



GUAM WATERWORKS AUTHORITY

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A N N U A L R E P O R T



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*Office of the Governor of Guam*



## **GUAM WATERWORKS AUTHORITY**

*Sustaining Our Future*

*Hafa Adai!* Congratulations to the hardworking men and women of GWA on the completion of the 2011 Annual Report!

The future of Guam depends on the dedication and innovation of her people. Working together and remaining committed to a common goal are fundamental concepts, which help to build a sound future for any society. The hardworking people of GWA are constantly working to improve services to our island and the overall sustainability for its future.

The agency is providing efficient and thorough services, and promoting growth in the community. The agency is continually creating, upgrading, and maintaining our water production and wastewater capacity. We will see a better system than we've seen before with millions of dollars set in place for wastewater and water tank upgrades and replacements. Additionally, residents will also have new water meters, which will assist in billing more efficiently.

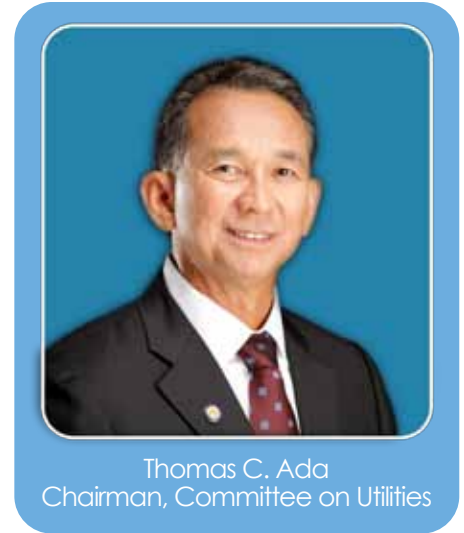
We are proud of their efforts in improving customer services, such as extended hours of operation and allowing for easier payment methods. Furthermore, we are honored to be working alongside GWA in improving customer service and continuing their growth and expansion from prior years.

With our gratitude and support for your initiatives to build a stronger Guam,

  
**EDDIE BAZA CALVO**

  
**RAY TENORIO!**

# Legislative Chairman of Utilities



Thomas C. Ada  
Chairman, Committee on Utilities

***Hafa Adai,***

2011 was a strong year for the Guam Waterworks Authority. We witnessed steady leadership in the face of an uncertain military buildup timeline, clear vision in the negotiation and signing of a new Stipulated Order, and a continuing dedication to improving our water and wastewater services island-wide.

Last year also saw the implementation of a new continuing education program focused on developing GWA's most important asset – its employees. I commend this investment in our workforce. Your commitment and expertise drives the Authority, and our island is fortunate to have a first-class workforce propelling GWA forward.

I am proud of the legacy being created at GWA, and am honored to serve as Chairman of the Committee on Utilities.

**On behalf of all of us who depend on your hard work, Si Yu'os Ma'ase.**

**Thomas C. Ada**  
**Senator, 31st Guam Legislature**  
**Chairman, Committee on Utilities**

## CCU Chairman Message



### ***Buenas yan Hafa Adai Todos Hamyu,***

Your Guam Waterworks Authority (GWA) continued to make progress in FY 2011.

GWA successfully negotiated with USEPA and the District Court a revised plan to finally bring all of our wastewater treatment plants into full compliance with federal clean water laws by 2018. This effort will end decades of non-compliance. The plan will not be easy and could require up to \$300 million in upgrades. The cost will force us ratepayers to pay a much higher water/wastewater bill but in exchange we will protect our priceless ocean and shorelines for ourselves and future generations.

Furthermore, the upgrades will greatly improve our water system by replacing or rebuilding aging storage tanks and water lines, eliminating chronic leaks and improving water pressure. Every village will see improvements. When completed, GWA will have a much better system to serve you.

GWA also is poised to release \$87 million in projects funded from our 2010 bond. Much of the planning work needed to release the projects was done in 2011 so that projects could start in 2012. These monies are the initial down payment on the revised court order projects.

We promoted our Chief Engineer Martin Roush to General Manager in June 2011. Martin brings years of management experience and engineering to GWA and his working knowledge of GWA prior to taking on his new post allowed him to smoothly transition to his new challenge.

We continue to invest in our employees, our greatest asset. GWA continues to maintain and require EPA certified operators for our systems. Gone are the days when a non-certified employee could touch the system. Mr. Roush also instituted a certification program for senior managers, increasing their skill sets to better manage and operate GWA. And we are very proud of the hiring of 4 engineers as well as our Chief Engineer who were locally educated and have returned home from college to share their skills with our people.

We continue to work with private partner Veolia in the management of our wastewater system. Veolia is a world class management company that brings extensive expertise to help GWA. To further increase the skills and expertise needed to implement the revised court ordered plan, GWA began the process of hiring a PMO (Program Management Office). Just recently, Brown and Caldwell was hired to add to our engineering and management depth.

GWA continued to increase its grant funding from \$2 million per year to over \$8 million. Over the last three years, GWA has more than tripled its annual grants, providing badly needed funding without burdening ratepayers.

There remains much work to be done. It will still take the rest of this decade to complete the major repairs needed. But our environment, our ocean and our aquifer will be better protected for future generations. And our systems will be modernized to better serve you.

Of course, GWA would be nothing without our hard working employees (and their families), who toil tirelessly to help provide clean water and protect our environment every day. Equally important is the support from our families who know that serving the people is a 24/7 obligation.

Your CCU commissioners —Joey Duenas, Eloy Hara, Gloria Nelson, Benigno Palomo and I — are honored to serve you. It is truly a privilege.

On behalf of the over 300 families, relatives, neighbors and friends that serve you at your GWA, we thank you for your continued support. May God continue to bless you and your families and our island home of Guam.

Simon A. Sanchez II  
CCU Chairman

## GM CUS Message



John Benavente  
CUS General Manager

### ***Buenas yan Hafa Adai,***

On behalf of the 325 employees of Guam Waterworks Authority (GWA) and their families, we are pleased to submit to you our 2011 Annual Report. Our accomplishments from this past year would simply not be possible if it were not for the ***mammetgot I employoi (strong employees)*** who make it happen every day. ***Thank you GWA employees!***

By the end of 2011 GWA managed to negotiate a new Court Order (CO) with the United States Environmental Protection Agency (USEPA). The Court Order will definitely bring GWA in compliance with decades long water and wastewater issues. Our Commissioners, led by Mr. Simon Sanchez, and our management team lead by our General Manager Martin Roush did an outstanding job in getting this done with deadlines we expect to meet over the next five to seven years. Martin has developed along with his team a Comprehensive Management Plan for implementing the CO.

Of course the challenge becomes that these improvements such as repair and replacement of all GWA water tanks, upgrades to all seven wastewater treatment plants throughout Guam, the movement of our two largest plants to go from primary to secondary treatment, the development of new water wells, and the installation of forty-two thousand meters will not only require approximately \$300 million dollars in bond financing but will require rate increases for the next 5 years and beyond. Water bills over the next several years will likely double in amount. While these are hurdles we have proven here at GWA that we can surmount any challenges and with the support of the community and our hard working GWA employees I have no doubt we can achieve this and more. The future looks bright for GWA and our island community.

Finally, a special heartfelt appreciation to members of the Consolidated Commission on Utilities (CCU), who have provided unwavering commitment, support, guidance and vision which has helped GWA chart a steady, and progressive course of action toward our goal of "Better Water, Better Lives," for and on behalf of our island and our people.

### **Si Yu'os Ma'ase,**

John M. Benavente  
GM CUS

# General Manager Message



Martin L. Roush P.E.  
GWA General Manager

June 2012 marked the end of my first year as the General Manager for Guam Waterworks Authority (GWA). The annual report is a time to reflect on the tremendous progress GWA's management team and the employees of GWA have made over the past year. GWA's greatest asset is our employees; investing in our employees through training and work force development has and will always be my top priority. GWA has some of the best employees in the country given the training opportunity there is no limit on where we can take the utility together.

Over the past year, GWA has implemented two internal training programs: one for all employees and one for supervisors and managers. Training includes what makes a successful organization, strategic planning, ethics, interview training, taking ownership over your organization, and exam preparation classes for the EPA Operator's Certification Exam. 25 of GWA's managers are enrolled in the Certified Public Manager (CPM) courses and completed a 12 week course taught by the University of Guam. The next phase of the CPM course is currently ongoing and is being taught via video conferencing in cooperation with ASU. The 25 managers are projected to graduate from this CPM program by November of this year.

