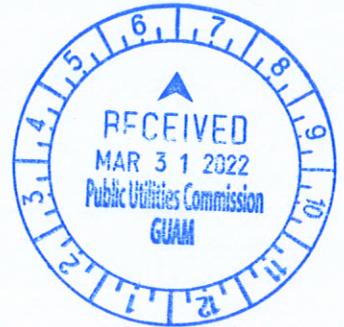


BEFORE THE PUBLIC UTILITIES COMMISSION

**PETITION FOR APPROVAL OF
AWARD TO JJ GLOBAL SERVICES
FOR THE CONSTRUCTION
AND REPAIR AND UPGRADE OF
THE EQMR BUILDING BY PORT
AUTHORITY OF GUAM**

PAG DOCKET 22-03

ORDER



INTRODUCTION

This matter comes before the Guam Public Utilities Commission (the “PUC”) pursuant to the March 2, 2022 Petition for review and approval of the contract related to repairing and upgrading the EQMR Building with JJ Global Services (the “Petition”), filed by the Jose D. Leon Guerrero Commercial Port, Port Authority of Guam (hereinafter referred to either “PAG” or the “Port”).

On March 28, 2022, the Administrative Law Judge of the PUC (the “ALJ”) assigned to this matter filed an ALJ Report that included his findings and recommendations based on the administrative record before the PUC. The ALJ found the following.

DETERMINATIONS

Back in 2018, PAG issued revenue bonds in order to secure funding for its modernization projects, which include the renovation of its Equipment, Maintenance and Repair Building (“EQMR Building”). On November 3, 2021, PAG issued and published Invitation for Bid No. IFB-PAG-CIP021-010 (hereinafter referred to as the “IFB”), which sought the services of a contractor to complete repairs and upgrades to the EQMR

Building.¹ In response to the IFB, two contractors submitted bids.² According to PAG, JJ Global Services (“JJ Global”) was the lowest responsible and responsive bidder with a bid of Three Million Nine Hundred Eighty Thousand Dollars (\$3,980,000.00).³ On February 10, 2022, PAG issued a Notice of Intent to Award the contract to JJ Global.⁴ On February 24, 2022, PAG’s Board of Directors issued Resolution No. 2022-05, which approved PAG’s contract award to JJ Global and authorized PAG to petition the PUC for review and approval of the subject contract.⁵

1. PAG’s Contract Review Protocol

Pursuant to 12 G.C.A. §12105, PAG may not enter into any contractual agreements or obligations which could increase rates and charges without the PUC’s express approval. Accordingly, pursuant to PAG’s current Contract Review Protocol, “[a]ll professional services contracts in excess of \$1,000,000” and “[a]ll externally funded loan obligations and other financial obligations, such as lines of credit, bonds, etc., in excess of \$1,000,000, and any use of such funds” “shall require prior PUC approval” Contract Review Protocol, PAG Docket 09-01, p. 1 (June 20, 2011). The subject contract is rightfully before the Commission since the contract both exceeds \$1,000,000.00 and will be funded by bond revenues.

¹ Petition, p. 1 (Mar. 2, 2022).

² PAG Board Resolution No. 2022-05, p. 1 (Feb. 24, 2022).

³ Petition, p. 1 (Mar. 2, 2022).

⁴ Petition, p. 1 (Mar. 2, 2022).

⁵ PAG Board Resolution No. 2022-05, p. 1 (Feb. 24, 2022).

