

**THE**

**TENTH ANNUAL REPORT**

**OF**

**THE CONTRACTOR-GENERAL**

**JANUARY TO DECEMBER 1996**



Office of the Contractor-General  
17 Knutsford Boulevard  
P.O. Box 540  
Kingston 5  
Jamaica, W.I.  
May 15, 1997

Any reply or subsequent reference to this communication should be addressed to the Contractor-General and the following reference quoted:-

No.

TELEPHONE No.

Hon. Carl Marshall,  
Speaker of the House of Representatives,  
Gordon House.

Hon. Syringa Marshall-Burnett,  
President of the Senate,  
Gordon House.

Dear Sir/Madam,

In accordance with the provisions of section 28 of the Contractor-General Act I have the honour to forward 110 copies of the Tenth Annual Report of the Contractor-General for January to December 1996.

As you may recall, Section 28(3) calls for Reports to be "submitted to the Speaker of the House of Representatives and the President of the Senate who shall, as soon as possible, have them laid on the table of the appropriate House."

Yours sincerely,

Gordon Wells  
Contractor-General

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## 1.0 INTRODUCTION

During 1996 there was no significant improvement in the arrangements for the award of public sector contracts. The 1995 Report noted with satisfaction that the Government had taken the decision to set up a National Contracts Commission independent in character and with a broad mandate to oversee the contracting and procurement process in the public sector. For much of 1996 the proposals were examined by a Parliamentary Committee and it was only towards the end of the year that drafting instructions for the necessary legislation were given to the Chief Parliamentary Counsel. Our enquiries have indicated that unless some priority is given to the amendments to the Contractor-General's Act to achieve the objectives agreed on it is hardly likely that draft legislation will be ready until the latter part of 1997.

In the meantime it is business as usual. There are no mechanisms in place to ensure that contractors who are on the approved list of A, B, and C contractors are invited to tender on public sector jobs on a basis of equity based on some form of rotation taking other factors into account. Public sector agencies involved in construction projects continue to operate with their own lists of approved or pre-qualified contractors with often the same people being invited to tender on the projects for which an agency is responsible.

There are even public sector agencies which claim to be exempt from some of the rules of public sector contracting. The Urban Development Corporation is one such entity which in late 1996 and early 1997 was in the process of awarding contracts of about of \$2 billion for improvements to the Kingston Public, St Ann's Bay and Mandeville Hospitals. None of these contracts was submitted to the Government Contracts Committee or the Cabinet for approval and all were awarded to a single foreign contractor whose bid in two of the three cases was substantially below the consultant's estimate of the cost of the jobs. We have not been able to locate any document which exempts the UDC from adhering to the guidelines set out by Ministry of Finance Circular No. 43 of the 18th November 1963. Indeed this claim by the UDC was addressed in a Cabinet Decision of the 16th September 1985 which stated inter alia:-

"All Public Enterprises and Statutory Bodies are required to follow the procedures laid down for the award of the contracts by submitting tenders to the Government Contracts Committee for decision and thereafter through portfolio Ministries to Cabinet for approval, as appropriate."

When apparently the situation did not change significantly the Ministry of Finance issued a circular on the 7th October 1986 which included the following statements:-

"It has been brought to the attention of the Public Accounts Committee that certain Statutory agencies (e.g. E.D.Co. and U.D.C.) which administer contracts on behalf of some Ministries and Departments have not been complying with the approved procedures laid down by Cabinet." ".....no Ministry, Department, Statutory Body or Government-owned company is exempt from the standing directive of the Cabinet and on no account should they depart from the aforementioned procedures. Accounting Officers should now ensure that the above procedures are brought to the attention of all relevant agencies."

The above decision and circular have had little effect on the conduct of the Corporation which continues to claim that it is exempt from the processes to which other agencies are subject.

It is clear that the time for circulars has passed. Unless there is legislation with effective penalty clauses some agencies will continue to ignore the guidelines issued from time to time by relevant ministries.



## **Disposal of Publicly Owned Land**

It is sad to have to report that during 1996 there has been no discernible movement designed to improve the arrangements for the disposal of publicly owned land. Each parish should by now have had an independent, community based land disposal committee. The Contractor-General's Office responded during 1994/95 to an invitation to make nominations to these committees as did other bodies in the public and private sectors. It does not appear that any of these committees is functioning and there is no indication as to when if ever they will become functional.

Land is a valuable and scarce commodity in this island of 4400 sq miles and much of this land is owned by the Government and its many agencies. It is essential if fairness and equity are to be observed that systems be put in place to ensure that all Jamaicans have an equal chance to acquire land that is being disposed of. We should never forget the DaCosta Report of 1973 which exposed serious corruption in the system of land disposal. To a large extent the recommendations of that report were never implemented and not much has changed in the intervening twenty-four years. We therefore urge the Government to move forward in the establishment of the parish land disposal committees so that the public can be assured that the disposal of land by all public bodies is conducted fairly and transparently.

## **OTHER ACTIVITIES**

In October 1996 the Office of the Contractor-General celebrated its tenth anniversary. The occasion was marked by a Thanksgiving Service at the St Andrew Parish Church, Half Way Tree, a one page supplement each week in the Gleaner newspaper and a half-day forum at the Wyndham Hotel. The subject of the Forum was "How Can the Contracting Process in the Public Sector be Improved - Do the present Proposals Go Far Enough?"

About fifty professionals in the construction industry from both the public and private sectors participated in the Forum which was declared open by the Hon. Roger Clarke, Minister of Local Government & Works. The discussions were lively with many views being expressed. Listed at Appendix IV are the Recommendations which seemed to have general support. These were circulated to the participants several of whom have responded with additional observations. The recommendations are being pursued with the relevant Government agencies.

## **CONCLUSION**

1997 will be my last full year as Contractor-General. Since assuming the office in 1991 there may or may not have been some successes but there has been one big failure. The Report made to Parliament each year despite all the urging is still not being examined by any committee or other section of that august body. The Annual Report of the Contractor-General is laid on the table of both Houses of Parliament and that is the end of it. None of the assessments made are explored nor is anyone called to account for alleged shortcomings. The money spent to keep the office running will only be justified when the findings and recommendations sent to Parliament are examined and the actors involved made to account for their performance.

## **2.0 MONITORING OF CONSTRUCTION CONTRACTS**

### **2.1 INTRODUCTION**

The problems of the Construction sector reported on year after year continued in 1996. Although the currency was more stable during the year most jobs ended up costing far in excess of the original contract price due largely to variations and fluctuations in the cost of materials and labour.

Other factors which continued to contribute to increased costs were poor site supervision by contractors, and poor planning by consultants and the ministries, departments and other agencies which are the clients.

Many examples could be given but two (2) police stations can be used-Red Hills and Lucea. In the case of Red Hills, the design failed to include a holding area, a sewage disposal system or any form of fencing. For the new Lucea Police Station, the design submitted called for block and steel for the holding area instead of reinforced concrete. The above designs were approved, tendered upon and carried through to the contract stage. We have been building police stations for many years and these design shortcomings should have been picked up at an early stage so that costly variations at a later stage could be avoided.

The private opening of tenders, although at a reduced level, persisted during 1996 often without the requirement of a tender bond. Hopefully the new contracting regulations under the proposed National Contracts Commission will not allow these or any other non-transparent arrangements to continue.

A great cost which the government continues to face results from the absence of regular programmes of maintenance. If a casual survey of our roads, hospitals, courthouses, police stations, schools and other government buildings were made it would show that many of these structures are in a deplorable condition. Experience in other countries has shown that sustained and comprehensive maintenance programmes play an important role in keeping costs at manageable levels. Assets whether they be roads or structures are not allowed to deteriorate to the point where massive new capital expenditure is required to restore them, only to have the process of deterioration start all over again.

There was a time when detailed arrangements were in place in the equivalent of the Ministry of Local Government and Works for the maintenance of roads, buildings and other publicly owned structures. We need to put back these old practices and habits in place and adequately fund the process. Part of the problem must be that maintenance is a dull business and opening a spanking new road or building a much more exciting and rewarding activity.

Finally, contract planning, administration and implementation continue to be of serious concern to the Office of the Contractor-General. The instances are too many where a project goes to tender, a contract is signed and matters such as land acquisition and easement rights are not in place to facilitate the works. The failure in planning leads to serious time and cost overruns which are reflected eventually as additional costs to the public purse.

The following table lists eight (8) completed projects of various sizes which demonstrate the extent of cost and time overruns that were normal to the public sector in 1996. This is followed by a number of special cases which merit being highlighted

**Table I**

<b>Project</b>		<b>Contractor</b>	<b>Contract Sum J\$</b>	<b>OVERRUNS</b>		
				<b>Mnths</b>	<b>Cost J\$</b>	<b>%</b>
1.	Cedar Valley All-Age School	Qualicon Eng. Co. Ltd.	7.88M	5	3.7M	47
2.	Rosemount/Kerr Jarrett Squatter Upgrading Contract- A	Ronham & Associates	50.25M	14	54.47M	108
3.	Contract- B	C.G. Woolery & Partners	34.06M	11	49.09M	144
4.	Contract- C	-do-	27.71M	11	33.46M	120
5.	Claremont Housing Scheme	Leonard I. Chang Constr.	161.1M	28	473.14M	294
6.	Castleton Water Supply Scheme	Fredrick Rodriques & Co.	2.25M	26	.61M	27
7.	Ocho Rios Development Road	Rollers & Compressors Ltd.	97M	21	185.9M	192
8.	Port Maria Courthouse	Marbell Dev. Co Ltd.	9.22M	7	4.14M	50
	<b>TOTAL</b>		<b>389.47M</b>	<b>123</b>	<b>804.51M</b>	<b>-</b>
	<b>TOTAL (Average)</b>		<b>48.68M</b>	<b>15</b>	<b>100.56M</b>	<b>122</b>

## **SPECIAL CASES**

### **2.2 CASE I - Claremont Housing Scheme**

This project was one of the special cases reported on in the 1995 Annual Report. During the course of the contract, the project experienced a reduction of 47 units from the original total of 765 units. When practical completion was granted in November 1996, all the units were handed over with 1% of the works remaining and a projected completion date of December 31, 1996.

The final cost of this contract is projected at \$634M with management fees showing an increase of 251% over a four (4) year period.

This contract, originally scheduled for two (2) years in 1992, has since doubled the time period and increased in cost by 294% to \$634.25M. Liquidated damages amounting to \$6.4M were invoked on the contractor.

From its inception, the project has been plagued by an assortment of delays which contributed greatly to the overruns. Among these were the following:-

- (1) labour rates increases and industrial unrest;
- (2) political thuggery in the form of site invasion and intimidation;
- (3) increase in the scope of work due to the absence of a soil test;
- (4) fluctuations due to devaluation;
- (5) late payment of certificates;
- (6) management shortcomings which do not justify the 251% increase in management fees over the contract period.

If this project had been better managed costs would have been less which would have directly benefited the purchasers of houses.

### **2.3 CASE II -Contract for Kensington - Rural Hill/Hordley - Williamsfield Rural Road Improvement Programme - Portland/St. Thomas**

A contract was awarded to Stardust Incorporated in the sum of \$25.6M in December 1993, under the Rural Road Rehabilitation Improvement and Maintenance Programme, funded by the GOJ/IDB/OPEC and administered by the Ministry of Local Government and Works, to effect repairs and improvements to roads in Kensington, Rural Hill - Rural Hill/Hordley - Williamsfield in Portland and St. Thomas.

The works began in January 1994, with a contract period of ten (10) months for completion in November 1994. Practical completion certificate was given on June 21, 1996, with an overrun in time of twenty (20) months and an overrun in cost of \$21M.

The performance of the contractor was unsatisfactory and the quality of the works was poor. He also failed to complete this project within the extension of time given. As a consequence, liquidated damages should have been imposed for his failure to perform..

Had the work been effectively managed and coordinated, the project could have been completed within the contract period of ten (10) months. The technical simplicity and nature of the works to be done make it impossible to justify an overrun of twenty (20) months.

The question of whether work should in future be given to this contractor needs to be examined. His performance on the job suggests that he should not be invited to tender until there is good reason to believe that his performance is likely to improve.

#### **2.4 CASE III - Roadworks at Breastwork to Windsor, Portland**

This project was one of the special cases reported on in the 1995 Annual Report where the MLGW awarded a contract by selective tendering to Stardust Inc. Ltd. for \$3.4M to be executed in three (3) months with a January 1994 completion date. Due to flood rains in January, a resurvey of the works was ordered which revealed a dramatic change in the nature and scope of the works leading to a variation order increasing the contract sum to \$23.7M, an increase of approximately 700%.

The contractor, at this stage, refused to accept the new rates as they were not negotiated and represented rates set by the Engineer. The works subsequently ceased and were eventually formally suspended by MLGW until August 1996, when it was restarted under a force account arrangement.

As at December 31, 1996, 60% of the works were completed with expenditures running at \$7.5M, and asphaltting, the final surface coating still to be done.

#### **2.5 CASE IV - Construction of Sandy River Bridge, St. Andrew**

This project, which was reported on in the 1995 Annual Report, is yet to be completed after twenty seven (27) months. The contract was awarded by MLGW to Islandwide Construction Co Ltd. in November 1994, for a contract sum of \$4.26M. The contract period was 8 months.

From its inception, this project was poorly managed by the Ministry, and the contractor. Payments of the contractor's certificates were never on time leading to many work stoppages during which costs and time escalated. At the time of this report, the contract has been stopped once again due to non-payment of the contractor's certificate. This highlights the failure to ensure that funds are in place before proceeding with a project.

As at December 31, 1996, the project was 90% completed with expenditure running at \$5.14M and a time overrun of 27 months.

## **2.6 CASE V - Rosemount Squatter Upgrading Projects A B & C - Montego Bay, St. James**

This project, developed by the NHC was reported on in the 1995 Annual Report but again merits attention. Contracts were awarded in three sections A,B & C but for the purposes of this report, all three (3) contracts will be treated as one entity due to the similarity of the problems experienced and the excessive cost overruns associated with each one.

All three (3) contracts were issued in December 1993, and scheduled to run simultaneously for one year.

Ronham and Associates Ltd. won one contract valued at \$50.3M and C.G. Woolery & Partners won the other two (2) totalling \$61.7M. The contracts for all three (3) involve extensive infrastructural works with the necessary inputs from the NWC. Due to the NWC's reluctance to fund their portion of the work, the NHC found it necessary to engage a sub-contractor, via the tender process, to be responsible for the water supply.

The following factors contributed significantly to the increases in time and cost:-

- (1) squatting and the continued influx of new squatters
- (2) fluctuations and variations due to design changes
- (3) bad weather
- (4) inadequate tender documents

As at December 31, 1996, all three (3) projects were completed averaging 12 months over the contract period and 122% or \$136.9M over the original contract sums. (See Table I)

## **2.7 CASE VI - Ocho Rios Development Road**

Under the Comprehensive Rural Township Development Programme, the MLGW awarded a contract by selective tendering, to Rollers & Compressors Ltd. in the sum of \$97M for execution between March 1993 and November 1994. This contract was eventually completed in August 1996, with cost overruns amounting to \$185.9M and a time overrun of 21 months. (See Table I).

There were many problems associated with this project which contributed to time and cost overruns, among these were the following:-

- (1) failure of the MLGW to acquire all the necessary lands on time;
- (2) accidents due to blasting;
- (3) devaluation of the Jamaican dollar, and the resultant fluctuation in prices;
- (4) variations to the scope of work;
- (5) shortage of equipment and delay in material delivery;
- (6) laying of water and sewer mains in the area;
- (7) unsatisfactory performance of the professionals and contractor;

It is the recommendation of this office that whenever future projects of this nature are planned, Land Acquisition should constitute a primary objective before going to tender.

## 2.8 CASE VII - Port Maria Courthouse

Under the Government Courthouse Rehabilitation Project a contract by selective tendering, was awarded to Mar-Bell Development Co Ltd. for \$9.22M in August 1994, for the construction of a new courthouse building in Port Maria. The award was supported by the GCC and approved by Cabinet.

In June 1994, a letter of intent from Calvin Roach and Associates was sent to the contractors indicating their acceptance of the tender amount. The commencement of work however, did not take place until August 29, 1994, due to delays in the formalizing and signing of the contract by the Ministry of National Security and Justice (MNSJ).

The project suffered continuously from a lack of funding as the MNSJ rarely honoured certificates on a timely basis, forcing the contractor to find alternative means of financing the project. The project was eventually stopped in November 1995, due to non-payment of an outstanding amount. It was approximately 90% completed at that time.

Payments were subsequently made and the work restarted and was completed in March 1996, 7 months over the contract period and \$4.14M over the contract sum.

The problems listed below were contributing factors to the overruns experienced some of which could have been avoided if proper management principles had been practised by the client ministry.

- (1) late payments to contractor and consultants;
- (2) inclement weather;
- (3) water shortages;
- (4) poor management by the client ministry;
- (5) lack of adequate communication with the consultants and contractor;
- (6) withdrawal of services by the consultants and contractor

## 2.9 CASE VIII - Revenue Service Centre Building - Montego Bay

In October 1994, the Ministry of Finance acting on behalf of the Revenue Board, awarded a contract by selective tendering, to C.G. Woolery & Partners Ltd. in the sum of \$79M for the construction of the Revenue Board Office in Montego Bay scheduled to run from October 1994 to March 1996, a contract period of 18 months.

At the outset, delays were encountered when the infrastructural contract was late in completion while the contractor was slow in submitting a revised work programme. Another problem area had to do with the appointment of an electrical/technical sub-contractor. The consultants recommended the highest bidder, without a valid reason, and their recommendations were subsequently rejected by the GCC. As at December 31, 1996, the works were 98% complete with expenditure running at \$100.88M or 27.58 % over budget.

The coordination and management of this project as well as the site supervision were not good.

## **2.10 CASE IX - Montego Bay Regional Office**

This project, which was reported on in the 1995 Annual Report, comes up once again for mention due mainly to poor management, planning and coordination on the part of the client and the executing agency.

In 1994, the Ministry of Education, Youth and Culture (MOEYC) awarded a contract to Ronham and Associates Ltd. in the sum of \$34.9M for the construction of its regional office in Montego Bay. The contract was to run from April 1994 to February 1995.

At the end of the reporting period in 1995, the project was in its 20th month with practically no progress on the actual construction, and with expenditure amounting to \$19.2M or 55% of the contract sum.

At the end of the current reporting period, December 31, 1996, progress has to be described as unsatisfactory with 33% of the works completed and an overrun of 22 months.

Current expenditure is already at \$43.68M or 25% above the contract sum with a projected final cost of \$71M or 103% above the contract sum and will include sums to date of \$8.9M for fluctuations and \$8.4M for variations.

The problems affecting the contract are too numerous to mention in detail. From the inception, the site identified by the MOEYC for construction of the office was actually on UDC's lands previously slated for other purposes. Settlement proved difficult and resulted in suspension of construction on more than one occasion. A new location was eventually identified and setting out concluded in March 1996.

Further delays were experienced when it was determined that a compaction test was not done on the marl base which effectively delayed excavation. Other factors militating against this project were heavy rainfall, incorrect levels on drawings, incomplete drainage details, poor communication, the lack of effective site coordination and the non-payment of the contractor's certificates.

At the end of the reporting period, the contract which was originally scheduled for completion in 10 months, has exhausted 32 months while achieving 38% of the works.

## **2.11 CASE X - Ewarton Primary School**

A contract valued at \$17.86M was awarded to Qualicon Engineering Co Ltd. in March 1994, for the extension and refurbishing of the Ewarton Primary School in St. Catherine. Problems which affected the project included slow progress of works, cash flow, changes to the scope of work and a general lack of urgency on the part of the contractor.

In August 1996, sectional completion was finally granted but only after the principal conveyed to the Ministry of Education, the concerns of the PTA regarding the incomplete state of the works, the lack of urgency displayed in completing the works, and the possibility of a demonstration as a means of venting their frustrations should the re-opening of the school be affected.



Management of the contract left a lot to be desired. The client and their agents are not without blame as the disbursement of funds were untimely and sporadic. Variation orders increased the scope of work tremendously and the additional information relating to these variations was not disseminated on a timely basis.

At the end of the reporting period, total expenditure was \$37.5M which is 109% above the original contract sum with fluctuations and variations currently at \$14M and estimated final accounts projected at \$42.4M. Time overrun amounted to 19 months.

## **2.12 CASE XI - Extension to Norman Manley Customs Hall**

Through the selective tendering process, the MPUT awarded a contract to C.F.C. Construction Engineers Ltd. for \$54.7M. The contract was subsequently approved by the GCC and Cabinet and was to run for 8 months. For purposes of this report, the case will be used to confirm our belief that a local contractor can perform in a manner which enables his company to do excellent work, at a cost consistent with the contract sum and in the allotted contract time, while still making a profit.

This contract was originally negotiated with Garan-Tee Construction Co Ltd. for a sum of \$59.7M with a contract period of 18 months in 1993. As a result of changes in the ownership of Garan-Tee Construction Co Ltd. a decision was made to retender.

After a delay of approximately 2 years, C.F.C Construction Engineers Ltd won the award by selective tendering, to undertake the works. It is interesting to note that the new contract sum of \$54.7M was \$5M or 9% below the original contract sum.

This project was properly managed, coordinated and supervised allowing the contractor to complete the works at the contract sum of \$54.7M including variations of \$1.4M. Time overrun of 3 months was attributable to an increase in the scope of work and delays due to design changes.

## **2.13 CASE XII - Extension to Gordon Cay**

In January 1995, a unit price contract was negotiated between the Ministry of Public Utilities and Transport and E. Phil & Sons AS Denmark for the construction of a new berth and container yard space at the Kingston Trans-shipment Port. The contractor took possession of the site on February 20, 1995, to start a contract set to run for 13 months at a cost of \$687.7M.

At the end of the reporting period December 31, 1996, the contract was completed in spite of an increase to the scope of the works. An extension of time was granted to cover the additional works and the total contract was completed 4 months after the scheduled completion date with total cost running at \$721.1M and variations at \$33.9M which were applied mainly to extending the berth an additional 200 feet.

This project represents one that was efficiently managed and coordinated with adequate supervision. Both the consultants and the project manager performed creditably, and is indicative of what can be achieved if proper planning becomes an integral part of the public sector construction process.

### **3.0 NON-CONSTRUCTION CONTRACTS, LICENCES & PERMITS**

#### **3.1 INTRODUCTION**

As had occurred in the previous year, again in 1996 the monitoring of contracts for the procurement of goods and services was the principal area of activity engaging the attention of this section of the Contractor General's Office.

Mention must be made, in particular, of a contract for the procurement of Bio-Medical and Hospital Equipment for the May Pen Hospital, being undertaken under the Health Service Rationalization Project, which proved to be a complicated and time-consuming exercise - a detailed report on which is included under "Procurement Contracts." Monitoring of Licences and Permits also continued with observation of licensing procedures, i.e. through examination of applications for compliance with requirements under specific Acts or Regulations and through personal visits by members of the Inspectorate at hearings. These included visits to the Airports Authority; the Natural Resources Conservation Authority; the Resident Magistrate's Courts and site inspections, where necessary.

Contact was maintained with the Broadcasting Commission throughout the year regarding the procedures for licensing of operators for the provision of Subscriber Television Services.

During the latter part of 1996 the office received a number of complaints about how the affairs of Operation Pride were being conducted.

The objective of Operation Pride is to provide affordable legally accessible land for viable settlements for low and lower middle income households. It seeks to develop community participation and to mobilise the resources of a community with economic subsidies being provided for those who cannot afford the full market price for land and infrastructure.

The organisation is supposed to work through legally constituted community organisations such as provident societies. Much of the criticisms received by this office and initial enquiries suggest that the relationship between Pride and these organisations is not clear and that Pride itself seems to have got going without adequate operating procedures being in place. As far as this office has been able to ascertain there is no board of directors to which the management of Pride is accountable. It is also not clear where decisions are being taken and by whom and as far as some potential beneficiaries are concerned there is no transparency in the operation of the organisation.

The complaints received in this office suggest that there is:

1. no reliable and open system for selecting beneficiaries;
2. poor management of the funds received from the provident societies and other sources;
3. imposition of contractors on the provident societies without proper tendering procedures; all contractors should be from the approved Government list and be selected through a process of tendering.
4. duplication of work on projects at great and unnecessary cost to the beneficiaries; and
5. a general looseness in all of the operation of the organisation.

In recognition of the fact that there is a need for help a U.S. consulting firm Abt Associates Inc. was engaged to assist in improving the quality of Pride's operations.

At year end the organisation was being looked at critically and whether or not all the accusations levelled against it are true it must be emphasised that there is a perception that it is in need of

accountability and openness in the conduct of its affairs. A management audit seems to be required to evaluate past performance and to ensure that proper systems are put in place.

It is strongly recommended that the management of Pride be made accountable to a broadly based independent board of directors which needs to be appointed now and that its mode of operation should be known to all who are interested and that this mode of operation be based on fairness, equity and impartiality at all levels.

## **3.2. PROCUREMENT CONTRACTS**

### **3.2.1 Ministry of Agriculture**

#### **Procurement of Motor Vehicles for the Bee-Keeping Development Project**

The Bee-keeping Development Project is jointly financed by the European Development Fund (EDF) and the Government of Jamaica (GOJ) and has as one of its components the procurement of vehicles for project officers to facilitate the conduct of their duties. This procurement was to be financed through budgetary allocation in the 1993-94 budget and the expenditure refunded by the EDF. The agreement stipulates that vehicles are to be purchased from either the European Community (EC) or the African Caribbean & Pacific (ACP) member countries as per LOME II Convention

The Ministry of Agriculture is required to make all purchases and submit documentary evidence to the Planning Institute of Jamaica (PIOJ), who then prepare payment orders to the Commission of European Countries (CEC) delegation in Jamaica for reimbursement of the Consolidated Fund.

#### **Invitation**

In September 1993, in accordance with the guidelines and procedures, requests were sent to the following four (4) local suppliers of European vehicles:

- ATL Automotive Ltd.
- Motor Sales & Services Co. Ltd.
- Construction Equipment Ltd.
- John Crook Ltd.

It must be noted that there are no motor vehicle manufacturers in the ACP countries.

#### **Return & Evaluation**

Only one company, ATL Automotive responded to the Ministry's request. This response should have been sent on or before October 15, 1993, but was not received until November 17, 1993, over one month late.

This quotation, although being late, was evaluated by technical staff at the Ministry of Works, based on the following:

1. purchase price;
2. compliance to required specification;
3. servicing and running cost;
4. dealership resources.

The evaluation saw ATL gaining an average of 87% out of a possible 100 points and Ministry of Works recommended that the quotation of ATL Automotive Ltd. be accepted as follows:

- a. two (2) Peugeot 504 Station Wagon motor cars in the sum of US\$35,934.72; and
- b. four (4) Peugeot 504 single cab Pick-ups in the sum of US\$44,800.

This recommendation is dated December 4, 1995 and was approved by the G.C.C. and later by Cabinet. Communication of this reached the Ministry of Agriculture on February 23, 1996. The vehicles were finally delivered in two batches as follows:

Date	Quantity	Description
March 1995	2	1994 Peugeot 405 SR Station Wagon
July 1996	4	1996 Peugeot 505 Pick-up

The impression gained from an analysis of the Cabinet Submission and other documents presented to the G.C.C. was that everything went rather smoothly. This is not the case as a procurement of this nature should not take over two years (September 1993-July 1996). Investigation identified delays as follows:

- 1 In a letter from the PIOJ dated March 16, 1994, the Ministry of Agriculture was advised that due to the budget cut the Government could not purchase the vehicles in the 1993/94 financial year but it could be done for financial year 1994/95;
- 2 During this period of delay Peugeot stopped producing Pick-ups in Europe and ATL had to seek approval to import the Pick-ups from Argentina where the components were imported from Europe and assembled there;
- 3 In November 1994, Ministry of Agriculture wrote to PIOJ seeking to have the Pick-ups purchased from an amount earmarked for the EEC Programme. It took seven (7) months for the PIOJ to reply in the negative.
- 4 Generally, it is felt that the bureaucracy involved in this particular instance was a deterrent to a speedy conclusion. The red tape involved to arrive at a decision or instruction to the procurement officer is far too cumbersome. This delay did not lead to a cost increase. Instead there was a benefit due to the revaluation of the dollar during the period. It is advisable, however, that the agency concerned ensure that it is able to finance the expenditure before commencing procurement procedures.

