

# **TECHNICAL SUPPORT OFFICE**

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

NPM No. 61-2009

27 November 2009

NORBEN O. MINERVA
OIC, Sales and Marketing
FEDERAL MANAGEMENT AND MAINTENANCE, INC.
#5 South Lawin Ave., Philam Homes, Quezon City

Re: Eligibility Requirements for Joint Ventures

Dear Mr. Minerva:

We respond to your letter dated 22 October 2009 seeking our opinion on the eligibility requirements of a joint venture vis-à-vis the bidding for janitorial services of the Department of Transportation & Communications-Metro Rail Transit III (DOTC-MRT3) or EDSA Line.

Based on your representations, your agency is one of the participating bidders in the above mentioned EDSA Line bidding, and that, you have noted certain observations during the conduct of the bid opening. Specifically, you are claiming that one of the bidders, a joint venture (JV), should not have been declared eligible on two counts, viz: (1) one of the members of the JV did not comply with the "continuous janitorial operations for the past three (3) years" provision on the IAETB since it started operation only in the middle of 2008; and (2) the other member just recently filed its Income Tax Returns electronically and not since 2005."

At the outset, we wish to inform you that the Government Procurement Policy Board ("GPPB") and its Technical Support Office ("TSO") only render policy and non-policy opinions respectively, on issues purely relating to the interpretation and application of our procurement laws, rules and regulations. It has no jurisdiction to rule over actual controversies with regard to the conduct of the bidding since it has no quasi-judicial functions under the law. Thus, it cannot dictate to the BAC which bidders should be declared as eligible, which bid should be accepted as the lowest calculated responsive bid, and to whom should the contract be awarded. We adhere to the view that the functions of the BAC cannot be interfered with by any government

<sup>&</sup>lt;sup>1</sup> Quasi-judicial is defined as the term applied to the actions or discretions of public administrative officers or bodies required to investigate facts, or ascertain the existence of facts, hold hearings, and draw conclusions from them, as a basis for their official action and to exercise discretion of a judicial nature. (See Agpalo, Philippine Administrative Law, 1999 Ed., p. 216 citing Lupangco v. CA, 160 SCRA 848, series of 1988

concomitant responsibility that they perform such functions with judiciousness, adhering to the principles of transparency, accountability, equity, efficiency, and economy in the procurement process that it carries out for the procuring entity.

Hence, to reiterate, the determination of a bidder's qualification, eligibility and compliance with the requirements for a procurement opportunity lies within the responsibility and discretion of the Bids and Awards Committee (BAC) of the procuring entity concerned.

Nonetheless, for guidance purposes, we would like to point out that the GPPB has already ruled, on several occasions, on the issue of whether or not all the members of the joint venture should submit all the eligibility requirements, as follows:

"The requirement for submission of legal documents should mean the individual submission of all the entities comprising the joint venture. On the other hand, because usually joint ventures have become a remedy to augment on the capability of smaller enterprises to participate in competition and to eventually perform the contract, the submissions of financial and technical documentary requirements by any of the entities constitute compliance."

Thus, it is clear that each member of the joint venture shall submit the legal documents under the eligibility requirements. This is to ensure that all the parties thereto have the requisite legal personality to conduct business.

However, inasmuch as the Government recognizes the need to encourage small and medium businesses, which are unable, either technically or financially, to carry out a business undertaking on its own, to solicit the assistance of capable or bigger businesses through a joint venture. Hence, it is sufficient that the technical documents under the eligibility requirements should be complied with by at least one of the members of the joint venture for purposes of determining the joint venture's eligibility.

Stated differently, therefore, the required eligibility requirements that must be submitted by each member of the joint venture under Section 23.6 (2) of the Implementing Rules and Regulations Part A (IRR-A) of Republic Act No. 9184, refer to the legal documents specified under Section 23.6 (1). With respect to the technical and financial eligibility documents, submission of these documents by any member of the joint venture constitutes substantial compliance.

We trust that this sufficiently addresses your concern. Should you have additional questions, please do not hesitate to contact us.

