



# COMMITTEE ON RULES

*I Mina'trentai Dos na Liheslaturan Guåhan* • The 32nd Guam Legislature  
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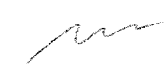
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Senator  
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Member

March 29, 2013

## Memorandum

**To:** **Rennae Meno**  
*Clerk of the Legislature*

**From:** **Senator Rory J. Respicio**   
*Chairperson, Committee on Rules*

**Subject:** **Fiscal Notes**

*Hafa Adai!*

Attached please find the fiscal notes for the bill numbers listed below. Please note that the fiscal notes, or waivers, are issued on the bills as introduced.

### FISCAL NOTES:

Bill Nos.: 03-32 (LS), 06-32 (LS), 30-32 (COR), 31-32 (COR), 54-32 (COR), 61-32 (COR), 56-32 (COR), and 66-32 (COR)

### WAIVERS:

Bill Nos.: 46-32 (LS)

Please forward the same to MIS for posting on our website. Please contact our office should you have any questions regarding this matter.

*Si Yu'os ma'åse'!*

2013 APR -1 AM 8:30

**BUREAU OF BUDGET & MANAGEMENT RESEARCH**OFFICE OF THE GOVERNOR  
Post Office Box 2950, Hagåtña Guam 96932EDDIE BAZA CALVO  
GOVERNORJOHN A. RIOS  
DIRECTORRAY TENORIO  
LIEUTENANT GOVERNOR

MAR 28 2013

Senator Rory J. Respicio  
Chairperson, Committee on Rules  
I Mina'trentai Unu na Liheslaturan Guåhan  
The 31<sup>st</sup> Guam Legislature  
155 Hesler Place  
Hagåtña, Guam 96932

*Hafa Adai* Senator Respicio:

Transmitted herewith is Fiscal Note on the following Bill Nos.: 03-32(LS), 06-32(LS), 30-32(COR), 31-32(COR), 54-32(COR), 61-32(COR), 66-32(COR) and Fiscal Note Waiver on the following Bill Nos.: 46-32(LS).

If you have any question(s), please do not hesitate to call the office at 475-9412/9106.

JOHN A. RIOS  
Director

Enclosures

cc: Senator Vicente (ben) Pangelinan

**Bureau of Budget & Management Research  
Fiscal Note of Bill No. 3-32(LS)**

**AN ACT TO ADD A NEW CHAPTER 82 TO TITLE 12 OF THE GUAM CODE ANNOTATED; RELEVANT TO AUTHORIZING CERTAIN CONTRACTUAL ARRANGEMENTS FOR PUBLIC PRIVATE PARTNERSHIPS IN ORDER TO MOBILIZE PRIVATE RESOURCES FOR THE PURPOSE OF FINANCING THE CONSTRUCTION, OPERATION AND MAINTENANCE OF INFRASTRUCTURE AND DEVELOPMENT PROJECTS NORMALLY FINANCED AND UNDERTAKEN BY THE GOVERNMENT OF GUAM.**

Department/Agency Appropriation Information	
Dept./Agency Affected: Guam Economic Development Authority	Dept./Agency Head: Henry Taitano, Acting Administrator
Department's General Fund (GF) appropriation(s) to date:	-
Department's Other Fund (Specify) appropriation(s) to date:	-
<b>Total Department/Agency Appropriation(s) to date:</b>	<b>\$0</b>

Fund Source Information of Proposed Appropriation			
	General Fund:	(Specify Special Fund):	Total:
FY 2012 Unreserved Fund Balance <sup>1</sup>		\$0	\$0
FY 2013 Adopted Revenues	\$0	\$0	\$0
FY 2013 Appro. (P.L. 31-233)	\$0	\$0	\$0
Sub-total:	\$0	\$0	\$0
Less appropriation in Bill	\$0	\$0	\$0
<b>Total:</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Estimated Fiscal Impact of Bill						
	One Full Fiscal Year	For Remainder of FY 2013 (if applicable)	FY 2014	FY 2015	FY 2016	FY 2017
General Fund	\$0	\$0	\$0	\$0	\$0	\$0
(Specify Special Fund)	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