With the support of the Consolidated Commission on Utilities (CCU), GWA has completed two plans over the last year that will set GWA on course for success: *The Water Audit Program and Water Loss Control Plan – August 23, 2011* and *the Comprehensive Management Plan for the Implementation of the Court Order – March 27, 2012 (CMP)*. Combine these plans with the Potable Water Enhancement Plan, the Capital Improvement Plan 2011-2015, the 2011 Court Order (CO), and the 2011 Public Utilities Commission (PUC) Stipulation, GWA has a blue print for success over the next few years. These are all critical working documents which will greatly enhance planning, direction, and revenue enhancement for the Authority. These plans form the foundation which will move GWA to the next level, and they include elements which will vastly improve GWA's business model. Combine these foundational plans with the 2011 (CO) and the 2011 PUC Stipulation, we can begin to move forward with vision and purpose. The CMP will be managed and tracked and shows how all the elements of these plans fit into the whole. These plans are included in the employees training so the mission of GWA is understood at all of GWA's staff levels.

Working to assist GWA management in completing our (CO) projects over the next several years is our recently hired Project Management Office (PMO) Brown and Caldwell, an international engineering consulting firm with a proven track record of managing projects successfully for utilities across the country and across the world. We are pleased to have them as part of our GWA team and we know they will add value to our CMP.

This year the CCU authorized GWA management to enter into a contract with Badger Meter for \$4,000,000. With this new contract for these meters, GWA can move forward and the meters will help to bring in more revenue for the Authority.

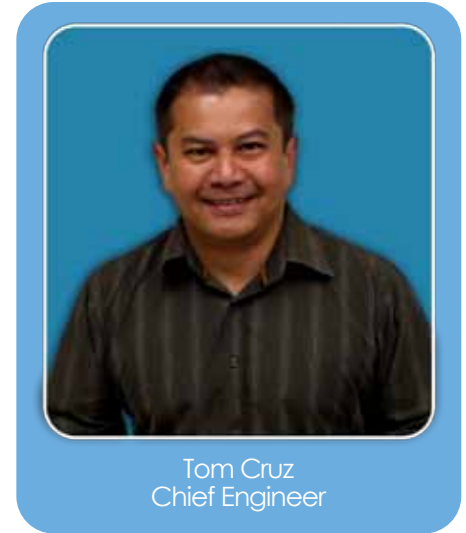
The positive improvements GWA has seen in the last 12 months, with the planning foundation complete and GWA employees taking ownership over GWA, the future is bright. GWA is thankful for the support of the GWA familia, the CCU, and our community.

Martin L. Roush P.E.  
GWA General Manager



# Engineering Update

In 2011 the engineering department continued to see organizational structure changes with the promotion of Thomas Cruz, P.E. to Chief Engineer. In addition the department added Menglou Wang as a Senior Engineer Supervisor for the New Area Development Section. Mr. Wang is a licensed professional civil engineer in three states; Louisiana, Washington and California and is obtaining his Guam license. Mr. Wang brings to GWA tremendous experience in public works projects, water utilities projects, and wastewater utility projects.



Tom Cruz  
Chief Engineer

## ACCOMPLISHMENTS 2011

1. Implemented the American Water Wastewater Association (AWWA) M-36 standard as part of the Water Loss Control Plan.
2. Completed the Santa Rita Springs Impound Refurbishment project which GWA now uses to capture spring water and has helped reduce Navy water purchases.
3. Started key Capital Improvement Projects (CIP) such as the Barrigada 2 Million Gallon (MG) Tank Replacement, Meter Replacement Program, Asan Springs Rehabilitation, Brigade II Booster Pump Station, SCADA Master Plan, Master Meter Project, Meter Test Facility which includes a meter test bench, and leak repair and line replacement contracts. Together this is over \$35 Million dollars worth of improvements for Guam.
4. Executed a contract for the Northern District Wastewater Treatment Plant (NWWTP) Interim Upgrades Project. This is so the plant will go from 6MG to 9MG of treatment daily at a cost of \$10Million dollars.
5. Substantially completed the Sinajana-Agana Heights Water Transmission Line Phase 2B project.
6. Executed the Ground Water Chlorination Phase III project.
7. Executed the Leak Detection Phase II project that will conduct an island wide survey to locate of leaks in the water system.
8. Executed the New Well Design and Existing Well Rehabilitation design project.
9. Executed the Sinajana-Agana Heights Phase III system modeling project.
10. Two engineering staff completed the UOG Supervisory Academy course.
11. Completed scanning of all record drawings for the water and wastewater system.
12. Implemented the installation of the ArcMap version 9.3.1 on GWA work stations.
13. Assisted in the negotiation for the turnover of the GIAA Water system to GWA.
14. Executed a contract for the American Reinvestment Recovery Act (ARRA) Improvements project.

## Engineering Division *continued*

### GOALS FOR 2012:

1. Revise the 2011-2015 CIP to include projects associated with the 2011 Court Order (CO).
2. Update the water and wastewater model that will allow GWA to provide better customer services for new development.
3. Continue to prepare for the military build-up by working with NAVFAC as well as Japan's Ministry of Defense.
4. Strengthen Permits and Inspection Section.
5. Publicize GWA standard details for water and wastewater.
6. Implement remaining CIP's not started.
7. Complete as-built information input into the GIS.
8. Initiate Geographic Information Systems (GIS) enterprise for GWA to connect all users to the GIS.
9. Write and get approved the GIS Standard Operating Procedure (SOP).
10. Reduce the number of pending water leaks through the leak repair project.
11. Replaced water lines that have numerous and reoccurring leaks through the line replacement project.



# Human Resources

The Human Resources Division is a comprehensive human resources operation. The Guam Waterworks Authority's (GWA) Human Resources Division (HRD) consists of the following:

- Recruitment
- Records (Database) and Benefits
- Employee Management Relations
- Position Classification and Compensation
- Training

The GWA Human Resources Division is under the leadership of Ms. Lola-Elaine W. Cruz, Personnel Services Administrator and consists of 3 Personnel Specialists (Julie C. Adams, Josephfa C. Evangelista, and Julius G. Bermudez); and 1 Administrative Assistant (Jennifer M. Crisostomo)

## **POSITION CLASSIFICATION AND COMPENSATION:**

HRD has processed several position classification in the form of desk audits and has processed several detail appointments of employees temporary assignment to another position

## **GOALS OF THE DIVISION:**

The GWA Human Resources Division provides services and support to our employees in ways that embrace the GWA's mission of innovation and tradition of excellence.

HRD will take a leadership role and provide service in support of GWA's vision by promoting the concept that our employees are our most valuable resource and will be treated as such. HRD will act as catalyst enabling all GWA employees to contribute at optimum levels towards the success of the GWA.

HRD will promote and recruit the best qualified people. Providing a competitive salary and benefit package and developing the full potential of our work force by providing training and development for career enhancement. Providing a work atmosphere that is safe, healthy and secure, and also conscious of long term family and community goals. Establishing, administering and effectively communicating sound policies, rules and practices that treat employees with dignity and equality while maintaining company compliance with employment rules and regulations.

Through employee orientation and professional development, we foster the value of inclusiveness, camaraderie, long term employee engagement, and life-long learning. In all areas of work, the HRD firmly uphold the tenets of confidentiality, accountability and trust.



# Safety & Compliance

Compliance and Safety 2012 Accomplishments and 2013 Goals.

## ACCOMPLISHMENTS IN 2012:

- GWA has successfully met all compliance dates in the new 11/10/2011 Court Order.
- GWA has procured superior Program Management Office support with Brown and Caldwell.
- GWA Compliance Laboratory was again been Recertified for EPA Compliance monitoring.
- GWA has conducted primary safety training with Water M&O and Utilities Services.
- GWA is implementing the final rounds of the Ground Water Under Direct Influence of Surface water (GWUDISW) study using an MOA with WERI to evaluate the data collected.
- Uguim "completion" change order was approved by the CCU, work is under way.
- Enhanced Leak Detection program is being managed by GWA Engineering.
- The GWA Sewer Hook-Up Revolving Loan Fund program continues to be available. (See <http://www.guamwaterworks.org/documents/SewerFactSheet05192010.pdf> on the GWA Web site for details.)