### 3.2.2 Ministry of Education Youth & Culture

#### **Supply of Computer Equipment, Software and Related Services**

The Ministry invited tenders for the supply of the above equipment via International Competitive Bidding for which Procurement Notices were placed in Development Business (overseas) on September 30, 1995 and locally in the Daily Gleaner, the Herald and the Jamaica Observer over the period September 18 - 25, 1995. The contract was broken down into two (2) Groups, namely.

Group 1	-	Computer Equipment; and
Group 2	-	Compatible Software and Related Services

Twenty-nine (29) firms responded to the invitation and purchased bidding documents. At the close of the tender period at 10:00a.m. on November 14, 1995, eleven (11) firms returned bids; six (6) of which were local firms and five (5) being foreign firms.

Preliminary examination at the public opening of tenders found five (5) of the eleven (11) firms non-responsive to the instructions as a result of their failure to submit the relevant eligibility and qualification information. Four (4) of the five (5) firms adjudged non-responsive were local firms. Subsequent evaluation and comparison of the six (6) qualified bids resulted in the rejection of another local bid for non-responsiveness for not conforming to the technical specifications.

The evaluation and comparison of the remaining five (5) responsive bids, led to a recommendation favouring U.S. company, Ashford International, to be awarded contracts in the sum of J\$3,594,208.00 and J\$281,520.00 for the supply of items listed in Group 1 and Group 2, respectively.

The impact of the lowest bid can only be compared against its competitors as a pre-tender estimate was not done.

A comparison of Ashford International's tender against the second lowest and the highest tenders shows the following results:

#### **Group 1**

		<b>Difference</b>	
Ashford International	US\$ 89,855.20		
2nd Lowest	US\$120,557.43	US\$30,702.23	25.5%
Highest	US\$178,458.00	US\$88,602.80	49.7%

#### **Group 2**

		<b>Difference</b>	
Ashford International	US\$ 7,038.00		
2nd Lowest	US\$13,803.00	US\$ 6,765.00	49%
Highest	US\$52,546.40	US\$45,508.00	86.6%

The award recommendation was consistent with the principles of competitive bidding as Ashford International submitted the lowest evaluated responsive bid.

### **3.2.3 Contract for printing and delivery of two million textbooks for Primary and All-Age School Students Islandwide**

The Ministry of Education issued an invitation to three (3) companies - The UGI Group (Jamaica Herald) Limited, the Gleaner Company Limited and the Jamaica Observer Limited to complete prequalification questionnaires in connection with the award of the above contract.

The UGI Group did not return the Questionnaire and could not therefore be assessed. The Jamaica Observer Limited and The Gleaner Company Limited were adjudged to have fulfilled the required conditions for prequalification. Consequently they were invited to submit a bid for the printing and delivery of the Textbooks.

Bids were received from the two (2) prequalified firms on the 22nd May, 1996, and opened publicly at 11.15 a.m. Present at the opening were representatives from the Gleaner Company, The Jamaica Observer and three (3) members of the Ministry's Media Services Unit.

The record of Bid opening indicated that the Gleaner Company Limited submitted a bid of \$16,379,894.40 and the Jamaica Observer Ltd. submitted a bid of \$29,075,125.00. Both bids were accompanied by the required bid security in the amount of 2% of their bid price.

Subsequent tender analysis conducted on the 24th May, 1996, commencing at 10.00 a.m. sought to check the bids for compliance and responsiveness to instructions and specifications. The criteria for responsiveness would address the following:

- 1) Schedule of Requirements
- 2) Technical Specification
- 3) Bid Security
- 4) Two (2) Copies of Bid; and
- 5) Bid Form.

The Gleaner Company Ltd.'s bid did not include a Schedule of Requirements. Their Technical Specification was in summary and did not fulfill the requirements of the instructions. Their bid price did not include the cost of paper, and their technical specification which was in summary did not indicate the amount of paper to be used. Accordingly a proper assessment of the Gleaner Company Limited's bid could not be made. The bid was therefore deemed non-responsive.

The Jamaica Observer Ltd.'s bid of \$29.075m when analysed compared favourably with the pre-tender estimate of \$30m and was adjudged responsive as all the requirements given in the tender were fulfilled.

Subsequently, the Evaluating Committee submitted a recommendation favouring The Jamaica Observer Limited for the award of the contract to print and deliver Textbooks to Primary and All-Age Schools for 1996-97. The Ministry's Contracts Award Advisory Committee (CAAC) supported the recommendation and it was forwarded to Cabinet.

The Gleaner Company Limited subsequently registered a complaint to this Office indicating among other things that:

- (i) Their bid was not complete as the cost per segment did not include the cost of the paper.
- (ii) The relevant breakdown was supplied promptly following the next working day.

- (iii) The Jamaica Observer Limited strongly objected to the acceptance of the relevant breakdown at a later date on the grounds that there could be “fiddling” on the part of The Gleaner Company Limited after hearing the Observer’s bid price.
- (iv) The objection was baseless as the Gleaner could not change the prices as they were already quoted on in their bid; nor could they reduce the stock of paper without running short of the paper to produce the books.
- (v) Their supplementary information was rejected by the Awards Committee and their bid was deemed unresponsive.
- (vi) The Gleaner Company Ltd. had a record of providing books for ten (10) years at responsible and unbelievably economic prices

An investigation into the complaint of The Gleaner as tabulated above revealed the following:-

- (I) The Gleaner’s bid was not complete as it lacked the necessary Schedule of Requirements, and the Segment Cost did not include the cost of paper.
- (II) The relevant breakdown was supplied five (5) days after the Opening. The Opening took place on May 22, 1996. May 23, 1996, was a Public Holiday (Labour Day), Friday May 25, 1996, was a working day, followed by the week-end. The Supplementary information was submitted on Monday May 27, 1996.
- (III) The Jamaica Observer’s objection and the reason for their objection, was therefore valid.
- (IV) The Gleaner’s contention that The Observer’s objection was baseless cannot be upheld as their quotation of paper reflects price per metric tonne on three (3) of Four (4) instances, while not indicating the amount of paper to be used in completing the books, therefore some degree of manipulation could indeed occur. The Supplementary information was received on May 27, 1996, three (3) days after the bid was rejected at the preliminary examination of Tenders and was not therefore included for scrutiny by the CAAC.
- (VI) The Gleaner Co. Ltd., for many years up until 1992, enjoyed a monopoly position as they were the only organisation equipped to carry out the printing and distribution of large quantities of textbooks.

Further to the above, it is understood from the Head of the Media Services Unit, that the question of acceptance of the Supplementary information and Technical Specification at a later date could not have been entertained after the tender opening. Therefore the Gleaner’s Supplementary information was rejected. It has been observed that the supplementary information was received and kept by the Media Services Unit, although it should have been returned to the Gleaner Company. In spite of this procedural laxity, our conclusion is that the rejection of the Gleaner’s bid on the ground of non-responsiveness was the correct decision.

Nevertheless during the perusal of the documents, it was observed that the Evaluation Team stated in part that the Gleaner did not submit a bid price; but a bid price was submitted, even if a vital component was missing. However, this omission meant that no meaningful comparison could be done during the evaluation.

The documents as examined also failed to indicate the procedure to follow in the calculation of the US\$. Of note is that the Observer applied an exchange rate of J\$43.00 to US\$1.00.

Another point of note is the similarity between the pre-tender estimate and the Jamaica Observer's bid, as under:-

	Pre-Tender Estimate	Observer's Bid
Segment 1	6,000,000	6,909,347
Segment 2	11,500,000	11,456,593
Segment 3	4,500,000	4,196,126
Segment 4	5,500,000	5,006,557
Segment 5-(Delivery)	1,500,000	659,500
Segment 6-(Project Management)	1,000,000	847,000
	<u>30,000,000</u>	<u>29,075,123</u>

Finally, the purpose of requesting bidders to include a total price for the volume and type of paper to be used for the printing of the textbooks is puzzling because the price of each segment included the type and amount of paper to print the textbooks. It is probably this issue which was not fully understood by the Gleaner. However, the instructions were clear so there can be no fault attached to the Agency for the Gleaner's misfortune.

### 3.2.4 Social & Economic Support Programme - Procurement of 25 All-terrain 32 Seater Buses

Over the period May-June, 1995, the Ministry invited sealed bids from suppliers on the Government's approved list of motor vehicle suppliers for the above. Five (5) firms purchased bid documents. However, at the deadline for submission of bids, only three (3) firms had deposited bids, with one (1) firm submitting two (2) bids, thus making a total of four (4) bids. The bids were opened at the office of the Ministry of Education, Youth and Culture in the presence of officers of that Ministry and representatives of the firms which submitted bids. Listed below is a list of the bidders, the bid prices and the pre-bid estimate:

**TABLE 2**

	Bidder	Bid Price
1.	Vaswani's Limited	\$24,903,000.00
2.	Robinson & Company Limited	\$27,795,000.00
3.	Industrial Equipment Company Limited (Bid 1)	\$32,343,100.00
4.	Industrial Equipment Company Ltd. (Bid 2)	\$50,881,850.00
	Pre-bid Estimate	\$23,028,103.75

In order to determine the bid which would be most advantageous to the Ministry, a preliminary examination was carried out by an enterprise team to evaluate and compare bids on five main criteria



which required visits to the bidders' premises. The lowest bidder failed to satisfy the servicing section as well as compliance with specifications and received a low rating for workshop and negative assessment for delivery; while the second lowest bidder satisfied all the criteria. The remaining bids did not fully satisfy all the criteria and the bid prices were high. The final examination showed clearly that the second lowest bidder attained the highest ranking on the basis of the merit points system, using the criteria as the objective analysis (see Table 3).

**TABLE 3**

	<b>Bidder</b>	<b>Points Scored</b>
1.	Robinson & Company	89
2.	Vaswani's Ltd.	59
3.	Industrial Equipment Company Ltd.(Bid 2)	53
4.	Industrial Equipment Company Ltd.(Bid 1)	50

Robinson & Company Limited, the second lowest tenderer, was accordingly recommended for the award of a contract in the sum of \$27,795,000 for the supply of the Ashok-Leyland buses proposed. The recommendation for award of the contract to Robinson and Company Ltd., was therefore fair, impartial and based on merit..

The contract was signed on November 23, 1995, with delivery to be completed in 180 days

Problems were experienced in India which caused delay in delivery. However, nineteen (19) buses were made available to the Ministry on September 16, 1996. The remaining six (6) buses arrived in the island on October 11, 1996 but the date of their delivery was not ascertained. However, as the contract period has expired it is expected that the Ministry will invoke the liquidated damage clause of the contract.

The contract scheduled for six (6) months, was finally completed after fourteen (14) months. The delay has been attributed to problems associated in arranging for a Letter of Credit and Force Majeure, arranging for waiver of certain duties and arranging for inspection of the buses by a representative from the Ministry of Local Government and Works (Department of Electrical and Mechanical Services).

The final cost of \$32.55M is some \$4.75M above the original price and is reflective of the movement in the exchange rate.

### **3.2.5 Ministry of Health**

#### **Health Service Rationalisation Project Procurement of Bio-Medical & Hospital Equipment for May Pen Hospital**

In March 1996 The Ministry of Health invited interested suppliers, being member countries of the IDB to collect bidding documents for completion and return on May 31, 1996. The UDC was named the coordinating agency for the project.

The notice also indicated that the equipment to be procured would consist of sixteen (16) packages for a variety of hospital and laboratory equipment, office furniture and other accessories.

## Method

A "Two Envelopes Procedure" was adopted. This means that bidders were required to complete a prescribed prequalification form along with the bid document and submit the forms with their bids simultaneously in separate identifying envelopes. A prequalification exercise would then follow. Only the bids from bidders who have successfully prequalified would eventually be opened. Bids from those bidders who did not meet the requirements to be prequalified would be returned unopened.

The prequalification exercise resulted in seven (7) bids being accepted for bid evaluation. The non-acceptance of an eighth bid was due to the bidder's failure to satisfy the financial criteria. The remaining three (3) bidders failed to satisfy the prequalification requirements in order to have their bids evaluated.

The particulars which were important in the bid packages and bid documents were as follows:

- (1) Goods Items and Specification
- (2) Maintenance Warranty (five (5) years for some goods)
- (3) List price for spare parts and consumable items
- (4) Other costs associated with delivery
- (5) Installation cost, and
- (6) Customer Training

## Evaluation

The significant issue in the evaluation process was the application of the merit points system in assessment of the above for each bid. This was a stated requirement of the bid document and the evaluation report further stated that; "the bid scoring the highest number of points and which meets all specifications will be deemed to be the lowest evaluated bid". The resulting recommendation for award of contracts was on the basis of that principle for nine (9) of the packages; certain variables resulted in alternative recommendations in the case of two (2) packages. A single bid was received for four (4) packages and although the price in each case exceeded the engineer's estimate the recommendation was to award the contracts in favour of the single bids received.

A number of factors were taken into consideration concerning the recommendation for award of the contracts, but the overall situation is that some relaxation of the stated requirements of the bid documents was made in order to probably avoid a re-tender exercise for some packages.

The cost of all packages in view of the recommendation was US\$2,812,145.44 and the cumulative amount of the engineer's estimate was US\$2,821,176.00 - a marginal difference between the total bid sum and the estimate.

Comments on the project together with certain recommendations have been forwarded to the Ministry of Health.

### 3.2.6 Ministry of Local Government & Works

#### **Metropolitan Parks & Markets (MPM) -Purchase of Vehicles & Equipment**

The Capital Budget of the Ministry for the year 1996 included an amount of J\$103 million for various items, including an amount of \$69 million for the purchase of vehicles and equipment for MPM. The items to be purchased included garbage compressors, dump trucks and a water tank.

In order to consolidate the venture the Ministry of Finance and Planning concluded a loan agreement with Crown Agents Services Ltd. of the U.K. (Government Approved Purchasing Agent) to handle the supply and financing of the vehicles and equipment. By letter dated 23rd October, 1996, from the Ministry of Finance and Planning the Ministry of Local Government & Works was directed to disburse 15% of the contract sum to the Purchasing Agent in the United Kingdom before the terminal date of the Agreement which was 1st November, 1996. These instructions were carried out on the 30th October, 1996.

The agreement stated that 15% of the contract price should be paid to the seller in U.S. Dollars within thirty (30) days of the contract signature - the amount being US\$794,,872.00. Perusal of the agreement disclosed the following:

1. That the Attorney General was associated with the preparation of the agreement.
2. That Crown Agents Services Ltd. of Florida in conjunction with Navistar International Export Corporation would supply the following to Jamaica:

50	Refuse Compactors
5	Ten Cubic Yard Tipper Trucks
10	Six Cubic Yard Tipper Trucks
2	Water Bowsers
200	Six Cubic Yard Skips
1000	Four Cubic Yard Covered Skips

The above for a total contract price of US\$5,299,150.00. This figure includes administrative charges of US\$567,766.00

3. That the contract was signed on October 2, 1996 between the Ministry of Finance and Planning and Crown Agents Services Ltd., Coral Gables, Florida.
4. That 15% of the contract price was paid 30 days after signing - effective date 1/11/96- payment made 30/10/96 to Crown Agents Services Ltd.
5. That the remaining 85% shall be payable in US Dollars in ten (10) equal and consecutive semi-annual instalments.
6. That Crown Agents Services Ltd. will supply and finance the vehicles and equipment under the Loan Agreement.

The terms of the Agreement appear to be reasonable in the circumstances.

### 3.2.7 Ministry of Public Utilities & Transport

#### Transport Sector Reform Project

The Government in its continued effort to establish an efficient public transportation system in the Kingston Metropolitan Region through its wholly owned company, Metropolitan Management Transport Holdings Ltd., invited a number of overseas and local manufacturers/suppliers to submit proposals for the supply of buses.

Seventeen (17) companies as listed hereunder responded by the stipulated date, eleven (11) of which were local agents and six (6) foreign.

1.	Auto Procurement Limited	Local
2.	Auto Sales and Rentals Limited	"
3.	Graymill Engineering	"
4.	Industrial Equipment (Encava)	"
5.	Industrial Equipment (Mercedes)	"
6.	Issar (Den Oudsten Bussen)	"
7.	Issar (Ikarus)	"
8.	Robinson & Company	"
9.	Uni Motors	"
10.	Vaswani	"
11.	Volvo (J.R. Group)	"
12.	Dafbus International B.V.	Foreign
13.	M.A.S.A.	"
14.	Mitsubishi Int'l Corp.	"
15.	Duplec (Metsec) Limited	"
16.	TAZA	"
17.	Thadeus Oshkosh	"

Prior to the opening of the proposals Metropolitan Management Transport Holdings Ltd. (MMTH) invited a number of representatives from public and private organisations to attend a meeting on Monday 22nd January, 1996. The purpose of the meeting was to form a Reviewing Committee to carry out the evaluation of the proposals.

From the invitations sent out the following organisations were represented:

1. Ministry of Finance
2. Ministry of Public Utilities & Transport
3. Ministry of Local Government & Works
4. Attorney General's Department
5. Coopers & Lybrand
6. Jamaica Institute of Engineers.

A representative from this office attended in the capacity of an Observer. At the meeting the decision was taken to have a review of the tender documents and establish criteria by which the proposals

would be evaluated. It was decided that the technical proposals would be examined first to ensure compliance with the specifications with special emphasis being placed on the following areas:

1. Width of buses
2. Length of buses
3. Circle width
4. Axles rating
5. Gross vehicle and weight rating
6. Power plant (Engine)
7. Transmission
8. Brakes
9. Gradeability
10. Right hand drive
11. Width of Passenger Seat
12. Width of door
13. Warranty
14. Training and spare parts availability

Following the review by the Evaluation Committee of the seventeen (17) proposals received and guided by the criteria that was previously established, five (5) companies were short-listed for detailed technical analysis, interviews and inspection of their manufacturing facilities and the vehicles offered. The results were as follows:

Companies	Points awarded
1. Mercedes-Benz/Catosa (Mexico)	91
2. MASA (Mexico)	81
3. Volvo/Jonckheere Buses (Sweden/Belgium)	71
4. Duplec/Metsec (U.K.)	61
5. Encava (Venezuela)	51

In addition to the supply of buses the manufacturers were also required to provide support services consisting of the construction of five (5) depots, training of drivers and mechanics, supply of parts and warranty service and provision for interim storage and maintenance of buses pending the completion of the depots.

The original proposal was to acquire 32, 38 and 45-seater buses. However, the committee found that the 38-seater was of limited benefit and decided that the purchase would consist of three hundred (300) 45-seater and fifty (50) 32-seater buses. It was felt that this would increase vehicle standardisation as well as overall passenger capacity.

### Evaluation

The proposal of each company was then examined in detail. The submission by Duple/Metsec of the United Kingdom, the company with the second lowest rating, included a proposed manufacturing facility to be established in Hayes, Clarendon. While the facility was considered a value-added feature, it did not improve the company's overall ranking to a contender status and was therefore not given further consideration.

The lowest ranking proposal from Encava was found to be not fully responsive to many of the key requirements such as parts, pricing, employee training, and a design defect was found in the body of their vehicle during the inspection of their plant. Their proposal was also not considered.

Listed below are prices per unit submitted by the three remaining companies:

1.	Volvo	-	\$233,532	(45-seater)
		-	\$213,541	(32-seater)
2.	MASA	-	\$ 94,089	(45-seater)
		-	\$ 90,186	(32-seater)
3.	Mercedes-Benz	-	\$ 83,820	(45-seater)
	Catosa	-	\$ 74,820	(32-seater)

### Financial Implications

The financial analysis for each of the selected manufacturers was carried out on a per bus basis, which included gross acquisition costs and interest payments on a projected 5-year operating cost.

For the 5-year period the result for the 45 and 32-seater buses was recorded as follows:

1.	Volvo	-	\$283,040 and \$258,496 respectively
2.	MASA	-	\$178,867 and \$174,627 respectively
3.	Mercedes-Benz/CATOSA	-	\$144,330 and \$133,773 respectively

The above comparison indicated that over 5 years the Volvo bus would cost \$138,710 and \$124,723 respectively per bus more than Mercedes-Benz and \$104,173 more than MASA.

On an operating cost basis, it was found that the Volvo bus would cost \$9,254 less than the MASA bus over 5 years or \$1,850 per year, but \$26,457 more than the Mercedes-Benz bus over the same period. In short, it would not be possible to overcome the higher purchase price of the Volvo bus through annual operating cost saving.

### Recommendation

On the basis of all the factors that were taken into consideration it was recommended that :

1. One Hundred and Fifty (150) 45-seater and Fifty (50) 32-seater buses be ordered from Mercedes-Benz/CATOSA of Mexico, and One Hundred and Fifty (150) 45-seater buses be ordered from MASA of Mexico at a total cost of US\$30.4 million
2. Negotiations were to be finalised with the above suppliers for the construction of five (5) bus depots, the required training services, tools and other support services at a total estimated cost of US\$20 million., with delivery to commence within 150 days of the award for order by the Government of Jamaica.

Cabinet approval was given for the project and the contract was signed on the 10th October, 1996 between Jonckheere Bus & Coach N.V., Schoolstraat 50, B-8800 Roeselare, Belgium and the Government of Jamaica for the delivery of :

1. 85 Standard City Bus Superstructures, Pacific Type
2. 20 Articulated Bus Superstructures, Transit Type
3. Superstructure Spare Parts, and
4. Construction of Bus Depots

A separate contract will be signed between the Government of Jamaica and Volvo Bus Corporation of Sweden for the delivery and financing of 120 Chassis, Chassis Spare Parts, Special Tools and other support.

In terms of superstructures all the necessary spare parts that are required for the buses will be provided. It is also a requirement that Jonckheere will coordinate the study and construction of bus depots. A final description is to be approved by both parties regarding the requirements of the layout and the location for the building of the depots.

Payment to be made in Belgian Francs - 30.6 Belgian Francs (BEF) equal to 1 US Dollar. The price per unit is summarized as follows:

	Unit		Unit Price
1.	Standard City Bus Superstructure	-	BEF 3,350,300
	Insurance	-	BEF 301,410
	CIF - Kingston	-	BEF 3,650,710
	Total for 85 Units	-	BEF 310,395,350
2.	Articulated Bus Superstructures	-	BEF 5,695,300
	Insurance	-	BEF 373,300
	CIF - Kingston	-	BEF 6,068,600
	Total for 20 Units	-	BEF 121,372,000
3.	Spare Parts\Ex-Works	-	BEF 17,775,650
4.	Study and Building of Bus Depots	-	BEF 90,000,000
	<b>GRAND TOTAL PRICE</b>	-	<b>BEF 539,543,000</b>

Delivery of the buses will begin ten (10) weeks after the arrival of the Chassis to Jonckheere's premises. This delivery date however, is subject to the final approval of the Loan Agreement between the Government of Jamaica and the Belgian Authorities.

### Observation

From the material examined on file and the method adopted by Metropolitan Transport Holdings (MMTH) for the selection process it is apparent that great care was taken in examining the proposals and in arriving at the decision taken. However, there are two points on which comment needs to be made:

The decision of MMTH that “to promote competition, the bus order should be split between the two top ranked manufacturers.”

1. It would seem that competition was secured through the tendering process and there is no reason why all the buses could not have been ordered from the manufacturer adjudged to be offering the best package. This approach would also have contributed to the standardization in parts which is one of the stated objectives of the exercise.
2. It is noted that one manufacturer included in his bid an offer to set up an assembly facility in Hayes, Clarendon. It might have been useful if as part of the bid documents manufacturers could have been asked to make proposals for an assembly facility. Jamaica will always be needing buses and it is inconceivable that we will be forever importing these large space consuming vehicles fully made up.

### **3.2.8 National Water Commission**

#### **(a) Procurement of Motor Vehicles**

During the month of March 1996 the National Water Commission placed advertisements in the media inviting tenders for the supply of different categories of motor vehicles.

Fourteen (14) companies responded and opening was done on November 28, 1996. The tenders received made offers of ten (10) different categories of vehicles. Companies submitting proposals were:

1. Bus and Truck Sales
2. Caribbean Commonwealth
3. Crown Motors
4. Deryck A. Gibson
5. Essex Exports
6. Executive Motors
7. Gentrax
8. Impact General
9. Industrial and Technical Supplies
10. Kingston Industrial Garage
11. National Safety
12. Peninsula Corporation
13. Powertrac
14. United Motors

The categories of vehicles offered were :

1. 20 Ton Flat Bed with Telescoping Crane ( (CAP 20 Ton)
2. 10 Ton Flat Bed with Hydraulic Crane (CAP 10 Ton)
3. 10 Ton Flat Bed with Hydraulic Crane (CAP 5 Ton) with extension
4. Tractor Trailer Head



5. 4WD Back Hoe Loader
6. Sewer Cleaning Jet Rodder
7. 6 Ton Fork Lift
8. 40 Ft. Flat Bed Trailer
9. Minibus - 15 Seater
10. Minibus - 29 Seater

### **Evaluation**

Evaluation of the proposals was carried out by a team comprised of the following persons:

- |    |                      |   |   |
|----|----------------------|---|---|
| 1. | Mr. Fiaz Ahamed      | - | V.P. Business Operations (Actg.)                  |
| 2. | Mr. Gregory Harrison | - | V.P. Finance and Control                          |
| 3. | Mr. Ian Maharaja     | - | Corporate Transport Administrator                 |
| 4. | Mrs. Michelle Naylor | - | General Manager, Legal Affairs and Administration |

During the evaluation process the following criteria were used on which a number of points were awarded. These are reported to be the factors used by the Ministry of Local Government & Works when purchasing equipment and vehicles:

- |    |                                    |   |            |
|----|------------------------------------|---|------------|
| 1. | Purchase Price                     | - | 50 points  |
| 2. | Compliance with the Specifications | - | 25 points  |
| 3. | Dealership Resources               | - | 15 points  |
| 4. | Service and Running Costs          | - | 10 points  |
|    |                                    |   | 100 points |

Points were awarded for each factor, with the highest number of points indicating the tender that was most advantageous, and it was on this basis that the evaluation was carried out.

### **Recommendation**

On completion of the evaluation exercise the decision was taken to award in favour of the following firms:

	<b>Category</b>	<b>Company</b>	<b>Type of Vehicle</b>	<b>Price C.I.F.</b>
1.	20 Ton Flat Bed with Telescopic Crane (CAP 10 Ton)	Deryck A. Gibson	1996 Ford LT. 8000 Crane National 456A	US\$141,850.00
2.	10 Ton Flat Bed with Hydraulic Crane (CAP 10 Ton)	Deryck A. Gibson	1996 Ford LT 8000 Crane National 456A	US\$102,100.00

	<b>Category</b>	<b>Company</b>	<b>Type of Vehicle</b>	<b>Price C.I.F.</b>
3.	10 Ton Flat Bed with 5 Ton Lifting Capacity	Deryck A. Gibson	1996 Ford F-800 National Crane M135/14	US\$100,700.00
4.	Tractor Trailer Head	Essex Exports	Ford LT 9000	US\$39,350.98
5.	4 WD Back Hoe Loader	Powertrac	Caterpillar 428B	US\$62,247.00
6.	Sewer Cleaning Jet - Rodder	Impact General	1995/6 Ford LM8000 Tank Vactor 2110 Jet Rodder	US\$137,279.00
7.	6 Ton Fork Lift	Industrial and Technical Supplies	1995 Hyster HI 10 x L2	US\$32,007.00
8.	40 Ft. Flat Bed Trailer	Caribbean Commonwealth	1996 Truehart PBH	US\$19,934.28
9.	Minibus - 15-Seater	Kingston Industria Garage 1	1996 Ford Econovan	US\$13,390.00
10.	Minibus - 29-Seater	United Motors	1996 Toyota Coaster	US\$45,177.00

In arriving at the decision the Committee agreed that in order to have standardization of the vehicles and equipment it would be advantageous to have a local dealer representing the manufacturing company. Deryck A. Gibson was recommended to be awarded the contract to supply items Nos. 1-3. Upon award permission was sought for the immediate purchase of the three items as they were said to be urgently needed. At a meeting held on 25th November, 1996 the Board of Directors of National Water Commission gave approval to purchase the equipment in the sum of US\$450,000.00

Government Contracts Committee and Cabinet approval have been sought, following which the agreement will be signed.

From the information provided the tender and evaluation processes were carried out impartially .

**(b) Montego Bay Water Supply (Great River Project) Contract EIA - Supply of Electro-Mechanical Equipment**

This project which is jointly funded by the Government of Jamaica and the Overseas Economic Cooperation Fund (OECF) of Japan was previously reported on in 1995, with the tender invitation by Carib Engineering Corporation (CEC) - the implementing agency, having received poor response and a decision being taken to invite all firms that had purchased tender documents to proceed with preparation of their tender, with a new return of tender date on January 31, 1996.

