

## **Draft Resolution: Purchase Committee Meeting - 1**

**Date & Time: April 15, 2009 at 10:30 hrs.**

**Venue: Access Academy, AUW, Chittagong, Bangladesh.**

### **PARTICIPANTS (Attendance enclosed as Annexure-A)**

- Mrs. Monowara Hakim Ali, Chairperson.
- Mr. Mahabub Ali, Member.
- Dr. Shahana Begum, Member.
- AKM Mizanur Rahman, Secretary, PC.

### **INVITEES**

- Mr. Omar Sharif, Director Operations, AUW, Chittagong
- Mrs. Zarina Hosssain, Interim Dean of the Access Academy
- Mr. Mushtaque Habib, Project Director, AUW.
- Mr. Dibakar Barua, Accounts Manager.

### **SUMMARY OF DISCUSSIONS**

Mr. Mizan introduced the Chairperson of the Purchase Committee (PC) and invited her to deliver introductory speech. He also described the list of agenda.

Mrs. Monowara Hakim Ali in her introductory speech welcomed all members of the Purchase Committee and the invitees to the first meeting. She also gave a short description on the background of the Asian University for Women. She requested all members and invitees to introduce themselves. All members introduced themselves and expressed their mind to extend all kinds of support to facilitate the procurement process of AUW.

Mr. Mizan apprised the Purchase Committee that the Procurement Policy and Guidelines are yet to be in place. Mr. Dibakar Barua, Accounts Manager, AUW is working to frame a draft Procurement Policy and Guidelines, which is to be approved by the Procuring Entity. The draft will hopefully be completed before next meeting of PC. He also added that the proposals put forward today for the consideration of the PC are of urgent recommendation from the Project Director in order that the construction work of Project Phase 1A of the AUW is timely in place. He added that the *Purchase Committee was formed to review & recommend the qualified proposals to the Procuring Entity for approval.* He also

mentioned the need and probable ways of *Technical Evaluation* of the proposals. The members of the PC agreed to consider the proposals initiated for the meeting.

**Review of Procurement Proposals:**

**a. Bid evaluation of 29 pieces of air cooler.**

A comparative statement (**enclosed as Annexure-B**) of three bidders of three different brands, collected from direct importers and sole agents on the basis of previous user's experience was presented after preliminary scrutiny of an internal technical committee. Mr. Omar informed that we are presently using GREE brand with full satisfaction. Their warranty is also for 5 years. Mr. Maboob supported GREE to be user friendly.

**Decision-1A:** *After detailed examination and discussion the Purchase Committee accepted to recommend the proposal to purchase 29 pieces of air coolers from Electro Mart Limited who quoted for GREE brand at the cost of BDT 1,300,700.00 only.*

**b. Consideration of the proposal submitted by VITTI for consultancy services for campus development Phase 1A.**

Mr. Mushtaque Habib, the Project Director (PD) explained the background and present status of the proposal submitted by VITTI for consultancy services for campus development Phase 1A. He also submitted an Internal Memo (**copy enclosed as Annexure-C**) to the PC. He mentioned about the quorum of the meeting. The Chairperson, in response explained the process of formation of the PC. The Chairperson also opined to increase outreach among the business community and civil society of Chittagong. About quorum she said, final decision will be taken after formation of the full committee. For today, *quorum is achieved with 3 members out of 5*, the Chair added. She requested the Project Director to explain the justification for the proposal and the process of selection of the Local Consultants. The project Director Mr. Habib explained in light of the Internal Memo, he submitted. The PC reviewed the following points put forward by the PD:

- MSA is doing conceptual design (CD) and schematic design (SD) of Phase 1A, consisting of a “Mini Non-Residential Campus” for 800 students. The engineering design is being carried by Buro Happold in New York, and Bath in U.K.
- AUW decided to have the detailed design (DD) and construction documentation (DD) prepared by local consultants in Bangladesh to minimize consultancy fees.

- VITTI Sthapoti Brindo and Architect Saiful Hoque were chosen as the Local Architect jointly by AUW and MSA based on joint surveys.
- VITTI-SHS has taken following engineering firms as sub-consultants:
  - a. Design Planning & management Consultants Ltd, (DPM) for Civil and Structural works.
  - b. AVE Engineers & Consultants Ltd. for mechanical, plumbing and building automation works.
  - c. TECHNO Consultants Ltd. for electrical works.
- The scope of works being carried out by MSA and Buro Happold in USA and UK were reviewed to come up with the remaining scope to be completed by the Local Consultants.
- The architectural and engineering scope of works for the Local Consultants were listed and reviewed by MSA and BURO HAPPOLD.
- VITTI-SHS Consortium submitted a proposal for the scope of works along with their proposed fees. The initial fees proposed by VITTI-SHS was for a total of BDT 32,020,000 and was reduced to BDT 26,300,000 at first negotiation, and further reduced with Omar Shareef and Mr. Mushtaque Habib negotiating to BDT 24,860,000. The final negotiated fee is now BDT 24,360,000.
- The breakdown of fees and the mode of payments are worked out.
- The request for purchase approval was internally reviewed by Mr. Omar Shareef and Ms. Zarina Hossain.
- A 'Letter to Proceed' was issued to the Local Consultants on 25<sup>th</sup> March 2009.
- Approval is requested for making the 10% payment on signing of agreement, which is an amount of BDT 2,436,000 (Taka Two Million four Hundred Thirty Six Thousand) only minus all applicable Tax & VAT.

