



BEFORE THE PUBLIC UTILITIES COMMISSION

IN RE: REVIEW OF CONTRACT)
FOR IMPLEMENTATION)
AND INTEGRATION)
SERVICES FOR)
TERMINAL OPERATING)
SYSTEM)

PAG DOCKET 15-02

ORDER

INTRODUCTION

This matter came before the Guam Public Utilities Commission (the “PUC”) pursuant to the May 5, 2015 Petition for review and approval of the G4S Security Systems (Guam) Inc. (“G4S”) contract related to the Implementation and Integration Services for its Terminal Operating System (“Petition”), filed by the Jose D. Leon Guerrero Commercial Port, Port Authority of Guam (“PAG” or the “Port”). PAG seeks the PUC’s review, ratification and approval of its services contract with G4S.

DETERMINATIONS

On July 10, 2013, PAG issued a Request for Proposal (“RFP”) to solicit services related to the implementation and integration of a Terminal Operating System (“TOS”).¹ The project was proposed as a five (5) year service contract, which also involved tasking of work in phases through Task Orders.² According to PAG, the initial Task Order was designed to produce a detailed business analysis that would include the proposal of a TOS, a proposed financial approach, as well as phases of implementation.³

¹ Petition, p. 1.

2 Petition, p. 1.

³ Petition, p. 1.

The implementation phases, as well as the other phases of the project, would be subject to the issuance of subsequent Task Orders, approved by the Port.⁴

The firm sought under the RFP would be required to help PAG transition its current operating practices to “a modern automated system that will have a direct interaction and work protocols with external stakeholders such as the shipping lines, truckers and Customs.”⁵ The selected firm would also be required to furnish the support or any hardware or software required for the implementation of the proposed TOS.⁶

Two firms submitted proposals in response to the RFP, which were evaluated by PAG’s procurement team.⁷ PAG’s procurement team thereafter determined G4S to be the highest ranked and most qualified firm to perform the services.⁸ On February 17, 2014, PAG’s Board of Directors approved the contract award to G4S, and approved the initial Task Order at a cost of \$106,637.00.⁹

On May 16, 2014, G4S submitted its initial proposal for Task Order No. 2 at a total proposed cost of \$6,798,895.30, presenting NAVIS SPARCS N4 License as a TOS.¹⁰ After negotiations between PAG and G4S, Task Order No. 2, which has triggered the instant regulatory review, was negotiated at a cost of \$4,135,112.36.¹¹ Task Order No. 2 involves system development; testing and training; implementation and system

⁴ Petition, p. 1.

⁵ Petition, p. 1.

⁶ Petition, p. 1.

⁷ Petition, p. 1.

⁸ Petition, p. 1.

⁹ Petition, p. 1.

¹⁰ Executive Summary Re: Task Order No. 2, Board of Directors Special Meeting, p. 1 (May 13, 2015).

¹¹ Petition, p. 2.

transition.¹² System development involves hardware, software, and network design; along with application design and build.¹³ On May 26, 2015, the Administrative Law Judge of the PUC (the “ALJ”) issued an ALJ Report detailing his review of the administrative record related to the services contract with G4S.

Pursuant to 12 G.C.A. §12004,¹⁴ PAG may not enter into any contractual agreements or obligations which could increase rates and charges without the PUC’s express approval. Additionally, pursuant to PAG’s current Contract Review Protocol, “[a]ll professional services contracts in excess of \$1,000,000” “shall require prior PUC approval under 12 G.C.A. §12004.”¹⁵

According to PAG, the initial Task Order required G4S to produce a detailed business analysis that would include the proposal of a TOS, a proposed financial approach, as well as phases of implementation.¹⁶ With respect to Task Order No. 2, G4S would assist PAG with the system development of TOS; to include testing and training; implementation and system transition.¹⁷ Such system development includes hardware, software, and network design; as well as the application design and build.¹⁸

Pursuant to the RFP and the current contract, G4S is required to complete the project within five (5) years, beginning on the effective date indicated on Task Order No. 1.¹⁹

¹² Petition, p. 1.

¹³ Petition, p. 1.

¹⁴ Renumbered as 12 G.C.A. § 12105.

¹⁵ Contract Review Protocol, PAG Docket 09-01, p. 1 (June 20, 2011).

