



CONSOLIDATED COMMISSION ON UTILITIES
Guam Power Authority | Guam Waterworks Authority
P.O. Box 2977 Hagatna, Guam 96932 | (671)649-3002 | guamccu.org

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2 **GWA RESOLUTION NO. 08-FY2023**
3

4 **RELATIVE TO AMENDING THE GUAM WATERWORKS AUTHORITY'S SEWER**
5 **HOOKUP REVOLVING LOAN RULES AND REGULATIONS**
6

7 **WHEREAS**, under 12 G.C.A. § 14105, the Consolidated Commission on Utilities
8 ("CCU") has plenary authority over financial, contractual, and policy matters relative to the Guam
9 Waterworks Authority ("GWA"); and

10 **WHEREAS**, the Guam Waterworks Authority ("GWA") is a Guam Public Corporation
11 established and existing under the laws of Guam; and

12 **WHEREAS**, the Guam Waterworks Authority Sewer Hookup Revolving Loan Fund is
13 also known as the GWA Wastewater Revolving Loan Program and the GWA Sewer Revolving
14 Loan Program; and

15 **WHEREAS**, as provided under 2003 Stipulated Order, and its 2006 amendment and the
16 2011 Court Order, the Guam Waterworks Authority agreed to implement a Sewer Hookup
17 Revolving Loan Fund for residents of Guam to obtain loans from funds provided by Guam
18 Environmental Protection Agency ("GEPA") to connect to Guam's public wastewater system; and

19 **WHEREAS**, on November 1, 2005, in compliance with paragraph 34 of the Stipulated
20 Order, as amended, GWA submitted a proposed Wastewater Revolving Loan Program to the US
21 Environmental Protection Agency (USEPA) Region IX and the USEPA approved the proposed
22 program; and

23 **WHEREAS**, following the approval of the Regulations to the Sewer Hookup Revolving
24 Loan Fund by the CCU, GWA petitioned the Public Utilities Commission ("PUC") on December
25 13, 2005 and the PUC approved the financial elements of the Sewer Hookup Revolving Loan Fund
26 on February 2, 2006, in the FY06 Rate Order, Docket 05-5; and

1 **WHEREAS**, on March 13, 2007, the CCU through Resolution 09-FY2007 adopted and
2 approved GWA's Wastewater Revolving Loan Program including the related rules and regulations
3 setting priorities and limiting loan amounts to \$9,000.00; and

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5 **WHEREAS**, in July 2008, a Memorandum of Understanding between the GEPA and
6 GWA provided \$75,000 from GEPA to support the GWA Wastewater Revolving Loan Program
7 ("Loan Program") and \$2,000 to GWA in administrative costs for managing the funding of Loan
8 Program; and

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10 **WHEREAS**, PUC Docket 19-08 required GWA to complete analytical studies to support
11 the FY2022 comprehensive review and update of GWA's financial plan and rate review process;
12 the studies included a *Cesspool and Septic Tank Elimination Study* issued in March 2021; and

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14 **WHEREAS**, to encourage connections to the sewer system, the March 2021 *Cesspool and*
15 *Septic Tank Elimination Study* recommended the following:

16 1) Increase the maximum loan from \$9,000 to \$25,000 per applicant
17 2) Increase the loan term from 10 years to 15 years for applicants receiving public
18 assistance
19 3) Waive the requirement for three contractor estimates if the sewer connection is part of
20 a GWA capital improvement project
21 4) Reduce the requirement to have declined loan applications from two Guam Banks to
22 one Guam Bank
23 5) Waive the requirement to have declined loan applications from two Guam banks if the
24 applicant is receiving public assistance
25 6) Provide additional funding for the revolving loan fund
26 7) Defer payments for five (5) years for customers willing to connect to a sewer main
27 when it is built
28 ; and

1 **WHEREAS**, to account for increased construction costs observed since the *Cesspool and*
2 *Septic Tank Elimination Study* was written, the maximum loan amount is recommended to be
3 increased to \$25,000 per applicant; and

4

5 **WHEREAS**, to reduce time commitments invested by potential sewer customers in the
6 application process, the requirement for two declined applications from a Guam bank is
7 recommended to be reduced to one declined loan application and the requirement for three
8 contractor estimates is recommended to be reduced to two contractor estimates; and

9

10 **WHEREAS**, to encourage home owners to take advantage of this program, it is
11 recommended that the interest rate on the loan be tied to the USDA Home Loan rates at the time
12 the loan is made; and

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14 **WHEREAS**, the FY2023 Budget Act, Public Law 36-107, Chapter XI, *Miscellaneous*
15 *Appropriations*, Section 8, *Appropriation to the Guam Waterworks Authority Sewer Loan*
16 *Revolving Fund* appropriated \$2,000,000 to the GWA Sewer Loan Revolving Fund.