- Does the bill contain "revenue generating" provisions? /x/ Yes    // No  
If Yes, see attachment
- Is amount appropriated adequate to fund the intent of the appropriation? /x/ N/A    // Yes    // No  
If no, what is the additional amount required? \$ \_\_\_\_\_ /x/ N/A
- Does the Bill establish a new program/agency? /x/ Yes    // No  
If yes, will the program duplicate existing programs/agencies? // N/A    /x/ Yes    // No  
Is there a federal mandate to establish the program/agency? // Yes    /x/ No
- Will the enactment of this Bill require new physical facilities? // Yes    /x/ No
- Was Fiscal Note coordinated with the affected dept/agency? If no, indicate reason: // Yes    /x/ No  
// Requested agency comments not received as of the due date    // Other: Shortness of time.

Analyst:  Date: 3-22-13 Director:  Date: 3-29-13  
John AB Pangasinan, Acting Deputy Director      John A. Rios, Director

Footnotes:  
Please see attached comment sheet.

### Comments on Bill No. 3-32

This proposed legislative bill is seeking to create a new program to be administered by the Guam Economic Development Authority (GEDA) for the development and implementation of a Public Private Partnership program. This basically having private developers or corporations build, manage or turnkey infrastructures needed by the Government of Guam with cost reimbursed with reasonable return on investment to participants. Such proposal has identified options available that could be applied by government agencies and departments that are in need of new infrastructures or the rehabilitation of exiting infrastructures. The proposal also implies that staffing will be needed to carry-out such mandates if passed. Additionally, a special revolving specific to this proposed program be developed to ensure funding available to carry out initial activities related to the projects being implemented.

Before any project is issued, the GEDA Board must secure approval from the Legislature, pursuant to Section 820207 of this proposed legislation. Lastly under Section 820211 of this proposed legislation, the program is excluded from the Guam Procurement Law. Such procurement responsibilities are to be undertaken by the Pre-qualification, Bids and Awards Committee (PBAC).

The potential fiscal impact of such a program is noted below:

1. There may be intermediate and long-term contractual debt associated with specific contractual arrangements that may impact the financial rating of the Government of Guam.
2. If passed, there will be an unfunded mandate to hire a professional staff procurement team and to fund other operational requirements. To illustrate this potential impact, the following budget is assumed:

a. Head of Agency	\$ 118,386 (estimated for salary/benefits)
b. Contract Administrator	\$ 78,924 (estimated for salary/benefits)
c. Administrative Assistant	\$ 23,197 (estimated for salary/benefits)
d. Buyer Supervisor II	\$ 65,770 (estimated for salary/benefits)
e. Clerk	\$ 15,785 (estimated for salary/benefits)
f. Contractual Services	\$ 60,000 (Est. for office and copying leases )
g. Supplies	\$ 1,000 (Estimated)
h. Utilities	\$ 15,000 (Est. for power, water, and tel.)
i. Equipment	\$ <u>45,000</u> (Vehicle and other equipment)
j. Total	\$ 423,062

3. The proposed legislation also creates a new Special Revenue Fund called, Project Development and Monitoring Fund (PDMF) to fund pre-investment activities which shall be funded from the 10% administrative fee that will be applied to the successful bidder under this program and from project development cost reimbursed by the Implementing Agency (IA). However, the initial upfront funding to start such special revenue fund will come by way of an appropriation request by the program administrator for FY 2014 and such funding request must be submitted to the Legislature no later than June 30, 2012. However, dollar amount for such Special

Revenue Fund has not been identified. Unless additional General Fund revenues is identified above the Governor's proposed revenue base for FY 2014, this proposed funding request may contribute to a possible unbalance of the FY 2014 Budget or may take needed funding from established departments and agencies of the Executive Branch.

Lastly, this bill is proposing to duplicate the contract administration process already in place for capital projects with the Department of Public Works, and also appears to be duplicating the procurement process in place with the understanding that the current procurement law will not apply to projects under the umbrella of the Pre-qualification, Bids and Award Committee.