## GOALS FOR 2013:

- Print and distribute the GWA Employee Safety Manual and SOP book.
- Complete the final Ground Water Under Direct Influence of Surface water (GWUDISW) study report.
- Finish the Uguim Surface Water Treatment Plant site and process reliability upgrade.
- Complete the design for the refurbishment of the GWA Dededo Compliance Laboratory.
- Update the GWA Water Resources Master Plan (Engineering has this in progress.)
- Continue to manage compliance with the new 2011 Court Order.
- Manage compliance with all other SDWA, CAA, CWA and OSHA requirements on schedule.
- Move into Advanced Safety Training Program (Specialized) training.



# Utility Services Update

The Utility Services Division (USD) is comprised of Sections totaling 53 employees.

- Collections Section
- Meter Reading Section
- Revenue Protection Unit/Meter Task Force
- Customer Service Section
- Disconnect/Reconnect Section
- Admin Office

The following respective Units have increased in efficiency and productivity in FY2011:

## Customer Service Business Office :

- Our customer base increased by 1% from last fiscal year by 378 additional accounts totaling 41,250 customers.
- Total number of documents generated thru customer requests/inquiries 59,646.
- Total number of calls Received 17,569.

**Collections Unit :** Customers who are addressed by our collections department are those with account delinquency issues and those requiring payment arrangements. This section managed to work with a total of 34,998 customer issues.

**Meter Reading Unit (MRU) :** This Unit reads over 41,000 meters each month. There are over 29,000 meters which are read Automated Meter Reading (AMR) that is electronically and 13,000 read manually. This unit reads 22 routes island-wide and is consistent with its monthly schedule in order to meet the billing process. This Unit operates like a fine tuned machine in keeping up with the agency's challenges.

**Revenue Protection Unit (RPU)/Task Force Unit** – This Unit is responsible for protecting GWA's revenues and addressing the non-registering AMR meters.

**Disconnect Reconnect Unit (DRU)** – This Unit is responsible for all service requests which are generated from the Customer service counter. These service request range from new service installation, reconnection, termination, disconnection, meter repair, meter leaks, etc.

## 2012 GOALS:

- Replace all existing meters with the new AMI Meters. Over 41,000 meters.
- Implement New Customer Information System (CIS).
- Increase training opportunities and safety awareness.
- Improve meter reading program.

We intend to continue to establish customer focus on all departmental services. Conduct quarterly customer service surveys to determine needs and progress towards goals.



# Water Maintenance & Operations

## ACCOMPLISHMENTS 2011

- 1) Crews and contractor completed 97% of leak repairs.
- 2) Dramatically improved response time on leak complaints from average of 30 days down to 4 days.
- 3) Improved work order management and work order tracking, crew efficiency improved by 90%.
- 4) Improved accountability with the development of performance measures and commitment for achieving them.
- 5) Malojloj By Pass for elevated tanks.
- 6) Santa Rita Spring Reservoir overhead protection.
- 7) Improved preventive maintenance procedures.
- 8) Implemented standardization of booster pumps
- 9) Reduced Navy Water Purchase by 10%.

## 2012 GOALS:

- 1) Work for continued reduction in Navy water by 15%.
- 2) Improve water production by 10%.
- 3) Reduce chemical consumption by 5%.
- 4) Full asset management module implementation.



# WasteWater Division Update

## Raising the bar in Wastewater Division

### DEVELOPING OUR PEOPLE

The Wastewater Division continues to drive the training and development of its people, and by embracing new systems to protect employee safety in the work place. The division has a three (3) year rolling training program. This year the program focused on preparing employees to operate the new assets being built, and ready the division for the demands of full compliance with the Federal Court Order.

US EPA operator certification increased to 77% of total division employees in 2011 and continues to grow. In 2011 a total of 14 training programs were delivered and these programs were been attended by 157 GWA employees. Areas of training included Supervisor CPM management training, US EPA operator certification training, refresher training for Safety Permit System, Defensive Driving, SCADA and Controls, Programming logic controllers, Chemical Treatment process technology, Laboratory Process Testing, Emergency Response, Business Ethics for Buyers, Essential law for Buyers and Sellers, PM for Pumping Facility, and Valve Repair.

The maintenance team has assisted operations in steadily improving the physical safety of the wastewater assets by delivery more than 80 repairs. All teams now embrace new systems and processes to control risk related to operating and shutting down the wastewater systems. A dedicated team has been established to monitor the new control and monitoring systems including SCADA and VFDs at pump stations.

Asset operational performance continues to improving as a result:

- Pump station reliability increased with only one (1) Sanitary Sewer Overflow (SSO) occurring due to a station failure (down from 16 in 2010);
- Total number of SSO reported to US EPA increased 6% to 52 compared to 49 in 2010, but average rainfall was approximately 40% higher than in 2010
- By passes through the Agat WWTP dropped 95% from 2011 to 2012



# Partners in the Community

GWA has many partners in the community and without we couldn't do our jobs effectively. This page is dedicated to them.

This is by no means a comprehensive list of ALL the partners as there are several thousand that share in our workload of helping us to deliver clean to our homes and businesses and safe water for our environment. Without them both big and small we could not make it so we can **INVEST IN BETTER WATER BETTER LIVES.**

We couldn't get all of our partners on this page but here is just a few of them and some even offered some words of encouragement in working with us over the years. May it continue.

"Steffran Neff from Brown and Caldwell says: "I find it satisfying when I can partner with a client to brainstorm and find the best solutions for the organization. In the past few months, BC has teamed with the engineering and operations staff to develop creative solutions in meeting GWA's near-term and long-term needs. I like being able to give that "high five" at the end because we came to a solution together."



"We find the staff and management at GWA are hard-working, responsive, knowledgeable and understanding of common local constraints. It is a pleasure to work with GWA."



"It is always a pleasure to work with the staff and management of the GWA Team. The commitment to excellence, camaraderie and professionalism demonstrated by each and every employee from the hardworking field labor crew to the highest level of executive management is refreshing and is what truly sets the agency apart from the rest. It is obvious that GWA's passion goes far beyond the development of the island's physical infrastructure, but more importantly the essential improvement of the overall public health and environmental welfare of our community. Needless to say, Black Construction Corporation (BCC) is extremely proud to have partnered with GWA on past projects and looks forward to being a part of the unprecedented positive trend of future improvements to our Island Home!"



Duenas, Camacho and Associates (DCA) has worked with GWA for over 30 years. Though the challenges seem ever more increasing, it has provided the opportunity to work hand in hand with GWA to develop innovative and exciting solutions. From water & wastewater infrastructure, treatment plant upgrades and operator training DCA personnel have enjoyed the opportunity to work with GWA.



USSSI has been working with GWA for many years and together, we have seen a lot of changes and resolved a lot of operational and maintenance issues. The projects range from the #1 Clarifier rake rebuild at the Northern Wastewater Treatment Plant, to generator and ATS repairs, to the variable frequency drives installed at both deep well and the wastewater pump stations to improve motor protection while lowering energy consumption.



UNIVERSAL MAINTENANCE



# Employees



Abay, Stuart Lee  
 Adams, Julie C.  
 Aguon, Anthony L.  
 Aguon, Benny T.  
 Aguon, Daniel A.  
 Aguon, Edward A  
 Aguon, Joseph Anthony C.  
 Aguon, Lester D.  
 Aguon, Peter F.  
 Aguon, Prudencio F.  
 Aguon, Steven T.  
 Alano, Efren M.  
 Antonio, Glorilyn D.  
 Apiag, Severin Hilary A.  
 Apuron, Manuel P.  
 Apuya Jr., Elizardo C.  
 Aquiningoc, Kenneth J.  
 Arceo, Bryan J.  
 Arceo, Peter J.  
 Arceo, Tommy J.  
 Ariola, Norma Marie I.  
 Asperas, Jaime B.  
 Asuncion, Raymond G.  
 Balajadia, Isabel C.

Balajadia-Aguigui, Marcy  
 Ballesta, Nicole R.  
 Ballon, Adrian Jeric M.  
 Barcenilla, Zachary J.  
 Barcinas, Benbenido M.  
 Baza, Raymond LG  
 Bell, Henry J.  
 Benavente II, Michael J.  
 Benavente, Joseph M.  
 Benavente, Linda Frances  
 Bensan, Gloria P.  
 Bermudez, Julius  
 Blake Jr., Steven E.  
 Blas, Daniel G.  
 Blas, JayRyan T.  
 Blas, John K.T.  
 Blas, Kenneth Q.  
 Blas, Melchor M.  
 Bolton, Eugene J.  
 Borja, Ann D.  
 Borja, Jeffrey M.  
 Borja, Michael C.  
 Borja, Peter J.  
 Brown, Larry C.