**Decision-1B:** *The members of the PC after detailed discussion and review came to a decision that employing the Local Consultants is a cost-effective decision. The proposal submitted by Local Consultants were reviewed and negotiated reasonably. So, the Committee unanimously accepted the proposal for making the 10% payment on signing of agreement, which is an amount of BDT 2,436,000 (Taka Two Million four Hundred Thirty Six Thousand) only minus all applicable Tax & VAT for recommendation.*

**c. Consideration of the proposal submitted by MRITTIKA for geotechnical investigation for campus development Phase 1A.**

Mr. Mushtaque Habib, the Project Director explained the proposal in details. He described the need and justification of geotechnical investigation for campus development of phase 1A. He also added that the coming monsoon would make the survey more delicate. The selection process was consulted with BURO HAPPOLD. Mr. Peter Scott, from BURO HAPPOLD inspected and qualified MRITTIKA for the survey. He presented all the steps followed to negotiate and cut down the proposed amount by detailed scrutiny.

Finally he requested for a **post facto approval** to issue formal work order to MRITTIKA for the scope of works for the finally negotiated amount of BDT 3,481,400 with a mobilization advance of Tk. 1,000,000. Mr. Habib also presented an Internal Memo explaining all relevant facts including the background, process and present status of the proposal (**copy enclosed as Annexure-D**).

**Decision-1C:** *After detailed review, considering the qualification, timing (monsoon), specialization, present status, goodwill of the firm, reasonable negotiation and competitiveness of MRITTIKA the members of PC accepted for recommending the proposal for issuance of formal work order to MRITTIKA for the scope of works at the finally negotiated amount of BDT 3,481,400 with a mobilization advance of Tk. 1,000,000 deducting all applicable Tax & VAT as per rules.*

**d. Consideration of the proposal submitted by Enviro Consultants for the environmental impact assessment of AUW campus development covering entire Master Plan.**

Mr. Mushtaque Habib, the Project Director presented the proposal in light of an Internal Memo (**copy enclosed as Annexure-E**). He requested for a post-facto approval for IEE & IEA as per the proposal. The members of PC reviewed the following points:

- **Justification:** As per the government regulations, to get an environmental clearance certificate from DOE, thorough study reports on (1) Initial Environmental Examination (IEE), and (2) Environmental Impact assessment (EIA) are to be submitted.
- **Competitiveness/specialization:** This is a specialized field, for which specific consultants comprising of experts in the fields of (1) Environmental Science (2) Biologist (3) Chemist (4) Economist, and (5) Sociologists will be involved.
- **Selection:** Enviro Consultants Limited was recommended to AUW by the project Architect, VITTI Sthapoti Brindo. They have previously used the services of Enviro Consultants for many projects including the Hatirjheel Urban Development project

in Dhaka. Recommendation was also taken from the Director, Technical, DOE, Mr. Sukumar Biswas.

- **Fees:** Enviro Consultants have quoted a fee of BDT 533,000 including Tax & VAT @ 14.5%, which seems reasonable compared to the estimated fees of VITTI as revised in January 2009 for BDT 769,437.
- **Payment Procedure:** The terms of payment as placed in the Internal Memo appears reasonable.
- **Status:** To expedite the site investigation and the IEE procedure hypothetical approval was given by Mr. Kamal Ahmad, CEO, AUWSF, with advice to seek post-facto approval from the Purchase committee. Work Order has already been issued to Enviro Consultants on March 8 2009.

**Decision-1D:** *After detailed review, considering the justification, competitiveness/specialization, selection procedure, fees, payment procedure and present status members of PC accepted for recommending for post facto approval of the proposal of Enviro Consultants for BDT 533,000 deducting all applicable Tax & VAT as per rules.*

**e. Consideration of the proposals submitted for the electrical Sub-station for Building 20G at present AUW campus.**

Mr. Mushtaque Habib, Project Director apprised the PC on the need and justification of having a Power Station for 20 G M M Ali Road. He presented a comparative statement (**copy enclosed as Annexure-F**) of 04 bidders to the PC. He also mentioned that, the lowest bidder was Power Breeze Engineering Ltd. who quoted BDT 2,092,330 only. Project Director apprised that after internal review *the second lowest bidder ENERGOPAC Engineering Ltd.* was chosen because of the following reasons:

- Their bid is technically conforming to specification;
- They are second lowest;
- Lowest bid is technically weak; &
- They have reduced the original bid by agreeing to include the 5.75% VAT & IT with the offer price.