¹⁶ Petition, p. 1.

¹⁷ Petition, p. 1.

¹⁸ Petition, p. 1.

¹⁹ RFP, p. 14; Contract between PAG and G4S, p. 2.

As indicated by PAG, Task Order No. 1 cost PAG \$106,637.00. Task Order No. 2 will cost PAG \$4,135,112.36.²⁰ The following is a breakdown of the costs associated with Task Order No. 2: \$1,944,648.11 for Navis TOS license, which includes program installation, training, customization, configuring, commissioning, and testing; \$621,561.60 for five (5) year license maintenance, service, and technical support; and \$1,568,902.65 for labor, materials, and equipment (such as network service, servers, etc.).²¹

According to PAG, Task Order No. 2 will be funded as follows: \$500,000.00 will be funded under the CIP Account budgeted for FY2015; \$1,000,000.00 will be funded from the \$10 million SLE loan; and \$2,635,112 will be budgeted and funded from the CIP for FY2016 and 2017.²²

Resolution No. 2015-02 indicates that PAG's Board of Directors approved the contract award to G4S, as well as the issuance of \$106,637.00 for the initial Task Order, during its February 17, 2014 meeting.²³ In addition, the Resolution approved the amount of \$4,135,112.36 for Task Order No. 2, and authorized PAG management to petition the PUC for review and approval of this particular Task Order.²⁴

The ALJ found that it was critical to PAG's operations that it upgrade its operating practices to "a modern automated system that will have a direct interaction and work protocols with external stakeholders such as the shipping lines, truckers and

²⁰ Petition, p. 2; PAG Board of Directors' Resolution No. 2015-02, p. 1 (May 13, 2015).

²¹ Petition, p. 2; *See also* PAG Board of Directors' Resolution No. 2015-02, p. 1 (May 13, 2015).

²² Executive Summary Re: Task Order No. 2, Board of Directors Special Meeting, p. 2 (May 13, 2015).

²³ PAG Board of Directors' Resolution No. 2015-02, p. 1 (May 13, 2015).

²⁴ PAG Board of Directors' Resolution No. 2015-02, p. 1 (May 13, 2015).

Customs.”²⁵ Accordingly, the ALJ recommended that the PUC ratify the current contract ~~with~~ with G4S, and approve Task Order No. 2 at a cost of \$4,135,112.36. The ALJ further recommended that the PUC require PAG to return to the PUC, for prior approval, for any remaining Task Orders that exceed \$1 million under this particular contract.

The Commission hereby adopts the findings made in the May 26, 2015 ALJ Report, and therefore, issues the following:

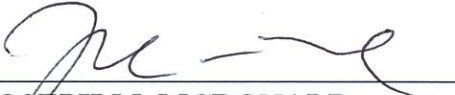

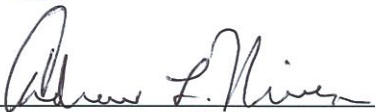
ORDERING PROVISIONS

Upon careful consideration of the record herein, and for good cause shown, on motion duly made, seconded and carried by the affirmative vote of the undersigned Commissioners, the Commission hereby ORDERS the following:

1. That PAG’s current contract with G4S is hereby RATIFIED, and Task Order No. 2 is APPROVED at a cost of \$4,135,112.36;
2. PAG shall request prior PUC approval for any remaining Task Orders that exceed \$1 million under this particular contract;
3. PAG is ordered to pay the PUC’s regulatory fees and expenses, including and without limitation, consulting and counsel fees, and the fees and expenses associated with this docket. Assessment of the PUC’s regulatory fees and expenses is authorized pursuant to 12 G.C.A. §§ 12002(b) and 12024(b) (renumbered as 12 G.C.A. §§ 12103(b) and 12125(b)), and Rule 40 of the Rules of Practice and Procedure before the PUC.

²⁵ Petition, p. 1.

SO ORDERED this 28th day of May, 2015.


JEFFREY C. JOHNSON
Chairman
JOSEPH M. MCDONALD
Commissioner
ROWENA E. PEREZ
Commissioner
FILOMENA M. CANTORIA
Commissioner
MICHAEL A. PANGELINAN
Commissioner
PETER MONTINOLA
Commissioner
ANDREW L. NIVEN
Commissioner

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