Cabrera, Edward Q.  
 Cabuhat Jr., Geronimo P.  
 Calvo, Jude G.  
 Camacho, TeresaMarie B.  
 Castelo, Loreta R.  
 Castro, Eddie P.  
 Castro, Keith J.  
 Castro, Peter B.  
 Cendana, John C.  
 Cesa, Cecille M.  
 Charfauros, Jonathan A.  
 Chargualaf JR, Anthony P  
 Chargualaf, Benny E.  
 Chargualaf, David B.  
 Chargualaf, Dean E.  
 Chargualaf, Frankie E.  
 Chargualaf, Roy R.  
 Claveria, Joseph P.  
 Crisostomo, Diane T.  
 Crisostomo, Jennifer M.  
 Cruz, Anthony F.  
 Cruz, Barbara Ann Camacho  
 Cruz, Bernie Antonitte V  
 Cruz, Branden A.

# Employees

Cruz, Franklin F.  
 Cruz, Grace R  
 Cruz, Greg  
 Cruz, Jesse Joseph Wusstig  
 Cruz, Joaquin L.  
 Cruz, Jose B.  
 Cruz, Lola-Elaine W.  
 Cruz, Loretta B.L.  
 Cruz, Lucas C.  
 Cruz, Michelangelo Paul  
 Cruz, Patrick M.  
 Cruz, Peter T.  
 Cruz, Raymond AR  
 Cruz, Rose B.  
 Cruz, Thomas Franklin A.  
 Cruz, Yvonne M.  
 DaHill, Betty Liz  
 Dalisay, Teresita S.  
 Diaz, James N.  
 Diaz, Jeremiah Frank B.  
 Dizon, Eliseo Q.  
 Duenas Jr., Agustin B.  
 Duenas, James B.  
 Duenas, Jeralle JT  
 Duenas, Joseph A.  
 Esguerra, Danilo I  
 Evangelista, Josephfa Castro  
 Fejerang, Richard S.  
 Fletcher, David A.  
 Flores, George V.  
 Flores, Ricky H  
 Foster, Everard P.S.  
 Franquez, Paul A.  
 Gagan, Gary George P.  
 Garcia, Evelyn G.  
 Garrido, Joseph B.  
 Garrido, Robert G.  
 Gaza, Alicia C.  
 Gombar, Angelo N.  
 Gozalo, Mary C.

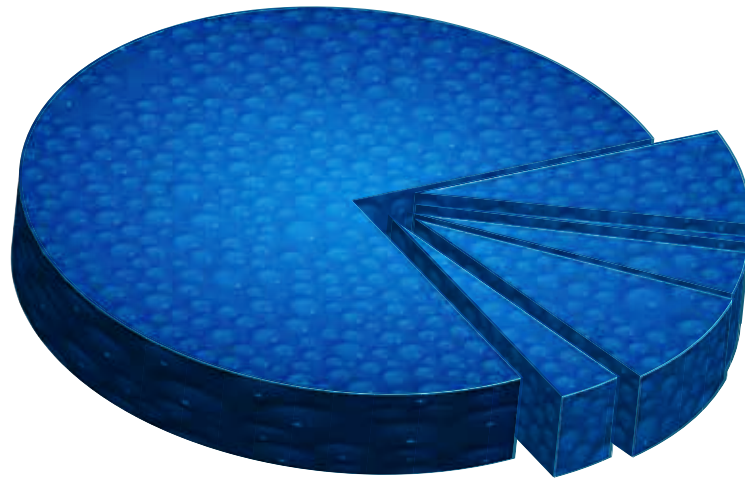
Grape, Karen Cheryl O.  
 Guerrero, Doris A.  
 Guerrero, Eugene A.  
 Guerrero, Timothy C.  
 Guerrero, Ursula A.C.  
 Guerrero, Vincent Ed  
 Guile Jr., Gary Allen  
 Gumataotao, Anthony F.  
 Gumataotao, Elizabeth H.  
 Gutierrez, Arthur L  
 Gutierrez, N'tasha L.  
 Guzman, Peter A.  
 Hechanova, Yukari Barnes  
 Hecita, Theresa Epacta  
 Herrero, Frances C.  
 Herrero, Jonathan James  
 Hoover, Matthew E.  
 Huntington II, Clinton W  
 Ililau, Charlene  
 Jardel, Jose A.  
 Jardel, Victor A.  
 Kaneshiro, Derek H.  
 Kemp, Paul J  
 Leal, Jerry P.  
 Leon Guerrero, Jesse L.  
 Limtiaco, Anita K.  
 Lizama, Francis A.  
 Lizama, Lance D.  
 Lopez, Marc D.  
 Lotoc, Bernardo P.  
 Lujan, David F.  
 Lujan, Francis A.  
 Lujan, Jonathan J.  
 Lujan, Joseph E.  
 Lujan, Paul Q.  
 Lunod, Curtis Jerome I.  
 Macan, Craig A.  
 Mafnas, Donnie A.  
 Mafnas, Fred B.  
 Mafnas, Gilda M.

Manglona, Frankie B.  
 Mansapit, Benny T.  
 Mantanona, James C.  
 Mantanona, Lance JD  
 Matanane, Anita M.  
 Meeks, Bill Anthony T.  
 Mendiola Jr., Victor Cab  
 Mendiola, Bryan R.  
 Mendiola, Melvin P.  
 Mendiola, Pedro A.  
 Meno, Frankie R.  
 Meno, Johnny B.  
 Meno, Michael J.  
 Meno, Troy R.  
 Mercado, Roger P.  
 Mercado, Sylvia Y.  
 Mesa, Vincent J.  
 Mesngon, Ignacio C.  
 Mikel, Kathleen S.  
 Miller, Jacob P.  
 Miller, Mark G.  
 Mondina, Stephen P.  
 Munoz, Matthew R.  
 Munoz, Randy M.  
 Nagal, Janice G.  
 Nangauta, James C.  
 Naputi, Raymond F.  
 Natuel, Orlando O.  
 Nauta, Franklin I.  
 Nauta, Peter J.D.  
 Onedera, Pauline J.S.  
 Ortino, Keith F.  
 Ortua, Marjorie I.  
 Pacheco, Dalisay D.  
 Padrones, Peter J.  
 Palomo, Emmanuel N.  
 Palomo, Lourdes C.  
 Pangelinan, Jackie RF  
 Pangelinan, Jason Gerard  
 Pangelinan, Patricia D.