A contract in the amount of US\$604,070 was signed on July 8, 1996 between Carib Engineering Corporation Ltd. and Sunshine Pumps & Supply Ltd. However, the contractor could not proceed until approval from the OECF was sought and granted and a Letter of Credit established.

The OECF approval was reportedly granted on August 26, 1996, and request for the establishment of a Letter of Credit submitted to the Bank of Jamaica on August 27, 1996.

The origin of goods however, required establishing a Letter of Credit from the Bank of Tokyo, which reportedly was not acquired until December 1996, after which the contractor was given the go-ahead to commence with the procurement process.

The validity of the Loan Agreement for the project was due to expire on January 23, 1997, but it was reported that extensive negotiation with the OECF by the agency was expected to result in the necessary funds for completion of payments being secured.

### **3.3 LICENCES / PERMITS & CONCESSIONS**

#### **3.3.1 Inland Revenue Department**

##### **Spirit Licences**

Over the period 1995 - 1996 monitoring of the Inland Revenue Department in regard to the issue of certain licences under the Spirit Licence Act was carried out.

A visit was made on December 5, 1996 to observe the regular session of the Spirit Licensing Authority for the Parish of St. Thomas. The session was presided over by a committee consisting of the following persons:

Mr. Keith Francis	-	JP - Chairman
Mr. J. Young	-	JP
Mr. J.B. Davis	-	JP

Observers were :

Ms Cynthia Howell	-	Deputy Clerk of the Courts
Ms Jacqueline Larmond	-	Licensing Clerk

Licences granted were in the following categories:

- (a) Town - off
- (b) Tavern
- (c) Village Retail

A total of fifty (50) licences were expected to be granted, however, only twenty-six (26) were actually granted and these were as follows:

Town - off	1
Tavern	21
Village Retail	<u>4</u>
	26

Of the remaining twenty-four (24), three (3) were denied, while twenty-one (21) applicants were absent. The three (3) licences that were denied were on the basis of non-submission of a police report making a recommendation for renewal of the licence.

### Observation

It was pointed out by the Deputy Clerk of the Courts that the granting of Spirit Licences was done on a quarterly basis. This means that all applicants who were slated for attendance at each session and who were absent on the date might be operating without the necessary licence until the next session (i.e. January-March, 1997) and would be deemed illegal operators under the Spirit Licence Act.

It must be pointed out that the processing procedure adopted left much to be desired.

It was observed that applicants present for licences were barely questioned and were not asked to provide proper identification. Names were called and the applicant assuming such name proceeded forward to the Chairman; he/she was told that the licence was granted and they then made their exit.

The Chairman in addressing the applicants advised that all applicants should and must be present at all times for each session. He further stated that if this rule was not adhered to the licence of the applicant would be revoked.

The opening hours for the various licences are as follows:

Town - off	-	7.00am - 9.00pm
Tavern	-	7.00am - 11.00pm
Village Retail	-	7.00am - 9.00pm

### Club Licences

#### Application

Application for a club licence is required to be made to the Licensing Authority in each parish and shall be supported by proof by the Secretary of the Club that the Club is entered in the Register of Clubs under and in accordance with the provision of the Registration of Clubs Act and that such Club has not been struck off the Register.

The applicant shall not less than twenty-one (21) days before the date affixed for a session of the Licensing Authority on which the application is to be made deliver a copy of the application to the Superintendent of Police. Within the same twenty-one (21) days the applicant must conspicuously and continuously exhibit on the house or premises for which the licence is desired a licence placard in letters within the determined specifications announcing his intention of applying on the date so fixed for a licence of the particular kind to which his application refers.

A notice of the holding of a session together with a list of all applications for each category of licence shall be published in the following issue of the Gazette. A copy of the Gazette must be exhibited outside every Courthouse and Police Station in the parish from the Monday following the publication of the list in the Gazette until the session of the Licensing Authority.

## Inspection

Whenever an application for a licence is made it is the duty of the Superintendent of Police or his nominee (not below the rank of Sgt.) to :

- (a) Inspect such premises personally;
- (b) Make enquiry as to the character of the applicant and other such enquiries as may appear necessary;
- (c) Endorse on the application the following particulars :
  - (i) an estimate of the annual value of the premises referred to in the application;
  - (ii) a statement whether the premises are fit for the purpose for which the licence is intended;
  - (iii) the result of his enquiries as to the character of the applicant and of such other enquiries as have been deemed necessary.

The Superintendent shall forward the above information for each applicant along with their respective applications at least three (3) days before the session of the Licensing Authority to the Courts Clerk. The Superintendent should at all times be present at each session to give oral information under oath.

## Refusal of Licences

Any application for a licence to the Licensing Authority under the Licensing Act may be refused on a number of grounds including, inter alia :

- (a) that the premises are unfit for the purpose of the licence applied for or are in the opinion of the Licensing Authority undesirable to be licensed.
- (b) that the applicant is a person of bad character.
- (c) that the applicant having within the preceding five (5) years been a holder of a licence in any part of the island has allowed his licensed premises to become a nuisance to his neighbourhood.
- (d) that the premises for which the application was made are so situated that they cannot be kept under effective police control.
- (e) that the premises are likely to be a nuisance to the neighbourhood.
- (f) that the applicant has neglected to comply with any of the provisions of the Licences Act in making his application.
- (g) that there exists a significant number of premises already licensed to meet the needs of the neighbourhood.
- (h) that the premises do not comply with the provisions as set out under the requirements of premises.

In addition to the foregoing grounds, any application may be refused by the Licensing Authority for any other reason based on the character or history of the applicant, or the condition or circumstances of the premises or any circumstances which the Licensing Authority may in its discretion consider sufficient in the interest of good order and the welfare of the community.

## Observation

In order to qualify for a Club Licence, there must be a membership of at least twenty-five (25) persons. Approval can be withheld for any of the following reasons:-

- inadequate number of members;
- membership book not updated;
- subscription books need to be updated;
- no recommendation from the Police Department;
- objections due to citizens protest.

### 3.3.2 Broadcasting Commission

#### **Licensing of Operators of Subscriber Television Services (STV)**

Consequent upon the introduction of legislation to regulate the provision of Subscriber Television (STV) Services the Broadcasting Commission organized a Seminar on December 9, 1996 where prospective applicants received guidance on the prerequisites for application and the granting of licences. Applicants were informed that the decision as to the grant of a licence would be made purely on the basis of what the applicant planned to do if awarded a licence.

#### **Selection of Financial Analyst**

In November 1995 the Commission had agreed that the services of a financial analyst would be required to assist the Commission in the evaluation of the Business Plans submitted by applicants and accordingly invited the following companies to submit bids:

Coopers & Lybrand  
KPMG Peat Marwick  
Ernst & Young  
Price Waterhouse

Price Waterhouse declined to bid.

After examination of the other bids, the Commission short-listed Ernst & Young and Peat Marwick, and after careful review Ernst & Young was selected. Having examined the documents, this office is satisfied that the process was carried out impartially and in keeping with the requirements of the selective tendering procedure.

#### **Application Procedure**

In May 1996 the Commission invited companies interested to collect application forms from the Commission's office. Completed forms were to be returned between June 17 - 20, 1996. However, at the request of applicants the deadline was extended to July 22, 1996.

Applicants were required to provide

- (a) a diagram/map indicating the entire area for which application was being made and indicating the zone boundaries;
- (b) operating costs and revenue details of each zone;
- (c) Projected Balance Sheet for STV operations;
- (d) Cash Flow for the first year of operation.

In addition to the Financial Evaluation by Ernst & Young, applications were examined by a Technical Committee and an Engineering Committee.

The report and recommendations of the Broadcasting Commission were in the process of being submitted to the Hon. Prime Minister and Minister of Information by year end.

### **3.3.3 Urban Development Corporation (UDC)**

#### **Bluefields Beach Park, Westmoreland**

In December 1995 the UDC invited proposals from applicants to operate a public Beach Park at Bluefields, on a site which covers approximately 6,400 square meters. The facilities included:

- Paved internal roads
- Paved bus bays and car parking facilities
- Recreational space
- Administrative Building
- Public Conveniences
- Shops (11)

Proposals were to be submitted by January 15, 1996. Successful applicants would be required to:

- (1) Enter into a written agreement with the UDC for a term not exceeding one (1) year with an option to renew at the expiration of the one (1) year period.
- (2) Make proposals regarding rental rates which can be paid from the operations. Income and Expenditure Statements should support the proposals.
- (3) Pay a security deposit equal to two (2) months rental at the signing of the agreement. This will be returned to the operator at expiration of agreement provided that premises are left in good tenantable repair and there are no outstanding rent or utility bills.
- (4) Maintain and use premises as a Public Beach allowing members of the public to have access thereto, and to bring their food and drink therein if they so desire.
- (5) Operate and maintain the Beach in accordance with regulations of the NRCA and the Beach Control Authority from time to time in force.
- (6) The operator will not be permitted to build or construct any additional structures on the

to put up removable partitions and fixtures and fittings on the existing buildings.

(7) Selection of tenants for shops will be subject to approval by the UDC.

Some thirty (30) applications were received from persons interested in operating shops at the park.

At year end it was still not clear how and to whom the concessions had been awarded as there continues to be problems in getting access to material at the UDC.

### **3.4 DIVESTMENT**

#### **3.4.1 National Investment Bank of Jamaica**

##### **Divestment of Spring Plains**

Spring Plains\St. Jago Property which is located at Tollgate, Clarendon, is one of the entities listed in Ministry Paper No. 34 and approved by Cabinet for divestment. The project which was developed in the 1980's as a joint venture investment between the Government of Jamaica and foreign investors was terminated in 1986 due to financial losses.

The property was transferred to the Ministry of Finance for management by the Agricultural Development Corporation (ADC), by way of an agreement dated February 1, 1989.

The property to be divested comprised:

Approximately 155.87 Hectares (385 acres) of prime agricultural lands, modern packaging house 6,501.6 sq. meters (170,000 sq. ft.) including 7,080.48 cu. meters (250,000 cu. ft. cool rooms), offices and storage space.

Approximately 77.73 Hectares (192 Acres) of mango orchard (Tommy Atkins, Keitt and Haden, all bearing trees).

Farm machinery centre building and two (2) maintenance workshops 629 sq. meters (6,900 sq. ft.) including office space 250 sq. meters (2,760 sq. ft.), land 2.74 Hectares (6.762 acres).

Machinery (including packaging lines) equipment, office furniture and miscellaneous items.

Since 1991, NIBJ has made a number of attempts to privatize the property and in September of that year attracted six (6) respondents. However, the two highest bidders failed to meet the requirements. The assets were again advertised for sale or lease between September and November 1992, and although five (5) proposals were received, no agreement was concluded.



At a meeting involving the former Minister of Agriculture and the NIBJ Enterprise Team on 28th January, 1994, it was decided that the remaining assets should be documented and re-valued and the privatization process be re-started.

### **Current Privatization Effort**

The assets were advertised in the press over the period December 3, 1995 to January 9, 1996. Four (4) offers were received from :

1. Agroway Ltd.\Century Farms Ltd.
2. Paragon Agro-Export Corp. Ltd.
3. Jamaica Management & Tech. Co.
4. Coronet Foods Inc.

The evaluation by NIBJ's Enterprise Team was based on the following criteria:

1. Offer Price
2. Development Plan
3. Financing Arrangement
4. Plans for incorporation of ESOP
5. Environmental Protection

The outcome of the evaluation exercise was as follows:

	Points
1. Agroway Ltd\Century Farms Ltd.	58
2. Paragon Agribusiness Development	51
3. Jamaica Management & Technology Co.	32
4. Coronet Foods	26

Meetings were held between NIBJ and the first ranked investors. However, disagreements arose between the two investors, resulting in the withdrawal of Century Farms from the arrangement. Agroway Ltd. then indicated willingness to proceed with the negotiation without Century Farms.

At the request of NIBJ, Agroway Ltd. submitted a revised proposal which was evaluated by the Enterprise Team. The NIBJ Board, however, requested a re-examination of the investor's Development\Business Plan by the Team and that it re-submit its recommendations thereafter.

The Development Plan as proposed by the investor involves:

- (a) commencement with lease of 10,000 sq. ft. of the Packaging House, the remaining 60,000 sq. ft. to be developed on similar lines as the Agricultural Marketing Corporation's property at Three Miles, Spanish Town Road.
- (b) capital development of \$10.6 million to upgrade the packaging house facility over a 5 year period

- (c) use of the agricultural lands to produce vegetables and ground provisions; farmers would also be encouraged to produce similar crops for sale to Agroway.

Subsequent negotiations between NIBJ and Agroway resulted in the following agreements:

- (a) Lease of Packaging House

This facility will be leased for a period of 20 years, with option to renew, at a rate of \$28 per sq. ft. per annum for the first three (3) years, after which the lease rental will be reviewed by both parties based on current valuation of the asset.

In lieu of lease payments for the first three (3) years, the lessee will issue Cumulative Preference Shares with a coupon rate of 12% to NIBJ/ADC.

- (b) Lease of Agricultural Lands

Agricultural lands consisting of approximately 155.87 hectares (385 acres) will be leased for a period of 20 years at a rental of \$770,000.00 (\$2,000 per acre) per annum, and will increase by 5% every three (3) years. The lease will be reviewed at the end of six (6) years based on current valuation of the lands.

- (c) Mango Orchard - Lease of Lands

The 77.73 hectares (192 acres) of land associated with the Orchards will be leased for a period of 20 years at a rental of \$556,800.00 (\$2,900.00 per acre) per annum, and will be reviewed at the end of six (6) months based on current valuation of the lands.

- (d) Mango Orchard - Sale of Trees

The mango trees located on 77.73 hectares (192 acres) of land will be sold at a price of \$8.0M. The agreed terms of payment will be for a period of one (1) year, with 25% deposit on signing of the Agreement, and the balance will be payable every three (3) months later. The investor agreed to provide security for the balance owing until final payment is made, and that interest at a rate of 30% will be charged on the outstanding balance.

Agroway Ltd. was established some nine (9) years ago and is primarily engaged in the growing of flowers and other ornamental crops both for the local and export markets.

Recently the company received a contract valued at \$19.8 million for a two (2) year period to provide dietary services to Savanna-la-mar Hospital.

This office is satisfied that the divestment to Agroway Ltd. was based on merit.

### **3.4.2 Ministry of Public Utilities & Transport**

#### **Divestment of Jamaica Railway Corporation**

##### **History**

The Jamaica Railway Corporation (JRC) is a statutory body established under the Jamaica Railway Corporation Act (1960).

During the latter years of its operation the Corporation experienced increasing operational and accumulated losses which led to the decision to cease operations in October 1992. Prior to this the JRC was listed among assets of the Government which were identified by Ministry Paper No. 34 (June 1991) as being eligible for privatisation.

##### **Background**

Following an unsuccessful privatisation proposal by a private sector consortium known as Railway Management Services Ltd. (RMS) in 1993, the National Investment Bank of Jamaica (NIBJ) was engaged to pursue the privatisation process of the JRC.

Meetings in April to May, 1994, between the World Bank Supervisory Mission and the NIBJ resulted in a request by the Mission that the principle of transparency in privatisation should be satisfied by the preparation of a prospectus.

Subsequently the NIBJ invited the undermentioned Government departments and statutory bodies to participate on an Enterprise Team, whose responsibility was to develop an Action Plan for privatisation of the JRC.

- Lands Department
- Jamaica Railway Corporation
- Natural Resources Conservation Authority
- Port Authority of Jamaica
- Office of the Prime Minister
- Ministry of Water and Transport

From this Action Plan and subsequent developments, a proposal prospectus was formalized and offered to private sector investors in a three-asset package, namely:

- |               |  |
|---------------|--|
| Package No. 1 | Infrastructure consisting of the network, communication and signalling equipment, track maintenance machinery and equipment\ furnishing and station buildings, quarters, halts, and associated premises. |
| Package No. 2 | The rolling stock  |
| Package No. 3 | The central workshop facility consisting of a wide range of machinery, equipment and spares, buildings and associated premises.  |

The privatisation process would span three (3) stages which would ultimately give investors the opportunity to participate in ownership of the underlying railway assets. These stages were :

- |         |   |   |
|---------|---|---|
| Stage 1 | - | JRC establishes a Holding Company                             |
| Stage 2 | - | Privatize railway operation via lease\sale of asset packages. |
| Stage 3 | - | List Holding Company on the Jamaica Stock Exchange            |

Offers would be assessed on the basis of :

- Quality and credibility of Business Plan, in particular investment in improving Infrastructure.
- Financial Offer.
- Competitiveness and suitability for freight and passenger carriage.
- Provision for national heritage and environmental protection.
- Track record and expected performance of offeror.
- Arrangements for facilitating other package holders
- Plans for inclusion of small business operators, etc.
- Inclusion of employee stock ownership plan.
- Participation of local investors.
- Expected overall social economic benefit to Jamaica as part of coherent National Transportation Policy.
- To provide quality service for commuters and freight customers.

Mr. Dunbar McFarlane, Managing Director for the National Commercial Bank Group Ltd., was appointed by the Ministry of Public Utilities and Transport (MPUT) to serve as Chairman for the JRC Negotiating Team which had responsibility to meet and negotiate with proposed investors. This would be done in collaboration with the NIBJ, who would act in an advisory capacity to the Team.

### **Invitation to Investors**

Letters of invitation were sent to companies which had expressed an interest in the privatisation of the Railway, the final date for return of submission of a Business Plan being October 19, 1995.

Two (2) potential investment proposals were received from :

1. Jamaica Rail Ltd. (JRL) (U.K. and local interests).
2. Railway Management Services Ltd. (RMS) (a local consortium)

Following the evaluation of both proposals, independent meetings were held between the Negotiating Team and both parties.

At their meeting with the Negotiating Team, RMS indicated that they would not discuss their proposal for revitalization of the Railway unless the Negotiating Team was unable to reach an agreement with the other parties who were interested in acquiring the assets of the JRC.

JRL in their meeting with the Negotiating Team agreed to submit a Business Plan in four (4) weeks. This was eventually extended to December 4, 1995. Negotiations then commenced in December 1995, with JRL.

The ensuing and continuing negotiation between the Negotiating Team and JRL resulted in an array of issues being discussed. NIBJ prepared a Cabinet Paper on most of the issues that required policy direction from the Government. Cabinet subsequently responded to these issues.

A draft "Heads of Agreement" relating to operations of the Jamaica Railway system was prepared and is awaiting ratification by the respective parties. Up to December 1996, an agreement had not been finalized and negotiations continue.

### **3.5 MERGER JBC/RJR**

Consequent upon the announcement by Government of the proposed "merger" between the Jamaica Broadcasting Corporation (JBC) and Radio Jamaica Limited (RJR), this office addressed a letter to the Permanent Secretary in the Office of the Prime Minister bringing to attention our concern with how the matter was being handled.

Attention was drawn to the fact that over the past four (4) years during which the divestment of JBC seemed to be a likely development this office sought to be kept informed on how the matter was being handled in the hope of ensuring that those responsible proceeded in a transparent manner by encouraging all interested parties to submit proposals for the acquisition of the Corporation.

It was disappointing to note therefore that an arrangement appeared to be in the making with Radio Jamaica without any opportunity being offered to other Jamaican entities to put forward proposals for the acquisition of the JBC. One could understand that RJR with its broad-based ownership structure was unique among media companies and was the sort of institution to which a national publicly owned broadcasting organization could logically be divested. However, there was nothing to preclude offers being publicly invited for the JBC with the clear stipulation that only offers from entities whose ownership was broadly based and not controlled by any individual or group would be considered. The possibility existed that the ownership structure and other characteristics of RJR may have resulted in that organization being the successful bidder but the principle of openness, impartiality and merit as called for in the Contractor-General Act would have been satisfied.

It was pointed out that as a consequence of the method adopted there will be the lingering suspicion that RJR has been given a special deal and this was not the message that should be transmitted at a time when the Government was in the process of fundamentally restructuring the contracting process in the public sector to ensure that it is more independent, efficient and fair.

The response of the Office of the Prime Minister is at Appendix V of this report.

#### 4.0 WORK OF THE CONSULTATIVE COMMITTEE IN 1996

The Consultative Committee met twice during 1996 in accordance with its decision not to meet at set times but only as issues arose which required that a meeting be held.

As in the past individual members of the Committee were readily available to provide advice and support and during the year they continued to be an important factor in the work of the Office.

On July 2, Mr Malcolm Housen, recently retired President of the Incorporated Masterbuilders Association attended his first committee meeting in replacement of Mr Philip Gore who I wish to thank sincerely for the many sound ideas and thoughtful proposals he introduced to the Office.

The membership of the Committee is as follows:-

Messrs:

Leo Lawson	-	Engineer (Chairman)
Errol Alberga	-	Architect
Malcolm Housen	-	Masterbuilder
Vayden McMorris	-	Architect
Harold Milner	-	Financial Consultant
Sam Stewart	-	Postmaster General
Maurice Stoppi	-	Quantity Surveyor

I should like to again thank all members of the Committee for their advice and support during the year.

## 5.0 STAFFING OF THE OFFICE

The Office suffered a great loss in the death in August of the Deputy Contractor-General, Mr Douglas Lindsay. Although he had not been well for some time his death came as a great and sad shock to all members of staff.

Mr Maurice Henry, an engineer with wide experience joined the staff in November as Director of Construction Contracts a responsibility that had been discharged by Mr Lindsay.

In January the Chief Accountant, Miss Angella Clarke resigned her post and relocated to Canada where she got married. She was replaced by Mr Devon McFarlane who was promoted from his post of Senior Accountant. Mr Marlon Atkinson joined the staff as Accountant. Training continued at a high level during the year with seven officers being offered courses as follows:-

Inspectors Paul East and Lafete Edghill - Project Appraisal

Registrar and Assistant Registrar Deniece Rose and Rosemarie White - Records Management

Accountant Marlon Atkinson - Introduction to Micro-Computers

Office Manager Clive Brown - Fundamentals of Management for Middle Managers

Chief Accountant Devon McFarlane - Certificate in Public Administration

## APPROPRIATION ACCOUNT

## OFFICE OF THE CONTRACTOR-GENERAL

Account of the sums expended as compared with the sums approved in the year ended 31st March, 1996.

SERVICE	TOTAL APPROVED ESTIMATE  \$	EXPENDITURE  \$	EXPENDITURE COMPARED WITH ESTIMATE	
			MORE \$	LESS \$
<b>Head No. 4 - Office of the Contractor-General</b>				
<b>21 - Compensation of Employees</b>				
Original Estimate 7,000,000.00				
1st. Supplementary 700,000.00				
2nd. Supplementary 994,000.00	8,694,000.00	9,024,574.42	330,574.42	
<b>22 - Travel Expenses &amp; Subsistence</b>				
Original Estimate 1,500,000.00				
1st. Supplementary 653,000.00				
2nd. Supplementary	2,153,000.00	1,940,864.67		212,135.33
<b>23 - Rental of Property</b>				
Original Estimate 2,000,000.00				
1st. Supplementary 364,000.00				
2nd. Supplementary	2,364,000.00	2,272,800.25		91,199.75
<b>24 - Public Utility Services</b>				
Original Estimate 540,000.00				
1st. Supplementary 50,000.00				
2nd. Supplementary	590,000.00	595,739.33	5,739.33	
<b>25 - Purchase of Other Goods</b>				
Original Estimate 800,000.00				
1st. Supplementary 264,000.00				
2nd. Supplementary	1,064,000.00	1,522,994.77	458,994.77	
<b>28 - Retiring benefits</b>				
Original Estimate 1,000,000.00				
1st. Supplementary 206,000.00				
2nd. Supplementary 500,000.00	1,706,000.00	1,186,827.70		519,172.30
<b>31 - Purchase of Equipment</b>				
Original Estimate 580,000.00				
1st. Supplementary 552,000.00				
2nd. Supplementary	1,132,000.00	1,134,554.10	2,554.10	
<b>Total Head No. 4</b>	<b>17,703,000.00</b>	<b>17,678,355.24</b>	<b>797,862.62</b>	<b>822,507.38</b>
<b>Surplus to be surrendered to Consolidated Fund</b>		<u><u>24,644.76</u></u>		



## **6.1 EXPLANATION OF THE CAUSES OF VARIATION BETWEEN APPROVED ESTIMATES AND EXPENDITURE**

### **21 - Compensation of Employees**

The excess expenditure of \$330,574.42 was due to the under-provision in the Original and Supplementary Estimates.

### **22 - Travel Expenses & Subsistence Allowance**

The under-expenditure of \$ 212,135.33 was due to the over-funding in the Supplementary Estimates as the estimated milage was not undertaken by our travelling officers.

### **23 - Rental of Property**

The under-expenditure of \$91,199.75 was the result of over-estimation in the original request as the lease agreement was not signed until late in the Financial year 1995/96.

### **24 - Public Utilities**

The excess expenditure of \$5,739.33 was due to the under-provision in the Original and Supplementary Estimates.

### **25 - Purchase of Other Goods and Services**

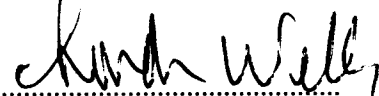
The over-expenditure of \$458,994.77 was as a result of the original request of \$1,739,500.00 being reduced to \$800,000.00. The increased cost of goods and services also contributed to the over-expenditure which was necessary for the efficient operation of the office.

### **28 - Retiring Benefits**

The under-expenditure of \$519,172.30 was due to over-estimation in the original request.

### **31 - Purchase Of Equipment**

The excess expenditure of \$2,554.10 was due to slight variations in prices which resulted in this small excess.



