



A Report to Our Citizens

Fiscal Year 2009

Mission Statement

We will provide outstanding customer service in delivering excellent water and wastewater services in a safe, reliable, responsible, and cost-effective manner.

Core Values

◆ **Excellence**

- ◆ Responsibility
- ◆ Integrity
- ◆ Safety
- ◆ Reliability
- ◆ Service
- ◆ Sustainability

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Why We Exist

The Guam Waterworks Authority (GWA) was created as a public corporation in 1996 through the passage of Public Law 23-119. GWA's water system is responsible for the production, treatment, distribution, and sale of safe, reliable drinking water. GWA's wastewater system is responsible for the collection, treatment, and disposal of wastewater.



Did You Know?

- ◆ Humans use up to 150 gallons of water a day?
- ◆ There are 120 wells that produce 40 million gallons of water a day?
- ◆ A half gallon leak daily can add \$70 to your water bill?
- ◆ An 8oz bottle of water costs up to \$1.50, but three gallons from your tap costs only one cent?

Organization

There are 321 hard working employees in the following divisions: Office of the General Manager, Water Maintenance and Operations, Wastewater, Engineering, Utility Services, Finance, Human Resources, Compliance and Safety, Communications, Internal Audit, Legal, and Information Technology.

The Wastewater division is managed by Veolia Water Guam LLC, GWA's partner for the performance management contract.

Tap Water Delivers!

Improvements to the island's drinking water and wastewater treatment systems, along with US Environmental Protection Agency (USEPA) oversight have resulted in the safest drinking water Guam has experienced in decades. GWA takes the responsibility of providing safe drinking water very seriously. Our employees and families drink the same water and share the same concerns about its quality that you do.



Customers

Type	Water	Wastewater
Agriculture	249	-
Golf course	18	-
Commercial	2,443	1,932
Federal	13	9
Government	399	261
Hotel	52	50
Irrigation	31	-
Residential	37,068	21,775
Total	40,273	24,027



Consolidated Commission on Utilities

GWA is governed by the elected, nonpartisan Consolidated Commission on Utilities (CCU) which also governs the Guam Power Authority.



GWA is subject to the regulations of the Guam Public Utilities Commission.

Our Performance

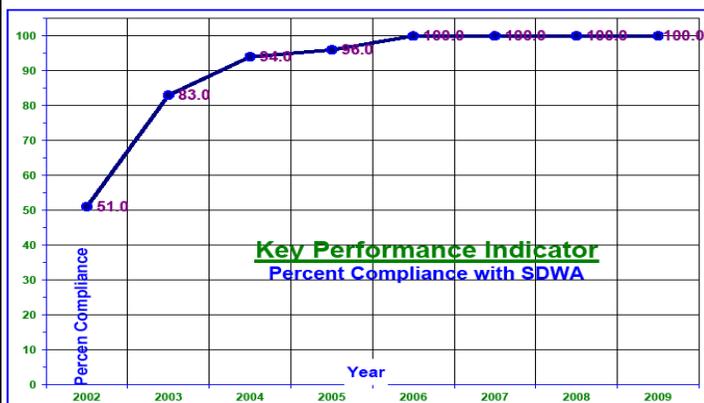
Safe & Reliable Water

Since 2006, GWA has complied with the Safe Drinking Water Act standards.

Federal and Guam laws require testing of our drinking water for many different types of contaminants. The results of these tests performed on over 12,000 samples collected over the year, show that our water is safe to drink.

Chemicals are usually present in GWA's water at such low levels that they are usually not a problem. Treatment is necessary when amounts exceed the maximum contaminant level (MCL).

In November 2009, a boil water notice was issued for two days for Agana Heights due to a cracked vacuum hose leading to the chlorination system.



Stipulated Order for Preliminary Relief

In June 2003, the US Department of Justice and USEPA, GWA and the government of Guam negotiated a Stipulated Order for Preliminary Relief; Civil Case No. 02-0035 (SO).