Very truly yours,

mlusz C. financi RUBY U. ALVAREZ Executive Director III

<sup>&</sup>lt;sup>2</sup> NPM Opinion Nos. 18-2005; 26-2007; 44-2007; 83-2007

<sup>&</sup>lt;sup>3</sup> The Revised IRR of R.A. 9184 took effect last 03 September 2009



## TECHNICAL SUPPORT OFFICE

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

28 October 2009

NORBEN O. MINERVA

OIC, Sales and Marketing

FEDERAL MANAGEMENT AND MAINTENANCE, INC.

#5 South Lawin Ave., Philam Homes, Quezon City

Re: Determination of the Eligibility

Dear Mr. Minerval :

We respond to your letter dated and received October 22, 2009, asking our stand regarding eligibility of one of the bidders who claims to be eligible in accordance with the requirements provided by Republic Act No. 9184 (RA 9184) and its Implementing Rules and Regulations Part A (IRR-A).

Based on you letter, during the conduct of the bid opening on September 18, 2009, Federal Management and Maintenance, Inc. (FMMI) ascertained that it complied with the necessary legal requirements as set forth by Department of Transportation and Communications (DOTC), the Procuring Entity. However, one of the bidders, a joint venture, claims to be an eligible bidder though it is clear that they are violating RA 9184 and its IRR-A.

Be advised that Government Procurement Policy Board (GPPB) has already issued the revised IRR of the RA 9184. However we will base our findings on the IRR-A of RA 9184.

Rule IX Section 30.1. The BAC shall open the first bid envelopes (Technical Proposals) of eligible bidders in public to determine each bidder's compliance with the documents required to be submitted for the first component of the bid, as prescribed in this IRR-A. x x x.

Therefore the determination of whether or not you have the eligibility is within the jurisdiction of Bids and Awards Committee (BAC) and not Government Procurement Policy Board (GPPB).

GPPB and its TSO only renders policy and non-policy opinions respectively, on issues purely relating to the interpretation and application of our procurement laws, rules and regulations.

It has no jurisdiction to rule over actual controversies with regard to the conduct of the bidding since it has no quasi-judicial functions under the law. Thus, it cannot

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dictate to the BAC how to conduct its bidding and the related activities pertinent thereto.

The functions of the BAC cannot be interfered with by any government agency since these solely fall within their authority as sanctioned by the law, but with the concomitant responsibility that they perform such functions with judiciousness, adhering to the principles of transparency, accountability, competition, equity, efficiency, and economy in the procurement process that it carries out for the procuring entity.

However for your guidance, the entities comprising the joint venture should be able to individually prove to the satisfaction of the government that it has the personality to engage in business undertakings. For this reason, the requirement for submission of legal documents should mean the individual submission of all the entities comprising the joint venture. On the other hand, because usually joint ventures have become a remedy to augment the capability of smaller enterprises to participate in competition and to eventually perform the contract, the submission of technical and financial documentary requirements by any of the entities constitute compliance.

Thus, the extent of the effect of the deficiency by one of the comprising entities to a joint venture depends on whether the deficiency refers to the legal, technical and financial requirements. In the same manner, the determination as to whose financial statement shall be used for purposes of the joint venture's Net Financial Contracting Capacity lies on the parties constituting the joint venture. This proceeds from the rule that submission by any of the parties to a joint venture shall be sufficient satisfaction of the requirements.

Therefore, The required eligibility documents to be submitted by each member of the joint venture under Section 23.6 (2) of the IRR-A refer to the legal documents under Section 23.6 (1), this is for purposes of determining the legal personality to engage in business undertakings. With respect to the technical and financial eligibility documents, submission of these documents by any member of the joint venture constitutes substantial compliance.]

Please take note of the Non-Policy Opinions of GPPB-TSO NPM 018-2005 dated 3/8/2005 and NPM 002-2007 dated 1/12/2007.

We trust that this clarifies matters. Should you have additional questions, please do not hesitate to contact us.

Very truly yours,

RUBY U. ALVAREZ Executive Director III



### FEDERAL MANAGEMENT & MAINTENANCE, INC.

22 October 2009

hank, Pls. dualit reply Consult Buyan.

ATTY. RUBY U. ALVAREZ

**Executive Director III** 

Government Procurement Policy Board

Unit 2506, Raffles Corporate Center, F. Ortigas Jr. I

Ortigas Center, Pasig City

Dear Madame,

Warm greetings!!

in my behalf.

