

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION



IN THE MATTER OF:

)
) GWA DOCKET 25-10
)
)

THE GUAM WATERWORKS
AUTHORITY'S PETITION TO
APPROVE FUND INCREASE TO HDR
INC. CONTRACT FOR ASAN SPRINGS)
REHABILITATION DESIGN PROJECT)

) 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 Fund Increase to HDR Inc.'s [HDR] Contract for Asan Springs Rehabilitation Design Project.¹
2. GWA is requesting the PUC to approve a Change Order for the GWA - HDR [Contract], Contract for the Asan Springs Rehabilitation Design Project in the amount of \$816,102 which will increase the total contract amount to \$1,610,614.²

BACKGROUND

3. GWA's Asan Springs Water Supply Facility is located in Asan Village on land that is partially owned by the U.S. National Park Service [NPS]. The facility's concrete reservoir was constructed by the U.S. Navy in 1916 to impound the flow of water from the Asan Springs and had been improved by the addition of a pump station and chlorinator building. The facility was shut down in 2004 due to bacterial contamination and inadequate chlorination to treat the water. GWA plans to restore the facility to increase input into the Hagatna-Asan-Piti Integrated Water Supply and Storage System to meet water supply demands in west central Guam and to reduce or eliminate GWA's reliance on water purchased from the U.S. Navy [Project].³

¹Petition to Approve Fund Increase to HDR Inc.'s Contract for Asan Springs Rehabilitation Design Project, GWA Docket 25-10, dated September 5, 2025 [GWA Petition] at 1.

² GWA Petition at 6. 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., at 5 and NPS Notice for Public Comment by April 30, 2022 for GWA Project No. W11-003 BND.

4. The Guam Consolidated Commission on Utilities [CCU] issued Resolution No. 46-FY2016 which authorized \$411,917 to design the Project, and GWA entered into the Contract with HDR to provide design services for the project for the amount of \$374,470.⁴ GWA issued Change Order No. 1 to provide additional design services for the Contract in the amount of \$35,599 which increased the total Contract price to \$410,069.⁵
5. The CCU issued Resolution No. 26-FY2019 which added \$382,595 to the Project's funding. GWA subsequently issued Change Order 2 in the amount of \$302,194 for additional design services for the Contract which increased the total Contract amount to \$712,263.⁶
6. GWA has determined that additional compliance improvements are needed to address Per-Polyfluoroalkyl Substance [PFAS] treatment and to determine the Ground Water Under the Direct Influence [GWUDI] status of the Project's water source.⁷
7. GWA and HDR have negotiated a Change Order for the amount of \$741,906 for the PFAS and GWUDI compliance work for the Contract.⁸
8. On August 26, 2025, the CCU issued GWA Resolution No. 51-FY2025 authorized GWA's Management to issue the Change Order for the amount of \$741,906, which increases the total Contract price to \$1,610,614, subject to the PUC's approval, and which authorized the use of GWA's bond funds for the Change Order.⁹

ANALYSIS

9. GWA is required to obtain the PUC's approval of the Contract's Change Order. The PUC's Contract Review Protocol mandates that GWA obtain PUC approval for

⁴ Id., at 5.

⁵ Id.

⁶ Id., at 6.

⁷ Id.

⁸ Id..

⁹ Id., at 7.

multi-year contracts that exceed the amount of \$1,000,000.¹⁰ Additionally, any financial obligation that involves the use of bond funds must also be reviewed by the PUC.¹¹ Here, the Change Order will increase the total Contract's cost to \$1,610,614 which exceeds the \$1,000,000 review threshold and GWA will use bond funds to pay said amount. Thus, GWA is required to obtain the PUC's approval of the Change Order.

10. The Change Order's \$741,906 cost is reasonable. The additional PFAS and GWUDI compliance work is estimated to take up to 18 months from the Notice to Proceed date and requires extensive project management, geotechnical investigation, general and detailed design work, engineering and environmental services, water quality analysis and testing, rain gauge and flow monitoring for extended periods, and the creation of an O&M manual for the facility.¹² The project management will cost \$63,920 or 9% of the total cost, the site investigation will cost \$97,530 or 13% of the total cost, general design will cost \$14,672 or 2% of the total cost, detailed design will cost \$250,363 or 34% of the total cost, the bidding process will cost \$20,015 or 3% of the total cost, the O&M manual will cost \$21,180 or 3% of the total cost, the construction services will cost \$34,695 or 5% of the total cost, the GWUDI determination will cost \$168,278 or 23% of the total cost, subcontractors will cost \$53,490 or 7% of the total cost, subconsultant markups will cost \$5,349 or .007% of the total cost, and Guam GRT Tax will cost approximately \$12,414 or .993% of the total cost.¹³ Further, HDR states that the actual total for the work is \$825,232, but deducted the amount of \$83,326 from unexpended funds from the original proposal and all change orders resulting in the \$741,906 amount they are charging GWA.¹⁴ Accordingly, the Change Order's \$741,906 cost is reasonable.

11. The Change Order is prudent. Rehabilitating and using the facility will increase the supply of drinking water to central Guam and decrease GWA's dependence on the U.S. Navy for drinking water which should reduce the amount GWA expends on such purchases. Thus, the Change Order is prudent.

¹⁰ Contract Review Protocol for GWA, Administrative Docket 00-04 dated October 27, 2005 at Par.1(c).

¹¹ Id., at Par.1(d).

¹² GWA Petition at 9-22.

¹³ Id., at 19-20.

¹⁴ Id.

12. The Change Order is necessary. As stated above, the facility was closed in 2004 because it was producing contaminated water. PFAS is a common contaminant on Guam and GWA is required to treat the drinking water that will be produced by the facility after it has reopened to disinfect impurities, including PFAS, to satisfy both local and federal standards with respect to water quality. Therefore, the Change Order is necessary.
13. Based on the foregoing, GWA's request for the PUC to approve the Change Order is reasonable, prudent, and necessary.

RECOMMENDATION

14. Counsel recommends that the PUC approve GWA's petition to Approve Fund Increase to the Contract for Asan Springs Rehabilitation Design Project
15. A Proposed Order is submitted herewith for the consideration of the Commissioners.

Dated this 24th day of October, 2025.

Anthony R. Camacho

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