# Employees

Pangelinan, Richard W.  
 Pangelinan, Vincent EC  
 Parinas, Felix O.  
 Pascua, Jocelyn L  
 Paulino Jr., Luis L.G.  
 Paulino, Edward L.  
 Paulino, Gerald M.  
 Paulino, Joseph M.  
 Paulino, Leo Naputi  
 Paulino, Patrick L.  
 Perez II, Albert T.  
 Perez, Raymond M.  
 Pigg, Diana  
 Pinaula, Jeffrey John  
 Portin, Christopher T.  
 Punzalan, Joseph A.  
 Quenga, Louvina M.  
 Quichocho, Edward M.  
 Quidachay, Jon U.  
 Quinata, Anthony A.  
 Quinata, Frankie T.  
 Quinata, Jake Terrance  
 Quinata, Pedro A.  
 Quintanilla, George S  
 Quintanilla, Michael P.M  
 Quintanilla, Raymond C  
 Quintanilla, Rose M.  
 Quintanilla, Sandra L.  
 Quitlong, Delfyn S.  
 Quitugua, Peter S.  
 Railey, Brett Eric  
 Ramos, Charles M.  
 Resurreccion, Clement C.  
 Reyes, Kathy MT.  
 Rios, Albert J.  
 Rivera, David F.  
 Robinson, Demetria G.  
 Roldan, Martin T.  
 Roush, Martin Louis  
 Sablan, Annie Therese H.  
 Sablan, Bernadette M.  
 Sablan, Felix D.  
 Sablan, Francisco T.  
 Sablan, Frank J.  
 Sablan, Michael M.  
 Sablan, Patrick R.  
 Salas, Peter G.  
 Salas, William R.  
 Salayon, Ma. Teogenesa Q  
 San Agustin, BerthaLee D  
 San Agustin, Elizabeth M  
 San Miguel, John D.  
 San Nicolas, Joaquin M.  
 San Nicolas, Joseph C.  
 San Nicolas, Joseph J  
 San Nicolas, Joseph SA  
 San Nicolas, Kin M.  
 San Nicolas, Melvin D.  
 San Nicolas, Ronald D.  
 Sanchez, Francisco C.  
 Sanchez, Frank A.  
 Sanchez, Fred J.  
 Sanchez, John A.  
 Sanchez, Lance T.  
 Sanchez, Lourdes S.  
 Sanchez, Patricia C.  
 Sanchez, Zachery T.  
 Santos JR, Joseph M.  
 Santos, Glenn G.  
 Santos, Jose M.  
 Santos, Mancini Liam G.  
 Santos, Manz Lio G.  
 Saturnio, Brian JL  
 Schaible, Melissa B.  
 Scroggs, Richard Daniel  
 Seballos, Rudy B.  
 Selleck, Lauris Eldon  
 Sharma, Winnie S.  
 Sian-Denton, Carmen M.  
 Siguenza, Patrick A.F.  
 Sorgose, Peter L.  
 Tabano, Ronald A.  
 Tadeo, Joseph A.  
 Tajeron, Rita R.A.  
 Taimanglo, Eddie T.  
 Taimanglo, Kyle M.  
 Taisacan, Jacalyn M.  
 Taitague, Anthony Earl L  
 Taitague, Frankie Q.  
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 Taitague, Shane D  
 Taitano, Bruce S.  
 Taitano, Joey A.  
 Tallada, Zambales R.  
 Taman, Bill  
 Tareg, Virginia P.  
 Tayama, Diane M.  
 Taylor, Samuel J  
 Techaira, Michael J.  
 Tedtaotao, Frankie D.  
 Tenorio, Wade T.  
 Tobey, Vernon E.  
 Topasna, Henry S.  
 Topasna, Ron S.  
 Torres Jr., Ely T.  
 Torres, Brian K.  
 Torres, Victor A.  
 Toves, Rodney A.  
 Tudela, Jason Henry S.  
 Tuitu'u, David U.  
 Tyquiengco, Vincent Jon  
 Unchangco, Leilani JC  
 Unchangco, Peter F.  
 Untalan, Paul C.  
 Uy, Melissa Marie T.  
 Vicente, Marietta P.  
 Villagomez, Rodney J.  
 Wall, Jerald Lee  
 Wang, Menglou  
 Wilson Jr., Carl  
 Yam, Cheuk Nam  
 Yeoh, Garrett K.A.  
 Young, Claire N.  
 Young, Doris J.

# Financials



The following twelve (12) pages are taken directly from GWA's audited financial statements for FY 2010. These twelve pages provide the key financial highlights of GWA's operating performance in FY 2010. For a complete publication of the entire "Financial Statements and Additional Information and Independent Auditors' Report", please visit our website at [www.guamwaterworks.org](http://www.guamwaterworks.org) or the Office of The Public Auditor's website at [www.guamopa.com](http://www.guamopa.com).

## GUAM WATERWORKS AUTHORITY

(A Component Unit of the Government of Guam)

### Management's Discussion and Analysis September 30, 2011 and 2010

As management of the Guam Waterworks Authority (GWA), we offer readers of GWA's financial statements this narrative overview and analysis for the fiscal year ended September 30, 2011. We encourage readers to consider the information presented here and in our basic financial statements, which begin on Page 14.

#### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to GWA's basic financial statements. GWA's basic financial statements are for a single proprietary fund and include the financial statements, notes to those financial statements, and other supplementary and statistical information.

#### Proprietary Fund Financial Statements

GWA's operations are accounted for as a single proprietary fund using the full accrual basis of accounting. In this regard, GWA's operations are accounted for in a manner similar to a private enterprise. Within this one proprietary fund, GWA segregates revenues and expenses for various purposes such as operations, debt service and capital improvements, but that segregation does not create separate proprietary funds.

#### Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found beginning on page 19 of this report.

#### Other Information

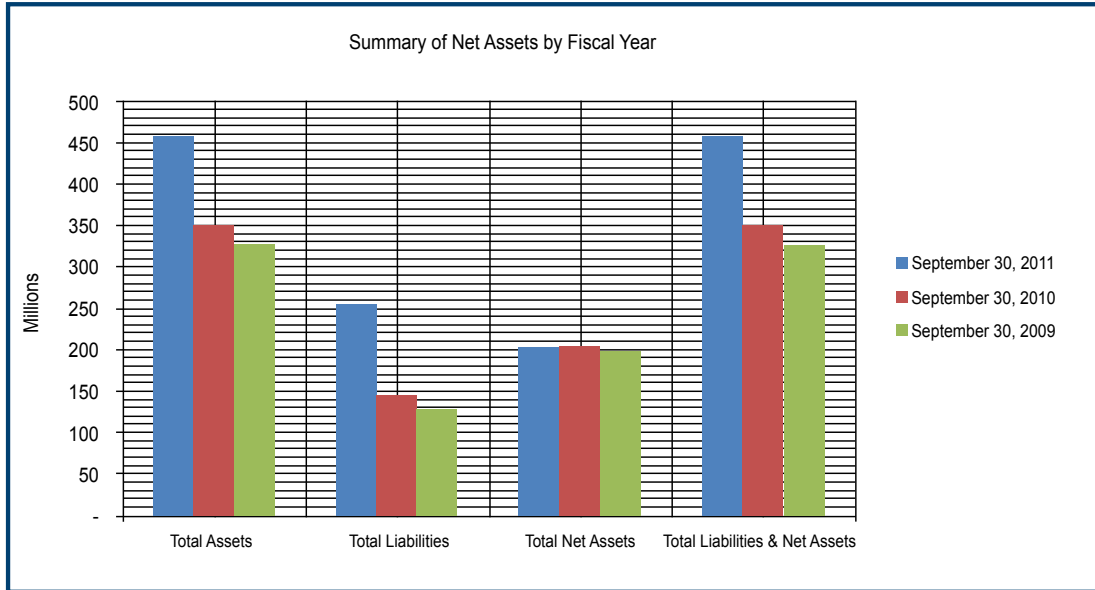
In addition to the basic financial statements and accompanying notes, this report also presents supplementary and statistical information. Supplementary and statistical information can be found beginning on page 40 of this report.

Table 1  
Summary Statement of Net Assets

	September 30, 2011	September 30, 2010	September 30, 2009	Increase/ (Decrease)	%
					Change
Current assets	\$ 33,073,629	\$ 35,166,168	\$ 19,415,679	\$ (2,092,539)	-5.95%
Property, plant and equipment, net	284,212,877	281,605,229	279,320,424	2,607,648	0.93%
Other non-current assets	139,679,692	32,954,273	27,660,979	106,725,419	323.86%
Total assets	<u>456,966,198</u>	<u>349,725,670</u>	<u>326,397,082</u>	<u>107,240,528</u>	<u>30.66%</u>
Current liabilities	19,405,499	19,023,902	23,002,040	381,597	2.01%
Long-term liabilities	236,213,430	126,424,281	105,207,238	109,789,149	86.84%
Total liabilities	<u>255,618,929</u>	<u>145,448,183</u>	<u>128,209,278</u>	<u>110,170,746</u>	<u>75.75%</u>
Net assets:					
Invested in capital assets, net of related debt	189,524,913	190,678,898	190,793,854	(1,153,985)	-0.61%
Restricted	8,049,966	5,866,142	5,377,124	2,183,824	37.23%
Unrestricted	3,772,390	7,732,447	2,016,826	(3,960,057)	-51.21%
Total net assets	<u>201,347,269</u>	<u>204,277,487</u>	<u>198,187,804</u>	<u>(2,930,218)</u>	<u>-1.43%</u>
Total Liabilities & Net Assets	<u>\$ 456,966,198</u>	<u>\$ 349,725,670</u>	<u>\$ 326,397,082</u>	<u>\$ 107,240,528</u>	

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**Financial Condition**

The increase in total assets and total liabilities is primarily due to financing from the Series 2010 System Revenue Bonds (see Table 1).

The Authority's investment in capital assets, net of related debt represents 94% of total net assets. The amount invested in capital assets, net of debt, decreased by \$1.2 million.

Total operating revenues of \$67.3 million increased by \$2.1 million or 3% for the current year and operating expenses of \$63.6 million increased by \$3.3 million or 5.5% resulting in net operating income of \$3.7 million (see Table 2).