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18 **NOW BE IT THEREFORE RESOLVED**, the Consolidated Commission on Utilities
19 does hereby approve the following:

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21 1. The recitals set forth above hereby constitute the findings of the CCU.

22 2. The CCU finds that updating the Sewer Revolving Loan Fund Rules and
23 Regulations may encourage more customers to connect to the GWA sewer
24 system and will contribute to enhanced protection of water resources and the
25 environment for the island of Guam.

26 3. The CCU hereby authorizes the update of the Sewer Revolving Fund as
27 proposed in Exhibit A.

28 4. The CCU hereby further authorizes the management of GWA, as determined
29 by legal counsel, to follow 5 GCA Chapter 9 Article 3 Administrative
30 Adjudication Law Rule-Making Procedures to amend the Rules and
 Regulations of the Sewer Revolving Loan Fund if required.

1 5. The CCU hereby further authorizes the management of GWA to notify the
2 Public Utility Commission of the updates made to the revolving fund.
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4 **RESOLVED**, that the Chairman certified, and the Board Secretary attests to the adoption
5 of this Resolution.
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7 **DULY AND REGULARLY ADOPTED**, this 24th day of January 2023.
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9 Certified by:
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11 Attested by:
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JOSEPH T. DUENAS
14 Chairperson
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PEDRO ROY MARTINEZ
13 Secretary
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SECRETARY'S CERTIFICATE

I, Pedro Roy Martinez, Board Secretary of the Consolidated Commission on Utilities as evidenced by my signature above do hereby certify as follows:

The foregoing is a full, true and accurate copy of the resolution duly adopted at a regular meeting by the members of the Guam Consolidated Commission on Utilities, duly and legally held at a place properly noticed and advertised at which meeting a quorum was present and the members who were present voted as follows:

AYES:

NAYS:

ABSENT:

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EXHIBIT A

RULES AND REGULATIONS FOR WATER AND SEWER SERVICES FOR THE GUAM WATERWORKS AUTHORITY.

SECTION 1. GUAM WATERWORKS AUTHORITY WASTEWATER REVOLVING LOAN FUND.

1. Requirement to Qualify for Loans for Service Connections to Public Sewer Lines, Related Charges, and Penalties for Non-Payment.

The Guam Waterworks Authority will loan money to residential homeowners for the purpose of installing private service laterals. These loans will be available to Applicants who currently are not connected to a Guam Waterworks sewer line provided they have been rejected for a conventional loan from at least one commercial bank licensed to do business in Guam. If an Applicant is in a bona fide public assistance program, the requirement for a bank rejection will be waived.

The Guam Waterworks Authority is required to charge for said loan. The amount for loan charges shall be based on the USDA Home Loan interest rate at the time the loan is entered into. The charges shall be deposited into the "GWA Wastewater Revolving Loan Fund" less GWA administrative costs to **administer the loans**. The Guam Waterworks Authority shall have full authority to manage the funds deposited into the "Wastewater Revolving Loan Fund." The monies deposited into the account are to be separate and apart from any Government of Guam account and shall have separate financial controls maintained for the fund.

Any person, who pursuant to this rule may be qualified to enter into a revolving credit agreement with Guam Waterworks Authority is required to pay for the cost thereof as provided below. Penalty for failure to repay the loan will result in loss of water service and property may not be transferred until such time as the loan is paid. Any such agreement shall be subject to availability of funds and the sewer lateral must be constructed according to requirements set forth in the Rules and Regulations for Water and Sewer Services ("Service Rules") for the Guam Waterworks Authority.

2. Connection Required Upon Availability of Public Sewer.

The Guam Waterworks Authority is authorized to install or connect or otherwise cause the installation and connection to the Guam Waterworks Authority sewer system all persons with toilets flushed with water and connected to a cesspool, septic tank or leaching systems when the public sewer is available. All persons or entities required to make connections to Guam Waterworks Authority systems are liable for all installation and connection costs and the repayment of any costs incurred by the Guam Waterworks

EXHIBIT A

Authority in making loans for such purpose as provided in this Rule.

All persons who are required to make a connection to the public sewer system under this Rule shall first cause drawings to be prepared by a registered engineer, obtain the requisite permits pertaining to such connections from the Department of Public Works, Guam Environmental Protection Agency and the Guam Waterworks Authority prior to applying for this loan program.

3. Loan Application To Be Filed With the Guam Waterworks Authority.

All Applicants qualifying for this loan program shall file an application on the prescribed form with the Guam Waterworks Authority.

