

13 November 1980

MINISTRY ORDER)

NO. 80-71

X-X-X-X-X-X-X-X-X

SUBJECT: Evaluation of Bids  
Considering Completion  
Time

T O : All MPW Central and Field Offices  
Attached Agencies/Corporations

IB 2.5.1 of the implementing rules and regulations for P.D. 1594 provides that "at the discretion of the Head of Office/agency/corporation and depending on the project, the Government reserves the right to accept proposals involving completion time shorter than that stipulated in the bid/tender documents, giving value to each day of early completion, which value shall not be more than the amount of liquidated damages, for purposes of bid evaluation,"

Pursuant to this provision, the following procedures are hereby prescribed:

- a. The office/agency concerned shall prescribe the "Allowable Maximum Contract Completion Period" or AMCCP in the Tender Documents (Instructions to Bidders, etc.),
- b. The same documents shall require the bidders to offer, among other things and together with their bid prices, their "Proposed Contract Completion Period" or PCCP.
- c. Bids with PCCP's which are longer than the AMCCP shall be rejected.
- d. The other bids, provided that they are responsive and complying with the Tender Documents, shall be converted to "Equivalent Bid Prices" or EBP's using the following formula:

$$EBP = ABP - (AMCCP - PCCP)(RLD)(ABP)$$

where:

EBP, AMCCP, and PCCP are as defined above,  
ABP is the actual bid price offered by  
the bidder, and  
RLD is the rate of liquidated damages stipulated  
in the Tender Documents.

- e. The "Allowable Government Estimate" or AGE shall be the average of (i) the Approved Agency Estimate or AAE and (ii) the average of the EBP's.
- f. The comparison and evaluation of bids shall then be made with respect to the EBP's.

The actual Contract Agreement, however, shall be made on the basis of the ABP and PCCP, subject to such modifications as may be approved by appropriate officials.

To illustrate, the following example is presented:

Approved Agency Estimate = ₱1,000,000  
AMCCP - 100 calendar days (c.d.)  
RLD - 0.1% of contract price (or ABP) per  
calendar day beyond AMCCP  
Bids received:

	<u>Actual Bid Price (ABP)</u>	<u>PCCP (c.d.)</u>
A	₱ 1,100,000	100
B	1,110,000	60
C	1,254,400	100

Analysis

1. Responsive bids are those within 130% of AAE or ₱1,300,000.
2. All three bids are, therefore, responsive.  
(It is assumed, in this example, that all bids comply with other requirements)
3. Equivalent Bid Prices (EBP):

	<u>ABP</u>	<u>EBP</u>
A	₱ 1,100,000	₱ 1,100,000
B	1,110,000	1,065,600*
C	1,254,400	1,254,400

7

\*For B, EBP is calculated as follows:

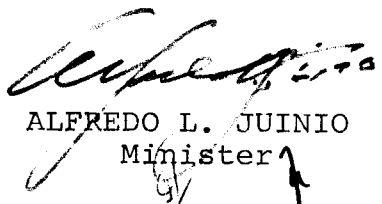
$$\begin{aligned} \text{EBP} &= \text{ABP} - (\text{AMCCP} - \text{PCCP}) (\text{RLD}) (\text{ABP}) \\ &= \text{P}1,110,000 - (100-60) (0.001) (\text{P}1,100,000) \\ &= \text{P}1,065,600 \end{aligned}$$

3. Allowable Government Estimate (AGE)

$$\begin{aligned} &= \frac{\text{P}1,000,000 + \frac{(1,100,000 + 1,065,600 + 1,254,400)}{3}}{2} \\ &= \frac{1,000,000 + 1,140,000}{2} \\ &= \text{P} 1,070,000 \end{aligned}$$

4. Bidder B has the lowest EBP which is lower than the AGE.
5. Therefore, award may be recommended in favor of Bidder B.
6. The Contract Agreement, however, shall be for the ABP of P1,110,000 and the PCCP of 60 days.

This Order takes effect immediately.

  
ALFREDO L. JUINIO  
Minister

*Handwritten initials and date*  
11/13