GWA, under USEPA oversight, took on a broad initiative to restore facilities, provide safe, reliable service, and meet all regulations. The SO contains 14 sections with 74 subsections requiring 56 deliverable actions with supporting documentation and other administrative procedures for open communication, amendment, and penalties/remedies for GWA's failure to timely comply.

As of 2009, six deliverables are delayed but in progress and four are recurring activities giving GWA an **89.3%** compliance rating.

Leak Detection

GWA completed the first year of a leak detection program which included over 1,000 hours of classroom and on-the-job training.

- Identified 3,494 leak points.
- Identified 5,031,086 gallons of leaks along 600 miles of pipe.

	Leaks		
	Found	Repaired	Pending
Total	3,494	2,149	1,345
By millions gals day	5,031,360	3,094,560	1,936,800
Percentage	100%	62%	38%

Water sources	Production in MGD
Deep wells	36,600,000
Ugum	2,090,322
Navy purchases	4,310,000
Total production	43,000,322
Leaks found (millions gals day)	5,031,360
% leaks found of total production	12%

Water Purchases and Production (in kilogallons)

Consumption (in kilogallons)

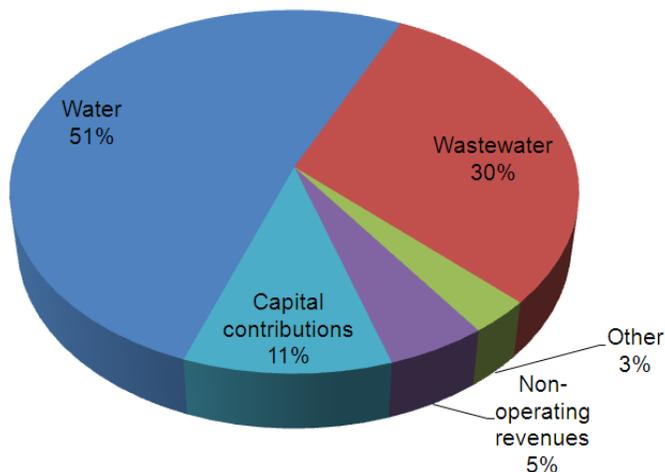
Water Source	FY 2007	FY 2008	FY 2009	% change FY09 vs. FY08
Navy purchases	1,314,913	1,317,469	1,303,563	-1.1%
GWA production	14,521,118	14,240,504	14,056,366	-1.3%
Total	15,836,031	15,557,973	15,359,929	-1.3%

Description	FY 2007	FY 2008	FY 2009	% change FY09 vs. FY08
Water consumption	6,634,892	6,446,236	5,979,271	-7.2%
Water customers	38,555	39,014	39,691	1.7%
Wastewater consumption	4,475,791	4,383,063	4,647,127	6.0%
Wastewater customers	23,287	23,771	24,225	1.9%

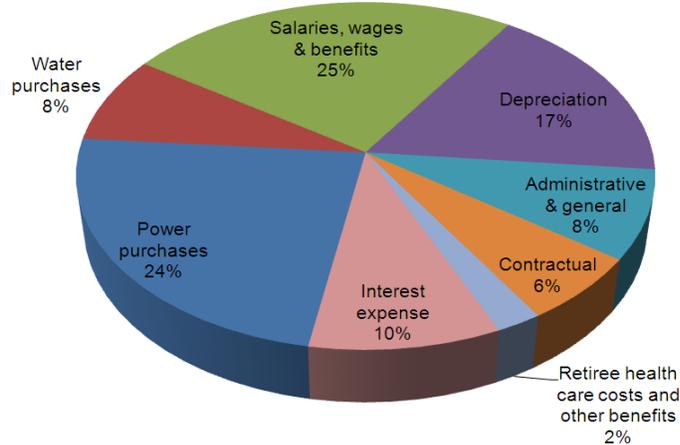
Financial Report

For the first time in four years, GWA ended the year with positive net earnings increasing net assets by \$1.7 million (M) compared to a \$400,000 decrease in FY 2008.