Gordon Wells  
Contractor-General  
18-7-96

**In the Auditor General's report for 1995-96 the following was stated about the Office of the Contractor-General:**

*"The financial transactions and accounting records for the year under review disclosed a generally satisfactory state of affairs."*

KEY : N/A - NOT AVAILABLE

**PRE-CONTRACT PROCESS**

AS AT DECEMBER 31, 1996

BASIC INFORMATION	COMMENTS RELEVANT TO ANY OF THE FOLLOWING ACTIVITIES :
<p>CLIENT MINISTRY EXECUTING AGENCY PROJECT NAME \ DESCRIPTION LOCATION</p> <p><b>MINISTRY OF AGRICULTURE &amp; MINING</b></p> <p><b>RADA</b></p> <p><b>Proposed RADA Office Building</b> Construction of reinforced concrete block building</p> <p>May Pen, Clarendon</p> <p>CONTRACT SUM : \$13.86 M</p>	<p><b>PREQUALIFICATION</b> : INVITATION / EVALUATION <b>TENDER</b> : INVITATION / INSTRUCTIONS / DOCUMENTS / BOND / OPENING / EVALUATION / VALIDITY PERIOD <b>AWARD</b> : FAIRNESS / IMPARTIALITY / MERIT</p> <p>Tenderers were selected from a list of contractors approved by both the Ministry of Agriculture &amp; Mining and Local Government &amp; Works; and invited to tender.</p> <p>Six (6) completed tender documents were returned as seen on the record of the private opening of the tenders. Following the evaluation, the lowest bid submitted by B &amp; H Structures Ltd. at 11.1% above the Quantity Surveyor's Estimate was recommended for award of the contract and supported by the relevant authorities. The bid was responsive and the award was fair.</p> <p>This office has indicated its position on many occasions that a public opening is the only way to ensure transparency.</p>
<p><b>MINISTRY OF EDUCATION, YOUTH AND CULTURE</b></p> <p><b>Primary Education Improvement Programme II</b></p>	<p>The evaluation of Prequalification documents resulted in the prequalification of twenty (20) construction firms: seventeen (17) local and three (3) foreign.</p> <p>Firms were classified into three (3) grades, 'A', 'B', and 'C', with a monetary limit defining the grades. Eight (8) firms were adjudged as Group 'C' firms with an upper limit of \$10 M; five (5) firms were adjudged as Group 'B' firms whose upper limit was \$20 M; and the remaining as Group 'A' firms who were not bounded by an upper limit.</p>
<p><b>Maverley All-Age School</b> Renovation and extension</p> <p>Kingston 20</p> <p>CONTRACT SUM : \$14.9 M.</p>	<p>Evaluation by this office of the pre-qualification documents indicate that only grades 'A' and 'B' firms were eligible to tender on this contract. Nevertheless the tender evaluation report indicates that all twenty (20) firms were eligible, and were invited.</p> <p>Only two (2) contractors indicated their willingness to tender by purchasing documents but at the public opening only one (1) tender was recorded.</p> <p>The evaluation of the lone tender found arithmetic errors which, when corrected, increased the bid price by \$0.65 M to \$14.93 M. This compared favourably with the Pre-tender Estimate of \$14.51 M</p> <p>The subsequent recommendation and award was therefore in order.</p>

AS AT DECEMBER 31, 1996

<b>BASIC INFORMATION</b>  <b>CLIENT MINISTRY</b> <b>EXECUTING AGENCY</b> <b>PROJECT NAME \ DESCRIPTION</b> <b>LOCATION</b>	<b>COMMENTS RELEVANT TO ANY OF THE FOLLOWING ACTIVITIES :</b>  <b>PREQUALIFICATION :</b> INVITATION / EVALUATION <b>TENDER :</b> INVITATION / INSTRUCTIONS / DOCUMENTS / BOND / OPENING / EVALUATION / VALIDITY PERIOD <b>AWARD :</b> FAIRNESS / IMPARTIALITY / MERIT
<u><b>MINISTRY OF EDUCATION, YOUTH AND CULTURE</b></u>  <b>Primary Education Improvement Programme II</b>  <b>St Jude's Primary School</b> Renovate existing building and construction of new multi-purpose building and library.  1 Norwich Avenue, Kingston 11  CONTRACT SUM : \$10.52 M	Three (3) prequalified contractors under the P.E.I.P. II responded to the invitation to tender. At the public opening the tenders were recorded along with their tender bond. The evaluation of the tenders was carried out satisfactorily and the recommendation for award of the contract to the lowest tenderer was fair and impartial. National Technology & Engineering Ltd the successful tenderer merited the award. The contract sum of \$10.5 m was 4.3% below the estimate of the Q.S. The analysis of the tenders and the tender report were well done by the consultant
<b>St Patrick's Primary School</b> Renovation, extension and new facilities  193 Bay Farm Road, Kingston 11  CONTRACT SUM : \$ 10.53 M	Twenty (20) prequalified contractors under the Primary Education Improvement Programme were invited to tender. Two (2) from the list of eligible tenderers collected and submitted the completed documents as seen on the records of the public opening of tenders. Following the evaluation exercise the lower corrected bid received from National Technology & Engineering Ltd was recommended for award of the contract. The procedures and analysis of the bids were fair and the award based on merit. The successful tender was 10.05% below the Quantity Surveyor's estimate.
<b>Melrose All-Age School.</b> Renovation and extension to building, new classroom and amenities.  Kingston 5  CONTRACT SUM : \$36.6 M	Seven (7) firms were eligible to tender on this project, but the invitation to tender was extended to twelve (12).  The five (5) bidders who were not eligible to submit bids did not, but it could have caused confusion if even one (1) had submitted a low bid. However, only one (1) contractor tendered from the eligible list. The bid was recorded along with a bid bond at a public opening of tenders on June 17, 1996. The evaluation report which followed, was merely an academic exercise, but nevertheless it provides substantial information for the recommendation of the bid for award of the contract. It is a rare occurrence to see a report of this kind when a single bidder is to be awarded the contract.

KEY : N/A - NOT AVAILABLE

PRE-CONTRACT PROCESS

AS AT DECEMBER 31, 1996

BASIC INFORMATION	COMMENTS RELEVANT TO ANY OF THE FOLLOWING ACTIVITIES :
<p>CLIENT MINISTRY EXECUTING AGENCY PROJECT NAME \ DESCRIPTION LOCATION</p> <p><u>MINISTRY OF EDUCATION, YOUTH AND CULTURE</u></p> <p>Primary Education Improvement Programme II</p> <p>Mount Fletcher All-Age School Extension and refurbishing</p> <p>Mavis Bank, St. Andrew</p> <p>CONTRACT SUM : \$16.43 M</p>	<p>PREQUALIFICATION : INVITATION / EVALUATION TENDER : INVITATION / INSTRUCTIONS / DOCUMENTS / BOND / OPENING / EVALUATION / VALIDITY PERIOD AWARD : FAIRNESS / IMPARTIALITY / MERIT</p> <p>The evaluation of pre-qualification documents for this programme concluded with twelve (12) of twenty (20) pre-qualified firms attaining the score to tender on this contract.</p> <p>Via International Competitive Bidding (ICB), twelve (12) construction firms were invited to tender for this contract.</p> <p>Response to the invitation was received from four (4) local firms, which purchased tender documents. They all returned completed documents by the close of tender on June 17, 1996.</p> <p>A public opening of tenders found all bids responsive to the instructions. Subsequent analysis of the three (3) lowest tenders found arithmetical errors in all three (3) tenders. The companies were informed of this and opted to stand by their corrected tender price.</p> <p>The recommendation and subsequent award to M &amp; M Jamaica Ltd., the lowest evaluated tenderer, for their corrected tender price of \$16.4 M is fair and based on merit.</p>
<p>Duncans All-Age School Refurbishing and construction of administration building and associated works</p> <p>Duncans, Trelawny</p> <p>CONTRACT SUM : \$13.45 M</p>	<p>Twenty (20) prequalified contractors were invited to tender for the project. Nine (9) firms responded and collected tender documents, however, only eight (8) tenders were returned and recorded at the public opening of the tenders.</p> <p>The three (3) lowest tenderers were evaluated for reasonableness of rates and prices, completeness of tenders and provision of basic list of materials. The lowest tender was 16.36% below the Quantity Surveyor's estimate, but the opinion of the Q.S. was that the tenderer could not satisfactorily complete the contract at his price and recommended the second lowest tenderer based on the principles of the selective tendering procedures. We agree with the agency's decision to accept the recommendation of the Q.S.</p>

AS AT DECEMBER 31, 1996

BASIC INFORMATION	COMMENTS RELEVANT TO ANY OF THE FOLLOWING ACTIVITIES :
<b>CLIENT MINISTRY</b> <b>EXECUTING AGENCY</b> <b>PROJECT NAME \ DESCRIPTION</b> <b>LOCATION</b>	<b>PREQUALIFICATION</b> : INVITATION / EVALUATION <b>TENDER</b> : INVITATION / INSTRUCTIONS / DOCUMENTS / BOND / OPENING / EVALUATION / VALIDITY PERIOD <b>AWARD</b> : FAIRNESS / IMPARTIALITY / MERIT
<b><u>MINISTRY OF EDUCATION, YOUTH AND CULTURE</u></b>  <b>Primary Education Improvement Programme II</b>  <b>Bluefields All-Age School.</b> Construction of a new single-storey classrooms and administration blocks with covered linkways and amenities  Westmoreland  CONTRACT SUM : \$ 30.58 M	<p>Prequalified 'A' grade contractors for P.E.I.P II were invited to tender on this project. Three (3) contractors collected the tender documents and their returns were recorded at a public opening June 17, 1996. The assessment of the tender which followed was carried out in accordance with standard procedure and the recommendation for award of the contract to the lowest responsive tender was fair, impartial and on merit.</p> <p>M&amp;M Jamaica Ltd was the successful tenderer after errors were corrected in the tender</p>
<b>John Mills All-Age School.</b> Extension and refurbishing  26 <sup>A</sup> Retirement Crescent Kingston 5  CONTRACT SUM : \$ 9.52 M	<p>Three (3) contractors from the list of prequalified contractors who were invited to tender, collected and returned the completed tender documents as stipulated. At the public opening the tenders were properly recorded along with their tender bonds.</p> <p>The evaluation process was carried out fairly and the recommendation for award of the contract to the lowest bid was based on merit. National Technology &amp; Engineering Ltd was the successful contractor.</p>
<b>Woodhall All-Age School.</b> Construction of classrooms and administration blocks also teachers' cottage  Woodhall, Clarendon  CONTRACT SUM : \$ 21.55 M	<p>Prequalified contractors for P.E.I.P II classified in Grades 'A' and 'B' invited to tender on contract package consisting of eight (8) schools. Five (5) collected the tender documents for this project school. Tenders from three (3) 'A' grade and one (1) 'B' grade contractor, along with appropriate tender bonds were recorded at the public opening.</p> <p>Following the evaluation of the three (3) lowest responsive tenders the recommendation favoured the 'B' grade contractor.</p> <p>The prequalification requirements allow for 'B' grade contractors to be eligible for the implementation of one (1) contract at a time, therefore, the awarding of this contract to the lowest tender submitted by D.T. Brown Construction Ltd was fair and awarded on merit.</p> <p>At \$21.5 m it was very close to the Q. S's estimate of \$21.4 m.</p>

KEY : N/A - NOT AVAILABLE

**PRE-CONTRACT PROCESS**

AS AT DECEMBER 31, 1996

<b>BASIC INFORMATION</b>  <b>CLIENT MINISTRY</b> <b>EXECUTING AGENCY</b> <b>PROJECT NAME \ DESCRIPTION</b> <b>LOCATION</b>	<b>COMMENTS RELEVANT TO ANY OF THE FOLLOWING ACTIVITIES :</b>  <b>PREQUALIFICATION :</b> INVITATION / EVALUATION <b>TENDER :</b> INVITATION / INSTRUCTIONS / DOCUMENTS / BOND / OPENING / EVALUATION / VALIDITY PERIOD <b>AWARD :</b> FAIRNESS / IMPARTIALITY / MERIT
<b><u>MINISTRY OF EDUCATION, YOUTH AND CULTURE</u></b>  <b>Primary Education Improvement Programme II</b>  <b>Revival All-Age School Extension</b>   Little London, Westmoreland   <b>CONTRACT SUM : \$30.14 M</b>	<p>The seven (7) 'A' grade pre-qualified firms were invited to tender via letter dated May 3, 1996.</p> <p>Responses to the invitation were received from three (3) local firms which collected documents. They all returned completed documents by the close of tender on 17th June, 1996, and these were publicly opened later the same day.</p> <p>The bids being responsive were subjected to further analysis and arithmetical checks. Errors were found in all three (3) bids. The companies were informed of this and were willing to stand by their corrected tender price.</p> <p>The lowest evaluated tender, M &amp; M Jamaica Ltd., being 1.5% above the Quantity Surveyor's Estimate was recommended for the award. The recommendation was supported by the Ministry's Contract Award Advisory Committee, and the firm was subsequently awarded the contract for their corrected tender price of \$30.14 M.</p> <p>The tendering exercise was satisfactorily accomplished and the award to the lowest evaluated tender was fair and based on merit.</p>
<b>Anchovy Primary School.</b> Demolition and refurbishing of existing building and new classroom block.   Anchovy, St. James   <b>CONTRACT SUM : \$42.39 M</b>	<p>Four (4) local and Three (3) foreign contractors who were prequalified to tender on schools under PEIP II were invited by letter to tender.</p> <p>Responses to invitation received from only the local contractors who purchased the tender document and at the public opening only two (2) tenders were recorded.</p> <p>The evaluation of both tenders resulted in the lower being recommended by the Consultant for award of the contract. Cooper and Associates received the award and the procedures were impartial and the award based on merit.</p>

KEY: N/A - NOT AVAILABLE

**PRE-CONTRACT PROCESS**

AS AT DECEMBER 31, 1996

<b>BASIC INFORMATION</b>  <b>CLIENT MINISTRY</b> <b>EXECUTING AGENCY</b> <b>PROJECT NAME \ DESCRIPTION</b> <b>LOCATION</b>	<b>COMMENTS RELEVANT TO ANY OF THE FOLLOWING ACTIVITIES :</b>  <b>PREQUALIFICATION</b> : INVITATION / EVALUATION <b>TENDER</b> : INVITATION / INSTRUCTIONS / DOCUMENTS / BOND / OPENING / EVALUATION / VALIDITY PERIOD <b>AWARD</b> : FAIRNESS / IMPARTIALITY / MERIT
<p><b><u>MINISTRY OF EDUCATION, YOUTH AND CULTURE</u></b></p> <p><b>Primary Education Improvement Programme II</b></p> <p><b>Holland Primary School</b> Extension and refurbishing</p> <p>Holland, St. Elizabeth</p> <p>CONTRACT SUM : \$14.39 M</p>	<p>The invitation to tender seems to have been based on an elemental breakdown of the works which showed a price of \$8.77 M instead of the Quantity Surveyor's priced Bills of Quantities amounting to \$13.09 M.</p> <p>Accordingly, all twenty (20) firms, were invited to tender, eight (8) of which should not have been invited based on the grade in which they were placed.</p> <p>Responses to the invitation were received from seven (7) firms which purchased documents. They all returned completed documents by the close of tender on June 17, 1996. At a public opening of tenders shortly after the closing, six (6) tenders were opened and adjudged responsive to the instructions.</p> <p>The evaluation of the three (3) lowest tenders found arithmetic errors in all three (3). The Companies were informed and were willing to stand by their corrected price.</p> <p>One (1) tender, that of Mar-bell Construction &amp; Development Co. Ltd., was inadvertently left unopened due to an oversight on the part of the officials and incorrect packaging of the bid on the part of the bidder.</p> <p>The Ministry apologised for the unfortunate mishap and the Company accepted the apology in good grace. These laxities aside, the subsequent analysis and comparison of the three (3) lowest tenders seem satisfactory and the subsequent award to the lowest evaluated tender was consistent with the principles of fairness and equity.</p>
<p><b>Unity Primary School</b> Refurbishing of existing school and the construction of three (3) new two-storey classroom blocks and two (2) toilet blocks.</p> <p>Unity, Westmoreland</p> <p>CONTRACT SUM : \$40.35 M</p>	<p>Tender invitations, instructions, documents and bonds seemed satisfactory for the proper administration of the contract.</p> <p>The opening of tenders was done publicly; however, it would appear as if the Project Management Companies and the Ministry were not prepared for the number of bids returned as it took a long time to arrange them under the various schools (bids for fourteen (14) schools were received and opened).</p> <p>The evaluation and recommendation for an award to the lowest evaluated responsive tender is in keeping with the principles of competitive bidding. The subsequent award to Cooper and Assoc. seemed fair and based on merit.</p>

**PRE-CONTRACT PROCESS**

AS AT DECEMBER 31, 1996

KEY : N/A - NOT AVAILABLE

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<b>CLIENT MINISTRY</b> <b>EXECUTING AGENCY</b> <b>PROJECT NAME \ DESCRIPTION</b> <b>LOCATION</b>	<b>PREQUALIFICATION</b> : INVITATION / EVALUATION <b>TENDER</b> : INVITATION / INSTRUCTIONS / DOCUMENTS / BOND / OPENING / EVALUATION / VALIDITY PERIOD <b>AWARD</b> : FAIRNESS / IMPARTIALITY / MERIT
<b><u>MINISTRY OF EDUCATION, YOUTH AND CULTURE</u></b>  <b>Primary Education Improvement Programme II</b>  <b>Browns Town Primary</b> Construction of new school   Browns Town, St. Ann   CONTRACT SUM : \$66.4 M	<p>The seven 'A' grade firms were invited to tender for this contract. Only the four local firms responded to the invitation and returned documents by the close of tender on June 20, 1996. They were opened publicly shortly after and found to be responsive.</p> <p>The subsequent evaluation and analysis of tenders resulted in a recommendation favouring the second lowest tenderer for the award.</p> <p>The Ministry's Contracts Award Advisory Committee, after reviewing the recommendation, requested that a meeting be held with the lowest tenderer to ascertain the basis for the low tender and the methodology to be employed in completing the contract at the cost tendered : 26.39% below the Quantity Surveyor's estimate.</p> <p>The contractor's inability to provide the necessary bond as required led to the award of the contract to M&amp;M Jamaica Ltd., the second lowest tenderer.</p>
<b>Wakefield Primary School</b> Refurbishing existing buildings and the construction of a two storey classroom block and a single storey administrative block   Wakefield, Trelawny   CONTRACT SUM : \$24.6 M	<p>The evaluation of pre-qualification documents resulted in seven (7) firms, three (3) foreign and four (4) local being prequalified to tender on this contract.</p> <p>Three (3) of seven (7) firms invited to tender responded to the invitation and purchased documents. However, at the close of tender, only two (2) firms returned completed tenders.</p> <p>The level of the bids received compared favourably with the Quantity Surveyor's estimate. The recommendation for an award to the lower evaluated responsive tenderer is consistent with the principles of competitive bidding.</p> <p>The subsequent award seems to have been fair and based on merit.</p>



KEY : N/A - NOT AVAILABLE

**PRE-CONTRACT PROCESS**

AS AT DECEMBER 31, 1996

<b>BASIC INFORMATION</b>  <b>CLIENT MINISTRY</b> <b>EXECUTING AGENCY</b> <b>PROJECT NAME \ DESCRIPTION</b> <b>LOCATION</b>	<b>COMMENTS RELEVANT TO ANY OF THE FOLLOWING ACTIVITIES :</b>  <b>PREQUALIFICATION :</b> INVITATION / EVALUATION <b>TENDER :</b> INVITATION / INSTRUCTIONS / DOCUMENTS / BOND / OPENING / EVALUATION / VALIDITY PERIOD <b>AWARD :</b> FAIRNESS / IMPARTIALITY / MERIT
<p><b><u>MINISTRY OF EDUCATION, YOUTH AND CULTURE</u></b></p> <p><b>NATIONAL HOUSING CORPORATION LTD.</b></p> <p><b>Social Sectors Development Programme</b></p> <p><b>Wait-a-Bit All-Age School Extension and Refurbishing</b></p> <p><b>Wait-a-Bit, Trelawny</b></p> <p><b>CONTRACT SUM : \$22.3 M (Bid Price)</b></p>	<p>This project went through two (2) tendering exercises. The first conducted between October, 1994 and December, 1995, resulted in an award to the lowest evaluated bidder, W.A. Reid Construction Company Ltd. Following the award, signatures were affixed to the contract on December 7, 1995, after a protracted tender period which saw three (3) extensions to the bid validity period. The contractor went on site on March 25, 1996, approximately one year after the end of the original tender validity period.</p> <p>The contract was subsequently annulled via letter dated July 9, 1996, as the Contractor failed to provide the security required under the contract. Subsequently, a re-tendering exercise was requested in the shortest possible time. To this end, five (5) contractors were short-listed from the Register of Public Sector Contractors, and invited to tender.</p> <p>Four (4) of the five (5) contractors responded to the invitation and collected tender documents. They all returned completed documents by the close of tenders on November 29, 1996, and tenders were publicly opened shortly after the close.</p> <p>One of the four tenderers was correctly adjudged non-responsive as a bid bond was not submitted. The remaining three (3) tenderers were evaluated and a recommendation was to be submitted to the Ministry of Education, Youth and Culture for the perusal of their Contracts Award Advisory Committee early in January, 1997.</p>

**PRE-CONTRACT PROCESS**

AS AT DECEMBER 31, 1996

KEY : N/A - NOT AVAILABLE

BASIC INFORMATION	COMMENTS RELEVANT TO ANY OF THE FOLLOWING ACTIVITIES :
<p>CLIENT MINISTRY EXECUTING AGENCY PROJECT NAME \ DESCRIPTION LOCATION</p> <p><b><u>MINISTRY OF EDUCATION, YOUTH AND CULTURE</u></b></p> <p><b><u>NATIONAL HOUSING CORPORATION LTD.</u></b></p> <p><b>Social Sectors Development Programme</b></p> <p><b>Mandeville All-Age School</b> Renovation and extension</p> <p>Mandeville, Manchester</p> <p><u>CONTRACT SUM : \$16.15 M</u></p>	<p><b>PREQUALIFICATION</b> : INVITATION / EVALUATION <b>TENDER</b> : INVITATION / INSTRUCTIONS / DOCUMENTS / BOND / OPENING / EVALUATION / VALIDITY PERIOD <b>AWARD</b> : FAIRNESS / IMPARTIALITY / MERIT</p> <p>Pre-qualified contractors for the Social Sectors Development Programme were invited to submit tenders for this project.</p> <p>Six (6) responded by purchasing the tender document, but only four (4) returns were recorded. At the public opening of the tenders, one (1) of the four (4) bidders was rejected on account of faxed Form of Tender arriving late. The remaining three (3) bids were evaluated and the recommendation for award of the contract was in favour of the lowest bid.</p> <p>The delay in awarding the contract resulted in the extension of the validity period being requested on two occasions. However, one (1) of the bidders was unable to extend the period for the bid bond as well, and the lowest bidder also indicated his inability to extend it if certain conditions were not met.</p> <p>The Ministry responded by quoting the clause on bid validity and indicated that the bidder had by virtue of the clause excluded himself from the tendering process. The subsequent award of the contract to the remaining bidder who was the second lowest was virtually an academic exercise.</p> <p>Finally, it seems unfair to bidders to be burdened without recourse for extraordinary long periods by bid bonds and validity periods being extended. The tender and evaluation process was conducted fairly.</p>
<p><b><u>MINISTRY OF ENVIRONMENT &amp; HOUSING</u></b></p> <p><b>CONSTRUCTION &amp; MAINTENANCE DIVISION (MOE&amp;H)</b></p> <p>Renovation and refurbishing of office</p> <p>2 Hagley Park Road, Kingston 10</p> <p><u>CONTRACT SUM : \$ 4.76 M</u></p>	<p>Three (3) contractors selected from the GCC list of qualified contractors invited to tender.</p> <p>Tenders returned as stipulated by June 21, 1996, but information on tender opening and evaluation report were not available at the time of this report. However, information from the Permanent Secretary in the Ministry stated that, "instruction was given for H. Graves (lowest bidder) to undertake the job." This is a clear indication that procedural directives have not been adhered to for the award of the contract.</p>

AS AT DECEMBER 31, 1996

<b>BASIC INFORMATION</b>  <b>CLIENT MINISTRY</b> <b>EXECUTING AGENCY</b> <b>PROJECT NAME \ DESCRIPTION</b> <b>LOCATION</b>	<b>COMMENTS RELEVANT TO ANY OF THE FOLLOWING ACTIVITIES :</b>  <b>PREQUALIFICATION :</b> INVITATION / EVALUATION <b>TENDER :</b> INVITATION / INSTRUCTIONS / DOCUMENTS / BOND / OPENING / EVALUATION / VALIDITY PERIOD <b>AWARD :</b> FAIRNESS / IMPARTIALITY / MERIT
<b><u>MINISTRY OF ENVIRONMENT &amp; HOUSING</u></b>  <b>CONSTRUCTION &amp; MAINTENANCE DIVISION (MOE&amp;H)</b>  <b>Greater Portmore Physical Infrastructure</b> Construction of earth and paved drainage system.  Greater Portmore, St Catherine  CONTRACT SUM : \$ 58.4 M	<p>The West Indies Home Contractors (WIHCON) continues to be the beneficiary of additional contracts following the Greater Portmore Housing Development contract. There seems to be no other way to award these contracts but by negotiation based on the WIHCON proposal.</p> <p>There was no tender process and the contract was signed on July 30, 1996</p>
<b>Social Infrastructure Phase III</b>  <b>Construction of Two Basic, One Primary and One Secondary School.</b>  Greater Portmore, St Catherine  CONTRACT SUM : \$305.4 M	<p>Here is another case where the West Indies Home Contractors (WIHCON) seems to have been given a clear advantage over other contractors for other contracts following the Greater Portmore Housing Development. These contracts are negotiated usually on the basis of WIHCON's proposals.</p> <p>A competitive environment will lead to better pricing and will represent fairness and equity. It is again recommended that the present practice cease.</p>
<b>Cassia Glades Housing Development</b> Construction of 40 Townhouses and 8 3-bedroom Units  Washington Drive, St Andrew  CONTRACT SUM : \$74.4 M	<p>Five prequalified construction firms were invited to tender and all five responded to the invitation. The tenders were publicly opened and the two lowest were evaluated. Meridian Construction Company the lower of the two won the award. The validity period of three months expired April 1995. A formal contract was signed February 9, 1996 but an unsettled issue now exists concerning land usage. The award was conducted fairly and was made on merit.</p>

KEY : N/A - NOT AVAILABLE

**PRE-CONTRACT PROCESS**

AS AT DECEMBER 31, 1996

BASIC INFORMATION	COMMENTS RELEVANT TO ANY OF THE FOLLOWING ACTIVITIES :
<b>CLIENT MINISTRY</b> <b>EXECUTING AGENCY</b> <b>PROJECT NAME \ DESCRIPTION</b> <b>LOCATION</b>	<b>PREQUALIFICATION</b> : INVITATION / EVALUATION <b>TENDER</b> : INVITATION / INSTRUCTIONS / DOCUMENTS / BOND / OPENING / EVALUATION / VALIDITY PERIOD <b>AWARD</b> : FAIRNESS / IMPARTIALITY / MERIT
<b>MINISTRY OF ENVIRONMENT &amp; HOUSING</b>  <b>NATIONAL HOUSING TRUST</b>  Mineral Heights infrastructure ph. II   May Pen, Clarendon   CONTRACT SUM : \$ 44.39 M	<p>This project is a long outstanding controversial one. Between 1990 and 1992, the partial execution of the project took place under a contractor whose services were terminated in December 1992 by the Ministry of Environment &amp; Housing after completion of 80% of the project. After the termination a contractor who was the runner-up in the award was negotiated with to complete the works but subsequently he indicated his unwillingness to proceed.</p> <p>After no work for four years, the project now seems set to restart. In the latter part of 1996 a new contractor was sought to do the job and ten (10) contracting firms taken from the Ministry of Local Government &amp; Works' list of contractors were invited to tender.</p> <p>On the date and time of the public opening five firms had responded. The two lowest tenders were evaluated for arithmetical accuracy, responsiveness and reasonableness in pricing. The lower of the two E.B. Singh and Sons Ltd with bid price of \$ 44.39 m was recommended for the contract. Validity period for acceptance expires 12/3/97. A formal agreement has not yet been signed. The process was fair and the recommendation based on merit.</p>
<b>Bridgewater Gardens Housing Scheme</b> Construction of 38 3-bedroom semi-detached units and 48 2-bedroom townhouses   Discovery Bay, St Ann   CONTRACT SUM : J\$193.5 M.	<p>Five prequalified construction firms were invited to tender with instructions as to how, where and when tenders should be returned. On the specified date of the public opening four tenders were received and the three lowest were evaluated. They were all checked for arithmetical accuracy and responsiveness. All had arithmetical errors but the winning bid of Ashtrom Building Systems was the lowest responsive evaluated tender. The tender exercise was conducted fairly and on merit.</p>

KEY: N/A - NOT AVAILABLE

**PRE-CONTRACT PROCESS**

AS AT DECEMBER 31, 1996

<b>BASIC INFORMATION</b>  <b>CLIENT MINISTRY</b> <b>EXECUTING AGENCY</b> <b>PROJECT NAME \ DESCRIPTION</b> <b>LOCATION</b>	<b>COMMENTS RELEVANT TO ANY OF THE FOLLOWING ACTIVITIES :</b>  <b>PREQUALIFICATION</b> : INVITATION / EVALUATION <b>TENDER</b> : INVITATION / INSTRUCTIONS / DOCUMENTS / BOND / OPENING / EVALUATION / VALIDITY PERIOD <b>AWARD</b> : FAIRNESS / IMPARTIALITY / MERIT
<b><u>MINISTRY OF ENVIRONMENT &amp; HOUSING</u></b>  <b>NATIONAL HOUSING TRUST</b>  <b>Greater Portmore Phase II</b> Construction of 2332 quad units  Greater Portmore, St Catherine  CONTRACT SUM.: \$910.7M	<p>The Ministry of Environment &amp; Housing entered into a sale agreement with West Indies Home Contractors for lands on which the latter will construct houses. The financing of the project is provided by the National Housing Trust which will be the beneficiary of the development.</p> <p>As a consequence of the above arrangements formal contracting procedures are not applicable.</p>
<b>Proposed Housing Development at Berrydale</b> Infrastructure Works Phase I  Discovery Bay, St Ann  CONTRACT SUM.: N/A	<p>This is a proposed joint-venture project between National Housing Trust and Kaiser Jamaica Bauxite Company. Eight prequalified firms taken from the Ministry of Local Government &amp; Works' list of contractors were invited to tender. On the date specified seven firms responded and tenders were opened. The three lowest were evaluated. However, the lowest of the three was priced too low and when advised withdrew their tender.</p> <p>One of the two remaining bidders was \$0.5 m above the consultant's estimate and when advised indicated his willingness to stand by the tender sum. The other, although with errors was nearer the consultant's figure and he also indicated a willingness to stand by the tender sum. This contractor Palisadoes Development Company with the lowest responsive evaluated bid was recommended for the award. The validity period of three months expired March 1995. A further stand-by agreement was requested of the contractor in August 1996 but to date no contract has been signed.</p> <p>The prices for the project were revised upward by 35% causing Kaiser Bauxite to withdraw, claiming that the project had become too costly.</p> <p>The project should be retendered if it is proposed to carry out the development.</p>