4. Connection Procedures.

After the homeowner obtains a permit from the Department of Public Works, Guam Environmental Protection Agency, and the Guam Waterworks Authority, the Guam Waterworks Authority shall issue a permit to make a connection to the public sewer line.

Licensed Contractors may perform work under this rule only after the Guam Waterworks Authority approves connection plans. Guam Waterworks Authority inspectors and employees shall be permitted to enter homeowner's premises for the purposes of inspection, observation and testing pertinent to the sewer installations and connections performed by Guam Waterworks Authority and/or contractors.

5. Revolving Loan Fund.

(a) There is hereby established a fund to be known as the "GWA Wastewater Revolving Loan Fund," which shall be maintained separate and apart from any other funds of the Government of Guam and independent records shall be maintained in connection therewith.

(b) The GWA Wastewater Revolving Loan Fund may be supplied with monies received from any legal source and shall be only used for lateral connections as defined above until such time as all point sources of wastewater discharge are connected to the sewer system at which time the proceeds going into this fund may be deposited to GWA's general fund.

(c) The General Manager of the Guam Waterworks Authority shall yearly render a statement reflecting the financial condition of the GWA Wastewater Revolving Loan

EXHIBIT A

Fund to all **requiring the** statement and it shall be posted on GWA's internet website.

6. Availability of Wastewater Revolving Loan Fund.

This loan is available only to Applicants that own the premises being served and have been refused a loan for a similar purpose by one bank licensed to do business on Guam. If an Applicant is in a bona fide public assistance program, the requirement for a bank rejection will be waive. Any loan is subject to availability of funds.

Priority will be given to Applicants 1) with homes over the Northern Aquifer or immediately adjacent to an existing surface water source such as a river or other substantial body of surface water and 2) all other low-income residential purposes.

7. Installment Contract.

Upon acceptance, an Applicant and the Guam Waterworks Authority shall enter into a contract, which shall provide a loan up to \$25,000 or the lowest amount bid by a minimum of two licensed contractors, whichever is lower. If the sewer connection is part of a GWA capital improvement project, the requirement for two bids will be waived if applicant chooses to participate in the GWA program.

Funds will be released only to the contractor upon satisfactory inspection by GWA or its agent of the work performed under this rule for the express purpose of providing the Applicant the ability to connect to Guam Waterworks Authority sewer lines. Monthly payments shall commence 30 days after the date of completion of the installation and connection of the service line to the collection system and payment by Guam Waterworks Authority to the contractor. Payment may be deferred for a maximum of five (5) years if a customer connects to a sewer main when the main is built, instead of waiting to connect for the period of time allowed by current regulations.

The contract shall provide at a minimum

- (a) Monthly installment payments of principal and interest for all monies loaned to Applicant shall
 - i. Not to exceed fifteen (15) years for applicants receiving public assistance
 - ii. Not to exceed ten (10) years for all other applicants
 - iii. May be deferred for a maximum of five years for customers who connect to a sewer main when the main is built.
- (b) Interest shall be based on the USDA Home Loan rates on the day of

EXHIBIT A

the loan agreement is signed.

(c) Failing to pay the installment for more than (60) days shall constitute default and may require disconnection of water service from whom ever is being provided water service on the property without notice and the remaining balance shall be immediately due and payable from the Applicant.

(d) The agreement that the loan shall constitute a lien on the property which shall run with the land and not be subject to discharge by sale, mortgage, judgment or for any other cause and the lien may not be lifted or otherwise be discharged until the full amount due and owing under the agreement is paid.

(e) The agreement may only be entered into between the true owner(s) of the property with evidence of ownership being provided via a title report from a company acceptable to the Guam Waterworks Authority prepared not more than 24 hours prior to the contract being executed (signed).

(f) That upon the sale of the property, the Guam Waterworks shall be entitled to receive all unpaid amounts due and owing at the time of the sale from escrow.

(g) That in the event the property is owned jointly or severally, all named owners must sign.

(h) That the interest rate may be increased to 12% per annum upon notice of default given to the Applicant and all other collection costs will be added to the principle.

(i) This agreement may only **be assigned** or transferred upon the express written consent of the General Manager of the Guam Waterworks Authority.

SECTION II. CHANGES IN THE AGENCY NAME AND RATIFICATION.

1. All references in the current Rules and Regulations for Water and Sewer Services to the "Public Utility Agency of Guam" shall hereafter be changed to read "Guam Waterworks Authority."
2. All rules currently pertaining to the Guam Waterworks Authority are hereby ratified and approved by the Consolidated Commission on Utilities which has plenary authority to create policies on behalf of the Guam Waterworks Authority.