

Office of the Governor of Guam

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Felix Perez Camacho Governor

Kaleo Scott Moylan
Lieutenant Governor

DEC 0 3 2004

Visite of the beautiful with

The Honorable Vicente C. Pangelinan Speaker Mina' Bente Siete Na Liheslaturan Guåhan 155 Hessler Street Hagåtña, Guam 96910

Dear Mr. Speaker:

Transmitted herewith is Bill No. 307 (COR), "AN ACT RELATIVE TO THE ESTABLISHMENT OF THE 'GOVERNMENT OF GUAM PROCUREMENT REVIEW COMMISSION', WHICH SHALL BE TASKED WITH THE COMPREHENSIVE EVALUATION OF THE GOVERNMENT'S PROCUREMENT PROCESS AND PROVIDE RECOMMENDATIONS FOR CHANGES THAT WILL RESULT IN STREAMLINING WHILE ENSURING ACCOUNTABILITY, TRANSPARENCY, FAIRNESS, AND TIMELINESS, AND MOST IMPORTANTLY ENSURE GREATER INTEGRITY IN THE GOVERNMENT OF GUAM'S PROCUREMENT PROCESS," which I signed into law on December 2, 2004 as **Public Law No. 27-119**.

<u>Sinseru yan Magåhet,</u>

FELIX P. CAMACHO

I Maga'låhen Guåhan

Governor of Guam

anvelis

Attachment: copy attached of signed bill

cc: The Honorable Tina Rose Muna-Barnes Senator and Legislative Secretary



MINA' BENTE SIETE NA LIHESLATURAN GUÅHAN

TWENTY-SEVENTH GUAM LEGISLATURE 155 Hessler Place, Hagåtña, Guam 96910

November 26, 2004

The Honorable Felix P. Camacho I Maga'lahen Guåhan Ufisinan I Maga'lahi Hagåtña, Guam 96910

Dear Maga'lahi Camacho:

Transmitted herewith are Bill Nos. 126(COR), 251(COR), 257(LS), 259(LS), 283(COR), 293(COR), 307(COR), 335(COR), 344(LS), 345(LS), 347(LS), 351(COR), 380(COR), 385(COR) & 387(COR), and Substitute Bill Nos. 282(COR), 290(COR), 324(COR) & 353(COR) which were passed by *I Mina' Bente Siete Na Liheslaturan Guåhan* on November 24, 2004.

Sincerely,

TINA ROSI MUNA BARNES

Senator and Legislative Secretary

Enclosures (19)

I MINA'BENTE SIETE NA L. 1HESLATURAN GUÅHAN 2004 (SECOND) Regular Session

CERTIFICATION OF PASSAGE OF AT ACT TO I MAGA'LAHEN GUAHAN

This is to certify that Bill No. 307 (COR), "AN ACT RELATIVE TO THE **ESTABLISHMENT** THE **'GOVERNMENT** OF **OF GUAM** PROCUREMENT REVIEW COMMISSION', WHICH SHALL BE TASKED COMPREHENSIV E **EVALUATION OF** THE PROCUREMEN T **PROCESS GOVERNMENT'S** AND **PROVIDE** RECOMMENDATIONS FOR CHANGES THAT WILL RESULT IN STREAMLINING WHILE **ENSURING** ACCOUNTABILITY. TRANSPARENCY, FAIRNESS, AND TIMELINESS, MOST AND **ENSURE** GRE ATER **INTEGRITY** IN IMPORTANTLY THE GOVERNMENT OF GUAM'S PROCUREMENT PROCESS," was on the 24th day of November, 2004, duly and regularly passed.

•	
	vicente (ben) c. pangelinan
Attested:	Speaker
Tina Rose Muna Barnes Senator and Legislative Secretary	•
Senator and Degislative Secretary	
This Act was received by I Maga'lahen Guah	zan this 26 % day of November, 2004,
at <u>5:05</u> o'clock <u>P</u> .M.	♦
	/ Luley &
	Assistant Staff Officer Maga'lahi's Office
APPROVED	(
Cfamochs	
FELIX P. CAMACHO	
I Maga'lahen Guåhan	

Date: December 2, 2004

Public Law No. __27-119

I MINA'BENTE SIETE NA LIHESLATURAN GUÅHAN 2004 (SECOND) Regular Session

Bill No. 307 (COR)

As amended.