KEY : N/A - NOT AVAILABLE

**PRE-CONTRACT PROCESS**

AS AT DECEMBER 31, 1996

<b>BASIC INFORMATION</b>  <b>CLIENT MINISTRY</b> <b>EXECUTING AGENCY</b> <b>PROJECT NAME \ DESCRIPTION</b> <b>LOCATION</b>	<b>COMMENTS RELEVANT TO ANY OF THE FOLLOWING ACTIVITIES.:</b>  <b>PREQUALIFICATION</b> : INVITATION / EVALUATION <b>TENDER</b> : INVITATION / INSTRUCTIONS / DOCUMENTS / BOND / OPENING / EVALUATION / VALIDITY PERIOD <b>AWARD</b> : FAIRNESS / IMPARTIALITY / MERIT
<p><b><u>MINISTRY OF ENVIRONMENT &amp; HOUSING</u></b></p> <p><b>PRIVATE DEVELOPERS</b></p> <p><b>NEW ERA HOMES JAMAICA LIMITED</b></p> <p>Construction of 338 housing units with related infrastructure</p> <p>Angels Pen, St Catherine</p> <p>CONTRACT SUM.: \$410.74 M</p>	<p>Joint-venture agreement between the Ministry of Environment &amp; Housing and New Era Homes Jamaica Ltd. The Ministry is providing lands for the construction of housing units and related infrastructure works to be undertaken by New Era Homes. New Era Homes is to hand over to the Ministry sixteen (16) 2-bedroom single housing units or any other mix of units as shall be agreed which shall be equivalent to \$20.71 M. or such sum as shall be agreed from time to time as being the value of the land. Formal contracting procedures are not applicable in this case.</p>
<p><b>CAN CARA DEVELOPMENT LIMITED</b></p> <p><b>White Water Housing Scheme</b></p> <p>Construction of two-bedroom units, townhouses, service lots and infrastructural works</p> <p>White Water, St Catherine</p> <p>CONTRACT SUM.: J\$1.3 B.</p>	<p>This is a joint venture project between the Ministry of Housing &amp; Environment and Can Cara Development Ltd, whereby the Ministry provides the land (99.6 acres) and Can Cara Development Ltd provides the technology and funding for the project. The agreement was signed 24/5/96 with a contract period of 2 years and proposed cost of \$1.3 billion. The proposed selling prices of the units are as follows:</p> <p>2-bedroom units - \$1.6 m</p> <p>2-bedroom townhouses - \$1.8 m</p> <p>The Ministry will in turn receive 43 service lots of the 670 lots in the project.</p>

KEY : N/A - NOT AVAILABLE

**PRE-CONTRACT PROCESS**

AS AT DECEMBER 31, 1996

<b>BASIC INFORMATION</b>  <b>CLIENT MINISTRY</b> <b>EXECUTING AGENCY</b> <b>PROJECT NAME \ DESCRIPTION</b> <b>LOCATION</b>	<b>COMMENTS RELEVANT TO ANY OF THE FOLLOWING ACTIVITIES :</b>  <b>PREQUALIFICATION</b> : INVITATION / EVALUATION <b>TENDER</b> : INVITATION / INSTRUCTIONS / DOCUMENTS / BOND / OPENING / EVALUATION / VALIDITY PERIOD <b>AWARD</b> : FAIRNESS / IMPARTIALITY / MERIT
<p><b><u>MINISTRY OF FINANCE &amp; PLANNING</u></b></p> <p><b>MINISTRY OF LOCAL GOVERNMENT &amp; WORKS</b></p> <p><b>Office Building for the Ministry of Finance &amp; Planning</b> Construction of an eight-storey office building and amenities</p> <p>National Heroes Circle, Kingston 4</p> <p>CONTRACT SUM : \$232.97 M</p>	<p>The Ministry of Local Government &amp; Works and the Ministry of Finance and Planning jointly selected and formally invited six (6) contractors to tender. One invitee declined and returned the tender documents, another invitee was not on the GCC list of qualified contractors.</p> <p>At the public opening of the bids on August 16, 1996 five (5) bids were received. Evaluation exercise carried out by the consultant followed, and the lowest bidder withdrew his bid when advised of arithmetical errors which reduced his bid considerably. The second lowest also had arithmetical errors increasing the bid without affecting the ranking. This bidder was also notified, but he confirmed his willingness to stand by his bid. The bid was 24.03% below the Quantity Surveyor's Estimate of \$306.7 M, but was recommended for the award of the contract. The GCC supported the recommendation and Cabinet ratified the award.</p> <p>It is strange that a Ministry which is involved with the GCC list of contractors should select a contractor who is not on the list. His bid, fortunately was not competitive.</p>
<p><b>Revenue Services Centre</b> Construction of a two-storey office building.</p> <p>May Pen, Clarendon</p> <p>CONTRACT SUM : \$73.4 M</p>	<p>Invitations to tender were sent to ten (10) prequalified contractors and the required documents were collected. Tenders were returned within the specified time and were publicly opened.</p> <p>The required tender bonds were submitted. The code of procedures for selective tendering was adhered to and the three (3) lowest tenders were evaluated accordingly. The evaluation exercise was executed impartially and the award based on merit.</p> <p>Alval Ltd., the lowest corrected tenderer, was recommended for the award of the contract in the sum of \$73.4 M. The Quantity Surveyor's Estimate was \$85.26 M.</p>

**PRE-CONTRACT PROCESS**

AS AT DECEMBER 31, 1996

KEY : N/A - NOT AVAILABLE

<b>BASIC INFORMATION</b>  <b>CLIENT MINISTRY</b> <b>EXECUTING AGENCY</b> <b>PROJECT NAME \ DESCRIPTION</b> <b>LOCATION</b>	<b>COMMENTS RELEVANT TO ANY OF THE FOLLOWING ACTIVITIES :</b>  <b>PREQUALIFICATION :</b> INVITATION / EVALUATION <b>TENDER :</b> INVITATION / INSTRUCTIONS / DOCUMENTS / BOND / OPENING / EVALUATION / VALIDITY PERIOD <b>AWARD :</b> FAIRNESS / IMPARTIALITY / MERIT
<b>MINISTRY OF LOCAL GOVERNMENT &amp; WORKS</b>  <b>GOJ/CIDA Bridge Development Programme</b>  <b>Plantain Garden River Bridge</b> Piling works  Bath, St Thomas  CONTRACT SUM: \$ 11.31 M	<p>Tenders were invited from five (5) prequalified and approved specialist piling contractors selected from the public sector list of contractors. The tenders were submitted in accordance with the issued 'Instructions to Tenderers'. The returned tenders were analysed for fairness of rates, completeness, accuracy and consistency. Based on the result the lowest and most responsive bidder was recommended for award of the contract.</p> <p>The Government Contracts Committee's submission was ratified by Cabinet and Tankweld Construction Co. Ltd the successful bidder was awarded the contract. The procedures were carried out fairly and based on merit.</p>
<b>Rural Road Rehabilitation. &amp; Improvement Maintenance HUB Programme.</b>  <b>Seaman's Valley-Millbank</b>  Portland  CONTRACT SUM: \$ 44.6 M	<p>Contractors invited to tender on the project were all prequalified. Letters of invitation with the required tender documents were sent to the contractors. Tenders were all returned as instructed and were publicly opened. Tenders were responsive and the required tender bonds were submitted. Analysis and evaluation of the tenders were professionally executed.</p> <p>Award was made to the lowest tenderer, Build-Rite Construction Company Ltd., within the validity period.</p>
<b>Contract #20</b> Rehabilitation and Improvement to 11.34 km of roads  Ecclesdown to Fair Prospect Hampton Court to Rocky Point Dalvey to Duckenfield St. Thomas  CONTRACT SUM: \$33.6 M	<p>Five (5) Prequalified contractors were invited to tender on this road project. Public opening of tenders and the consultant's evaluation were in accordance with standard practice and his recommendation was for the award to the lowest responsive tender.</p> <p>Asphalting Specialists Ltd. the lowest tenderer was the successful bidder at \$33.6 M The Engineer's Estimate was \$28.8 M. The evaluation exercise and the award of the contract were conducted fairly and the award based on merit.</p>



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**PRE-CONTRACT PROCESS**

AS AT DECEMBER 31, 1996

<b>BASIC INFORMATION</b>  <b>CLIENT MINISTRY</b> <b>EXECUTING AGENCY</b> <b>PROJECT NAME \ DESCRIPTION</b> <b>LOCATION</b>	<b>COMMENTS RELEVANT TO ANY OF THE FOLLOWING ACTIVITIES :</b>  <b>PREQUALIFICATION :</b> INVITATION / EVALUATION <b>TENDER :</b> INVITATION / INSTRUCTIONS / DOCUMENTS / BOND / OPENING / EVALUATION / VALIDITY PERIOD <b>AWARD :</b> FAIRNESS / IMPARTIALITY / MERIT
<p align="center"><b><u>MINISTRY OF LOCAL GOVERNMENT &amp; WORKS</u></b></p> <p align="center"><b>Rural Road Rehabilitation. &amp; Improvement Maintenance HUB Programme.</b></p> <p><b>Contract #21</b>            Rehabilitation and improvement to 13.9 km of roads</p> <p align="center">Lawrence Tavern to Cavaliers            Border to Nolan Hill            St. Andrew</p> <p>CONTRACT SUM : \$50 M</p>	<p>Invitations to tender were sent to twenty-one (21) prequalified contractors with instructions and documents for tendering. Two (2) contractors returned tenders with the required tender bond. These tenders were opened publicly.</p> <p>The tenders were analysed, evaluated and compared with the Engineer's Estimate. The validity period for the tender was 120 days.</p> <p>Evaluation of the tenders was done fairly and impartially and the lowest responsive tender from Build-Rite Construction Ltd. was accepted and recommended for the award of the contract.</p>
<p><b>Contract #22</b>            Reconstruction and civil works</p> <p align="center">Airport - Port Royal Roads            St Andrew</p> <p>CONTRACT SUM : \$42.33 M</p>	<p>Eight (8) contractors from a list of twenty-one (21) prequalified contractors acknowledged the invitation by purchasing the tender documents. At the private opening of the tenders four (4) bids were shown on record, but none of the participants signed the record. An important document devoid of proof.</p> <p>The evaluation report indicated that the assessment was in favour of Chin's Construction Co. Ltd for award of the contract which appears to be correct using the selective tendering procedure. However, the private opening procedure is the cause of many suspicions and accusations, and should be discouraged. The award seemed to have been fair and based on merit.</p>
<p><b>Contract #23</b>            Road extension, resurfacing and civil works</p> <p align="center">Papine - Constitution Hill            Bloxborough - Extension            St Andrew</p> <p>CONTRACT SUM : \$34.70 M</p>	<p>Three (3) prequalified contractors purchased tender documents in response to the invitation to tender, but only two (2) bids were recorded at the private opening of the tenders. The evaluation of the tenders was carried out satisfactorily and the lower bid submitted by Dwight's Construction Co. Ltd was recommended for the award of the contract. The procedure was in accordance with selective tendering principles.</p> <p>This is another case of unnecessary delay where tenders were returned on November 3, 1995, yet the contract did not come into effect until July 3, 1996, eight months later. It was also unfortunate that the tenders were opened privately.</p>

KEY : N/A - NOT AVAILABLE

PRE-CONTRACT PROCESS

AS AT DECEMBER 31, 1996

BASIC INFORMATION	COMMENTS RELEVANT TO ANY OF THE FOLLOWING ACTIVITIES :
<p>CLIENT MINISTRY EXECUTING AGENCY PROJECT NAME \ DESCRIPTION LOCATION</p> <p><b><u>MINISTRY OF LOCAL GOVERNMENT &amp; WORKS</u></b></p> <p><b>Rural Road Rehabilitation &amp; Improvement Maintenance HUB Programme.</b></p> <p><b>Contract #25</b> Rehabilitation and improvement of 16.55 km of roads</p> <p>Zion Hill - Woodside; Bluegate - Dry Gully; Pear Tree Grove - Palmetto Grove Jeffrey Town - Pembroke Hall St Mary</p> <p>CONTRACT SUM : \$44.95 M</p>	<p><b>PREQUALIFICATION</b> : INVITATION / EVALUATION <b>TENDER</b> : INVITATION / INSTRUCTIONS / DOCUMENTS / BOND / OPENING / EVALUATION / VALIDITY PERIOD <b>AWARD</b> : FAIRNESS / IMPARTIALITY / MERIT</p> <p>Six prequalified contractors under the HUB programme were invited to submit bids. In the absence of the tender opening record the evaluation report stated that only one bid was received from Dwight's Construction Co. Ltd. After an analysis of the bid, a fully responsive bid which was 11% less than the engineer's estimate, the consultant stated that: "In the event of receiving a single tender, an option for consideration is to re-tender the project. In this case we would recommend exercising this option, more so, because we consider the tender sum inadequate to satisfactorily complete the contract."</p> <p>The consultants view did not seem reasonable and we agree with the Ministry's decision to award the contract to the single bidder.</p>
<p><b>Road Infrastructure, Planning and Maintenance</b></p> <p><b>To prepare road surface and overlay with asphaltic concrete</b> 8.5 miles of roads</p> <p>Moneague Green Park - Fern Gully Old Harbour Roundabout - Angels St Ann &amp; St. Catherine</p> <p>CONTRACT SUM ; \$59.4 M</p>	<p>Contractors invited to tender on the project were all prequalified. Of the fourteen (14) contractors invited only five (5) collected tender documents and returned them by the specified closing time. Tenders were publicly opened.</p> <p>General Paving Co. Ltd. submitted the lowest tender in the sum of \$59.2 M corrected to \$59.4 M; 2.2% below the Engineer's Estimate of \$60.7 M. The required tender bond was submitted with the tender and the tender was responsive.</p> <p>The evaluation process and recommendation of the award of the contract were executed impartially in accordance with contractual procedures.</p>

AS AT DECEMBER 31, 1996

BASIC INFORMATION	COMMENTS RELEVANT TO ANY OF THE FOLLOWING ACTIVITIES :
<b>CLIENT MINISTRY</b> <b>EXECUTING AGENCY</b> <b>PROJECT NAME \ DESCRIPTION</b> <b>LOCATION</b>	<b>PREQUALIFICATION</b> : INVITATION / EVALUATION <b>TENDER</b> : INVITATION / INSTRUCTIONS / DOCUMENTS / BOND / OPENING / EVALUATION / VALIDITY PERIOD <b>AWARD</b> : FAIRNESS / IMPARTIALITY / MERIT
<u><b>MINISTRY OF LOCAL GOVERNMENT &amp; WORKS</b></u>  <b>Urban Roads</b>  <b>Periodic maintenance programme</b> Preparatory works; drainage and overlay to 20 kilometers of roadway  Kingston  CONTRACT SUM : \$88.8 M.	<p>All contractors invited to tender on the project were prequalified. Invitations to tender with the required contractual documents were sent to these contractors and were returned within the time specified and were publicly opened.</p> <p>The tenders were analysed and evaluated fairly. They were responsive, and the required tender bonds were submitted. The contract was awarded to the lowest tenderer, Surrey Paving &amp; Aggregate Co. Ltd., within the validity period.</p> <p>The consultant's estimate for the job was \$82.3 M</p>
<b>METROPOLITAN PARKS &amp; MARKETS</b>  <b>Markets Renovation and Modification</b>  <b>Cross Roads Market</b>  Cross Roads, St Andrew  CONTRACT SUM : J\$ 5.72 M.	<p>Six contractors from a list provided by the Ministry of Local Government &amp; Works were sent invitations to submit tenders for the contract. The Government Contracts Committee's list however showed five (5) registered, but only four (4) eligible to bid on a contract of this size. Nevertheless, they were all invited and submitted tenders. The evaluation proceedings resulted in a letter being sent to the lowest bidder requiring his confirmation to stand by his bid. The bidder did not reply and the final result of the evaluation was that the second lowest bidder Hydav Construction and Loan Co. Ltd was recommended for award of the contract. The procedure leading to the award of the contract was fair.</p>
<b>Church Street Market</b> Dismantle and re-erect steel building  65 Church Street, Kingston  CONTRACT SUM : J\$5.72 M	<p>Contractors were selected from a list kept by the Ministry of Local Government &amp; Works. Seven contractors were invited to tender on the job. Tenders were to be returned by 12:30 p.m. on 6/8/96. During the tender period bidders requested additional time which was extended to the 16/8/96.</p> <p>On the 21/8/96 at 10:30 a.m. the tender box was opened privately and only three tenderers responded and were evaluated for arithmetical accuracy, pricing, reasonableness and responsiveness. The firm Hydav Construction &amp; Loan Co. Ltd. submitted the lowest evaluated responsive bid and was awarded the contract in the sum of \$5.72 m. The process was properly conducted and the award made on merit.</p> <p>However, this was another case of a private tender opening.</p>

KEY : N/A - NOT AVAILABLE

**PRE-CONTRACT PROCESS**

AS AT DECEMBER 31, 1996

BASIC INFORMATION	COMMENTS RELEVANT TO ANY OF THE FOLLOWING ACTIVITIES :
<p>CLIENT MINISTRY EXECUTING AGENCY PROJECT NAME \ DESCRIPTION LOCATION</p> <p>MINISTRY OF LOCAL GOVERNMENT &amp; WORKS</p> <p>URBAN DEVELOPMENT CORPORATION</p> <p>Blue Mountain Coffee Development Project</p> <p>Construction and Upgrading of Roadway.</p> <p>Chepstowe, Portland</p> <p>CONTRACT SUM : \$72.12 M</p>	<p>PREQUALIFICATION : INVITATION / EVALUATION TENDER : INVITATION / INSTRUCTIONS / DOCUMENTS / BOND / OPENING / EVALUATION / VALIDITY PERIOD AWARD : FAIRNESS / IMPARTIALITY / MERIT</p> <p>Invitation to tender was sent out to nine (9) prequalified contractors. Tenders were received from all nine contractors with the required tender documents and bond. These tenders were opened publicly after which the tenders were evaluated and they were found to be responsive.</p> <p>The lowest tender was received from Stardust Inc. Ltd. in the sum of \$69.94 M. The Quantity Surveyor's Estimate was \$72.5 M. Due to Stardust Inc. Ltd.'s past poor performance the firm was rejected. The second lowest tender submitted by Rollers &amp; Compressors Hireage Ltd. for \$72.12 M was accepted. The evaluation of the tender process was executed with impartiality and merit. The required recommendation was submitted for approval. Due to inadequate funding the project is now on hold.</p> <p>The firm Stardust Inc. Ltd. Should not have been invited to tender if they were not to be considered for the job.</p>
<p>MINISTRY OF NATIONAL SECURITY &amp; JUSTICE</p> <p>GOJUN International Drug Control Programme</p> <p>Caribbean Regional Drug Training Centre</p> <p>Construction of two- storey building.</p> <p>Twickenham Park, St. Catherine</p> <p>CONTRACT SUM : \$25.61 M</p>	<p>Tender list with five (5) bidders on GCC List approved by MNSJ after MLGW recommended inclusion of one (1) bidder based on his past performance.</p> <p>The evaluation report on bids stated that one (1) bidder declined to tender and four (4) bids were received at the private opening of the bids. The practice of private opening of tenders is contrary to Government's policy of transparency, and we are not aware of a tender bond being requested.</p> <p>Assessment of the bids was carried out fairly and the recommendation for award of the contract to the lowest bidder, H.D.B. Construction Co. Ltd., was supported by the GCC and ratified by Cabinet.</p>

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**PRE-CONTRACT PROCESS**

AS AT DECEMBER 31, 1996

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<b>MINISTRY OF NATIONAL SECURITY &amp; JUSTICE</b>  <b>Police Station Construction and Rehabilitation</b>  <b>Lucea Police Station</b> Precast System construction  Lucea, Hanover  CONTRACT SUM : \$24.8 M	<p>Seven (7) contractors from the Government Approved List of contractors invited to tender. Three (3) returns were recorded at private opening of the tenders on February 26, 1996.</p> <p>Tenderers were requested to submit tenders using precast system along with an alternative for "all in-situ work."</p> <p>The recommendation of the consultant for award of the contract to Townend &amp; Godfrey Brothers Ltd., was supported by the GCC and ratified by Cabinet March 18, 1996.</p> <p>The award of the contract was based on merit, however, private opening of tenders should be discontinued.</p>
<b>MINISTRY OF LOCAL GOVERNMENT &amp; WORKS</b>  <b>Sustainable Justice Reform Programme</b>  <b>Spanish Town Courthouse</b> Renovation and construction  Spanish Town, St. Catherine  CONTRACT SUM : \$41.9 M	<p>Four (4) from a list of six (6) contractors selected from the GCC List of prequalified contractors returned completed documents in response to invitation to tender.</p> <p>There was a private opening of tenders and no tender bond was requested. This office recommends public opening of tenders and a tender bond for all government contracts as part of the tendering process.</p> <p>Following the evaluation of tenders the recommendation for award of the contract was in favour of the lowest tender submitted by Qualicon Engineering Co. Ltd. The GCC supported the recommendation and Cabinet ratified the award. The estimated cost of the job was \$40.5 million.</p> <p>With the exception of the above issues the award of the contract was fair.</p>

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**PRE-CONTRACT PROCESS**

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<b>OFFICE OF THE PRIME MINISTER</b>  <b>URBAN DEVELOPMENT CORPORATION</b>  <b>Comprehensive Rural Township Development Programme Ph. III</b>  <b>Marcus Garvey Technical High School.</b> Erection and completion of a new classroom block  St. Ann's Bay, St. Ann  CONTRACT SUM \$9.2 M	<p>This project was first tendered in June 1995, but following the Ministry's request for additional classrooms and a workshop, the IDB advised the Ministry to re-tender the project. A further review of contractors previously prequalified for the Programme was undertaken before they were re-invited to submit bids by 11.00 a.m on April 4, 1996. Tendered sum of \$9.29 M recommended for award of contract had net addition error of \$0.47 M and rebate of \$0.15 M. The contractor confirmed his willingness to stand by bid. Hence the award of contract was based on the selective tendering procedure.</p>
<b>McGrath Comprehensive High School</b> Extension & repairs  Linstead, St. Catherine  CONTRACT SUM \$ 9.7 M.	<p>Contractors invited to tender were all prequalified. Letters of invitation with the required contract documents were sent to twelve contractors, but only nine tenders were returned within the time specified and were publicly opened. Tenders were responsive and the required tender bond submitted. Analysis and evaluation of the tenders were done impartially. Award was made to the lowest tenderer, Metrocan &amp; Associates within the validity period.</p>
<b>Junction Comprehensive High School</b> Renovation, extension and new construction  Junction, St. Elizabeth  CONTRACT SUM : \$27.27 M	<p>A public invitation to tender was extended to interested bidders to collect and return completed prequalification and tender documents simultaneously.</p> <p>Twelve (12) bidders responded to the advertisement and collected documents; five (5) were returned and after the prequalification exercise only two (2) qualified.</p> <p>The lower bidder, Alval Ltd., after evaluation , was recommended for award of the contract.</p> <p>The exercise was executed fairly and on merit.</p>

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<b>BASIC INFORMATION</b>  <b>CLIENT MINISTRY</b> <b>EXECUTING AGENCY</b> <b>PROJECT NAME \ DESCRIPTION</b> <b>LOCATION</b>	<b>COMMENTS RELEVANT TO ANY OF THE FOLLOWING ACTIVITIES :</b>  <b>PREQUALIFICATION :</b> INVITATION / EVALUATION <b>TENDER :</b> INVITATION / INSTRUCTIONS / DOCUMENTS / BOND / OPENING / EVALUATION / VALIDITY PERIOD <b>AWARD :</b> FAIRNESS / IMPARTIALITY / MERIT
<b>OFFICE OF THE PRIME MINISTER</b>  <b>URBAN DEVELOPMENT CORPORATION</b>  <b>Comprehensive Rural Township Development Programme Ph. III</b>  <b>Ewarton Secondary School</b> Repairs, alterations and extension   Ewarton, St. Catherine   CONTRACT SUM: \$17.65 M	<p>A public invitation to tender was extended to interested bidders to collect and return completed prequalification and tender documents simultaneously.</p> <p>Thirteen (13) bidders responded to the advertisement and following the initial exercise to prequalify bidders prior to the bids being opened, the result ended up with seven (7) bids eligible for evaluation. Evaluation of the bids revealed a discrepancy along with errors in the lowest bid. This matter was brought to the attention of the bidder who confirmed his willingness to stand by his bid.</p> <p>On the issue of the discrepancy it could have caused the bid to be disqualified but the consultant seems to have been satisfied with the contractor's explanation and recommended the bid for award of the contract. The exercise was conducted fairly and on merit.</p> <p>Ancar Development Ltd. was the lowest bidder and came in 15.2% below the Quantity Surveyor's Estimate.</p>
<b>Garvey Maceo High School</b> Renovation and extension   Vernamfield, Clarendon   CONTRACT SUM: \$17.50 M	<p>A public invitation was issued in the print media to tender using the Two Envelopes Procedure to submit the prequalification and bid document simultaneously. Twelve (12) bidders collected the bid document but only five (5) returns were made by the closing date for submission of the completed document.</p> <p>Following the prequalification exercise, three (3) bids were eligible for evaluation.</p> <p>The consultant's recommendation after the bids were evaluated was that the highest should be accepted, while giving his reasons for bypassing the other two (2) bids, especially the lowest. The agency however, has not accepted the consultant's recommendation and has obtained the Loan Agency's "no objection" to award the contract to the lowest bidder who is 29.91% below the Quantity Surveyor's Estimate.</p> <p>To award a contract to a bidder whose bid was 29.9% below the Quantity Surveyor's Estimate is only likely to lead to significant overruns at a later stage. No explanation has been given as to why this decision was taken.</p>

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<b>BASIC INFORMATION</b>  <b>CLIENT MINISTRY</b> <b>EXECUTING AGENCY</b> <b>PROJECT NAME \ DESCRIPTION</b> <b>LOCATION</b>	<b>COMMENTS RELEVANT TO ANY OF THE FOLLOWING ACTIVITIES :</b>  <b>PREQUALIFICATION :</b> INVITATION / EVALUATION <b>TENDER :</b> INVITATION / INSTRUCTIONS / DOCUMENTS / BOND / OPENING / EVALUATION / VALIDITY PERIOD <b>AWARD :</b> FAIRNESS / IMPARTIALITY / MERIT
<b><u>OFFICE OF THE PRIME MINISTER</u></b>  <b>URBAN DEVELOPMENT CORPORATION</b>  <b>Comprehensive Rural Township Development Programme Ph. III</b>  <b>Rehabilitation and upgrading of roads</b> Construction of drains, retaining walls and asphaltting of 18.04 kilometers of roadways .  Rose Hall via Benbow to Guy's Hill St. Catherine  CONTRACT SUM : \$28.7 M	Six (6) contractors were invited to be prequalified. Arising from the evaluation exercise four (4) contractors qualified. Invitations to tender were sent to the four contractors. Documents for the tender were collected and returned with tender bond. These tenders were opened publicly and evaluated. Validity period 120 days. Two (2) of the four (4) tenderers were overseas firms and after the evaluation exercise which was properly conducted the local firm, Dwight's Construction Limited, was recommended for the award in the sum of \$28.7 M. The Quantity Surveyor's Estimate was \$32.8 M
<b>Rehabilitation and upgrading of roads</b> To realign and reshape road, construct side drains, retaining walls and asphalt carriageway.  Falmouth, Trelawny  CONTRACT SUM : \$32.6 M	Six (6) contractors were prequalified and invited to tender. Required instructions and documents were collected by the contractors. Tenders received were publicly opened. Evaluation and analysis of the tenders were executed impartially. All six tenders were responsive and the lowest tender of \$33.6 M was received from South Florida Transport & Equipment Corp. which was recommended for the award of the contract. The Quantity Surveyor's Estimate for the job was \$36.5 M.
<b>Savanna-la-mar Drainage contract #2</b>  Savanna-la-mar, Westmoreland  CONTRACT SUM : \$37.88 M.	A public invitation to tender using the two envelope system of simultaneous submission of prequalification and tender document was used. Four (4) tenderers responded and after the prequalification exercise all were deemed eligible. Following the tender opening and evaluation one of the tenderers was disqualified as his tender sum was deemed too high for consideration. Of the three (3) remaining, the lowest was not considered as his pricing was reportedly too far below the Engineer's Estimate. The second lowest bid was accepted. The subsequent award seems fair and based on merit although the process could have been better handled.