A 10/23/09

We want to introduce to you our company, **FEDERAL MANAGEMENT and MAINTENANCE INC. (FMMI)**, a duly organized private company engaged in providing janitorial services to Department of Transportation & Communications-Metro Rail Transit III (DOTC-MRT3) or EDSA Line.

This has reference to the DOTC-MRT3 Janitorial Services bidding this year. During the conduct of the bid opening on September 18, 2009, FMMI ascertained that it complied with the necessary legal requirements as set forth by DOTC, the Procuring Entity. However, one of the bidders, a joint venture, claims to be an eligible bidder though it is clear that they are violating R.A. 9184 and its IRR-A dated 2007. To mention, one member of this joint venture did not comply with the continuous janitorial operations for the past three (3) years" provision on the IAETB because it just started operation in the middle of 2008; and the other member just recently filed it's Income Tax Returns electronically and not since 2005.

Attached herewith for your reference are the following:

- 1) DOTC-MRT3 Invitation to Apply for Eligibility and to Bid dated May 2009 (see Attachment 1)
- 2) FMMI letter to DOTC-MRT3 BAC members, and COA representative as written observation during the DOTC-MRT3 Janitorial Services Bid Opening last (see Attachment 2)

In view of this, may we request from your good office an official written stand regarding the above-mentioned matter for our guidelines and reference.

Thank you.

Very truly yours,

For Federal Management & Maintenance, Inc.

NORBEN O. MINERVA OIC, Sales & Marketing



22 September 2009

DEPARTMENT OF TRANSPORTATION AND COMMUNICATIONS - MRT III
BIDS AND AWARDS COMMITTEE
MRT III Depot, North Avenue cor EDSA
North Triangle Area, Quezon City

Attention:

ASSEC. DOMINGO A. REYES, JR. - Let Pray 9/22/09
Chairman, DOTC-MRT3 BAC

Dear Sir,

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We are writing this letter to formally bring to your attention our observation regarding what transpired during the opening of DOTC-MRT3 Janitorial Bid on 18 September 2009 wherein DOTC-MRT3 BAC members, Bidders, and a representative from Commission on Audit were present.

Mr. Jose Ric M. Inotorio and Engr. Fernando Quiambao, both members of the DOTC-MRT3 BAC, wrongfully declared the joint venture of Front Runners Property Maintenance and Gen. Services Corporation (FRP) AND Top Choice to be eligible bidder based on their submitted Eligibility Documents. This declaration of a joint venture is invalid based on two (2) legal grounds:

- 1) Based on Section 23.6 of RA 9184 Implementing Rules and Regulations of 2007 stated that "Each member of the joint venture shall submit the required eligibility documents." (See Annex A) The current DOTC-MRT3 Janitorial Services bidding is still until this old RA 9184 IRR-A because the IAEB was released May 2009, and the revised version was just effective on 02 September 2009. Item 13.2.a3 of the Instructions to Bidders (amended by Bid Bulletin No.1, Item 1, See Annex B) clearly requires "Affidavit that the agency has been in continuous janitorial operations for the past three (3) years and have experience on same or similar project in any mass transport system; with a minimum daily ridership of a hundred thousand passengers; with certificate of satisfactory performance; and with janitorial experience of five (5) years." FRP just existed for just more than a year. It is legally impossible for it to make this affidavit.
- 2) During the Pre-bid Conference based on the Minutes of the Meeting page 8 Line 11 to 20 "Ms Analyn Lopera (of Top Choice) raised their concern about their company being newly enrolled to the Electronic Filing and Payment System (EFPS), which should be conformed for the last three years. However, she said that they have certification attesting that their company had enrolled to EFPS. Engr. Narca replied that

misrepresentation has been made by the said prospective bidder, or that there has been a change in the prospective bidder's capability to undertake the project from the time it submitted its eligibility requirements. Should such review uncover any misrepresentation made in the eligibility requirements, statements or documents, or any changes in the situation of the prospective bidder which will affect the capability of the bidder to undertake the project so that it fails the preset eligibility criteria, the procuring entity shall consider the said prospective bidder as ineligible and shall disqualify it from submitting a bid or from obtaining an award or contract, in accordance with Rules XXI, XXII, and XXIII of this IRR-A.

