

NPM No. 30-2009

10 June 2009

MR. ALVARO R. DERRAMAS
BAC Chairman
MACTAN-CEBU INTERNATIONAL AIRPORT AUTHORITY
Lapu-Lapu City, 6016

Re: Multi-Year Contracts

Dear Sir,

This is in response to your letter dated March 16, 2009 requesting for clarification on whether or not you may enter into multi-year contracts for your Vegetation and Termite Colony Control Maintenance under Government Procurement Policy Board (GPPB) Resolution No. 24-2007, or as an exception thereto. As represented, the said contract involves bush or grass cutting and its maintenance, as well as termite and colony control and removal at the airport side covering around 2,200,210 sq.m.

The Guidelines on the Procurement of Security and Janitorial Services (the Guidelines), per above GPPB resolution, provides:

2.0 Scope and Application:

These guidelines shall govern the procurement of security and janitorial services by government agencies.

These guidelines shall not apply to the procurement of other general support services, such as, repair and maintenance of equipment and furniture, trucking, hauling, and other services. (*Emphasis ours*)

It is clear from the foregoing that said Guidelines covers and applies only to the procurement of security and janitorial services by government agencies, and excludes other types of general support services. Thus, considering that your proposed contract services involves vegetation and termite colony control maintenance, the same falls within the purview of "other services" referred to therein.

Further, please be advised that Republic Act No. 9184 (R.A. 9184) and its Implementing Rules and Regulations Part A (IRR-A) are silent on the issue of multi-year contracts. The Guidelines on the other hand, does not make any categorical pronouncement that multi-year contracts may be availed of only in the case of janitorial

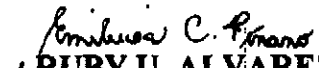
and security services contracts. Said Guidelines simply state that it shall be applicable to the procurement of janitorial and security services.

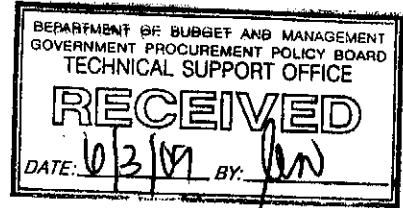
In addition, Section 23 of the General Provisions of Republic Act No. 9524 or the 2009 General Appropriations Act provides that no agency shall enter into a multi-year contract without securing a Multi-Year Obligational Authority (MYOA) issued by the Department of Budget and Management (DBM) for the purpose. Corrollarily, the DBM has issued Circular Letter No. 2004-12 dated 27 October 2004 which prescribes the guidelines and procedures for the implementation of multi-year contracts by national government agencies.

Thus, unless your office is exempt from the coverage and requirements under the aforesaid DBM Circular, and inasmuch as accountability for entering into multi-year contracts solely rests on your Bids and Awards Committee and the Head of Procuring Entity, we urge you to validate if your governing board is authorized to enter into multi-year contracts, and whether there is no additional budgetary authority required for the purpose. Otherwise, we strongly suggest that the contract services be procured on a yearly basis.

We hope to have provided sufficient guidance on the matter. Should you have any further questions, please do not hesitate to contact us.

Very truly yours,


RUBY U. ALVAREZ
Executive Director III



Republic of the Philippines
Department of Transportation and Communications
MACTAN-CEBU INTERNATIONAL AIRPORT AUTHORITY
Lapu-Lapu City 6016 Philippines
Tel. Nos. (+63 32) 340-2486 Telefax No. (+63 32) 340-0228



June 2, 2009

*Emmie,
Let's prioritize. Sign on
my behalf. Jfc/6/09*

Ms. RUBY U. ALVAREZ
Board Secretary and Executive Director-TSO
Government Policy Procurement Board (GPPB)
Unit 2506, Raffles Corporate Center,
F. Ortigas Jr., Ortigas Center, Pasig City

RECEIVED
6/2/09
[Signature]

Madam:

With reference to our letters dated March 19 and April 28, 2009, re: queries on government procurement procedures (copies of which are attached), please be informed that until the present, we did not receive any formal opinion from your Office.

In view of this and taking into consideration the urgency of the matter, we hereby reiterate our request for an opinion from your Office who has the expertise on this.

Thank you.

Very truly yours,

[Signature]
ALVARO R. DERRAMAS
BAC-Chairman



File - [Signature]
BAC - RIZALYN MANDATE CRT



TECHNICAL SUPPORT OFFICE

Unit 2506 Raffles Corporate Center,
F. Ortigas Jr. Road, Ortigas Center,
Pasig City, Philippines 1605

April 7, 2009

MR. ALVARO R. DERRAMAS

BAC Chairman

MACTAN-CEBU INTERNATIONAL AIRPORT AUTHORITY

Lapu-Lapu City,
Philippines

Re: Vegetation and Termite Colony Control Maintenance at Airside of Mactan-Cebu International Airport Authority (MCIAA)

Dear Sir,

This is in response to your letter dated March 16, 2009 requesting for clarification on whether or not you may enter into multi-year contracts for your Vegetation and Termite Colony Control Maintenance under GPPB Resolution No. 24-2007, or as an exception thereto. The said contract involves bush or grass cutting and its maintenance, and termite and colony control and removal.