Introduced by:

F. B. Aguon, Jr.
T. R. Muña Barnes
J. M. Quinata
J. M.S. Brown
F. R. Cunliffe
Carmen Fernandez
Mark Forbes
L. F. Kasperbauer
R. Klitzkie
L. A. Leon Guerrero
J. A. Lujan
v. c. pangelinan
R. J. Respicio
Toni Sanford
Ray Tenorio

AN ACT RELATIVE TO THE ESTABLISHMENT OF THE "GOVERNMENT OF GUAM PROCUREMENT REVIEW COMMISSION", WHICH SHALL BE TASKED WITH THE **COMPREHENSIVE EVALUATION OF** THE **GOVERNMENT'S PROCUREMENT PROCESS** AND PROVIDE RECOMMENDATIONS FOR CHANGES THAT WILL RESULT IN STREAMLINING WHILE ENSURING ACCOUNTABILITY, TRANSPARENCY, FAIRNESS, AND TIMELINESS, AND MOST IMPORTANTLY **ENSURE** GREATER INTEGRITY IN THE GOVERNMENT GUAM'S PROCUREMENT PROCESS.

BE IT ENACTED BY THE PEOPLE OF GUAM:

Section 1. Legislative Findings and Intent. I Liheslaturan Guåhan finds that in recent years concerns have been raised by members in the community about the need to review the Government of Guam's procurement process, with the intent of updating the system to incorporate ever-changing technological advancements which will result in cost-savings and increased timeliness in the procurement process for the benefit of the Government of Guam and the people and businesses that would like to participate in the procurement of government services or the receipt of government contracts.

I Liheslaturan Guåhan further finds that the government's procurement laws and regulations have been amended over the years through a piecemeal approach, thus at times causing confusion and making it difficult for agencies to appropriately apply relevant provisions in its implementation. The intent of this proposal is to comprehensively review the entire government's procurement process, and to present necessary suggestions toward its overall enhancement.

Therefore, this provision would establish the "Government of Guam Procurement Review Commission" for the express purpose of conducting a study of the government's existing procurement process, and to recommend changes that will enhance the system, and which will result in timeliness, accountability, and transparency. Upon the conclusion of the study, it is critical that the findings and recommendations of the review commission focus on improvements, and possibly a single mandate or regulation that will guide future activities throughout the Government of Guam, to include autonomous agencies and other entities within the government.

1	Sect	ion 2. Establishment of the Government of Guam Procurement
2	Review C	ommission. There is hereby established the Government of Guam
3	Procuremo	ent Review Commission (henceforth referred to as the
4	"Commiss	sion") which shall be tasked with the responsibility of reviewing the
5	governme	nt's procurement process, and developing recommendations to
6	enhance	and update the procurement process to ensure continual
7	accountab	ility, transparency and timeliness in the provision of such services
8	to the islan	nd community. Upon the conclusion of its review and findings, the
9	Commissi	on shall develop a written report to include, but not be limited to,
10	the follow	ing:
11	(a)	an overall analysis of the Government of Guam's existing
12		procurement process, its strengths and weaknesses;
13	(b)	recommendations to enhance the process, while ensuring
14		accountability, timeliness, and transparency;
15	(c)	review the procurement appeals process, and provide
16		recommendations for improvement;
17	(d)	recommendations that will include internal administrative
18		improvements and timelines for such implementation;
19	(e)	recommendations for changing or updating procurement rules
20		and regulations; and
21	(f)	recommendations for changing or updating procurement
22		mandates and laws necessary to enhance the process. Such
23		recommendations and changes shall include:
24		i. appropriate timelines for such changes to be
25		implemented;