The major changes in net income from the prior year were from the following:

- Water revenues (total) increased by \$1.6 million over the prior fiscal year. There were revenue dollar increases of \$0.8 million in commercial accounts. Hotel, residential, and government customer classes increased \$0.5 million. Agricultural, golf course, and irrigation customer classes decreased by \$182 thousand. The basic (fixed) water charge is assessed monthly to all customer classes without regard to consumption. Please see Table 3.
- Wastewater revenues (total) increased by \$0.6 million over the prior fiscal year. An 8% rate increase in non-basic sewer charges was approved for the current year. There was an increase of 2% or 478 in the number of annual monthly average of wastewater customers. The basic (fixed) sewer charges are assessed monthly to residential customers without regard to consumption; however, all other customer classes are charged 80% of volumetric water consumption. Please see Table 4.
- Operating expenses increased by \$3.3 million or 5.47% over the prior fiscal year. The major contributing factors were increases in insurance premiums (\$1.4 million), energy costs (\$0.8 million), salaries, wages, and benefits (\$0.4 million), and post employment benefits (\$0.3 million). The increases in operating expenses were offset by decreases in water purchases (\$0.4 million).

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- Non-operating expenses increased by \$6.7 million (net) or 144% over the prior fiscal year. This included a \$6.8 million increase to interest expense due to new long-term debt and a \$1.3 million decrease in allowance for funds used during construction. There was no contribution to the Government of Guam in FY2011 and an increase in the other (net) non-operating revenues (\$0.5 million) that attributed to the \$6.7 million net increase in non-operating expenses.
- Of the total water and wastewater revenue of \$43.7 million and \$23.0 million, respectively, system development charges (SDC) represented \$0.84 million and \$0.78 million, respectively. Total SDC for the current fiscal year amounted \$1.62 million.

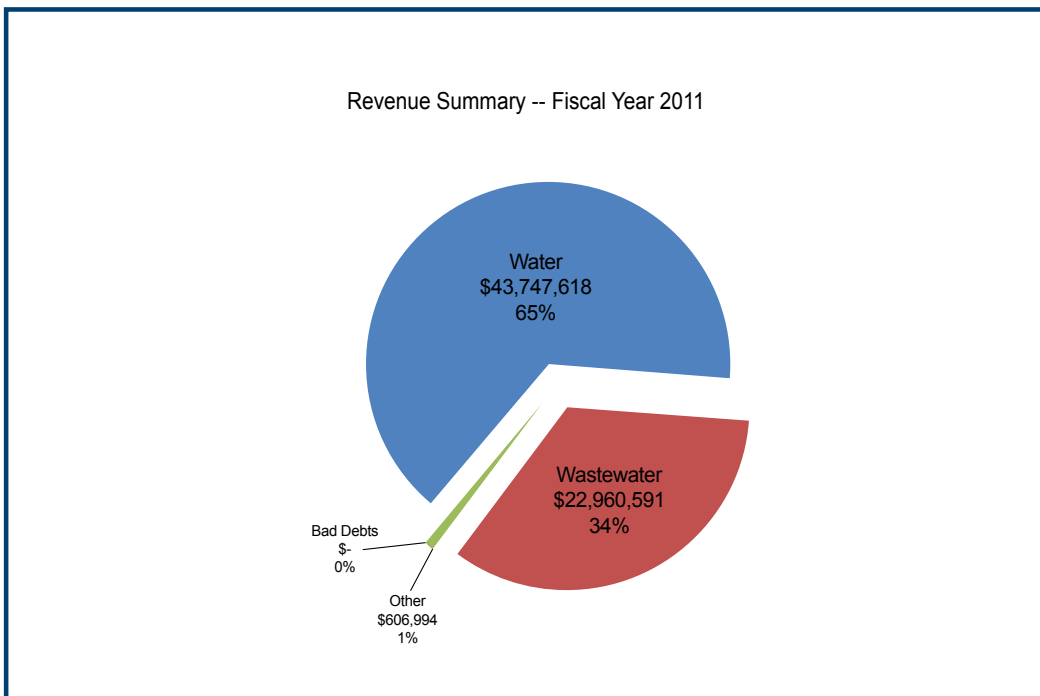
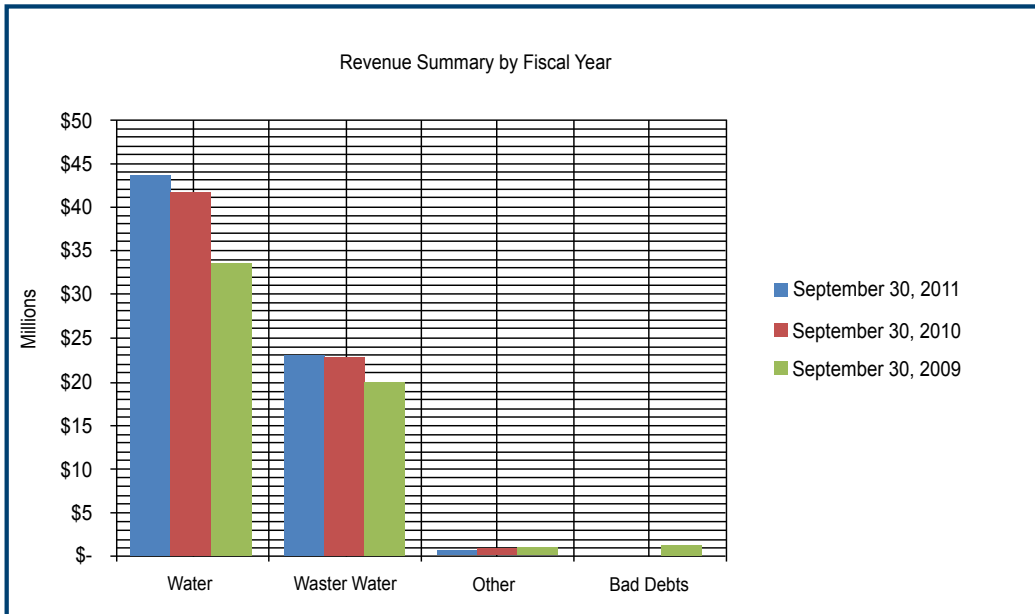
**Table 2**  
**Results of Operations/Statement of Revenues, Expenses and Changes in Net Assets**

	September 30, 2011	September 30, 2010	September 30, 2009	2011 to 2010 Comparison	
				Increase/ (Decrease)	% Change
<b>Revenues:</b>					
Water	\$ 43,747,618	42,089,058	33,580,185	1,658,560	3.94%
Wastewater	\$ 22,960,591	22,287,585	19,665,976	673,006	3.02%
Other	\$ 606,994	817,683	971,502	(210,689)	-25.77%
Bad debt recoveries	\$ -	4,138	1,034,609	(4,138)	-100.00%
Total operating revenue	67,315,203	65,198,464	55,252,272	2,116,739	3.25%
<b>Expenses:</b>					
Power purchases	\$ 15,191,769	14,344,013	14,971,119	847,756	5.91%
Water purchases	\$ 6,283,246	6,669,120	5,167,856	(385,874)	-5.79%
Sludge (waste) disposal fees	\$ 305,469	294,175	-	11,294	3.84%
Salaries, wages and benefits	\$ 18,499,114	18,085,703	15,870,652	413,411	2.29%
Depreciation	\$ 11,854,307	11,568,858	10,952,902	285,449	2.47%
Administrative and general	\$ 5,885,100	4,078,237	5,267,571	1,806,863	44.31%
Contractual	\$ 3,355,465	3,381,182	3,969,699	(25,717)	-0.76%
Retiree healthcare costs and other benefits	\$ 2,244,032	1,897,530	1,428,843	346,502	18.26%
Total operating expenses	63,618,502	60,318,818	57,628,642	3,299,684	5.47%
Net operating income (loss)	3,696,701	4,879,646	(2,376,370)	(1,182,945)	-24.24%
Non-operating revenue (expenses)	1,950,924	1,838,483	3,260,545	112,441	6.12%
Less: Interest Expense	(13,366,111)	(6,516,956)	(6,018,059)	(6,849,155)	105.10%
Total non-operating revenues (expenses), net	(11,415,187)	(4,678,473)	(2,757,514)	(6,736,714)	143.99%
Income (loss) before capital contributions	(7,718,486)	201,173	(5,133,884)	(7,919,659)	-3937%
Capital contributions	4,788,268	5,888,510	6,805,460	(1,100,242)	-18.68%
Change in net assets	(2,930,218)	6,089,683	1,671,576	(9,019,901)	-148.12%
Net assets - beginning year	204,277,487	198,187,804	196,516,228	6,089,683	3.07%
Net assets - end of year	201,347,269	204,277,487	198,187,804	(2,930,218)	-1.43%

