

Summary of the 2nd Contract Review Committee Meeting

Okinawa Institute of Science and Technology Graduate University

1. Date and time August 24, 2012 (Fri.) 10 a.m. to noon
2. Venue Conference Room, 10F Mitsubishi Building, Tokyo
3. Attendees Committee Member: Hiroshi Nozato (Chair), Toshiaki Tada,
Shigeki Kusunoki, Keiichiro Shimura, Takao Kashitani,
Takayuki Seike, Susumu Namerikawa
Observer: Osamu Kubota (OIST Auditor)

4. Summary of the Proceedings

(1) Deliberation on selected projects

Committee Member Tada reported that he had classified 170 projects by their contract method and selected nine of them (three for goods and services; one for construction; and five for negotiated contracts).

(2) Deliberation on individual projects

1) Maintenance of storage for Research Unit

Opinion and comment of committee member	Explanation of the Secretariat etc.
Was this a bid for the equipment itself and for its maintenance as one contract?	Yes.
That kind of maintenance work must be ongoing. After several years have passed, will you compare this maintenance cost with that of other vendors and find it is costly? How will you handle this point?	We are deciding on policies depending on the facilities and equipment being serviced. Bids on expensive research equipment and computers that are shared on-campus consist of the sum of the equipment price and its maintenance cost for three or four years. On the other hand, we decided on bidders for small servers and storage devices by taking a policy that differs for each piece of equipment or looking at the state of the budget for the corresponding fiscal year.

<p>For this project, the maintenance cost was set by having the planned price equal the contract price, and looking at the entire bid we could understand that it was competitive. However, if we look at only the portion of the maintenance contract the bid rate is 100% and so it might have been misunderstood as being a point for deliberation at this committee. You may want to use the supplemental remarks column and give additional comments.</p>	<p>In those cases, we want to consider methods such as giving additional comments to the history in the remarks column.</p>
<p>To investigate the appropriateness of the price, you should make inquiries to other research institutes and universities, and exchange information.</p>	<p>This time the project was for a generic product, and we judged there was a sufficiently competitive environment, so we obtained quotes from four companies and selected one to enter into a contract with. For specialized research equipment, we make inquiries about its track record at other institutions and determine whether the contract price or planned price is appropriate.</p>

2) Investigation of general furniture at Lab- 2 (part 2)

Opinion and comment of committee member	Explanation of the Secretariat etc.
<p>Because there are many manufacturers of office furniture, in general there is fairly stiff competition.</p> <p>With a limited budget, as much as possible I want you to try to avoid ordering special products and order those with standard specifications to cut costs. Then, you can use those funds for education and research.</p>	<p>This project was for a desk and chair with standard specifications that multiple furniture makers could have provided.</p> <p>However, there was also a condition to be met in terms of the shape of the building, and this project included large fixtures that were made to order and furniture imported from overseas.</p> <p>After publication on the website, we contacted bidders that had submitted bids and proposals on past projects involving furniture, described this project to them, and suggested that they submit bids. This resulted in us choosing a contract of a form where a sales company submitted a bid and then a domestic manufacturer delivered the goods to its dealers. We will further investigate your proposal.</p>

3) Construction of core environmental facility (substation equipment in Industrial District 7)

Opinion and comment of committee member	Explanation of the Secretariat etc.
<p>When the bid rate is less than 80% you conduct a hearing, but when it is less than 70%, you ask for documents regarding a low-bid price investigation? How does your handling of those two differ?</p>	<p>From the point of view of efficiency, when the rate is less than 80% we have the bidders remain in the bidding venue on the day of the tender, and orally ask them questions to confirm the amount and ask about the basis of the low price. When it is less than 70%, we thoroughly confirm matters in writing.</p>

<p>Is the situation the same as with projects already implemented at other industrial districts?</p> <p>There is also the aspect of promoting the local area, so I want you to set reasonable target prices.</p>	<p>In the same way, we conducted low-bid price investigation. We looked at historical data, and intended to set an average planned price but it was not necessarily consistent with the market price.</p>
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4) Maintenance work on facilities and equipment