1	ii.	any costs associated with the timely implementation of
2		such changes by appropriate government entities;
3	iii.	highlight the benefits that will be achieved as a result of
4		such changes;
5	iv.	suggestions for enhancing the procurement appeals
6		process with definitive timelines for appropriate
7		responses and decisions by respective participating
8		parties; and
9	v.	propose an educational, awareness and training program
10		for appropriate Government of Guam personnel and
l 1		members of the community.
12	Upon the fir	nal review of the Government of Guam's procurement
l3	process, and prior	to finalizing its written report, the Commission shall
14	present its prelimi	nary findings and recommendations to the community
15	through conducting	g a public hearing on such information, and to further
16	enable people in th	e community to provide suggestions for consideration by
l <i>7</i>	the Commission in	further enhancing its comprehensive written report and
18	findings.	
l9	Section 3.	Composition of the Government of Guam Procurement
20	Review Commissi	on. The Government of Guam Procurement Review
21	Commission shall b	e composed of not less than the following nine (9) members
22	and any additional	members deemed necessary by the Commission:
23	(a) the Dire	ector of the Department of Administration, or a designee;
24	(b) a repre	sentative of I Maga'lahi's office to be appointed by I
25	Maga'la	hen Guåhan;

1 (c) the Director of the Department of Public Works, or a designee 2 who shall be experienced in the agency's procurement activities, 3 to be appointed by the Director;

- (d) the Government of Guam's Chief Procurement Officer;
- 5 (e) the Public Auditor of Guam, or a designee;

- 6 (f) a representative from *I Liheslaturan Guåhan* to be appointed by the Speaker of *I Liheslaturan Guåhan*;
 - (g) two (2) representatives from the business community, to be appointed by *I Maga'lahen Guåhan*, from a list of names to be submitted by the Guam Chamber of Commerce or any other officially recognized organizations representing businesses in the community; and
 - (h) the President of the Mayors Council of Guam, or a designee who must also be a Mayor or Vice Mayor.
 - The Chairperson and Vice Chairperson of the Commission shall be elected by the Commission at its first meeting.
 - Section 4. Term and Vacancy on the Government of Guam Procurement Review Commission. The Government of Guam Procurement Review Commission members shall be selected, as applicable, and shall conduct its first official meeting no later than forty-five (45) days upon enactment of this Act. The Commission shall have no more than one hundred and eighty (180) days from the date of its first official meeting to complete its review of the government's procurement process and to prepare its findings in a comprehensive written report.

The members of the Commission shall serve for the duration of the 1 existence of the Commission. Any vacancy shall be filled in the same manner 2 as the original appointment or selection, but only for the balance of the term. 3 Commission members shall serve without compensation. The Commission 4 5 shall terminate upon the completion and transmittal of a comprehensive written report on its findings and recommendations of improving the 6 government of Guam's procurement process to I Maga'lahen Guahan and the Speaker of I Liheslaturan Guåhan.

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Provision for Administrative and Clerical Support. The Section 5. Department of Administration shall provide the administrative and clerical support necessary for the Government of Guam Procurement Review Commission to effectively carry out its mandated responsibilities as provided for in this Act.

Government of Guam agencies and instrumentalities shall extend their cooperation, assistance and support toward the efforts of the Commission in the performance of its duties and responsibilities.

Section 6. Severability. If any provision of this Law or its application to any person or circumstances is found to be invalid or contrary to law, such invalidity shall not affect other provisions or applications of this Law which can be given effect without the invalid provisions or applications, and to this end the provisions of this Law are severable.