- To further enhance the capability, experience profe alism of the Armed. Forces of the Philippines (AFP) Corps of Mineers, al in the interest of economy and efficiency, the AFP, subject the approva National Defense, may undertake, by ad cretary of a and ation, is gjects<sup>14</sup> funded out of the Department of National De MDM propriation proceeds of the disposition of military camps d the inder Republic 7227 which are intended for r of A ilities affected disposition; Provided, however, hat-
  - 23.5.1. The civilian labor congressest for the project shall not congressed sixty percent (60%), and, as the so practicable shall be sourced from the project locality; and
  - 23.5.2. The processment of a poly requirement for the project shall be subject to the project shall be subject to
- 23.6. Eligibility Exerts for the Programment of Goossalby Infrastructure Projects

the determination of the purity shall be based on the submission of the following documents to the tark distribution the forms prepared by the BAC and using the criteria stated in Section 38.11 of this IRR-A:

1. Class A Pocuments

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- Department of Trade and Industry (DTI) business name registration or SEC registration certificate, whichever may be appropriate under existing the second of the Philippines;
- b) Valid and current Mayor's permit/municipal license;
- c) Taxpayer's Identification Number:
- d) Statement of the prospective bidder that it is not "blacklisted" or barred from bidding by the Government or any of its agencies, offices, corporations or LGLIs, including non-inclusion in the Consolidated Blacklisting Report issued by the GPPB, once released in accordance

<sup>&</sup>lt;sup>14</sup> Refer to Appendix H for Guidelines on Implementation of Infrastructure Projects Undertaken By AFP Corps of Engineers.

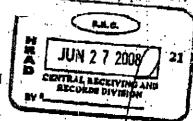
- (xiii) the statement shalf be supported by the Contractor's Performance Evaluation System (CPES) rating sheets, and/or certificates of completion and owner's acceptance, if applicable.
- 9.2. Similar or not similar in nature and complexity to the contract to be bid.
- h) In the case of procurement of infrastructure projects, a valid Philippine Contractors Accreditation Board (PCAS) license and registration for the type and cost of the contract to be bid.
- i) In the case of procurement of inflat acture projects, the prospective bidder's statement of:
  - LL Availability of the prospertive hide as personne, with as project managers, proje
  - i.2. Availability equipment theme owns, a under construction has under purch characteristic may be a likely einstruction contracts; previously ownership equipment is not requisite for eligibility.

#### Financial Aliment

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- j) the prospective trider's auditors financial statements, stamped 'A carbert' by the any or its duly actual field and authorized institutions, for the harved appropriate preceding calendar year, showing, among others, the prospective statal and current assets and liabilities; and
- The prospective hidder's computation for its Net Financial Contracting Capacity (NFCC) which shall be in accordance with Section 23.11 of this IRBs. for a communication from a licensed bank to extend to it a credit mean wanted the contract to be bid, or a cash deposit certificate, in an amount in obover than that set by the procuring entity in the Bidding Documents much shall be at least equal to ten percent (10%) of the approved by the for the contract to be bid.

distributed a certification by the BAC of a procuring entity may maintain a file before the Class "A" documents submitted by manufacturers, suppliers, distributors and contractors for non-common goods and/or for infrastructure projects, as may be applicable. When such file is required by the procuring entity, a manufacturer, supplier, distributor or contractor who wishes to participate in a public bicking for non-common goods and/or infrastructure projects should maintain this file current and updated at least once a year, or more frequently when needed. A manufacturer, supplier, distributor or contractor who maintains a current and updated file of his Class "A" documents will be issued a certification by the BAC to that effect, which certification may be submitted to the procuring entity concerned in lieu of the foregoing Class "A" documents.



#### FRONT RUNNERS PROPERTY MAINTENANCE SERVICES CORR

### KNOW ALL MEN BY THESE PRESENTS

The undersigned incorporators, all of legal age and majority of whom are residents of the Philippines, have this day voluntarily agreed to form a stock corporation under the laws of the Republic of the Philippines.

#### THAT WE HEREBY CERTIFY:

FIRST: The name of this corporation shall be:

FRONT RUNNERS PROPERTY MAINTENANCE SERVICES CORP.