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<b>CLIENT MINISTRY</b> <b>EXECUTING AGENCY</b> <b>PROJECT NAME \ DESCRIPTION</b> <b>LOCATION</b>	<b>PREQUALIFICATION</b> : INVITATION / EVALUATION <b>TENDER</b> : INVITATION / INSTRUCTIONS / DOCUMENTS / BOND / OPENING / EVALUATION / VALIDITY PERIOD <b>AWARD</b> : FAIRNESS / IMPARTIALITY / MERIT
<b><u>OFFICE OF THE PRIME MINISTER</u></b>  <b>URBAN DEVELOPMENT CORPORATION</b>  <b>Comprehensive Rural Township Development Programme Ph. III</b>  <b>Savanna-la-mar Drainage Works Contract #3</b>   Savanna-la-mar, Westmoreland   <b>CONTRACT SUM :\$33.83 M</b>	<p>A public invitation to tender using the two envelope system of simultaneous submission of prequalification and tender document was used. Three (3) tenderers responded and after the prequalification exercise all were deemed eligible.</p> <p>Following the tender opening and evaluation which revealed that all three bids did not completely adhere to specific instructions, the highest tenderer was not considered, being too high above the Engineer's Estimate. The lowest tenderer was bypassed and the second lowest awarded the contract. This was reportedly done because the former had been awarded Savanna-la-mar Drainage Contract #2 and was thought not to be capable of doing both contracts simultaneously.</p> <p>The award seems fair and on merit.</p>
<b>Lionel Town Drains #2 and #3</b> <b>Construction of Storm Water Drains</b>   Lionel Town, Clarendon   <b>CONTRACT SUM :\$ 29.98 M</b>	<p>A public invitation to tender in the print media called for interested bidders to collect and return tender documents simultaneously.</p> <p>Ten (10) bidders responded to the invitation, collected and returned documents. Three (3) qualified and were evaluated, following which the lowest responsive tenderer was recommended for award of the contract. The lowest tenderer, South Florida Transportation &amp; Equipment, Corp. bid \$30 M or 8% above the Engineer's Estimate. The other two bids by Jamaican firms, N. F. Barnes Construction and H.D.B. Construction Co. were \$33.5 M and \$44.6 M respectively. A problem arose from the failure of the UDC to ensure that the lands were fully acquired before proceeding with the contract award process.</p> <p>This is another case where neither the GCC nor the Cabinet was consulted.</p> <p>The process appears to have been carried out fairly and awarded on merit.</p>

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KEY : N/A - NOT AVAILABLE

**PRE-CONTRACT PROCESS**

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<b>BASIC INFORMATION</b>  <b>CLIENT MINISTRY</b> <b>EXECUTING AGENCY</b> <b>PROJECT NAME \ DESCRIPTION</b> <b>LOCATION</b>	<b>COMMENTS RELEVANT TO ANY OF THE FOLLOWING ACTIVITIES :</b>  <b>PREQUALIFICATION :</b> INVITATION / EVALUATION <b>TENDER :</b> INVITATION / INSTRUCTIONS / DOCUMENTS / BOND / OPENING / EVALUATION / VALIDITY PERIOD <b>AWARD :</b> FAIRNESS / IMPARTIALITY / MERIT
<b><u>OFFICE OF THE PRIME MINISTER</u></b>  <b>URBAN DEVELOPMENT CORPORATION</b>  <b>Comprehensive Rural Township Development Programme III</b>  <b>Upgrading of worn and eroded asphalted roadways</b>   Central Manchester   CONTRACT SUM : \$48.57 M	<p>Public invitations were placed in the print media for interested bidders to collect and return tender and prequalification documents simultaneously.</p> <p>Prequalification exercise carried out first to determine the qualified bids which would be eligible for bid opening. Eight (8) tenderers picked up documents; three (3) were returned and qualified. One (1) was deemed non-responsive after the opening and rejected for an inadequate tender bond.</p> <p>After evaluation the lowest responsive bid submitted by Florida Transport &amp; Equipment was recommended for award of the contract.</p> <p>The process appears to have been carried out fairly and the recommendation for the award made on merit.</p>
<b>Rehabilitation of Epping and New Forest to Morningside Roadway</b>   St. Elizabeth   CONTRACT SUM : \$ 22.35M	<p>Public invitation extended for interested bidders to collect and return tender and prequalification documents simultaneously.</p> <p>Ten (10) bidders responded to the invitation and collected the documents; six (6) were returned, but only four (4) bids were evaluated.</p> <p>The lowest bidder withdrew his bid when informed of errors in the bid.</p> <p>D.R. Foote Co. Ltd., the contractor who submitted the second lowest bid, was recommended for award of the contract. The procedure appeared to have been carried out fairly and impartially. The Quantity Surveyor estimated the job at \$30.2 M and as usual the UDC went neither to the GCC nor the Cabinet for final approval.</p>
<b>URBAN DEVELOPMENT CORPORATION LTD / NATIONAL HOUSING TRUST</b>  <b>Bellevue Lands Development</b> Construction of 1068 studio units, 88 duplex and related infrastructure  Bellevue Lands, Kingston  CONTRACT SUM : \$797.25 M	<p>A single contractor's proposal for the project was the basis of a negotiated contract. Since systems building construction was to be favoured other contractors using systems building methods should have been given a chance to submit proposals, so that the award of the contract would be consistent with the principles of competitive bidding.</p>

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<p>CLIENT MINISTRY EXECUTING AGENCY PROJECT NAME \ DESCRIPTION LOCATION</p> <p><b><u>MINISTRY OF PUBLIC UTILITIES</u></b> <b><u>ENERGY &amp; TRANSPORT</u></b></p> <p><b>CARIB ENGINEERING CORPORATION LTD.</b></p> <p><b>Lucea\Negril Water Supply</b> Water Supply &amp; Distribution Works, including laying of Pipeline and associated works.</p> <p>Lucea\Negril - Hanover</p> <p>CONTRACT SUM : J\$160.92 M Plus US\$10.03 M</p>	<p>PREQUALIFICATION : INVITATION / EVALUATION TENDER : INVITATION / INSTRUCTIONS / DOCUMENTS / BOND / OPENING / EVALUATION / VALIDITY PERIOD AWARD : FAIRNESS / IMPARTIALITY / MERIT</p> <p>An advertisement was placed in the print media for contractors to be prequalified to tender on this project. Six (6) contractors prequalified after an evaluation of the questionnaires of nineteen (19) who responded by returning the document.</p> <p>The following invitation to tender resulted in only two (2) of the six (6) contractors returning tenders which were recorded at the public opening. The lower bid from Kiev International was recommended for the award after negotiations with Carib Engineering Corp. Ltd. in order to contain the project's expenditures at US\$9.62M The subsequent submission for award of the contract was ratified by Cabinet and the award was conducted fairly and on merit.</p>
<p><b>Lucea\Negril Water Supply</b> Water Treatment Works</p> <p>Logwood, Hanover</p> <p>CONTRACT SUM : J\$138.58 M Plus US\$10.18 M</p>	<p>An advertisement was published in the print media for contractors to be prequalified to tender on the project. Seven (7) contractors were prequalified following an evaluation of the prequalification document returned by nineteen (19) contractors.</p> <p>The tender invitation was extended to the seven (7) contractors, but only two (2) responses were returned and recorded at the public opening of tenders.</p> <p>The lower tender from Sogea\Cooper was 4.8% above the Engineer's Estimate. Negotiations with the tenderer was advised due to a revision in the scope of work and a shortfall in funding.</p> <p>Cabinet approval was granted to negotiate the contract and following a submission Cabinet ratified the award of the contract and approved the additional funds requested. The OECF (Japan) also concurred with the award.</p> <p>The process up to the award of this contract was fairly conducted.</p>

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**PRE-CONTRACT PROCESS**

AS AT DECEMBER 31, 1996

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<u><b>MINISTRY OF PUBLIC UTILITIES</b></u> <u><b>ENERGY &amp; TRANSPORT</b></u>  <b>CARIB ENGINEERING CORPORATION LTD.</b>  <b>South Chapelton Water Supply Scheme</b>  <b>Supply and installation of pipeline, reservoirs and electro-mechanical equipment</b>  <p>North &amp; South Clarendon</p>  <b>CONTRACT SUM :\$86.9M</b>	<p>A public invitation to tender extended to civil works contractors was published in the print media.</p> <p>Six (6) tenders were returned by the specified time and were opened publicly. Evaluation of the bids revealed the lowest tenderer, V.O. Watson &amp; O'Neal had errors which would have lowered his tender sum by 0.46%. His tender was 27% below the Engineer's Estimate and considered too low and the post qualification evaluation indicated that this bidder was not qualified to undertake this contract.</p> <p>Following rejection of the bid the second lowest tender of Bacchus Engineering Works Ltd. had errors that increased it's tender sum by 1.9%. This tender was 9% below the Engineer's Estimate and recommended for award of the contract, which was supported by the respective authorities.</p> <p>The assessment of the tenders appears to have been executed satisfactorily and the award seems fair.</p>
<b>NATIONAL WATER COMMISSION</b>  <b>Repairs to Attendants' Quarters</b> Repairs and painting of building, as well as the installation of kitchen cupboards and toilet fixtures  <p>Dornoch, Trelawny</p>  <b>CONTRACT SUM : \$0.45 M.</b>	<p>Four (4) contractors on the Government Contracts Committee List were selected and invited to tender. Two (2) submitted bids which were publicly opened September 18, 1996.</p> <p>Seivwright's Building Supplies Ltd., the lower tenderer, was awarded the contract.</p> <p>At the time of reporting the various approvals have been given with the agreement remaining to be signed.</p> <p>The process seems to have been in order.</p>

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PRE-CONTRACT PROCESS

AS AT DECEMBER 31, 1996

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<p>CLIENT MINISTRY EXECUTING AGENCY PROJECT NAME \ DESCRIPTION LOCATION</p> <p><u>MINISTRY OF PUBLIC UTILITIES</u> <u>ENERGY &amp; TRANSPORT</u></p> <p>NATIONAL WATER COMMISSION</p> <p><b>Repairs to access bridges</b> To effect repairs clean and repaint bridges</p> <p>Dornoch, Trelawny</p> <p>CONTRACT SUM \$0.74 M</p>	<p><b>PREQUALIFICATION</b> : INVITATION / EVALUATION <b>TENDER</b> : INVITATION / INSTRUCTIONS / DOCUMENTS / BOND / OPENING / EVALUATION / VALIDITY PERIOD <b>AWARD</b> : FAIRNESS / IMPARTIALITY / MERIT</p> <p>Letters of invitation were sent to four (4) approved contractors. Three (3) submitted bids which were publicly opened September 18, 1996. The tenders received far exceeded the Engineer's Estimate and were not considered. The decision taken to negotiate with the lowest tenderer resulted in a reduction of the tender sum from \$0.90 M. to \$0.74 M. or 19.8% above the Engineer's Estimate. The award is presently awaiting the Government Contracts Committee's support and the Minister's approval following which the agreement is to be signed. The process was fairly executed</p>
<p><b>Installation of Distribution Pipeline</b> Laying 8" and 6" diameter PVC pipeline</p> <p>Newell\Newcombe Valley, St. Elizabeth</p> <p>CONTRACT SUM : \$3.84 M</p>	<p>Eight (8) contractors on the GCC list of prequalified contractors were selected and invited to bid. Three (3) bids were submitted as shown on the record of the public opening of the bids on August 21, 1996. The subsequent bid evaluation resulted in the consultant's recommendation to award the contract to the lowest bidder, E.B. Singh &amp; Sons Ltd., based on the selective tendering procedure. The award of the contract awaits the GCC support and the Minister's approval. The procedure was in order.</p>
<p><b>Reinforced Concrete Reservoir</b> The construction of a 100,000 gallon reservoir and access road</p> <p>Newell\Newcombe Valley, St. Elizabeth</p> <p>CONTRACT SUM : \$4.82 M</p>	<p>Invitation letters were sent to fourteen (14) contractors on the public sector list to tender on the works. Six (6) responses were received. Following a private opening of tenders on July 17, 1996, and the subsequent evaluation exercise, Donald Lewis Construction Co., which submitted the lowest responsive bid, was awarded the contract by the selective tendering procedure. Again we must urge that private opening of tenders be discouraged as it is contrary to principles of openness and transparency which are the approved objectives.</p>

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<u><b>MINISTRY OF PUBLIC UTILITIES</b></u> <u><b>ENERGY &amp; TRANSPORT</b></u>  <b>NATIONAL WATER COMMISSION</b>  <b>Moneague Replacement Well</b> Drilling and establishing the well.  Moneague, St. Ann  CONTRACT SUM : \$2.49 M	<p>Record of public opening of tenders on May 3, 1996, showed that the two specialist well drilling firms on the GCC list of contractors responded to the invitation to bid. GCC supported the recommendation of the consultant to award the contract to the lowest tenderer, Hood-Daniel Well Co., Ltd. Tender procedures were in accordance with standard principles for selective tendering.</p>
<b>Northern Jamaica Development Project</b>  <b>Montego Bay Sewerage &amp; Sewer Treatment Works</b> Construction of Sewer Lines, Rising Force Mains, Pumping Stations and Oxidation Ponds  Montego Bay, St. James  CONTRACT SUM : J\$171.95 M Plus US\$13.67 M	<p>Public invitation in the print media was extended to interested contractors to prequalify for tendering on this project.</p> <p>Fifteen (15) contractors responded and after the evaluation five (5) prequalified. These contractors were invited to submit tenders, but only three (3) returned completed tender documents by the deadline. The tenders were recorded at a public opening and the assessment which followed resulted in a recommendation for award of the contract to Rizzani de Eccher \ Costruzioni Cemento Spa. Joint Venture. The tender was 24.35% below the Engineer's Estimate, but the recommendation was supported by the respective agencies and ratified by Cabinet. The award of the contract was based on the selective tendering procedure and was conducted fairly and based on merit.</p> <p>The point should be made that unless the engineer's estimate is not accurate, it is hard to believe that the job can be done for the amount in the tender.</p>

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<u><b>MINISTRY OF PUBLIC UTILITIES</b></u> <u><b>ENERGY &amp; TRANSPORT</b></u>  <b>AIRPORTS AUTHORITY OF JAMAICA</b>  <b>Emergency Roof Repairs to Sangster International Airport</b> Repair and Waterproof section of Main Terminal Building  Montego Bay, St. James  CONTRACT SUM : \$2.2 M	<p>An invitation to quote was extended to four firms of good repute, all of whom responded. The lowest quotation was received from Economic Maintenance products Ltd. and the Minister accepted the recommendation for that firm to be awarded the contract.</p>
<b>Tinson Pen Aerodrome Rehabilitation works</b> Repairs & Resurfacing of Runways, Taxiways and Ramp Area.  Marcus Garvey Drive, Kingston  CONTRACT SUM : \$21.7 M	<p>The pre-contract process was executed by negotiation due to the alleged urgency of the work in order to prevent the closure of the aerodrome. One (1) contractor was negotiated with and recommended for the award of the contract based on his past proven record of paving works.</p> <p>This is not a case in which there should have been a by-passing of all contractual procedures. Negotiations should have been held with at least three (3) contractors in order to maintain competitiveness and transparency in the award procedure.</p> <p>Proper contract procedures could have been followed if the airports Authority had not waited until the last moment to do the work.</p>



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<p><b><u>MINISTRY OF PUBLIC UTILITIES</u></b>  <b><u>ENERGY &amp; TRANSPORT</u></b></p> <p><b>AIRPORTS AUTHORITY OF JAMAICA</b></p> <p><b>Airport Reform and Improvement Programme</b></p> <p><b>Rehabilitation of Runway, Taxiways and pavement works</b></p> <p>Norman Manley International Airport, Kingston</p> <p>CONTRACT SUM :US\$18.04 M (J\$631.4 M)</p>	<p>Invitation to tender with instructions were sent to nine (9) prequalified contractors. Tender documents were collected and tenders returned and opened publicly.</p> <p>Evaluation of the tenders was properly carried out. The required tender bonds were submitted with the tenders, with the exception of one tenderer who was disqualified.</p> <p>The lowest recommended tender from, Cubiertas y Mzov, was in the sum of U.S.\$18.04 M. Engineer's Estimate U.S.\$20.6 M</p> <p>Concern was expressed by the consultant regarding the lowest tenderer's ability to perform the quality of work desired. The contractor was written to and he undertook to improve his equipment and efficiency and to revise his time schedule.</p> <p>The contract seemed to be awarded impartially and on merit.</p> <p>Project Planning at this level should have included a detailed investigation of the quality and availability of the local aggregate to undertake the project. At the end of the reporting period, no decision appears to have been taken as to the source from which the necessary aggregate should be obtained.</p>
<p><b>PORT AUTHORITY OF JAMAICA</b></p> <p><b>Ocho Rios Port Expansion</b>  <b>Dredging Sub-Contract</b>  <b>Widening and deepening of areas in the Ocho Rios Bay.</b></p> <p>Ocho Rios, St. Ann</p> <p>CONTRACT SUM :DF 2.84 M (J\$ 59.1 M)</p>	<p>The pre-contract process took the form of negotiations with Boskalis Westminster Dredging who was nominated by the main contractor for the Ocho Rios Port Expansion.</p> <p>Under the circumstances this did not seem to be an unreasonable approach.</p>

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BASIC INFORMATION		CONTRACT INFORMATION			COMMENTS ON ANY RELEVANT ISSUE	
1. CLIENT MINISTRY 2. EXECUTING AGENCY 3. PROJECT NAME, DESCRIPTION 4. LOCATION	1. LEAD CONSULTANT 2. CONTRACTOR 3. PROJECT MGR.	1. SUM 2. TYPE 3. START DATE 4. PERIOD	1. % EXECUTED 2. TIME ELAPSED 3. COSTS TO DATE 4. ADDITIONAL COSTS	1. SECURITIES 2. T.C.C. 3. MOBI - LISATION	MANAGEMENT CO-ORDINATION SITE SUPERVISION	QUALITY OF WORK ADDITIONAL COSTS PERFORMANCE OF PROFESSIONALS
<b>MINISTRY OF AGRICULTURE &amp; MINING</b>  <b>RADA</b>  <b>New RADA Office Building</b>  May Pen, Clarendon	Alberga Graham Jamaica	\$13.86 M	45%	Yes	Supervision is inadequate on this project. The agency needs to have a site representative to coordinate and manage the project. So far the deficiencies are affecting the progress of the work, while the quality of the work is acceptable.	
	B & H Structures Co. Ltd.	Lump Sum	3 Mths	Yes		
	Alberga Graham Jamaica	2-9-96	\$5.45 M	Yes		
		6 Mths.	None			
<b>URBAN DEVELOPMENT CORPORATION</b>  <b>Construction - Albany Bridge</b>  Claverty Cottage, Portland	David Abrikian	\$14.0 M	100%	Yes	Coordination and management of the project were executed professionally and satisfactorily. Site supervision was adequate and the quality of the work was good. Additional cost was due to problems with the location and nature of the construction site, and to fluctuations and variations of the works. Performance of the professionals was of a high standard especially under the circumstances.	
	M & M Engineers Ltd.	Lump Sum	17 Mths.	Yes		
	Mr. M. Johnson	2-8-94	\$23.02 M	Yes		
		9 Mths.	\$ 9 M			

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<b>MINISTRY OF EDUCATION YOUTH &amp; CULTURE</b>  <b>SUGAR INDUSTRY HOUSING LTD. (SIHL)</b>  <b>Construction of Cartagena Basic School</b>  Granville, St. James	Sugar Industry Housing Limited  L.A. Scott Engineering and Construction Ltd.  Sugar Industry Housing Limited	\$6.78 M  Lump Sum  5-6-95  5 Mths.	91%  16 Mths.  \$5.88 M  None	Yes  Yes  Yes	<p>Poor supervision has contributed to delays in the completion of this contract.</p> <p>Notwithstanding a 121 days extension granted, at the end of the period on March 4, 1996, the work was incomplete.</p> <p>A premature occupation of the building by the Principal and Students of the school seems to have violated the Terms of the Agreement as the school was not taken over from the contractor.</p> <p>Subsequent to this, the Contractor was issued with Termination Notice for his refusal to respond positively to instructions re completion of the works.</p> <p>The contract was determined in July of 1996 by which time the necessary insurance and performance bond had become void, leaving the Ministry with no hope for redress.</p> <p>The documentation for the completion of the works has been forwarded for pricing to three (3) new contractors selected by the Member of Parliament for the area. The return of these documents was expected in January of 1997.</p>	
<b>SOCIAL SECTORS DEVELOPMENT PROGRAMME</b>  <b>Construction of Jericho, Haddington and Chigwell Basic Schools</b>  Hanover	Sugar Industry Housing Ltd.  W.A. Reid Construction Co. Ltd.  Sugar Industry Housing Ltd.	\$7.2 M  Lump Sum  01-11-94  6 Mths.	100%  5 Mths.  \$7.87 M  \$64 M	Yes  Yes  Yes	<p>Practical completion of works was achieved May 5, 1995, approximately one (1) month ahead of scheduled date due to combined efforts of Project Manager and Contractor. However, the contractor failed to complete remedial work during the six (6) months maintenance period and procrastination delayed inspection, so that final completion was not certified until March 19, 1996.</p> <p>The cost which shows an increase of 8.9% to the contract sum, is due mainly to material and labour fluctuation.</p>	

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<u>MINISTRY OF EDUCATION YOUTH &amp; CULTURE</u>  SUGAR INDUSTRY HOUSING LTD. (SIHL)  SOCIAL SECTORS DEVELOPMENT PROGRAMM  Construction, Refurbishing and extension of Thornton/Flemmings Johnstown and Danvers Pen Basic Schools  St. Thomas	Sugar Industry Housing Limited  Metrocon Associates Limited  Sugar Industry Housing Ltd.	\$6.15 M  Lump Sum  28-02-94  8 Mths.	100%  13 Mths.  \$10.14 M  \$ 4 M	Yes  Yes  Yes	<p>The management of this contract was consistent for most part but lacked the necessary urgency to effect a timely completion.</p> <p>Late instructions and variations added to the construction time, for which extension of time was granted.</p> <p>Practical completion was achieved on March 14, 1995, five (5) months beyond the scheduled date. The defects associated with completion were not remedied within the required period which ended September, 1995.</p> <p>Final completion was achieved on April 23, 1996, after strong pressure from the Project Management Consultant. Site supervision and the quality of work achieved were satisfactory.</p>	
NATIONAL HOUSING CORPORATION LTD.  Construction of MOEY & C Mandeville Regional Office  Mandeville, Manchester	National Housing Corporation Ltd.  Omni Construction Company Ltd.  National Housing Corporation Ltd.	\$24.54 M  Lump Sum  13-03-95  10 Mths.	82%  21 Mths.  \$36.3 M  \$11.8 M	No  Yes  Yes	<p>This project was poorly managed and failed to achieve its stated objective. Ineffective co-ordination and poor supervision produced inferior quality of work over an extended contract period. The negatives of this project are too numerous to mention and it would require drastic action by the Project Managers to have it completed by the new target date of April, 1997.</p> <p>Costs to date include fluctuations and variations which total \$10.05M or approximately 41% of the contract sum.</p>	

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<b>MINISTRY OF EDUCATION YOUTH &amp; CULTURE</b>  <b>SUGAR INDUSTRY HOUSING LTD. (SIHL)</b>  <b>Lawrence Tavern Primary School Extension and refurbishing</b>  Lawrence Tavern, St. Andrew	Sugar Industry Housing Ltd.  Ronham & Associates Ltd.  Sugar Industry Housing Ltd.	\$12.3 M  Lump Sum  05-02-96  8 Mths.	61%  10 Mths.  \$13.2 M  \$ 0.9 M	Yes  Yes  Yes	<p>The general management of this contract seems satisfactory. However some tardiness on the part of the contractor's team in December of 1996 saw the project falling one month behind schedule.</p> <p>Site supervision and quality of work are satisfactory, however, Management support and co-ordination give cause for concern as the necessary funding to ensure interim payments is not being provided on a timely basis.</p> <p>Expenditure to date already shows material and labour fluctuation and variations, totaling \$4.09 M with 39% of the contract yet to be completed.</p>	
<b>SOCIAL SECTORS DEVELOPMENT PROGRAMME</b>  <b>Renovation and Extension to Rousseau Primary School</b>  Kingston 13	National Housing Corporation Ltd.  Ronham & Associates Ltd.  National Housing Corporation Ltd.	\$24.53 M  Lump Sum  May 3, 1995  9 Mths.	95%  19 Mths.  \$45.86 m  \$21.3 M	Yes  Yes  Yes	<p>It was stated in the Annual Report for 1995 that the works were unlikely to be completed on time. Delays have been further aggravated by decisions to construct a new toilet block, incinerator and linkways. Slow dissemination of information suggests that the Client and the Agency have a communication problem.</p> <p>Along with variation orders, the contractor has his own problems especially to secure skilled workers. These problems have resulted in a new completion date in 1997, instead of the revised December date. It is now proposed to start the handing over of completed areas on a sectional basis to solve other problems. Finally it seems that this project will end up costing twice as much as originally contemplated.</p> <p>Had the planning process been of a high standard, the result would have been more satisfactory.</p>	

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<b>MINISTRY OF EDUCATION YOUTH &amp; CULTURE</b>  <b>NATIONAL HOUSING CORPORATION LTD.</b>  <b>SOCIAL SECTORS DEVELOPMENT PROGRAMME</b>  <b>Construction of Regional Office at Browns Town</b>   St. Ann	National Housing Corporation Ltd.  W.G. Walters Construction Co. Ltd.  National Housing Corporation Ltd.	\$26.25  Lump Sum  22-04-94  10 Mths.	92%  32 Mths.  \$30.8 M  \$4.55 M	Yes  Yes  Yes	This project, from the outset has suffered from various problems contributed to by the Consultant, the Contractor and the Client, especially in regard to payment certificates. The Contractor seems to have serious financial problems and these have severely hampered site activities. The work is now near completion but the time elapsed, is unacceptable for a ten-month contract. Increased costs to date for material and labour fluctuations are not bad in comparison to some other projects with similar problems.	
<b>Construction of the Port Antonio Regional Office</b>   Portland	National Housing Corporation Ltd.  W.A. Reid Construction Company Ltd.  National Housing Corporation Ltd.	\$26.53 M  Lump Sum  04-04-95  10 Mths.	80%  21 Mths.  \$35.82 M  \$9.29 M	No  No  Yes	The Annual Report of 1995 highlighted the many problems experienced on this contract which had utilized all but one (1) month of its construction time with only 60% of the work completed. The contract has been poorly managed and ineffectively co-ordinated with 20% progress recorded for the calendar year 1996. The Project Management company National Housing Corporation Limited (NHCL) must be faulted for allowing this contract to proceed twenty-one (21) months without insurance or a performance bond in place. Belatedly, steps are being taken by the Client and NHCL, to have this matter rectified. Expenditure to date of \$35.8 M is 35% above contract price and if this rate continues the contract price will be doubled.	