Opinion and comment of committee member	Explanation of the Secretariat etc.
<p>You evaluated the bids by weighting the technical aspects and price 50:50 and using an additive formula. You intended to make a comprehensive evaluation with a great emphasis on quality. Is my understanding correct?</p>	<p>This work incorporates a wide range of tasks from facility management to security, cleaning, and management of green spaces. Also, the work is integrated so the successful bidder needs to have management skills. For these reasons we carried out a comprehensive evaluation. When carrying out a comprehensive evaluation, we evaluated the bidders by quantifying their number of qualified personnel and number of years of experience of technical personnel. In addition, because there are many foreign employees in OIST, we have a native-English speaker actually interview the bidders to ensure they have good English proficiency, evaluate them on that, and strive to ensure product quality.</p>

<p>Don't you think the additive formula won't work here? Because it is management work, of course the bidder needs to have know-how, but is that so important that an additive formula is required.</p> <p>You should handle this case by setting a condition for the bidder to meet in terms of minimum service quality.</p> <p>You should determine what number of points the bidder needs before you can leave it to them to carry out the work?</p> <p>Then, from among the contractors that have cleared that level, you select the one that is offering the lowest price. There is also that method of selecting bidders.</p> <p>I want you to also consider this method in future.</p>	<p>It was the time to start sharing buildings and equipment at the research building and so we focused on quality of service in particular.</p> <p>From now on, we will investigate a method of evaluating bidders where we can properly ensure that bidders offer good quality products and services and also aim to cut costs.</p>
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5) 2012 Subscription to Elsevier Science Direct, an electronic journal

Opinion and comment of committee member	Explanation of the Secretariat etc.
What is the currency used in this contract?	It is yen-based.
Is it the same contractor and the same contract method as at other science universities?	Elsevier is a major electronic journal that most of the world's universities subscribe to. There is only one distributor, and so we were in a situation where we could not help but enter into a contract with that company.

6) Construction monitoring activities relating to housing development projects
(FY2012)

Opinion and comment of committee member	Explanation of the Secretariat etc.
What is the difference between this work and the usual monitoring of construction work?	For construction in the Village Zone, a special purpose company (SPC) is used to raise funds and the SPC then places an order with a construction company. So from the viewpoint of the contract, the SPC is not accountable to OIST. However, from our perspective at OIST, we want this project to achieve its original objectives and so at the phase of start of construction, the work is monitored by a third party that reviews the implementation design, gets an understanding of the construction progress, and ensures construction quality.
Do some parts of this work involve construction supervision? In other words, is there no overlap of work?	In some cases the same item is checked, but ultimately this work is carried out by a third party and involves supervision from the user's position and point of view.
Must you have a negotiated contract?	This work has been generated since FY 2011. At first, we selected a contractor by using a simple proposal method. The construction is to be continued, and so the work to monitor it is also continuous.

7) Laboratory adjustment and other construction work accompanying the transfer to the research unit in Lab Building 2

Opinion and comment of committee member	Explanation of the Secretariat etc.
<p>Couldn't you change the period of the main construction work?</p>	<p>The start of the main construction had already been extended once and so it was difficult to change it again. In addition, new teachers have been appointed little by little, and so we had come to listen to the laboratory needs of individuals. We couldn't handle this work by changing the design and we used an exceptional process.</p> <p>In future, when constructing Lab Building 3, we want to consider a method of having this kind of laboratory construction carried out during the period of the main construction work.</p>

8) Purchase of set of laboratory chairs

Opinion and comment of committee member	Explanation of the Secretariat etc.
<p>None</p>	<p>-</p>

9) Work to lay optical cable for Lab Building 2

Opinion and comment of committee member	Explanation of the Secretariat etc.
<p>This is not a question that pertains to this case only, but when sorting out the quotes in some cases there are two parties and in some cases there are three. Was this because you contacted three parties but only two answered or did you only contact two from the beginning?</p> <p>I have the impression that having three parties is more competitive.</p>	<p>So that the bidding is competitive, as much as possible we basically strive to get quotes from three parties. However, it is not always the case that three contractors show an interest in the project.</p>

(3) Schedule for the next committee, projects to select, and members

The Secretariat described the following details and the members agreed.

January 2013 To be held in Okinawa

The plan is to have Kusunoki select projects for deliberation next time.

Nozato > Tada > Kusunoki > Namerikawa > Shimura > Kashitani > Seike

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