SECOND: A. The purposes for which the corporation is form, are: to provide and / or render/manpower, janitorial, housekeeping, laundry, maintenance, valet, sacitation, pest control, furniture and equipment repair services, to all types of building or structures, vegetation and playing fields, golf courses, all modes of land, sea and air transportation, railway stations, airports and scaports.

B. That the corporation shall have all the express powers of a corporation as provided for under Section 36 of the Corporation Code of the Philippines.

THIRD: That the place where the principal office of the corporation is to be established at Sample Shop Building, AFP RSBS Compound, Western Bicutan, Taguig City.

FOURTH: That the term for which the corporation is to exist is fifty (50) years from and after the date of issuance of the certificate of incorporation.

FIFTH: That the names, nationalities, and residences of the incorporators are as follows:

Name

Nationality

Residence

Gerry H. Tiopes

Filipino

2C Beethoven St., Greenville Subdivision.

Bernardo B. Rivadelo

Tendeng Sora, Queena City 729 San Rathel St., Munchleyong City

Filipino

Trinidad C. Villanusva

Filipino

198 Baco St, La Lorra, Quezon City

conformed ocpy



#### Republic of the Philippines DEPARTMENT OF TRANSPORTATION & COMMUNICATIONS METROSTAR EXPRESS



# DOTC-MRT III BIDS AND AWARDS COMMITTEE

#### BID BULLETIN NO. 1

#### For the

# PROCUREMENT OF JANITORIAL SERVICES FOR THE DOTC-MRT III

This Bid Bulletin is issued to modify or amend items in the Bidding Documents for the procurement of Janitorial Services for the DOTC-MRT III. This shall form as an integral part of the previously issued Bidding Documents.

1. Paragraph a 3 page 16 will now be read as follows:

Affidavit that the agency has been in continuous janitorial operations for the past three (3) years and have experience on same or similar project in any mass transport system; with a minimum daily ridership of a hundred thousand passengers; with certificate of satisfactory performance; and with janitorial experience of five (5) years;

Paragraph a 4 page 17 will now read as follows:

A sworn affidavit that the agency have an experience of having completed within the past three (3) years a single contract that is similar to the contract to be bid which is at least 50% of the ABC.

3. Paragraph a 16 page 18 will now be read as follows:

List of all completed and on-going clients of the Agency for the last three (3) consecutive years, with individual certificates of satisfactory performance issued from each client. On going contracts executed for the last 3 months shall be included. Failure to disclose all clients will be a ground for disqualification.

4. Paragraph a 11 & A.23 on the submission of Certificate from the NLRC that it has no adverse decision on case/s filed and submission of certification from SSS, Pag-Ibig and Phil Health stating that all their janitors were members and that all their corresponding remittances were religiously paid. 

In compliance to IRR of R.A. 9184 Section 25.3, the Bidder, during eligibility check, shall submit a Certificate under oath of its compliance with existing labor laws and standards (see Form #12).

5. Compliance to Revenue Regulations No. 3-2005 issued on 16 February 2005, subject; Rules and Regulations Implementing Executive Order No. 398 which reads as follows:

CERTIFIED TRUE PHOTOCOPY DOTC MRT III / Records Section

MRT III DEPOT, NORTH AVENUE (CO) DSA; NORTH TRIANGLE AREA, QUEZON CITY

TEL. NO. TRUNKLINE: 929-5347

Minutes of the Meeting of the DOTC-MRT3 Bids and Awards Committee Coupler Room, MRT3 Training Hall June 2, 2009 5 **SUMMARY OF DISCUSSIONS** 6 AND AGREEMENT REACHED DURING THE PRE-BID CONFERENCE 8 ATTENDANCE 9 10 Present Absent Assec, Domingo A. Reyes, Jr. 11 Martin Jorge Juco 12 Dir. Ronilo Hermes A. Bacolod 13 Lydia S. Malvar 3 14 Ofelia D. Astrera 15 Jose Ric M. Inotorio 16 Misael R. Narca Roel V. Alsisto 17 Oscar B. Bongon 18 19 Emma E. Morales 9 20 Abdel Sadala (DOTC-COA, Observer) Col. Ernesto Jimeno (PADPAO, Observer) 21 -11 22 Remedios P. Mationo 12 23 Buenafe R: Garces 13 24 Edward M. Pagsanjan 14 25 15 Charity Anne S. Ocampo 26 27 **AGENDA** 28 29 Call to Order. 1 30 2 Approval of the minutes of meeting dated May 22, 2009. 3. 31 Matters that were raised in the last meeting dated May 22, 2009. 32 Approval of the Resolution for the Procurement of Security Services (North Sector). 33 Opening of sealed envelope for the procurement of various office supplies. 34 35 Reference No. Description 36 887172 **Drugs and Medicines** 37 883425 **Duplication Ink** 38 39 6 Other Matters. Pre-Bid Conference for: 40 41 42 Procurement of Security (South Sector) 7.1 Procurement of the last 43 7.2 44 45 8 Adjournment. 46 UNIX IbraetMate CALL TO ORDER 47 1.0 401 (Mg. 2004) 48 The meeting was called to order at 10:00 AM of June 2, 2009, presided by Assec. Domingo A. Reyes Jr., 49 the Chairman of BAC. 50 51 The Chairman asked if there is a quorom, 52 53 54 The Secretariat replied affirmatively. 55 56 The invocation was led by Ms. Buenafe R. Garces 57 58 The Chairman instructed the BAC to proceed to the first Item on the agenda. 59 60 APPROVAL OF THE MINUTES OF MEETING DATED 61 Egilla Bulle to "stated" and the Dir. Ronilo Hermes A. Bacolod, the Head CERTIFIED 16 15V A le S. Ocampo TIBLED TRUE PHOTOCOPY RT III / Records Section Page 1.o (§ 9

Margin computation. Engr. Narca clarified that the all rates computation will be based on the latest wage order and what the RTWPB has issued. Mr. Glova asked for clarification on pages 97 and 98, regarding the rates of the Supervisors and the Janitors. Engr. Narca replied that the Supervisors and Janitors have the same rates. He said that it is the proponent's prerogative on how to package the manpower. Mr. Areliano asked for clarification pertaining to the additional janitors the proponent will deploy to maintain the number of janitors approved by the MRT3. Engr. Narca replied that it is the proponent's responsibility to have a sufficient number of janitors based on the action plan. Furthermore, the cost incurred on the additional janitors, aside from the approved number of janitors, will not be shouldered by the MRT3. Mr. Rivadelo asked if awarded the contract, the winning proponent can place an equipment, such as vertical lift, in the platform of the MRT3 station, as support for cleaning the area. Engr. Narca replied that the equipment should be inspected and coordinated first with the MRT3 Maintenance Provider. . 25 Mr. Glova inquired when will the minutes of the pre-bid conference be issued to the proponents. Dir. Bacolod replied that the minutes of the pre-bid conference will be released one week after the said conference. Mr. Arellano inquired when will the response of the written inquiries be given to the proponents. Dir. Bacolod replied that the response of the written inquires will be released seven days after the said conference. No other questions and objections were raised so Dir. Bacolod excused the proponents. from higher the instruction **ADJOURNMENT** There being no remaining topics for discussion, the meeting was adjourned at 4:00 PM. Prepared by: CHARITA REMEDION A MATIONS EDWARD M. HAGBANJAN Head, BAC Secretariat normalida ar tradifirm asid eye are ga Noted by: ASSEC. DOMINGO & REYES, JR. Chairman, DOTS MRT3 Bids and Awards Committee 

# FEDERAL MANAGEMENT (

Enmie, Plo. prioritge Pore NPM No. 61-209.

25 November 2009

ATTY. RUBY U. ALVAREZ

Exacutive Director III Government Procurement Policy Board Unit 2506, Raffles Corporate Center, F. Ortigas Jr. Road Ortigas Center, Pasig City

Dear Madame,

Warm greetings from For Federal Management & Maintenance, Inc.

We apologize to bother you, as we know you are also a busy person. We just would like to follow up on your reply on our letter dated October 22, 1909 (please see attached received letter for your reference).

Thank you.

Very truly yours,

For Foderal Management & Maintenance, inc.

MORBEN O. MINERVA াত, Sales & Marketing