TRANSMISSION CHECKLIST TO I MAGA'LAHEN GUAHAN (Included in File w/ All Bills Transmitted) BILL NO. 304 (Lok)

/					
U	EXHIBITS ATTACHED WM				
	CONFIRM NUMBER OF PAGES 6				
	CAPTION ON CERTIFICATION MATCHES BILL CAPTION				
	ENGROSSED SIGN"*" REMOVED FROM BILL				
4	15 SENATORS IN SPONSORSHIP OR CONFIRM OTHERWISE				
团人	CERTIFICATION SIGNED BY SPEAKER & LEGIS. SECRETARY				
V	EMERGENCY DECLARATION, if as	ny No			
	_				
Conf	firmed By: DP/G	Dated: 11-26-04			
FINA	L REVIEW:	Dated:			
	HAND CARRY BILL IN BLUEBACE	K (ORIGINAL & COPY)			
	TO THE GOVERNOR. (DANNY, I	OR OTHERS)			
	ACKNOWLEGED COPY W/ ORIGINAL BLUEBACK				
	PLACED ON CLERK'S DESK. (Sam	e copy given to ,			
	FILED by:				



FRANK B. AGUON, JR.

Vice Speaker

November 19, 2004

MEMORANDUM

The Honorable ben c. pangelinan Speaker, I Mina' Bente Siete Na Liheslaturan Guåhan 155 Hesler Street Hagåtña, Guam 96910

Via: Honorable Senator Lou Leon Guerrero, Committee on Rules & Health

Dear Speaker pangelinan:

The Committee on Appropriations and Budgeting, General Governmental Operations, Reorganization and Reform, to which was referred, Bill No. 307 (COR) - An act relative to the establishment of the "Government of Guam Procurement Process Review Commission", which shall be tasked with the comprehensive evaluation of the Government's procurement process and provide recommendations for changes that will result in streamlining while insuring accountability, transparency, fairness, and timelines; and most importantly ensure greater integrity in the Government of Guam's procurement process., has had the same under consideration, and now wishes to report back the same with the recommendation TO DO PASS.

r.

The voting record is as follows:

TO PASS	
NOT TO PASS	
TO ABSTAIN DUE TO POTENTIAL CONFLICT	Ø
TO PLACE IN INACTIVE FILE	<u>Ø</u>

Copies of the Committee Report and other pertinent documents are attached. Thank you for your attention to this matter. Dangkolo' Na Si Yu'os Ma'ase.

Respectfully,

ERANK BLAS AGUON, JR. Vice Speaker/Senator

Mina' Bente Sigle Na Liheslaturan Guåhan







FRANK B. AGUON, JR.

Vice Speaker

November 19, 2004

MEMORANDUM

TO:

Members, Committee on Appropriations and Budgeting, General Governmental

Operations, Reorganization and Reform

FROM:

Vice Speaker Frank B. Aguon, Jr.

Chairman, Committee on Appropriations and Budgeting, General Governmental

Operations, Reorganization and Reform

SUBJECT: Committee Report – Bill No. 307 (COR): An act relative to the establishment of the "government of Guam Procurement Process Review Commission", which shall be tasked with the comprehensive evaluation of the Government's procurement process and provide recommendations for changes that will result in streamlining while insuring accountability, transparency, fairness, and timelines; and most importantly ensure greater integrity in the Government of Guam's procurement process.

Transmitted herewith for your information and action is the report on Bill No. 307 (COR) from the Committee on Appropriations and Budgeting, General Governmental Operations, Reorganization and Reform.

This memorandum is accompanied by the following:

- 1. Committee Voting Sheet
- 2. Committee Report
- 3. Bill 307 (COR)
- 4. Public Hearing Sign-in Sheet
- 5. Notice of Public Hearing

Please take the appropriate action on the attached voting sheet. Your attention and cooperation in this matter is greatly appreciated.

Should you have any questions regarding the report or accompanying documents, please do not hesitate to contact me. Dangkolo' Na Si Yu'os Ma'ase.

Respectfully

FRANK BLAS AGUON, JF Vice Speaker/Senator

I Mina Bente-Siete Na Liheslaturan Guåhan







FRANK B. AGUON, JR.

Vice Speaker

Committee on Appropriations and Budgeting, General Governmental Operations, Reorganization and Reform VOTING SHEET

Bill 307: An act relative to the establishment of the "Government of Guam Procurement Process Review Commission", which shall be tasked with the comprehensive evaluation of the Government's procurement process and provide recommendations for changes that will result in streamlining while insuring accountability, transparency, fairness, and timelines; and most importantly ensure greater integrity in the Government of Guam's procurement process.