Mr. Mahboob, Member, PC added that ENERGOPAC is more reliable compared to others. But they are very good in bargaining as well. He also maintained that ENERGOPAC might also try to go beyond the time schedule. The Project Director

mentioned that after internal review and preliminary approval 20% advance has already been given to ENERGOPAC.

**Decision-1E:** *The members of the PC after detailed discussion and review of the above facts unanimously accepted the proposal for recommendation for BDT 2,300,000 only minus all applicable Tax & VAT as per rules in favor of the second lowest bidder ENERGOPAC Engineering Ltd. But they should be told not to ask for extra time for installation of the Sub-station.*

**f. Consideration of the proposals submitted by the civil interior fit-out works for Building 20G at present AUW campus.**

Mr. Mushtaque Habib, the Project Director presented the proposal in details along with an Internal Memo initiated for PC (**copy enclosed as Annexure-G**). The members of PC reviewed the following points:

- **Justification:** AUW has rented the building of 20G for the next 5 years. As per the rental agreement the interior fit-out is being implemented by AUW to match the special requirements of an academic building. The intended usage of the building as mentioned in the Internal Memo is justified.
- **Competitiveness/specialization:** Based on past experience of AUW three bidders were told to submit proposals.
- **Selection:** The lowest bidder Harbour Development & Construction was negotiated. The initial bid was BDT 7,312,090 only.
- **Cost minimization:** To optimize the overall cost some strategies were taken, such as changing the classroom floor finishing to neat cement finish instead of ceramic tiling, and changing aluminum/glass partitions to dry wall (Gypsum board) partitions. The above changes were negotiated with the lowest bidder. The final reduced/negotiated cost is BDT 5,036,090 (29% less).
- **Status:** The proposal was initially placed before Mr. Kamal Ahmad, CEO, AUWSF. The proposal was hypothetically approved with advice to get post-facto recommendation from the PC. A letter of intent has been issued to the lowest bidder Harbour Development & Construction.

Mr. Mahboob discussed about a few new paints including Epoxy which are being currently used. The Project Director also shared his opinion about different new brands of paints.

**Decision-1F:** *After detailed review of the justification, competitiveness/specialization, selection procedure, cost minimization through negotiation, and present status the members of PC unanimously accepted the proposal of formally issuing work order in favor of the lowest bidder Harbour Development & Construction of the entire scope of revised work at the cost of BDT 5,036,090 only deducting all applicable Tax & VAT as per rules, to be recommended for post-facto approval.*

Mr. Mizan raised the point of Performance Security (10%) to be deposited by the suppliers as per rules and conventions. Project Director shared his opinion and told the meeting that there is to be a provision as such to ensure efficiency, performance and security after the supply at least for six months. He also mentioned that, some sort of similar provision is there in the process.

Mr. Mizan mentioned that the suppliers should have clean records of regularly paying Income Tax and other business permits/licenses as well as goodwill in the market. The PC should also have clear explanation regarding selection of highly specialized goods and services if proposed to be procured.

Mr. Mahboob raised the necessity of Tax and VAT cutting during bill payment. The bill should contain in itself the provision of cutting the Income Tax and VAT as per rules. Dr Shahana took part in the discussion and maintained the same opinion. She added that, a formal letter of nomination including a TOR is needed for the PC members in order to effectively contribute in the PC meetings.

At this point the Chairperson wrapped up the discussions and decisions of the meeting and thanked all concerned for nominating, arranging, participating and contributing in the first meeting of the Purchase Committee with lot of informative comments. She particularly gave thanks to Ms. Zarina Hosssain, the Interim Dean of the Access Academy for her participation with valuable advice and informative discussions. She expressed her deepest gratitude to Mr. Kamal Ahmad, President and CEO of AUWSF to invite her to Chair the PC. She urged upon completion of the Purchase Policy within reasonable time. She expressed her hope that the next meeting of PC will be held with all the members in place. The Chairperson wondered if the letter of nomination along with TOR can be sent to all the members within 10 working days.



Finally, on behalf of AUWSF, Mr. Omar Shareef, Director Operations gave thanks to Chairperson and all members of the Purchase Committee for their kind consent to extend cooperation towards AUW. He also thanked all invitees for joining the first PC meeting.

**Mrs. Monowara Hakim Ali**

Chairperson

Purchase Committee

Asian University for Women

April 15, 2009.