The office is of the view that GPPB Resolution No. 24-2007 is not applicable to the said contract. Vegetation and Termite Colony Control Maintenance contract is not within the scope of the janitorial services contemplated in the said resolution.

However, MCIAA, being a government-owned and controlled corporation, may enter into multi-year contracts. It only needs to secure the requisite authority from its board of directors as reflected in its Corporate Operating Budget (COB) and other board resolutions.

Nonetheless, since accountability for entering into the said multi-year contract shall rest solely with MCIAA, we urge you to validate if your governing board is authorized to enter into contracts, whether for one year only or for multi-year, and whether there is no additional budget authority required for the said purposes.

We hope to have provided sufficient guidance on the matter. Should you have additional questions, please do not hesitate to contact us.

Very truly yours,

RUBY U. ALVAREZ

Executive Director III

*Kathy,
Pls. draft reply.*

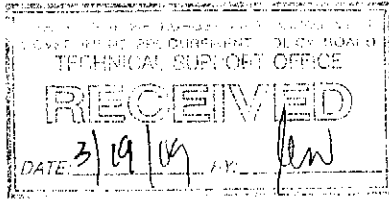
*TV.
3/25/09*



Republic of the Philippines
Department of Transportation and Communications
MACTAN-CEBU INTERNATIONAL AIRPORT AUTHORITY
Lapu-Lapu City 6016 Philippines
Tel. Nos. (+63 32) 340-2486 Telefax No. (+63 32) 340-0228



March 19, 2009



Ms. RUBY U. ALVAREZ
Board Secretary and Executive Director-TSO
Government Policy Procurement Board (GPPB)
Unit 2506, Raffles Corporate Center,
F. Ortigas Jr., Ortigas Center, Pasig City

Madam:

This has reference to the project, re: **Vegetation and Termite Colony Control Maintenance at Airside of the Mactan-Cebu International Airport Authority (MCIAA)**. This project involves **bush/grass cutting and its maintenance** as well as **termite colony control and removal at the airport airside** covering an estimated area of **2,200,210 sq. m.** for a period of **one (1) year**.

In order to save cost and time of bidding, MCIAA intends to enter multi-year contracts for the said project. However, after careful perusal of GPPB Resolution No. 24-2007, we believe that there are some issues that must be clarified before we can enter multi-year contracts involving said project.

In view of this and considering that your office has the expertise on this, may we inquire the following:

1. Whether or not the aforementioned project is within the scope of the "janitorial services" as may be defined and under the coverage of GPPB Resolution No. 24-2007. Thus, we can enter multi-year contracts; and if not -
2. Whether we can enter multi-year contracts as an exception to said GPPB Resolution No. 24-2007.

Thank you for this and the previous assistance extended to us.

Very truly yours,

ALVARO R. DERRAMAS
BAC-Chairman

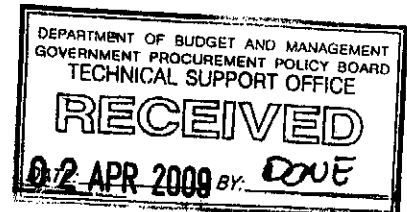
*Enrico,
Pls. handle. Sign in
my behalf.
3/23/09*



March 19, 2009

Ms. RUBY U. ALVAREZ

Board Secretary and Executive Director-TSO
Government Policy Procurement Board (GPPB)
Unit 2506, Raffles Corporate Center,
F. Ortigas Jr., Ortigas Center, Pasig City



*Ennie,
Pls. handle. Sign in my
behalf. 4/19/09*

Madam:

This has reference to the project, re: **Vegetation and Termite Colony Control Maintenance at Airside of the Mactan-Cebu International Airport Authority (MCIAA)**. This project involves bush/grass cutting and its maintenance as well as termite colony control and removal at the airport airside covering an estimated area of 2,200,210 sq. m. for a period of one (1) year.

In order to save cost and time of bidding, MCIAA intends to enter multi-year contracts for the said project. However, after careful perusal of GPPB Resolution No. 24-2007, we believe that there are some issues that must be clarified before we can enter multi-year contracts involving said project.

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2. Whether we can enter multi-year contracts as an exception to said GPPB Resolution No. 24-2007.

Thank you for this and the previous assistance extended to us.

Very truly yours,

ALVARO R. DERRAMAS
BAC-Chairman