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<b>MINISTRY OF EDUCATION YOUTH &amp; CULTURE</b>  <b>NATIONAL HOUSING CORPORATION LTD.</b>  <b>Extension and Refurbishing - Sudbury All-Age School</b>  Sudbury, St. James	National Housing Corporation Ltd.	\$14.6 M	93%	Yes	<p>The management of the project appears to be fair, and site supervision and the quality of the work are satisfactory. But the Client Agency and the Contractor are to be blamed for the project overrunning the deadline for completion. Although only 7% of the work remains to be done, the completion date will end up being more than twice the original contract period and the cost is likely to be similar.</p> <p>Expenditure to date of \$22.08M is \$7.48M in excess of the contract price, with material and labour fluctuations along with variations already pointing to a 63% cost difference. This reflects poor planning and implementation.</p>	
	Ronham & Associates Ltd.	Lump Sum	19 Mths.	Yes		
	National Housing Corporation Ltd.	11-05-95	\$22.0 M	Yes		
		10 Mths.	\$7.4 M			
<b>Renovation and Extension of Mandeville All-Age School</b>  Mandeville, Manchester	National Housing Corporation Ltd.	\$16.2 M	45%	Yes	<p>The Contractor has not put in place good site management and supervision. As a result the contract period has already expired with a mere 45% of the work completed.</p> <p>Approximately 50% of the contract sum has been disbursed with fluctuation already accounting for 7%. With increased rates pending in April, this figure will increase further.</p> <p>Both Consultants and Contractor need to combine their energies to complete the project in the shortest possible time so as to minimise further increase in cost.</p>	
	W.A. Reid Construction Co.	Lump Sum	10 Mths.	Yes		
	National Housing Corporation Ltd.	04.03.96	\$7.9 M	Yes		
		10 Mths.	None			



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<u>MINISTRY OF EDUCATION YOUTH &amp; CULTURE</u>						
NATIONAL HOUSING CORPORATION LTD.						
SOCIAL SECTORS DEVELOPMENT PROGRAMME						
Renovation of Cedar Valley All-Age School	National Housing Corporation Ltd.	\$7.88 M	87%	Yes	<p>The management and co-ordination of this contract has not been good. Construction went slowly and it took some eleven (11) months to achieve 87% completion. At this point, the job was inspected and the Classroom Blocks and Administrative Block accepted as practically completed. The remaining items of works were omitted from the contract as it was felt that, given this record, the works were unlikely to be completed in an acceptable time.</p> <p>The defects to be remedied during the maintenance period are yet to be completed while construction equipment and debris from the construction process are yet to be removed from the playfield, thus hindering the School's activities.</p> <p>With 13% of the contract omitted, expenditure to date is \$11.6 M, some \$3.7 M or 46.9% above the original contract price, however, the liquidated damage clause has not been enforced.</p>	
Cedar Valley, St. Thomas	Qualicon Engineering Co. Ltd.	Lump Sum	11 Mths.	Yes		
	National Housing Corporation Ltd.	02-10-95	\$11.58 M	Yes		
		6 Mths.	\$3.7 M			

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<u>MINISTRY OF EDUCATION YOUTH &amp; CULTURE</u>						
NATIONAL HOUSING CORPORATION LTD.						
Extension and Refurbishing of Ewarton Primary School	National Housing Corporation Ltd.	\$17.86 M	100%	Yes	<p>The Annual Report of 1995 highlighted the slow progress of works, cash flow problems, changes in the scope of work and sectional completion on October 26, 1995, nine (9) months beyond the scheduled completion.</p> <p>Practical completion was eventually granted on August 16, 1996, but only after the Principal conveyed to the Ministry of Education, the concerns of the Parent Teachers Association (PTA) re the incomplete state of the works, the lack of urgency in completing the work, and the possibility of a demonstration to vent their frustrations, should the re-opening of school be affected.</p> <p>The management of this contract was poor and more so subsequent to sectional completions, with the remaining works taking ten (10) months to be completed for an effective contract period of twenty-nine (29) months, nineteen (19) months beyond the scheduled date.</p> <p>The Client and Agent are not without blame as late disbursement of funds affected the funding of the job, while variation orders increased the scope of works and additional information was not disseminated on a timely basis, all of which reflects adversely on their administration of the project.</p> <p>Expenditure to date of \$37.5 M is 109% above the original price and is comprised of fluctuations totaling \$9.4 M and variation of \$4.6 M.</p>	
	Qualicon Engineering Co. Ltd.	Lump Sum	29 Mths	Yes		
Ewarton, St. Catherine	National Housing Corporation Ltd.	28-03-94	\$37.49 M \$19.63 M	Yes		
		10 Mths.				

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<u>MINISTRY OF EDUCATION YOUTH &amp; CULTURE</u>  URBAN DEVELOPMENT CORPORATION  COMPREHENSIVE RURAL DEVELOPMENT PROGRAMME PHASE III  Marcus Garvey Technical School Erection of new classroom block - Floor Area 4,992 sq. ft.  St. Ann's Bay, St. Ann	UDC     Alval Ltd.  Mrs. S. Bowie	\$9.2 M   Unit Price  12-8-96  8 Mths.	100%   5 Mths.  \$7.6 M  None	Yes   Yes  Yes		Management of the project was satisfactory and site supervision very good. The quality of the work and the performance of the professionals were also satisfactory. As a consequence the project was completed three months before the end of the contract period and below the contract sum.
<u>MINISTRY OF ENVIRONMENT &amp; HOUSING</u>  SOCIAL INFRASTRUCTURE PH. II  Erection of two primary and three basic schools, a police station and a community centre.  Greater Portmore, St Catherine	Ministry of Environment & Housing  Wihcon Ltd  Ministry of Environment & Housing	\$239.669 m  Negotiated  Feb. 1995  22 Mths.	100%  21 Mths.  \$231.616 m  \$42.046 m	Yes  Yes  Yes		Management, coordination and supervision of this project was good. It was completed on time and quality of work was good. The additional cost of \$14 m or 6% of the contract sum was due mainly to increases in labour and material costs. The performance of the professionals was satisfactory.

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<u>MINISTRY OF ENVIRONMENT &amp; HOUSING</u>  SOCIAL INFRASTRUCTURE PH. III  Construction of two basic, one primary and one secondary school.  Greater Portmore, St Catherine	Ministry of Environment & Housing  WIHCON Ltd  Ministry of Environment & Housing	\$305.4 m  Negotiated  April 1996  21 Mths.	70%  10 Mths.  \$199.4 M  None	Yes  Yes  Yes	With proper management in place the construction activities are progressing at a satisfactory rate. The quality of the work is good and payments have kept pace with the value of work done. The professionals have performed creditably.	
Greater Portmore Physical Infrastructure Construction of earth and paved drainage system  Greater Portmore, St Catherine	Ministry of Environment & Housing  WIHCON Ltd  Ministry of Environment & Housing	\$58.4 m  Negotiated  8-8-96  40 weeks	60%  20 weeks  34.28 m  None	Yes  Yes  Yes	Management, coordination and supervision appear satisfactory and the project is on target. The quality of work is good, and based on the progress so far, the work should be completed on time.	

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<b><u>MINISTRY OF ENVIRONMENT &amp; HOUSING</u></b>  NATIONAL HOUSING CORPORATION LTD  Bridgewater Gardens Housing Scheme  Construction of 38 3-bedroom semi-detached units and 48 2-bedroom townhouses  Discovery Bay, St Ann	NHC Ltd	\$193.5 m	35%	Yes	Construction activities so far are on target due to capable handling of the project works by the National Housing Corporation's officers on site. The quality of the work is also satisfactory.  Other professionals dealing with the project are doing a fairly good job. However, labour and material fluctuation are causing additional expenditure.	
	Ashtrom Building Systems Ltd	Lump Sum	4 Mths.	Yes		
	NHC Ltd	6-5-96	\$58.5 m	Yes		
		16 Mths.	None			
Patrick City Infrastructure  Patrick City, St Andrew	NHC Ltd	\$16.43 m	5%	Yes	The contract sum at signing was \$12.1 m. Due to delays experienced a provisional sum of \$4.3 m was added. The final cost to complete cannot be determined at this point as the documents have not yet been finalized. Work is in progress and it appears to be satisfactory.	
	Ashtrom Building Systems Ltd	Negotiated	1 Mth.	Yes		
	NHC Ltd	6-11-96	None	Yes		
		7 Mths.	None			

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<b><u>MINISTRY OF ENVIRONMENT &amp; HOUSING</u></b>  NATIONAL HOUSING CORPORATION LTD  Patrick City Housing Scheme Construction of 60 2-bedroom townhouses  Patrick City, St Andrew	NHC Ltd  Ashtrom Building Systems Ltd  NHC Ltd	\$87.2 m  Negotiated  16-11-96  10 Mths.	5%  1 Mth.  None  None	Yes  Yes  Yes	<p>This contract was signed in 1995 for the erection of 76 2-bedroom townhouses but in 1996 was reduced to 60. The reason was that the Government Town Planner and the National Housing Corporation had a dispute over density. The project is to be built on 1.8 acres of land owned by the Ministry of Environment &amp; Housing which negotiated with Ashtrom Building Systems Ltd a cost of \$64.6 m. Because of the lengthy delay in implementation a provisional sum of \$22.6 m was added to offset fluctuations.</p> <p>Work is now in progress but no disbursement has yet been made by the funding agency.</p>	
<b>Tryall Infrastructure Works</b>  Sandy Bay, Hanover	N.O. Whyte & Assoc. Ltd.  Buchanan Quarry & Blockmaking Ltd.  NHC	\$29.09 M  Lump sum  21-06-93  9 Mths..	100%  38 Mths.  \$55.55 M  \$26.46 M	Yes  Yes  Yes	<p>This scheduled nine (9) month contract which started in August 1993 only achieved practical completion in October, 1996. The contractor, who was nominated by the client ministry and benefited from a negotiated contract, was clearly ill-equipped to complete the works and was in trouble from the very start.</p> <p>NHC inherited the job when they merged with Estate Development Company and in an effort to speed up completion engaged the services of four (4) Sub-contractors. This left the main contractor to concentrate on his area of knowledge, the road works. While this approach yielded some success, the protracted delays experienced speak volumes of the main contractor's competence and raises questions about the management of the project.</p> <p>To date sub-contractors' work is valued at \$19.99 M. Of this amount N. F. Barnes' sub-contract has moved from \$6.98 M to \$14.03 M and final payment is not yet agreed. Fluctuations, variations and additional works are quite extensive.</p>	

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<u>MINISTRY OF ENVIRONMENT &amp; HOUSING</u>  NATIONAL HOUSING CORPORATION LTD  Rosemount/Kerr Jarret Squatter Upgrading Contract 'A'  Montego Bay, St. James	Arthur Nelson & Associates  Ronham & Associates  N.H.C.	\$50.25M  Lump Sum  30-08-94  12 Mths.	100 %  26 Mths.  \$104.72M  \$54.47M	Yes  Yes  Yes	<p>This project dates back to 1994 and was scheduled to be completed one year later. The contract is somewhat unique in that the contractor was asked to work on a site with people already living there. This proved to be a major source of delays as the influx of squatters hampered progress in almost all areas. It necessitated design changes which resulted in variations and additional works with the associated increase in costs and time.</p> <p>Inclement weather also not only disrupted and delayed progress but caused damage to work already done or in progress.</p> <p>The water supply system was another problem area. It was expected that the NWC would have provided this facility, but no agreement could be reached, hence, a variation was issued for the contractor to undertake the installation.</p> <p>As a consequence of the above, variations and additional works amounting to \$45.12M (90% of contract sum) surfaced. Fluctuation in labour, material and equipment amounted to 25% of contract sum.</p> <p>All works as per original contract have been completed and the work remaining involves the installation of the source water supply in which the provision of two reservoirs has been subcontracted to Mobile Welding &amp; Engineering Works Ltd.</p> <p>The performance of the professionals was satisfactory.</p>	

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<b>MINISTRY OF ENVIRONMENT &amp; HOUSING</b>  <b>NATIONAL HOUSING CORPORATION LTD</b>  <b>Rosemount/Kerr Jarret Squatter Upgrading Contract 'B'</b>  Montego Bay, St. James	Arthur Nelson & Associates  C.G. Woolery & Partners Ltd.  N.H.C.	\$34.06M  Lump Sum  30-08-94  12 Mths.	100 %  23 Mths.  \$83.15M  \$49.09M	Yes  Yes  Yes		<p>This contract is section 'B' of the project and like contract 'A', which dates back to 1994 was scheduled to be completed one year later, running simultaneously with contract 'A'. Inclement weather and the problems associated with squatters prior to and after the work started have resulted in delays and increases in costs.</p> <p>Of the amount disbursed to-date, variations and additional works amount to \$46.69M(137% of contract sum) and fluctuation in labour, material and equipment total \$8.34M (24% of contract sum).</p> <p>All work under the original contract has been completed and work on site relates to variation orders inclusive of a sub-contract awarded to J.H. Dunstan &amp; Associates for the installation of pumps and a pumping station. The quality of workmanship while not the best is acceptable given the working conditions.</p>
<b>Rosemount/Kerr Jarret Squatter Upgrading Contract 'C'</b>  Montego Bay, St. James	Arthur Nelson & Associates  C.G. Woolery & Partners Ltd.  N.H.C.	\$27.71M  Lump Sum  30-08-94  12 Mths.	100 %  23 Mths.  \$61.17M  \$33.46M	Yes  Yes  Yes		<p>This contract is the third and last of the projects and like contracts 'A &amp; B', which date back to 1994, was scheduled to be completed in one year, running simultaneously with contracts 'A &amp; B'. Contract 'C' experienced all the difficulties encountered by 'A &amp; B' with a similar increase in time and cost.</p> <p>Of the amount disbursed to-date, variations and additional works amount to \$34.74M, 126% of contract sum and fluctuations in labour and materials \$3.05M or 13% of the contract sum.</p> <p>The quality of workmanship while not the best is acceptable given the working conditions.</p>



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<b><u>MINISTRY OF ENVIRONMENT &amp; HOUSING</u></b>  <b>NATIONAL HOUSING CORPORATION LTD</b>  <b>Norwood Settlement Upgrading Project Sectors (A1,B&amp;C)</b> Infrastructural Works for Service Lots  Montego Bay, St. James	Arthur Nelson & Assocs.	\$88.73M	34%	Yes	<p>The project was packaged in three (3) sections, A1,B &amp; C and tenders invited for each section using the selective tendering process. The evaluation and award of the contract to C. G. Woolery &amp; Partners who submitted the lowest responsive tender on all three sections was impartial and in merit.</p> <p>Work started four (4) weeks after the contract commencement date due to N.H.C.'s failure to provide sufficient information to facilitate setting out of the works. It was later pointed out that information was made available on a weekly basis so that the contractor could have started some areas of the works</p> <p>Whichever is the case it would have been unlikely to have achieved reasonable progress at the outset, however, the pace of activities has improved but it is clear that the pace of the work will have to be increased even more to avoid time overrun.</p>	
	C.G. Woolery & Partners	Lumpsum	4 Mths.	Yes		
	N.H.C.	27-08-96	\$13.12M	Yes		
		8 Mths.	None			
<b>SUGAR INDUSTRY HOUSING LTD. (SIHL)</b>  <b>Claremont Housing Scheme</b>  Old Harbour, St Catherine	SIHL	\$161 m	99%	Yes	<p>This project was one of the special cases reported on in the Annual Report for 1995. The original number of 765 units which was to be constructed was reduced to 718 units. At practical completion all the units were handed over and only 1% of drains and roads remained outstanding at the end of November 1996. The final cost of the project was projected to be \$634 m, and management fees have increased by 252%. This contract which should have been completed in two years has doubled the time period and increased in cost by 294% the original contract sum having been \$161 m in 1992. Liquidated damages amounting to \$3000.00 per day was invoked against the contractor.</p>	
	Leonard I. Chang Engineers Ltd	Negotiated	52 Mths.	Yes		
	SIHL	16-7-92	\$634 M	Yes		
		2 yrs	\$473 M			

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<b>MINISTRY OF FINANCE (REVENUE BOARD)</b>  <b>MINISTRY OF LOCAL GOVERNMENT &amp; WORKS</b>  <b>Revenue Services Centre Building</b>  Montego Bay, St. James	Gaston McKenzie & Associates Ltd.	\$79.0 M	98%	Yes	Management and coordination of the project along with site supervision were poor while the quality of work was fair. Partial completion was to be effected on September 30, 1996, but was not achieved due to problems experienced with Sub-Contractors. The most distressing problem was the non-appointment of a Mechanical\Electrical Sub-Contractor when the GCC rejected the consultants' recommendation. At this point in time there are still outstanding issues on the Mechanical Contract. The financial element so far shows that additional work along with material and labour fluctuations have increased the contract sum by 27.58%.	
	C.G. Woolery & Partners Ltd.	Lump Sum	23 Mths.	Yes		
	Ministry of Local Government & Works	4-10-94	\$100.88 M	Yes		
		18 Mths.	\$21.88 M			
<b>DEVELOPMENT VENTURES LTD.</b>  <b>Modification &amp; Extension of Cafeteria Facilities</b>  Oxford Road, Kingston	Lascelles Dixon & Associates	\$10.45M	100%	Yes	The contractor achieved practical completion on August 23, 1996, five months after the required date. Defects are being corrected and the client seems satisfied with the finished product. There is however some dissatisfaction with the performance of the architect which has resulted in a letter from DVL terminating his services on the project. An extension of time claim has been submitted to the architect but not yet approved. Given DVL's dismissal of the architect at this stage of the proceedings, this and other administrative matters may take some time to be resolved. Expenditure to date is some 15% above the contract sum with variations and fluctuations being 5% & 8% respectively. The final account is not yet settled.	
	D.T. Brown	Lumpsum	11 Mths.	Yes		
	Lascelles Dixon & Associates	04-11-95	\$12M	Yes		
		6 Mths.	\$1.56M			

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<u>MINISTRY OF FINANCE</u>  <b>DEVELOPMENT VENTURES LTD.</b>  Improvement to Exterior of the National Development Bank Building  Oxford Road, Kingston	Jentech  Bryad Engineering Co.  Jentech	\$5.63 M  Lump sum  08-05-96  9 Weeks	100%  37 Weeks  \$4.9 M  None	Yes  Yes  Yes	It is disheartening that it was found necessary to charge the contractor liquidated damages as he was capable of preventing most of the delays. Expenditure is within the contract sum but variations could give rise to an overrun. The final account is not yet finalised.	
<u>MINISTRY OF LOCAL GOVERNMENT &amp; WORKS</u>  <b>GOJ/CIDA BRIDGE DEVELOPMENT PROGRAMME</b>  Superstructure work involving decking of the Hector's River Bridge  Portland	Burrowes & Wallace  Civil Engineering Projects Ltd  Mr G. Senior - MLG&W	\$3.5 m  Lump Sum  21-10-96  6 Mths.	25%  2¼ Mths.  \$2.8 m  None	Yes  Yes  Yes	The project was originally contracted to O.G. Gordon Construction Co. Ltd for a contract sum of \$5.2 m, but was subsequently terminated due to the death of the contractor before completion. The remaining works were then retendered and the contract awarded to Civil Engineering Projects Ltd.  The new contract is not making good progress and is not likely to meet the scheduled completion date of 23/4/97. Coordination between the Ministry and the contractor is unsatisfactory. Variation orders are estimated to cost \$1.36 m.	

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<b><u>MINISTRY OF LOCAL GOVERNMENT &amp; WORKS</u></b>						
<b>GOJ/CIDA BRIDGE DEVELOPMENT PROGRAMME</b>						
Construction of 50 ft bridge at Sandy River	none	\$4.3 m	90%	Yes	<p>Progress has been severely hampered by poor management, coordination and supervision by those involved in the project. Problems include:-</p> <ul style="list-style-type: none"> <li>◆ irregular site visits by agency's representative;</li> <li>◆ poor performance by the contractor which may have been due to a defect in the prequalification exercise.</li> <li>◆ closure of the site due to non-payment of certificates; and,</li> <li>◆ late remobilization caused by the disorganization of the labour force.</li> </ul> <p>The problems of budgetary allocation have not only affected this project but the entire bridge construction programme. A solution to the problem is to stagger the programme activities to ensure that the cash flow is adequate to meet the demand.</p> <p>The delay in this contract is so significant that it warrants a review of the entire programme.</p>	
Temple Hall, St Andrew	Islandwide Construction Ltd.	Lump Sum	27 Mths.	Yes		
	Ministry of Local Government & Works	9-11-94	\$5.1 m	Yes		
		8 Mths.	\$0.8 m			

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<b>MINISTRY OF LOCAL GOVERNMENT &amp; WORKS</b>  <b>GOJ/CIDA BRIDGE DEVELOPMENT PROGRAMME</b>  <b>Ocho Rios Development Road (Ocho Rios Bypass)</b>  The project includes the construction of approximately 3.2 km of road of which 0.5 km is dual carriage-way Construction of a bridge over Mansfield River, the construction of other drainage structures and 2.4 km of access roads.  Ocho Rios, St Ann	Stanley Williams  Rollers & Compressors Hireage Ltd.  Stanley Williams	\$97 m  Lump Sum  1-3-93  21 Mths.	100%  42 Mths.  \$282.8 m  \$185.8 m	Yes  Yes  Yes	Several factors contributed to the delay in the completion of this project and to the tremendous difference between the original contract sum and what is emerging as the final cost. These include:- ♦ failure to acquire all the necessary land on time; ♦ underestimating the scope of the work; ♦ hold-ups in the delivery of equipment and material; ♦ accidents due to blasting; ♦ laying of water and sewer mains in the area; ♦ shortage of equipment; and ♦ devaluation of the Jamaican dollar.  There is no doubt that some of the problems listed above would have been less serious had there been more careful planning and management of the project. Both the professionals and the contractor could have performed better.  Fortunately it can be said that the quality of work is satisfactory.	
<b>RURAL ROAD REHABILITATION IMPROVEMENT &amp; MAINTENANCE HUB PROGRAMME</b>  <b>Contract #19 Seamans Valley Millbank Reconstruction of Roadways, asphalt overlaying</b>  Seamans Valley Millbank, Portland	H.L. Jones & Associates Co. Ltd.  Build Rite Construction Co. Ltd.  C. Martin	\$44.6 M  Lump Sum  8-8-96  9 Mths.	31%  5 Mths.  \$13.8 M  None	Yes  Yes  Yes	Management and coordination of the project are satisfactory and the quality of the work to date is fair.  Performance of the professionals on the project is good. The progress of the work has been affected by inclement weather in the area.	

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<b><u>MINISTRY OF LOCAL GOVERNMENT &amp; WORKS</u></b>						
<b>ROAD INFRASTRUCTURE PLANNING &amp; MAINTENANCE PROJECT</b>						
<b>Contract #3 - Asphaltic Concrete Overlay Works</b>	O'Sullivan & Graham Ltd.	\$116.3 M	100%	Yes	<p>The level of management and supervision of the project was good and the quality of the work satisfactory.</p> <p>Certificate of completion was issued on July 22, 1996, twelve (12) weeks beyond the original completion date, but extension of time granted accounted for the additional time.</p> <p>Interim payment certificate #13 showed that the contractor received \$178.9 M, however, the final cost is estimated to be \$186.8 M. In the payment there is an additional \$1.4 M for preliminaries \$34.1 M remeasured items of work and \$23.1 M for material and labour fluctuation. The cumulative amount represents a 50.5% increase on the contract sum which is very high</p>	
Harbour View-Pamphret	Colas Kingston Joint Venture	Lump Sum	88 weeks	Yes		
	Mr. G. Henry	3-8-96	\$178.9 M	Yes		
		38 weeks	\$62.6 M			
<b>To prepare approximately 8.5 miles of road surface and overlay with asphalt concrete</b>	Guy Townsend	\$59.4 M	100%	Yes	<p>The management and coordination of the project were satisfactorily executed as was the supervision of the site.</p> <p>Additional costs were due mainly to variations and additional work as well as fluctuation in materials and labour</p> <p>The professionals on the project performed well.</p>	
Moneague Green Park - Fern Gully	General Paving Co. Ltd.	Lump Sum	66 Weeks	Yes		
St. Ann	G. Henry	2-8-95	\$66.8 M	Yes		
Old Harbour Roundabout - Angels. St. Catherine		22 Weeks	\$7.4 M			

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<b>MINISTRY OF LOCAL GOVERNMENT &amp; WORKS</b>  <b>ROAD INFRASTRUCTURE PLANNING &amp; MAINTENANCE PROJECT</b>  <b>Road Rehab. HR02 Breastworks to Windsor</b>  Portland	MLGW	None	60%	None	This project was one of the special cases reported on in the 1995 Annual Report. Following the Ministry's action to stop the work on the project under a contract agreement with the contractor Stardust Inc. Ltd, they decided to complete the base work by way of force account. The asphaltting, which is the final surface coating is to be done by selected contractors.	
	MLGW	Force Account	9 Mths.	None		
	MLGW	August 1996	\$7.4 M	None		
		6 Mths.	None			
<b>RURAL ROAD IMPROVEMENT PROGRAMME</b>  <b>To prepare sub-base and surface spread marl asphalt and roadway. Construction of cross drains and curb channel</b>  Portland & St. Thomas	Roughton & Partners International	\$25.5 M	100%	Yes	Management of the project was weak on coordination. Site supervision was also not adequate. Quality of the work was fair. Although expenditure is still within the contract sum, there will be an additional cost due mainly to a lack of effort to complete the work within the time period. Performance of the professionals could also have been better.	
	Stardust Inc.	Lump Sum	40 Mths.	Yes		
	C. Martin	12-1-94	\$21.0 M	Yes		
		10 Mths.	None			

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<b><u>MINISTRY OF LOCAL GOVERNMENT &amp; WORKS</u></b>  <b>BLUE MOUNTAIN COFFEE DEVELOPMENT PROJECT</b>  <b>Construction of new roads and upgrading of existing roadways</b>  Bybrook, Portland	K. Mitchell  M & M Jamaica Ltd.  M. Johnson	\$72.9 M  Lump Sum  1-1-95  10 Mths.	95%  24 Mths.  \$68.4 M  None	Yes  Yes  Yes	Management and coordination of the project have been satisfactory as has been the site supervision. In spite of the of the difficulties resulting from the remote location of the project the quality of the work is quite good. There have been delays due mainly to bad weather conditions but the professionals have contrived to perform well.	
<b>METROPOLITAN PARKS &amp; MARKETS</b>  <b>Market Renovation and Modification</b>  Cross Roads Market, St Andrew	Cost Engineering Consultants Ltd  Hydav Construction & Loan Co.  MPM Ltd	\$5.721 m  Lump Sum  16-9-96  3 Mths.	80%  3 Mths.  \$4.47 m	Yes  Yes  No	The quality of work on this project appears reasonable and should be completed by early 1997.	



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<b><u>MINISTRY OF LOCAL GOVERNMENT &amp; WORKS</u></b>  <b>URBAN DEVELOPMENT CORPORATION</b>  <b>Road repairs</b> To remove soft spot and suitable construction of sub-base, reshape and cement side drains, culvert, asphalt roadway  Ewarton \ Linstead St. Catherine	Mrs. G. Hibbert  Y .P. Seaton & assoc.  Mrs. S. Newman-Bowie	\$15.1 M  Lump Sum 12-9-95  18 Weeks	100%  32 Weeks \$17.7 M  \$2.6 M	Yes  Yes Yes	The management and coordination of the project were fair but lacked urgency. Site supervision was adequate and the quality of the work was fair.  Additional cost was due mainly to variations and fluctuations in material and labour.  The performance of the professionals was of an acceptable standard.	
<b>Upgrading of existing access roads</b> To repair and reshape existing roads - length approximately 2.6 miles  Orange Park - Crescent Park Road, St. Ann	K. Mitchell  National Technology Engineering Ltd.  W. Blake	\$4.6 M  Lump Sum  14.8.95 5 Mths.	90%  15 Mths.  \$5.6 M \$1.0 M	Yes  Yes  Yes	Management and coordination of the project could have been better on the part of the contractor. Site supervision was fair and the quality of the work good.  Additional cost was due to fluctuations in materials. Performance of the professionals was satisfactory.	

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<b>MINISTRY OF NATIONAL SECURITY &amp; JUSTICE</b>  <b>MINISTRY OF LOCAL GOVERNMENT &amp; WORKS</b>  <b>GOJUN INTERNATIONAL DRUG CONTROL PROGRAMME</b>  <b>CONSTRUCTION OF TWO-STOREY BUILDING FOR THE CARIBBEAN REGIONAL DRUG TRAINING CENTRE</b>  Twickenham Park, St. Catherine	Alberga Graham (JA)  HDB Construction Ltd.  Ministry of Local Government & Works	\$25.61 M  Lump Sum  6-11-95  8 Mths.	100%  8 Mths.  \$28.67 M  \$3.06 M	Yes  Yes  Yes	Management and coordination of the project were good, while site supervision and the quality of work appear to be fair. Performance of the consultant and the contractor resulted in the completion of the contract as scheduled. However, the cost of the project shows that additional work and labour fluctuation accounted for an increase of 11.9% of the contract sum, but the final account is not yet agreed. Late payments of certificates continue despite the fact that better results can be achieved when this is avoided.	
<b>POLICE STATION CONSTRUCTION AND REHABILITATION</b>  <b>Construction of Lucea Police Station</b>  Hanover	Rosa Casa & Associates  Townsend & Godfrey Brothers Ltd.  MLGW "Works Division"	\$24.8 M  Lump Sum  24-5-96  8 Mths.	40%  5 Mths. (Nov.)  \$5.6 M  None	Yes  Yes  Yes	Contract agreement signed on March 29, 1996 using precast system subsequently changed to in-situ concrete. Coordination and management of the project so far have been fair and the quality of the work satisfactory. The work was delayed due to inclement weather affecting the excavation of foundations.	