Committee	To Pass	Not to Pass	To Abstain due to potential	To place in Inactive
PRANK B. AGUOM R.			Conflict	File
ANTOINETTE D. SANFORD				
Vice Chair LOU LEON GUERRERO				
TINA R. MUÑA-BARNES				
JOHN M. WUINATA Member				
RORY J. RESPICIO	-			
CARMEN FERNANDEZ Member	1			
MARK FORBES Member			<u></u>	
LAWRENCE F. KASPERBAUER				





Vice Speaker

I MINA' BENTE SIETE NA LIHESLATURAN GUÅHAN

Committee on Appropriations and Budgeting, General Governmental Operations, Reorganization and Reform

VICE SPEAKER FRANK B. AGUON, JR. CHAIRMAN

Committee Report On Bill No. 307 (COR)

"AN ACT RELATIVE TO THE ESTABLISHMENT OF THE "GOVERNMENT OF GUAM PROCUREMENT PROCESS REVIEW COMMISSION". WHICH SHALL BE TASKED WITH THE COMPREHENSIVE EVALUATION OF THE **PROCESS GOVERNMENT'S** PROCUREMENT AND **PROVIDE** RECOMMENDATIONS CHANGES **THAT** FOR WILL RESULT STREAMLINING WHILE INSURING ACCOUNTABILITY, TRANSPARENCY, FAIRNESS, AND TIMELINES; AND MOST IMPORTANTLY ENSURE **GOVERNMENT** GREATER INTEGRITY IN THE OF **GUAM'S** PROCUREMENT PROCESS."





I. Overview

The Committee on Appropriations and Budgeting, General Governmental Operations, Reorganization and Reform held a public hearing on Bill No. 307 (COR) at 9:00 a.m. on Friday, November 19, 2004 in the Public Hearing Room, I Liheslaturan Guåhan. Public notice for this hearing was made on: Friday, November 12, 2004 and Thursday, November 18, 2004 in the Pacific Daily News in the form of a paid advertisement.

Senators present at the public hearing were:

Vice Speaker Frank B. Aguon, Jr., Chairman Senator Toni Sanford, Vice-Chair Senator Carmen Fernandez, Member Speaker ben pangelinan Senator Robert Klitzkie

II. Summary of testimony

Public Auditor Doris Flores Brooks read her written testimony before the committee (attached). She added that the Department of the Interior had recently assisted the government of Guam with technical assistance, working with her office and procurement staff. She described the local government as saddled with "low bidder mentality". Federal regulations allow flexibility within limits; our laws and regulations need updating. An Executive Order seeks to address system shortcomings, but legislation should supersede the EO, adding one funded dedicated full-time staff position to carry out the intent of the law.

Mr. Eloy Hara, businessman and former Cabinet officer, testified in favor of Bill 307. He supported the Public Auditor's views, and described his participation over the years as a vendor, an agency director and the "Administrator of Ethics in Procurement" at the Civil Service Commission. He recommended either making the CSC part of the Procurement Review Commission or adding a section to this bill deleting the ethics administrator law. Mr. Hara also supported the suggestion that a full time position be funded, on the grounds that it would save money for the government. Mr. Hara will submit written comments on this bill.

Deputy Attorney General Charles Troutman was allowed to comment on Bill 307 during his appearance on Bill 377. Previously, he was asked by the legislature to participate in implementing laws on this subject enacted "too precipitously". He recommended that the legislature provide direction as to the updating that is intended. He stated that committees usually do not generate central direction by themselves.

