the proper storage and protection of inventory and GWA’s employees and visitors.”⁸ GWA maintains that “[o]ver the course of more than 30

⁵ Petition, p. 2.

⁶ Petition, “Exhibit B” (GWA Resolution No. 38-FY2025), p. 3 (May 27, 2025).

⁷ GWA’s Contract Review Protocol (“GWA CRP”), Administrative Docket 00-04, p. 1 (Oct. 27, 2005).

⁸ Petition, p. 3.

years, the warehouse has deteriorated due to normal wear and tear and Guam's tropical weather conditions.”⁹

Specifically, GWA contends that the metal roofing, roll-up doors, and other structural portions of the warehouse require renovating.¹⁰ Further, when Typhoon Mawar hit the island in May 2023, there was extensive damage to the existing warehouse roof, offices, and storage areas.¹¹ According to GWA, the result has been rain water leaking through the damaged rooftops, in turn causing extensive damage to the warehouse.¹² GWA has only deployed temporary measures to keep the warehouse space dry and secure despite the overall condition of the warehouse.¹³

GWA contends that due to the condition of the facility, the “integrity of stored materials and the safety of [] occupants” is affected; and that the rehabilitation of the warehouse is necessary and urgent to ensure the safety of GWA's employees and visitors, and to properly protect and maintain the inventory of spare parts being stored there.¹⁴

C. Scope of Services

With respect to the renovations to GWA's warehouse facility, the project involves certain repairs to “the warehouse roofing, siding, exterior metal stairs, metal roll-up doors, the warehouse ground floor, and the second-floor mezzanine offices.”¹⁵ Other work

⁹ Petition, p. 3.

¹⁰ Petition, p. 3.

¹¹ Petition, p. 3.

¹² Petition, “Exhibit B” (GWA Resolution No. 10-FY2024), pp. 2-3 (Feb. 27, 2024).

¹³ Petition, p. 3.

¹⁴ Petition, “Exhibit B” (GWA Resolution No. 10-FY2024), p. 2.

¹⁵ Petition, p. 2.

includes electrical and mechanical renovations, de-rusting and coating of the warehouse structure; and an additional project of constructing a temporary warehouse to relocate GWA personnel and current inventory from the existing warehouse.¹⁶

Specifically, the project will involve mobilization and demobilization of the project, permit applications, and engineering services. The services will further include removal and replacement of the warehouse's roofing and siding; along with replacing the metal doors and ventilation; and renovating the ground floor and mezzanine offices. The contractor will need to replace all the currently lighting fixtures, as well as supply and install new air-conditioning units. The contractor will also be required to replace the exterior metal staircase.

The contractor also agreed to construct a twenty foot by eighty foot (20' by 80') warehouse extension, which will house all water and electrical connections, a sprinkler system, CCTV and telecommunications.

D. Funding Source and 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 proceeds from GWA's property insurance claim payments.¹⁷ GWA has indicated that based on FEMA's assessment of the damage to the warehouse following Typhoon Mawar, FEMA has confirmed that it will pay \$631,247.44 of the total project costs.¹⁸

¹⁶ Petition, p. 2.

¹⁷ Petition, p. 3.

¹⁸ Petition, p. 3.

As indicated in GWA's request and Canton Construction's bid, the total cost for renovating the Upper Tumon Warehouse is 1,554,540.00.¹⁹ The construction of the warehouse extension, with CCTV and telecommunications, and a sprinkler system, adds an additional \$440,000.00 to the cost.²⁰ Initially, GWA estimated that Phase 1 of the project would cost about \$3,167,500.00.²¹

E. CCU Resolution No. GWA 38-FY2025

The Petition is supported by Resolution No. GWA 38-FY2025 issued by the CCU ("Resolution"). Pursuant to the Resolution, the CCU authorized GWA to accept the bid submitted by Canton Construction, at a total cost of \$1,994,540.00.²² The CCU further approved a ten percent (10%) contingency of \$199,454.00, bringing the approved total cost for the project to \$2,193,994.00.²³ The CCU additionally authorized the use of GWA Bond funds, FEMA funds, and proceeds from GWA Property Insurance Claims, for the project.²⁴

The CCU has previously found that that the Phase I project is "necessary to ensure public safety, equipment protection, continued operations and improve customer service."²⁵ Specifically, the CCU found that "the extensive damage to Upper Tumon Warehouse and Meter Testing Facility have affected the integrity of stored materials and

¹⁹ Petition, p. 2.

²⁰ Petition, p. 2.

²¹ Petition, p. 5.

²² Petition, "Exhibit B" (GWA Resolution No. 38-FY2025), p. 3 (May 27, 2025).

²³ Petition, "Exhibit B" (GWA Resolution No. 38-FY2025), p. 3.

²⁴ Petition, "Exhibit B" (GWA Resolution No. 38-FY2025), p. 3.

²⁵ Petition, "Exhibit B" (GWA Resolution No. 10-FY2024), p. 3.

the safety of occupants of both buildings”; and that the rehabilitation of the Upper Tumon Warehouse is “necessary and urgent to make the facility safe for GWA employees and visitors, and to properly protect and maintain the inventory of spare parts while in storage.”²⁶ The CCU at the time authorized a total cost of \$3,167,500.00 for Phase 1.²⁷

CONCLUSION

Based on the record before this Commission, the ALJ continues to find GWA’s Upper Tumon Warehouse is essential and critical for GWA operations insofar as the facility is used for the storage and protection of GPA’s spare parts inventory.

The record is clear that Typhoon Mawar caused significant damage to the Upper Tumon facilities; and that such damage, which included ripped up panels to the existing roof, compromises the safety of its occupants and quality of any material or equipment stored in the warehouse.²⁸ The deterioration of this facility was deemed to be so unsafe that GWA relocated its personnel to other GWA facilities.²⁹ Since that time, GWA has only deployed temporary measures to keep the warehouse space as secure as possible, despite the overall condition of the warehouse. The repair of the Upper Tumon Campus, therefore, is reasonable and necessary in order for GWA to properly store and house its inventory of spare parts, and provide a safe working space for GWA’s employees and visitors.

²⁶ Petition, “Exhibit B” (GWA Resolution No. 10-FY2024), p. 2.

²⁷ Petition, “Exhibit B” (GWA Resolution No. 10-FY2024), p. 3.

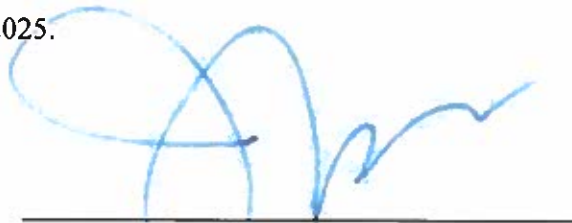
²⁸ See Petition, “Exhibit B” (GWA Resolution No. 10-FY2024), pp. 2-3.

²⁹ See Petition, “Exhibit B” (GWA Resolution No. 10-FY2024), pp. 2-3.

RECOMMENDATION

Based on the foregoing, the ALJ recommends that the PUC approve GWA's Petition insofar as it approves GWA's contract award to Canton Construction at a cost not to exceed \$1,994,540.00 for the renovations and improvements to GWA's Upper Tumon facilities, as discussed in its Petition. The usual cost contingency under the Contract Review Protocol should apply. A proposed Order is submitted herewith for the Commissioners' consideration.

Dated this 22nd day of September, 2025.



JOEPHET R. ALCANTARA
Administrative Law Judge

P253045.JRA