## GUAM WATERWORKS AUTHORITY

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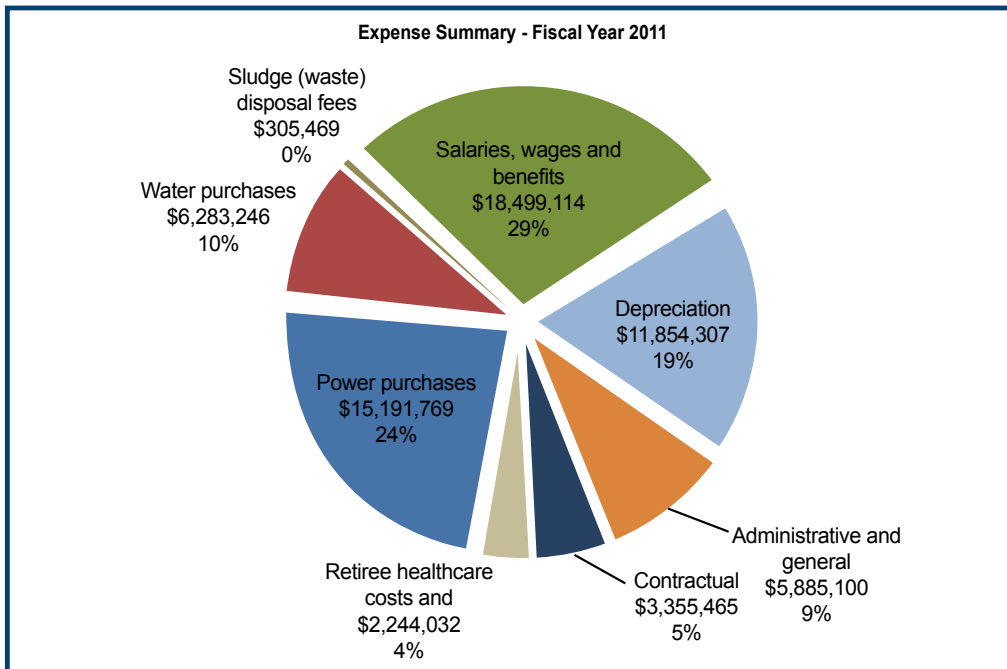
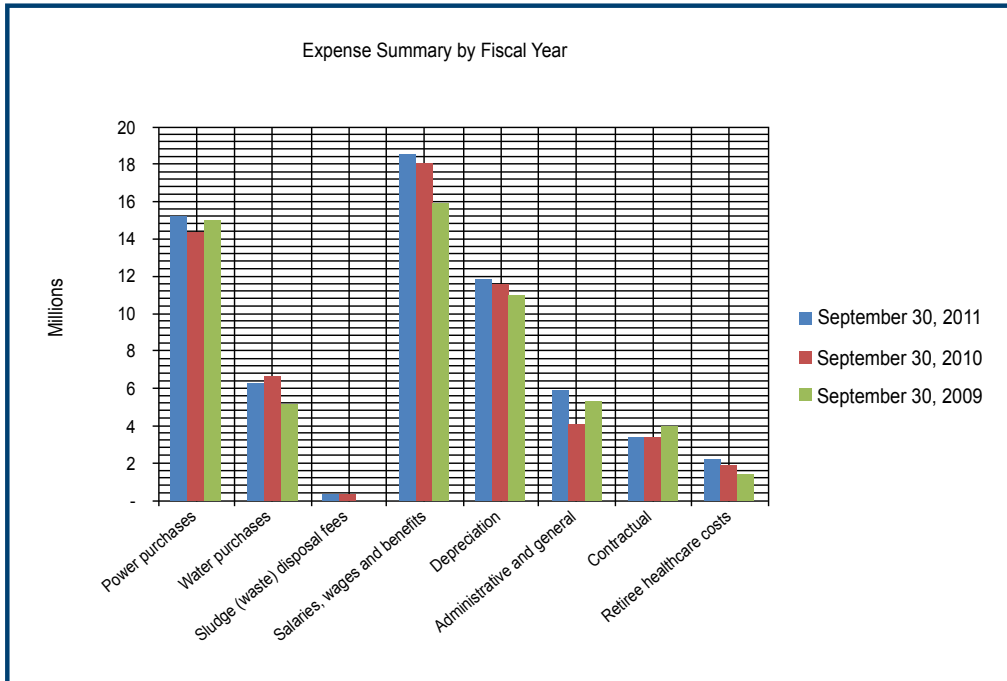




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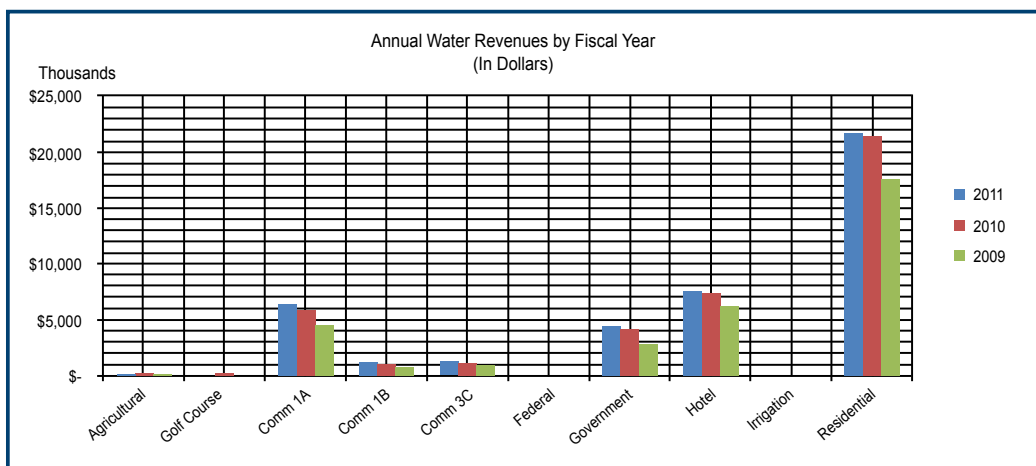


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**Table 3**  
**Annual Water Revenues (Excluding System Development Charges)**  
*(In Dollars)*

Class Type				% Change	2011 to 2010 Comparison Increase (Decrease)
	September 30, 2011	September 30, 2010	September 30, 2009		
Agricultural	\$ 178,081	\$ 227,349	\$ 158,289	-22%	\$ (49,268)
Golf Course	73,247	194,241	72,395	-62%	(120,994)
Comm 1 <sup>A</sup>	6,428,626	5,857,765	4,600,410	10%	570,861
Comm 2 <sup>B</sup>	1,136,049	1,006,082	875,558	13%	129,967
Comm 3 <sup>C</sup>	1,269,874	1,133,857	995,560	12%	136,017
Federal	26,184	13,320	14,404	97%	12,864
Government	4,437,617	4,266,392	2,865,976	4%	171,225
Hotel	7,590,889	7,394,200	6,324,234	3%	196,689
Irrigation	38,991	50,843	48,390	-23%	(11,851)
Residential	21,722,871	21,539,986	17,624,969	1%	182,885
<b>TOTAL</b>	<b>\$ 42,902,429</b>	<b>\$ 41,684,035</b>	<b>\$ 33,580,185</b>	<b>3%</b>	<b>\$ 1,218,394</b>