Guam's current law was originally based on a model law attempt to consolidate various processes within States, only to later find that the model was too complicated for smaller jurisdictions. While Guam's law has been amended, there is a new, simplified model law for small jurisdictions. Under questioning by Senator Klitzkie, Mr. Troutman confirmed that the Review Commission should explicitly be mandated to "simplify" procurement law, such as in less procedural steps for approval, and a timeline to complete steps. He suggested benefits of on-line processing. When asked who was in the best position to suggest simplification, Mr. Troutman suggested that Senators were, by looking at small jurisdiction procurement instead of Federal procurement. The federal government used to have same problems as Guam. They addressed it through pre-approved catalogs for items needed quickly and those with rapidly changing specifications, like computers.

Chairman Aguon expressed his support for a funded position and legislated improvements. He also suggested that the Attorney General appoint Mr. Troutman to a newly established Procurement Review Commission, in light of his experience with this matter.

There were no further questions by senators present.

III. Findings and recommendation

The Committee on Appropriations and Budgeting, General Governmental Operations, Reorganization and Reform finds that Bill No. 307 (COR) addresses the need to update procurement laws.

Accordingly, the Committee on Appropriations and Budgeting, General Governmental Operations, Reorganization and Reform, to which Bill No. 307 (COR) was referred does hereby submit to *I Mina' Bente Siete Na Liheslaturan Guåhan* TO DO PASS Bill No. 307 (COR): "An act relative to the establishment of the "government of Guam Procurement Process Review Commission", which shall be tasked with the comprehensive evaluation of the Government's procurement process and provide recommendations for changes that will result in streamlining while insuring accountability, transparency, fairness, and timelines; and most importantly ensure greater integrity in the Government of Guam's procurement process".



November 19, 2004

Honorable Frank B. Aguon Jr.
Vice Speaker and Chairman of the Committee on
Appropriations and Budgeting, General Governmental
Operations, Reorganization and Reform
27th Guam Legislature
Hagåtňa, Guam 96910

Reference Bill 307 Relative to the Establishment of the Government of Guam Procurement Review Commission

Dear Mr. Vice Speaker:

I am appreciative of your efforts to conduct procurement reform through Bill 307 with the establishment of a Procurement Review Commission. In the four years that I have been Public Auditor, the most common recurring audit finding is the lack of adherence to procurement rules and regulations.

I have been a long time advocate of procurement reform. Through the combined efforts of the OPA and the Director of Administration, Lourdes Perez, Governor Felix Camacho issued Executive Order 2003-27 Relative to Procurement Reform in September 2003. This EO established the Procurement Reform Steering Committee (PRSC) to be chaired by the Lieutenant Governor.

Earlier in July 2003, Acting Governor Kaleo Moylan requested technical assistance from David Cohen, Deputy Assistant Secretary for Insular Affairs for the development of new procurement rules and regulations for the Government of Guam. Unfortunately there has not been any further development toward procurement reform by the PRSC.

For procurement reform to happen there must be total commitment on the part of both the Executive and Legislative branches and sufficient resources to develop and implement the reform. EO 2003-27 and Bill 307 are indicators of that desire for procurement reform. However funding resources to see the development of the reform have not been identified.

The process of reviewing and drafting new procurement laws and regulations is arduous, complex and requires expertise, hence the technical assistance request to the Department of Interior. Without at least one person trained in the law and knowledgeable of procurement practices who is exclusively assigned to the process of the review and the drafting of new legislation, rules and regulations, procurement reform is unlikely to be achieved.

Thank you, for making the OPA a part of the Commission. I suggest that the Attorney General or his designee also be a member of the Commission. The AG's office reviews all line agencies contracts and therefore plays a vital role in the procurement process.

The time frame of six months for the Commission to submit a comprehensive report is quite ambitious. I would suggest language be added that would allow for one or more extensions of time, unless the Commission is provided with funds to employ or contract out at least one full time professional staff.

In order to avoid any conflict or duplication of work effort, the bill should state that upon passage, this legislation supersedes EO 2003-27.

As the 27th Guam Legislature comes to a close, I would also suggest that the Speaker of the 28th Guam Legislature appoint the legislative representative.

Senseramente,

Doris Flores Brooks, CPA, CGFM,

Public Auditor