



OFFICE OF PUBLIC ACCOUNTABILITY
Doris Flores Brooks, CPA, CGFM
Public Auditor

August 4, 2010

Andrew S. Leon Guerrero
Director
Department of Public Works
542 N. Marine Corps Drive
Tamuning, Guam 96913

Subject: John F. Kennedy High School Rebuild Maintenance and Cost Analysis

Hafa adai Mr. Leon Guerrero,

Thank you for submitting International Bridge Corporation's (IBC) maintenance and cost analysis on July 28, 2010. Although you state in your June 11, 2010 letter that IBC's maintenance costs were reasonable and responsive to meet the needs of the John F. Kennedy (JFK) Rebuild Project, we are unable to come to the same conclusions and have several concerns with IBC's analysis.

After completing our review, we could not reach the same conclusion as the Department of Public Works (DPW) as to the reasonableness of IBC's maintenance cost analysis. The OPA finds that IBC's analysis does not:

- include a clear methodology to justify cost;
- properly reference survey data or explain the basis for utilizing each benchmark figure referenced;
- provide details for the Guam Adjustment Factor of 1.3 or how it was derived;
- provide cost details for the list of proposed maintenance services;
- provide information on Standard vs. Exceptional maintenance costs;
- provide information on the Department of Education's (DOE) maintenance costs vs. Contracted (IBC) maintenance costs;
- address incentives to encourage better contract performance.

Therefore, the OPA recommends that a meeting be scheduled between appropriate DPW, DOE and OPA officials to discuss the methodology used by IBC to complete their analysis. This meeting will provide a forum to obtain a clear understanding of the maintenance services that IBC will provide to DOE for the new JFK Rebuild Project, and whether the annual lease payment will include the cost of maintenance, or if a separate contractual arrangement will be used, that requires renewable annual appropriations from the legislature.

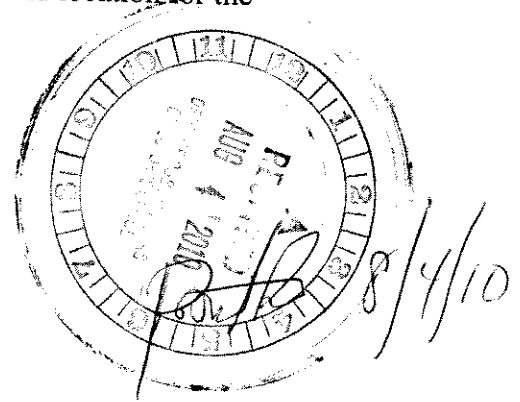
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The results of the meeting will provide pertinent information on IBC's maintenance offering for the government of Guam, including the Department of Public Works, the Department of Education, the Office of Public Accountability, the Guam Legislature, and the Office of the Governor to make informed decisions relative to reasonableness of IBC's maintenance cost elements.

Mrs. Anne Camacho will contact you to schedule a date, time, and location for the meeting.

Senseramente,

Doris Flores Brooks, CPA, CGFM
Public Auditor



Cc: Governor Felix P. Camacho, Office of the Governor
Attorney General John Weisenberger, Office of the Attorney General
Superintendent Nerissa B. Underwood, Department of Education
All Senators, 30th Guam Legislature

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