2. Scope of Work and Proposed Contract

a. Scope of Work

The project is focused on repairing and upgrading the EQMR Building, which is 24,000 square feet and was constructed back in 1968.⁶ This building houses PAG's Maintenance & Repair and Supply Management staff.⁷ Generally, the scope of work involves structural repairs to existing cracks and spalls that affect the overall structural integrity of the building.⁸ The project also involves renovations that will provide new office spaces, as well as upgrades to the building, which include fire protection, electrical and IT systems that will meet code requirements.⁹

Specifically, the scope of work is comprised of nine areas: (1) administrative; (2) structural; (3) architectural; (4) mechanical; (5) plumbing; (6) fire protection; (7) communication; (8) electrical; and (9) commissioning and testing (close-out).¹⁰ For instance, the contractor is tasked with painting the exterior and interior walls of the building, including beams and columns; and applying Elastomeric silicone coating on the roof.¹¹

Other tasks include removing and replacing metal downspouts and roof drains; repairing vents and skylights; removing and repairing doors; removing and installing a new

⁶ IFB, p. 4.

⁷ IFB, p. 4.

⁸ IFB, p. 4.

⁹ *See*, IFB, p. 4.

¹⁰ IFB, p. 40.

¹¹ IFB, p. 80.

chain-link fence and gate; and removing and replacing existing stair access to the Engineering Office.¹² The contractor is also tasked with renovating the existing Facility Maintenance offices, supply office, and storage area, as well as the Mechanical Supervisor office and tool room; building new lounge rooms and metal stair access to the mezzanine offices; building new office spaces, data room, and restroom, just to name a few.¹³

The contractor is responsible for all structural repairs as well, which include: repairing cracks and spalls along walls, roof slabs, beams, columns, and other reinforced concrete.¹⁴ It must also build a new mezzanine floor for the office spaces with steel beams support, wood floor joists, and fire rated flooring system, and building stair access to the mezzanine area; install a chain link fence and gate for the new electrical rooms, among others.¹⁵

Some mechanical work includes the removal and disposal of existing HVAC systems in the supply and other offices, and the supply storage room; the installation of a new range hood in the kitchen, and the installation of a new high efficiency HVLS fan in woodwork and mechanic shop; and the installation of a dust collection system for the woodwork shop, oil management system for handling oil or lubricant at the mechanic shop; and the installation of new Energy Star-rated exhaust fans for the new mezzanine restrooms.¹⁶

¹² IFB, p. 80.

¹³ IFB, p. 80.

¹⁴ IFB, p. 80.

¹⁵ IFB, p. 81.

¹⁶ IFB, p. 81.

Plumbing for the EQMR Building will include the removal and disposal of the utility sinks and plumbing fixtures; the removal and disposal of existing showers; and the installation of new utility sinks, plumbing fixtures, water heaters, and emergency eye wash and showers, just to name a few.¹⁷

Regarding fire protection, the contractor is tasked with removing and replacing the existing fire sprinkler system; and the installation of a new fire alarm system.¹⁸ Regarding telecommunications, the contractor is tasked with the removal of telephone system conduits; the installation of a new data cabinet; and the provisioning of a security system (to include CCTV, access control, and a panic alarm).¹⁹

The electrical work will include the removal and replacement of underground feeder cables to the EQMR building; the removal and replacement of electrical panels, transformers, switches, conduits, feeders, power supply, lighting and appurtenances; and to provide backup power to minimize downtime during the construction.²⁰ Work for closing-out the project will include the disposal of all debris and trash to appropriate disposal sites.²¹

¹⁷ IFB, pp. 81-82.

¹⁸ IFB, p. 82.

¹⁹ IFB, p. 82.

²⁰ IFB, p. 82.

²¹ IFB, pp. 82-83.

As is regularly the case, the contractor will be subject to liquidated damages (of \$1,000.00) for each calendar day the work remains incomplete after five hundred and forty (540) days from the date of the Notice to Proceed.²²

Other provisions of the IFB include the following: “[a]ll material and equipment must conform to applicable standards of organizations such as the American National Standard Institute (ANSI), the American Society for Testing and Materials (ASTM), the National Manufacturers Association (NEMA), and the Underwriters Laboratories (UL).”²³ Further, “[a]ll materials and equipment required to complete the project shall be furnished by the Contractor.”²⁴ In addition, the Port may terminate or modify the contract based simply on the lack of funding.²⁵

b. Contract Term, Cost and Funding

Pursuant to the terms of the agreement, the contractor is required to complete its services within Five Hundred and Forty (540) Calendar Days from the issuance of a Notice to Proceed by the Port.