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<b><u>MINISTRY OF NATIONAL SECURITY &amp; JUSTICE</u></b>  <b>SUSTAINABLE JUSTICE REFORM PROGRAMME</b>						
Renovation and construction of Spanish Town Courthouse	Lloyd J. Robinson &	\$41.9 M	56%	Yes	<p>Management and coordination of the project by the consultant is not adequate. Progress is sluggish without any tangible effort being made to remedy the inefficiencies.</p> <p>Constant requests for a work programme from the contractor went unheeded for some time and the eventual submission was unrealistic in terms of the anticipated completion of activities on the job.</p> <p>Labour fluctuation and variation orders issued by the consultant amount to \$5.4 M. This could contribute to the project ending with an overrun in cost.</p>	
St. Catherine	Qualicon Engineering Co. Ltd.	Lump Sum	15 Mths.	Yes		
	Ministry of Local Government & Works	26-8-95	\$25.2 M	Yes		
		14 Mths.	None			
<b>Port Maria Courthouse Construction</b>	Paul Thorbourne	\$9.2 M	100%	Yes	<p>Management and coordination of the project by the Ministry of National Security and Justice were poor, while the consultants' performance so far has been fair.</p> <p>Supervision and quality of work were good. The project suffered continuously from lack of funding, which eventually forced the stoppage of the work in November 1995. Problems encountered on the project were</p> <ul style="list-style-type: none"> <li>◆late payment or non-payment to Contractor and Consultants</li> <li>◆withdrawal of services by Contractor and Consultants</li> <li>◆inclement weather</li> <li>◆water shortage</li> <li>◆lack of communication between the Ministry, Consultant and Contractor</li> </ul> <p>Practical completion was achieved on March 4, 1996, but the final cost is not yet available.</p>	
Port Maria, St. Mary	Mar-Bell Development Co. Ltd.	Lump Sum	19 Mths.	Yes		
	Ministry of Local Government & Works	29-8-94	\$12.4 M	Yes		
		12 Mths.	\$3.2 M			

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<b><u>OFFICE OF THE PRIME MINISTER</u></b>  <b>MINISTRY OF LOCAL GOVERNMENT &amp; WORKS</b>  Office of the Prime Minister & Cabinet Suite Phase II  Jamaica House, St. Andrew	Architect/Planners Assoc.  Meridian Construction Co. Ltd.  Mr. Gibson (MLGW)	\$121.0 M  Lump Sum  17-10-95  14 Mths.	85 %  14 Mths.  \$97.6 M  None	Yes  Yes  Yes	Management and coordination of this project require more attention. Site supervision and quality of work are good.	
<b>NATIONAL HOUSING TRUST</b>  <b>Construction of 2332 quad Greater Portmore Phase II</b>  St Catherine	NHT  WIHCON Ltd  NHT	\$910.7 m  Negotiated  July 1995  18 Mths.	100%  18 Mths.  963.26 m  \$52.56 M	Yes  Yes  Yes	This project was properly managed and the quality of work is good. Additional costs resulted from fluctuations in labour and material as well as delays. The excess costs incurred cannot be treated as overruns as the agreement allows for additional funds to support the initial contract sum. As is usually the case with projects in Portmore tenders were not invited. The contract was negotiated with WIHCON.	

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<b>OFFICE OF THE PRIME MINISTER</b>  <b>NATIONAL HOUSING TRUST</b>  <b>Green Pond Housing Development</b>   Montego Bay, St. James	Ashdev Ltd.	\$1,451M	15 %	Yes	<p>Work is progressing steadily but the contractor is reported to be about two weeks behind schedule. The contract was let at a fixed price and only variations ordered or sanctioned by the client will have costs and time implications</p> <p>Things seem to be going well administratively although it seems that the delivery of houses will begin later than expected. This should not impact unduly on the overall completion</p>	
	Ashtrom Building System	Design and Build	7 Mths.	Yes		
	Allied Business Consultants	June 96	\$247.9M	Yes		
		32 Mths.	None			
<b>Rosemount Row Houses</b>  Montego Bay, St. James	N.H.T.	\$98.96M	70%	Yes	<p>Work began 4 weeks late and the contractor was not able to accelerate his activities to overcome the late start. He encountered difficulties due to inclement weather, rock excavation and an inadequate supply of water to the site. At times during the construction period he was unable to keep sufficient workers employed due to a drift to other sites with better opportunities. Most of these problems could have been better handled by the contractor as he is based in the area and should have been better prepared. Quality of workmanship is acceptable but could be improved.</p>	
	C. Woolery & Partners Ltd	Lumpsum	13 Mths.	Yes		
	N.H.T.	20-11-95	\$82.65M	Yes		
		12 Mths.	None			
<b>Darliston Housing Development</b>  Darliston, Westmoreland	Maurice Young Engineers Ltd.	\$10.33M	90%	Yes	<p>The project got off to a brisk start but lost momentum due mainly to persistent inclement weather.</p> <p>The contractor has worked diligently to offset these delays while at the same time achieving workmanship of an acceptable level.</p> <p>The executing agency and consultants all performed well except for the lead consultant who was replaced by NHT.</p>	
	M & M Ja. Ltd	Fixed Price	4 Mths.	Yes		
	Michael Taylor (NHT)	09-08-95	\$6.05M	Yes		
		4 Mths.	None			

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<b><u>OFFICE OF THE PRIME MINISTER</u></b>  <b>NATIONAL HOUSING TRUST</b>  <b>Wickie Wackie Infrastructure Works</b>  <p>Bull Bay, St Andrew</p>	Doug Wright Assoc.	\$52.0 m	73%	Yes	<p>This project was reported on in 1995 and should have been completed in August 1996. This date had to be revised due to incorrect information given to the contractor. Additionally, some corrective works done on the Bull Bay main road could have caused the site to flood. A large storm water drain from the road via site to the sea had to be constructed. This work which is now in progress is not a part of the original contract. Although expenditure is within the contract sum, additional works and variations already cost \$21.1 M. The quality of the work so far, appears to be satisfactory.</p>	
	M & M Engineers	Lump Sum	14 Mths.	Yes		
	National Housing Trust	Nov. 1995	\$36.064 m	Yes		
		12 Mths.	None			
<b>URBAN DEVELOPMENT CORPORATION</b>  <b>Lionel Town Drains #2 and #3</b> <b>Construction of Storm Water Drains</b>  <p>Lionel Town, Clarendon</p>	Beckford & Dixon	\$29.9 M	10%	Yes	<p>Management, coordination and site supervision thus far on this project have been good. Quality of work has so far been good. Performance of professionals appears satisfactory.</p>	
	South Florida Transport & Equipment Corp.	Lump Sum	8 Weeks	Yes		
	Mr. Wesley Blake (UDC)	11-11-96	\$6.4 M	Yes		
		52 Weeks	None			

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<b><u>OFFICE OF THE PRIME MINISTER</u></b>  <b>URBAN DEVELOPMENT CORPORATION</b>  <b>Savanna-la-mar Drainage Works</b> <b>Contract 2 - Storm Water Drains</b>  Savanna-la-mar, Westmoreland	Fisher Pryce & assoc.	\$37.8 M	19.%	Yes	Management and coordination initially between consultant and contractor were poor but improved as the contract progressed. The contractor's site supervision seems insufficient and at times ineffective as evidenced in the reportedly poor quality of concrete work. The contract is reportedly 17 weeks behind schedule and the contractor is to submit a new work schedule. Of the amount expended to date, fluctuation in material and labour costs \$2.8 M.	
	W.G. Walters Construction Co. Ltd.	Lump Sum	36 weeks	Yes		
	UDC	18-3-96	\$14.8 M	Yes		
		66 weeks	None			
<b>Savanna-la-mar Drainage Works</b> <b>Contract # 3</b>  Savanna-la-mar, Westmoreland	Fisher Pryce & assoc.	\$38.8 M	54.85%	Yes	The contract is being managed reasonably well and coordination between consultants and contractors seem fair, but the contractor seems to be having problems meeting deadlines and will require closer monitoring to achieve a reasonable completion date.	
	Tank Weld Construction Co. Ltd.	Lump Sum	40 weeks	Yes		
	Mr. Wesley Blake (UDC)	25-3-96	\$17.4 M	Yes		
		52 weeks	None			

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<b>MINISTRY OF PUBLIC UTILITIES &amp; TRANSPORT</b>  <b>CARIB. ENGINEERING CORP. LTD.</b>  <b>South Chapelton Water Supply Scheme - Contract #2</b>  North and South Chapelton - Clarendon	N.O. White & assoc.  Bacchus Engineering Ltd.  Mr. Douglas Wilson	\$86.9 M  Lump Sum  3-6-96  18 Mths.	35%  6 Mths.  \$29.8 M  None	Yes  Yes  Yes		<p>The project seems to be progressing at a satisfactory pace with adequate management and site supervision. The quality of the work is satisfactory, while coordination between the consultants and the contractor seems adequate.</p> <p>Some portion of the costs to date have been paid in foreign currency as stipulated in the contract. The amounts are to cover the cost for procurement of goods from foreign suppliers.</p>
<b>GOJ/EEC RURAL WATER SUPPLY PROGRAMME</b>  <b>Castleton Water Supply Phase I</b> Laying of 8" dia. Ductile Iron Pipes, etc.  Castleton, St. Mary	Mattis, Demain, Beckford & Associates Ltd.  Fredrick Rodriques & Associates Ltd.  Carib. Engineering Corporation . Ltd.	\$2.2 M  Lump Sum  6-12-93  5 Mths.	100%  31 Mths.  \$2.8 M  \$0.6 M	yes  yes  yes		<p>This project was a special case reported on in the 1995 Annual Report. The criticisms were that it suffered from poor planning, management and coordination resulting in nineteen (19) months overrun. The works were reported at that time to be 97% complete, but the remaining portion of the works took an additional seven (7) months to be completed, as practical completion was not achieved until June 25, 1996. One would have expected that a greater effort would have been made to accelerate the completion of the remaining 3% of this relatively small job.</p>



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<b><u>MINISTRY OF PUBLIC UTILITIES &amp; TRANSPORT</u></b>  <b>CARIB. ENGINEERING CORP. LTD.</b>  <b>ELECTRICAL SYSTEM REHABILITATION &amp; IMPROVEMENT PROGRAMME</b>  <b>Bogue - Orange Bay 69 Kv Transmission Line TL-2</b>  Bogue (St. James) to Orange Bay (Hanover)	R. Chmielewski	US\$1.4 M + J\$27.8 M	92%	Yes	Management and coordination of the project as well as site supervision and quality of work were fair. Consultants also performed satisfactorily.  Costs as they relate to the original contract sum reflect fairly moderate increases. However, of the amount already expended, adjustments in additional works and fluctuations amount to US\$0.32 M plus J\$23.3 M.  Easement problems continue to plague projects of this nature and steps should be taken to ensure that all arrangements are in place before starting the work.	
	ABB Sveca Sade, C.A. (Venezuela)	Lump Sum	21 Mths.	None		
	Boris McIntosh (JPSCo)	6-3-95	US\$1.5 M + J\$36.7 M	Yes		
		12 Mths.	US\$0.1 M+ J\$8.9 M			
<b>Contract TL3 for 32 Km wood/steel pole 69 Kv transmission line</b>  A) 8 Km Bogue - Queens Drive St. James B) 14 Km White River - Roring River St. Ann C) 10 Km Duhaney Park - Constant Spring St. Andrew	R. Chmielewski	US\$3.22 M + J\$17.07 M	A) 100% B) 81% May 96 C) 48% May 96		This contract is being carried out in three(3) different geographic locations. Progress of the work was retarded by many issues but was basically due to poor planning.  There were problems with easements, late delivery of materials, redesigning, relocation on account of impediments, incomplete access roads, bad weather conditions, and unnoticed aerial encroachments. Modifications among other things have resulted in a time overrun of thirteen (13) months so far. If, however, the management and coordination of the activities were dealt with diligently some of the delays could have been avoided.  Although six (6) months extension of time has been granted we are not aware of any further claim or if the liquidated damages will be enforced.	
	ABB Sveca Sade, C.A. (Venezuela)	Lump Sum	22 Mths.			
	Jamaica Public Service Co. Ltd.	6-2-95	Oct.96 US\$2.5 M J\$23.26			
		9 Mths.	None			

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<b><u>MINISTRY OF PUBLIC UTILITIES &amp; TRANSPORT</u></b>  NATIONAL WATER COMMISSION  NIGRIL WASTE WATER PROJECT  <b>Construction of a Sewage treatment Plant and Disposal System</b>  Negril, Westmoreland	Witteveen Bros.	\$580.6M	83%	Yes	<p>This project which commenced in September, 1994 has exceeded the completion date of September, 1996. Indications are that completion should be achieved by April, 1997.</p> <p>The project has been plagued with problems due mainly to the late delivery of lands on which pumping stations were to be built, work stoppages due to industrial action and the breakdown of a trenching machine.</p> <p>There were also problems related to breaches in the Contractor Safety Programme resulting in frequent accidents including the reported death of a worker associated with the project and the alleged death of a child by drowning in an unprotected open trench.</p> <p>The N.W.C. has failed to exercise the necessary authority in the management and control of the project by ensuring that the contractor carried out his responsibility in accordance with the terms and conditions of the contract.</p>	
	Cubiertas Y Fomento	Lump Sum	27 Mths.	Yes		
	Heather Gillings	19-9-94	\$497.6 M	Yes		
		24 Mths.	None			
<b>Montego Bay Sewage &amp; Sewer Treatment</b>  Construction of Sewer Lines, Rising Force Main, Pumping Stations and Oxidation Ponds  Montego Bay & Environs, St. James	DAV nternational (UK) Ltd.	J\$171.95 M + US\$13.67 M	35%	Yes	<p>Management, coordination and site supervision so far on this project have been reasonable. The quality of work good and the performance of the professionals appears satisfactory.</p>	
	Rizzani de Eccher\CCCJV	Lump Sum	8 Mths.	Yes		
	PIOJNWC	15-1-96	J\$23.58 + US\$ 4.62	Yes		
		24 Mths.	None			

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<b><u>MINISTRY OF PUBLIC UTILITIES &amp; TRANSPORT</u></b>  NATIONAL WATER COMMISSION						
Ocho Rios Waste Water	Witteveen & Bros.	\$29.25M	83%	Yes	<p>The project commenced on September 19, 1994 and was scheduled to be completed on September 18, 1996, but there were problems which delayed completion. These problems include the late delivery of lands on which pumping stations were to be built, reluctance of landowners to give access for the movement of heavy equipment, and the failure to complete the by-pass road on time.</p> <p>The contractor requested an extension of the time which was granted to December 6, 1996. He, however, is insisting that the date should be April 1997, and sought to discuss this at a meeting since September without success. In the meanwhile, the consultant has requested a new schedule and issued a warning that liquidated damages may be imposed.</p> <p>Although the project is progressing slowly, the quality of work is good. However, an area of misunderstanding exists between the consultant and the contractor which needs to be addressed speedily in order that all efforts can be focussed on the completion of the project.</p>	
The Construction of a Sewerage Treatment Plant and Disposal System	Cubiertas y Fomento	Lump Sum	27 Mths.	Yes		
Ocho Rios, St. Ann	Heather Gillings	19-9-94	\$72.39M	Yes		
		24 Mths.	\$43.14M			
Newell/Newcombe Valley Water Supply	A & P Consultants	\$5.19M	100%	Yes	<p>Tenders for this contract were originally opened in December 1993. It took nine (9) months to reach the Government Contracts Committee resulting in the contractor having to submit new rates. The Board of the NWC was then dissolved and all contract awards suspended. It was finally signed in January 1996 with a new contract price of \$5.2M.</p> <p>After a short delay the project was successfully completed on the 17<sup>th</sup> June, 1996, just nine (9) days beyond the completion date. Certificate of completion has been issued and the maintenance period in place. The management and coordination of the project were carried out in an effective manner and the quality of work is good.</p> <p>Additional costs have resulted from an increase in the quantity of rocks encountered during excavation.</p>	
The laying of 7,773 ft. of 8" PVC and 3,372 ft. 4" PVC Pipe	Donald Lewis Construction Co. Ltd.	Lump Sum	4 Mths.	Yes		
St. Elizabeth	Mr. Herdel Baker	7-2-96	\$5.67m	Yes		
		4 Mths.	\$0.48 M			

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<b>MINISTRY OF PUBLIC UTILITIES &amp; TRANSPORT</b>  <b>NATIONAL WATER COMMISSION</b>  <b>Moneague Replacement Well</b> <b>Drilling and establishing well</b> <b>Moneague, St. Ann</b>	A & P Consultants  Hood-Daniel Well Co. Ltd.  Mr. G. Murray	\$2.49M  Lump Sum  23-8-96  12 Weeks	100%  13 Weeks  \$2.18M  None	Yes  Yes  None	Planning and coordination were good. Site supervision and quality of work fair and performance of professionals was carried out in a satisfactory manner. It is to be noted that the work was done within the contract sum and completed only eight (8) days after the scheduled date.	
<b>Water connection to Ettingdon Well</b>  To excavate 7,150 Linear Feet pipe trench and pipe bedding  Clarks Town Duncans, Trelawny	Lawson & Associates Ltd.  Capiscum Limited  Mr. Walter Bygrave	\$1.92M  Lump Sum  11-11-96  2 Mths.	100%  1 Mth.  \$1.8M  None	Yes  Yes  None	The project which commenced October 11, 1996 approximately twelve (12) months after the tender award, was successfully completed on November 15, 1996, four (4) weeks ahead of the scheduled completion date.  Although there were delays at the pre-contract stage, the management and coordination effort of all concerned were carried out in an effective manner, resulting in an early completion and an expected reduction in the contract sum.	
<b>AIRPORTS AUTHORITY OF JAMAICA</b>  <b>Rehabilitation Works, Tinson Pen Aerodrome</b>  Repairs and Refurbishing of Runways, Taxiways and Ramp areas  Marcus Garvey Drive, Kingston	E. Reynolds  Surrey Paving & Aggregate Co. Ltd.  L. Lakeman	\$21.7 M  Lump Sum  10-4-96  3 Weeks	100%  4 Week  \$31.6M  \$9.9M	Yes  Yes  Yes	Due to the urgency and nature of the work to be undertaken, special management and coordination had to be put in place. Site supervision and the quality of the work were satisfactory.  Additional costs were due to increases in the scope of work in order to meet international standards and specifications for the use of the runway.  Performance of the professionals on the project was satisfactory.	

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<b>MINISTRY OF PUBLIC UTILITIES &amp; TRANSPORT</b>  <b>AIRPORTS AUTHORITY OF JAMAICA</b>  <b>Extension to Customs Hall</b>  Erection of single storey extension to existing Customs Hall - 16,000 sq. Ft.  Norman Manley International Airport Kingston	Lloyd Robinson & Associates	\$54.7M	100%	Yes	The management and coordination of the project were well executed and the supervision was satisfactory.	
	Beckford & Dixon	Lump Sum	11 Mths.	Yes		
	CFC Construction Engineers Ltd.	29-1-96 8 Mths.	\$54.7M None	Yes		
<b>Emergency Roof Repairs to Sangster International Airport</b>  Repairs and waterproofing to section of Main Terminal Building  Montego Bay, St. James	E. Reynolds	\$2.2M	100%	Yes	The management and coordination of the work were satisfactory and the quality of the work is of an acceptable standard. Variations in cost are due to additional work to ensure the satisfactory completion of the roof. The professionals performed well.	
	Economic Maintenance Products Ltd.	Lump Sum	8 Weeks	Yes		
	H. Barrett	25.11.96 8 Weeks	\$2.4M \$0.2M	Yes		
<b>PORT AUTHORITY OF JAMAICA LTD.</b>  Extension to Gordon Cay  To construct new berth, with 33 acres of apron and container yard space and amenities  Gordon Cay, Kingston	SMADA Consultants Ltd.	\$687.7M	100%	Yes	This project was efficiently managed and coordinated. Supervision was adequate and the quality of the work satisfactory. Time overrun and additional cost were due to variations and additional work. Extension of time was granted to cover these variations. The performance of the consultant and project manager was of a high standard.	
	E. Phil & Sons AS	Unit Price	17 Mths.	Yes		
	N.P. Saulter	20-2-96 13 Mths.	\$721.1M \$33.3M	Yes		

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<b>MINISTRY OF PUBLIC UTILITIES &amp; TRANSPORT</b>  <b>PORT AUTHORITY OF JAMAICA LTD.</b>  <b>Ocho Rios Port Expansion</b>  Dredging Sub-contract to widen and deepen areas in the Ocho Rios Bay to depths ranging from 9.75 meters to 10.36 meters below Mean Low Water.  Ocho Rios, St. Ann	Wallace Evans Jamaica Ltd.  Boskalis Westminster Dredging BV  Maurice J. Allgrove	DF 2,841.275 (J\$59,1M)  Negotiated  Aug. 1996  3 Mths.	100%  3 Mths.  DF 2,841.275 (J\$59,1M)  None	Yes  Yes  Yes	The management and coordination of the project were satisfactory. Adequate supervision was provided and the quality of the work was satisfactory. The performance of the professionals on the project demonstrated a good sense of responsibility.	

## STAFF SITUATION FOR 1996

COMPLEMENT	APPROVED	EMPLOYED	VACANT	REMARKS
Contractor-General	1	1	-	
Deputy Contractor-General & Director-Construction Contracts	1	1	-	
Legal Adviser	1	-	1	Part-time Consultant employed
Director - Licences & Permits	1	1	-	
Director - Administration	1	1	-	
Co-ordinator Inspection & Research	1	1	-	
Senior Inspectors	5	5	-	
Inspectors	6	5	1	
Executive Secretary II	1	1	-	
Public Relations Officer	1	-	1	Post frozen
Executive Secretary I	3	3	-	
Accountant (FAA IV)	1	1	-	
Personnel Officer	1	-	1	Post frozen
Office Manager	1	1	-	
Accountant (FAA III)	1	1	-	
Senior Secretary	1	1	-	
Accountant (FAA I)	1	1	-	
Secretaries	2	-	2	Posts frozen
Registrar	1	1	-	
Personnel Clerk	1	-	1	Post frozen
Clerk (Registry)	1	1	-	
Telephone Operator/Receptionist	1	1	-	
Driver	2	1	1	
Office Attendant	1	1	-	
Canteen Attendant	1	1	-	
Messenger	1	1	-	
Watchman	2	-	2	Posts frozen
Part-time Cleaners	2	-	2	Posts frozen
	43	31	12	

## REPORT ON FORUM

### How can the contracting process in the public sector Be improved - do the present proposals go far enough?

The above Forum was held at the Wyndham Hotel on Wednesday, October 23, 1996 as part of the celebrations marking the tenth anniversary of the establishment of the Office of the Contractor-General.

Several views and ideas were brought forward at the Forum and the following represent the main recommendations made which seemed to enjoy general support:-

1. All building and works contracts should provide for an adjudicator who would address and settle disputes immediately as they arose. This adjudication should bind both parties until the end of the project.
2. There is a need to upgrade the dispute settlement process in Jamaica. The present Arbitration Act is out of date and Jamaica is not a party to the 1958 New York Convention on the International Enforcement of Arbitration Awards. Both these matters need to be dealt with urgently.
3. The National Development Agency or an institution similar to it should be re-established to centralise the public sector professionals in the construction industry. This should improve project management as well as planning and budgeting in the public sector.
4. All professionals in the construction industry should have indemnity insurance. It was recognised that this was expensive but if group rates were negotiated by the Professional Associations the rates should be much lower.
5. There are too many types of contracts in use in Jamaica. A new form of standard contract is badly needed and all agencies, private and public, including the Contractor-General's Office should work to get this done.
6. Contracts should be advertised and public invitations to tender sent out where feasible. Their award should also be published.
7. Approval of contractors and contracts should be left to independent professionals with no political considerations being taken into account.
8. Public sector contracts should be re-tendered when their validity period has expired for more than say thirty days and the practice should cease of asking contractors to maintain their bids long after a realistic period has passed.
9. More care needs to be taken in prequalifying contractors and the information they provide should be carefully checked for its accuracy. Consultants should also be subject to a prequalification exercise and there should be a post-contract evaluation of every project.
10. The proposed National Contracts Commission should not compromise the effectiveness and independence of the Office of the Contractor-General.
11. While the Forum was concerned with the contracting process it was felt that the project planning, design and implementation processes should be cause for as much or more concern than the contract award process.
12. The Annual Reports of the Contractor-General should explain the reasons for cost overruns. If this is not done, wrong impressions may be conveyed. The Contractor-General's Office should also consult with persons who are going to be seriously criticised in the Annual Report so that their views can be taken into account before the report is finalised and presented to Parliament.





**OFFICE OF THE PRIME MINISTER  
1 DEVON ROAD, P.O. BOX 272, KINGSTON 6, JAMAICA**

13<sup>th</sup> January, 1997

Mr. Gordon Wells, CD  
Contractor-General  
17 Knutsford Boulevard  
Kingston 5

Dear Mr. Wells,

Thank you for your letter of 5<sup>th</sup> November, 1996, concerning issues related to the divestment of the Jamaica Broadcasting Corporation (JBC).

Your concerns have been noted but I must point out that unlike a number of entities which have already been privatized, The Jamaica Broadcasting Corporation (JBC) is a legal entity created by virtue of statute and not simply by way of incorporation under the Companies Act.

It therefore requires that the responsible Minister in dealing with its assets and licence seeks to ensure that the objectives and purposes specified in the legislation are fulfilled through whatever vehicle is appropriate to replace the Jamaica Broadcasting Corporation (JBC).

Several options have been considered by the Government and during that period, several entities have expressed an interest in a joint venture or an outright acquisition.

After careful consideration, the Government took the decision that there were natural synergies which made it appropriate for a merger to be explored with Radio Jamaica Limited (RJR).

I hope this clarifies the issues which you have questioned and I remain available for any further discussion on the matter.

The working group intends to involve the Fair Trading Commission in the deliberations and is being guided by the Attorney General's Department and others.

The delay in responding is regretted.

Please accept my kind regards and best wishes for a fruitful 1997.

Yours sincerely,

Charmaine Constantine (Mrs.)  
Permanent Secretary

## ABBREVIATIONS

A.C.B	-	Agricultural Credit Bank
B.O.J.	-	Bank of Jamaica
C.E.C.L	-	Carib Engineering Corporation Limited
C.I.B.	-	Coffee Industry Board
D.V.L	-	Development Ventures Limited
E.C	-	European Community
E.D.Co.	-	Estate Development Company
F.I.D.I.	-	Federation Internationale Des Ingenieurs Conseils
G.C.C	-	Government Contracts Committee
G.E.I	-	Government Electrical Inspection
G.O.J.	-	Government of Jamaica
I.B.R.D.	-	International Bank for Reconstruction and Development (World Bank )
I. D.B	-	Inter-American Development Bank
JAMPRO	-	Jamaica Promotions Corporation
J.B.C.	-	Jamaica Broadcasting Corporation
J.C.C.	-	Joint Consultative Council
M.A.M	-	Ministry of Agriculture and Mining
M.F&P	-	Ministry of Finance and Planning
M.L.G.	-	Ministry of local Government and Works
M.O.Y.	-	Ministry of Education, Youth and Culture
M.O.H.	-	Ministry of Health
M.P	-	Member of Parliament
N.C.C.	-	National Contracts Commission
N.H.C	-	National Housing Corporation
N.H.T.	-	National Housing Trust
N.I.B.J.	-	National Investment Bank of Jamaica
N.I.C.L.	-	National Irrigation Commission Limited
N.R.C.	-	National Resource Conservation Authority
N.W.C.	-	National Water Commission
O.E.C.F	-	Overseas Economic Co-operation Fund
O.P.E.C	-	Organization of Petroleum Exporting Countries
P.A.J.	-	Port Authority of Jamaica
PAMCo	-	Project Analysis & Monitoring Company
P.I.O.J.	-	Planning Institute of Jamaica
R.J.R.	-	Radio Jamaica Limited
S.E.S.P	-	Social and Economic Support Programme
S.I.H.L.	-	Sugar Industry Housing Limited
T.A.P.	-	Tourism Action Plan
T.C.C.	-	Tax Compliance Certificate
U.D.C.	-	Urban Development Corporation
USAID	-	United States Agency for International Development