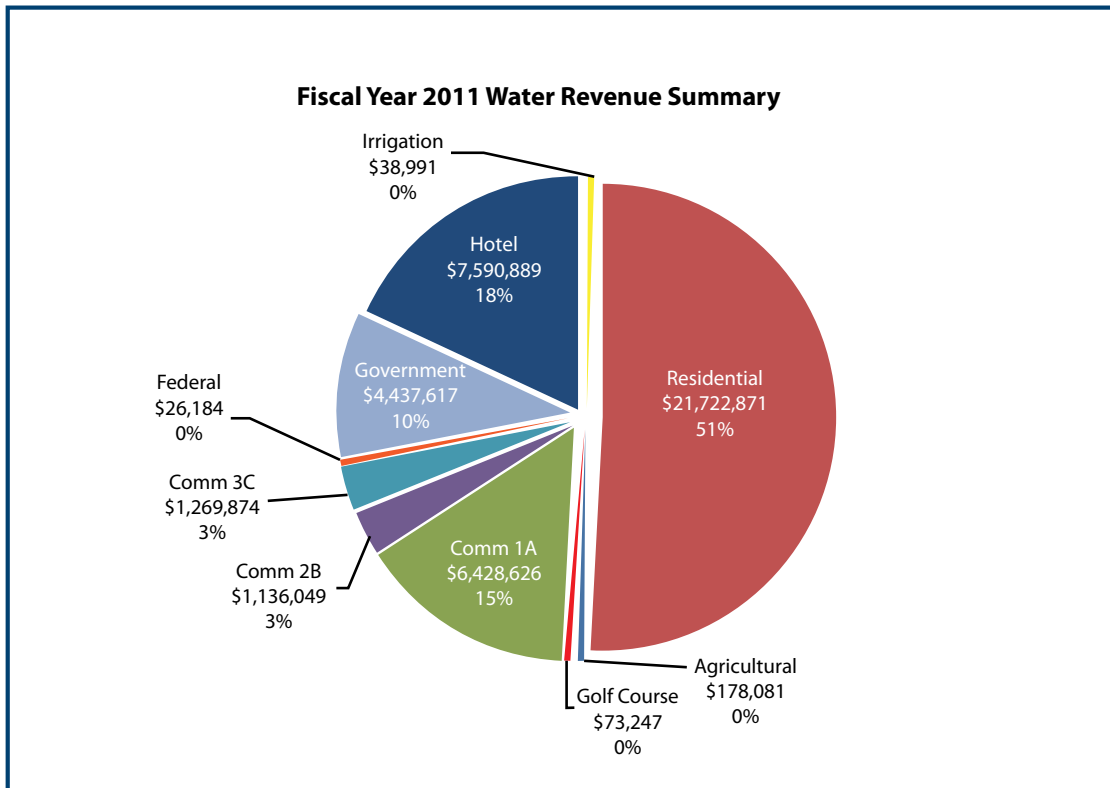


Notes:

- A Bars w/o dining facilities, car wash, dept & retail stores, hospital & convalescent, laundromat, professional offices, repair shops & service stations, school & colleges, soft water service, markets w/o garbage disposal.
- B Motels, commercial and industrial laundry.
- C Auto steam cleaning, bakery & wholesale, markets w/garbage disposal, mortuaries, restaurants and bars w/in-dining facilities.

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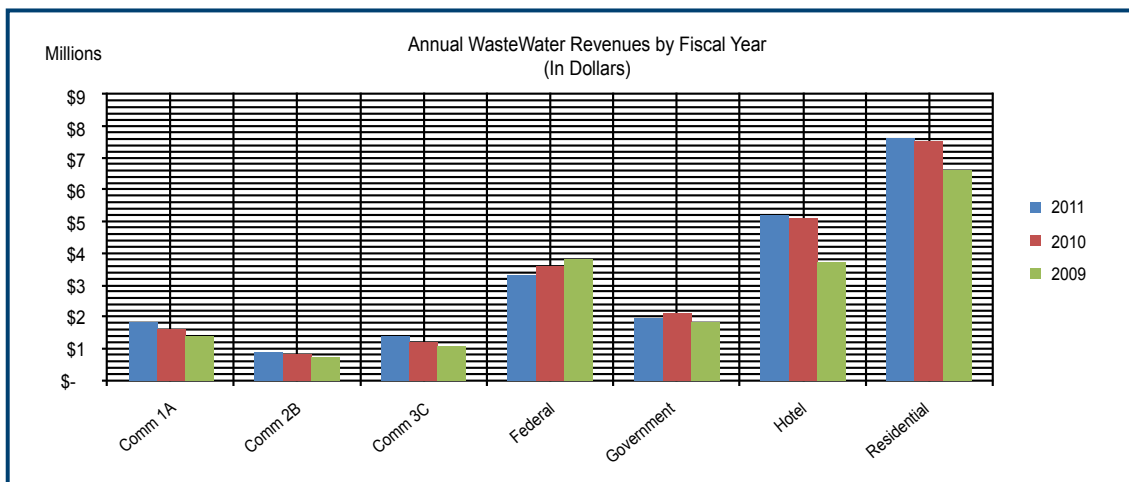
**Table 4**  
**Annual WasteWater Revenues (Excluding System Development Charges)**  
*(In Dollars)*

Class Type	September 30,			% Change	2011 to 2010
	2011	2010	2009		Comparison
					Increase (Decrease)
Comm 1 <sup>A</sup>	\$ 1,872,934	\$ 1,577,487	\$ 1,347,697	19%	\$ 295,447
Comm 2 <sup>B</sup>	875,021	777,998	724,806	12%	97,023
Comm 3 <sup>C</sup>	1,350,252	1,198,821	1,069,855	13%	151,431
Federal	3,319,549	3,553,164	3,832,358	-7%	(233,615)
Government	1,923,714	2,096,860	1,791,360	-8%	(173,146)
Hotel	5,209,326	5,135,234	4,278,646	1%	74,092
Residential	7,628,105	7,558,916	6,621,254	1%	69,189
<b>TOTAL</b>	<b>\$ 22,178,901</b>	<b>\$ 21,898,480</b>	<b>\$19,665,976</b>	<b>1%</b>	<b>\$ 280,421</b>

## GUAM WATERWORKS AUTHORITY

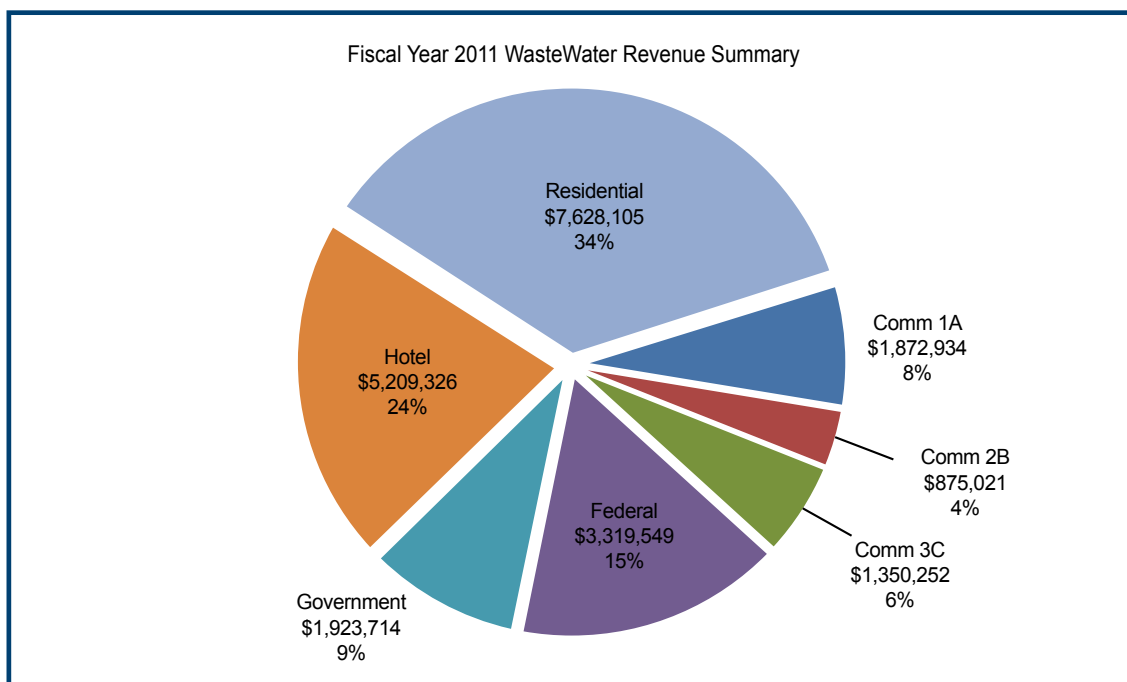
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**Notes:**

- A Bars w/o dining facilities, car wash, dept & retail stores, hospital & convalescent, laundromat, professional offices, repair shops & service stations, school & colleges, soft water service, markets w/o garbage disposal.
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GUAM WATERWORKS AUTHORITY

INVESTING IN BETTER WATER BETTER LIVES