According to PAG, the total cost of the repairs and upgrades under the contract is \$3,980,000.00.²⁶ This particular project was expressly identified as a bond-funded project, which was approved by the PUC and the Guam Legislature.

²² IFB, pp. 33, 60.

²³ IFB, p. 34.

²⁴ IFB, p. 34.

²⁵ IFB, p. 62.

²⁶ Petition, p. 1 (Mar. 2, 2022).

PAG submitted that this contract is necessary in order to prevent further deterioration of the building and to eradicate the risk of concrete shedding and falling from its structures; and, therefore, to ensure a safe working environment for the port's maintenance and operations personnel, as well as for its tenants and users; and will bring the building structures in compliance with the Uniform Building Code.²⁷

RECOMMENDATION AND CONCLUSION

Based on the documentation provided, the ALJ found that this contract is indeed necessary to prevent further deterioration of the building and eradicate the risk of concrete shedding and falling from its structures. It will also ensure a safe working environment for the Port's maintenance and operations personnel, as well as for its tenants and users; and will bring the building structures in compliance with the Uniform Building Code.

The use of bond revenue is appropriate since this particular project was expressly identified as a bond-funded project, which was approved by the PUC and the Guam Legislature. Indeed, the Guam Legislature expressly found that in order for the Port to "increase capacity, execute infrastructure development, and undertake Port expansion to meet the community's needs," it needs to repair its EQMR Building. Accordingly, the Guam Legislature approved PAG's issuance of system revenue bonds for the purpose of funding such a project, among others. *See* P.L. 34-70, p. 2 (Dec. 5, 2017).

Based on the record before the Commission, the ALJ found that the subject contract appears to have undergone Guam's competitive bidding process; and that the contract is necessary to the Port's expansion and modernization. Accordingly, the ALJ

²⁷ PAG Legal Review, p. 1.

recommended that the PUC approve the proposed contract with JJ Global Services, at a cost of \$3,980,000.00.

The Commission hereby adopts the findings in the February 21, 2022 ALJ Report and therefore issues the following.

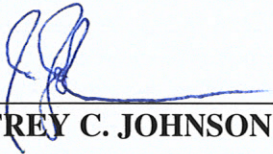
ORDERING PROVISIONS


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:

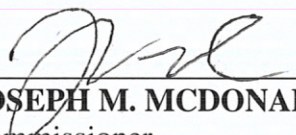
1. That the instant Petition is hereby APPROVED.
2. PAG is authorized to enter into the proposed contract with JJ Global Services for construction services to repair and upgrade the EQMR Building; and at a cost of \$3,980,000.00.
3. PAG is ordered to pay the PUC's regulatory fees and expenses, including and without limitation, consulting and counsel fees, and the fees and expenses associated with this matter. Assessment of the PUC's regulatory fees and expenses is authorized pursuant to 12 G.C.A. §§12103(b) and 12125(b), and Rule 40 of the Rules of Practice and Procedure before the PUC.

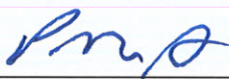
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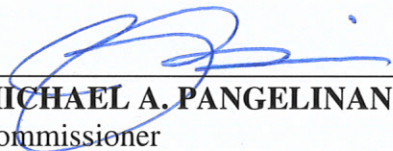
SO ORDERED this 31st day of March, 2022.



JEFFREY C. JOHNSON
Chairman

ROWENA E. PEREZ-CAMACHO
Commissioner

JOSEPH M. MCDONALD
Commissioner

PEDRO GUERRERO
Commissioner

MICHAEL A. PANGELINAN
Commissioner

PETER MONTINOLA
Commissioner

DORIS FLORES BROOKS
Commissioner

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