FY 2009 Revenues



FY 2009 Expenses



FY 2009 Primary Sources of Revenue

	FY 07	FY 08	FY 09	% change FY09 vs. FY08
Operating revenues:				
Water	\$ 31,705,832	\$ 35,139,785	\$ 33,580,185	-4.4%
Wastewater	15,336,312	17,015,790	19,665,976	15.6%
Other	(179,417)	187,143	2,006,111	972.0%
Non-operating revenues	4,663,991	4,775,151	3,260,545	-31.7%
Capital contributions	1,656,861	3,358,462	6,805,460	102.6%
Total	\$ 53,183,579	\$ 60,476,331	\$ 65,318,277	8.0%

- Operating revenues increased due to increased services to federal customers.
- Water and wastewater revenues increased due to increased consumption by federal customers. Other customer classes decreased consumption.
- Capital contributions increased mainly due to increased federal grants.

FY 2009 Major Expense Categories

	FY 07	FY 08	FY 09	% change FY09 vs. FY08
Operating expenses:				
Power purchases	\$ 11,914,539	\$ 14,631,816	\$ 14,971,119	2.3%
Water purchases	2,820,954	4,413,377	5,167,856	17.1%
Salaries, wages, & benefits	13,424,470	15,286,063	15,870,652	3.8%
Depreciation	9,748,542	10,677,756	10,952,902	2.6%
Administrative & general	5,162,451	4,184,736	5,267,571	25.9%
Contractual	4,141,397	3,874,734	3,969,699	2.5%
Retiree health care costs and other benefits	888,663	1,617,355	1,428,843	-11.7%
Interest expense	6,266,080	6,213,246	6,018,059	-3.1%
Total	54,367,096	60,899,083	63,646,701	4.5%



An independent audit was conducted by Deloitte & Touche LLP, resulting in an unqualified (clean) opinion. The Office of the Public Accountability released GWA's audited financial statements on April 19, 2010.

For more information on the audited report, please visit www.guamwaterworks.org.

Looking Forward

Regardless of what Guam's exciting future will bring, we all agree that we always want clean safe drinking water while we protect all our natural resources for future generations.

It has been a very busy year at your Guam Waterworks Authority as we worked hard to make continued progress in 2009, despite numerous challenges which have plagued the authority for years. Dealing with these challenges and improving GWA continues to be a priority.



Military Build-up

We remain very engaged in negotiations with the Department of Defense and the federal government with regards to the proposed military buildup.

We continue to insist that the federal government pays for the impacts of the buildup, both direct and indirect, without burdening GWA ratepayers.

If sufficiently and timely funded, the Final Environmental Impact Statement's (FEIS) preferred solutions are achievable and can provide benefits for existing and future utility customers.

Insufficient and untimely funding will result in the inability to permit construction of facilities needed to commence the buildup.

The Final Environmental Impact Statement proposes over \$400 million to upgrade wastewater treatment plants including secondary treatment. However, it is not yet determined how funding assistance will be provided.

"Investing in Better Water, Better Lives"

We are implementing the next phase of our Master Plan, investing \$300M over the next five years to upgrade our water and wastewater systems island-wide. Every village from Yigo to Malesso will see improved services to better protect our environment. GWA is "Investing in Better Water, Better Lives."

GWA's financial rate plan conceptualizes the roadmap for financial stability addressing investments, funding, performance standards, short and long term debt, and rate increases.



A system development charge will be assessed on new development and building expansions, bringing a welcome relief to competing requests for our limited resources.

The number of certified technical professionals at GWA continues to increase dramatically, providing improved service from better trained professionals.

We are beginning to implement the recommendations of GWA's first comprehensive management audit to improve GWA service, performance, and efficiencies.



We would like to hear from you! Let us know what information you would like to see in this report. Please contact Director of Communications and Public Relations, Heidi Ballendorf at (671) 647-2603, email heidi@guamwaterworks.org or visit GWA's website at www.guamwaterworks.org.